

FEDERAL RESERVE BULLETIN

JULY, 1929



ISSUED BY THE
FEDERAL RESERVE BOARD
AT WASHINGTON

Factors of Change in Reserve Bank Credit
Condition of All Banks in the United States
Experts' Report on Reparations



UNITED STATES
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TABLE OF CONTENTS

	Page
Review of the month—Factors of change in reserve bank credit.....	427
Current banking development—Fundamental credit factors—Changes for the year—Unexpended capital funds—Decrease in currency demand—Credit factors, 1922–1927—Summary.	
Reserve bank credit—Factors in changes (Tables I–III).....	432–438
Reserve bank credit outstanding—Yearly averages.....	438
Balance of international payments of the United States.....	442
Statistical work of the Federal Reserve Board and banks in 1928–29.....	439
Experts' report on reparations: Summary—Text of report.....	458–495
Condition of all banks in the United States.....	431, 521–524
Annual report of the National Bank of the Kingdom of Serbs, Croats, and Slovenes.....	496
National summary of business conditions.....	444
Financial, industrial, and commercial statistics:	
Reserve bank credit, gold stock, money in circulation, and member bank reserve balances.....	445–447
Analysis of changes in monetary gold stock.....	446
Discount rates and money rates.....	448, 449
Member bank credit.....	450
Bankers' balances.....	451
Bankers' acceptances and commercial paper outstanding.....	451
Brokers' loans.....	451
Commodity prices, security prices, and security issues.....	452
Production, employment, and trade.....	453
Industrial production.....	454
Factory employment and pay rolls.....	455
Building.....	456
Trade and distribution.....	457
Bank suspensions.....	520
Financial statistics for foreign countries:	
Gold holdings of central banks and Governments.....	499
Gold exports and imports.....	499
Condition of central banks.....	500
Condition of commercial banks.....	502
Discount rates of central banks.....	502
Money rates.....	503
Foreign exchange rates.....	504
Price movements.....	505–507
Law department:	
Discretion of Federal Reserve Board in approving the organization of foreign banking corporations..	508
Changes in National and State bank membership.....	510
Fiduciary powers granted to national banks.....	511
Detailed banking statistics for the United States.....	512–520

FEDERAL RESERVE BULLETIN

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REVIEW OF THE MONTH

Member bank credit outstanding increased during June and the early part of July. Total

loans and investments of reporting member banks in leading cities increased \$430,000,000

from the end of May to the second week in July; loans on securities increased by \$600,000,000 and all other loans by about \$100,000,000, while the banks' investments showed a further decline of \$270,000,000. At the reserve banks there was also an increase in the volume of outstanding credit, reflecting chiefly the demand for currency in connection with the July 4 holiday and the issuance on July 10 of the new small-size currency. The increase in money in circulation was offset in part by a further increase in the country's stock of monetary gold amounting to \$27,000,000 between the beginning of June and the middle of July.

It has been customary for some years to present in the July BULLETIN a statistical summary of banking developments for the preceding year.

Fundamental credit factors. In following this custom this year, it is proposed to discuss the developments of the year, with comparisons for earlier years, primarily in terms of those factors in monetary and banking conditions which are reflected in changes in the condition of the reserve banks. Banking and credit developments throughout the country have a counterpart under our system in changes in the condition of the reserve banks. This follows necessarily from the fact that practically every banking change reflects or is reflected by changes in the volume of money in circulation, of bank deposits, or of gold stock, and any changes in these fundamental factors in the banking situation are currently reflected in the condition of the Federal reserve banks. There are several other factors of change that are at times of consequence, but these are ordi-

narily not of great magnitude. A full statement of all the factors for the period since 1918 is, however, presented elsewhere in this BULLETIN, together with an explanation of the derivation of the figures and of the way in which changes in each item are related to the outstanding volume of reserve bank credit.

During the past year, comparing averages for the month of June, there has been a decrease of \$214,000,000 in the volume of reserve bank credit outstanding. The principal

Changes for the year. The principal single factor, as usual in the past decade, has been a change in the monetary gold stock, which shows an increase of \$192,000,000 for the year. This increase, which followed upon an outflow of gold of about \$500,000,000 during the preceding 12 months, has reflected in part the effect of high-money rates in this country. The incoming gold, by increasing the reserve funds at the disposal of member banks, diminished the demand for reserve bank credit. There was, in addition, a decrease of \$49,000,000 in money in circulation and of \$41,000,000 in member bank reserve balances, both of which tended correspondingly to decrease the demand for reserve bank credit. The only considerable factor tending to increase the volume of reserve bank credit was a growth of \$54,000,000 in unexpended capital funds of the reserve banks. This factor is not usually of so great importance as changes in money in circulation or member bank reserve balances. During the past year, however, it has been larger than the reduction in member bank reserve balances or the decrease of money in circulation.

Unexpended capital funds of the reserve banks, in the final analysis, represent for any given period the excess of money taken in by the reserve banks through earnings and through payments for reserve bank stock over their expenditures for the same period. When

a member bank pays for stock in the reserve bank, this tends correspondingly to diminish its reserve balances and consequently to increase its demand for reserve bank credit. Similarly, the discount on bills and the interest on Government securities held by the reserve banks are charges on member bank reserve balances and add to the demand for reserve bank credit. As against funds withdrawn by the reserve banks through the sale of stock and through earnings, the banks return to the market, and ultimately to member bank reserve balances, the funds that they disburse either in payment for current expenses, in dividends, or in such capital expenditures as are involved in the erection of buildings. When the reserve banks pay a franchise tax to the Government, this amount also is returned to the market, because the Government either disburses the proceeds or keeps them on deposit with commercial banks to be used by them in their own operations. It is only in the amount that the money taken in by the reserve banks exceeds their expenditures and their tax payments that a net charge against member bank reserve balances results, with a consequent increase in the demand for reserve bank credit.

The unusual growth in unexpended capital funds during the past year represents, in addition to increased earnings of the reserve banks arising from increase in the volume of reserve bank credit outstanding and advances in the average rate of earnings, an unusually large increase in the capital and surplus of member banks. In accordance with the law, member banks are obliged to subscribe to Federal reserve bank stock 6 per cent of their capital and surplus, and one-half of this subscription, or 3 per cent of the capital and surplus, must be paid in. The increase of about \$600,000,000 in member bank capital and surplus during the year has consequently occasioned an increase of \$18,000,000 in the capital stock of the Federal reserve banks. The growth of paid-in capital has the further effect, under the law, of increasing the reserve banks' transfers to surplus and consequently of diminishing their franchise-tax payments. The

law provides that all net earnings of each reserve bank above the 6 per cent dividend be turned over to its surplus until such time as this surplus reaches 100 per cent of the subscribed capital of the reserve bank. An increase in the paid-up capital of a reserve bank, therefore, authorizes the bank to add twice that amount to its surplus, and it is because of the large addition to surplus that the reserve banks have returned only a small part of their net earnings for the year 1928 to the market through the payment of a franchise tax.

An offsetting factor against the effect of the growth of reserve bank capital and surplus in increasing the demand for reserve bank credit is in the effect of capital subscriptions upon member bank reserve requirements. Subscriptions to member-bank capital are paid out of bank deposits, and the decrease in these deposits results in a decrease of member bank reserve requirements. During the past year the transfer of customer deposit credit to member bank capital account has been a factor in the decrease of \$41,000,000 in member bank reserve balances during the year.

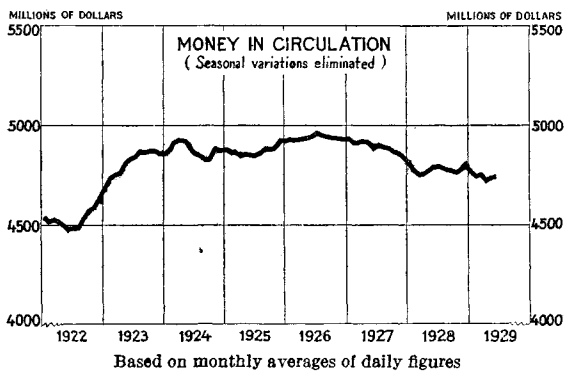
To summarize the factors of change in reserve bank credit during the year ending in June, 1929, the principal development has been a decrease in reserve bank credit, due largely to an inward movement of gold, but also to a decline both in currency and in bank deposits, offset in part by a considerable net growth in unexpended capital funds of the reserve banks.

The decrease in the volume of money in circulation, an important factor in the reduction since last year in the volume of reserve bank credit, has been a factor in the same

direction for the last three years. In order to bring out more clearly the recent trend in the demand for currency a chart has been prepared in which the course of money in circulation since 1922 is shown, after eliminating changes that are attributable entirely to seasonal influences.

The chart shows that the volume of money in circulation increased rapidly from the middle of 1922 to the middle of 1923. This increase was due to a recovery of domestic business and a

rise in prices which occurred during that period and which were reflected in an additional demand for currency. There was also a demand for currency from abroad, caused by the disorganization of European currencies and the loss of confidence in them by the public, with the consequence that currencies of stable value, of which American currency was the principal one, were in demand in Europe for reserves, for hoards, and to some extent for general circulation. After some additional increase in the early part of 1924, there was a sharp decline in currency, coincident with some recession in domestic business and to a return flow of currency from Germany after stabilization of the mark.



From 1924 to the middle of 1926 there appeared to be a moderate year-to-year growth in money in circulation. From the middle of 1926, however, to the early part of 1928 circulation declined sharply, reflecting a recession in domestic business and a downward tendency of prices. The decline appeared to have come to a halt in 1928, but was resumed again in 1929. The reduction in currency during the past 18 months, in the face of extremely active business and fairly firm commodity prices, may be attributed in part to the efforts of banks, both member and nonmember, to reduce their cash in vault in order to utilize all their available assets at a time of growing indebtedness and firm money rates. Another factor in the recent decline of currency may be a return flow of American money from abroad, after the stabilization of currency in France, Italy, and other European countries. Satisfactory statistics of currency movements in and out of the country

are not available, however, and it is not possible definitely to verify this supposition. There may also have been some return flow of currency from Cuba, where American money is legal tender, and where economic conditions have not been favorable. It would seem, therefore, that at least in part the recent decline in currency has represented a return flow from foreign countries, which have effected monetary reforms, of American currency which they obtained in 1922-23 when their monetary conditions were disorganized.

Changes for the past year in the volume of reserve bank credit and in the factors account-

ing for these changes may be compared with developments for the preceding six years. The following table shows by daily averages for the month of June changes in reserve bank credit and in all the factors of change, for the years 1922-1929. A chart is also presented showing the course of the principal factors for the same period.

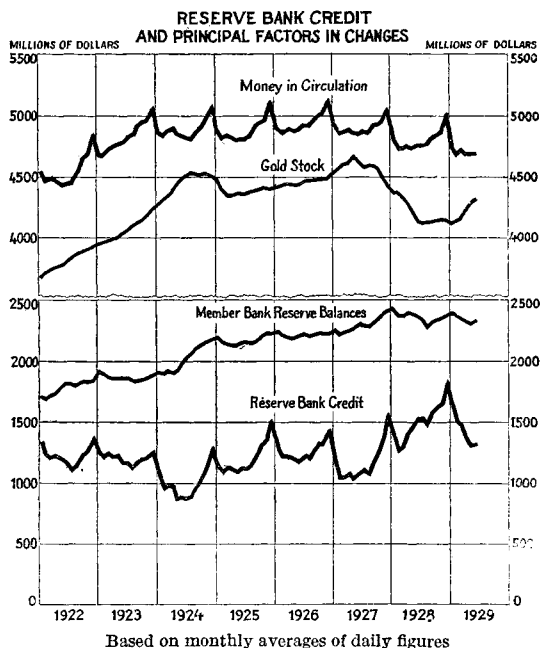
FACTORS IN CHANGES IN VOLUME OF RESERVE BANK CREDIT

[Monthly averages of daily figures. In millions of dollars]

Month of June	Reserve bank credit	Factors of decrease		Factors of increase			
		Monetary gold stock	Treasury currency	Money in circulation	Member bank reserve balances	Non-member clearing balances	Unexpended capital funds
1922-23	-14	+264	+138	+350	+47	-6	-3
1923-24	-292	+431	+21	+51	+134	-7	-18
1924-25	+232	-107	-15	-36	+140	+4	+2
1925-26	+67	+74	+27	+87	+65	-2	+18
1926-27	-104	+168	+6	-50	+95	+11	+14
1927-28	+450	-487	+14	-95	+54	-6	+24
1928-29	-214	+192	-12	-49	-41	+2	+54

The volume of reserve bank credit, which declined until the middle of 1924, turned up in the following two years, declined again somewhat in the year ending in June, 1927, advanced sharply in the following year, and during the year ending in June of the present year declined by about one-half of the previous year's advance. In large measure these changes are accounted for by the changes in the country's stock of monetary gold, shown in the

second column of the table and by the third line on the chart. There were, however, several years in which other factors were of equal or greater importance than changes in gold stock. Thus in the year between the middle of 1922 and 1923, for instance, when there was an increase of \$264,000,000 in gold stock, there was also a growth of \$138,000,000 in Treasury currency outstanding and of \$350,000,000 in money in circulation. This was the one year in which



a change in Treasury currency outstanding was of major importance; the large increase during the year was due to purchase by the Treasury of silver against which it issued silver certificates. These operations were in accordance with the Pittman Act of 1918, the certificates issued replacing in the circulation Federal reserve bank notes which under the terms of that act had in 1918-1920 been issued to replace silver dollars previously in circulation. As a result of these operations Treasury currency was substituted for a considerable volume of Federal reserve currency, and the demand for reserve bank credit was diminished without reference to changes in the total volume of money in circulation.

During the year ending in June, 1923, however, large additions to the reserve funds of member banks through gold imports and through the issue of silver certificates by the Treasury were largely offset by a growth in the domestic and foreign demand for American currency, so that there was little change in the volume of reserve bank credit. Member bank reserve balances increased slightly during the year, reflecting a moderate growth in member bank credit. During the following year, that ending in June, 1924, gold imports were on a much larger scale and there was only a relatively small demand for additional currency; although reserve bank credit declined by \$292,000,000, there was an increase of \$134,000,000 in member bank reserve balances, and a correspondingly rapid growth of member bank credit. The year was one of exceptionally easy money conditions, which lasted until the end of 1924 and contributed to a reversal in the direction of gold movements, so that in the following year there was a decrease of more than \$100,000,000 in the gold stock of the country. Nevertheless, the year ending in June, 1925, showed a growth of \$140,000,000 in member bank reserve balances, the largest amount for any year in the period covered by the table. During that year there was some decrease in the demand for currency and no material changes in the other items; the loss of gold and the growth in member bank reserve balances were reflected in an increase of \$232,000,000 in Federal reserve bank credit.

During the following year (June, 1925-June, 1926) there was some inflow of gold and some increase in Treasury currency outstanding, offset by an increase in money in circulation, in member bank reserve balances, and in unexpended capital funds. The net result was an increase of \$67,000,000 in reserve bank credit. This was a year of active business and of considerable growth in member bank credit. In the year ending in June, 1927, there was a considerable inflow of gold from abroad and a decrease in money in circulation, with the consequence that there was a decrease of \$104,000,000

in reserve bank credit outstanding, notwithstanding a growth in member bank reserve balances, reflecting a rapid growth in member bank credit.

In the summer of 1927 the Federal reserve system, partly in view of a recession in domestic business and partly because of a severe strain on the foreign exchanges which endangered the maintenance of the gold standard, exerted its influence toward easier conditions in the money market. The consequent low level of money rates in the United States was an important factor in once more reversing the direction of gold movements, and during the year ending in June, 1928, the country's gold stock was diminished by nearly \$500,000,000. This loss of gold and some growth in member bank reserve balances was offset in part by a decline in money in circulation, but was in large part reflected in a growth of \$450,000,000 in the outstanding volume of reserve bank credit. This carries the analysis up to the developments for the latest year, which were discussed in detail in the early part of this review.

To summarize, in the middle of 1929 the volume of reserve bank credit outstanding was considerably below that in 1928

Summary. and approximately at the average for the preceding five years.

Developments during the last year have thus largely offset those of the year before, when a loss of gold carried the volume of reserve bank credit to a high point. The amount of gold returned to this country during the past year, however, equaled only about two-fifths of the gold exported during the preceding year. The remainder of the decline in reserve bank credit has reflected a reduction in money in circulation and in member bank reserve balances. The decline in these balances during the year ending in June, 1929, is the only decline shown

for any year during the period covered by this review. During the past year, which was characterized by a high level of money rates, the volume of member bank credit showed a decrease following upon a continuous and rapid growth for the six preceding years, and this decrease was reflected in a reduction in member bank reserve balances.

Condition of All Banks in the United States on March 27, 1929

Bank loans and investments in the United States aggregated \$58,000,000,000 on March 27, 1929, according to figures for all banks in the country recently made available and given in detail, by districts and by States, on pages 521-524 of this BULLETIN. The decline since the first of the year, about \$250,000,000, reflects a decrease in loans of \$210,000,000 and of \$40,000,000 in investments. These figures, compiled by the Federal Reserve Board, reflect the condition of 25,341 member and nonmember banks—including national banks, State commercial banks, trust companies, mutual and stock savings banks, and private banks under State supervision.

Change in Central Bank Discount Rate

The following change has been made since the 1st of June in the discount rates of central banks in foreign countries: June 6, Imperial Bank of India from 6 to 5 per cent.

Reprint of Experts' Report on German Reparations

The complete official English text of the experts' report on German reparations, as given elsewhere in this issue of the BULLETIN, has been reprinted as a separate pamphlet and can be obtained upon request at a nominal charge.

RESERVE BANK CREDIT—FACTORS IN CHANGES

There are presented herewith tables of annual, monthly, and weekly averages of daily figures of the volume of Federal reserve bank credit outstanding and of all the factors that account for decreases and increases in this volume. These factors represent all the channels connecting the general banking and monetary system of the country with the Federal reserve banks. A brief explanation of each item in the tables is given in the following paragraphs.

Reserve bank credit.—The total volume of reserve bank credit outstanding at any time constitutes the contribution of the Federal reserve banks to the supply of funds in the money markets of this country. This credit is released in various ways, namely, through direct loans to member banks on the basis of discounted or rediscounted paper, through the purchase of acceptances and United States and other securities, through loans on gold made to foreign central banks, through the deposit of funds in foreign banks, and through carrying Federal reserve bank float, which arises on account of transit items deposited with the reserve banks that are credited prior to their actual collection. All of these methods place credit at the disposal of member banks, to be used by them either to reduce their indebtedness at the reserve banks, to meet a demand for currency, or an export demand for gold, or to build up their reserve balances. It is only in the latter case that an increase in reserve bank credit provides a basis for growth in member bank credit.

FACTORS OF DECREASE

Monetary gold stock.—Increase in the monetary gold stock of the United States is the most important factor of decrease in the demand for reserve bank credit. The monetary gold stock includes gold held by the Treasury and the Federal reserve banks, except gold that has been earmarked for foreign account, and gold coin in circulation in the United States. It is computed by taking the total of all gold actually held by the Treasury and Federal reserve banks, except gold under earmark, and adding to this total an estimated figure for gold coin in circulation which takes into consideration imports and exports, mintings, meltings, and the use of gold coin in the arts as well as payments of gold coin into circulation and withdrawals from circulation. Additions to the gold stock furnish funds to the member

banks, and enable them, other things being equal, to reduce correspondingly the amount of reserve bank credit outstanding. Reductions in gold stock have the opposite effect.

Treasury currency outstanding.—Treasury currency outstanding (or Treasury credit as it has been called) measures the net contribution of the Treasury to the currency and is computed by subtracting Treasury holdings of cash from the total outstanding volume of those forms of money for which the Treasury is primarily responsible. This total includes silver coin and silver certificates, United States notes, Treasury notes of 1890, Federal reserve bank notes, national-bank notes (which are secured by Treasury bonds), and minor coin. The kinds of currency not included are gold coin and gold certificates, the latter being fully covered by gold held in trust by the Treasury, and Federal reserve notes, which represent Federal reserve bank credit. Federal reserve bank notes are included in Treasury currency at the present time because the Treasury has taken over the liability on these notes; prior to 1922, however, when these notes were a liability of the reserve banks, they were not included in this item. The total is reduced by all the cash assets which the Treasury has at its disposal without drawing on balances with depository banks. Silver dollars held by the Treasury, against which silver certificates have been issued, are not deducted, however, because they are represented in the circulation by the certificates issued against them. That is, deductions are made for balances which the Treasury has in the reserve banks, for gold which it holds as reserve against United States notes, for gold in the general fund (excepting the gold-redemption funds held against Federal reserve notes), and for all other currency and coin in its possession except gold which the Treasury holds in trust against gold certificates and for the reserve banks in the gold-settlement funds. The item as presented in the table measures the net extent to which currency outstanding is secured primarily on the credit of the Treasury. Additions to this item decrease the demand for reserve bank credit and reductions in it increase this demand.

FACTORS OF INCREASE

Money in circulation.—Changes in money in circulation are usually the most important seasonal factor in the demand for reserve bank

credit, and at times the largest element in annual changes. The figures for money in circulation include all kinds of United States money outside of the reserve banks and the Treasury, except gold coin which has been exported. They include, therefore, not only money held by the public in this country, but vault cash held by banks and such United States money (other than gold coin) as may have been carried or shipped abroad. Increases in the demand for currency increase the demand for reserve bank credit, while decreases in money in circulation diminish this demand.

Member bank reserve balances.—The entire reserves which member banks are required by law to hold against their deposit liabilities have been carried since August, 1917, as reserve balances with the reserve banks. Aggregate reserve balances of member banks usually average close to the minimum required by law, because member banks do not make it a practice to carry excess reserves. The reserve balances fluctuate largely with changes in member bank deposit liabilities, which chiefly reflect changes in member bank loans and investments. Changes in member bank balances, therefore, usually reflect changes in the volume of member bank credit outstanding. When member bank reserve requirements increase, there is a corresponding increase in the demand for reserve bank credit, and reduction in reserve requirements decreases this demand.

Nonmember clearing balances at Federal reserve banks.—This item includes all deposits which the reserve banks hold for depositors other than the Treasury and the member banks, i. e., deposits for nonmember banks, and for others, such as foreign central banks and governments. These deposits are held largely for clearing purposes and when they increase tend to cause an increase in reserve bank credit, since they are usually built up out of funds transferred from the reserve balances of member banks.

Unexpended capital funds of Federal reserve banks.—This item measures the extent to which the paying in of capital to the reserve banks and their subsequent earnings have taken funds out of the market. It is computed by subtracting from the "capital," "surplus," and "all other liabilities" of the reserve banks, the items which represent amounts returned to the market, namely, "bank premises" and "all other resources" of the reserve banks. Since some components

of these items in earlier years were carried in accounts other than those in which they now appear, adjustments have been made to bring the entire series into conformity with the current figures.

Balancing analysis.—For any period the sum of the three items, reserve bank credit, Treasury currency, and monetary gold stock, equals the sum of the other four items, namely, money in circulation, member bank reserve balances, nonmember clearing balances at the reserve banks, and unexpended capital funds of the reserve banks. The first three items may be considered as sources of reserve funds, and the others as uses to which these funds have been put. The items are all mutually related, and changes in any one of them can be accounted for by balancing changes in the aggregate of all the others.

The tables present averages of daily figures, because comparisons between single dates are seriously affected by transient fluctuations in money in circulation and in member bank reserve balances. Money in circulation usually rises about \$45,000,000 between Wednesday and Saturday of each week, and the effect of changes in the demand for currency would, therefore, be considerably exaggerated in a single date comparison between a Wednesday in one month and a Saturday in another. Member bank balances with the reserve banks, which are computed for reserve purposes on an average basis for a reserve period, are also subject to wide day-to-day fluctuations.

Table I.—RESERVE BANK CREDIT AND FACTORS IN CHANGES, BY YEARS, 1918-1928

[Averages of daily figures. In millions of dollars]

Year	Reserve bank credit	Factors of decrease		Factors of increase			
		Monetary gold stock	Treasury currency outstanding	Money in circulation	Member bank reserve balances	Nonmember clearing balances	Unexpended capital funds
1918.....	1,720	3,157	1,478	4,657	1,497	108	93
1919.....	2,023	3,129	1,252	5,015	1,718	115	156
1920.....	3,390	2,869	1,402	5,477	1,835	67	282
1921.....	2,202	3,250	1,496	4,951	1,672	28	337
1922.....	1,226	3,801	1,603	4,534	1,781	30	285
1923.....	1,205	4,060	1,736	4,821	1,873	27	280
1924.....	996	4,438	1,757	4,879	2,023	27	262
1925.....	1,195	4,383	1,756	4,870	2,167	31	266
1926.....	1,257	4,452	1,743	4,931	2,209	28	284
1927.....	1,174	4,564	1,774	4,892	2,290	31	299
1928.....	1,504	4,207	1,782	4,785	2,355	29	326

Table III.—RESERVE BANK CREDIT AND FACTORS IN CHANGES, BY WEEKS, 1922-1923

[Averages of daily figures. In millions of dollars]

Week ending—	Reserve bank credit	Factors of decrease		Factors of increase			
		Monetary gold stock	Treasury currency outstanding	Money in circulation	Member bank reserve balances	Non-member clearing balances	Unexpended capital funds
1922							
Jan. 7.....	1,505	3,663	1,553	4,665	1,741	27	288
Jan. 14.....	1,335	3,669	1,601	4,558	1,732	27	288
Jan. 21.....	1,269	3,675	1,548	4,483	1,692	30	287
Jan. 28.....	1,238	3,676	1,516	4,438	1,675	30	287
Feb. 4.....	1,257	3,684	1,494	4,440	1,678	32	285
Feb. 11.....	1,263	3,695	1,480	4,438	1,685	30	285
Feb. 18.....	1,226	3,706	1,537	4,445	1,700	39	285
Feb. 25.....	1,188	3,715	1,558	4,460	1,683	32	286
Mar. 4.....	1,230	3,721	1,560	4,490	1,702	34	285
Mar. 11.....	1,202	3,728	1,593	4,490	1,713	35	285
Mar. 18.....	1,222	3,737	1,601	4,480	1,751	44	285
Mar. 25.....	1,181	3,742	1,571	4,477	1,690	42	285
Apr. 1.....	1,206	3,746	1,546	4,479	1,693	40	286
Apr. 8.....	1,216	3,750	1,574	4,500	1,715	40	285
Apr. 15.....	1,232	3,753	1,565	4,497	1,727	40	286
Apr. 22.....	1,212	3,758	1,578	4,476	1,747	41	284
Apr. 29.....	1,180	3,762	1,577	4,454	1,744	38	283
May 6.....	1,238	3,764	1,560	4,472	1,765	43	282
May 13.....	1,221	3,768	1,581	4,461	1,789	38	282
May 20.....	1,201	3,769	1,584	4,442	1,794	36	282
May 27.....	1,186	3,769	1,573	4,429	1,783	34	282
June 3.....	1,210	3,770	1,579	4,454	1,788	35	282
June 10.....	1,205	3,771	1,589	4,442	1,809	33	281
June 17.....	1,214	3,774	1,601	4,416	1,852	37	284
June 24.....	1,145	3,780	1,622	4,419	1,807	34	287
July 1.....	1,182	3,784	1,601	4,433	1,816	31	287
July 8.....	1,235	3,788	1,602	4,496	1,814	30	285
July 15.....	1,185	3,797	1,609	4,452	1,826	28	285
July 22.....	1,151	3,806	1,592	4,419	1,819	27	283
July 29.....	1,120	3,816	1,582	4,407	1,801	28	283
Aug. 5.....	1,123	3,829	1,605	4,427	1,818	29	283
Aug. 12.....	1,094	3,836	1,616	4,439	1,798	25	284
Aug. 19.....	1,100	3,840	1,616	4,447	1,801	24	284
Aug. 26.....	1,091	3,845	1,611	4,459	1,782	23	283
Sept. 2.....	1,126	3,851	1,601	4,480	1,791	23	284
Sept. 9.....	1,166	3,855	1,621	4,541	1,797	23	281
Sept. 16.....	1,182	3,859	1,641	4,545	1,829	24	284
Sept. 23.....	1,185	3,862	1,625	4,555	1,809	22	286
Sept. 30.....	1,189	3,867	1,643	4,579	1,812	22	286
Oct. 7.....	1,217	3,880	1,653	4,622	1,820	22	286
Oct. 14.....	1,264	3,884	1,658	4,660	1,837	23	286
Oct. 21.....	1,275	3,886	1,669	4,654	1,869	21	286
Oct. 28.....	1,226	3,885	1,684	4,634	1,824	19	288
Nov. 4.....	1,261	3,888	1,640	4,650	1,826	26	287
Nov. 11.....	1,283	3,891	1,666	4,681	1,826	36	287
Nov. 18.....	1,280	3,896	1,652	4,674	1,836	30	288
Nov. 25.....	1,235	3,899	1,650	4,659	1,818	20	287
Dec. 2.....	1,270	3,904	1,649	4,708	1,806	19	290
Dec. 9.....	1,327	3,907	1,652	4,761	1,817	19	289
Dec. 16.....	1,331	3,916	1,691	4,794	1,828	27	289
Dec. 23.....	1,432	3,921	1,710	4,894	1,842	37	290
Dec. 30.....	1,433	3,925	1,717	4,880	1,876	31	288
1923							
Jan. 6.....	1,396	3,932	1,727	4,798	1,923	58	276
Jan. 13.....	1,305	3,942	1,729	4,706	1,940	55	275
Jan. 20.....	1,197	3,949	1,732	4,643	1,917	44	274
Jan. 27.....	1,170	3,950	1,717	4,619	1,909	34	275
Feb. 3.....	1,176	3,953	1,705	4,631	1,901	29	273
Feb. 10.....	1,166	3,957	1,715	4,647	1,892	24	275
Feb. 17.....	1,217	3,959	1,711	4,663	1,911	31	277
Feb. 24.....	1,218	3,962	1,704	4,693	1,893	22	276

Table III.—RESERVE BANK CREDIT AND FACTORS IN CHANGES, BY WEEKS, 1922-1923—Continued

[Average of daily figures. In millions of dollars]

Week ending—	Reserve bank credit	Factors of decrease		Factors of increase			
		Monetary gold stock	Treasury currency outstanding	Money in circulation	Member bank reserve balances	Non-member clearing balances	Unexpended capital funds
1923							
Mar. 3.....	1,238	3,963	1,709	4,716	1,898	22	274
Mar. 10.....	1,210	3,966	1,715	4,715	1,881	21	274
Mar. 17.....	1,208	3,964	1,730	4,707	1,899	21	275
Mar. 24.....	1,229	3,964	1,661	4,705	1,851	21	277
Mar. 31.....	1,262	3,968	1,648	4,720	1,856	23	279
Apr. 7.....	1,253	3,970	1,686	4,736	1,872	21	280
Apr. 14.....	1,202	3,974	1,715	4,729	1,863	20	279
Apr. 21.....	1,220	3,976	1,713	4,725	1,882	23	279
Apr. 28.....	1,182	3,978	1,725	4,727	1,857	21	280
May 5.....	1,239	3,983	1,721	4,759	1,871	33	280
May 12.....	1,218	3,984	1,736	4,761	1,867	29	281
May 19.....	1,220	3,990	1,729	4,759	1,870	30	280
May 26.....	1,216	3,997	1,755	4,758	1,882	48	280
June 2.....	1,231	4,017	1,742	4,795	1,879	36	280
June 9.....	1,220	4,029	1,728	4,793	1,872	33	279
June 16.....	1,159	4,039	1,768	4,770	1,887	28	281
June 23.....	1,132	4,046	1,745	4,763	1,851	26	283
June 30.....	1,172	4,048	1,722	4,778	1,856	25	283
July 7.....	1,250	4,051	1,745	4,859	1,880	27	280
July 14.....	1,211	4,053	1,746	4,829	1,877	25	279
July 21.....	1,162	4,059	1,739	4,791	1,865	24	280
July 28.....	1,115	4,072	1,742	4,777	1,851	22	279
Aug 4.....	1,121	4,080	1,742	4,793	1,847	22	281
Aug 11.....	1,139	4,088	1,752	4,834	1,838	25	282
Aug 18.....	1,142	4,096	1,749	4,843	1,841	21	282
Aug 25.....	1,108	4,104	1,748	4,833	1,824	22	281
Sept. 1.....	1,135	4,109	1,741	4,851	1,832	21	281
Sept. 8.....	1,176	4,112	1,748	4,899	1,835	21	281
Sept. 15.....	1,206	4,117	1,755	4,900	1,875	23	280
Sept. 22.....	1,164	4,128	1,752	4,891	1,846	24	283
Sept. 29.....	1,183	4,134	1,730	4,908	1,835	22	282
Oct. 6.....	1,212	4,139	1,752	4,942	1,856	22	283
Oct. 13.....	1,208	4,150	1,763	4,959	1,854	25	283
Oct. 20.....	1,228	4,158	1,743	4,945	1,879	23	282
Oct. 27.....	1,175	4,163	1,753	4,927	1,859	23	282
Nov. 3.....	1,199	4,166	1,749	4,939	1,866	25	284
Nov. 10.....	1,225	4,172	1,757	4,960	1,880	30	284
Nov. 17.....	1,235	4,180	1,752	4,952	1,885	48	282
Nov. 24.....	1,165	4,188	1,764	4,936	1,874	24	283
Dec. 1.....	1,195	4,200	1,759	4,976	1,872	23	283
Dec. 8.....	1,216	4,210	1,764	5,010	1,876	22	282
Dec. 15.....	1,235	4,223	1,776	5,036	1,892	22	284
Dec. 22.....	1,266	4,232	1,786	5,117	1,862	23	282
Dec. 29.....	1,327	4,236	1,764	5,134	1,890	21	282
1924							
Jan. 5.....	1,253	4,245	1,757	5,018	1,932	26	279
Jan. 12.....	1,088	4,258	1,767	4,896	1,917	25	275
Jan. 19.....	994	4,270	1,749	4,806	1,909	24	274
Jan. 26.....	959	4,276	1,734	4,780	1,892	24	273
Feb. 2.....	949	4,283	1,744	4,781	1,902	22	271
Feb. 9.....	936	4,292	1,756	4,802	1,889	21	272
Feb. 16.....	964	4,299	1,765	4,826	1,906	26	270
Feb. 23.....	951	4,308	1,759	4,846	1,882	21	269
Mar. 1.....	976	4,316	1,757	4,869	1,889	21	270
Mar. 8.....	984	4,325	1,740	4,875	1,885	21	268
Mar. 15.....	1,002	4,337	1,749	4,869	1,923	23	268
Mar. 22.....	987	4,343	1,793	4,862	1,967	24	270
Mar. 29.....	972	4,353	1,724	4,867	1,892	20	270
Apr. 5.....	1,040	4,362	1,681	4,897	1,895	19	272
Apr. 12.....	1,020	4,370	1,691	4,898	1,893	21	269
Apr. 19.....	998	4,385	1,722	4,895	1,915	26	269
Apr. 26.....	930	4,393	1,750	4,871	1,910	25	267

Table III.—RESERVE BANK CREDIT AND FACTORS IN CHANGES, BY WEEKS, 1922-1929—Continued

[Average of daily figures. In millions of dollars]

Week ending—	Reserve bank credit	Factors of decrease		Factors of increase			
		Monetary gold stock	Treasury currency outstanding	Money in circulation	Member bank reserve balances	Non-member clearing balances	Unrepaid capital funds
1924							
May 3.....	909	4,408	1,766	4,871	1,919	25	268
May 10.....	892	4,419	1,777	4,875	1,922	23	268
May 17.....	874	4,431	1,771	4,860	1,926	24	266
May 24.....	851	4,441	1,765	4,849	1,917	24	267
May 31.....	879	4,450	1,753	4,872	1,921	23	266
June 7.....	901	4,459	1,759	4,870	1,963	22	264
June 14.....	893	4,466	1,760	4,832	2,003	20	264
June 21.....	891	4,474	1,771	4,810	2,037	23	266
June 28.....	871	4,481	1,748	4,806	2,008	21	265
July 5.....	922	4,490	1,769	4,880	2,013	27	261
July 12.....	897	4,496	1,777	4,858	2,026	25	261
July 19.....	864	4,505	1,764	4,792	2,056	25	260
July 26.....	842	4,509	1,751	4,758	2,054	30	260
Aug. 2.....	864	4,510	1,743	4,761	2,067	31	258
Aug. 9.....	878	4,512	1,753	4,784	2,071	32	256
Aug. 16.....	871	4,515	1,776	4,793	2,081	33	255
Aug. 23.....	871	4,516	1,771	4,799	2,072	33	254
Aug. 30.....	893	4,520	1,761	4,820	2,066	34	254
Sept. 6.....	948	4,518	1,760	4,866	2,075	32	253
Sept. 13.....	970	4,516	1,765	4,854	2,113	31	253
Sept. 20.....	1,030	4,515	1,784	4,843	2,195	32	259
Sept. 27.....	969	4,512	1,753	4,844	2,101	30	259
Oct. 4.....	1,031	4,509	1,737	4,875	2,114	28	260
Oct. 11.....	1,053	4,505	1,746	4,885	2,133	27	259
Oct. 18.....	1,092	4,506	1,745	4,898	2,159	27	259
Oct. 25.....	1,036	4,506	1,773	4,887	2,141	27	260
Nov. 1.....	1,049	4,507	1,769	4,907	2,132	27	250
Nov. 8.....	1,121	4,510	1,774	4,956	2,159	32	258
Nov. 15.....	1,135	4,514	1,778	4,964	2,175	30	258
Nov. 22.....	1,143	4,520	1,766	4,958	2,183	29	259
Nov. 29.....	1,142	4,524	1,770	4,995	2,154	28	259
Dec. 6.....	1,200	4,522	1,772	5,024	2,182	30	258
Dec. 13.....	1,228	4,513	1,769	5,043	2,177	31	259
Dec. 20.....	1,281	4,502	1,782	5,097	2,174	32	262
Dec. 27.....	1,396	4,498	1,755	5,181	2,173	32	263
1925							
Jan. 3.....	1,328	4,498	1,759	5,073	2,214	39	260
Jan. 10.....	1,215	4,492	1,768	4,954	2,220	43	258
Jan. 17.....	1,114	4,470	1,776	4,846	2,213	43	258
Jan. 24.....	1,044	4,455	1,768	4,795	2,170	44	258
Jan. 31.....	1,052	4,441	1,748	4,778	2,164	41	258
Feb. 7.....	1,075	4,417	1,768	4,791	2,166	45	258
Feb. 14.....	1,103	4,394	1,783	4,809	2,165	48	258
Feb. 21.....	1,085	4,385	1,782	4,801	2,152	40	259
Feb. 28.....	1,115	4,375	1,779	4,821	2,152	36	260
Mar. 7.....	1,144	4,356	1,775	4,844	2,143	28	260
Mar. 14.....	1,149	4,349	1,779	4,827	2,161	28	261
Mar. 21.....	1,111	4,341	1,803	4,812	2,147	32	264
Mar. 28.....	1,084	4,343	1,781	4,803	2,108	31	266
Apr. 4.....	1,124	4,344	1,765	4,825	2,115	28	265
Apr. 11.....	1,125	4,344	1,773	4,833	2,116	29	264
Apr. 18.....	1,109	4,346	1,772	4,814	2,125	25	263
Apr. 25.....	1,096	4,347	1,763	4,789	2,126	28	263
May 2.....	1,104	4,351	1,766	4,792	2,135	30	264
May 9.....	1,116	4,359	1,766	4,805	2,142	30	264
May 16.....	1,093	4,358	1,770	4,789	2,140	27	265
May 23.....	1,075	4,360	1,758	4,781	2,122	26	264
May 30.....	1,100	4,360	1,755	4,803	2,123	26	263
June 6.....	1,144	4,362	1,746	4,824	2,136	27	265
June 13.....	1,126	4,363	1,736	4,801	2,135	25	264
June 20.....	1,115	4,364	1,756	4,782	2,161	26	266
June 27.....	1,093	4,366	1,735	4,774	2,128	25	267

Table III.—RESERVE BANK CREDIT AND FACTORS IN CHANGES, BY WEEKS, 1922-1929—Continued

[Average of daily figures. In millions of dollars]

Week ending—	Reserve bank credit	Factors of decrease		Factors of increase			
		Monetary gold stock	Treasury currency outstanding	Money in circulation	Member bank reserve balances	Non-member clearing balances	Unrepaid capital funds
1925							
July 4.....	1,172	4,365	1,761	4,832	2,174	28	264
July 11.....	1,151	4,366	1,764	4,836	2,154	27	264
July 18.....	1,110	4,366	1,769	4,790	2,166	25	264
July 25.....	1,081	4,364	1,765	4,765	2,155	26	264
Aug. 1.....	1,075	4,366	1,758	4,767	2,142	26	264
Aug. 8.....	1,133	4,370	1,739	4,797	2,158	25	262
Aug. 15.....	1,140	4,372	1,740	4,810	2,153	25	264
Aug. 22.....	1,143	4,376	1,744	4,824	2,149	25	265
Aug. 29.....	1,153	4,379	1,743	4,838	2,149	24	264
Sept. 5.....	1,175	4,385	1,749	4,870	2,150	24	265
Sept. 12.....	1,221	4,390	1,750	4,915	2,157	24	265
Sept. 19.....	1,226	4,390	1,761	4,917	2,166	28	266
Sept. 26.....	1,245	4,382	1,740	4,910	2,161	27	269
Oct. 3.....	1,284	4,382	1,743	4,936	2,177	28	268
Oct. 10.....	1,319	4,384	1,751	4,959	2,199	27	269
Oct. 17.....	1,347	4,385	1,740	4,956	2,213	32	271
Oct. 24.....	1,308	4,396	1,729	4,932	2,201	29	271
Oct. 31.....	1,314	4,402	1,725	4,928	2,211	31	271
Nov. 7.....	1,262	4,408	1,734	4,956	2,234	43	271
Nov. 14.....	1,340	4,410	1,747	4,950	2,224	51	272
Nov. 21.....	1,337	4,411	1,733	4,939	2,235	36	271
Nov. 28.....	1,353	4,401	1,728	4,975	2,201	34	272
Dec. 5.....	1,411	4,397	1,720	5,016	2,205	33	274
Dec. 12.....	1,452	4,398	1,724	5,055	2,214	32	273
Dec. 19.....	1,500	4,401	1,747	5,119	2,224	30	275
Dec. 26.....	1,599	4,395	1,732	5,235	2,205	31	275
1926							
Jan. 2.....	1,541	4,398	1,758	5,139	2,249	35	274
Jan. 9.....	1,406	4,403	1,751	4,998	2,257	34	271
Jan. 16.....	1,271	4,403	1,749	4,872	2,248	30	273
Jan. 23.....	1,206	4,413	1,741	4,828	2,229	29	274
Jan. 30.....	1,180	4,409	1,733	4,815	2,208	25	274
Feb. 6.....	1,207	4,416	1,721	4,833	2,215	22	274
Feb. 13.....	1,210	4,426	1,729	4,851	2,210	31	278
Feb. 20.....	1,219	4,429	1,722	4,852	2,217	24	277
Feb. 27.....	1,228	4,427	1,710	4,871	2,192	25	277
Mar. 6.....	1,258	4,432	1,701	4,886	2,204	25	276
Mar. 13.....	1,204	4,444	1,709	4,867	2,188	25	277
Mar. 20.....	1,184	4,447	1,754	4,861	2,215	29	280
Mar. 27.....	1,200	4,446	1,691	4,852	2,178	27	280
Apr. 3.....	1,269	4,449	1,688	4,878	2,197	30	281
Apr. 10.....	1,216	4,452	1,695	4,885	2,172	25	281
Apr. 17.....	1,226	4,452	1,717	4,887	2,202	25	281
Apr. 24.....	1,168	4,445	1,746	4,874	2,178	26	281
May 1.....	1,178	4,440	1,750	4,875	2,184	26	283
May 8.....	1,221	4,439	1,734	4,881	2,203	28	282
May 15.....	1,196	4,432	1,745	4,866	2,198	27	282
May 22.....	1,187	4,432	1,746	4,852	2,205	26	282
May 29.....	1,182	4,432	1,748	4,867	2,189	23	283
June 5.....	1,230	4,433	1,760	4,913	2,203	25	282
June 12.....	1,186	4,434	1,779	4,884	2,209	23	283
June 19.....	1,181	4,436	1,777	4,873	2,210	25	286
June 26.....	1,163	4,444	1,764	4,867	2,197	22	285
July 3.....	1,239	4,446	1,766	4,918	2,225	25	283
July 10.....	1,293	4,449	1,760	4,971	2,222	29	280
July 17.....	1,218	4,462	1,758	4,913	2,220	23	282
July 24.....	1,171	4,466	1,746	4,880	2,199	22	282
July 31.....	1,163	4,469	1,747	4,881	2,193	23	282
Aug. 7.....	1,210	4,467	1,750	4,900	2,217	27	283
Aug. 14.....	1,184	4,463	1,771	4,913	2,197	27	281
Aug. 21.....	1,203	4,468	1,752	4,914	2,199	26	284
Aug. 28.....	1,201	4,470	1,749	4,915	2,191	28	286

Table III.—RESERVE BANK CREDIT AND FACTORS IN CHANGES, BY WEEKS, 1922-1929—Continued

[Average of daily figures. In millions of dollars]

Week ending—	Reserve bank credit	Factors of decrease		Factors of increase			
		Monetary gold stock	Treasury currency outstanding	Money in circulation	Member bank reserve balances	Non-member clearing balances	Unexpended capital funds
1926							
Sept. 4.....	1,232	4,470	1,757	4,944	2,197	32	286
Sept. 11.....	1,258	4,473	1,779	4,988	2,207	29	286
Sept. 18.....	1,272	4,471	1,773	4,970	2,225	32	289
Sept. 25.....	1,298	4,470	1,715	4,958	2,203	30	292
Oct. 2.....	1,329	4,470	1,720	4,983	2,219	27	290
Oct. 9.....	1,328	4,471	1,749	5,005	2,226	25	292
Oct. 16.....	1,344	4,471	1,755	5,015	2,233	31	291
Oct. 23.....	1,297	4,472	1,749	4,989	2,213	25	291
Oct. 30.....	1,305	4,473	1,736	4,988	2,206	27	293
Nov. 6.....	1,349	4,475	1,747	5,016	2,222	40	293
Nov. 13.....	1,301	4,478	1,771	5,002	2,212	43	293
Nov. 20.....	1,299	4,479	1,753	4,985	2,219	33	294
Nov. 27.....	1,309	4,477	1,760	5,008	2,203	32	293
Dec. 4.....	1,358	4,475	1,747	5,038	2,217	31	294
Dec. 11.....	1,374	4,480	1,758	5,082	2,208	29	293
Dec. 18.....	1,431	4,478	1,765	5,126	2,229	24	295
Dec. 25.....	1,539	4,484	1,729	5,221	2,205	29	297
1927							
Jan. 1.....	1,482	4,488	1,748	5,141	2,231	50	296
Jan. 8.....	1,378	4,499	1,775	5,023	2,284	52	293
Jan. 15.....	1,198	4,518	1,764	4,908	2,251	28	293
Jan. 22.....	1,124	4,537	1,748	4,850	2,237	28	294
Jan. 29.....	1,049	4,551	1,755	4,823	2,213	24	295
Feb. 5.....	1,052	4,561	1,754	4,831	2,219	23	294
Feb. 12.....	1,028	4,571	1,763	4,836	2,204	29	293
Feb. 19.....	1,037	4,578	1,761	4,832	2,219	31	294
Feb. 26.....	1,044	4,585	1,751	4,859	2,203	22	296
Mar. 5.....	1,082	4,588	1,741	4,875	2,218	22	296
Mar. 12.....	1,052	4,593	1,761	4,861	2,222	25	298
Mar. 19.....	1,075	4,594	1,776	4,852	2,271	24	298
Mar. 26.....	1,028	4,599	1,787	4,848	2,246	22	298
Apr. 2.....	1,067	4,598	1,759	4,866	2,240	20	298
Apr. 9.....	1,096	4,599	1,767	4,893	2,249	22	298
Apr. 16.....	1,110	4,600	1,758	4,894	2,251	25	298
Apr. 23.....	1,089	4,602	1,754	4,869	2,251	26	299
Apr. 30.....	1,049	4,605	1,767	4,855	2,246	21	299
May 7.....	1,083	4,629	1,769	4,870	2,261	51	299
May 14.....	1,004	4,684	1,774	4,861	2,264	38	299
May 21.....	1,002	4,681	1,764	4,850	2,262	35	300
May 28.....	1,057	4,627	1,766	4,846	2,270	33	301
June 4.....	1,127	4,608	1,770	4,880	2,289	36	300
June 11.....	1,100	4,614	1,771	4,843	2,311	33	298
June 18.....	1,060	4,615	1,789	4,823	2,306	35	300
June 25.....	1,034	4,600	1,780	4,808	2,275	30	301
July 2.....	1,130	4,589	1,771	4,848	2,305	38	299
July 9.....	1,194	4,577	1,780	4,911	2,307	37	296
July 16.....	1,108	4,570	1,784	4,845	2,287	33	297
July 23.....	1,077	4,573	1,780	4,819	2,283	31	297
July 30.....	1,053	4,578	1,778	4,812	2,270	30	297
Aug. 6.....	1,101	4,579	1,775	4,838	2,291	30	296
Aug. 13.....	1,088	4,583	1,785	4,848	2,286	30	297
Aug. 20.....	1,102	4,586	1,777	4,851	2,287	31	296
Aug. 27.....	1,086	4,588	1,777	4,854	2,272	30	295
Sept. 3.....	1,124	4,589	1,779	4,885	2,282	30	295
Sept. 10.....	1,194	4,593	1,773	4,935	2,300	30	295
Sept. 17.....	1,204	4,584	1,783	4,916	2,323	33	299
Sept. 24.....	1,164	4,582	1,776	4,909	2,284	29	300
Oct. 1.....	1,203	4,574	1,770	4,917	2,299	29	302
Oct. 8.....	1,254	4,571	1,770	4,942	2,322	29	302
Oct. 15.....	1,267	4,573	1,782	4,951	2,332	36	303
Oct. 22.....	1,238	4,572	1,784	4,929	2,324	37	304
Oct. 29.....	1,250	4,555	1,771	4,909	2,328	35	304

Table III.—RESERVE BANK CREDIT AND FACTORS IN CHANGES, BY WEEKS, 1922-1929—Continued

[Average of daily figures. In millions of dollars]

Week ending—	Reserve bank credit	Factors of decrease		Factors of increase			
		Monetary gold stock	Treasury currency outstanding	Money in circulation	Member bank reserve balances	Non-member clearing balances	Unexpended capital funds
1927							
Nov. 5.....	1,301	4,530	1,778	4,930	2,338	38	303
Nov. 12.....	1,370	4,508	1,774	4,949	2,342	56	305
Nov. 19.....	1,411	4,487	1,794	4,926	2,416	48	302
Nov. 26.....	1,380	4,465	1,803	4,934	2,372	39	303
Dec. 3.....	1,437	4,449	1,803	4,956	2,395	33	305
Dec. 10.....	1,488	4,437	1,803	4,997	2,399	29	303
Dec. 17.....	1,546	4,420	1,804	5,033	2,405	27	305
Dec. 24.....	1,634	4,403	1,789	5,120	2,377	25	304
Dec. 31.....	1,647	4,391	1,783	5,075	2,415	24	307
1928							
Jan. 7.....	1,593	4,377	1,776	4,951	2,466	30	299
Jan. 14.....	1,422	4,376	1,784	4,811	2,441	27	303
Jan. 21.....	1,329	4,376	1,781	4,729	2,424	27	306
Jan. 28.....	1,258	4,380	1,775	4,690	2,391	24	308
Feb. 4.....	1,271	4,374	1,770	4,696	2,387	23	309
Feb. 11.....	1,267	4,376	1,775	4,708	2,378	24	308
Feb. 18.....	1,272	4,376	1,777	4,710	2,372	33	310
Feb. 25.....	1,247	4,373	1,780	4,714	2,351	23	312
Mar. 3.....	1,285	4,362	1,772	4,719	2,366	23	311
Mar. 10.....	1,292	4,357	1,772	4,718	2,369	23	311
Mar. 17.....	1,308	4,355	1,791	4,705	2,392	24	313
Mar. 24.....	1,262	4,324	1,792	4,699	2,342	25	312
Mar. 31.....	1,309	4,310	1,775	4,705	2,353	23	313
Apr. 7.....	1,407	4,304	1,779	4,751	2,397	28	314
Apr. 14.....	1,392	4,301	1,783	4,735	2,400	25	316
Apr. 21.....	1,409	4,280	1,775	4,718	2,401	28	317
Apr. 28.....	1,397	4,267	1,773	4,710	2,382	26	319
May 5.....	1,459	4,263	1,772	4,738	2,407	30	319
May 12.....	1,456	4,266	1,781	4,726	2,401	27	319
May 19.....	1,477	4,194	1,784	4,717	2,391	26	321
May 26.....	1,472	4,180	1,781	4,709	2,377	26	321
June 2.....	1,531	4,165	1,774	4,742	2,379	27	322
June 9.....	1,525	4,148	1,784	4,737	2,372	27	321
June 16.....	1,556	4,106	1,793	4,728	2,377	27	323
June 23.....	1,499	4,103	1,803	4,727	2,325	29	324
June 30.....	1,522	4,105	1,794	4,740	2,326	28	327
July 7.....	1,662	4,110	1,769	4,816	2,369	33	323
July 14.....	1,558	4,115	1,790	4,769	2,337	31	326
July 21.....	1,480	4,114	1,791	4,720	2,308	29	328
July 28.....	1,453	4,115	1,778	4,696	2,294	27	329
Aug. 4.....	1,486	4,113	1,770	4,714	2,298	28	329
Aug. 11.....	1,490	4,115	1,760	4,733	2,274	28	330
Aug. 18.....	1,472	4,119	1,784	4,744	2,271	28	332
Aug. 25.....	1,474	4,120	1,780	4,752	2,259	29	334
Sept. 1.....	1,506	4,123	1,779	4,769	2,278	29	332
Sept. 8.....	1,556	4,123	1,782	4,818	2,284	25	334
Sept. 15.....	1,581	4,124	1,788	4,797	2,324	36	336
Sept. 22.....	1,600	4,126	1,792	4,789	2,335	55	339
Sept. 29.....	1,582	4,128	1,785	4,806	2,312	38	339
Oct. 6.....	1,634	4,125	1,783	4,836	2,334	33	339
Oct. 13.....	1,637	4,128	1,795	4,852	2,331	34	343
Oct. 20.....	1,634	4,136	1,789	4,846	2,340	30	343
Oct. 27.....	1,598	4,139	1,779	4,824	2,324	26	342
Nov. 3.....	1,625	4,143	1,782	4,834	2,342	30	344
Nov. 10.....	1,662	4,148	1,783	4,865	2,347	35	346
Nov. 17.....	1,652	4,158	1,784	4,852	2,357	39	346
Nov. 24.....	1,597	4,160	1,797	4,835	2,346	25	348
Dec. 1.....	1,723	4,138	1,785	4,908	2,368	26	349
Dec. 8.....	1,790	4,131	1,777	4,947	2,375	28	348
Dec. 15.....	1,794	4,140	1,784	4,968	2,369	31	350
Dec. 22.....	1,818	4,149	1,808	5,060	2,332	30	353
Dec. 29.....	1,882	4,148	1,795	5,074	2,366	30	355

Table III.—RESERVE BANK CREDIT AND FACTORS IN CHANGES, BY WEEKS, 1922-1929—Continued
[Average of daily figures. In millions of dollars]

Week ending—	Reserve bank credit	Factors of decrease		Factors of increase			
		Monetary gold stock	Treasury currency outstanding	Money in circulation	Member bank reserve balances	Non-member clearing balances	Unexpended capital funds
1929							
Jan. 5.....	1,832	4,126	1,785	4,932	2,429	32	350
Jan. 12.....	1,676	4,111	1,789	4,793	2,402	32	349
Jan. 19.....	1,593	4,110	1,789	4,722	2,387	32	351
Jan. 26.....	1,509	4,117	1,790	4,677	2,358	30	351
Feb. 2.....	1,501	4,123	1,786	4,664	2,364	29	353
Feb. 9.....	1,512	4,130	1,781	4,675	2,366	28	354
Feb. 16.....	1,522	4,143	1,789	4,689	2,377	33	355
Feb. 23.....	1,476	4,152	1,786	4,691	2,339	27	357
Mar. 2.....	1,503	4,154	1,776	4,706	2,343	26	358
Mar. 9.....	1,522	4,157	1,775	4,723	2,341	32	358
Mar. 16.....	1,495	4,160	1,802	4,703	2,362	31	361
Mar. 23.....	1,423	4,168	1,808	4,692	2,318	27	362
Mar. 30.....	1,451	4,179	1,788	4,702	2,317	36	363

Table III.—RESERVE BANK CREDIT AND FACTORS IN CHANGES, BY WEEKS, 1922-1929—Continued
[Average of daily figures. In millions of dollars]

Week ending—	Reserve bank credit	Factors of decrease		Factors of increase			
		Monetary gold stock	Treasury currency outstanding	Money in circulation	Member bank reserve balances	Non-member clearing balances	Unexpended capital funds
1929							
Apr. 6.....	1,446	4,193	1,790	4,707	2,320	37	365
Apr. 13.....	1,363	4,220	1,801	4,679	2,310	31	364
Apr. 20.....	1,382	4,236	1,775	4,676	2,314	36	367
Apr. 27.....	1,347	4,239	1,776	4,664	2,297	32	369
May 4.....	1,372	4,262	1,776	4,689	2,311	42	368
May 11.....	1,332	4,286	1,784	4,687	2,312	34	369
May 18.....	1,292	4,298	1,797	4,677	2,310	30	370
May 25.....	1,262	4,300	1,787	4,671	2,279	28	371
June 1.....	1,295	4,301	1,785	4,703	2,276	30	372
June 8.....	1,319	4,303	1,783	4,704	2,298	30	373
June 15.....	1,313	4,307	1,792	4,675	2,331	30	376
June 22.....	1,294	4,313	1,778	4,669	2,308	31	377
June 29.....	1,320	4,321	1,761	4,683	2,314	28	377

RESERVE BANK CREDIT OUTSTANDING—YEARLY AVERAGES

The components of reserve bank credit outstanding, on the basis of annual averages of daily figures, are presented in the following table. In addition to showing the composition of the bill and security holdings of the Federal reserve banks, the table gives figures of amounts due from foreign banks and of reserve bank credit extended through float.

This table is in all respects comparable to, and may be used in connection with, Table I of the foregoing article on Reserve Bank Credit—Factors in Changes. The Annual Report of the Federal Reserve Board for 1928 gives in Tables 1 and 3 similar figures on a monthly and weekly basis, respectively, for the entire periods for which they are available.

RESERVE BANK CREDIT OUTSTANDING, BY YEARS, 1915-1928

[Averages of daily figures. In thousands of dollars]

Year	Reserve bank credit outstanding	Bills and securities held by Federal reserve banks					Due from foreign banks	Reserve bank float
		Bills discounted	Bills bought	United States securities	Other securities	Foreign loans on gold		
1915.....	1 60,000	24,329	10,370	7,911	17,391	-----	-----	
1916.....	1 163,104	24,108	65,364	47,107	26,525	-----	-----	
1917.....	521,459	192,768	149,806	89,087	6,946	-----	1 82,852	
1918.....	1,719,917	1,130,989	287,227	134,399	354	530	1 166,418	
1919.....	2,623,358	1,904,706	323,438	254,051	2	2,772	1 138,300	
1920.....	3,390,403	2,522,460	385,873	323,698	-----	793	1 157,580	
1921.....	2,202,137	1,800,534	91,556	264,014	44	692	45,298	
1922.....	1,223,230	672,184	153,695	454,265	67	699	40,320	
1923.....	1,204,652	734,850	228,546	136,407	84	701	56,065	
1924.....	996,243	372,507	172,833	401,487	1,210	644	47,233	
1925.....	1,194,647	479,770	287,633	358,780	2,476	671	56,095	
1926.....	1,257,416	567,801	281,204	349,475	3,397	675	50,728	
1927.....	1,174,108	441,740	263,459	416,986	1,516	8,532	41,876	
1928.....	1,504,194	838,713	327,943	297,735	2,118	603	37,081	

¹ Exclusive of reserve bank float for which figures are not available.

² Includes Government overdrafts.

STATISTICAL WORK OF THE FEDERAL RESERVE BOARD AND BANKS IN 1928-29

During the past year the statistical work of the Federal reserve system has continued to develop according to the same principles and in the same general direction as in other recent years.¹ Studies pursued have related in considerable part to the general credit situation and the operation of the money market.

Reserve-bank credit outstanding.—A measure of the total volume of reserve-bank credit outstanding that is more inclusive and more accurate than that afforded by "total bills and securities" has been developed and is now published in the board's annual reports and currently in the *FEDERAL RESERVE BULLETIN*. The items which it includes, in addition to total bills and securities, are balances with central banks in foreign countries and reserve-bank float, as explained elsewhere in this issue. The new figures are published only on the basis of daily averages for the week, month, and year, which are more representative of actual conditions than figures for single dates. Corresponding figures for the individual Federal reserve district, where account must be taken both of the new items included and also of bills or securities purchased by the reserve bank outside the district, or of bills bought within the district and allotted to other reserve banks, are in process of development. Particular progress along this line has been made by the Federal reserve banks of New York and San Francisco.

These statistics are prerequisite to accurate and exhaustive analysis of the influences, for the country and for each district, which affect and are affected by changes in the volume of reserve-bank credit outstanding. The identification and classification of these influences, their measurement, and the exploration by statistical methods of their interaction among themselves has been an important part of the statistical work of the Federal Reserve Board and banks for several years; it is commonly designated for convenience of reference by the term "Elements analysis."

Elements analysis.—Standard procedure has been developed for making this analysis, which recognizes in particular the persistent influence of such important elements in the credit situation as changes in currency demand and the direction and size of gold movements (or their equivalent—for the district, transfers

through the gold settlement fund), with special emphasis upon factors affecting and affected by changes in member bank reserve balances. It is illustrated by certain tables and charts published currently in the *FEDERAL RESERVE BULLETIN* and discussed for the country as a whole elsewhere in this issue. Corresponding analysis for the individual Federal reserve district has had special attention during the past year at the Federal Reserve Bank of San Francisco and also, as in previous years, at the Federal Reserve Bank of New York. Work along similar lines has also been done at other Federal reserve banks, particularly Boston and Philadelphia.

Gold.—Averages of daily figures for the monetary gold stock of the United States, developed as part of the elements analysis, have been carried back as far as the data permit—on a weekly basis to the beginning of 1922 and on a monthly basis to August, 1917. A monthly analysis of changes in the monetary gold stock, on the basis of end-of-month figures, has been published in the *BULLETIN* since last December; it takes account not only of changes arising from gold exports and gold imports, but also of earmarkings and withdrawals from earmark and of changes reflecting domestic production and consumption of gold. Current figures of gold exports and imports, by countries, more comprehensive and up to date than were previously available, have been published in the *BULLETIN* since last October; these figures take account not only of movements through the port of New York, but also of movements through the two other customs districts—St. Lawrence and San Francisco—through which gold exports and imports are most often of substantial volume.

The metallic gold holdings of central banks and governments in 40 countries, previously published in the *BULLETIN* annually, usually in April, have since last May been published monthly, with separate figures for each of the countries which have held in recent years more than \$90,000,000 in gold. This information is obtained in almost all cases from official sources, and measures for obtaining more promptly from abroad the most recent figures available are in process of development.

Money in circulation.—Averages of daily figures for United States money in circulation, developed as part of the elements analysis, have been carried back, on monthly and weekly basis, as far as the data permit. Characteris-

¹ See annual surveys in *FEDERAL RESERVE BULLETIN* for July, 1928 (pp. 463-465); July, 1927 (pp. 464-465); July, 1926 (pp. 494-500); July, 1925 (pp. 471-474).

tic changes in the demand for currency from day to day during the week, the course of seasonal changes as indicated by daily and weekly figures, and certain year-to-year changes in money in circulation were described in the BULLETIN for last October. District data on currency demand were presented in November, with an explanation of the method by which the statistics are derived—with special emphasis on the fact that the series, while measuring changes in currency demand as this demand is felt at the individual Federal reserve bank, do not measure at present either the amount of money in circulation within a given Federal reserve district or changes therein.

Member and nonmember bank credit.—Continued study during recent years of changes in the banking and credit situation, both from the national and the district points of view, have disclosed the need for more adequate statistics of all banks in the United States, including nonmember as well as member banks. Figures of the loans and investments of all banks in the United States, prepared on a comparable basis, were published for the life of the Federal reserve system in the board's annual reports for 1927 and 1928, with corresponding figures by districts back to 1923. Similar district figures, altogether inclusive, have been developed and utilized by the Federal Reserve Bank of Minneapolis and other Federal reserve banks. A tabulation of the reserve requirements of banks organized under State charters, prepared by the board in cooperation with the Federal reserve banks, was published in the BULLETIN for last November.

Since October of last year member banks have been making their quarterly condition reports on a revised schedule (board's Form 105 and comptroller's Form 2130, Revised August, 1928) developed largely for the purpose of making the reports more illuminating with reference to the general credit situation. Current figures have accordingly been reported on call dates upon a basis that is in respect to certain items somewhat different from that which prevailed previously. For example, acceptances of other banks sold with indorsement of reporting bank, previously reported in loans, are now reported separately and no longer included in loans; steps have also been taken to insure that the minority of the member banks which previously reported real estate mortgages in their investments instead of in their loans will report these holdings in their loans. The tables published in the board's annual reports, covering the life of the Federal reserve system, have been re-

vised to bring the back figures into comparability with current figures.

The weekly figures of condition returned by reporting member banks in leading cities have been systematically compared with the figures reported by the same banks on recent call dates, and whenever important discrepancies have appeared arrangements have been made to reconcile them and to bring the current weekly reports into line with the call reports (Forms 105 and 2130). This procedure, together with the necessity for taking account of changes in the weekly reporting group that have arisen through mergers, consolidations, etc., has required revision of back figures for the reporting member banks; figures for 1927 and 1928 that are comparable with those currently reported are given for the country as a whole in the board's latest annual report. Corresponding series for individual Federal reserve districts appear in that report for loans, investments, and borrowings at Federal reserve banks; figures for New York City, other leading cities, and individual Federal reserve districts have been published in the FEDERAL RESERVE BULLETIN.

Branch banking developments for the year ending June 30, 1928, were analyzed in the board's annual report for 1928 and in the BULLETIN for February, 1929.

The Federal Reserve Bank of Chicago has collected back figures of the condition of Chicago banks, savings deposits of banks reporting this item, commercial paper, and bankers' acceptances.

Money rates.—A table showing Federal reserve bank buying rates on acceptances, of which current publication was begun in the BULLETIN for May, 1927, has been supplemented by a table in the board's annual report giving the corresponding figures since 1919; these data have now been made public for the whole period during which the reserve banks have been buying acceptances.

The Federal Reserve Bank of New York has published during the year frequent analyses of the principal factors affecting the movement of rates in the call loan market, including in particular an account of the effect of year-end withdrawals by out-of-town lenders. Average rates earned by member banks, as distinguished from prevailing rates charged, have continued to be shown in the analyses of the earnings and expenses of member banks that have been published in the BULLETIN, and in more detail in the publications of those reserve banks which have made detailed analyses of member bank earnings and expenses; these are enumerated elsewhere in this article.

Country banks.—In the course of studies made by the Federal Reserve Bank of Minneapolis, with special reference to the position of country banks, figures have been published showing how the total credit extended by these banks is divided, with particular reference to the part represented by loans to customers. The trend of the deposits of country banks in the Minneapolis district during recent years has also been depicted, with separate figures for the State of Minnesota, for different sections of the Minneapolis district—e. g., mixed farming, wheat raising, etc.—and according to the size of the community in which the bank is located.

Statistics of production, employment, and trade.—Certain revisions have been made during the year in the board's index numbers of production and trade which have been currently chronicled in the BULLETIN. The indexes of factory employment and factory pay rolls are in process of revision. Index numbers of mail-order house sales and sales by apparel chains, candy chains, and cigar chains have been discontinued, largely in consequence of the fact that the basic data available for use in the construction of these indexes have become unsuitable for the purpose.

The measurement of the volume of production in the individual Federal reserve district, primarily in terms of physical volume, is illustrated by material published during the year in the monthly reviews of the Federal reserve banks of Cleveland, Minneapolis, and San Francisco.

In some of the districts (e. g., Boston) there has been some further curtailment of the number of wholesale firms reporting sales to the Federal reserve bank, but in other districts (e. g., Kansas City, Dallas, San Francisco) the list of reporting firms has been somewhat increased or the reporting service otherwise improved. The Federal Reserve Bank of Philadelphia has developed new district indexes of wholesale trade in selected lines.

There has been no important extension during the year in the retail trade reporting service. The quality of the reported figures, however, has been improved in some districts, more especially in the Philadelphia and San Francisco districts.

Earnings and expenses of member banks.—The publication in the BULLETIN of certain ratios between the earnings and expenses of member banks and their total earning assets, etc., by Federal reserve districts, was continued during the year. Special studies along similar lines but in more detail were published by the

Federal reserve banks of Boston, New York, Philadelphia, Chicago, Dallas, and San Francisco. The Boston study, based on detailed volunteer reports from certain member banks, is more detailed than any of the studies which have been made on the basis of the official semiannual reports of member banks. The studies made by the Federal reserve banks of Boston, New York, and Philadelphia took special account of a classification of banks according to the proportion of total deposits represented by time deposits. A Chicago study related in part to State banks, including nonmember banks in certain States. In a San Francisco study attention is given to characteristic differences in earnings and expenses as between branch operating and nonbranch operating banks.

Monetary reconstruction abroad.—The FEDERAL RESERVE BULLETIN for August, 1928, after the return of France to a gold basis, contained a review of the world's monetary reconstruction during recent years, supplemented by a chronological summary of measures undertaken during the six years 1923–1928 by the principal countries of the world in reestablishing a fixed relation between their currencies and gold. At the same time an analysis of the British currency and bank notes act of 1928, was published.

Central banks in foreign countries.—The legal reserve requirements of 34 foreign central banks were summarized in the BULLETIN for last August, with specific reference to the extent to which the laws require reserves to be held in gold or permit them to be held in the form of foreign exchange. Detailed balance sheets, supplementing the abbreviated statements of condition that appear regularly in the BULLETIN, have been published for the Bank of England (new balance sheet), the Bank of France (new balance sheet), and the central banks of Switzerland, Austria, Italy, Hungary, and Chile.

Miscellaneous.—The Federal Reserve Bank of New York published during the year a comparison between the increase in velocity of New York City deposits and the increase in loans made to brokers by lenders other than banks. The Federal Reserve Bank of Philadelphia prepared material, including a chart, relating to the eligibility of paper for rediscount at Federal reserve banks. Compilation and publication of figures relating to the earnings of corporations has been continued by the Federal reserve banks of New York, Philadelphia, and Cleveland. The Federal Reserve Bank of Minneapolis has developed further its estimates of farm income.

BALANCE OF INTERNATIONAL PAYMENTS OF THE UNITED STATES

The Department of Commerce has recently published its compilation of the balance of international payments of the United States in 1928. (Trade Information Bulletin No. 625—66 pages.) It includes, in addition to a full discussion of the data and methods used in making the estimates, revised figures for previous years, as shown by the accompanying table. The study is introduced with a foreword by the Secretary of Commerce, R. P. Lamont, which is as follows:

America's international transactions during 1928, as set forth herein, can be summarized roughly in a few words. Foreigners had to pay us, on balance, \$1,109,000,000 for commodities and bullion, \$882,000,000 for interest on our private investments and deposits abroad, \$210,000,000 for war-debt payments, and \$67,000,000 for miscellaneous items. (Total, \$2,268,000,000.) These receipts from foreigners were offset by the following net sums paid to foreigners: Our new loans and investments abroad, \$962,000,000; our tourist expenditures in foreign countries, \$525,000,000; our interest payments to foreign investors and depositors, \$359,000,000; our immigrant and missionary remittances, \$241,000,000; our freight payments to foreign carriers, \$84,000,000; and foreign payments by the United States Government, \$57,000,000. (Total, \$2,228,000,000.) The difference between the two totals is caused by errors in some of the estimates.

The year was notable for a number of records in our international transactions. New records for all time were set by tourist expenditures, by our net gold export, by the yield of American investments abroad, and probably by the net outflow of private capital. The volume of net new long-term investments in the United States by foreigners, \$481,000,000, has certainly not been equaled since pre-war years. Our excess of merchandise exports over merchandise imports (\$1,038,000,000) was the largest since 1921.

These record-breaking movements could hardly fail to upset exchange rates. The year opened with dollar exchange at a discount in

terms of many currencies and closed with dollar exchange generally at a premium. In the second half year we thrust a "billion-dollar transfer problem" upon the outside world by increasing our favorable trade balance by \$452,000,000 and reducing our underwriting of foreign securities by some \$610,000,000. That but few people even observed the phenomenon indicates that "problems" of this type are very likely to be exaggerated.

One of the most useful results of these surveys is a fairly accurate comparison of the importance of the various items from the foreign-exchange viewpoint. For example, in discussing the war-debt payments and the problem of transferring them, several interesting comparisons are suggested: Their total was less than the net remittances to foreign countries made by our immigrants and our religious and charitable institutions. It was just two-fifths of our net tourist expenditures abroad. It was less than a fourth of what foreigners paid us in interest on our private loans and investments abroad, and not much more than a fifth of our net export of capital.

The investigation shows that, as a creditor nation, we are no such giant as is often supposed. War debts aside, we are a net creditor nation in the amount of probably less than \$9,000,000,000. The growth of New York as a world financial center has put us in net debt, on short-term account, to the extent of some \$1,638,000,000; and foreign long-term capital invested in the United States is now over \$4,000,000,000.

Of the several statistical services instituted in this department under the personal direction of Herbert Hoover, none has been more widely used than these annual reports upon the "invisible" items in our foreign trade. The results are of more than national concern. The position of the dollar in world finance is now such that these investigations of dollar-exchange operations are of world-wide interest. It is, therefore, especially gratifying to me that this important type of financial investigation has been brought to so high a standard in this country—an accomplishment due largely to the cooperation of a host of private and official agencies.

BALANCES OF INTERNATIONAL PAYMENTS OF THE UNITED STATES, CALENDAR YEARS 1922-1928

[In millions of dollars]

Class of transactions (gross or net)	1922	1923	1924	1925	1926	1927	1928 (unre- vised)
COMMODITIES (ADJUSTED)							
Exports.....	4,021	4,368	4,834	5,177	5,044	5,091	5,334
Imports.....	3,432	4,162	3,952	4,544	4,766	4,508	4,497
Balance of trade (adjusted).....	+589	+206	+882	+633	+278	+583	+837
MISCELLANEOUS INVISIBLE ITEMS							
Freights: Ocean, Great Lakes, and railway (net).....	-79	-83	-64	-84	-95	-66	-84
Expenditures by American tourists:							
Canada and Mexican frontier.....	-100	-131	-159	-185	-201	-231	-264
Overseas.....	-345	-313	-374	-400	-422	-465	-518
Expenditures by foreign tourists in United States.....	+87	+104	+107	+112	+148	+163	+168
Ocean-borne passenger traffic ¹	+53	+60	+53	+63	+69	+89	+89
Interest on American private funds abroad (long and short term).....	+555	+594	+635	+689	+740	+800	+882
Interest on foreign funds in United States (long and short term).....	-144	-180	-192	-229	-268	-281	-359
War-debt receipts (principal).....	+32	+92	+23	+26	+35	+46	+50
War-debt receipts (interest).....	+126	+167	+160	+160	+160	+160	+160
Other governmental transactions (net).....	-46	-66	-53	-61	-49	-29	-57
Immigrant remittances (net).....	-255	-229	-229	-235	-218	-206	-189
Charitable and missionary contributions.....	-75	-70	-55	-50	-46	-49	-52
Other items (net) ²	+46	+57	+68	+74	+74	+74	+67
Total, commodity and miscellaneous (net).....	+444	+208	+802	+513	+205	+588	+730
NEW PRIVATE LOANS, INVESTMENTS, AND DEPOSITS							
Net increase in American long-term investments abroad (par value).....	-823	-258	-869	-872	-868	-972	-1,339
Deduct bond discounts and underwriters' commissions on above.....	+101	+43	+125	+119	+121	+119	+122
Net cash payments for above.....	-722	-210	-744	-753	-687	-853	-1,217
Net increase in long-term foreign investments in United States.....	+37	+240	+11	+193	+147	+158	+481
Change in net debt of American banks to foreigners.....	+375	+3	+216	-61	+359		-226
Net capital movement (long and short term).....	-310	+33	-517	-621	-181	-695	-962
OTHER BALANCING ITEMS							
Gold shipped or earmarked (net).....	-234	-295	-216	+102	-72	+154	+272
Shipments of American paper money (net).....	+40	+50	-20	-30			
Add for net discrepancy due to inaccurate figures.....	+60	+4	-49	+36	+48	-47	-40

¹ Largely a deduction from American tourist expenditures overseas.² Includes insurance, motion-picture royalties, cable charges, Canadian electric power, press subscriptions, patents and copyrights, and advertising.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

Production and distribution of commodities continued at a high rate in May. Wholesale commodity prices declined further during the month, but more recently showed some advance. Total loans and investments of member banks in leading cities have increased since the latter part of May.

Production.—Industrial production continued large in May and was accompanied by a further increase in the volume of factory employment and pay rolls. Output of the iron and steel industry increased further, and shipments of iron ore during May were the largest for that month of any recent year; production of pig iron, steel ingots, and coke was at record levels, and semifinished and finished steel was produced in large volume. During the first half of June steel operations remained close to capacity, although some decline from the high rate of May was reported. Output of automobiles, which has been in unusually large volume since the beginning of the year, showed a slight reduction in May. Copper production at mines, smelters, and refineries decreased during May but continued large. Combined stocks of refined and blister copper at the end of May were the largest since 1927. Zinc, lead, petroleum, and bituminous coal were produced in larger volume than in April, while the output of anthracite coal declined. Output in the textile industries continued large in May, although there was a decline in activity in silk mills. Meat production, while larger than in April, increased less than is usual at this season.

Value of building contracts awarded declined in May and was below last year's level, the decrease in comparison with 1928 being chiefly in residential building. During the first two weeks in June contracts averaged 15 per cent less than in the same period in 1928.

The June 1 crop summary of the Department of Agriculture indicated an increase of \$43,000,000 bushels, or more than 7 per cent, in the crop of winter wheat. The condition of spring wheat, barley, and hay was reported to be better than a year ago.

Distribution.—The volume of freight shipments increased seasonally in May and continued substantially above the total of a year ago. Department-store sales increased in May

and were 2 per cent larger than in the same month in the preceding year.

Prices.—Wholesale prices continued in May the downward movement of the previous month, according to the index of the United States Bureau of Labor Statistics. The decline of the general level was chiefly the result of price declines in agricultural products and their manufactures, although prices of other products also declined slightly. Prices of cotton and grains continued sharply downward in May, and there were marked declines in the prices of hogs, wool, and lambs. Prices of mineral and forest products and their manufactures averaged lower in May than in April, particularly those of copper, lead, and tin; petroleum and gasoline, and iron and steel advanced in price; while in lumber there was a slight decline.

Between the latter part of May and the middle of June prices of cattle and hides advanced sharply, and there were increases in the prices of grains, hogs, and cotton.

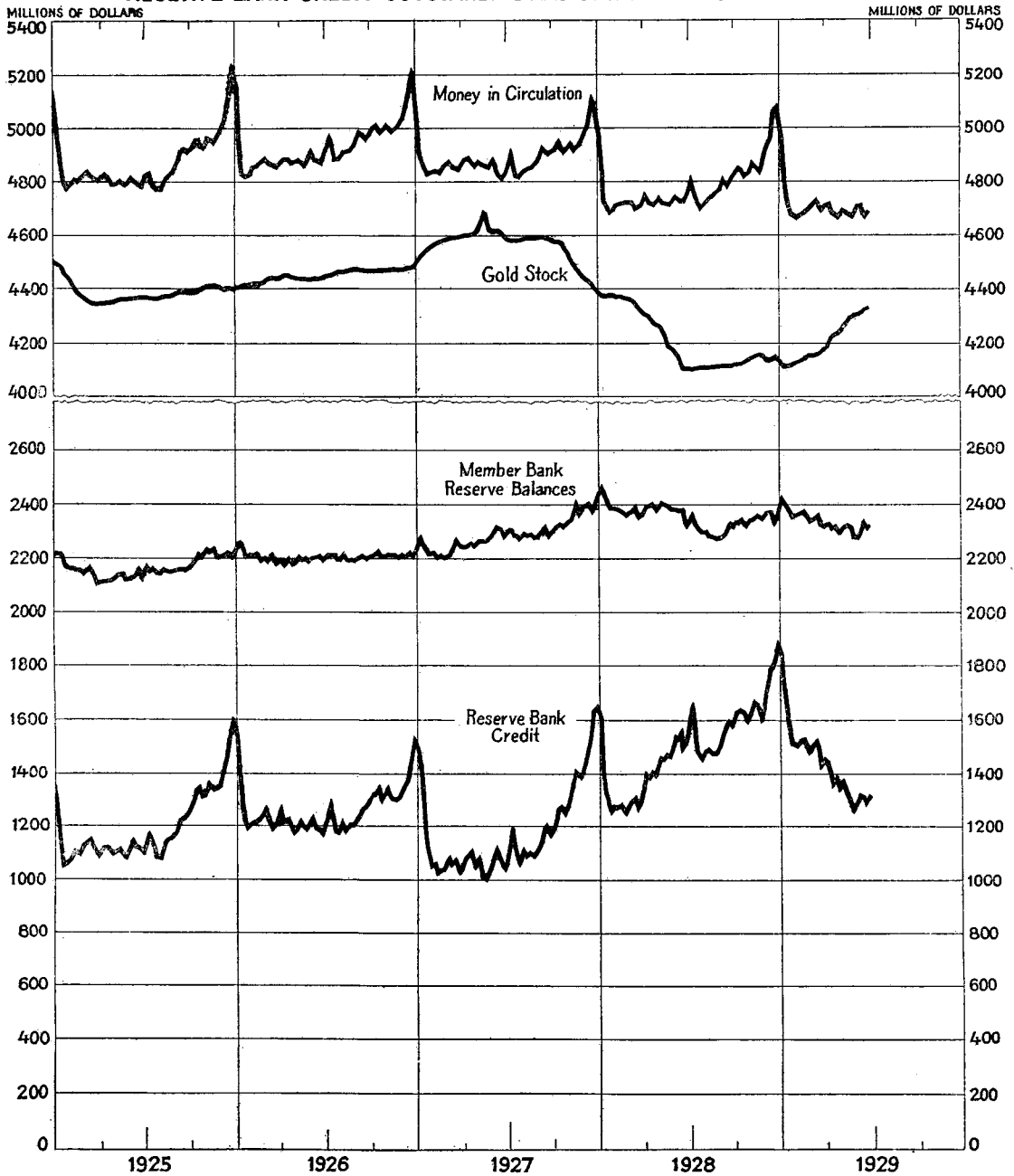
Bank credit.—Total loans and investments of member banks in leading cities, which were at a low point for the year in the latter part of May, increased considerably during the subsequent three weeks and on June 19 were about \$250,000,000 larger than a year ago. The recent increases reflected a large growth in the volume of loans on securities, which had declined during the preceding two months, and a further growth in loans chiefly for commercial and agricultural purposes. Investments declined during most of the period and on June 19 were at a level about \$450,000,000 below that of the middle of last year.

Volume of reserve bank credit outstanding, after increasing in the latter part of May, declined in June and, following the Treasury financial operations around the middle of the month, showed a small increase for the four weeks ending June 19. Discounts for member banks increased, while holdings of acceptances and United States securities showed a decline. There were some further additions to the country's stock of monetary gold.

Open-market rates on collateral loans declined in June, while rates on prime commercial paper and 90-day bankers' acceptances remained unchanged.

RESERVE BANK CREDIT

RESERVE BANK CREDIT OUTSTANDING AND PRINCIPAL FACTORS IN CHANGES



Based on weekly averages of daily figures; latest figures are for week ending June 29

RESERVE BANK CREDIT OUTSTANDING AND PRINCIPAL FACTORS IN CHANGES

[Averages of daily figures. In millions of dollars]

Month or week	Reserve bank credit outstanding					Monetary gold stock	Money in circulation	Member bank reserve balances
	Total volume ¹	Bills and securities held by Federal reserve banks						
		Total ²	Bills discounted for member banks	Bills bought	United States securities			
1928—May.....	1,472	1,442	836	349	257	4,207	4,722	2,388
June.....	1,531	1,495	1,019	244	232	4,119	4,736	2,355
July.....	1,531	1,488	1,090	185	213	4,113	4,746	2,324
August.....	1,485	1,449	1,061	178	210	4,118	4,743	2,274
September.....	1,581	1,534	1,064	226	240	4,125	4,804	2,314
October.....	1,622	1,584	975	368	237	4,133	4,836	2,332
November.....	1,653	1,610	897	471	238	4,151	4,860	2,352
December.....	1,824	1,766	1,013	483	263	4,142	5,008	2,367
1929—January.....	1,613	1,570	859	473	229	4,115	4,748	2,387
February.....	1,502	1,468	889	385	184	4,143	4,688	2,357
March.....	1,481	1,442	969	265	197	4,166	4,709	2,337
April.....	1,377	1,338	1,004	156	165	4,226	4,679	2,308
May.....	1,303	1,265	956	145	153	4,292	4,684	2,296
June.....	1,317	1,268	978	99	179	4,311	4,687	2,314
Week ending—								
May 25.....	1,262	1,229	935	134	152	4,300	4,671	2,279
June 1.....	1,295	1,264	991	120	145	4,301	4,703	2,276
June 8.....	1,310	1,275	1,000	112	153	4,303	4,704	2,298
June 15.....	1,313	1,263	945	109	198	4,307	4,675	2,331
June 22.....	1,294	1,234	941	91	189	4,313	4,669	2,308
June 29.....	1,320	1,280	1,004	86	178	4,321	4,683	2,314
Increase or decrease of week ending June 29 compared with week ending—								
June 22.....	-26	+46	+63	-5	-11	+8	+14	+6
May 25.....	+58	+51	+69	-48	+25	+22	+12	+35
June 30, 1928.....	-202	-212	-43	-138	-43	+216	-57	-12

¹ Includes total bills and securities, amounts due from foreign banks, and reserve bank float.
² Including "other securities" and foreign loans on gold.

ANALYSIS OF CHANGES IN MONETARY GOLD STOCK

[End of month basis. In millions of dollars]

Month	Gold stock at end of month	Increase (+) or decrease (-) during month			
		Total	Through net gold import or export	Through earmarking operations	Through domestic production, etc. ¹
1927—June.....	4,587	-20.9	+12.8	-36.7	+3.0
July.....	4,580	-7.5	+8.9	-23.1	+6.7
August.....	4,588	+8.5	+6.4	-2.5	+4.6
September.....	4,571	-17.5	-11.5	-9.0	+3.0
October.....	4,541	-30.1	-8.6	-25.0	+3.4
November.....	4,451	-89.7	-63.2	-40.0	+3.5
December.....	4,379	-71.7	-67.4	-8.5	+4.2
Total (12 mos.).....		-112.7	+6.2	-160.1	+41.2
1928—January.....	4,373	-6.0	-13.8	+5.5	+2.3
February.....	4,362	-11.2	-11.1	+2.9	-3.0
March.....	4,305	-57.6	-94.9	+35.8	+1.5
April.....	4,266	-38.7	-91.2	+45.7	+6.8
May.....	4,160	-105.7	-81.7	-26.5	+2.5
June.....	4,109	-51.0	-79.9	+30.1	-1.2
July.....	4,113	+3.4	-63.9	+60.9	+6.4
August.....	4,123	+10.3	+7	+5.9	+3.7
September.....	4,125	+2.1	+5	-1.2	+2.8
October.....	4,142	+17.3	+13.3	+1.2	+2.8
November.....	4,128	-14.0	+6.7	-25.0	+4.3
December.....	4,141	+13.2	+23.3	-15.7	+5.6
Total (12 mos.).....		-237.9	-302.0	+119.6	+34.5
1929—January.....	4,127	-14.4	+47.1	-65.0	+3.5
February.....	4,153	+26.4	+25.5	-----	+0.9
March.....	4,188	+34.4	+24.8	+7.5	+2.1
April.....	4,280	+72.4	+23.1	+48.6	+0.7
May.....	4,301	+40.6	+23.6	+16.1	+0.9
June.....	4,325	+23.6	+30.2	-7.5	+0.9

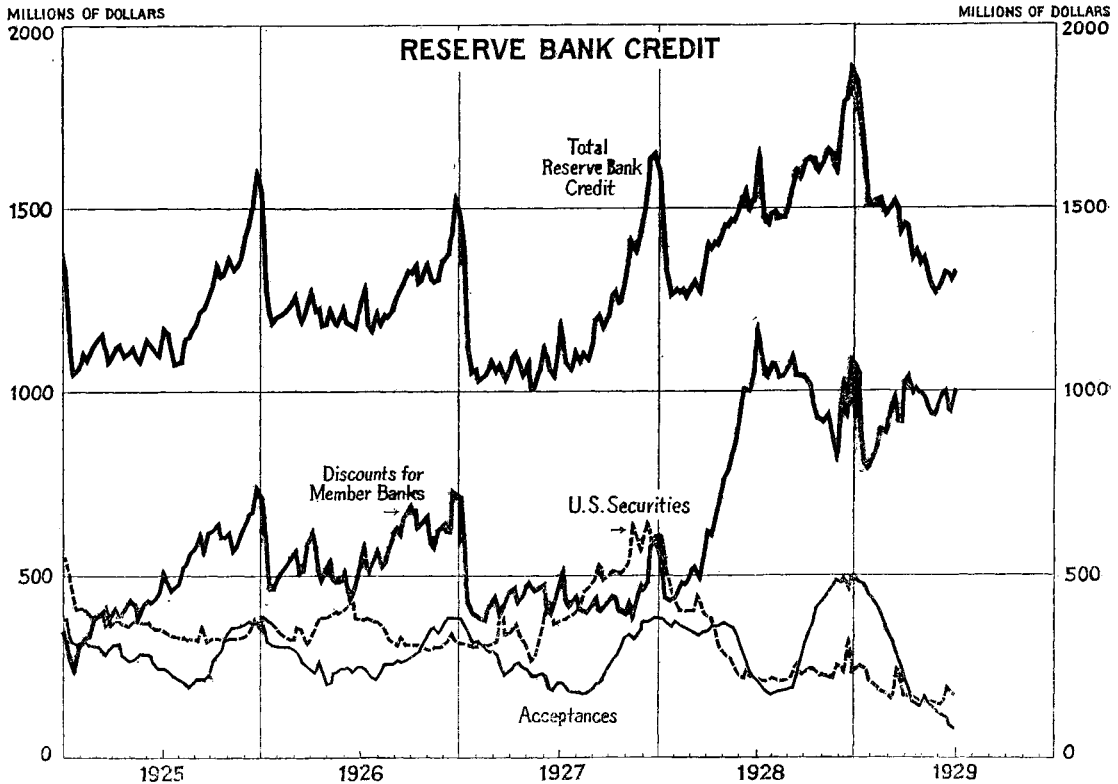
¹ For detailed explanation of this figure, which is derived from preceding columns, see BULLETIN for December, 1928, p. 831.
² Includes effect of earmarking operations connected with gold held abroad by Federal reserve banks.

GOLD MOVEMENTS TO AND FROM UNITED STATES

[In thousands of dollars]

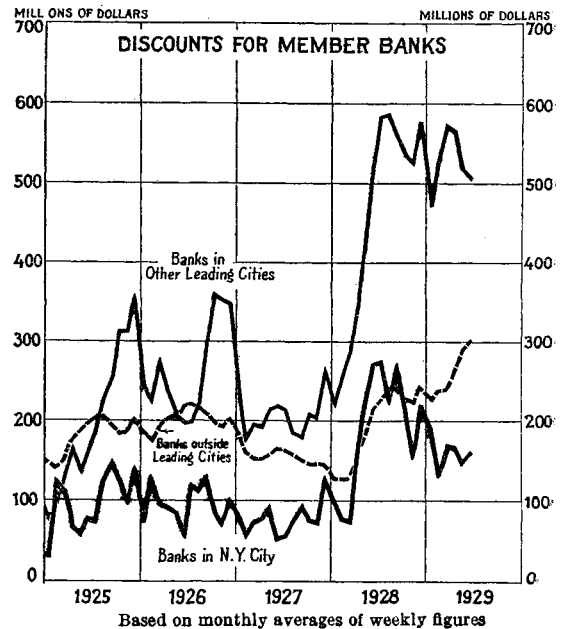
From or to—	1929					
	June		May		January-May	
	Imports	Exports	Imports	Exports	Imports	Exports
Belgium.....					29,290	
England.....	9,285	3				52
France.....	16		3			
Germany.....			15,692		46,761	686
Italy.....						3
Netherlands.....						5
Canada.....	5,008	29	2,941	34	51,975	128
Central America.....	59	250	64		351	450
Mexico.....	964	263	462	160	2,546	179
Argentina.....	14,502		4,000		15,675	
Brazil.....						
Chile.....	52		72		249	
Colombia.....	108		124		471	
Ecuador.....	113		117		566	
Peru.....	159		197		784	
Uruguay.....						
Venezuela.....	14		28	200	142	1,400
British India.....						74
China and Hong Kong.....				10		2,358
Dutch East Indies.....	119		105		495	790
Japan.....				63		124
Philippine Islands.....	238		224		1,020	
All other countries ¹	125	5	69	1	361	310
Total.....	30,782	550	24,097	467	150,744	6,500

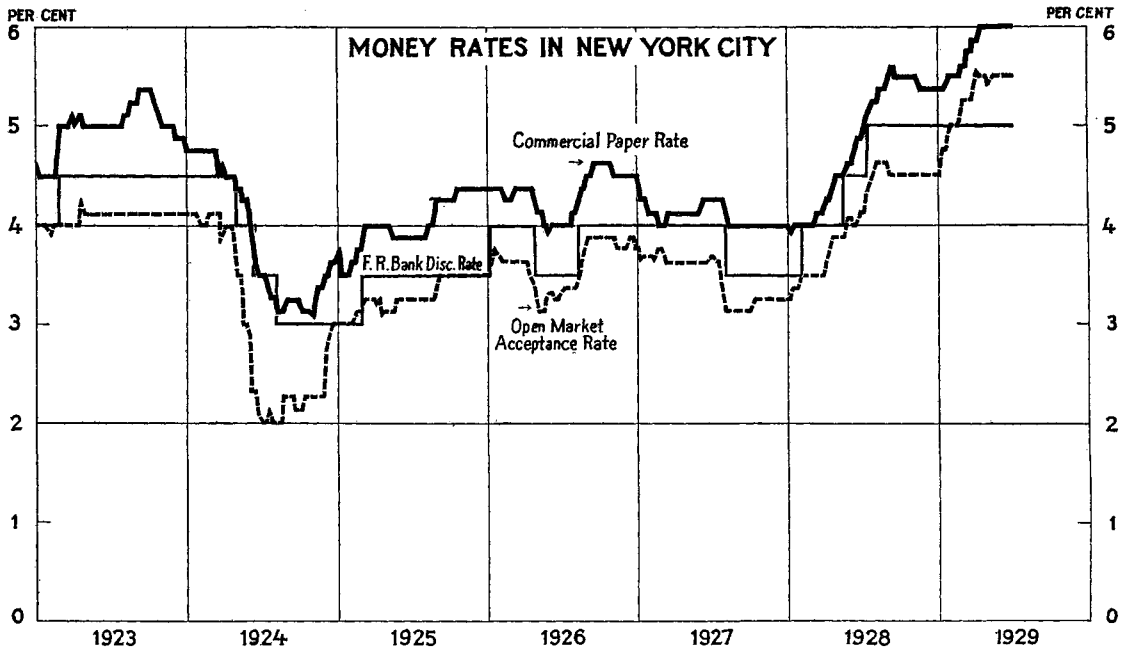
¹ Includes all movements of unreported origin or destination.



DISCOUNTS FOR MEMBER BANKS
 [Monthly averages of weekly figures. In millions of dollars]

Month	All member banks	Reporting member banks in leading cities				Member banks outside leading cities
		Total	New York City	Other leading cities		
				Total	Chicago	
1927—September	417	267	90	176	8	150
October	428	283	75	208	10	145
November	421	276	73	203	11	145
December	532	388	127	261	21	143
1928—January	439	314	94	220	23	125
February	463	338	78	260	13	125
March	489	362	75	287	25	127
April	637	488	145	343	35	149
May	826	644	222	422	49	182
June	1,012	796	271	525	61	216
July	1,079	854	274	580	80	225
August	1,045	806	223	583	80	239
September	1,063	822	266	556	41	241
October	960	736	202	534	58	224
November	901	681	157	524	67	220
December	1,039	799	221	578	91	240
1929—January	891	663	190	473	71	228
February	893	659	131	528	96	234
March	978	740	166	574	121	238
April	991	725	162	563	46	266
May	951	661	145	516	36	290
June	972	670	165	505	64	302





FEDERAL RESERVE BANK RATES

DISCOUNT RATES

[Rates on all classes and maturities of eligible paper]

Federal reserve bank	Rate in effect on July 1	Date established	Previous rate
Boston.....	5	July 19, 1923.....	4½
New York.....	5	July 13, 1928.....	4½
Philadelphia.....	5	July 26, 1928.....	4½
Cleveland.....	5	Aug. 1, 1928.....	4½
Richmond.....	5	July 13, 1928.....	4½
Atlanta.....	5	July 14, 1928.....	4½
Chicago.....	5	July 11, 1928.....	4½
St. Louis.....	5	July 19, 1928.....	4½
Minneapolis.....	5	May 14, 1929.....	4½
Kansas City.....	5	May 6, 1929.....	4½
Dallas.....	5	Mar. 2, 1929.....	4½
San Francisco.....	5	May 20, 1929.....	4½

BUYING RATES ON ACCEPTANCES

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

Maturity	Rate in effect on July 1	Date established	Previous rate
1-15 days.....	5½	Mar. 25, 1929.....	5¼
16-30 days.....	5½	do.....	5¼
31-45 days.....	5½	do.....	5¼
46-60 days.....	5½	do.....	5¼
61-90 days.....	5½	do.....	5¼
91-120 days.....	5½	Mar. 21, 1929.....	5¼
121-180 days.....	5½	Mar. 25, 1929.....	5¼

NOTE.—Rates on prime bankers' acceptances. Higher rates may be charged for other classes of bills.

OPEN-MARKET RATES

RATES IN NEW YORK CITY

Month or week	Prevailing rate on—			Average rate on—		Average yield on—	
	Prime commercial paper, 4 to 6 months	Prime bankers' acceptances, 90 days	Time loans, 90 days ²	Call loans ¹		U. S. Treasury notes and certificates, 3 to 6 months	Treasury bonds ³
				New	Renewal		
1928							
June.....	4¾	4 - 4½	5½-5¾	6.21	6.32	4.32	3.40
July.....	5 - 5¼	4½-4¾	6	6.06	6.05	4.12	3.50
August.....	5¼-5½	4¾	6 - 6½	6.91	6.87	4.36	3.56
September.....	5½-5¾	4½	6½-7½	7.40	7.26	4.57	3.54
October.....	5½	4½	7 - 7¾	7.12	6.98	4.70	3.55
November.....	5¼-5½	4½	6¾-7	6.86	6.67	4.26	3.48
December.....	5¼-5½	4½	7 - 7¾	8.86	8.60	4.35	3.53
1929							
January.....	5¼-5½	4¾-5	7¾	6.94	7.05	4.66	3.59
February.....	5½	5 - 5¼	7½-7¾	7.47	7.06	4.63	3.66
March.....	5¼-6	5¼-5½	7¾-8	9.80	9.10	4.64	3.76
April.....	6	5½	8½-9	9.46	8.89	4.79	3.67
May.....	6	5½	8½-9	8.79	8.91	4.80	3.67
June.....	6	5½	8 - 8¼	7.83	7.70	4.84	3.71
Week ending—							
June 1.....	6	5½	8½-9	6.00	6.00	5.06	3.73
June 8.....	6	5½	8¼-8½	6.96	6.80	5.04	3.72
June 15.....	6	5½	8¼	7.56	7.60	5.08	3.72
June 22.....	6	5½	8	7.00	7.00	4.73	3.70
June 29.....	6	5½	7¾-8	9.79	9.40	4.89	3.69

¹ Stock exchange call loans; new and renewal rates.
² Stock exchange 90-day time loans.
³ 3 issues—3¾, 4, and 4¼ per cent; yields calculated on basis of last redemption dates—1956, 1954, and 1952.
⁴ Maturities of 6 to 9 months.
⁵ Change of issues on which yield is computed.

PREVAILING RATES CHARGED CUSTOMERS BY BANKS IN PRINCIPAL CITIES

The rates shown are those at which the bulk of the loans of each class were made by representative banks during the week ending with the 15th of the month. Rates reported by about 200 banks with loans exceeding \$7,500,000,000.

FEDERAL RESERVE BANK CITIES

Month	Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City	Dallas	San Fran- cisco
Prime commercial loans												
1928—June.....	4¾-5	4¾-5	4¾-5¼	4¾-6	5¼-5½	5½-6	4¾-5½	4½-5½	4¾-5½	5	4¾-6	4½-6
July.....	5 -6	5 -5½	5¼-5½	4¾-6	5½	5 -6	5 -5½	5 -5½	5 -6	5 -5½	5 -6	4½-5½
August.....	5¼-5½	5¼-5½	5¼-5½	5½-6	5½-5¾	5½-6	5 -5½	5 -5½	5 -6	5 -5½	4¾-6	4½-5½
September.....	5½-6	5½	5½-5¾	5½-6	5½	5½-6	5¼-5¾	5½-5¾	5½-5¾	5½	5 -6	4½-5½
October.....	5½-6	5½	5½-5¾	5½-6	5½-6	5½-6	5¼-5¾	5½-5¾	5½-5¾	5½-6	5½-6	4½-5½
November.....	5½-6	5¼-5½	5½-6	5½-6	5½-6	5½-6	5¼-5¾	5½-5¾	5½-6	5½	5½-6	4½-5½
December.....	5½-6	5½	5½-6	5½-6	5½-6	5½-6	5¼-6	5½-6	5¼-6	5½-6	5½-6	4½-5½
1929—January.....	5½-6	5½	5½-5¾	5½-6	5½-6	5½-6	5½-6	5½-6	5½-5¾	5½	5½-6½	5½-6
February.....	5½	5½	5½-6	5½-6	5½-5¾	5½-6½	5½-6	5½-6	5¼-6	5½	5½-6	5½-6
March.....	5½-5¾	5½-5¾	5½-6	5½-6	5½	5½-6½	5½-6	5½-6	5¼-6	5½	5½-7	5½-6
April.....	5½-5¾	5½-5¾	5½-6	5½-6	5½-5¾	5½-6	5½-6	5½-6	5¼-6½	5½-6	6	5½-6
May.....	5¾-6	5¾-6	5½-6	5½-6	5¾-6	5½-6½	5½-6	5¾-6	5¼-6½	5½-6	6	5½-6
June.....	5¾-6	5¾-6	5½-6	5½-6	5¾-6	5½-6½	5½-6	5¾-6	5¼-6½	5½-6	6 -6½	5¾-6
Loans secured by prime stock-exchange collateral												
1928—December.....	6 -6½	5½-6	5½-6	5½-6	5¾-6	5½-7	6 -7	6	5¾-6	5 -6	6 -7	5½-6
1929—January.....	6 -6½	5½-6	5½-6	5½-6	5¾-6	5½-7	6 -7	5¾-6	5¾-6	5½-6	6 -7	5½-6
February.....	6 -6½	5½-6	5½-6	5½-6	6	5½-7	6 -7	5¾-6	5¾-6	5½-6	6 -8	5½-6
March.....	6 -6½	6	5½-6	5¾-6	5½-6	5½-7	6 -7	5¾-6	5¾-6	5½-6	6 -8	6
April.....	6 -6¾	6	5¾-6	5¾-6	6	6 -7	6 -7	6 -6½	6	5½-6	6 -7	6
May.....	6 -7	6	5¾-6	5¾-6	6	5¾-7	6½-7	6 -6½	6 -6¼	5¾-6	6 -7	6
June.....	6 -7	6	5¾-6	6	6	6 -7	6 -7	6	6 -6¼	5¾-7	6 -7	6 -7
Loans secured by warehouse receipts												
1928—December.....	5 -6	5¾-6	6	6	6	5½-6	5½-6	6	5¼-5¾	5½-6	6	6
1929—January.....	6	5¾-6	6	6	6	5½-6	5½-6	5½-6	5¼-5¾	5½-6	6 -7	6
February.....	6	5¾-6	6	6	6	5½-6	5½-6	5½-6	5½-6	5½-6	6	6
March.....	6	5¾-6	6	6	6	5½-6	5¾-6½	5¾-6	5¾-6	5½-6	6	6
April.....	6	6	6	6	6	6	5¾-6½	5¾-6	5¾-6	5½-6	6 -6½	6
May.....	6	6	6	6 -7	6	6 -7	6	6	6	5½-6	6 -7	6
June.....	6	6	6	6	6	6 -7	6	6	6	5½-6	6 -7	6 -6½
Interbank loans												
1928—December.....	5½-6	5 -6	5½	5¼-6	5½-5¾	5½-6	5½-6	5½-6	5¾-6	5½-6	5 -6	5 -6
1929—January.....	5½-6	5½-6	5½	5½	5½	5½-6	5½-6	5½-6	5¾-6	5½-6	5 -5½	5 -6
February.....	5½	5½-6	5½-5¾	5½	5¾-6	5½-6	5½-6	5½-6	5½-6	5½-6	6	5 -6
March.....	5½-6	5½-6	5½-5¾	5½-6	5¾-6	5½-6	5½-6	5½-6	5¾-6	5½-6	5½-6	5 -6
April.....	5½-6	5½-6	5½-5¾	5½-6	5¾	5½-6	5½-6	5½-6	5¾-6	5½-6	5½-6	5 -6
May.....	5½-6	5¾-6	5¾	5½-6	5¾	5½-6½	5¾-6	5¾-6	6	6	5½-6	5 -6
June.....	5½-6	5¾-6	5¾	5½-6	5¾-6	5½-6½	6	5¾-6	6	6	5½-6	5½

FEDERAL RESERVE BRANCH CITIES

City	Prime commercial loans			Loans secured by prime stock-exchange collateral			Loans secured by warehouse receipts			Interbank loans		
	April, 1929	May, 1929	June, 1929	April, 1929	May, 1929	June, 1929	April, 1929	May, 1929	June, 1929	April, 1929	May, 1929	June, 1929
Buffalo.....	5½-6½	5½-6	5½-6½	6	6	6	6	6	6	5½-6	5½-6	5½-6
Cincinnati.....	6	6	6	6 -7½	6 -7	6 -7	6 -7	6 -7	6 -7	5½-6	5½-6	5½-6
Pittsburgh.....	6	5¼-6	5¾-6	6	6	6	6	6	6	6	6	6
Baltimore.....	5½-6	5½-6	5½-6	6	6	6	6	6	6	5½-6	5½-6	5½-6
Charlotte.....	5½-6	6	6	6	6	6	6	6	6	6	6	6
Birmingham.....	5½-7	5½-7	5½-7	5½-8	5½-8	5½-8	6 -7	6 -7	6 -7	5½-7	5½-6	5½-6
Jacksonville.....	6	6	6	6 -7	6 -7	6 -7	6 -8	6 -8	6 -8	6	6	6
Nashville.....	6	6	6	6	6	6	5½-6	5½-6	5½-6	5½-6	5½-6	5½-6
New Orleans.....	5½-6½	5½-6½	5½-6½	6½-7	6½-7	6½-7	6 -7	6 -7	6 -7	6	6	6
Detroit.....	5½-6	5½-6	6	6 -6½	6 -6½	6 -6½	6 -6½	6 -6½	6 -6½	5½-6	5½-6	5½-6½
Little Rock.....	6	6	6	6 -7	6 -7	6 -7	5½-7	5½-8	5½-8	6	6	6
Louisville.....	6	6	6	6	6	6	6	6	6	5½	5½-6	6
Helena.....	8	8	8	8	8	8	6 -8	6 -8	6 -8	6 -7	6 -7	6 -8
Denver.....	6	6 -6½	6	6 -7	6 -7	6 -7	6 -8	6 -8	6 -8	6 -6½	6 -6½	6 -6½
Oklahoma City.....	6	6	6	6 -7	6 -8	6 -8	6 -7	6 -7	6 -7	6	6	6
El Paso.....	5½-6	6	6	6 -7	6 -7	6 -7	6 -7	6 -7	6 -6½	6 -6½	6 -6½	6 -6½
Houston.....	8	7 -8	6 -8	6 -8	6 -8	6 -8	6 -7	7 -8	7 -8	6	6	6
San Antonio.....	6 -7	6	6	6 -8	6 -8	6 -8	6 -7	6 -8	6 -8	5 -6	5 -6	5½-6
Los Angeles.....	6	6	6	6 -6½	6 -7	6 -7	6 -7	6 -8	6 -8	5½-6	5½-6	5½-6
Portland.....	6	6	6	6 -7	6 -7	6 -7	6 -7	6 -7	6 -7	6	6	6
Salt Lake City.....	6	6	6	6	6	6	7	7	7	6	6	6
Seattle.....	6 -6½	6 -6½	6 -6½	6 -7	6 -7	6 -6½	6½-7	6½-7	6½-7	6	6	6
Spokane.....	6 -7	6¼-7	6¼-7	7	7	7	7	7	7	6	6	6

MEMBER BANK CREDIT

REPORTING MEMBER BANKS (REVISED SERIES)

[In millions of dollars. Monthly data are averages of weekly figures]

Date	Loans and investments					Borrowings at Federal reserve banks	Month	Loans and investments					Borrowings at Federal reserve banks
	Total	Loans			Total investments			Total	Loans			Total investments	
		Total	On securities	All other					Total	Total	On securities			All other
Total:							Total:						
Apr. 3.....	22,561	16,583	7,516	9,068	5,977	766	1928—June.....	22,063	15,871	6,962	8,909	6,193	706
Apr. 10.....	22,393	16,455	7,380	9,076	5,938	706	July.....	22,006	15,892	6,955	8,937	6,114	854
Apr. 17.....	22,340	16,431	7,353	9,078	5,909	729	August.....	21,809	15,825	6,816	9,009	5,984	806
Apr. 24.....	22,259	16,388	7,335	9,052	5,871	698	September.....	21,871	15,898	6,840	9,059	5,973	822
May 1.....	22,313	16,438	7,371	9,067	5,875	703	October.....	21,938	16,003	6,874	9,130	5,934	736
May 8.....	22,094	16,257	7,241	9,016	5,836	684	November.....	21,983	16,096	7,082	9,014	5,888	681
May 15.....	22,156	16,301	7,221	9,079	5,855	626	December.....	22,189	16,253	7,198	9,055	5,936	799
May 22.....	22,005	16,187	7,144	9,043	5,818	614	1929—January.....	22,320	16,300	7,504	8,796	6,021	663
May 29.....	22,001	16,202	7,112	9,090	5,799	680	February.....	22,263	16,200	7,522	8,737	6,004	659
June 5.....	22,115	16,337	7,197	9,140	5,779	663	March.....	22,472	16,491	7,580	8,911	5,981	740
June 12.....	22,104	16,364	7,209	9,155	5,740	628	April.....	22,388	16,464	7,362	9,073	5,924	725
June 19.....	22,298	16,543	7,382	9,161	5,755	674	May.....	22,114	16,277	7,218	9,059	5,837	661
June 26.....	22,407	16,678	7,537	9,141	5,729	715	June.....	22,231	16,480	7,331	9,149	5,751	670
New York City:							New York City:						
Apr. 3.....	7,405	5,521	2,819	2,702	1,884	135	1928—June.....	7,166	5,248	2,613	2,635	1,918	271
Apr. 10.....	7,276	5,421	2,708	2,713	1,854	158	July.....	7,170	5,270	2,626	2,644	1,900	274
Apr. 17.....	7,252	5,398	2,682	2,716	1,854	179	August.....	6,962	5,186	2,518	2,668	1,777	223
Apr. 24.....	7,253	5,410	2,707	2,702	1,844	177	September.....	7,022	5,221	2,544	2,678	1,801	266
May 1.....	7,332	5,476	2,772	2,699	1,856	157	October.....	7,013	5,209	2,559	2,650	1,803	202
May 8.....	7,165	5,314	2,647	2,667	1,852	189	November.....	7,056	5,255	2,694	2,562	1,800	157
May 15.....	7,194	5,337	2,641	2,696	1,857	166	December.....	7,152	5,339	2,747	2,592	1,812	221
May 22.....	7,120	5,294	2,614	2,680	1,825	111	1929—January.....	7,262	5,378	2,904	2,473	1,834	190
May 29.....	7,100	5,299	2,585	2,714	1,801	103	February.....	7,190	5,306	2,820	2,486	1,855	131
June 5.....	7,236	5,409	2,678	2,731	1,827	123	March.....	7,296	5,424	2,823	2,601	1,872	166
June 12.....	7,200	5,350	2,663	2,727	1,810	136	April.....	7,297	5,437	2,729	2,708	1,859	162
June 19.....	7,277	5,465	2,749	2,716	1,812	170	May.....	7,182	5,344	2,623	2,691	1,838	145
June 26.....	7,410	5,610	2,908	2,702	1,800	228	June.....	7,281	5,468	2,749	2,719	1,812	165
Other leading cities:							Other leading cities:						
Apr. 3.....	15,156	11,063	4,697	6,365	4,093	631	1928—June.....	14,897	10,623	4,349	6,274	4,275	525
Apr. 10.....	15,118	11,034	4,671	6,363	4,084	549	July.....	14,837	10,622	4,330	6,293	4,214	580
Apr. 17.....	15,088	11,033	4,671	6,362	4,055	550	August.....	14,846	10,639	4,298	6,341	4,207	583
Apr. 24.....	15,004	10,978	4,628	6,350	4,027	521	September.....	14,849	10,677	4,296	6,381	4,172	556
May 1.....	14,981	10,962	4,593	6,369	4,019	546	October.....	14,925	10,794	4,314	6,480	4,131	534
May 8.....	14,932	10,943	4,594	6,350	3,989	495	November.....	14,928	10,840	4,388	6,452	4,087	524
May 15.....	14,961	10,964	4,581	6,382	3,998	460	December.....	15,037	10,913	4,450	6,463	4,124	578
May 22.....	14,885	10,892	4,530	6,363	3,993	503	1929—January.....	15,058	10,922	4,600	6,323	4,136	473
May 29.....	14,901	10,902	4,526	6,376	3,998	577	February.....	15,073	10,954	4,702	6,251	4,119	528
June 5.....	14,879	10,928	4,519	6,409	3,951	540	March.....	15,176	11,067	4,756	6,310	4,109	574
June 12.....	14,904	10,974	4,544	6,430	3,930	492	April.....	15,092	11,027	4,667	6,360	4,065	563
June 19.....	15,021	11,078	4,632	6,445	3,943	504	May.....	14,931	10,933	4,565	6,368	3,998	516
June 26.....	14,996	11,068	4,630	6,438	3,928	487	June.....	14,950	11,012	4,582	6,430	3,938	505
City of Chicago:							City of Chicago:						
Apr. 3.....	2,068	1,631	914	717	437	99	1928—June.....	2,074	1,573	874	698	502	61
Apr. 10.....	2,050	1,599	907	692	451	40	July.....	2,040	1,550	854	696	489	80
Apr. 17.....	2,036	1,600	908	682	436	25	August.....	2,050	1,577	848	729	473	80
Apr. 24.....	2,027	1,593	890	704	434	20	September.....	2,034	1,572	850	722	462	41
May 1.....	2,030	1,601	897	703	429	26	October.....	2,061	1,604	854	751	456	58
May 8.....	2,001	1,588	893	695	413	18	November.....	2,063	1,604	869	735	459	67
May 15.....	2,017	1,594	895	699	423	24	December.....	2,083	1,632	889	742	452	91
May 22.....	2,009	1,593	896	697	416	33	1929—January.....	2,065	1,613	887	726	452	71
May 29.....	2,017	1,602	905	697	415	79	February.....	2,096	1,641	911	731	455	96
June 5.....	2,030	1,616	912	704	414	66	March.....	2,130	1,676	950	726	454	121
June 12.....	2,034	1,616	907	710	417	53	April.....	2,045	1,608	905	701	440	46
June 19.....	2,044	1,625	910	715	419	74	May.....	2,015	1,596	897	698	419	36
June 26.....	2,024	1,606	912	694	418	64	June.....	2,033	1,616	910	706	417	64

BANKERS' BALANCES

[Monthly averages of weekly figures for reporting member banks in leading cities. In millions of dollars]

Month	Due to banks					
	Total		New York City		Other leading cities	
	1928	1929	1928	1929	1928	1929
January	3,484	3,074	1,137	1,012	2,347	2,062
February	3,374	2,918	1,098	949	2,276	1,969
March	3,292	2,861	1,080	913	2,203	1,945
April	3,207	2,709	1,053	874	2,154	1,835
May	3,064	2,545	1,020	817	2,044	1,728
June	2,897	2,532	933	796	1,964	1,736
July	2,936	-----	957	-----	1,979	-----
August	2,801	-----	901	-----	1,900	-----
September	2,948	-----	934	-----	2,014	-----
October	3,073	-----	992	-----	2,081	-----
November	3,040	-----	981	-----	2,059	-----
December	3,011	-----	956	-----	2,055	-----

ACCEPTANCES AND COMMERCIAL PAPER

[Amounts outstanding in millions of dollars. Figures for acceptances as compiled by American Acceptance Council; for commercial paper as reported by 24 dealers]

End of month	Bankers' acceptances outstanding						Commercial paper outstanding		
	1927			1928			1927	1928	1929
	January	774	1,058	1,279	551	577	407		
February	785	1,056	1,228	577	567	411			
March	809	1,085	1,205	606	570	387			
April	811	1,071	1,111	599	571	351			
May	775	1,041	1,107	582	541	305			
June	751	1,026	-----	579	503	-----			
July	741	978	-----	569	483	-----			
August	782	952	-----	591	458	-----			
September	864	1,004	-----	600	430	-----			
October	975	1,123	-----	611	427	-----			
November	1,029	1,200	-----	603	421	-----			
December	1,081	1,284	-----	555	383	-----			

BROKERS' LOANS

BROKERS' BORROWINGS ON COLLATERAL IN NEW YORK CITY REPORTED BY THE NEW YORK STOCK EXCHANGE

[Net borrowings on demand and on time. In millions of dollars]

End of month	Total				From New York banks and trust companies				From private banks, brokers, foreign banking agencies, etc.			
	1926	1927	1928	1929	1926	1927	1928	1929	1926	1927	1928	1929
January	3,513	3,139	4,420	6,735	3,043	2,670	3,805	5,064	470	469	615	1,071
February	3,536	3,256	4,323	6,679	3,080	2,757	3,737	5,019	455	499	585	1,060
March	3,060	3,290	4,640	6,804	2,553	2,790	3,947	5,713	447	500	693	1,091
April	2,836	3,341	4,908	6,775	2,468	2,865	4,246	5,580	367	476	632	1,194
May	2,767	3,458	5,274	6,665	2,392	2,968	4,568	5,482	375	490	707	1,183
June	2,926	3,569	4,898	7,071	2,509	3,065	4,169	5,797	417	504	730	1,275
July	2,998	3,642	4,837	-----	2,583	3,145	4,150	-----	415	497	687	-----
August	3,142	3,674	5,051	-----	2,698	3,170	4,260	-----	444	504	791	-----
September	3,219	3,915	5,514	-----	2,745	3,340	4,647	-----	474	575	833	-----
October	3,111	3,946	5,880	-----	2,668	3,363	4,994	-----	444	583	836	-----
November	3,129	4,092	6,392	-----	2,636	3,519	5,412	-----	493	573	979	-----
December	3,293	4,433	6,440	-----	2,804	3,812	5,401	-----	489	621	1,039	-----

¹ Call loans, \$6,444,459,000; time loans, \$626,752,000.

LOANS TO BROKERS AND DEALERS IN SECURITIES MADE BY REPORTING MEMBER BANKS IN NEW YORK CITY

[In millions of dollars. Monthly data are averages of weekly figures]

Date or month	Total		For banks				For others			
	1928	1929	Total		In New York City ²		Outside New York City ³		1928	1929
			1928	1929	1928	1929	1928	1929		
Date: ¹										
Apr. 3	3,979	5,562	2,765	2,673	1,265	1,021	1,500	1,652	1,215	2,889
Apr. 10	3,994	5,427	2,793	2,546	1,144	915	1,649	1,631	1,201	2,882
Apr. 17	4,129	5,425	2,867	2,539	1,164	877	1,703	1,662	1,263	2,886
Apr. 24	4,144	5,492	2,814	2,576	1,200	924	1,614	1,652	1,331	2,916
May 1	4,282	5,532	2,915	2,656	1,329	979	1,586	1,676	1,366	2,876
May 8	4,361	5,551	2,936	2,598	1,252	864	1,684	1,734	1,425	2,953
May 15	4,502	5,565	2,967	2,585	1,312	860	1,656	1,725	1,535	2,979
May 22	4,456	5,520	2,855	2,478	1,247	827	1,607	1,651	1,602	3,042
May 29	4,469	5,288	2,827	2,313	1,219	773	1,608	1,540	1,642	2,975
June 5	4,563	5,284	2,809	2,350	1,167	837	1,642	1,513	1,755	2,934
June 12	4,428	5,284	2,697	2,372	1,079	821	1,618	1,551	1,731	2,911
June 19	4,279	5,420	2,532	2,475	1,004	883	1,523	1,592	1,737	2,945
June 26	4,178	5,542	2,424	2,574	941	1,038	1,483	1,536	1,754	2,969
Month:										
January	3,802	5,408	2,812	2,974	1,342	1,173	1,470	1,801	990	2,434
February	3,784	5,555	2,667	2,899	1,167	1,082	1,500	1,817	1,117	2,656
March	3,761	5,679	2,514	2,800	1,064	1,071	1,450	1,729	1,247	2,879
April	4,062	5,477	2,809	2,583	1,193	934	1,616	1,649	1,252	2,893
May	4,414	5,491	2,900	2,526	1,272	861	1,628	1,665	1,514	2,965
June	4,360	5,383	2,616	2,443	1,048	895	1,568	1,548	1,744	2,940
July	4,232	-----	2,472	-----	-----	929	1,543	-----	1,760	-----
August	4,239	-----	2,357	-----	-----	835	1,522	-----	1,881	-----
September	4,417	-----	2,494	-----	-----	887	1,607	-----	1,924	-----
October	4,701	-----	2,653	-----	-----	933	1,720	-----	2,048	-----
November	5,102	-----	2,854	-----	-----	1,105	1,749	-----	2,248	-----
December	5,193	-----	2,874	-----	-----	1,114	1,760	-----	2,319	-----

¹ Dates for 1929; corresponding dates for 1928 are slightly later.
² Weekly reporting member banks in New York City.

³ Member and nonmember banks outside New York City (domestic banks only); includes unknown amount for customers of these banks.
⁴ Call loans, \$5,037,000,000; time loans, \$346,000,000.

COMMODITY PRICES, SECURITY PRICES, AND SECURITY ISSUES

WHOLESALE PRICES, BY COMMODITY GROUPS¹
[1926=100]

Month	All commodities	Farm products	Foods	Hides and leather products	Textile products	Fuel and lighting	Metals and metal products	Building materials	Chemicals and drugs	House-furnishing goods	Miscellaneous	Nonagricultural commodities
1928—April	97.4	107.6	99.5	126.7	96.5	80.8	98.4	92.5	95.8	97.9	84.9	94.7
May	95.6	109.8	101.2	128.3	96.6	81.8	98.6	93.5	95.3	97.8	85.1	95.6
June	97.6	106.7	100.3	123.7	96.3	82.1	98.7	93.9	94.9	97.0	82.2	95.2
July	98.3	107.1	102.3	124.2	96.8	82.8	98.6	94.4	94.5	96.9	80.8	95.9
August	98.9	107.0	104.1	121.0	96.3	84.6	100.4	94.6	94.7	97.2	79.3	96.7
September	100.1	108.8	106.9	120.7	95.6	85.1	100.5	94.7	95.1	97.2	79.7	97.8
October	97.8	103.5	102.3	117.5	96.1	84.9	101.0	95.0	95.6	96.5	80.3	96.4
November	96.7	101.6	100.1	115.5	96.1	84.4	101.7	96.0	96.0	96.4	80.0	95.4
December	96.7	103.6	98.0	115.7	96.1	83.5	102.9	96.8	96.1	96.4	80.1	94.8
1929—January	97.2	105.9	98.8	113.6	96.4	82.5	103.6	96.6	95.9	96.6	80.5	94.9
February	96.7	105.4	98.1	109.0	96.1	81.3	104.4	97.5	96.1	96.6	80.4	94.3
March	97.5	107.1	98.1	108.3	96.1	80.6	106.4	98.8	95.6	96.5	80.0	94.9
April	96.8	104.9	97.7	107.9	95.5	80.6	108.4	97.9	94.9	96.7	79.2	94.7
May	95.8	102.2	97.7	106.8	94.2	81.1	105.2	96.8	94.2	96.7	79.6	94.1
June	96.4	103.3	98.9	108.0	93.3	83.3	105.1	96.4	93.4	96.6	80.4	94.6

¹ Index of Bureau of Labor Statistics.

PRICES OF FARM PRODUCTS AT THE FARM¹

[August, 1909–July, 1914=100]

Month	30 commodities	Grains	Fruit and vegetables	Meat animals	Dairy and poultry products	Cotton and cottonseed	Un-classified
1928							
April	140	144	179	142	134	154	85
May	148	160	181	151	134	166	86
June	145	152	168	150	132	162	87
July	145	142	156	157	134	170	88
August	139	120	137	162	136	158	87
September	141	117	127	174	145	142	85
October	137	116	114	160	150	147	83
November	134	110	109	150	155	146	86
December	134	112	108	143	159	148	90
1929							
January	133	115	109	146	149	148	92
February	136	123	111	150	148	149	91
March	140	124	112	160	144	155	90
April	138	120	110	164	138	152	88
May	136	113	119	164	137	148	86
June	135	111	120	163	137	146	85

¹ Index numbers of Department of Agriculture.

FOREIGN CAPITAL ISSUES

[In millions of dollars]

Class of issue	January–May					
	May, 1929		1929		1928	
	Gov-ernment	Cor-porate	Gov-ernment	Cor-porate	Gov-ernment	Cor-porate
Total	37.3	62.4	92.5	258.8	542.0	248.6
New issue	31.0	58.9	77.0	253.3	452.5	203.7
Europe		11.3	23.6	26.0	228.0	130.9
Canada and Newfoundland	31.0	17.0	31.5	52.4	33.3	45.9
Latin America		7.9	20.4	10.1	130.6	8.0
United States insular possessions			1.5	7.0	4.2	18.9
Miscellaneous		22.7		157.8	56.5	18.9
Refunding issues	6.3	3.5	15.5	5.5	89.5	44.9
Total Government and corporate	99.7		351.3		790.6	

SECURITY PRICES

Common stocks¹ (1926=100)

Month or week	Common stocks ¹ (1926=100)				Bonds: Average price of 40 issues
	405 stocks combined	337 industrials	33 rails	35 public utilities	
1928—February	132.3	134.8	121.6	130.9	99.31
March	137.9	141.1	125.9	134.4	99.20
April	145.9	149.5	130.7	142.5	99.18
May	152.1	154.9	133.2	155.3	98.79
June	145.3	148.2	126.7	148.1	97.38
July	144.2	147.8	124.6	145.3	96.56
August	148.3	152.6	126.5	147.9	95.82
September	156.1	161.6	129.7	155.2	96.47
October	159.1	166.2	128.2	154.5	96.58
November	169.2	177.1	133.7	165.5	96.90
December	172.9	180.0	135.9	174.7	96.24
1929—January	183.6	191.4	141.0	188.3	96.12
February	186.8	192.4	142.3	203.1	95.60
March	189.4	196.1	140.8	204.4	94.82
April	186.6	193.4	138.3	201.4	94.68
May	189.7	195.2	138.7	213.2	94.46
June	188.6	189.3	143.8	228.1	93.49
Week ending—					
June 1	180.2	182.4	139.7	208.4	93.42
June 8	187.3	189.1	143.1	220.7	93.56
June 15	187.9	188.8	141.7	227.7	93.56
June 22	191.7	191.5	144.6	237.4	93.55
June 29	195.9	194.5	149.7	246.1	93.34

¹ Index of common-stock market values (revised series) computed by Standard Statistics Co. from closing prices on Thursday.

DOMESTIC CAPITAL ISSUES

[In millions of dollars]

Class of issue	January–May					
	May, 1929		1929		1928	
	New	Re-fund-ing	New	Re-fund-ing	New	Re-fund-ing
Total	1,079.8	392.5	4,204.0	853.1	2,566.8	1,196.5
Corporate issues	898.7	390.9	3,702.1	846.3	1,927.0	1,184.2
Bonds and notes—						
Long term	297.7	103.3	1,083.0	374.3	1,050.7	886.7
Short term	24.5	1.1	91.6	21.1	83.8	34.0
Stocks	576.5	286.5	2,527.5	450.9	792.5	263.5
Farm-loan issues						10.0
Municipal issues	181.1	1.6	501.9	6.8	629.8	12.3
Total new and refunding	1,472.3		5,057.1		3,763.3	

PRODUCTION, EMPLOYMENT, AND TRADE

[Index numbers of the Federal Reserve Board]

Year and month	Industrial production ¹	Production of manufac- tures ¹	Production of miner- als ¹	Factory employ- ment	Factory pay rolls	Building contracts awarded ¹		Freight car load- ings ¹	Wholesale dis- tribution ¹		Department- store sales ¹		Department- store stocks ¹	
						Unad- justed	Ad- justed		Unad- justed	Ad- justed	Unad- justed	Ad- justed	Unad- justed	Ad- justed
						Mo. av. 1923-1925=100								
ANNUAL INDEX														
1919	83	84	77	100	100	64		84	111		78		79	
1920	87	87	89	103	124	63		91	115		94		105	
1921	67	67	70	82	84	57		79	87		87		89	
1922	85	87	74	90	89	81		86	89		88		89	
1923	101	101	105	104	113	84		100	100		98		98	
1924	95	94	96	95	104	95		98	98		99		101	
1925	104	105	99	95	107	122		103	102		103		102	
1926	108	108	108	96	109	130		107	101		106		103	
1927	106	106	107	92	105	128		103	97		107		103	
1928	110	111	106	90	104	135		104	96		108		101	
MONTHLY INDEX														
1925														
February	105	106	99	96	109	76	104	103	95	102	80	103	96	101
March	105	106	95	96	110	120	107	99	105	100	95	103	105	102
April	103	104	99	96	107	138	113	104	97	100	136	102	106	102
May	103	103	104	95	107	124	113	104	93	99	100	101	103	101
June	102	102	101	94	105	137	128	101	95	100	99	101	98	101
July	104	104	104	93	102	133	128	101	97	102	75	100	94	101
August	103	102	107	94	105	149	135	105	112	102	78	101	98	102
September	102	104	89	95	104	138	135	102	117	102	94	102	107	103
October	105	108	90	97	111	129	125	100	123	106	130	111	112	101
November	107	109	94	97	112	116	127	105	102	102	114	104	115	102
December	109	111	93	97	112	129	145	106	92	98	178	106	97	108
1926														
January	107	109	92	96	107	111	143	102	95	104	88	105	93	105
February	107	109	95	97	112	106	145	104	96	103	81	104	98	104
March	108	108	104	97	113	146	129	104	106	101	101	101	107	104
April	108	108	107	96	110	139	120	107	96	99	103	103	107	103
May	107	107	104	96	109	134	123	107	95	101	107	108	104	102
June	108	109	106	95	109	133	121	109	95	100	101	103	98	101
July	108	108	107	93	104	126	124	108	95	100	79	105	93	100
August	111	111	109	94	108	148	133	108	111	101	83	107	97	101
September	112	112	110	96	108	137	134	109	118	103	101	100	107	102
October	111	111	114	96	112	128	122	109	111	96	123	109	114	104
November	108	107	118	95	109	119	130	109	101	101	121	106	117	103
December	106	104	119	94	108	131	142	107	87	98	184	110	96	102
1927														
January	107	105	116	92	102	94	120	105	88	95	89	106	93	104
February	109	107	118	94	109	96	131	109	91	97	83	107	98	103
March	112	110	118	94	110	151	134	108	102	98	100	105	107	103
April	109	109	106	93	108	147	127	108	92	95	111	105	107	103
May	111	112	108	93	108	135	122	106	91	97	102	103	104	102
June	109	109	105	92	106	154	141	104	91	96	102	103	98	101
July	106	108	99	91	101	130	128	101	91	96	75	104	95	102
August	107	107	106	91	104	135	121	104	112	102	89	111	98	102
September	105	106	103	92	104	127	125	104	113	98	100	108	108	104
October	103	103	105	92	105	137	133	101	108	94	119	106	114	104
November	99	99	101	90	101	114	125	97	97	97	122	107	117	104
December	100	99	102	89	102	116	126	95	85	95	186	111	96	103
1928														
January	105	106	103	88	98	104	133	100	88	96	88	104	92	103
February	109	110	102	89	104	113	153	102	93	99	86	105	98	103
March	109	110	103	90	105	144	128	102	100	96	103	104	105	101
April	109	110	105	89	103	157	135	104	88	92	102	103	106	101
May	109	110	105	89	104	163	148	105	93	99	108	103	102	100
June	109	111	101	90	104	158	145	102	89	92	104	105	96	99
July	110	111	100	88	100	142	139	102	90	94	78	107	93	100
August	112	113	105	90	104	126	113	104	110	101	85	105	97	101
September	114	115	107	91	105	143	140	106	111	96	107	119	103	99
October	114	114	114	92	109	145	141	106	112	97	124	105	112	102
November	112	112	113	92	106	115	126	104	99	99	122	106	115	102
December	113	114	112	91	107	105	116	103	84	95	189	116	94	100
1929														
January	117	117	117	91	103	100	128	104	93	101	92	105	89	100
February	117	117	120	93	110	88	119	107	90	96	85	110	95	100
March	119	r 121	107	94	113	118	104	103	101	r 97	110	113	102	r 99
April	122	123	115	94	114	156	135	111	96	100	104	105	r 103	r 99
May	p 123	p 124	p 116	95	113	143	130	111	96	102	110	107	101	99

¹ As revised in February, 1929; see BULLETIN for March. The indexes of production and car loadings are adjusted to allow for seasonal variation; the indexes of building contracts, wholesale distribution, and department-store sales and stocks are shown both with and without seasonal adjustments.

p Preliminary.

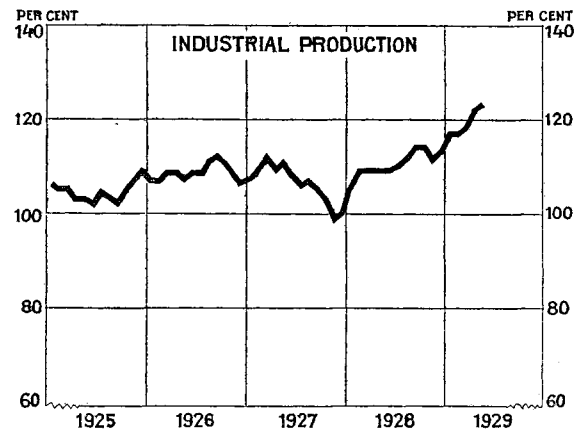
r Revised.

INDUSTRIAL PRODUCTION

INDEX OF INDUSTRIAL PRODUCTION

{Index numbers, adjusted for seasonal variations. As revised in February, 1929; see BULLETIN for March. 1923-1925 average=100}

Month	1923	1924	1925	1926	1927	1928	1929
January.....	100	100	106	107	107	105	117
February.....	100	102	105	107	109	109	117
March.....	103	101	105	108	112	109	119
April.....	107	95	103	108	109	109	122
May.....	107	89	103	107	111	109	p 123
June.....	106	85	102	108	109	109	-----
July.....	104	84	104	108	106	110	-----
August.....	102	89	103	111	107	112	-----
September.....	100	94	102	112	105	114	-----
October.....	99	95	105	111	103	114	-----
November.....	98	97	107	108	99	112	-----
December.....	97	101	109	106	100	113	-----
Annual index.....	101	95	104	108	106	110	-----



INDEX OF PRODUCTION OF MANUFACTURES, BY GROUPS

	All manufactures	Iron and steel	Textiles	Food products	Paper and printing	Lumber	Automobiles	Leather and shoes	Cement, brick, and glass	Non-ferrous metals	Petroleum refining	Rubber tires	Tobacco manufactures
1928													
January.....	106	107	107	103	115	92	93	99	114	100	135	124	119
February.....	110	113	108	110	116	93	101	103	117	108	139	135	120
March.....	110	114	107	105	118	94	111	102	112	108	141	134	120
April.....	110	122	101	98	118	95	108	97	111	109	147	134	120
May.....	110	116	107	96	118	93	107	96	116	111	150	133	120
June.....	111	115	108	93	120	91	117	108	123	115	153	143	125
July.....	111	124	100	89	117	94	119	112	119	113	156	149	125
August.....	113	121	107	90	117	87	133	112	126	117	160	151	129
September.....	115	128	107	95	118	82	139	110	130	117	162	169	128
October.....	114	126	112	98	116	81	122	103	122	121	160	167	126
November.....	112	120	113	102	115	85	94	97	122	126	159	155	124
December.....	114	123	111	104	114	87	103	92	130	128	159	143	127
1929													
January.....	117	117	116	103	122	89	154	95	134	124	159	147	131
February.....	117	126	113	101	123	78	152	98	123	123	161	152	129
March.....	r 121	132	116	96	125	83	163	r 99	135	129	160	152	126
April.....	123	135	120	102	122	86	157	97	127	137	166	161	142
May.....	p 124	145	121	97	126	p 83	151	101	124	137	168	159	142

INDEX OF PRODUCTION OF MINERALS, BY PRODUCTS

	All minerals	Bituminous coal	Anthracite coal	Crude petroleum	Iron ore shipments	Copper	Zinc	Lead	Silver
1928									
January.....	103	92	89	121	-----	102	105	103	93
February.....	102	92	88	119	-----	104	107	109	83
March.....	103	95	80	121	-----	102	112	109	94
April.....	105	91	107	120	-----	103	113	100	89
May.....	105	93	112	120	80	110	113	101	85
June.....	101	91	76	118	107	110	117	100	93
July.....	100	93	67	119	104	113	117	97	76
August.....	105	91	94	123	104	116	120	107	87
September.....	107	94	95	124	110	123	114	115	79
October.....	114	99	119	127	114	128	110	108	79
November.....	113	99	113	127	106	131	111	111	93
December.....	112	96	98	132	-----	133	106	r 109	100
1929									
January.....	117	103	110	138	-----	129	100	111	93
February.....	120	109	110	138	-----	136	106	99	91
March.....	107	89	77	134	-----	135	112	112	93
April.....	115	100	95	133	-----	141	116	r 125	r 103
May.....	p 110	102	86	135	143	139	120	125	p 100

* Corrected

p Preliminary.

r Revised.

NOTE.—These tables contain, for certain months, index numbers of industrial production, together with group indexes for important components. The combined index of industrial production is computed from figures for 60 statistical series, 52 of manufactures, and 8 of minerals. Adjustments have been made in the different industries for the varying number of working days in each month and for customary seasonal variations, and the individual products and industries have been weighted in accordance with their relative importance. The sources of data and methods of construction were described in the BULLETIN for February and March, 1927. Revisions of figures from 1923 to 1925 were published in the BULLETIN for March, 1929, pp. 192-194; corrected annual figures for certain group components are given above.

PRODUCTION OF MANUFACTURES, BY INDIVIDUAL LINES¹

	May, 1929	April, 1929	May, 1928		May, 1929	April, 1929	May, 1928
Iron and steel:				Leather and products:			
Pig iron.....	126	117	106	Leather, tanning—			
Steel ingots.....	147	137	117	Sole leather ²	84	† 89	101
Textiles:				Upper leather—			
Cotton consumption.....	125	119	108	Cattle.....	78	76	70
Wool—				Calf and kip.....	96	† 93	94
Consumption.....	109	† 106	98	Goat and kid.....	116	123	113
Machinery activity ³	92	† 96	82	Boots and shoes.....	106	† 100	96
Carpet and rug loom activity ³	98	95	89	Stone, clay, and glass:			
Silk—				Cement.....	111	† 110	119
Deliveries.....	142	159	134	Face brick.....	110	127	97
Loom activity ³	130	◊ 129	115	Plate glass.....	146	144	124
Food products:				Nonferrous metals:			
Slaughtering and meat packing—				Copper.....	145	147	114
Hogs.....	94	100	96	Lead.....	126	† 125	101
Cattle.....	86	93	92	Zinc.....	120	116	113
Calves.....	91	101	100	Tin ⁴	145	143	106
Sheep.....	125	119	105	Chemicals and allied products:			
Flour.....	112	107	105	Petroleum refining—			
Sugar meltings.....	90	111	83	Gasoline ⁵	197	194	167
Paper and printing:				Kerosene.....	103	93	110
Wood pulp and paper—				Fuel oil ⁵	140	141	130
Newsprint.....	93	93	96	Lubricating oil ⁵	126	125	129
Book paper.....		127	126	Coke production—			
Fine paper.....	119	118	117	By-product.....	149	145	131
Wrapping paper.....	109	103	113	Beehive.....	58	41	37
Paper board.....	146	135	† 131	Rubber tires and tubes:			
Wood pulp, mechanical.....	92	91	87	Tires, pneumatic.....	164	166	136
Wood pulp, chemical.....	120	115	112	Inner tubes.....	121	126	114
Paper boxes.....	152	153	131	Tobacco products:			
Newsprint consumption.....	137	132	127	Cigars.....	101	109	96
Lumber:				Cigarettes.....	173	173	142
Lumber, cut.....	82	86	91	Manufactured tobacco and snuff.....	92	95	92
Flooring.....	96	90	112				
Transportation equipment:							
Automobiles.....	151	157	107				
Locomotives.....	55	53	28				
Shipbuilding.....		62	56				

¹ As revised in February, 1929; see BULLETIN for March. ² Without seasonal adjustment. ³ Revised. ⁴ Corrected.

FACTORY EMPLOYMENT AND PAY ROLLS

(Index numbers without seasonal adjustment. Monthly average, 1919=100)

	Total	Metals and products		Textiles and products			Lumber and products	Railroad vehicles	Automobiles	Paper and printing	Foods and products	Leather and products	Stone, clay, and glass	Tobacco products	Chemicals and products
		Group	Iron and steel	Group	Fabrics	Products									
Employment:															
1928—May.....	89.5	85.3	84.9	87.8	88.9	86.3	87.0	72.5	141.2	106.3	83.0	77.7	113.8	76.8	74.5
June.....	89.6	85.5	85.0	87.4	88.6	85.9	87.7	72.7	141.1	106.1	84.2	77.6	114.9	77.5	75.1
July.....	88.5	84.7	84.6	84.5	86.2	82.2	86.7	71.7	141.0	106.1	84.4	81.2	112.8	73.4	73.9
August.....	90.0	86.0	86.0	85.3	86.3	84.1	† 89.0	71.6	149.9	106.3	83.9	82.9	115.7	79.0	73.9
September.....	91.2	87.2	87.2	86.8	87.0	86.6	89.6	71.2	154.2	106.7	86.8	83.1	114.6	80.6	77.0
October.....	92.0	88.2	88.2	89.4	90.8	87.6	89.5	70.6	152.1	108.1	88.7	81.8	112.1	82.6	78.4
November.....	91.6	† 89.1	89.1	90.2	92.9	86.8	88.7	70.5	138.4	109.5	88.3	77.1	109.3	82.4	79.1
December.....	91.3	89.4	89.4	90.6	93.8	86.4	87.4	70.4	136.6	109.5	88.5	76.6	106.2	79.8	79.0
1929—January.....	† 90.9	90.1	90.3	90.0	93.2	85.9	† 84.5	69.6	150.4	108.3	85.8	79.4	99.3	70.2	79.0
February.....	† 92.9	92.4	92.6	91.8	94.0	88.9	† 84.6	70.7	164.5	109.2	85.9	81.3	98.6	76.7	81.6
March.....	† 93.8	94.4	94.6	92.7	93.8	91.3	† 85.4	71.4	166.6	108.9	84.9	80.2	101.7	76.8	80.8
April.....	94.2	95.8	96.3	91.7	93.0	89.9	† 86.9	72.8	167.0	108.3	83.6	78.4	107.2	76.1	80.5
May.....	94.6	97.1	97.8	91.0	92.9	88.4	88.2	73.2	165.1	108.7	84.4	77.9	111.0	75.4	78.4
Pay rolls:															
1928—April.....	102.6	92.9	92.2	94.7	95.5	93.8	98.3	81.2	171.8	146.7	96.5	75.3	134.6	73.8	108.8
May.....	103.7	95.1	94.3	93.4	95.3	91.1	98.8	80.7	178.8	146.7	99.0	72.7	140.9	77.3	106.6
June.....	103.6	94.5	93.7	93.5	94.2	92.6	99.9	81.3	169.5	146.7	101.3	76.3	141.3	82.5	106.1
July.....	100.1	90.0	89.3	88.7	90.2	86.9	96.4	76.5	166.0	144.6	101.4	82.6	136.1	78.1	103.4
August.....	103.9	94.1	93.3	91.7	91.4	92.0	100.3	77.0	184.9	144.5	100.1	88.0	143.3	81.6	104.0
September.....	105.0	94.3	93.5	94.4	93.3	95.7	102.6	75.7	185.8	146.8	103.4	87.2	139.6	85.4	105.7
October.....	109.3	99.6	98.7	100.5	100.5	100.6	105.5	80.2	193.3	149.6	105.6	84.0	140.8	87.6	112.3
November.....	105.9	99.2	98.4	97.9	100.7	94.3	† 104.1	79.7	165.0	149.6	104.3	70.2	135.4	86.5	111.6
December.....	† 106.7	99.9	99.0	101.0	104.3	96.9	† 100.8	79.6	161.9	153.0	105.5	75.2	131.7	86.7	111.2
1929—January.....	† 102.9	98.2	97.9	97.2	99.5	94.2	† 91.6	73.5	165.0	150.1	101.3	78.9	116.6	70.6	109.6
February.....	† 110.4	† 104.8	104.4	103.3	104.1	102.3	† 94.4	80.9	212.3	152.2	101.8	82.7	118.4	76.1	115.2
March.....	112.9	108.4	107.9	105.9	105.3	106.8	† 96.6	84.3	213.6	155.5	100.9	80.0	124.6	78.0	114.1
April.....	113.5	110.3	110.3	102.5	104.8	99.7	† 99.0	86.6	218.9	153.0	100.0	77.1	132.6	79.6	114.9
May.....	113.3	109.5	109.6	100.7	104.1	96.6	101.1	88.2	211.9	154.6	102.6	77.2	137.5	79.7	112.5

† Revised.

NOTE.—This table contains for certain months general index numbers of employment and pay rolls, together with group indexes for important industrial components. The general index is a weighted average of relatives for 34 individual industries. The method of construction was described in detail and indexes for the above groups since January, 1919, were published in the BULLETIN for May, 1925. See also p. 668 of BULLETIN for September, 1925, for certain revisions.

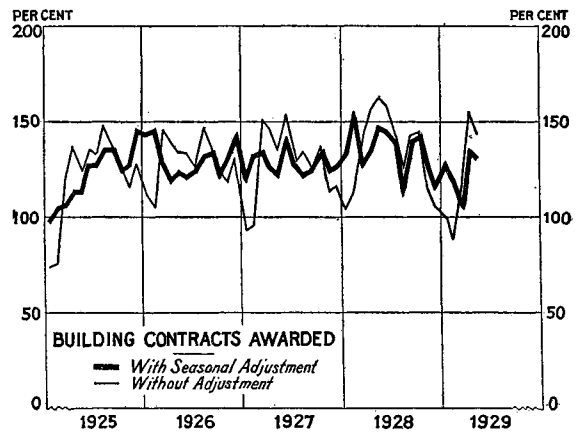
BUILDING

BUILDING CONTRACTS AWARDED

[Index numbers based on value of contracts. Monthly average, 1923-1925=100]

Month	Without seasonal adjustment				With seasonal adjustment ¹			
	1926	1927	1928	1929	1926	1927	1928	1929
January.....	111	94	104	100	143	120	133	128
February.....	106	96	113	88	145	131	153	119
March.....	146	151	144	118	129	134	128	104
April.....	139	147	157	156	120	127	135	135
May.....	134	135	163	143	123	122	148	130
June.....	133	154	158	133	121	141	145	122
July.....	126	130	142	-----	124	128	139	-----
August.....	148	135	126	-----	133	121	113	-----
September.....	137	127	143	-----	134	125	140	-----
October.....	126	137	145	-----	122	133	141	-----
November.....	119	114	115	-----	130	125	126	-----
December.....	131	116	105	-----	142	126	116	-----
Annual index.....	130	128	135	-----	-----	-----	-----	-----

¹ As revised in February; see BULLETIN for March.



BUILDING CONTRACTS AWARDED, BY FEDERAL RESERVE DISTRICTS

[Value of contracts in thousands of dollars]

Month	Total	Federal Reserve District										
		Boston	New York	Phila-delphia	Cleve-land	Rich-mond	Atlanta	Chicago	St. Louis	Minne-apolis	Kansas City	Dallas
1928												
May.....	668,097	56,097	188,687	49,743	63,813	39,421	32,497	139,784	36,360	13,178	20,199	28,318
June.....	650,466	33,519	178,448	48,698	69,605	46,227	28,600	128,607	44,225	11,042	28,070	28,426
July.....	583,432	34,456	139,821	41,259	56,103	32,884	31,996	140,689	50,557	11,088	23,807	20,771
August.....	516,970	36,370	129,524	33,967	50,408	30,172	28,548	108,306	40,706	12,944	26,177	19,847
September.....	587,674	69,918	156,588	45,634	67,748	39,843	25,989	99,176	33,241	9,213	22,611	17,715
October.....	597,104	39,521	189,696	46,098	57,118	40,329	36,097	110,795	32,400	12,645	15,699	16,697
November.....	471,482	29,154	136,525	28,017	56,684	33,621	18,550	99,429	27,302	7,896	13,908	20,397
December.....	432,756	26,405	140,159	32,082	31,755	29,973	23,362	76,924	31,378	5,886	16,511	18,323
1929												
January.....	409,968	26,556	104,447	26,306	54,680	28,748	25,745	77,439	25,479	7,466	15,668	17,435
February.....	361,274	25,352	76,064	32,369	36,360	34,252	22,363	69,845	23,372	4,757	12,874	23,665
March.....	494,848	30,044	113,466	35,399	47,078	32,979	25,398	107,289	38,795	8,343	22,854	23,204
April.....	642,061	35,459	171,551	67,064	51,469	52,139	37,387	108,181	54,363	14,735	22,365	24,346
May.....	587,766	41,095	125,126	37,800	64,736	37,072	33,578	141,450	41,020	17,309	23,955	24,616

BUILDING CONTRACTS AWARDED, BY TYPES OF BUILDING

[Value of contracts in thousands of dollars]

Month	Resi-dential	Indus-trial	Com-mercial	Public works and public utilities	Educa-tional	All other
1928						
April.....	276,586	85,093	82,758	117,401	32,885	48,413
May.....	288,826	37,146	91,200	150,223	47,851	52,851
June.....	258,084	63,537	96,942	130,852	46,135	57,917
July.....	228,703	31,400	95,697	137,075	36,926	53,632
August.....	213,705	42,607	58,911	118,890	35,713	47,144
September.....	202,807	114,780	60,068	119,014	38,801	52,205
October.....	239,692	62,259	67,330	148,697	31,293	47,833
November.....	200,226	38,665	68,309	98,228	30,023	41,032
December.....	178,323	38,248	66,773	80,194	25,370	43,849
1929						
January.....	138,069	63,109	100,378	66,522	17,746	24,145
February.....	129,486	56,092	68,265	57,593	22,577	27,261
March.....	197,172	55,837	75,584	71,508	37,525	47,221
April.....	256,780	68,230	77,988	152,127	29,857	47,079
May.....	192,015	80,769	86,471	139,388	38,195	50,928

BUILDING PERMITS ISSUED, BY FEDERAL RESERVE DISTRICTS

[Value of permits in thousands of dollars]

Federal reserve district	Number of cities	May, 1929	April, 1929	May, 1928
United States.....	168	238,296	458,302	306,441
Boston.....	14	13,762	12,017	9,519
New York.....	22	62,035	270,252	107,723
Philadelphia.....	14	15,937	13,362	18,995
Cleveland.....	12	17,588	16,030	22,427
Richmond.....	15	8,908	11,476	12,054
Atlanta.....	15	7,373	7,980	13,589
Chicago.....	19	58,090	51,905	66,031
St. Louis.....	5	5,183	7,381	8,327
Minneapolis.....	9	3,709	10,659	4,844
Kansas City.....	14	13,757	10,568	9,565
Dallas.....	9	7,122	18,659	8,763
San Francisco.....	20	24,838	28,014	24,614

NOTE.—Figures for building contracts awarded are for 37 States east of the Rocky Mountains, as reported by the F. W. Dodge Corporation. Adjusted indexes by months back to 1910 were published in the BULLETIN for August, 1927, p. 563.

TRADE AND DISTRIBUTION

FREIGHT-CAR LOADINGS, BY LINES

[Index numbers adjusted for seasonal variations. 1923-1925=100]

Month	Total	Grain and grain products	Live-stock	Coal	Forest products	Merchandise l. c. l. and miscellaneous
1928—May.....	105	102	88	100	90	110
June.....	102	89	86	92	89	107
July.....	102	109	80	89	90	109
August.....	104	102	81	96	91	109
September.....	106	109	93	100	90	111
October.....	106	107	91	102	91	111
November.....	104	108	82	105	92	107
December.....	103	105	85	102	91	108
1929—January.....	104	99	82	108	90	109
February.....	107	106	82	118	80	109
March.....	103	103	81	89	87	111
April.....	111	98	90	102	94	114
May.....	111	99	86	103	98	114

INDEX OF WHOLESALE DISTRIBUTION—EIGHT LINES

[Monthly average, 1923-1925=100]

Month	Sales without seasonal adjustment			Sales with seasonal adjustment		
	1927	1928	1929	1927	1928	1929
January.....	88	88	93	95	96	101
February.....	91	93	90	97	99	96
March.....	102	100	101	98	96	97
April.....	92	88	96	95	92	100
May.....	91	93	96	97	99	102
June.....	91	89	-----	96	92	-----
July.....	91	90	-----	96	94	-----
August.....	112	110	-----	102	101	-----
September.....	113	111	-----	98	96	-----
October.....	108	112	-----	94	97	-----
November.....	97	99	-----	97	99	-----
December.....	85	84	-----	95	95	-----
Annual average.....	97	96	-----	-----	-----	-----

* Revised.

SALES IN INDIVIDUAL LINES OF WHOLESALE TRADE

[Index numbers. Monthly average, 1923-1925=100]

DEPARTMENT STORE SALES AND STOCKS

[Index numbers. Monthly average 1923-1925=100]

Federal reserve district	Number of stores	Without seasonal adjustment			With seasonal adjustment		
		1929		1928	1929		1928
		May	April	May	May	April	May
SALES							
United States.....	523	110	104	108	107	105	103
Boston.....	38	108	97	101	104	95	98
New York.....	64	113	109	109	112	110	107
Philadelphia.....	60	93	90	95	90	91	93
Cleveland.....	59	108	105	106	103	102	100
Richmond.....	29	109	102	106	107	103	104
Atlanta.....	44	107	104	114	100	104	107
Chicago.....	105	122	110	118	116	109	113
St. Louis.....	19	105	99	104	104	99	103
Minneapolis.....	20	97	93	90	92	87	85
Kansas City ¹	27	99	99	94	-----	-----	-----
Dallas.....	22	115	105	116	107	110	107
San Francisco.....	36	120	111	116	114	117	111
STOCKS							
United States.....	433	101	*103	102	99	*99	100
Boston.....	38	101	102	106	100	99	105
New York.....	45	107	110	104	107	106	104
Philadelphia.....	47	87	90	93	87	86	93
Cleveland.....	53	98	100	100	94	93	96
Richmond.....	29	99	102	100	98	97	99
Atlanta.....	31	100	103	103	99	98	102
Chicago.....	81	112	114	108	111	108	107
St. Louis.....	19	91	93	96	90	88	94
Minneapolis.....	16	75	78	83	72	75	81
Kansas City ¹	21	121	124	116	-----	-----	-----
Dallas.....	21	81	84	83	80	80	81
San Francisco.....	32	103	107	108	102	102	107

¹ Monthly average 1925=100.

* Revised.

Index described in BULLETIN for February, 1928.

Without seasonal adjustment

Month	Groceries	Meats	Dry goods	Men's clothing	Boots and shoes	Hardware	Drugs	Furniture
1928								
May.....	96	109	75	57	114	97	110	87
June.....	97	114	71	39	77	96	104	83
July.....	92	113	74	68	98	90	102	78
August.....	101	118	110	148	119	95	115	108
September.....	100	130	105	137	110	100	119	126
October.....	108	125	99	123	108	108	134	133
November.....	100	117	90	66	105	98	114	106
December.....	88	108	69	51	59	86	120	89

Month	Groceries	Meats	Dry goods	Men's clothing	Boots and shoes	Hardware	Drugs	Furniture
1929								
January.....	91	117	84	74	98	82	131	80
February.....	83	113	84	114	84	76	105	91
March.....	*90	117	92	136	110	95	119	105
April.....	92	115	80	85	100	99	*118	101
May.....	96	†121	78	60	113	98	111	99

With seasonal adjustment

Month	Groceries	Meats	Dry goods	Men's clothing	Boots and shoes	Hardware	Drugs	Furniture
1928								
May.....	99	109	86	96	113	94	117	92
June.....	94	112	79	76	82	92	110	94
July.....	91	111	80	79	123	91	107	95
August.....	100	116	90	90	109	94	117	106
September.....	92	122	84	89	90	92	112	112
October.....	95	111	85	99	87	97	116	112
November.....	94	122	91	95	100	100	113	101
December.....	89	115	86	101	72	93	128	94

Month	Groceries	Meats	Dry goods	Men's clothing	Boots and shoes	Hardware	Drugs	Furniture
1929								
January.....	99	117	88	96	119	92	133	91
February.....	95	119	83	83	107	86	114	91
March.....	91	122	88	98	95	92	108	93
April.....	96	123	90	88	95	97	116	100
May.....	99	†121	89	101	112	95	118	104

† Preliminary.

* Revised.

Index described in BULLETIN for December, 1927.

SALES OF CHAIN STORES¹

[Index numbers of sales. Monthly average 1923-1925=100]

Chains	Number of reporting firms	Number of stores			Sales without seasonal adjustment ²			Sales with seasonal adjustment ²		
		May, 1929	April, 1929	May, 1928	May, 1929	April, 1929	May, 1928	May, 1929	April, 1929	May, 1928
Grocery.....	34	29,675	*29,811	*28,947	234	232	214	226	224	206
5-and-10 cent.....	14	3,430	3,408	2,995	166	142	139	172	153	144
Drug.....	13	1,225	1,199	984	195	186	164	192	187	161
Shoe.....	7	713	704	655	144	123	130	124	103	113

¹ Indexes of apparel chains and candy chains discontinued.

² Figures relate to reporting firms—with no adjustment to eliminate the influence of increase in the number of stores operated; thus indexes given reflect the full growth of the business of the reporting companies.

* Figures revised back to May, 1928.

FOREIGN BANKING AND BUSINESS CONDITIONS

EXPERTS' REPORT ON REPARATIONS

SUMMARY

A plan for the final settlement of the problem of German reparations was adopted by the unanimous signing of a report on June 7, 1929, by a committee of experts on which the five principal allied countries, the United States, and Germany were represented. There is presented below a summary of the experts' recommendations, followed by the full text of the report.

Creation of committee and terms of reference.—The committee of experts was appointed in accordance with the decision of the Belgian, British, French, German, Italian, and Japanese Governments to entrust to independent experts the task of drawing up proposals for a complete and final settlement of the reparations problem. The Belgian, British, French, Italian, and Japanese experts were appointed by the Reparation Commission upon the nomination of their respective Governments; the German experts were appointed by the German Government, and the experts who were citizens of the United States were appointed by the Reparation Commission conjointly with the German Government. Six members of the present committee, including the chairman, had been members of the Dawes committee of 1924, and several others had been associated with the practical working of the Dawes plan. An important difference between the present committee of experts and the Dawes committee is that representatives of Germany were members of the present committee, whereas their status with reference to the Dawes committee was that of witnesses. Mr. Owen D. Young, one of the American members of the committee, was elected chairman. The first regular meeting of the committee was held in Paris on February 11, and it was in practically continuous session over a period of 17 weeks after that date.

The terms of reference of the committee of experts were as follows:

The Belgian, British, French, German, Italian, and Japanese Governments, in pursuance of the decision reached at Geneva on September 16, 1928, whereby it was agreed to set up a committee of independent financial experts, hereby entrust to the committee the task of drawing up proposals for a complete and final settlement of the reparation problem.

These proposals shall include a settlement of the obligations resulting from the existing treaties and agreements between Germany and the creditor powers. The committee shall address its report to the Governments which took part in the Geneva decision and also to the Reparation Commission.

These terms of reference giving broad power to propose a complete and final settlement of the reparation problem may be contrasted with the terms in which the Dawes committee of 1924 was invited by the Reparation Commission. That committee was asked to "consider the means of balancing the German budget and the measures to be taken to stabilize German currency."

The report of the committee, having received the unanimous approval of the experts, must now be submitted to the respective Governments for their approval. Since the United States is not a party to the proposed settlement, the report as a whole does not require the approval of the American Government, which must, however, approve the proposed schedule of payments to this country. Until the report shall have been approved by the Governments concerned, the arrangements under which reparations have been paid since September 1, 1924, continue in effect. The proposal contemplates that the proposed plan, if ratified in time, should go into effect on September 1, 1929, at the close of the fifth year under the Dawes plan and the first year under the standard annuity.

Quotations from 1924 report of experts.—At the outset of the report the committee quotes and adopts from the Dawes report the following statement of point of view and method of procedure:

We have approached our task as business men anxious to obtain effective results. We have been concerned with the technical and not the political aspects of the problem presented to us. We have recognized, indeed, that political considerations necessarily set certain limits within which a solution must be found if it is to have any chance of acceptance. To this extent, and to this extent only, we have borne them in mind.

The report ends also with a quotation from the Dawes report, as follows:

We regard our report as an indivisible whole. It is not possible, in our opinion, to achieve any success by selecting certain of our recommendations for adoption and rejecting the others, and we would desire to accept no responsibility for the results of such a procedure, nor for undue delay in giving execution to our plan.

Schedule of payments.—In making out a schedule of annual payments, the committee adopted the following three principles: (1) A division of the annuity into an unconditional part and a postponable part; (2) the necessity for continuing deliveries in kind for a few years; and (3) the arrangement of suitable conditions

for the postponable part in times of exceptional difficulty.

The unconditional part of the annuity consists of 660,000,000 reichsmarks (\$157,212,000), payable in foreign currencies in equal monthly installments without any right of postponement of any kind. The remainder of the annual payments, also payable in foreign currencies, is subject to certain postponements of transfer and of payment under prescribed conditions. The committee states, however, that "the total amount of the annuity proposed * * * is one which they have every reason to believe can in fact be both paid and transferred by Germany."

Under the proposed plan the maximum amount of the annuities and the maximum period during which they are to run are fixed.¹ In the first full annuity year (April 1, 1930-March 31, 1931) the annuity proposed is 1,707,900,000 reichsmarks (\$406,821,780). In the following year the annuity is slightly less; but thereafter it rises practically without interruption to a maximum of 2,428,800,000 reichsmarks (\$578,540,160) in 1965-66. Average payments to the creditor powers during the first 37 years are to be 1,988,800,000 reichsmarks (\$473,732,160), to which are to be added installments on the international loan floated after the adoption of the Dawes plan, bringing the total average up to 2,050,600,000 (\$488,452,920) per year. Payments for the following 22 years are then sharply reduced to approximately the amount necessary to cover "outpayments" of the creditor countries as set forth in the special memorandum on outpayments which accompanies the report. The outpayments rise from 965,100,000 reichsmarks (\$229,886,820) in 1930-31 to 1,573,700,000 reichsmarks (\$374,855,340) in 1965-66; attain a maximum of 1,703,300,000 reichsmarks (\$405,726,060) in 1983-84; and drop to approximately 900,000,000 reichsmarks (\$214,380,000) annually in the last three years.

Concurrently with the execution of the plan proposed by the experts, Germany, France, Great Britain, Italy, and Belgium executed an agreement, which is not part of the plan itself nor an annex to it, and which was not signed by the American experts, who considered it a matter for these powers alone to deal with. Under the terms of this agreement during the first 37 years two-thirds of "any relief which any creditor power may effectively receive in respect of its net outward payments on account of war debts" shall be passed on to Germany

in the form of a reduction of annuity payments, and one-third shall accrue to the creditor power. So long, however, as any German liability remains on the final 22 payments, the creditor power concerned will receive only one-fourth of the net relief, and the difference between one-fourth and one-third will be paid in to the Bank for International Settlements to accumulate toward meeting the final 22 payments. During the last 22 years the entire relief from outpayments shall be applied to the reduction of Germany's liabilities. In addition, certain funds accumulated by the Bank for International Settlements, including the funds mentioned above, are to be utilized to assist Germany in meeting the final 22 annuities.

It is apparent, therefore, that in the new plan the maximum amounts and maximum time period of the German payments are determined, while the actual amounts to be paid are subject to reduction.

The payments under the present proposal may be compared with those under the Dawes plan. Under the Dawes plan Germany is obliged to pay a standard annuity of 2,500,000,000 gold marks (\$595,000,000). No limit is set to the number of years the annuity is to run. Furthermore, there is the possibility that a supplementary annuity may be required; for beginning with the annuity year 1929-30 Germany is obligated under the Dawes plan to pay an additional percentage equivalent to the percentage by which the "prosperity index" for the last calendar year exceeds the base period 1927-1929. There is also a provision permitting an alteration of both the standard and the supplementary annuities in case of a 10 per cent change in the general purchasing power of gold as compared with 1928. Thus under the Dawes plan there is no definite limit fixed either for the number of years that the annuity is to be paid or for the amount of the annual payments.

Distribution of annuities.—The distribution of the annuities among the creditor powers is set forth in Annex VII. During the period 1929-1965 France will receive an annual average amount of 1,046,500,000 reichsmarks (\$249,276,300); the British Empire, 409,000,000 reichsmarks (\$97,423,800); Italy, 213,700,000 reichsmarks (\$50,903,340); Belgium, 115,500,000 (\$27,512,100); the United States, 66,100,000 reichsmarks (\$15,745,020); and other countries, 138,000,000 reichsmarks (\$32,871,600). The distribution of payments after 1965 will be approximately in the same proportion.

The experts of the principal creditor Governments have agreed that there shall be assigned

¹ See Part VIII and Annex VII of the plan.

to France out of the unconditional annuity 500,000,000 reichsmarks (\$119,100,000) annually, in order to allow her to mobilize a substantial part of her share in the total annuity. Out of the remainder of the unconditional annuity, after allowing for the service of the Dawes loan, 42,000,000 reichsmarks (\$10,004,400) will be apportioned to Italy; and the balance will be distributed among the other powers. In view of the large portion assigned to France, and in order to protect the other powers in case transfer of their shares is postponed, machinery is proposed by which France will guarantee to the other powers the shares they would have received had the nonpostponable annuity been distributed in the same proportions as the total annuity.

Sources of payments.—The payments are to be derived from two sources—the German Railway Company and the general budget. The bonds of the railway company, amounting to 11,000,000,000 reichsmarks (\$2,620,200,000) imposed under the Dawes plan, are to be canceled according to the experts' proposal, and the railway is to assume instead the obligation to pay a 660,000,000 reichsmark (\$157,212,000) annual tax, equivalent to the service payable on the railway bonds now outstanding. The tax on the railways is to cease after three years.

Outside of the 660,000,000 reichsmarks to be raised from the railroads, the payments are to come directly and entirely out of the German budget. The 5,000,000,000 reichsmarks (\$1,191,000,000) of bonds imposed upon industry and agriculture are to be canceled. The contribution from the budget is to increase by an average amount of 24,000,000 reichsmarks (\$5,716,800) a year.

Removal of controls.—The committee proposes to remove most of the foreign controls now operative in Germany. Under the Dawes plan there were created, in addition to the Agent General, various commissioners and trustees—for example, commissioners of the Reichsbank, German railways, and controlled revenues, and trustees for the German railway bonds and the industrial debentures. For the most part these offices were rendered necessary by reason of the number of sources from which reparations payments were to be drawn.²

² Under the Dawes plan the standard annuity is derived as follows:

	In millions of gold marks
Budget of the Reich.....	1,250
German railway bonds.....	660
Industrial debentures.....	300
Transport tax.....	290
	2,500

The contribution of the Reich is derived from certain controlled revenues.

The committee now proposes to abolish these offices and to place full responsibility upon the German Government for meeting the reparation payments as due. As regards the revenues assigned under the Dawes plan to meet the budget payment, the committee's language is as follows:

We have also considered the position with regard to the assigned revenues and, having regard to the fact that these revenues are pledged as collateral security for the service of the German external loan of 1924, we feel it is impossible to recommend the release thereof.

Nevertheless, we are of the opinion that it would be suitable for the German Government to discuss with the trustees for the bond holders of that loan the possibility of simplifying, as far as possible, the existing machinery and that the creditor Governments for their part should accept a similar arrangement.

Apart from these special questions the committee desires to record its view that the basis of security for the payment of the annuities is the solemn undertaking of the German Government, to which no further guarantee can add anything whatsoever.

Deliveries in kind.—The plan provides for a temporary continuance of deliveries in kind in decreasing amounts, chiefly for the purpose of maintaining a transitional period, and to avoid any possible shock to existing economic conditions in Germany. Deliveries in kind are to continue for a period of 10 years and are to absorb each year a decreasing amount of the postponable portion of the annuity. During the first year deliveries in kind are to amount to about 750,000,000 reichsmarks (\$178,650,000) and this amount is to diminish by 50,000,000 until the tenth year, when it is to be 300,000,000 reichsmarks (\$71,460,000). These deliveries in kind are to be adapted to the actual annuities of the new plan without increasing the total.

Conditions of postponement.—In order to protect Germany against the danger of having the annual payments disorganize the German currency, there is a provision under which transfers, and even payments, may be postponed. The German Government is given the right to bring about a postponement of transfers by giving at least 90 days' previous notice, the postponement to be for a maximum period of two years and not to be applicable to the unconditional part of the annuity. In case Germany claims a postponement in any one year, the transfers falling due in any second year can be postponed by no more than one year. At a time when postponement of transfers is in effect, but not until one year after it has become effective, the German Government has the right to postpone payment for one year of 50 per cent of any sum the transfer of which is then susceptible of postponement. This percentage may be increased upon the recom-

mendation of the advisory committee provided for in the experts' plan. Funds of which the transfer has been postponed shall be utilized in a manner agreed upon between the Reichsbank and the Bank for International Settlements. Special arrangements about additional deliveries in kind may be made to supplement payments in any year when a portion of the annuity is postponed. Transfers or payments which have been postponed and which have not been invested or utilized for deliveries in kind shall bear interest at 5½ per cent or at a rate 1 per cent above the prevailing discount rate at the Reichsbank, whichever is lower.

Under the Dawes plan the annuities are payable in gold marks, and it is the duty of a transfer committee acting under the Agent General for Reparations to transfer the marks into foreign currencies "without threatening the stability of the German currency." If necessary, transfers by the committee may be postponed. Now that the German Government itself is to be made responsible for effecting the transfers, it is given a similar right to postpone. But in case this right is exercised, payment of the annuities must still be made in marks in Germany, except to the extent noted above, and the liability of the German Government is not extinguished until the transfer into foreign currencies has finally been effected.

Advisory committee.—On the declaration of any postponement the Bank for International Settlements shall convene a special advisory committee. This committee shall make full investigation of Germany's position in regard to her obligations under the plan and, after having satisfied itself that the German authorities have used every effort in their power to fulfill their obligations, the committee shall recommend to the Governments and the bank what in their opinion are the measures that should be taken with reference to the application of the present plan. The committee shall act in a purely consultative capacity, shall play no part in respect to the unconditional annuity, and shall consist of seven ordinary and four coopted members. The seven regular members shall be the governors of the six central banks and of a Federal reserve bank of the United States or some other agreed American financial institution. These members shall, when they so desire, elect four more members, which are to be the coopted members.

Convertibility and content of the reichsmark.—The fact that the annuities are payable in foreign currencies but are defined in reichs-

marks gave rise during the deliberations of the committee to a question as to the interpretation to be attached to the word "reichsmark." Under section 31 of the bank law of August 30, 1924, the Reichsbank is obligated to redeem its notes in gold or gold exchange, thereby assuring the stable value of the reichsmark. But under section 52 of the same law the coming into force of section 31 requires concurrent resolutions of the Reichsbank managing board and of the general council. These concurrent resolutions have not yet been made, but the president of the Reichsbank, a representative of Germany on the committee, has undertaken in a letter that is incorporated in the report to introduce the necessary resolutions. To avoid possible misunderstanding a statement is inserted in the plan to the effect that "the German Government undertakes for the purpose of the present provisions, as well as for the general purposes of the plan, that the reichsmark shall have and shall retain its convertibility into gold or devisen as contemplated in section 31 of the present Reichsbank law and that for these purposes the reichsmark shall have and shall retain a mint parity of 1/2790 kilograms of fine gold as defined in the German coinage law of August 30, 1924."

Provision for bond issues.—Upon that portion of the annuities which is not postponable, and which is not required for service of the Dawes loan, the German Government may at any time be required by the Bank for International Settlements to create issuable bonds. The Bank for International Settlements is under obligation to make this demand upon the request of the creditor Governments only if it considers such a course opportune. If, however, a creditor Government is desirous of undertaking internal issues of German bonds in connection with conversion operations, the bank is obliged to accede to its request. Such bonds, however, are to be quoted only on the market of the country for which they were issued. Bonds representing the postponable portion of the annuities can be created only with the consent of the German Government.

Bank for International Settlements.—As the proposed plan does away with the office of the Agent General for Reparation Payments, and with the Reparation Commission, so far as Germany is concerned, it became necessary to devise some plan for handling reparation payments and deliveries in kind, and for this purpose the plan proposes the organization of the Bank for International Settlements, which will have two sets of functions; its primary and

compulsory function will be to receive and disburse reparation payments, effect transfers in certain contingencies, and handle deliveries in kind as long as they are made; its secondary and permissive functions will authorize it to act as a bank for other central banks. At the outset the bank will have a capital equivalent to \$100,000,000, of which \$25,000,000 will be paid up. Shares will be issued in equal amounts to the seven countries to which members of the experts' committee belong—that is, Belgium, France, Germany, Great Britain, Italy, Japan, and the United States; and the percentage of the total shares issued in these countries shall never fall below 55. The shares will carry no voting rights; but voting rights corresponding to the number of shares originally issued in each country will be exercised by the central bank of that country. In section 12 of Annex 1 the term "central bank," as used in the report, is defined and certain alternatives are indicated:

If in any country there is more than one bank of issue, the term "central bank" as used in this outline shall be interpreted to mean the bank of issue situated and operating in the principal financial market of that country.

If in the process of organizing the bank or in the performance of its functions after establishment it is found that the central bank of any country or its governor is unable to act officially or unofficially in any or all of the capacities provided for in this outline, or refrains from so acting, alternative arrangements not inconsistent with the laws of that country shall be made.

In particular, the governors of the central banks of the countries whose nationals are members of the present committee, or as many of them as are qualified to act, may invite to become members of the board of directors of the bank two nationals of any country, the central bank of which is eligible under this outline to take part in forming the board of the bank but does not do so. The two nationals of that country, upon acceptance of the invitation, shall be qualified to act in the full capacity of directors of the bank as provided in this outline.

Further, the directors of the bank shall be authorized to appoint, in lieu of any central bank not exercising any or all of the functions, authorities, or privileges which this outline provides that central banks may or shall exercise, any bank or banking house of widely recognized standing and of the same nationality.

Such bank or banking house, upon appointment and acceptance, shall be entitled to act in the place of the central bank in any or all capacities appropriate to central banks under this outline, provided only that such action is not inconsistent with the laws of the country in question.

Organization committee of bank.—The plan provides for an organization committee to put the bank in operation. This committee is to be appointed by the governors of the central banks of the seven countries represented at the conference, each governor to appoint two members. In case any governor fails to

appoint, the remaining governors can select two of his nationals as members of the organization committee.

Directorate.—The entire administrative control of the bank is vested in the board of directors, which in the first instance is composed of the governors of the central banks of the seven countries mentioned above and their appointees to the number of seven. During the period of the German annuities the governor of the Bank of France and the president of the Reichsbank may each appoint one additional director of his own nationality representative of industry or commerce. Nine remaining directors are to be elected by the original group from a list furnished by governors of the central banks of each of the other countries participating in the share ownership of the bank. "The functions of a director," the report says, "are incompatible with those involving national political responsibilities."

Power to receive deposits.—The bank will have authority to receive deposits. This power is limited, by the condition that the "deposits must be of a nature consistent with the bank's functions with respect to the facilitation of international settlements or in connection with the German annuities." The board of directors or the executive committee shall have the right to consider applications to open deposit accounts, which may include a variety of classes: (1) Deposits on annuity account; (2) deposits from central banks; (3) deposits on clearing account; (4) deposits originating in connection with the German annuities; (5) deposits in connection with the guarantee fund and relative to the mobilization of the unconditional annuity; (6) special deposits of the German Government.

The bank shall have the right to pay interest on deposits that are not susceptible of withdrawal until at least one month from the time of deposit. The rate of interest shall be determined by the board of directors or by the executive committee.

Reserve requirements.—Definite reserve requirements are placed against deposits. Against clearing accounts, which constitute in effect a gold settlement fund representing gold delivered by central banks or earmarked by them for account of the Bank for International Settlements, the whole amount of the gold so deposited must be held. Against deposits payable in 15 days or less a minimum reserve of 40 per cent must be held in gold or in foreign exchange on gold standard or gold exchange standard countries. Against deposits of longer

maturity than 15 days a reserve of 25 per cent in gold or foreign exchange must be held.

Powers of the bank.—The bank has the power (1) to buy and sell gold, earmark gold, and make advances on gold; (2) to buy and sell bills of exchange and other obligations of prime liquidity; (3) to open and maintain deposit accounts with central banks; (4) to rediscount for central banks bills taken from their portfolios, to make loans to them on security of such bills, or to make advances to them against the pledge of other securities; (5) to buy and to sell intermediate or long-term securities up to the amount of its capital and reserve funds; (6) to invest in Germany reichsmark funds standing to the credit of the bank at the Reichsbank, which are not transferable, owing to a declaration of transfer postponement; against funds so invested the bank has authority to issue counter obligations and to sell them in non-German markets and to distribute the proceeds of such sales in the same way as in the case of normal transfers; (7) to issue its own obligations at long or short term, secured or unsecured, for the purpose of relending to any central bank—in each case upon the specific decision of the board of directors by two-thirds vote. The injunction is laid down, however, that “the investment powers of the bank shall never be used in such a way as to exercise a predominant influence over business interests in any country”; and the bank is permitted to conduct operations in any country only with the consent of the central bank of that country, and consistently with the policy of such bank.

Distribution of profits.—With regard to the annuity payments, not only will the bank carry out all the necessary operations involved in administering them as trustee, but to some extent its profits will be employed in assisting the German Government to cover the annuities for the last 22 years. How important this assistance becomes will depend upon the volume of profits remaining after prior claims have been met. At the outset the bank is expected to pay a 6 per cent dividend on paid-up share capital and to make heavy contributions to reserves. Thereafter the dividend will gradually be increased to 12 per cent, if earnings permit, and the contributions to reserves will be diminished. Of the profits remaining after the payment of dividends and the transfers to reserves, 75 per cent will be distributed “to Governments or central banks of creditor countries or of Germany which maintain time deposits at the bank with-

drawable in not less than five years from the time of deposit and, after four years, on not less than one year's notice.” The other 25 per cent is to go to the German Government alone, to aid it in paying the last 22 annuities, providing it elects to make a long-term deposit of the kind just described and amounting to 400,000,000 reichsmarks (\$95,280,000). If the deposit is smaller, Germany's share in the profits will be proportionately smaller. Aside from sharing in profits, the deposit is to carry compound interest at the maximum current rate paid by the bank on time deposits. If the fund comes to exceed the amount required to pay the last 22 annuities the balance is to be distributed among the creditor Governments in proportion to their outpayments during the period. The provisions as to the distribution of profits do not release the German Government from its absolute liability to pay the prescribed annuities, whether any profits exist or not.

Broad view of bank's functions.—That the committee does not regard the bank solely as a factor in facilitating the payment of reparations is indicated by the following statement:

It will be seen that the essential reparation functions of the bank were such as to form a solid reason for its existence; but the committee were led inevitably to add to those reasons the auxiliary, but none the less material, advantages that it might have in the general position of present international finance * * *. The character of the annuities and the magnitude of the payments to be transferred over the exchanges provide at once the opportunity and the need for supplementing with additional facilities the existing machinery for carrying on international settlements and, within limitations, of the sound use of credit to contribute to the stability of international finance and the growth of world trade. * * * Especially it is to be hoped that it will become an increasingly close and valuable link in the cooperation of central banking institutions generally—a cooperation essential to the continuing stability of the world's credit structure.

Complete settlement recommended.—In connection with the adoption of the proposed plan, the committee urges that there shall be a general liquidation of the other financial questions arising out of the war and the subsequent treaty of peace within one year from the coming into force of the plan. It recommends that this liquidation take place in a broad spirit of mutual concession, with the general object of confining payments to those outlined in the plan.

Belgian marks.—An annex to the plan provides for machinery of a separate adjustment between Germany and Belgium in connection with the German marks issued in Belgium at the time of German occupation,

which are now held by the National Bank of Belgium. The experts "recognize that the new plan can not become operative until the Belgian and German Governments have come to an internationally binding agreement on the mark claim."

Organization committee.—In addition to the organization committee for the Bank for International Settlements, which has already been mentioned, the experts' report provides for other committees to put the other parts of the plan into effect. Each of these other committees is to consist of the same number of representatives of the creditors and of the debtor, with a neutral chairman to be called in case of disagreement. The committees are to deal, respectively, with the adaptation of the German loan set up under the Dawes plan, with the handling of the securities assigned to the

Dawes plan, with the adaptation of the German banking law, and with the adaptation of the German railway law. When the Governments have approved the plan, it is contemplated that a special committee be organized to do the administrative work for setting up the organization provided for by the plan and for handing over to it the functions of existing organizations. The task of transferring the functions of the existing organizations to the Bank for International Settlements is to be conferred upon a small special committee composed of two members of the organization committee of the Bank for International Settlements, as well as of representatives of the German Government, the Agent General, and the Reparation Commission, an equitable representation being assured to the powers represented on the present committee.

TEXT OF THE REPORT

We transmit herewith to the Governments which took part in the Geneva decision and to the Reparation Commission our proposals for a complete and final settlement of the reparations problem, including the settlement of the obligations resulting from the existing treaties and agreements between Germany and the creditor powers, and we unanimously recommend the following plan to the Governments concerned.

PART I

APPOINTMENT, TERMS OF REFERENCE, AND CONSTITUTION

This committee originated with the decision taken by the Belgian, British, French, German, Italian, and Japanese Governments to entrust to independent experts the task of drawing up proposals for a complete and final settlement of the reparation problem. Twelve experts were to be chosen among the nationals of countries which participated in this decision and two among the nationals of the United States of America. Each of the experts invited was empowered to appoint an alternate.

The appointments of the invited experts as members of the committee were made according to the following procedure:

The Belgian, British, French, Italian, and Japanese experts were appointed by the Reparation Commission upon the nomination of their respective Governments.

The German experts were appointed by the German Government.

The experts being citizens of the United States of America were appointed by the Reparation Commission conjointly with the German Government.

The mandate of the committee of experts thus formed is set forth in the following terms of reference:

"The Belgian, British, French, German, Italian, and Japanese Governments, in pursuance of the decision reached at Geneva on September 16, 1928, whereby it was agreed to set up a committee of independent financial experts, hereby entrust to the committee the task of drawing up proposals for a complete and final settlement of the reparation problem: These proposals shall include a settlement of the obligations resulting from the existing treaties and agreements between Germany and the creditor powers. The committee shall address its report to the Governments which took part in the Geneva decision and also to the Reparation Commission."

The committee was constituted with the following membership:

Belgian experts: M. Emile Francqui, M. Camille Gutt. Alternates: Baron Terlinden, M. H. Fabri.

French experts: M. Emile Moreau, M. Jean Parmentier. Alternates: M. C. Moret, M. Edgar Allix.

German experts: Dr. Hjalmar Schacht, Dr. A. Voegler. Alternates: Dr. C. Melchior, Dr. L. Kastl. British experts: Sir Josiah Stamp, G. B. E.; Lord Revelstoke, G. C. V. O. Alternates: Sir Charles Addis, K. C. M. G.; Sir Basil Blackett, K. C. B., K. C. S. I.

Italian experts: Dr. Alberto Pirelli, M. Fulvio Suvich. Alternates: M. Giuseppe Bianchini, M. Bruno Dolcetta.

Japanese experts: Kengo Mori, Takashi Aoki. Alternates: Saburo Sonoda, Yasumune Matsui.

American experts: Owen D. Young, J. P. Morgan. Alternates: Thomas N. Perkins, T. W. Lamont.

We have to record our deep sense of regret at the death of Lord Revelstoke, which took place suddenly at an early hour on Friday, April 19. By his untimely removal from our counsels we suffered the loss of one whose unflinching tact and wisdom had gained the affection and respect of all of us and contributed greatly to our progress. In honor of his memory all meetings were suspended until Tuesday, April 23. On April 20 the Reparation Commission unanimously passed a resolution "deploring the death of Lord Revelstoke and instructing the general secretary to convey an expression of sympathy to the committee of experts on the loss of their distinguished colleague."

In a separate communication the Reparation Commission advised the committee that they had

"Unanimously appointed, on the nomination of His Britannic Majesty's Government, Sir Charles Addis, K. C. M. G., to be a member of the experts' committee in succession to the late Lord Revelstoke."

On May 23 the committee were advised that the German Government had appointed Herr L. Kastl to be a member in the place of Dr. Voegler, of whose resignation the committee had learned with regret on the previous day.

PART II

MEETINGS OF COMMITTEE

The experts met for the first time informally at the Bank of France on Saturday morning, February 9, to fix the date of the first meeting of the committee and to discuss matters of organization and procedure.

The first regular meeting of the committee was held on Monday, February 11, at 2 o'clock in the afternoon, in the Hotel George V. At this meeting Mr. Owen D. Young was unanimously chosen chairman.

The committee has been in continuous session over a period of some seventeen weeks. Subcommittees were set up as required for the study of particular questions and met frequently in the intervals between the plenary sessions.

PART III

ATTITUDE OF THE COMMITTEE

The report of the Dawes Committee opened with the following words:

"We have approached our task as business men anxious to obtain effective results. We have been concerned with the technical, and not the political, aspects of the problem presented to us. We have recognized, indeed, that political considerations necessarily set certain limits within which a solution must be found if it is to have any chance of acceptance. To this extent, and to this extent only, we have borne them in mind."

It is in this spirit that the present committee have addressed themselves to the task of rounding off the work of their predecessors which was advisedly left incomplete. By determining the number and amount of the annuities and by providing for the conversion of the reparation debt from a political to a commercial obligation, they have to the best of their ability tried to perform the task committed to them of devising a scheme which might fairly be accepted by all parties concerned.

Throughout our deliberations and in our present proposals we have endeavored to reach our conclusions on economic and financial grounds. But we have realized, like our predecessors, that political factors necessarily set certain limits within which a solution had to be found if our proposals were to secure acceptance. We had therefore to base our decisions not only on economic but also to some extent on political considerations. Many important juridical questions are also involved, and while as financial experts we are not specially qualified for going into details on them, their broader aspects have been always in our minds. Indeed, it has been clear to us that close attention to them would have made our handling of the larger questions well-nigh impossible; but the committee is satisfied that the scheme it recommends is within its terms of reference.

The meeting of the present committee of experts marks the first occasion on which representatives of all these six nations chiefly concerned (together with American experts) have sat down together to work out on a large scale the common problems of reparations and to cooperate in exploring the various means by which Germany could be enabled to discharge her obligations.

The Dawes report made no attempt to establish the causes leading up to the situation which its provisions sought to ameliorate. In adhering to this precedent we have attempted to go further and, through the proposed creation of the machinery which we recommend, to set up an institution whose direction from the start shall be cooperative and international in character; whose members shall engage themselves to

banish the atmosphere of the war, to obliterate its animosities, its partisanship, its tendentious phrases; and to work together for a common end in a spirit of mutual interest and good will.

PART IV

THE STUDY OF GERMANY'S ECONOMIC CONDITIONS

During the course of its deliberations the committee have given close consideration to the various aspects of Germany's present economic position and future potentialities, because of their material relation to her capacity to discharge obligations to foreign creditors.

The committee had among their number six members of the Dawes committee of 1924, whose contact with this aspect of the subject was obviously at that time close and responsible. Further the committee includes several who have been associated with the practical working of the plan. These members have naturally had an unusual and continuous interest in the course of events unrolled during the past five years.

Furthermore, the periodical reports made by the agent general and trustees and commissioners upon the working of the Dawes plan and the reports of the Reichsbank itself, have given comprehensive reviews of Germany's position and development. The body of knowledge so available and the public interest and discussion it has stimulated have been of the greatest assistance to the committee.

Moreover, they have been specially assisted by the able and lucid descriptions of the present economic condition of Germany and the possibilities of German development which have been made by the German experts, who were well fitted by their respective positions in Germany to give, in combination, an impressive review of the subject. The considerations put forward by them in our numerous discussions and in answer to the questions addressed to them have been a constant and powerful influence in leading us to our conclusions.

The German experts have given the committee complete information as to the demands for foreign capital made by German economy during recent years, and as to the items which in their opinion counteracted this; external assets of Germany, reconstitution of the stocks and of the machinery of the country. The productivity of capital thus invested has been discussed by the committee, who have also considered the comparison between the fiscal burdens and the burdens of public debt in Germany and in other countries.

The German experts have also made statements before the committee as to the present state of German industry and agriculture, the general level of wages,

the budgetary situation, the balance of payments, the financial effect of compensation to her nationals, the influence upon her trade of customs barriers abroad, and the special situation of an industrial country such as Germany which has had to reconstitute her working capital, and at the same time assume the burden of heavy international obligations.

The German experts laid stress on the question of natural resources available to Germany, whether within her borders or not, and on Germany's capacity to pay as affected thereby.

These statements have been present in the consideration of the experts and in a large measure their conclusions have been influenced by them.

It is unnecessary for us to set out the various considerations of an economic character which have led to our conclusions on the capacity of Germany to transfer. We believe that in the scale of annuities and the conditions recommended we have given proper regard to the potentialities of all the economic conditions and financial forces normally and naturally involved.

We believe further that in arranging for a part of the annuity to carry rights of postponement and for impartial inquiry we have provided for the possibility of meeting any abnormal or special difficulty arising which might seriously affect Germany's capacity for a time, despite all that might be done by Germany's good-will and ingenuity to meet such difficulty without having recourse to an altogether exceptional but nevertheless very valuable expedient.

As a substitute for the present system of transfer protection with its semipolitical controls, its derogation from Germany's initiative, and its possible reactions upon credit, we are recommending a scheme of annuities appreciably smaller than the Dawes obligations and subject to new and elastic conditions, which are described at length in the succeeding chapters of the present report.

As an internal burden to be borne by annual taxation the scheme we propose is materially less; it is closely assimilated to commercial and financial obligations; it carries with it welcome freedom from interference and supervision and it is provided with adequate safeguards against any period so critical as to endanger Germany's economic life.

PART V

COURSE OF THE PROCEEDINGS

The committee addressed themselves, at the outset, to the essential task before them, namely, to determine the number and amount of the annuities to be paid by Germany; but they soon found the amounts were to a considerable extent contingent upon the machinery and form of payment and, therefore, that they were

not at that stage ready to reach a conclusion either as to the amount of the annuities or the number of years during which they should continue.

Moreover, if Germany were to be given a definite task to perform on her own responsibility, and if the committee were to substitute for many of the features of the Dawes plan machinery of a nonpolitical character in the realm of general finance, it was clearly necessary to elaborate a system for handling the annuities in a way which so far as it led to their commercialization would remove them from the sphere of intergovernmental relations.

In the first instance, some time was occupied by the committee in hearing the statements from the German experts on German economic conditions and the outlook for the future, so far as they affected Germany's capacity to pay obligations in foreign currencies. It then became known that the German group felt that the ability of Germany to undertake a definite annuity obligation might vary according to the other provisions comprised in the committee's recommendations, and in particular according to whether the annuity was entirely unconditional or whether some portion of it was payable under arrangements for postponement in the event of financial and exchange difficulties.

The idea was also put forward that if such a situation arose it was desirable for it to be immediately considered by an appropriate nonpolitical committee, acting in an advisory capacity to the powers concerned, and meeting unostentatiously without waiting to be constituted by the lengthy process of diplomatic action. It was quickly realized that since the amount of the burden which Germany could agree to accept was directly related to such concomitant conditions, these conditions must be first explored.

At the same time, the possibility of accepting smaller annuities than those fixed under the Dawes plan was admittedly dependent upon the certitude and ease with which the creditors could commercialize the obligations under nonpolitical conditions.

The arrangements that have been in force under the Dawes scheme for liquidating a part of the annuity by means of deliveries in kind required consideration from two points of view:

(a) The substitution for the existing methods of a more elastic machinery which, as the Dawes committee recommended, should be nonpolitical; and

(b) The gradual termination of the system at the earliest moment consistent with existing relationships and with the interests of Germany, whose economic life has been during the past few years gradually adapted to them, and who would feel herself prejudiced in an economic sense by their too sudden termination.

The inquiries upon these subjects were found to be converging upon one central point, viz, the nature of the authority which should act as the chief medium for discharging the various functions under a new plan.

In the exploration of the problem of substituting authority of an external, financial and nonpolitical character for the present machinery and controls of the Dawes plan (viz, the administration of the agent general and of the various commissioners in Berlin, and those functions of the Reparation Commission which were involved), they immediately met with the necessity for a trustee to whom the payments in foreign currencies and reichsmarks should be made by Germany and by whom the distribution to the appropriate recipients should be managed.

In the second place, the problems of mobilization and commercialization demanded a common center of action and authority for the purpose of coordinating and controlling the arrangements, and there were obvious advantages in such an authority being of a continuous or permanent character.

In the third place, the continued existence of deliveries in kind necessitated special machinery of direction and control, at any rate for a period of years.

They had already considered the desirability of an advisory committee which could take any necessary action in connection with the declaration of a postponement on the postponable part of the annuity. A permanent central authority might include among its functions the convening of such an advisory body, international in character and existing as a constituent part of this central authority, to consider the situation which had brought about the necessity for a postponement, or the situation which a postponement itself created.

Again, the possibility that, either exceptionally or regularly as part of the plan, obligations would be discharged in marks within Germany necessitated a financial authority to arrange for the disposition of such funds or assets in the interests of the creditors, by arrangement with the Reichsbank or other German authority.

Moreover, in so far as the task of transferring the payments into foreign currencies involved, besides a restriction of imports, an extension of German export trade, we envisaged the possibility of a financial institution that should be prepared to promote the increase of world trade by financing projects, particularly in undeveloped countries, which might otherwise not be attempted through the ordinary existing channels.

These several considerations led the committee to the elaboration of a plan for a bank for international settlements which should, in its various functions, meet all of these points. The outline of this scheme is given in section 6 and Annex I.

It will be seen that the essential reparation functions of the bank were such as to form a solid reason for its existence; but the committee were led inevitably to add to those reasons the auxiliary, but none the less material, advantages that it might have in the general position of present international finance.

Just as it had been difficult at the outset to table and discuss a precise program of annuities under a new system until such a system were agreed in outline, because the amounts were themselves dependent upon that system, so at this point in the discussions it became difficult for the various members to form definite opinions and commit themselves on all details as they were elaborated in the new system until a clearer idea of the obligations that would be undertaken by Germany under that scheme had been obtained.

Without, therefore, having resolved all points of doubt on the new system or done more than sketch it in broad outline, they found that the moment had arrived when the discussion of figures became possible and necessary.

At this stage the following broad principles were understood to be likely to find their way into any final settlement:

(1) A division of the annuity into an unconditional and a postponable part.

(2) The necessity for continuing deliveries in kind for a few years.

(3) The arrangement of suitable conditions for the postponable part in times of exceptional difficulty.

In order to put the question into concrete terms memoranda were tabled by the chairman, by the experts of the four chief creditor countries, and by the German experts. A considerable time was spent in discussing these proposals without agreement being reached.

Finally the chairman prepared a new and independent plan in which these divergent views were brought closer together. The main feature of his plan was an average annuity of 2,050,600,000 reichsmarks; and, subject to certain reserves as to the matters of detail, this figure was accepted by the entire committee as the basis of further discussion and led to the unanimous recommendations now put forward. Among those reserves is the question of the settlement of the Belgian mark claim which the committee had continually in contemplation and the unanimous agreement upon which is to be found in Annex VI.

PART VI

BANK FOR INTERNATIONAL SETTLEMENTS

(a) **General reasons for the constitution of an institution with banking functions.**—A general plan for a complete and final settlement of the reparation problem, being primarily financial in character, involves the performance of certain banking functions at one or more points in the sequence between the initial payment of the annuities and the final distribution of the funds. A banking institution designed to meet these requirements justifies and makes logical the liquidation of all

political controls and provides, instead, machinery essentially commercial and financial in character which carries with it all the support and at the same time all the responsibilities that economic engagements imply. The process of removing the reparation problem from the political to the financial sphere, which was begun in the Dawes plan, will thus be carried a step further.

In general terms, the institution will take over such functions of the existing agencies as it may be necessary to continue and will perform the whole work of external administration, such as the receipt and distribution of payments and the commercialization of those parts of the annuities which are susceptible of being commercialized.

The operations of the institution will be assimilated to ordinary commercial and financial practice. Its organization will be outside the field of political influences, and its powers and facilities will be sufficiently broad to enable it to deal freely and promptly with the problems involved in the settlement of Germany's obligations. The institution will be equipped with machinery which will provide an elastic element between the payments to be made by Germany and their realization. In consequence, the creditors will have further assurance that the effects of economic changes on the flow of payments will be minimized, and Germany, for her part, will have the possibility of assistance during temporarily unfavorable conditions.

It is obviously desirable, in the interest of obtaining results with the greatest efficiency, not to limit unduly the functions of the institution. The character of the annuities and the magnitude of the payments to be transferred over the exchanges provide at once the opportunity and the need for supplementing with additional facilities the existing machinery for carrying on international settlements, and within limitations of the sound use of credit to contribute to the stability of international finance and the growth of world trade. We consider that by judicious non-competitive financial development the bank should prove a useful instrument for opening up new fields of commerce, of supply and of demand; and will thus help to solve Germany's special problem without encroaching on the activities of existing institutions.

In designing the plan for the Bank for International Settlements, which is given in outline in Annex I, we were, therefore, mindful of the fact that these new facilities should not supplant, but should augment and perfect existing arrangements for carrying through international settlements. The bank will have—

(a) As its essential or obligatory functions those which are inherent in the receipt, management, and distribution of the annuities, and (b) as its auxiliary or permissive functions those which evolve more indirectly from the character of the annuities.

There is no hard and fast line between the two sets of functions, because the first leads naturally into the second.

(b) **Organization of the bank.**—In view of the part which the bank will have to play in the general interest, it is advisable to place the control of its management in the hands of the central banks, since these are the organizations responsible in each market for the convertibility of the national currencies and the control of credit.

At the time of the bank's constitution the capital will be geographically distributed in such a way as to associate in the bank's working and in its development all of the countries interested in the reparation settlement and all the financial markets which may subscribe to the bank's issues.

Provision is made for the utilization of the net profits of the bank, due allowance being made for the payment of cumulative dividends on the capital stock, to create suitable reserve funds.

Provision is also made, in case Governments or central banks make long-term deposits with the bank, whereby they shall share proportionately in the remainder of the profits, after the requirements on account of dividends and the reserve funds have been covered.

Inasmuch as its international basis is an essential feature which distinguishes the institution from all others, it has no single fiscal allegiance and it is desirable that in its movements in the various national markets it should not be hampered or restricted by considerations of relative fiscal burdens. It is therefore recommended that the Governments of the countries concerned enter into a convention for the avoidance of double and triple taxation of the bank along the following lines:

(a) The funds and investments of the bank to be freed from national taxation at the point where they derive interest, income, and profit.

(b) All individuals and corporations receiving profit, interest, or income from the bank to be fully liable thereon to such taxation as such individuals and corporations would attract if the profit, interest, or income were derived from any other source.

1. **Capital.**—On the formation of the bank its authorized capital will be in the equivalent of \$100,000,000. The entire amount will be issued, but only 25 per cent of each share shall be called up until the board of directors decides on a further call. The allocation of shares by countries is provided for in section 2 of Annex I. The shares will carry no voting rights, but voting rights corresponding to the number of shares first issued in each country will be exercised by the central bank of that country in the general meetings attended by representatives of those banks taking the place of general meetings of shareholders.

2. Administration.—The entire administrative control of the bank will be vested in the board of directors. The functions of a director of the bank are incompatible with those involving national political responsibilities, and the statutes of the bank will make the necessary provision in order to avoid such conflict of functions. All the directors and candidates shall be ordinarily resident in Europe or shall be in a position to give regular attendance at meetings of the board.

The governor of the central bank of each of the seven countries to which members of the present experts' committee belong, or his nominee, will be entitled to be a director of the bank *ex officio*. Each of these governors may also appoint one director, being a national of his country and representative either of finance or of industry or commerce. During the period of the German annuities the governor of the Bank of France and the president of the Reichsbank may each appoint, if they so desire, one additional director of his own nationality, being a representative of industry or commerce. These 14 (or as the case may be, 16) directors will elect not more than 9 additional directors from lists furnished by and which may include the governors of central banks in other participating countries.

If, in the process of organizing the bank or in the performance of its functions after establishment, it is found that the central bank of any country or its governor is unable to act officially or unofficially in exercising the functions, authorities or privileges accorded to central banks under the plan, or refrains from doing so, alternative arrangements not inconsistent with the laws of that country will be made. These alternative arrangements are outlined in section 12 of Annex I.

3. Distribution of profits.—The profits shall be divided in accordance with the provisions contained in Annex I.

(c) **General observations on the bank.**—The foregoing outline of the functions and organization of the Bank for International Settlements, together with the fuller presentation of the bank plan in Annex 1, largely speaks for itself. It remains, however, to point out certain advantages which the bank offers as against the existing reparation procedure, and which advantages accrue both to Germany and to the creditor countries, because the bank, in putting the payments on a business basis, makes their receipt the more certain and facilitates their movement.

The new facilities introduced by the bank are in addition to the provisions given elsewhere in the plan whereby Germany is entitled to declare a postponement of transfer. They are rather in the nature of forestalling circumstances which might of themselves lead to a transfer postponement.

These measures of prevention are of two general sorts:

First, the bank may employ its power of giving credit to arrange temporary assistance in transferring the annuities.

Second, the bank will be in a position, in agreement with the Reichsbank, to invest in Germany reichsmarks currently accruing to its account at the Reichsbank. This measure, to the extent to which it may be utilized, will return to the German economy a portion of the annuity and, through the bank's credit mechanism, provide the foreign exchange with which to pay the current allotments to the creditors on account of the annuity.

The application of either or both of these measures is prompt and decisive, and they operate in advance of the time when difficulties present themselves rather than afterwards, and serve to ease any strain until such time as the discount rate and other corrective measures have had opportunity to exert themselves.

It is not to be assumed that these two measures should be reserved for emergency use. The use of the bank's credit by central banks within moderate limits and over short periods may, in time, become a normal function scarcely different in its exercise from the use of central-bank credit by banks and bankers. All central banks, for ordinary exchange operations or for other purposes, would frequently find it advantageous to make use of the facility. The second measure, that of investing within Germany some portion of the annuity receipts, should also find its uses in normal times. Both measures are necessarily limited by the funds which the bank will have at its disposal and by the requirement that it maintain its liquidity at all times.

These are instances of the bank's utility to Germany. They also illustrate the flexibility which the bank's facilities give to the handling of the disbursements to the creditors. Further instances of joint benefit may be briefly indicated.

The bank will be able to give short-term and intermediate credit to purchasers of deliveries in kind, notably for the construction of public works on delivery-in-kind account. Intermediate credit operations need not be restricted, however, to any one country or to the purchase of any one country's goods. On the contrary, it would be desirable to broaden such operations in the interest of world trade to the extent that the directors of the bank approve.

As a stabilizing factor in the foreign exchanges its advantages are obvious, and if, in due time, the arrangements provided for an international settlement fund are put into effective operation, the bank should go far to eliminate the costs and risks now incurred in the shipping and reshipping of gold.

The bank excludes from its procedure all political influences, and business principles and practice intervene to facilitate the settlement of Germany's obligations without in any way qualifying her independent and sole responsibility.

The office for reparation payments and its associated organizations in Berlin will be retired and the Repa-

ration Commission's relations with Germany will be terminated. Germany will assume the responsibility for raising and transferring the annuities, and the bank takes over the work of their receipt and disbursement.

As already stated, the bank is so designed as not to interfere with the functions performed by existing institutions, but it is to create for itself supplementary functions in a special field of its own. To this end every care should be exercised in the organization and administration of the institution.

In the natural course of development it is to be expected that the bank will, in time, become an organization, not simply, or even predominantly, concerned with the handling of reparations, but also with furnishing to the world of international commerce and finance important facilities hitherto lacking. Especially it is to be hoped that it will become an increasingly close and valuable link in the cooperation of central banking institutions generally—a cooperation essential to the continuing stability of the world's credit structure.

PART VII

THE INFLUENCE OF THE FORM OF THE ANNUITY ON THE AMOUNT

We are proposing a series of total annuities which should be paid with the regularity of the coupons of ordinary marketable bonds. But it is well recognized that to the economy of every country there may possibly come at some time or other a year of stress and difficulty. To make the economic scope of such a period the determinant of the maximum capacity in the ordinary course would be to fix a sum quite unacceptable to the creditors and an unreliable test of normal capacity to pay. It would be like fixing the standard of physical effort expected from a workman in his years of health and strength by what he is capable of doing in his occasional weeks of illness.

While our proposals have made full allowance for all normal and long-run considerations, it is possible that over exceptional and short periods the natural adjustments we contemplate might be insufficient. We have accepted the argument of the German experts that, in undertaking a responsibility of this character, identical in its nature with the solemn covenants of a debtor on a commercial and financial basis, Germany is well advised to consider carefully what are the limits of the burden which are possible for her final acceptance. We have, therefore, fully respected their scruples as to the undertakings they are prepared unconditionally to sign and have introduced a feature which can act as a safety valve in time of difficulty, viz, a right of postponement on Germany's initiative of the transfer (and, to a less degree, of payment) of a portion of the annuity.

The range between the two figures (the unconditional portion and the total annuity) is not to be taken as evidence of doubt as to Germany's capacity of transfer (or of payment); it represents, rather, the concession that has been made to the honorable determination of the German experts not to make themselves unconditionally responsible for any obligation which they are not certain is within their power of performance in all circumstances. It is, however, to be emphasized that the total amount of the annuity proposed, while being far from covering the claims set forth by the creditors, is one which they have every reason to believe can, in fact, be both paid and transferred by Germany. The fact that part of it is postponable obviates the danger of being above Germany's capacity to transfer in a period of difficulty, and it was the recognition of this principle which was one of the factors enabling the German experts to accept this scheme as an alternative not inconsistent with their original ideas.

In recommending that the system of deliveries in kind should be continued for a limited period and in decreasing amounts we recognized, as is pointed out in section 8(F) of this report, the necessity for maintaining a transitional period so that all shock to existing economic conditions in Germany should be avoided. Germany's power to transfer is thus maintained unimpeded by the friction of sudden changes in trade conditions.

PART VIII

ANNUITIES

The committee recommends that—

(1) The Governments shall fix the exact date of termination of the Dawes plan and the substitution therefor of the new plan. In fixing such date the Governments should bear in mind that this committee's calculations were made on the basis that the Dawes plan would cease on August 31, 1929, and the new plan commence on September 1, 1929.

In case the Governments should fix a date later than September 1, 1929, it is recommended that financial adjustments shall be made so that the basis of payments provided for under the new plan shall nevertheless commence as of September 1, 1929, and the basis of payments provided for under the Dawes plan should cease as of August 31, 1929.

(2) Payments under the plan of the Dawes committee should continue until the end of the present scheduled year, that is to say, August 31, 1929.

(3) The new plan should go into effect September 1, 1929, with the value of the 37 annuities of 1,988,800,000 reichsmarks until March 31, 1966, the payments for the Dawes loan to be added.

(4) Payments to be made under the Dawes plan during the five months' period preceding September 1, 1929, after allowing for the Dawes loan, should be treated as payments necessary to cover the requirements of the creditor nations during this transition period, including outpayments for the year ending March 31, 1930.

Should there remain any surplus after meeting the foregoing requirements, the question of disposing of such surplus, as well as all matters and expenses in connection with the transition from the operation of the existing arrangements to the new plan, shall be settled and adjusted between the Governments.

(5) In order that the new annuities shall coincide with the German fiscal years, the schedule of payments to be made by Germany on and from September 1, 1929, will be as follows (in reichsmarks):

Seven months, Sept. 1, 1929-March 31, 1930.....	742, 800, 000
36 German fiscal years:	
Apr. 1, 1930-Mar. 31, 1931.....	1, 707, 900, 000
Apr. 1, 1931-Mar. 31, 1932.....	1, 685, 000, 000
Apr. 1, 1932-Mar. 31, 1933.....	1, 738, 200, 000
Apr. 1, 1933-Mar. 31, 1934.....	1, 804, 300, 000
Apr. 1, 1934-Mar. 31, 1935.....	1, 866, 900, 000
Apr. 1, 1935-Mar. 31, 1936.....	1, 892, 900, 000
Apr. 1, 1936-Mar. 31, 1937.....	1, 939, 700, 000
Apr. 1, 1937-Mar. 31, 1938.....	1, 977, 000, 000
Apr. 1, 1938-Mar. 31, 1939.....	1, 995, 300, 000
Apr. 1, 1939-Mar. 31, 1940.....	2, 042, 800, 000
Apr. 1, 1940-Mar. 31, 1941.....	2, 155, 500, 000
Apr. 1, 1941-Mar. 31, 1942.....	2, 180, 700, 000
Apr. 1, 1942-Mar. 31, 1943.....	2, 198, 000, 000
Apr. 1, 1943-Mar. 31, 1944.....	2, 194, 300, 000
Apr. 1, 1944-Mar. 31, 1945.....	2, 207, 500, 000
Apr. 1, 1945-Mar. 31, 1946.....	2, 203, 800, 000
Apr. 1, 1946-Mar. 31, 1947.....	2, 199, 500, 000
Apr. 1, 1947-Mar. 31, 1948.....	2, 215, 200, 000
Apr. 1, 1948-Mar. 31, 1949.....	2, 210, 000, 000
Apr. 1, 1949-Mar. 31, 1950.....	2, 316, 800, 000
Apr. 1, 1950-Mar. 31, 1951.....	2, 359, 200, 000
Apr. 1, 1951-Mar. 31, 1952.....	2, 343, 200, 000
Apr. 1, 1952-Mar. 31, 1953.....	2, 346, 200, 000
Apr. 1, 1953-Mar. 31, 1954.....	2, 353, 300, 000
Apr. 1, 1954-Mar. 31, 1955.....	2, 364, 600, 000
Apr. 1, 1955-Mar. 31, 1956.....	2, 359, 800, 000
Apr. 1, 1956-Mar. 31, 1957.....	2, 354, 200, 000
Apr. 1, 1957-Mar. 31, 1958.....	2, 361, 800, 000
Apr. 1, 1958-Mar. 31, 1959.....	2, 393, 800, 000
Apr. 1, 1959-Mar. 31, 1960.....	2, 370, 600, 000
Apr. 1, 1960-Mar. 31, 1961.....	2, 380, 500, 000
Apr. 1, 1961-Mar. 31, 1962.....	2, 398, 300, 000
Apr. 1, 1962-Mar. 31, 1963.....	2, 390, 200, 000
Apr. 1, 1963-Mar. 31, 1964.....	2, 402, 600, 000
Apr. 1, 1964-Mar. 31, 1965.....	2, 402, 100, 000
Apr. 1, 1965-Mar. 31, 1966.....	2, 428, 800, 000

Constant annuity 37 years corresponding to 1,988,800,000; Dawes loan to be added.

Thereafter there remains the following schedule of payments to be made by Germany subject to the special provisions dealing with these years:

1966-67.....	1, 607, 700, 000
1967-68.....	1, 606, 900, 000
1968-69.....	1, 616, 700, 000
1969-70.....	1, 630, 000, 000
1970-71.....	1, 643, 700, 000
1971-72.....	1, 653, 900, 000
1972-73.....	1, 662, 300, 000
1973-74.....	1, 665, 700, 000
1974-75.....	1, 668, 400, 000
1975-76.....	1, 675, 000, 000
1976-77.....	1, 678, 700, 000
1977-78.....	1, 685, 400, 000
1978-79.....	1, 695, 500, 000
1979-80.....	1, 700, 400, 000
1980-81.....	1, 711, 300, 000
1981-82.....	1, 687, 600, 000
1982-83.....	1, 691, 800, 000
1983-84.....	1, 703, 300, 000
1984-85.....	1, 683, 500, 000
1985-86.....	925, 100, 000
1986-87.....	931, 400, 000
1987-88.....	897, 800, 000

Out of the above annuities the following amounts shall be unconditional, namely, payable without any right of postponement of any kind in foreign currencies by equal monthly installments, viz, 660,000,000 reichsmarks per annum, to include whatever amounts are required for the service of the German external loan of 1924.

The remainder of the annuity shall be payable in foreign currencies by equal monthly installments, but subject to the conditions as regards postponement of transfer and of payment set out in Annex IV of this plan.

The German Government undertakes for the purpose of the present provisions, as well as for the general purposes of the plan, that the reichsmark shall have and shall retain its convertibility into gold or devisen as contemplated in section 31 of the present Reichsbank law, and that for these purposes the reichsmark shall have and shall retain a mint parity of 1/2790 kilogram of fine gold as defined in the German coinage law of August 30, 1924.¹

For the purpose of paragraph (4), above, the outpayments for the year ending March 31, 1930, are as follows (in reichsmarks):

France.....	338, 100, 000
Great Britain.....	366, 600, 000
Italy.....	107, 800, 000
Belgium.....	23, 400, 000
Rumania.....	8, 800, 000
Serbia.....	5, 900, 000
Greece.....	5, 300, 000
Portugal.....	7, 200, 000
Total.....	863, 100, 000

¹ Attention is called to the letter from the president of the Reichsbank given in Annex II.

Provision is made in paragraph 11 of Annex I whereby a percentage of the special reserve fund accumulated in the bank shall be placed at Germany's disposal, if required, toward meeting the last 22 annuities payable under the above scale.

In calculating the above annuities we have taken into account the expenditures devolving upon Germany during the period of the new plan such as were covered by the Dawes plan. However, we have not included the costs of commissions and the current expenses of occupation, as they are to continue only until a date to be fixed by the Governments. The necessary arrangements for their payment should be made by the Governments in connection with the adoption of the new plan.

Apart from the foregoing we recommend that, as from the date of the putting into force of this plan, Germany's previous obligation shall be entirely replaced by the obligation laid down in this plan, and that the payment in full of the proposed annuities in accordance with this plan should be accepted by the creditor powers as a final discharge of all the liabilities of Germany still remaining undischarged, referred to in section 11 of part 1 of the Dawes plan, as interpreted by the decisions already given by the interpretation tribunal set up under the London agreement of August 30, 1924.

That tribunal should be retained in existence, and any dispute that may arise between Germany, on the one side, and the creditor Governments, or any one of them, or the bank, on the other side, as to the extent of these liabilities or as to any other question of the interpretation or application of this plan, should be referred to it for final decision.

In the course of their proceedings the experts of the principal creditor powers have also dealt with the question of the distribution of these annuities among the creditor powers. Their recommendations, drawn up after careful examination of the existing distribution arrangements and of other relevant considerations laid before them and with due regard to the rights and equities of the other countries¹ having a share in the Dawes annuities, are set out in Annex VII, which they consider an inseparable part of the present report.

PART VIII (A)

COMPOSITION OF THE ANNUITIES

1. Source and securities.—The annuities are to be derived from two sources:

1. The German Railway Co.
2. The Budget of the Reich.

The committee, after a careful examination of the proposals put forward by the German experts, were

¹ Greece, Portugal, Poland, Rumania, Serbia, Japan, and the United States of America.

of the opinion that the annuities recommended by them should not be drawn wholly from the German budget, but that one source of payment utilized by the Dawes plan, viz, the railway company, should be maintained. We desire to make it clear, however, that the retention of a contribution from the railway company is recommended, not only from the point of view of security, but also as a suitable method of raising the necessary revenue.

We have also considered the position with regard to the assigned revenues and, having regard to the fact that these revenues are pledged as collateral security for the service of the German external loan of 1924, we feel it is impossible to recommend the release thereof. Nevertheless, we are of the opinion that it would be suitable for the German Government to discuss with the trustees of the bondholders of that loan the possibility of simplifying, as far as possible, the existing machinery, and that the creditor Governments for their part should accept a similar arrangement. The effective security of the creditor Governments should be substantially that indicated in Annex III, section 3.

Apart from these special questions the committee desires to record its view that the basis of security for the payment of the annuities is the solemn undertaking of the German Government, to which no further guarantee can add anything whatsoever.

The committee accordingly recommends that the creditor Governments should take steps to release all controls, special securities, pledges or charges which may remain in their hands other than those specifically referred to above, and should recognize that their acceptance of the solemn undertaking of the German Government replaces any securities, pledges, charges or controls as may now exist.

2. The contribution from the German Railway Co.—Under the German railway law of August 30, 1924, enacted in accordance with the Dawes plan, the German Railway Co. is subject to a mortgage for 11,000,000,000 gold marks, in favor of the trustee for the German railway bonds, and has issued to him a bond for 11,000,000,000 gold marks. This bond bears interest at 5 per cent per annum and carries a cumulative sinking fund of 1 per cent per annum, which first became operative on September 1, 1927, interest and sinking fund being guaranteed by the Government of the Reich.

The plan contemplates the abolition of the railway bonds, together with the attendant circumstances of foreign participation in the management of the railway, and substitutes a contribution from the railway company as set out in the following paragraphs:

The railway company shall be under an obligation to pay for 37 years a direct tax comprising, if necessary, the transport tax, to an annual amount of 660,000,000 reichsmarks, being equal to the annual amount of the nonpostponable annuity. This tax shall be imposed by German legislation and the receipts

therefrom guaranteed by the German Government. The railway company shall deposit with the Bank for International Settlements a certificate acknowledging its liability in respect of this obligation.

The amount payable shall be raised from the gross revenues of the company, ranking after the expenditure on personnel and on the same footing with expenditure on material and consumable stores. It shall enjoy priority over any other tax now levied on the railway company, or which may be levied in the future, and shall rank prior to any other charge, by way of mortgage or otherwise, on the company. It shall be paid direct by the railway company to the account of the Bank for International Settlements at the Reichsbank in installments as laid down in part 8.

The foregoing conditions shall be incorporated in the law governing the railway company.

It shall be one of the duties of the organization committee proposed in Annex V of this report to make suitable provision whereby the private and independent character of the German Railway Co., including its autonomous administration in economic, financial, and personnel matters, shall continue for the period of the plan without interference from the German Government.

3. The transport tax.—In addition to the 660,000,000 gold marks now payable directly by the railway company, the Dawes plan requires a contribution to the standard annuity of 290,000,000 gold marks out of the actual yield of the transport tax. This tax is imposed by the German Government, and the German Railway Company collects it for the Government. The total yield of the transport tax, now considerably in excess of 290,000,000 gold marks, appears among the receipts of the budget of the Reich, and the contribution of 290,000,000 appears among its expenditures. Under this plan the direct tax on the railway company comprises, if necessary, the transport tax which is otherwise relieved from any special charge on account of reparations.

4. The charge on German industries.—Under the industrial charges law enacted in accordance with the Dawes plan, bonds aggregating 5,000,000,000 gold marks have been issued in respect of the German industries by the Bank for German Industrial Debentures to the trustee for the German industrial debentures. These bonds bear interest at 5 per cent per annum and carry a cumulative sinking fund of 1 per cent per annum which first became operative September 1, 1927; principal, interest, and sinking fund being guaranteed by the Government of the Reich. The present contribution to the annuity from the industrial debentures thus amounts to 300,000,000 gold marks.

This particular charge in no way differs from ordinary taxation save in the complications it involves in legislation and the machinery of collection. We recommend that it be discontinued and that its disappearance be taken into account in distributing

the relief from taxation which this plan will enable the German Government to bring into effect.

5. The charge on the budget of the Reich.—Under the Dawes plan the contribution from the budget of the Reich in the fifth or current annuity year amounts to 1,250,000,000 gold marks, or one-half of the total standard annuity. This contribution is a charge on the budget as a whole, specifically secured by the assignment of the revenues from customs, beer, tobacco, sugar, and alcohol to the Commissioner of Controlled Revenues. These revenues are paid by the collecting offices directly into the account of the commissioner at the Reichsbank. As early as practicable in each month, out of the funds accumulated in his account, the commissioner pays into the account of the Agent General at the Reichsbank one-twelfth of the annual contribution from the budget, and thereafter in each month the revenues are automatically transferred by him to the account of the German Government at the Reichsbank. Under this plan the procedure to be followed will be worked out in detail by the appropriate organization committee proposed in Annex V, regard being had so far as necessary to the arrangements which may be accepted by the trustees of the 1924 loan.

As the amount contributed by the German Railway continues for 37 years at the fixed level of 660,000,000 reichsmarks a year, the charge on the budget of the Reich varies with the total amount of the annuity. In the second year it stands at the figure of 1,136,400,000 reichsmarks and rises to a maximum of 1,768,800,000 reichsmarks in the thirty-seventh year. Thereafter the contribution from the railway company ceases, the annuity falls sharply and the budget contribution covers the whole of the German liability for the remainder of the plan.

The average increase in the budgetary contribution during the first 20 years is about 24,000,000 reichsmarks annually, or about 0.24 of 1 per cent of the total revenues of the budget of the Reich, which at present are just under 10,000,000,000. This moderate and gradual increase in the budgetary contribution under the definitive settlement plan ought to be met in ordinary years without recourse to additional taxation. Indeed, the substantial reduction of the budgetary contribution as compared with the Dawes plan makes possible an immediate resumption of the tax-reduction program which has been in progress since 1924. The committee hope that such further tax reductions, coupled with a definitive reparation settlement, will give a strong stimulus to saving and thereby materially assist in the internal formation of the new capital which Germany still requires.

PART VIII (B)

PROGRESSION

The authors of the Dawes plan believed that they could count upon a certain, substantial and progressive

increase in the prosperity of Germany, arising not only from the employment of the rapidly increasing wealth of that country but also from the steady progress of world prosperity, and this belief found expression in the device of an index of prosperity. The plan contemplates that the amounts which Germany pays upon a fixed scale shall increase, generally speaking, year by year until 1966, reflecting in some small measure this anticipated increase in her prosperity. However, the annuities proposed are to start at a level which not only gives immediate and important relief to the German budget, to her exchange position and to her need for additional internal formation of capital, as compared with the standard Dawes annuity of 2,500,000,000 gold marks, but also provides the greatest possible assurance that the new scheme will function from the beginning without any hitch or disturbance.

PART VIII (C)

THE NONPOSTPONABLE ANNUITIES

Not the least difficult part of the task was the determination of the figure which Germany could immediately undertake as a final and unconditional obligation. The point at which difficulties might begin to arise in making transfers into foreign currencies is not exactly definable in advance; but every care has been taken to be so far within this limit as to remove every possibility of the risk of error. We recognize that in fixing the figure payable by Germany in foreign currencies without any right of postponement whatever at 660,000,000 reichsmarks, we have taken a conservative amount. But we are satisfied that it is wiser deliberately to underestimate than to run the slightest risk of weakening German credit by proposing a figure which might not command instant acceptance by well-informed public opinion.

PART VIII (D)

THE POSTPONABLE ANNUITIES

In addition to the unconditional part of the annuity we propose a postponable part, transfer of which may in certain circumstances, set out below, be postponed for a period not exceeding two years.

This postponable part of the annuity is designed to meet the situation which might arise in a period of special economic difficulty and distress. There will be other ways of meeting such a situation, and if they are applied our view is that recourse to this abnormal measure will not in fact prove to be necessary. Nevertheless, as an additional precaution it is valuable to Germany and provides by its very existence a safeguard against the dangers which too rigid a framework might have called into existence.

PART VIII (E)

MEASURES OF SAFEGUARD

The essence of the additional margin of safety given to a part of the annuities lies in the power to postpone transfer. We are recommending, in order to protect Germany against the possible consequence of a comparatively short period of depression, which might, for internal or external reasons, put such a severe strain on the exchanges as would make the process of transfer abroad dangerous, that the German Government should have the right, on giving 90 days' notice, to postpone transfers for a period not exceeding two years under conditions set out in Annex IV. During the period of postponement the liability of the German Government with regard to the sums affected would in the first instance be limited to payment in reichsmarks to the account at the Reichsbank of the Bank for International Settlements. Under certain conditions part of this payment may also be withheld.

Upon the declaration of any postponement the Bank for International Settlements shall convene the special advisory committee. At any other time when the German Government declare to the creditor Governments, and to the Bank for International Settlements that they have come to the conclusion in good faith that Germany's exchange and economic life may be seriously endangered by the transfer in part or in full of the postponable portion of the annuities, the committee shall also be convened.

Upon being convened the special advisory committee shall forthwith consider the circumstances and conditions which have led up to the necessity for postponement, or have created a situation in which Germany considers that her exchange and economic life may be seriously endangered by further transfers of the postponable portion of the annuity, and make a full investigation of Germany's position in regard to her obligations under this plan. In their report to the Governments and to the bank, having (in case of a postponement of transfer) satisfied themselves that the German authorities have used every effort in their power to fulfill their obligations, they shall indicate for consideration by the Governments and the bank what in their opinion are the measures that should be taken in regard to the application of the present plan.

It shall further be the duty of the bank during a postponement of transfer to direct, in conjunction with the Reichsbank, the employment of the reichsmarks paid to its account at the Reichsbank by the German Government. (See sec. 6 of Annex I to this report.)

The following paragraphs sketch the organization of the special advisory committee of the Bank for International Settlements, referred to in the preceding paragraphs:

(1) The committee shall act in a purely consultative capacity. Its findings shall have no effective force unless confirmed and accepted by the bank as trustee

of the creditors and, if necessary, by the Governments concerned.

(2) The committee shall play no part in connection with the unconditional annuity accepted by Germany and referred to in the plan as the "unconditional annuity."

(3) The committee shall be convened by the bank according to the rules of its own constitution when notice shall be received from the German Government. It shall not be required to meet at any other time.

(4) The committee shall consist of seven ordinary and four coöpted members. The ordinary members shall be nominated one by each of the following: The governors of the Reichsbank, the Banque de France, the Bank of England, the Banque Nationale de Belgique, the Banca d'Italia, the Bank of Japan, a Federal reserve bank of the United States, or some other agreed American financial institution.

In the last two cases such nominee being ordinarily resident in Europe or in a position to give prompt attendance on a meeting of the committee being called. These nominees of the governors of the banks shall not be officially connected with the banking institutions in question nor with the Government departments of their respective countries. After being summoned they may, if they so desire, coöpt not more than four additional members with the intent that special aspects, whether in finance, exchange, industry, etc., of the particular situation in question shall be represented. During the course of the proceedings and until the report is made the coopted members shall be equal in all other respects to the ordinary members, but they shall thereafter be discharged from office.

(5) The committee may proceed by way of hearing evidence or asking for documents as it may desire, but the president of the Reichsbank, and/or any other person nominated by the German Government, may appear before or submit to the committee the reasons for which a postponement has been declared or measures are desirable as indicated above.

The committee shall neither grant nor refuse a postponement. After making inquiry it shall report to the Governments and the bank as indicated above.

(6) Unless otherwise arranged by consent, the expenses of the special advisory committee shall be borne by the German Government.

PART VIII (F)

DELIVERIES IN KIND

The system of deliveries in kind under the Dawes plan has come to play an important rôle in the economic life of Germany. We would not suggest the unlimited continuation of this system, which is open to many objections of a practical as well as a theoretical nature. We have felt, however, that its immediate cessation would not be in the interests of Germany nor of the

creditor powers, and that it would impose difficulties upon the export trade of Germany which might be injurious to her capacity to transfer.

We therefore recommend that the principles of the Dawes plan with reference to deliveries in kind should continue in existence for a limited period, and that the creditor nations should agree for a period of 10 years to absorb by this means, in respect of each year, a limited and decreasing amount of the postponable portion of the annuity substantially in accordance with the following table: .

	Reichsmarks
First year.....	750, 000, 000
Second year.....	700, 000, 000
Third year.....	650, 000, 000
Fourth year.....	600, 000, 000
Fifth year.....	550, 000, 000
Sixth year.....	500, 000, 000
Seventh year.....	450, 000, 000
Eighth year.....	400, 000, 000
Ninth year.....	350, 000, 000
Tenth year.....	300, 000, 000

The foregoing table to be adapted to the actual annuities of the new plan without increasing the total.

The creditor powers, by arrangements effected among themselves, will fix the proportions in the total of each year's volume of deliveries in kind (including deliveries under reparation recovery acts or any equivalent system substituted therefor by agreement up to 23.05 per cent for Great Britain and 4.95 per cent for France of the total amount provided for each year) which each of them will receive.

The Bank for International Settlements shall manage the disbursements on deliveries-in-kind account, and in making distributions of cash to the creditor countries shall have due regard for those portions of the annuity which are restricted to payments for deliveries in kind.

The committee also recommends that new regulations be adopted by the Governments modifying the Wallenberg regulations to conform to the new plan and, so far as practicable, simplifying and liberalizing them.

The committee recommends that provision be made in the new regulations permitting the several powers to dispose of some part of their respective quotas of deliveries outside of their own territories under suitable restrictions.

The proposed repartition of the deliveries in kind among the several creditor powers is contained in Annex VII, dealing with repartition of the annuities.

PART IX

LIQUIDATION OF THE PAST

In order to arrive as rapidly as possible at a general liquidation of the financial questions raised by the war and the subsequent treaty of peace, a liquidation which

alone can insure the definite return of Europe to normal financial and economic conditions, the committee recommends the clearing up of these questions in a broad spirit of mutual concession.

We understand that a settlement on these lines will render obsolete the accounts between the Reparation Commission and Germany relating to transactions prior to the period of the Dawes plan, together with all accounts involving credits against the original capital debt. We are strongly of the opinion that these accounts should be closed at the earliest moment.

The creditor Governments, under this plan, will be reducing the whole body of their claims arising out of the war or under the treaty of Versailles to a considerable extent. The experts of the creditor countries are aware that past transactions have given or may give rise to claims by Germany, some of which are still unsettled, and, while they are not able to go into the merits of these claims, they consider that the creditor Governments are fully entitled to expect that Germany should waive them in consideration of the consolidation of the creditors' claims at a reduced figure. Any other course would be inconsistent with their intention that, just as the new annuities cover all the claims defined in Part XI of the Dawes plan, so they should be paid free of deduction in respect of any past transactions. The committee recognizes, however, that this is entirely a matter for the Governments to deal with.

To assure the general confidence indispensable for the successful working of this plan, the committee recommends that the Governments make no further use, from the date of the acceptance of this report, of their right to seize, retain and liquidate property, rights and interests of German nationals or companies controlled by them in so far as not already liquid or liquidated or finally disposed of, and that the outstanding questions concerning such property should be definitely cleared up within one year after the coming into force of this plan by arrangements between the Governments concerned and Germany. This recommendation naturally has no application in cases where special settlements have already been made.

The acceptance of this plan necessarily involves the dissolution of the joint liability of Germany on the one side with Austria-Hungary and Bulgaria on the other side for reparation, and therefore finally abolishes every obligation, present or future, in either direction which may result between these powers from this joint liability.

The committee recommends, in particular, that the creditor powers should abstain from recovering the credits of Germany against her ex-allies referred to in article 261 of the treaty of Versailles, Germany for her part renouncing any net balance which might be due to her as a result of these credits.

In their unanimous desire that the remaining financial questions arising out of the war should be settled as

soon as possible in order to promote the spirit of international harmony and collaboration, the experts unanimously recommend to the creditor Governments that within the first year of operation of the new plan they complete the work of the experts' committee by dealing with and disposing of the claims and debts for ceded properties and liberation bonds held in the hands of the Reparation Commission against the so-called succession States. This question is referred to in Annex VII.

PART X

COMMERCIALIZATION AND MOBILIZATION

Having recommended the creation of the Bank for International Settlements in order to provide machinery for the removal of the reparation obligation from the political to the financial sphere, we have further considered what procedure is necessary in order to assimilate this obligation as closely as possible to an ordinary commercial obligation ("commercialization").

Further, certain Governments are known to attach particular importance to the possibility of raising money by the issue to the public of bonds representing the capitalization of the unconditional portion of the annuity ("mobilization").

It is, of course, not within our power to advise as to the time at which such issues can be made with advantage or as to the terms and conditions on which issues should be made. The arrangements to be made would, no doubt, vary according as, for example, an issue is to be made for cash in the general interest of all the creditor Governments, or an internal issue is to be made in one single country by way of conversion of government debt. It will be the province of the bank itself to advise upon such matters; but we have thought it necessary to advise a framework within which these operations may take place.

This framework is given in Annex III. It provides, first, that the annuities themselves shall be represented by a German Government certificate of indebtedness deposited with the bank, similar to those in use in ordinary commercial practice (a proper distinction being made in the coupons between the conditional and unconditional portions of the annuity). The provisions regarding security are given in the annex and the conditions in which mobilizable bonds should be created and issued are defined.

One of the most important provisions of this scheme is that annuity moneys should be distributed by the bank in strict proportion to the rights of each party—whether Government or bondholder.

As far as, according to the conditions of the issue, reparation loans (general or conversion loans) are subject to an anticipated redemption, Germany should be entitled to redeem these loans; the part of the annuity destined for the service of the redeemed loan will then accrue to her. The wish has been expressed that, so

far as possible, reparation loans will not be issued without granting the debtor an appropriate right of anticipated redemption.

We recommend that Germany should also have the right to redeem all or any part of not yet mobilized annuities on a basis of 5½ per cent discount.

PART XI

THE NEW PLAN CONTRASTED WITH THE DAWES PLAN

The Dawes plan, although drawn up at a time of intense crisis, has by a test lasting over nearly five years justified by facts the postulates on which it was based as regards both the restoration of the public finances of Germany and her economic recovery.

It may be well to summarize briefly the points of advantage—whether to Germany or her creditors—claimed for the new proposal, which justify a departure from a scheme that has in the past rendered signal service.

The plan drawn up by the committee to afford a definite solution of the reparation question accompanies a reduction in the existing obligation of Germany by an essential modification in their financial and political status. In so far as the creditors are relinquishing substantial advantages in the face value of payments due under the Dawes plan, they are doing so only by reason of those improvements in intrinsic and available values which arise from the practicability and certainty of commercialization and mobilization within a reasonable period and in its attendant financial and economic psychology.

Among the modifications which are considered specially important are the following:

1. Fixation of the period and the debt.—The Dawes plan imposes, in virtue of the index of prosperity, increasing annuities, of which the number is not fixed. The new program indicates a definite number of fixed annuities.

2. Disappearance of the index of prosperity.—Only estimates, which vary very widely, of the ultimate effect of the index of prosperity can at this date be made. But in no circumstances could Germany benefit therefrom, and the disappearance of this element of uncertainty is wholly to her benefit.

3. Attainment of financial autonomy.—Under the Dawes plan Germany can only obtain the discharge of her obligations in marks by the existence of a system of transfer protection which involves a measure of external control. This brings attendant limiting effects on German credit and financial independence which render difficult, if not impossible, any mobilization of the German debt. The new plan would be abandoning the fundamental purposes for which it was intended if it did not cancel this clause and leave to Germany the obligation of facing her engagements on her own untrammelled responsibility.

4. Postponement safeguards.—Nevertheless, if an exceptional emergency interrupts the normal course of economic life to which the scheme is adapted, Germany can, on her own initiative, resort to certain measures of temporary relief.

The annuity is divided into two parts, of which one is subject to postponement of transfer and payment. Germany will thus be enabled, under certain circumstances, temporarily to relieve her balance of payments and will, in fact, enjoy the advantages of a form of transfer protection without its attendant limitations.

5. Deliveries.—While the Dawes plan reluctantly accepted the expedient of deliveries in kind, the new plan, in spite of the desire of the creditor powers to dispose freely of their shares of the annuities, recognizes the undesirability of a sudden cessation of the system at present in force. The creditors are, therefore, to take deliveries in kind for 10 years, but in decreasing amounts, beginning with 750,000,000.

6. Mobilization.—From the point of view of the creditor powers an essential feature of the new plan which induces them to agree to reduction on their claims that leave them burdened with a considerable part of their expenditure for the damages caused by the war, is the fact that the annuity is paid in a form lending itself to mobilization.

7. Financial organization.—The organization and machinery of the Dawes plan were based on the conviction that it must find its proper guarantee in the interest of all parties to carry it out in good faith. In aiming, as it did, at the transference of the reparation payments from the political to the economic and business sphere, it presumed constant cooperation of debtor and creditors alike.

The new system goes further along the same road, replacing the collaboration of separate administrative and governmental organization by common work in a purely financial institution, in the management of which Germany is to have an appropriate part. The present administrative organizations can not have all the elasticity necessary for banking transactions of the magnitude of the payment and transfer of the annuities; but the new bank, in close association with the banks of issue and with the banking facilities at its command, will have all the necessary means of effecting these operations without disturbance to the German economy or to the economy of other countries. In addition, it will be in a position to open up to trade new possibilities of development. The operations which it is to undertake can not be disturbed or hampered without irreparable damage to the credit of the countries concerned. This assurance should make it possible to limit the guarantees established under the present system for the protection of the rights of the creditors to the minimum required for the prompt and facile commercialization of the mobilizable part of the annuity.

8. Summary.—The proposed plan continues and completes the work begun by the Dawes plan, which the position alike of Germany and of the other countries made it impossible to do more than indicate in outline in 1924. By the final reduction and fixation of the German debt, by the establishment of a progressive scale of annuities, and by the facilities which the new bank offers for lessening disturbance in the payment of the annuities, it sets the seal on the inclusion of the German debt in the list of international settlements. If it involves appreciable reduction of payments to the creditor countries on what might have been anticipated under the continued operation of the Dawes plan, it at the same time eliminates the uncertainties which were inherent in that plan and were equally inimical to the interest of the debtor and to the creditors by substituting a definite settlement under which the debtor knows the exact extent of his obligations.

PART XII

CONCLUSIONS

It has been our object to make proposals for financial obligations which, with the conditions and safeguards that accompany them, shall be within Germany's capacity to pay, and we believe that we have achieved this purpose.

We realize the responsibility of this declaration and we recognize how much depends on the future attitude toward one another of the peoples which, by ratification of their respective Governments, are to become parties to this agreement.

For the solution of the reparation problem is not only a German task but in the common interest of all the countries concerned; and it requires the cooperation of all parties. If their attitude should be tinged with antagonism, even with suspicion, or a desire to create or continue one-sided economic discriminations, a settlement perfectly feasible with goodwill would sooner or later encounter difficulties, so that the long, slow, patient task of reconstruction in Europe would be definitely retarded. For without good faith and mutual confidence all agreements, all guarantees, are unavailing.

If, on the other hand, our proposals are adopted with good will by all concerned and the rest of the world has confidence in the constructive value of this mutual accord, then, indeed, there can be no reasonable doubt that the agreement will be capable of complete fulfillment, and the nations it concerns will be brought to a higher level of economic stability and of mutual understanding than ever before.

Finally we would point out, like our predecessors on the Dawes committee, that "we regard our report as an

indivisible whole. It is not possible, in our opinion, to achieve any success by selecting certain of our recommendations for adoption and rejecting the others, and we would desire to accept no responsibility for the results of such a procedure nor for undue delay in giving execution to our plan."

FRANCQUI.

GUTT.

E. MOREAU.

J. PARMENTIER.

HJALMAR SCHACHT.

KASTL.

J. C. STAMP.

C. ADDIS.

A. PIRELLI.

SUVICH.

KENGO MORI.

TAKASHI AOKI.

OWEN D. YOUNG.

J. P. MORGAN.

THOMAS N. PERKINS.

T. W. LAMONT.

PARIS, June 7, 1929.

ANNEX I

SUGGESTED OUTLINE FOR THE ORGANIZATION OF THE BANK FOR INTERNATIONAL SETTLEMENTS

In section 3 of the following outline provision is made for an organization committee, which will have the duty of putting the bank project into effect. This outline has been drawn up for the benefit of the organization committee, which will have power generally to modify its provisions or to make substitutions for any or all of them, provided always that such modifications or substitutions shall not be inconsistent with the essential functions of the bank with respect to the experts' plan as a whole.

1. Purpose, name, and location.—The bank organized under this plan shall be known as the Bank for International Settlements.

The purpose of the bank is to provide additional facilities for the international movement of funds and to afford a ready instrument for promoting international financial relations. In connection with the German reparation annuities it shall perform, as trustee for the creditor countries, the entire work of external administration of this plan, shall act as the agency for the receipt and distribution of funds, and shall supervise and assist in the commercialization and mobilization of certain portions of the annuities.

It shall be located in a financial center hereafter to be designated. In selecting the country of incorporation due consideration shall be given to obtaining powers sufficiently broad to enable it to perform its functions with requisite freedom and with suitable immunities from taxation.

2. Share capital.—The authorized capital of the bank may be expressed in the currency of the country of domicile and shall amount to the round equivalent of \$100,000,000. Upon the formation of the bank the

whole authorized capital shall be issued, but only 25 per cent of each share shall be then paid in. The board of directors of the bank shall have power to call for the payment of further installments. It shall also have the power to authorize an increase or a reduction in the total capital stock of the bank.

In each country in which the shares of the bank may be offered for sale the shares shall be issued through the central bank of that country or other agency to which the central bank offers no objection.

In the seven countries to which members of the present committee belong, issues or allocations of shares shall always be made in equal amounts. The central banks of these countries, or banking groups not objected to by them, shall guarantee the subscription of the whole of the first issue in the round equivalent of \$100,000,000; but they may agree with central banks or groups in other countries (particularly those interested in reparations) that an amount of the first issue not exceeding the round equivalent of \$4,000,000 for each, and not exceeding the round equivalent of \$44,000,000 in all, may be issued in other countries.

In the event of an increase in the authorized capital and a further issue of shares, the distribution among countries shall be decided by a two-thirds majority of the directors of the bank on the above principles. In particular, the percentage of the total shares issued in the seven countries first mentioned above shall not fall below 55.

Apart from countries interested in reparations, only countries which have, at the time an offering of shares is made, a currency stabilized on a gold or gold exchange basis may participate.

The shares may be expressed in the currency of the country in which the bank is domiciled and shall state the amount of the share at the gold mint parity of the currency of the country in which they are issued. They shall be registered and continue to be registered, but may be freely negotiated. Transfers of the shares after issue shall not affect the voting power reserved to the central banks as described below.

Payments to the shareholders on account of dividends or at the liquidation of the bank shall be made in the currency of the country of domicile.

The shares shall carry no voting rights; but voting rights corresponding to the number of shares originally issued in each country shall be exercised by the central bank of that country in the general meetings of the bank (taking the place of the general meetings of shareholders), which the representatives of the participating central banks will attend.

The shares shall be entitled to participate in the profits of the bank as indicated in the section "Distribution of Profits."

3. Organization committee.—For the purpose of taking the preliminary steps for putting the bank project

into effect a temporary committee shall be created which will be known as the "organization committee." This committee shall be appointed by the governors of the central banks of the seven countries to which members of the present committee belong. The governor of each of these seven central banks shall be entitled to designate two members of the organization committee with due regard for the necessity of including in its membership persons versed in banking, the issue of bonds, and the work of the present committee of experts.

If for any reason the governor of any of these central banks shall be unable officially or unofficially to designate members of the organization committee, or refrains from doing so, the governors of the remaining central banks shall invite two fellow nationals of the governor not participating to act as members of the committee. The members thus selected shall have in all respects an equal vote in the work of the committee with the members otherwise chosen. The decisions of the organization committee shall be taken by a three-quarters vote.

As an essential part of its work the organization committee shall proceed with drawing up a charter for the bank, which shall be consistent with the provisions of the plan, and shall take such steps as may be necessary to insure its timely granting or enactment by appropriate public authorities.

The organization committee shall, until such time as the board of directors of the bank is appointed and takes office, proceed with the physical organization of the bank. It shall arrange, in accordance with the procedure prescribed in section 2, for the subscription of the capital stock, and in accordance with the procedure prescribed in section 4 for the appointment of the board of directors. It shall call the first meeting of the board of directors and designate the temporary chairman to preside at that meeting, pending the election of the regular chairman. It shall draw up the statutes for regulating the administration of the bank and submit them to the board of directors for consideration. These statutes shall make provision for such matters as are usual in banking organization and in particular provide for the following:

(1) The qualifications for membership on the board of directors.

(2) The nature and duties of the permanent committees of the board of directors, including the executive committee.

(3) The administrative departments to be created within the bank.

(4) The time and place of the meetings of the board of directors and of the executive committee.

(5) The form to be used for the convocation of the general meeting, as well as the conditions and the methods for exercising voting rights on the part of representatives of central banks.

(6) The form of trust certificates which the bank shall issue to the creditor Governments under the plan.

(7) Provisions with regard to liquidation of the bank.

The organization committee shall cooperate with the organization committees provided for in this plan.

4. Directorate and management.—The entire administrative control of the bank shall be vested in the board of directors, whose duty it shall be to supervise and direct the operations of the bank and in general so to act as to carry out those purposes of the plan committed to the administration of the bank.

In particular the board of directors—

(1) Shall have the right to adopt, modify, limit, or extend the statutes of the bank in such a manner as shall not be inconsistent with the provisions of the plan.

(2) Shall have the power generally to modify the provisions contained in the outline of the bank's organization or to make substitutions for any or all of them, provided always that such modifications or substitutions shall not be inconsistent with the essential functions of the bank with respect to the experts' plan as a whole and with its existing engagements.

(3) Shall appoint the chief executive officer of the bank and fix his remuneration.

(4) May appoint an executive committee and delegate such powers to it as may be provided for in the statutes of the bank.

(5) May appoint advisory committees to deal with any questions upon which information or advice is desired.

The functions of a director are incompatible with those involving national political responsibilities. The statutes of the bank shall make the necessary provision in order to avoid such conflict of functions. All the directors shall be ordinarily resident in Europe or shall be in a position to give regular attendance at meetings of the board.

The board of directors shall be made up in the following manner:

(1) The governor (or as the case may be, the chief executive officer) of the central bank of each of the seven countries to which members of the present committee belong, or his nominee, shall be a director of the bank *ex officio*. Each of these governors shall also appoint one director, being a national of his country and representative either of finance or of industry or commerce. In case the governor of any central bank shall be unable to act either officially or unofficially according to the provisions of this paragraph, or refrains from doing so, action shall then be taken in accordance with the alternative procedure given in section 12 of this outline.

(2) During the period of the German annuities the governor of the Bank of France and the president of the Reichsbank may each appoint, if they so desire,

one additional director of his own nationality, being a representative of industry or commerce.

(3) The governor of the central bank of each of the other countries participating in the share ownership of the bank, as provided in section 2 of this outline, shall furnish a list of four candidates of his own nationality for directorships.

Two of the candidates on each list shall be representative of finance and the other two of industry or commerce. The governors in question may themselves be included in this list. From these lists the 14 or 16 directors mentioned in paragraphs 1 and 2 above shall elect not more than 9 other directors.

(4) From those first appointed, four groups of five directors shall be chosen by lot. Their terms, respectively, shall end at the close of each of the first, second, third, and fourth years from the establishment of the bank. Subject to this, the term of office of the directors shall be five years, but they may be reappointed.

(5) In case of vacancy in a position on the board of directors arising from death, resignation, or other causes, the vacancy shall be filled in the same manner as prescribed for the original appointments. If a vacancy occurs before the expiration of a term, it shall be filled for the remainder of the term only.

The directors shall elect a chairman annually from among their own number. The chairman's duties shall be to preside at meetings of the board of directors. At the first meeting, until the chairman shall have been elected, a member of the board selected for the purpose by the organization committee, shall act as chairman.

The ordinary decisions of the board, including those involving elections, shall be made by a simple majority vote. In case of an even division the chairman shall have a deciding vote. For decisions involving the adoption or amendment of statutes of the bank, modifications or substitutions in the present project for the organization of the bank, the distribution among countries of additional issues of stock in the bank, or other matters for which the statutes of the bank make appropriate provision, a two-thirds majority shall be required. Should a member not be able to attend a meeting of the board, it will always be open to him to empower one of his colleagues, by registered letter or by telegram, to vote for him and on his behalf.

If decisions of the board are disputed on the ground that they are inconsistent with the provisions or intent of the plan, recourse may be had to arbitration under the procedures laid down in part 8 of the plan.

The chief executive officer of the bank shall select the officers and heads of the departments of the bank. For the latter the appointments shall be subject to the approval of the board of directors.

5. Deposits.—The bank, in carrying out its functions with respect to the facilitation of international settlements or in connection with the German annuities, shall have the right to receive deposits of a nature

consistent therewith. The board of directors or, as it may decide, the executive committee, shall consider applications to open deposit accounts, with authority to determine whether such applications come within the scope of the bank's functions.

Deposits shall be received in only those currencies which satisfy in the opinion of the board of directors the practical requirements of the gold or gold-exchange standard.

Any classification of deposits which the board of directors may set up shall include:

(1) *Deposits on annuity account.*—These deposits the bank receives in its capacity as trustee for the creditor Governments. They shall be managed according to the procedure given in section 8 of this outline.

(2) *Deposits from central banks.*—These may be either current account deposits or investment account deposits.

(3) *Deposits on clearing account.*—The bank shall have the right, subject to such terms and conditions as the board of directors may set down, to accept deposits from central banks for the purpose of establishing and maintaining a fund for settling accounts among them. Such deposits may take the form of gold deliveries at the counters of the bank or of gold held for its account under earmark by any central bank participating in the fund for clearing accounts. The terms under which central banks may enter the clearing system, the rules and regulations for its operation, and the rates of exchange at which gold is to be accepted as deposits in the clearing fund or to be withdrawn from it, shall be determined by the board of directors of the bank.

(4) *Deposits originating in the exercise of the bank's functions in connection with the German annuities and tending to facilitate such functions.*—No such account shall be opened without the assent of the central bank of the country of which the prospective depositor is a national. If the governor of the central bank in question (or his nominee) is present and voting at the time the board of directors (or the executive committee) of the bank authorizes the opening of the account, his favorable vote shall be taken as giving the required assent.

(5) *Deposits constituting guarantee funds as provided in Annex VIII and relative to the mobilization of the unconditional annuity.*—The interest and the share in the profits which will apply to these deposits are provided for in Annex VIII and in the section on profits in this outline.

(6) *Special deposit of the German Government.*—During the first 37 years the German Government shall maintain at the bank a noninterest-bearing deposit equivalent to 50 per cent of the average deposit remaining in the annuity trust account, as described in section 8 of this outline. This German Government deposit will not exceed 100,000,000 reichsmarks.

The bank shall have the right to pay interest on deposits, but only on deposits not susceptible of withdrawal until at least one month from the time of deposit. The rate of interest to be paid will be determined by the board of directors or, as the case may be, by the executive committee. In allowing interest on deposits the board of directors shall give due consideration to the value of the services performed for the depositor and the size of the depositor's balance.

6. *Loans, discounts, and investments.*—The board of directors shall determine the nature of the operations to be undertaken by the bank. Such operations shall be consistent with the policies of the central banks of the countries concerned. The bank may in particular have the right (a) to deal directly with central banks, or (b) to deal through central banks which have agreed to act as its agent and correspondent, or (c) to deal with banks, bankers, corporations, and individuals of any country in performing any authorized function, provided the central bank of that country does not enter objection. Whenever any proposed credit operation affecting any particular market comes up for decision, the favorable vote of the governor of the central bank concerned (or his nominee if the governor is not present) sitting as a member of the board of directors or the executive committee, shall be taken as giving the assent of his central bank. If he declines to give his assent, the proposed credit operation shall not be undertaken in his market.

Thus, the bank may perform such functions as the following:

(1) To buy and to sell gold coin and bullion, to earmark gold for the account of central banks, and to make advances to central banks on gold as security.

(2) To buy and to sell for its own account, either with or without its indorsement, bills of exchange and other short-term obligations of prime liquidity, including checks drawn or indorsed by central banks or in respect of which three obligees are responsible.

(3) To open and maintain deposit accounts with central banks.

(4) To rediscount for central banks bills taken from their portfolios, to make loans to them on the security of such bills, or to make advances to them against the pledge of other securities up to such amounts and for such periods as may be approved by the board of directors.

(5) To buy and to sell for its own account intermediate or long-term securities (other than shares) of a character approved by the board of directors. Its holdings of such securities at any one time shall not exceed the total of its paid-in capital and reserve funds.

(6) To invest in Germany, with the assent of the Reichsbank, reichsmark funds standing to the credit of the bank at the Reichsbank which are not transferable owing to a declaration of transfer postponement.

The bank may realize upon any such investments, at its discretion, unless at the time the investment was agreed to by the Reichsbank some stipulation or arrangement affecting the possible sale was made a condition of such agreement.

The income from any such investments and the proceeds of such investments, if sold, shall be deposited to the credit of the bank at the Reichsbank. Such funds may be held as deposits under the conditions set out in Annex IV of the plan or be reinvested consistently with the provisions of that annex.

If, in the opinion of the board of directors of the bank, counterobligations issued against its investments in Germany as collateral can be advantageously sold on non-German markets, their net proceeds shall be distributed to the creditor countries in such proportions and under the same conditions as would have applied in the case of normal transfer. The accounts of the creditor powers shall be charged with the reichsmark cost of the securities alienated or pledged in the course of any such transaction. If the board of directors of the bank decides that counterobligations can not be sold advantageously, the income and net proceeds of the investment, when finally disposed of, shall be distributed to the creditors.

The foregoing power is in addition to the general powers of the bank to make and realize upon investments for its own account at any time, subject to the provision that such investments are to be made with the assent of the central bank concerned.

(7) To issue its own obligations at long or short term, secured or unsecured, for the purpose of relending to any central bank, in each case upon the specific decision of the board of directors by a two-thirds vote.

The investment powers of the bank shall never be used in such a way as to exercise a predominant influence over business interests in any country. The board of directors shall guide the investment undertakings of the bank accordingly and shall be entitled, if necessary, to make special regulations in this respect.

7. Trustee functions, general provisions.—The bank shall be trustee of the creditor Governments in dealing with the German annuities and shall have such general powers of administration consistent with the plan as are necessary to the prompt and complete exercise of its duties in that respect. The organization committee shall draw up appropriate forms of trust agreement between the creditor Governments and the bank.

The trust functions of the bank shall include the following:

(1) Receiving and disbursing to the paying agents the service on the German external loan, 1924. If arrangements can legally be made, the bank shall also act in the capacity of one of the trustees for that loan.

(2) Receiving from Germany the various certificates and obligations provided for in the plan. The bank

shall hold these certificates and obligations in safekeeping and shall issue to the creditors its trust receipts for such certificates and obligations. Upon the completion of the payments called for under these certificates and obligations for any one year, the respective creditor Governments shall give their quit-tance to the bank, which, in turn, shall give its quit-tance to the German Government, canceling and returning any coupons representing the payments made.

(3) Receiving and distributing the service of the German annuities. The specifications of this function are given in section 8 of this outline below.

(4) Performing as regards deliveries in kind such functions as may be entrusted to it by the Governments in connection with the acceptance of the new plan.

(5) Dealing with the measures of safeguard provided in the plan. Upon receiving notification from the German Government, consistently with the provisions of the plan, the bank shall convene the special advisory committee whose composition, procedure, and action are provided for in section 8 (E) of the plan.

(6) Acting as trustee under trust agreements. The bank shall have the power to act as trustee under trust agreements entered into by it with the approval or on the initiative of its board of directors, which has as its purpose the issue by the bank of trust certificates or other obligations against investments in securities pledged as collateral therefor. This power may be exercised in addition to the powers with respect to investments provided for in section 6, above.

(7) Acting as trustee under special agreements. The bank shall be authorized to act as trustee under any special agreements among the creditor countries covering the repartition of the annuities or the guarantee of any parts of them.

In particular the bank shall have power to act as trustee under the agreement specified in Annex VIII of the plan. The bank shall be authorized to pay interest on any guarantee fund deposited with the bank in connection with any such trust and to arrange the terms on which the deposit is to be received and the fund managed, all in accordance with the plan.

(8) Acting as trustee at the request of a creditor Government, the German Government or the central bank of any one of those countries. The bank shall have the right, upon the approval of the board of directors, to undertake any trust functions which any creditor Government or the German Government or any of their respective central banks proposes that it shall undertake, provided such functions are generally consistent with the purposes of the plan.

(8) **Trustee functions: The bank as depositary for the service of the German annuities.**—The bank, in its capacity as trustee for the creditor Governments, shall receive and distribute the funds representing the service of the German annuities. In

fulfilling these functions the bank shall work in co-operation with the central banks of the countries concerned. The relations thus established shall be the ordinary relationships obtaining between a bank and its correspondent banks.

The procedure for conducting these operations, subject to the right of the board of directors of the bank to make modifications, provided the general purposes of the plan are observed, shall be as follows:

(1) The bank shall maintain on its books a general deposit account to be known as the annuity trust account.

(2) The German Government shall be responsible for the payment to the bank, in installments as provided in the plan, of all sums applicable to the service of the annuity. These payments shall be credited to the annuity trust account.

The organization committee shall make the necessary provision whereby the reichsmark payments to the account of the bank at the Reichsbank in respect to the railway contribution shall be immediately released to the German Government against equivalent payment in foreign currencies to the annuity trust account.

(3) Subject to the operation of the clauses of the plan relating to transfer postponement and except as the bank may request that payments be made in reichsmarks to the credit of its account at the Reichsbank described in paragraph 4 below, the German Government shall make all payments on account of the annuity in foreign currencies. Payments in foreign currencies not on a gold or a gold exchange standard shall be made only with the consent of the bank.

As a matter of business practice, the bank, acting in advance of the payment dates, may notify to the German Government or its agent the bank's preferences with respect to the currencies in which payment may be made. In case the bank's preferences are not complied with payment shall be made to the bank in the currencies of the seven countries whose nationals are members of the present experts' committee, divided as nearly as may be in proportion to their respective shares in that portion of the annuity accruing to them.

(4) All reichsmark payments for credit to the annuity trust account shall be paid into an account of the bank at the Reichsbank.

The bank shall be entitled to draw upon it in making all reichsmark payments necessary for the operation of the plan, including payments for administrative expenses incurred in Germany, payments for deliveries in kind and any other disbursements on annuity account.

The bank shall also be entitled to withdraw reichsmarks from this account or to deposit reichsmarks in it in the course of conducting operations referred to in

paragraph 14 below, and it may open other accounts at the Reichsbank for use in connection therewith. Such additional accounts shall be operated according to ordinary business principles.

The bank shall have available at all times sufficient funds in reichsmarks to cover current requirements on account of payments for deliveries in kind.

(5) The bank shall give its receipt to the German Government for all sums which it pays or causes to be paid into the annuity trust account in the course of carrying out its obligations under the plan.

The receipt of the bank shall make note of the currencies received, but credit shall be given in the reichsmark equivalent of those currencies. The German Government undertakes for the purpose of the present provisions, as well as for the general purposes of the plan, that the reichsmark shall have and shall retain its convertibility into gold or devisen as contemplated in section 31 of the present Reichsbank law, and that for these purposes the reichsmark shall have and shall retain a mint parity of 1/2790 kilograms of fine gold as defined in the German coinage law of August 30, 1924.¹

Sums paid in foreign currencies into the annuity trust account shall be calculated in terms of reichsmarks at the average of the middle rates (mittelkurs) prevailing on the Berlin bourse during the half-monthly period preceding the date of payment.

(6) The bank's receipt giving credit in reichsmarks for payments made into the annuity trust account by the German Government, or on its behalf, shall, under normal operation of the plan, constitute a complete and sufficient discharge of the obligations of the German Government with respect to such payments. If, however, transfer postponement should be in whole or partial effect, the bank's receipt giving credit in reichsmarks shall constitute a complete and sufficient discharge of the obligations of the German Government with respect to all payments into the annuity trust account made in foreign exchange, and with respect to such portion of the payments made in reichsmarks as in the opinion of the bank provide current funds for deliveries in kind or services. As to the remainder, the receipt of the bank shall be in the nature of a temporary acknowledgment only.

(7) Withdrawals from the annuity trust account shall be made in accordance with provisions to be made by the organization committee. The bank shall pay no interest on funds deposited in the annuity trust account.

(8) All disbursements for reparation purposes shall be charged against the annuity trust account. A first charge against that account shall be the service currently due on the German external loan, 1924. The board of directors shall be entitled also to charge against the account such sums as they deem to be fair

¹ See the letter from the president of the Reichsbank given in Annex II.

compensation for the services performed by the bank and such out-of-pocket expenses as it incurs in administering the plan. If, in the opinion of the directors, such service charges or costs can not be equitably charged to the account as a whole, they shall be entitled to allocate them in such proportions as they see fit to the individual shares of any of the creditor countries.

(9) After charging against the annuity trust account the items referred to in the preceding paragraph and such other items as may be properly chargeable to the annuity as a whole, the bank shall proceed in the following manner with the distribution of the remainder of the available funds to the accounts of the several creditors in accordance with the provisions of the plan.

(10) During such period of time as payments for deliveries in kind and payments under reparation recovery act and similar procedures continue to be made, the bank shall make available to the several creditor countries reichsmark credits, which shall be utilized subject to the applicable provisions of the plan.

(11) The bank, out of each installment paid into the annuity trust account, shall set aside and accumulate funds for the payment of service on any bonds issued and outstanding which represent commercialized and mobilized shares in the annuity. Funds required for this purpose shall be charged against the accounts of the creditor countries in proportion to their respective interests in the bonds for which service is being accumulated.

At a suitable time in advance of the dates fixed for the payment of interest to the bondholders the bank shall pay to the paying agents the amounts due in interest and shall make disposition according to the terms of the bond of funds required for purposes of amortization.

(12) Out of the sums remaining in currencies other than reichsmarks, and after providing for any other charges called for under the plan, the directors of the bank shall distribute such aggregate amounts as they may determine to the creditor countries, divided according to the propositions agreed upon among the respective Governments. In withholding any sums from distribution and in fixing the dates at which distribution is effected, the directors of the bank shall be guided on the one hand by the need for prompt action in the interests of the creditor countries and on the other by the interests of the plan as a whole, including due consideration to the bank by way of compensation for its services in managing the annuity.

(13) The bank shall make distribution of cash by crediting the accounts which the central banks of the several creditor countries maintain with it, notifying them simultaneously that such credits are for the accounts of their respective Governments. The bank shall notify the proper financial authorities of the creditor countries when such credits have been made, and shall obtain receipts from them accordingly.

(14) The bank shall have the right to buy for its own account or for other trust accounts any reichsmarks held in the annuity trust account, giving foreign currencies in return. The foreign currencies thus acquired by the annuity trust account shall be available for distribution to the creditor countries under the conditions specified in the preceding paragraphs. The reichsmarks which the bank acquires shall be used only as the plan provides.

(15) The bank at the close of each business year, or more frequently if requested, shall give to the financial authorities of each creditor country a full accounting showing the disposition of its share in the annuity. As soon as any country has received its full share in the annuity for any one year its proper financial authority shall give to the bank his acknowledgment and shall enter the same upon the trust receipt provided for in paragraph 2 of section 7 of this outline. Such acknowledgment shall constitute a full and sufficient discharge to the bank with respect to the annuity covered by it.

9. Agency functions.—The bank shall be qualified, on terms to be mutually agreed upon, to act as agent and correspondent of any central bank and to appoint any central bank to act as its agent and correspondent. The services to be performed by either or both parties under such agreements shall be subject, so far as the bank's interest is concerned, to the approval of its board of directors, and may include the purchase and sale of gold, of bills of exchange and other securities, the earmarking of gold, the exchange of information and advice, and the transaction of any business consistent with the functions of the bank under the plan on the one hand and within the lawful functions of the central bank on the other.

The bank shall act as agent of any creditor Government in mobilizing any parts of the annuities and in managing the service of bonds issued in connection with any such mobilization. The procedure for conducting the bank's share in such operations, subject to the right of the organization committee or the board of directors of the bank to make modifications, provided the general purposes of the plan are observed, shall be as follows:

(1) Upon the request of the creditor Governments or any of them, the bank shall initiate operations for marketing bonds if, after examination, it considers market conditions warrant such operations. Such operations may take place in the international markets or may be restricted to the domestic market or markets of the countries concerned in the proposed mobilization, as the board of directors may decide. In determining the markets where offerings are to be made, the bank shall make inquiries from the central banks concerned, and if any central bank offers explicit objection to an offering being made in its own market the directors shall decide accordingly.

(2) The bank shall proceed to carry out requests from any creditor Government for the creation of bonds to be issued on its domestic market in connection with conversion operations up to an amount represented in its share in the annuities. Each State shall be free to offer such bonds on its own market on whatever conditions it can obtain.

(3) If, in the opinion of the bank, the time is opportune for an issue of bonds, even if no request for mobilization has been received, the bank may inform the creditor Governments accordingly.

(4) If the creditor Governments so request, the bank shall arrange with issuing bankers the conditions upon which bonds are to be issued on the open markets either of one or of several countries, as the case may be. The bank shall fix the minimum price at which such issues shall be made and it shall supervise the execution of the loan contracts.

(5) If bonds are issued against the annuity shares of more than one country, the proceeds shall be deposited with the bank, which shall then distribute the proceeds to the creditors according to their participation. The handling of the service of issued bonds shall be carried out as provided in the preceding section of this outline and in Annex III.

(6) Apart from the operations described above, the bank may conduct any other operations (such, for instance, as contango operations on bonds issued against the annuities, advances on coupons, etc.) as are involved in the supervision of transactions relating to these bonds and their service.

10. Reserve requirements.—The bank, since its deposits in part will be derived from central banks, shall be administered with particular regard to maintaining its liquidity. For this purpose the bank shall observe the following reserve requirements:

(1) *Deposits on clearing account.*—All funds held by the bank on clearing account, whether gold in vault or gold under earmark for the bank's account in central banks, shall be reserved for exclusive use in effecting settlements among the depositaries in the account.

(2) *Deposits payable on demand.*—Against such deposits the bank shall hold a minimum of 40 per cent in gold or in devisen at their gold value. Devisen eligible as reserve against demand deposits shall consist of bank notes; prime bills of exchange having not more than 90 days to run, of a character which central banks ordinarily buy for their own account; and checks payable on demand, drawn or indorsed by central banks or in respect of which three obligees, including a bank of known solvency, are responsible. All devisen included in the foregoing classifications shall be denominated in currencies which satisfy, in the opinion of the board of directors, all the practical requirements of the gold or gold exchange standard. Gold in transit, or devisen satisfying the foregoing requirements which are in process of collection, may be counted as reserve.

(3) *Deposits on investment account (time deposits).*—Deposits payable in 15 days or less shall be classified as demand deposits and be subject to the reserve requirements specified in the preceding paragraph. Against investment account deposits of longer maturity the bank shall hold a minimum of 25 per cent in gold or in devisen at their gold value. Devisen eligible as reserve against investment account deposits shall meet the same requirements as those eligible as reserve against demand deposits.

If the board of directors is of opinion that these reserve requirements should be altered, they shall have the right by a two-thirds vote to increase, diminish, or otherwise modify them consistently with sound banking principles.

11. Distribution of profits.—The yearly net profits of the bank shall be applied as follows:

(1) Five per cent of the yearly net profits shall be paid to the legal reserve fund of the bank until that fund reaches an amount equal to 10 per cent of the paid-in capital stock of the bank as it may stand from time to time. The legal reserve fund on the liquidation of the bank shall be merged with the general reserve fund.

(2) After making the foregoing provision for the legal reserve fund the yearly net profits shall be applied to the payment of an annual dividend up to 6 per cent on the paid-in share capital. This dividend shall be cumulative.

(3) Twenty per cent of the remainder shall be paid to the shareholders until a total maximum dividend of 12 per cent is reached. The board of directors of the bank shall have the right in any year to withhold all or any part of this addition to the regular dividend, and to place it to the credit of a special dividend reserve fund for use in maintaining the cumulative dividend provided for in the preceding paragraph or for subsequent distribution to the shareholders.

(4) After making provision for the foregoing, one-half of the yearly net profits then remaining shall be paid into the general reserve fund of the bank until it equals the paid-in capital. Thereafter 40 per cent shall be so applied until the general reserve fund equals twice the paid-in capital; 30 per cent until it equals three times the paid-in capital; 20 per cent until it equals four times the paid-in capital; 10 per cent until it equals five times the paid-in capital; and from that point onward 5 per cent.

The general reserve fund shall be available for meeting any losses incurred by the bank. In case it is not adequate for this purpose, recourse may be had to the legal reserve fund provided for under paragraph 1. In case the general reserve fund, by reason of losses or by reason of an increase in the paid-in capital, falls below the amounts provided for above after having once attained them, the appropriate proportion of the yearly net profits shall again be applied until the posi-

tion is restored. Upon the liquidation of the bank the balance in the general reserve fund shall be divided among the shareholders.

(5) The remainder of the yearly net profits after meeting the foregoing requirements shall be paid in to special funds as follows:

(a) Seventy-five per cent to the Governments or central banks of the creditor countries or of Germany which maintain time deposits at the bank, withdrawable in not less than five years from the time of deposit, and, after four years, on not less than one year's notice. The fund shall be disbursed annually in amounts proportionate to the size of the deposits maintained by the respective Governments or central banks aforesaid. The directors of the bank shall have power to determine the volume of each of these deposits which would justify the distribution provided for.

(b) Twenty-five per cent to be used to aid Germany in paying the last 22 annuities, provided the German Government elects to make a long-term deposit with the bank, withdrawable only on the terms specified under subparagraph (a) above and amounting to the minimum sum of 400,000,000 reichsmarks. If the German Government elects to make such long-term deposit amounting to a sum below 400,000,000 reichsmarks, the participation of the German Government shall be reduced in proportion and the balance shall be added to the 75 per cent in subparagraph (a). The fund shall carry compound interest at the maximum current rate paid by the bank on time deposits. If the fund should exceed the amount required to pay the twenty-two last annuities, the balance shall be distributed among the creditor Governments in proportion to their outpayments during that period. In case the German Government elects not to make any such long-term deposit the fund shall be distributed as provided in subparagraph (a) above.

12. General provisions.—Any balances remaining in the hands of the Agent General for Reparation Payments on the winding up of his accounts shall be transferred to the bank for credit to the annuity trust account, subject, of course, to the respective interests of the creditor countries therein and to any claims and commitments which may be outstanding at the time.

The relations of the Reparation Commission with Germany will be terminated. The bank shall take over as promptly as possible such functions of the Reparation Commission with respect to Germany as are required under the provisions of the plan, and also such functions of the Agent General for Reparation Payments, the trustees and commissioners holding office under the experts' plan of 1924, or any of them, as may be required under the provisions of the plan, all according to the general scheme given in part 6 of the plan and Annex V.

If in any country there is more than one bank of issue, the term "central bank" as used in this outline

shall be interpreted to mean the bank of issue situated and operating in the principal financial market of that country.

If in the process of organizing the bank or in the performance of its functions after establishment it is found that the central bank of any country or its governor is unable to act officially or unofficially in any or all of the capacities provided for in this outline, or refrains from so acting, alternative arrangements not inconsistent with the laws of that country shall be made. In particular, the governors of the central banks of the countries whose nationals are members of the present committee, or as many of them as are qualified to act, may invite to become members of the board of directors of the bank two nationals of any country the central bank of which is eligible under this outline to take part in forming the board of the bank but does not do so. The two nationals of that country upon acceptance of the invitation shall be qualified to act in the full capacity of directors of the bank as provided in this outline.

Further, the directors of the bank shall be authorized to appoint in lieu of any central bank not exercising any or all of the functions, authorities, or privileges which this outline provides that central banks make or shall exercise, any bank or banking house of widely recognized standing and of the same nationality. Such bank or banking house, upon appointment and acceptance, shall be entitled to act in the place of the central bank in any or all capacities appropriate to central banks under this outline, provided only that such action is not inconsistent with the laws of the country in question.

The balance sheet and accounts of the bank shall be audited each year by independent auditors of recognized standing, who shall be appointed by and report to the board of directors.

In case the measures proposed in the plan with respect to the avoidance of double and triple taxation of the bank are not fully in effect when the bank begins operations, the board of directors shall deal with the matter within its discretion.

If any administrative act of the bank or any decision of the board of directors is disputed on the ground that it is inconsistent with the provisions or intent of the plan, recourse may be had to arbitration under the general provisions for arbitration.

ANNEX II

PARIS, June 6, 1929.

DEAR MR. CHAIRMAN: I understand that certain of the creditor groups have raised the question as to the interpretation to be given to the word "reichsmarks," in which the obligations of Germany under the new plan are expressed. In my opinion the question is a

purely formal one, as the reichsmark is de facto on a gold basis and has proved itself since its creation as stable a currency as any other in the world.

Nevertheless, in order that there should be no possibility of question as to the exact definition of Germany's liability, I am of opinion that the provisions of section 31 of the bank law of August 30, 1924, should be put into effect, and I am therefore prepared to introduce the necessary resolutions with the managing board and the general council of the Reichsbank at the latest in connection with the putting into force of the present plan by the Governments.

Believe me, dear Mr. Chairman,

Yours sincerely,

HJALMAR SCHACHT.

OWEN D. YOUNG, Esq.,
Chairman of the Committee of Experts,
Hotel George V, Paris.

ANNEX III MOBILIZATION

1. Form of indebtedness.—Germany's debt shall be fixed in the form of annuities. A certificate of indebtedness representative of these annuities shall be delivered by Germany to the bank as trustee of the creditor powers.

To this certificate of indebtedness shall be attached coupons representative of each annuity payable by Germany. Each annuity coupon shall be divided into two parts: The first, representative of that portion of the annuity not subject to postponement and corresponding to the portion of Germany's indebtedness which is mobilizable; the second, representative of that portion of the annuity which is subject to postponement and corresponding to the portion of Germany's indebtedness which is not mobilizable. Each part of the annuity coupon enjoys equal rights throughout except with respect to the agreed privilege of postponement.

2. Bond issues.—Upon the request of all or of any one of the creditor Governments the bank, as trustee, if it considers such a course opportune, has the right to require the creation of, and the German Government is obligated to create, issuable bonds representing the capitalization of any part of the portion of the annuity coupons not subject to postponement.

The bank, however, is obliged under the provisions set forth in paragraph 7 (d) to accede to requests for the creation of bonds made to it by Governments which are desirous of undertaking internal issues of German bonds in connection with conversion operations.

The certificate of indebtedness, the coupons attached thereto, and such bonds as shall be issued in capitalization of any parts of the annuities not subject to postponement, shall be made out in the name of the German Reich and shall represent the obligation of the Reich guaranteed by its general revenues.

3. Collateral guarantees.—(A) The railway company shall deposit with the Bank for International Settlements a certificate acknowledging its liability in respect of the obligations laid down in part 8 (a) of this plan.

(B) The Reich, furthermore, shall undertake to assign certain revenues (customs and certain taxes on consumption) for the service of the certificates and, as far as they may be exchanged into negotiable bonds, for the service of such bonds. This assignment will constitute a negative pledge and will be ruled by the following conditions:

(a) The assigned revenues as estimated for the budget 1929 must have a total yield of not less than 150 per cent of the highest budgetary contribution payable by Germany under this plan.

(b) The Reich will not pledge the assigned revenues for any other loan or credit except with the consent of the bank. If the assigned revenues should be pledged, with the consent of the bank, for any other loan or credit, the charge for reparation payment will rank ahead of the charge for such other loan or credit.

(c) If at any time the total yield of the assigned revenues should fall below 150 per cent of the highest budgetary contribution payable by Germany under this plan, the bank may require that additional revenues, sufficient to assure the immediate restoration of the yield to the above percentage, be assigned.

4. General form of the bonds.—The value of the issuable bonds may, according to circumstances, be expressed in dollars equivalent to so many pounds, reichsmarks, francs, etc., or inversely in pounds, in reichsmarks, in francs, etc., always provided that the principal of any bond issued in a particular market shall be payable only in the currency of that market at the equivalent of its gold value.

The coupons shall be expressed in dollars, pounds, francs, etc., and shall be payable at the rate of the day on all the markets on which the bonds are quoted.

In the event of an issue, the amount and form of bonds to be created, as well as the specification of the currency in which they shall be issued, shall be fixed by the bank in accordance with the requests which it receives from the creditor Governments, taking into account the desiderata of the issuing bankers.

After a period of 10 years the bank, in agreement with the issuing bankers and the creditor Governments, may consider the issue of bonds the service of which may be paid in different currencies at par at the bearer's option.

5. Status of mobilizable portions of annuity coupons.—The service of interest and amortization of the mobilizable or mobilized portions of the annuity coupons shall be paid to the bank in foreign currencies by the German Reich without any reservation, that is, on its own responsibility; the financial service of these mobilizable or mobilized portions of the annuities shall constitute a final, absolute, and unconditional inter-

national obligation in the ordinary financial sense of the word.

6. Status of nonmobilizable portions of the annuity coupons.—The payment of the nonmobilizable portion of the annuity coupons shall be made to the bank by the German Government in the same conditions as that of the mobilized or mobilizable portion of the annuity coupons. Nevertheless—

(1) Bonds representing the nonmobilizable portion of the annuity coupons can not be created except with the consent of the German Government.

(2) It is in respect of the nonmobilizable portion of the annuity coupons that the German Government may avail itself of the right of postponing transfer or payment granted elsewhere in this plan.

7. Functions of the bank.—(a) *Supervision of agreements.*—It shall supervise, both on behalf of the creditor Governments and the bondholders and on behalf of the debtor Governments, the strict execution of the agreements concluded between them on the established bases.

(b) *Distribution without priority.*—The bank shall distribute moneys in payment of the mobilized or mobilizable portions of the annuity coupon among the whole of the bondholders and the creditor Governments in proportion to the rights of each to share in the portion of the annuity coupons not subject to postponement, without allowing a priority of any kind to any tranche or to any claim. It will distribute the moneys relating to the nonmobilizable portions of the annuity coupons among the creditor Governments, the transfer of these moneys taking place only after the transfer of the moneys relating to the mobilized or mobilizable portion of the annuity coupon.

(c) *Issue of bonds on the markets.*—The bank shall inform the creditor Governments whenever the issue of bonds representing the capitalization of some part of the mobilizable portion of the annuity coupon is practicable in its opinion.

It will be the function of the bank to fix the minimum price of issue.

Each of the creditor Governments shall be entitled, but not obliged, to issue its share of the bonds in its own country. It may come to an understanding with the bankers of another country to cede to them all or part of this share, but these bankers shall be obliged to proceed to this issue only on the minimum conditions fixed by the bank. Any of these Governments may also refuse to allow its quota to be created; in that event the portion of the annuity corresponding to this quota shall continue to be paid to the Governments in question as before.

(d) *Issue of conversion bonds.*—Creditor Governments desiring to proceed to internal issues of German bonds, in connection with operations for the conversion of national debt, shall have the option of asking the bank to create bonds representing all or part of their quota of the mobilizable portion of the annuity coupons.

These bonds shall constitute national tranches which each Government shall be free to offer on its own market on whatever conditions it can obtain. These bonds shall be quoted only on their market of issue. The service of these bonds shall, however, be effected *pari passu* with that of the other bonds. The coupons of these bonds shall be expressed in pounds, dollars, French francs, etc., and shall be payable at the rate of the day on all the markets on which the mobilizable bonds are quoted.

ANNEX IV

CONDITIONS OF POSTPONEMENT OF TRANSFER AND OF PAYMENT

1. Postponement of transfer.—The German Government by giving at least 90 days' previous notice shall have the right to suspend for a maximum period of two years from its due date all or part of the transfer of that part of the annuity described as postponable. Transfer postponement thus declared shall affect the postponable annuity as and from that date only on which transfer postponement becomes effective.

If, during any annuity year, the German Government shall avail itself of this power, the transfers falling due during any second year can not be postponed for more than one year from their respective due dates, unless and until the transfers due during the first year shall have been effected in full, in which case the transfers due during such second year may be postponed two years from their respective due dates; and the transfers due during any third year can not be postponed at all until the transfers due during the first year have been effected in full.

2. Liability.—The liability of the German Government with regard to the annuities contemplated in this plan is not fulfilled until all sums, the transfer of payment of which may be from time to time postponed, have actually been transferred in full to the Bank for International Settlements in approved foreign currencies, or utilized for deliveries in kind.

3. Postponement of payment.—At any time when postponement of transfer is in effect, but not until one year after it has become effective, the German Government shall have the right to postpone payment for one year of 50 per cent of any sum the transfer of which shall then be susceptible of postponement under paragraph 1 of this annex. This percentage may be increased upon the recommendation of the advisory committee provided for in part 8 (E) of this report.

4. Utilization of reichsmarks.—Any sum in reichsmarks, the transfer of which is postponed, shall (save as provided for in paragraph 3 above) be deposited to the account of the Bank for International Settlements at the Reichsbank for eventual release of balances, not absorbed by deliveries in kind, against payment in foreign currencies by the German Government. At

all times the employment, whether for investment or as indicated below, of reichsmarks so deposited shall be subject to agreement between the Reichsbank and the Bank for International Settlements. In determining the manner in which these sums shall be employed, regard shall be had to the possibilities that special programs of deliveries in kind can be arranged with the German Government.

(a) During the first 10 years by restricting or extending the program of deliveries in kind laid down for those years;

(b) After the first 10 years by arranging a special program of deliveries in kind, where the interests of particular industries in Germany and of particular creditor countries which would otherwise suffer, may be met without prejudice to the general situation;

Provided, however, that any special arrangement which may be made between any creditor country and Germany with a view to reserving to the said creditor the right to receive certain deliveries in kind in case of moratorium shall be carried through, subject to a copy of the agreement therefor being communicated to the Bank for International Settlements.

5. **Interest.**—Interest at the rate of 1 per cent per annum above the prevailing Reichsbank discount rate, or at 5½ per cent, whichever is lower, shall be paid half yearly by the German Government on the daily amount of the sums the transfer or payment of which has been postponed and which have not been invested or utilized for deliveries in kind. This interest shall be treated in all respects similarly to the principal sum upon which it accrues, and the return upon that portion of the funds actually invested shall be for the account of the creditor powers.

ANNEX V

ANNEX ON ORGANIZATION COMMITTEES

1. Just as the Dawes plan was put into force by the agreement of the Governments concerned laid down in the London protocol, the new plan will have to be put into force by agreement of the Governments.

Once the Governments have accepted in principle the new plan, it seems advisable that, in addition to any preparatory measures necessary for the conference of the Governments, steps should be taken for the elaboration of detailed schemes about certain technical questions.

Generally speaking, it seems advisable to have these schemes elaborated by special organization committees, which should be composed substantially in the same way as the organization committees of the Dawes plan; that is, by the same number of representatives of the creditors as of the debtor, with a neutral chairman to be called in case of disagreement. The organization committee for the new bank would, however, be differently composed.

We recommend such organization committees for the following questions:

(1) Organization committee for the new bank as provided for in Annex I of the report.

(2) Organization committee for the adaptation of the German laws set up under the Dawes plan, composed of members of the subcommittees next mentioned, with one neutral chairman.

This committee should have three subcommittees, to be composed each of two creditor members nominated by the Reparation Commission and two German members nominated by the German Government:

(a) For the adaptation, in agreement with the trustees, of the system under which the securities assigned to the Dawes loan are managed and of the machinery of the assigned revenues, referred to in Annex III.

(b) Adaptation of the bank law (independence of the Reichsbank).

(c) Adaptation of the German railway law (independence of the German Railway Co.).

2. After the Governments have concluded a comprehensive arrangement for putting into force the new plan, it will be necessary to provide some special organization which will undertake the administrative work of setting up the organizations provided for by the new plan and of handing over to them the functions of the existing organizations.

As there is only one new organization which is going to centralize all the various functions concerning the execution of the new plan, viz, the Bank for International Settlements, it is necessary to provide one special body only for the setting up of this organization, this body to be the organization committee for the new bank referred to above, as provided for in Annex I.

The task of transferring the functions of the existing organizations to the Bank for International Settlements should be conferred upon a small special committee composed of two members of the organization committee for the Bank for International Settlements, as well as of representatives of the German Government, the Agent General, and the Reparation Commission, and equitable representation being assured to the powers represented upon the present committee.

ANNEX VI

THE BELGIAN MARK CLAIM

The experts recognize that though the settlement of the so-called Belgian mark claim is not within the terms of reference of this committee, their Belgian colleagues can not reasonably be expected, in view of the discussions which preceded the call of the committee, to join in the report except on the understanding that an agreement for the settlement of the mark claim will be reached by direct negotiations between the Belgian and German Governments. The experts understand that negotiations for the purpose are about to

open as between the two Governments and they recognize that the new plan can not become operative until the Belgian and German Governments have come to an internationally binding agreement on the mark claim; and in view of the German Government's undertakings as stated in the correspondence annexed (letters from Doctor Schacht of June 3 (see Annex VI (A)), and from Doctor Kastl of June 4 (see Annex VI (B)), they recommend to their respective Governments accordingly.

If the settlement of the marks claim takes the form of an annuity and if the Belgian and German Governments so request, the experts are ready to recommend to their Governments to offer no objection to the annuity taking the identical form of the annuities covered in this report and to its being administered in the same way by the Bank for International Settlements.

ANNEX VI (A)

JUNE 3, 1929.

Mr. OWEN D. YOUNG,
Hotel George V, Paris.

DEAR MR. CHAIRMAN: Supplementing my talk with you of last Saturday on the Belgian mark matter, I have the honor to inform you that the German Government is prepared to proceed along the following lines:

(1) Immediately to enter into a pactum de contrahendo with the Belgian Government (either by exchange of notes or by signed protocol) whereby the two Governments will agree to enter into negotiations on a new basis looking to a definite settlement of the mark controversy.

(2) To commence such negotiations promptly and to agree that these negotiations should be concluded before the new reparation plan has been put into force by the Governments.

(3) The German Government has appointed Herr Ministerial Direktor Ritter as its special representative to handle the above matters and he is prepared to open discussions promptly.

The substance of the foregoing has been communicated to the Belgian Minister in Berlin, whose reply the German Government now awaits.

The foregoing proposal has been made by the German Government in a conciliatory spirit and in an effort in good faith to remove this impediment to the normal development of friendly relations between the two countries concerned.

I hope that the foregoing statements may remove any misunderstandings which exist as to the position of the German Government with respect to the Belgian mark matter, and in view of such misunderstandings heretofore. I would appreciate your advising the other members of the committee of the position of the German Government as stated herein.

With assurances of my personal esteem, I am,
Sincerely yours,

Dr. HJALMAR SCHACHT.

ANNEX VI (B)

PARIS, June 4, 1929.

Mr. THOMAS W. LAMONT,
Hotel Ritz, Paris.

DEAR MR. LAMONT: Confirming my conversation of this morning with you and Mr. Perkins, I desire to make clear the following:

(1) The position of the German Government as stated in Doctor Schacht's letter to the chairman of June 3, 1929, is in no way changed.

(2) Doctor Ritter, of the German Foreign Office, representative for the settlement of the mark question, has again declared to us on behalf of the German Government that:

(a) He is prepared to start negotiations immediately. He suggests that such negotiations should take place in Brussels or Berlin.

(b) No territorial questions will be raised in these negotiations.

Sincerely yours,

(Signed) KASTL.

ANNEX VI (C)

PARIS, June 4, 1929.

MY DEAR PRESIDENT: You have been so good as to communicate to me the letters which were sent to you by Doctor Schacht and Doctor Kastl in the name of their Government on June 3 and 4, respectively.

In the first of these letters Doctor Schacht stated that his Government is ready to accept an engagement to negotiate with the Belgian Government upon a new basis, in order to arrive at a definitive settlement of the mark question.

He adds that the German Government is willing to begin these negotiations rapidly and to agree that they should be terminated before the new reparation plan has been put into force by the Governments.

In the second, Doctor Kastl declares that no territorial question will be raised in these negotiations.

You are aware of the reasons because of which the Belgian delegation up to the present has refused to sign the report before a settlement of the mark question had been realized, not desiring to find itself later in a position which it knew to be without issue, and on the other hand standing out for reparation of the serious damage which Belgium has suffered.

Considering the engagement of the German Government and considering also the recommendation which the experts unanimously decided to-day to address to their respective Governments and which will be incorporated in the report, the Belgian experts agree to sign the report before the mark negotiations have been terminated.

I reserve the right to communicate to the German Government the different memoranda which have been exchanged during the course of the work of the experts.

Believe me, etc.,

(Signed) E. FRANCOU.

ANNEX VII

DISTRIBUTION OF THE ANNUITIES PROPOSED BY THE EXPERTS OF THE CREDITOR COUNTRIES REPRESENTED ON THE COMMITTEE

1. We recommend that the annuities set out in Part VIII of this report should be distributed among the creditor powers as follows:

[In millions of reichsmarks]

German financial year	France	British Empire	Italy	Belgium	Rumania	Serbia	Greece	Portugal	Japan	Poland	United States	Total
1929-30 ¹	418.8	53.1	42.5	70.7		72.1		6.0	13.2	0.5	65.9	742.8
1930-31	900.7	366.8	156.0	98.2	10.0	79.4	3.6	13.2	13.2	0.5	66.3	1,707.9
1931-32	838.4	362.0	190.8	102.6	12.0	79.3	6.7	13.2	13.2	0.5	66.1	1,685.0
1932-33	879.8	364.5	196.3	105.9	13.0	79.4	6.9	13.2	13.2	0.5	66.1	1,738.2
1933-34	879.1	454.8	192.4	100.3	13.9	72.4	7.2	12.6	11.9	0.4	59.4	1,804.3
1934-35	941.8	450.1	193.6	102.8	14.7	72.5	7.2	12.6	11.9	0.4	59.4	1,866.9
1935-36	962.8	444.9	195.2	110.0	16.1	72.6	7.2	12.6	11.9	0.4	59.4	1,892.9
1936-37	1,004.1	438.1	197.2	116.9	17.2	73.8	8.2	12.6	11.9	0.4	59.4	1,939.7
1937-38	1,031.8	452.6	198.6	114.7	18.3	71.5	8.3	12.4	11.4	0.4	57.2	1,977.0
1938-39	1,052.4	447.1	200.2	114.8	19.1	71.8	8.5	12.4	11.4	0.4	57.2	1,995.3
1939-40	1,087.3	442.5	204.1	117.0	23.7	74.5	8.4	13.6	11.9	0.4	59.4	2,042.8
1940-41	1,179.9	457.1	211.5	117.1	20.1	76.1	8.4	13.6	11.9	0.4	59.4	2,155.5
1941-42	1,171.2	456.3	223.1	123.9	20.0	83.9	8.3	14.2	13.2	0.5	66.1	2,180.7
1942-43	1,191.4	446.0	225.5	124.1	20.6	88.2	8.3	14.2	13.2	0.5	66.1	2,198.0
1943-44	1,190.8	439.8	227.8	124.2	21.1	88.3	8.3	14.2	13.2	0.5	66.1	2,194.3
1944-45	1,190.7	450.5	230.5	123.9	21.1	88.5	8.3	14.2	13.2	0.5	66.1	2,207.5
1945-46	1,190.8	439.1	233.3	124.0	25.7	88.7	8.3	14.2	13.2	0.5	66.1	2,203.8
1946-47	1,188.1	432.4	235.6	124.1	28.4	88.7	8.3	14.2	13.2	0.5	66.1	2,199.5
1947-48	1,185.2	446.6	237.1	124.1	31.2	88.8	8.3	14.2	13.2	0.5	66.1	2,215.2
1948-49	1,185.1	439.1	239.4	124.2	31.2	88.8	8.3	14.2	13.2	0.5	66.1	2,210.0
1949-50	1,248.6	439.6	248.1	134.6	31.1	99.8	8.1	15.1	15.2	0.6	76.1	2,316.8
1950-51	1,277.9	440.5	260.1	134.7	31.1	99.9	8.1	15.1	15.2	0.6	76.1	2,359.2
1951-52	1,248.5	441.1	272.8	134.7	31.1	100.0	8.1	15.1	15.2	0.6	76.1	2,343.2
1952-53	1,248.3	441.4	275.6	134.7	31.1	100.0	8.1	15.1	15.2	0.6	76.1	2,346.2
1953-54	1,248.2	445.6	278.5	134.7	31.1	100.1	8.1	15.1	15.2	0.6	76.1	2,353.3
1954-55	1,248.1	453.6	281.3	134.7	31.1	100.7	8.1	15.1	15.2	0.6	76.1	2,364.6
1955-56	1,248.2	444.2	285.4	134.7	31.1	101.2	8.1	15.1	15.2	0.6	76.1	2,359.8
1956-57	1,248.1	434.7	289.0	134.9	31.1	101.2	8.1	15.1	15.2	0.6	76.1	2,354.2
1957-58	1,278.6	407.3	292.6	134.9	31.1	102.2	8.1	15.1	15.2	0.6	76.1	2,361.8
1958-59	1,302.8	410.2	296.7	134.8	31.1	103.1	8.1	15.1	15.2	0.6	76.1	2,393.8
1959-60	1,278.4	408.3	299.8	134.8	31.1	103.2	8.1	15.1	15.2	0.6	76.1	2,370.6
1960-61	1,278.2	406.1	310.8	134.7	31.1	104.5	8.1	15.1	15.2	0.6	76.1	2,380.5
1961-62	1,278.2	412.0	321.5	134.5	31.1	105.9	8.1	15.1	15.2	0.6	76.1	2,398.3
1962-63	1,278.1	400.5	324.8	134.8	31.1	105.9	8.1	15.1	15.2	0.6	76.1	2,390.2
1963-64	1,278.0	410.1	327.8	134.6	31.1	106.0	8.1	15.1	15.2	0.6	76.1	2,402.6
1964-65	1,277.9	406.3	331.0	134.9	31.1	106.0	8.1	15.1	15.2	0.6	76.1	2,402.1
1965-66	1,297.5	410.6	334.0	134.5	31.1	106.0	8.1	15.1	15.2	0.6	76.1	2,428.8
Average, 1929 to 1965	1,046.5	409.0	213.7	115.5	20.1	84.0	7.0	13.2	13.2	0.5	66.1	1,998.8
1966-67	794.2	357.2	290.1	53.1	31.7	22.7	9.7	8.2			40.8	1,607.7
1967-68	794.1	346.7	295.1	52.8	36.8	22.7	9.7	8.2			40.8	1,606.9
1968-69	790.9	349.4	302.3	53.0	39.8	22.7	9.7	8.2			40.8	1,616.7
1969-70	787.7	355.7	309.3	53.1	42.9	22.7	9.7	8.2			40.8	1,630.0
1970-71	787.5	361.2	317.6	53.2	42.9	22.7	9.7	8.2			40.8	1,643.7
1971-72	787.3	361.8	327.7	52.8	42.9	22.7	9.7	8.2			40.8	1,653.9
1972-73	787.1	366.1	332.0	52.8	42.9	22.7	9.7	8.2			40.8	1,662.3
1973-74	786.9	365.4	336.3	52.8	42.9	22.6	9.7	8.2			40.8	1,665.7
1974-75	786.8	364.1	340.5	52.8	42.9	22.6	9.7	8.2			40.8	1,668.4
1975-76	786.6	366.4	344.6	53.2	42.9	22.6	9.7	8.2			40.8	1,675.0
1976-77	786.3	363.8	350.8	53.5	42.9	22.6	9.7	8.2			40.8	1,678.7
1977-78	786.1	364.8	356.9	53.3	42.9	22.6	9.7	8.2			40.8	1,685.4
1978-79	785.9	365.1	367.1	53.2	42.9	22.6	9.7	8.2			40.8	1,695.5
1979-80	785.7	364.7	372.9	52.9	42.9	22.6	9.7	8.2			40.8	1,700.4
1980-81	785.5	363.5	385.1	53.1	42.9	22.6	9.7	8.2			40.8	1,711.3
1981-82	785.2	365.7	400.1	53.3	42.9	22.6	9.7	8.2				1,687.6
1982-83	785.0	362.9	407.2	53.4	42.9	22.6	9.7	8.2				1,691.8
1983-84	784.7	372.0	409.8	53.4	42.9	22.6	9.7	8.2				1,703.3
1984-85	784.4	346.2	416.5	53.0	42.9	22.6	9.7	8.2				1,683.5
1985-86	784.1	¹ -414.1	418.8	53.0	42.9	22.6	9.7	8.2				925.1
1986-87	783.9	² -414.1	425.0	53.3	42.9	22.6	9.7	8.2				931.4
1987-88	753.3	² -372.1	382.6	50.6	42.9	22.6	9.7	8.2				897.8

¹ The year 1929-30 comprises only the 7 months September, 1929, to March, 1930.

² These sums correspond to the excess war-debt receipts of Great Britain over the war-debt payments during these years.

2. We recommend that out of the unconditional annuity of 660,000,000 reichsmarks the amount of 500,000,000 reichsmarks should be allocated to France, subject to the provision of a guaranty fund by the French Government in accordance with the arrangements set out in Annex VIII. Out of the remainder of the unconditional annuity, after allowing for the service of the Dawes loan 42,000,000 reichsmarks will be apportioned to Italy.

So far as concerns the balance of the unconditional annuity and the amounts by which it is increased as the requirements for the service of the Dawes loan become less and cease, Italy will have no claim until so much of the balance as may be required for an equitable apportionment shall have been allotted, by agree-

ment of all the Governments, to the remaining powers entitled to share in the annuities provided for by this plan.

3. The schedule of deliveries in kind set out in part 8 (F) shall be allocated among the creditor Governments as follows:

[Amounts in millions of reichsmarks]

	France	Great Britain	Italy	Belgium	Japan	Serbia	Portugal	Rumania	Greece	Total
Per cent.....	54.45	23.05	10.0	4.5	0.75	5.0	0.75	1.10	0.40	-----
YEAR										
First.....	408.4	172.9	75.0	33.7	5.6	37.5	5.6	8.3	3.0	750
Second.....	381.2	161.4	70.0	31.5	5.2	35.0	5.2	7.7	2.8	700
Third.....	353.9	149.8	65.0	29.2	4.9	32.5	4.9	7.2	2.6	650
Fourth.....	326.7	138.3	60.0	27.0	4.5	30.0	4.5	6.6	2.4	600
Fifth.....	299.5	126.8	55.0	24.7	4.1	27.5	4.1	6.1	2.2	550
Sixth.....	272.3	115.3	50.0	22.5	3.7	25.0	3.7	5.5	2.0	500
Seventh.....	245.0	103.7	45.0	20.2	3.4	22.5	3.4	5.0	1.8	450
Eighth.....	217.8	92.2	40.0	18.0	3.0	20.0	3.0	4.4	1.6	400
Ninth.....	190.6	80.7	35.0	15.7	2.6	17.5	2.6	3.9	1.4	350
Tenth.....	163.4	69.2	30.0	12.5	2.3	15.0	2.3	3.3	1.2	300

Proceeds of reparation recovery acts already in force or of systems substituted therefor by agreement with the German Government shall be reckoned as deliveries in kind for this purpose.

4. The sums received under the Dawes plan in respect of the period April 1 to August 31, 1929, shall, after allowing for expenses in respect of administration of the Dawes plan and armies of occupation, be redistributed to the extent necessary to provide each of the creditor powers with cover for its net debt outgoings during the year ending March 31, 1930. (These outgoings are as stated in Part VIII of the report). The necessary adjustments for this purpose could be made against the payments during the last seven months of that year.

5. It is suggested that the division between the creditor Governments proposed in the present annex should be accepted as a definitive settlement of all questions relating to the distribution of German payments and should not be affected by any existing arrangements or by the result of accounts relating to past transactions.

On the other hand, it is not suggested that the present plan should affect or disturb in any way any existing interallied agreements relating to payments, cessions, or deliveries on the part of the powers formerly allied with Germany. It may, however, prove necessary to examine any provisions of these agreements under which receipts by the creditor powers could be accounted for as between themselves in terms of German C bonds in order that they may be given an application consistent with their original practical purpose.

6. The approval of the report by the experts of the principle creditor countries is made formally contingent on this distribution.

ANNEX VIII

GUARANTEE FUND IN RESPECT OF UNCONDITIONAL ANNUITIES

1. The experts of the principal creditor Governments have agreed that there shall be assigned to France out of the unconditional annuity 500,000,000 reichsmarks, in order to allow her to mobilize a substantial part of her share in the total annuity.

The aforesaid experts consider that this assignment should be final and in no case subject to diminution, but should continue to be included in the total assigned to France, subject only to the alteration contemplated in the special memorandum signed concurrently with the report of this committee.

2. In order to equalize the short payments to other creditors which would arise from a postponement of the postponable portion of the annuity, it was agreed that France should deposit a special guarantee fund with the Bank for International Settlements.

3. On the coming into force of this plan France will give to the Bank for International Settlements an undertaking to deposit in a trust fund on the demand of the Bank for International Settlements foreign currencies to a total value of 500,000,000 reichsmarks. It is understood that this demand will not be made until action has been taken leading to the calling of the advisory committee referred to in section 8 (E) of the report. The amount of 500,000,000 reichsmarks will be reduced by the amount of any payments made by France under paragraph 4 below.

The Bank for International Settlements may retain this deposit as long as it deems necessary, but shall pay interest on it at its maximum current rate for long-term deposits. This deposit, if it is agreed that it shall remain for more than five years, shall be entitled

to participate in the profits of the bank divisible under part 11 (5) of Annex I.

4. As soon as mobilization of any part of the French annuity has been effected, France will deduct from the proceeds 10 per cent thereof, or 500,000,000 reichsmarks, whichever is the less, and will deposit it to the credit of the trust account of the Bank for International Settlements referred to in the preceding paragraph.

5. Upon postponement of transfer of any payment due from Germany, the Bank for International Settlements shall take the following steps:

(a) Offer to the creditors, other than France, devisen up to the amount necessary (but not exceeding 500,000,000 reichsmarks divided, if necessary, proportionately) to insure to each of them receipts in devisen

equal to the amounts they would have received had the nonpostponable annuity been distributed in the same proportions as the total annuity.

(b) Debit the trust fund set up under paragraph 2 above with the amount of devisen actually utilized under paragraph (a).

(c) Receive from each creditor, in exchange for devisen accepted under paragraph (a), an assignment in favor of the trust fund of an equivalent amount of the annuity, transfer of which has been postponed.

6. As and when Germany effectively transfers the postponed amounts, the bank will credit to the trust fund its share thereof in accordance with the assignment in paragraph 5 (c) above.

CONCURRENT MEMORANDUM BUT NOT A PART OF THE REPORT

SPECIAL MEMORANDUM OF THE EXPERTS OF THE PRINCIPAL CREDITOR POWERS AND OF GERMANY REGARDING OUTPAYMENTS

(Signed concurrently with the report of the committee of experts)

1. In the annuities provided in the report, the following amounts are required to cover outpayments:

[In millions of reichsmarks]

Annuity	Amount	Annuity	Amount	Annuity	Amount	Annuity	Amount
2.....	965.1	17.....	1,460.9	32.....	1,525.4	46.....	1,627.6
3.....	942.3	18.....	1,456.9	33.....	1,543.2	47.....	1,634.2
4.....	995.4	19.....	1,472.3	34.....	1,535.0	48.....	1,637.9
5.....	1,136.4	20.....	1,467.1	35.....	1,547.4	49.....	1,644.6
6.....	1,199.0	21.....	1,461.5	36.....	1,546.8	50.....	1,654.7
7.....	1,224.9	22.....	1,503.9	37.....	1,573.7	51.....	1,659.6
8.....	1,271.8	23.....	1,487.9	38.....	1,506.9	52.....	1,670.5
9.....	1,334.0	24.....	1,491.1	39.....	1,566.1	53.....	1,687.6
10.....	1,352.5	25.....	1,493.1	40.....	1,575.9	54.....	1,691.8
11.....	1,375.0	26.....	1,509.4	41.....	1,589.2	55.....	1,703.3
12.....	1,437.6	27.....	1,504.5	42.....	1,602.9	56.....	1,683.5
13.....	1,437.9	28.....	1,499.1	43.....	1,613.1	57.....	925.1
14.....	1,455.1	29.....	1,506.7	44.....	1,621.5	58.....	931.4
15.....	1,451.5	30.....	1,538.6	45.....	1,624.9	59.....	897.8
16.....	1,464.7	31.....	1,515.4				

It is represented that in the event of modifications of those obligations for outpayments, by which the creditors benefit, there should be some corresponding mitigation of the German annuities. The experts of the four chief creditor countries and of Germany therefore recommend that Germany and all the creditor Governments having obligations for outpayments should undertake between themselves an arrangement on the following basis:

2. Any relief which any creditor power may effectively receive in respect of its net outward payments on account of war debts, after making due allowance for any material or financial counterconsiderations and after taking into account any remissions on account of war debt receipts which it may itself make, shall be dealt with as follows:

As regards the first 37 years:

(a) Germany shall benefit to the extent of two-thirds of the net relief available by way of a reduction in her annuity obligations thereafter.

(b) One-third of the net relief shall be retained by the creditor concerned, in addition to the amounts otherwise receivable from Germany.

(c) Nevertheless, so long as any liability of Germany persists in respect of the period after March 31, 1966, the creditor concerned will retain annually only one-fourth part of the net relief, the balance being paid to the Bank for International Settlements.

(d) These payments to the Bank for International Settlements shall accumulate to assist Germany toward meeting her liabilities in respect of the period after March 31, 1966; any sums found after application of the funds provided in Annex I not to be required for this purpose (together with the accumulations thereon) shall be returned to the creditor by whom they were provided.

As regards the last 22 years:

The whole of such relief shall be applied to the reduction of Germany's liabilities.

3. We recommend that the creditor Governments should agree that, if the operation of the relief to Germany envisaged in respect of a possible reduction of net outpayments is such as to change materially the proportions in which the total annuities provided for in the present plan are divided among them, they meet to consider a revision tending toward the restoration of the present proportions, but having regard to the following conditions set out below and any other relevant factors then existing.

(a) The service of any bonds mobilized by the creditor country, and the balance of its net outward payments in respect of war debts remaining to be covered must continue to be met out of the share falling to it in the annuities thereafter to be paid by Germany.

(b) Due allowance shall be made for any material or financial counter considerations accepted by the creditor country in connection with the relief accorded to it in respect of war-debts payments.

4. It was originally suggested that the amounts of the postponable annuities should be regulated by reference to the net amounts which the various creditors were themselves able to postpone in respect of interallied war debts, the general conditions therein governing postponements to be applied.

For various reasons this method of calculation could not be adopted, but endeavor was made to adapt the moratorium provisions in such a way that the rights granted to Germany should not be greater than those

of the creditor powers. The unconditional part of the annuity has, therefore, been fixed, while guarantees have been provided for the remainder.

PARIS, June 7, 1929.

FRANQUI.
GUTT.
E. MOREAU.
J. PARMENTIER.
HJALMAR SCHACHT.
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ANNUAL REPORT OF THE NATIONAL BANK OF THE KINGDOM OF SERBS, CROATS, AND SLOVENES

The annual report of the National Bank of the Kingdom of Serbs, Croats, and Slovenes for 1928 was presented to the meeting of shareholders on March 10, 1929. Selected sections dealing with credit policy, currency stabilization, and money rates are given herewith:¹

Bank's credit policy and the money market.—Throughout the whole of 1928 the bank continued to discount bills, but from the end of April onward it stopped granting new lines of credit and increasing lines previously authorized—excepting only credits given directly to agriculture. The reason for this policy lay in the pending negotiations for stabilization of the currency. By decree of the Royal Government, stabilization had to take place within three months from the date of the conclusion of a foreign loan which was in process of negotiation. However, a break in the negotiations for the loan, then troubles in Parliament, and a change of Government in July intervened. All this caused lack of confidence in the dinar, both at home and abroad. The promise of a large harvest actually eventuated in a serious reduction in the chief crop, maize, owing to the prolonged drought, and this made conditions still worse. The mistrust of the dinar, and even a campaign against it, both here and abroad, caused the National Bank to be more than cautious; hence the prohibition against granting new credits, in order to prevent an increase in the circulation, was still in force at the end of the year.

In order that the granting of credit might be as fair and as safe as possible, the National Bank, in cooperation with commercial banks, has established control over the commitments of those accommodated by it. At present two kinds of control have been set up to meet the special needs and the special circumstances of the districts to which they are applied. The basis of this control is that the banks which deal with the National Bank are to send the latter reports from time to time of all the obligations of individuals to them. Specially appointed officials in a separate department of the National Bank are to make lists of the obligations of various firms, companies, or persons, including those to the National Bank, and on

demand of members of the information credit section are to make reports of the obligations of persons for whom particulars are asked, not stating, however, to whom the obligations are owed. In this way both the National Bank and the other members of the information credit section will be able to keep posted with respect to their clients and prevent the latter from causing them loss through too large or rash commitments. Settlement will thus be possible of the accounts of individuals before they become too deeply involved.

Policy with respect to foreign bills.—Before passing to a survey of the policy with respect to foreign bills pursued by the National Bank in 1928, it is necessary to repeat that the National Bank has always pursued its policy in this respect in the past, in cooperation with the Ministry of Finance, and will continue to do so in the future. By the policy pursued the National Bank has succeeded in accumulating the necessary reserve for its notes, if not in gold, at least in foreign bills which can always be turned into gold. We may certainly say that not only that the value of the dinar has been stabilized in fact but that the bank holds adequate reserves against its notes in foreign bills, which is the first essential condition for legal stabilization.

We have had consecutively two bad agricultural years. These were reflected in a deficit in the trade balance of 2,276,764,105 dinars (\$40,071,000), which means that fewer foreign bills by this amount have entered the country. The distrust of the dinar in 1928, for which there was no real occasion, was reflected in an even larger deficit. The deficiency in exports for these unsatisfactory years was made up by sales by the National Bank from its reserve of foreign bills, in so far as it was not counterbalanced by the foreign State loan and by loans contracted abroad by the local government bodies or by short-time borrowings abroad of private persons or companies.

In normal years our foreign trade position is capable of maintaining the value of the dinar, and even of assuring a certain surplus of foreign bills for use in years in which there is a shortage. But more work is needed, and more saving, also fiscal stability, less unnecessary borrowing abroad, the development of home industries to utilize national raw materials, and greater exports abroad, in order to create a favorable trade balance and thus to obviate borrowing abroad. With these attained the

¹ Taken from the official English version published by the bank, with some textual revisions made with partial indebtedness to the French version. In addition to the passages included here, the report contains detailed accounts of the relation of the bank with the State, agricultural conditions, foreign trade, volume of production, etc., as well as figures and analyses of the balance sheet and income account of the bank. For earlier reports see FEDERAL RESERVE BULLETIN, June, 1928, July, 1927, June, 1926, etc.

stabilization of the currency could be fully assured. In the period between 1921 and 1928 we have had both good and bad years, and have had years with shortages of foreign bills and years with surpluses. The total turnover in bills bought and sold through the National Bank to the end of 1928 was 42,777,295,070 dinars. Of this total 21,780,430,968 dinars were spent on the purchase of foreign bills, and 20,996,864,102 dinars of these bills were sold—10,763,477,013 dinars to adjust the balance of foreign trade payments, and 10,233,387,089 dinars in the interest of public finance. These figures prove that our foreign business affords a large part of the foreign bills needed for making payments abroad. Some years produced large surpluses in foreign bills, but certain years produced shortages which were covered to some extent from surpluses of other years. The latter, however, were not always adequate to meet the whole shortage, and obligations had to be incurred abroad in order to effect the balance of payments. In a country like this, which needs much more capital in order to increase the profit from national labor, indebtedness to other countries is justified if the money obtained from them is used to increase the country's productive power.

Last year the National Bank negotiated a revolving credit abroad, but did not find it necessary at any time in the year to make use of it.

The stabilization of the dinar and currency reform.—The de facto stabilization of the dinar, which has now been maintained for three years, continued throughout 1928. The Royal Government carried on negotiations in England last year for a loan which was to be used primarily in making permanent improvements. The banking group, which had undertaken to investigate the question of floating a loan to this country on the markets of London and New York, represented to our Government that, without legal stabilization, the loan could not be contemplated, and that this was one of the essential preliminaries to any discussion of such a loan. On the proposal of the Minister of Finance, therefore, the Government decided to undertake an investigation looking toward stabilizing the dinar by law. The National Bank was to undertake the stabilization and to maintain the dinar at the legalized par. In pursuance of this decision negotiations were undertaken with the National Bank immediately with respect to a stabilization law and later with respect to possible changes in the national bank law. The man-

agement of the bank agreed to obtain the approval of its shareholders for the necessary changes in the national bank law. Then, as soon as the loan was concluded, and the loan act passed, the amendments to the national bank law might also be passed, having been approved by both contracting parties, the State and the bank.

The foreign loan, however, was not obtained, and hence neither the dinar stabilization law nor the amendment to the national bank law, approved at the extraordinary meeting of shareholders of the bank on July 8, 1928, could be submitted to Parliament, the latter bill being conditional on the conclusion of the State loan.

Legal stabilization of the dinar presupposes the settlement and stabilization of State finances. It presupposes also complete restoration of a sound circulating medium, first, by the immediate redemption of a large proportion of the notes put into circulation on behalf of the State, in accordance with the national bank law, and secondly, by creation at the bank of a supply of foreign bills to serve as a reserve against note issues. Such a reserve would be necessary in order that the bank might be able actually to redeem its notes in gold or in foreign bills equivalent to gold. These conditions could be realized only by the conclusion of a loan abroad.

Although we did not succeed in raising a foreign loan last year, we took one step toward a legalized status for the dinar, which has been stabilized de facto since 1926. This step was the agreement between the Royal Government and the National Bank as to the method and basis for effecting legal stabilization. The first part of the plan is now complete, and on that basis all the monetary and banking preparations necessary for carrying out legal stabilization have been made. When the second part of the preparations—namely, the adjustment of State finances—shall also have been completed, a foreign loan for effecting the stabilization of the dinar by law will be possible.

The work done at the extraordinary meeting, therefore, was not lost, as actually one of the most important parts of the scheme of stabilization was accomplished. During the course of the year, furthermore, the Independent Monopolies Management concluded a loan of \$22,000,000, in order to repay the State for funds which the latter had lent for the creation of working capital. The State was thus enabled to pay off obligations assumed in earlier years to private citizens, business and indus-

try, and was thus able to carry out another preliminary to stabilization. Through the discharge of these obligations, State finances are set on the road to recovery and the basis is being laid for proper budgeting.

These are the preliminary measures which have been taken for legal stabilization. With the accomplishment of monetary reform, our country will enter the ranks of those states which have gold as the basis of their monetary unit.

Money rates.—The discount rate charged by the bank has not changed for the last nine years, being maintained at 6 per cent. The management of the bank, however, has several times discussed the possibility of changing the rate, especially at times when this was suggested in order to conform with the usual principles governing a bank of issue with respect to its circulation. The reason that the rate was not raised was that, while recognizing the efficacy of the rate policy of the large European banks of issue, the management of the bank could not accept the view that the results of a rate increase here would be the same as in those other countries. On the contrary it feared that such an increase on the part of the National Bank might encourage other banks to raise their rates, which are already high enough.

The disparity existing between the discount rate of the National Bank and the rates charged by private banks is very large. However, only a few were able to take advantage of this disparity, as the National Bank satisfied scarcely 10 per cent of the total need for rediscount in the country. Thus a low rate at the bank could not have any large influence toward lowering money rates generally throughout the country, the more especially because other conditions essential to such a reduction do not exist here. The rate charged last year on collateral loans by the National Bank remained unchanged throughout the 12 months at 8 per cent. Outside the bank the interest rate is still high, but varies according to the size of the bank and the place. It was always lowest in Slovenia. In other localities the variations were large. In large centers and at large banks and institutions money was obtainable at 12 per cent, and even for less. The rate, however, was higher in the small banks of the smaller towns, rising to 18 per cent or even more. Neverthe-

less, it may be said that more money was available last year than in 1927, and that this tendency continues to prevail, while at the same time money rates last year were lower than in the previous year.

Agreements made previously concerning the payment of interest on saving deposits and the interest chargeable on loans remained in force last year, and thus proved that agreements may have an effect in making money cheaper. The price of capital on the home market is of great importance to business progress, and the question of establishing rates is among the first problems which ought to be solved if progress is to be furthered. The National Bank, faithful to its tradition, paid special attention last year when extending credit to the rate paid by and charged by other banks in carrying on their own businesses. The bank either extended no credit, or else canceled grants to banks which, it learned, pay high interest on deposits of money, or else charge too much on money lent by them. Practically, it is hard to find out which banks charge high rates, since ordinarily the rate can not be ascertained by examination, as means of concealing it exist. So far we may fairly say that no borrowing bank has obtained credit from the National Bank—nor indeed has any such bank even applied for credit—when there was adequate proof that such bank charged excessive rates. On the other hand, as soon as the bank learned from its agents that any banks borrowing from it were utilizing that credit unsatisfactorily, it canceled the credit granted.

Until the end of the year there was no tax on savings deposits nor on money coming into the country from abroad as savings deposits or on loan. But from January 1 this year, by virtue of the Law of Direct Taxation, the income from savings deposits is to be taxed at 8 per cent, and the earnings of foreign money here are to be taxed at the rate of 15 per cent. The reasons against a tax on savings deposits still hold good—the tax will discourage somewhat the deposit of funds in the banks; it may thus bring about higher rates of interest as a result of its unfavorable effect on the volume of bank funds. The tax on money from abroad may do much to prevent such money from coming in, and this will certainly affect the price of money and the volume of short time loans.

FINANCIAL STATISTICS FOR FOREIGN COUNTRIES

GOLD HOLDINGS OF CENTRAL BANKS AND GOVERNMENTS

[In millions of dollars]

Month	Total (40 countries) ¹	United States ²	Ar- gen- tina ³	Aus- tra- lia	Bel- gium	Braz- il ⁴	Can- ada ⁵	Eng- land ⁶	France	Ger- many	In- dia ⁷	Italy	Ja- pan ⁸	Neth- er- lands	Rus- sia	Spain	Swit- zer- land	24 other countries
1922-December	8,348	3,506	473	116	52	27	147	752	708	227	118	217	606	234	3	487	103	572
1923-December	8,637	3,834	466	121	52	49	127	754	709	111	109	216	602	234	45	488	104	585
1924-December	8,938	4,090	444	121	53	54	151	757	710	181	109	218	586	203	73	489	98	601
1925-December	8,912	3,985	451	128	53	54	157	703	711	288	109	219	576	178	94	490	90	627
1926-December	9,185	4,033	451	107	86	56	158	735	711	436	109	221	562	166	85	493	91	634
1927-December	9,536	3,977	529	105	100	101	152	742	954	444	119	239	542	161	97	502	100	672
1928-June	9,748	3,732	622	100	111	140	104	838	1,136	496	119	259	541	175	80	503	86	694
July	9,840	3,737	622	110	112	140	98	857	1,173	524	119	263	541	175	85	503	86	694
August	9,879	3,749	621	110	112	143	101	856	1,190	536	119	263	541	175	75	503	87	698
September	9,938	3,752	633	107	112	143	106	843	1,200	571	119	266	541	175	76	504	90	699
October	9,944	3,769	611	107	113	146	108	803	1,207	603	119	266	541	175	82	504	91	701
November	9,960	3,754	610	107	115	148	133	778	1,239	625	120	266	541	175	92	494	91	702
December	9,999	3,746	607	108	126	149	114	750	1,254	650	124	266	541	175	92	494	103	702
1929-January	10,032	3,746	605	109	126	149	79	744	1,333	650	128	266	541	175	92	494	93	702
February	10,054	3,776	603	109	126	150	78	736	1,334	650	128	266	541	175	92	494	93	703
March	10,085	3,814	585	110	126	150	78	748	1,340	639	128	270	542	170	92	494	93	706
April	10,042	3,880	569	110	134	150	78	762	1,403	451	128	270	542	174	92	494	95	701
May	10,118	3,931	559	116	134	150	78	795	1,435	420	128	270	542	176	93	494	96	701
June		3,956			139			780	1,436	455				176	93	494	96	

¹ Preliminary, based on latest available figures. ^r Revised.

² All countries for which satisfactory figures are available; see explanation in Bulletin for April, 1929 (p. 263), where separate figures for each country are given by years back to 1913. The 16 countries for which figures are here shown separately by months include all those which have held gold in recent years to the amount of \$90,000,000 or more.

³ Treasury and Federal reserve banks.

⁴ Government conversion fund and Bank of the Nation.

⁵ Bank of Brazil and stabilization fund.

⁶ Includes gold held by Government against Dominion notes and savings bank deposits, and such gold as is held by chartered banks in the central reserve.

⁷ Gold held by Bank of England and, prior to 1925, gold held by exchequer in currency note reserve.

⁸ Currency and gold standard reserves.

⁹ Domestic holdings of Bank of Japan and the Japanese Government

GOLD MOVEMENTS

[In thousands of dollars]

Month	United States			Germany			Great Britain			Netherlands			South Africa	India
	Im-ports	Ex-ports	Net	Im-ports	Ex-ports	Net	Im-ports	Ex-ports	Net	Im-ports	Ex-ports	Net	Net	Net
1928														
August	2,445	1,698	747	14,058	765	13,293	24,055	20,180	3,875	125	22	103	-22,300	2,990
September	4,273	3,810	463	37,084	783	36,301	19,233	28,247	-9,014	389	3	386	-15,315	1,688
October	14,331	992	13,339	34,146	844	33,302	15,824	45,597	-29,773	856	36	820	-12,847	4,604
November	29,591	22,916	6,676	23,261	943	22,318	22,261	41,989	-19,728	414	23	392	-20,081	6,426
December	24,950	1,636	23,314	26,923	802	26,121	17,792	25,502	-7,710	170	65	5	-12,253	9,839
Total	168,897	560,759	-391,872	221,986	9,541	212,444	232,658	294,539	-61,881	15,417	1,778	13,639	-208,479	75,908
1929														
January	48,577	1,378	47,199	1,250	577	672	11,844	27,891	-16,047	504	14	490	-16,607	4,730
February	26,913	1,425	25,488	1,338	764	574	12,347	21,383	-9,036	181	6	175	-17,848	7,700
March	26,470	1,635	24,835	1,701	804	897	25,734	7,746	17,987	133	14,320	-14,187	-21,542	13,063
April	24,687	1,594	23,093	1,768	223,247	-221,480	16,144	3,714	12,430	165	2	163		6,580
May	24,097	467	23,630	1,946	781	1,165	28,284	4,652	23,632	4,338	23	4,315		

MOVEMENTS TO AND FROM GREAT BRITAIN

[In thousands of dollars]

From or to--	1929				1928	
	May		January-May		Calendar year	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
France	45	306	848	1,543	912	97,178
Germany	3,152	1,518	3,194	4,352	258	102,423
Netherlands		237	14,368	1,046	145	7,081
Russia					18,582	
Spain and Canaries	3	5	4	37	9,733	199
Switzerland		498		5,478		13,493
United States			64	29,449	32,532	32,132
South America	1,002		2,055		1,166	1,074
British India		652		5,891		10,770
British Malaya				1,450	71	1,810
Egypt		1,081		2,384	1,309	1,384
Rhodesia	451		1,879		5,286	
Transvaal	17,994		64,630		144,482	
West Africa	545	2	1,734	8	3,384	16
All other countries	5,092	353	5,577	13,748	14,803	26,978
Total	28,284	4,652	94,353	65,386	232,658	294,539

MOVEMENTS TO AND FROM BRITISH INDIA

[In thousands of dollars]

From or to--	1929				1928	
	April		January-April		Calendar year	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
England	1,276		5,942			11,071
United States			22			4,086
Aden and dependencies	79		346			910
Arabia	151		511			870
British Oceania	310		1,204			5,067
Bahrein Islands	10		71			285
Ceylon	463		706			720
China	43		93			153
Mesopotamia	178		900			1,543
Straits Settlements	15	4	18	18		200
Egypt	511		1,517			6,714
Natal	3,562		20,768			44,387
All other countries		13	5	13		44
Total	6,597	17	32,105	32	76,007	99

CONDITION OF CENTRAL BANKS

[Figures are for the last report date of month]

	1929			1928		1929			1928
	May	April	March	May		May	April	March	May
Bank of England (millions of pounds sterling):					National Bank of Belgium (millions of belgas):				
Issue department—					Gold.....	963	962	908	780
Gold coin and bullion.....	162.5	156.0	153.3	160.9	Foreign bills and balances in gold.....	491	456	488	476
Notes issued.....	422.5	416.0	413.3	180.6	Domestic and foreign bills.....	744	764	746	543
Banking department—					Loans to State.....	345	345	345	391
Gold and silver coin.....	.8	.5	.4	2.1	Note circulation.....	2,498	2,431	2,412	2,155
Bank notes.....	62.4	58.8	51.5	44.6	Deposits.....	102	123	124	140
Government securities.....	40.0	44.3	50.6	29.0	National Bank of Bulgaria (millions of leva):				
Other securities.....	22.4	15.6	17.1	54.0	Gold.....	1,361	1,351	1,342	1,296
Discounts and advances.....	8.2	11.0	13.0	22.3	Net foreign exchange.....	1,614	1,750	1,836	339
Public deposits.....	24.3	18.3	19.7	89.6	Total foreign exchange.....	2,095	2,308	2,953	933
Bankers deposits.....	56.3	58.4	58.2	41.8	Loans and discounts.....	1,523	1,471	1,485	4,471
Other deposits.....	35.3	35.7	36.4	79.7	Government obligations.....	3,645	3,685	3,685	3,784
Reserve ratio ¹ (per cent).....	54.5	52.7	45.4	293.7	Note circulation.....	3,977	4,366	4,101	1,037
Bank notes in circulation ²	360.1	357.3	361.8		Other sight liabilities.....	2,876	2,711	3,082	
Currency notes and certificates.....					Central Bank of Chile (millions of pesos):				
Bank of France (millions of francs): ³					Gold at home.....	62	61	61	62
Gold.....	36,596	35,788	34,186		Deposits abroad.....	441	463	413	509
Sight balances abroad.....	7,805	8,544	10,577		Loans and discounts.....	85	88	92	17
Foreign bills.....	18,407	18,539	18,434		Note circulation.....	370	366	366	312
Loans and discounts.....	8,266	8,737	9,160		Deposits.....	148	180	114	166
Negotiable bonds.....	5,769	5,930	5,930		Bank of the Republic of Colombia (thousands of pesos):				
Note circulation.....	64,316	62,843	64,575		Gold at home.....	25,745	25,596	25,395	22,959
Public deposits.....	11,431	11,876	11,617		Gold abroad.....	29,426	26,147	26,554	36,307
Other deposits.....	7,176	7,283	6,603		Loans and discounts.....	14,509	15,273	16,954	7,377
German Reichsbank (millions of reichsmarks):					Note circulation.....	47,810	48,302	51,072	48,360
Gold reserve.....	1,705	1,719	2,553	1,955	Deposits.....	10,391	9,596	9,360	9,515
Gold abroad.....	59	173	130	86	Czechoslovak National Bank (millions of Czechoslovak crowns):				
Reserves in foreign exchange.....	299	99	36	274	Gold and silver.....	1,206	1,207	1,206	1,119
Loans and discounts.....	3,260	3,189	2,488	2,512	Foreign balances and currency.....	1,703	1,688	1,781	1,737
Deposits.....	628	585	478	582	Loans and advances.....	640	653	527	359
Reichsmarks in circulation.....	4,606	4,631	4,822	4,487	Assets of banking office in liquidation.....	407	411	422	477
Rentenmarks in circulation.....	498	493	515	610	Note circulation.....	7,183	7,133	7,333	7,111
Bank of Italy (millions of lire):					Deposits.....	404	466	350	586
Gold at home.....	5,126	5,125	5,126	4,885	Danish National Bank (millions of kroner):				
Credits and balances abroad.....	4,911	4,879	5,334	7,289	Gold.....	173	173	173	182
Loans and discounts.....	5,110	5,523	5,214	3,981	Foreign bills, etc.....	94	89	88	104
Total note circulation.....	16,251	16,274	16,396	17,105	Loans and discounts.....	74	75	71	62
Public deposits.....	300	300	300	300	Note circulation.....	358	359	357	347
Other deposits.....	1,753	1,844	2,125	3,151	Deposits.....	29	33	27	28
Bank of Japan (millions of yen):					Bank of Danzig (thousands of Danzig gulden):				
Gold.....	1,064	1,064	1,063	1,063	Balances with Bank of England.....	16,176	13,407	16,069	15,118
Advances and discounts.....	781	792	793	1,075	Foreign bills, etc.....	11,746	16,032	13,967	25,794
Government bonds.....	189	175	172	118	Loans and discounts.....	24,245	24,228	25,329	22,208
Notes issued.....	1,188	1,247	1,354	1,207	Note circulation.....	37,028	37,402	38,739	35,709
Total deposits.....	941	789	770	1,116	Deposits.....	2,294	2,107	2,116	3,787
Commonwealth Bank of Australia (thousands of pounds sterling):					Bank of Estonia (thousands of kroner):				
Issue department—					Gold.....	6,295	6,271	6,243	10,291
Gold coin and bullion.....	21,861	22,578	22,581	22,561	Net foreign exchange.....	19,296	19,803	22,257	27,404
Securities.....	20,482	20,340	21,740	21,973	Loans and discounts.....	27,970	30,048	31,628	27,252
Banking department—					Note circulation.....	31,587	34,728	36,629	37,133
Coin, bullion, and cash.....	1,984	1,728	1,524	1,391	Deposits—				
Money at short call in London.....	15,368	15,460	17,403	13,099	Government.....	10,763	12,044	14,594	16,318
Loans and discounts.....	10,745	11,733	12,552	12,423	Bankers.....	4,758	3,705	2,208	2,121
Securities.....	12,285	11,448	10,252	13,482	Other.....	2,719	2,702	2,934	4,078
Deposits.....	39,091	39,649	42,083	42,165					
Bank notes in circulation.....	38,343	38,841	39,635	39,877					
Austrian National Bank (millions of schillings):									
Gold.....	169	169	169	117					
Foreign exchange of the reserve.....	195	197	210	289					
Other foreign exchange.....	343	346	357	279					
Domestic bills.....	225	207	188	126					
Government debt.....	110	110	110	168					
Note circulation.....	998	995	1,004	948					
Deposits.....	48	38	33	34					

¹ Ratio of gold and notes in banking department to deposit liabilities.² Notes issued, less amounts held in banking department and in currency note account.³ New form of bank statement adopted in June, 1928.

CONDITION OF CENTRAL BANKS—Continued

[Figures are for the last report date of month]

	1929			1928		1929			1928
	May	April	March	May		May	April	March	May
Bank of Finland (millions of Finnish marks):					Bank of Poland (millions of zlotys):				
Gold.....	301	302	302	312	Gold at home.....	429	428	427	350
Balances abroad and foreign credits.....	580	661	706	784	Gold abroad.....	195	195	195	186
Foreign bills.....	5	8	11	29	Foreign exchange of the reserve.....	456	483	530	540
Domestic bills.....	1,366	1,323	1,355	936	Other foreign exchange.....	83	94	129	213
Note circulation.....	1,481	1,556	1,596	1,576	Loans and discounts.....	831	783	790	618
Demand liabilities.....	228	217	265	160	Note circulation.....	1,244	1,274	1,333	1,133
					Current account of the treasury.....	351	338	270	361
					Other current accounts.....	181	153	242	221
Bank of Greece (millions of drachmae):					Bank of Portugal (millions of escudos):				
Gold.....	581	570	565	879	Gold.....	9	9	9	9
Net foreign exchange in reserve.....	3,209	3,470	3,472	3,132	Balances abroad.....	300	314	326	197
Total foreign exchange.....	5,528	4,893	4,588	3,246	Bills.....	280	278	280	227
Loans and discounts.....	117	108	123	.....	Note circulation.....	1,813	1,798	1,852	1,869
Government obligations.....	3,656	3,656	3,790	3,760	Deposits.....	55	70	72	66
Note circulation.....	5,415	5,617	5,488	5,250	National Bank of Rumania (millions of lei):				
Other sight liabilities.....	1,802	1,856	2,122	2,148	Gold at home.....	5,068	5,049	5,021	4,948
					Gold abroad.....	3,592	3,592	3,591	4,644
National Bank of Hungary (millions of pengos):					Foreign exchange of the reserve.....	2,355	2,520	3,655	(9)
Gold.....	177	177	204	197	Other foreign exchange.....	862	387	1,133	(9)
Foreign bills, etc.....	19	33	22	95	Loans and discounts.....	9,468	9,427	8,051	12,443
Loans and discounts.....	381	370	345	307	State debt.....	7,672	7,672	10,080	10,679
Advances to treasury.....	92	92	92	106	Note circulation.....	19,343	19,968	20,964	21,038
Other assets.....	46	59	86	191	Deposits.....	8,488	6,560	10,151	1,514
Note circulation.....	446	485	458	451	State Bank of Russia (thousands of chevrontsi):				
Deposits.....	190	154	198	283	Loans and discounts.....	361,523	358,798	358,006	320,998
Miscellaneous liabilities.....	52	66	68	137	Deposits.....	206,072	197,325	206,156	193,259
					Issue department—				
Bank of Java (millions of florins):					Gold.....	18,098	17,972	17,883	15,513
Gold.....	.....	167	167	174	Other precious metals.....	4,268	4,375	4,359	2,871
Foreign bills.....	.....	27	28	17	Foreign exchange.....	9,406	9,170	9,165	7,014
Loans and discounts.....	.....	80	82	79	Note circulation.....	112,905	115,450	110,212	97,373
Note circulation.....	.....	300	304	305	National Bank of the Kingdom of Serbs, Croats, and Slovenes (millions of dinars):				
Deposits.....	.....	36	42	41	Gold.....	93	92	92	90
					Foreign notes and credits.....	230	192	192	263
Bank of Latvia (millions of lats):					Loans and discounts.....	1,474	1,619	1,655	1,482
Gold.....	24	24	24	24	Advances to State.....	2,966	2,966	2,966	2,966
Foreign exchange reserve.....	53	57	65	79	Note circulation.....	5,092	5,212	5,265	5,280
Bills.....	87	86	84	82	Deposits.....	747	891	729	759
Loans.....	58	54	50	43	South African Reserve Bank (thousands of pounds sterling):				
Note circulation.....	44	45	46	42	Gold.....	8,257	8,049	8,206	7,572
Government deposits.....	111	105	97	120	Foreign bills.....	8,198	7,706	7,713	7,637
Other deposits.....	66	69	63	64	Domestic bills.....	1,207	1,431	1,412	528
					Note circulation.....	9,709	8,755	9,498	7,851
Bank of Lithuania (millions of litas):					Deposits—				
Gold.....	34	34	34	34	Government.....	2,050	2,392	1,613	1,911
Foreign currency.....	39	42	37	48	Bankers.....	4,994	5,140	5,613	4,790
Loans and discounts.....	84	88	89	84	Others.....	596	311	244	373
Note circulation.....	85	92	93	91	Bank of Spain (millions of pesetas):				
Deposits.....	69	67	63	73	Gold.....	2,560	2,560	2,560	2,608
					Silver.....	720	720	716	707
Netherlands Bank (millions of florins):					Balances abroad.....	97	96	95	39
Gold.....	437	432	423	435	Loans and discounts.....	1,581	1,719	1,837	1,711
Foreign bills.....	161	89	42	194	Note circulation.....	4,272	4,258	4,243	4,231
Loans and discounts.....	194	296	252	165	Deposits.....	1,104	1,070	980	1,054
Note circulation.....	797	840	783	797	Bank of Sweden (millions of kronor):				
Deposits.....	30	27	10	36	Gold.....	234	235	235	231
					Foreign bills, etc.....	183	186	189	112
Bank of Norway (millions of kroner):					Loans and discounts.....	390	364	374	421
Gold.....	147	147	147	147	Note circulation.....	519	518	544	494
Foreign balances and bills.....	46	56	49	41	Deposits.....	208	188	174	202
Domestic credits.....	278	273	274	290	Swiss National Bank (millions of francs):				
Note circulation.....	305	308	312	313	Gold.....	496	493	481	440
Foreign deposits.....	2	1	2	2	Foreign balances and bills.....	261	247	218	199
Total deposits.....	112	114	98	121	Loans and discounts.....	181	201	242	220
					Note circulation.....	872	875	886	831
Reserve Bank of Peru (thousands of libra):					Demand deposits.....	110	112	111	76
Gold.....	4,244	4,169	4,215	4,094					
Gold against demand deposits.....	172	247	201	322					
Foreign exchange reserve.....	738	827	790	1,223					
Bills.....	1,916	1,793	1,717	1,285					
Note circulation.....	6,199	6,046	6,075	5,847					
Deposits.....	344	493	401	645					

⁴ Converted into the terms of the leu adopted Feb. 7, 1929.

⁵ Foreign exchange not reported separately.

CONDITION OF COMMERCIAL BANKS

[Figures are for the last report date of month except for London clearing banks, which are daily averages]

	1929			1928		1929			1928
	May	April	March	May		April	March	February	April
Nine London clearing banks (millions of pounds sterling):					Joint-stock banks of Denmark (millions of kroner):				
Money at call and short notice.....	143	143	134	148	Loans and discounts.....	1,739	1,722	1,723	1,890
Advances and discounts.....	1,172	1,178	1,195	1,135	Due from foreign banks.....	153	169	166	60
Investments.....	244	244	244	232	Due to foreign banks.....	78	90	94	122
Deposits.....	1,732	1,743	1,739	1,688	Deposits and current accounts.....	1,946	1,939	1,940	2,028
Six Berlin banks (millions of reichsmarks):					Joint-stock banks of Finland (millions of Finnish marks):				
Bills and treasury notes.....	2,132	2,363	2,644	2,148	Loans and discounts.....	9,850	9,782	9,638	8,963
Due from other banks.....	1,137	1,209	1,243	967	Due from abroad.....	168	201	218	202
Miscellaneous loans.....	7,045	7,138	7,189	6,025	Due to abroad.....	589	587	552	421
Deposits.....	9,659	10,036	10,404	7,511	Deposits.....	7,630	7,625	7,462	7,506
Acceptances.....	491	459	441	389	Three commercial banks of France (millions of francs):				
Tokyo banks (millions of yen):					Bills and national-defense bonds.....	19,410	19,939	20,226	16,992
Cash on hand.....	344	263	260	378	Loans and advances.....	10,108	9,803	10,353	6,545
Total loans.....	2,047	2,056	2,097	2,289	Demand deposits.....	32,153	32,718	33,972	28,539
Total deposits.....	2,101	2,109	2,140	2,074	Time deposits.....	627	620	707	461
Total clearings.....	2,203	2,457	2,231	2,622	Four private banks of Italy (millions of lire):				
					Cash.....	1,178	.....	1,163	1,250
Banks of Buenos Aires, Argentina (millions of gold pesos):					Bills discounted.....	8,628	.....	8,938	9,078
Gold—					Due from correspondents.....	5,407	.....	5,091	5,237
Bank of the Nation.....	106	125	125	129	Due to correspondents.....	13,701	.....	13,523	14,204
Other banks.....	15	12	12	11	Deposits.....	3,041	.....	3,045	2,839
Other cash—					Joint-stock banks of Norway (millions of kroner):				
Bank of the Nation.....	133	125	144	145	Loans and discounts.....	1,266	1,294	1,298	1,442
Other banks.....	170	190	197	210	Due from foreign banks.....	102	116	128	78
Loans and discounts—					Due to foreign banks.....	86	86	82	138
Bank of the Nation.....	543	531	525	487	Rediscounts.....	99	102	101	162
Other banks.....	881	870	862	751	Deposits.....	1,564	1,568	1,588	1,635
Deposits—					Joint-stock banks of Poland (millions of zlotys):				
Bank of the Nation.....	773	772	780	744	Loans and discounts.....	p 821	817	796	642
Other banks.....	1,016	1,027	1,011	936	Due from foreign banks.....	p 35	34	36	32
Chartered banks of Canada (millions of dollars):					Due to foreign banks.....	p 169	173	165	100
Gold coin and bullion ¹	64	63	64	70	Rediscounts.....	p 150	146	152	120
Current loans and discounts.....	1,572	1,560	1,506	1,452	Deposits.....	p 511	511	505	429
Money at call and short notice.....	564	560	597	491	Joint-stock banks of Sweden (millions of kronor):				
Public and railway securities.....	516	524	530	541	Loans and discounts.....	4,123	4,130	4,137	4,091
Note circulation.....	171	189	162	171	Foreign bills and credits abroad.....	276	265	266	283
Individual deposits.....	2,596	2,560	2,560	2,561	Due to foreign banks.....	126	151	122	158
Gold reserve against Dominion notes.....	59	58	59	95	Rediscounts.....	209	230	167	243
Dominion note circulation.....	205	205	192	192	Deposits.....	3,524	3,540	3,527	3,509

¹Not including gold held abroad.

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DISCOUNT RATES OF 34 CENTRAL BANKS

[Rate prevailing July 1, 1929, with date of latest change]

Country	Rate	In effect since—	Country	Rate	In effect since—	Country	Rate	In effect since—	Country	Rate	In effect since—
Austria.....	7½	Apr. 24, 1929	England.....	5½	Feb. 7, 1929	Japan.....	5.48	Oct. 10, 1927	Portugal.....	8	July 27, 1926
Belgium.....	4	June 30, 1928	Estonia.....	7½	Jan. 2, 1928	Java.....	4½	Feb. 25, 1929	Rumania.....	9½	May 14, 1929
Bulgaria.....	9	Dec. 15, 1928	Finland.....	7	Nov. 16, 1928	Latvia.....	6-7	Apr. 1, 1928	Russia.....	8	Mar. 22, 1927
Chile.....	6	Oct. 22, 1928	France.....	3½	Jan. 19, 1928	Lithuania.....	7	Feb. 1, 1925	South Africa.....	5½	Jan. 9, 1928
Colombia.....	8	Mar. 18, 1929	Germany.....	7½	Apr. 25, 1929	Netherlands.....	5½	Mar. 25, 1929	Spain.....	5½	Dec. 19, 1928
Czechoslovakia.....	5	Mar. 8, 1927	Greece.....	9	Nov. 30, 1928	Norway.....	5½	Mar. 27, 1928	Sweden.....	4½	Aug. 24, 1928
Danzig.....	7	Apr. 30, 1929	Hungary.....	8	Apr. 24, 1929	Peru.....	7	Mar. 7, 1929	Switzerland.....	3½	Oct. 22, 1925
Denmark.....	5	June 24, 1926	India.....	5	June 6, 1929	Poland.....	9	Apr. 19, 1929	Yugoslavia.....	6	June 23, 1929
Ecuador.....	8	June 26, 1928	Italy.....	7	Mar. 14, 1929						

Changes.—Imperial Bank of India from 6 to 5 per cent on June 6, 1929.

MONEY RATES IN FOREIGN COUNTRIES

Month	England (London)			Germany (Berlin)			Netherlands (Amsterdam)		Switzerland	
	Bankers' acceptances, 3 months	Treasury bills, 3 months	Day-to-day money	Bankers' allowance on deposits	Private discount rate	Money for 1 month	Day-to-day money	Private discount rate	Money for 1 month	Private discount rate
1927										
May	3.88	3.84	3.73	2½	4.90	6.95	5.99	3.46	3.76	3.19
June	4.34	4.36	3.43	2½	5.39	7.73	5.79	3.57	3.87	3.42
July	4.33	4.33	3.50	2½	5.90	8.49	7.06	3.53	3.25	3.47
August	4.33	4.35	3.61	2½	5.82	8.38	5.81	3.45	3.40	3.44
September	4.32	4.33	3.55	2½	5.90	8.30	6.00	3.56	3.82	3.39
October	4.32	4.33	3.57	2½	6.69	8.72	7.19	4.11	4.29	3.38
November	4.33	4.34	3.62	2½	6.76	8.72	6.03	4.50	4.73	3.39
December	4.31	4.31	3.44	2½	6.87	9.10	7.24	4.49	4.85	3.40
1928										
January	4.19	4.13	3.49	2½	6.27	7.66	5.16	4.29	4.10	3.29
February	4.18	4.18	3.63	2½	6.20	7.30	6.66	3.97	3.80	3.12
March	4.12	4.07	3.63	2½	6.72	7.51	6.81	3.97	3.89	3.20
April	4.02	4.01	3.57	2½	6.71	7.57	6.64	4.18	3.92	3.29
May	3.97	3.95	3.58	2½	6.66	7.80	7.00	4.27	4.17	3.32
June	3.82	3.80	3.26	2½	6.69	8.08	6.37	4.18	4.11	3.40
July	3.99	3.97	3.27	2½	6.74	8.18	7.74	4.10	3.84	3.44
August	4.27	4.26	3.50	2½	6.68	8.19	6.12	4.13	3.90	3.41
September	4.23	4.19	3.55	2½	6.65	8.58	6.65	4.39	4.35	3.38
October	4.35	4.37	3.80	2½	6.57	8.26	6.70	4.40	4.42	3.38
November	4.38	4.30	3.64	2½	6.28	8.15	6.70	4.44	4.74	3.35
December	4.37	4.37	3.22	2½	6.28	8.77	7.30	4.46	4.68	3.32
1929										
January	4.32	4.29	3.41	2½	5.80	7.51	5.13	4.20	4.46	3.28
February	5.05	4.96	4.33	2½-3½	5.80	7.07	6.33	4.39	4.78	3.31
March	5.33	5.30	4.51	3½	6.31	7.30	6.97	4.64	5.05	3.39
April	5.21	5.18	4.43	3½	6.63	7.57	6.85	5.36	5.81	3.45
May	5.21	5.21	4.67	3½	7.49	9.65	9.32	5.37	5.88	3.34

Month	Belgium (Brussels)	France (Paris)	Italy (Milan)	Austria (Vienna)		Hungary		Sweden (Stockholm)	Japan (Tokyo)	
	Private discount rate	Private discount rate	Private discount rate	Private discount rate	Money for 1 month	Prime commercial paper	Day-to-day money	Loans up to 3 months	Discounted bills ¹	Call money overnight
1927										
May	4.23	2.46	8.50	5½-5¾	6½-8	6½-7½	5¾-6¾	4-6	-----	4.38-4.75
June	4.17	2.25	7.60	5¾-5¾½	6¾-7¾	7-7¾	5¾-6¾	4-6	-----	4.38-5.11
July	3.84	2.13	7.00	5¾-6¾	7-8¾	7¼-8	6-7	4-6	-----	3.65-5.11
August	3.84	2.04	7.00	6¼-6¾	7¼-8¾	7¼-8½	6-7¾	4-6	-----	3.65-4.75
September	3.75	2.01	6.81	6¼-6¾	7-8½	7¼-8½	6-7½	4-6	-----	2.19-4.38
October	3.87	1.82	6.50	6¼-6¾	7¼-8¾	7¼-8½	6-7¾	4-6	-----	2.19-4.38
November	4.09	2.75	6.27	6½-6¾	7½-8½	7-8½	5¾-7¾	4-6	-----	2.74-4.02
December	4.15	2.95	6.00	6½-6¾	6¾-8¾	7½-8½	5½-7¾	4-6	-----	2.19-5.84
1928										
January	4.08	2.81	6.00	5¾-6¾	6¾-8	7½-8½	5½-7¾	4-6	-----	1.64-5.11
February	3.90	2.75	5.89	5¾-5¾½	6½-7½	7¾-8½	5¼-7¾	4-6	-----	1.46-4.02
March	4.10	2.72	5.75	5¾-5¾½	6½-7½	7¼-8½	5-7¾	4-6	6.57-6.94	2.92-4.02
April	4.25	2.62	5.49	5¾-5¾	6½-7½	7¼-8½	5¼-7¾	4-6	6.57-6.75	2.56-4.02
May	4.25	2.62	5.25	5½-5¾	6½-7½	7¼-8½	5¼-7¾	4-6	6.39-6.75	1.46-4.02
June	4.27	2.90	5.25	5½-5¾	6¾-8¼	7¾-8½	5½-7¾	4-6	6.39-6.57	1.46-4.02
July	4.02	3.12	5.25	5¾-6¼	6¾-8¼	7¾-8½	5½-7¾	4-6	6.21-6.57	1.46-4.02
August	4.00	3.23	5.25	6¼-6¼	7¼-8½	7¼-8½	5¼-7¾	4½-6½	6.21-6.39	2.92-4.02
September	3.96	3.26	5.25	6¼-6¼	7½-8½	7¼-8½	5¼-7¾	4½-6½	6.02-6.39	2.37-4.02
October	3.94	3.37	5.25	6¼	7½-8½	7¾-9	6¼-8¾	4½-6½	6.21-6.39	2.92-4.02
November	3.94	3.37	5.45	6¼	7½-8½	7¾-9	6¼-8¾	4½-6½	6.02-6.21	2.01-4.02
December	3.94	3.41	5.50	6¼-6¾	7½-8¾	7¾-8¾	6¼-8¼	4½-6½	5.84-6.21	1.83-6.57
1929										
January	3.94	3.50	5.83	6¾-6¾	7¼-8¾	7¾-8¾	6¼-8¼	4½-6½	5.84-6.21	1.46-5.84
February	3.94	3.39	6.00	6¾-6¾	7¼-8¼	7¾-8¾	6¼-8¼	4½-6½	5.66-5.84	2.01-4.02
March	3.94	3.37	6.31	6¼-6¾	7¼-8¼	7¾-8¾	6¼-8¼	4½-6½	5.66-5.84	2.19-4.02
April	3.94	3.44	6.75	6¾-7¼	7¾-8¾	8½-9	7½-9	4½-6½	5.48-5.66	3.47-4.02
May	3.94	3.49	6.83	7½-7¼	8-9	-----	-----	4½-6½	5.48-5.66	2.56-4.02

¹ Revised.

¹ Figures for the rate on discounted bills, as compiled by the Bank of Japan, have been completely revised by the bank from March, 1928, to date. The new series, which is based on more uniform quotations than the old, represents the range for the month of the rates prevailing daily.

NOTE.—For sources used, methods of quotation, and back figures, see the FEDERAL RESERVE BULLETIN for November, 1926, and April, 1927.

FOREIGN EXCHANGE RATES

[Monthly averages of daily quotations.¹ In cents per unit of foreign currency]

	EUROPE											
	Austria (schilling)	Belgium (belga)	Bulgaria (lev)	Czechoslovakia (crown)	Denmark (krone)	England (pound)	Finland (markka)	France (franc)	Germany (reichsmark)	Greece (drachma)	Hungary (pengő)	
Par value.....	14. 07	13. 90	0. 72	(*)	26. 80	486. 65	2. 52	3. 92	23. 82	1. 30	17. 49	
1928—June.....	14. 0685	13. 9615	. 7199	2. 9625	26. 8173	488. 0262	2. 5171	3. 9311	23. 9009	1. 3023	17. 4475	
November.....	14. 0602	13. 8966	. 7193	2. 9626	26. 6541	484. 9213	2. 5173	3. 9066	23. 8234	1. 2925	17. 4220	
December.....	14. 0628	13. 9073	. 7190	2. 9624	26. 6868	485. 2442	2. 5170	3. 9098	23. 8325	1. 2924	17. 4185	
1929—January.....	14. 0598	13. 8958	. 7191	2. 9605	26. 6704	484. 9878	2. 5171	3. 9082	23. 7894	1. 2917	17. 4246	
February.....	14. 0543	13. 8944	. 7202	2. 9604	26. 6664	485. 2140	2. 5169	3. 9057	23. 7306	1. 2915	17. 4278	
March.....	14. 0522	13. 8836	. 7206	2. 9610	26. 6493	485. 2926	2. 5165	3. 9058	23. 7218	1. 2920	17. 4255	
April.....	14. 0467	13. 8847	. 7212	2. 9600	26. 6527	485. 3225	2. 5160	3. 9070	23. 7039	1. 2924	17. 4239	
May.....	14. 0468	13. 8826	. 7210	2. 9599	26. 6473	485. 0785	2. 5155	3. 9071	23. 7570	1. 2924	17. 4269	
June.....	14. 0465	13. 8832	. 7218	2. 9602	26. 6332	484. 8230	2. 5144	3. 9098	23. 8403	1. 2921	17. 4280	
	Italy (lira)	Netherlands (florin)	Norway (krone)	Poland (zloty)	Portugal (escudo)	Rumania (leu)	Russia (chervonetz)	Spain (peseta)	Sweden (krona)	Switzerland (franc)	Yugoslavia (dinar)	
Par value.....	5. 26	40. 20	26. 80	11. 22	108. 05	0. 60	514. 60	19. 30	26. 80	19. 30	19. 30	
1928—June.....	5. 2607	40. 3331	26. 7845	11. 2094	4. 4258	. 6152	515. 0000	16. 5681	26. 8334	19. 2754	1. 7605	
November.....	5. 2385	40. 1374	26. 6511	11. 1985	4. 4708	. 6042	515. 0000	16. 1201	26. 7278	19. 2494	1. 7581	
December.....	5. 2369	40. 1748	26. 6728	11. 1913	4. 4082	. 6005	515. 0000	16. 2348	26. 7633	19. 2729	1. 7587	
1929—January.....	5. 2337	40. 1096	26. 6560	11. 1883	4. 4281	. 6018	515. 0000	16. 2954	26. 7392	19. 2405	1. 7580	
February.....	5. 2343	40. 0490	26. 6633	11. 1942	4. 4069	. 6001	515. 0000	15. 5587	26. 7275	19. 2318	1. 7573	
March.....	5. 2351	40. 0535	26. 6609	11. 1923	4. 4495	. 5964	515. 0000	15. 0656	26. 7101	19. 2333	1. 7563	
April.....	5. 2355	40. 1409	26. 6644	11. 1910	4. 4645	. 5955	515. 0000	14. 7495	26. 7054	19. 2468	1. 7563	
May.....	5. 2357	40. 1984	26. 6550	11. 1859	4. 4738	. 5946	515. 0000	14. 2245	26. 7181	19. 2572	1. 7570	
June.....	5. 2313	40. 1512	26. 6393	11. 1858	4. 4854	. 5935	515. 0000	14. 1315	26. 7623	19. 2409	1. 756 8	
	NORTH AMERICA				SOUTH AMERICA							
	Canada (dollar)	Cuba (peso)	Mexico (peso)	Argentina (peso-gold)	Bolivia (boliviano)	Brazil (milreis)	Chile (peso)	Colombia (peso)	Ecuador (sucres)	Peru (libra)	Uruguay (peso)	
Par value.....	100. 00	100. 00	49. 85	96. 48	36. 50	11. 96	12. 17	97. 33	20. 00	486. 65	103. 42	
1928—June.....	99. 7605	99. 9495	48. 8267	96. 9438	34. 8000	11. 9924	12. 1980	98. 1046	20. 0000	399. 5000	102. 2513	
November.....	100. 0043	99. 9300	47. 8901	95. 8150	36. 4900	11. 9429	12. 0603	97. 1109	20. 0000	400. 3043	102. 3049	
December.....	99. 7872	99. 9332	47. 9841	95. 7504	36. 4696	11. 8900	12. 0678	97. 0900	20. 0000	400. 4000	102. 6068	
1929—January.....	99. 7509	99. 9683	48. 3678	95. 7642	36. 3308	11. 9160	12. 0630	97. 0900	20. 0000	400. 0000	102. 7469	
February.....	99. 6411	100. 0307	48. 4581	95. 7650	36. 5000	11. 9171	12. 0479	97. 0900	20. 0000	399. 7727	102. 6037	
March.....	99. 4030	100. 0261	48. 0515	95. 5624	36. 5000	11. 8235	12. 0645	96. 7669	20. 0000	400. 0000	101. 6177	
April.....	99. 2394	99. 9721	48. 2419	95. 5563	36. 5000	11. 8348	12. 0644	96. 3900	20. 0000	400. 0000	99. 1120	
May.....	99. 3012	100. 0101	47. 9715	95. 5184	36. 5000	11. 8634	12. 0423	96. 3900	20. 0000	400. 0000	97. 7018	
June.....	99. 1632	99. 9522	47. 8536	95. 2760	36. 5000	11. 8553	12. 0362	96. 4320	20. 0000	400. 0000	96. 6934	
	SOUTH AMERICA—continued		ASIA								AFRICA	
	Venezuela (bolivar)	China (Mexican dollar)	China (Shanghai tael)	China (Yuan dollar)	Hong Kong (dollar)	India (rupee)	Japan (yen)	Java (florin)	Straits Settlements (Singapore dollar)	Turkey (Turkish pound)	Egypt (Egyptian-pound)	
Par value.....	19. 30	41. 43	57. 57	40. 98	41. 14	36. 50	49. 85	40. 20	56. 78	439. 65	494. 31	
1928—June.....	19. 2500	47. 7930	66. 2321	47. 4815	50. 5411	36. 4618	46. 6149	40. 2327	56. 1426	51. 0877	500. 4409	
November.....	19. 2839	46. 5538	64. 0020	46. 1675	49. 9763	36. 4563	46. 3503	40. 1226	56. 4409	50. 0867	497. 2970	
December.....	19. 3800	46. 0455	63. 5510	45. 6808	49. 7879	36. 4653	45. 8940	40. 1396	56. 2488	49. 2924	497. 6198	
1929—January.....	19. 3400	45. 6837	63. 1168	45. 4070	49. 8161	36. 4487	45. 5102	40. 0623	56. 0027	48. 7296	497. 3430	
February.....	19. 2636	44. 7932	62. 1973	44. 5558	48. 8849	36. 3629	45. 2103	39. 9218	55. 9681	49. 2150	497. 5544	
March.....	19. 2500	44. 8856	62. 2304	44. 6205	48. 8437	36. 3623	44. 5203	39. 9306	56. 0752	48. 9973	497. 6292	
April.....	19. 2550	44. 2260	61. 2516	43. 9839	48. 6963	36. 3107	44. 6176	39. 9896	55. 9615	49. 0731	497. 6030	
May.....	19. 3300	43. 2824	59. 6191	42. 8005	48. 3424	36. 1817	44. 6460	40. 1000	55. 9824	48. 5304	497. 4362	
June.....	19. 3800	42. 1116	57. 7650	41. 4866	47. 8613	36. 0292	43. 8830	40. 0500	55. 9284	-----	-----	

¹ Based on noon buying rates for cable transfers in New York as certified to the Treasury by the Federal Reserve Bank of New York, in pursuance of the provisions of sec. 522 of the tariff act of 1922. For back figures see BULLETIN for January, 1928, and January, 1929.

² The National Bank of Czechoslovakia opened Apr. 1, 1928, under the obligation "to maintain the relation of the Czechoslovak crown to the undepreciated foreign gold currencies at the level of the last two years." During the period April, 1924, to March, 1928, inclusive, the range of the Czechoslovak crown was between 2.9193 cents and 3.0312 cents; the quotation on Mar. 31, 1928, was 2.9616 cents.

³ Averages based on daily quotations of closing rates as published by New York Journal of Commerce.

⁴ Nominal.

⁵ Silver currency. The figure given for parity represents gold value of unit in June, 1929, computed by multiplying silver content of unit by New York average price of silver for June, 1929, which was \$0.52740 per fine ounce. On the same basis, parity in June, 1928, for the Chinese Mexican dollar was 47.40 cents; for the Shanghai tael, 65.85 cents; for the Yuan dollar, 46.88 cents; and for the Hong Kong dollar, 47.06 cents.

PRICE MOVEMENTS IN PRINCIPAL COUNTRIES

WHOLESALE PRICES

ALL COMMODITIES

Month	United States (Bureau of Labor Statistics) ¹	EUROPE													
		Austria (gold basis)	Belgium	Bulgaria	Czechoslovakia	Denmark	England (Board of Trade)	Finland (gold basis) ¹	France		Germany (Federal Statistical Bureau)	Hungary (gold basis)	Italy (Bach)	Netherlands	Norway (Oslo)
									Statistical Bureau	Federal Reserve Board					
1927															
September	97	130	837	2,736	975	153	142	101	601	574	140	133	465	150	158
October	97	129	839	2,747	966	154	141	101	587	554	140	133	468	150	157
November	97	127	838	2,707	967	154	141	103	595	545	140	133	466	152	157
December	97	127	841	2,739	975	154	140	103	604	567	140	135	463	152	156
1928															
January	96	129	851	2,782	982	153	141	102	607	569	139	135	463	154	157
February	96	128	848	2,826	985	152	140	102	609	569	138	134	461	151	157
March	96	129	848	2,839	978	153	141	103	623	587	139	135	464	153	157
April	97	131	847	2,891	984	154	143	103	619	601	140	136	464	153	156
May	99	131	844	2,906	987	155	144	103	632	617	141	135	465	152	156
June	98	133	844	2,866	986	155	143	103	626	621	141	135	462	152	158
July	98	133	841	2,911	979	155	141	103	624	613	142	133	463	148	160
August	99	133	831	2,790	986	154	139	103	616	607	142	134	466	145	153
September	100	131	830	2,805	986	151	138	101	620	598	140	137	458	146	153
October	98	129	835	2,844	971	150	138	101	617	585	140	138	463	146	151
November	97	128	847	2,875	957	151	138	101	626	580	140	137	466	148	150
December	97	127	855	2,865	955	151	138	101	624	588	140	135	464	148	150
1929															
January	97	128	867	2,869	953	151	138	100	630	591	139	134	461	146	149
February	97	130	865	2,945	950	159	138	100	638	599	139	137	463	145	150
March	98	133	869	2,974	964	154	140	100	640	599	140	138	461	147	150
April	97	134	862	2,991	963	150	139	99	627	599	137	138	455	144	148
May	96	135	851	2,940	940	150	136	98	623	599	136	138	455	142	146
June	96	134	848	2,917	917	150	136	98	611	599	135	138	455	142	147

Month	EUROPE—continued					Canada ¹	Peru	ASIA AND OCEANIA					AFRICA		
	Poland ²	Russia ³	Spain	Sweden	Switzerland ⁴			Australia	China (Shanghai)	Dutch East Indies	India (Calcutta)	Japan (Tokyo)	New Zealand	Egypt (Cairo)	South Africa
1927															
September	101	170	169	148	144	97	205	170	172	153	150	169	146	120	-----
October	101	170	169	147	145	97	200	173	169	152	147	170	146	118	122
November	102	170	168	148	147	97	200	166	166	151	148	168	147	115	-----
December	101	170	169	148	146	97	199	162	164	150	148	168	148	114	-----
1928															
January	100	171	166	148	145	97	199	163	163	150	145	169	150	114	120
February	99	171	166	147	144	97	195	160	164	149	144	169	147	114	-----
March	102	171	165	149	145	98	193	160	163	149	144	169	147	116	-----
April	105	171	166	151	146	98	197	162	163	150	146	170	147	126	121
May	103	171	164	152	145	98	195	159	165	151	147	171	148	117	-----
June	103	172	164	151	145	97	195	158	160	150	145	169	148	117	-----
July	102	172	164	150	144	96	193	157	159	150	148	169	148	117	119
August	100	173	166	149	144	95	190	154	157	148	143	170	147	119	-----
September	100	173	168	146	145	96	188	153	156	149	142	174	148	120	-----
October	100	176	174	145	145	95	187	152	159	149	143	174	149	126	120
November	100	176	176	145	145	95	186	152	159	149	146	173	150	129	-----
December	100	177	175	145	144	95	185	154	160	149	145	174	149	126	-----
1929															
January	98	177	171	144	143	95	186	157	160	150	145	172	147	125	120
February	99	177	175	145	143	96	186	156	162	150	144	171	146	122	-----
March	99	178	174	144	142	96	189	157	164	151	143	171	146	123	-----
April	98	179	174	141	140	94	185	158	161	149	140	170	146	120	121
May	99	-----	-----	140	139	92	186	156	162	-----	139	169	-----	114	-----
June	-----	-----	-----	-----	-----	93	186	-----	163	-----	-----	168	-----	108	-----

¹ New index—1926=100.

² First of month figures.

³ New official index.

⁴ 1927=100.

NOTE.—These indexes are in most cases published here on their original bases, usually 1913 or 1914, as determined by the various foreign statistical offices which compile the index numbers and furnish them to the Federal Reserve Board. In several cases, however, viz, France, Netherlands, Japan, New Zealand, and South Africa, they have been recomputed from original bases (1901-1910; 1901-1910; October, 1900; 1909-1913; 1910) to a 1913 base. Index numbers of commodity groups for most of the countries are also available in the office of the Division of Research and Statistics and may be had upon request. Further information as to base periods, sources, numbers of commodities, and the period of the month to which the figures refer may be found on pages 769-770 of the BULLETIN for November, 1927.

WHOLESALE PRICES—Continued

GROUPS OF COMMODITIES

ENGLAND—BOARD OF TRADE

	1929					1928
	May	Apr.	Mar.	Feb.	Jan.	May
All commodities.....	136	139	140	138	138	144
Total food.....	144	148	150	149	148	159
Cereals.....	133	137	140	142	140	159
Meat and fish.....	146	146	145	144	144	144
Other foods.....	152	160	165	160	159	175
Industrial products.....	132	134	135	133	133	135
Iron and steel.....	115	114	113	113	113	112
Other minerals and metals.....	119	125	126	118	116	112
Cotton.....	155	159	162	159	162	173
Other textiles.....	154	156	158	159	161	169
Miscellaneous.....	134	135	136	137	139	143

FRANCE—STATISTICAL BUREAU

All commodities.....	623	627	640	638	630	632
All foods.....	621	623	624	625	612	623
Animal foods.....	608	624	603	614	604	536
Vegetable foods.....	649	629	648	637	623	678
Sugar, coffee, cocoa.....	566	591	596	602	590	675
All industrial material.....	626	631	653	650	645	640
Minerals.....	560	560	602	564	549	533
Textiles.....	766	783	811	821	822	811
Sundries.....	604	605	612	624	623	628

GERMANY—FEDERAL STATISTICAL BUREAU

All commodities.....	136	137	140	139	139	141
Total agricultural products.....	126	128	134	134	132	136
Vegetable foods.....	125	130	133	132	130	156
Cattle.....	120	122	123	120	118	105
Animal products.....	130	127	142	151	147	132
Fodder.....	133	140	142	140	138	162
Provisions.....	125	127	128	125	124	140
Total industrial raw materials and semifinished products.....	131	133	134	134	134	135
Coal.....	136	136	138	139	138	131
Iron.....	128	128	128	128	128	128
Nonferrous metals.....	118	127	132	118	113	104
Textiles.....	144	148	150	149	153	167
Hides and leather.....	120	129	130	131	139	156
Chemicals.....	126	126	127	126	127	126
Artificial fertilizers.....	87	88	88	87	87	82
Technical oils and fats.....	126	126	126	126	127	118
Rubber.....	30	29	34	34	28	25
Paper materials and paper.....	151	150	151	151	151	148
Building material.....	157	157	157	157	157	160
Total industrial finished products.....	158	158	158	158	159	158
Producers' goods.....	138	138	137	138	138	136
Consumers' goods.....	172	173	174	174	175	175

ITALY—CHAMBER OF COMMERCE OF MILAN

All commodities.....	485	493	499	498	496	496
Total food.....	555	562	570	569	559	567
Vegetable foods.....	554	569	585	574	572	621
Animal foods.....	555	552	552	562	543	504
All industrial products.....	458	466	472	471	472	469
Textiles.....	420	433	440	440	445	466
Chemicals.....	441	446	449	454	455	443
Minerals and metals.....	447	452	456	450	442	425
Building materials.....	541	541	541	541	536	518
Other vegetable products.....	488	501	519	511	508	516
Sundries.....	501	516	522	527	547	553

SWEDEN—BOARD OF TRADE

	1929					1928
	May	Apr.	Mar.	Feb.	Jan.	May
All commodities.....	140	141	144	145	144	152
Vegetable products.....	126	128	131	131	129	152
Animal products.....	137	136	139	144	144	138
Fuels and oils.....	118	117	122	126	116	112
Raw materials for manufacture in iron and metal industry.....	118	120	120	117	116	113
Paper pulp and paper.....	163	162	161	161	161	161
Raw materials for manufacture in leather industry.....	126	130	132	131	135	149
Raw and manufactured chemicals.....	153	153	155	165	165	166
Raw materials.....	134	136	141	143	139	149
Semifinished materials.....	140	142	143	143	142	157
Finished materials.....	143	143	145	146	147	151
Producers' goods.....	133	135	137	137	135	143
Consumers' goods.....	145	146	150	151	151	159

CANADA—DOMINION BUREAU OF STATISTICS

All commodities.....	92	94	96	96	95	98
Vegetable products.....	82	84	89	90	87	102
Animal products.....	109	108	110	108	107	102
Textiles.....	92	92	93	93	93	94
Wood and paper products.....	94	95	95	94	98	99
Iron and its products.....	94	94	93	93	93	94
Nonferrous metals.....	95	99	102	96	94	90
Nonmetallic minerals.....	92	92	93	94	94	92
Chemicals.....	95	95	95	94	94	95

AUSTRALIA—BUREAU OF CENSUS AND STATISTICS

All commodities.....	156	158	157	156	157	159
Metals and coal.....	174	174	174	174	172	174
Textiles.....	145	154	157	160	159	169
Agricultural products.....	154	154	150	159	167	163
Dairy products.....	159	154	152	155	158	151
Groceries and tobacco.....	164	164	166	166	163	165
Meat.....	145	148	148	117	117	122
Building materials.....	161	160	159	159	159	158
Chemicals.....	189	189	189	189	189	189

INDIA (CALCUTTA)—DEPARTMENT OF STATISTICS

	1929				1928	
	Apr.	Mar.	Feb.	Jan.	Dec.	Apr.
All commodities.....	140	143	144	145	145	146
Cereals.....	119	129	133	131	131	130
Pulses.....	147	146	166	171	181	148
Tea.....	157	157	157	165	157	169
Other foods.....	154	159	149	156	153	162
Oil seeds.....	148	148	150	149	152	139
Raw jute.....	105	105	108	107	97	101
Jute manufactures.....	125	139	138	139	147	152
Raw cotton.....	152	161	158	153	159	173
Cotton manufactures.....	161	161	162	163	160	157
Other textiles.....	136	140	140	140	140	145
Hides and skins.....	120	130	125	116	125	156
Metals.....	130	127	124	126	127	125
Other articles.....	143	139	141	139	138	137

NOTE.—See footnotes on preceding page.

RETAIL FOOD PRICES AND COST OF LIVING

RETAIL FOOD PRICES

[Pre-war=100]

Month	United States (51 cities)	EUROPEAN COUNTRIES														OTHER COUNTRIES				
		Austria (Vienna)	Belgium ¹	Bulgaria	Czechoslovakia	England ²	Estonia ³	France (Paris)	Germany	Greece (Athens)	Italy (Milan)	Netherlands ⁴	Norway	Russia ²	Switzerland	Canada ²	Australia	India (Bombay)	New Zealand	South Africa
1927																				
June	155	122	201	2,699	949	154	120	580	153	2,063	541	163	172	199	157	146	153	151	144	120
July	150	122	205	2,653	962	159	122	557	156	2,059	524	-----	175	199	156	147	152	154	144	119
August	149	120	202	2,624	914	156	118	539	150	2,044	518	-----	175	199	156	147	155	155	143	118
September	151	119	206	2,615	910	157	111	532	151	2,070	509	163	174	198	158	147	157	151	143	117
October	153	120	210	2,626	907	161	112	520	152	2,071	509	-----	173	198	158	148	159	148	143	119
November	153	119	211	2,587	905	163	113	500	152	2,086	510	-----	171	199	159	149	157	147	144	119
December	153	118	212	2,618	913	163	113	523	153	2,101	513	167	171	200	159	151	155	149	146	119
1928																				
January	152	118	211	2,660	913	162	118	530	152	³ 146 ³ 140	-----	-----	170	201	158	151	154	151	147	119
February	149	117	207	2,701	910	159	118	522	151	³ 144 ³ 141	-----	-----	170	202	157	149	152	146	145	118
March	148	116	201	2,713	902	155	122	524	151	³ 143 ³ 141	166	-----	171	203	156	147	153	142	145	118
April	149	117	202	2,766	905	155	126	532	152	³ 144 ³ 141	-----	-----	171	203	156	146	154	140	144	119
May	151	117	197	2,778	908	156	126	546	151	³ 145 ³ 140	-----	-----	172	205	156	146	154	140	146	120
June	150	122	200	2,740	928	157	126	³ 113 152	³ 144 ³ 142	-----	169	-----	170	206	157	145	154	142	147	114
July	150	119	202	2,783	943	156	130	³ 111 154	³ 138 ³ 140	-----	-----	-----	173	211	157	146	152	143	147	116
August	151	120	205	2,667	943	156	129	³ 111 156	³ 134 ³ 138	-----	-----	-----	170	211	156	149	150	142	146	115
September	155	120	210	2,682	928	156	124	³ 110 153	³ 132 ³ 140	-----	166	-----	164	210	157	150	150	141	147	115
October	153	120	215	2,719	907	157	125	³ 115 152	³ 137 ³ 141	-----	-----	-----	163	211	158	152	149	142	149	115
November	154	120	223	2,749	900	159	126	³ 119 152	³ 137 ³ 144	-----	-----	-----	161	213	158	152	150	144	150	118
December	153	119	222	2,739	905	160	125	³ 121 153	³ 133 ³ 145	-----	164	-----	161	215	158	152	152	145	152	115
1929																				
January	151	120	221	2,742	900	159	133	³ 121 153	³ 133 ³ 147	-----	-----	-----	158	216	157	152	161	146	149	115
February	151	123	221	2,816	911	156	138	³ 122 156	³ 135 ³ 147	-----	-----	-----	157	218	157	150	161	146	148	115
March	150	121	215	2,843	913	157	142	³ 123 159	-----	³ 155	163	-----	158	223	156	151	160	146	146	117
April	149	119	212	2,860	901	150	137	³ 124 154	-----	³ 151	-----	-----	156	230	154	148	162	145	147	115
May	150	120	211	-----	906	149	136	-----	-----	-----	-----	-----	156	-----	-----	147	-----	143	-----	115
June	152	124	-----	-----	-----	147	-----	-----	-----	-----	-----	-----	156	-----	-----	147	-----	144	-----	-----

COST OF LIVING

Month	Massachusetts	EUROPEAN COUNTRIES														OTHER COUNTRIES				
		Belgium ¹	Czechoslovakia	England ²	Finland	France (Paris)	Germany	Greece (Athens)	Hungary	Italy (Milan)	Netherlands	Norway	Poland ²	Spain	Sweden	Switzerland	Canada ²	Australia	India (Bombay)	South Africa
1927																				
June	156	196	761	163	1,184	525	148	1,951	121	586	167	201	101	185	-----	160	149	155	154	132
July	155	199	753	166	1,203	-----	150	1,960	119	548	-----	-----	98	184	169	160	149	-----	156	132
August	155	198	739	164	1,237	-----	147	1,951	119	543	-----	-----	99	192	-----	160	149	-----	157	131
September	155	202	736	165	1,230	507	147	1,955	119	537	167	197	99	187	-----	161	149	157	154	131
October	155	207	734	167	1,237	-----	150	1,956	120	536	-----	-----	101	189	172	161	150	-----	151	132
November	157	208	735	169	1,251	-----	151	1,964	120	536	-----	-----	103	188	-----	162	150	-----	150	132
December	157	208	740	169	1,243	498	151	1,978	120	531	170	195	103	186	-----	162	151	159	151	132
1928																				
January	157	210	741	168	1,216	-----	151	³ 155	121	³ 145	-----	-----	102	178	171	161	151	-----	154	132
February	156	207	739	166	1,206	-----	151	³ 154	120	³ 145	-----	-----	100	175	-----	161	150	-----	148	131
March	155	204	737	164	1,214	507	151	³ 153	119	³ 145	169	193	101	176	-----	160	149	157	145	132
April	155	205	741	164	1,212	-----	151	³ 153	121	³ 145	-----	-----	102	175	171	160	149	-----	144	133
May	156	202	743	164	1,207	-----	151	³ 153	121	³ 144	-----	-----	103	171	-----	160	149	-----	147	133
June	155	204	741	165	1,219	³ 105	151	³ 152	121	³ 145	170	193	103	172	-----	161	148	157	146	132
July	157	205	753	165	1,236	-----	153	³ 148	121	³ 143	-----	-----	104	173	173	161	148	-----	146	131
August	157	207	761	165	1,258	-----	154	³ 146	126	³ 142	-----	-----	104	174	-----	161	150	-----	146	131
September	158	211	756	165	1,249	³ 105	152	³ 145	127	³ 143	169	185	104	178	-----	161	151	155	145	131
October	157	215	735	166	1,254	-----	152	³ 148	126	³ 144	-----	-----	104	179	172	162	152	-----	146	131
November	157	220	730	167	1,262	-----	152	³ 148	125	³ 146	-----	-----	106	181	-----	162	152	-----	147	132
December	157	219	734	168	1,260	³ 108	153	³ 146	126	³ 147	168	183	106	187	-----	162	152	155	148	131
1929																				
January	157	219	737	167	1,242	-----	153	³ 148	126	³ 147	-----	-----	106	184	170	161	152	-----	149	131
February	156	220	745	165	1,232	-----	154	³ 148	127	³ 148	-----	-----	108	183	-----	161	151	-----	149	131
March	157	217	754	166	1,229	³ 111	157	³ 149	127	³ 153	169	180	106	184	-----	161	152	-----	149	132
April	157	215	746	162	1,219	-----	154	-----	125	³ 150	-----	-----	106	184	171	159	150	-----	148	132
May	157	215	744	161	1,210	-----	154	-----	-----	-----	-----	-----	106	-----	-----	160	151	-----	147	-----
June	-----	-----	-----	160	-----	-----	153	-----	-----	-----	-----	179	-----	-----	-----	149	-----	-----	-----	-----

¹ 1921=100. ² First of month figures. ³ Revised on a gold basis. ⁴ Amsterdam only. 1911-1913=100. ⁵ 1927=100.

NOTE.—Information as to the number of foods and items included, the original base periods, and sources may be found on page 276 of the April, 1925, issue of the BULLETIN.

LAW DEPARTMENT

Discretion of Federal Reserve Board in approving the organization of foreign banking corporations.

The authority of the Federal Reserve Board to exercise its discretion in the matter of approving or disapproving the organization of corporations pursuant to the provisions of section 25 (a) of the Federal reserve act, to engage in international or foreign banking or international or foreign financial operations was upheld by a decision of the Court of Appeals of the District of Columbia on June 3, 1929, in the case of *United States ex rel. Apfel et al. v. Mellon, et al.* Certain individuals had filed with the Federal Reserve Board the articles of association and organization certificate of a proposed foreign banking corporation to be organized under section 25 (a) of the Federal reserve act and had requested the board to approve these organization papers and to issue to the organizers a preliminary certificate to commence business. After investigation, the board reached the conclusion that the experience and business qualifications of the organizers of the proposed corporation were not such as to hold promise of the successful conduct of such a corporation and that it would not be in the public interest to approve the organization papers and to issue a preliminary permit for the proposed corporation to commence business. The organizers thereupon filed a petition for a writ of mandamus in the Supreme Court of the District of Columbia to compel the board to take the action requested. The board filed an answer and the petitioners then demurred to the answer of the board. The demurrer was overruled by the lower court and its decision was affirmed by the decision of the Court of Appeals of the District of Columbia. The opinion of the latter follows:

COURT OF APPEALS OF THE DISTRICT OF COLUMBIA

No. 4837

Charles L. Apfel, Stephen B. Gibbons, Bertrand A. Unger, Joseph Sheldon, Henry Green, Henry M. Susswein, Edmund J. Horwath, and Milo Ogden Frank, appellants, *v.* Andrew W. Mellon, J. W. McIntosh, Roy A. Young, Edmund Platt, Adolph C. Miller, Charles S. Hamlin, Edward H. Cunningham, and George R. James, as members of the Federal Reserve Board, appellees.

Appeal from the Supreme Court of the District of Columbia.

Before Martin, chief justice, and Robb and Van Orsdel, associate justices.

This is an appeal from a final order of the lower court dismissing the appellants' petition for a writ of mandamus upon the allegations of the petition and answer.

The case arises under the act of Congress of December 24, 1919 (41 Stat. 378), commonly known as the "Edge Act," first enacted as section 25 (a) of the Federal reserve act. See Title XII, sections 611 to 631, U. S. C. A.

The act provides that corporations may be organized for the purpose of engaging in international or foreign banking or other international or foreign financial operations, and may be formed by any number of natural persons not less than five; that such persons shall enter into articles of association which shall specify in general terms the objects for which the association is formed, and shall execute an organization certificate which shall set out the name assumed by the corporation, the place or places where its operations are to be carried on, the place in the United States where its home office is to be located, the amount of its capital stock and the number of shares into which it shall be divided, the names and places of business or residence of the persons executing the certificate and the number of shares to which each has subscribed, and the fact that the certificate is made to enable the subscribers and their successors to avail themselves of the advantages of the act. It provides also that no corporation shall be organized under the act with a capital stock of less than \$2,000,000, one-quarter of which shall be paid in before the corporation may be organized to begin business; that the persons signing the organization certificate shall duly acknowledge the execution thereof, and forward it to the Federal Reserve Board, and that after the articles of association and an organization certificate are duly made and filed, and "after the Federal Reserve Board has approved the same and issued the permit to begin business, the association shall become and be a body corporate," with certain specified powers including in general the right to engage in international or foreign banking or other financial operations. The act provides "that except such as is incidental and preliminary to its organization no such corporation shall exercise any of the powers conferred by this section until it has been duly authorized by the Federal Reserve Board to commence business as a corporation organized under the provisions of this section." It also provides that such a corporation may establish and maintain branches or agencies in foreign countries at such places as may be approved by the the Federal Reserve Board and under such rules and regulations as the board may prescribe.

In the instant case the appellants, as relators below, filed their petition against the appellees as members of the Federal Reserve Board, alleging that the relators had duly executed and filed with the respondents, a certificate for the organization of a corporation under the foregoing act for the purpose of engaging in international or foreign banking under the name "Foreign Financing Corporation," and that the certificate fully conformed with the requirements of the act; but that the respondents nevertheless had wrongfully refused to approve of the same or to issue a permit to relators to begin business as a body corporate under the act. The relators prayed for a writ of mandamus to compel

the respondents acting as the Federal Reserve Board to approve the articles of incorporation and the organization certificate aforesaid, and to permit relators to begin business as a body corporate under the name "Foreign Financing Corporation," in accordance with the provisions of the act.

The respondents filed their answer admitting that the articles of association and organization certificate filed with the board by relators were in proper legal form, but stating that the board had refused to approve the same on the following grounds:

"That the Federal Reserve Board as a board, and the respondents as members thereof, deem it their duty carefully to inquire into the qualifications of the organizers of such proposed corporations and to refuse to approve the articles of association and organization certificates of such proposed corporations and to issue a permit for such proposed corporations to do business, unless after investigation said board is of the opinion that the financial responsibility, experience, training, and other qualifications of the organizers of such proposed corporations are such as may reasonably be calculated to hold promise of the financial soundness, reliable and competent management, and proper and successful operation of such proposed corporation."

"* * * that relators do not possess the qualifications reasonably necessary to assure the financial soundness, reliable and competent management, or the proper or successful operations of a corporation organized under section 25 (a) of the Federal Reserve Act to engage in the highly technical activities of international or foreign banking or other international or foreign financial operations and that it would be detrimental to the public interest to approve such articles of association or organization certificate and to issue a preliminary permit for such proposed corporation to commence business; and that, therefore, the said board refused to approve the articles of association and the organization certificate and refused to issue a permit to said proposed corporation to begin business. Respondents say that this determination by the Federal Reserve Board was unanimous; that it was adopted after impartial investigation and full and impartial consideration of all the facts; and that respondents believed then and now believe that it would be contrary to public policy and contrary to the duty of respondents as public officers to approve said articles of association and said organization certificate or to issue a preliminary permit to the relators to begin business as a body corporate."

The relators filed a demurrer to the answer of respondents. The lower court overruled the demurrer, and, relators electing to stand upon their demurrer, the court dismissed the petition, and the relators appealed.

It is contended by appellees that the statute imposes the duty upon the Federal Reserve Board of exercising its judgment and discretion with respect to the approval or disapproval of the articles of association and organization certificates made and filed under the act, and that the board's action in this instance is within the limits of that authority. On the other hand, appellants contend that "Congress has not undertaken to delegate to the board the discretion it has assumed to exercise."

We agree with the contention of the appellees. The statute provides that an association formed under the act shall not become a body corporate until after the articles of association and organization certificate have been duly made and filed, and after the Federal

Reserve Board has approved the same and issued a permit to it to begin business. The word "approved" naturally imports the exercise of judgment and discretion; and the power to approve ordinarily implies a power to disapprove.

To "approve" or give "approval" is in its essential and most obvious meaning to confirm, ratify, sanction, or consent to some act or thing done by another. The word "approve" does not, *ex vi termini*, necessarily import the exercise of discretion, but from the connection in which the term is used it often involves the idea of discretion and adjudication, and is seldom construed as requiring a mere ministerial act. (4 C. J. 1464.)

In the case of *State ex rel. Dodd v. Hill*, Banking Commissioner, 84 W. Va., 468, the Supreme Court of West Virginia dealt with a statute which provided that "hereafter no charter shall be issued to any bank to do business in this State until the application therefor has been approved in writing by the commissioner of banking." Acting under this statute the commissioner of banking had refused to issue such a charter to the appellants, upon the ground that, for the protection of the public, he had carefully considered the proposed location of the bank, the territory contributory thereto, its possibilities and probabilities from a banking standpoint, and other questions connected therewith, and that in the exercise of his best judgment as an officer he had arrived at the conclusion that the application should not be approved. In denying a writ of mandamus to compel the commissioner to issue a charter the court held that the statutory provision aforesaid vested in the commissioner discretionary power to approve or reject such an application, and that the commissioner's decision was not subject to judicial review unless it clearly appeared that he had "willfully and arbitrarily disregarded his duty, or that his decision was due to caprice, passion, partiality, or corruption."

In the *People ex rel. Schweder v. Brady*, Auditor of Public Accounts, 268 Ill. 192, the Supreme Court of Illinois held in relation to similar legislation that a statute authorizing the State auditor to withhold the final certificate of organization of a bank when he is not satisfied as to the personal character and standing of the officers or directors or when he has reason to believe that the bank is organized for any purpose other than that contemplated by the act, is not unconstitutional on the ground that it confers judicial or legislative power on the auditor.

See *First National Bank v. Union Trust Co.*, 244 U. S. 416.

In the instant case it is clear that Congress was providing a means for conferring special and important privileges upon such corporations as should be organized under the Edge Act. An abuse by any corporation of the powers thus granted to it might involve grave consequences to our public service. It is reasonable to believe that Congress intended that a careful investigation should be made by the Federal Reserve Board concerning the character and competency of the incorporators of such an enterprise, as one of the means of determining whether to grant or withhold their approval of the application for incorporation. Moreover it should be noted that the act repeatedly provides for an "approval" by the board as a prerequisite to proceedings authorized thereunder, and in all such instances the term plainly implies the exercise of consideration, judgment, and discretion by the board. The act provides *inter alia* that any such corporation may at any time within the two years next previous to the date of the expiration of its corporate existence, by a vote of the shareholders owning

two-thirds of its stock, apply to the Federal Reserve Board for its approval to extend the period of its corporate existence for a term of not more than 20 years, and upon certified approval of the board such corporation shall have its corporate existence for such extended period. The board, accordingly, may exercise its judgment and discretion with respect to what is practically a renewal of the corporate charter. This fact is significantly consistent with the view that the board possesses a similar power over the granting of the first charter.

An examination of congressional legislation with regard to banking since 1864 shows that Congress has consistently used various forms of the word "approve" in the sense of conferring discretion upon the Comptroller of the Currency, the Secretary of the Treasury, or the Federal Reserve Board. Such a consistent use of the term in statutes *in pari materia* is persuasive. *Marks v. United States*, 161 U. S. 297.

The statutes relating to the organization of national banks are analogous to those now in question. It is therefore proper to note that the Comptroller of the Currency has prescribed the following as one of the regulations governing the investigations to be made by the examiners relating to applications for national-bank charters:

"In making this investigation the examiner is instructed to give full consideration to all factors entering into the proposition. Among other matters to be considered are: First, the general character and experience of the organizers and of the proposed officers of the new bank; second, the adequacy of existing banking facilities and the need of further banking capital; third, the outlook for the growth and development of the town or city in which the bank is to be located; fourth, the methods and banking practices of the existing bank or banks, the interest rates which they charge to customers, and the character of the service which as quasi-public institutions they are rendering to their community; fifth, the reasonable prospects for success of the new bank if efficiently managed." Instructions No. 4 of the Comptroller of the Currency, regulations promulgated June 31, 1927, Digest of Rulings of the Federal Reserve Board with appendices (1928), pages 394-395.

See *McCormick v. Market Bank*, 165 U. S. 538, 551-2.

In the present case mandamus will not lie to control the exercise of the board's discretion.

"It is a frequently asserted and universally recognized rule that mandamus only lies to enforce a ministerial act or duty; in this sense a ministerial duty may be briefly defined to be some duty imposed expressly by law, not by contract or arising necessarily as an incident to the office, involving no discretion in its exercise, but mandatory and imperative. The distinction between merely ministerial and judicial and other official acts is that where the law prescribes and defines the duty to be performed with such precision and certainty as to leave nothing to the exercise of discretion or judgment, the act is ministerial; but where the act to be done involves the exercise of discretion or judgment, it is not to be deemed merely ministerial." 18 R. L. C. 116.

The judgment of the lower court is affirmed with costs.

(Signed) GEORGE E. MARTIN,
Chief Justice, Court of Appeals of the District of Columbia.

Changes in State Bank Membership

The following list shows the changes affecting State bank membership during the month ended June 21, 1929, on which date 1,183 State institutions were members of the system:

ADMISSIONS

	Capital	Surplus	Total resources
<i>District No. 1</i>			
Bristol American Bank & Trust Co., Bristol, Conn.....	\$200,000	\$200,000	\$3,599,243
<i>District No. 2</i>			
Seaboard Bank of the City of New York, N. Y.....	11,000,000	14,000,000	279,739,812
<i>District No. 7</i>			
Union Industrial Bank, Flint, Mich.....	1,800,000	700,000	31,680,824
<i>District No. 8</i>			
Cass Bank & Trust Co., St. Louis, Mo.....	300,000	400,000	6,725,531
State Savings Bank, Lebanon, Mo.....	25,000	15,000	368,415
<i>District No. 11</i>			
Security State Bank & Trust Co., Beaumont, Tex.....	125,000	10,000	1,219,271
Central Trust Co., San Antonio, Tex.....	250,000	100,000	5,474,730

CHANGES

<i>District No. 2</i>			
Corn Exchange Bank, New York, N. Y. (title changed to Corn Exchange Bank Trust Co.). Hanover Bank of the City of New York, N. Y. (merged with Central Union Trust Co., New York, N. Y., member, under title of Central Hanover Bank & Trust Co.).....	\$10,000,000	\$15,000,000	\$320,273,000
The Trade Bank of New York, N. Y., has absorbed the Tompkins Square Bank, New York, N. Y., nonmember. Liberty Bank of Buffalo, N. Y., member, has absorbed the Frontier National Bank of Buffalo, N. Y.....	200,000	50,000	2,159,000
<i>District No. 3</i>			
Bank of North America & Trust Co., Philadelphia, Pa. (merged with and under the title of Pennsylvania Co. for Insurance on Lives & Granting Annuities, Philadelphia, Pa., member).....	5,000,000	5,000,000	74,122,000
Citizens Savings & Trust Co., York, Pa. (merged with and under title of York Trust Co., York, Pa., member).....	500,000	300,000	3,849,000
Security Trust Co., Camden, N. J., nonmember (merged with and under title of Camden Safe Deposit & Trust Co., Camden, N. J., member).....	200,000	600,000	5,862,720

CHANGES--Continued

	Capital	Surplus	Total resources
<i>District No. 6</i>			
Citizens Banking Co., Eastman, Ga. (reopened).....	\$100,000	\$20,000	\$307,089
<i>District No. 7</i>			
Industrial Savings Bank, Flint, Mich.....	1,000,000	300,000	22,750,000
Union Trust & Savings Bank, Flint, Mich.....	400,000	400,000	9,410,000
(Above member banks merged under title of Union Industrial Bank, member).			
American State Bank, Fort Madison, Iowa (voluntary withdrawal).....	100,000	22,000	846,060
Merchants National Bank, Detroit, Mich. (merged with Dime Savings Bank, Detroit, Mich., member, under title of Bank of Michigan).....	2,000,000	1,000,000	30,839,000
State Bank of Waupun, Waupun, Wis. (voluntary withdrawal).....	50,000	50,000	1,048,195
<i>District No. 8</i>			
Cass Avenue Bank, St. Louis, Mo. (succeeded by Cass Bank & Trust Co., a member).....	300,000	400,000	6,725,531
<i>District No. 11</i>			
Texas State Bank & Trust Co., San Antonio, Tex. (withdrawal).....	300,000	36,000	2,702,040
Central State Bank, Sherman, Tex. (voluntary withdrawal).....	100,000	11,000	454,240
<i>District No. 12</i>			
Bingham State Bank, Bingham Canyon, Utah (title changed to First Security Bank of Bingham).....			
Growers Bank, San Jose, Calif. (converted into San Jose National Bank).....	300,000	35,000	1,834,957

Acceptances to 100 Per Cent

The following member institution has been authorized by the Federal Reserve Board to accept drafts and bills of exchange up to 100 per cent of its capital and surplus: Seaboard Bank of the City of New York, N. Y.

Fiduciary Powers Granted to National Banks

During the month ended June 21, 1929, the Federal Reserve Board approved applications of the national banks listed below for permission to exercise one or more of the fiduciary powers named in section 11 (k) of the Federal reserve act, as amended, as follows: (1) Trustee; (2) executor; (3) administrator; (4) registrar of stocks and bonds; (5) guardian of estates; (6) assignee; (7) receiver; (8) committee of estates of

lunatics; (9) in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

Location	District No.	Name of bank	Powers granted
Middletown, Conn.....	1	First National Bank.....	1 to 9.
Haverhill, Mass.....	1	Haverhill National Bank.....	1 to 9.
Peabody, Mass.....	1	Warren National Bank.....	1 to 9.
Rochester, N. Y.....	2	First National Bank & Trust Co.	1 to 9.
Yonkers, N. Y.....	2	Central National Bank.....	1 to 9.
Springfield, Ohio.....	4	Lagonda Citizens National Bank.	1 to 7 and 9.
Erie, Pa.....	4	Marine National Bank.....	1 to 9.
Leechburg, Pa.....	4	First National Bank.....	1 to 9.
Albany, Ga.....	6	City National Bank.....	1 to 9.
Harvey, Ill.....	7	First National Bank.....	1 to 9.
Bluffton, Ind.....	7	First National Bank.....	1 to 9.
Noblesville, Ind.....	7	American National Bank.....	1 to 9.
Creston, Iowa.....	7	First National Bank.....	1 to 9.
Lebanon, Ky.....	8	Farmers National Bank.....	1 to 9.
St. Paul, Minn.....	9	American National Bank.....	1 to 9.
Canon City, Colo.....	10	First National Bank.....	1 to 9.
Kansas City, Mo.....	10	Drovers National Bank in Kansas City.	1 to 9.
Brownsville, Tex.....	11	Merchants' National Bank.....	2 to 9. ¹
Paris, Tex.....	11	First National Bank.....	1 to 9.
Spokane, Wash.....	12	First National Trust & Savings Bank.	1 to 9.

¹ Supplemental.

Changes in National Bank Membership

The Comptroller of the Currency reports the following increases and reductions in the number and capital of national banks during the period from May 25 to June 21, 1929, inclusive:

	Number of banks	Amount of capital
New charters issued.....	13	\$2,575,000
Restored to solvency.....	0	0
Increase of capital approved.....	18	4,050,000
Aggregate of new charters, banks, restored to solvency, and banks increasing capital.....	31	6,625,000
Liquidations.....	18	14,385,000
Reducing capital.....	1	50,000
Total liquidations and reductions of capital.....	19	14,435,000
Consolidation of national banks under act of Nov. 7, 1918.....	0	0
Consolidation of a national bank and a State bank under act of Feb. 25, 1927.....	1	100,000
Total consolidations.....	1	100,000
Aggregate increased capital for period.....		6,625,000
Reduction of capital owing to liquidations, etc.....		14,435,000
Net decrease.....		7,810,000

DETAILED BANKING STATISTICS FOR THE UNITED STATES

FEDERAL RESERVE BANKS

BILLS DISCOUNTED, AND DEPOSITS BY CLASS OF DEPOSIT

[Monthly averages of daily figures. In millions of dollars]

	Total	Federal Reserve Bank											
		Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Bills discounted:													
1928—June.....	1,018.7	84.8	376.1	80.2	89.3	48.0	59.8	136.1	52.9	8.5	22.4	11.3	49.4
July.....	1,089.6	68.0	382.6	93.8	100.8	54.9	68.5	156.7	55.1	12.2	23.9	16.7	56.5
August.....	1,060.8	61.1	321.3	99.1	80.1	56.6	76.8	159.4	58.8	18.5	22.7	29.8	76.7
September.....	1,064.3	50.9	352.3	106.5	77.8	57.2	82.9	113.8	65.0	17.8	24.0	29.6	86.6
October.....	975.2	45.9	300.7	93.7	75.5	47.8	79.4	134.1	49.8	18.1	31.3	25.3	73.5
November.....	897.3	50.6	238.1	79.3	85.6	42.5	68.7	138.8	43.9	16.0	43.1	21.3	69.6
December.....	1,013.0	65.0	298.7	91.3	108.0	40.8	57.8	178.9	39.6	10.4	44.2	17.9	60.3
1929—January.....	889.2	60.4	245.9	73.1	79.7	40.7	58.5	142.7	37.4	12.0	33.3	20.6	55.0
February.....	889.2	61.9	216.3	85.5	84.7	41.0	55.8	165.9	37.8	12.8	32.5	19.2	75.8
March.....	968.6	58.6	231.5	101.6	76.0	43.4	51.7	210.6	48.1	15.6	31.8	14.8	86.0
April.....	1,004.4	75.8	264.6	110.0	96.6	52.6	63.6	133.4	51.8	19.3	38.8	18.6	79.3
May.....	956.3	96.5	234.5	86.7	93.8	58.1	73.4	109.8	48.7	18.1	49.1	23.1	64.4
June.....	978.0	99.4	231.2	84.7	90.9	56.6	65.9	135.9	49.9	15.2	48.3	22.3	57.7
Total deposits:													
1928—June.....	2,394.9	150.6	942.1	137.8	188.9	70.2	67.8	355.9	81.6	54.0	91.8	65.2	189.0
July.....	2,372.6	151.4	919.4	137.2	190.1	70.1	66.5	355.4	81.6	53.3	93.7	65.6	188.3
August.....	2,330.2	149.6	889.8	134.4	189.3	69.7	66.4	350.6	80.8	52.6	94.8	64.8	187.4
September.....	2,370.1	152.6	897.8	137.9	195.8	70.8	65.2	357.0	83.6	55.0	97.5	67.3	189.5
October.....	2,380.6	155.0	902.9	137.0	190.9	71.3	65.8	357.7	83.5	57.0	95.7	70.8	193.1
November.....	2,401.6	154.7	920.9	136.4	188.9	71.5	67.1	357.7	83.8	57.5	94.8	73.1	195.1
December.....	2,415.1	150.7	939.1	136.8	186.2	71.7	69.6	357.2	85.3	56.4	94.4	73.7	194.0
1929—January.....	2,436.3	152.4	953.2	139.4	190.1	71.9	69.1	358.2	85.9	55.3	95.6	73.3	191.8
February.....	2,406.7	149.2	943.2	135.4	188.7	71.1	69.1	357.0	85.0	54.0	93.8	72.8	187.3
March.....	2,384.7	145.5	944.5	134.9	188.2	69.5	68.9	349.8	81.8	54.1	93.0	70.9	183.6
April.....	2,367.5	146.4	937.1	135.9	186.4	70.2	67.9	346.8	81.5	52.9	91.0	68.6	182.7
May.....	2,350.9	143.5	932.6	136.7	187.0	68.3	66.1	346.9	80.3	51.5	89.0	66.5	182.6
June.....	2,374.4	146.0	949.6	136.9	188.3	69.5	65.6	347.6	79.6	52.7	90.3	65.4	183.0
Member bank reserve balances:													
1928—June.....	2,354.5	149.3	925.9	136.2	185.9	68.5	66.6	352.0	80.3	52.9	90.3	64.1	182.5
July.....	2,323.5	149.9	902.4	134.7	186.8	67.2	64.7	351.0	79.7	52.0	91.7	63.7	179.9
August.....	2,273.9	147.1	872.0	132.0	185.8	66.2	63.7	344.8	78.5	50.7	92.4	62.5	178.2
September.....	2,314.3	149.6	883.2	134.9	190.3	67.6	62.7	352.3	80.1	53.0	92.8	65.5	182.4
October.....	2,332.2	152.5	889.7	134.8	187.8	68.3	63.4	353.3	80.5	55.1	92.5	68.9	185.2
November.....	2,352.3	152.0	903.4	134.4	185.4	69.1	64.8	354.0	81.5	56.1	93.0	71.4	187.3
December.....	2,366.8	148.6	923.4	134.5	183.4	69.6	67.5	353.0	83.4	55.1	93.0	72.2	183.2
1929—January.....	2,386.7	150.5	936.3	137.2	187.0	69.7	67.2	354.3	84.2	53.9	93.9	71.8	180.7
February.....	2,357.3	146.7	928.5	133.5	185.7	68.6	67.6	352.8	82.9	52.5	91.9	70.7	176.0
March.....	2,336.5	144.3	924.6	133.4	185.6	67.6	67.7	346.5	78.7	53.1	91.8	70.0	173.1
April.....	2,307.9	144.1	915.2	133.2	183.4	67.2	66.2	341.6	77.8	51.6	89.2	66.8	171.7
May.....	2,296.4	141.9	914.7	133.8	184.1	65.6	64.5	340.8	76.6	50.2	87.5	65.1	171.6
June.....	2,314.3	142.4	931.9	134.7	184.2	65.5	63.4	341.0	75.9	51.3	88.6	63.3	172.0
Government deposits:													
1928—June.....	12.8	.6	4.1	.8	.8	1.2	.8	1.1	.7	.6	.6	.7	.9
July.....	19.5	.7	3.7	1.3	1.0	2.2	1.4	1.8	1.1	.9	1.2	1.5	2.7
August.....	27.9	1.6	6.9	1.4	1.2	2.7	2.2	2.7	1.2	1.4	1.4	2.0	3.2
September.....	17.6	1.6	4.2	1.3	1.3	1.7	1.6	1.2	.8	.8	.7	1.2	1.1
October.....	18.7	1.7	3.3	1.2	.9	2.2	1.6	1.4	1.2	.9	1.1	1.6	1.6
November.....	17.5	1.4	2.9	1.3	1.2	1.9	1.8	1.4	1.2	.9	.9	1.4	1.3
December.....	18.8	1.4	4.6	1.6	1.2	1.7	1.7	1.5	.9	.8	.8	1.2	1.4
1929—January.....	18.2	1.2	3.7	1.3	.9	1.7	1.5	1.6	1.1	1.0	1.2	1.3	1.5
February.....	20.9	1.3	4.7	1.1	1.3	2.1	1.1	2.3	1.3	1.1	1.3	1.1	2.0
March.....	16.8	.6	6.3	.8	1.1	1.5	.8	1.3	.7	.6	.6	.7	1.9
April.....	24.8	1.6	6.5	1.9	1.2	2.6	1.3	3.2	1.1	.9	1.1	1.6	1.9
May.....	22.5	.9	4.6	2.1	1.4	2.3	1.1	3.9	1.2	.9	1.2	1.1	1.7
June.....	30.4	2.9	7.6	1.4	2.2	3.6	1.7	4.2	1.1	.9	1.2	1.8	1.6
All other deposits:													
1928—June.....	27.5	.7	12.1	.9	2.1	.5	.4	2.8	.7	.5	.9	.3	5.6
July.....	29.7	.9	13.4	1.1	2.3	.7	.5	2.7	.8	.5	.8	.4	5.7
August.....	28.4	.9	10.8	1.0	2.3	.7	.6	3.1	1.0	.5	1.0	.4	6.0
September.....	38.2	1.4	10.4	1.7	4.2	1.5	1.0	3.5	2.8	1.2	4.0	.5	6.1
October.....	29.7	.7	9.9	1.0	2.1	.8	.8	3.0	1.7	1.0	2.1	.3	6.3
November.....	31.8	1.3	14.6	.8	2.4	.5	.5	2.3	1.1	.5	.9	.3	6.6
December.....	29.4	.6	11.1	.8	1.6	.5	.4	2.7	1.0	.5	.6	.3	9.4
1929—January.....	31.3	.6	13.2	.8	2.2	.5	.4	2.3	.7	.5	.5	.3	9.3
February.....	28.5	1.2	10.0	.7	1.8	.4	.4	1.9	.8	.4	.6	1.0	9.3
March.....	31.3	.6	13.7	.7	1.5	.4	.4	1.9	2.4	.4	.5	.2	8.6
April.....	34.8	.7	15.4	.9	1.8	.5	.4	2.1	2.5	.5	.7	.3	9.1
May.....	32.0	.6	13.3	.8	1.5	.4	.5	2.1	2.5	.4	.4	.3	9.2
June.....	29.7	.7	10.1	.8	1.8	.5	.4	2.4	2.5	.4	.4	.3	9.4

FEDERAL RESERVE BANKS—RESOURCES AND LIABILITIES AT END OF MONTH

[In thousands of dollars]

	1929		1928
	June 29	May 31	June 30
RESOURCES			
Total gold reserves.....	2,857,814	2,813,403	2,548,943
Reserves other than gold.....	171,779	137,320	145,853
Total reserves.....	3,029,593	2,950,723	2,694,796
Nonreserve cash.....	57,234	71,262	50,833
Bills discounted.....	1,037,149	1,067,867	1,095,423
Bills bought:			
Outright.....	72,683	104,448	193,780
Under resale agreement.....	8,909	12,331	23,085
Total bills bought.....	81,592	116,779	216,865
United States securities:			
Bought outright.....	147,921	137,209	199,183
Under resale agreement.....	67,781	5,785	35,508
Total United States securities.....	215,702	142,994	235,143
Other securities.....	12,465	7,816	490
Total bills and securities.....	1,346,908	1,335,456	1,547,921
Due from foreign banks.....	728	727	571
Reserve bank float ¹	52,395	24,060	36,508
Total reserve bank credit outstanding.....	1,400,031	1,360,243	1,585,000
Federal reserve notes of other reserve banks.....	19,036	16,378	16,481
Other uncollected items not included in float.....	622,742	602,724	562,259
Bank premises.....	58,614	58,581	50,039
All other resources.....	7,121	7,947	7,974
Total resources.....	5,194,371	5,067,858	4,977,382
LIABILITIES			
Federal reserve notes:			
Held by other Federal reserve banks.....	19,036	16,378	16,481
Outside Federal reserve banks.....	1,693,829	1,655,863	1,623,023
Total notes in circulation.....	1,712,865	1,672,241	1,644,504
Deposits:			
Member bank—reserve account.....	2,355,652	2,288,192	2,324,904
Government.....	35,810	32,126	23,647
Foreign bank.....	6,273	7,742	9,066
Other deposits.....	21,441	25,198	19,913
Total deposits.....	2,419,176	2,353,258	2,377,620
Deferred availability items.....	622,742	602,724	562,259
Capital paid in.....	158,603	157,600	141,198
Surplus.....	254,398	254,398	233,319
All other liabilities.....	26,587	27,637	18,482
Total liabilities.....	5,194,371	5,067,858	4,977,382
Contingent liability on bills purchased for foreign correspondents.....	422,384	388,891	307,714

¹ Uncollected items (exclusive of Federal reserve notes of other Federal reserve banks) in excess of deferred availability items.

KINDS OF MONEY IN CIRCULATION, BY MONTHS

[End of month figures. In thousands of dollars]

Date	Total	Gold coin	Gold certificates	Stand-ard silver dollars	Silver certificates	Treas-ury notes of 1890	Subsidi-ary silver	Minor coin	United States notes	Federal reserve notes	Federal reserve bank notes	National bank notes
1928—June 30.....	4,796,621	377,017	1,019,149	46,223	384,577	1,304	278,174	111,067	298,438	1,626,433	4,029	650,212
July 31.....	4,700,535	374,980	977,077	46,082	384,159	1,301	279,072	111,400	293,235	1,592,137	3,985	637,109
Aug. 31.....	4,802,820	373,558	981,785	46,241	391,047	1,300	280,661	111,937	300,563	1,662,249	3,948	649,532
Sept. 29.....	4,846,198	372,909	977,673	46,411	397,589	1,298	283,296	112,431	303,110	1,698,908	3,916	648,656
Oct. 31.....	4,806,230	373,202	959,652	46,298	394,328	1,296	285,350	113,427	300,659	1,689,171	3,880	638,965
Nov. 30.....	4,990,114	374,306	1,030,546	46,342	404,860	1,295	288,002	114,641	306,015	1,770,184	3,848	650,077
Dec. 31.....	4,973,168	395,310	990,896	46,475	410,334	1,294	291,314	115,613	294,199	1,808,053	3,820	615,761
1929—Jan. 31.....	4,656,617	380,952	923,193	44,456	381,672	1,292	280,761	114,007	282,172	1,631,432	3,775	612,915
Feb. 28.....	4,698,362	377,512	935,448	44,075	385,389	1,291	280,736	113,692	283,603	1,646,523	3,747	626,344
Mar. 31.....	4,747,683	374,255	937,247	43,921	390,583	1,290	280,655	113,536	283,100	1,673,480	3,709	645,908
Apr. 30.....	4,675,647	371,623	905,513	43,727	386,241	1,288	281,229	114,085	276,227	1,648,392	3,680	643,639
May 31.....	4,737,636	369,997	944,058	43,651	392,411	1,286	282,936	114,454	288,216	1,654,757	3,650	642,221
June 30 ^p	4,746,270	368,983	934,966	43,668	387,069	1,283	283,770	115,190	262,185	1,692,712	3,616	652,829

^p Preliminary.

FEDERAL RESERVE BANKS—AVERAGE DAILY RESERVES AND DEMAND LIABILITIES IN JUNE AND MAY, 1929

[In thousands of dollars]

Federal reserve bank	Total cash reserves		Total deposits		Federal reserve notes in circulation		Reserve percentages	
	June	May	June	May	June	May	June	May
Boston	182,048	172,675	145,982	143,464	141,464	138,536	63.3	61.2
New York	980,765	987,419	949,587	932,550	281,017	284,480	79.7	81.1
Philadelphia	202,043	196,789	136,947	136,669	146,575	144,182	71.3	70.1
Cleveland	293,180	288,704	188,304	188,995	205,217	207,346	74.5	73.2
Richmond	82,021	78,285	69,485	68,303	66,105	67,526	60.5	57.6
Atlanta	125,038	120,359	65,572	66,149	129,479	132,714	64.1	60.5
Chicago	518,195	542,543	347,621	346,855	309,665	307,225	78.8	82.9
St. Louis	82,663	84,419	79,576	80,347	57,564	58,060	60.3	61.0
Minneapolis	89,408	88,553	52,664	51,539	62,455	63,423	77.7	77.0
Kansas City	105,563	93,825	90,295	89,035	67,447	66,384	66.9	60.4
Dallas	68,082	66,196	65,369	66,461	37,982	37,561	65.9	63.6
San Francisco	282,009	267,717	183,037	182,560	162,041	156,067	81.7	79.1
Total	3,011,015	2,987,484	2,374,439	2,350,927	1,667,011	1,663,504	74.5	74.4

FEDERAL RESERVE BANKS—RESOURCES AND LIABILITIES, BY WEEKS

RESOURCES

[In thousands of dollars]

	Total	Federal Reserve Bank											
		Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlanta	Chicago	St. Louis	Minne- apolis	Kansas City	Dallas	San Francisco
Gold with Federal reserve agents:													
June 5	1,303,555	61,600	265,927	113,082	151,768	35,037	80,129	279,877	17,383	58,122	36,859	20,730	183,041
June 12	1,318,782	58,877	265,861	111,136	151,223	34,953	84,341	279,818	21,745	59,440	38,297	20,280	192,801
June 19	1,367,581	78,020	255,861	118,865	157,499	39,048	87,886	279,818	23,668	56,933	48,957	24,788	191,238
June 26	1,372,441	76,471	255,861	115,146	154,445	37,132	100,516	279,818	25,381	61,933	50,992	26,417	188,329
Gold redemption fund with U. S. Treasury:													
June 5	67,988	6,294	14,250	10,396	5,252	3,903	4,316	6,134	6,258	2,049	4,024	1,714	3,398
June 12	66,118	8,467	13,713	4,919	5,042	4,358	4,613	5,554	6,623	2,573	5,331	1,615	3,310
June 19	69,988	13,805	13,207	6,486	5,009	2,753	3,861	4,925	7,439	2,892	4,402	2,082	3,127
June 26	71,589	4,907	17,719	9,736	5,351	4,055	3,196	9,247	7,463	2,714	2,163	1,933	3,105
Gold held exclusively against Federal reserve notes:													
June 5	1,371,543	67,894	280,177	123,478	157,020	38,940	84,445	286,011	23,641	60,171	40,883	22,444	186,439
June 12	1,384,900	67,344	279,574	116,055	156,265	39,311	88,954	285,372	28,368	62,013	43,628	21,905	196,111
June 19	1,437,569	91,825	269,068	125,351	162,008	41,801	101,747	284,743	31,107	59,225	48,359	26,870	194,365
June 26	1,444,030	81,378	273,580	124,882	159,796	41,187	103,712	289,065	32,844	64,647	53,155	28,350	191,434
Gold settlement fund with Federal Reserve Board:													
June 5	679,733	79,844	201,957	38,462	63,255	15,692	17,208	84,101	46,826	20,294	46,023	21,527	44,544
June 12	691,678	83,352	156,051	57,563	74,451	14,471	18,043	103,014	40,132	18,995	51,112	26,728	47,766
June 19	637,598	66,527	166,905	49,731	72,409	19,469	18,299	79,149	37,349	19,103	46,162	31,945	30,550
June 26	644,038	71,292	125,913	39,839	84,829	21,487	19,721	94,827	28,854	20,101	53,975	30,362	52,838
Gold and gold certificates held by banks:													
June 5	792,692	23,916	494,549	26,919	50,393	17,483	6,350	113,801	9,626	5,739	5,362	11,041	27,513
June 12	799,052	25,692	499,063	28,078	49,003	16,739	6,425	113,853	10,004	5,900	5,504	11,162	27,629
June 19	805,135	24,793	509,372	29,310	47,284	16,573	4,960	112,377	9,695	5,935	5,452	11,110	28,244
June 26	807,446	24,739	512,574	29,781	47,470	16,378	5,091	110,769	9,713	5,691	5,756	11,190	28,294
Total gold reserves:													
June 5	2,843,965	171,654	976,683	188,859	270,668	72,115	108,003	483,913	80,093	86,204	92,268	55,012	258,496
June 12	2,875,630	176,388	934,688	201,696	279,719	70,521	113,422	502,239	78,504	86,908	100,244	59,795	271,506
June 19	2,880,302	183,145	945,345	204,392	282,201	77,843	125,036	476,269	78,151	84,863	99,973	69,925	253,159
June 26	2,895,514	177,409	912,067	194,502	292,095	79,052	128,524	494,661	71,411	90,439	112,886	69,902	272,566
Reserves other than gold:													
June 5	141,383	10,965	42,024	6,893	9,828	7,112	6,115	25,420	8,503	2,172	4,058	4,879	13,414
June 12	149,559	10,993	45,307	7,107	10,419	8,013	6,544	26,464	9,142	2,193	4,758	6,111	12,508
June 19	166,379	10,914	55,505	8,563	12,189	8,581	7,392	28,060	9,158	2,132	4,745	5,838	13,272
June 26	177,040	11,500	63,552	9,309	11,674	8,524	8,759	28,476	9,402	2,229	4,635	5,947	13,033
Total reserves:													
June 5	2,985,351	182,619	1,018,707	195,752	280,496	79,227	114,118	509,333	88,596	88,376	96,326	59,891	271,910
June 12	3,025,189	187,381	979,995	208,903	290,138	78,534	119,966	528,703	87,646	89,101	105,002	65,906	284,014
June 19	3,046,681	194,059	1,000,850	212,955	294,390	86,424	132,428	504,359	87,309	86,995	104,718	75,763	266,431
June 26	3,072,554	188,909	975,619	203,811	303,769	87,576	137,283	523,137	80,813	92,668	117,521	75,849	285,599
Nonreserve cash:													
June 5	79,385	5,375	34,800	1,892	4,240	5,138	6,124	8,030	4,219	1,385	1,927	2,792	3,463
June 12	83,604	7,176	36,675	1,766	3,629	4,905	5,802	8,622	4,564	1,336	2,281	3,359	3,489
June 19	74,841	6,894	30,091	1,648	4,744	5,025	5,344	8,122	3,862	1,039	1,700	2,896	3,476
June 26	69,108	7,177	24,288	1,582	3,549	4,667	5,758	8,066	4,138	1,201	2,087	3,049	3,546

FEDERAL RESERVE BANKS—RESOURCES AND LIABILITIES, BY WEEKS—Continued

LIABILITIES—Continued

[In thousands of dollars]

	Total	Federal Reserve Bank											
		Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlan- ta	Chi- cago	St. Louis	Minne- apolis	Kansas City	Dallas	San Fran- cisco
MEMORANDA—continued													
Contingent liability on bills purchased for foreign correspondents:													
June 5.....	392,415	29,019	119,084	37,647	40,000	18,039	15,294	53,725	15,086	9,804	12,041	12,941	28,235
June 12.....	405,240	29,971	122,944	38,882	41,311	18,631	15,796	55,487	16,200	10,125	13,366	13,366	29,161
June 19.....	416,999	30,724	127,606	39,859	42,350	19,099	16,193	56,882	16,608	10,380	13,702	13,702	29,894
June 26.....	424,566	30,724	135,173	39,859	42,350	19,099	16,193	56,882	16,608	10,380	13,702	13,702	29,894
Own Federal reserve notes held by Federal reserve banks:													
June 5.....	437,107	23,631	157,256	41,244	37,436	18,604	31,323	30,649	8,036	9,504	9,916	8,624	60,884
June 12.....	469,215	23,706	183,305	38,818	33,377	17,852	32,032	33,908	8,677	8,598	12,344	9,719	66,879
June 19.....	494,377	25,506	188,699	42,121	45,868	17,335	33,383	33,452	11,101	9,144	11,642	9,053	67,073
June 26.....	532,801	24,016	221,907	41,192	31,737	15,646	33,963	41,656	15,022	9,226	14,824	10,602	73,010

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

[In thousands of dollars]

	Total	Federal Reserve Bank											
		Boston	New York	Phila- delphia	Cleve- land	Rich- mond	Atlan- ta	Chi- cago	St. Louis	Minne- apolis	Kansas City	Dallas	San Fran- cisco
Federal reserve notes received from comptroller:													
June 5.....	3,487,024	288,047	841,886	208,162	352,101	192,296	277,448	483,522	98,798	154,848	141,995	74,416	373,505
June 12.....	3,595,813	285,324	881,238	212,016	352,356	192,011	284,410	529,976	104,060	154,166	141,334	73,977	384,945
June 19.....	3,670,046	281,467	884,626	219,425	350,631	191,107	289,415	567,402	111,223	153,659	150,514	75,475	395,102
June 26.....	3,777,049	279,918	922,014	227,506	340,078	194,590	293,065	618,957	118,496	154,659	151,149	75,104	401,513
Federal reserve notes held by Federal reserve agent:													
June 5.....	1,402,482	123,990	414,345	26,060	112,070	107,951	114,404	143,280	32,570	82,644	64,660	27,732	153,140
June 12.....	1,482,382	122,090	428,185	30,060	111,270	109,211	123,400	190,580	38,350	83,644	61,710	26,542	157,340
June 19.....	1,526,482	115,190	414,825	33,560	106,070	108,551	128,200	227,380	42,990	82,084	71,630	28,542	167,460
June 26.....	1,585,732	118,190	417,905	39,840	102,770	113,951	133,540	269,240	47,050	83,084	69,070	28,652	167,460
Federal reserve notes issued to Federal reserve bank:													
June 5.....	2,084,542	164,057	427,541	182,102	240,031	84,345	163,408	340,242	66,228	72,204	77,335	46,684	220,365
June 12.....	2,113,431	163,234	453,053	181,956	241,086	82,800	161,010	339,396	65,710	70,522	79,624	47,435	227,605
June 19.....	2,143,564	166,277	469,801	185,865	244,561	82,556	161,215	340,022	68,233	71,575	78,884	46,983	227,642
June 26.....	2,191,297	164,728	504,109	187,666	237,308	80,639	159,525	349,717	71,446	71,575	82,079	48,452	234,053
Collateral held as security for Federal reserve notes issued to Federal reserve bank:													
Gold and gold certificates—													
June 5.....	372,895	35,300	171,880	30,000	43,800	6,690	13,250	-----	8,050	14,167	-----	14,758	35,000
June 12.....	371,145	35,300	171,880	30,000	43,800	7,690	10,500	-----	8,050	14,167	-----	14,758	35,000
June 19.....	372,045	35,300	171,880	30,000	43,800	7,690	11,400	-----	8,050	14,167	-----	14,758	35,000
June 26.....	368,025	35,300	171,880	30,000	41,800	7,690	9,350	-----	8,050	14,167	-----	14,758	35,000
Gold redemption fund—													
June 5.....	101,776	13,300	14,047	12,185	12,968	6,347	9,879	2,877	1,333	2,955	3,499	3,972	18,414
June 12.....	90,753	10,577	13,981	10,239	12,423	5,263	6,841	2,818	695	2,273	3,937	3,532	18,174
June 19.....	96,802	14,720	13,981	13,248	13,699	4,358	5,986	2,818	1,618	1,766	3,597	3,030	17,981
June 26.....	93,393	13,171	13,981	9,529	12,645	7,442	4,636	2,818	1,331	1,766	3,632	4,659	17,783
Gold fund, Federal Reserve Board—													
June 5.....	828,884	13,000	80,000	70,897	95,000	22,000	57,000	277,000	8,000	41,000	33,360	2,000	129,627
June 12.....	856,884	13,000	80,000	70,897	95,000	22,000	67,000	277,000	13,000	43,000	34,360	2,000	139,627
June 19.....	898,734	28,000	70,000	75,617	109,000	27,000	80,500	277,000	14,000	41,000	40,360	7,000	138,257
June 26.....	911,023	28,000	70,000	75,617	109,000	22,000	86,500	277,000	16,000	46,000	47,360	7,000	135,546
Eligible paper—													
June 5.....	1,050,631	119,984	211,001	83,134	102,269	55,306	84,852	151,029	51,951	17,738	59,731	37,008	76,628
June 12.....	1,010,892	112,742	236,445	75,879	105,617	54,976	77,868	130,965	46,665	17,486	52,094	32,387	67,768
June 19.....	1,015,461	111,468	249,447	69,115	89,142	52,398	65,889	169,612	46,671	19,111	48,772	25,137	78,699
June 26.....	1,063,446	116,562	310,340	78,157	91,740	52,080	59,569	145,214	48,930	15,683	42,461	24,587	69,123
Total collateral:													
June 5.....	2,354,186	181,584	476,928	196,216	254,037	90,343	164,981	430,906	69,334	75,860	96,590	57,738	259,669
June 12.....	2,329,674	171,619	502,306	187,015	256,840	89,929	162,209	410,783	68,410	76,926	90,391	52,677	260,569
June 19.....	2,383,042	189,488	505,308	187,980	246,641	91,446	163,775	439,430	70,339	76,044	92,729	49,925	269,937
June 26.....	2,435,887	193,033	575,201	193,303	246,185	89,212	160,085	425,032	74,311	77,616	93,453	51,004	257,452

MATURITY DISTRIBUTION OF BILLS, CERTIFICATES OF INDEBTEDNESS, AND MUNICIPAL WARRANTS

[In thousands of dollars]

	Total	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	91 days to 6 months	Over 6 months
Bills discounted:							
June 5	977, 444	756, 686	50, 478	84, 847	53, 173	30, 881	1, 379
June 12	933, 911	713, 597	51, 665	84, 307	51, 090	32, 188	1, 064
June 19	959, 104	730, 889	62, 339	81, 544	47, 910	35, 666	756
June 26	1, 016, 747	799, 237	49, 840	78, 909	52, 665	35, 533	563
Bills bought in open market:							
June 5	112, 747	56, 415	27, 290	17, 909	9, 027	2, 106	-----
June 12	114, 117	62, 241	23, 974	16, 653	8, 640	2, 609	-----
June 19	87, 032	36, 927	22, 594	17, 445	7, 497	2, 569	-----
June 26	82, 839	40, 728	18, 065	15, 654	6, 527	1, 925	-----
Certificates of indebtedness:							
June 5	13, 408	4, 194	9	-----	-----	7, 373	1, 832
June 12	27, 999	18, 835	-----	-----	12	7, 545	1, 607
June 19	13, 772	2, 250	-----	-----	7, 066	1, 708	2, 748
June 26	14, 768	4, 975	-----	-----	7, 319	2, 374	100
Municipal warrants:							
June 5	402	-----	102	-----	-----	300	-----
June 12	402	102	-----	-----	-----	300	-----
June 19	402	102	-----	-----	-----	300	-----
June 26	300	-----	-----	-----	-----	300	-----

GOLD SETTLEMENT FUND—INTERBANK TRANSACTIONS FROM MAY 23 TO JUNE 19, 1929, INCLUSIVE

[In thousands of dollars]

Federal reserve bank	Transfers for Government account		Transit clearing		Federal reserve note clearing		Changes in ownership of gold through transfers and clearings		Balance in fund at close of period
	Debits	Credits	Debits	Credits	Debits	Credits	Decrease	Increase	
Boston	3, 500	14, 000	811, 428	829, 931	3, 631	3, 011	-----	28, 353	66, 528
New York	51, 300	83, 500	3, 205, 773	3, 134, 905	7, 421	11, 642	34, 447	-----	166, 905
Philadelphia	8, 000	-----	844, 456	860, 504	5, 494	4, 223	-----	6, 777	49, 731
Cleveland	6, 000	5, 000	795, 493	808, 323	7, 546	3, 877	-----	8, 161	72, 410
Richmond	12, 500	-----	788, 305	813, 759	2, 675	3, 280	-----	13, 559	19, 468
Atlanta	4, 000	-----	305, 207	321, 879	3, 302	2, 940	-----	12, 310	18, 299
Chicago	38, 500	6, 000	1, 413, 402	1, 401, 214	8, 336	7, 330	45, 694	-----	79, 149
St. Louis	1, 500	16, 700	553, 352	542, 308	2, 175	4, 166	-----	6, 147	37, 349
Minneapolis	1, 500	3, 900	178, 460	172, 772	1, 402	1, 778	2, 912	-----	19, 104
Kansas City	1, 500	6, 700	412, 643	414, 149	2, 110	2, 114	-----	6, 710	46, 162
Dallas	3, 000	9, 000	308, 021	310, 816	1, 212	1, 492	-----	9, 075	31, 944
San Francisco	15, 500	2, 000	413, 171	419, 151	2, 763	2, 214	8, 069	-----	30, 550
Total, 4 weeks ending—									
June 19, 1929	146, 800	146, 800	10, 029, 711	10, 029, 711	48, 067	48, 067	91, 122	91, 122	637, 599
May 22, 1929	41, 800	41, 800	10, 053, 900	10, 053, 900	51, 303	51, 303	-----	-----	652, 405
June 20, 1928	153, 300	153, 300	9, 871, 855	9, 871, 855	46, 664	46, 664	-----	-----	694, 772
May 23, 1928	26, 200	26, 200	10, 145, 793	10, 145, 793	40, 735	40, 735	-----	-----	814, 594

WEEKLY REPORTING MEMBER BANKS IN LEADING CITIES

PRINCIPAL RESOURCES AND LIABILITIES, BY WEEKS

[In millions of dollars]

	Total	Federal Reserve District											
		Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Loans and investments:													
June 5.....	22,115	1,481	8,470	1,208	2,171	667	647	3,304	683	374	685	472	1,953
June 12.....	22,104	1,484	8,451	1,207	2,168	666	644	3,317	686	375	688	469	1,948
June 19.....	22,298	1,492	8,528	1,220	2,179	672	647	3,341	690	377	693	474	1,985
June 26.....	22,407	1,511	8,660	1,221	2,187	680	652	3,303	691	375	689	471	1,966
Loans:													
June 5.....	16,337	1,100	6,334	892	1,514	508	515	2,605	504	251	450	338	1,325
June 12.....	16,364	1,116	6,325	893	1,512	508	513	2,615	513	253	453	339	1,324
June 19.....	16,543	1,132	6,406	905	1,516	511	511	2,637	518	253	459	342	1,353
June 26.....	16,678	1,151	6,548	906	1,530	521	512	2,602	518	250	457	342	1,341
On securities—													
June 5.....	7,197	455	3,094	460	689	185	147	1,222	224	91	120	98	409
June 12.....	7,209	468	3,087	458	686	187	147	1,224	229	89	121	99	413
June 19.....	7,382	485	3,179	471	696	191	148	1,238	232	87	123	101	431
June 26.....	7,537	488	3,336	467	712	202	151	1,225	232	84	121	99	420
All other—													
June 5.....	9,140	646	3,240	432	825	323	368	1,382	279	160	330	240	915
June 12.....	9,155	648	3,238	434	826	321	367	1,391	283	164	332	240	912
June 19.....	9,161	648	3,228	434	820	321	363	1,399	286	165	335	241	922
June 26.....	9,141	662	3,212	439	818	319	361	1,377	286	167	336	242	921
Investments—													
June 5.....	5,779	381	2,136	316	657	159	132	699	180	123	235	134	628
June 12.....	5,740	368	2,126	315	656	158	131	702	173	123	235	130	623
June 19.....	5,755	359	2,122	315	663	160	136	704	172	125	234	132	632
June 26.....	5,729	361	2,112	315	657	159	141	702	173	124	232	130	624
U. S. Government securities—													
June 5.....	2,916	185	1,153	104	315	74	61	324	63	69	108	94	368
June 12.....	2,906	179	1,150	104	315	74	61	324	60	69	108	89	364
June 19.....	2,935	178	1,166	103	319	77	66	325	60	71	108	91	372
June 26.....	2,895	173	1,156	102	313	75	64	321	59	71	107	89	364
All other—													
June 5.....	2,862	196	983	212	342	84	71	375	117	53	127	40	261
June 12.....	2,835	188	967	211	341	84	70	378	114	54	127	41	259
June 19.....	2,820	182	956	212	344	84	71	380	112	54	126	42	259
June 26.....	2,834	188	956	213	343	84	76	380	114	54	126	41	260
Reserve with Federal reserve bank:													
June 5.....	1,679	98	793	77	124	41	39	247	43	24	54	32	107
June 12.....	1,682	96	789	78	127	40	40	247	45	24	55	33	108
June 19.....	1,657	92	783	77	123	40	39	245	42	24	52	32	107
June 26.....	1,670	95	771	75	133	39	40	247	44	25	56	31	108
Cash in vault:													
June 5.....	238	17	71	15	28	11	9	38	7	6	11	7	18
June 12.....	236	16	69	14	28	11	9	38	6	6	11	8	19
June 19.....	227	16	65	14	28	11	9	36	6	6	11	8	18
June 26.....	232	16	67	14	27	11	9	37	6	6	11	8	19
Net demand deposits:													
June 5.....	12,939	874	5,803	715	1,011	346	316	1,795	362	212	478	283	743
June 12.....	13,108	885	5,818	734	1,022	349	322	1,838	374	216	491	288	771
June 19.....	12,940	871	5,752	715	1,004	343	316	1,806	366	214	490	283	781
June 26.....	13,018	875	5,832	707	1,018	347	316	1,811	369	216	494	277	757
Time deposits:													
June 5.....	6,761	459	1,683	266	953	239	240	1,234	231	135	180	142	999
June 12.....	6,709	459	1,655	261	951	239	239	1,231	228	134	179	142	991
June 19.....	6,724	460	1,679	261	952	239	239	1,225	227	134	180	143	984
June 26.....	6,763	464	1,698	259	957	239	246	1,222	228	133	180	143	993
Government deposits:													
June 5.....	58	3	25	3	5	1	3	7	1	-----	1	4	6
June 12.....	46	2	20	2	4	1	2	6	1	-----	1	3	4
June 19.....	260	13	77	23	27	10	17	27	7	2	5	16	36
June 26.....	260	13	77	23	26	10	17	27	7	3	5	16	36
Due from banks:													
June 5.....	1,055	47	140	59	86	49	75	195	54	50	106	54	139
June 12.....	1,086	45	142	60	101	47	71	213	53	50	107	53	144
June 19.....	1,099	48	160	61	91	45	71	203	52	49	109	50	161
June 26.....	1,085	45	163	57	93	45	66	204	46	49	112	54	151
Due to banks:													
June 5.....	2,551	110	868	152	188	93	99	426	111	71	179	80	174
June 12.....	2,493	106	806	157	190	89	94	432	106	71	179	75	189
June 19.....	2,533	109	858	154	187	91	89	436	106	69	181	74	180
June 26.....	2,554	107	872	152	189	90	93	437	102	68	189	72	183
Borrowings from Federal reserve bank:													
June 5.....	663	71	149	37	70	28	49	107	30	10	43	18	51
June 12.....	628	69	170	30	74	25	42	90	26	10	35	14	43
June 19.....	674	73	197	25	60	23	35	123	28	11	34	8	57
June 26.....	715	77	259	40	61	26	29	108	30	8	28	7	42

LAND BANKS AND INTERMEDIATE CREDIT BANKS

LOANS OF FEDERAL AND JOINT-STOCK LAND BANKS

[In thousands of dollars]

Date	Net amount of loans outstanding		
	Total	Federal land banks (12 banks)	Joint-stock land banks ¹
1927			
May 31.....	1,741,275	1,124,055	617,220
June 30.....	1,738,165	1,130,648	607,517
July 31.....	1,742,575	1,134,896	607,679
Aug. 31.....	1,749,393	1,139,502	609,891
Sept. 30.....	1,752,665	1,143,130	609,535
Oct. 31.....	1,757,185	1,147,135	610,050
Nov. 30.....	1,758,834	1,150,943	607,891
Dec. 31.....	1,765,121	1,155,644	609,477
1928			
Jan. 31.....	1,767,515	1,158,717	608,798
Feb. 29.....	1,778,338	1,168,354	609,984
Mar. 31.....	1,786,862	1,175,858	611,004
Apr. 30.....	1,791,341	1,180,420	610,921
May 31.....	1,793,035	1,183,672	609,363
June 30.....	1,794,236	1,184,656	609,350
July 31.....	1,793,610	1,185,714	607,896
Aug. 31.....	1,796,591	1,187,365	609,226
Sept. 30.....	1,797,796	1,189,345	608,451
Oct. 31.....	1,797,910	1,190,278	607,632
Nov. 30.....	1,797,319	1,191,724	605,895
Dec. 31.....	1,799,045	1,193,846	605,199
1929			
Jan. 31.....	1,799,464	1,195,089	604,375
Feb. 28.....	1,803,593	1,199,766	603,827
Mar. 30.....	1,803,691	1,202,570	601,121
Apr. 30.....	1,803,115	1,203,724	599,391
May 31.....	1,802,160	1,204,128	598,032

¹ Number of banks, 1927: January-March, 55; April-May, 54; June-August, 53; September-November, 52; December, 51. 1928: January-April, 51; May-November, 50; December, 49. 1929: January to date, 49.

LOANS OF INTERMEDIATE CREDIT BANKS

[In thousands of dollars]

Class of loan	1929				1928
	May 31	Apr. 30	Mar. 30	Feb. 28	May 31
Direct loans outstanding on—					
Cotton.....	6,068	15,503	20,886	22,668	6,105
Tobacco.....	421	815	873	1,145	2,557
Wheat.....	516	1,289	1,721	1,873	605
Canned fruits and vegetables.....	655	869	1,260	1,557	428
Raisins.....	4,115	4,162	4,162	4,653	5,671
Wool.....	229	—	13	152	258
Rice.....	457	582	880	1,091	1,002
All other.....	289	279	243	263	79
Total.....	12,750	23,499	30,038	33,402	16,705
Rediscounts outstanding for—					
Agricultural credit corporations.....	30,155	28,065	25,606	20,479	31,385
National banks.....	87	° 69	45	44	8
State banks.....	947	732	406	342	405
Livestock loan companies.....	25,305	25,160	24,529	24,182	22,145
Savings banks and trust companies.....	83	° 84	83	84	11
Total.....	56,577	54,110	50,669	45,131	53,954

° Corrected.

BANK SUSPENSIONS¹ IN MAY, 1929

[Amounts in thousands of dollars]

Federal reserve district	All banks		Member banks		Nonmember banks	
	Number	Total deposits ²	Number	Total deposits ²	Number	Total deposits ²
Boston.....	—	—	—	—	—	—
New York.....	—	—	—	—	—	—
Philadelphia.....	—	—	—	—	—	—
Cleveland.....	2	190	—	—	2	190
Richmond.....	7	1,684	1	864	6	820
Atlanta.....	9	6,493	3	2,976	6	3,517
Chicago.....	9	2,158	3	1,072	6	1,086
St. Louis.....	2	641	—	—	2	641
Minneapolis.....	6	1,132	—	—	6	1,132
Kansas City.....	° 74	21,522	—	—	° 74	21,522
Dallas.....	—	—	—	—	—	—
San Francisco.....	1	399	—	—	1	399
Total.....	° 110	34,219	° 7	4,912	103	29,307

¹ Banks closed to the public on account of financial difficulties by order of supervisory authorities or directors of the bank.

² Subject to revision; figures given are for latest available date prior to suspension.

³ Includes 69 Nebraska banks turned over to State banking department by Guaranty Fund Commission, on May 2, date on which commission was abolished.

⁴ Includes 1 private bank for which deposit figures are not available.

⁵ Six national banks (deposits, \$4,289,000); 1 State bank, deposits of \$623,000.

BANK DEBITS

[Debits to individual accounts. In thousands of dollars]

	Number of centers	May, 1929	April, 1929	May, 1928
		New York City.....	1	50,043,161	47,979,140	45,269,912
Outside New York City.....	140	26,519,527	26,802,629	26,345,816
Federal reserve district:				
Boston.....	11	2,962,242	2,936,281	3,007,290
New York.....	7	51,108,813	49,021,257	46,301,904
Philadelphia.....	10	2,707,734	2,809,341	2,656,842
Cleveland.....	13	2,861,458	3,111,297	2,705,272
Richmond.....	7	753,286	792,186	754,380
Atlanta.....	15	1,171,505	1,227,058	1,132,339
Chicago.....	21	7,062,985	6,931,724	6,874,173
St. Louis.....	5	1,274,999	1,299,220	1,333,525
Minneapolis.....	9	765,019	738,462	759,555
Kansas City.....	15	1,388,425	1,427,976	1,269,180
Dallas.....	10	731,099	740,748	644,518
San Francisco.....	18	3,775,118	3,656,219	4,176,750
Total.....	141	76,562,688	74,781,769	71,615,728

MEMBERSHIP IN PAR COLLECTION SYSTEM

[Number of banks at end of May]

Federal reserve districts	Member banks		Nonmember banks ¹			
	1929	1928	On par list		Not on par list	
			1929	1928	1929	1928
United States.....	8,731	8,935	12,346	12,925	3,829	3,916
Boston.....	407	412	253	248	—	—
New York.....	939	930	404	407	—	—
Philadelphia.....	777	785	485	497	—	—
Cleveland.....	810	825	1,003	1,026	10	10
Richmond.....	538	558	603	636	555	580
Atlanta.....	441	456	294	306	951	1,010
Chicago.....	1,232	1,263	3,525	3,644	222	198
St. Louis.....	584	593	1,700	1,824	484	461
Minneapolis.....	706	729	620	716	1,133	1,127
Kansas City.....	915	947	2,184	2,281	198	272
Dallas.....	768	792	614	647	215	200
San Francisco.....	616	645	661	693	61	58

¹ Incorporated banks other than mutual savings banks.

FEDERAL RESERVE DISTRICTS

