

FEDERAL RESERVE BULLETIN

JUNE 1938

*United States Foreign Trade and Business
Conditions Abroad
Member Bank Earnings and Expenses
Number of Banks and Branches in U. S.
Annual Reports—Bank for International
Settlements and Bank of Canada*



**BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM**

CONSTITUTION AVENUE AT 20TH STREET

WASHINGTON

TABLE OF CONTENTS

	Page
Review of the month—United States foreign trade and business conditions abroad.....	425-433
Revocation of measures affecting silver.....	433-434
National summary of business conditions.....	435-436
Summary of financial and business statistics.....	438
Law Department:	
Amendment to the law relating to loans to executive officers.....	439
Rulings of the Board:	
Directors' review of actions of trust department committees of national bank; nature of trust investment committee minutes.....	439
Approval of acceptance of trusts by national bank.....	440
Renewal or extension of loans made to an executive officer of a member bank.....	440
Earnings and expenses of member banks, 1936 and 1937.....	441-447
Number of banks and branches, 1933-1938; analysis of changes in number of banks and branches, January 1-March 31, 1938.....	448
Number of banks operating branches and number of branch offices, by States, December 31, 1936 and 1937.....	449
Group banking, December 31, 1937—number, branches, loans and investments, and deposits, by States.....	450
French financial measures.....	451-452
Annual Report of the Bank for International Settlements.....	453-495
Annual Report of the Bank of Canada.....	496-499
Financial, industrial, and commercial statistics, United States:	
Member bank reserves, Reserve bank credit, and related items.....	502
Federal Reserve bank statistics.....	503-507
Reserve position of member banks; deposits in larger and smaller centers.....	508
Currency in circulation.....	509
Gold stock and gold movements; bank suspensions; bank debits.....	510
All banks in the United States.....	511
All member banks.....	512-513
Reporting member banks in leading cities.....	514-517
Acceptances, commercial paper, and brokers' balances.....	518
Federal Reserve bank discount rates.....	519
Money rates and bond yields.....	520
Security markets.....	521
Treasury finance.....	522-523
Governmental corporations and credit agencies; Postal Savings System.....	524-525
Production, employment, and trade.....	526-534
Wholesale prices.....	535
International financial statistics:	
Gold reserves of central banks and governments.....	538
Gold production, monthly figures, 1929-1937.....	539-540
Gold movements.....	541-542
Central banks.....	543-546
Bank for International Settlements.....	547
Commercial banks.....	547-548
Discount rates of central banks.....	549
Money rates.....	549
Foreign exchange rates.....	550
Price movements:	
Wholesale prices.....	551
Retail food prices and cost of living.....	552
Security prices.....	552
Federal Reserve directory:	
Board of Governors and staff; Open Market Committee and staff; Federal Advisory Council.....	554
Senior officers of Federal Reserve banks; managing directors of branches.....	555

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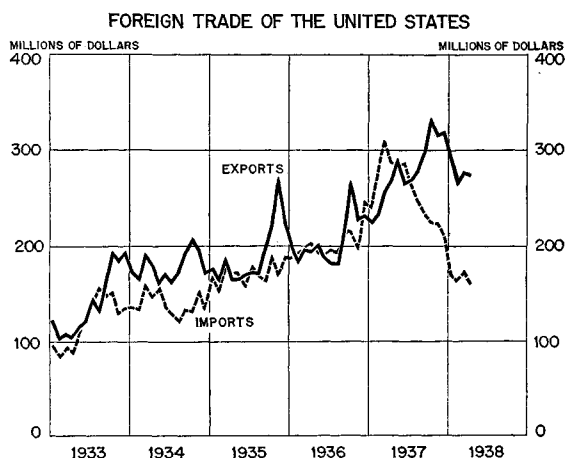
REVIEW OF THE MONTH

The withdrawal of foreign funds from the United States, which has been in progress with few interruptions since last September, was intensified early in May by French developments. The sharp reduction in the exchange rate of the franc to 179 francs to the pound sterling, and the official announcement that this was the bottom and that a rise in the franc was possible, started a return flow of funds to France on a large scale. While to a considerable extent the flow of funds appears to have represented a shifting of speculative positions, other measures in the government's program designed to strengthen the French economic position assisted the movement. These measures, dealing with the budget, industrial production, and the international business of the country, are summarized on pages 451-452.

Much of the flow of funds to France came from the London market, but other countries were also affected. In Switzerland the published gold and foreign exchange resources of the National Bank declined by about \$30,000,000 in May. In Belgium the pressure was more severe, published gold and foreign exchange resources of the National Bank declining by \$132,000,000 in the two weeks ending May 19. In the Netherlands the guilder fell somewhat on the exchanges. In the United States the movement of foreign money out of the country was intensified, but little gold accompanied it, because it was offset by a continued surplus of merchandise exports.

This surplus of U. S. merchandise exports has been running at the rate of about \$100,000,000 a month since last September. A year ago there was an import surplus. In

the following paragraphs there is presented a more detailed discussion of the overturn in our balance of trade and of economic conditions in several countries with which the United States has a large volume of merchandise transactions.



The chart shows that a great shift in the balance of trade of the United States has occurred since the spring of 1937. Previously the tendency had been toward the development of an import surplus. Industrial recovery and the growth of national income had led to greater purchases of raw materials and other commodities abroad. After 1934 the forces of recovery outweighed the direct effects on the country's merchandise balance of the reduced gold content of the dollar. The tendency toward an import surplus was accentuated in the last half of 1936 and early 1937. Disappointing harvests following the drought in 1936 forced the country to import to supply deficiencies in grain crops of which it normally produces an exportable surplus, and the rapidly broadening industrial movement was accompanied by rising prices and

more active purchases of raw materials, partly in anticipation of future business requirements.

In the second quarter of 1937, as commodity booms subsided, the tendency toward a growing import surplus was checked. To a considerable extent the decline in imports that occurred in the spring was seasonal, but it continued during the summer under the influence of good crops, to which were subsequently added the more far-reaching effects of the decline in business activity. The course of industrial production in the United States is shown in the chart on page 430. Meanwhile exports were well maintained at the high levels reached in the winter. In the ten months from July 1937 through April 1938 there developed an export surplus of \$840,000,000 against an import surplus of \$90,000,000 in the corresponding period of the previous year.

Purchases by the United States of Canadian wheat, and of corn from Argentina and South Africa, began to decline in the summer of 1937 and virtually ceased in the final quarter. Declining activity in the textile and leather industries was reflected during the summer and particularly in the fall in smaller imports of wool, hides, skins, and furs, products which are drawn mainly from British countries, Argentina, and China. Imports of rubber from British Malaya and the Netherlands East Indies held up well until the end of the year, but fell off sharply in January. The situation has been similar with respect to tin, which also comes mainly from British Malaya, and Canadian newsprint and wood pulp. Knowledge that an increase in the price of newsprint was to go into effect on January 1, 1938, was a factor tending to sustain imports of this commodity until the end of 1937. The table shows the foreign trade of the United States by economic classes in the first four months of 1938 and the change from the corresponding period of 1937.

FOREIGN TRADE OF THE UNITED STATES

[In millions of dollars]

Economic class	Imports			Exports		
	January-April		Change	January-April		Change
	1937	1938		1937	1938	
Crude materials.....	347	194	-154	218	208	-10
Crude foodstuffs.....	165	90	-75	15	97	+82
Manufactured foodstuffs.....	168	107	-61	54	37	+17
Semi-manufactures.....	211	123	-88	182	178	+4
Finished manufactures.....	174	135	-39	497	549	+52
Total.....	1,065	648	-417	966	1,088	+122

During the period July 1937-April 1938 exports of manufactures were maintained at the high levels reached in the preceding vigorous advance and American wheat reentered world markets for the first time in several years. While exports of manufactures did not increase during the period, substantial gains were made over the corresponding period of the previous year when such exports had not yet reached their peak. The active prosecution of rearmament programs in several foreign countries taxed the capacity of European steel producers and led to extensive sales abroad of American iron and steel manufactures (including scrap), which as a group showed by far the greatest increase over the previous year of any United States export. The equipment of foreign industry also created a heavy demand for machinery in this country. Other exports to show large increases over the corresponding months of the previous year were automobiles, petroleum and its products, and aircraft.

Among countries that are highly industrialized the largest purchases of American products and the greatest increase in such purchases over the corresponding period of the previous year, were made by the United Kingdom and Japan. There were substantial increases of American exports to all the principal European countries with the exception of Spain. The greatest increase in United

Decline in imports

Maintenance of high level of exports

States exports, however, was to Canada, a large producer of raw materials, and other raw material countries in Latin America, the Far East, and Africa also bought heavily of American manufactures.

Continued purchases abroad by raw material countries in the face of declining markets for their products in the United States has been one of the chief factors sustaining the flow of American merchandise abroad. A steady, and in many cases rapid, increase in total imports was a feature common to nearly all raw material countries during 1937. During the 1936-37 boom phase of world trade expansion the growth in the demand for the products of the raw material countries had outstripped the increase in their demand for foreign manufactures, and foreign capital had flowed to these countries—particularly to Argentina and Australia. As a group raw material countries accumulated reserves of gold and foreign exchange which they used in part to liquidate their debts abroad. In a number of instances trade and foreign exchange restrictions were relaxed and exchange rates were permitted to rise moderately.

This favorable development was brought to a halt during 1937. Exports ceased to grow or began to decline while imports continued to expand. The failure of imports to respond quickly to the altered export situation reflects such factors as the delay in the expenditure on foreign products of the proceeds of sales abroad, the delivery of orders placed or the completion of enterprises commenced some months earlier, and the maintenance of previously established prices for imported manufactures. An additional factor in 1937 was the prosecution of public expenditure programs in certain countries, especially Mexico, New Zealand, and Australia.

Changes in the situation did not occur at the same time in all countries. Brazil, Colombia, and Uruguay were forced by the

development of import surpluses to allow their currencies to depreciate before the end of 1937 and to take other corrective measures, while Argentina and Mexico at first drew heavily on their international reserves in an attempt to bridge the gap in the balance of payments that ultimately, in the current year, induced them to adopt measures designed to rectify their positions.

An accelerated growth of imports, restriction of coffee exports, and the 40 percent decline in world cotton prices between March and October 1937 that accompanied news of the largest American crop on record were primarily responsible for the surplus of Brazilian imports which began in August 1937. Cotton constituted nearly 20 percent of Brazil's exports in 1936 and it seemed possible that, with higher prices and larger production in 1937, the proceeds of cotton exports would more than offset any loss of exchange due to the restriction of coffee sales in an attempt to maintain the price. Brazilian exports of cotton were, in fact, substantially larger in the first half of 1937 than in the corresponding period of 1936, but in the second six months showed a decline of 20 percent from the previous year.

In November the Government reduced the coffee export tax, abandoned the official pegged rate of exchange, and postponed service on the foreign debt. Confronted with a drop of 30 percent between October and December in the dollar price of coffee, which constitutes some 45 percent of Brazilian exports, and a continued growth of imports, it decided to reimpose rigid exchange control. Deliveries of exchange to cover merchandise imports and other transactions have been delayed this year.

Colombia was also affected adversely by the break in coffee prices. About three-fifths of this country's merchandise exports consist of coffee, and the decline in price was immediately reflected in lower export values.

Position of the raw material countries

Brazil and Colombia

Both official and unofficial exchange rates are currently lower than they were at the beginning of the autumn. Rigid control of exchange transactions has been reimposed and other restrictive measures have been adopted.

Large shifts in crop yields, both at home and abroad, have exercised a major influence on Argentine conditions during the past two years. The principal Argentine export is corn, which, together with wheat and linseed, accounted for about 50 percent of total exports in 1936. The crop year 1936-37 was one of low yields in the United States and Canada and of good harvests in Argentina. Wheat moved out of the Argentine with great rapidity during the first four months of 1937, and exports of corn, some of which came to the United States, and of linseed, were also unusually large. Meat shipments and prices were relatively stable, but the value of wool and hide sales increased. Total exports were the greatest since the 1920's.

With the reduction in the exportable surpluses of agricultural products to unusually low levels Argentine exports fell away during the late spring and summer. It was not until the beginning of the export season in the closing months of the year, however, that serious difficulties were encountered, principally as the result of crop failures. The wheat harvest is about 25 percent smaller than that of last year and shipments of wheat in December, January, and February were some 65 percent less than in the corresponding months of 1936-37. The current corn crop, which is just coming on the market, is reported to be some 50 percent below that of last year. Exports of wool are down sharply, partly as a result of the price decline that began late in the summer, and partly because of smaller physical shipments. The early recession in the wool industry in the United States has been followed by a lower level of activity in England and other countries, and there has

been a tendency in Argentina to withhold wool from the market at existing prices.

The excess of Argentine imports in the ten months ending April 1938 was 25,000,000 pesos as against an export surplus of 990,000,000 in the corresponding period a year ago. The shift reflected largely the decline in exports from the exceptionally high levels of the previous year, but it was due also to the maintenance of imports through January at the high point reached during their rapid expansion in the first half of 1937. This expansion was due in some measure to the abundant supply of exchange in the free market—exchange which was derived partly from the inflow of capital and partly from the proceeds of exports not required to be sold to the central bank at the official rate. Importers who desire to buy exchange at the more favorable official rate must obtain permission to do so before placing their orders abroad, and this portion of the import trade is thus subject to direct control. No such restrictions apply in the free market, however.

When in the second half of 1937 the supply of exchange in the free market began to diminish, the central bank, in order to maintain a stable exchange rate, largely made good the deficiency out of reserves accumulated during the preceding months. At the end of January, after 250,000,000 pesos of exchange had been sold in the free market over a seven-month period, the free peso was allowed to seek its own level subject only to such intervention as was necessary to maintain an orderly market. The rate declined from the January level of nearly 29½ cents to about 26½ cents in February. In April the Argentine Government, which a year earlier had been engaged in redeeming nearly \$125,000,000 of its long-term dollar obligations and converting an additional amount to a lower interest basis, borrowed a total of about \$16,000,000 at short-term in Amsterdam and Zurich. The free rate, which had fallen to 24¾ cents at the end of March, was quoted at about 26 cents at the beginning of June.

For the most part the British Dominions, including India, have shown less evidence of international strain in recent months than have the Latin American countries. Shifts in the balance of merchandise trade have generally been less and gold mined or drawn from hoards has played a steadying role in the export business of several of the Dominions. With the exception of Canada, which is particularly sensitive to the course of events in the United States, the latest available reports indicate that there has been little actual decline in internal business activity in the Dominions though there is some evidence of reduced buying. In South Africa, which is second only to Canada as a foreign market for the United States automotive industry, sales of automobiles are reported to have declined this year. Reduced exports of South African wool and uncertainty as to crop prospects appear to have restricted the distribution of consumers' goods in the agricultural districts.

A number of factors have tended to delay or moderate declines in exports of certain of the Dominions. Wool, which constitutes about 40 percent of Australian exports and is an important item in the trade of New Zealand and South Africa, did not begin to decline in price in the English market until September, and purchases by most of the leading user countries held up well until the third quarter. The British price of hides, which figure among the exports of each of the Dominions, showed no appreciable weakness until the final quarter of 1937, and the prices of livestock and dairy products, which constitute some 60 percent of the exports of New Zealand and are also a substantial item for Australia, have remained stable. Finally, there is the fact that a large proportion of Dominion merchandise exports—about 80 percent in the case of New Zealand and one-half in that of Australia—go to the United Kingdom where the general level of industrial activity and employment, as shown on a later

page, has begun to decline only in recent months, and then to only a small extent.

Among the Dominions the situation in Canada and in India, which for purposes of this discussion is included with the Dominions, has developed least favorably. A weakening of the international position of India was indicated in April when the rupee-sterling rate broke rather suddenly below the level that had stood for more than two years with little fluctuation. Canadian developments, however, have been characterized less by balance of payments difficulties than by a falling rate of internal business activity. Imports as well as exports are currently running less than a year ago.

India and Canada differ from the other Dominions in two important respects. In the first place, certain products that figure prominently among their exports are either of less importance in other Empire areas or during the past year have been affected by special conditions. Thus Indian shipments of raw cotton, which accounted for about 20 percent of total exports in 1936, have been much reduced since last September as a result of both lower prices and the decline of cotton manufacturing that has occurred in England, Japan, and other countries as well as the United States. Canada is the leading wheat producer of the Empire, and declines in wheat exports, as a result of the poorest harvest since 1914, have been substantial. In the second place, a smaller proportion of exports goes to the United Kingdom from India and Canada than from the other Dominions. The United States is not far behind England as a market for Canadian goods. Moreover, from half to three-fifths of Canadian imports are purchased in the United States. The close trade and financial relations between the two countries, together with other influences arising out of their proximity, are of special significance to the course of economic developments in Canada. The change in the Canadian export situation from that of a year earlier is shown in the table on page 430.

CANADIAN EXPORTS

[In millions of Canadian dollars]

	October-March		Change
	1936-7	1937-8	
Total exports (including gold).....	592	552	-40
Gold.....	67	80	+13
Wheat.....	114	57	-57
Other exports to—			
United Kingdom.....	135	165	+30
United States.....	182	144	-38
Other countries.....	94	106	+12

The reduction in Canadian exports to the United States was general, affecting such products as newsprint—by far the largest item in our trade with Canada—woodpulp, lumber, nickel, grains, cattle, hides, furs, whiskey, and chemicals. The increase in exports to the United Kingdom was most pronounced in the case of mineral and metal products. Contraction of foreign markets has affected chiefly the lumber, woodpulp, and newsprint industries in Canada. Production has also receded, but to a smaller extent, in mining, iron and steel, and machinery—the industries which have received the greatest measure of support from the maintenance of demand in the United Kingdom and other British countries.

This review of the current situation in the raw material countries, which took considerably more than half the exports of the United States in 1937, shows that their purchases of foreign commodities, although maintained for some time after exports declined, have in many cases started to decline. The situation in the British Dominions, however, has received support from their preferred position in English markets which have as yet been little affected by industrial recession.

Neither England nor any other industrial country abroad is experiencing a recession as precipitous as that which developed in the United States last autumn, although the business decline in Belgium—particularly in the iron and steel industry—has been marked and minor downturns are

**Developments
in industrial
countries**

in evidence elsewhere. Among the major industrial countries the situation is mixed.



Official indexes of physical volume of production on ratio scale. *United States*: Board of Governors; monthly index adjusted for seasonal variation; 1923-1925=100. *United Kingdom*: Board of Trade; quarterly index unadjusted for seasonal variation; 1930=100; figures for 1928-1933 represent old Board of Trade index (1924=100) converted to a 1930 base. *France*: Statistique Générale; monthly index partially adjusted for seasonal variation; 1913=100. A new index published by the Statistique Générale on a 1928 base for the period beginning January 1936 was 13 percent higher in January 1936 and March 1938 than the old index converted to a 1928 base.

There has been no interruption other than seasonal to the steady advance of German production. In Japan output of heavy industries has continued to grow under the impetus of war needs, while production of certain consumption goods, especially of textiles, has declined. The French economy has not at any time succeeded in recovering substantially from the depression lows for more than a period of months. The movements of industrial production in France are shown on the chart. The country, however, that exerts the greatest influence on the course of developments in the raw material

countries and upon American export trade directly is the United Kingdom, which is the leading consumer of foreign raw materials and in which are centered most of the world's great commodity markets.

Trade of the United States with the British Empire in 1937 accounted for two-fifths of both the exports and imports of this country. Maintenance at a high level of American exports to British countries, and particularly to the United Kingdom, while imports from these countries declined, was the major factor in the \$930,000,000 shift in the trade balance of the United States during the ten months ending last April. The country's export surplus in trade with the Empire in this period increased some \$460,000,000 as compared with the corresponding period a year ago; a shift of \$185,000,000 occurred in trade with the United Kingdom alone.

Economic activity in the United Kingdom continued its expansion of the four preceding years well into the summer of 1937. The turning point is not readily apparent in the chart on page 430, on which the United Kingdom curve is not adjusted for seasonal influences, but a gradual decline began in the fourth quarter of the year and has since continued. Employment fell about 400,000 between September 1937 and January 1938, or by about 2 percent if allowance is made for a seasonal decline of the usual magnitude. Increases in the succeeding three months were smaller than ordinarily occur at this time, and total employment in April was somewhat below the levels of a year ago.

The downturn in British activity represents the balance of a number of influences that have come into play at different times and with varying degrees of force. Nearly all, however, have been comparatively mild in their effects. Declines in private expenditures within England, both for investment and for consumers' goods, have been reinforced by a reduced foreign demand for British manufactures. Exports as a whole began

to decrease slowly in the second half of 1937 and in April 1938 were 16 percent below the level of the same month a year ago. Opposed to these developments, its influence has been the rearmament program of the British Government announced in February 1937. The program called for an outlay of £1,500,000,000 over a five-year period, representing a rate of expenditure nearly three times as great as that of a few years before. Of the total outlay £400,000,000 was to be raised by borrowing.

Signs of declining private expenditure first appeared in the building industry. Figures of houses built and of building plans approved are incomplete, but they suggest that new private investment in the housing field, which had hardly been checked during the last depression and had expanded vigorously from 1932 through 1934, leveled off in the next two years and turned moderately downward after 1936. For a time this was offset by an increased rate of housing construction by local authorities but a decline in the total volume of house building has occurred during the past year. Reflecting this development, and also reduced private expenditure on other types of structures, the total for all categories of building plans approved began to decline in 1937. The figures do not cover the entire United Kingdom, however, and do not include construction undertaken directly by the central Government. Government construction in connection with rearmament is no doubt one explanation of the fact that employment in the building industry has been well maintained up to the present time. A further factor is the time involved between approval of building plans and completion of contracts.

Output of textiles and automobiles, which responds more quickly to changes in the flow of orders, was checked in the autumn of 1937. There were particularly sharp declines in cotton and woollen manufacturing. Orders for cotton goods, which had been plentiful during the period of rising prices,

fell off as prospects for an abundant cotton crop in the United States improved and the price of raw cotton declined. The unsettlement communicated itself to other sections of the textile trade. Exports of textiles began to decline in July. Their value in March of the current year was nearly 20 percent less than in 1937 and the decline in volume was still greater. Unemployment increased by more than 100,000 between September 1937 and March 1938, and in certain sections of the industry employment is now near the lows of the last depression.

The production of automobiles was hardly checked during the depression and, after a prolonged period of expansion, was running in 1937 at twice the rate of 1929. Since September, however, when list prices of automobiles were increased in order to compensate for a rise in costs, domestic sales and the volume of production have fallen off as compared with the previous year. In February the output of passenger vehicles was nearly 15 percent lower than a year ago, but the production of commercial vehicles was somewhat larger due, it is reported, to increased governmental purchases.

Activity in the heavy industries which are most directly affected by the Government's rearmament program—iron and steel, machinery, and shipbuilding—was maintained at a high level throughout 1937 and into the current year. Early in 1937 the coincidence of a high level of private orders, partly placed ahead of current needs, and increasing armament expenditures caused conditions of extreme stringency to develop in the iron and steel industry. Shortage of plant capacity and of raw materials and labor led to an accumulation of unfilled orders. Duties on pig iron were removed in March 1937 and those on steel were lowered in March and July. Imports of iron and steel from the United States, France, Belgium and other countries were 70 percent larger in 1937

British industries primarily affected by rearmament

than in 1936. Prices of iron and steel mill products advanced sharply during the first half of the year and continued to rise through November. Since last autumn the situation has changed. While the completion of work on old orders and growing rearmament expenditures have maintained a generally high level of activity, there has been a lull in new private business at home and a weakening of foreign demand. Shortages have been largely relieved, stocks are accumulating in certain sections of the market, and prices are declining slowly. Unemployment has increased somewhat in virtually all sections of the industry and in April, for the first time since December 1934, steel production was lower than in the corresponding month of the previous year. Owing to the changed position of the industry, duties on steel have been allowed to revert to the level prevailing before July 1937 and duties on pig iron have been reimposed.

The position is essentially similar in machinery. While trade reports indicate that in the machinery industry as a whole, work on orders placed last year and government contracts are maintaining activity at high levels, there has recently been some increase of unemployment. In the shipbuilding industry the demand for new merchant ships has been affected by the rise in construction costs and, since September, by the precipitous decline of ocean freight rates. New mercantile tonnage laid down has fallen since the second quarter of 1937, but employment has so far been maintained because a large volume of mercantile shipping is still under construction and orders for naval vessels have increased.

The maximum rate of expenditure on rearmament, which primarily affects the heavy industries, has not yet been reached. Actual expenditures for military and naval purposes in the fiscal year ending March 1938 were £262,000,000 as against £186,000,000 in the preceding year and an average of about £110,000,000 in the seven years ending March

1935. The Government had planned to spend a larger sum and to borrow up to £80,000,000 of its requirements, but failure to use the entire amount budgeted for armament was one of the factors responsible for cutting the net cash deficit to a magnitude of about £25,000,000. The announced national defense appropriation for the current fiscal year is £343,000,000 of which £90,000,000 is expected to be met by borrowing. The Government has stated, however, that in view of European political developments the expenditures for the current year, as well as for the entire rearmament program announced in February 1937, will probably be increased. Armament expenditures may thus be expected to exert an increasingly important influence on British economic activity. Throughout most of 1937 this influence, together with other factors of expansion that had already raised activity in many lines to near capacity, was reflected, as compared with previous years, more in rising prices of finished and semi-finished goods, and in heavy purchases in the United States and other countries of many products ordinarily supplied by British industry, than in increased employment. With private expenditures receding in Great Britain, however, armament orders tend to be confined to a compensatory role on the home market while the demand for the output of other countries is reduced.

REVOCATION OF MEASURES AFFECTING SILVER

On April 28, 1938, the Treasury Department issued the following statement to the press:

"Secretary Morgenthau announced today that the following proclamation, orders, and regulations relating to silver were revoked today, April 28, 1938:

(1) Executive Order No. 6814 dated August 9, 1934, and the amendment thereto, Executive Order No. 6895A, dated November 2, 1934,

(2) Proclamation No. 2092 of August 9, 1934 (except certain provisions relative to settlement for

newly-mined domestic silver received by United States coinage mints under Proclamation No. 2067 of December 31, 1933, as modified),

(3) The Orders of the Secretary of the Treasury of June 28, 1934, and May 20, 1935,

(4) The Silver Regulations of August 17, 1934, as amended.

"The revoked Executive Order and Proclamation required the delivery to, and directed the receipt by, the United States mints of silver situated in the United States on August 9, 1934.

"The revocation of the Orders of the Secretary of the Treasury eliminates the restrictions imposed by such orders upon the importation and exportation of silver.

"The revoked regulations were issued under, and implemented, the revoked proclamation and orders and prescribed the required reports and records relative to silver holdings and transactions.

"The revocations in no way affect the application of the tax on silver transfers under subdivision 10 of schedule A of title VIII of the Revenue Act of 1926, as added by section 8 of the Silver Purchase Act of 1934.

"Likewise, the revocations do not in any way affect the continued receipt of newly-mined domestic silver under the Proclamation by the President of December 21, 1933, as modified."

The principal Proclamations, Executive orders and regulations relating to silver, beginning with the Proclamation of December 21, 1933, have been published in the BULLETIN and are listed in the annual indexes for the years 1934 and 1935. The Proclamation of December 30, 1937, which is published below, modifies the Proclamation of December 21, 1933, as modified:

BY THE PRESIDENT OF THE UNITED STATES
OF AMERICA

A PROCLAMATION

Whereas, by Proclamation of the twenty-first day of December, 1933, as modified by Proclamations of the ninth day of August, 1934, and the tenth and twenty-fourth days of April, 1935, the United States coinage mints are directed to receive for coinage and

addition to the monetary stocks of the United States silver mined subsequent to December 21, 1933, from natural deposits in the United States or any place subject to the jurisdiction thereof; and

Whereas, such Proclamation as so modified states in part that:

"This proclamation shall remain in force and effect until the thirty-first day of December, 1937, unless repealed or modified by Act of Congress or by subsequent proclamation." and that

"Notice is hereby given that I reserve the right by virtue of the authority vested in me to revoke or modify this proclamation as the interest of the United States may seem to require."

Now, therefore, finding that the interests of the United States require further modification of said Proclamation of the twenty-first day of December, 1933, as so modified; by virtue of the power in me vested by the Act of Congress cited in said Proclamation, and other legislation designated for national recovery, and by virtue of all other authority in me vested;

I, Franklin D. Roosevelt, President of the United States of America, do hereby further modify the said Proclamation of the twenty-first day of December, 1933, so that the same shall remain in force and effect until the 31st day of December, 1938, and so that the amount of deduction for seigniorage, brassage, coinage and other mint charges from the monetary value of silver delivered thereunder which has been mined on or after January 1, 1938, shall be 50% of such monetary value; and I do proclaim and direct that, with respect to all silver received by a United States coinage mint under the provisions of the said Proclamation of the twenty-first day of December, 1933, which such mint, subject to regulations prescribed hereunder by the Secretary of the Treasury, is satisfied has been mined on or after January 1, 1938, from natu-

ral deposits in the United States or any place subject to the jurisdiction thereof, the deduction for seigniorage and services performed by the Government shall be 50% and there shall be returned therefor, in standard silver dollars, silver certificates, or any other coin or currency of the United States, the monetary value of the silver so received (that is, \$1.2929+, per fine ounce), less such deduction of 50%, and that the said Proclamation of the twenty-first day of December, 1933, as heretofore and hereby modified shall remain in force and effect until the 31st day of December, 1938 unless repealed or further modified by Act of Congress or by subsequent Proclamation.

Notice is hereby given that I reserve the right by virtue of the authority vested in me to revoke or modify this Proclamation as the interests of the United States may seem to require.

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

Done at the City of Washington this 30th day of December, in the year of our Lord nineteen hundred and thirty-seven, and of the Independence of the United States of America the one hundred and sixty-second.

FRANKLIN D. ROOSEVELT.

By the President:

CORDELL HULL,
Secretary of State.

Appointment of Deputy Chairman at Federal Reserve Bank

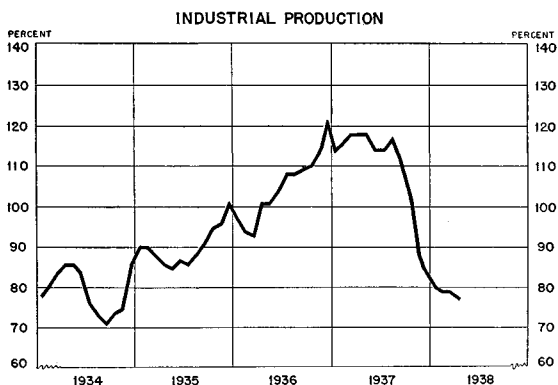
On May 20, 1938, the Board of Governors of the Federal Reserve System appointed St. George Holden, a Class C director of the Federal Reserve Bank of San Francisco, as Deputy Chairman of the bank for the remainder of the current year.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

[Compiled May 23 and released for publication May 25]

Industrial production declined in April, reflecting chiefly reduced activity in the cotton textile and lumber industries. Distribution of commodities increased less than seasonally but continued to be somewhat in excess of production. Commodity prices showed a further decrease.

Production.—In April volume of industrial production, as measured by the Board's seasonally adjusted index, was at 77 percent of the 1923-1925 average as compared with the level of about 79 percent maintained during the first quarter of the year. The decline reflected, chiefly, considerable reductions in output at cotton textile mills and lumber mills, where there had been moderate increases in



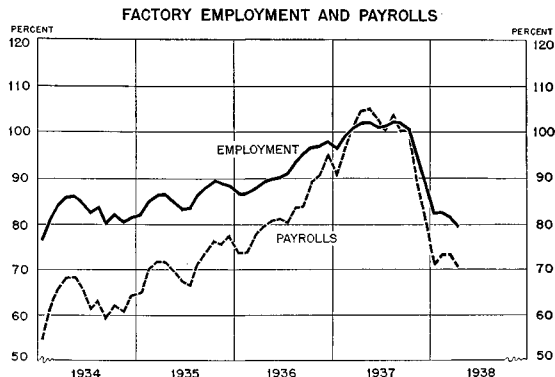
Monthly index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100.

production in March. In most other manufacturing industries changes in activity were largely seasonal in character. Output at steel mills continued at around 33 percent of capacity and in the automobile industry showed little change, amounting in April to about 40 percent of the volume of a year ago. In the first three weeks of May production of steel and automobiles was at a lower rate than in April. At mines there was a considerable decline in output of anthracite in April, while bituminous coal production showed somewhat less than the usual seasonal decrease.

Crude petroleum production continued in large volume.

Value of construction contracts awarded, which had increased considerably in March, showed little change in April, according to figures of the F. W. Dodge Corporation. Awards usually increase somewhat further in April. In the first four months of this year private residential building was about one-fourth less than in the corresponding period last year, while other private work, particularly industrial and utility construction, was only about one-half as large as a year ago. Awards for public projects were somewhat larger than last year.

Employment.—Factory employment and payrolls declined from the middle of March to the middle of April and the Board's seasonally adjusted index of employment was at 79 percent of the 1923-1925 average as compared with 82 in March and 84 at the begin-

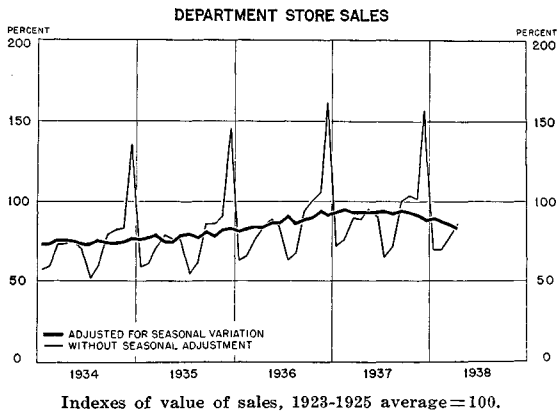


Monthly indexes of number employed and payrolls at factories, unadjusted for seasonal variation, 1923-1925 average=100.

ning of the year. The number employed at automobile factories declined sharply and there were further substantial decreases in the steel and machinery industries and at railroad repair shops. Smaller declines were reported in most other manufacturing industries. Employment at mines and on the railroads also decreased, while in trade there was some increase in the number employed, re-

flecting partly increased business at the Easter season.

Distribution.—Distribution of commodities to consumers showed less than the usual seasonal rise in April. The Board's adjusted index of department store sales was 83 in April compared with 86 in March and 90 at the beginning of the year, and figures for the first half of May indicate a further decrease.



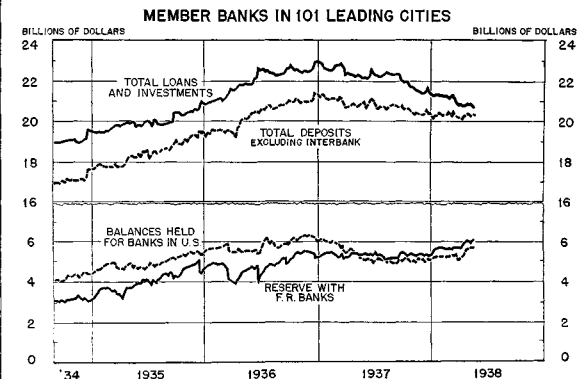
Freight-car loadings also declined from March to April, reflecting largely reduced shipments of miscellaneous freight, and were about 30 percent less than in April 1937.

Commodity prices.—Wholesale prices of industrial commodities continued to decline from the middle of April to the third week of May and prices of agricultural products also decreased somewhat further. Steel scrap, copper, and rayon showed considerable declines and there were reductions in prices of some finished industrial products. It was announced that prices of most finished steel products would be unchanged for third quarter delivery.

Bank credit.—Total loans and investments of reporting member banks in 101 leading

cities showed little change during April and the first half of May. Holdings of United States Government obligations increased somewhat, while holdings of other securities and loans declined. Adjusted demand deposits in leading cities increased during the period as a result of expenditures by the Treasury from its balances with the Reserve banks. Interbank deposits also increased substantially.

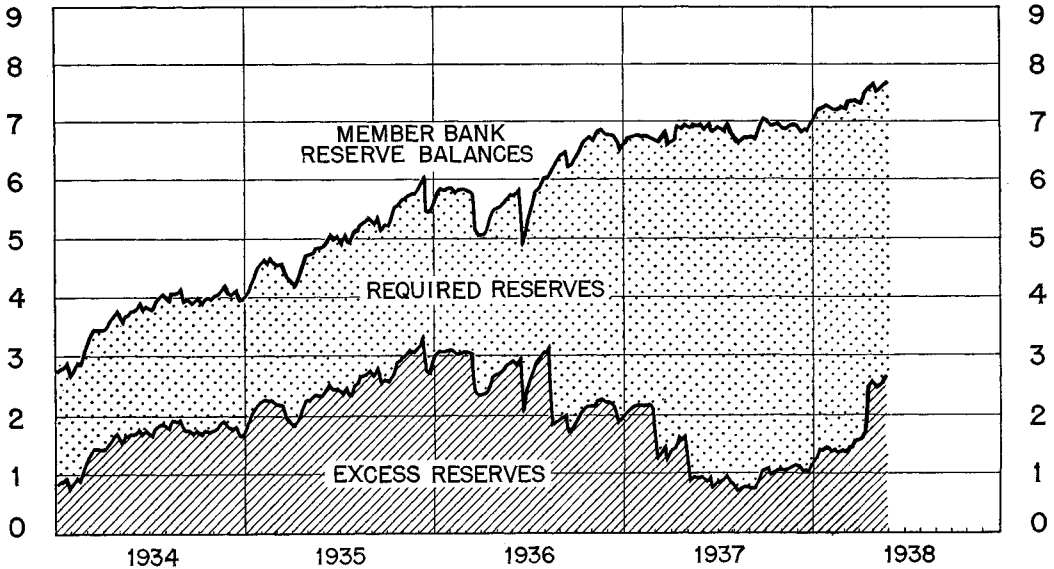
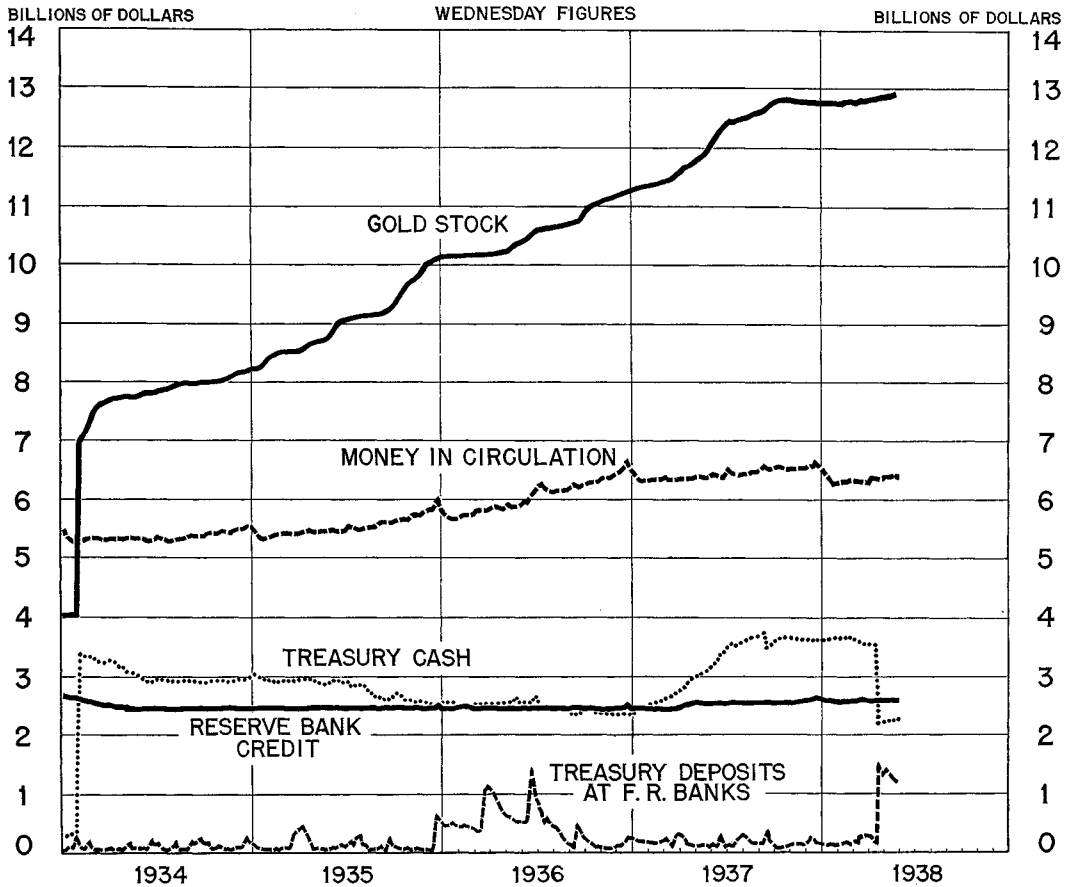
Member bank reserves increased further, reflecting principally Treasury disbursements from its deposits at the Reserve banks, including retirement of \$50,000,000 of Treasury bills each week.



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, to May 18, 1938. Total deposits, excluding interbank, are adjusted to exclude "float."

Money rates and bond yields.—Yields on Government securities declined slightly further in the four weeks ending May 21 to an average for longer-term Treasury bonds of 2.28 percent. The average yield on 3- to 5-year Treasury notes declined to a new low of 0.73 percent. The rate on three-month Treasury bills continued at record low levels, and other open-market money rates remained unchanged.

MEMBER BANK RESERVES AND RELATED ITEMS



Latest figures for May 25. See table on page 502.

SUMMARY OF FINANCIAL AND BUSINESS STATISTICS

	1938			1937			Annual averages					
	Apr.	Mar.	Feb.	Apr.	Mar.	Feb.	1937	1936	1935	1934	1933	1929
RESERVE BANK CREDIT, MEMBER BANK RESERVES, AND RELATED ITEMS												
<i>Averages of daily figures; in millions of dollars</i>												
Reserve bank credit outstanding—total.....	2,606	2,597	2,598	2,522	2,472	2,475	2,554	2,481	2,475	2,502	2,429	1,459
Bills discounted.....	11	10	11	10	6	3	14	6	7	36	283	952
Bills bought.....	1	1	1	4	3	3	3	4	5	25	83	241
U. S. Government securities.....	2,569	2,565	2,564	2,480	2,432	2,431	2,540	2,430	2,431	2,432	2,052	208
Monetary gold stock.....	12,829	12,778	12,765	11,686	11,503	11,399	12,162	10,578	9,059	7,512	4,059	3,996
Treasury currency outstanding.....	2,685	2,673	2,662	2,541	2,537	2,531	2,567	2,503	2,478	2,381	2,271	2,015
Currency in circulation.....	6,387	6,338	6,319	6,897	6,891	6,869	6,475	6,101	5,585	5,403	5,576	4,476
Treasury cash holdings.....	2,769	3,558	3,630	2,863	2,682	2,569	3,225	2,474	2,791	2,798	288	207
Treasury deposits with F. R. banks.....	900	221	164	159	205	167	158	446	128	81	55	22
Nonmember deposits and other accounts.....	594	605	685	506	530	554	595	551	507	438	497	406
Member bank reserve balances:												
Total.....	7,469	7,326	7,230	6,824	6,704	6,747	6,830	5,989	5,001	3,676	2,343	2,558
Excess.....	2,071	1,524	1,406	1,552	1,371	2,152	1,220	2,512	2,469	1,564	528	43
REPORTING MEMBER BANKS												
<i>Averages of Wednesday figures; in millions of dollars</i>												
Total loans and investments.....	20,819	21,072	21,214	22,280	22,619	22,600	22,198	22,064	19,997	18,672	17,505	22,599
Loans to brokers and dealers in securities.....	622	762	738	1,276	1,318	1,217	1,226	1,181	990	981	777	* 2,208
Loans on securities to others (except banks) ¹	1,840	1,889	1,890	2,046	2,030	2,021	2,006	2,055	2,131	2,545	3,157	* 5,448
All other loans.....	6,142	6,233	6,308	6,077	5,938	5,744	6,314	5,226	4,907	4,965	5,222	9,231
U. S. Government obligations:												
Direct.....	7,955	7,992	8,168	8,447	8,802	9,118	8,394	9,080	7,989	6,856	5,228	2,865
Fully guaranteed.....	1,179	1,159	1,147	1,181	1,206	1,212	1,164	1,250	928	* 325	.....	.....
Other securities.....	3,081	3,037	2,963	3,253	3,316	3,288	3,094	3,272	3,052	* 3,000	3,121	2,847
Reserve with Federal Reserve banks.....	5,885	5,724	5,646	5,340	5,205	5,326	5,307	4,799	4,024	2,875	1,822	1,725
Cash in vault.....	342	302	294	346	359	387	337	383	326	271	240	248
Balances with domestic banks.....	2,107	1,992	2,016	1,967	1,998	2,252	1,884	2,358	2,112	1,688	1,322	1,142
Demand deposits—adjusted.....	14,437	14,360	14,509	15,283	15,429	15,572	15,097	14,619	12,729	(²)	(²)	(²)
Time deposits (excluding interbank) ³	5,223	5,239	5,237	5,145	5,142	5,094	5,202	4,999	4,883	4,937	4,946	6,788
Deposits of domestic banks ⁴	5,407	5,280	5,286	5,544	5,679	5,988	5,298	5,810	4,938	3,814	2,822	2,787
Borrowings.....	3	7	3	3	3	1	5	6	8	115	674	674
MONEY RATES AND BOND YIELDS												
<i>Averages of weekly figures; percent per annum</i>												
Commercial paper.....	.88	.88	1.00	1.00	.88	.75	.95	.75	.76	1.02	1.72	5.85
Stock exchange call loans.....	1.00	1.00	1.00	1.00	1.00	1.00	1.00	.91	.56	1.00	1.16	7.61
U. S. Treasury bills (91 days).....	.09	.08	.08	.56	.38	.15	.28	.17	.17	.28	.....	.....
U. S. Treasury bonds, long term.....	2.43	2.45	2.46	2.74	2.50	2.31	2.57	2.47	2.70	3.10	3.31	3.60
Corporate high grade bonds (Moody's Aaa).....	3.35	3.26	3.23	3.42	3.32	3.22	3.27	3.24	3.60	4.00	4.49	4.73
CAPITAL ISSUES												
<i>Amounts per month; in millions of dollars</i>												
All issues—total.....	352	245	199	303	382	511	323	518	392	180	89	959
New.....	197	126	82	159	185	190	173	164	121	116	60	841
Refunding.....	155	119	117	144	197	321	150	354	270	64	29	118
Domestic corporate issues—total.....	79	82	103	165	319	377	198	382	189	41	32	781
New.....	12	24	41	78	138	152	99	99	34	15	13	667
Refunding.....	67	58	62	87	181	225	99	282	155	26	18	115
PRICES												
<i>Index numbers</i>												
Common stocks (1926=100).....	71	78	81	125	130	130	112	111	78	72	63	190
Wholesale commodity prices (1926=100):												
All commodities.....	79	80	80	88	88	86	86	81	80	75	66	95
Farm products.....	68	70	70	92	94	91	86	81	79	65	51	105
Foods.....	72	74	74	86	88	87	86	82	84	71	61	100
Other commodities.....	82	83	83	87	86	84	85	80	78	78	71	92
Retail food prices (1923-25=100).....	79	79	78	86	85	85	85	82	80	74	66	105
BUSINESS INDEXES												
<i>Index numbers, adjusted for seasonal variation, 1923-25=100</i>												
Industrial production.....	P77	79	79	118	118	116	110	105	90	79	76	119
Manufactures.....	P73	75	75	118	117	116	109	105	90	78	75	119
Minerals.....	P100	103	102	115	128	116	115	104	91	86	82	115
Construction—total.....	P47	46	51	53	56	62	59	55	37	32	25	117
Residential.....	P36	33	32	44	45	47	41	37	21	12	11	87
All other.....	P56	56	66	61	64	75	74	70	50	48	37	142
Factory employment.....	P79	82	83	102	101	100	99	92	86	83	72	105
Factory payrolls (unadjusted).....	P71	73	73	105	101	96	98	82	71	63	49	109
Freight-car loadings.....	57	60	62	84	83	82	78	75	64	62	58	107
Department store sales.....	83	86	88	93	93	95	92	88	79	75	67	111
MERCHANDISE EXPORTS AND IMPORTS												
<i>Amounts per month; in millions of dollars</i>												
Exports, including re-exports.....	P274	276	263	269	257	233	279	205	190	178	140	437
General imports.....	P160	173	163	287	307	278	257	202	171	138	121	367

[†] Preliminary. ^{*} Partly estimated.
¹ Includes loans on securities to banks, 1929-1934.
² Figures not available.
³ Includes time deposits of banks, domestic and foreign, 1929-1934.
⁴ Does not include time deposits 1929-1934.

LAW DEPARTMENT

Amendment to the Law Relating to Loans to Executive Officers

On April 25, 1938, the President approved an Act of Congress which amended section 22 (g) of the Federal Reserve Act by striking out the word "five" in the first sentence thereof and inserting the word "six" in its place. Under this amendment, loans made to an executive officer of a member bank prior to June 16, 1933, may be renewed or extended for periods expiring not later than June 16, 1939, subject, of course, to the other conditions stated in the law and in section 4 of Regulation O. The text of the recent Act of Congress is as follows:

[PUBLIC—No. 492—75TH CONGRESS]

[CHAPTER 173—3D SESSION]

[S. 3400]

AN ACT

To extend from June 16, 1938, to June 16, 1939, the period within which loans made prior to June 16, 1933, to executive officers of member banks of the Federal Reserve System may be renewed or extended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (g) of section 22 of the Federal Reserve Act, as amended (U. S. C., title 12, sec. 375a), is amended by striking out the word "five" in the first sentence of such subsection and inserting in lieu thereof the word "six".

Approved, April 25, 1938.

Directors' Review of Actions of Trust Department Committees of National Bank; Nature of Trust Investment Committee Minutes

The Board recently considered an inquiry relating to the review of actions of trust department committees by the directors of a national bank pursuant to the following provision of section 6 (b) of Regulation F:

"The board of directors is responsible * * * for the review of the actions of all committees appointed by the board of directors for the conduct of the trust department."

The Board stated that such provision contemplates that the directors shall take such action as is necessary to inform themselves concerning the manner in which the committees are performing their duties and the poli-

cies which are being pursued by the committees, but that, while it definitely places upon the directors the responsibility for the review of the actions of all committees, it does not require that the directors read all minutes of all committees and formally approve each and every action taken by the committees.

The Board recognized that various methods may be pursued in the proper discharge of this responsibility; that that which is feasible for one bank may not be for another and the action which should be taken depends upon the particular circumstances involved. Since the regulation applies to all national banks, the Board felt that it should not destroy the intended flexibility of this provision by a precise statement concerning the action necessary to constitute compliance, but that this should be left to the exercise of sound judgment by individual banks.

The same inquiry also related to the nature of the minutes which must be kept by the trust investment committee of a national bank. Section 6 (c) of Regulation F requires that the committee "keep minutes of all its meetings, showing the disposition of all matters considered by and passed upon by it" and, after providing for periodic reviews of assets of each fiduciary account by the committee, it requires that "a report of all such reviews, together with the action taken as a result thereof, shall be noted in the minutes" of the committee.

The Board pointed out that, while the regulation thus requires that the committee keep a record of all of its activities, it does not attempt to describe the manner in which the record should be kept. It stated that, clearly, it is not necessary to record verbatim everything which is said and to incorporate copies of all memoranda and other documents considered, but there is a vast range between minutes containing unwarranted detail and those which are so sketchy as to be virtually worthless, and the question as to where the line should be drawn between these two ex-

tremes is one which also must be left to the sound judgment of each bank. It noted that, in deciding this question, it should be borne in mind that the minutes serve purposes other than to make information currently available to the directors.

Approval of Acceptance of Trusts by National Bank

Section 6(b) of the Board's Regulation F reads in part as follows:

"The acceptance of all trusts shall be *approved* by the board of directors or a committee appointed by such board, and the closing out or relinquishment of all trusts shall be *approved or ratified* by the board of directors or a committee appointed by such board." (*Italics supplied.*)

In connection with a recent inquiry, the Board ruled that, in order to comply with such provision, the directors or the appropriate committee of a national bank must approve the acceptance of trusts by the bank prior to their acceptance rather than subsequent thereto.

Renewal or Extension of Loans Made to an Executive Officer of a Member Bank

The Board was recently requested to rule on the question whether the board of directors of a national bank may delegate to executive officers of the bank the power to renew

or extend loans made to an executive officer prior to June 16, 1933.

The pertinent provision of section 22(g) of the Federal Reserve Act is as follows:

"* * * that loans made to any such officer prior to June 16, 1933, may be renewed or extended for periods expiring not more than six years from such date where the board of directors of the member bank shall have satisfied themselves that such extension or renewal is in the best interest of the bank and that the officer indebted has made reasonable effort to reduce his obligation, these findings to be evidenced by resolution of the board of directors spread upon the minute book of the bank * * *."

The fact that the statute requires a "resolution of the board of directors" spread upon the minute book of the bank as evidence that the "board of directors" shall have satisfied "themselves" as to the matters specified makes it clear that Congress contemplated action by the board of directors and not by a committee or officers of the bank. Therefore, in order that a loan to an executive officer made prior to June 16, 1933, may be validly renewed or extended within the limitations of the law, the board of directors of a member bank must itself by resolution make the findings required by the statute and this duty may not be delegated by the board of directors to others.

EARNINGS AND EXPENSES OF MEMBER BANKS

Total earnings from current operations and total current expenses of member banks in 1937 were at about the same level as in 1936. Net profits, however, were smaller than in 1936, as shown by the table and the chart, reflecting principally a reduced amount of recoveries on loans and investments and of profits on securities sold. Losses and depreciation on loans and investments, however, also declined. Member bank profits were at an annual rate of about 6.3 percent of total capital funds in 1937 as against 8.9 percent the previous year and an average of about 8.8 percent in 1928 and 1929.

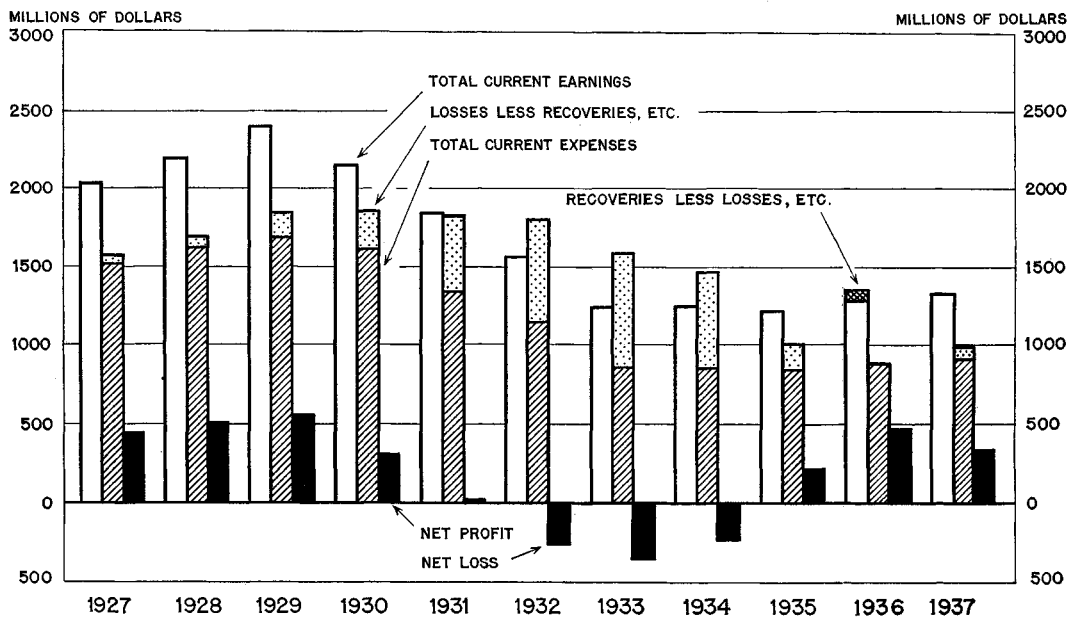
The chart shows that in recent years total current earnings and total expenses of member banks have shown little change from the relatively low levels reached in 1933. Because of large losses and depreciation written off during the depression, the banks showed net losses during the years 1932-1934. Net profits reappeared in 1935 as write-offs declined, reflecting rising bond prices and the improved financial standing of bank customers owing to better business conditions and growing incomes. In 1936, for the first time in many years, the amount of recoveries, profits on securities sold, etc., exceeded losses and depreciation, thus increasing temporarily the net profits of banks to near pre-depression levels. In 1937 losses again exceeded recoveries by a small amount, and net profits were smaller than in 1936, but larger than in any other year since 1929.

EARNINGS AND EXPENSES OF MEMBER BANKS
[In millions of dollars]

	1929	1933	1936	1937
Total current earnings.....	2,399	1,237	1,271	1,321
Total current expenses.....	1,684	859	872	902
Net earnings.....	715	378	399	419
Recoveries, profits on securities sold, etc.....	137	125	508	256
Losses and depreciation.....	295	858	441	338
Net profit or loss (-).....	557	-356	465	337
Cash dividends declared.....	409	151	199	201

Detailed figures on earnings and expenses at all member banks during 1937 and 1936 are presented in the tables on the following page.

EARNINGS AND EXPENSES OF MEMBER BANKS



EARNINGS AND EXPENSES OF MEMBER BANKS

ALL MEMBER BANKS BY CLASSES OF BANKS, YEARS ENDED DECEMBER 31, 1937 AND 1936

	Amounts (in thousands of dollars)						Amounts per \$100 of loans and investments ^{1 2}						
	All member banks		National member banks		State member banks		All member banks		National member banks		State member banks		
	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936	
Earnings:													
Interest and discount on loans.....	552,563	513,399	372,773	346,951	179,790	166,448	\$1.70	\$1.64	\$1.79	\$1.75	\$1.53	\$1.44	
Interest and dividends on investments.....	480,810	487,101	323,373	325,772	157,237	161,329	1.48	1.55	1.56	1.65	1.34	1.39	
Interest on balances with other banks.....	963	1,207	717	905	246	302							
Collection charges, commissions, fees, etc.....	32,451	31,397	22,731	22,167	9,720	9,230	.10	.10	.11	.11	.08	.08	
Foreign department.....	11,829	12,165	6,519	7,657	5,310	4,508	.04	.04	.03	.04	.05	.04	
Trust department.....	96,302	88,297	34,976	31,712	61,326	56,585	.30	.28	.17	.16	.52	.49	
Service charges on deposit accounts.....	45,023	39,415	31,555	27,467	13,468	11,948	.14	.13	.15	.14	.11	.10	
Rent received.....	83,274	78,456	51,826	48,153	31,448	30,303	.26	.25	.25	.24	.27	.26	
Other current earnings.....	18,050	19,471	12,230	13,043	5,820	6,428	.06	.06	.06	.07	.05	.06	
Total current earnings.....	1,321,265	1,270,908	856,900	823,827	464,365	447,081	4.06	4.05	4.12	4.16	3.96	3.86	
Expenses:													
Interest on deposits													
Time.....	174,449	175,164	124,599	126,175	49,850	48,989	.54	.56	.60	.64	.43	.42	
Demand.....	4,641	7,137	3,154	5,144	1,487	1,993	.01	.02	.02	.03	.01	.02	
Bank.....	1,737	2,175	1,179	1,425	558	750	.01	.01	.01	.01		.01	
Total.....	180,827	184,476	128,932	132,744	51,895	51,732	.56	.59	.62	.67	.44	.45	
Salaries, officers.....	142,818	135,501	95,354	90,548	47,464	44,953	.44	.43	.46	.46	.40	.39	
Salaries and wages, employees (other than officers).....	229,327	216,213	139,839	130,893	89,488	85,320	.71	.69	.67	.66	.76	.74	
Fees paid to directors and members of executive, discount, and advisory committees.....	6,925	6,269	4,858	4,398	2,067	1,871	.02	.02	.02	.02	.02	.02	
Interest and discount on borrowed money.....	576	613	331	265	245	348							
Real estate taxes.....	34,162	33,970	21,887	21,561	12,275	12,409	.11	.11	.11	.11	.10	.11	
Other taxes.....	52,031	47,175	33,694	27,941	18,337	19,234	.16	.15	.16	.14	.16	.17	
Other expenses.....	255,749	247,897	159,963	155,981	95,786	91,916	.79	.79	.77	.79	.82	.79	
Total current expenses.....	902,415	872,114	584,858	564,331	317,557	307,783	2.78	2.78	2.81	2.85	2.71	2.65	
Net earnings.....	418,850	398,794	272,042	259,496	146,808	139,298	1.29	1.27	1.31	1.31	1.25	1.20	
Recoveries, profits on securities, etc.:													
Recoveries on loans.....	75,503	94,247	50,303	69,515	25,200	24,732	.23	.30	.24	.35	.21	.21	
Recoveries on investments.....	50,326	160,318	33,772	120,654	16,554	39,664	.15	.51	.16	.61	.14	.34	
Profits on securities sold.....	98,950	230,698	68,840	157,891	30,110	72,807	.30	.74	.33	.80	.26	.63	
All other.....	31,389	22,808	18,445	12,187	12,944	10,621	.10	.07	.09	.06	.11	.09	
Total.....	256,168	508,071	171,360	360,247	84,808	147,824	.79	1.62	.82	1.82	.72	1.28	
Losses and depreciation:													
On loans.....	104,788	206,548	71,775	154,312	33,013	52,236	.32	.66	.35	.78	.28	.45	
On investments.....	147,958	131,406	92,132	91,935	55,826	39,471	.46	.42	.44	.46	.48	.34	
On banking house, furniture and fixtures.....	36,868	38,721	24,581	26,416	12,287	12,305	.11	.12	.12	.13	.10	.11	
All other.....	48,844	64,873	27,495	33,510	21,349	31,363	.15	.21	.13	.17	.18	.27	
Total losses and depreciation.....	338,458	441,548	215,983	306,173	122,475	135,375	1.04	1.41	1.04	1.55	1.04	1.17	
Net profits.....	336,560	465,317	227,419	313,570	109,141	151,747	1.04	1.48	1.09	1.58	.93	1.31	
Cash dividends declared ³	201,001	198,663	121,435	121,355	79,566	77,308							
Loans².....	13,825,461	12,543,829	8,577,339	7,730,096	5,248,122	4,813,733							
Investments².....	18,678,289	18,839,010	12,203,429	12,059,818	6,474,860	6,779,192							
Loans and investments².....	32,503,750	31,382,839	20,780,768	19,789,914	11,722,982	11,592,925							
Time deposits².....	11,255,552	10,660,494	7,853,297	7,547,641	3,402,255	3,112,853							
Total deposits².....	11,582,127	10,129,630	26,805,935	25,831,681	14,776,192	14,297,949							
Capital funds^{2 4}.....	5,327,456	5,209,486	3,199,666	3,136,732	2,127,790	2,072,754							
							Other ratios^{1 2}						
							1937	1936	1937	1936	1937	1936	
Net profit per \$100 of capital funds ⁴	\$6.32	\$8.93	\$7.11	\$10.00	\$5.13	\$7.32							
Interest and discount on loans per \$100 of loans.....	4.00	4.09	4.35	4.49	3.43	3.46							
Losses on loans per \$100 of loans.....	.76	1.65	.84	2.00	.63	1.09							
Interest and dividends on investments per \$100 of investments.....	2.57	2.59	2.65	2.70	2.43	2.38							
Losses on investments per \$100 of investments.....	.79	.70	.75	.76	.86	.58							
Interest on time deposits per \$100 of time deposits.....	1.55	1.64	1.59	1.67	1.47	1.57							
Total deposits per \$1 of capital funds ⁴	7.81	7.70	8.38	8.24	6.94	6.90							
Loans and investments per \$1 of capital funds ⁴	6.10	6.02	6.49	6.31	5.51	5.59							

For footnotes see page 443.

EARNINGS AND EXPENSES OF MEMBER BANKS—Continued
ALL MEMBER BANKS, BY DISTRICTS, YEARS ENDED DECEMBER 31, 1937 AND 1936

[In thousands of dollars]

	Federal Reserve District											
	Boston		New York		Philadelphia		Cleveland		Richmond		Atlanta	
	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936
Earnings:												
Interest and discount on loans.....	38,699	37,814	145,026	135,272	42,790	42,736	48,952	47,754	27,162	24,775	23,241	20,534
Interest and dividends on investments.....	27,073	28,886	143,021	149,720	47,680	47,542	51,843	51,448	18,881	18,672	15,491	15,225
Interest on balances with other banks.....	25	26	127	174	121	142	118	127	55	65	64	84
Collection charges, commissions, fees, etc.	1,126	1,012	7,646	6,993	983	897	1,562	1,351	1,333	1,271	2,615	2,562
Foreign department.....	1,025	1,075	7,796	8,140	492	387	388	361	46	45	242	190
Trust department.....	6,796	6,270	45,646	41,975	8,943	8,120	7,345	6,328	2,454	2,253	1,779	1,574
Service charges on deposit accounts.....	3,476	3,185	10,356	9,016	2,034	1,768	3,222	2,756	2,121	1,849	1,981	1,815
Rent received.....	5,569	5,240	25,386	23,847	6,843	6,188	8,596	7,773	3,272	3,022	3,767	3,309
Other current earnings.....	1,697	1,424	5,992	7,022	1,069	1,139	1,424	1,976	612	556	584	599
Total current earnings.....	85,486	84,932	390,996	382,159	110,955	108,919	123,450	119,874	55,836	52,508	49,764	45,892
Expenses:												
Interest on deposits:												
Time.....	11,601	12,459	30,593	30,697	19,545	20,441	23,463	23,069	9,657	9,879	6,050	6,004
Demand.....	52	108	1,308	1,933	456	606	452	806	122	239	341	417
Bank.....	158	271	276	362	338	414	310	381	77	101	106	102
Total.....	11,811	12,838	32,177	32,992	20,339	21,461	24,225	24,256	9,856	10,219	6,497	6,523
Salaries, officers.....	9,750	9,492	39,220	38,019	10,491	10,271	11,455	10,521	6,512	6,220	6,054	5,544
Salaries and wages, employees (other than officers).....	14,111	13,954	78,485	75,875	16,716	15,978	18,470	17,470	8,272	7,659	7,643	7,134
Fees paid to directors and members of executive and advisory committees.....	686	673	1,724	1,594	1,148	1,092	567	534	369	337	289	256
Interest and discount on borrowed money.....	58	37	164	131	50	51	19	17	42	7	61	49
Real estate taxes.....	2,449	2,434	11,293	10,959	2,737	2,862	2,817	2,946	1,130	1,106	1,611	1,637
Other taxes.....	3,180	3,018	12,216	13,893	6,166	3,464	7,414	5,910	2,316	1,933	1,787	1,307
Other expenses.....	15,707	15,284	86,201	84,156	18,762	18,736	20,946	21,093	9,531	9,017	10,231	9,449
Total current expenses.....	57,752	57,730	261,480	257,619	76,409	73,915	85,913	82,747	38,028	36,498	34,173	31,899
Net earnings.....	27,734	27,202	129,516	124,540	34,546	35,004	37,537	37,127	17,808	16,010	15,591	13,993
Recoveries, profits on securities, etc.:												
Recoveries on loans.....	4,736	5,343	30,500	38,405	3,139	3,592	4,389	5,491	2,537	2,693	1,481	1,711
Recoveries on investments.....	2,876	6,130	21,053	97,342	3,293	5,818	5,098	5,718	2,071	2,211	1,294	2,564
Profits on securities sold.....	7,216	13,489	32,576	78,799	9,270	19,848	8,610	20,282	5,066	12,080	3,784	7,956
All other.....	2,137	1,728	9,774	5,817	1,696	1,404	2,581	2,134	1,303	1,103	1,280	548
Total.....	16,965	26,690	93,903	220,363	17,398	30,662	20,678	33,625	10,977	18,087	7,839	12,779
Losses and depreciation:												
On loans.....	5,665	14,581	40,974	74,209	10,523	17,233	8,579	17,144	2,887	5,377	3,171	5,459
On investments.....	11,122	9,108	62,096	42,833	11,947	11,542	11,907	10,732	7,053	9,080	3,387	5,462
On banking house, furniture and fixtures.....	2,243	2,693	11,004	11,328	2,981	2,777	3,404	4,245	1,413	1,443	1,738	1,555
All other.....	3,274	3,609	15,817	23,641	2,995	5,435	3,165	5,521	3,043	1,916	1,678	1,353
Total losses and depreciation.....	22,304	29,991	129,891	152,021	28,446	36,987	27,055	37,642	14,396	17,816	9,974	13,829
Net profits.....	22,395	23,901	93,528	192,882	23,498	28,679	31,160	33,110	14,389	16,281	13,456	12,943
Cash dividends declared ¹	13,776	13,459	82,894	85,986	19,597	18,588	13,547	12,415	7,217	6,976	6,265	5,783
Loans ²	1,020,893	956,782	5,025,080	4,629,752	949,020	940,553	1,052,469	969,886	538,285	475,061	483,298	406,872
Investments ²	985,443	976,916	6,448,705	6,863,250	1,415,341	1,373,817	1,750,070	1,661,253	684,489	662,198	533,995	533,655
Loans and investments ²	2,006,336	1,933,698	11,473,785	11,493,002	2,364,361	2,314,370	2,802,539	2,631,139	1,222,774	1,137,259	1,017,293	940,527
Time deposits ²	688,412	699,973	2,281,697	2,090,665	1,085,658	1,045,852	1,340,940	1,265,576	532,313	506,465	370,652	352,188
Total deposits ²	2,451,186	2,430,010	14,304,730	14,073,530	2,844,183	2,733,955	3,407,062	3,206,451	1,643,193	1,563,680	1,412,859	1,329,586
Capital funds ²	381,706	376,766	2,022,033	2,012,211	496,612	488,329	518,858	497,879	199,238	187,366	170,891	164,260

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

² Figures for loans, investments, deposits, and capital funds are averages of amounts from reports of condition for 4 call dates for 1937 and 4 call dates for 1936. (December to December.)

³ Includes interest on capital notes and debentures.

⁴ By "capital funds" is meant the aggregate book value of capital stock, capital notes and debentures, surplus, undivided profits, reserves for contingencies, reserves for stock dividends on common stock, and retirement fund for preferred stock and/or capital notes and debentures. Prior to July, 1932, reserves for dividends were also included in capital funds.

Back figures.—See BULLETIN for June 1937, pp. 532-534. For summary figures for the country as a whole, see Annual Report for 1936 (table 60).

EARNINGS AND EXPENSES OF MEMBER BANKS—Continued

ALL MEMBER BANKS, BY DISTRICTS, YEARS ENDED DECEMBER 31, 1937 AND 1936—Continued

[In thousands of dollars]

	Federal Reserve District											
	Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936
Earnings:												
Interest and discount on loans.....	52,874	45,423	20,445	18,711	13,930	13,533	25,650	23,503	24,762	23,005	89,032	80,339
Interest and dividends on investments.....	68,433	63,905	17,041	16,447	13,493	13,220	16,525	16,652	12,031	11,726	49,298	53,658
Interest on balances with other banks.....	65	69	19	54	111	108	78	120	9	13	171	225
Collection charges, commissions, fees, etc.....	5,429	5,314	1,763	1,804	2,901	3,019	1,595	1,737	1,543	1,628	3,955	3,809
Foreign department.....	773	905	51	43	55	70	17	14	35	26	909	909
Trust department.....	12,160	11,412	1,319	1,263	1,123	1,086	1,582	1,467	545	521	6,610	6,028
Service charges on deposit accounts.....	7,197	6,318	1,624	1,489	1,290	1,206	3,458	3,066	2,248	1,931	6,016	5,016
Rent received.....	9,065	8,758	2,150	2,057	1,682	1,633	4,000	3,922	3,808	3,446	9,136	9,261
Other current earnings.....	1,705	1,717	1,078	1,405	692	622	859	869	417	379	2,021	1,763
Total current earnings.....	157,701	143,821	45,490	43,273	35,277	34,497	53,764	51,350	45,398	42,675	167,148	161,008
Expenses:												
Interest on deposits:												
Time.....	20,547	18,956	6,118	6,303	5,625	5,708	4,366	4,580	3,051	3,096	33,833	33,972
Demand.....	581	902	111	233	96	169	307	411	250	417	565	896
Bank.....	52	92	58	61	102	77	57	68	8	12	195	234
Total.....	21,180	19,950	6,287	6,597	5,823	5,954	4,730	5,059	3,309	3,525	34,593	35,102
Salaries, officers.....	16,281	14,822	5,825	5,445	5,418	5,259	8,060	7,680	6,913	6,523	16,839	15,705
Salaries and wages, employees (other than officers).....	28,878	26,204	6,863	6,341	5,166	4,868	7,930	7,580	6,277	5,826	30,516	27,324
Fees paid to directors and members of executive, discount and advisory committees.....	538	461	277	250	410	206	278	253	221	199	418	414
Interest and discount on borrowed money.....	48	51	77	204	5	3	13	9	24	26	15	28
Real estate taxes.....	2,956	2,739	1,290	1,238	836	887	1,236	1,251	1,876	1,653	3,931	4,258
Other taxes.....	5,508	5,717	1,752	1,741	1,762	1,660	2,266	2,069	2,061	1,816	5,603	4,647
Other expenses.....	29,376	27,580	8,811	8,132	6,915	6,891	11,387	10,895	8,941	8,621	28,941	28,043
Total current expenses.....	104,765	97,524	31,182	29,948	26,335	25,728	35,900	34,796	29,622	28,189	120,856	115,521
Net earnings.....	52,936	46,297	14,308	13,325	8,942	8,769	17,864	16,554	15,776	14,486	46,292	45,487
Recoveries, profits on securities, etc.:												
Recoveries on loans.....	9,582	17,496	2,623	2,375	2,401	3,345	4,054	3,547	4,312	4,278	5,749	5,971
Recoveries on investments.....	4,202	18,659	2,455	4,085	2,103	2,956	2,489	3,224	1,198	2,611	2,194	9,000
Profits on securities sold.....	10,707	33,133	3,550	7,573	2,335	4,748	2,794	5,375	2,429	4,939	10,613	22,476
All other.....	4,046	3,622	1,092	671	1,014	938	1,113	862	889	786	4,464	3,195
Total.....	28,537	72,910	9,720	14,704	7,853	11,987	10,450	13,008	8,828	12,614	23,020	40,642
Losses and depreciation:												
On loans.....	7,021	28,969	2,735	3,672	2,531	4,026	3,483	4,446	3,702	5,671	13,517	25,761
On investments.....	14,155	14,942	6,290	4,913	5,130	5,359	4,253	4,794	2,711	4,023	7,907	8,618
On banking house, furniture and fixtures.....	3,155	4,646	1,477	1,134	1,178	1,276	2,192	1,725	1,579	1,687	4,504	4,202
All other.....	5,757	9,729	1,888	1,790	1,073	1,059	1,665	1,648	1,305	1,859	7,184	7,313
Total losses and depreciation.....	30,088	58,286	12,390	11,509	9,912	11,720	11,593	12,613	9,297	13,240	33,112	45,894
Net profits.....	51,385	60,921	11,638	16,520	6,883	9,036	16,721	16,949	15,307	13,860	36,200	40,235
Cash dividends declared ¹.....	13,239	12,116	5,874	5,417	3,677	3,922	6,092	7,804	6,337	6,032	22,486	20,165
Loans ².....	1,374,694	1,127,378	468,059	400,912	295,161	290,454	456,780	406,474	402,820	355,554	1,758,902	1,584,151
Investments ².....	2,837,032	2,787,017	613,587	607,141	472,910	448,705	650,205	631,091	431,769	407,482	1,854,743	1,886,485
Loans and investments ².....	4,211,726	3,914,395	1,081,646	1,008,053	768,071	739,159	1,106,985	1,037,565	834,589	763,036	3,613,645	3,470,636
Time deposits ².....	1,554,787	1,375,680	388,552	366,316	367,171	354,918	315,845	313,924	204,745	199,141	2,124,780	2,089,796
Total deposits ².....	5,663,324	5,420,515	1,436,687	1,361,068	1,018,910	1,002,510	1,697,957	1,653,524	1,285,784	1,194,491	4,416,252	4,160,310
Capital funds ².....	529,426	496,278	157,557	151,474	111,710	113,347	165,365	159,983	152,828	147,367	421,232	414,226

For footnotes see p. 443.

EARNINGS AND EXPENSES OF MEMBER BANKS—Continued

ALL MEMBER BANKS, BY DISTRICTS, YEARS ENDED DECEMBER 31, 1937 AND 1936—Continued

	Federal Reserve District												
	Boston		New York		Philadelphia		Cleveland		Richmond		Atlanta		
	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936	
Amounts per \$100 of loans and investments: ^{1 2}													
Interest earned.....	\$3.28	\$3.45	\$2.51	\$2.48	\$3.83	\$3.91	\$3.60	\$3.78	\$3.77	\$3.83	\$3.81	\$3.81	
Other earnings.....	.98	.94	.90	.84	.86	.80	.80	.78	.80	.79	1.08	1.07	
Total current earnings.....	4.26	4.39	3.41	3.33	4.69	4.71	4.40	4.56	4.57	4.62	4.89	4.88	
Interest on deposits.....	.59	.66	.28	.29	.86	.93	.86	.92	.81	.90	.64	.69	
Salaries, officers.....	.49	.49	.34	.33	.44	.44	.41	.40	.53	.55	.60	.59	
Salaries, employees.....	.70	.72	.68	.66	.71	.69	.66	.66	.68	.67	.75	.76	
Fees paid to directors, etc.....	.03	.03	.02	.01	.05	.05	.02	.02	.03	.03	.03	.03	
Interest and discount on borrowed money.....											.01	.01	
Real estate taxes.....	.12	.13	.10	.10	.12	.12	.10	.11	.09	.10	.16	.17	
Other taxes.....	.16	.16	.11	.12	.26	.15	.26	.22	.19	.17	.18	.14	
All other expenses.....	.78	.79	.75	.73	.79	.81	.75	.80	.78	.79	1.01	1.00	
Total current expenses.....	2.88	2.99	2.28	2.24	3.23	3.19	3.07	3.14	3.11	3.21	3.36	3.39	
Net earnings.....	1.38	1.41	1.13	1.08	1.46	1.51	1.34	1.41	1.46	1.41	1.53	1.49	
Recoveries, profits on securities, etc.....	.85	1.38	.82	1.92	.74	1.32	.74	1.28	.90	1.59	.77	1.36	
Losses and depreciation.....	1.11	1.55	1.13	1.32	1.20	1.60	.97	1.43	1.18	1.57	.98	1.47	
Net profit.....	1.12	1.24	.82	1.68	.99	1.24	1.11	1.26	1.18	1.43	1.32	1.38	
Other ratios: ^{1 2}													
Net profit per \$100 of capital funds ⁴	5.87	6.34	4.63	9.59	4.73	5.87	6.01	6.65	7.22	8.69	7.87	7.88	
Interest and discount on loans per \$100 of loans.....	3.79	3.95	2.89	2.92	4.51	4.54	4.65	4.92	5.05	5.22	4.81	5.05	
Losses on loans per \$100 of loans.....	.65	1.52	.82	1.60	1.11	1.83	.82	1.77	.54	1.13	.66	1.34	
Interest and dividends on investments per \$100 of investments.....	2.75	2.96	2.22	2.18	3.37	3.46	2.96	3.10	2.76	2.82	2.90	2.85	
Losses on investments per \$100 of investments.....	1.13	.93	.96	.62	.84	.84	.68	.65	1.03	1.37	.63	1.02	
Interest on time deposits per \$100 of time deposits.....	1.69	1.78	1.34	1.47	1.80	1.95	1.75	1.82	1.81	1.95	1.63	1.70	
Loans and investments per \$1 of capital funds ⁴	5.26	5.13	5.67	5.71	4.76	4.74	5.40	5.28	6.14	6.07	5.95	5.73	
Total deposits per \$1 of capital funds ⁴	6.42	6.45	7.07	6.99	5.73	5.60	6.57	6.44	8.25	8.35	8.27	8.09	

	Federal Reserve District												
	Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco		
	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936	
Amounts per \$100 of loans and investments: ^{1 2}													
Interest earned.....	\$2.88	\$2.79	\$ 3.47	\$3.49	\$3.58	\$3.63	\$3.82	\$3.88	\$4.41	\$4.55	\$3.83	\$3.87	
Other earnings.....	.86	.88	.74	.80	1.01	1.03	1.04	1.07	1.03	1.04	.79	.77	
Total current earnings.....	3.74	3.67	4.21	4.29	4.59	4.67	4.86	4.95	5.44	5.59	4.63	4.64	
Interest on deposits.....	.50	.51	.58	.65	.76	.81	.43	.49	.40	.46	.96	1.01	
Salaries, officers.....	.39	.38	.54	.54	.71	.71	.73	.74	.83	.85	.47	.45	
Salaries, employees.....	.69	.67	.63	.63	.67	.66	.72	.73	.75	.76	.84	.79	
Fees paid to directors, etc.....	.01	.01	.03	.02	.05	.03	.03	.02	.03	.03	.01	.01	
Interest and discount on borrowed money.....			.01	.02									
Real estate taxes.....	.07	.07	.12	.12	.11	.12	.11	.12	.22	.22	.11	.12	
Other taxes.....	.13	.15	.16	.17	.23	.22	.20	.20	.25	.24	.16	.13	
All other expenses.....	.70	.70	.81	.81	.90	.93	1.03	1.05	1.07	1.13	.80	.81	
Total current expenses.....	2.49	2.49	2.88	2.97	3.43	3.48	3.24	3.35	3.55	3.69	3.34	3.33	
Net earnings.....	1.26	1.18	1.32	1.32	1.16	1.19	1.61	1.60	1.89	1.90	1.28	1.31	
Recoveries, profit on securities, etc.....	.68	1.86	.90	1.46	1.02	1.62	.94	1.25	1.06	1.65	.64	1.17	
Losses and depreciation.....	.71	1.49	1.15	1.14	1.29	1.59	1.05	1.22	1.11	1.74	.92	1.32	
Net profit.....	1.22	1.56	1.08	1.64	.90	1.22	1.51	1.63	1.83	1.82	1.00	1.16	
Other ratios: ^{1 2}													
Net profit per \$100 of capital funds ⁴	9.71	12.28	7.39	10.91	6.16	7.97	10.11	10.59	10.02	9.41	8.59	9.71	
Interest and discount on loans per \$100 of loans.....	3.85	4.03	4.37	4.67	4.72	4.66	5.62	5.78	6.15	6.47	5.06	5.07	
Losses on loans per \$100 of loans.....	.51	2.57	.58	.92	.86	1.39	.76	1.09	.92	1.59	.77	1.63	
Interest and dividends on investments per \$100 of investments.....	2.41	2.29	2.78	2.71	2.85	2.95	2.54	2.64	2.79	2.88	2.66	2.84	
Losses on investments per \$100 of investments.....	.50	.54	1.03	.81	1.08	1.19	.65	.76	.63	.99	.43	.46	
Interest on time deposits per \$100 of time deposits.....	1.32	1.38	1.57	1.72	1.53	1.61	1.38	1.46	1.49	1.55	1.59	1.63	
Loans and investments per \$1 of capital funds ⁴	7.96	7.89	6.87	6.65	6.88	6.52	6.69	6.49	5.46	5.18	8.58	8.38	
Total deposits per \$1 of capital funds ⁴	10.70	10.92	9.12	8.99	9.12	8.84	10.27	10.34	8.41	8.11	10.48	10.04	

For footnotes see p. 443.

EARNINGS AND EXPENSES OF MEMBER BANKS—Continued
NATIONAL AND STATE MEMBER BANKS, BY SIX-MONTH PERIODS DURING 1937

[Amounts in thousands of dollars]

	All member banks		National member banks		State member banks	
	First half 1937	Second half 1937	First half 1937	Second half 1937	First half 1937	Second half 1937
Earnings:						
Interest and discount on loans.....	268,075	284,488	180,647	192,126	87,428	92,362
Interest and dividends on investments.....	243,557	237,253	163,144	160,429	80,413	76,824
Interest on balances with other banks.....	516	447	384	333	132	114
Collection charges, commissions, fees, etc.....	16,303	16,148	11,367	11,364	4,936	4,784
Foreign department.....	5,547	6,282	3,399	3,120	2,148	3,162
Trust department.....	46,708	49,594	16,784	18,192	29,924	31,402
Service charges on deposit accounts.....	21,688	23,335	15,262	16,293	6,426	7,042
Rent received.....	40,767	42,507	25,195	26,631	15,572	15,876
Other current earnings.....	8,817	9,233	6,075	6,155	2,742	3,078
Total current earnings.....	651,978	669,287	422,257	434,643	229,721	234,644
Expenses:						
Interest on deposits:						
Time.....	86,850	87,599	62,092	62,507	24,758	25,092
Demand.....	3,366	1,279	2,299	855	1,063	424
Bank.....	1,008	729	674	505	334	224
Total.....	91,220	89,607	65,065	63,867	26,155	25,740
Salaries, officers.....	70,137	72,681	46,744	48,610	23,393	24,071
Salaries and wages, employees (other than officers).....	111,486	117,841	67,570	72,269	43,916	45,572
Fees paid to directors and members of executive, discount and advisory committees.....	3,348	3,577	2,347	2,511	1,001	1,066
Interest and discount on borrowed money.....	214	362	132	199	82	163
Real estate taxes.....	16,537	17,625	10,436	11,451	6,101	6,174
Other taxes.....	27,583	24,448	17,867	15,827	9,716	8,621
Other expenses.....	128,592	127,157	79,866	80,097	48,726	47,060
Total current expenses.....	449,117	453,298	290,027	294,831	159,090	158,467
Net earnings.....	202,861	215,989	132,230	139,812	70,631	76,177
Recoveries, profits on securities, etc.:						
Recoveries on loans.....	44,478	31,025	27,332	22,971	17,146	8,054
Recoveries on investments.....	32,292	18,034	20,479	13,293	11,813	4,741
Profits on securities sold.....	65,117	33,833	45,793	23,047	19,324	10,786
All other.....	16,587	14,802	9,949	8,496	6,638	6,306
Total.....	158,474	97,694	103,553	67,807	54,921	29,887
Losses and depreciation:						
On loans.....	49,318	55,470	32,524	39,251	16,794	16,219
On investments.....	76,462	71,496	47,096	45,036	29,366	26,460
On banking house, furniture and fixtures.....	15,978	20,890	10,595	13,986	5,383	6,904
All other.....	24,283	24,561	13,765	13,730	10,518	10,831
Total losses and depreciation.....	166,041	172,417	103,980	112,003	62,061	60,414
Net profits.....	195,294	141,266	131,803	95,616	63,491	45,650
Cash dividends declared ¹	100,333	100,668	61,053	60,382	39,280	40,286
Total deposits at end of period.....	41,490,046	40,838,656	26,715,556	26,486,769	14,774,490	14,351,887
Capital funds at end of period.....	5,338,795	5,371,175	3,205,577	3,237,531	2,133,218	2,133,644
Number of officers at end of period.....	32,589	32,728	24,752	24,837	7,837	7,891
Number of employees (full and part time) at end of period.....	155,463	155,139	97,431	97,616	58,032	57,523
Number of banks at end of period.....	6,357	6,341	5,293	5,260	1,064	1,081

^r Revised.

¹ Includes interest on capital notes and debentures.

EARNINGS AND EXPENSES OF MEMBER BANKS—Continued
EARNINGS, EXPENSES, AND DIVIDENDS OF STATE BANK MEMBERS DURING 1937,
BY SIZE OF BANKS¹

[In thousands of dollars]

	Total, all State Bank members ²	Banks operating throughout entire year, with deposits on Dec. 31, 1937 of									Banks oper- ating less than 1 year ³
		\$100,000 and under	\$100,001 to \$250,000	\$250,001 to \$500,000	\$500,001 to \$750,000	\$750,001 to \$1,000,000	\$1,000,001 to \$2,000,000	\$2,000,001 to \$5,000,000	\$5,000,001 to \$50,000,000	\$50,000,001 and over	
Earnings:											
Interest and discount on loans.....	179,799	31	505	1,943	2,003	1,642	5,547	12,075	45,245	109,141	1,667
Interest and dividends on investments.....	157,231	3	125	762	1,056	950	3,521	8,609	34,316	106,722	1,167
Interest on balances with other banks.....	248	-----	1	4	4	5	10	17	60	142	5
Collection charges, commissions, fees, etc.....	9,731	4	57	195	171	105	400	626	2,135	5,976	62
Foreign department.....	5,313	-----	-----	3	-----	-----	5	78	234	4,991	2
Trust department.....	61,329	-----	-----	-----	6	19	196	838	9,141	49,173	1,952
Service charges on deposit accounts.....	13,469	1	39	168	172	127	526	1,388	4,778	6,128	142
Rent received.....	31,439	-----	20	112	155	138	476	1,531	8,805	19,913	289
Other current earnings.....	5,823	-----	13	42	52	43	181	414	2,093	2,930	55
Total current earnings.....	464,382	39	760	3,233	3,619	3,029	10,862	25,576	106,807	305,116	5,341
Expenses:											
Interest on deposits:											
Time.....	49,849	1	79	507	635	670	2,215	5,401	17,920	21,804	617
Demand.....	1,491	-----	4	17	33	10	38	96	441	846	6
Bank.....	563	-----	-----	-----	-----	1	3	7	214	336	2
Total.....	51,903	1	83	524	668	681	2,256	5,504	18,575	22,986	625
Salaries—officers.....	47,475	16	220	752	746	519	1,735	3,116	11,527	28,134	710
Salaries and wages—employees (other than officers).....	89,483	1	33	217	266	253	1,230	3,314	18,745	64,394	1,030
Fees paid to directors and members of executive, discount, and advisory committees.....	2,073	-----	7	42	35	35	106	217	625	978	28
Interest and discount on borrowed money.....	239	-----	1	6	5	2	8	38	130	43	6
Real estate taxes.....	12,288	1	17	77	86	76	262	700	3,743	7,220	106
Other taxes.....	18,330	3	33	140	141	124	466	906	3,874	12,408	235
Other expenses.....	95,785	6	152	576	645	511	1,784	4,706	21,061	65,296	1,048
Total current expenses.....	317,576	28	546	2,334	2,592	2,201	7,847	18,501	78,280	201,459	3,788
Net earnings.....	146,806	11	214	899	1,027	828	3,015	7,075	28,527	103,657	1,553
Recoveries, profits on securities, etc.:											
Recoveries on loans.....	25,202	2	45	176	189	111	431	936	5,079	18,054	179
Recoveries on investments.....	16,546	-----	7	56	109	58	259	853	3,366	11,795	43
Profits on securities sold.....	30,108	-----	9	125	165	200	675	1,999	7,306	19,395	234
All other.....	12,940	-----	4	23	55	22	209	607	3,557	8,301	162
Total.....	84,796	2	65	380	518	391	1,574	4,395	19,308	57,545	618
Losses and depreciation:											
On loans.....	33,019	4	70	225	195	210	675	1,943	11,243	18,317	137
On investments.....	55,819	-----	14	140	276	229	1,045	2,738	14,496	36,694	187
On banking house, furniture and fixtures.....	12,293	1	28	96	110	92	312	682	3,735	7,109	128
All other.....	21,342	-----	25	78	137	85	341	1,163	6,938	12,423	152
Total losses and depreciation.....	122,473	5	137	539	718	616	2,373	6,526	36,412	74,543	604
Net profits.....	109,129	8	142	740	827	603	2,216	4,944	11,423	86,659	1,567
Cash dividends declared⁴.....	79,580	7	80	324	331	243	1,057	2,236	11,362	63,037	903
Total deposits on Dec. 31, 1937.....	14,351,889	429	13,032	64,370	75,465	69,256	243,923	568,592	2,646,419	10,600,663	69,740
Number of officers on Dec. 31, 1937.....	7,891	10	150	440	367	249	627	871	2,058	2,930	189
Number of employees (full and part time) on Dec. 31, 1937.....	57,523	2	69	310	323	279	1,070	2,589	13,280	38,827	774
Number of banks reporting during the year ended Dec. 31, 1937.....	1,095	6	70	172	123	81	171	183	192	48	49

¹ Corresponding figures for 1936 appear in the June 1937 BULLETIN, p. 537.

² Figures differ slightly from those shown on p. 360 of the May BULLETIN and on pp. 442 and 446 of this BULLETIN, due to minor adjustments.

³ Includes 3 banks having no deposits but operating throughout entire year.

⁴ Includes interest on capital notes and debentures.

NUMBER OF BANKS AND BRANCHES,¹ 1933-1938

	Total	Member banks		Nonmember banks ¹		Total	Member banks		Nonmember banks ¹		
		National	State	In-sured	Not insured		National	State	In-sured	Not insured	
Number of Banking Offices						Number of Banks (Head Offices)--Continued					
December 31, 1933.....	17, 140	6, 275	1, 817	2 9, 048		December 31, 1936.....	14, 968	5, 325	1, 051	7, 588	1, 004
December 31, 1934.....	18, 252	6, 705	1, 961	3 9, 586		June 30, 1937.....	14, 862	5, 293	1, 064	7, 522	983
December 31, 1935.....	18, 312	6, 715	1, 953	8, 556	1, 088	December 31, 1937.....	14, 740	5, 260	1, 081	7, 449	*950
December 31, 1936.....	18, 234	6, 723	2, 032	8, 436	1, 043	March 31, 1938.....	14, 684	5, 250	1, 087	7, 414	933
June 30, 1937.....	18, 191	6, 724	2, 052	8, 393	1, 022	Number of Branches³					
December 31, 1937.....	18, 147	*6, 745	2, 075	*8, 340	*987	December 31, 1933.....	2, 788	1, 121	960	2 707	
March 31, 1938.....	18, 108	6, 742	2, 078	8, 318	970	December 31, 1934.....	3, 009	1, 243	951	4 785	
Number of Banks (Head Offices)						December 31, 1935.....	3, 151	1, 329	952	828	42
December 31, 1933.....	14, 352	5, 154	857	2 8, 341		December 31, 1936.....	3, 266	1, 398	981	848	39
December 31, 1934.....	15, 243	5, 462	980	7, 693	1, 108	June 30, 1937.....	3, 329	1, 431	988	871	39
December 31, 1935.....	15, 161	5, 386	1, 001	7, 728	1, 046	December 31, 1937.....	*3, 407	*1, 485	*994	*891	*37
						March 31, 1938.....	3, 424	1, 492	991	904	37

* Revised.

¹ Exclusive of mutual savings and private banks.² Federal deposit insurance did not become operative until January 1, 1934.³ Includes branches of Morris Plan and industrial banks, as follows: Nonmember banks, 36 in 1933 and 36 in 1934; insured nonmember banks, 35 in 1935, 35 in 1936, and 38 in 1937; not insured nonmember banks, 3 in 1935, 3 in 1936, and 2 in 1937. Such branches heretofore have not been included in statistics on branches published by the Board.⁴ Separate figures not available for branches of insured and not insured banks.

ANALYSIS OF CHANGES IN NUMBER OF BANKS AND BRANCHES, JANUARY 1-MARCH 31, 1938

(Figures are preliminary)

	Total	Member banks		Non-member banks ¹		Total	Member banks		Non-member banks ¹		
		National	State	In-sured	Not insured		National	State	In-sured	Not insured	
Analysis of Bank Changes						Analysis of Branch Changes					
Number of banks on December 31, 1937.....	*14, 740	5, 260	1, 081	*7, 449	*950	Number of branches on December 31, 1937.....	3, 407	1, 485	994	891	37
Increases in number of banks:						Increases in number of branches:					
Primary organizations (new banks) ²	+8			+7	+1	De novo branches.....	+18	+2	+3	+13	
Reopenings of suspended banks.....						Banks converted into branches.....	+13	+6		+6	+1
Conversions of private banks into State banks.....	+2			+2		Decreases in number of branches:					
Decreases in number of banks:						Suspensions of parent banks.....					
Suspensions.....	-19	-1		-15	-3	Otherwise discontinued.....	-14	-1	-6	-6	-1
Voluntary liquidations ³	-20			-15	-5	Inter-class branch changes:					
Consolidations, absorptions, etc.....	-27	-7	-3	-14	-3	Branches of national banks which became branches of State banks.....					
Inter-class bank changes:						Branches of State banks which became branches of national banks.....					
Conversions.....						Branches of State member banks which became branches of non-member banks.....					
State into national.....		+2	-1	-1		Federal Reserve membership ⁴					
National into state.....		-4		+4		By admissions of parent banks.....					
Federal Reserve membership ⁴			+10	-9	-1	Federal deposit insurance ⁵					
Admissions of State banks.....						By admissions of parent banks.....					
Withdrawals of State banks.....				+6	-6	Net increase or decrease in number of branches.....	+17	+7	-3	+13	
Admissions of State banks.....						Number of branches on March 31, 1938.....	3, 424	1, 492	991	904	37
Withdrawals of State banks.....											
Net increase or decrease in number of banks.....	-56	-10	+6	-35	-17						
Number of banks on March 31, 1938.....	14, 684	5, 250	1, 087	7, 414	933						

¹ Exclusive of mutual savings and private banks. * Revised.² Exclusive of new banks organized to succeed operating banks.³ Exclusive of liquidations incident to the succession, conversion and absorption of banks.⁴ Exclusive of conversions of national banks into State bank members, or vice versa, as such conversions do not affect Federal Reserve membership.⁵ Exclusive of conversions of member banks into insured nonmember banks, or vice versa, as such conversions do not affect Federal Deposit Insurance Corporation membership.

Back figures.—See BULLETINS for March 1938, p. 193, and November 1937, pp. 1084-1122.

NUMBER OF BANKS¹ OPERATING BRANCHES OR ADDITIONAL OFFICES AND NUMBER OF BRANCHES OR ADDITIONAL OFFICES² IN OPERATION, DECEMBER 31, 1936 AND 1937

State ³	Number of banks ¹ maintaining branches or additional offices ²					Number of branches or additional offices ²					Location of branches or additional offices ²			
	Dec. 31, 1936, ^r total	December 31, 1937				Dec. 31, 1936, ^r total	December 31, 1937				In head-office city	December 31, 1937		
		Total	National	State member	Non-member ^p		Total	National	State member	Non-member ^p		In head-office county	In contiguous counties	In non-contiguous counties
Total, all states	853	903	194	159	550	3,266	3,407	1,485	994	928	1,648	705	425	629
Alabama.....	3	3	1	1	1	21	21	6	1	14	3	5	5	8
Arizona.....	5	4	2	2	2	24	25	20	1	5	1	7	12	5
Arkansas.....	8	14	1	1	12	9	15	1	1	13	10	4	4	1
California.....	36	35	10	7	18	835	853	684	134	35	238	79	112	424
Connecticut.....	5	6	3	1	2	10	12	4	1	7	4	4	4	4
Delaware.....	6	6	2	2	4	12	12	2	2	10	2	4	6	4
District of Columbia.....	11	11	5	2	4	30	30	17	5	8	30			
Florida.....	1	1		1	1	2	2			2		1		1
Georgia.....	9	10	3	3	4	23	24	15	5	4	10	3	4	7
Idaho.....	6	6	4	1	1	32	31	16	13	2	2	2	10	19
Indiana.....	32	34	6	1	27	52	55	8	12	35	24	30	1	1
Iowa.....	104	109			109	139	145			145		107	38	
Kentucky.....	14	14	3	2	9	28	29	18	2	9	20	6	3	
Louisiana.....	26	27	6	1	20	52	53	27	1	25	22	28	2	1
Maine.....	20	20	3	4	13	58	57	4	26	27	4	29	24	
Maryland.....	24	23	2	6	15	78	76	7	44	25	37	17	16	6
Massachusetts.....	42	41	18	14	9	112	114	63	37	14	91	22	1	
Michigan.....	40	46	12	11	23	152	160	55	56	49	129	25	4	2
Minnesota.....	2	2	2			6	6	6			6			
Mississippi.....	22	24	1		23	42	44	1		43		23	13	8
Nebraska.....	2	2	2			2	2	2			2			
Nevada.....	2	2	2			8	10	10			1	2	4	3
New Hampshire.....	2	2	1		1	2	2	1		1			2	
New Jersey.....	50	51	16	23	12	119	120	32	63	25	91	27	1	1
New Mexico.....	4	4			4	5	6			6		4	1	1
New York.....	83	86	28	40	18	628	638	188	384	66	605	22	11	
North Carolina.....	42	41	2	2	37	103	110	6	7	97	9	28	46	27
North Dakota.....		12			12		14			14		7	6	1
Ohio.....	35	37	8	13	16	171	175	35	117	23	132	39	4	
Oregon.....	4	4	2		2	49	65	63		2	11	3	6	45
Rhode Island.....	38	43	19	13	11	92	98	40	41	17	85	10	3	
South Carolina.....	11	11	3	2	6	38	38	8	19	11	17	14	4	3
South Dakota.....	6	7	1	1	5	22	23	15	1	7	3	2	2	16
Tennessee.....	8	9	4		5	19	22	17		5	5	10	7	7
Texas.....	19	20	4	1	15	47	51	17	10	24	17	18	7	9
Utah.....	4	5	3		2	10	12	9		3	1	2	5	4
Vermont.....	8	8	2		6	12	12	2		10		9	3	
Virginia.....	39	39	6	2	31	67	67	14	5	48	21	29	11	6
Washington.....	8	9	6	1	2	45	64	61	1	2	15	5	20	24
West Virginia.....	2	1			1	2	1			1		1		
Wisconsin.....	70	74	3	4	67	108	113	13	6	94	17	77	19	

NUMBER OF MUTUAL SAVINGS AND PRIVATE BANKS OPERATING BRANCHES OR ADDITIONAL OFFICES AND NUMBER OF SUCH OFFICES IN OPERATION, DECEMBER 31, 1936 AND 1937

State ³	Number of banks maintaining branches or additional offices		Number of branches or additional offices				
	Dec. 31, 1936	Dec. 31, 1937 ^p	Dec. 31, 1936	December 31, 1937 ^p			In non-contiguous counties
				Total	In head-office city	Outside head-office city	
				In head-office county	In contiguous counties		
MUTUAL SAVINGS BANKS							
Total, all states	79	78	128	128	111	13	4
California.....	1	1	4	4	4		
Connecticut.....	1	1	1	1	1		
Delaware.....	1	1	1	1	1		
Maine.....	2	2	2	2	1	1	
Maryland.....	2	2	16	16	14		2
Massachusetts.....	25	24	33	32	23	8	1
New Hampshire.....	1	1	1	1			1
New Jersey.....	3	3	4	4	4		
New York.....	37	37	47	48	48		
Pennsylvania.....	4	4	13	13	13		
Rhode Island.....	1	1	2	2	2		
Vermont.....	1	1	4	4		4	
PRIVATE BANKS							
Total, all states	4	4	5	5	3		2
Indiana.....	1	1	1	1	1		
New York.....	1	1	2	2			2
Pennsylvania.....	2	2	2	2	2		

¹ Exclusive of mutual savings and private banks. Morris Plan and other industrial banks, heretofore excluded from the statistics on branches published by the Board, are included in this table. On December 31, 1937, the number of branches of Morris Plan and industrial banks by states was as follows: Florida, 2; Maryland, 2; Michigan, 6; New York, 20; North Carolina, 2; Ohio, 3; Virginia, 5; total, 40.

² Some State laws make a distinction between "branches" and certain other types of "additional offices." The table, however, covers all branches or additional offices within the meaning of Section 3155 U.S.R.S. which defines the term "branch" as "any branch bank, branch office, branch agency, additional office, or any branch place of business . . . at which deposits are received, or checks paid, or money lent."

³ No branches were reported in the States omitted. ^p Preliminary. ^r Revised.

Back figures.—See BULLETIN for November 1937, p. 1083.

GROUP BANKING,¹ DECEMBER 31, 1937—NUMBER, LOANS AND INVESTMENTS, AND DEPOSITS OF BANKS IN 47 GROUPS, AND NUMBER OF BRANCHES OF GROUP BANKS, BY STATES AND GEOGRAPHIC DIVISIONS

State and geographic division ²	Number of banks in groups			Number of branches of group banks					Loans and investments ³	Deposits ³
	Total	Oper-ating branches	Not oper-ating branches	Total	In head-office city	Outside head-office city				
						Head-office county	Con-tiguous counties	Noncon-tiguous counties		
New England:									(In thousands of dollars)	
Maine.....	3	2	1	3		2	1		9,429	9,953
New Hampshire.....	4		4						8,373	8,825
Massachusetts.....	21	10	11	65	53	12			658,308	831,823
Rhode Island.....	3	1	2	14	4	5	2	3	104,839	118,607
Total.....	31	13	18	82	57	19	3	3	780,949	969,208
Middle Atlantic:										
New York.....	32	11	21	78	64	9	5		435,879	513,362
New Jersey.....	3		3						14,782	16,298
Pennsylvania.....	41	7	34	13	10	3			900,638	968,721
Total.....	76	18	58	91	74	12	5		1,351,299	1,498,381
East North Central:										
Ohio.....	15	1	14	13	11	2			86,626	107,344
Michigan.....	1	1	3	3		2		1	6,388	7,554
Wisconsin.....	20	3	17	13	13				202,775	263,963
Total.....	36	5	31	29	24	4		1	295,789	378,861
West North Central:										
Minnesota.....	85	2	83	6	6				394,884	520,316
Iowa.....	5		5						35,587	48,802
Missouri.....	6		6						110,974	175,365
North Dakota.....	27		27						23,898	30,939
South Dakota.....	15	4	11	17		4	6	7	26,840	33,793
Nebraska.....	10		10						53,679	71,677
Total.....	148	6	142	23	6	4	6	7	645,862	880,892
South Atlantic:										
West Virginia.....	4		4						5,314	6,089
South Carolina.....	1	1		3	1			2	12,291	16,693
Georgia.....	18	1	17	9	2			7	96,614	130,692
Florida.....	27		27						117,222	171,805
Total.....	50	2	48	12	3			9	231,441	325,279
East South Central:										
Kentucky.....	6	1	5	8	8				39,402	46,786
Tennessee.....	21	6	15	27	15	3	4	5	108,666	161,191
Total.....	27	7	20	35	23	3	4	5	148,068	207,977
West South Central:										
Texas.....	8		8						83,467	116,897
Mountain:										
Montana.....	25		25						50,181	72,961
Idaho.....	7	2	5	16			6	10	26,415	36,679
Wyoming.....	3		3						2,597	3,789
Arizona.....	2	1	1	3	1	1	1	1	14,616	19,900
Utah.....	7	3	4	9	1	1	3	4	61,208	83,634
Nevada.....	1	1		9	1	1	4	3	17,528	27,400
Total.....	45	7	38	37	3	3	14	17	172,545	244,363
Pacific:										
Washington.....	23	3	20	19	2	1	8	8	88,237	116,435
Oregon.....	3	1	2	41	7	1	4	29	79,041	102,086
California.....	14	5	9	514	57	2	67	388	1,388,049	1,613,171
Total.....	40	9	31	574	66	4	79	425	1,555,327	1,831,692
Total United States.....	461	67	394	883	256	49	111	467	5,264,747	6,453,550

¹ The statistics include all groups of three or more banks controlled by (1) a "holding company affiliate" as defined in section 2(c) of the Banking Act of 1933 as amended; (2) a holding company which would be a "holding company affiliate" if the Reconstruction Finance Corporation did not own preferred stock in the subsidiary banks; and (3) what is regarded generally as a bank group even though there is technically no "holding company affiliate" as defined in section 2(c) of the Banking Act of 1933. For further discussion of group banking and for back figures, see FEDERAL RESERVE BULLETIN for February 1938, pp. 92-101.

² Only those States are listed in which three or more group banks were reported. In some groups all of the banks were not in the same State.

³ Included in the group figures are a few comparatively large banks which dominate the group rather than being subsidiary banks. If the figures of these banks were eliminated, the aggregate amounts of loans and investments and of deposits involved would be decreased by approximately \$1,500,000,000 and \$1,800,000,000, respectively.

RECENT FRENCH FINANCIAL MEASURES

Premier Blum resigned on April 8, 1938, when the Senate refused to grant his government broad decree powers on financial and economic matters. He was succeeded by Daladier. Before Blum's resignation, however, the French Parliament approved a convention which increased by 5,000,000,000 francs the amount of advances that may be granted by the Bank of France to the French treasury. The text of the law approving this convention, together with that of a law modifying earlier provisions governing the repayment of such advances, is published in translation on the following page.

On April 13 the Daladier government was empowered by a law also published on the following page to take by decree until July 31, 1938, measures considered necessary to provide for national defense and for financial and economic recovery.

Acting under the authority granted by this law, the Government promulgated a number of decrees on May 3, and on May 4 the Premier announced that the exchange value of the franc was to be set at a lower and more easily defensible level. Investors were told that they could put their money to work in France with the absolute assurance of the Government that no further decline in the franc would be permitted. Establishment of the lower limit for the franc at 179 francs to the pound sterling on May 5 was followed by an inflow of capital which was estimated in press reports at between \$400,000,000 and \$500,000,000. On May 16 a 5,000,000,000 franc national defense loan was floated. Issued at 98 with a 5 percent coupon, the loan runs for 30 years, but the lender is given the right to redeem it at par every three years. Ultimate redemption will be at 120. This loan was taken up in full within several hours.

The principal provisions of the decrees of May 3 are summarized below. Additional decrees, the official texts of which have not

yet been received by the Board, were issued on May 24.

One group of the May 3 decrees was devoted to the budget. All taxes for the years 1938 and 1939 except customs duties were raised 8%, and provision was made for special surtaxes on profits of enterprises working on national defense contracts. It was officially estimated that about 3,200,000,000 francs of additional revenue will be derived from these tax increases. At the same time a corresponding amount of expenditure now carried in separate accounts was reincorporated into the ordinary budget, and stricter administrative control of expenditures was instituted. Supplementary expenditure on national defense of 4,712,500,000 francs was authorized, to provide among other things for construction of two 35,000-ton warships, and for enlargement of the armed forces.

In order to stimulate exports and strengthen the country's international position, tax reductions will be granted to manufacturers who increase the volume of their exports in 1938 over 1937, foreign tourists will be entitled to lower rates on gasoline and railroad tickets, and customs duties will be revised before July 31. The decrees issued on May 24 include provisions for the extension of special credit facilities to groups of exporters.

Various other measures decreed May 3 are designed to increase production. Reduced rates on mortgage loans by the *Crédit Foncier*, the national mortgage bank, previously granted to new construction projects, are now extended to improvement and repair work on old buildings, and a temporary exemption from the land tax granted to dwellings is applied to all construction. Tax reductions are accorded to firms making expenditures on plant and equipment or expenditures of a social nature such as workers' houses, day nurseries, etc. Finally, concerns which increase their sales in 1939

over 1938 and in 1940 over 1939 will receive tax concessions, and employees' earnings from overtime are not subject to tax.

The May 3 decrees state that the 40-hour week is under review and that action on it will be taken later. Action rendering the 40-hour week more flexible was taken under the May 24 decrees, which also provide for a public works program and further credit facilities for business.

LAW APPROVING A CONVENTION ENTERED INTO WITH THE BANK OF FRANCE AND MODIFYING THE BORROWING POWER OF THE INDEPENDENT NATIONAL DEFENSE FUND (CAISSE AUTONOME DE LA DEFENSE NATIONALE)

The Senate and the Chamber of Deputies have adopted,

The President of the Republic promulgates the following law:

ARTICLE 1. The convention entered into on March 22, 1938, between the President of the Council, Minister of the Treasury, and the Governor of the Bank of France, the text of which is annexed to the present law, is approved.

ART. 2. Article 2 (paragraph 1) of the law of March 5, 1938, creating an Independent National Defense Fund, is modified as follows:

Art. 2. The Fund is authorized to obtain advances from the Treasury and to negotiate loans or issue securities in order to meet the expenditures with which it is charged under article 1 above.¹

The present law, deliberated and adopted by the Senate and the Chamber of Deputies, shall be executed as law of the State.

Done at Paris, March 25, 1938.

ALBERT LEBRUN.

By the President of the Republic:

The President of the Council,
Minister of the Treasury,

LEON BLUM.

The Minister of the Budget,

CHARLES SPINASSE.

CONVENTION BETWEEN THE PRESIDENT OF THE COUNCIL, MINISTER OF THE TREASURY, AND THE GOVERNOR OF THE BANK OF FRANCE

Between the undersigned, M. Léon Blum, President of the Council, Minister of the Treasury, acting on behalf of the State,

And M. Pierre Fournier, Governor of the Bank of France, duly authorized by decision of the General Council of the Bank of France under date of March 22, 1938,

It has been agreed as follows:

ARTICLE 1. Notwithstanding article 8 of the convention of June 23, 1928,² the maximum amount of advances which the Bank of France has agreed to

¹ This article states that for two years beginning January 1, 1938, the Fund shall provide the resources needed for capital investments made for the purpose of national defense.

² See BULLETIN for August 1928, pp. 571-574.

grant to the State, at the request of the Minister of the Treasury, under article 1 of the convention of June 30, 1937,³ is increased from 15,000,000,000 francs to 20,000,000,000 francs.

ART. 2. These advances shall be subject to the provisions set forth in the convention of June 18, 1936,⁴ in so far as advances mentioned in article 3 of said convention are concerned.

ART. 3. The present convention is exempt from stamp and registration taxes.

Executed in duplicate at Paris, March 22, 1938.

Read and approved:

P. FOURNIER.

Read and approved:

LEON BLUM.

LAW ALLOTING CERTAIN RESOURCES TO THE REIMBURSEMENT OF ADVANCES BY THE BANK OF FRANCE TO THE STATE

The Senate and the Chamber of Deputies have adopted,

The President of the Republic promulgates the following law:

SOLE ARTICLE. In case of liquidation of the Stabilization Fund, created by article 3 of the law of October 1, 1936,⁵ the proceeds of such liquidation as well as the cash holdings of the Fund for the support of rentes, created by article 1 of the decree of July 22, 1937,⁶ shall be applied in full, by extension of provisions in force, to the definitive repayment of a corresponding amount of the advances granted by the Bank of France to the public Treasury, in execution of the conventions of June 18, 1936,⁴ June 30, 1937,³ and March 22, 1938.

The present law, deliberated and adopted by the Senate and the Chamber of Deputies, shall be executed as law of the State.

Done at Paris, April 13, 1938.

ALBERT LEBRUN.

By President of the Republic:

The Minister of Finance,
PAUL MARCHANDEAU.

LAW CONCERNING FINANCIAL RECOVERY

The Senate and the Chamber of Deputies have adopted,

The President of the Republic promulgates the following law:

SOLE ARTICLE. Until the close of the ordinary session of the Chambers and at the latest until July 31, 1938, the Government is authorized to take, by decrees deliberated in Council of Ministers, such measures as it deems indispensable to meet expenditures necessitated by national defense and to insure financial and economic recovery of the Nation.

These decrees shall be submitted to the Chambers for ratification during the course of the extraordinary session and at the latest by December 31, 1938.

The present law, deliberated and adopted by the Senate and the Chamber of Deputies, shall be executed as law of the State.

Done at Paris, April 13, 1938.

ALBERT LEBRUN.

By the President of the Republic:

The President of the Council,
EDOUARD DALADIER.

The Minister of Finance,
PAUL MARCHANDEAU.

³ See BULLETIN for August 1937, p. 720.

⁴ See BULLETIN for July 1936, p. 536.

⁵ See BULLETIN for November 1936, pp. 873-880.

⁶ See BULLETIN for September 1937, p. 853.

ANNUAL REPORT OF THE BANK FOR INTERNATIONAL SETTLEMENTS

The eighth annual report of the Bank for International Settlements, covering the year ending March 31, 1938, was presented by Mr. J. W. Beyen, president of the Bank, to the general annual meeting of shareholders on May 9, 1938. Sections of the report are given herewith:¹

The recovery in the world's economy, of which the first signs were seen in the summer of 1932, continued through the years up to 1936, with only minor setbacks and hesitations in some countries, with a definite lag in others. It was not before the second half of 1936 that the progress, which had shown such marked differences both in rhythm and in pace, became almost general, creating at last the feeling that the great depression was over. The advance in prices and production, commerce and consumption reached its highest point in the first half of 1937. Its impetus in the last phase was very marked; many of the characteristics usually associated with boom conditions were present. The period of more intense activity especially in the United States was, however, of comparatively short duration, and it is, therefore, not surprising that public opinion was unprepared for the abrupt reversal that was to come. If there were misgivings, they had their origin rather in the prospects of a further uncontrolled development of the boom. There was some apprehension that the extraordinary growth of gold production might produce an exaggerated monetary expansion all over the world. The continuance of government expenditure on armaments and public works, when business no longer needed its stimulating effect, seemed liable to lead to overdevelopment of certain aspects of economic activity. In the United States, government measures intended to stimulate business activity were discontinued in the expectation that business would develop of its own impetus. Monetary policy aimed rather at putting a brake on the upward movement, and President Roosevelt's declaration that certain prices were too high was also meant to put a stop to speculative increases of prices.

The sudden break in the United States in the second half of 1937 took the world by

surprise. Indications of business activity ceased their upward trend, declines in some cases being very slight, in others so marked that a parallel can be found only in the most acute depressions ever known. The consequent disruption of a more or less uniform pattern into a congeries of conflicting tendencies introduced great uncertainty into the business outlook and in particular affected the investment of new capital.

World industrial production achieved a high record in the spring of 1937, reaching a peak about 20 percent above that of the previous boom year 1929. The retrogression in the latter part of the year was, however, very marked, particularly as the United States showed an almost vertical drop; the Federal Reserve index of industrial production (base 1923-25) fell from 117 in August to 84 in December. This decline was greater than in the autumn of 1929, when the index fell from 121 in September to 103 in December, and, if not quite so great, it was more rapid than in the post-war collapse when in fourteen months the index fell from its peak of 95 in January 1920 to its nadir of 64 in March 1921.

No other country experienced anything like this setback. In Canada, the neighboring country, industrial production was well maintained up to November 1937, and in those European countries where economic life was not dominated by special conditions (as in France and Germany) the recession was more in the nature of a somewhat intensified seasonal decline. As, however, the United States alone accounts for nearly 40 percent of the world's consumption of primary goods, a steep decline in business in the United States has a very pronounced effect on the raw material markets and thereby on the economic development of the rest of the world.

The varying tendencies during the year are clearly reflected in the movement of the prices of primary products, there being four distinct phases during the year, each covering about three months.

(i) Continuing the upward swing of 1936, there was in the first quarter a steep rise, due to exaggerated expectations of the increased demand which would result from the larger purchasing power in the hands of consumers and from government orders for armament purposes. Industrial companies,

¹The report, available in English, contains in addition sections dealing with crops, developments in central and commercial banking during the year, detailed information on interest rates, and current activities of the bank in detail. For earlier reports see BULLETIN for June 1937, 1936, 1935, 1934, 1933, 1932 and July 1931.

anxious to cover themselves against the advances in the prices of their raw materials, bought more—in many cases much more—than their normal needs would justify. There was thus a general accumulation of inventories and a depletion of visible stocks, accompanied not unnaturally by purely speculative buying.

(ii) This movement was followed by an equally sharp fall in the second quarter, reflecting a general change of outlook and a liquidation of speculative transactions. The rapidity with which prices of some commodities had risen far beyond the actual cost of production at a time of great opportunity for extended output was, in itself, sufficient to create hesitation as to the future.

Then, after (iii) a period of relative stability of prices in the third quarter, (iv) a sharp decline set in in the last three months of the year when the arrival on the market of more abundant supplies coincided—as is often the case when business reaches a turning-point—with a contraction of demand following the change in economic outlook.

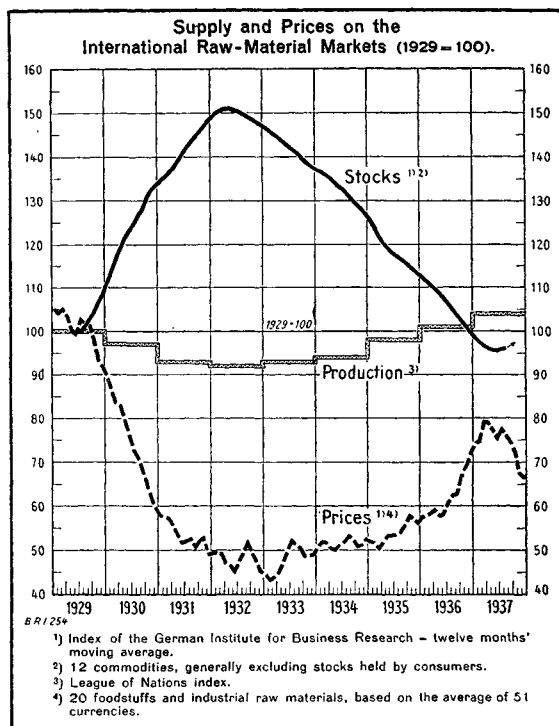
In response to the rise in prices at the end of 1936 and the beginning of 1937 and under the influence of favorable weather conditions, world production of primary commodities expanded considerably and reached record dimensions. Producers of internationally-controlled commodities, such as rubber and tin, decided upon a further increase of output and export quotas. These increased supplies became available on the markets mostly in the latter half of the year. When, however, prices turned and visible stocks began to accumulate, producers became apprehensive and production and export quotas were again reduced. There was, thus, a complete reversal, within the space of twelve months, of the previous line of production policy.

The following graph shows for the whole period from 1929 to 1937 the changes that have occurred in the production of the most important primary commodities, in visible stocks and in prices.

That the production index in the year 1932 shows so relatively slight a decline is due to the inclusion of agricultural production, which never varied very much. In 1937 production was higher and stocks lower than in 1929. As a result of the rise in the first quarter of 1937, prices came to a peak about 20 percent below 1929, but the subsequent declines brought them at the end of 1937 to

about the same position as in the early autumn of 1936, i.e., about halfway between 1929 and the lowest point reached at the depth of the depression in 1932.

The different phases of the year are also reflected in the movements of stock exchange quotations, which in most centers rose in the first quarter of 1937, declined in the second, recovered in the third and slumped in the fourth.



These movements, giving an indication of the outlook of investors and speculators, undoubtedly have a great influence on the volume of business in general, both psychologically and through the effect which windfall profits and losses have on the spending habits of the public. This influence has certainly not decreased in recent times. In many countries it probably outweighs the influence of government investment orders; this is all the more remarkable if it be considered how much more important a part investment by official and semi-official bodies now plays in the whole of economic life. The public is rather more than less "stock exchange minded" in the greater part of the world, and the New York Stock Exchange still has

a leading influence on the attitude of several important bourses outside the United States. This further increases the influence which the rhythm of economic life in that country exercises on developments in the rest of the world, particularly as movements of stock exchange quotations are liable to affect the volume of new issues on the different markets.

In the latter half of 1937 apprehensions regarding future developments began to weigh heavily on the minds of business men and security holders: fears of serious political disturbances, fears of renewed monetary troubles and fears of another depression. And it was perhaps natural, though unfortunate, that the dreaded depression should be thought of in terms of the sinister experiences of 1929-32.

Both the depression of 1929-32 and the subsequent recovery bear the marks of the exceptional circumstances in which they developed. These circumstances obscure the normal characteristics of the so-called trade cycle. There is even a tendency—psychologically understandable owing to a natural disinclination to accept the inevitability of upswings and downswings in the world's material welfare—to ascribe the whole of prosperity to wisdom of policy and the whole of a setback to abnormal non-economic factors. Never have there been such far-reaching attempts to influence economic development by governmental action; never before have hopes been so great that an active economic policy could influence, if not master, the cyclical movements of the world's economic activity—at least within the national limits. The curse of unemployment, with its economic, social and political consequences, has never lain so heavily on the minds of statesmen, making an active economic and monetary policy almost a political necessity. But the impediments in the way of a normal development of business have never been so numerous. Government action, though creating work on the one hand, has on the other hand created, in many cases, an atmosphere of uncertainty hampering to private enterprise. Economic nationalism, though fostering certain branches of internal activity in all countries and the whole of economic life in the countries with a controlled economic system, has often unintentionally stood in the way of the development of foreign trade. This has led to a shrinkage of what is called the world market for many important prod-

ucts and thereby increased the sensitiveness of their so-called world prices. The desire for independence from fixed exchange parities, often considered a necessary instrument in an active economic policy, though not on the surface leading to great exchange fluctuations, has prevented the return of a really well-established monetary stability and thereby left a feeling of uncertainty that incidentally plays an important part in the "hot money" problem. Last but not least, political disturbances, with the actual outbreak of hostilities in some parts of the world and the fear of more disastrous possibilities, have prevented the development of much new enterprise, checked the natural optimism inherent in times of expansion and led to flight of capital and liquidation of investment.

It is generally admitted that the tendencies of the trade cycle are reinforced by the cumulative effect of price movements; and the enormous influence of psychological factors in stimulating this cumulative process cannot be denied. Even to those who do not believe in the possibility of completely ironing out or even of mastering the trade cycle the necessity of mitigating these cumulative effects is apparent. The events of the past years, by increasing the elements of uncertainty, have, however, increased the state of indecision in the business world, and this, in turn, may frustrate the beneficial action of government policy, even in those cases where action of this nature does not in itself increase the feeling of uncertainty. Little result can be expected from a policy that seeks to diminish the cumulative effects of the trend of business if it is of a nature to increase sensitiveness to those factors that inevitably remain. This simple truth puts certain limits to the possibilities of following a purely national economic policy on the one hand, without accepting the ultimate consequence of economic isolation on the other.

Summing up the whole picture of the recovery from the severe depression of 1929-32, it may be said that the world economy fought its way back to recovery in abnormally adverse circumstances, and that the natural forces of recovery were partly strengthened, partly hampered, by the action of governments. In Europe, where the adverse elements were strongest, recovery was showing signs of stability by 1936, though, of course, many abnormal factors were still at work. The setback experienced in the world in the following year originated in the

United States, and in this respect the developments in that country are of particular importance. In no country, except those in which the government practically controls the whole of economic life, has administrative action been so strong and widely spread. No country is so naturally independent of other countries and so well protected against international political troubles. Nowhere, however, has the reaction been so violent. It has proved to be infinitely more difficult to direct the trend of economic life by government action, even in a country with a very large home market and an organized banking system, than the weight of well-studied experience and the attentive survey of economic developments encouraged many to believe.

If governments are to succeed in influencing the trade cycle they must not only counteract the periodic downward swing, but also be prepared to check an excessive upward tendency. When activity begins to slacken, a stimulus may be given until private business recovers its own impetus, but official influence must be exerted in the opposite direction as soon as signs appear of a too rapid rise in the rate of investment. One of the most remarkable features of the recent phase was that, when business activity was high and government action slackened there appeared to be insufficient impetus in ordinary private activity to carry on the forward movement; business receded immediately the stimulating effect of government action slowed down. In the United States, for example, the government is now confronted with the problem of counteracting a decline in business activity before conditions had been such that it had entirely reversed its previous policy of expansionist measures.

The recovery in the past few years in the United States was not in fact marked by a large development of new investment in capital equipment. There was a better use of productive capacity already existing but no widespread increase of capacity. This seems to prove the correctness of the assumption that only a rise in the rate of new investment can provide a more durable basis for an upswing in business activity. The mere stimulation of consumption by government expenditure or—as in France—by suddenly improving labor conditions does not provide business activity with this basis. It may stimulate when it is introduced, but it does not awaken the more normal and permanent

motive forces, and if it puts too heavy a burden upon production the ultimate effect may even be the reverse of that intended.

The events of 1929 taught us that the absence of any rise in prices did not prove that no crisis was pending. 1937 has taught us that an abundant supply of gold and a cheap money policy do not prevent prices from falling—at least, temporarily and sharply. The past years have taught us too that, owing to differences of monetary policy and of economic structure, one country may show an entirely different rhythm in the cyclical movement of its economy from that seen in other countries. But the hope cherished in certain circles that a country could liberate itself from the influence of developments in other countries by following a national economic policy has proved to be vain. On the contrary, it may be that one of the consequences of the fact that cyclical movements in different countries no longer coincide is that the turn of the cycle in one country may arrest the upward trend in others long before it comes to its normal maximum. Except in cases of complete isolation—which few believe to be the ideal—the interdependence of modern countries is so great that, though economic nationalism and freedom to change monetary parities may allow them to walk out of step (and this is claimed to be one of the main advantages of breaking with an automatic international monetary standard), it does not make them free to move independently of each other. At a certain distance the movements of the more important countries must be followed. It might have been hoped that the difference in the rhythm and the pace of economic development in the world would have a stabilizing effect on the trade cycle for the world as a whole, the prosperity in one country offsetting and checking the decline in another. But at the moment experience rather proves that the chief effect of this walking out of step is a greater disorder in the general economic development of the world and a psychosis in which the feeling of living in a depression never leaves the world, because it is always justified in one country or another.

There are now so many disturbing factors at work both in the political and economic fields that one is apt to forget that there are undoubtedly certain happier elements in the situation and that in certain important respects the actual position compares not unfavorably with that of 1929.

1937 was a year of comparative exchange stability, only the French franc being subject to any important downward movement. The fluctuations between the pound and the dollar were kept within limits narrower by a third than those of the previous year. International trade continued to expand, the physical volume of goods exchanged being brought back practically to the 1929 figures. This recovery helped many debtor countries to make larger provisions for foreign debt service and established a basis propitious to the conclusion of debt arrangements. In two respects the situation in 1929 was exceptionally dangerous. There was the coincidence of an agricultural depression with an industrial setback coming after some years of rapid expansion, and the crisis was followed and prolonged by a general financial debacle, profoundly affecting the world's whole monetary system.

Experience proves that there is no necessary connection between even a severe industrial decline and an agricultural depression. There was no fall in the prices of agricultural products in the depressions which started in 1900 and 1907. And at present the agricultural outlook appears at least in some respects brighter than it was in the 'twenties.

As to the other aggravating element in the world depression—the widespread international liquidity crisis—the situation may be said to be fraught with less danger. Great was the havoc wrought in 1931 by bank failures, depreciating currencies, moratoria and exchange restrictions, and the disequilibria produced by the monetary and other changes have had lasting effects on the whole subsequent developments. Still, in the last few years great adjustments and consolidations have been carried out and the situation now obtaining is in practically every material respect less vulnerable. In commercial banking the disappearance of the weakest banks, the consolidation of others, the more general observance of stricter liquidity principles and other measures of adjustment have strengthened the banking position all over the world. The large holdings of government securities by commercial banks might constitute a source of danger if there should be a marked decline in the market value of these securities; but, on the other hand, the reserves of the banks have, as a rule, been increased by allocation of profits and recov-

ery of amounts previously written off, and their liquid resources are relatively higher.

Furthermore, the international debt position has been greatly alleviated. Long-term foreign debts have been reduced by redemptions and repatriations or the service lightened by conversions. In other cases temporary arrangements have been made to cover the transitional period until a permanent scheme can be agreed upon between debtor and creditor. Old short-term foreign debts have also been greatly reduced. In some cases arrangements for gradual repayments over a protracted period have been agreed upon; and, wherever the withdrawal of the remaining nominally short-term liabilities might constitute a danger for the position, they are kept under control by various restrictions, which of course are undesirable in themselves but at least afford protection against any breakdown as a result of a massive outward movement.

The position of those creditor markets in which large short-term funds are held by owners domiciled abroad has also been greatly strengthened. The accumulation of substantial gold reserves provides, as far as can be seen, a backing sufficient to meet possible contingencies; and the methods employed to prevent movements of short-term balances from exerting an undesirable effect on the internal credit position have been improved, at least in some markets.

The difference in the financial position as compared with the situation of 1929-31 may prove to be of importance as regards the length of time which the world will take to recover from the present economic setback.

The present situation, from a financial point of view, though not entirely satisfactory, does not appear to contain those deterrents to recovery that were characteristic of the crisis of 1929-31, or, at any rate, not to anything like the same extent. It is to be hoped, therefore, that this time a quicker and more general recovery will be made. Two factors, it is clear, play a large part in the present world situation: the organization of production by means of so-called restriction schemes on the one hand, and government action on the other.

Though no one can overlook the fact that the working of restriction schemes is anything but simple, and that even in their most concentrated form they are not yet able to follow, much less lead, the market as efficiently as might be wished, they no doubt

prevent production from continuing to outstrip requirements as it is apt to do when no organization of producers exists, but, of course, they contain no element of stimulation.

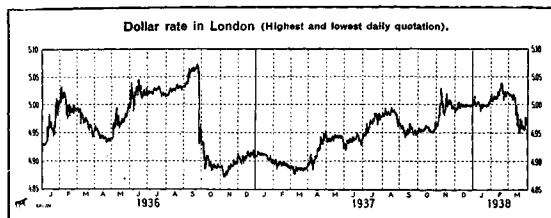
As to government action, it is to be hoped that the fact will not be overlooked that the main incentive to recovery over wide areas of the world is still the expectation of a sufficient margin of profit during a sufficiently long period. Investment in new capital is not only the more durable basis of an economic activity that makes the factors of production, including labor, employable at a satisfactory level—a basis which, as experience has proved, can be neither replaced nor built up by simply stimulating consumption—it is also the only way of improving the general welfare of the world. The immediate necessity of fighting unemployment may induce governments to ignore the fact that, though it may be better to extend employment, even without increasing the production of wealth, rather than doom a major part of the population to the curse of idleness, the ultimate aim must be to employ the factors of production for the improvement of the economic situation of the world at large. In this respect the slogan of national monetary independence, by which is meant freedom to alter exchange parities, may prove dangerous. The freedom it seems to give is often fallacious. It cannot break the inevitable interdependence of modern countries. And the instability it creates may frustrate the effects of the best-planned government action by preventing available capital from looking for investment in new productive enterprise. It is human to look backwards at past disasters in the hope of avoiding them in future. But it might prove as dangerous to be led by fear of a deflation that may not come as it has been dangerous, in some cases, to be led by fear of an inflation that was not imminent. And, if the fear of deflation be identified with a fear for international monetary stability, this may so hinder economic recovery as to force deflation on a world gorged with gold. If history repeats itself, it never repeats itself in happenings identical with those we know from the past. In its causes and effects the crisis of today and the recovery of tomorrow will have their own features and their own, partly new, problems. Central banks will have to face these problems both as regulators of the money

markets and as advisers of their respective governments. In the Bank for International Settlements they find their center of consultation at a time when active economic policy makes co-operation of monetary authorities even more necessary than under an automatic system. It may be mentioned that, in this past year as in previous years, representatives of central banks have availed themselves regularly of the opportunities afforded by the meetings in Basle to consult one another and to take stock of the general trend of events influencing their policy.

EXCHANGE RATES, PRICE MOVEMENTS AND FOREIGN TRADE

1. EXCHANGE RATES

Notwithstanding the many disturbances both political and economic that occurred in 1937, exchange stability was maintained remarkably well, in fact better than in any year since 1931, for, although the external value of the French franc was reduced and certain South American currencies also showed a decline, the exchange movements in the rest of the world remained within very narrow limits. This is the more remarkable as the year witnessed a succession of scares regarding the value of leading currencies and the price of gold, large movements of funds from one market to another, sharp fluctuations in prices and grave political conflicts. The greater stability of exchange rates is to be seen in connection with the increase in the volume of international trade, which enabled central banks and other monetary authorities in a large number of



countries to strengthen their monetary reserves.

The movements of the sterling-dollar rate set out in the graph were kept within somewhat narrower limits in 1937 than in 1936, the year of smallest range since the depreciation of the pound in 1931.

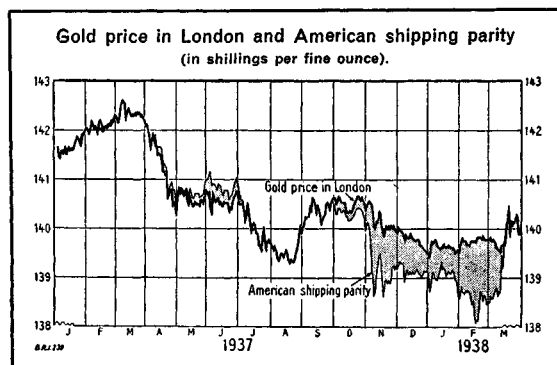
The first effect of the devaluation by the gold bloc at the end of September 1936 was

a reflux of funds from the London market to France, the Netherlands and Switzerland. The movement towards France, however, was reversed after about two months, while it continued in the direction of the Dutch and Swiss markets. In the last quarter of 1936 and the first quarter of 1937, moreover, there was a flow of funds from London to the United States, sustained by large shipments of gold. Against the dollar the low point of \$4.88 to the pound was reached at the beginning of March 1937.

In the following months, from mid-April to the end of June, when it was thought there might be a cut in the price of gold in the United States (followed perhaps in other centers), the markets came under the influence of the "gold scare". The demand for dollars was intensified and a wave of gold selling occurred, more than £60,000,000 being deboarded on the London market alone, a fact not unconnected with the appearance of a "discount" on the price of gold in London as compared with New York. During these months the price of gold was kept fairly stable at 140s. 6d. in London so that the discount on the gold price showed itself in the sterling-dollar rate. The funds moving to New York were used to build up bank balances rather than to purchase securities. This tendency to purchase dollars continued throughout the summer but was offset to a large extent by the influx to London of French funds particularly in May and June, and later, in September.

In the second half of the year, when stock prices fell on Wall Street and a recession in American business set in, the trend turned against the dollar. In November this tendency was sharply intensified by the "dollar scare" when it was feared in some quarters that there might be a further devaluation of that currency. Although this scare passed, the dollar rate in London remained around \$5 to the pound in the following months. In the second half of 1937 a strong export surplus developed in the United States, while in the United Kingdom the balance of trade became increasingly adverse. The remarkable strength which sterling developed in the autumn shows the decisive effects at present produced on exchange rates by capital movements as compared with demands relating to merchandise imports and the settlement of other current items in the balance of payments.

The different trends of the year are closely reflected in the following graph, which shows the gold price as established on the official market in London and the so-called American shipping parity.



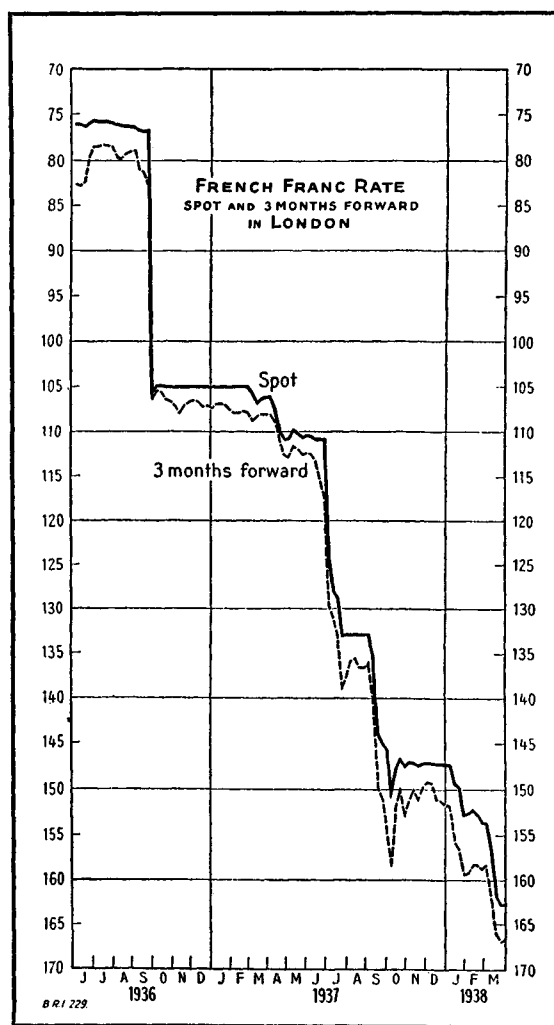
The "American shipping parity" is the price for gold on the London market at which it would be profitable to ship gold to New York taking into account the ruling sterling-dollar rate. During the period of the gold scare from April to June 1937 the gold price in London fell below this parity; in the parlance of the market there developed a "discount", an altogether abnormal situation. This was due to the fact that the American banks which usually made arbitrage purchases were reluctant to work under conditions that might have led to a considerable loss if the price of gold had been reduced in the United States, and thus gold in transit could be sold only at a price lower than \$35 per fine ounce. As soon as these fears subsided the "discount" disappeared; gold then moved to the United States at the shipping parity, showing that arbitrage was again working effectively. From the end of September the gold price in London rose above the American shipping parity, and gold could therefore no longer be profitably shipped from London to the United States. On the other hand, the gold price in London only on one day rose sufficiently in relation to the sterling-dollar rate to cover the costs (including interest charges) for the shipment of gold from New York to London. The point at which such shipments could take place may be compared to the "gold import point" for sterling, just as the American shipping parity is similar to the "gold export point" under the old gold-standard system. The distance between these two points repre-

sents the natural margin for the fluctuations of the gold price in relation to the sterling-dollar rate of the day. By a false analogy it has become customary to quote as a "premium" the amount in pence by which the market price of gold exceeds the American shipping parity. Obviously this "premium" may rise to the whole width of the margin between the "gold points", which, with the pound equivalent to around \$5, is generally considered to be about 22 pence. While, however, the American shipping parity should be a more or less automatic gold point since gold may be shipped by private arbitrage to New York, the lower gold point for the dollar is by no means automatic, for shipments cannot be made from the United States by private persons but only by recognized exchange funds and other authorities. The effectiveness of this rate therefore depends essentially on the willingness of these authorities to make shipments.

It was general in gold-standard days for the gold points between London and continental centers to be narrower than between London and New York, transport costs being obviously less in the former case. At the present time this disparity is particularly remarkable as the "gold points" vis-à-vis New York have become wider. This margin of 22 pence represents about 1.3 percent compared with about 0.5 percent before 1931. The greater part of the difference is caused by the so-called "handling" charge in the United States, this being, in fact, a tax of 0.25 percent on the value of gold bought or sold by the U. S. Treasury, which thus contributes 0.5 percent to the total margin between the gold points.

As regards the European currencies that have been linked to sterling, the following developments are of interest. A decree of October 18, 1937, abolished all restrictions imposed in Portugal since 1922 on dealings in foreign exchange and the free circulation of funds. In Denmark the monetary position improved sufficiently to allow the Government to free certain categories of commodities from import restrictions so that at the beginning of 1938 more than a third of all imports were exempt from official control. In the early months of 1937 the question arose whether an adjustment should be made in the rate of the Swedish exchange in order to mitigate, as far as the domestic market was concerned, the sharp rise in prices on the

world markets. Since the middle of 1933 the Swedish crown has been pegged to sterling at the rate of 19.40 kronor to the £, involving a depreciation of about 6½ percent in terms of sterling, and it was thought that the rate might be brought back to the neighborhood of the old parity of 18.16 kronor to the £. It was decided, however, to make no change for the time being, and, as a result of the subsequent fall in prices, the question was naturally dropped. While the uncertainty lasted forward operations were undertaken by traders and others to secure the rates applicable to individual transactions; the Riksbank estimates that in February 1937, the total involved in these operations amounted to 260,000,000 kronor, of which 200,000,000 kronor were undertaken



for Swedish account and the remaining 60,000,000 kronor for foreign account. To secure the rates Swedish banks and industrialists borrowed foreign currencies, principally sterling, and the sale of these amounts on the spot market increased the Riksbank's holdings of gold and foreign exchange.

The fluctuations in the value of the French franc may be seen in the accompanying graph, which gives the spot and three months' forward quotations in London.

After the devaluation in the autumn of 1936, the spot rate was held for a period of five months at 105 French francs to the pound sterling, but the forward rate soon went to a considerable discount, indicating uneasiness on the market as to the permanency of the rate adopted. A more flexible method of intervention on the exchange market was considered advisable and in the early spring of 1937 the rate moved to about 110 francs. After the legal limits, equivalent to 49 and 43 milligrams of gold nine-tenths fine, had been abolished, the rate reached a new low level of 133 francs (on July 22) and remained at that level for about a month and a half. There was a further decline in September and on October 5 the quotation reached 151 francs. After a new period of stability between 145 and 150 francs, the rate [of the £] rose above 160 francs in March.

The intense demand for foreign currencies on the French market has been due partly to the increased import surplus of commodities (which rose from 9,900,000,000 francs in 1936 to 18,400,000,000 francs in 1937) and partly to the export of capital at different periods of the year. The deeper causes are to be found in the uncertainties of the internal and external political position, the large volume of government borrowing (met to the extent of 14,200,000,000 francs by advances from the Bank of France), the relative increase in internal costs and prices and the restricted level of domestic production. All these various factors reacted upon one another and it is therefore difficult to assess the weight to be attached to each in the prevailing situation.

In 1937 some strain was felt on the Belgian exchange market from movements of funds and an increased import surplus. As the belga is linked to gold, however, the equilibrium of the market was maintained through the mechanism of the gold standard, the gold reserves of the central bank being

reduced from 18,640,000,000 to 17,623,000,000 Belgian francs in the course of the year. Large movements of funds to the Dutch and Swiss markets did not greatly affect the exchange rates, but resulted in substantial additions to the gold reserves of these countries. The President of the Nederlandsche Bank explained in a speech on February 8, 1938, that so long as the demand for florins exceeded the supply the authorities were obliged to choose between two alternatives: either to allow the florin to appreciate in relation to other currencies, or to continue gold purchases by the Equalization Fund assisted by the Nederlandsche Bank. The President underlined the importance of exchange stability and expressed the opinion that the useful effect of the Tripartite Agreement of September 1936 resulted from its link with gold.

Those European countries that have introduced exchange control maintained their rates of exchange in accordance with the regulations prevailing on their markets and in many cases increased their reserves of gold and free foreign exchange, thanks to the improvement in their foreign trade. Of great importance has been the general reduction of arrears on clearing and similar accounts, which as long as they remained at high figures interfered with the settlement of current business. Germany's clearing debts were reduced during the year by about RM 150,000,000 to RM 313,000,000, at the end of 1937. During the same period the Reichsbank's holdings of gold and foreign exchange showed an increase from RM 178,000,000 to RM 261,000,000.

Outside Europe, the conflict in the Far East had less effect on the exchange position than might have been expected, both the Japanese and Chinese rates remaining unchanged throughout 1937. The stability of the yen was maintained partly with the support of gold exports and partly by the introduction of import control and exchange restrictions. As regards China, the sales of silver made abroad to secure foreign currencies were complemented by an internal banking restriction so that the expansion in the note circulation was limited, the total issue rising only from 1,390,000,000 to 1,760,000,000 Chinese dollars in the twelve months to January 1938. In March 1938, however, the Chinese authorities found it necessary to introduce exchange restrictions; by the end of the month the foreign banks had withdrawn

from the Gentlemen's Agreement entered into in 1935, under which they had agreed not to quote a rate lower than 1s. 2½¹/₆d. for the Chinese dollar. The dollar then declined to 11d. but has since recovered to a level showing a relatively small discount on the previous rate.

Nowhere have the fluctuations in commodity prices and world trade had a more immediate effect on the volume of purchasing power and the exchange position than in the various South American countries. As a source of primary products, these countries depend for their prosperity on the demand for foodstuffs and raw materials in the United States and the industrial centers of Europe. The rising prices during the latter half of 1936 and the beginning of 1937 brought great profits to South American exporters and, as the import trade lagged behind, monetary reserves were generally strengthened, debts repaid and exchange restrictions made less stringent, while the market value of several South American currencies showed a distinct tendency to appreciate. Soon, however, the improved internal position led to the placing of orders abroad chiefly for machinery and ready-made articles of consumption; when suddenly raw material prices turned downward and the supply of foreign exchange shrank, the increase in the demand for foreign exchange to pay for the goods ordered created a rather stringent position on the exchange markets of practically all these countries.

In the Argentine the good harvest of 1936-37 sold at high prices and gave the Republic a year of almost unprecedented prosperity. From December 10, 1936, the official selling rate was lowered to 16 owing to the strength of the rate in the free market. Foreign exchange at the official rate is available for payment of the greater part of the country's import trade (about 80 percent of the total), for public debt service and remittances on private investments, while marginal transactions such as payment for a part of the import trade, foreign investments and movements of floating funds are settled over the free market. A slight complication arises from the fact that a surcharge is levied, under certain conditions, on purchases of foreign exchange in the free market. Up to January 1938 this surcharge amounted to 20 percent of the official rate, which meant that those who had to buy exchange in the free market had to pay a minimum of \$19.20

(the official rate of \$16 plus 20 percent), and the difference between this rate and the free peso rate represented a tax on foreign exchange transactions in the free market. In the middle of January 1938 the surcharge was lowered to 10 percent and the minimum rate thus reduced to \$17.60 (the official rate of \$16 plus 10 percent). As, however, the free market rate moved above \$17.60, this minimum rate ceased to be operative. It was hoped that the reduction of the surcharge would prove to be a step towards the gradual re-establishment of normal currency conditions. This reduction, however, coincided with the sale of a rather poor harvest at falling prices on the world market and the withdrawal of foreign-owned funds which had previously been placed on the Argentine market. The resulting tension in the exchange position found expression in the weakening of the free peso, but no change has been made in the official buying and selling rates.

In Brazil the official rate has been maintained unchanged, but the free market rate has been subject to fluctuations. It improved in the first half of the year and then declined rather sharply in the second, the net loss over the year being about 12 percent. In the autumn Brazil relaxed her coffee regulation policy, the price of coffee being allowed to fall in order to enable the country to compete more effectively with other centers of production. The export surplus, however, failed to re-establish itself, and the control of imports and exchange was tightened considerably towards the end of the year. Although no decline occurred in the Peruvian sol and the Chilean peso, both the countries concerned tightened their exchange restrictions in the latter half of 1937. The Bolivian currency (the boliviano), on the other hand, depreciated by about 19 percent in the summer of 1937 and the Ecuador sucre by as much as 25 percent. The exchange position in Venezuela is in a class of its own. The strong position of this country is due, on the one hand, to its rich natural resources, especially oil, and, on the other, to the absence of foreign debts. The Exchange Centralisation Office buys exchange derived from petroleum drafts and drafts covering the export of subsidized agricultural products at the fixed rate of 3.09 bolivares to the U. S. dollar, i.e., at the present-day dollar equivalent of the old gold rate fixed in 1910 when Venezuela adopted the gold standard. Normally the

Office withholds enough exchange to cover the requirements of the Government and sells the remainder to the banks at 3.17, to meet the demands of trade. This exchange is used to pay for the great bulk of imported merchandise; there is an unofficial (but entirely legal) exchange market available for other purposes, but its quotations averaged 3.30 to 3.40 between May and September and reached 3.50 in December 1937. The pressure on the exchange market noticeable in other South American countries thus affected Venezuela also.

The decline in South American exchange values in the latter half of 1937, though noteworthy, should not be exaggerated. In comparison with the depressed conditions of the years 1932-35, an improvement is to be found everywhere. The sudden break in the prices of primary products during 1937 took these countries by surprise, and the impact of the falling prices was felt all the more keenly since payments had to be made for imports previously contracted at higher prices. It is evident that the reduction in purchasing power to which these countries have been subjected will react upon their imports by reducing their demand for industrial articles from abroad.

2. PRICE MOVEMENTS

The most significant change in world economic conditions is found in the fluctuations of prices of primary products—the strong upward movement in the autumn of 1936 and first quarter of 1937, the reversal of the trend in the second quarter of the year, the comparative steadiness in the third quarter and the renewed decline in the fourth, which continued into the present year.

The factors that were responsible for the rise in the autumn of 1936 and early months of 1937 were partly technical and partly psychological. The recovery which took place in business generally after the long years of depression, and which made itself felt more strongly in the former gold-bloc countries after the devaluations in September 1936, provoked an increase in the demand for raw materials of all kinds; a succession of poor harvests had, moreover, brought down the accumulated stocks of foodstuffs.

In the winter of 1936-37 came the almost universal increase in budget allocations for armament purposes, which would affect the markets for metals and several other staple commodities. In the situation that thus

arose, purchasers found a certain difficulty in obtaining prompt delivery, and fears began to be felt concerning a possible future scarcity of supplies. In order to safeguard themselves, many industrial and commercial firms placed large orders for forward delivery and some speculation in commodities set in. Prices soared; at the beginning of 1937 the American and British price indexes for primary products had advanced to a point 30 percent above the level obtaining in the first half of 1936.

Great concern began to be felt in official and other circles about this rapid rise of prices, not only because of the resulting increase in the cost of armaments, but also because of the unsound position that was being created by an advance in prices to levels which in all likelihood could not be permanently sustained. By the beginning of April 1937 the prices of many primary products far exceeded the cost of production. Rubber producers are generally thought to be satisfied with a price of 9d. and in April 1937 the price reached 13d. For tin, £200 per ton is usually regarded as a fair price, but in the spring of 1937 it went above £300. It is believed that in Rhodesia, where conditions of copper production are most favourable, a profit can be made on copper at a price of £30 to £35 a ton, and the market price went up to £80. As compared with the 9-cents-a-pound loan on cotton which had been granted in the United States, the market price touched 15 cents in March 1937. And these examples could be multiplied many times. To bring a certain corrective into the situation which had developed, some influence was exerted by the authorities in different countries. In the United States President Roosevelt uttered a warning that prices were too high; and the decisions taken at the end of the previous year to reduce excess reserves of the member banks were expected to and gradually did exert a certain restrictive influence on the credit policy of these banks. In some other centres influence was exerted on commercial banks to limit the amount of credit granted to finance the holding of stocks of commodities. At the same time the nervousness of the market was increased by the "gold scare", it being feared that a reduction in the gold value of the dollar, and perhaps other currencies also, might have a deflationary effect on commodity prices generally. Moreover, it began to be realised that the output of many of the products for

which the demand was most intense was rising with unexpected rapidity and that no fear of a scarcity need be entertained.

The rapid expansion which took place in the output of primary products has been one of the most interesting experiences of the year, for it has shown how great are the possibilities of extended production over a wide range of commodities. The larger supplies of foodstuffs and agricultural raw materials were, it is true, primarily the result of favourable harvest conditions. In 1937 the cotton crop of the United States was the largest on record, being estimated at 19,000,000 bales from 34,000,000 acres; in the previous record year, 1926, 18,000,000 bales were harvested from 45,000,000 acres. More significant in this connection is the fact that for those commodities which are internationally controlled, an expansion of production proved possible immediately the quotas agreed upon were increased. For rubber the export quotas were raised from 60 percent at the beginning of 1936 to 90 percent in the second half of 1937, and for tin from 85 percent at the beginning of 1936 to 110 percent from April 1937. The bulk of the world's copper production outside the United States is con-

WORLD PRODUCTION OF PRIMARY COMMODITIES

Year	Tin	Copper	Lead	Zinc	Rubber
	In thousand tons				
1929.....	192	1,915	1,725	1,450	868
1932.....	99	886	1,162	778	709
1936.....	179	1,684	1,469	1,473	862
1937 ¹	199	2,141	1,642	1,620	1,140

Year	Cotton ⁴	Wool ³	Wheat	Tea	Sugar ⁴
	In million lbs.	Million bushels	Million lbs.	1000 tons	
1929.....	12,700	3,915	3,566	968	27,340
1932.....	11,400	3,857	3,812	932	24,130
1936.....	15,000	3,713	3,491	844	28,670
1937 ¹	18,500	3,880	3,751	850	30,960

¹ Provisional figures.

² Year beginning August 1.

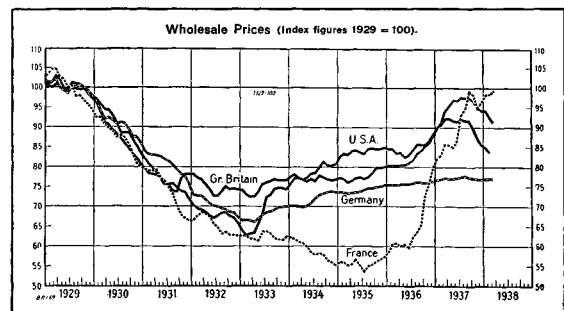
³ Year ending June 30.

⁴ Aggregate for crop years ended at various dates.

trolled and was allowed to rise. The preceding table shows the extent to which output in 1937 was greater than in the previous years.

It was particularly in the second half of 1937 that the greater supplies from increased

production affected the markets. The decline in prices, which then set in, was intensified by the fact that manufacturers were overstocked after their heavy purchases in the spring, while a further major factor appeared in the situation—the serious business recession which developed in the United States. Visible stocks of primary products began to rise, and steps were taken to curtail output by a reduction in the export and production quotas of internationally controlled commodities. Thus, reductions in the export quotas for rubber were announced in December 1937 and again in January 1938, being fixed at 60 percent from April 1938; quotas for tin were reduced to 70 percent from January 1, 1938. Unfortunately few statistics are available concerning stocks in the hands of manufacturers (i. e. other than visible stocks), but it is believed that manufacturers' inventories vary a great deal, and more in the case of raw materials than of foodstuffs. According to an investigation made by the Cleveland Trust Company in the United States, stocks of raw materials held by 51 large industrial companies were about 50 percent higher at the end of September 1937 than they had been at the corresponding date in 1929. No figures are available for the last quarter of 1937, but it is reported that a certain reduction occurred.



The price movements of articles other than primary products have as a rule been much less pronounced, and for that reason such general indexes of wholesale prices as include quotations of many semi-manufactured and finished articles show only moderate changes, except in a few countries where, from national causes, special movements have occurred.

In only a few countries were wholesale prices lower at the end of 1937 than they had been at the end of the previous year.

WHOLESALE PRICE INDEXES

1929=100

	1936 Dec.	1937 Dec.	Per- cent- age change	1938		
				Jan.	Feb.	Mar.
Danzig.....	107	102	- 4.9	101	84	84
U. S. A.....	88	86	- 3.1	85	84	84
Austria.....	86	85	- 0.7	86	85	85
Czechoslovakia.....	81	80	- 0.5	80	80	80
Germany.....	77	77	+ 0.5	77	77	77
Poland.....	59	60	+ 2.0	60	60	60
Switzerland.....	76	78	+ 2.6	78	77	77
Belgium.....	75	77	+ 3.3	78	77	76
Hungary.....	76	79	+ 3.3	78	77	76
Canada.....	83	87	+ 3.7	88	87	87
Estonia.....	81	86	+ 6.3	87	87	87
Albania.....	63	67	+ 6.4	66	60	60
Netherlands.....	71	76	+ 6.5	75	74	73
United Kingdom.....	88	94	+ 6.7	94	93	91
Finland.....	97	104	+ 7.4	104	103	103
Sweden.....	90	97	+ 7.9	96	96	94
Denmark.....	103	111	+ 8.1	110	108	107
Greece.....	117	126	+ 8.1	126	126	126
Roumania.....	73	79	+ 8.4	79	79	79
Portugal.....	94	103	+ 9.8	103	103	103
Bulgaria.....	61	68	+10.5	63	60	60
Latvia.....	87	96	+10.6	96	95	95
Yugoslavia.....	71	79	+12.1	80	79	78
Japan.....	98	110	+12.2	112	113	113
Norway.....	94	107	+13.5	106	105	104
France.....	83	101	+21.5	101	101	101
Italy.....	83	101	+22.0	100	98	98

That the downward movement of prices that began in 1937 originated in the United States is a conclusion that may be drawn from the tendencies shown by closely comparable price indexes for the United States and the United Kingdom*. While the general price movements in the two countries, as indicated by the total for all articles, followed each other closely up to April 1937, American prices began to fall sooner than British and by the end of 1937 were fully 10 percent below the level of the United Kingdom. The disparity is found in practically every category of commodities but is especially pronounced with regard to coal, iron and steel, and foodstuffs. The price of coal, in fact, rose in both countries up to the end of the year, but more in the United Kingdom than in the United States. And while American steel and iron prices remained relatively stable from April 1937 to the end of the year, British prices rose by more than 8 percent in the same period.

The wide fluctuations in the United States index for food and tobacco, which contrast with the steady advance in prices in the United Kingdom, are mainly connected with American harvest conditions. In 1936 crops in the United States were very poor, es-

* The Board of Trade index for the United Kingdom and, for the United States, the continuation of an index compiled by Sir A. W. Flux—see figures and graphs in March 1938 number of the Statistical Summary of the Bank of England.

pecially those of cereals, and maize and many other foodstuffs had to be imported to an extent never experienced before. For this reason American protection of agricultural products could become effective, and domestic prices rose more than prices abroad. In the following year the crops were fully up to average and part of the production was exported as usual, with the result that American prices again became largely dependent on conditions in the export markets.

The rise in the French price level that occurred in 1937 was to a certain extent due to the decline in the exchange value of the franc, which increased the prices of imported raw materials and other goods, but mainly to internal causes, such as the increase in the cost of production (by the successive augmentations of wages and the introduction of the forty-hour week) and the upward adjustment of prices of agricultural products, which even at the current rate of exchange are above world market prices. Since September 1937 the price level in France has remained comparatively steady, the moderate depreciation of the franc after that date being partly offset by the simultaneous world decline in prices of imported raw materials. From the beginning of 1938 a tendency to a greater price stability is also found in other countries, notwithstanding a continued decline in the world market prices of some important commodities such as wheat, rubber and certain non-ferrous metals.

In order to make even a rough comparison between the price levels in different countries, it is necessary to recalculate the national indexes on a common gold basis, as has been done in the following table, with a pre-war year as the base.

WHOLESALE PRICE GOLD INDEXES

1913 or 1914=100

	1935	1936	1937
	December		
United States.....	69	71	69
United Kingdom.....	66	72	78
France.....	72	74	66*
Netherlands.....	78	74	78
Switzerland.....	92	75	78
Italy.....	85	61	76
Germany.....	103	105	106
Poland.....	59	63	65
Sweden.....	66	70	77
Belgium.....	60	66	68
Czechoslovakia.....	87	75	75
Japan.....	52	58	66

* March 1938=59.

If the position in the United States and the United Kingdom is taken as indicative of the level of world prices in gold, it will be seen that this level is still 20 to 30 percent lower than before the war. In so far as past experience of price movements is still applicable, the prospects, in view of the increased output of gold, are that the long-term trend of world prices will be in an upward direction.

Domestic prices in Japan rose considerably during 1937, but on a gold basis they were still among the lowest in the world at the end of the year; the depreciation of the yen by 72 percent had not yet had its full effect on the domestic price structure. In France also the recent depreciation of the franc has brought the level of French prices, on a gold basis, somewhat below that obtaining in the United States and the United Kingdom. As a result of the rise that occurred in 1937, Italian gold prices, on the other hand, appear to have been brought up to the level of British prices.

Wholesale prices in Germany are still considerably higher in terms of gold than the corresponding prices in other countries, although the difference has been somewhat reduced during the past two years by the rise in prices abroad, especially within the sterling area. The Reichskommissar für Preisbildung has repeatedly laid considerable emphasis on the fact that German prices have for many years been much higher than prices in the other important trading countries of the world, and that this difference has considerably weakened Germany's competitive power in the world markets. At the same time he indicated that one of the most urgent tasks ahead was to eliminate the disparity between Germany and the most important foreign countries in this respect. The President of the Reichsbank in his speech at the annual general meeting of the Bank on March 11, 1938 also laid great stress on the principle of stable prices and wages as a necessary condition for the success of the financial measures that had been taken in Germany in recent years; he likewise referred to the problem of a suitable level of exchange in relation to the most important currencies of the world, indicating that foreign exchange control had temporarily solved this problem by protecting Germany currency against external influences.

As can be seen from the above table, the spread between gold prices in the different currencies narrowed somewhat in the two years from the end of 1935 to the end of

1937. This is evidence of a return to a better international equilibrium in monetary matters, for, even if no hard and fast conclusions can be drawn from the calculation of "economic parities" on the basis of wholesale price levels when conditions have often changed materially in comparison with those obtaining in the base years, it remains true that too large a disparity will not allow normal currency relations to be maintained. It is indeed a primary condition for the sound working of any international monetary system that there should be no serious overvaluation or undervaluation of individual currencies.

3. FOREIGN TRADE.

During 1937 there was a marked improvement in international trade, the physical volume of goods exchanged rising by 13½ percent in comparison with 1936 and reaching the level attained in the previous peak year 1929.

As British wholesale prices in 1937 were still more 5-10 percent lower than in 1929, it may be concluded that in terms of sterling the value of world trade was perhaps 10 percent less than it was in 1929.

Some slackening in trade was noticeable towards the end of the year, but the setback was moderate, as is shown inter alia by the fairly good employment of shipping services. At the beginning of 1938 freight rates, according to the index of the London "Economist", had receded by some 30 percent from the high peak attained in September 1937, but were still slightly above the average of 1929.

For the first time since the turn of the trend in 1932, the increase in world trade was more pronounced than the increase in world production. In the early phases of the recovery the improvement of business in the vast majority of countries was in the nature of a domestic recovery, foreign trade lagging behind. Government spending on public works, the fostering of home industries by increased protection, and the pursuit of a cheap money policy without international lending were measures that tended to give a special impetus to the domestic side of economic activity; and some of the measures taken were directly prejudicial to a revival of foreign trade.

Import restrictions, with which must be included exchange restrictions, added to the difficulties, and over-pessimistic opinions

were formed as to the declining importance of international trade for the future. The revival that has taken place is thus all the more significant as it indicates that with prosperity comes an increased need for foreign goods. Indeed, notwithstanding the policy of greater national self-sufficiency pursued in a large part of the world, official declarations almost without exception lay stress on the necessity of maintaining a high level of foreign trade.

Some reduction in trade barriers has been achieved by the suppression of quotas and other import restrictions, but progress in this field has not been very impressive. More important have been the reductions resulting from the trade agreements that the U. S. Government has concluded with seventeen other governments; negotiations are now in progress with four more countries including the United Kingdom and Canada. Other factors helpful to trade are the maintenance of greater exchange stability (which in turn is facilitated by the increased volume of trade), the gradual adjustment of exchange values to the cost and price levels ruling in the different countries, the abundant gold production, to some extent also the heavy outlay for armaments, and, last but not least, the increased consumption of a variety of goods in countries with a rising standard of living.

Some noteworthy changes have occurred in the composition of world trade. While in the early years of recovery trade in primary products showed the greater increase, the upswing of trade in 1937 affected both finished goods and primary products. This was due in part to the improved position of the primary producing countries, which were enabled to import finished goods in larger quantities, in part to increased purchases for armament purposes (particularly in the case of steel products), and in part also to the higher income of wide classes of the population in many industrial countries, leading to an increased demand for goods not readily met from purely domestic sources. Among finished products the increase was more pronounced, however, in capital than in consumption goods. The Reichs-Kredit-Gesellschaft A. G., Berlin, in its report on Germany's economic situation at the turn of the year 1937-38 showed that for the first eleven months of 1937, as compared with the same months in 1936, German exports of production goods (including engineering products)

increased in value by 26 percent, while exports of typical consumption goods (textiles, certain chemical products, etc.) increased by only 14 percent. The same tendency is found in other countries. It is natural in recovery that the demand for capital goods should show the most rapid increase, but, in the present situation, some special factors operate in the same direction. Firstly, the more intense demand for commodities for armament purposes has in many cases led to the increased purchase abroad of machinery, tools, etc. Secondly, the character of the protection measures at present applied in many countries is such as to discriminate against trade in consumption goods: protection granted is designed chiefly to promote the home manufacture of ordinary consumption articles (textiles, etc.), and has far less effect upon the import of raw materials (which, up to a point, must be obtained from abroad) and of specialised articles such as machinery, mechanical implements, dyes and paints, etc. The last-mentioned articles fall largely within the category of production goods. It is typical that in two countries, Finland and Sweden, in which the export trade had already expanded considerably in the years 1933-36, exports comprise hardly any ordinary consumption goods but consist primarily of raw materials and, in the case of Sweden, also of some highly specialised articles (high-grade steel, ball-bearings, telephones, separators, etc.).

An important feature of commercial developments in recent years has been the increase in the aggregate import surplus of the eight creditor countries of the world, viz. Belgium, Eire, France, Holland, Sweden, Switzerland, the United Kingdom and the United States.

Merchandise Trade (*)
(In millions of dollars)

	1934	1935	1936	1937
Eight creditor countries:				
Imports.....	8,990	9,109	10,226	12,373
Exports.....	7,130	7,091	7,443	9,236
Balance.....	-1,860	-2,018	-2,783	-3,137
All other countries:				
Imports.....	11,293	11,593	12,030	15,023
Exports.....	12,008	12,472	13,851	16,698
Balance.....	+715	+879	+1,821	+1,675
Total world imports.....	20,283	20,702	22,256	27,396
Total world exports.....	19,138	19,563	21,294	25,934

* League of Nations figures.

It has often been pointed out that the richer countries have to take the initiative in the revival of international trade so as to enable the debtor countries to acquire the funds which they need to meet their current debt service, to reduce their foreign liabilities and gradually to increase their purchases abroad. The aggregate import surplus of the creditor countries increased every year from 1934 to 1937 and, although part of this increase was offset by the higher income from shipping and foreign investments, there can be no doubt that a greater net balance accrued to the debtor countries as a whole. It will be seen, however, that the export surplus of the "other countries" in the above table was slightly reduced from 1936 to 1937, this decline being due on the one hand to the fall in the prices of primary products that occurred in the autumn of the latter year, and on the other hand to the rise in imports into these countries as the result of orders placed in the prosperous first half of 1937.

Only one among the eight creditor countries, the United States, had an export surplus during each of the four years under review. It is estimated, however, that for 1936 there was (for the first time since before the world war) a deficit on the current account of the American balance of payments amounting to \$153,000,000. It is of interest to follow the development of the American balance of trade during the past two years:

Imports exceeded exports from December 1936 to April 1937, i. e. during the short period of the pronounced business boom. A decline in imports, however, began already in the second quarter of the year and the fall became more and more marked every month up to the end of December 1937. Exports, on the other hand, advanced up to the month of October and showed only a slight decline for the remainder of the year. By February 1938 imports had fallen to little more than half the figure of March 1937 while exports, although falling, were still above the figures of the previous year—an indication of the setback in the United States as compared with the rest of the world.

Among the other creditor countries the United Kingdom had an import surplus of merchandise which rose from £346,000,000 in 1936 to £432,000,000 in 1937 and in the latter year was the highest since 1926. This rise was only partly offset by an increase in the net income from shipping, foreign investments and other invisible items, with the re-

sult that the current account of the balance of payments showed an adverse balance of £52,000,000 compared with £18,000,000 the previous year. It is of interest to note that differential price changes for imports and exports were a principal cause of the increase in the excess of imports. Over the two years 1936-37 the rise in import prices was double that in the prices of exports, the increase being considerably greater in 1937 than in 1936. If price changes between the two years are eliminated (i. e. if imports and exports in 1937 are valued at the average prices for similar products in 1936) it is found that the increase of £85,900,000 in the passive trade balance in 1937 is reduced to £8,300,000. In France the import surplus attained a record figure, amounting in 1937 to 18,400,000,000 francs as against 9,900,000,000 francs in 1936. The higher imports were due partly to the increased requirements of raw materials for French industry, partly to higher imports of foodstuffs, the harvest having been below average, and partly to increased imports of certain commodities such as coal, the domestic production of which showed a decline connected with the reduction in working hours in the mines. Poor harvests were also responsible for higher imports of foodstuffs into Italy and Germany. German imports rose from RM 4,218,000,000 in 1936 to RM 5,468,000,000 in 1937 but, thanks to a simultaneous rise in exports, largely of manufactured articles, from RM 4,768,000,000 in 1936 to RM 5,911,000,000 in 1937, the export surplus only slightly declined, from RM 550,000,000 in 1936 to RM 443,000,000 in 1937. The increase in Germany's export trade in recent years has been in about the same proportion as the rise in world trade. The import surplus of Italy rose from 492,000,000 lire in 1936 to 3,408,000,000 lire in 1937. Higher income from tourists and shipping partly offset this increase in the adverse balance, which, however, was sufficiently marked to necessitate an increasingly strict control of imports.

Important developments occurred in the trade of Japan: the import surplus rose to Yen 636,000,000, which is the highest on record (excluding the abnormal year 1924), and in the autumn exchange control, as well as supervision of foreign trade, was imposed in connection with the conflict with China. An important change has occurred in the direction of the Japanese export trade during

the past decade, the percentage of Japanese exports taken by the United States falling from 43 in 1927 to 20 in 1937, while the percentage taken by Asia rose from 42 to 52. China, followed by India, had become the most important customer for Japanese goods while the United States was gradually changing from an export to an import market for Japan.

Among the Central European countries there was a noticeable tendency to divert exports from "clearing" countries to free markets in order to obtain a surplus of free "Devisen". In general, trade balances were exceptionally good for agricultural countries, whether in Europe or other continents, as well as for gold-producing countries. The most remarkable instance in the latter group was the strong position of South Africa, which has been for the past two years the foremost customer of the United Kingdom, the place previously held by British India and, before the world war, by Germany.

Simultaneously with the recovery in world trade there was some increase in the volume of international financing. Even when the financing is carried on under a régime of clearings and payments agreements, exporters, especially of industrial goods, find it necessary to extend credits to their customers in order to sustain the volume of business. This financing, however, is chiefly of a relatively short-term character and rarely extends beyond six months or a year. There was very little new long-term lending in 1937. Countries like the United Kingdom and Germany, whose exports both before the war and in the post-war decade were largely dependent on a regular flow of funds from the main creditor markets to the financially weaker countries, are naturally most affected by the virtual cessation of long-term international financing. It is true that enterprises that would normally cater for large investment works financed by loans to overseas countries are now as a rule fully occupied by armament works, but, as and when armaments slow down, recovery in international lending for the equipment of undeveloped countries may possibly be helpful in filling the gap.

FROM DEHOARDING TO RENEWED HOARDING OF GOLD

World production of gold increased by 5 percent in 1937, i.e. at a lower rate than in previous years. The slowing-up of the in-

crease has been due almost wholly to a decline in the absolute amount of U.S.S.R. production from 1936 to 1937. Shipments from the East have lost their importance as far as dehoarded gold from China and India is concerned, but exports of gold from Japan to cover commercial and other needs attained almost \$250,000,000. In western countries the dehoarding movement that began in the last quarter of 1936 continued during the first half of 1937, reaching in nine months nearly \$1,000,000,000; gold hoards located in London were reduced by more than half.

In this, as in other fields, the change in the situation in the last half of the year was sudden and unexpected; under the influence of falling commodity prices, a setback in industrial production, especially in the United States, and rumours of a further devaluation of the dollar, apprehensive holders of currencies again turned to gold as a refuge. Some \$150,000,000 to \$200,000,000 gold was reabsorbed into private hoards, while the monetary authorities in a number of countries, from which gold had flowed in the spring, made substantial purchases. In November and December 1937 there was a net export of gold from the United States; and in the autumn the British Exchange Equalization Account supplied some of the gold needed on the market out of its own accumulated holdings. Even so the gold reserves of the United States and the United Kingdom were greatly increased over the year, and this is true also of the Netherlands. The total gold acquisitions of these three countries in 1937 were nearly twice as high as the current gold production, now running at a rate of \$1,220,000,000 a year.

1. THE SUPPLY OF GOLD

In 1937 the world output of gold continued to increase, as can be seen from the table below.

The figures given in last year's annual report for the gold production of the U.S.S.R. in the years 1930 to 1936 have been revised in the light of more recent information and, for the period 1934-36, appreciably reduced. As no official statistics regarding the absolute amounts of gold production are issued by the Soviet authorities, estimates have to be based on scattered information from various sources. In a Soviet publication "U.S.S.R. in Construction" certain percentage increases in the gold output are given for the

Year	South Africa	U. S. S. R. ¹	U. S. A. ²	Canada	Other producing countries	World Production ¹	Million dollars ³
	In thousands of fine ounces						
1930	10,716	1,501	2,286	2,102	4,318	20,923	732
1931	10,878	1,656	2,396	2,694	4,702	22,326	781
1932	11,559	1,938	2,449	3,044	5,264	24,254	849
1933	11,014	2,700	2,537	2,949	6,378	25,578	895
1934	10,480	3,858	2,916	2,972	7,070	27,296	955
1935	10,774	4,784	3,619	3,285	7,570	30,032	1,051
1936	11,336	5,173	4,296	3,735	8,616	33,156	1,160
1937	11,733	5,000	4,753	4,091	9,254	34,831	1,219

¹ Revised figures.

² Including Philippines.

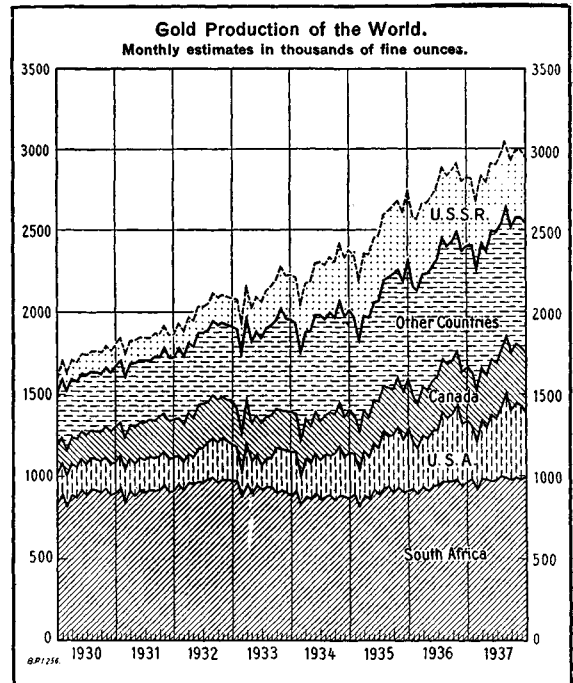
³ Figures are given in dollars of present day value of \$35 per ounce of fine gold instead of in Swiss gold francs as in earlier reports. The main reason for this change is that figures in an existing currency are more easily comprehensible, and the dollar has been chosen because its value is fixed in relation to gold. To convert the dollar figures approximately into Swiss gold francs and into sterling respectively, it is sufficient, in the first case, to multiply by three (exact multiplier 3.061), and, in the second case, as long as the gold price in London stands at around 140 shillings an ounce, to divide by five.

If the gold production of 1930, for example, were given in dollars of the weight then applicable, the equivalent of \$20.67 per fine ounce, it would amount to \$432,000,000.

years 1930, 1932, 1934 and 1936, but no basic figure is indicated and it is not made clear whether the increases refer to actual results or to expectations in accordance with such plans as have been drawn up. As a rule each new estimate that becomes available in Soviet publications is lower than the one it supersedes and it is therefore desirable to exercise caution in the appraisal of the various estimates available. Nevertheless, it cannot be doubted that great efforts have been made, through the extension of plant and attraction of labour, to further the output of gold in the country. The latest information available, however, indicates a decline in production since 1936, the total for 1937 being estimated at not more than five million ounces, equivalent to \$175,000,000, which compares with Russian exports to London of about \$200,000,000 during the year.

South African gold production increased by nearly 400,000 ounces from 1936 to 1937, but two-thirds of this increase was derived from a company that produced gold for the first time in 1937 and from the higher output of two companies that recently started producing; the old companies showed hardly any increase of output, but followed the policy adopted since 1932 of exploiting the lower grades of ore.

When the South African pound left the gold standard at the end of 1932, the price of gold in South Africa increased from 85 shillings to 120 shillings an ounce, and the working revenue per ton of ore crushed in the Transvaal jumped in nearly the same pro-



portion, from 27½ shillings to 36 shillings. As working costs remained roughly stable at around 19 shillings, the working profit per ton rose suddenly from about 8½ shillings to 16½ shillings. This higher price for gold made it profitable to work lower-grade ores, which meant that, while more ore was crushed and more labour employed, the total gold output of the mines was kept more or less stable. This policy was favoured by the fact that working costs per ton of ore crushed decreased slightly as, for example, certain economies were effected by working the mills at crushing capacity. Costs per ounce of gold won naturally rose with the increase in the tonnage crushed.

The volume of ore crushed in the Transvaal increased from 35,000,000 tons in 1932 to 51,000,000 tons in 1937, while the average gold content was reduced from 6½ to 4½ dwts. per ton (i. e. 0.00990 to 0.00683 per mille), the amount of gold produced remaining roughly unchanged. Thus the further increase in the price of gold from 120 to around 140 shillings an ounce has not led to a corresponding rise in the working revenue and profit per ton of ore crushed.

The capital expenditure out of profits made by the South African mines, which was over £3,000,000 in each of the years 1934 and 1935,

fell below £2,000,000 in 1936. So far, the extension of plant would appear, in general, to have been based on a minimum gold price in the neighbourhood of 120 shillings per ounce; further extensions of crushing capacity necessary to exploit ore of still lower grades would imply faith in the continuance of a gold price substantially higher than 120 shillings. The rate of reduction in the grade of ore crushed has greatly diminished since 1935, indicating that there are certain limits to this policy.

The scarcity of native labour must also be taken into account with regard to the policy of exploiting ores of lower grades. At the present rate of crushing of some 50,000,000 tons a year, a native labour force of approximately 310,000 is required and it is estimated that by the end of 1938 (with new mines coming into production) requirements will be over 350,000. As a matter of fact, from about 310,000 in the early part of 1937 the labour force employed fell to 283,000 at the end of the year. An increase in the labour force appears possible only if the South African Government permits the enrolment of natives north of a certain latitude, i. e. what is in fact tropical labour. The problem of the labour force, though it does not appear insoluble, has naturally led to certain pre-occupations.

Though South African gold mines are largely owned by foreign interests, as shown by the fact that 70 percent of the dividends is estimated to find its way abroad, the increased activity has naturally brought great prosperity to the country, which is reflected in the expansion of building, especially in Johannesburg.

In the United States gold production continued to increase, chiefly as a result of the greater activity in the mining of certain basic metals, such as copper, gold being obtained as a by-product. The output of 4,750,000 ounces in 1937 was 10.6 percent higher than in 1936 and nearly as high as in the previous record year 1915, when 4,888,000 ounces were produced. A somewhat similar increase (9.5 percent) occurred in the gold production of Canada, where not only have the older mines almost without exception increased their output, but a number of new mines are entering the production stage; further, in the near future fresh mines will be opened up provided with the most modern technical equipment. In comparison with pre-war figures, Canadian production has quadrupled.

The four main producing centres, namely, South Africa, U.S.S.R., the United States and Canada, are responsible for about three-quarters of the total world production of gold, but the output of the remaining countries is not negligible and is increasing. In some of these countries production has made a very rapid advance in recent years. In Western Australia the output in 1937 was twice as high as in 1929 and, for the first time since 1915, exceeded one million ounces; a further rise may be expected in the next few years as some important new mines are coming into operation. In a number of countries gold producers have been granted special facilities by the State since the gold obtained helps to strengthen monetary reserves (as, for instance, in Rumania and Yugoslavia) or to cover a deficit in the balance of payments (as in Japan and Manchukuo).

As a result of sustained efforts in a large number of countries, all factors point to a further increase in the already high level of the world's gold production during the next few years. The following table shows for the principal countries the output of gold in 1936 and 1937 and the percentage increase from year to year.

GOLD PRODUCTION IN THE PRINCIPAL COUNTRIES

	1936	1937	Per- cent- age in- crease
	In thousands of fine ounces		
South Africa	11, 336	11, 733	+ 3. 5
U. S. S. R.	5, 173	5, 000	- 3. 3
U. S. A.*	4, 296	4, 753	+10. 6
Canada	3, 735	4, 091	+ 9. 5
Australia	1, 160	1, 422	+22. 6
Mexico	754	846	+12. 2
Rhodesia	802	809	+ 0. 9
Japan	678	717	+ 5. 8
Other countries	5, 222	5, 460	+ 4. 6
Total	33, 156	34, 831	+ 5. 1

* Including the Philippines.

(When comparisons are made with figures in earlier annual reports, account must be taken of the downward adjustment of the estimates regarding U. S. S. R. gold production.)

In spite of the rise in the Canadian figures the British Empire's share of the world's production remained at about 56 percent of the total.

The important additions to the current supply of gold, which were obtained for a number of years after the depreciation of sterling from dehoarding in eastern countries (mainly India and China), have now lost their importance, as can be seen from the following table.

GOLD FROM THE EAST

	India*	China	Hong Kong	Total
	In million dollars (at \$35 per fine ounce)			
1931.....	208	18	20	246
1932.....	320	39	19	378
1933.....	202	24	33	259
1934.....	220	18	22	260
1935.....	150	14	11	175
1936.....	110	12	10	132
1937.....	50	17	1	68
Total.....	1,260	142	116	1,518

* Private holdings only.

The amount of \$68,000,000 (1,914,000 ounces) for 1937 is about half that obtained from the same sources in the previous year and around a sixth of the amount shipped in 1932. Moreover, purchases of gold coins for Indian account have recommenced on the London market and, although the amounts exported from England to India are still comparatively small, the rising tendency is noticeable:

1935.....	£ 21,500
1936.....	£193,369
1937.....	£472,725

An increasing demand for gold coins during the year was also reported from the Netherlands Indies, reflecting the greater prosperity of the native population. On the other hand, the absorption of silver in the East seems to have declined, even apart from the exports of China. Thus the absorption of silver in British India in 1937 is estimated at only 58,000,000 ounces, an amount considerably below the 1936 figure of 100,000,000 ounces, but substantially larger than the annual absorption of the preceding four years, which varies between 5,000,000 and 15,000,000 ounces. The decrease from 1936 to 1937 is attributed mainly to two factors: (i) the increase from 2 to 3 annas an ounce in the import duty, which resulted in a higher domestic price for the metal, and (ii) the heavy slump in prices of primary products, especially cotton.

Against the new gold that has become available during the year must be set whatever amount has been required for use in the arts and in industry. It has been a peculiar feature of the period since 1931 that industrial consumption of gold has been very largely, perhaps even fully, met by the return of old gold. In the FEDERAL RESERVE BULLETIN of August 1937, the reported consumption of gold from 1931 to September 1936 is given

as \$502,000,000 while the return of scrap is shown as \$733,000,000. The information regarding industrial consumption, however, is necessarily incomplete and the actual amount consumed is probably somewhat higher than the reported figure. Moreover, consumption has been rising with the return of prosperity as can be seen from the following table, which gives the value of gold used by U. S. Government institutions and private refineries as well as the return of old gold.

GOLD FURNISHED IN THE UNITED STATES FOR USE IN MANUFACTURES AND THE ARTS

Year	Total issues	Old material returned from manufactures and the arts	New material		
			Net	United States coin	Domestic and foreign bullion and foreign coins
In million dollars (at \$35 per fine ounce)					
1930.....	72.3	46.6	25.7	1.7	24.0
1931.....	49.4	39.3	10.0	1.7	8.3
1932.....	34.0	45.0	-11.0	1.7	-12.7
1933.....	28.8	38.6	-9.8	0.2	-10.0
1934.....	14.2	75.9	-61.7		-61.7
1935.....	25.9	58.4	-32.5		-32.5
1936.....	33.0	35.9	-2.9		-2.9

Judging from the tendency revealed by these figures, it seems likely that a certain amount of the 1937 production was absorbed for industrial uses, but a deduction of 5 percent from the total production would seem to be sufficient provision for this factor.

		In millions of dollars
To sum up, the amount of gold available in 1937 from new production.....		1,219
increased by shipments from the East of..		68
but reduced by the amount absorbed in the arts and industry, namely.....		61
thus amounted to.....		1,226

The net industrial absorption of gold in 1937 appears to have been of about the same amount as the gold obtained from the East. Thus, the current production of gold, amounting to approximately \$1,220,000,000, was available for monetary purposes. The disposal of this gold naturally constituted the main business of the gold market. Other important movements occurred, however, during the year, reflecting, on the one hand, fluctuations of hoarding and dehoarding and, on the other, transfers of balances from one market to another.

It is not difficult to account for the disposal

of the current production of \$1,220,000,000, for the net increase in the reported gold reserves of banks of issue and governments (excluding the reserves of the U.S.S.R. and Spain) amounted to about \$1,350,000,000. These reserves thus absorbed \$130,000,000 more than the amount of newly produced gold. As far as the U.S.S.R. is concerned, gold exports during 1937 exceeded the estimated domestic production by \$25,000,000. An amount of gold of at least \$200,000,000 would seem to have come out of the reserves of the Bank of Spain during the year. Account being taken of these additions, there remains about \$100,000,000 constituting part of the gold that went to increase unreported reserves of exchange funds and other monetary authorities. The main increase in these reserves was derived from another source, namely the net dehoarding of gold which occurred during the year.

2. GOLD IN PRIVATE HOARDS AND EXCHANGE FUNDS

Changes in unreported holdings of exchange funds and erratic movements of gold into and out of private hoards have made it difficult in recent years to obtain a complete picture of the gold situation. Some progress was made during 1937, however, in making information available to the public, the most important step being the publication, after an interval of three months, of the holdings of the British Exchange Equalisation Account as at the end of March and September. But difficulties remain in estimating the amounts which at various periods of the year came out of or returned to private hoards.

Dehoarding of gold had already begun in the autumn of 1936 after the devaluation of the former gold-bloc currencies. Apart from the surrender of gold in France, which was made obligatory by the Monetary Law of October 1, 1936, the movement was caused chiefly by a desire to realize profits and to obtain funds for the purchase of securities on the rising markets of the world stock exchanges. The increased need for working capital at a time of rising prices and extended activity may also have led business firms to convert into current balances gold which they had previously acquired. A feeling of increased monetary security went together with a belief in wider opportunities of employing capital profitably in security

investments and in active business. In last year's annual report, it was estimated that an amount equivalent to at least 1,000,000,000 Swiss gold francs (say, \$330,000,000) was disgorged in Europe during 1936. In fact the amount dehoarded in the last quarter of that year was perhaps as high as \$500,000,000.

Dehoarding continued in the opening months of 1937, especially on Dutch account, for reasons similar to those obtaining in the autumn of 1936. Gradually, however, a distinct change occurred in the attitude of the public towards the holding of gold as an asset providing unquestionable security. The steep rise in the prices of primary products in the first quarter of 1937 aroused fears as to an excessive rise in prices of commodities generally; and the opinion was expressed that a brake, in the form of an increase in the gold values of important currencies, might be applied. Moreover, the United States continued to receive very large shipments of gold, amounting to more than the current gold production, and the question was raised whether receipts at this high rate would be welcomed by the authorities, especially as the incoming gold was sterilized in the inactive fund and thus added to the burden of public financing. A gold scare began to grip the markets; and the gold price in London fell to a discount on the American shipping parity, owing to the fact that private arbitrage was reluctant to work under conditions that might have led to considerable losses if the price of gold had been reduced. The existence of the discount in itself increased the fears, and reports concerning the sale of Soviet gold (although the amounts sold were hardly more than the volume of the current production) added a further unsettling effect on the gold market. While the interest aroused in the gold question served to attract attention to the fundamental problems of the world supply of, and demand for, monetary gold, the situation on the gold market in the spring of 1937 was largely dominated by the temporary but spectacular effects of the sudden disgorging of gold from hoards.

It has been estimated that in London alone gold to the value of more than \$300,000,000 was dehoarded during the spring, and it is likely that some dehoarding occurred also in other centers. It may perhaps be assumed that in all some \$450,000,000 were dehoarded during the first half of 1937; the aggregate

dehoarding during the nine months following the devaluation of the currencies of the former gold-bloc countries would thus be of the magnitude of nearly \$1,000,000,000. This estimate may be compared with the results of calculations published in the FEDERAL RESERVE BULLETIN for August 1937, the main elements of which are set out below:

SOURCES AND USES OF GOLD

January 1931 to June 1937

	January 1931 to September 1936							Oct. 1936 to June 1937*	Total*
	1931	1932	1933	1934	1935	1936 Jan.- Sept.	Total		
	In million dollars (at \$35 per fine ounce)								
Sources of gold:									
Mineoutput (excl. U.S.S.R.).....	722	776	794	823	883	715	4,713	748	5,460
Receipts from:									
Indian private holdings.....	129	355	234	206	163	88	1,176	49	1,224
U.S.S.R.....	100	82	68	86	25	11	373	149	522
China, Straits Settlements, and Egypt....	73	114	68	52	29	18	355	12	367
Return of coin....		65	98	51	35	1	250		250
Return of scrap....	105	162	146	144	110	66	733	66	799
Total.....	1,129	1,554	1,409	1,362	1,245	899	7,599	1,023	8,622
Reported uses of gold:									
Increase in central gold reserves (excl. U.S.S.R.)	500	964	-191	532	532	136	3,645	2,177	5,822
Industrial consump- tion.....	132	87	76	66	78	63	502	63	566
Total.....	633	1,051	57	1,598	610	199	4,147	2,240	6,387
Indicated increase in unreported official holdings and private hoards in west- ern countries....	496	504	1,352	-236	635	701	3,452	-1,217	2,235

* Preliminary figures.

The difference between the total of current gold production and shipments from the East etc., on the one hand, and the amount taken into the reported central gold reserves or used for industrial consumption, on the other, must be gold that has entered private hoards in western countries or been incorporated in the holdings of official exchange funds. This is the gold which has "disappeared" from published returns since the beginning of 1931; by the end of September 1936 it amounted to \$3,452,000,000, of which some \$1,700,000,000 were believed to have been the unreported holdings of governments and central banks; the remainder, some \$1,500,000,000 to \$2,000,000,000, represented the private gold hoards in Europe, and of this gold perhaps two-thirds (i.e. around

\$1,000,000,000 to \$1,350,000,000) was held in the London market. The FEDERAL RESERVE BULLETIN further estimated that for the period October 1936 to the end of June 1937, gold to a value of more than \$1,000,000,000 came out of private hoards, a figure only slightly higher than the estimate given in the previous paragraph.

The dehoarding of gold in the last quarter of 1936 and the first half of 1937 reduced the amount held in private hoards on the London market by more than half. In itself the very strength of the movement was apt to bring it to a fairly rapid close. Of great psychological importance was the announcement by the Chancellor of the Exchequer on June 28, 1937, of an increase of £200,000,000 in the resources of the Exchange Equalisation Account, which would thus be raised to £575,000,000. The Chancellor said that, so long as large-scale capital movements to London were taking place, the Account must be prepared to add to its holdings of gold, and he also recalled that under the Tripartite Agreement one constant object of policy was to maintain the greatest possible equilibrium in the system of international exchanges and to avoid to the utmost extent the creation of any disturbance in that system by British monetary action. This was taken as official confirmation of the fact that the British authorities were prepared to support the market and if necessary to absorb increased amounts of gold.

In the following months the gold and exchange markets assumed a calmer aspect although fairly large amounts were dealt in and substantial movements occurred, connected with an outflow of funds from France and continued acquisitions of dollar balances in preference to gold by certain central banks which had already participated in the spring movement of balances to the United States. From the beginning of July, however, signs began to appear of intermittent weakness of the dollar. In the first half of 1937 net imports of gold to the United States amounted to \$1,029,000,000, and to a large extent the dollars obtained against this gold were not invested in securities but held idle on deposit with American banks. The rest of the world thus became long in dollars and was able to meet its commercial requirements in the autumn with great ease. Some influence was also exerted by Japanese shipments of gold to the United States at the rate of about \$40,000,000 a month in July, August and Septem-

ber, as these shipments led to sales of dollars against sterling. The exchange value of the dollar was thus already affected by a certain weakness, when at the beginning of the last quarter of the year there came the sudden fall in industrial production in the United States, the break on the New York stock market and the sharp decline in the prices of primary products.

This turn of events, for which the public was largely unprepared, had a pronounced effect on the monetary outlook. Large sums were withdrawn from the American market, and this movement grew in strength when it was rumoured that in order to counteract the fall in commodity prices the gold value of the dollar might be reduced. A "dollar scare" developed, comparable in intensity with the "gold scare" in the spring, but of course with the opposite effects on the gold market. The nervousness of the public led to purchases of gold by private persons, and at the same time foreign exchange was largely converted into gold in the reserves of a number of monetary authorities. It seems probable that gold to a value of perhaps \$150,000,000 found its way again into private hoards on the London market, i.e. the hoarding in the autumn brought back nearly half of the amount dehoarded in the spring. Some hoarding of gold also occurred on the Continent of Europe (that is, in addition to the purchases on continental account retained in London). At certain times gold coins commanded a premium of 4 percent and more compared with gold bullion.

Figures relating to the hoarding and dehoarding of gold are necessarily approximations, but even so they serve to illustrate the proportions of the movements that occurred. By and large, in 1937 there was a net dehoarding of gold (outside the East) which is estimated at \$250,000,000 to \$300,000,000. This amount all went into unreported holdings of exchange funds and other monetary authorities, which also absorbed some \$100,000,000 out of the gold obtained from the U.S.S.R. and Spain. The total net amount absorbed by the unreported holdings of exchange funds and other monetary authorities in the course of the year was thus probably some \$350,000,000 to \$400,000,000.

The gold holdings of the British Exchange Equalisation Account, in fact, rose by more than this amount from the end of March to the end of September 1937, as shown by the following figures from the official statements which have been issued:

BRITISH EXCHANGE EQUALISATION ACCOUNT

	In ounces	In £ millions at 140 shillings per fine ounce
March 31, 1937.....	26, 674, 000	186. 7
September 30, 1937	39, 854, 000	279. 0
Increase.....	13, 180, 000	92. 3

These six months included the period of the gold scare when the acquisitions of the Account were extraordinarily heavy. The amount of £21,000,000 (at the current price), transferred from the Account to the Bank of England in the same period, is included in the figures of reported reserves.

For the year as a whole the increase in the holdings of the Account was almost certainly less than £92,000,000 (\$460,000,000). During the first quarter of the year sterling remained comparatively weak on the exchange markets owing to the strong movement of funds to the United States on the one hand, and to Switzerland and the Netherlands on the other, only partially offset by an inflow of funds to London from France. In the circumstances, it is unlikely that the Account acquired any considerable amount of gold in that quarter, and there may, indeed, have been a decrease in its holdings. As regards the last quarter of the year, the demand for gold for hoarding purposes, as a counterpart to a certain repatriation of funds to France, and the demand by various central banks, was so strong that the Account had to supply the market with fairly substantial amounts of gold. For these purposes very little gold was available from current production. If the Russian figures be excluded from the calculations, as no Soviet shipments occurred that quarter, it is found that all but \$40,000,000 of the current production was absorbed by the reported reserves of the central banks and governments. Some addition to this figure may have to be made on account of gold from Spain and other unreported sources, but even so the amounts available were clearly insufficient to meet the extra demand which set in during the last quarter of the year.

Thus, if the increase in the holdings of the Exchange Equalisation Account was substantially less than \$460,000,000, some of the gold available from current production and net dehoarding must have gone to increase the amount held in the unreported reserves of other exchange funds and monetary authorities. In fact the French Exchange Fund held

a larger amount of gold at the end of 1937 than at the beginning. The resources of this Fund had run very low during the last months of 1936, necessitating the repurchase of gold by the Fund from the Bank of France in December 1936 and January 1937. During the last few months of 1937, on the other hand, the Fund added to its gold resources and was also able to transfer gold back to the Bank of France.

The amount of gold held for the account of the Dutch Exchange Fund at the end of 1937 did not, however, vary greatly from that held at the end of the previous year. With regard to the Swiss Exchange Fund, it is explained in the last annual report of the Swiss National Bank that at the end of 1937 the greater part of the assets of the Fund consisted of gold. Since at the end of the previous year practically the whole of the Fund, the total of which has remained the same, was held in gold, it may be concluded that as a net result of the transactions of the year gold had to some extent been replaced by other assets.

But some increase appears to have occurred in the amount of gold held by certain central banks as part of their foreign exchange resources, especially when the gold was set aside for special purposes. As already mentioned, the FEDERAL RESERVE BULLETIN estimates unreported holdings of exchange funds and other monetary authorities at \$1,700,000,000 at the end of September 1936. Since that date new funds have been established (in France, the Netherlands and Switzerland) and some important changes have also occurred in the resources allotted to the various funds as well as in the particular assets held by them. Nevertheless, at the end of 1937 the total unreported gold holdings of the exchange funds and other monetary authorities amounted to nearly the same figure of \$1,700,000,000 as at the end of September 1936. Such additions to their gold holdings as occurred during this period would seem to have been largely offset by the transfer in December 1936 and again in May and June 1937 of an aggregate of £128,000,000 gold (at the current price), equivalent to \$640,000,000, from the British Exchange Equalisation Account to the Bank of England.

3. MOVEMENT OF GOLD TO MONETARY RESERVES

While unreported stocks of gold in exchange funds and held by other monetary authorities at the end of 1937 had a value which

may be estimated at about \$1,700,000,000, the reported reserves of central banks and governments (excluding the U.S.S.R. and Spain) at the same date amounted to \$23,250,000,000. In the table these published reserves are given for each country separately at the end of 1935, 1936 and 1937 respectively, the countries being divided into three groups: countries in which the published reserves increased in 1937 (group 1); those where there

REPORTED GOLD RESERVES OF BANKS OF ISSUE AND GOVERNMENTS

	End of 1935	End of 1936	Loss (-) or Gain (+) during 1936	End of 1937	Loss (-) or Gain (+) during 1937
In million dollars (at \$35 per fine ounce)					
Group 1:					
U. S. A.	10,125	11,258	+1,133	12,760	+1,502
Netherlands	438	490	+ 52	930	+ 440
United Kingdom	1,648	2,584	+ 936	2,689 ¹	+ 105
Java	54	60	+ 6	79	+ 19
Poland	84	75	- 9	83	+ 8
China	10	8	- 2	16	+ 8
Rumania	109	114	+ 5	120	+ 6
Brazil	17	25	+ 8	31	+ 6
Sweden	185	240	+ 55	244	+ 4
Yugoslavia	43	48	+ 5	51	+ 3
Turkey	24	26	+ 2	29	+ 3
Bulgaria	19	20	+ 1	23	+ 3
Italy	270	208	- 62	210	+ 2
Peru	20	20	0	22	+ 2
Portugal	68	68	0	69	+ 1
Lithuania	6	12	+ 6	13	+ 1
Germany	63	46	- 17	47	+ 1
Czechoslovakia	112	91	- 21	92	+ 1
Chile	29	29	0	30	+ 1
Total	13,324	15,422	+2,098	17,538	+2,116
Group 2:					
Algeria	14	14	0	14	0
Austria	46	46	0	46	0
British India	274	274	0	274	0
Egypt	55	55	0	55	0
Estonia	13	13	0	13	0
Latvia	15	15	0	15	0
New Zealand	23	23	0	23	0
Hungary	23	25	+ 2	25	0
Total	463	465	+ 2	465	0
Group 3:					
Denmark	54	54	0	53	- 1
Danzig	4	6	+ 2	5	- 1
Greece	34	26	- 8	24	- 2
Morocco	7	8	+ 1	5	- 3
Uruguay	74	69	- 5	66	- 3
Columbia	16	19	+ 3	16	- 3
Canada	189	188	- 1	184	- 4
Switzerland	454	655	+ 201	648	- 7
Finland	20	35	+ 15	27	- 8
South Africa	212	203	- 9	189	- 14
Mexico	44	46	+ 2	31	- 15
Norway	84	98	+ 14	82	- 16
Argentina	444	501	+ 57	469	- 32
Belgium	607	632	+ 25	597	- 35
Japan	425	463	+ 38	261	- 202
France	4,396	2,995	-1,401	2,566	- 429
Total	7,064	5,998	-1,066	5,223	- 775
Grand total ²	20,900	21,900	+1,000	23,250 ³	+1,350

¹ Not including Exchange Equalisation Account: Sept. 30, \$1,395,000,000.

² Partly estimated and including also other countries (except U.S.S.R. and Spain).

³ If estimated reserves of U.S.S.R. and Spain be included, as well as the unreported holdings of exchange funds and other monetary authorities, the world grand total would be about \$26,500,000,000.

was practically no change in the magnitude of the reserves (group 2); and those in which a decline occurred (group 3).

Three countries, namely the United States, the Netherlands and the United Kingdom, among them accounted for practically the whole increase in the reported monetary reserves. Together they absorbed \$2,047,000,000, and an even higher amount if account be taken of the net acquisitions of the British Exchange Equalisation Account. The amount of gold that has gone to increase their reserves is thus not far from twice the current annual production of gold running at the rate of \$1,220,000,000 a year; and the amount absorbed above the current supply of newly-mined gold was derived from net dehoarding of \$250,000,000 to \$300,000,000, from France to the extent of perhaps \$350,000,000, Spain at least \$200,000,000, Japan \$200,000,000 (in addition to current production) and from the reserves of other countries a net amount of about \$100,000,000.

The United States alone has absorbed \$1,502,000,000, which is 23 percent more than the world's current gold production. Apart from certain minor movements, \$143,000,000 were received from production within the country, \$1,585,000,000 constituted net imports, while \$200,000,000 were earmarked on balance for foreign account, the net receipts from foreign sources thus being \$1,385,000,000. The preliminary estimates of the United States balance of payments for 1937 give a passive balance on current account of \$49,000,000 compared with \$160,000,000 in the previous year. The most important change in individual current items was the increase

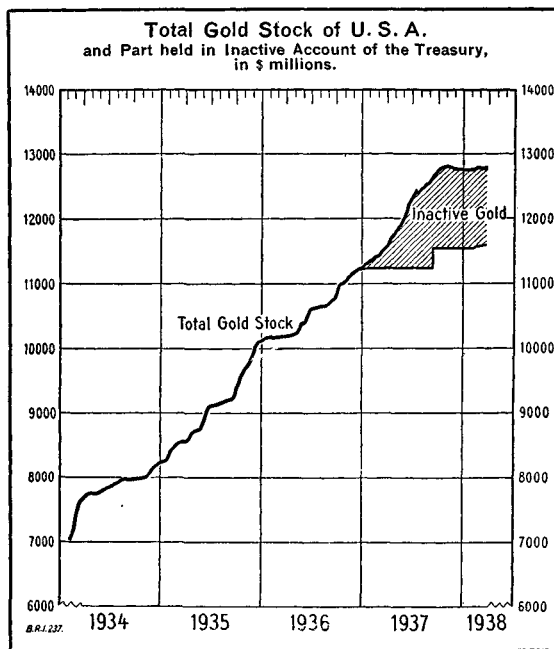
NET MOVEMENTS OF GOLD AND CAPITAL TO THE UNITED STATES

(In millions of dollars)

	Net receipts of gold from abroad: (net imports adjusted for changes in earmarked gold)	Net balance of capital movements to (+) and from (-) the United States
1937, First quarter.....	+ 339	+323
Second quarter.....	+ 651	+631
Third quarter.....	+ 394	+350
Fourth quarter.....	+ 1	-502
Total.....	+1,385	+802

in the export surplus on merchandise trade from \$33,000,000 in 1936 to \$261,000,000 in 1937. Thus the gold imports resulted, as in preceding years, from the vast imports of capital. It is of interest to compare, for the

different quarters of the year, the receipts of gold from abroad with the estimates of capital movements to and from the American market.



For the first three quarters of the year there is a natural concurrence between the gold received from abroad and the inflow of capital. In the last quarter the picture changes; a total of \$502,000,000 is reported to have left the country but no corresponding export of gold occurred. There was, however, an export surplus of merchandise trade, amounting to \$310,000,000, in the last quarter against an export surplus of only \$97,000,000 in the third quarter and an import surplus of \$148,000,000 during the first half of the year. Purchases of dollars for commercial account in the last quarter doubtless helped to offset the sales of dollars resulting from the withdrawal of funds from the American market. It is of some interest to note that, precisely in the period of the year when a substantial export surplus of merchandise was realised and also American commodity prices fell more steeply than in other countries, the dollar was under pressure and not only was no gold received but in November and December even some net export occurred. The decisive factor was thus the outflow of balances; according to the annual report of the Board of Governors of the Federal Re-

serve System for 1937 "not only was the outflow of balances in the autumn nearly as great as the inflow in the spring but it was divided in about the same way between central banks and private interests and to a considerable degree it returned to the same countries from which it had come."

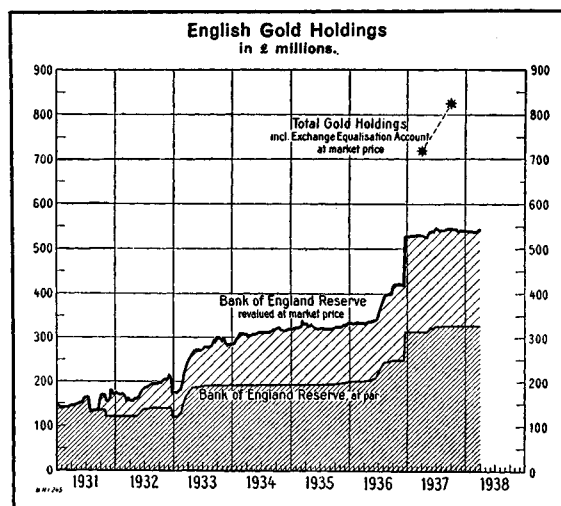
The increase of \$440,000,000 (about Fl. 800,000,000 at current rates) in the gold reserves of the Nederlandsche Bank was in the main also a result of capital movements. A certain surplus was probably achieved on the current account of the balance of payments, the increase in the country's import surplus of merchandise from Fl. 270,000,000 to Fl. 403,000,000 being offset by larger income from shipping and foreign investments, especially from those in the Netherlands Indies, whose export surplus rose from Fl. 252,000,000 in 1936 to Fl. 448,000,000 in 1937. The inflow of funds to the Dutch market would appear to have been caused chiefly by the repatriation of Dutch capital and the funds of large international companies with their head-offices in Holland, and only to a minor extent by the transfer of foreign-owned funds. The intensity of the movements that occurred may be judged, however, from the fact that during 1937 the Netherlands, a country of 8,000,000 inhabitants, absorbed into its monetary reserves a little more than a third of the world's current gold production.

The increase during 1937 in the gold holdings of the Bank of England amounted to £21,000,000 at the current price, £12,700,000 at the old statutory price of 84s. 11½d. having been transferred from the Exchange Equalisation Account to the Bank. At the end of March and September 1937 the holdings of the Account and of the Bank were of the following magnitude:

ENGLISH GOLD HOLDINGS

	March 31, 1937	Sept. 30, 1937	Percentage on Sept. 30, 1937
	in million ounces		
Exchange Equalisation Account.....	26.7	39.9	34.2
Bank of England.....	73.8	76.8	65.8
Total.....	100.5	116.7	100. —
	in millions		
Total value at 140 shillings an ounce..	£703.6	£816.9	Increase in six months: £133,300,000

In the last quarter of the year the Account supplied gold to the market to meet the demand for hoarding and other purposes, so



that the aggregate amount held at the end of 1937 was certainly below the £800,000,000 mark. Even so, there was a substantial net addition to the total gold reserves over the year, in spite of an increase from £18,000,000 in 1936 to £52,000,000 in 1937 in the estimate of the passive balance on current account of the balance of payments. It should be noted, however, that on capital account repayment in respect of overseas loans (sinking fund as well as repayments at maturity) exceeded the amount of new overseas issues. The final figures for 1937 are not yet available but, according to estimates made by Sir Robert Kindersley, repayments exceeded overseas loans by £30,000,000 in 1935 and £46,000,000 in 1936. The main causes of the addition to the British gold holdings have been the influx of foreign capital, not only flight capital but also funds for commercial and financial purposes, and the building-up of reserves by countries in the sterling area. In its commentary on the balance of payments for 1937, the Board of Trade draws attention to the large increase in the balances held in London for account of banks in the Dominions and other countries of the sterling bloc as compared with those held several years ago. On June 28, 1937, when the Chancellor of the Exchequer in the House of Commons moved the increase by £200,000,000 of the resources of the Exchange Equalisation Account, he laid stress on the fact that many of the countries included in the sterling bloc kept very large sterling holdings in London as a part of their reserves, and he added that the conclusion to which the Treasury was disposed

to come was that, when all considerations were weighed, the existing gold holdings were not considered excessive.

Compared with the increase in the gold reserves of the United States, the Netherlands and the United Kingdom, the net acquisitions of other countries were of only minor importance. The increase in the holdings of the Javasche Bank reflects the improved trade position of the Netherlands Indies during the year. In Poland, on the other hand, an increase in the gold reserves by 42,000,000 zlotys and in the foreign exchange holdings by 6,000,000 zlotys went together with the development of an adverse trade balance. For the first time since 1929 imports exceeded exports, the industrial recovery which became more marked during the year necessitating higher imports of raw materials and machinery, while the export of cereals declined owing to a poor crop. The increase in imports was, in fact, compensated by a partial mobilisation of Polish claims frozen abroad and by foreign commercial credits granted in higher amounts and for longer maturities than in previous years. Moreover, the proceeds of the first tranche of the National Defence credits obtained from France in 1936, and sales of gold previously hoarded, contributed to the improvement of the position.

The gold holdings of the Riksbank in Sweden rose by only 17,000,000 kronor in 1937 (on the basis of the gold price at the end of the year), but its foreign exchange holdings increased by 290,000,000 kronor (at current rates of exchange). An important source of foreign exchange was a surplus on the current account of the balance of payments, preliminarily estimated at about 180,000,000 kronor. Capital and credit transactions in relation to foreign markets attained an unusually high volume and included certain amounts of money placed by foreigners in Swedish balances in the expectation of a rise in the value of the Swedish krona.

The gold holdings of the Swiss National Bank decreased by 30,000,000 Swiss francs during the year, but at the same time the Bank's holdings of foreign exchange rose by no less than 437,000,000 Swiss francs. The resulting net increase in the total foreign resources was to some extent due to an improvement in the balance of payments, which is estimated to have given a surplus on current account in 1937. The main sources of the increase, however, were an influx of foreign

flight money and large repatriations of funds by Swiss nationals. In Norway also a reduction in the gold reserves was more than counterbalanced by an increase in foreign exchange holdings, the combined resources of gold, foreign exchange and foreign securities in the hands of the Norges Bank having risen by 134,000,000 kroner at current rates. A most important factor was the larger income from shipping, which contributed a net surplus to the exchange market in spite of the fact that large amounts were used by shipowners to make repayments on debts incurred for the building of ships abroad.

The reduction in the gold reserves of the Bank of France amounted to the equivalent of \$430,000,000 in 1937. During the first half of the year three transfers of gold were made from the Bank of France to the Exchange Fund, amounting in all to 11,500,000,000 francs at the accounting rate of 0.0441 gr. fine. At the end of July the gold holdings of the Bank were revalued, the accounting value of the franc being reduced by about 12 percent; and in November 3,127,000,000 francs were transferred from the Fund to the Bank. As a result of these various operations, the gold holdings as shown in the balance sheet of the Bank of France fell only from 60,400,000,000 francs at the beginning of the year to 58,900,000,000 francs at the end.

The losses of gold to which the French monetary reserves were exposed during 1937 were due as much to a deficit on the current account of the balance of payments as to the export of capital.

Japanese exports of gold to the United States, which began again in March 1937 and continued uninterruptedly to the end of the year, reached a total of \$247,000,000. As, however, the net gold production of Japan and Korea amounted to \$45,000,000 the net reduction in the country's gold reserves was limited to \$202,000,000. Imports of merchandise exceeded exports by Yen 636,000,000 for the whole year, but the excess of imports was reduced towards the end of the year by the application of increasingly stringent import and exchange restrictions.

As regards other countries, such declines as occurred in the gold holdings were of a limited character. The National Bank of Belgium lost gold to an amount of 1,017,000,000 Belgian francs (\$35,000,000), the belga having been under pressure in the spring and

again in the latter half of the year. Account must be taken, however, of the net repayments of long-term foreign indebtedness of public authorities and private companies, amounting to 3,437,000,000 Belgian francs, and thus to more than the decline in the gold reserves of the Bank. In the Argentine the gold holdings of the Central Bank rose in the spring but fell slightly in the autumn, partly as a result of capital movements and partly in response to changes in the trade balance. In other overseas countries the strain that developed in the autumn, when prices of primary products fell and imports contracted in the earlier, more prosperous period had to be paid for, was reflected in a decline in exchange holdings and in a tightening-up of exchange restrictions in some of the weaker markets.

The net effect of the year's gold movements was a further increase in the reserves of the creditor countries; and this increase was mainly due to capital movements. The world total of gold in monetary reserves, including the holdings of exchange funds, amounted to about \$26,500,000,000 at the end of 1937, and of this aggregate seven creditor countries (the United States, the United Kingdom, France, the Netherlands, Switzerland, Belgium and Sweden) among them held about \$22,500,000,000, i. e. 85 percent. In the absence of large-scale international lending, a better world distribution of gold can be obtained only from a surplus on the current account of the balance of payments of those countries whose present monetary reserves are clearly inadequate.

The advance in volume and in value of world trade from 1936 to 1937, and especially the increase in the imports of the richer countries in the winter of 1936-37, helped a large number of other countries to replenish their monetary reserves. As, however, most primary producing countries held their reserves predominantly in foreign exchange, they were not as a rule buyers of gold. This means that a considerable part of the gold which, for example, is held in London as a backing to foreign liabilities is really held for the account of monetary authorities in other countries. The maldistribution of monetary reserves in the world is, therefore, rather less acute than the distribution of gold holdings would suggest. The reserves of the primary producing countries, which expanded in the spring of 1937, were, however, somewhat re-

duced by the setback in economic conditions in the latter half of the year, and especially by the decline in the imports of the United States.

In analysing the changes that occurred in the reserves of the creditor countries themselves, the turn in the trend of world business during 1937 was a factor of the greatest importance. Annual figures, which apply to a division of time artificial as regards economic affairs, may obscure great variations within the year itself. It is difficult to imagine a more complete change than that which took place on the London gold market between the spring and late autumn. In the spring, when for some months large amounts of gold came out of hoards, the capacity for gold absorption by the few monetary authorities who acquired the gold was heavily taxed; and, although record shipments of gold were made from London to New York, the borrowing powers of the British Exchange Equalisation Account were increased by £200,000,000 to provide, if necessary, the means for increased gold purchases. In the late autumn, on the other hand, notwithstanding the fact that gold ceased to flow to the United States, the demand for gold on the London market was so great that the Exchange Equalisation Account had to augment the supply side from its own accumulated holdings. Repatriation of funds to France, acquisitions by the Netherlands, Switzerland and several of the other smaller countries, and last but not least, renewed hoarding, absorbed considerably more than the current flow from the gold producers.

The real significance of the changed position on the gold market is to be found in the preference which appeared in the attitude of the public and of financial institutions towards liquidity when the upward phase of the business cycle turned into recession. While business was rapidly expanding in the winter of 1936-37 there was an incentive to purchase equities and to employ funds directly in enterprise. Hoards of gold were dissolved and the proceeds invested. Apart from profit considerations, the movement was intensified by the belief that material assets and even currency balances provided greater security than gold. The sharp fall of stock exchange quotations in August and September came as the first shock to these expectations; the setback in business increased the uncertainty, and the renewed rumours of a possible reduc-

tion in the gold value of the dollar had a decisive influence on the markets. Once more there was a desire for greater liquidity, which, according to the mentality of the person or institution involved, found expression in the holding of larger bank balances, in the purchases of government securities, especially short-dated maturities, or in the acquisition of gold. The movement from gold and government securities into equities that had characterised the opening months of 1937 was thus reversed into a movement from equities into government securities and gold.

The shift towards gold naturally reflected a certain mistrust of currencies; there were signs of preference for gold even in relation to notes with more than 100 percent gold backing. Political fears played their rôle as an inducement to hoarding—the present generation is only too well aware of the damage to the monetary systems that comes in the wake of a war. It seems probable that the urge for liquidity and safety, which reappeared in the autumn of 1937, will make itself felt from time to time in the future and intermittently influence the demand for gold; and this is an element which cannot be left entirely out of account in the consideration of the gold problem. A ready supply of gold, whenever required, from the large holdings of the exchange funds will no doubt help to ease the situation from a monetary point of view. As it happened, the renewed demand from the continent of Europe temporarily relieved the monetary authorities of the United Kingdom and the United States from the burden of adding further to their already vast holdings of gold, and even provided them with an opportunity of reducing their stocks.

In another respect also the gold problem changed its character in the autumn as a result of the turn in the business trend. Some apprehension had been felt in the early months of 1937 regarding an undesirably rapid rise in commodity prices, and it was discussed whether an increase in the gold value of individual currencies might provide a suitable means of checking this. In Sweden official consideration was given to the question whether inter alia an increase should be made in the exchange value, and thus also in the gold value, of the Swedish krona; and, although no such step was taken, great stress was laid on the desirability of preventing a sharp rise in prices. When, however, all over the world prices started to decline,

the situation was materially changed. Faced with an abrupt fall in commodity prices and industrial production, the authorities in the United States decided to release gold previously absorbed into the "inactive fund" and to allow new gold to affect the credit system without offsetting. President Roosevelt, explaining the Administration's price policy at a press conference on February 18, 1938, said, "The measures employed at any given time to further this policy must fit the needs of that time. A year ago there was ground for concern that a too rapid rise in the prices of some commodities was encouraging a speculative boom. During the past six months on the other hand, the general price level and industrial activity have been declining. Government policy must be directed to reversing this deflationary trend."

The measures that have been taken in the United States during the past two and a half years to control the impact of gold movements on the credit system have not been related to the working of the American Exchange Stabilisation Fund. This Fund was formed in 1934 by the allocation of \$2,000,000,000 in gold out of the "profits" from the revaluation of the country's gold stock. It has been held in its original form except for \$200,000,000 placed with the Federal Reserve banks as a working balance. From time to time the Fund has engaged in exchange and gold operations; as, however, the dollar has been tied to gold, the need for such operations has not been as great as in those countries where no gold price has been fixed. By the nature of its resources the Fund could play no part in the gold sterilisation policy inaugurated at the end of 1936. To offset the expansion of the credit base that normally results from an influx of gold, sales of securities are necessary, but the American Fund, unlike the British Exchange Equalisation Account, had not been given borrowing powers, i.e. the right to acquire gold against sales of securities. The policy adopted during the period of business expansion to counteract an excessive increase in the cash reserves of the banking system took two different forms: (i) sterilisation through the purchase of gold against sales of securities by the Treasury itself, this gold constituting the so-called "inactive fund", which rose to a maximum of \$1,400,000,000 in the second week of September 1937; and (ii) an increase in the legal cash reserve requirements

of the member banks. By these measures the excess reserves of the member banks of the Federal Reserve System were reduced from over \$3,000,000,000 in the summer of 1936 to less than \$800,000,000 in the summer of 1937.

In view of the strain that was experienced particularly by the New York banks, it was considered advisable to modify this policy in the autumn of 1937, and an expansion of excess reserves was brought about, firstly by the release of \$300,000,000 from the inactive fund in September 1937, secondly by the purchase of securities by Federal Reserve banks to an amount of \$38,000,000 in November 1937, and thirdly by the decision announced in February 1938 that "for the present, additions to the gold stock up to \$100,000,000 in any one quarter of the year will not be placed in the inactive gold account". By these various measures the excess reserves of member banks were increased to about \$1,500,000,000 by the end of March 1938. In the following month, however, as part of a general program for the revival of business, the authorities reversed altogether their previous sterilisation policy. It was decided to desterilise all the gold placed in the inactive account, and to discontinue sterilisation for the future, this action being supplemented by a reduction in the required reserves of the member banks.

Through the various measures announced in April 1938 the credit base of the banking system will be greatly expanded. It is estimated that when the desterilisation has become fully effective member banks' reserve balances will amount to nearly \$9,000,000,000 and excess reserves to about \$3,800,000,000. As total deposits of all kinds with member banks amounted to about \$40,000,000,000 in February 1938, these deposits, even after the rise resulting from the desterilisation measures, will be covered on an average by reserve balances to the extent of more than 20 percent.

In Switzerland the Exchange Equalisation Fund, which was established at the time of the devaluation in September 1936, was formed on the American model, revaluation "profits" of 539,000,000 Swiss francs being allocated to it. This Fund may exchange its holdings of gold for foreign exchange and vice versa, but it has not been provided with borrowing powers and has, therefore, in no way served to offset the expansive influence of the gold influx on the credit system. From

the beginning of October 1936 to the end of December 1937 the Swiss National Bank increased its holdings of gold and foreign exchange by 1,046,000,000 Swiss francs, and during the same period the "other sight liabilities" of the Swiss National Bank, representing essentially the balances of Swiss banks with the National Bank, rose by 750,000,000 Swiss francs to a total of 1,716,000,000 Swiss francs. The liquidity of the commercial banks is very high. By the end of 1937 the notes, coin and cash balances of the seven largest banks amounted to 977,000,000 Swiss francs as compared with deposits of 2,478,000,000 Swiss francs, giving a relation of cash to deposits of about 40 percent.

In the Netherlands the Exchange Fund of Fl. 300,000,000 was formed in October 1936 on a mixture of the American and British models, i.e. the Fund was given Fl. 100,000,000 in gold and the right to acquire Fl. 200,000,000 gold and foreign exchange against the issue of government securities to that amount. These securities have all been issued and to that extent the influx of gold has been prevented from expanding the cash balances of the commercial banks. As, however, the increase in the gold holdings of the Nederlandsche Bank from the beginning of October 1936 to the end of December 1937 amounted to Fl. 800,000,000 at the old statutory price, only a minor part of the effect of the incoming gold has been offset by the action of the Fund. In fact "balances on current account" in the return of the Nederlandsche Bank rose during the same period by about Fl. 650,000,000 to a total of Fl. 755,000,000. This increase corresponds in the main to a rise in the cash balances of Dutch commercial banks, which would appear to have held at the end of 1937 on an average about 40 percent in notes, coin and cash balances against their total deposits.

In Switzerland and the Netherlands some concern has been felt about the great liquidity which the banking systems have thus acquired. It has, however, been found in practice that the commercial banks have not experienced a demand for increased advances to business sufficient to give employment to even a small proportion of their swollen balances with the central bank, and they have in fact abstained from the purchase of government securities. Moreover, there have been few opportunities for foreign lending. The banking situation in these countries is thus characterised by a high degree of caution

observed by the commercial banks themselves.

Turning now to the United Kingdom, both the action of the Exchange Equalisation Account and the position of the commercial banks show a number of features different from those apparent in the countries just dealt with. The resources of the Exchange Equalisation Account were provided in the form of borrowing powers, i. e. a supply of Treasury bills available for sale. When there is an inflow of funds into the London market and the Account sees fit to intervene, Treasury bills are sold and the sterling thus obtained is used to buy, say, French francs, which the Account is able to convert into gold. Thus, through the double operation of selling Treasury bills and buying foreign exchange or gold, not only the foreign exchange position but also the volume of credit on the domestic market is affected. The sale of Treasury bills by the Account, in fact, acts as an offsetting open-market operation and prevents an inflow of gold to London from increasing the cash balances of the joint stock banks with the Bank of England. To provide for an increase in bankers' balances, for more notes in circulation, or a reduction in the fiduciary issue, the Bank of England may take over gold from the Exchange Equalisation Account without a counteracting sale of securities. From January 1933 to January 1938, £205,000,000 gold at the official price was transferred to the Bank mainly to provide for an increase of £120,000,000 in the note circulation and a reduction of £75,000,000 in the fiduciary issue. Bankers' balances rose by only £10,000,000 over the whole of this period. They had, however, already been increased in 1932, when the policy of cheap and plentiful credit was inaugurated, by nearly £30,000,000—mainly through the purchase of securities by the Bank of England. The following table gives the relevant figures:

BANK OF ENGLAND
(Last Wednesday in month)

	Fiduciary issue covered by securities in Issue Dept.	Total securities in Banking Dept.	Gold holding at statutory price	Notes in circulation	Bankers' balances
In millions sterling					
January 1932.	275	95	121	346	74
January 1933.	275	119	124	353	103
January 1938.	200	128	326	473	113

The £113,000,000 in bankers' balances represented only about 5 percent of the total outstanding deposits of the joint stock banks.* In order to maintain a relatively stable cash ratio of about 10 percent of cash against deposits, of which about half is in the form of notes and coins and the other half in the form of balances with the Bank of England, the Exchange Equalisation Account must by its absorption of gold prevent the emergence of excess reserves and, on the other hand, make provision for "cash" when it disposes of gold on the market. The sensitiveness of the British banking system is such that even a relatively small but persistent increase in bankers' cash (small in comparison with the variations found in other credit systems) is apt to cause an expansion of the credit extended throughout the country; the Exchange Equalisation Account thus acts as a "shock absorber" allowing the traditional policy based on fairly rigid ratios to be pursued.

At the end of 1937 "other sight liabilities" of the Swiss National Bank and the "balances on current account" with the Nederlandsche Bank had a value of £79,000,000 and £84,000,000 respectively, as compared with total deposits (bankers', public and other) with the Bank of England amounting to £172,000,000. In Switzerland and the Netherlands the gold reserves of the central banks are held largely as a counterpart to large balances of the commercial banks. In the United Kingdom, where the bankers' balances are not of the same relative magnitude, other methods of holding gold have to be found in order to provide the country with adequate reserves in relation to the foreign liabilities of the London market. This is one aspect of the accumulation of gold in the hands of the Exchange Equalisation Account.

The various exchange funds that have been established differ profoundly in size, in the composition of their resources and in their methods of working. The difference in technique, however, does not involve any marked difference in the main objectives of credit policy. In spite of the absorption of gold in the British Exchange Equalisation Account since 1932, a sufficient volume of cash reserves has been left to the banks to make the cheap money policy effective, as is evidenced by the increase in their total deposits and the

* It should be remembered that the joint stock banks besides their 10 percent of "cash" against deposits hold another 20 percent in other short-term assets: bills discounted and money at call and at short notice.

rise in the country's note circulation. The sterilisation of gold which has been undertaken by the purchases of the Exchange Equalisation Account is to be regarded as an attempt to cope with the problem of short-term balances moving from one market to another. In other countries too this problem has enlisted the attention of the authorities and must continue to do so as long as funds are driven by fears rather than attracted by opportunities for enterprise and investment. The measures that can be taken by the monetary authorities will naturally have to be adapted to the structure of each separate domestic market. Gold, whether held by exchange funds or central banks, remains the appropriate asset to meet the external claims to which the markets may be subject and thus affords a measure of protection from the continued monetary insecurity in the world.

CAPITAL MOVEMENTS AND INTERNATIONAL INDEBTEDNESS

Capital movements, affecting especially the markets of the creditor countries, continued on a considerable scale in 1937. To a large extent "hot money", volatile funds primarily in search of safety, is responsible for the abnormal volume of these movements. But other more normal elements, such as the accumulation of banking balances and other funds used in connection with ordinary foreign trade financing, have assumed increased importance with the higher volume of world trade and the replenishment of monetary reserves in a large number of countries. The change during 1937 in the trend of affairs and in the business outlook generally had an immediate influence on the direction in which capital moved. In fact, the tendencies in the latter part of the year were in many respects the opposite of those found in the early part of 1937 and in previous years.

The reversal of the current of capital was nowhere more marked than in relation to the United States, which during the first nine months of 1937 received \$1,300,000,000 funds from abroad and in the last quarter sustained an outflow of \$500,000,000, the net inflow over the year was thus \$800,000,000, compared with \$1,200,000,000 in 1936 and \$1,400,000,000 in 1935. In other words, the large stream of capital to the United States, which started after the devaluation of the dollar early in 1934, received its first check of importance in the last quarter of 1937.

The graphs based on the weekly published figures of the U. S. Treasury illustrate these movements, which are further shown in the following table subdivided into classes of funds and chief countries of origin.

NET CAPITAL MOVEMENT TO U. S. A.

	Grand total	Banking funds			Brokers' balances	Securities		
		Total	Foreign	U.S.		Total	U.S.	Foreign
[In millions of dollars]								
1935			1	2				
Jan.-March.....	259	212	58	154	21	26	-6	32
April-June.....	357	314	156	158	9	34	22	12
July-Sept.....	283	212	137	76	0	71	75	-4
Oct.-Dec.....	514	226	253	-26	-24	311	226	85
1936								
Jan.-Mar.....	98	3	-25	28	-6	100	111	-11
April-June.....	438	259	201	59	16	163	97	66
July-Sept.....	334	126	120	7	7	201	109	92
Oct.-Dec.....	327	9	32	-23	-10	328	284	44
1937								
Jan.-March.....	323	171	191	-21	-9	161	158	3
April-June.....	631	546	491	55	14	70	-6	76
July-Sept.....	350	183	131	52	14	154	56	98
Oct.-Dec.....	-502	-644	-575	-69	16	127	37	90
Jan.-Dec., 1935.....	1,412	965	603	361	6	442	317	125
Jan.-Dec., 1936.....	1,196	397	327	70	7	792	601	191
Jan.-Dec., 1937.....	802	256	238	18	35	512	245	267
Totals 1935 to 1937.....	3,410	1,618	1,169	449	48	1,745	1,162	583
Countries of origin								
	U. K.	France	Holland	Switzerland	Other Europe	Canada	Latin America	Far East
[In millions of dollars]								
1935								
Jan.-March.....	141	25	9	8	37	-10	27	19
April-June.....	167	89	39	20	30	-10	11	11
July-Sept.....	72	-14	34	42	58	-2	27	61
Oct.-Dec.....	175	110	32	61	66	22	7	38
1936								
Jan.-March.....	6	12	10	43	6	-2	32	-2
April-June.....	122	18	73	75	33	28	40	43
July-Sept.....	98	-38	-3	50	71	113	17	27
Oct.-Dec.....	49	98	35	38	57	12	42	-11
1937								
Jan.-March.....	98	9	37	28	41	-9	135	-14
April-June.....	152	35	90	256	34	-11	45	24
July-Sept.....	27	-5	34	118	78	45	26	27
Oct.-Dec.....	-112	-56	-79	-130	-52	-70	3	3
Jan.-Dec., 1935.....	555	210	115	130	191	0	71	128
Jan.-Dec., 1936.....	274	89	115	205	167	150	130	56
Jan.-Dec., 1937.....	164	-18	82	272	101	-44	209	41
Totals 1935 to 1937.....	994	282	312	608	458	106	411	225

¹ Increase of U. S. banks' liabilities to foreigners.

² Decrease of U. S. banks' assets abroad.

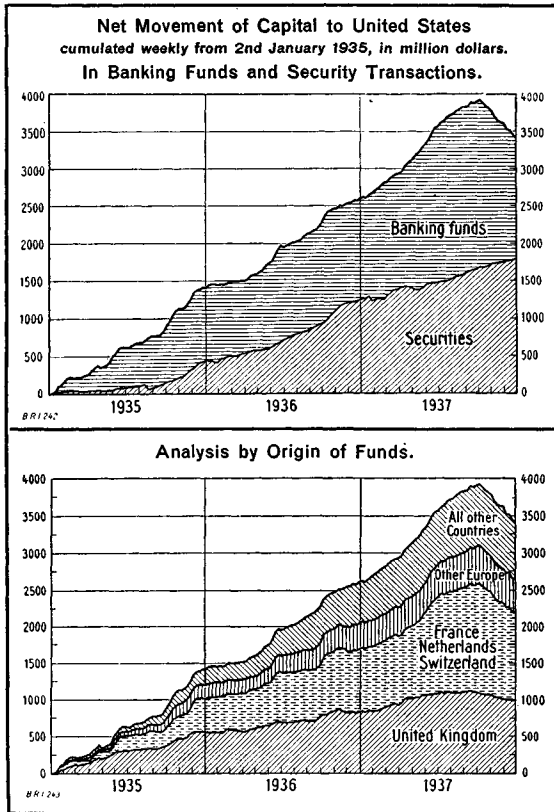
It is of interest to note that the outflow in the last quarter of 1937 is wholly accounted for by the movements of banking funds, while foreign holdings of securities continued to increase. In fact, security investment has shown itself to be much less sensitive than funds held on deposit with banks. Of the reduction in foreign banking funds held in the

United States, amounting to \$575,000,000 in the last quarter, \$127,000,000 was used to purchase securities and the balance was either sent abroad or utilised to cover the large foreign commodity purchases reflected in the American export surplus in the last half of the year. In addition, funds amounting to \$69,000,000 net were lent abroad by American banks, mostly in England and Can-

United Kingdom takes first place in capital movements vis-à-vis the United States, partly because London acts as a conduit pipe for the funds of other countries; but in the second quarter of 1937 the influx of Swiss funds was \$250,000,000 against \$150,000,000 from England, and in the third quarter \$120,000,000 came from Switzerland compared with \$30,000,000 from England. In the third quarter the dollar balances held by the Latin American countries tended to decline as their main export season ended (and loans in dollars were redeemed). When the turn of the tide came in the last quarter of 1937 Switzerland again predominated, the efflux of funds to that country being \$130,000,000 against \$110,000,000 to England and \$80,000,000 to the Netherlands. As indicated above net purchases of American and foreign securities by foreigners continued in the last quarter of the year when foreign capital was flowing out of the country. The total net purchases of American securities were, however, much less than in the previous year, amounting to only \$245,000,000 in 1937 against \$600,000,000 in 1936.

As usual the London exchange market was the most affected by the capital movements to the United States, some 60 percent of the purchases and sales of dollars by American banks being against sterling. Besides the capital movements to and from the United States, described above, London was affected by movements within the sterling area and also by an influx of funds from France and an efflux chiefly to the Netherlands and Switzerland.

The accompanying graph shows the sterling banking resources of the chief sterling-area countries plus Canada and the United States. These figures are net in all cases, i. e. they represent the excess of sterling assets over sterling liabilities, except for the New Zealand trading banks, whose sterling liabilities are, however, comparatively small. There is some difference in the nature of the funds shown—those of the banks of Eire being in the nature of accumulated savings and showing only small changes, while the London funds of the Australian banks, for instance, are subject to considerable fluctuations reflecting the balance of payments of the Dominion. For the three northern countries, Finland, Norway and Sweden, the graph includes the net sterling assets of the commercial banks as well as the sterling holdings of the central banks. The four currency boards



ada; this is a seasonal movement in the last quarter of the year, but larger than usual in 1937.

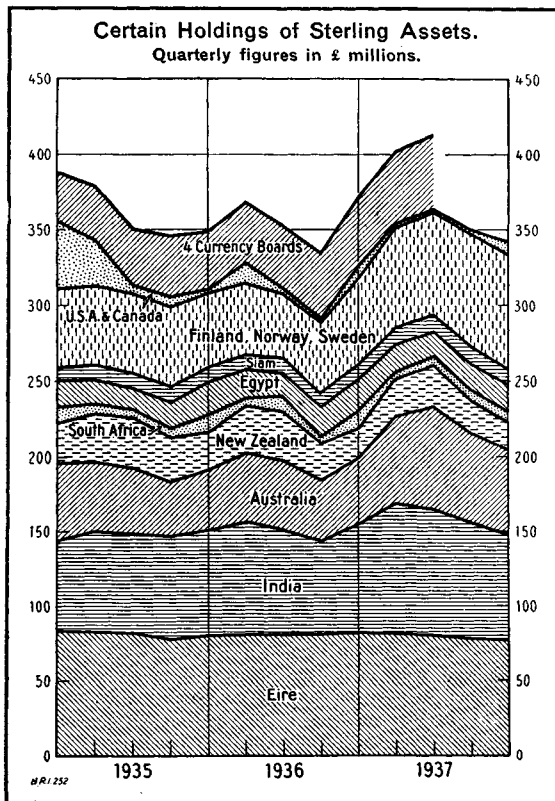
To some extent the increase of foreign banking funds in the United States in the first part of 1937 was a reflection of the favourable balances of payments of the Latin American countries, the dollar balances held by these countries increasing from \$260,000,000 in December 1936 to \$500,000,000 in May 1937. But the biggest influx was from Europe and particularly from Switzerland, representing to a large extent a change-over by private individuals and other institutions at the time of the "gold scare" from gold holdings to dollar currency. Normally the

are those of West Africa, the Straits Settlements, Palestine and Iraq, the two former accounting for nearly £20,000,000 each of the total of £50,000,000 in the middle of 1937. The inclusion of the reserves of these currency boards, which only publish annual balance-sheets, necessitated some estimates based on the monthly figures of the notes in circulation (issued against sterling). Fourteen other currency boards and monetary

year. The three northern countries, however, continued to increase their sterling resources throughout the year, by some £20,000,000 in all compared with £7,000,000 in 1936. Denmark, which is not included in the graph, also improved its foreign position on the year, chiefly in the last four months, Danish export prices rising only when world market prices had passed their peak. Denmark (like Norway in a greater degree) owed part of its active balance to shipping earnings. The Argentine also, with its currency pegged to sterling, appreciably increased its pound as well as its dollar reserves in the first part of the year, with a decline after the end of the export season.

It is not, of course, the total of the foreign funds in London which is important from the point of view of the management of the sterling exchange, but their fluctuations. The reserves of primary producing countries naturally tend to move together in the same direction, but there is some compensatory effect since these sterling reserves increase at the time when the English current balance of payments is burdened with the higher cost of foodstuffs and raw materials (and vice versa). More important, because their behaviour is more erratic and also more violent, are the capital movements vis-à-vis countries other than those of the sterling area. Besides the United States, already mentioned, the chief countries concerned are France, the Netherlands and Switzerland.

Capital exports from France in 1937 were most pronounced in the first weeks of the year, in May and June, and later during September, in each case followed by some reflux which was particularly important in October and November. Fluctuations in the value of the French franc render it somewhat difficult to obtain a clear picture of the net changes which occurred during the year. While the balance sheet of the Bank of France registered a loss of gold equivalent to \$430,000,000 on balance, the Exchange Fund would appear to have increased its holdings over the year so that the net loss was perhaps not more than \$350,000,000. The deficit in the current account of the balance of payments may have been in the neighbourhood of \$240,000,000, but nearly one-half of this deficit was covered by a net import of capital in the form of credits, of which the largest were for the French railways. Taking account of sundry minor items, the efflux of capital over the year would thus be of the order of \$250,000,000.



authorities operating in the British Crown Colonies would add some £7,000,000 to the total.

London, as the reserve centre of an area largely producing primary products, is directly affected by the balances of payments of those countries which benefited by the boom in their exports early in 1937. From the middle of 1936 to the middle of 1937 India added £15,000,000 to her sterling resources, Australia £20,000,000 to her London funds, and the four currency boards some £10,000,000 to their reserves (West Africa's share being £6,000,000). For these countries the trend was reversed in the second half of the

The amounts exported, i.e. used to buy foreign currencies, did not come from francs already in existence but from the creation of new francs by an extension of credit by the Bank of France. Out of the total increase of 15,000,000,000 French francs in the credit items of the Bank of France in 1937, about 14,000,000,000 French francs were for the account of the government. The funds exported went chiefly to the United States, England and Switzerland but also spread to other centres. Movements of capital of this nature and volume are of no advantage to the markets receiving the funds. Not only may they leave their refuge as quickly as they came, but they also add to the existing plethora of money, derived from an abundance of home funds, and exert an unnatural pressure on interest rates, diminishing the control of the central bank.

In Switzerland the influx of foreign funds, added to the repatriation of Swiss capital since September 1936, has enormously increased the amount of liquid money in the hands of credit institutions. The first half of 1937 was comparatively quiet; there was indeed an efflux of funds to Germany (on account of sales of Swiss securities by German holders), to France (for subscription to the National Defence Loan), and in the second quarter a much larger efflux, partly to England but chiefly to the United States. In the second half of the year, especially in the autumn, the tide turned and the National Bank had to buy some 500,000,000 Swiss francs (say, \$115,000,000) of exchange—Swiss funds returned from London and New York and to the influx of French capital were added some Belgian funds. In an attempt to combat the plethora the National Bank concluded a Gentlemen's Agreement with the commercial banks, which entered into force in November 1937, whereby no new foreign deposits would be accepted on sight account, old foreign sight accounts would be turned into fixed deposits as soon as possible, and all foreign deposits at less than six months would be subject to an annual commission of one percent. In Switzerland some 15 percent of the deposits of the big banks are probably of foreign origin—but foreign funds have, of course, also found other employments.

A sudden influx of national funds raises similar problems to those arising from foreign "hot money" and to draw the line between them is of the greatest difficulty. This is true of Switzerland, but particularly of the

Netherlands and Sweden. The gold holding of the Nederlandsche Bank has doubled since the devaluation in September 1936, the increase in 1937 being some Fl. 800,000,000 in present-day guilders, say, \$450,000,000. The increased passivity of the trade balance has been offset particularly by the larger income from investments in the Netherlands Indies, while revenue from shipping and foreign investments has increased; but the predominating factor has been the influx of capital. Some of this was of a commercial nature, foreigners covering their needs in advance as the guilder tended to appreciate; part also may be attributed to foreigners seeking permanent investment and to the repayment of loans contracted before the guilder was devalued. But a large proportion consists of the abundant liquid funds of the big international concerns having their head offices in the Netherlands, which are in the habit of keeping their funds to a great extent in the centre considered safest at the moment. How far such funds are to be considered Dutch and how far foreign is of minor importance, as the difficulties to which their presence, and that of other repatriated and foreign capital, gives rise are much the same.

The main source of the increase in recent years in the Sveriges Riksbank's holdings of gold and foreign exchange has been a surplus on the current account of the Swedish balance of payments; but some capital movements have occurred and these were of a more than usually pronounced character in 1937. To a certain extent these movements were connected with the rumours of a possible increase in the exchange value of the Swedish krona, which caused Swedish exporters to take up foreign credits secured by deposits in kronor in Swedish banks. Moreover, some foreign purchasers of Swedish exports invoiced in kronor acquired the necessary Swedish currency well in advance of the date for payment. Some speculation in Swedish kronor by foreign interests may also have taken place. Very little real flight money is, however, held in Swedish banks, but increased amounts in Swedish kronor are held by banks, business firms and private persons in neighbouring countries, which up to a point use Stockholm as a monetary centre; the amounts in question rose from about 50,000,000 kronor at the end of 1936 to 100,000,000 kronor at the end of the following year.

The Belgian situation has, on the other hand, been affected in recent years by move-

ments of refugee funds. After the devaluation in the spring of 1935 there was a reflux of Belgian capital into the country, which became also a refuge for funds exported from the remaining gold-bloc countries. In the middle of 1935 foreign deposits were estimated at about 4,000,000,000 Belgian francs, say, \$135,000,000, of which three-quarters might be considered refugee funds. Some reflux occurred until the spring of 1936, but from then until the devaluation of the gold bloc in September funds again flowed in so that a higher level was reached than in 1935. Swiss and Dutch capital was then withdrawn but the greater part of the French funds remained and were in fact increased in volume in May and June 1937. The October return of funds to France affected Belgium also, and after a period of calm of about two months a rather violent efflux of funds reduced the gold reserve of the National Bank from mid-January to the end of March 1938 by 2,000,000,000 Belgian francs to the lowest figure since the 1935 devaluation. Foreign refugee money in Belgian must now be very small. The depreciation of the French franc was doubtless the main cause of the withdrawal of capital from Belgium. On the other hand, there was no loss arising from the current account of the balance of payments, which was active in 1937, exports having risen by 30 percent in comparison with the previous year.

Overseas countries most affected by capital movements of this nature during the year were probably Australia and the Argentine. In both countries foreign capital tends to be invested, in the hope of an appreciation of the exchange rate, when exports are active, and to be withdrawn when the tide turns. For example, a large amount of investment and speculative capital entered the Argentine in the last quarter of 1936 and the first half of 1937, causing a rapid appreciation of the "free" peso rate in spite of the purchase by the Central Bank of 215,000,000 pesos on the free market; in the second half of 1937 these funds flowed out again and the Central Bank sold 193,000,000 pesos of foreign exchange to check the depreciation of the free rate. This in-and-out movement of some 200,000,000 pesos (say, \$60,000,000) in just over one year, a large amount in such circumstances, naturally aggravates the problems of the monetary authorities. In January 1938 the Central Bank sold a further 57,000,000 pesos of exchange on the free market,

but the support was withdrawn in February when the rate was allowed to find its own level. Steps have recently been taken to make foreign deposits in the banks non-interest-bearing.

Spectacular international movements of short-term funds naturally attract great attention, but they must not be allowed to obscure the fact that in 1937 the increased turnover of international trade and the higher prices then ruling necessitated a correspondingly larger volume of financing, and that in connection therewith central banks and other financial institutions had to undertake a larger amount of exchange operations—partly to meet seasonal and other fluctuations. Trade financing is reaching normal proportions over a very large part of the world. Only in certain parts of Europe, some South American countries and latterly in the Far East are difficulties experienced. Clearings, of course, upset the legal relationships of importer and exporter and impair the normal financing mechanism. But serious efforts have been made during the past year to replace clearings by payments agreements, which, while regulating the volume of trade, restore direct relationships between traders and make more normal financing feasible.

In cases where difficulties still remain official help has been given to remove some of the uncertainties; the "Kursicherung" of the Reichsbank is of long standing, but recently the Italian Government has given guarantees of exchange rates for transactions passing through the clearings: Germany, Czechoslovakia and other countries have given trade credits to the U.S.S.R. which assure the home exporter payment in his own currency. In some countries clearing debts have been taken over by the central bank and immediate payment made to exporters. The British Export Credits Guarantee Department of the Board of Trade (inaugurated already in 1926) increased its activities during the year, the value of guarantees which might be outstanding at any time being raised from £25,000,000 to £50,000,000, while certain other restrictions were removed.

Year ended 31st March	Value of exports covered by guarantee £ millions
1933-34.....	7.5
1934-35.....	15.0
1935-36.....	20.6
1936-37.....	35.2
1937-38.....	43.0

If the outstanding volume of foreign trade acceptances in New York, London and Amsterdam remains at a low ebb, this is at least partly due to changes in the methods of trade financing and also to the fact that certain countries which used to borrow are now in a position to finance their own trade. An effort to restore the foreign bill to its true function during the year was shown by the recommercialisation of part of Germany's standstill debt; although the amounts affected are comparatively small the change is a step in the direction of linking the credits up again to specific transactions.

The movement of other short-term international credits, not directly connected with trade, has generally been towards repayments of old credits by the debtors. New credits have been few and far between. A credit of £40,000,000 granted by British banks to the French railway companies in February was repaid in December 1937—while two advances of 200,000,000 Swiss francs and Fl. 100,000,000 were obtained in Zurich and Amsterdam respectively in October and November 1937. In May 1937 a two-year credit of 50,000,000 Swiss francs was accorded by Swiss banks to the Czechoslovakian Post Office Savings Bank, the foreign exchange going to strengthen reserves of the National Bank of Czechoslovakia.

Repayments in general reflect the improved position of agricultural countries. The foreign short-term debts of the National Bank of Denmark were reduced from 70,000,000 Danish kroner to 10,000,000 Danish kroner during 1937 and the excess of indebtedness over foreign assets of 55,000,000 Danish kroner in December 1936 gave way to a surplus of foreign assets of 62,000,000 Danish kroner a year later—31,000,000 Danish kroner of the improvement being due, however, to the proceeds of a loan in London. In July 1937, the balance of 39,000,000 French francs of the loan of 250,000,000 French francs granted by the Bank of France to the Rumanian Government in 1932 was repaid and the gold pledged in Paris against the credit was repatriated to Rumania. In September 1937 an advance against gold previously granted by the Bank of France to another bank of issue, amounting to about 1,000,000,000 French francs, was repaid and the corresponding item in the return of the Bank of France disappeared.

New foreign issues at long term remain generally at a low level although there has

been a certain revival in Switzerland and the Netherlands. For facility of comparison the following table gives the foreign issues (converted into U. S. dollars) in four of the creditor countries for the past four years, as well as for 1927 and 1928. The operation of the Johnson Act greatly restricts the possibility of new foreign issues in the United States. Conversion issues on foreign account were, however, the highest since 1930, as in 1936 the bulk of the conversion issues were for the Argentine and Canada.

FOREIGN CAPITAL ISSUES

	U.S.A.	United Kingdom	Switzerland	Netherlands
[In millions of dollars]				
New Issues				
1927.....	1,337	684	42	139
1928.....	1,251	720	18	121
1934.....	0	212	2	0
1935.....	48	104	0	0
1936.....	23	161	0	0
1937.....	4	164	44	16
Conversions				
1927.....	241	*	1	0
1928.....	238	*	0	0
1934.....	9	490	72	1
1935.....	26	351	0	0
1936.....	119	298	0	0
1937.....	159	274	16	44

* Not available.

In 1937 the London market remained subject to restriction with regard to new issues, the proceeds of which would be remitted abroad. The effect of these restrictions may be appreciated from the official statement in June 1937 giving approximate figures of proposed new foreign issues coming before the Foreign Transactions Advisory Committee since its appointment in April 1936: the total approved was £37,000,000, of which it was proposed to remit about £10,000,000 abroad, while issues for £31,000,000 were refused, of which £29,500,000 would have gone abroad. New issues for British countries continued to be greatly in excess of foreign issues and in 1937 accounted for nearly 80 percent of the total given in the table. Empire and foreign conversion issues have declined somewhat from the high level of 1934 but remain substantial—in 1937 over 90 percent were for British countries. After the publication of the recommendations of the van Zeeland Report in March 1938, some relaxation was introduced into the regulations regarding new foreign issues.

Of the 193,000,000 Swiss francs new foreign issues in Switzerland, 129,000,000 Swiss

francs were 2-year bills of the French railways (i. e. nearly \$30,000,000 out of \$44,000,000), while a Belgian Government issue accounted for over 50 percent of the foreign conversions. Apart from the long-term foreign issues on the Dutch market, mention should be made of the credits granted by Dutch banks to the French railways for Fl. 150,000,000, of which two tranches of Fl. 50,000,000 each were raised in 1937. In addition, issues for the Netherlands Indies are not included as foreign issues in the Dutch statistics. In September 1937 the Nederlandsche Bank lifted the embargo on foreign loans, but this ban was temporarily re-imposed as part of the preparation of the market for the big conversion operation of the government in January 1938.

Foreign issues for new money and conversion purposes have also been made in Sweden, mostly for neighbouring countries, but were insufficient to absorb the surplus on the Swedish current balance of payments. It may be mentioned that some issues considered as conversions by the borrower count as new money to the lender—as, for instance, the 18,000,000 kronor loan of the Oslo Gas and Electricity Works, made by a Norwegian municipality in Sweden to repay a \$4,000,000 loan maturing in the United States.

Repayment of indebtedness to the principal creditor markets with the proceeds of loans raised in the internal market of the debtor, or from loans in the markets of the secondary creditor countries, has been a characteristic feature of recent years.

Repatriation of earlier foreign loans by the debtor countries either through private purchases or by the issue of an internal loan naturally weigh on their balances of payments and thus can only take place if a surplus is available. Reductions of foreign indebtedness of this nature have been carried out on a large scale by such countries as, inter alia, the Argentine, Belgium, Finland, Canada, India and South Africa. Where securities have already been repatriated in the past, advantage has been taken in some cases to make this reduction of foreign debt definitive by conversion into an internal issue. The Belgian conversion of 1935 and the Hungarian "nostrification" of 1936 are examples, followed by Poland in 1937 with a 4½ percent internal zloty loan covering about \$37,000,000 of repatriated bonds, mostly bearing interest at 7 percent.

In some other cases schemes for the allevia-

tion of the burden of foreign indebtedness have been drawn up, often with the co-operation of some semi-official body in the creditor country. Of such a nature was the reduction of interest on Polish foreign loans in 1937, in general from 7 to 4½ percent, after negotiations with American, British and other creditors; in addition, the Swedish Match 1930 dollar loan was converted from a 6½ to a 4¼ percent basis. Similarly a reduction was made in the interest of the two Danzig League Loans during the year from 7 to 5 percent and from 6½ to 4½ percent respectively, while the final maturity dates were deferred.

Further, a comprehensive plan covering the foreign indebtedness of Hungary was drawn up in 1937, superseding various earlier arrangements. A permanent settlement of the terms of the League 7½ percent Reconstruction Loan, whereby interest was reduced to 4½ percent, further liability as regards the partly-paid coupons of the transition period was cancelled, and the maturity of the loan prolonged, was proposed by the debtor and supported by the League Loans Committee as "a serious offer from an honest debtor"; this offer was accepted by the great majority of bondholders. Other arrangements, mostly for a three-year period, were made as regards the remaining long and short-term indebtedness of the country in alleviation of the moratorium provisions hitherto in force. In each case the creditor was offered more than he had been receiving, but less than the original contractual rates. It is earnestly to be hoped that negotiations which have been in progress or are pending with other countries may lead to agreements which, while recognizing the position of the debtor, may be accepted as just and equitable by the creditor.

The reductions of foreign indebtedness, whether through normal conversions and repatriations or through special arrangements, taken with the low level of new foreign issues in recent years, naturally result in a decline of the foreign investments held by the creditor countries. This is true particularly of England and the United States. The following table taken from the estimates of Sir Robert Kindersley illustrates the development as regards England.

The rate at which repayments are out-distancing new issues has accelerated. Moreover, there has been over the period shown above a net movement of short-term capital towards England. The London funds of the

	New* overseas issues	Foreign repay- ments and redemptions	Net foreign lending (+) or repayment (-)
[In millions of £ sterling]			
1929.....	96	49	+47
1930.....	98	39	+59
1931.....	41	27	+14
1932.....	37	48	-11
1933.....	83	67	+16
1934.....	63	42	+21
1935.....	51	81	-30
1936.....	61	107	-46

*These figures are specially compiled for the purposes of this table and differ somewhat from those given on p. 489.

sterling area countries are now some £100,000,000 greater than in 1929. French holdings in London were high in 1929, but not higher than they are now. Meanwhile, England's short-term foreign assets are smaller—credits outstanding on account of foreign-trade financing are not as great as in 1929, while financial credits to central Europe and elsewhere are much lower. The tendency noticed already by the Macmillan Report in 1931 for London to "practice international deposit banking, as distinct from international acceptance business" and other commercial financing, has become more marked; the lending business is declining and the deposit business increasing, the resulting liabilities of the London market being largely short-term and covered by a high and sterile gold reserve.

The following table compiled from the statistics of the U. S. Department of Commerce shows a similar development for the United States:

	New foreign issues	Foreign bond redemption and sinking fund	Net foreign lending (+) or repayment (-)
[In millions of dollars]			
1929.....	631	199	+432
1930.....	822	173	+649
1931.....	212	207	+5
1932.....	27	122	-95
1933.....	10	73	-63
1934.....	0	89	-89
1935.....	44	170	-126
1936.....	20	166	-146

Moreover, account has to be taken of the large influx of foreign capital into the United States in recent years and of a decline in the foreign short-term assets of American banks to less than half of the 1929 figures.

On the other hand, foreign securities held privately in some countries have been mobilized by the central authorities and sold from

time to time to provide foreign exchange; and these sales have to a small extent counter-balanced the decline in the foreign investments of the creditor countries. The registration of all foreign values privately owned in Czechoslovakia was decreed in September 1934, followed by a conscription in favor of the State; sales of foreign bonds and shares have since been made from time to time, realizing the equivalent of \$20,000,000 to \$25,000,000. In Italy a mobilization of foreign credits and securities and of Italian securities issued abroad was made by emergency decree in 1935; part of these securities has been realized but the amounts involved have not been published. Under the 1936 amnesty provisions in Germany foreign balances and securities amounting to the equivalent of several hundred million reichsmarks, hitherto in the hands of German nationals, were handed over to the public authorities. Sales of securities on German account were made on foreign stock exchanges and shipments of gold into Germany for the three months ended February 1937 amounted to \$50,000,000. German imports of wheat were, however, exceptionally heavy in the spring and gold for about \$50,000,000 was re-exported in the summer of 1937. German sales of American securities continued throughout the year 1937 but amounted to only \$10,000,000 in all, while German balances with American banks, built up from a negligible amount of \$27,000,000 in the first two months of 1937, declined later in the year.

Partly as a result of the difficulties of making statistical measurements of their volume, direct investments abroad do not receive the attention they deserve. Their importance, however, is beyond dispute. The carefully detailed estimates of Sir Robert Kindersley give a total of some £3,350,000,000 as the amount of English foreign security investments, to which it has been suggested that at least £500,000,000 should be added for direct investments, i.e. those which take place without the mediation of a security issue.

For the United States the figures are even more striking. Total foreign investments were estimated at around \$12,500,000,000 at the end of 1936, of which \$4,750,000,000 are in securities and \$7,750,000,000 direct investments (book value). The investments in foreign securities are, however, largely offset by foreign holdings of American securities, while as regards the direct investments account has to be taken of only a small

amount by foreign direct investments in the United States. The relative importance of the investments may perhaps best be judged by the income received from both classes: the U. S. Department of Commerce estimates the net receipt of income on "portfolio" account (i. e. deducting foreign income from American securities) at only \$24,000,000 for 1936, compared with net income from direct investments amounting to \$295,000,000.

Direct investments are important not only for England and the United States but for many other countries also. As an example may be given Japan's recent investments in Manchukuo which averaged some Yen 250,000,000 a year from 1932 to 1937 and have weighed heavily on the Japanese balance of payments.

The importance of direct investments in foreign countries has increased throughout the depression—in fact, the natural tendency has been somewhat accelerated as a result of trade and other restrictions. In many cases, where the import of certain goods has been prohibited or home industries given tariff protection, foreign concerns have directly, or through an affiliated company, built factories and provided the plant and equipment necessary to manufacture within the protected area. This type of investment gives direct employment in the country where it is made and arrangements have usually been concluded, where foreign exchange restrictions exist, for the transfer of a certain minimum amount of earnings. Surplus profits are re-invested and the investment grows by its own productivity.

Direct investments by foreigners and foreign holdings of shares—what may be called equity investments—have one great advantage over bonded investments in that they cause, as a rule, less strain on the balance of payments of the debtor country. In periods of depression, when the profits of industrial and other undertakings are shrinking, the amount to be transferred will decline and the balance of payments thus be almost automatically relieved. For example, the relative facility with which the balance of payments of the Netherlands Indies, a primary producing country, adapted itself in the depression of 1929-33 is undoubtedly connected with the fact that the foreign investments in this country were largely of an equity character.

In spite of all the difficulties which have beset international relations in recent years,

there has been an increase in direct investments and in the volume of trade financing. Business is thus being extended abroad wherever opportunities present themselves. There is a curious contrast between the advance in international financing, which is predominantly of a private character, and internal financing in different countries, which is largely for the account of governments.

New foreign borrowing by public bodies is still conspicuous by its absence, although conversions have been carried out on a large scale. There has been some lifting of the obstacles that in recent years prevented foreign issues' being made in important creditor markets. Confidence has been shaken, however, by new defaults in 1937 in respect of debt agreements recently concluded (as in the case of Brazil) and by the decline in the quotations of the foreign bonds of countries in the Far East and in central Europe. These shocks naturally hamper any revival of foreign issuing activity. Such hopes of an improvement in the basic conditions of international financing as may be felt are intimately connected with a continued recovery in foreign trade.

TREND OF INTEREST RATES

The general trend of short-term interest rates remains downwards. During the past year bank rates have been reduced in several countries and in others the rates remain very low. In some cases these exceptionally low rates have now been maintained for a very long time, in the case of England for six years. The stability of these low rates is the more remarkable when it is considered how greatly conditions have changed since they were first introduced. Only in France was bank rate a little higher on balance in 1937, and in no other country was bank rate changed more than once during the year.

In the first half of 1937 there was a check to the downward tendency of long-term rates in London and New York with, however, some improvement in the quotations of government securities during the latter half of the year. In the special conditions pertaining to France long-term interest rates still remain very high. Elsewhere long-term rates are generally steady at low levels or are still declining. Particularly in Switzerland and Holland, where there has been a large influx of capital, has the downward movement been very pronounced.

CONCLUSION

In 1938 occurs the twentieth anniversary of the end of the world war which, by its far-reaching destruction of wealth and still more extensive damage to the delicate organism built up in the years of peace, undermined the world's monetary system. After great efforts at reconstruction orderly monetary conditions were established for a short period in the 'twenties. But the foundations proved insufficiently secure to withstand the shocks of the great depression, when the effects of a downward turn in the industrial cycle and a world-wide glut in agriculture were intensified by a severe financial crisis.

Once more the basis is being laid for the re-establishment of monetary order. Progress has been made over a widening area in the adjustment of currencies to levels which may be maintained permanently and thus in the establishment of a solid basis for exchange stability. The burden of international indebtedness has been reduced by repayments, conversions and other means and no longer constitutes any real obstacle to the attainment of currency equilibrium. Progress there has been, but what still remains to be done is in many respects as important as that which has already been accomplished, for present methods are still lacking in cohesion and are imperfect in their technique. But above all, that general confidence which is essential to international stability is not present.

A fundamental condition for monetary order is that within each individual country the domestic monetary arrangements should inspire confidence, for unrest is apt not only to affect the smooth working of the internal market but, by its repercussions, to impair the international monetary structure also. As M. van Zeeland emphasized in his Report, "each country must, above all, rely on itself; it is for each to take the necessary measures which will make possible its participation in international action. It has the right to expect of the other states that they will not confront it with artificial obstacles, and even that they will assume a general attitude in conformity with the requirements of a sincere spirit of international collaboration. But the decisive effort is essentially the responsibility of the individual state and of it alone". Indeed, governments of today are for the moment unlikely to bind themselves as regards future monetary action by formal

treaties and other undertakings. They may, however, be willing to agree on certain general objectives to be pursued in their respective policies. Thus, in the Tripartite Agreement of September 1936 between the United States, the United Kingdom and France, to which three other countries, Switzerland, the Netherlands and Belgium, have since adhered, it was determined to avoid as far as possible any disturbance of the basis of international exchange and to arrange for consultations for this purpose whenever necessary. The agreement further stressed the importance of the development of international trade and of taking special action to relax progressively quotas and exchange controls with a view to their abolition. Finally, it expressed the hope that no currency depreciation would be undertaken in order to obtain unreasonable competitive advantages and thereby hamper the efforts to restore more stable economic relations.

Will it be possible in practice to ensure the general observance of these principles? The answer to this question depends upon whether, financially and economically, sufficient equilibrium can be established between the different countries to permit an international monetary system to work smoothly.

Before the war there was as a rule no fundamental maladjustment of currencies and no pursuit by any important country of a policy likely to threaten the established equilibrium. Not only were more peaceful relations maintained in the hundred years 1815-1914 than in any other period of modern history, but the wars that occurred caused no permanent currency depreciations, the only significant exceptions being certain limited devaluations in Austria and Russia. There was no living memory of serious currency losses to make people fear for the substance of their savings or hesitate to grant commercial credits to foreign customers from apprehension regarding exchange and transfer difficulties. In such an age the monetary problems were mainly technical and unaffected by the current of national and international politics.

Today, on the contrary, not only the grave question of peace or war but also the general attitude of the different countries towards the promotion of an international exchange of goods and services has its influence; indeed, armaments and other measures that produce expansion predominantly in the national sphere may have unwonted repercus-

sions on the foreign currency position. There is no overlooking the fact that an increase in "planned" activity creates new difficulties. It is not easy in any one country to achieve proper co-ordination between the plans that are elaborated in different departments of the government or for different branches of production. How much more difficult is it if, added to all this, each individual country draws up its own policies with almost complete disregard for those of other countries. No wonder that in such circumstances those who are preoccupied with the re-establishment of conditions that will guarantee a steady advance in prosperity, and therefore generally in the standard of living, stress the need for consultations as a means of avoiding contradictions and clashes of policy that would be harmful to all parties concerned.

There is no reason to believe that the difficulties are insurmountable. Adherence to a

common currency system does not mean that individual countries will no longer be able to pursue internal policies of many different patterns. It does mean, however, that in doing so they will have to observe certain general principles with regard to their cost and price structure and their credit conditions, without which no monetary stability can be secured. The limitations they must thus impose upon themselves are in the direct interests of their own people, since the purpose is to safeguard the maintenance of a sound currency at home and the establishment of such monetary and credit relations with other countries as will enable industry and trade to be pursued without the crippling effect of incalculable monetary risks. After all, the monetary mechanism should be constructed and worked in such a way as to help and not hinder the exchange of goods nationally and internationally.

BALANCE SHEET OF THE BANK FOR INTERNATIONAL SETTLEMENTS AS OF MARCH 31, 1938, AND MARCH 31, 1937

[In Swiss gold francs (units of 0.29032258 grammes fine gold—art. 5 of the Statutes)]

Assets	1938	1937	Liabilities	1938	1937
I. Gold in bars.....	20,907	45,087	I. Capital:		
II. Cash on hand and on current account with banks.....	22,174	25,636	Authorized and issued 200,000 shares, each of 2,500 Swiss gold francs.....	500,000	500,000
III. Sight funds at interest.....	15,795	26,538	Of which 25% paid up.....	125,000	125,000
IV. Rediscountable bills and acceptances:			II. Reserves:		
(1) Commercial bills and bankers' acceptances.....	126,779	101,347	(1) Legal reserve fund.....	4,238	3,784
(2) Treasury bills.....	102,832	130,696	(2) Dividend reserve fund.....	6,315	6,092
	229,610	232,043	(3) General reserve fund.....	12,631	12,183
V. Time funds at interest:				23,184	22,059
(1) Not exceeding 3 months.....	52,364	27,012	III. Long-term deposits:		
(2) Between 3 and 6 months.....	1,527	1,669	(1) Annuity trust account.....	153,126	153,158
	53,891	28,680	(2) German Government deposit.....	76,563	76,579
VI. Sundry bills and investments:			(3) French Government deposit (Saar)....	938	1,404
(1) Treasury bills.....	91,365	111,390	(4) French Government guarantee fund..	28,609	42,819
(2) Railway, Postal Administration and other bills and sundry investments..	209,128	148,042		259,236	273,959
	300,493	259,432	IV. Short-term and sight deposits (various currencies):		
VII. Other assets:			(1) Central banks for their own account:		
(1) Guaranty of central banks on bills sold.	935	1,329	(a) Between 3 and 6 months.....	6,951	-----
(2) Sundry items.....	226	96	(b) Not exceeding 3 months.....	127,411	105,482
	1,161	1,425	(c) Sight.....	44,825	24,148
				179,187	129,630
			(2) Central banks for the account of others:		
			Sight.....	3,308	4,248
			(3) Other depositors:		
			(a) Not exceeding 3 months.....	1,170	8
			(b) Sight.....	1,022	229
				2,192	237
			V. Sight deposits (gold).....	9,623	23,309
			VI. Miscellaneous:		
			(1) Guaranty on commercial bills sold....	1,424	1,354
			(2) Sundry items.....	31,864	29,973
				33,289	31,327
			VII. Surplus:		
			Profit for the financial year ended Mar. 31.	9,012	9,072
Total assets.....	644,031	618,842	Total liabilities.....	644,031	618,842

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

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

ANNUAL REPORT OF THE BANK OF CANADA

The third annual report of the Bank of Canada for the year ending December 31, 1937, was submitted to the annual general meeting of shareholders by Mr. Graham F. Towers, Governor of the Bank, on February 22, 1938. Sections of the report are given herewith.¹

Changes in the balance sheet.—The balance sheet of the Bank as of December 31 last shows that there have been certain material changes in the amount of our assets and liabilities during the course of 1937.

At the end of December our note issue stood at \$165,330,405, an increase of \$29,594,948 on the year. The active circulation, that is, the amount of our notes in the hands of the public, increased by some \$23,558,000, while the notes of the chartered banks decreased by \$7,472,000. Thus the net active circulation rose by about \$16,000,000. Using daily averages, the increase was \$18,200,000, or 10 percent, as compared with an increase of 7.2 percent between 1935 and 1936. This reflects for the year 1937 as a whole a further increase in business activity and employment, a rise in prices, chiefly wholesale prices, and some increase in wages.

During the year our investments increased on balance by \$25,800,000, \$21,000,000 of which was in the short-term category. The change in the amount of our investments, therefore, is of the same order of magnitude as that in the active circulation. The reserves of the chartered banks were increased on the year by \$15,000,000, which can be accounted for as follows:

[In millions of dollars]

	Changes producing a decrease in chartered banks' cash	Changes producing an increase in chartered banks' cash
Increase in sterling and U.S.A. funds.....	-----	5.8
Increase in investments.....	-----	25.8
Increase in active circulation.....	23.6	-----
Decrease in Dominion Government balances.....	-----	7.7
Increase in other banks' balances.....	1.4	-----
Other net changes.....	-----	.7
Total.....	25.0	40.0
Deduct.....	-----	25.0
Increase in chartered banks' cash reserve (notes of and deposits with Bank of Canada).....	-----	15.0

¹ In addition, the report contains sections dealing with profit and loss, personnel, etc. For the first and second reports of the Bank, see BULLETIN for April 1937 and 1936.

Bank rate.—Bank rate has remained unchanged throughout the year at 2½ percent. As in 1936, cash has been plentiful and no application for advances or discounts have been received from the banks.

Treasury bills.—The amount of Dominion Government Treasury bills outstanding at the end of December 1937 was \$150,000,000, unchanged from the figure of December 31, 1936. The weighted average tender rate during the year was .715 percent for bills of 3 months' currency. The rate ranged from .628 percent on September 1 to .816 percent on November 15. The last offering of the year sold at .744 percent.

Our holdings of Treasury bills varied widely during the course of the year. An indication of the extent of these fluctuations is given by the figures of our weekly and monthly statements under the heading of "Dominion and Provincial Government short-term securities," the bulk of which at the present time consists of Dominion Government Treasury bills. Investments in the category to which I have referred rose from \$63,300,000 at the end of September to \$82,500,000 as at October 31 and \$94,800,000 at November 30. By December 31 there was a reduction to \$82,300,000.

There are two reasons for the increase in our security holdings during the closing months of each year. For one thing, it has been our policy to provide additional cash to offset the seasonal increase in the amount of notes in the hands of the public; and we have implemented this policy by the purchase of securities. The second reason is connected with the fact that this is the time of year when the chartered banks desire to build up their cash reserves. When year-end movements of this character are taking place, the short-term investments of the Bank of Canada tend to rise, since the market for Treasury bills and other short-term securities would not be capable of absorbing the holdings which the chartered banks may desire to part with temporarily, unless support were given by the central bank. In the absence of such support, considerable and quite unnecessary dislocation in the capital market would result.

Security markets.—Soaring prices and speculative activity in stock and commodity markets in the spring of 1937 gave rise to the belief that there was bound to be a much

heavier demand for credit and that interest rates would move upward. High-grade bonds reflected this belief in a fall which brought the average price of two typical long-term issues in Canada from a high of \$107.26 in January 1937 to a low of \$101.22 in April. Since that time the drastic decline in share values and a reversal of the upward movement in commodity prices have resulted in a change of attitude toward the gilt-edged market. The two issues to which I have already referred sold at an average price of \$104.34 during January of this year. It will be noted that the recovery up to that time had not carried prices back to the level of the preceding January.

The movements of Government bond prices in the United Kingdom and the United States have been closely akin to those experienced in Canada.

There have been indications during the past six or eight months of an improvement in the demand for high-grade bonds on the part of smaller investors throughout the country. With the object of promoting better distribution, the Dominion Government is allowing a longer period to elapse between the announcement of the offering of its new issues, either direct or guaranteed, and the opening of the books for receipt of subscriptions. This procedure gives small investors, particularly those who are distant from the large centers, a better chance of participating in a new issue. It can be understood, however, that the number of days during which it is practical to allow an offering to remain outstanding is limited and that the limit may vary from time to time, depending on circumstances. I judge from comments that have been made that the change has been found helpful.

At the time of our last annual meeting, I referred to the growing volume of speculation on the stock markets, and to the steps taken by the leading Canadian stock exchanges to enforce a greater degree of conservatism by raising margin requirements. At the end of January 1937, borrowings of members of the Toronto and Montreal Exchanges on Canadian collateral amounted to \$79,500,000. They did not rise appreciably at any time during the year, the maximum month-end figure being \$82,000,000 in August. By December 31, borrowings were reduced to \$45,000,000.

It is, of course, the case that the figures of member borrowings do not give the complete

story; bank loans to individuals against stocks and bonds must also be taken into consideration. During the twelve months which ended on October 31, 1937, bank loans in this category rose from about \$111,000,000 to \$142,000,000, an increase of approximately \$31,000,000. Stock exchange member borrowings decreased \$13,000,000 during the same period. The chartered banks' figures naturally include many loans which were made for business purposes and have no connection with speculative activities. Nevertheless, the published information leads one to suppose that reductions of clients' liabilities to brokers between October 1936 and October 1937 were offset by increased borrowings from banks, although it does not necessarily follow that the bank loans were to the same individuals who were reducing their commitments in brokerage accounts.

The experience of the past two years shows again that there should be a careful scrutiny of the influence of credit facilities upon speculative buying and evidences the desirability of prompt action when the first danger signals appear. I do not suggest that even the most conservative policy in regard to margins will ensure any degree of stability in prices: experience elsewhere has given proof to the contrary. But caution in the use of credit does mean that there is much less likelihood of those concerned finding themselves in extreme financial difficulties, with all that this involves in the way of an extended period of liquidation and damage to public confidence.

Canadian dollar in 1937.—Turning to the foreign exchange situation, it should be noted that fluctuations of the Canadian dollar against both the United States dollar and sterling were narrower even than in 1936. The entire range of fluctuations against the former was $3\frac{7}{64}$ percent as compared with $1\frac{1}{4}$ percent in the preceding year. Against the pound sterling the range of fluctuations was approximately $3\frac{1}{16}$ percent compared with 4 percent in 1936.

The range in the sterling-United States dollar rate during the year was about $3\frac{1}{8}$ percent. The volume of international trade which is conducted directly or indirectly in terms of these currencies is such that their relative stability during 1937 was a helpful factor of great importance, for which credit must be given to the operation of the tripartite agreement. Had there been no machinery of this kind in operation, it is probable—perhaps one might say certain—that the dis-

turbing developments which have taken place from time to time during the past year would have been quite sufficient to cause wide fluctuations in rates.

Balance of international payments.—Preliminary estimates of Canada's balance of international payments for 1937 show a reduction in our favorable balance on current account from \$324,000,000 in 1936 to \$217,000,000. The drop of about \$100,000,000 occurs in the merchandise item and is almost entirely attributable to a fall in the export of grain. This is partly due to the fact that the wheat crop last year was the smallest since 1914, and partly to the fact that in 1936 we were liquidating heavy wheat stocks.

After very favorable balances such as we had in 1935 and 1936, one would in any case expect a tendency toward their reduction even if our exports continued to grow, as they have done. On *a priori* and historical grounds one would expect imports, after a certain time lag, to increase more quickly than exports, as a recovery in business progresses; and by the same token, imports may be expected to decrease less quickly than exports in the early stages of a recession in business. It may be, however, that on the present occasion the decline in our exports will be reflected in a downward adjustment of imports more rapidly than usual. We had not reached the stage in our recovery where construction and capital development was taking place on a large scale, and it is the completion of projects of this kind which for a time keeps import figures relatively high, even after a recession in business has commenced.

In 1936 the net retirement of issues payable in currencies other than Canadian was in the neighborhood of \$230,000,000. In 1937, though continuing at a fairly high level during the first half of the year, it is estimated for the whole year at about \$155,000,000. By the middle of 1937, the refunding operations conducted during the preceding two years had very greatly reduced the number of issues which could be called for redemption. Perhaps it is just as well that the movement has proceeded at a somewhat slower pace, keeping step with the reduced amount available from our balance of international payments. Any considerable reduction in our foreign debt must, in any case, take many years in view of the magnitude of the task. Considering only Dominion and Provincial Governments' direct and guaranteed debt and that of the Canadian Na-

tional Railways, there is still \$1,307,000,000 payable abroad, and not only that, but an even larger total of debt—\$1,379,000,000, to be exact—carries the option of payment in one or more foreign markets as well as in Canada. Our efforts should, of course, be directed first toward a reduction in such optional payment bonds. Certainly it is undesirable that any additions to this class of indebtedness should be made, from the point of view of the Canadian economy as a whole.

Business conditions.—Had it not been for the disastrous drought which affected wide areas of the West, I believe that the volume of business in Canada last year would have risen above the 1926-1929 level. In fact, however, the volume was probably somewhat lower than the 1926-1929 average. Nevertheless, for the country as a whole, 1937 was a good year.

In view of what has happened during the past six months, we should not expect business activity in the first half of 1938 to compare favorably with the same period of last year. I think that the situation is pretty generally understood and has been discounted in most people's minds. Their interest is, therefore, directed toward the probable course of events later in the year. It is well to recall that a satisfactory crop in Western Canada should represent a distinct gain over 1937, both from a psychological and a material point of view. As regards general business, much depends upon the situation in the United States. That country and Great Britain are the two greatest markets in the world, purchasing some 30 percent in value of all goods entering international trade in 1937. The stimulus which these countries have given to world recovery is indicated by the fact that retained imports by Great Britain during 1937 were about \$1,500,000,000 larger than in 1932, while United States statistics for the same years show that their imports increased by some \$1,759,000,000. I should note that the import figures to which I have referred do not include purchases of gold and silver. If these were included, the proportion of world imports taken by Great Britain and the United States would probably be close to 33 percent. Recovery in Great Britain started earlier than in the United States and has been more extensive. It is not reasonable to count on fresh stimulus from that source, so that one must conclude that developments in the United States may

have a decisive influence on the course of business elsewhere.

Relations with Provinces.—Last year I took occasion to define rather carefully the nature of the relationship which it is possible for the Bank of Canada to have with Provincial Governments. I have nothing to add to what I said on that occasion except to refer to the three reports on the financial position of Manitoba, Saskatchewan, and Alberta, which the Bank of Canada made last spring in response to invitations from the Premiers of these Provinces and the Minister of Finance of the Dominion Government. The reports were made public on February 15, March 15, and April 7, respectively, and copies can be obtained from the head office of the Bank.

In our reports we expressed the opinion that the problems of the Prairie Provinces could not be dealt with in isolation. The difficulties which they face are not in all cases peculiar to the Western economy, for some of

them are being experienced in varying degree by other sections of the country. In these circumstances, we did not see any solution other than that which might be provided by a comprehensive inquiry into the financial powers and responsibilities of all our governing bodies.

A Royal Commission is now engaged on a reexamination of the economic and financial basis of confederation. To quote in part from the Order in Council dealing with this matter, the Commissioners are asked to express what in their opinion will best effect a balanced relationship between the financial powers and the obligations and functions of each governing body, subject to the retention of the distribution of legislative powers essential to a proper carrying out of the Federal system in harmony with national needs and the promotion of national unity. No study of this scope has ever before been attempted in Canada. The Commission's report may be expected to have a vital bearing on our affairs.

BALANCE SHEET OF THE BANK OF CANADA AS OF DECEMBER 31, 1937, AND DECEMBER 31, 1936

[In thousands of dollars]

Assets	Dec. 31, 1937	Dec. 31, 1936	Liabilities	Dec. 31, 1937	Dec. 31, 1936
Reserve—at market value:			Capital:		
Gold coin and bullion.....	179,764	179,377	Authorized, issued, and paid up:		
Silver bullion.....	2,993	2,257	100,000 Class A shares, par value \$50 each...	5,000	5,000
Sterling and U. S. A. dollars.....	14,885	9,125	102,000 Class B shares, par value \$50 each....	5,100	5,100
Funds of other countries on a gold standard.....	(1)	-----	Rest fund.....	10,100	10,100
	197,642	190,759	Notes in circulation.....	1,348	744
Subsidiary coin.....	43	143		165,330	135,735
Investments—at not exceeding market values:			Deposits:		
Dominion and Provincial Government short-term securities.....	82,344	61,299	Dominion Government.....	12,292	19,917
Other Dominion and Provincial Government securities.....	91,565	99,016	Chartered banks.....	196,040	186,974
Other securities.....	12,212	-----	Other banks.....	3,457	2,060
Bank premises (land, buildings and equipment) at cost less amounts written off.....	1,168	351		211,789	208,951
Other assets.....	5,457	5,417	Dividend declared—payable Jan. 3, 1938.....	228	183
	186,121	160,315	Other liabilities.....	1,634	1,273
Total assets.....	390,430	356,986			
			Total liabilities.....	390,430	356,986

¹ \$382.08.

² Payable Jan. 2, 1937.

FINANCIAL, INDUSTRIAL, AND COMMERCIAL STATISTICS
UNITED STATES

PRINCIPAL ASSETS AND LIABILITIES OF ALL FEDERAL RESERVE BANKS

[In thousands of dollars]

	Wednesday figures							End of month		
	1938							1938		1937
	May 25	May 18	May 11	May 4	Apr. 27	Apr. 20	Apr. 13	April	March	April
ASSETS										
Gold certificates on hand and due from U. S. Treasury.....	10,639,417	10,639,916	10,640,912	10,641,412	10,641,911	10,642,413	9,245,002	10,641,412	9,212,708	8,843,385
Redemption fund—F. R. notes.....	8,881	8,948	8,886	8,886	9,360	8,860	9,140	8,839	9,874	9,595
Other cash.....	411,903	414,244	427,070	434,876	451,582	452,812	452,036	440,839	467,018	282,019
Total reserves.....	11,060,201	11,063,108	11,076,868	11,084,674	11,102,853	11,104,085	9,706,178	11,091,090	9,689,600	9,134,999
Bills discounted:										
For member banks.....	8,668	7,835	8,165	8,192	8,471	9,540	12,924	8,790	13,300	12,098
For nonmember banks, etc.....										
Total bills discounted.....	8,668	7,835	8,165	8,192	8,471	9,540	12,924	8,790	13,300	12,098
Bills bought:										
Payable in dollars.....										669
Payable in foreign currencies.....	534	534	550	550	550	550	550	550	550	3,089
Total bills bought.....	534	534	550	550	550	550	550	550	550	3,738
Industrial advances.....	16,771	16,899	16,421	16,798	16,973	17,056	16,887	16,867	17,176	22,954
U. S. Government securities:										
Bonds.....	657,253	657,253	657,253	657,253	657,253	677,831	785,588	657,253	749,093	733,478
Treasury notes.....	1,191,905	1,191,905	1,191,905	1,191,905	1,191,905	1,179,171	1,160,691	1,191,905	1,165,691	1,156,393
Treasury bills.....	714,857	714,857	714,857	714,857	714,857	707,013	617,736	714,857	665,004	635,119
Total government securities.....	2,564,015	2,564,015	2,564,015	2,564,015	2,564,015	2,564,015	2,564,015	2,564,015	2,579,788	2,524,990
Other reserve bank credit.....	-6,850	-205	233	-921	-3,586	-7,922	7,825	3,905	-156	932
Total reserve bank credit outstanding.....	2,583,138	2,589,078	2,589,384	2,588,634	2,586,423	2,583,239	2,602,201	2,594,127	2,610,658	2,564,712
LIABILITIES										
F. R. notes in actual circulation.....	4,116,875	4,123,513	4,132,337	4,147,997	4,120,373	4,120,798	4,136,806	4,148,222	4,142,186	4,204,714
Deposits:										
Member bank—reserve accounts.....	7,716,352	7,622,253	7,560,482	7,503,650	7,661,269	7,547,076	7,472,143	7,623,481	7,286,524	6,881,167
U. S. Treasury—general account.....	1,182,761	1,283,396	1,361,133	1,428,693	1,321,319	1,427,718	140,874	1,319,633	315,714	88,010
Foreign bank.....	133,118	137,609	133,908	125,674	131,802	135,486	118,010	123,108	121,951	94,873
Other deposits.....	253,844	245,233	236,245	227,746	211,655	213,212	198,604	231,555	193,159	192,664
Total deposits.....	9,286,075	9,288,491	9,291,768	9,285,743	9,326,045	9,323,492	7,929,631	9,297,777	7,917,358	7,256,714
Ratio of total reserves to deposit and F. R. note liabilities combined (percent).....	82.5	82.5	82.5	82.5	82.6	82.6	80.4	82.5	80.3	79.7

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

[In thousands of dollars]

	Total	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	91 days to 6 months	6 months to 1 year	1 year to 2 years	2 years to 5 years	Over 5 years
Bills discounted:										
April 27.....	8,471	6,836	288	508	573	253	13			
May 4.....	8,192	6,527	285	709	362	299	10			
May 11.....	8,165	6,572	330	702	268	286	7			
May 18.....	7,835	6,198	410	607	242	373	5			
May 25.....	8,668	6,986	359	613	184	517	9			
Bills bought in open market:										
April 27.....	550	223	95	75	157					
May 4.....	550	166	87		297					
May 11.....	550	178	75		297					
May 18.....	534	87	117	104	226					
May 25.....	534	75	117	104	238					
Industrial advances:										
April 27.....	16,973	1,665	96	470	541	1,912	3,577	6,618	2,094	
May 4.....	16,798	1,581	204	567	974	1,480	3,361	6,666	1,965	
May 11.....	16,421	1,419	234	522	960	1,657	3,173	6,604	1,852	
May 18.....	16,899	1,526	275	406	937	1,813	3,068	6,421	2,453	
May 25.....	16,771	1,472	274	367	923	1,853	3,105	6,733	2,044	
U. S. Government securities:										
April 27.....	2,564,015	93,734	115,354	338,218	217,672	123,584	126,351	376,428	576,569	596,105
May 4.....	2,564,015	116,668	104,311	353,460	186,586	127,537	126,351	376,428	576,569	596,105
May 11.....	2,564,015	115,354	85,874	357,781	191,284	138,259	126,351	376,428	577,569	595,105
May 18.....	2,564,015	104,311	217,598	237,770	193,239	135,644	126,351	376,428	577,569	595,105
May 25.....	2,564,015	95,524	252,711	232,997	173,696	133,634	126,351	376,428	580,569	592,105

**RESERVE POSITION OF MEMBER BANKS,
APRIL, 1938**

[Averages of daily figures. In millions of dollars]

Classes of banks and districts	Gross demand deposits	Net demand deposits ¹	Time deposits	Reserves with Federal Reserve banks		
				Required	Held	Excess
All member banks	28,466	23,549	11,520	5,398	7,469	2,071
Central reserve city banks:						
New York	9,784	9,136	752	2,266	3,150	884
Chicago	2,081	1,852	456	475	622	146
Reserve city banks:						
Boston district	955	858	109	167	257	90
New York district	173	138	160	35	47	12
Philadelphia district	1,022	850	254	173	247	74
Cleveland district	1,331	1,073	730	241	363	122
Richmond district	607	468	204	99	136	37
Atlanta district	577	427	172	90	102	13
Chicago district	1,103	821	511	182	229	47
St. Louis district	700	539	172	110	139	29
Minneapolis district	325	246	92	51	58	7
Kansas City district	857	603	156	122	165	43
Dallas district	592	394	121	81	101	20
San Francisco district	1,887	1,510	1,914	388	502	114
Total	10,157	7,927	4,593	1,739	2,348	609
Country banks:						
Boston district	751	569	562	105	140	35
New York district	1,164	904	1,405	195	298	103
Philadelphia district	546	408	875	101	144	42
Cleveland district	534	389	660	87	133	46
Richmond district	449	315	336	59	80	20
Atlanta district	454	301	212	51	77	26
Chicago district	737	523	647	104	170	66
St. Louis district	317	223	233	42	59	17
Minneapolis district	274	185	273	39	56	17
Kansas City district	420	273	156	44	66	22
Dallas district	483	327	97	48	75	27
San Francisco district	316	217	265	43	54	11
Total	6,444	4,634	5,719	918	1,350	432

¹ Gross demand deposits minus demand balances with domestic banks (except private banks and American branches of foreign banks) and cash items in process of collection.

NOTE.—Reserve requirements changed as of April 16, 1938. See table at foot of p. 519, for percentages of deposits required to be held as reserves.

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

[Average of daily figures. In millions of dollars]

	All member banks ¹	Central reserve city banks		Reserve city banks	Country banks ¹
		New York	Chicago		
Total reserves held:					
1937—March	6,704	2,652	533	2,203	1,315
April	6,824	2,739	563	2,201	1,321
May	6,932	2,684	589	2,272	1,386
June	6,878	2,669	603	2,230	1,377
July	6,845	2,652	581	2,252	1,360
August	6,701	2,522	568	2,248	1,362
September	6,854	2,672	576	2,232	1,375
October	6,954	2,767	581	2,240	1,366
November	6,919	2,720	588	2,246	1,365
December	6,879	2,657	599	2,272	1,352
1938—January	7,183	2,856	604	2,345	1,378
February	7,230	2,906	598	2,350	1,377
March	7,326	3,039	574	2,349	1,365
April	7,469	3,150	622	2,348	1,350
Week ending (Friday):					
Apr. 1	7,316	3,125	547	2,305	1,339
Apr. 8	7,306	3,062	526	2,342	1,377
Apr. 15	7,422	3,063	586	2,360	1,412
Apr. 22	7,533	3,180	652	2,375	1,326
Apr. 29	7,619	3,282	724	2,330	1,284
May 6	7,521	3,168	757	2,300	1,295
May 13	7,515	3,122	785	2,315	1,293
Excess reserves:					
1937—March ²	1,371	401	54	488	428
April	1,552	530	101	490	431
May ²	927	203	51	316	357
June	876	176	70	289	341
July	876	199	52	301	324
August	750	108	34	287	321
September	900	235	43	289	333
October	1,043	354	59	307	323
November	1,104	373	69	333	328
December	1,071	305	80	366	319
1938—January	1,353	461	86	451	355
February	1,406	499	78	468	361
March	1,524	631	52	481	359
April ²	2,071	884	146	609	432
Week ending (Friday):					
Apr. 1	1,564	730	48	449	337
Apr. 8	1,579	671	46	485	377
Apr. 15	1,666	678	77	499	412
Apr. 22 ²	2,504	1,058	199	756	491
Apr. 29	2,539	1,119	260	712	448
May 6	2,453	1,018	291	682	464
May 13	2,451	984	315	689	463

¹ Weekly figures of excess reserves of all member banks and of country banks are estimates.

² Reserve requirements increased March 1, 1937, and May 1, 1937; and decreased April 16, 1938; see table at foot of p. 519 for amount of changes.

³ Revised.

DEPOSITS OF MEMBER BANKS IN LARGER AND SMALLER CENTERS

[Averages of daily figures. In millions of dollars]

Federal Reserve district	All member banks				Member banks in larger centers (places over 15,000)				Member banks in smaller centers (places under 15,000)			
	Gross demand		Time		Gross demand		Time		Gross demand		Time	
	Apr.	Mar.	Apr.	Mar.	Apr.	Mar.	Apr.	Mar.	Apr.	Mar.	Apr.	Mar.
Boston	1,706	1,702	670	673	1,595	1,592	545	547	111	110	125	126
New York	11,121	11,081	2,317	2,333	1,080	1,092	1,075	1,085	257	261	490	491
Philadelphia	1,568	1,546	1,129	1,123	1,363	1,340	678	672	205	206	450	451
Cleveland	1,864	1,857	1,389	1,400	1,654	1,643	1,099	1,108	210	214	291	292
Richmond	1,056	1,066	539	538	887	894	351	350	169	173	188	188
Atlanta	1,031	1,037	364	363	880	884	301	300	151	153	82	83
Chicago	3,922	3,971	1,613	1,624	1,552	1,574	1,888	1,892	288	293	270	271
St. Louis	1,017	1,023	405	405	830	834	293	293	187	189	112	112
Minneapolis	599	613	365	368	434	446	178	180	165	167	187	183
Kansas City	1,306	1,315	312	311	997	1,003	197	195	309	312	115	116
Dallas	1,075	1,096	218	218	806	821	174	174	269	275	43	44
San Francisco	2,203	2,159	2,179	2,180	2,090	2,045	2,082	2,083	113	113	97	97
Total	28,466	28,465	11,520	11,555	14,167	14,167	7,862	7,878	2,434	2,465	2,450	2,459

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

KINDS OF CURRENCY IN CIRCULATION
 [Outside Treasury and Federal Reserve banks. In millions of dollars]

End of month	Total	Gold certificates	Silver dollars	Silver certificates	Treasury notes of 1890	Subsidiary silver	Minor coin	United States notes	Federal Reserve notes	Federal Reserve bank notes	National bank notes
1937—April.....	6,426	90	37	1,039	1	335	142	291	4,171	40	281
May.....	6,462	89	38	1,062	1	338	143	289	4,189	38	275
June.....	6,447	88	38	1,078	1	341	144	281	4,169	38	269
July.....	6,460	87	38	1,088	1	341	144	286	4,175	37	263
August.....	6,524	86	39	1,115	1	345	146	286	4,213	36	258
September.....	6,542	86	39	1,127	1	348	147	284	4,222	35	253
October.....	6,555	85	39	1,129	1	349	147	285	4,238	35	248
November.....	6,561	84	40	1,144	1	352	148	284	4,232	34	243
December.....	6,550	83	40	1,137	1	350	148	283	4,237	33	239
1938—January.....	6,320	82	39	1,085	1	339	145	264	4,099	33	234
February.....	6,334	81	39	1,097	1	338	144	267	4,104	32	231
March.....	6,355	81	39	1,125	1	338	144	263	4,106	32	227
April.....	6,397	80	39	1,162	1	339	144	264	4,112	31	224

Back figures.—See Annual Report for 1936 (table 36.)

PAPER CURRENCY, BY DENOMINATIONS, AND COIN IN CIRCULATION
 [Outside Treasury and Federal Reserve banks. In millions of dollars]

End of month	Total in circulation ¹	Coin and small denomination currency ²							Large denomination currency ²						Unassorted ²	
		Total	Coin	\$1 ³	\$2	\$5	\$10	\$20	Total	\$50	\$100	\$500	\$1,000	\$5,000		\$10,000
1937—April.....	6,426	4,922	514	482	33	883	1,542	1,468	1,507	381	687	137	277	9	17	3
May.....	6,462	4,957	518	489	33	893	1,558	1,466	1,507	380	689	136	278	8	17	4
June.....	6,447	4,926	523	487	34	885	1,539	1,458	1,526	384	699	138	283	8	14	5
July.....	6,460	4,942	523	488	33	894	1,550	1,454	1,520	381	697	137	283	7	15	2
August.....	6,524	5,007	529	498	33	907	1,574	1,466	1,520	382	698	137	283	7	14	4
September.....	6,542	5,019	534	503	33	908	1,574	1,467	1,527	382	702	138	285	7	14	4
October.....	6,555	5,029	535	502	33	909	1,576	1,474	1,531	384	704	138	286	6	13	5
November.....	6,561	5,043	540	504	33	912	1,574	1,480	1,525	381	701	136	287	5	14	6
December.....	6,550	5,015	537	505	33	905	1,560	1,475	1,542	387	710	139	288	6	12	7
1938—January.....	6,320	4,789	522	474	31	856	1,482	1,424	1,532	382	705	138	288	7	12	1
February.....	6,334	4,798	520	473	32	863	1,480	1,421	1,538	382	708	138	291	7	13	2
March.....	6,355	4,784	521	473	31	860	1,487	1,412	1,573	385	718	144	300	9	18	3
April.....	6,397	4,807	522	476	31	866	1,488	1,414	1,593	388	725	146	304	12	18	3

¹ Total of amounts of coin and paper currency shown by denominations less unassorted currency in Treasury and Federal Reserve banks.
² Includes unassorted currency held in Treasury and Federal Reserve banks and currency of unknown denominations reported by the Treasury as destroyed.
³ Paper currency only; \$1 silver coins reported under coin.
 Back figures.—See Annual Report for 1936 (table 37).

TREASURY CURRENCY OUTSTANDING

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

End of month	Total	Silver dollars and silver bullion ¹	Subsidiary silver	Minor coin	United States notes	Federal Reserve bank notes	National bank notes
1937—April.....	2,543	1,365	357	150	347	40	284
May.....	2,547	1,375	358	150	347	39	278
June.....	2,550	1,382	359	151	347	38	272
July.....	2,572	1,409	361	151	347	37	266
August.....	2,585	1,424	363	152	347	37	262
September.....	2,599	1,441	364	153	347	36	257
October.....	2,609	1,455	367	154	347	36	251
November.....	2,621	1,468	370	155	347	35	247
December.....	2,637	1,486	372	156	347	34	242
1938—January.....	2,655	1,509	373	156	347	33	237
February.....	2,668	1,526	373	156	347	33	233
March.....	2,679	1,540	374	157	347	32	230
April.....	2,690	1,554	374	157	347	32	226

¹ Includes silver held against silver certificates amounting to \$1,482,000,000 on April 30, 1938 and \$1,243,000,000 on April 30, 1937.

SHIPMENTS AND RECEIPTS OF UNITED STATES PAPER CURRENCY

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

Year or month	Shipments to Europe	Receipts from Europe	Net shipments	Net receipts
1932.....	567	83,838	-----	83,271
1933.....	554	91,059	-----	90,505
1934.....	345	40,587	-----	40,242
1935.....	10,628	19,966	-----	9,338
1936.....	34,774	26,216	8,558	-----
1937.....	21,500	47,550	-----	26,050
1937—April.....	1,434	3,023	-----	1,589
May.....	909	1,865	-----	956
June.....	7,000	1,972	5,028	-----
July.....	809	2,586	-----	1,777
August.....	877	2,839	-----	1,962
September.....	1,946	2,271	-----	325
October.....	781	4,531	-----	3,750
November.....	336	13,326	-----	12,990
December.....	69	5,947	-----	5,878
1938—January.....	189	4,658	-----	4,469
February.....	28	3,824	-----	3,796
March.....	1,212	2,728	-----	1,516
April.....	503	2,618	-----	2,115

Back figures.—See Annual Report for 1936 (table 39).
 Description.—See BULLETIN for January 1932, pp. 7-8.

ANALYSIS OF CHANGES IN MONETARY GOLD STOCK

[In millions of dollars]

Year or month	Gold stock at end of year or month		Increase in total gold stock	Net gold import	Net release from earmark	Domestic gold production
	Total	Inactive account				
1934 ¹	8,238	-----	4,202.5	1,133.9	82.6	96.0
1935	10,125	-----	1,887.2	1,739.0	2	110.7
1936	11,258	26.5	1,132.5	1,116.6	-85.9	131.6
1937	12,760	1,227.9	1,502.5	1,585.5	-200.4	143.1
1936—April	10,225	-----	41.0	28.1	-2	9.6
May	10,402	-----	176.7	170.0	-3.2	10.4
June	10,608	-----	206.6	277.8	-24.8	10.0
July	10,648	-----	39.2	15.4	2.3	12.8
August	10,716	-----	68.4	67.5	-11.9	13.1
September	10,845	-----	129.0	171.8	-28.8	12.1
October	11,045	-----	199.7	218.8	-11.3	13.8
November	11,184	-----	139.6	75.8	3.0	11.8
December	11,258	26.5	73.3	57.0	-7	10.9
1937—January	11,358	126.5	100.1	121.3	-48.3	9.5
February	11,436	204.7	78.2	120.3	-8.0	8.2
March	11,574	342.5	137.9	154.3	-4	10.8
April	11,799	568.0	225.6	215.8	7.2	9.1
May	11,990	759.1	191.1	155.4	26.2	12.3
June	12,318	1,086.6	327.8	262.0	-15.9	11.2
July	12,446	1,214.1	127.3	175.4	-35.5	12.6
August	12,567	1,335.7	121.6	104.8	5.3	16.8
September	12,741	1,210.0	174.3	145.5	9.3	12.1
October	12,803	1,271.9	62.0	90.5	-8.0	14.8
November	12,774	1,242.5	-29.3	22.1	-20.1	13.8
December	12,760	1,227.9	-14.0	18.0	-101.6	11.8
1938—January	12,756	1,223.2	-4.6	2.1	-1.1	10.9
February	12,776	1,200.6	20.7	8.0	-18.2	9.9
March	12,795	1,183.0	18.5	52.9	-7.6	10.6
April	12,869	-----	74.3	71.1	-1.2	10.8

^p Preliminary.¹ Figures based on rate of \$20.67 a fine ounce in January 1934 and \$35 a fine ounce thereafter.

NOTE.—Figures for domestic production of gold are those published in tables, pp 539-540, adjusted to exclude production in Philippines. Adjustment based on annual figures reported by Director of Mint and monthly imports of gold to U. S. from Philippines. For back figures, other than those of domestic gold production, see Annual Report for 1936 (table 30).

BANK SUSPENSIONS¹

	Total, all banks	Member banks		Nonmember banks	
		National	State	In-sured ²	Not insured
Number of banks suspended:					
1934	57	1	-----	8	48
1935	34	4	-----	22	8
1936	44	1	-----	40	3
1937	59	4	2	47	6
1938—Jan.-April	28	1	-----	23	4
Deposits of suspended banks (in thousands of dollars): ³					
1934	36,937	40	-----	1,912	34,985
1935	10,015	5,313	-----	3,763	939
1936	11,306	507	-----	10,207	592
1937	19,723	7,379	1,708	10,156	480
1938—Jan.-April	6,682	36	-----	5,825	821

¹ Represents licensed banks suspended; does not include nonlicensed banks placed in liquidation or receivership.² Federal deposit insurance became operative January 1, 1934.³ Deposits of member banks and insured nonmember banks suspended are as of dates of suspension, and deposits of noninsured nonmember banks are based on the latest data available at the time the suspensions were reported.

Back figures.—See Annual Report for 1936 (table 71).

MOVEMENT OF GOLD TO AND FROM UNITED STATES¹

[In thousands of dollars]

From or to—	1938					
	April		March		Jan.-Apr.	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
Belgium	1,938	-----	4,220	-----	6,158	-----
France	18	-----	39	-----	98	5,000
Germany	-----	-----	-----	-----	-----	-----
Netherlands	-----	-----	-----	-----	-----	-----
Switzerland	-----	-----	-----	-----	-----	-----
Union of Soviet Socialist Republics	-----	-----	-----	-----	-----	-----
United Kingdom	35,431	2	31,395	-----	66,829	36
Canada	772	26	721	5	2,835	31
Central America	288	-----	340	-----	1,218	-----
Mexico	1,929	117	2,773	15	6,450	340
Argentina	4	-----	-----	-----	4	-----
Bolivia	1	-----	31	-----	58	-----
Chile	886	-----	687	-----	2,791	-----
Colombia	1	-----	2,102	-----	4,208	-----
Ecuador	517	-----	126	-----	984	-----
Peru	265	-----	276	-----	972	-----
Venezuela	67	-----	36	-----	192	-----
Australia	1,241	-----	458	-----	4,667	-----
British India	2,359	-----	2,979	-----	6,381	-----
China and Hong Kong	203	-----	-----	-----	203	-----
Japan	23,311	-----	4,484	-----	27,795	-----
Philippine Islands	1,884	1	2,240	-----	7,130	1
All other countries ²	123	-----	139	-----	578	-----
Total	71,236	145	52,947	20	139,549	5,407

¹ Figures represent customs valuations which, with some exceptions, are at rate of \$35 a fine ounce.² Includes all movements of unreported origin or destination.

Back figures.—See table p. 541, and Annual Report for 1936 (tables 32 and 33).

BANK DEBITS

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

	Number of centers	1938		1937
		Apr.	Mar.	Apr.
New York City	1	14,572	14,746	17,082
Outside New York City	140	16,597	17,373	20,062
Federal Reserve districts:				
Boston	11	1,648	1,739	2,030
New York	7	15,276	15,423	17,800
Philadelphia	10	1,446	1,523	1,745
Cleveland	13	1,649	1,603	2,155
Richmond	7	641	664	728
Atlanta	15	811	892	918
Chicago	21	4,222	4,615	5,270
St. Louis	5	812	847	995
Minneapolis	9	618	536	665
Kansas City	15	978	999	1,158
Dallas	10	663	700	729
San Francisco	18	2,406	2,579	2,950
Total	141	31,169	32,120	37,144

^r Revised.

Back figures.—See Annual Report for 1936 (table 67).

ALL BANKS IN THE UNITED STATES

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

NUMBER OF BANKS

Call date	Total	Member banks			Nonmember banks	
		Total	National	State	Mutual savings banks	Other nonmember banks
1933—June 30	14,519	5,606	4,897	709	576	8,337
Dec. 30	15,011	6,011	5,154	857	579	8,421
1934—Mar. 5 ¹		6,206	5,288	918		
June 30	15,835	6,375	5,417	958	578	8,882
Dec. 31	16,039	6,442	5,462	980	579	9,018
1935—Mar. 4	16,024	6,422	5,446	976	579	9,023
June 29	15,994	6,410	5,425	985	571	9,013
Nov. 1	15,904	6,400	5,403	997	571	8,933
Dec. 31	15,837	6,387	5,386	1,001	570	8,880
1936—Mar. 4	15,808	6,377	5,375	1,002	569	8,862
June 30	15,752	6,400	5,368	1,032	566	8,786
Dec. 31	15,628	6,376	5,325	1,051	565	8,687
1937—Mar. 31	15,569	6,367	5,305	1,062	565	8,637
June 30 ²	15,527	6,357	5,293	1,064	564	8,606
Dec. 31	15,393	6,341	5,260	1,081	563	8,489
1938—Mar. 7	15,348	6,335	5,250	1,085	563	8,450

For footnotes see table below.

DEPOSITS, EXCLUSIVE OF INTERBANK DEPOSITS³

[In millions of dollars]

Call date	All banks	Member banks			Nonmember banks	
		Total	National	State	Mutual savings banks	Other nonmember banks
1933—June 30	37,998	23,338	14,772	8,566	9,713	4,946
Dec. 30	38,505	23,771	15,386	8,385	9,708	5,026
1934—Mar. 5 ¹		25,293	16,203	9,000		
June 30	41,870	26,615	17,097	9,518	9,780	5,475
Dec. 31	44,770	28,943	18,519	10,424	9,828	6,000
1935—Mar. 4	44,455	28,589	18,502	10,087	9,837	6,029
June 29	45,786	29,496	19,031	10,465	9,920	6,350
Nov. 1	47,522	31,072	20,128	10,944	9,936	6,513
Dec. 31	48,964	32,159	20,886	11,273	9,963	6,842
1936—Mar. 4	48,716	31,774	20,605	11,169	9,972	6,970
June 30	51,335	34,098	21,986	12,112	10,060	7,176
Dec. 31	53,701	35,933	23,107	12,786	10,143	7,666
1937—Mar. 31	52,577	34,746	22,355	12,300	10,157	7,674
June 30 ²	53,287	35,440	22,926	12,514	10,213	7,635
Dec. 31	52,440	34,810	22,655	12,155	10,257	7,373
1938—Mar. 7	51,697	34,118	22,264	11,854	10,259	7,320

For footnotes see table below.

LOANS AND INVESTMENTS

[In millions of dollars]

Call date	All banks			Member banks			Nonmember banks						
	Total	Loans	Investments	Total	Loans	Investments	Mutual savings banks			Other nonmember banks			
							Total	Loans	Investments	Total	Loans	Investments	
1933—June 30	40,076	22,203	17,872	24,786	12,858	11,928	10,044	5,941	4,103	5,246	3,404	1,841	
Dec. 30	40,319	21,977	18,342	25,220	12,833	12,386	9,985	5,906	4,079	5,115	3,238	1,877	
1934—Mar. 5 ¹				26,548	12,706	13,842							
June 30	42,502	21,278	21,224	27,175	12,523	14,652	9,904	5,648	4,256	5,423	3,108	2,315	
Dec. 31	43,458	20,473	22,984	28,150	12,028	16,122	9,782	5,491	4,291	5,526	2,955	2,571	
1935—Mar. 4	43,747	20,394	23,353	28,271	11,953	16,318	9,775	5,478	4,297	5,701	2,963	2,738	
June 29	44,416	20,272	24,145	28,785	11,928	16,857	9,852	5,341	4,511	5,779	3,003	2,777	
Nov. 1	45,008	20,140	24,868	29,301	11,841	17,460	9,854	5,302	4,552	5,853	2,997	2,856	
Dec. 31	45,717	20,329	25,388	29,985	12,175	17,810	9,804	5,210	4,594	5,927	2,944	2,983	
1936—Mar. 4	46,115	20,267	25,847	30,288	12,090	18,189	9,795	5,202	4,592	6,032	2,966	3,066	
June 30	48,458	20,679	27,778	32,259	12,542	19,717	9,961	5,105	4,856	6,238	3,032	3,206	
Dec. 31	49,524	21,449	28,075	33,000	13,360	19,640	10,060	5,027	5,034	6,464	3,062	3,402	
1937—Mar. 31	49,138	21,790	27,348	32,525	13,699	18,826	10,096	5,026	5,070	6,518	3,065	3,453	
June 30 ²	49,696	22,514	27,182	32,739	14,285	18,454	10,180	5,002	5,178	6,778	3,227	3,550	
Dec. 31	48,566	22,198	26,368	31,752	13,958	17,794	10,187	4,996	5,191	6,627	3,244	3,383	
1938—Mar. 7	48,319	21,779	26,540	31,521	13,546	17,975	10,196	4,995	5,201	6,602	3,238	3,364	

¹ Nonmember bank figures not available.

² Prior to Dec. 30, 1933, member-bank figures include interbank deposits not subject to immediate withdrawal, which aggregated \$103,000,000 on that date. The nonmember bank figures include interbank deposits to the extent (estimated as \$150,000,000 on June 30, 1937) that they are not shown separately in a few State bank abstracts.

³ Beginning with this date (1) the figures exclude private banks in Georgia which no longer report to the State banking department (43 such banks reported deposits of \$2,491,000 and loans and investments of \$1,087,000 on December 31, 1936); and (2) the figures include Morris Plan and industrial banks in New York and North Carolina, of which there were 45 on June 30, 1937, with deposits of \$50,287,000 and total loans and investments of \$61,165,000. The figures already include such Morris Plan and industrial banks in other States as are covered by State banking department reports.

Back figures.—See Annual Report for 1936 (tables 48-49).

COMMERCIAL PAPER, ACCEPTANCES, AND BROKERS' BALANCES

COMMERCIAL PAPER AND BANKERS' ACCEPTANCES OUTSTANDING

[In millions of dollars]

End of month	Com- mer- cial paper out- stand- ing ¹	Dollar acceptances outstanding												
		Total out- stand- ing	By holders						By classes					
			Held by accepting banks			Held by Federal Reserve banks			Held by others	Based on im- ports into U. S.	Based on ex- ports from U. S.	Dollar ex- change	Based on goods stored in or shipped between points in	
			Total	Own bills	Bills bought	For own account	For ac- count of foreign corre- spond- ents	U. S.					Foreign coun- tries	
1937—April.....	285	395	318	147	171	1	1	76	167	83	1	68	76	
May.....	287	386	295	137	159	3	2	86	168	81	1	62	75	
June.....	285	364	273	130	143	1	4	87	157	77	1	55	74	
July.....	325	352	265	144	121	(?)	3	83	143	71	2	65	71	
August.....	329	344	263	143	120	-----	2	79	133	71	2	68	69	
September.....	331	344	274	148	127	-----	1	69	127	77	1	73	66	
October.....	323	346	282	153	129	-----	2	62	127	82	1	75	62	
November.....	311	348	279	148	131	-----	2	67	122	84	1	79	61	
December.....	279	343	278	147	131	-----	2	63	117	87	2	78	59	
1938—January.....	299	326	266	147	119	-----	2	59	106	82	3	75	60	
February.....	293	307	246	140	106	-----	1	61	96	78	2	70	61	
March.....	297	293	236	143	93	-----	(?)	57	91	75	2	63	62	
April.....	271	279	229	141	89	-----	1	48	86	71	1	60	61	

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

² Less than \$500,000.

Back figures.—See Annual Report for 1936 (table 66).

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

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

End of month	Debit balances				Credit balances					
	Customers' debit balances (net) ¹	Debit balances in partners' investment and trading accounts	Debit balances in firm investment and trading accounts	Cash on hand and in banks	Money bor- rowed ²	Customers' credit balances ¹		Other credit balances		
						Free	Other (net)	In partners' invest- ment and trading accounts	In firm invest- ment and trading accounts	In capital accounts (net)
1935—December.....	1,258	75	135	179	930	286	79	24	10	410
1936—March.....	1,351	67	168	181	995	303	89	23	15	429
June.....	1,267	67	164	219	985	276	86	24	14	420
September.....	1,317	72	141	227	995	289	99	24	14	423
December.....	1,395	64	164	249	1,048	342	103	30	12	424
1937—March.....	1,549	61	175	223	1,172	346	115	29	18	419
April.....	1,559	58	163	227	1,215	314	111	29	18	417
May.....	1,503	56	149	209	1,188	284	101	24	12	408
June.....	1,439	55	161	214	1,217	266	92	25	13	397
July.....	1,493	56	157	206	1,213	265	96	25	13	397
August.....	1,509	54	149	202	1,233	252	92	26	13	391
September.....	1,363	48	128	239	1,088	256	96	26	12	385
October.....	1,053	40	135	263	781	272	107	24	12	383
November.....	1,034	38	120	225	723	270	95	24	11	376
December.....	985	34	108	232	688	278	85	26	10	355
1938—January.....	958	31	103	220	641	288	87	28	11	333
February.....	937	31	104	207	628	280	80	26	10	324
March.....	831	29	95	215	576	239	81	25	9	315
April.....	763	26	97	203	485	248	88	24	9	309

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

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

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

Back figures.—See BULLETIN for March 1938, p. 196.

FEDERAL RESERVE BANK DISCOUNT RATES

[Percent per annum]

Federal Reserve Bank	Rediscounts and advances under secs. 13 and 13a of the Federal Reserve Act ¹			Advances under sec. 10(b) of the Federal Reserve Act		Advances secured by direct obligations of the United States (last paragraph of sec. 13 of the Federal Reserve Act)	
	Rate May 31	In effect beginning—	Previous rate	Rate May 31	In effect beginning—	Rate May 31	In effect beginning—
	Boston.....	1½	Sept. 2, 1937	2	2	Sept. 2, 1937	2½	April 29, 1938
New York.....	1	Aug. 27, 1937	1½	2	Oct. 10, 1935	3½	Feb. 8, 1934
Philadelphia.....	1½	Sept. 4, 1937	2	2	Sept. 4, 1937	4	Oct. 20, 1933
Cleveland.....	1½	May 11, 1935	2	2	Oct. 19, 1935	3½	May 11, 1935
Richmond.....	1½	Aug. 27, 1937	2	2	Sept. 10, 1937	4	Feb. 19, 1934
Atlanta.....	1½	Aug. 21, 1937	2	2	Aug. 21, 1937	2½	April 23, 1938
Chicago.....	1½	Aug. 21, 1937	2	2	Aug. 21, 1937	4	Oct. 16, 1933
St. Louis.....	1½	Sept. 2, 1937	2	2	Sept. 2, 1937	4	Feb. 23, 1935
Minneapolis.....	1½	Aug. 24, 1937	2	2	Aug. 24, 1937	4½	Apr. 15, 1933
Kansas City.....	1½	Sept. 3, 1937	2	2	Sept. 3, 1937	2½	Apr. 16, 1938
Dallas.....	1½	Aug. 31, 1937	2	2	Aug. 31, 1937	2½	Apr. 16, 1938
San Francisco.....	1½	Sept. 3, 1937	2	2	Sept. 17, 1937	4	Oct. 19, 1933

¹ Rates indicated also apply to United States Government securities bought under repurchase agreement.

Back figures.—See Annual Report for 1936 (table 40).

FEDERAL RESERVE BANK BUYING RATES ON ACCEPTANCES

[Percent per annum]

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

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

NOTE.—Minimum buying rates at the Federal Reserve Bank of New York on prime bankers' acceptances payable in dollars; higher rates may be charged for other classes of bills. The same minimum rates apply to purchases, if any, made by other Federal Reserve banks.

Back figures.—See Annual Report for 1936 (table 41).

MAXIMUM RATES ON TIME DEPOSITS

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

[Percent per annum]

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

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

FEDERAL RESERVE BANK RATES ON INDUSTRIAL ADVANCES

Rates in effect May 31, 1938, on advances and commitments under Sec. 13(b) of the Federal Reserve Act as amended June 19, 1934.

[Percent per annum except as otherwise specified]

Federal Reserve Bank	Advances direct to industrial or commercial organizations	Advances to financing institutions—		Commitments to make advances
		On portion for which institution is obligated	On remaining portion	
Boston.....	3½-6	3	3½	½-1
New York.....	4-6	3	4-5	1-2
Philadelphia.....	4-6	1½	(?)	½-2
Cleveland.....	4½-6	3½	4	1
Richmond.....	6	4-6	4-6	1-2
Atlanta.....	5-6	5	5	½
Chicago.....	5-6	1½	5-6	1-2
St. Louis.....	4-6½	3½	4	½
Minneapolis.....	6	4½-5	4½-5	1
Kansas City.....	4-6	4	4	½-2
Dallas.....	5-6	4	5-6	1
San Francisco.....	5-6	3-4	4-5	½-2

¹ Authorized rate 1 percent above prevailing discount rate.

² Same as to borrower but not less than 4 percent.

³ Flat charge.

Back figures.—See Annual Report for 1936 (table 40).

MEMBER BANK RESERVE REQUIREMENTS

[Percent of deposits]

Classes of deposits and banks	June 21, 1917- Aug. 15, 1936	Aug. 16, 1936- Feb. 28, 1937	Mar. 1, 1937- Apr. 30, 1937	May 1, 1937- Apr. 15, 1938	Apr. 16, 1938- and after
On net demand deposits: ¹					
Central reserve city.....	13	19½	22¾	26	22¾
Reserve city.....	10	15	17½	20	17½
Country.....	7	10½	12¼	14	12
On time deposits:					
All member banks.....	3	4½	5¼	6	5

¹ See footnote to table on p. 508 for explanation of method of computing net demand deposits.

TREASURY FINANCE
UNITED STATES GOVERNMENT DEBT
VOLUME AND KIND OF DIRECT OBLIGATIONS

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

End of month	Total gross debt	Interest-bearing									Noninterest-bearing			
		Total interest bearing	Publicly offered ¹						Ad-justed service issues ³	Social security issues ⁴	All other ⁵	Ma-tured debt	Other	
			Total	Bonds			Notes	Bills						
				Pre-war	Treas-ury ²	U. S. Savings								
1932-June.....	19,487	19,161	*18,816	753	13,460	-----	1,261	616	105	-----	240	60	266	
1933-June.....	22,539	22,158	*21,782	753	13,417	-----	4,548	954	92	-----	284	66	315	
1934-June.....	27,053	26,480	*26,006	753	15,679	-----	6,653	1,404	118	-----	356	54	518	
1935-June.....	28,701	27,645	26,910	753	14,019	-----	62	10,023	2,053	156	-----	580	231	825
1936-June.....	33,779	32,989	31,297	79	17,168	-----	316	11,381	2,354	1,071	19	601	169	620
1937-April.....	34,941	34,295	32,884	79	19,936	752	9,764	2,353	451	407	552	126	520	
May.....	35,213	34,591	33,107	79	19,936	775	9,764	2,553	445	489	550	110	512	
June.....	36,425	35,800	33,734	79	19,936	800	10,617	2,303	926	579	560	119	506	
July.....	36,716	36,113	33,918	79	19,936	833	10,617	2,453	915	649	632	103	499	
August.....	37,045	36,450	34,146	79	19,936	862	10,617	2,653	905	769	630	100	494	
September.....	36,875	36,264	33,877	79	19,936	885	10,575	2,403	896	868	623	122	489	
October.....	36,956	36,366	33,900	79	19,936	908	10,575	2,403	888	957	620	109	482	
November.....	37,094	36,511	33,924	79	19,936	932	10,575	2,403	883	1,086	619	106	477	
December.....	37,279	36,708	34,018	79	20,476	964	10,547	1,952	876	1,188	626	99	472	
1938-January.....	37,453	36,887	34,114	79	20,476	1,060	10,547	1,952	872	1,263	638	99	466	
February.....	37,633	37,080	34,144	79	20,476	1,106	10,531	1,952	867	1,399	669	91	462	
March.....	37,556	37,001	34,032	79	20,927	1,148	10,076	1,803	860	1,460	648	98	453	
April.....	37,510	36,963	34,016	79	20,927	1,181	10,076	1,753	856	1,458	635	92	454	

¹ Excludes postal savings bonds, formerly sold to depositors in the Postal Savings System.
² Includes Liberty bonds.
³ Includes adjusted service bonds of 1945 and special issues of adjusted service bonds to Government Life Insurance Fund series and of certificates to the adjusted service fund.
⁴ Includes special issues to old-age reserve account, unemployment trust fund, and railroad retirement account.
⁵ Includes postal savings bonds and special issues to retirement funds, to Postal Savings System and to Federal Deposit Insurance Corporation.
⁶ Includes certificates of indebtedness not shown separately: 1932—\$2,726,000,000; 1933—\$2,108,000,000; 1934—\$1,517,000,000.

MATURITIES OF PUBLICLY OFFERED DIRECT OBLIGATIONS, APRIL 30, 1938

[In millions of dollars]

Date maturing	Total	Bonds ¹	Notes	Bills
1938—Before July 1.....	1,870	-----	618	1,252
July 1-Sept. 30.....	1,098	-----	596	501
Oct. 1-Dec. 31.....	433	-----	433	-----
1939—Jan. 1-Mar. 31.....	942	-----	942	-----
Apr. 1-June 30.....	1,294	-----	1,294	-----
July 1-Dec. 31.....	953	-----	953	-----
1940.....	2,854	-----	2,854	-----
1941.....	2,219	834	1,385	-----
1942.....	1,001	-----	1,001	-----
1943.....	898	898	-----	-----
1945.....	2,124	2,124	-----	-----
1946.....	1,856	1,856	-----	-----
1947.....	2,143	2,143	-----	-----
1948.....	¹ 1,703	¹ 1,703	-----	-----
1949.....	819	819	-----	-----
1951.....	1,223	1,223	-----	-----
1952.....	1,250	1,250	-----	-----
1953.....	1,786	1,786	-----	-----
1954.....	2,663	2,663	-----	-----
1955.....	755	755	-----	-----
1956.....	489	489	-----	-----
1959.....	982	982	-----	-----
1960.....	2,611	2,611	-----	-----
1961.....	50	50	-----	-----
Total.....	34,016	22,187	10,076	1,753

¹ Issues classified as of date of final maturity; most issues callable at earlier dates; most of the U. S. Savings bonds are redeemable at option of holder.
² Includes unclassified U. S. Savings bonds.

FULLY GUARANTEED OBLIGATIONS, BY AGENCIES¹

[In millions of dollars]

End of month	Total	Federal Farm Mortgage Corporation	Home Owners' Loan Corporation ²	Reconstruction Finance Corporation
1934-June.....	681	312	134	235
December.....	3,063	980	1,834	249
1935-June.....	4,123	1,226	2,647	250
December.....	4,494	1,387	2,855	252
1936-June.....	4,718	1,422	3,044	252
December.....	4,662	1,422	2,988	252
1937-April.....	4,660	1,422	2,987	250
May.....	4,660	1,422	2,987	250
June.....	4,665	1,422	2,987	255
July.....	4,703	1,420	2,987	295
August.....	4,633	1,400	2,937	296
September.....	4,633	1,400	2,937	296
October.....	4,634	1,400	2,937	297
November.....	4,644	1,410	2,937	297
December.....	4,645	1,410	2,937	297
1938-January.....	4,646	1,410	2,937	298
February.....	4,646	1,410	2,937	299
March.....	4,646	1,410	2,937	299
April.....	4,647	1,410	2,937	299

¹ Principal amount of obligations guaranteed as to interest and principal. Excludes obligations held by U. S. Treasury and reflected in the public debt. The total includes guaranteed debentures of the Federal Housing Administrator, amounting to \$461,000 on April 30, 1938.
² Excludes obligations guaranteed as to interest only.

SUMMARY OF TREASURY OPERATIONS

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

Period	General and special accounts												Trust accounts, etc. ⁷ excess of receipts (+) or expenditures (-)	Increase or decrease during period				
	Receipts					Expenditures ¹								Excess of receipts (+) or expenditures (-)	General fund balance	Gross debt		
	Total	Income taxes	Social security taxes ²	Other internal revenue ³	All other	Total	General			Recovery and relief	Revolving funds (net) ⁵	Transfers to trust acc'ts. etc. ⁶						
							Interest on debt	National defense and Veterans' Adm. ⁴	All other									
Fiscal year ending:																		
June 1935	3,800	1,099		2,179	523	6,802	821	1,089	1,315	3,366	141	71	-3,002	+613	-741	+1,648		
June 1936	4,116	1,427	(9)	2,086	603	8,477	749	1,340	1,310	3,341	* 78	1,814	-4,361	+123	+840	+5,078		
June 1937	5,294	2,158	253	2,187	697	8,001	866	1,436	1,994	3,079	* 244	868	-2,707	-67	-128	+2,646		
10 months ending:																		
Apr. 1936	3,331	1,081		1,755	494	5,582	610	1,089	1,049	2,735	* 41	141	-2,252	+128	+601	+2,725		
Apr. 1937	4,091	1,564	141	1,805	581	6,150	663	1,190	1,646	2,636	* 268	283	-2,058	-84	-980	+1,162		
Apr. 1938	5,092	2,044	619	1,931	499	6,305	685	1,290	1,740	1,740	247	604	-1,213	+263	+135	+1,085		
1937—April	363	57	78	166	62	708	68	129	230	243	* 7	45	-345	+8	-124	+212		
May	335	47	59	170	60	552	9	119	169	211	* 2	45	-217	-3	+52	+272		
June	868	547	53	212	56	1,300	194	128	179	232	27	540	-432	+20	+800	+1,212		
July	409	57	53	221	77	659	12	128	197	198	* 2	125	-249	+44	+85	+291		
August	453	35	60	301	56	556	21	127	162	175	10	61	-103	+37	+263	+329		
September	788	501	50	186	51	680	159	125	161	159	20	55	+108	+20	-43	-170		
October	333	40	52	189	52	616	67	126	183	168	16	55	-293	+18	-184	+31		
November	327	37	60	182	49	542	9	128	165	159	25	55	-215	+10	-68	+137		
December	866	487	138	192	49	730	163	134	141	173	56	63	+136	+43	+365	+186		
1938—January	335	52	57	172	53	566	16	130	180	150	34	56	-231	+35	-23	+173		
February	349	62	110	141	36	512	17	123	150	156	10	56	-162	+7	+25	+180		
March	959	723	3	193	40	759	153	138	185	198	26	58	+201	+41	+166	-76		
April	273	49	34	155	35	686	66	130	215	204	51	19	-413	+8	-451	-46		

¹ Excludes debt retirement.

² Includes taxes under Social Security Act and on carriers and their employees.

³ Includes miscellaneous internal revenue, unjust enrichment tax, and processing taxes.

⁴ Excludes expenditures for adjusted service which are included under "Transfers to Trust Accounts, etc."

⁵ Includes revolving funds of Reconstruction Finance Corporation, Commodity Credit Corporation, Public Works Administration, Farm Credit Administration, and Export-Import Banks.

⁶ Includes expenditures for retirement funds, adjusted service certificate fund, old-age reserve account, and railroad retirement account.

⁷ Includes, also, increment resulting from reduction in weight of the gold dollar, and expenditures chargeable against increment on gold (other than retirement of national bank notes), receipts from seigniorage, transactions in checking accounts of Governmental agencies, unemployment trust fund, old-age reserve account, and railroad retirement account.

⁸ Less than \$500,000. ⁹ Excess of credits.

GENERAL FUND BALANCE

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

End of month	Total	In-active gold	Increment on gold	Seigniorage	Working balance
1932—June	417				417
1933—June	862				862
1934—June	2,582		811		1,771
1935—June	1,841		700	140	1,001
1936—June	2,682		140	316	2,225
1936—November	1,406		141	333	931
December	1,906	26	141	337	1,401
1937—January	1,726	127	141	340	1,118
February	1,539	205	141	344	849
March	1,826	343	141	348	995
April	1,702	568	141	350	642
May	1,754	758	141	354	501
June	2,553	1,087	141	356	970
July	2,639	1,213	141	369	915
August	2,902	1,335	141	375	1,051
September	2,860	1,209	141	382	1,128
October	2,676	1,271	141	388	875
November	2,608	1,243	141	394	831
December	2,973	1,228	142	401	1,202
1938—January	2,950	1,223	142	413	1,172
February	2,975	1,201	142	421	1,212
March	3,140	1,183	142	427	1,389
April	2,689		142	433	2,114

GOVERNMENTAL CORPORATIONS AND CREDIT AGENCIES, MARCH 31, 1938

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

	Financed wholly from Government funds					Financed partly from Government funds				Total		
	Reconstruction Finance Corporation	Commodity Credit Corporation	Public Works Administration	Agricultural credit institutions	Other	Farm mortgage institutions	Other farm credit institutions	Home mortgage institutions	Other	Mar. 31, 1938	Feb. 28, 1938	Mar. 31, 1937
ASSETS												
Loans and preferred stock:												
Loans to financial institutions.....	279				1			183	13	475	481	486
Preferred stock, etc.....	534				(1)			257		791	793	745
Home mortgage loans.....								2,324		2,324	2,348	2,662
Farm mortgage loans.....						2,856				2,856	2,863	2,922
Other agricultural loans.....	1	215		15	95				(1)	608	585	569
All other loans.....	900		44		410			282		1,354	1,331	1,211
Total loans and preferred stock.....	1,714	215	44	15	506	2,856	282	2,764	13	8,409	8,402	8,595
Cash.....	5	(1)		8	78	64	22	132	19	328	311	291
United States direct obligations.....	48			5	34	51	121	23	370	652	649	536
Obligations of Government credit agencies:												
Fully guaranteed by U. S.....				14	(1)	(1)	39	14	102	169	171	191
Other ²				26	2	(2) 1	9			38	37	29
Production credit association class A stock.....				76						76	76	76
Accounts and other receivables.....	17	1		1	39	178	4	21	4	266	277	279
All other assets.....	13	(1)	22	(1)	427	153	(1)	499	24	1,140	1,117	714
Total assets other than interagency ²	1,798	216	67	146	1,085	3,304	478	3,453	533	11,078	11,039	10,711
LIABILITIES												
Bonds, notes, and debentures:												
Guaranteed by United States.....	299				(1)	1,410		2,937		4,646	4,646	4,666
Other ²		60		4	4	1,043	199	78	(1)	1,384	1,374	1,340
Other liabilities (including reserves)	59	(1)		4	51	178	7	157	131	587	592	497
Total liabilities other than interagency ²	358	60		4	56	2,631	205	3,173	131	6,618	6,613	6,503
Excess of assets over liabilities, excluding interagency transactions.....	1,440	156	67	141	1,029	673	273	281	401	4,460	4,427	4,208
Privately owned interests.....						187	4	42	139	372	367	346
U. S. Government interests.....	1,440	156	67	141	1,029	486	269	239	262	4,088	4,059	3,862

¹ Less than \$500,000.

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

³ Includes shares of Federal and other savings and loan associations subscribed by the HOLC; also shares of Federal savings and loan associations held by the Treasury formerly classified under "all other assets."

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

RECONSTRUCTION FINANCE CORPORATION LOANS AND INVESTMENTS

[Amounts outstanding. In thousands of dollars]

	Apr. 30, 1937	Oct. 31, 1937	Nov. 30, 1937	Dec. 31, 1937	Jan. 31, 1938	Feb. 28, 1938	Mar. 31, 1938	Apr. 30, 1938
Loans to financial institutions.....	286,611	256,965	249,594	251,368	246,598	245,303	241,428	¹ 241,294
Loans on preferred stock of banks and insurance companies.....	41,132	38,949	38,800	38,650	38,417	37,854	37,778	37,679
Preferred stock, capital notes, and debentures.....	591,784	563,465	550,623	555,312	551,355	537,199	534,363	536,637
Loans to railroads (including receivers).....	345,084	355,932	355,923	355,894	358,216	361,951	368,471	369,379
Loans for self-liquidating projects.....	215,044	232,414	234,113	237,637	235,263	233,782	237,170	240,566
Loans to industrial and commercial businesses.....	67,729	73,283	72,686	74,794	73,703	73,196	72,688	73,072
Loans to drainage, levee, and irrigation districts.....	70,832	77,160	77,179	77,522	77,715	77,802	77,522	78,740
Other loans ²	3,637	3,946	3,970	3,920	3,846	3,962	4,067	4,173
Securities purchased from Public Works Administration.....	114,012	88,999	117,504	132,564	140,916	140,659	140,997	143,378
Total loans and investments, other than interagency.....	1,735,864	1,691,114	1,709,392	1,727,661	1,726,009	1,711,708	1,714,481	1,724,919
Loans to Federal land banks.....	14,333	13,042	12,308	11,617	11,481	7,829	7,521	6,614
Loans to Commodity Credit Corporation.....	55,485	10,165	31,298	63,120	80,206	88,016	95,049	101,273
Capital stock of Commodity Credit Corporation.....	97,000	97,000	97,000	97,000	97,000	97,000	97,000	97,000
Capital stock of, and loans to R. F. C. Mortgage Co.....	44,340	60,150	62,779	66,408	68,207	69,888	71,352	72,938
Preferred stock of Export-Import banks.....	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Capital stock of Disaster Loan Corporation.....	5,000	8,000	8,000	10,000	10,000	10,000	10,000	10,000
Loans to Rural Electrification Administration.....	1,000	11,698	16,849	21,598	26,055	29,505	31,755	33,755
Capital stock and surplus of National Mortgage Assoc.....						11,000	11,000	11,000
Total loans and investments.....	1,973,022	1,911,168	1,957,624	2,017,403	2,038,957	2,044,945	2,058,157	2,077,499

¹ Includes \$81,000,000 of loans for distribution to depositors of closed banks.

² Includes agricultural loans formerly shown separately.

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

FARM CREDIT ADMINISTRATION
LOANS AND DISCOUNTS OUTSTANDING, BY INSTITUTIONS

[In thousands of dollars]

End of month	Farm mortgage loans by—		Federal intermediate credit bank loans to and discounts for—		Production credit associations	Regional agricultural credit corporations	Emergency crop and drought loans	Loans to cooperatives by—		
	Federal land banks	Land Bank Commissioner	Regional agricultural credit corporations, production credit associations, and banks for cooperatives ¹	Other financing institutions, except cooperatives				Federal intermediate credit banks	Banks for cooperatives, including Central Bank	Agricultural Marketing Act revolving fund
1934—December	1,915,792	616,825	99,675	55,672	60,852	87,102	111,182	33,969	27,851	54,863
1935—December	2,071,925	794,726	104,706	47,162	94,096	43,400	172,489	2,731	50,013	44,433
1936—December	2,064,158	836,779	129,872	41,017	105,212	25,288	164,887	1,641	69,647	53,754
1937—April	2,055,397	832,881	153,795	44,042	143,902	23,588	187,185	1,249	49,314	48,522
May	2,053,558	831,705	159,073	45,131	152,466	23,453	189,686	1,070	45,000	47,732
June	2,052,319	830,577	164,977	47,337	160,051	22,914	189,141	635	45,032	46,854
July	2,050,522	828,771	170,110	48,167	163,553	22,069	187,353	1,126	52,405	45,664
August	2,047,650	826,317	171,270	48,386	162,515	21,126	185,802	1,047	56,341	44,281
September	2,045,276	823,257	167,477	46,573	153,977	19,434	182,331	1,157	66,897	47,236
October	2,042,637	820,163	159,898	42,414	142,652	17,491	177,362	1,229	73,450	45,296
November	2,039,005	816,653	160,627	40,857	137,473	16,208	173,701	1,509	82,026	45,284
December	2,035,307	812,749	165,194	40,464	138,169	15,592	172,130	1,813	87,633	30,982
1938—January	2,031,290	807,788	164,700	39,263	138,996	15,488	170,429	1,576	86,856	30,259
February	2,029,517	804,212	173,384	38,852	147,983	15,198	169,609	1,502	87,113	27,875
March	2,025,707	798,776	186,137	39,526	162,600	15,164	175,800	1,420	82,323	27,304
April	2,022,846	794,916	195,899	40,650	173,113	15,060	183,467	793	79,926	26,335

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

FEDERAL HOME LOAN BANK BOARD
LOANS OUTSTANDING, BY INSTITUTIONS

[Loans in thousands of dollars]

End of month	Home mortgage loans by—			Federal home loan bank loans to member institutions ²	
	Home Owners' Loan Corporation ¹	Federal savings and loan associations			
		Number of associations	Loans reported		
		Total	Reporting		
1934—December	2,379,491	639	455	69,734	86,658
1935—December	2,897,162	1,023	881	315,683	102,795
1936—December	2,765,098	1,212	1,065	544,107	145,401
1937—April	2,625,493	1,257	1,168	652,557	146,149
May	2,591,115	1,270	1,166	679,949	153,491
June	2,556,401	1,286	1,181	703,996	167,057
July	2,524,129	1,293	1,181	722,442	169,571
August	2,497,224	1,296	1,200	746,958	175,607
September	2,472,421	1,307	1,211	769,117	179,511
October	2,446,002	1,311	1,211	782,846	184,041
November	2,422,149	1,318	1,194	782,495	187,336
December	2,397,647	1,328	1,198	808,546	200,095
1938—January	2,370,984	1,332	1,250	843,626	190,538
February	2,348,025	1,334	1,283	855,619	187,518
March	2,323,995	1,338	1,264	871,468	183,125
April	2,301,894	1,342	1,264	885,439	183,750

¹ Revised.

² In addition to loans the HOLC held on April 30, 1938, \$869,000,000 in other assets, consisting principally of investments in the Federal Savings and Loan Insurance Corporation and in various savings and loan associations, real estate and other property, and accrued interest receivable.

³ Includes loans to Federal savings and loan associations, all of which are members, and a negligible amount to other than member institutions.

POSTAL SAVINGS SYSTEM

[In millions of dollars]

End of month	Depositors' balances ¹	Assets					Cash, reserve funds, etc. ²
		Total	Cash in depository banks	U. S. Government securities			
				Total	Direct obligations	Guaranteed obligations	
1934—June	1,198	1,225	695	453	418	35	77
1935—June	1,205	1,236	385	777	630	147	74
1936—June	1,232	1,265	203	967	800	167	95
1937—February	1,270	1,307	133	1,061	894	167	113
March	1,272	1,310	132	1,097	930	167	81
April	1,270	1,307	134	1,100	933	167	73
May	1,268	1,306	134	1,100	933	167	72
June	1,268	1,307	136	1,100	933	167	71
July	1,271	1,309	134	1,100	933	167	75
August	1,273	1,312	133	1,100	933	167	79
September	1,270	1,307	133	1,100	933	167	74
October	1,269	1,308	130	1,100	933	167	78
November	1,270	1,306	129	1,101	934	167	76
December	1,270	1,308	130	1,097	930	167	81
1938—January	1,272	1,311	125	1,097	930	167	89
February	1,271	1,311	124	1,112	946	167	75
March	¹ 1,268						
April	¹ 1,262						

¹ Preliminary.

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

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

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

INDUSTRIAL PRODUCTION, BY INDUSTRIES (UNADJUSTED INDEXES)

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

Industry	1937										1938			
	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Manufactures—Total	122	125	123	114	110	114	106	99	86	75	75	76	77	p76
IRON AND STEEL ¹	142	143	146	119	130	139	123	98	63	43	50	53	55	55
Pig iron.....	114	115	116	105	115	118	116	95	68	49	47	47	48	47
Steel ingots.....	145	146	149	121	131	141	124	98	62	*43	50	53	56	56
TEXTILES	132	127	123	119	103	108	107	93	83	72	78	84	83	p76
Cotton consumption.....	143	140	134	130	114	116	118	104	95	81	86	91	94	82
Wool.....	129	117	116	113	89	102	91	69	54	56	55	65	54	p49
Consumption.....	141	124	122	116	91	111	101	69	55	55	54	67	58	p54
Machinery activity.....	*126	118	120	118	96	96	80	74	58	66	67	71	51	p42
Carpet and rug loom activity.....	101	96	93	94	71	83	80	59	41	43	40	49	49	47
Silk deliveries.....	110	119	108	102	92	96	109	105	97	62	92	94	96	100
FOOD PRODUCTS:														
Slaughtering and meat packing.....	84	83	74	76	67	70	83	89	95	101	107	85	78	76
Hogs.....	69	67	52	50	39	38	50	64	81	94	104	73	60	58
Cattle.....	99	99	96	104	98	109	121	119	110	107	107	96	97	93
Calves.....	137	141	140	139	125	129	134	126	117	109	105	104	117	121
Sheep.....	126	133	142	142	139	150	173	153	137	140	161	154	137	142
Wheat flour.....	83	87	83	83	88	88	98	96	93	85	84	86	84	81
Sugar meltings.....	127	143	109	82	111	108	48	69	79	81	66	81	74	89
PAPER AND PRINTING:														
Newsprint production.....	63	63	63	63	62	64	65	63	63	63	58	53	52	47
Newsprint consumption.....	149	154	151	144	124	126	144	154	139	138	127	127	131	134
TRANSPORTATION EQUIPMENT:														
Automobiles.....	140	158	163	147	132	116	53	100	111	94	65	62	63	66
Locomotives.....	24	30	30	29	25	23	30	32	23	17	12	19	23	---
LEATHER AND PRODUCTS	136	129	122	114	114	121	113	97	78	73	87	*104	107	p103
Tanning.....	103	105	103	100	93	94	91	84	76	73	74	83	77	---
Cattle hide leathers.....	107	107	105	97	88	91	91	88	80	74	73	84	78	---
Calf and kip leathers.....	76	85	78	80	79	76	70	62	60	62	66	82	77	---
Goat and kid leathers.....	117	120	124	128	118	122	113	96	82	80	86	84	76	---
Boots and shoes.....	158	144	135	123	127	138	127	106	79	74	95	*117	126	*119
CEMENT AND GLASS:														
Cement.....	67	85	92	91	92	94	92	90	76	56	36	34	46	---
Glass, plate.....	241	265	234	234	185	216	199	179	151	108	62	35	44	46
NONFERROUS METALS:														
Tin deliveries.....	144	138	115	112	100	108	136	141	115	88	91	85	77	71
Zinc.....	113	114	117	111	104	103	110	112	108	*109	103	97	92	83
Lead.....	77	84	75	72	79	79	73	84	82	88	70	69	65	73
FUELS, MANUFACTURED:														
Petroleum refining.....	190	195	200	201	206	207	216	218	212	202	200	194	190	---
Gasoline.....	242	240	253	256	261	265	277	268	255	253	243	239	243	---
Kerosene.....	104	102	108	106	110	115	112	115	122	117	113	115	117	---
Fuel oil.....	126	123	130	133	139	134	147	147	144	140	141	140	133	---
Lubricating oil.....	120	131	131	129	124	121	126	134	127	123	116	114	113	---
Coke, byproduct.....	142	142	142	132	140	145	145	128	106	90	88	87	85	80
Coke, beehive.....	30	27	28	24	25	23	22	20	15	12	10	10	8	7
RUBBER TIRES AND TUBES	132	133	132	123	102	93	106	94	75	66	66	56	61	63
Tires, pneumatic.....	137	138	137	128	105	96	110	98	78	70	69	58	64	66
Inner tubes.....	99	100	94	84	73	69	75	69	53	42	44	41	42	39
TOBACCO PRODUCTS	146	145	157	164	178	170	179	167	158	138	150	143	152	146
Cigars.....	76	77	76	80	82	76	88	89	86	55	58	63	70	65
Cigarettes.....	201	200	224	234	256	247	254	233	219	202	221	206	216	210
Manufactured tobacco.....	85	86	82	82	86	81	88	85	81	69	78	78	84	80
Minerals—Total	119	105	117	118	115	120	125	123	112	108	103	98	95	p91
Bituminous coal.....	112	61	70	72	72	77	92	92	87	84	72	67	58	p52
Anthracite.....	68	103	64	66	39	38	54	72	69	69	72	57	56	p47
Petroleum, crude.....	171	174	177	175	177	184	182	177	172	171	170	168	170	p171
Iron ore.....	---	---	238	240	245	257	218	156	34	---	---	---	---	---
Zinc.....	113	114	117	111	104	103	110	112	108	*109	103	97	92	83
Lead.....	77	84	75	72	79	79	73	84	82	88	70	69	65	73
Silver.....	102	104	98	105	126	138	111	90	128	105	97	104	106	---

p Preliminary.

* Revised.

¹ Revised figure for January 1937, 133.

NOTE.—For description see BULLETINS for February and March 1927. For latest revisions see BULLETINS for March 1932, pp. 194-196, September 1933, pp. 584-587, and March 1937, p. 256. Series on silk-loom activity and on production of book paper, wrapping paper, fine paper, box board, mechanical wood pulp, chemical wood pulp, paper boxes, and lumber, usually published in this table, are in process of revision.

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

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

Industry and group	1937										1938			
	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
LEATHER PRODUCTS	97.4	96.5	96.0	96.1	95.2	93.0	90.0	88.8	85.7	86.1	87.2	87.8	87.0	86.3
Boots, shoes.....	99	97	96	97	97	94	90	88	89	91	92	91	91	91
Leather.....	97	100	100	99	95	94	93	89	83	78	77	77	75	75
FOOD PRODUCTS	117.0	116.1	114.8	114.7	119.4	116.2	114.8	113.8	114.2	111.5	111.9	112.0	110.4	107.7
Baking.....	136	134	135	135	136	134	134	136	134	132	133	132	132	131
Beverages.....	205	190	203	206	209	210	209	109	200	204	207	211	207	200
Butter.....	88	86	88	90	91	88	87	86	84	84	87	88	87	88
Canning, preserving.....	152	154	144	143	169	155	151	138	141	135	135	135	128	112
Confectionery.....	80	79	78	77	81	82	76	80	80	78	79	78	76	77
Flour.....	75	77	76	75	78	77	74	75	75	74	74	74	74	74
Ice cream.....	73	73	76	77	76	75	76	72	74	75	72	73	71	73
Slaughtering, meat packing.....	93	91	90	89	91	88	88	89	90	87	90	88	86	85
Sugar, beet.....	95	98	90	90	91	89	108	110	105	79	78	76	83	86
Sugar refining, cane.....	77	84	78	75	79	75	66	67	69	76	68	74	69	67
TOBACCO MANUFACTURES	61.7	61.1	61.2	60.2	61.3	60.8	60.2	59.3	59.6	59.6	56.2	60.1	60.2	59.8
Tobacco, snuff.....	56	56	56	58	57	57	56	56	56	56	56	57	56	56
Cigars, cigarettes.....	62	62	62	61	62	61	61	60	60	60	56	61	61	60
PAPER, PRINTING	107.4	107.5	108.0	108.2	107.3	107.4	107.8	107.0	105.0	102.1	100.7	100.9	100.6	99.9
Boxes, paper.....	106	106	106	106	105	104	100	99	97	94	92	92	93	91
Paper, pulp.....	118	119	120	121	120	119	119	117	114	109	108	109	108	107
Book, job printing.....	98	97	98	98	98	99	99	98	98	95	94	94	93	92
Newspaper, periodical printing.....	105	105	106	106	105	105	107	107	106	105	103	103	103	104
CHEMICALS, PETROLEUM PRODUCTS	122.5	124.4	126.0	127.5	127.7	127.2	127.4	123.7	120.9	115.5	113.0	112.8	110.9	108.8
A. Other than petroleum.....	122.7	124.8	126.1	128.0	128.1	127.3	127.9	123.4	120.2	114.2	111.4	111.2	109.0	106.4
Chemicals.....	135	136	138	137	138	137	137	135	129	123	120	117	112	109
Cottonseed oil, cake, meal.....	67	77	77	72	62	62	97	87	90	85	98	97	85	100
Druggists' preparations.....	111	113	112	114	112	114	112	110	109	108	104	105	104	105
Explosives.....	90	95	93	97	97	97	94	93	93	90	86	86	87	89
Fertilizers.....	88	94	98	110	104	105	94	89	86	89	83	84	75	75
Faints, varnishes.....	135	136	134	134	136	136	134	132	129	124	119	117	118	116
Rayon, allied products.....	370	378	392	408	413	407	407	380	367	330	312	323	331	302
Soap.....	111	107	103	103	104	103	102	99	98	96	96	97	96	93
B. Petroleum refining.....	122	123	125	125	126	127	125	124	124	121	120	119	119	119
RUBBER PRODUCTS	96.0	95.8	101.7	100.0	96.6	99.8	99.5	98.1	90.4	86.3	79.2	74.5	72.3	72.0
Rubber boots, shoes.....	82	82	81	76	67	77	76	74	66	63	58	56	56	58
Rubber goods, other.....	142	144	145	144	140	140	137	135	126	121	110	108	106	107
Rubber tires, inner tubes.....	80	79	89	89	87	90	91	90	83	79	73	66	63	61

† Revised.

NOTE.—Figures for April 1938 are preliminary. For description and back data see pp. 950-978 of the BULLETIN for December 1936 and p. 259 of the BULLETIN for March 1937. Underlying figures are for payroll period ending nearest middle of month.

FACTORY EMPLOYMENT AND PAYROLLS, BY INDUSTRIES (WITHOUT SEASONAL ADJUSTMENT)—Continued

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

Industry and group	Factory employment							Factory payrolls						
	1937			1938				1937			1938			
	Mar.	Apr.	Dec.	Jan.	Feb.	Mar.	Apr.	Mar.	Apr.	Dec.	Jan.	Feb.	Mar.	Apr.
LEATHER PRODUCTS	100.8	98.3	81.8	85.8	89.4	90.1	87.9	92.4	87.7	58.4	65.6	*73.2	72.7	67.3
Boots, shoes.....	103	99	84	89	*94	95	93	89	82	53	63	72	72	66
Leather.....	99	100	79	77	78	76	75	107	111	79	77	80	78	75
FOOD PRODUCTS	105.7	107.7	107.3	*102.9	*101.7	100.4	101.0	104.1	108.2	110.4	*106.5	*104.3	103.4	104.1
Baking.....	134	133	132	130	130	130	130	124	123	127	125	126	127	126
Beverages.....	193	197	187	186	190	194	198	211	220	202	200	209	217	223
Butter.....	82	84	82	81	81	82	85	64	66	66	66	66	66	68
Canning, preserving.....	90	111	89	82	79	76	81	90	113	87	*80	78	75	81
Confectionery.....	79	74	87	76	76	75	72	76	71	87	74	74	73	67
Flour.....	74	74	75	74	74	73	72	70	72	74	73	73	72	71
Ice cream.....	65	69	64	*62	62	63	70	59	64	60	*59	*59	61	67
Slaughtering, meat packing.....	91	88	91	93	88	84	83	92	99	105	108	96	92	92
Sugar, beet.....	39	44	146	*33	*31	34	39	45	50	136	40	41	42	46
Sugar refining, cane.....	76	84	75	66	71	68	67	81	81	72	59	64	60	65
TOBACCO MANUFACTURES	60.8	60.2	60.8	51.9	58.8	59.3	59.0	52.4	52.3	55.7	44.6	48.8	50.7	49.8
Tobacco, snuff.....	57	56	57	57	59	57	56	66	66	68	67	68	65	66
Cigars, cigarettes.....	61	61	61	51	59	60	59	51	51	54	42	46	49	48
PAPER, PRINTING	107.1	107.2	104.1	101.0	101.1	100.3	99.6	104.1	104.8	100.8	*95.4	*96.4	96.6	94.5
Boxes, paper.....	104	104	97	89	90	91	90	107	108	93	83	88	89	87
Paper, pulp.....	118	119	109	108	109	108	107	117	120	99	98	103	103	100
Book, job printing.....	98	97	98	96	95	93	92	94	93	96	91	89	88	85
Newspaper, periodical printing.....	106	106	107	103	103	103	104	103	104	108	101	101	102	102
CHEMICALS, PETROLEUM PRODUCTS	124.9	126.6	116.3	*112.7	113.1	113.0	110.0	128.1	136.4	124.4	*117.5	*119.2	119.4	116.2
A. Other than petroleum.....	126.0	127.7	115.4	111.0	*111.8	111.8	108.2	128.8	136.2	120.3	112.2	113.6	114.5	110.8
Chemicals.....	134	136	123	118	*115	111	108	140	151	130	*124	123	118	117
Cottonseed oil, cake, meal.....	69	59	110	104	100	88	76	59	50	105	97	*90	79	65
Druggists' preparations.....	112	112	111	106	106	105	104	121	120	124	118	116	115	115
Explosives.....	90	92	95	90	87	87	86	98	108	100	82	92	91	87
Fertilizers.....	136	152	82	83	*94	117	122	128	151	82	*80	*88	111	119
Paints, varnishes.....	135	138	121	116	116	117	118	133	142	116	106	111	113	117
Rayon, allied products.....	373	378	337	315	329	334	302	350	365	314	276	283	300	259
Soap.....	111	108	95	94	96	96	94	123	116	111	109	111	112	109
B. Petroleum refining.....	121	122	120	119	118	118	118	126	137	138	135	137	135	134
RUBBER PRODUCTS	96.7	96.7	86.0	*78.4	*74.4	72.9	72.7	99.8	100.3	77.1	*66.1	*59.2	60.6	61.5
Rubber boots, shoes.....	80	76	68	59	56	55	54	72	68	55	44	40	40	38
Rubber goods, other.....	144	147	121	109	109	108	109	146	151	111	95	97	98	99
Rubber tires, inner tubes.....	81	81	77	*72	*66	64	63	90	91	71	61	50	52	54

* Revised.

NOTE.—Figures for April 1938 are preliminary. For description see pp. 950-953 of the BULLETIN for December 1936. Back data may be obtained from the Bureau of Labor Statistics. Underlying figures are for payroll period ending nearest middle of month.

CONSTRUCTION CONTRACTS AWARDED, BY TYPES OF CONSTRUCTION

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

Month	Total		Residential		Factories		Commercial		Public works and public utilities		Educational		All other	
	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938 ¹	1937	1938 ¹	1937	1938 ¹
January	242.7	192.2	78.4	36.2	37.0	6.6	21.5	15.4	68.5	98.6	19.6	19.0	17.8	16.4
February	188.3	118.9	63.0	40.0	12.6	4.9	22.3	13.0	59.6	30.5	11.3	15.4	19.4	15.1
March	231.2	226.9	90.2	79.4	22.2	15.7	30.0	20.2	52.5	59.7	10.0	21.0	26.4	31.0
April	269.5	222.0	107.8	74.6	30.1	11.5	28.5	18.9	65.7	67.0	14.0	16.9	23.4	33.1
May	243.7	-----	83.9	-----	18.5	-----	25.6	-----	66.7	-----	22.0	-----	26.9	-----
June	317.7	-----	93.0	-----	36.8	-----	24.5	-----	99.9	-----	37.4	-----	26.1	-----
July	321.6	-----	81.0	-----	58.5	-----	29.1	-----	102.5	-----	15.8	-----	34.7	-----
August	281.2	-----	73.4	-----	37.9	-----	29.6	-----	90.6	-----	17.2	-----	32.5	-----
September	207.1	-----	65.6	-----	12.9	-----	25.3	-----	65.8	-----	15.8	-----	21.5	-----
October	202.1	-----	65.5	-----	12.6	-----	25.2	-----	61.6	-----	10.8	-----	26.4	-----
November	198.4	-----	59.9	-----	13.5	-----	18.9	-----	61.4	-----	19.3	-----	25.4	-----
December	209.5	-----	43.5	-----	20.9	-----	16.5	-----	64.8	-----	37.6	-----	26.1	-----
Year	2,913.1	-----	905.3	-----	313.7	-----	297.0	-----	859.6	-----	230.7	-----	306.7	-----

¹Not strictly comparable with data for earlier years due to changes in classification. Comparable figures for 1937 are expected to be available for publication in a later BULLETIN.

CONSTRUCTION CONTRACTS AWARDED, BY TYPES OF FINANCING

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

Month	Total						Publicly financed ¹						Privately financed ¹					
	1933	1934	1935	1936	1937	1938	1933	1934	1935	1936	1937	1938	1933	1934	1935	1936	1937	1938
January	83	186	100	215	243	192	39	157	55	149	112	118	44	29	45	66	130	75
February	53	97	75	140	188	119	27	65	38	79	69	51	26	31	37	62	119	68
March	60	178	123	199	231	227	25	126	68	96	66	95	35	52	55	103	165	132
April	57	131	124	235	270	222	18	78	53	105	74	99	39	53	71	130	195	123
May	77	134	127	216	244	-----	24	72	47	94	93	-----	53	63	80	122	151	-----
June	102	127	148	233	318	-----	29	73	64	116	137	-----	74	54	84	116	180	-----
July	83	120	159	295	322	-----	20	52	67	153	131	-----	63	67	93	141	191	-----
August	106	120	169	275	281	-----	47	69	92	153	104	-----	59	51	76	122	178	-----
September	120	110	167	234	207	-----	71	69	97	116	80	-----	49	41	70	119	127	-----
October	145	135	201	226	202	-----	100	79	114	101	78	-----	45	57	87	125	124	-----
November	162	112	188	208	198	-----	126	74	118	89	93	-----	36	38	70	119	106	-----
December	207	93	264	200	209	-----	156	61	196	82	115	-----	51	32	68	117	94	-----
Year	1,256	1,543	1,845	2,675	2,913	-----	683	975	1,007	1,334	1,152	-----	573	568	837	1,341	1,761	-----

¹ Back figures.—See BULLETIN for February 1938, p. 159. Data for years prior to 1932 not available.

CONSTRUCTION CONTRACTS AWARDED, BY DISTRICTS

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

Federal Reserve district	1938		1937
	Apr.	Mar.	Apr.
	Boston	15,961	11,675	18,080
New York	39,876	53,419	57,696
Philadelphia	22,906	13,173	15,394
Cleveland	17,397	25,725	25,915
Richmond	25,114	24,070	32,374
Atlanta	16,080	15,795	17,664
Chicago	36,370	33,683	47,336
St. Louis	14,384	12,587	16,055
Minneapolis	7,516	6,014	9,168
Kansas City	10,205	11,014	17,237
Dallas	16,207	19,763	12,617
Total (11 districts)	222,016	226,918	269,534

COMMERCIAL FAILURES, BY DISTRICTS

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

Federal Reserve district	Number			Liabilities		
	1938		1937	1938		1937
	Apr.	Mar.	Apr.	Apr.	Mar.	Apr.
Boston	105	91	69	921	1,295	664
New York	305	330	252	4,686	4,149	2,965
Philadelphia	58	61	43	761	481	385
Cleveland	87	77	63	1,265	946	1,343
Richmond	39	50	36	421	823	348
Atlanta	45	55	35	546	494	355
Chicago	190	175	105	8,007	4,574	1,160
St. Louis	48	47	21	493	324	207
Minneapolis	23	17	15	683	241	112
Kansas City	56	40	29	780	352	195
Dallas	28	19	16	254	313	344
San Francisco	132	126	102	1,289	1,575	828
Total	1,116	1,088	786	20,106	15,567	8,906

MERCHANDISE EXPORTS AND IMPORTS

[In millions of dollars]

Month	Merchandise exports ¹					Merchandise imports ¹					Excess of exports				
	1934	1935	1936	1937	1938	1934	1935	1936	1937	1938	1934	1935	1936	1937	1938
January.....	172	176	199	223	289	136	167	187	240	171	37	9	11	-18	119
February.....	163	163	182	233	263	133	152	193	278	163	30	11	-11	-45	100
March.....	191	185	195	257	276	158	177	199	307	173	33	8	-4	-51	102
April.....	179	164	193	269	^p 274	147	171	203	287	^p 160	33	-6	-10	-18	^p 115
May.....	160	165	201	290	-----	155	171	192	285	-----	6	-5	9	5	-----
June.....	171	170	186	265	-----	136	157	191	286	-----	34	13	-5	-21	-----
July.....	162	173	180	268	-----	127	177	195	265	-----	34	-3	-15	3	-----
August.....	172	172	179	277	-----	120	169	193	246	-----	52	3	-14	31	-----
September.....	191	199	221	297	-----	132	162	216	233	-----	60	37	5	63	-----
October.....	206	221	265	333	-----	130	189	213	224	-----	77	32	52	108	-----
November.....	195	270	226	315	-----	151	169	196	223	-----	44	100	30	92	-----
December.....	171	223	230	319	-----	132	187	245	209	-----	38	37	-15	110	-----
Year.....	2,133	2,283	2,456	3,345	-----	1,655	2,047	2,423	3,084	-----	478	235	33	261	-----

^p Preliminary.

¹ Including both domestic and foreign merchandise.

² General imports, including merchandise entered for immediate consumption and that entered for storage in bonded warehouses.

Source: Bureau of Foreign and Domestic Commerce.

Back figures.—See BULLETIN for January 1931, p. 18, for July 1933, p. 431, and for February 1937, p. 152.

FREIGHT-CAR LOADINGS, BY CLASSES

[Index numbers; 1923-25 average=100]

	1937		1938			
	Apr.	Dec.	Jan.	Feb.	Mar.	Apr.
Adjusted for seasonal variation						
Total.....	84	67	65	62	60	57
Coal.....	81	70	62	54	49	55
Coke.....	102	46	46	35	38	39
Grain and grain products.....	70	88	89	76	77	77
Livestock.....	43	42	44	41	41	38
Forest products.....	49	40	40	38	36	33
Ore.....	249	86	82	78	76	52
Miscellaneous.....	91	69	69	69	67	60
Merchandise ¹	69	62	61	62	61	60
Without seasonal adjustment						
Total.....	79	62	59	57	57	55
Coal.....	68	78	71	63	52	47
Coke.....	86	51	54	47	39	33
Grain and grain products.....	63	75	80	69	71	68
Livestock.....	39	40	43	34	32	35
Forest products.....	51	34	35	37	37	34
Ore.....	102	21	18	19	19	21
Miscellaneous.....	94	63	59	59	64	63
Merchandise ¹	70	59	58	60	61	61

¹ In less-than-carload lots.

NOTE.—For description and back data see pp. 522-529 of BULLETIN for June 1937. Based on daily average loadings. Basic data compiled by Association of American Railroads. Total index compiled by combining indexes for classes with weights derived from revenue data of the Interstate Commerce Commission.

DEPARTMENT STORES—SALES, STOCKS

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

Month	Index of sales ¹				Index of stocks (end of month)			
	Adjusted for seasonal variation		Without seasonal adjustment		Adjusted for seasonal variation		Without seasonal adjustment	
	1937	1938	1937	1938	1937	1938	1937	1938
January.....	93	90	72	70	74	71	66	63
February.....	95	88	76	70	76	70	72	67
March.....	93	86	90	77	76	70	78	71
April.....	93	83	89	86	76	68	79	71
May.....	93	-----	95	-----	76	-----	78	-----
June.....	93	-----	90	-----	76	-----	73	-----
July.....	94	-----	65	-----	77	-----	69	-----
August.....	92	-----	72	-----	78	-----	74	-----
September.....	94	-----	100	-----	77	-----	80	-----
October.....	93	-----	103	-----	76	-----	85	-----
November.....	91	-----	101	-----	75	-----	86	-----
December.....	89	-----	156	-----	72	-----	68	-----
Year.....	-----	-----	92	-----	-----	-----	76	-----

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

Back figures.—Department store sales, see p. 631 of BULLETIN for August 1936; department store stocks, see p. 232 of BULLETIN for March 1938.

INTERNATIONAL FINANCIAL STATISTICS

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

Year or month	United States													
	Total net imports or net exports (-)	Net imports from or net exports (-) to:												
		United Kingdom	France	Belgium	Netherlands	Switzerland	Canada	Mexico	Colombia	Philippine Islands	Australia	Japan	British India	All other countries
1934 ¹	1,131,994	499,870	260,223	8,902	94,348	12,402	86,829	30,270	16,944	12,038	1,029	4	76,820	32,316
1935.....	1,739,019	315,727	934,243	3	227,185	968	95,171	13,667	10,899	15,355	3,498	-----	75,268	47,054
1936.....	1,116,584	174,093	573,671	3,351	71,006	7,511	72,648	39,966	11,911	21,513	23,290	-----	77,892	39,745
1937.....	1,585,503	891,531	-13,710	90,859	6,461	54,452	111,480	38,482	18,397	25,427	34,713	246,464	50,762	30,185
1936—October.....	218,812	72,154	95,013	799	26,746	8	12,222	530	4	2,157	1,869	-----	5,782	2,530
November.....	75,836	44,665	20	2,545	-----	3,698	10,650	368	-----	1,628	3,731	-----	6,182	2,289
December.....	56,970	32,988	9	2	-----	3,281	4,709	462	-----	2,273	936	-----	10,108	2,193
1937—January.....	121,325	73,950	10,864	10,691	271	6,506	5,865	1,945	1	2,123	1,617	-----	6,028	1,463
February.....	120,326	75,238	1,138	-----	14	8,155	10,661	9,153	-----	2,109	2,910	-----	7,077	3,870
March.....	154,332	121,451	76	1,131	1,086	-----	4,925	3,242	3	1,944	3,467	5,696	4,017	7,296
April.....	215,811	175,165	596	5,399	-----	-----	7,225	1,973	4,261	2,231	2,388	9,978	4,857	1,737
May.....	155,362	103,822	1,375	-----	-----	1,166	14,434	2,800	5,496	2,106	2,613	16,593	3,797	1,160
June.....	262,022	156,943	11,059	5,225	1,392	36,235	20,946	665	2,177	2,064	2,167	15,316	3,966	3,866
July.....	175,417	76,432	1,138	22,556	3,177	2,390	7,428	5,348	2	2,410	3,796	44,459	4,355	1,925
August.....	104,844	30,147	-----	10,118	521	-----	12,247	3,524	1	1,505	3,710	37,697	3,613	1,761
September.....	145,495	59,066	-----	13,703	-----	-----	14,497	2,054	2,110	2,981	3,010	40,927	5,275	1,871
October.....	90,477	24,402	-----	22,030	-----	-----	9,669	2,089	8	1,375	2,076	19,875	6,902	2,051
November.....	22,110	-5,046	-24,968	-----	-----	-----	816	2,285	4,323	2,286	3,173	37,148	767	1,326
December.....	17,982	-40	-14,987	-----	-----	-----	2,767	3,404	16	2,292	3,786	18,774	107	1,862
1938—January.....	2,088	-20	-4,974	-----	-----	-----	649	819	-----	1,676	1,025	-----	1,043	1,870
February.....	8,036	-11	15	-----	-----	-----	692	721	2,105	1,330	1,943	-----	-----	1,241
March.....	52,927	31,395	39	4,220	-----	-----	717	2,758	2,102	2,240	458	4,484	2,979	1,536
April.....	71,091	35,429	18	1,938	-----	-----	747	1,812	1	1,883	1,241	23,311	2,359	2,353

¹ Differs from official customhouse figures in which imports and exports for January 1934 are valued at approximately \$20.67 a fine ounce.

NOTE.—For gross import and export figures and for additional countries see table on p. 510.

GOLD MOVEMENTS—Continued

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

Year or month	United Kingdom												Germany		
	Total net imports or net exports (-)	Net imports from or net exports (-) to:										Total net imports or net exports (-)			
		United States	France	Germany	Belgium	Netherlands	U.S.S.R.	Australia	South Africa, Rhodesia, West Africa	British India	Other British countries			China	All other countries
1934	716,269	-497,166	348,190	121,017	-13,585	32,575	-----	41,790	335,253	206,693	62,397	-----	179,105	-90,220	
1935	369,722	-435,502	142,137	-4,726	-17,476	10,796	931	37,981	404,295	181,602	32,754	14,051	¹ 2,879	42,969	
1936	1,169,931	-276,830	756,215	23,292	-15,133	-21,215	-----	26,723	488,814	128,421	28,067	13,930	² 17,647	3,715	
1937	420,427	-834,009	541,187	46,147	-21,993	-16,572	199,965	24,165	464,837	66,330	22,079	-----	³ -87,253	-3,718	
1936—Nov.	83,168	-49,224	72,506	-163	377	1,486	-----	2,304	36,230	14,896	1,610	4,727	-----	-1,681	426
Dec.	100,505	-63,914	118,655	-624	-1,130	1,836	-----	2,128	41,683	7,243	1,172	1,927	-----	-8,467	5,098
1937—Jan.	-25,523	-73,568	22,453	-220	414	1,021	5,628	2,504	16,903	3,953	694	-----	-----	-5,305	17,426
Feb.	122,296	-75,615	163,919	153	452	1,756	-----	1,968	24,113	8,705	786	-----	-----	-3,942	27,024
Mar.	78,484	-104,399	124,121	507	1,687	965	22,520	2,727	26,593	5,760	592	-----	-----	-2,489	588
Apr.	12,036	-149,444	11,281	-1,055	104	927	98,510	2,122	44,198	2,848	1,220	-----	-----	1,325	1,778
May	-48,319	-101,710	-274	-1,786	-1,545	452	8,430	2,353	37,106	8,368	873	-----	-----	-586	2,956
June	22,957	-128,380	79,545	8,398	-7,915	997	14,027	1,552	46,933	2,782	1,251	-----	-----	3,767	-22,222
July	127,953	-79,498	112,113	16,348	-9,207	-208	14,153	705	57,861	6,129	1,296	7,227	-----	1,032	-11,355
Aug.	122,643	-26,043	50,463	12,212	416	-662	16,914	1,981	54,463	7,178	1,171	8,454	-----	-3,903	-11,467
Sept.	-29,775	-86,145	-2,034	8,245	573	-420	19,784	2,039	36,199	4,735	989	-----	⁴ -13,739	-8,182	-----
Oct.	-6,348	-16,236	-2,831	3,171	8,176	-10,047	-----	1,476	36,244	5,739	1,032	-----	-----	-33,071	63
Nov.	22,054	4,258	-2,488	84	-2,215	-5,663	-----	2,359	47,694	4,960	3,877	-----	-----	-30,813	-79
Dec.	20,976	2,006	-15,077	90	-12,834	-5,689	-----	2,379	36,528	5,174	8,300	-137	-----	236	-247
1938—Jan.	27,245	1,487	-9,848	41	-1,487	-6,055	-----	3,775	32,889	4,425	10,063	-60	-----	-7,985	-200
Feb.	51,387	3,523	-1,940	78	5	-3,067	5,669	2,958	43,092	5,002	7,036	-----	⁵ -10,973	5,359	-----
Mar.	79,037	-35,535	-4,276	49	55,448	3,625	11,273	3,620	50,540	5,101	2,786	-----	-9	-13,586	-27
Apr.	53,186	-18,507	-3,039	86	15,039	-4,139	31,089	4,168	35,077	3,586	3,590	-----	⁶ -13,763	-----	-----

Year or month	Switzerland							British India							
	Total net imports or net exports (-)	Net imports from or net exports (-) to:						Total net imports or net exports (-)	Net imports from or net exports (-) to:			Gold production in India	Change in:		
		United States	United Kingdom	France	Belgium	Italy	Netherlands		All other countries	United States	United Kingdom		All other countries	Reserves in India ⁷	Private holdings in India ⁸
1934	-46,065	-12,784	-45,955	-29,235	18,397	19,431	2,580	1,500	-230,720	-82,183	-144,185	-4,352	11,222	173	-219,671
1935	-230,788	-54,647	-54,858	-181,725	-13,940	25,542	342	-6,795	-161,872	-46,172	-113,953	-1,746	11,393	-6	-150,472
1936	122,278	-9,127	-1,714	39,305	14,631	51,299	4,600	23,378	-121,066	-57,167	-64,349	450	11,599	-----	-109,467
1937	-56,946	-51,608	11,940	-45,061	27,739	-657	6,553	-5,852	-61,689	-12,465	-49,069	-153	11,574	-41	-50,073
1936—Oct.	14,848	19	5,988	656	8,177	62	57	-112	-11,576	-8,025	-3,769	218	982	-----	-10,594
Nov.	2,210	-3,676	2,892	1,241	1,723	-65	97	-3	-9,347	-7,116	-2,369	138	966	-----	-8,381
Dec.	-2,874	-4,916	2,291	-47	659	-33	20	-848	-5,506	-3,677	-1,953	124	983	-----	-4,523
1937—Jan.	-135	-6,675	5,227	-612	732	-100	-575	1,866	-8,477	-4,087	-4,488	98	984	-----	-7,498
Feb.	-17,034	-6,247	2,436	-1	852	-----	-566	¹¹ -13,607	-3,161	-2,750	-538	127	899	-----	-2,262
Mar.	575	-----	-463	-490	653	-----	55	819	-3,968	-620	-3,473	125	982	-----	-2,986
Apr.	-1,506	-26	-1,966	-289	192	-----	-----	584	-6,068	-863	-5,223	18	956	-38	-5,074
May	-4,479	-1,174	-1,987	-3,132	1,107	-----	96	611	-4,933	-1,101	-3,710	-122	982	-----	-3,951
June	-49,417	-36,242	-4,351	-8,740	521	-----	274	-879	-1,309	-2,118	309	957	1	-----	-7,706
July	-6,033	-1,243	-153	-1,831	-512	4	-2,278	-25	-8,689	-1,644	-7,253	208	979	-4	-4,222
Aug.	-1,630	-----	-393	-1,242	8	-----	350	-354	-5,197	-424	-4,759	-14	975	-----	-4,222
Sept.	-7,147	-8	-376	-6,995	-37	-----	-1,186	1,456	-4,532	-----	-4,883	352	932	-----	-3,600
Oct.	-1,138	8	3,286	-9,627	-109	-561	4,559	1,307	-4,655	-976	-3,752	73	961	-----	-3,694
Nov.	4,113	-----	4,869	-6,276	-227	559	3,275	1,914	-4,200	-----	-4,294	94	938	-----	-3,262
Dec.	26,892	-----	5,810	-5,828	24,558	-559	2,553	358	-5,999	-----	-4,578	-1,421	1,029	-----	-4,970
1938—Jan.	10,826	8	12,478	-13,978	10,409	-41	1,614	335	-5,599	-414	-5,110	-75	948	-----	-4,651
Feb.	2,448	-35	11,223	-11,518	-584	615	2,198	549	-7,423	-----	-5,712	-1,711	872	-----	-6,551
Mar.	-3,188	-----	3,595	-9,257	-943	1,763	1,421	233	¹² -4,126	-----	-----	-----	¹³ 872	-----	-6,551
Apr.	-7,632	7	-2,391	-6,084	-266	5,397	2,467	¹² -6,761	-----	-----	-----	-----	¹³ 872	-----	-3,254

^p Preliminary. ^r Revised.¹ Includes \$17,465,000 exported to Rumania and unspecified net imports of \$95,937,000.² Includes exports of \$50,661,000 to Sweden and \$12,571,000 to Norway; and net imports of \$53,465,000 from Switzerland.³ Includes \$10,129,000 exported to Sweden and unspecified net imports of \$19,684,000.⁴ Includes \$67,655,000 exported to Central and South America and net exports of \$16,596,000 to Switzerland.⁵ Figures for Sept., Oct., and Nov. 1937 include exports to Central and South America of \$15,120,000, \$27,511,000, and \$24,996,000 respectively.⁶ Includes net exports of \$12,082,000 to Switzerland.⁷ Includes net exports of \$6,000,000 to Switzerland and \$7,590,000 to Sweden.⁸ Includes \$10,088,000 exported to Sweden.⁹ Through March 1935 gold held by government; subsequently, gold held by Reserve Bank of India to which government gold was transferred.¹⁰ Figures derived from preceding columns; net imports plus production minus increase in reserves in India.¹¹ Includes \$14,292,000 exported to Germany.¹² Includes \$9,953,000 exported to Germany and \$2,882,000 imported from Turkey.

NOTE.—Germany, Switzerland, and United Kingdom.—In some cases annual aggregates of official monthly figures differ somewhat from revised official totals published for year as a whole. German gold movements by individual countries not available beginning July 1937.

CENTRAL BANKS

Bank of England (Figures in millions of pounds sterling)	Gold (in issue department) ¹	Assets of banking department					Note circulation	Liabilities of banking department			
		Cash reserves		Dis-counts and advances	Secur-ities	Deposits			Other liabil-ities		
		Coin	Notes			Bankers'		Public		Other	
1929—Dec. 25.....	145.8	.2	26.3	22.3	84.9	379.6	71.0	8.8	35.8	17.9	
1930—Dec. 31.....	147.6	.6	38.8	49.0	104.7	368.8	132.4	6.6	36.2	18.0	
1931—Dec. 30.....	120.7	.6	31.6	27.3	133.0	364.2	126.4	7.7	40.3	18.0	
1932—Dec. 28.....	119.8	.8	23.6	18.5	120.1	371.2	102.4	8.9	33.8	18.0	
1933—Dec. 27.....	190.7	1.0	58.7	16.8	101.4	392.0	101.2	22.2	36.5	18.0	
1934—Dec. 26.....	192.3	.5	47.1	7.6	98.2	405.2	89.1	9.9	36.4	18.0	
1935—Dec. 25.....	200.1	.6	35.5	8.5	94.7	424.5	72.1	12.1	37.1	18.0	
1936—Nov. 25.....	248.7	.7	63.1	6.8	98.6	445.6	97.6	12.1	41.7	17.8	
Dec. 30.....	313.7	.6	46.3	17.5	155.6	467.4	150.6	12.1	39.2	18.0	
1937—Feb. 24.....	313.7	.7	58.6	4.9	105.3	455.1	100.4	13.0	37.9	18.2	
Mar. 31.....	313.7	1.0	39.8	7.1	123.4	473.8	62.3	52.2	38.5	18.3	
Apr. 28.....	313.7	1.0	44.8	5.5	119.7	468.8	87.6	26.2	39.6	17.7	
May 26.....	321.3	.9	46.0	4.9	119.7	475.2	91.4	24.9	37.5	17.8	
June 30.....	326.4	.9	38.0	6.3	164.3	488.4	140.5	10.8	40.2	18.0	
July 28.....	326.4	1.1	28.1	5.8	135.2	498.3	104.3	10.5	37.3	18.1	
Aug. 25.....	326.4	1.5	38.1	4.3	128.5	488.3	92.8	25.4	36.0	18.2	
Sept. 29.....	326.4	1.7	37.9	6.2	126.6	488.5	95.1	21.8	37.2	18.3	
Oct. 27.....	326.4	1.6	43.3	8.1	121.1	483.1	87.7	32.2	36.6	17.7	
Nov. 24.....	326.4	1.5	66.0	8.6	97.0	480.4	83.6	35.4	36.3	17.8	
Dec. 29.....	326.4	.8	41.1	9.2	135.5	505.3	120.6	11.4	36.6	18.0	
1938—Jan. 26.....	326.4	.6	53.2	10.4	117.9	473.2	113.1	13.6	37.3	18.1	
Feb. 23.....	326.4	.8	51.9	6.5	116.9	474.5	105.6	16.7	35.5	18.2	
Mar. 30.....	326.4	.8	41.0	8.7	131.0	485.4	108.1	17.8	37.4	18.3	
Apr. 27.....	326.4	.8	37.1	7.1	133.4	489.3	113.3	10.9	36.5	17.7	
May 25 ^p	326.4	.8	46.2	9.5	115.1	480.2	91.2	26.5	36.1	17.8	

Bank of France (Figures in millions of francs)	Assets										Liabilities		
	Gold ¹	For- eign ex- change	Domestic bills		Ad- vances to Gov- ern- ment	Loans on—		Negotia- ble se- curities	Other assets	Note circu- lation	Deposits		Other liabil- ities
			Spe- cial ²	Other		Short- term Gov- ernment se- curities	Other secur- ities				Gov- ern- ment	Other	
1929—Dec. 27.....	41,668	25,942	-----	8,624	-----	-----	2,521	5,612	5,603	68,571	11,737	7,850	1,812
1930—Dec. 26.....	53,578	26,179	-----	8,429	-----	-----	2,901	5,304	6,609	76,436	12,624	11,698	2,241
1931—Dec. 30.....	68,863	21,111	-----	7,389	-----	-----	2,730	7,157	8,545	85,725	5,898	22,183	1,989
1932—Dec. 30.....	83,017	4,484	-----	3,438	-----	-----	2,515	6,802	9,196	85,028	2,311	20,072	2,041
1933—Dec. 29.....	77,098	1,158	-----	4,739	-----	-----	2,921	6,122	8,251	82,613	2,322	13,414	1,940
1934—Dec. 28.....	82,124	963	-----	3,971	-----	-----	3,211	5,837	8,288	83,412	3,718	15,359	1,907
1935—Dec. 27.....	66,296	1,328	-----	9,712	-----	-----	8,253	5,800	7,879	81,150	2,862	8,716	2,113
1936—Nov. 27.....	64,359	1,466	925	8,056	12,298	702	3,464	5,640	8,029	86,651	2,069	13,058	3,160
Dec. 30.....	60,359	1,460	1,379	8,465	17,698	715	3,583	5,640	8,344	89,342	2,089	13,655	2,567
1937—Feb. 26.....	57,359	1,323	1,524	8,990	19,772	873	3,594	5,640	8,235	87,062	2,315	15,386	2,547
Mar. 26.....	57,359	1,194	1,514	8,440	20,066	225	3,698	5,640	8,543	85,746	1,977	16,404	2,552
Apr. 30.....	57,359	1,112	1,470	7,639	19,991	966	3,918	5,642	9,256	87,063	4,361	13,408	2,518
May 27.....	57,359	1,053	1,437	8,377	19,980	385	3,777	5,642	8,158	85,745	3,154	14,766	2,502
June 24.....	54,859	1,068	1,280	9,356	21,380	776	4,013	5,641	8,110	85,985	2,209	15,710	2,549
July 29.....	55,677	951	991	10,197	23,887	958	4,064	5,641	8,467	89,307	2,563	15,812	3,152
Aug. 26.....	55,718	911	833	8,655	25,218	476	3,763	5,637	8,417	88,255	2,251	15,927	3,196
Sept. 30.....	55,805	825	600	9,799	25,999	1,340	4,175	5,637	8,558	91,370	2,351	15,886	3,135
Oct. 28.....	55,805	829	562	10,620	26,918	483	3,710	5,637	7,218	91,336	2,648	14,679	3,121
Nov. 25.....	58,932	965	722	9,655	26,918	314	3,675	5,637	7,343	90,131	2,686	17,893	3,452
Dec. 30.....	58,933	911	652	10,066	31,909	675	3,781	5,580	7,277	93,837	3,461	19,326	3,160
1938—Jan. 27.....	58,933	871	841	12,053	31,904	925	3,824	5,580	7,019	92,255	2,689	23,720	3,285
Feb. 24.....	55,807	874	821	11,582	31,904	866	3,652	5,575	7,187	92,740	2,226	20,147	3,154
Mar. 31.....	55,807	845	573	10,321	38,574	997	3,825	5,575	8,361	98,095	2,233	21,409	3,141
Apr. 28.....	55,807	830	632	10,865	40,134	879	3,700	5,575	7,288	98,519	2,802	21,237	3,154

^p Preliminary.

¹ Issue department also holds securities and silver coin as cover for fiduciary issue, which is fixed by law at £260,000,000. However, by direction of British Treasury under Section 2, paragraph (2), of Currency and Bank Notes Act, 1928 (see BULLETIN for August 1928, pp. 567-569), reductions in amount of fiduciary issue (and securities held as cover) have been in effect as follows: Dec. 16, 1935, to Nov. 10, 1937, £60,000,000; Nov. 17, 1937, to Jan. 12, 1938, £40,000,000; since Jan. 19, 1938, £60,000,000. From August 1, 1931, to March 31, 1933, increase of £15,000,000 in fiduciary issue (and securities held as cover) was authorized by British Treasury under Section 8 of Currency and Bank Notes Act.

² By law of October 1, 1936, gold provisionally revalued at rate of 49 milligrams gold 0.900 fine per franc (see BULLETIN for November 1936, pp. 878-880). Of total gold increment of about 17,000,000,000 francs, 10,000,000,000 francs was initially turned over to Stabilization Fund established by law of October 1. By decree of July 22, 1937, gold was again revalued on basis of 43 milligrams of gold 0.900 fine per franc, and resulting increment of about 6,800,000,000 francs was allocated to fund for regulating market for Government securities (see BULLETIN for September 1937, p. 853).

³ Bills and warrants endorsed by National Wheat Board (law of Aug. 15, 1936—see BULLETIN for October 1936, pp. 785-786), and bills rediscounted for account of Banques Populaires (law of Aug. 19, 1936—see BULLETIN for October 1936, p. 788).

⁴ Includes advances granted under Convention of March 22, 1938, between Bank of France and Treasury (see page 452); Convention authorizes 5,000,000,000 francs of such advances (see also BULLETINS for July, 1936, p. 603, and September 1937, p. 951).

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

CENTRAL BANKS—Continued

Reichsbank (Figures in millions of reichsmarks)	Assets							Liabilities			
	Reserves		Treasury bills	Other bills (and checks)	Security loans	Securities		Other assets	Note circulation	Deposits	Other liabilities
	Gold	Foreign exchange				Eligible as note cover	Other				
1929—Dec. 31	2,283	404	241	2,608	251	-----	92	656	5,044	755	736
1930—Dec. 31	2,216	469	206	2,366	256	-----	102	638	4,778	652	822
1931—Dec. 31	984	172	98	4,144	245	-----	161	1,065	4,776	755	1,338
1932—Dec. 31	806	114	1	2,806	176	-----	398	1,114	3,560	540	1,313
1933—Dec. 30	386	9	49	3,177	183	259	322	735	3,645	640	836
1934—Dec. 31	79	5	45	4,021	146	445	319	827	3,901	984	1,001
1935—Dec. 31	82	5	53	4,498	84	349	315	853	4,285	1,032	923
1936—Dec. 31	66	6	62	5,448	74	221	303	765	4,980	1,012	953
1937—Apr. 30	68	6	29	5,124	52	106	310	896	4,979	794	816
May 31	69	6	54	5,001	50	104	310	947	4,902	804	835
June 30	69	6	61	5,262	55	104	300	878	4,992	880	862
July 31	69	6	29	5,316	52	104	299	860	5,112	732	892
Aug. 31	70	6	33	5,283	52	104	299	905	5,116	736	901
Sept. 30	70	6	53	5,538	51	105	293	905	5,256	838	927
Oct. 30	70	6	7	5,578	44	105	293	844	5,275	711	959
Nov. 30	70	6	27	5,520	46	105	286	870	5,196	766	967
Dec. 31	71	6	119	6,013	60	106	286	861	5,493	1,059	970
1938—Jan. 31	71	5	60	5,459	66	108	286	982	5,199	851	986
Feb. 28	71	5	21	5,637	81	110	286	953	5,278	891	996
Mar. 31	71	5	89	5,813	63	96	297	1,388	5,622	1,323	877
Apr. 30	71	5	12	5,841	59	121	297	1,614	6,086	1,031	903

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

Central bank [Figures as of last report date of month]	1938			1937	Central bank [Figures as of last report date of month]	1938			1937
	Apr.	Mar.	Feb.	Apr.		Apr.	Mar.	Feb.	Apr.
National Bank of Albania (thousands of francs):					Central Bank of Bolivia—Cont.				
Gold			7,575	7,554	Securities—Government	402,395	398,895	413,413	
Foreign assets			22,320	23,958	Other	4,500	4,499	4,736	
Loans and discounts			4,195	3,458	Other assets	20,374	14,053	15,076	
Other assets			3,849	4,174	Note circulation	255,659	254,109	240,655	
Note circulation			10,861	11,518	Deposits	291,723	277,764	253,908	
Other sight liabilities			15,191	15,869	Other liabilities	60,243	58,699	107,770	
Other liabilities			11,887	11,758	Bank of Brazil (millions of milreis):				
Central Bank of the Argentine Republic (millions of pesos):					Cash			224	
Gold at home		1,314	1,336	1,224	Correspondents abroad			459	
Gold abroad and foreign exchange		38	63	338	Loans and discounts			2,425	
Negotiable Government bonds		92	115	26	Deposits			3,056	
Other assets		193	209	193	National Bank of Bulgaria (millions of leva):				
Note circulation		1,138	1,166	1,165	Gold			1,755	
Deposits—Member bank		331	360	450	Foreign exchange			546	
Government		108	125	128	Loans and discounts			979	
Other		3	5	6	Government debt			3,551	
Foreign exchange sold forward		16	29		Other assets			995	
Other liabilities		42	39	33	Note circulation			2,636	
Commonwealth Bank of Australia (thousands of pounds):					Deposits			2,899	
Issue department:					Other liabilities			2,291	
Gold and English sterling	16,007	16,006	16,006	16,012	Bank of Canada (thousands of Canadian dollars):				
Securities	42,296	40,301	40,302	38,560	Gold	180,678	180,865	180,144	191,192
Banking department:					Sterling and United States exchange	17,327	22,205	19,079	11,215
Coin, bullion, and cash	1,322	1,273	1,307	1,093	Canadian Gov't. securities:				
London balances	27,189	26,699	25,688	28,829	2 years or less	119,706	120,012	68,783	50,252
Loans and discounts	12,857	11,966	12,533	15,328	Over 2 years	39,981	41,457	86,497	101,687
Securities	49,193	51,098	51,718	38,251	Other securities	12,267	12,287	12,203	
Deposits	85,892	86,294	87,291	79,940	Other assets	17,541	8,616	8,395	8,925
Note circulation	51,034	49,034	49,034	47,039	Note circulation	155,921	148,645	149,108	129,063
National Bank of Belgium ¹ (millions of belgas):					Deposits—Chartered banks	195,803	194,860	188,750	199,472
Gold	3,123	3,132	3,498	3,579	Dominion Government	18,242	25,928	20,572	21,222
Foreign balances and bills	1,135	1,093	1,092	1,331	Other	2,820	2,303	3,665	796
Discounts	194	210	201	(3)	Other liabilities	14,715	13,705	13,005	12,718
Loans	32	54	30	38	Central Bank of Chile (millions of pesos):				
Other assets	462	464	464	310	Gold		144	144	143
Note circulation	4,390	4,419	4,325	4,421	Discounts for member banks		23	18	36
Demand deposits—Treasury	40	37	10	143	Loans to government		782	791	799
Other	399	379	832	622	Other loans and discounts		112	120	112
Other liabilities	118	118	118	72	Other assets		54	35	54
Central Bank of Bolivia (thousands of bolivianos):					Note circulation		711	704	715
Gold at home and abroad		52,810	52,412	51,430	Deposits—				
Foreign exchange		97,310	91,717	104,602	Bank		206	211	208
Loans and discounts		30,235	28,997	13,077	Other		60	54	91
					Other liabilities		138	138	130

¹ Form of official statement revised effective December 1937.

² Discounts, domestic and foreign; includes certain items carried in other assets beginning December 1937.

³ Not reported separately on bank statement; see notes 1 and 2.

CENTRAL BANKS—Continued

[Figures as of last report date of month]

Central bank	1938			1937	Central bank	1938			1937
	Apr.	Mar.	Feb.	Apr.		Apr.	Mar.	Feb.	Apr.
Bank of the Republic of Colombia (thousands of pesos):					Bank of Finland (millions of markkaa):				
Gold.....		34,242	34,914	32,504	Gold.....	620	635	635	816
Foreign exchange.....		6,475	9,248	11,490	Foreign assets.....	2,588	2,535	2,476	2,017
Loans and discounts.....		17,342	16,839	11,294	Loans and discounts.....	1,527	1,456	1,332	1,130
Government loans and securities.....		46,585	46,099	45,912	Domestic securities.....	277	299	297	316
Other assets.....		26,282	26,146	26,638	Other assets.....	362	366	361	323
Note circulation.....		47,708	48,574	51,544	Note circulation.....	2,272	2,292	2,189	2,008
Deposits.....		42,368	43,516	38,573	Deposits—Treasury.....	369	428	612	415
Other liabilities.....		40,851	41,157	37,720	Other.....	1,089	885	659	495
National Bank of Czechoslovakia (millions of koruny):					Other liabilities.....	1,643	1,686	1,642	1,684
Gold.....	2,658	2,661	2,640	2,581	Bank of Greece (millions of drachmas):				
Foreign exchange.....	422	508	528	127	Gold and foreign exchange (net).....	3,452	3,406	3,382	3,304
Discounts.....	1,565	1,188	875	1,239	Loans and discounts.....	6,205	6,140	5,800	3,385
Loans.....	1,155	1,154	730	1,005	Government obligations.....	4,342	4,342	4,384	4,104
Government debt.....	2,007	2,007	2,008	2,018	Other assets.....	1,972	1,767	1,675	2,258
Other assets.....	1,114	1,179	1,177	1,011	Note circulation.....	6,795	6,572	6,357	6,680
Note circulation.....	7,123	6,997	6,078	5,944	Deposits.....	7,050	6,795	6,551	4,442
Demand deposits.....	245	157	347	363	Other liabilities.....	2,126	2,287	2,332	1,930
Other liabilities.....	1,552	1,544	1,544	1,674	National Bank of Hungary (millions of pengos):				
Bank of Danzig (thousands of gulden):					Gold.....	84	84	84	84
Gold.....	28,376	28,376	28,374	29,566	Foreign exchange reserve.....	71	66	61	48
Foreign exchange of the reserve.....	2,734	2,330	2,215	465	Discounts.....	471	457	385	421
Other foreign exchange.....	418	385	417	1,442	Loans—To Treasury.....	119	119	119	104
Loans and discounts.....	15,836	15,882	16,228	15,359	Other.....	14	19	14	12
Other assets.....	3,298	3,545	3,533	4,146	Other assets.....	316	311	302	221
Note circulation.....	35,400	34,184	33,617	32,654	Note circulation.....	585	547	444	435
Demand deposits.....	12,501	12,835	13,296	12,866	Demand deposits.....	214	235	237	174
Other liabilities.....	19,017	19,031	19,012	19,179	Certificates of indebtedness.....	70	70	70	93
National Bank of Denmark (millions of kroner):					Other liabilities.....	206	204	214	190
Gold.....	118	118	118	118	Reserve Bank of India (millions of rupees):				
Foreign exchange.....	75	76	88	15	Issue department:				
Discounts.....	21	21	20	29	Gold at home and abroad.....		444	444	444
Loans—To Government agencies.....	140	123	123	184	Sterling securities.....		788	788	803
Other.....	106	99	104	155	Indian Gov't. securities.....		274	274	274
Securities.....	106	96	76	54	Rupee coin.....		634	632	557
Other assets.....	76	83	69	63	Note circulation.....		1,861	1,859	1,927
Note circulation.....	420	399	391	392	Banking department:				
Deposits.....	64	58	54	78	Notes of issue department.....		279	279	151
Other liabilities.....	159	159	153	149	Balances abroad.....		94	72	273
Central Bank of Ecuador (thousands of sucres):					Treasury bills discounted.....		10		
Gold.....				34,912	Investments.....		71	64	77
Foreign exchange.....				26,012	Other assets.....		7	7	6
Loans and discounts.....				40,302	Deposits.....		354	315	404
Note circulation.....				60,500	Other liabilities.....		108	107	103
Deposits.....				41,188	Bank of Japan (millions of yen):				
National Bank of Egypt ¹ (thousands of pounds):					Gold.....	801	801	801	543
Gold.....		6,545	6,545	6,545	Discounts.....	478	459	463	559
Foreign exchange.....		2,688	2,825	2,619	Loans—Government.....	3	3	3	208
Loans and discounts.....		4,874	5,361	3,698	Other.....	88	61	107	74
British, Egyptian, and other Government securities.....		34,875	34,752	38,427	Government bonds.....	1,176	1,032	1,175	651
Other assets.....		7,419	7,255	8,856	Other assets.....	208	241	222	223
Note circulation.....		19,936	20,159	20,879	Note circulation.....	1,986	1,824	1,907	1,450
Deposits—Government.....		7,867	8,783	9,468	Deposits—Government.....	370	366	519	439
Other.....		20,215	19,262	21,643	Other.....	90	127	71	62
Other liabilities.....		8,384	8,534	8,155	Other liabilities.....	307	280	273	308
Central Reserve Bank of El Salvador (thousands of colones):					Bank of Java (millions of guilders):				
Gold.....		13,172	13,172	13,143	Gold.....		117	117	109
Foreign exchange.....		5,549	5,287	7,119	Foreign bills.....		2	3	3
Loans and discounts.....		1,162	1,450	219	Loans and discounts.....		63	67	67
Government debt and securities.....		5,620	5,788	6,247	Other assets.....		113	107	110
Other assets.....		2,137	2,047	2,606	Note circulation.....		184	183	191
Note circulation.....		15,733	16,137	17,463	Deposits.....		83	81	73
Deposits.....		7,981	7,528	7,905	Other liabilities.....		28	28	25
Other liabilities.....		3,926	4,079	3,967	Bank of Latvia (millions of lats):				
Bank of Estonia (thousands of krooni):					Gold.....	78	78	78	77
Gold.....	34,234	34,222	34,217	34,184	Foreign exchange reserve.....	47	47	44	42
Foreign exchange (net).....	15,948	17,271	17,311	15,389	Loans and discounts.....	131	128	128	120
Loans and discounts.....	24,163	25,092	25,008	26,577	Other assets.....	56	56	61	47
Other assets.....	29,708	30,663	30,876	22,114	Note circulation.....	66	67	66	46
Note circulation.....	50,618	50,528	50,774	46,471	Deposits.....	197	194	191	208
Demand deposits.....	32,807	35,528	34,741	36,089	Other liabilities.....	48	49	53	31
Other liabilities.....	20,628	21,192	21,896	15,703	Bank of Lithuania (millions of litu):				
					Gold.....	79	79	79	77
					Foreign exchange.....	6	5	4	6
					Loans and discounts.....	109	118	114	97
					Other assets.....	32	32	32	33
					Note circulation.....	129	134	118	112
					Deposits.....	75	79	90	79
					Other liabilities.....	22	21	20	22

¹ Items for issue and banking departments consolidated.

² By law of August 10, 1937, gold revalued on August 25 at rate of 290 milligrams fine gold per yen.

CENTRAL BANKS—Continued

[Figures as of last report date of month]

Central bank	1938			1937	Central bank	1938			1937
	Apr.	Mar.	Feb.	Apr.		Apr.	Mar.	Feb.	Apr.
Netherlands Bank (millions of guilders):					National Bank of Rumania—Cont.				
Gold	1,480	1,466	1,436	985	Loans and discounts	6,386	6,441	6,372	
Silver (including subsidiary coin)	18	15	16	19	Special loans ²	1,982	1,989	2,077	
Foreign bills	5	5	5	2	Government debt	10,558	10,553	10,740	
Discounts	9	9	9	21	Other assets	10,566	9,769	9,739	
Loans	321	298	271	178	Note circulation	30,735	30,731	26,131	
Other assets	67	65	65	63	Demand deposits	10,960	10,570	12,666	
Note circulation	901	900	902	796	Other liabilities	9,784	9,360	10,785	
Deposits—Government	106	86	109	76	South African Reserve Bank				
Other	845	824	744	349	(thousands of pounds):				
Other liabilities	48	48	47	46	Gold	22,892	22,298	26,331	
Reserve Bank of New Zealand					Foreign bills	6,440	5,535	4,765	
(thousands of pounds):					Other bills and loans	324	3,620	28	
Gold	2,802	2,802	2,802	2,802	Other assets	12,669	12,436	15,770	
Sterling exchange reserve	18,327	16,930	17,249	20,309	Note circulation	15,170	16,897	16,646	
Advances to State or State undertakings	4,071	5,109	7,274	6,749	Deposits	23,649	23,504	27,237	
Investments	2,424	2,972	2,971	2,906	Other liabilities	3,507	3,489	3,011	
Other assets	327	504	540	219	Bank of Sweden (millions of kroner):				
Note circulation	14,082	13,554	13,772	12,957	Gold	576	575	557	532
Demand deposits	11,789	13,057	15,369	18,401	Foreign assets	900	914	968	873
Other liabilities	2,079	1,705	1,694	1,627	Discounts	13	13	12	12
Bank of Norway (millions of kroner):					Loans	20	21	21	22
Gold	199	199	179	215	Domestic securities	35	25	21	32
Foreign assets	255	235	241	103	Other assets	315	314	304	360
Total domestic credits and securities	172	169	166	254	Note circulation	948	965	921	862
Discounts	(1)	72	68	174	Demand deposits	786	758	829	782
Loans	(1)	29	29	26	Other liabilities	125	138	134	187
Securities	(1)	68	69	54	Swiss National Bank (millions of francs):				
Other assets	(1)	29	24	16	Gold	2,882	2,885	2,890	2,623
Note circulation	444	430	418	411	Foreign exchange	496	505	515	22
Demand deposits—Government	70	59	56	56	Discounts	11	14	13	29
Other	77	83	77	61	Loans	21	23	23	32
Other liabilities	(1)	59	58	60	Other assets	713	642	635	612
Central Reserve Bank of Peru					Note circulation	1,538	1,539	1,471	1,386
(thousands of soles):					Other sight liabilities	1,952	1,896	1,969	1,298
Gold and foreign exchange			55,900	49,287	Other liabilities	634	634	637	633
Discounts			27,612	36,561	Central Bank of the Republic of Turkey (thousands of pounds):				
Government loans			65,512	45,247	Gold	36,861	36,848	36,837	36,709
Other assets			9,013	8,609	Foreign exchange—Free	22	4	3	23
Note circulation			94,976	95,045	In clearing accounts	16,839	22,800	26,781	46,488
Deposits			45,048	30,244	Loans and discounts	53,946	52,700	49,783	34,175
Other liabilities			18,012	14,415	Securities	190,500	190,284	188,378	186,971
Bank of Poland (millions of zlotys):					Other assets	38,283	36,242	41,238	24,817
Gold	439	438	437	409	Note circulation	176,294	176,374	176,376	176,376
Foreign exchange	15	18	26	36	Deposits	47,527	49,804	44,195	37,022
Loans and discounts	709	671	610	614	Other liabilities	112,630	112,698	122,449	115,484
Securities	127	127	126	134	Bank of the Republic of Uruguay				
Other assets	416	424	459	454	(thousands of pesos):				
Note circulation	1,141	1,107	1,016	996	Issue department:			42,087	41,601
Other sight liabilities	224	230	307	245	Gold and silver			96,666	91,494
Other liabilities	342	342	336	407	Note circulation				
Bank of Portugal (millions of escudos):					Banking department:				
Gold				914	Cash reserves			24,220	25,118
Other reserves (net)				567	Loans and discounts			97,212	76,286
Non-reserve exchange				167	Other assets			56,214	81,381
Loans and discounts				336	Deposits			82,269	93,130
Government debt				1,043	Other liabilities			95,377	89,655
Other assets				1,303	National Bank of the Kingdom of Yugoslavia (millions of dinars):				
Note circulation				2,021	Gold	1,824	1,782	1,725	1,663
Other sight liabilities				1,204	Foreign exchange	389	381	448	706
Other liabilities				1,105	Loans and discounts	1,550	1,613	1,598	1,669
National Bank of Rumania (millions of lei):					Government debt	2,240	2,240	2,240	2,250
Gold	16,688	16,602	15,797	15,797	Other assets	3,287	3,260	3,192	1,879
Special exchange accounts	5,299	5,307	4,857	4,857	Note circulation	5,898	5,865	5,697	5,463
					Other sight liabilities	2,649	2,607	2,725	1,991
					Other liabilities	744	804	780	712

¹ Figures not yet available.² Agricultural and urban loans in process of liquidation.

BANK FOR INTERNATIONAL SETTLEMENTS

[In thousands of Swiss gold francs¹]

Assets	1938		1937	Liabilities	1938		1937
	Apr. 30	Mar. 31	Apr. 30		Apr. 30	Mar. 31	Apr. 30
Gold in bars.....	21, 084	20, 907	32, 235	Demand deposits (gold).....	9, 800	9, 623	21, 688
Cash on hand and on current account with banks.....	20, 613	22, 174	32, 695	Short-term deposits (various currencies):			
Sight funds at interest.....	19, 607	15, 795	25, 234	Central banks for own account:			
Rediscountable bills and acceptances (at cost):				Demand.....	35, 977	44, 825	31, 143
Commercial bills and bankers' acceptances.....	132, 256	126, 779	106, 654	Time—not exceeding 3 months.....	129, 511	127, 411	103, 744
Treasury bills.....	90, 333	102, 832	133, 379	Time—between 3 and 6 months.....	5, 347	6, 951	.....
Total.....	222, 589	229, 610	240, 034	Total.....	170, 834	179, 187	134, 887
Time funds at interest:				Central banks for account of others:			
Not exceeding 3 months.....	56, 008	52, 364	26, 138	Demand.....	1, 861	3, 308	4, 268
Between 3 and 6 months.....	1, 627	1, 527	1, 666	Other depositors:			
Sundry bills and investments:				Demand.....	1, 135	1, 022	354
Maturing within 3 months:				Time—not exceeding 3 months.....	1, 252	1, 170	8
Treasury bills.....	26, 879	28, 679	21, 605	Long-term deposits:			
Sundry investments.....	110, 337	117, 079	99, 451	Annuity trust account.....	153, 343	153, 126	153, 280
Between 3 and 6 months:				German Government deposit.....	76, 671	76, 563	76, 640
Treasury bills.....	26, 952	26, 929	10, 282	French Government guaranty fund.....	28, 545	28, 609	41, 727
Sundry investments.....	39, 402	37, 119	48, 481	French Government deposit (Saar).....	936	938	1, 368
Over 6 months:				Total.....	250, 495	250, 236	273, 015
Treasury bills.....	37, 624	35, 756	77, 449	Capital paid in.....	125, 000	125, 000	125, 000
Sundry investments.....	52, 088	54, 930	5, 779	Reserves:			
Total.....	293, 282	300, 493	263, 047	Legal reserve fund.....	4, 238	4, 238	3, 784
Other assets:				Dividend reserve fund.....	6, 315	6, 315	6, 092
Guaranty of central banks on bills sold.....	935	935	1, 302	General reserve fund.....	12, 631	12, 631	12, 183
Sundry items.....	115	226	400	Other liabilities:			
Total assets.....	635, 859	644, 031	622, 750	Guaranty on commercial bills sold.....	1, 428	1, 424	1, 359
				Sundry items.....	41, 870	40, 876	40, 111
				Total liabilities.....	635, 859	644, 031	622, 750

¹ See BULLETIN for December 1936, p. 1025.

COMMERCIAL BANKS

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

United Kingdom (Figures in millions of pounds sterling)	Assets						Liabilities			
	Cash reserves	Money at call and short notice	Bills discounted	Securities	Loans to customers	Other assets	Deposits			Other liabilities
							Total	Demand ¹	Time ¹	
10 London clearing banks										
1930—December.....	208	144	322	285	933	240	1, 876	992	847	254
1931—December.....	184	119	246	297	905	222	1, 737	868	846	237
1932—December.....	207	127	408	472	778	208	1, 983	991	963	216
1933—December.....	213	119	311	565	740	237	1, 941	1, 015	900	244
1934—December.....	216	151	255	594	759	247	1, 971	1, 044	910	251
1935—December.....	221	159	322	605	784	231	2, 091	1, 140	924	231
1936—December.....	236	187	316	630	864	238	2, 238	.....	.....	232
1937—December.....	236	155	295	605	954	242	2, 250	.....	.....	237
11 London clearing banks ²										
1936—December.....	244	195	322	600	890	249	2, 315	1, 288	1, 012	245
1937—February.....	230	167	307	671	909	243	2, 274	1, 217	997	252
March.....	226	170	248	667	939	254	2, 244	1, 200	1, 003	259
April.....	230	177	241	661	951	256	2, 252	1, 194	1, 008	263
May.....	233	168	244	657	957	259	2, 255	1, 203	1, 006	263
June.....	241	171	259	654	969	261	2, 293	1, 253	1, 022	261
July.....	235	163	282	647	975	251	2, 293	1, 239	1, 010	259
August.....	234	162	277	645	973	244	2, 283	1, 235	1, 001	253
September.....	238	162	281	641	978	240	2, 287	1, 242	1, 009	251
October.....	234	165	296	639	988	244	2, 312	1, 244	1, 019	253
November.....	235	161	298	634	991	245	2, 311	1, 238	1, 025	252
December.....	244	163	300	635	984	256	2, 330	1, 284	1, 026	252
1938—January.....	251	154	331	636	970	240	2, 329	1, 290	1, 039	252
February.....	243	144	288	633	984	238	2, 280	1, 242	1, 038	250
March.....	244	150	239	634	1, 000	239	2, 254	1, 221	1, 033	252
April.....	246	150	249	638	998	240	2, 268	.....	.....	252

¹ Excluding deposits of National Bank relating to offices outside United Kingdom, which are included in total. Figures for 10 banks not available beginning 1936.

² District Bank included beginning in 1936.

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

COMMERCIAL BANKS—Continued

[Figures as of end of month]

France (4 large banks. Figures in millions of francs)	Assets					Liabilities				
	Cash reserves	Due from banks	Bills discounted	Loans	Other assets	Deposits			Own acceptances	Other liabilities
						Total	Demand	Time		
1930—December	2,419	4,675	20,448	10,743	2,361	36,681	35,284	1,397	921	4,357
1931—December	11,311	2,168	18,441	9,274	2,130	38,245	37,023	1,222	576	4,503
1932—December	9,007	1,766	22,014	7,850	1,749	37,759	36,491	1,268	295	4,331
1933—December	5,870	1,416	19,848	8,309	1,827	32,635	31,773	862	273	4,362
1934—December	5,836	1,421	18,304	8,159	1,717	30,943	30,039	904	193	4,301
1935—December	3,739	2,484	16,141	8,025	1,900	27,553	26,559	694	337	4,399
1936—December	3,100	2,975	17,582	7,631	1,957	28,484	27,955	529	473	4,289
1937—February	2,798	3,770	17,825	8,056	1,397	29,644	29,061	583	602	3,600
March	5,237	3,596	16,701	8,357	1,448	31,008	30,465	543	600	3,732
April	2,891	3,579	16,043	8,116	1,481	27,703	27,164	539	583	3,825
May	3,014	3,666	16,479	7,996	1,446	28,242	27,682	560	542	3,817
June	2,761	3,933	15,869	8,514	1,595	28,128	27,568	560	591	3,954
July	2,764	4,176	16,954	8,276	1,602	29,069	28,523	546	570	4,133
August	2,925	4,258	16,842	8,008	1,689	28,988	28,438	550	583	4,152
September	2,790	4,552	16,802	8,723	1,832	29,838	29,288	550	644	4,216
October	2,698	4,434	19,079	8,172	1,952	31,277	30,708	569	695	4,364
November	3,325	4,040	18,046	7,834	2,011	30,142	29,539	604	695	4,419
December	3,403	4,116	18,249	7,624	2,134	30,348	29,748	600	661	4,517
1938—January	2,990	4,319	17,921	7,905	1,400	30,022	29,386	636	740	3,773
February	3,218	4,357	17,617	7,994	1,475	30,198	29,542	656	781	3,682

Germany ¹ (5 large Berlin banks. Figures in millions of reichsmarks)	Assets						Liabilities				
	Cash reserves	Due from banks	Bills discounted	Loans	Securities	Other assets	Deposits			Credits obtained from banks	Other liabilities
							Total	Demand	Time		
1930—November	191	1,483	2,453	7,416	482	880	9,091	3,857	5,233	1,986	1,828
1931—November	173	817	1,431	5,377	807	1,127	6,062	3,252	2,810	1,328	2,341
1932—November	143	583	1,631	4,570	938	991	6,161	2,958	3,203	1,146	1,550
1933—November	131	471	1,702	3,731	860	1,003	5,754	2,624	3,130	661	1,481
1934—November	115	393	2,037	3,331	874	983	5,816	2,731	3,085	485	1,432
1935—November	139	316	2,162	2,884	1,027	983	5,376	2,435	2,941	696	1,449
1936—November	137	269	2,567	2,729	1,112	851	5,751	2,661	3,090	579	1,334
1937—March	201	315	2,908	2,732	1,014	813	6,135	2,942	3,194	559	1,288
April	132	297	3,204	2,666	949	805	6,213	2,926	3,287	551	1,289
May	139	288	3,171	2,637	1,039	807	6,246	2,979	3,267	543	1,291
June	180	296	3,091	2,636	1,037	778	6,204	2,969	3,236	563	1,251
July	145	298	3,099	2,676	981	760	6,164	2,918	3,245	533	1,261
August	153	282	2,995	2,701	1,083	758	6,175	2,892	3,283	533	1,265
September	216	322	2,860	2,754	1,070	781	6,172	2,916	3,256	539	1,292
October	136	277	3,041	2,667	1,050	806	6,141	2,862	3,279	510	1,327
November	148	299	3,205	2,628	1,020	812	6,264	2,912	3,352	513	1,335
1938—January	147	283	2,942	2,594	1,083	834	6,081	2,839	3,242	465	1,336
February	141	278	2,997	2,631	1,058	855	6,146	2,818	3,328	463	1,350
March	197	308	3,081	2,714	1,000	853	6,338	2,910	3,428	460	1,356

Canada (10 chartered banks. Figures in millions of Canadian dollars)	Assets						Liabilities				
	Entirely in Canada			Security loans abroad and net due from foreign banks	Securities	Other assets	Note circulation	Deposits payable in Canada excluding interbank deposits			Other liabilities
	Cash reserves	Security loans	Other loans and discounts					Total	Demand	Time	
1930—December	207	205	1,275	171	604	602	133	2,115	689	1,426	816
1931—December	201	135	1,253	146	694	510	129	2,058	698	1,360	752
1932—December	211	103	1,104	155	778	439	115	1,916	538	1,378	760
1933—December	197	106	1,036	134	861	432	121	1,920	563	1,357	725
1934—December	228	103	977	155	967	449	124	2,035	628	1,407	718
1935—December	228	83	945	141	1,155	485	111	2,180	694	1,486	745
1936—December	240	114	791	161	1,384	507	103	2,303	755	1,548	790
1937—March	242	124	814	161	1,427	516	105	2,370	786	1,584	810
April	246	117	835	141	1,440	511	106	2,383	799	1,583	805
May	240	117	852	139	1,438	491	103	2,372	799	1,574	802
June	238	116	853	128	1,442	520	107	2,379	809	1,570	811
July	231	114	852	139	1,431	472	107	2,322	750	1,572	810
August	241	114	863	119	1,446	483	105	2,345	767	1,578	816
September	238	100	853	110	1,446	507	103	2,371	797	1,575	809
October	252	82	890	114	1,411	496	106	2,333	749	1,584	806
November	273	87	884	121	1,391	486	101	2,351	781	1,570	789
December	255	76	862	102	1,411	510	96	2,335	752	1,583	785
1938—January	257	72	839	96	1,434	480	92	2,314	723	1,591	771
February	242	70	852	98	1,440	482	95	2,319	704	1,595	770
March	247	63	870	110	1,438	477	96	2,338	715	1,623	772

¹ Combined monthly balance sheets not published for December. Prior to merger of two of the banks in February 1932 figures refer to six large Berlin banks. Beginning in 1935 figures are not entirely comparable with those shown for previous years due to changes in reporting practice. (See BULLETIN for June 1935, p. 339).

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

DISCOUNT RATES OF CENTRAL BANKS

(Percent per annum)

Date effective	Central bank of—							Central bank of—	Rate May 31	Date effective	Central bank of—	Rate May 31	Date effective
	United Kingdom	France	Germany	Belgium	Netherlands	Switzerland	Japan						
In effect June 30, 1936	2	4	4	2	3½	2½	3.29	Albania	6	April 1, 1937	Japan	3.29	Apr. 7, 1936
July 7					3			Argentina	3½	Mar. 1, 1936	Java	3	Jan. 14, 1937
July 10		3						Belgium	3	May 30, 1938	Latvia	5	Nov. 1, 1936
Sept. 9								Bolivia	6	July 5, 1932	Lithuania	5½	July 1, 1936
Sept. 25		5						British India	3	Nov. 28, 1935	Mexico	3	Mar. 1, 1937
Oct. 2		3						Bulgaria	6	Aug. 15, 1935	Netherlands	2	Dec. 3, 1936
Oct. 9		2½						Canada	2½	Mar. 11, 1935	New Zealand	2	June 29, 1936
Oct. 16		2						Chile	3-4½	Dec. 16, 1936	Norway	3½	Jan. 5, 1938
Oct. 20					2½			Colombia	4	July 18, 1933	Peru	6	May 20, 1932
Nov. 26						1½		Czechoslovakia	3	Jan. 1, 1936	Poland	4½	Dec. 18, 1937
Dec. 3					2			Danzig	4	Jan. 2, 1937	Portugal	4-4½	Aug. 11, 1937
Jan. 28, 1937		4						Denmark	4	Nov. 19, 1936	Rumania	3½	May 5, 1938
June 15		6						Ecuador	4	Nov. 30, 1932	South Africa	3½	May 15, 1933
July 7		5						El Salvador	4	Aug. 23, 1935	Spain	5	July 15, 1935
Aug. 4		4						Estonia	4½	Oct. 1, 1935	Sweden	2½	Dec. 1, 1933
Sept. 3		3½						Finland	4	Dec. 3, 1934	Switzerland	1½	Nov. 26, 1936
Nov. 13		3						France	2½	May 13, 1938	Turkey	6½	Mar. 2, 1933
May 10, 1938				4				Germany	4	Sept. 22, 1932	United Kingdom	2	June 30, 1932
May 13		2½						Greece	6	Jan. 4, 1937	U. S. S. R.	4	July 1, 1936
May 30				3				Hungary	4	Aug. 29, 1935	Yugoslavia	5	Feb. 1, 1935
In effect May 31, 1938	2	2½	4	3	2	1½	3.29	Italy	4½	May 18, 1936			

Changes since Apr. 30: Rumania—May 5, down from 4½ to 3½ percent; Belgium—May 10, up from 2 to 4 percent; May 30, down from 4 to 3 percent; France—May 13, down from 3 to 2½ percent.

MONEY RATES IN FOREIGN COUNTRIES

(Percent per annum)

Month	United Kingdom (London)				Germany (Berlin)			Netherlands (Amsterdam)	
	Bankers' acceptances 3 months	Treasury bills, 3 months	Day-to-day money	Bankers' allowance on deposits	Private discount rate	Money for 1 month	Day-to-day money	Private discount rate	Money for 1 month
1929—April	5.21	5.18	4.43	3½	6.63	7.57	6.85	5.36	5.81
1930—April	2.48	2.49	2.28	1½	4.46	5.57	4.40	2.52	3.08
1931—April	2.58	2.57	2.17	1	4.65	5.87	5.67	1.50	1.61
1932—April	2.19	2.07	1.91	1½-1	5.12	6.31	6.17	1.02	.94
1933—April	.59	.50	.61	½	3.87	5.25	5.05	.66	1.00
1934—April	.96	.89	.88	½	3.87	5.11	4.76	2.07	1.85
1935—April	.59	.51	.75	½	3.38	3.60	3.64	3.65	3.26
1936—April	.55	.52	.75	½	3.00	3.04	2.83	1.19	1.27
1937—April	.55	.53	.75	½	2.90	2.71	2.55	.38	1.00
1937—October	.55	.53	.75	½	2.88	2.91	2.81	.21	.50
November	.59	.58	.75	½	2.88	2.81	2.65	.25	.60
December	.75	.75	.75	½	2.88	2.84	2.96	.25	.50
1938—January	.54	.51	.75	½	2.88	2.88	2.98	.25	.50
February	.53	.50	.75	½	2.88	2.88	2.73	.25	.60
March	.53	.50	.75	½	2.88	2.88	2.86	.25	.50
April	.53	.51	.75	½	2.88	2.88	3.04	.25	.50

Month	Switzerland	Belgium (Brussels)	France (Paris)	Italy (Milan)	Hungary		Sweden (Stockholm)	Japan (Tokyo)	
	Private discount rate	Private discount rate	Private discount rate	Private discount rate	Prime commercial paper	Day-to-day money	Loans up to 3 months	Discounted bills	Call money overnight
1929—March	3.39	3.97	3.37	6.31	7½-8½	6½-8¼	4½-6½	5.66-5.84	3.10
1930—March	2.60	3.31	2.70	6.57	6¾-8½	5½-6½	4-6	5.48	3.83
1931—March	.99	2.25	1.57	5.50	5½-7½	4½-5	3-5	5.29-5.48	2.74
1932—March	1.50	3.36	1.80	6.53	6½-9½	5-5½	5-6½	6.20-6.57	5.84
1933—March	1.50	2.62	2.04	4.20	4½-7½	3½	3½-6	5.48-5.84	2.92
1934—March	1.50	2.07	2.75	3.00	4½-7½	3½	2½-4½	5.29	2.57
1935—March	1.50	2.38	2.12	3.89	4½-7½	3½	2½-4½	5.11	2.70
1936—March	2.26	1.38	3.74	5.00	4-6½	2¾	2½-4½	5.11	2.87
1937—March	1.00	1.00	4.06	4.50	4-6½	2¾	2½-4½	4.75	2.83
1937—September	1.00	1.00	3.54	5.00	4-6½	2¾	2½-4½	4.75	2.46
October	1.00	1.39	3.62	5.00	4-6½	2¾	2½-4½	4.75	2.65
November	1.00	1.78	3.26	5.00	4-6½	2¾	2½-4½	4.75	2.63
December	1.00	1.72	3.00	5.00	4-6½	2¾	2½-4½	4.75	2.59
1938—January	1.00	1.57	3.00	5.00	4-6½	2½	2½-4½	4.75	2.38
February	1.00	1.52	3.00	5.00	4-6½	2½	2½-4½	4.56	2.53
March	1.00	1.50	3.01	5.00			2½-4½	4.56	2.51

° Corrected.

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

PRICE MOVEMENTS IN PRINCIPAL COUNTRIES
WHOLESALE PRICES—ALL COMMODITIES

[Index numbers]

Year or month	United States (1926=100)	Canada (1926=100)	United Kingdom (1930=100)	France (1913=100)	Germany (1913=100)	Italy (1928=100)	Japan (October 1900=100)	Nether- lands (1926-30= 100)	Switzer- land (July 1914 =100)
1926.....	100	100		695	134		237	106	144
1927.....	95	98		642	138		225	103	142
1928.....	97	96		645	140	100	226	102	145
1929.....	95	96		627	137	95	220	100	141
1930.....	86	87	100	554	125	85	181	90	126
1931.....	73	72	88	502	111	75	153	76	110
1932.....	65	67	86	427	97	70	161	65	96
1933.....	66	67	86	398	93	63	180	63	91
1934.....	75	72	88	376	98	62	178	63	90
1935.....	80	72	89	338	102	68	186	62	90
1936.....	81	75	94	411	104	76	197	64	96
1937.....	86	85	109	581	106	89	238	76	111
1937—March.....	88	86	107	550	106	85	240	76	113
April.....	88	86	109	552	106	86	248	77	113
May.....	87	85	111	550	106	88	241	77	113
June.....	87	85	111	557	106	90	238	76	112
July.....	88	88	112	582	106	90	239	78	112
August.....	88	86	111	603	107	91	235	78	111
September.....	87	85	111	630	106	92	239	77	111
October.....	85	85	111	628	106	93	237	77	111
November.....	83	83	109	621	106	95	238	76	110
December.....	82	83	108	631	106	96	241	76	110
1938—January.....	81	84	108	636	106	95	245	75	110
February.....	80	84	106	631	106	94	258	74	109
March.....	80	83	104	634	106	94	252	73	108
April.....	79	82	103	643	^p 106		247	73	108

^p Preliminary.

WHOLESALE PRICES—GROUPS OF COMMODITIES

[Indexes for groups included in total index above]

Year or month	United States (1926=100)			United Kingdom (1930=100)		France (1913=100)		Germany (1913=100)			
	Farm products	Foods	Other commodities	Foods	Industrial products	Farm and food products	Industrial products	Agricultural products	Provisions	Industrial raw and semi-finished products	Industrial finished products
1926.....	100	100	100			581	793	129	132	130	150
1927.....	99	97	94			599	678	138	129	132	147
1928.....	106	101	93			584	697	134	133	134	159
1929.....	105	100	92			579	669	130	125	132	157
1930.....	88	91	85	100	100	526	579	113	113	120	150
1931.....	65	75	75	89	87	542	464	104	96	103	136
1932.....	48	61	70	88	85	482	380	91	86	89	118
1933.....	51	61	71	83	87	420	380	87	75	88	113
1934.....	65	71	78	85	90	393	361	96	76	91	116
1935.....	79	84	78	87	90	327	348	102	84	92	119
1936.....	81	82	80	92	96	426	397	105	86	94	121
1937.....	86	86	85	102	112	562	598	^p 105	96	96	125
1937—March.....	94	88	86	101	111	528	570	104	95	98	124
April.....	92	86	87	102	113	522	577	104	95	97	124
May.....	90	84	86	102	115	520	576	104	98	97	124
June.....	89	85	86	102	115	532	579	105	98	97	124
July.....	89	86	86	103	116	549	610	106	98	96	125
August.....	86	87	86	103	116	572	629	106	98	96	125
September.....	86	88	86	104	115	612	645	105	97	96	126
October.....	80	86	85	105	113	607	646	105	97	95	126
November.....	76	83	84	105	110	613	628	105	96	94	126
December.....	73	80	84	104	109	636	626	105	94	94	126
1938—January.....	72	76	84	105	109	634	638	105	90	94	126
February.....	70	74	83	103	107	625	636	105	90	94	126
March.....	70	74	83	101	106	620	647	106	90	94	126
April.....	68	72	82	100	104	633	651	^p 106	^p 90	^p 94	^p 126

^p Preliminary.

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

PRICE MOVEMENTS IN PRINCIPAL COUNTRIES—Continued

RETAIL FOOD PRICES							COST OF LIVING						
[Index numbers]							[Index numbers]						
Year or month	United States 1923- 1925=100	Eng- land July 1914=100	France July 1914=100	Ger- many 1913- 1914=100	Nether- lands 1911- 1913=100	Switz- er- land July 1914=100	Year or month	United States 1923- 1925=100	Eng- land July 1914=100	France Jan- June 1914=100	Ger- many 1913- 1914=100	Nether- lands 1911- 1913=100	Switz- er- land July 1914=100
1926	109	161	554	146	161	160	1926	103	170	505	142	168	162
1927	105	156	557	153	163	158	1927	101	164	514	148	168	160
1928	103	157	549	153	166	157	1928	100	166	519	152	169	161
1929	105	154	611	156	162	156	1929	100	164	556	154	168	161
1930	100	145	614	146	150	152	1930	97	158	581	148	161	158
1931	82	131	611	131	136	141	1931	89	148	569	136	151	150
1932	68	126	536	116	119	125	1932	80	144	526	121	141	138
1933	66	120	491	113	120	117	1933	76	140	520	118	139	131
1934	74	122	481	118	124	115	1934	79	141	516	121	140	129
1935	80	125	423	120	118	114	1935	81	143	483	123	136	128
1936	82	130	470	122	120	120	1936	82	147	507	125	132	130
1937	85	139	601	122	127	129	1937	84	154	619	125	137	137
1937—March	85	135	577	122	123	129	1937—March	84	151	581	125	134	136
April	86	135	580	122	125	129	April	151	151	125	136	137	
May	87	136	584	122	126	129	May	152	152	125	136	136	
June	86	136	576	123	129	131	June	85	152	606	125	138	137
July	86	140	580	125	130	131	July	155	155	126	139	137	
August	86	140	594	124	130	130	August	155	155	126	139	137	
September	86	140	627	122	129	130	September	85	155	630	125	139	137
October	85	143	644	121	130	130	October	158	158	125	140	138	
November	84	146	645	121	131	130	November	160	160	125	140	138	
December	83	146	659	121	130	130	December	85	160	658	125	139	138
1938—January	80	145	688	121	130	130	1938—January	157	157	125	139	138	
February	78	142	694	122	130	130	February	159	159	125	139	137	
March	79	140	698	122	128	129	March	83	156	688	126	138	137
April	79	137	702	122	128	129	April	154	154	126	138	137	

¹ Revised index as from March 1936 (see BULLETIN for April 1937, p. 373).

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

SECURITY PRICES

[Index numbers except as otherwise specified]

Year or month	Bonds					Common stocks				
	United States (average price) ¹	England (December 1921=100)	France (1913=100)	Germany (average price)	Nether- lands ²	(1926=100)				Nether- lands (1930=100)
						United States	England	France	Germany	
Number of issues	60	87	36	139	8	420	278	300	329	100
1926	97.6	110.0	57.4	85.5	100.0	100.0	100.0	100.0	100.0	100.0
1927	100.7	110.7	71.7	81.4	118.3	107.0	123.2	145.0	145.0	145.0
1928	100.8	112.3	80.8	85.1	149.9	115.9	178.1	136.1	136.1	136.1
1929	98.0	111.2	85.1	81.3	190.3	119.5	217.6	122.8	122.8	122.8
1930	98.3	111.8	95.8	83.3	149.8	102.6	187.6	100.2	100.2	100.2
1931	90.9	108.4	96.9	83.4	104.1	94.7	78.9	132.2	78.0	70.0
1932	69.5	113.2	88.6	87.1	94.8	48.6	67.9	105.2	50.3	46.0
1933	73.4	119.7	81.3	82.5	105.3	63.0	78.6	99.6	61.7	52.0
1934	84.5	127.5	82.1	90.7	113.4	72.4	85.7	83.3	71.1	55.0
1935	88.6	129.9	83.5	95.3	107.8	78.3	86.3	79.7	82.9	55.0
1936	97.5	131.2	76.3	95.8	109.1	111.1	97.0	77.2	81.6	66.0
1937	93.4	124.6	75.1	98.7	101.8	111.7	96.3	97.4	102.6	104.0
1937—March	98.5	124.3	74.6	97.7	98.8	129.9	102.7	112.0	100.3	113.1
April	96.6	125.3	72.6	95.5	100.0	124.5	101.0	96.6	101.5	109.6
May	96.2	125.0	72.3	98.8	100.3	116.3	99.3	94.8	102.6	105.0
June	95.0	123.9	74.6	98.9	101.5	113.6	97.0	94.0	103.5	102.9
July	95.3	123.3	75.0	99.0	102.4	117.8	96.8	90.6	105.1	107.2
August	94.8	123.2	77.2	99.4	103.7	120.5	96.8	93.0	106.1	114.7
September	91.3	122.8	74.8	99.3	103.7	106.4	92.7	90.1	105.3	108.1
October	86.4	123.6	75.6	99.4	102.4	91.4	88.2	91.8	103.9	94.8
November	83.3	124.1	76.4	99.6	104.3	82.9	85.8	90.1	102.7	92.0
December	82.7	123.9	75.5	99.7	105.0	82.2	86.8	87.6	102.1	93.7
1938—January	80.6	124.7	75.1	99.8	106.3	81.6	86.5	85.0	104.4	98.3
February	79.3	125.1	74.7	99.9	107.2	80.7	83.8	84.5	104.2	97.5
March	76.0	121.0	73.2	100.1	104.3	77.9	78.9	82.0	104.5	95.1
April	73.8	124.2	75.6	100.1	106.3	70.7	81.7	93.6	105.3	92.3

^c Corrected.

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

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

³ Indexes of reciprocals of average yields. For old index, 1929-1936, 1929=100; average yield in base year was 4.57 percent. For new index beginning January 1937, January-March 1937=100; average yield in base period was 3.39 percent.

⁴ New index. See note 3.

Sources.—See BULLETIN for February 1932, p. 121, June 1935, p. 394, April 1937, p. 373, July 1937, p. 698, and November 1937, p. 1172.

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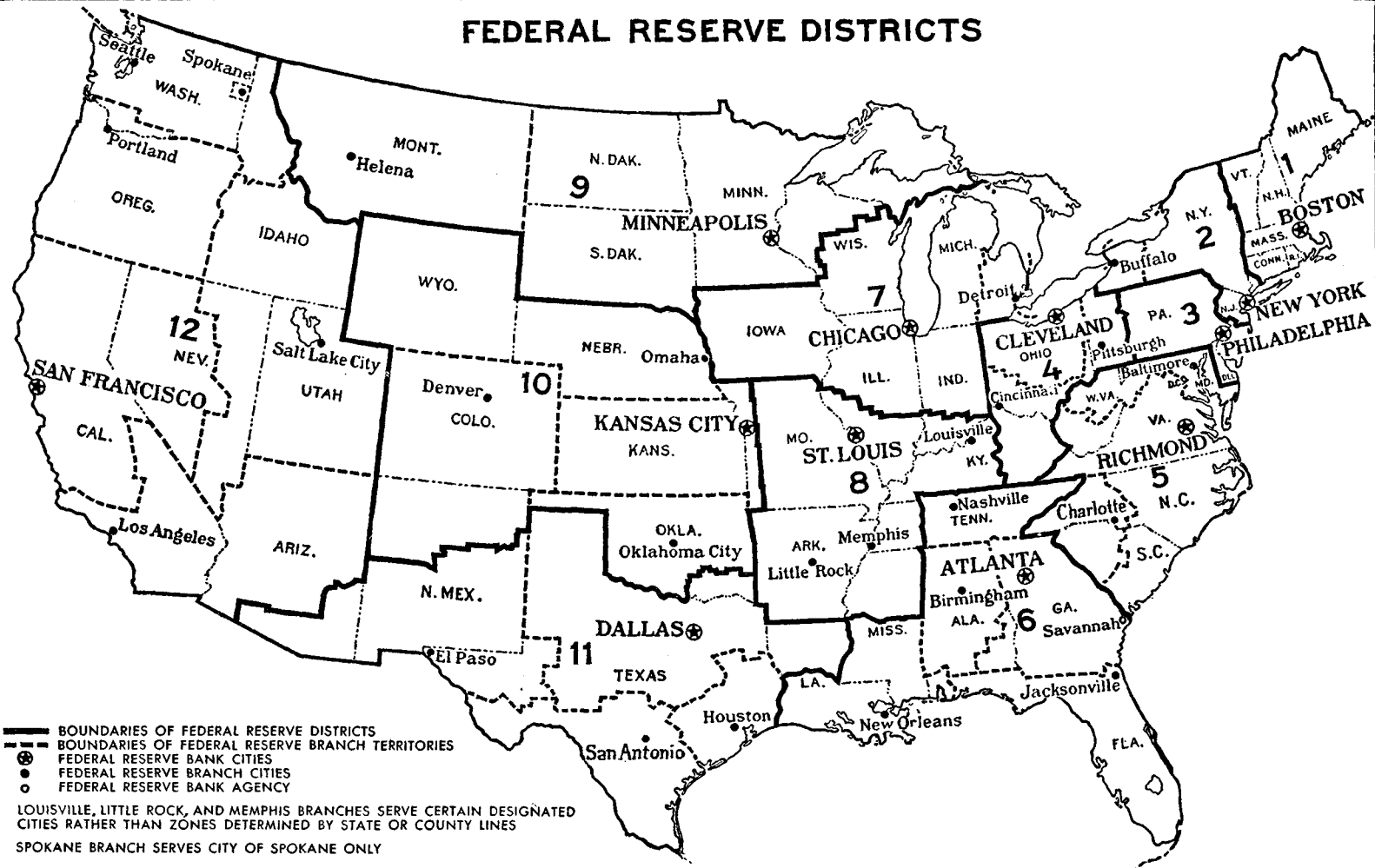
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