

# **FEDERAL RESERVE BULLETIN**

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## FEDERAL RESERVE BOARD.

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

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# FEDERAL RESERVE BULLETIN

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No. 5

## REVIEW OF THE MONTH.

The action of Congress on April 6 in formally declaring the existence of a state of war with Germany found the Federal Reserve System with little in the way of preparation still to be accomplished. As set forth in previous numbers of the Federal Reserve Bulletin, precautions had already been taken, in view of the evident disturbance of international conditions, to insure the maintenance of the Federal Reserve Banks in a highly liquid state. Notwithstanding that they were already strong in gold and lawful money, they had been early in the year urged to curtail the aggregate amounts of the investments they were carrying, so that the total earning assets at the beginning of the war had been reduced to \$167,994,000 from \$221,896,000 at the beginning of the year. During the first quarter of 1917 large orders for Federal Reserve notes were placed with the Bureau of Engraving and Printing, and the notes when prepared were shipped to the Subtreasuries and Mints throughout the country so that they would be readily available in the event of need. The declaration of war, therefore, found the financial system of the United States, so far as the holding of its reserve funds are concerned, in strong position. No new policies or precautions were therefore called for. The condition of the member banks as reported by the Comptroller of the Currency is strong generally throughout the country. For these reasons, among others, the actual announcement of the entry of the United States into the war has produced no real disturbance on the part of the financial community, and none, so far as can be perceived, among the members of the Federal Reserve System.

It remains true, however, that the weak point in the financial preparation of the country is the fact that the Federal Reserve System includes up to date less than 50 banks other than those in the national system, and that it therefore, comprises banking capital and surplus equal in the aggregate only to about one-half of the total of the country at large. In this situation it has been well understood that should stringency or banking difficulties set in at any time it would be necessary for the banks of the Federal Reserve System indirectly, even though not directly, to "carry" the State banks by the extension of assistance to member banks, which in their turn would aid the less well protected State institutions. This condition has been fully recognized by many intelligent and public-spirited State bankers, who have admitted the obligation resting upon them of lending their support to the establishment of a universal plan of cooperation inclusive of practically all of the eligible banks of the country.

On April 10 the executive committee of the trust company section of the American Bankers' Association, at a meeting in New York, adopted the following resolution:

*Resolved*, That this committee urgently recommend to the trust companies of the United States that immediate steps be taken to secure amendments, where necessary, to the State laws in order that the trust companies may be permitted to carry their gold reserves on deposit with the Federal Reserve Banks in their several districts, and that as soon as such action can be legally taken the trust companies offer to deposit these reserves with the Federal Reserve Banks.

The delay on the part of some in indicating a desire to enter the system has been in a measure due to the belief that some changes desired by them in the Federal Reserve Act would un-

doubtedly be made at an early date, and also in a measure to the feeling that conditions throughout the country were generally sound, and that they might, without prejudice to the welfare of the community, postpone the date when they would apply for admission. But such conditions are, or at least may be, fundamentally altered by war, and there has been within the past month a very decided impetus among the stronger State banks toward obtaining membership in the Federal Reserve System. Among those which have applied for and actually been granted membership during the month are: The Peoples Bank, of St. Paul-Minn.; The Cleveland Trust Co., of Cleveland Ohio; The St. Louis Union Bank of St. Louis, Mo.; The Farmers State Bank, of Kasson, Minn.

A number of other leading State institutions have informed the Board of their intention to apply for membership within a short time, waiting only for the completion of certain necessary formalities. It would seem, therefore, that the early extension of the Federal Reserve System, to include a considerable proportion of the largest and best-conducted State institutions in the country, is a foregone conclusion. This result, when attained, will insure the combination of the country's resources of reserve money under joint management and consequently their use in the most economical and effective way in sustaining the industrial and commercial interests as well as the public finances of the Nation during the conflict upon which it has entered.

With a view to securing the enactment of legislation that would render possible the consolidation of the banking resources of the country in the most effective form, the Board has again transmitted to Congress the amendments to the Federal Reserve Act which it recommended at the regular session of last winter. These amendments have already been taken up by the Banking and Currency Committees of the two Houses, and are included in the list of necessary legislation whose enact-

ment is to be undertaken during the present special session. The amendments follow the same general lines as when last recommended to Congress, but there has been added to them a provision designed to incorporate into law the essential features of the Board's already existing regulations with reference to the membership of State banks in the Federal Reserve System. This, if adopted, will give to prospective members substantially the same privileges already enjoyed by member State banks, but will furnish the greater assurance of freedom from change that is afforded by the fact that the conditions of membership have been formally embodied in a Federal statute. Included among the amendments, as before, is a provision authorizing State banks and trust companies to maintain funds on deposit with Federal Reserve Banks, without becoming full members, and to derive certain corresponding benefits from the operation of the system. The Board has so often expressed its opinion with reference to the whole body of amendments thus offered, and has so frequently set forth their essential features, that it is not necessary at this time to review the basic ideas presented by them, except to note that the emergency conditions of financial strain, against which the amendments were intended to guard, are now directly facing the country. It is not too late to adopt the remedies which have already been indicated as a mode of protection against dangers arising from such sources.

In continuation of the policy already instituted, investment operations of the Federal Reserve Banks during the last week of March and the first three weeks in April, as gauged by comparative figures of earning assets for March 30 and April 20, indicate but moderate activity of the banks in the discount and acceptance fields and practical suspension of investments in municipal warrants.

Increases are shown in the holdings of Government securities following the taking over by the Federal Reserve Banks of \$50,000,000 of

**Amendments  
reintroduced.**

**Investments of  
the banks during  
April.**

90-day 2 per cent United States certificates of indebtedness about the end of March and the allotment to the banks, about the same date, of \$10,877,500 of 2 per cent bonds offered for sale by member banks through the Treasury Department. The result of these operations was to restore the Federal Reserve Banks to the general investment level they had reached before the policy of reduction of outstanding lines already sketched was adopted.

Federal Reserve Bank.	Mar. 30.	Apr. 20.	Net increase.	Net decrease.
Boston.....	\$17,314,000	\$16,674,000	.....	\$640,000
New York.....	19,781,000	16,780,000	.....	3,001,000
Philadelphia.....	12,204,000	11,293,000	.....	911,000
Cleveland.....	6,763,000	7,378,000	.....	\$615,000
Richmond.....	10,130,000	12,411,000	.....	2,281,000
Atlanta.....	5,707,000	4,690,000	.....	1,017,000
Chicago.....	9,469,000	6,496,000	.....	2,973,000
St. Louis.....	5,473,000	4,328,000	.....	1,145,000
Minneapolis.....	5,128,000	10,100,000	.....	4,972,000
Kansas City.....	2,863,000	1,911,000	.....	952,000
Dallas.....	3,084,000	3,256,000	.....	172,000
San Francisco.....	6,663,000	7,345,000	.....	682,000
Total bills.....	104,579,000	102,662,000	.....	1,917,000
Total municipal war- rants.....	15,715,000	15,163,000	.....	552,000
Total United States bonds, Treasury notes, and certificates of in- debtedness.....	47,700,000	109,575,000	.....	61,875,000
Total investments held.....	167,994,000	227,400,000	.....	59,406,000

The adoption by Congress of a bill authorizing the raising of \$7,000,000, -  
**Treasury fi-** 000 for the conduct of the war  
**nances.** with Germany is an unprece-  
 dentated financial event, provid-  
 ing, as it does, for one of the largest, and in some  
 aspects the largest, of public-lending operations  
 during modern times. In its immediate effect  
 the act is also of very great interest to the banks  
 of the country, and especially to the Federal Re-  
 serve Banks. The conditions upon which the  
 new bonds will be offered to the public have  
 not been decided, the measure adopted by  
 Congress leaving to the discretion of the Sec-  
 retary of the Treasury the determination of  
 all of the details of this matter. Whether  
 the new bonds be issued in larger or smaller  
 installments, however, it is generally agreed  
 that the use of all of the available banking

and financial machinery of the country in order to make the loan an immediate success and to draw off the proceeds without embar-  
 rassing commercial and industrial interests will be required.

The Secretary of the Treasury, in a public statement April 21, described the policy to be pursued as to these funds, as follows:

"The Secretary appreciates the desirability of avoiding any derangement of the money market, and in the financial operations in which the Government is about to engage it will be his purpose to adjust receipts and disbursements in such a way that as far as possible money paid in will be promptly returned to the market. The contemplated sale of Treasury certificates is in line with this policy. Should the banks during the next few weeks absorb several hundred million dollars of these certificates, the proceeds being paid out in the course of business, the banks will possess ready means with which to meet withdrawals made later by depositors in paying for bond subscriptions. The result of this method will be a gradual anticipation of payment on account of bonds with a steady and continuous return to the banks of the moneys paid in."

The Federal Reserve Banks as holders of the liquid cash resources of the Nation can, of course, be expected to be actual subscribers to the bonds only in a very small measure, and it is the view of the Federal Reserve Board that the member banks should themselves act chiefly as distributors.

A Treasury loan of \$50,000,000 in short-term certificates (payable June 30) bearing interest at the rate of 2 per cent per annum, was offered by the Secretary of the Treasury to Federal Reserve Banks on March 31, and was entirely taken up by the reserve banks upon the same day upon which it was offered. These subscriptions were in general distributed roughly, according to the capitalization of reserve banks, and were made with a view of holding

the funds until the maturity of this short-period loan. The proceeds were in part used to meet the obligation of the United States for the purchase of the Danish West Indies and in part to meet the current needs of the Treasury, the loans being thus practically in anticipation of the income tax, due at the close of the current fiscal year. Subsequent to the passage by both Houses of the general bond bill providing for the financial conduct of the war, although prior to the final ratification of the work of the conference committee, another sum of \$200,000,000 was offered to the banks of the country at 3 per cent. At the request of the Secretary of the Treasury, this loan was offered through the Federal Reserve Banks, acting as distributors, and was by them placed with the member banks all over the country, the response being prompt and satisfactory, especially in New York. Many subscriptions in excess of the amount asked were received. It was announced that the certificates issued representing this loan would be acceptable in part payment of subscriptions to the war bonds, whose sale is expected to be announced within a comparatively short time.

The Board's policy in regard to this operation was set forth by Governor Harding in a letter to Federal Reserve Banks, dated April 20, in which he said in part:

"In view of the large issues of United States bonds which will be offered in the near future and which it is hoped will be subscribed for to a great extent by investors, large and small, whose funds are now on deposit in banks, the Board regards an investment by banks in United States Treasury certificates of indebtedness having a short maturity and which are receivable in payment of subscriptions to United States bonds, as a highly desirable investment for them. The Secretary of the Treasury has announced his intention, in the financial operations in which the Government is about to engage, to adjust receipts and disbursements in such a way that as far as possible money paid in will be promptly returned to the market and the Federal Reserve Banks may be counted upon by offering liberal terms of rediscounting to do their utmost in counteracting any effect of temporary dislocation of

banking funds. The banks of the country by absorbing these certificates in advance of the issue of the war loans will possess themselves of ready means with which to meet withdrawals made by depositors for the purpose of paying for bond subscriptions and they will thereby assist in an effective manner in paving the way for the successful flotation of our war loans."

Clearing-house reports received from New York City indicate reductions in reserves as the result of loan expansion and loss of cash between the weeks ending March 17 and 31, when reserve percentages for the 60 banks, which compose the membership of the New York Clearing House Association, declined from 23.7 to 21.5. A slight improvement in the reserve situation of these banks is shown for the week ending April 7, since when the reserve percentages have again moved downward, reaching 21.9 per cent on April 21, or four points above the low level touched on the last of March. Smaller declines are shown by the State Banking Department for the trust companies and State banks in Greater New York. It is interesting to note in this connection that the two weeks ending March 30 and April 6 witnessed heavy importations of gold into this country, most of which was directed to New York City.

Average excess reserves of the Boston Clearing House banks declined from \$40,293,000 for the week ending March 17, to \$37,940,000 for the week ending March 24, but showed increases for the following weeks. Figures for the week ending April 21 are \$47,646,000, a gain for the week of over 7.3 millions.

Similar figures for the 34 national banks and trust companies composing the Philadelphia Clearing House Association show but little change during March, but considerable gains for the first two weeks in April, the reported excess reserves of the clearing-house banks for the week ending April 14 being \$37,061,000. The report for the week ending April 21 indicates some reduction in the reserves of the Philadelphia national banks, the combined excess reserves of all the clearing-house insti-

tutions standing now at \$31,186,000, compared with \$30,186,000, the average for the week ending March 24.

For the four weeks ending April 13, the total net inward gold movement was \$61,330,000, gold imports, chiefly from Canada, amounting to \$82,071,000 and gold exports to \$20,741,000. The increase in the country's stock of gold through net gold imports since August 1, 1914, is shown in the following exhibit:

*Gold imports and exports of the United States from Aug. 1, 1914, to Apr. 13, 1917.*

[000's omitted.]

	Imports.	Exports.	Excess imports over exports.
Aug. 1 to Dec. 31, 1914.....	\$23,253	\$104,972	<sup>a</sup> \$81,719
Jan. 1 to Dec. 31, 1915.....	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916.....	685,745	155,793	529,952
Jan. 1 to Apr. 13, 1917.....	330,112	71,598	258,514
Total.....	1,491,065	363,789	1,127,276

<sup>a</sup> Excess of exports over imports.

The reports on general business conditions, furnished to the Board by Federal Reserve Agents in the several districts, are corroborated by other evidence from various quarters and show that, despite the fact that the country has entered upon a war status, there has been little or no disturbance of underlying conditions. The probability that war would be begun had, in fact, been largely discounted in advance, and not only the financial but the industrial preparation of the country was such as to render the effect of the declaration far less important than would have been true under ordinary conditions. With the heavy foreign demand for American goods, sustained as it is now to be by the credit of the United States, the condition of high prices and urgent call for practically every article that the country is capable of manufacturing is assured. The outstanding feature of the situation is seen in the unusual and extreme shortage of food products, due to the large exportation of the

past year, and the reduction of surplus stocks to a point which leaves the country practically dependent upon the current output for support. That this shortage will be in some measure overcome or offset by organized activities which have been undertaken with a view to maintaining supplies of grain and other agricultural products is to be hoped, but the facts already developed make it clear that no such result can be achieved without earnest and persistent effort, while general curtailment of unnecessary consumption must occur if the supplies of food are to be made sufficient for both local and foreign necessities. In short, the country is in the unusual position of being unprecedentedly strong in a banking and financial way, and abnormally active industrially, at the same time that it faces most unusual problems in supplying itself with food and other necessary articles. This is in many respects a reversal of conditions that have existed in former periods of stress. The upward course of prices, already very marked, has now become a primary symptom of the general conditions that are to be faced during the coming months. In another column we reproduce an article from the London Economist, which traces the experience of Great Britain since the outbreak of the present war in this connection, and may serve to indicate some of the dangers which the United States is called upon to avoid at the present time.

An important extension of the Federal Reserve System has been determined upon by the Federal Reserve Bank of San Francisco, which with the approval of the Board, has voted to establish three branches in the Pacific Northwest, one at Seattle, one at Portland, and one at Spokane, Wash. The branch at the last-named place will probably be the first to be opened, the others to follow as rapidly as possible and to be established upon the same conditions as that at Spokane. The Board has been advised that the State

banks in Spokane will immediately apply for membership in the Federal Reserve System as a condition precedent to the establishment of a branch at that point. For some time past it has been evident that, owing to the great distances included in the Twelfth Federal Reserve District, the creation of branches or agencies at various points would probably be necessary in order to afford to the member banks throughout the district immediate access to the facilities of the Federal Reserve System. This need was emphasized during the slight banking disturbance which occurred in Seattle some weeks ago when there was an immediate call for Federal Reserve notes for the use of the member banks at that point. The new branches will not only afford immediate access to the discount facilities of the system, but will also greatly tend to facilitate the prompt collection of checks. This whole question of branches in the Pacific Northwest was carefully considered by the Federal Reserve Bank of San Francisco late in March, when Mr. A. C. Miller, member of the Federal Reserve Board, visited the bank, and hearings were held at which Portland, Seattle, and Spokane bankers appeared and presented argument covering all phases of the situation. The details of the plan for the organization and management of the branches will be worked out as soon as possible and will then be made known. Meantime the Board has been giving careful consideration to the question of branches in other districts where member banks have indicated a strong desire for the extension of facilities in this way. In every such case the problem to be met is whether a full fledged branch organized under the provisions of the Act, involving the expense which necessarily goes with such an organization, is called for or whether a more simply organized agency will meet the requirements of the situation. The answer to this question depends in each instance upon the character and volume of business developing at the point to be served and the support to be expected from the bankers of the community to be served by the branch.

The Federal Advisory Council met in Washington on April 16 and 17, having advanced its meeting about a month in order to consider pending financial and banking problems. The session was devoted largely to consideration of questions relating to Government loans, the Board's proposed amendments to the Federal Reserve Act, and kindred matters. Indorsement was given to the amendments to the act proposed by the Board with one or two minor modifications, thus in part altering the position assumed by the Council in December, 1916. The Council assured the Board that every effort would be made to render aid in carrying into effect the plans for meeting the necessities of the Government in the financing now in prospect, and the general interchange of views indicated that banking conditions the country over were excellent. It was stated that very small withdrawals in some parts of the country had occurred, due to uncertainty or doubt on the part of foreign depositors with reference to the safety and freedom from disturbance of their deposited funds. These fears have been in large measure allayed, and there have been no manifestations of general suspicion or anxiety with reference to the condition of affairs. The meeting was attended by all members of the Advisory Council except the chairman, Mr. Forgan, who was detained in the South in consequence of illness.

#### **War Financing.**

War financing of record magnitude has been authorized for the United States during the latter part of April. Without a dissenting vote in either House of Congress authority has been given for the issue by the Secretary of the Treasury of \$7,000,000,000 in war bonds and shorter term certificates of indebtedness. The figures of this initial authorization dwarf the early war financing of European countries.

Anticipating an agreement by the two Houses of Congress over the details of the bill authorizing bonds and certificates of indebtedness to be issued, the Secretary of the Treas-

ury on April 20 announced that as soon as the bill became law he would sell \$200,000,000 of certificates of indebtedness to meet the requirements of the Treasury and the war situation, pending the sale of Government bonds. In this connection it was stated that the offering of bonds would probably require about 60 days. After testing the sentiment as to the interest rate at which the certificates should be issued, 3 per cent was determined upon and the amount increased to \$250,000,000. These certificates are payable on June 30. Subscriptions for this \$250,000,000 were obtained in a remarkably short time through the agency of the 12 Federal Reserve Banks.

#### POSITION OF OUTSTANDING BONDS.

Federal Reserve Banks are holders of a considerable amount of 2 per cent United States consols and 3 per cent 30-year bonds and 1-year certificates of indebtedness. Consideration was given by the Federal Reserve Board to the position of these bonds in view of the proposed new issue at an interest rate of  $3\frac{1}{2}$  per cent. Upon the question whether authority for the conversion of the above-named securities into  $3\frac{1}{2}$  per cent bonds should be requested of Congress in an amendment to the war-bond legislation, the Federal Reserve Board sent out the following letter:

Telegrams have been received from a majority of the governors of the Federal Reserve Banks calling attention to the fact that the bill which recently passed the House authorizing the United States to issue and sell  $3\frac{1}{2}$  per cent bonds, contains no provision for the conversion of the 3 per cent bonds held by the several Federal Reserve Banks.

The Board has already given consideration to this matter, realizing that the issuance of \$5,000,000,000 worth of  $3\frac{1}{2}$  per cent bonds would naturally have a tendency to depreciate the market value of the 3 per cent bonds held by the Federal Reserve Banks. The amount now held by such banks, namely, about \$7,000,000, is, however, relatively small and the Board is undecided whether it would be justified at this time in asking for an amendment to section 18 authorizing the conversion of the 3 per cent bonds now held and the 2 per cent

bonds subsequently acquired by the Federal Reserve Banks into bonds paying a higher rate of interest. The Board no doubt will ultimately ask for such an amendment.

From the best information obtainable it is unlikely that Congress will at this session pass any legislation except that coming within the classification of war measures. It is fully understood that unless such an amendment is obtained Federal Reserve Banks will not be disposed to purchase 2 per cent bonds and to offer them for conversion into 3 per cent bonds and notes, and the Board would not require such purchase if the 3 per cent bonds are below par and a conversion could not be made without a loss to the Federal Reserve Banks.

Before determining whether an effort should be made at this time to obtain the desired amendment, or whether this action should be deferred until Congress reconvenes in December, the Board will be glad to have the views of the governors on the following questions:

(1) Will the probable demands for currency during the period of the war make it advisable to discourage curtailment of national-bank-note circulation by discontinuing all conversion of 2 per cent bonds having the circulating privilege for bonds or notes without the circulating privilege? In other words, is it probable that Federal Reserve notes can be issued in sufficient volume to take care of current needs, or will it probably be necessary for Federal Reserve Banks to use any 2 per cent bonds acquired as a basis of issue for Federal Reserve Bank notes in order to supplement circulation outstanding?

(2) Assuming that there will be no redundancy of circulation if retirement of national-bank notes is not encouraged, would it not be advisable to defer any effort to obtain an amendment to section 18, which might have a tendency to encourage the conversion of bonds having the circulating privilege for bonds without this privilege?

The Secretary of the Treasury has made no announcement of his position in this matter.

#### FIRST OFFERING OF CERTIFICATES.

Below is given the announcement of the Secretary of the Treasury, given to the press on April 20, stating his purpose to make the first offering of certificates of indebtedness under the war loan act of \$200,000,000:

Secretary McAdoo stated to-day that as soon as the war loan bill becomes a law he intends

to sell such amounts of Treasury certificates of indebtedness as may be necessary to meet the requirements of the Treasury and the war situation pending the sale of Government bonds.

It will probably require about 60 days to make a public offering of bonds. Meanwhile certificates of indebtedness maturing June 30, and receivable with accrued interest, in payment of subscriptions for bonds, will be sold. The Secretary appreciates the desirability of avoiding any derangement of the money market, and in the financial operations in which the Government is about to engage it will be his purpose to adjust receipts and disbursements in such a way that as far as possible money paid in will be promptly returned to the market. The contemplated sale of Treasury certificates is in line with this policy. Should the banks during the next few weeks absorb several hundred million dollars of these certificates, the proceeds being paid out in the course of business, the banks will possess ready means with which to meet withdrawals made later by depositors in paying for bond subscriptions. The result of this method will be a gradual anticipation of payment on account of bonds with a steady and continuous return to the banks of the moneys paid in.

The Secretary sounded the market yesterday with respect to temporary borrowings and met with a very satisfactory response on the part of important banks and bankers in financial centers, especially in New York City. The Secretary was assured that reasonable immediate requirements could be met by a sale of certificates bearing as low a rate as  $2\frac{1}{2}$  per cent interest, but that there would be no doubt about the sale of the largest amount of such debt certificates and that a wide market for the same could be created if they were offered at 3 per cent interest.

The Secretary feels that in order to carry out the policy above outlined, temporary borrowing ought to be done on a basis that will enable banks generally throughout the country—State banks and trust companies as well as member banks of the Federal Reserve System—to have a thoroughly liquid asset in their vaults and at the same time to be able to avail themselves of the opportunity of preparing for the large bond issue. Therefore, as soon as the war loan bill becomes a law, the Secretary purposes to authorize Federal Reserve Banks to receive applications for Treasury certificates of indebtedness, payable June 30 next, and bearing interest at the rate of 3 per cent per annum. The first offering of such certificates will probably be \$200,000,000.

#### DUTY OF RESERVE BANKS.

On the day the above statement was issued Governor Harding sent to Federal Reserve Banks the following letter:

Your attention is directed to a statement issued to the press this afternoon by the Secretary of the Treasury. In view of the large issues of United States bonds which will be offered in the near future and which it is hoped will be subscribed for to a great extent by investors, large and small, whose funds are now on deposit in banks, the Board regards an investment by banks in United States Treasury certificates of indebtedness having a short maturity and which are receivable in payment of subscriptions to United States bonds, as a highly desirable investment for them. The Secretary of the Treasury has announced his intention, in the financial operations in which the Government is about to engage, to adjust receipts and disbursements in such a way that as far as possible money paid in will be promptly returned to the market and the Federal Reserve Banks may be counted upon by offering liberal terms of rediscounting to do their utmost in counteracting any effect of temporary dislocation of banking funds. The banks of the country by absorbing these certificates in advance of the issue of the war loans, will possess themselves of ready means with which to meet withdrawals made by depositors for the purpose of paying for bond subscriptions and they will thereby assist in an effective manner in paving the way for the successful flotation of our war loans.

The Board does not doubt that you will impress upon the banks of your district, both national and State, the importance of this offer, and that you will enlist their hearty cooperation in this plan of preparing the field and preparing themselves.

This press statement was issued on April 21:

The Federal Reserve Board to-day telegraphed all Federal Reserve Banks that payments for the new issue of certificates of indebtedness under the war financing act, subscriptions for which have been taken by Federal Reserve Banks, will probably be called for by the Secretary of the Treasury April 25 or 26. Remittances will be made by subscribers to the Federal Reserve Banks of their districts and placed to the credit of the Treasurer of the United States.

#### EXISTING INDEBTEDNESS.

The Treasury Statement of March 31, 1917, showed the interest-bearing debt of the United



States to be \$1,023,357,250. This included the \$50,000,000 in certificates of indebtedness issued as of April 1, but does not include the \$200,000,000, announcement of the intention to issue which was made on April 20.

There is authority under legislation existing prior to the passage of the war financing law for the issue of \$495,569,000 in bonds and \$320,000,000 in certificates of indebt-

edness. This does not include the authorization to issue bonds or notes to maintain the gold reserve or for the issue of postal savings bonds.

Below is given a table showing the authorization, rate, and amounts of the bonds and certificates of indebtedness which make up the present interest-bearing debt of the United States:

*Interest-bearing debt, payable on or after specified future dates.*

[Treasury statement of Mar. 31, 1917.]

Title of loan.	Authorizing act.	Rate.	When issued.	When redeemable or payable.	Amount issued.	Outstanding Mar. 31, 1917.
Consols of 1930.....	Mar. 14, 1900.....	2 per cent.	1900	Payable after Apr. 1, 1930.....	\$646,250,150	\$606,288,850
Loan of 1908-1918.....	June 13, 1898.....	3 per cent.	1898	(Redeemable after Aug. 1, 1908... Payable Aug. 1, 1918.....	<sup>2</sup> 198,792,660	63,945,460
Loan of 1925.....	Jan. 14, 1875.....	4 per cent.	1895-96	Payable after Feb. 1, 1925.....	<sup>3</sup> 162,315,400	118,489,900
Panama Canal loan:						
Series 1906.....	June 28, 1902; Dec. 21, 1905.....	2 per cent.	1906	(Redeemable after Aug. 1, 1916... Payable Aug. 1, 1936.....	<sup>4</sup> 54,631,980	49,817,480
Series 1908.....	do.....	do.....	1908	(Redeemable after Nov. 1, 1918... Payable Nov. 1, 1938.....	<sup>5</sup> 30,000,000	26,178,600
Series 1911.....	Aug. 5, 1909; Feb. 4, 1910; Mar. 2, 1911.....	3 per cent.	1911	Payable June 1, 1961.....	50,000,000	50,000,000
Conversion bonds.....	Dec. 23, 1913.....	do.....	1916-17	Payable 30 years from date of issue.....	25,057,200	25,057,200
One-year Treasury notes.....	do.....	do.....	1916-17	Payable 1 year from date of issue.....	23,540,000	23,540,000
Certificates of indebtedness.....	Mar. 3, 1917.....	2 per cent.	1917	Payable June 29, 1917..... (Redeemable after 1 year from date of issue.....)	50,000,000	50,000,000
Postal savings bonds (1st to 11th series).	June 25, 1910.....	2½ per cent.	1911-16	Payable 20 years from date of issue.....	9,151,800	9,151,800
Postal savings bonds 1917-1937 (12th series).	do.....	2½ per cent.	1917	(Redeemable after Jan. 1, 1918... Payable Jan. 1, 1937.....)	887,960	887,960
Aggregate of interest-bearing debt.					1,250,627,150	1,023,357,250

<sup>1</sup> Of this amount \$21,266,300 have been converted into conversion bonds and \$18,695,000 into one-year Treasury notes.

<sup>2</sup> Of this original amount issued \$132,449,900 have been refunded into the 2 per cent consols of 1930, and \$2,396,800 have been purchased for the sinking fund and canceled, and \$500 have otherwise been purchased and canceled.

<sup>3</sup> Of this original amount issued \$43,825,500 have been purchased for the sinking fund and canceled.

<sup>4</sup> Of this original amount issued \$1,886,300 have been converted into conversion bonds and \$2,928,000 into one-year Treasury notes.

<sup>5</sup> Of this original amount issued \$1,904,400 have been converted into conversion bonds and \$1,917,000 into one-year Treasury notes.

There is presented below a list of the existing legislation, exclusive of the War Loan Act, under which the Government of the United States may issue bonds and certificates.

	Rate.	Amount authorized.	Issued.
	<i>P. ct.</i>		
1. Panama Canal bonds, act Aug. 5, 1909.....	3	\$295,569,000	\$50,000,000
2. Panama Canal bonds, issue for nitrate plant, act of June 3, 1916.....	3	120,000,000	None.
3. Panama Canal bonds, issue for merchant marine, act of Aug. 5, 1909.....	3	150,000,000	None.
4. For extraordinary expenditures, revenue act Mar. 3, 1917 (Mexican expenditures, armor-plate plant, Alaskan railway, purchase of Danish West Indies, etc.).....	3	100,000,000	None.
5. Expediting naval construction, act of Mar. 3, 1917.....	3	150,000,000	None.
6. Certificates of indebtedness, act of Mar. 3, 1917.....	3	300,000,000	50,000,000
7. Certificates of indebtedness, act June 25, 1910.....	3	20,000,000	.....

<sup>1</sup> Included in 1.

Legislation authorizing the issue of bonds or notes to maintain the gold reserve and parity, and for issue of postal savings bonds, is not included in the above list.

#### SUBSCRIPTIONS IN 1898.

For subscriptions to the \$200,000,000 war bond issue of 1898, 31 days were allowed. In this period the Treasury Department received subscriptions numbering 320,226 for \$1,500,000,000. It is interesting, in view of the authorized issue of war bonds, of which it is anticipated that individuals will take a good part, to note the number of subscribers for small amounts to the loan of 1898, as shown by the table given below:

#### Subscriptions:

For less than \$100.....	11,483
\$100 to \$180.....	14,974
\$200 to \$280.....	9,902
\$300 to \$380.....	7,594
\$400 to \$480.....	7,698
\$500 only.....	180,573

## Subscriptions—Continued.

\$520 to \$980.....	11,862
\$1,000 to \$1,980.....	25,152
\$2,000 to \$2,980.....	10,349
\$3,000 to \$3,980.....	5,165
\$4,000 to \$4,400.....	5,223
\$4,500 only.....	1,875
More than \$4,500.....	28,376
Total.....	320,226

Individual purchases of the loan of 1898 were not confined to any section of the country. The subscriptions for \$500 or less numbered 232,224. These were accompanied by full payment, the total of subscriptions of \$500 or less being \$100,444,560.

Every opportunity was given for subscription to this issue by individuals. Newspapers were supplied with information relative to the bonds, and with few exceptions their aid was given without charge. In addition, circulars and forms for subscription were supplied to the 22,000 money order post offices, to express offices, and to banks.

Small subscribers were given the preference, and those who had asked for as much as \$4,500 received only a prorated award, on a basis of \$1,300 each. The bonds were dated August 1, 1898, and delivery to smaller subscribers was completed about September 1. Delivery to the larger subscribers continued for some time after that date, receipts of the proceeds for this loan extending to April 1, 1899, although the bulk of subscriptions was fully paid within the first four months. Of the total amount, nearly \$125,000,000 was remitted by means of checks on banks in all parts of the country. Of the remainder, paid in cash into the offices of the Treasury more than one-third was in tenders of gold, although no preference for one kind of money over another was made.

The bonds bore interest at 3 per cent and to the time of their issue the Government had never put out bonds payable by their terms, either principal or interest, in gold coin or in silver coin. None of the civil war bonds except certificates of temporary loan and the

notes of 1864 and 1865, which were payable in lawful money, contained any statement as to the kind of money in which they should be paid. The bonds of 1898 are redeemable after August 1, 1908, and payable August 1, 1918.

The first bonds payable specifically in United States gold coin were the 2 per cent consols of 1930, the act providing for which was approved by the President on March 14, 1900. The amount of the issue was \$646,250,150. Of this issue there have been converted by Federal Reserve Banks \$24,648,100 into 3 per cent 30-year conversion bonds, and \$21,878,000 into 3 per cent one-year Treasury notes. A considerable part of these converted bonds and notes has been sold. The bonds thus converted were purchased by Federal Reserve Banks either in the open market or through offerings made by member banks of the system through the Treasurer of the United States under section 18 of the act. The total of 2 per cent consols thus retired is \$46,526,100.

## BOND HOLDING OF FEDERAL RESERVE BANKS.

The United States bond holding of Federal Reserve Banks on March 31, 1917, was as follows:

Amount of United States bonds, certificates of indebtedness and notes without circulation privilege:	
3 per cent of 1961.....	\$900
3 per cent conversion.....	3,634,300
3 per cent 1-year notes.....	20,567,000
2 per cent certificates of indebtedness...	48,000,000
Total.....	72,202,200
Amounts of United States bonds with circulation privilege:	
2 per cent.....	20,049,910
3 per cent.....	7,491,740
4 per cent.....	5,168,450
Total.....	32,710,100
Grand total.....	104,912,300

<sup>1</sup> \$2,000,000 of United States certificates of indebtedness entered on books Apr. 2, 1917.

## WAR BOND ACT.

For purposes of reference there is herewith reprinted the text of the act signed by the President on April 24, intended to provide for an issue of bonds for the various expenses connected with the present state of war.

An Act To authorize an issue of bonds to meet expenditures for the national security and defense, and for the purpose of assisting in the prosecution of the war, to extend credit to foreign governments, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury, with the approval of the President, is hereby authorized to borrow, from time to time, on the credit of the United States for the purposes of this Act, and to meet expenditures authorized for the national security and defense and other public purposes authorized by law not exceeding in the aggregate \$5,000,000,000, exclusive of the sums authorized by section four of this Act, and to issue therefor bonds of the United States.

The bonds herein authorized shall be in such form and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate and time of payment of interest, not exceeding three and one-half per centum per annum, as the Secretary of the Treasury may prescribe. The principal and interest thereof shall be payable in United States gold coin of the present standard of value and shall be exempt, both as to principal and interest, from all taxation, except estate or inheritance taxes, imposed by authority of the United States, or its possessions, or by any State or local taxing authority; but such bonds shall not bear the circulation privilege.

The bonds herein authorized shall first be offered at not less than par as a popular loan, under such regulations prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein; and any portion of the bonds so offered and not subscribed for may be otherwise disposed of at not less than par by the Secretary of the Treasury; but no commissions shall be allowed or paid on any bonds issued under authority of this act.

SEC. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war by establishing credits in the United States for foreign

governments, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase, at par, from such foreign governments then engaged in war with the enemies of the United States, their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act; to enter into such arrangements as may be necessary or desirable for establishing such credits and for purchasing such obligations of foreign governments and for the subsequent payment thereof before maturity, but such arrangements shall provide that if any of the bonds of the United States issued and used for the purchase of such foreign obligations shall thereafter be converted into other bonds of the United States bearing a higher rate of interest than three and one-half per centum per annum under the provisions of section five of this act, then and in that event the obligations of such foreign governments held by the United States shall be, by such foreign governments, converted in like manner and extent into obligations bearing the same rate of interest as the bonds of the United States issued under the provisions of section five of this act. For the purposes of this section there is appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$3,000,000,000, or so much thereof as may be necessary: *Provided,* That the authority granted by this section to the Secretary of the Treasury to purchase bonds from foreign governments, as aforesaid, shall cease upon the termination of the war between the United States and the Imperial German Government.

SEC. 3. That the Secretary of the Treasury, under such terms and conditions as he may prescribe, is hereby authorized to receive on or before maturity payment for any obligations of such foreign governments purchased on behalf of the United States, and to sell at not less than the purchase price any of such obligations and to apply the proceeds thereof, and any payments made by foreign governments on account of their said obligations to the redemption or purchase at not more than par and accrued interest of any bonds of the United States issued under authority of this act; and if such bonds are not available for this purpose the Secretary of the Treasury shall redeem or purchase any other outstanding interest-bearing obligations of the United States which may at

such time be subject to call or which may be purchased at not more than par and accrued interest.

SEC. 4. That the Secretary of the Treasury, in his discretion, is hereby authorized to issue the bonds not already issued heretofore authorized by section thirty-nine of the act approved August fifth, nineteen hundred and nine, entitled "An act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes"; section one hundred and twenty-four of the act approved June third, nineteen hundred and sixteen, entitled "An act for making further and more effectual provision for the national defense, and for other purposes"; section thirteen of the act of September seventh, nineteen hundred and sixteen, entitled "An act to establish a United States shipping board for the purpose of encouraging, developing, and creating a naval auxiliary and a naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries, to regulate carriers by water engaged in the foreign and interstate commerce of the United States, and for other purposes"; section four hundred of the act approved March third, nineteen hundred and seventeen, entitled "An act to provide increased revenue to defray the expenses of the increased appropriations for the Army and Navy and the extensions of fortifications, and for other purposes"; and the public resolution approved March fourth, nineteen hundred and seventeen, entitled "Joint resolution to expedite the delivery of materials, equipment, and munitions and to secure more expeditious construction of ships," in the manner and under the terms and conditions prescribed in section one of this act.

That the Secretary of the Treasury is hereby authorized to borrow on the credit of the United States from time to time, in addition to the sum authorized in section one of this act, such additional amount, not exceeding \$63,945,460, as may be necessary to redeem the three per cent loan of nineteen hundred and eight to nineteen hundred and eighteen, maturing August first, nineteen hundred and eighteen, and to issue therefor bonds of the United States in the manner and under the terms and conditions prescribed in section one of this act.

SEC. 5. That any series of bonds issued under authority of sections one and four of this act may, under such terms and conditions as the

Secretary of the Treasury may prescribe, be convertible into bonds bearing a higher rate of interest than the rate at which the same were issued if any subsequent series of bonds shall be issued at a higher rate of interest before the termination of the war between the United States and the Imperial German Government, the date of such termination to be fixed by a proclamation of the President of the United States.

SEC. 6. That in addition to the bonds authorized by sections one and four of this act, the Secretary of the Treasury is authorized to borrow from time to time, on the credit of the United States, for the purposes of this act and to meet public expenditures authorized by law, such sum or sums as, in his judgment, may be necessary, and to issue therefor certificates of indebtedness at not less than par in such form and subject to such terms and conditions and at such rate of interest, not exceeding three and one-half per centum per annum, as he may prescribe; and each certificate so issued shall be payable, with the interest accrued thereon, at such time, not exceeding one year from the date of its issue, as the Secretary of the Treasury may prescribe. Certificates of indebtedness herein authorized shall not bear the circulation privilege, and the sum of such certificates outstanding shall at no time exceed in the aggregate \$2,000,000,000, and such certificates shall be exempt, both as to principal and interest, from all taxation, except estate or inheritance taxes, imposed by authority of the United States, or its possessions, or by any State or local taxing authority.

SEC. 7. That the Secretary of the Treasury, in his discretion, is hereby authorized to deposit in such banks and trust companies as he may designate the proceeds or any part thereof arising from the sale of the bonds and certificates of indebtedness authorized by this act, or the bonds previously authorized as described in section four of this act, and such deposits may bear such rate of interest and be subject to such terms and conditions as the Secretary of the Treasury may prescribe: *Provided*, That the amount so deposited shall not in any case exceed the amount withdrawn from any such bank or trust company and invested in such bonds or certificates of indebtedness plus the amount so invested by such bank or trust company, and such deposits shall be secured in the manner required for other deposits by section fifty-one hundred and fifty-three, Revised Statutes, and amendments thereto: *Provided*

*further*, That the provisions of section fifty-one hundred and ninety-one of the Revised Statutes, as amended by the Federal Reserve Act and the amendments thereof, with reference to the reserves required to be kept by national banking associations and other member banks of the Federal Reserve System, shall not apply to deposits of public moneys by the United States in designated depositories.

SEC. 8. That in order to pay all necessary expenses, including rent, connected with any operations under this act, a sum not exceeding one-tenth of one per centum of the amount of bonds and one-tenth of one per centum of the amount of certificates of indebtedness herein authorized is hereby appropriated, or as much thereof as may be necessary, out of any money in the Treasury not otherwise appropriated, to be expended as the Secretary of the Treasury may direct: *Provided*, That, in addition to the reports now required by law, the Secretary of the Treasury shall, on the first Monday in December, nineteen hundred and seventeen, and annually thereafter, transmit to the Congress a detailed statement of all expenditures under this act.

#### Conference of Governors.

The tenth conference of the governors of the Federal Reserve Banks was held at the Shoreham Hotel, April 4 to 6, inclusive. There were present: Governor A. L. Aiken, of Boston, chairman; Governor Seay, of Richmond; Governor Rhoads, of Philadelphia; Governor Wold, of Minneapolis; Governor McCord, of Atlanta; Governor Van Zandt, of Dallas; Governor Fancher, of Cleveland; Governor McDougal, of Chicago; Deputy Governor Treman, of New York; Deputy Governor Calkins, of San Francisco; and Mr. J. F. Curtis, secretary.

The Federal Reserve Banks of St. Louis and Kansas City were the only banks not represented.

The governors held several conferences with the Federal Reserve Board during the course of their meeting.

Among the subjects discussed were: Delays in the mails; direct interdistrict routing of items; disposition of Government bonds; Federal Reserve Banks as fiscal agents of the Gov-

ernment; reports of reserves by member banks; real-estate loans; Federal Reserve Bank drafts; Federal reserve district numbers on checks; establishment of collection department by Federal Reserve Banks; transit time schedules and domestic exchanges; establishment of branches and agencies; problems of collection and clearances; proposed amendments to Federal Reserve Act; abrasion of gold; direct redemption of unfit Federal Reserve notes; joint custody of funds held by Federal Reserve agents; purchase of acceptances; enlistment by Federal Reserve Bank employees in military forces of the United States; surety bonds held by Federal Reserve Banks; abstracts of clearing house figures and trade acceptances.

The conference adjourned subject to call of the chairman without definite time or place being fixed for next meeting.

#### State Banks Admitted.

The following State banks have been admitted to membership in the Federal Reserve System during the month of April, 1917: Cleveland Trust Co., Cleveland, Ohio; St. Louis Union Bank, St. Louis, Mo.; Farmers State Bank, Kasson, Minn.; Peoples Bank, St. Paul, Minn.

#### Federal Reserve Drafts.

Forms of special drafts on Federal Reserve Banks have been prepared and sent with the necessary suggestions as to their use to the 12 Federal Reserve Banks. Use of these drafts will begin on May 21. They are the result of careful study of the question of transfers by the Board and the banks.

Drafts drawn by member banks on their own Federal Reserve Bank immediately available at par at any Federal Reserve Bank but actually payable only at the Federal Reserve Bank on which drawn are, for the present, limited to sums not exceeding \$250. Transfer drafts payable on advice at any Federal Reserve

Bank specified are limited to sums in excess of \$250. Advice to the drawee Federal Reserve Bank by the member bank is required in either case.

Extracts from the instructions issued to Federal Reserve Banks under date of April 24 are given below:

#### FEDERAL RESERVE DRAFTS.

There shall be two special forms of drafts on each Federal Reserve Bank which will be available for immediate credit at other Federal Reserve Banks.

The privilege of drawing these drafts shall be extended to all member banks complying with the regulations to be formulated by their Federal Reserve Banks.

The drawing of these drafts shall not interfere with member banks drawing the ordinary checks on their Federal Reserve Banks.

The special drafts provided for in this circular must be drawn on forms approved by the Federal Reserve Bank of which the drawing bank is a member. The forms are to be similar to the specimens embodied herewith.

Any Federal Reserve Bank may, if in the judgment of its officers it becomes necessary, make a reasonable charge against member banks drawing these drafts for the purpose of effecting transfers of funds, such charge not to exceed the rate for transfers prevailing at the time the drafts are drawn.

All of these drafts shall be immediately charged to the drawing member bank's account on receipt of advice by the drawee Federal Reserve Bank. Specimen forms of advice are inclosed with this circular.

The two kinds of drafts shall be known as "Federal Reserve Exchange" and "Federal Reserve Transfer" drafts.

#### FEDERAL RESERVE EXCHANGE DRAFT.

The "Federal Reserve Exchange" drafts shall be the draft drawn by a member bank upon its own Federal Reserve Bank and made receivable for immediate availability at par at any Federal Reserve Bank, but actually payable only at the drawee Federal Reserve Bank.

They shall, for the present and until otherwise provided, be drawn for amounts not in excess of \$250.

The drawing bank shall be required to give advice by mail to its Federal Reserve Bank of the total amount of drafts drawn each day.

These drafts on a Federal Reserve Bank when received for immediate availability by another shall be listed in a special letter and forwarded to the drawee Federal Reserve Bank for credit.

If the total of the letter justifies there can be an advice by wire and entries made on the day the letter goes forward.

#### FEDERAL RESERVE TRANSFER DRAFT.

The "Federal Reserve Transfer" draft shall be the draft drawn by a member bank upon its own Federal Reserve Bank and made payable on advice of the drawee at any Federal Reserve Bank specified in the draft.

They shall, for the present, be drawn for amounts in excess of \$250.

The drawing bank shall be required to give advice by mail to its Federal Reserve Bank of the numbers, amounts, and total made payable at each Federal Reserve Bank of drafts drawn each day. This advice shall be under an authorized signature and a duplicate shall be forwarded to the Federal Reserve Bank at which the drafts are made payable, the duplicate advice to contain the signature in ink of officers signing the drafts.

The drawee Federal Reserve Bank shall, upon receipt of advice from the drawing member bank, telegraph the Federal Reserve Bank at which the drafts were made payable, confirming the advice \* \* \*.

Under existing regulations governing the gold settlement fund any Federal Reserve Bank can at any time obtain a settlement on a net balance due from another Federal Reserve Bank.

This plan shall become operative on the 21st day of May, 1917.

[Inclosures.]

FIRST NATIONAL BANK.

WACO, TEX., .....

To Federal Reserve Bank of Dallas.

GENTLEMEN: We have this day drawn checks on Federal Reserve Exchange form, the total amount of which is \$.....

..... dollars.

Charge our account to cover.

R. P. DUPREE,  
Cashier.



### Growth of the Bank Acceptance Business.

In continuation of similar figures shown on page 590 of the October Bulletin, there are presented below data indicating to some extent the growth of the bank acceptance business in the United States since November, 1916. It is seen that while the reported acceptance liabilities of the national banks have grown but little between November, 1916, and March, 1917, those of the trust companies and State banks in Greater New York have increased over 20 per cent during the same period. It should be noted, however, in this connection that figures of acceptance liabilities of national banks for November and December in some cases are inclusive of amounts of the reporting banks' own acceptances held as investments by the accepting institutions, while March, 1917, figures are exclusive of such amounts. On March 5, the national banks in New York City held over 30 million of their own acceptances, while like holdings of New York City trust companies and State banks at the end of February amounted to about 8 million dollars. The volume of outstanding acceptances reported by the latter is slightly larger than the volume shown for all national banks in the latest report of the Comptroller of the Currency.

*Acceptance liabilities of national banks in principal cities of the United States at specified dates.*

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

	Nov. 17, 1916.	Dec. 27, 1916.	Mar. 5, 1917.
New York.....	55,312	53,116	50,720
Boston.....	15,263	18,407	21,835
Philadelphia.....	8,640	8,309	8,849
Baltimore.....	482	520	463
New Orleans.....	4,101	3,411	1,962
Charleston, S. C.....	1,224	1,250	1,300
Chicago.....	1,859	2,356	1,480
Minneapolis.....	695	2,401	4,272
San Francisco.....	3,096	3,738	2,869
All other.....	6,959	6,834	7,735
Total.....	98,231	100,342	101,485

Available data regarding acceptance liabilities of American banking institutions about the end of the calendar year 1916 and the begin-

ning of March, 1917, are as follows (in thousands of dollars):

	Nov. 17, 1916.	Dec. 27, 1916.	Mar 5, 1917.
All national banks.....	98,231	100,342	101,485
Old Colony Trust Co., Boston.....	2,685	6,162	5,443
Other trust companies in Boston.....	( <sup>1</sup> )	( <sup>1</sup> )	1,063
State banks and trust companies in Maryland.....	3,308	3,973	3,330
	Nov. 29, 1916.	Dec. 30, 1916.	Feb. 28, 1917.
Trust companies in Greater New York.....	78,631	79,400	95,480
State banks in Greater New York.....	4,773	2,095	6,546
Trust companies in State of New York.....	136	( <sup>1</sup> )	486
State banks in State of New York.....	22	( <sup>1</sup> )	12
Total.....	187,786	191,972	213,845

<sup>1</sup> No data.

The totals just given are exclusive of data for the larger private banking firms and American branches or agencies of foreign banks, which make no reports of their acceptance liabilities either to State or Federal authorities. The Federal Reserve Banks report aggregate holdings of bills accepted by private bankers as 13.8 millions about November 20, 1916, and as 20.5 millions about March 5, 1917. Estimates of the amounts of outstanding bills accepted by private banking firms vary between 30 and 50 millions, while a recent estimate of the New York Commercial gives the amount of bills accepted by American branches and agencies of foreign banks as about 20 million dollars. A certain amount should also be added for acceptances of trust companies and State banks outside of Boston, New York and Maryland. No definite information was obtainable regarding acceptance operations of nonmember banks other than those shown in the above table. It is probable, however, that the total acceptance liabilities of all banks and bankers in the United States exceed at present 300 million dollars.

### German War Loans.

In continuation of similar figures on page 14 of the January, 1917, Bulletin there are shown below the classified number of subscribers and



amounts subscribed to the fourth and fifth German war loans issued in March and September-October, 1916.

The total number of subscribers to the fifth loan was 27.9 per cent less than the number of subscribers to the fourth loan, while the aggregate of subscriptions received is practically the same.

A comparison of the classified subscription data for the two loans discloses the interesting fact that any increases in the subscription figures of the fifth loan are limited entirely to the higher groups. From the table below it may be seen that the number of large subscribers to the fifth loan (i. e., with subscriptions of 100,000 marks and over) increased 16 per cent and the amount of large subscriptions 23 per cent. On the other hand the number of smaller subscribers (with subscriptions of less than 100,000 marks) shows a decrease of 28 per cent and the aggregate of their subscriptions a decrease of 19.5 per cent.

Size of subscriptions.	Number of subscribers.		Increase (+) or decrease (-).	Total amount subscribed (in millions of marks).		Increase (+) or decrease (-).
	Fourth loan.	Fifth loan.		Fourth loan.	Fifth loan.	
1-200 marks.....	2,406,118	1,794,084	<i>P. ct.</i>	201	154	<i>P. ct.</i>
200-500 marks.....	967,929	681,027	-25.4	407	293	-23.4
500-1,000 marks.....	885,491	605,494	-20.6	794	552	-28.1
1,000-2,000 marks.....	467,724	301,869	-31.6	792	520	-30.5
2,000-5,000 marks.....	347,725	245,873	-35.5	1,247	911	-27.0
5,000-10,000 marks.....	113,927	93,189	-29.3	907	763	-15.9
10,000-20,000 marks.....	42,158	40,571	-3.8	666	651	-2.3
20,000-50,000 marks.....	30,361	28,500	-6.1	980	982	.....
50,000-100,000 marks.....	9,100	9,748	+ 7.1	734	810	+10.4
100,000-500,000 marks.....	6,308	7,870	+24.8	1,531	1,710	+11.7
500,000-1,000,000 marks.....	780	1,032	+32.4	641	853	+33.1
Over 1,000,000 marks.....	574	725	+26.4	1,812	2,448	+35.1
Total.....	5,279,645	3,809,976	-27.9	10,712	10,647	-.6

### Substitution of Collateral.

For the assistance of Federal Reserve Agents in making substitutions of paper or deposits of gold or lawful money when the original pledge is collectible, the Federal Reserve Board on April 12 sent out the following letter providing for substitution of securities:

The Board understands that it has been the practice hitherto for Federal Reserve Banks to deposit gold or lawful money with the Federal Reserve Agents, or to make substitutions of other paper with him, for commercial paper held as security for Federal Reserve notes about 10 days in advance of maturity, in order that the banks may have possession of the paper for the purpose of collection. This process impairs the note issuing capacity of the banks, and as counsel is of the opinion that a Federal Reserve Agent may designate as his collecting agent the Federal Reserve Bank from which he has received notes and bills as collateral security for Federal Reserve notes, the Board has ruled that henceforth Federal Reserve Banks need not make substitutions of paper or deposits of gold or lawful money with the Federal Reserve Agent until the actual due date of the paper originally pledged to secure notes.

The Federal Reserve Agents are therefore authorized to turn over maturing notes and bills to their respective Federal Reserve Banks for collection upon the execution by the bank of a receipt reciting the fact that the notes and bills are taken for collection only, settlement to be made with the Federal Reserve Agent in gold or lawful money on the dates the notes and bills fall due unless other eligible paper has been substituted already for the maturing paper. Such notes or bills should be indorsed to the Federal Reserve Bank "for collection for account of the Federal Reserve Agent," or a rider may be attached to them showing that they are delivered to the Federal Reserve Bank for collection, in order that any banks used by the Federal Reserve Bank in making the collection may be on notice.

### National Banks and the War.

National banks of the United States are taking an important part in the various activities incident to the entry of the United States into the war. Much literature furthering various plans has been issued by banks and by banking associations. Most of the circulars are unusual in their appeal and indicate an admirable patriotic spirit. As indicating the general line of matter which is being sent out, there is reprinted below a copy of a letter issued by the

Ohio Bankers' Association on April 10 to its members:

To the ever-present question, "What can we bankers do to help?" one of the officers of our association attending the last meeting of our council of administration offered an answer which seemed so much to the point that the council requested that it be reduced to writing and mailed to all members. It follows:

First of all we can face the facts. Without waiting for unpleasant events to focus our attention and possibly bring us vain regrets, we can look the situation squarely in the face and know it for what it is. This war is *our* war. It is not just anybody's war. It is the war of every American citizen. War means sacrifice and hardship, and *our* war means *our* sacrifice and *our* hardship. From this time on there are to be but three kinds of people in this country—those who bear the burdens; those who would but can not; those who can but would not. And of these three the last will be disloyal citizens; disloyal ones of whom the most disloyal will be those who add to the crime of evading burdens that of seeking to take a money toll from the travail of the occasion.

Next, we can run our banks with an eye single to safety and public service. We can forget for the time that "we are in business to make money." We can remember that there is a fiscal as well as a physical firing line, and that if most of us are too old or too infirm to fight, substantially all of us can render important service in the civil legion. We can request authority from our directors to go to the limit of safety in extending preferential credit to governments and to all others engaged in activities that directly affect the issue. We can hold places open for any and all of our

employees who go into active service; we can provide for those dependent upon such employees while they are in the service, and we can agree to continue to help if they fail to come back. We can make it plain to every customer who comes to our desks that when we must refuse accommodation it will be, first of all, to those who attach more importance to their own private interests than they do to those of their country.

We can preach economy in time and out; we can practice economy of the most rigid kind both at home and in the bank; we can constantly remind ourselves and others that wastes of every kind increase the burdens of all; that every hour of time, every stroke of labor, every dollar of money that can be saved helps some one some way, and that extravagance, always a vice, has now become almost an act of treason.

Between the frenzied hysteria which, mistaking itself for high patriotism, spends itself in vocalizing the superlatives of our language, and the wilful indifference which, parading in the solemn garb of common sense, denies the seriousness of our crisis, there is a sound attitude of mind which means readiness to understand, willingness to sacrifice, and promptness to do. This attitude it can be our privilege to take and unswervingly maintain.

And lastly, we can be vigilant in our watch for opportunities to serve in new ways. Of all men we should be among the first to know opportunity at sight, to seize it boldly, and to act upon it promptly.

Then, having done all of these things, and having done them cheerfully and with the most cordial good will, we can remember that what we have done is as nothing compared with what those who go into active service have shown themselves ready to do.

**GOLD SETTLEMENT FUND.**

Holdings of gold by Federal Reserve Banks and Federal Reserve Agents in the gold settlement fund of the Federal Reserve Board reached the sum of \$355,040,000 on April 19. This amount exceeded figures previously published in the Bulletin by \$30,440,000. This maximum was accompanied by a settlement on April 19, amounting to \$338,894,000. It was the heaviest settlement made, the largest previous settlement having been on March 22, when the transactions liquidated amounted to \$297,765,000.

Payment was made to the Treasury Department through the gold settlement fund on March 31, for 2 per cent bonds purchased by member banks under section 18, amounting to \$10,884,090.15. In addition there was deposited on the same date for two Federal Reserve Banks \$1,732,000, covering 3 per cent 1-year certificates of indebtedness which had been sold by the banks, payment of which had to be provided for through the Treasurer of the United States.

The figures below cover the period between the settlements of March 22 and April 19. They show obligations settled amounting to \$1,186,772,000 by means of the weekly settlement, and \$28,122,500 by means of transfers between the banks during the week. Changes in ownership in the fund amounted to 4.37 per cent of the total obligations settled. Chicago, Cleveland, Philadelphia, and Boston show the largest increases.

*Amount of clearings and transfers, Federal Reserve Banks, from Mar. 23, 1917, to Apr. 19, 1917, inclusive.*

[000 omitted.]

	Total clearings.	Balances adjusted.	Transfers.
Settlement of—			
Mar. 29, 1917.....	\$294, 766	\$13, 359	\$6, 800
Apr. 5, 1917.....	259, 606	12, 080	300
Apr. 12, 1917.....	293, 506	23, 904	1, 622
Apr. 19, 1917.....	338, 894	18, 772	19, 400.5
Total.....	1, 186, 772	68, 115	28, 122.5
Previously reported for 1917.....	3, 221, 868	182, 871	70, 482
Total since Jan. 1, 1917.....	4, 408, 640	250, 986	98, 604.5
Total transfers Jan. 1, 1917, to date.....	98, 604.5		
Total for 1916, including transfers.....	5, 633, 966		
Total for 1915, including transfers.....	1, 052, 649		
Total clearings and transfers, May 20, 1915, to Apr. 19, 1917.....	11, 193, 859.5		

*Changes in ownership of gold.*

[000 omitted.]

Federal Reserve Bank of—	Total to Mar. 22, 1917.		From Mar. 23, 1917, to Apr. 19, 1917, inclusive. <sup>1</sup>				Total changes from May 20, 1915, to Apr. 19, 1917. <sup>2</sup>	
	Decrease.	Increase.	Balance to credit, Mar. 22, 1917, plus net deposits of gold since that date.	Balance, Apr. 19, 1917.	Decrease.	Increase.	Decrease.	Increase.
Boston.....		\$34, 785	\$13, 957	\$20, 552		\$6, 595		\$41, 380
New York.....	\$358, 759		71, 219	21, 992	\$49, 227		\$407, 986	
Philadelphia.....		74, 631	11, 042	18, 071		7, 029		81, 600
Cleveland.....		32, 607	18, 742	30, 753		12, 011		44, 618
Richmond.....		21, 735	17, 203	15, 325		1, 878		19, 907
Atlanta.....		21, 891	3, 625	5, 631		2, 006		23, 897
Chicago.....		21, 310	24, 928	41, 752		16, 824		38, 134
St. Louis.....		5, 880	2, 936	5, 973		3, 037		8, 917
Minneapolis.....		9, 521	5, 148	6, 351		1, 203		10, 724
Kansas City.....		52, 675	22, 807.5	25, 258		2, 450.5		55, 125.5
Dallas.....		31, 935	7, 353.5	5, 345		2, 008.5		29, 926.5
San Francisco.....		51, 739	8, 269	10, 227		1, 958		53, 697
Total.....	358, 759	358, 759	207, 230	207, 230	53, 113.5	53, 113.5	407, 986	407, 986

<sup>1</sup> Changes in ownership of gold during period Mar. 20, 1917, to Apr. 19, 1917, equal 4.37 per cent of obligations settled.

<sup>2</sup> Total changes in ownership of gold since May 20, 1915, equal 3.64 per cent of total obligations settled.

## Gold settlement fund—Summary of transactions from Mar. 23, 1917, to Apr. 19, 1917, inclusive.

[000 omitted.]

Federal Reserve Bank of—	Balance last statement, Mar. 22, 1917.	Gold.		Transfers.		Weekly settlements from Mar. 23, 1917, to Apr. 19, 1917.				Apr. 19, 1917, balance in fund at close of business.
		With-drawn.	Deposited.	Debit.	Credit.	Total net debits.	Total debits.	Total credits.	Total net credits.	
Boston.....	\$21,015	\$7,058			\$922	\$3,757	\$103,633	\$96,802	\$9,430	\$20,552
New York.....	20,241	4,022	\$55,000	\$20,700	3,000	31,527	306,646	312,621		21,992
Philadelphia.....	17,441	6,699	300	552		1,586	177,742	184,147	9,167	18,071
Cleveland.....	26,017	7,375	100	250		485	80,022	93,253	12,746	30,753
Richmond.....	17,085	1,712	1,830	2,000		666	72,008	71,268	788	15,325
Atlanta.....	4,431	1,566	760			1,177	38,239	42,599	3,183	5,631
Chicago.....	43,870	18,942		1,000	22,700	18,918	160,301	127,341	14,042	41,752
St. Louis.....	4,240	1,584	280	120	500	2,699	99,903	107,624	5,356	5,973
Minneapolis.....	8,641	3,493				3,425	23,420	26,541	4,628	6,351
Kansas City.....	26,152.5	3,345		.5		693	69,766	67,847	3,144	25,258
Dallas.....	7,567.5	564	350	1,000	.5	1,349	29,039	27,436	340	5,345
San Francisco.....	14,569	6,500	200	2,500	1,000	1,833	26,053	29,293	5,291	10,227
Total.....	211,270	62,860	58,820	28,122.5	28,122.5	68,115	1,186,772	1,186,772	68,115	207,230

## Federal Reserve Agents' fund—Summary of transactions, Mar. 23, 1917, to Apr. 19, 1917, inclusive.

[000 omitted.]

Federal Reserve Agent at—	Balance to credit Mar. 22, 1917.	With-drawn.	De-positied.	Balance Apr. 19, 1917.	Federal Reserve Agent at—	Balance to credit Mar. 22, 1917.	With-drawn.	De-positied.	Balance Apr. 19, 1917.
Philadelphia.....	\$15,890	\$900	\$5,600	\$20,590	Minneapolis.....	\$3,130	\$400	\$2,990	\$5,720
Cleveland.....	4,000		5,500	9,500	Kansas City.....	17,660		2,700	20,360
Richmond.....	9,000	1,900	1,000	8,100	Dallas.....	8,880	520		8,360
Atlanta.....	13,420	1,450	1,060	13,030	San Francisco.....	15,010	400	3,500	18,110
Chicago.....	20,290		17,480	37,770	Total.....	113,330	6,350	40,830	147,810
St. Louis.....	6,050	780	1,000	6,270					

## Operations of the Federal Reserve clearing system, Mar. 16 to Apr. 15, 1917.

	Items drawn on banks in Federal reserve city (daily average).		Items drawn on banks in district outside Federal reserve city (daily average).		Items drawn on banks in other districts (daily average).		Total (exclusive of items drawn on Treasurer of United States) (daily average).		Items drawn on Treasurer of United States (daily average).		Mem-ber banks in district.	Non-member banks from which checks are collected at par.
	Num-ber.	Amount.	Num-ber.	Amount.	Num-ber.	Amount.	Num-ber.	Amount.	Num-ber.	Amount.		
Boston.....	1,947	\$6,715,272	32,963	\$3,556,484	2,570	\$4,083,393	37,480	14,355,149	1,107	\$111,600	393	248
New York.....	3,554	18,031,017	23,844	5,178,543	15,560	8,184,337	42,958	31,393,897	5,266	1,712,348	625	424
Philadelphia.....	10,566	9,272,452	17,526	2,141,881	6,479	7,203,515	34,571	18,617,848	673	85,343	632	242
Cleveland.....	960	2,035,347	14,289	3,902,736	1,083	1,095,993	16,332	9,034,076	243	23,429	753	505
Richmond.....	1,027	2,078,065	13,263	3,520,200	1,539	2,543,869	15,829	8,142,134	176	20,190	519	271
Atlanta.....	1,021	783,322	9,806	1,691,239	1,569	1,431,303	12,426	3,905,864	175	21,937	382	397
Chicago.....	4,699	8,261,217	12,692	2,579,641	1,469	4,889,274	18,860	15,730,132	2,904	275,743	1,046	1,611
St. Louis.....	1,488	4,281,367	8,524	1,656,781	175	1,545,007	10,185	7,483,155	1,169	171,329	468	851
Minneapolis.....	2,166	3,759,821	10,734	845,900	573	597,932	13,478	5,203,653	255	21,267	721	1,035
Kansas City.....	1,960	3,021,787	9,727	1,672,610	560	2,584,646	12,247	7,279,043	382	48,281	940	1,395
Dallas.....	1,036	1,096,666	10,481	3,158,095	322	509,154	11,839	4,763,915	12	7,980	622	339
San Francisco.....	740	951,669	4,758	762,849	79	25,119	5,577	1,739,637	215	143,961	524	1,289
Total:												
Mar. 16 to Apr. 15, 1917.....	31,162	60,288,002	168,607	32,666,959	32,008	34,693,542	231,777	127,648,503	12,582	2,643,408	7,625	8,607
Feb. 16 to Mar. 15, 1917.....							234,475	116,404,430			7,630	8,007
Jan. 16 to Feb. 15, 1917.....							220,421	110,188,028			7,630	8,086
Dec. 16, 1916, to Jan. 15, 1917.....							241,933	121,814,589			7,622	8,130
Nov. 16 to Dec. 15, 1916.....							236,038	125,603,732			7,627	8,065
Oct. 16 to Nov. 15, 1916.....							227,489	115,061,224			7,623	8,059
Sept. 16 to Oct. 15, 1916.....							204,891	97,666,107			7,618	7,459
Aug. 16 to Sept. 15, 1916.....							177,397	78,559,704			7,618	7,449
July 16 to Aug. 15, 1916.....							133,113	59,301,696			7,624	7,032

### Experience of State Banks in Federal Reserve System.

In order to ascertain more exactly how the Federal Reserve System was likely to affect the interests of State banks, questions were some time ago transmitted by a private inquirer, who wrote of his own motion without knowledge of the Federal Reserve Board, to all State banks which had been granted membership in the Federal Reserve System, as follows:

1. What was the fundamental reason which impelled you to join the system?
2. What advantages have you found from your membership in it?
3. What disadvantages have you found from membership in it?
4. Have you found your charter powers in any way hampered or curtailed by your membership?
5. Have you found that the membership gives you any new powers which your charter or State laws did not confer upon you before?
6. Have you found that the regulations of the Federal Reserve Board have interfered with your business or methods of doing business?
7. In what way has the Federal Reserve Bank collection system affected you?
8. What are your general views on the advisability of joining?

Replies to these questions have been obtained from a majority of State member banks, and have been brought to the attention of the Federal Reserve Board. Those thus furnished, whether favorable or unfavorable, are here republished in full, without exception, as affording the answers to questions that are frequently put before the Board, and which can be best and most conclusively replied to on the basis of the actual experience of banks which have been members of the system.

The names of the banks sending in these replies are furnished only in those cases where permission was subsequently granted. Other banks are merely designated by number without reference to any principle of classification, such as location, capitalization, or the like.

[No. 1. Bankers Loan & Trust Co., Sioux City, Iowa.]

Question 2. What advantages have you found from your membership in it? We find that the public have confidence in the system and feel that banks who are members and under Federal supervision are being managed safely. This is quite an asset to a bank and especially to a new institution.

Question 3. What disadvantages have you found from your membership in it? There is a loss of interest on the balance carried with the Federal Reserve Bank. The examination fees and extra published statements; and the question of dividends on your stock.

Question 4. Have you found your charter powers in any way hampered or curtailed by your membership? Our State laws permit banking institutions to make loans equal to 20 per cent of their capital and surplus. The Federal Reserve Banks permit but 10 per cent, which is the same as required of national banks by Federal statute.

Question 5. Have you found that membership gives you any new powers which your charter or State laws did not confer upon you before? No; our State laws are quite liberal.

Question 6. Have you found that the regulations of the Federal Reserve Board have interfered with your business or your methods of doing business? No; the officers of the Chicago bank are not at all dictatorial; they seem anxious to cooperate in every way possible with their member banks and show a desire to transact their business in such a way as to cause as little delay and "red tape" as can be reasonably expected, and frequently ask for opinions as to how the system may be changed to be more beneficial and equitable.

Questions 1 and 8. No. 1. What was the fundamental reason which impelled you to join the system? No. 8. What are your general views on the advisability of joining? We felt that our financial system was very weak and faulty. That when established it was expected to be but temporary, and that our great financial operations demanded a sound and yet elastic system to meet requirements during troublous times. Therefore, we felt that the present system should be given a fair trial, and in order that such a trial be had it seemed that banks should cooperate even should it mean some financial loss at first. We did not expect to find the law perfect, but we had, and still have, faith that the defects and weaknesses will be perfected and strengthened as they are discovered by actual testing.

A bank can get along very nicely without being a member of the system during prosperous times, but should financial troubles loom up on account of labor trouble, general depression, war, etc., we shall feel safer for the membership we hold uniting us in a financial way with Uncle Sam, and having this feeling we are willing to make the required slight sacrifice during prosperous times.

[No. 2. First State Bank, Dallas, Texas.]

Our fundamental reasons for joining the Federal Reserve System were because our belief in its power to strengthen the financial situation all over the country, to enable us to borrow money at more reasonable rates and on shorter notice than we had been able to do with our correspondents, and for the advertising feature which we expected to accrue because of the fact that we were a State bank and could also advertise that we were a member of the Federal Reserve System.

The advantages which we have actually derived from this membership have been principally in the fact that we are now enabled to handle many collection points through the Federal Reserve System at a cost of 1½ cents per item, whereas we formerly had to pay exchange on these points.

Also, we have, to a certain extent, derived some benefit through being able to advertise that we were a member of the Federal Reserve System. We have not found that there has been material advantage in being enabled to execute bills payable to the Federal Reserve Bank and, in fact, have used this privilege very little.

The principal disadvantages that we have found in being members of the system have been due to the fact that we are compelled to carry approximately \$110,000 on deposit with the Federal Reserve Bank here on which we draw no interest. Had this money been placed with one of our reserve agents it would at least pay us \$2,200 per annum.

Another disadvantage has been that while under the State laws our loan limit is 25 per cent of our capital stock, under the Federal Reserve System we are not allowed to lend more than 10 per cent of our capital and surplus. As our capital and surplus is only \$278,000, we have at times found this limit too small to take care of some of our larger customers.

Our membership in the Federal Reserve Bank has given us no new powers which are

not granted by State laws, but, with the exception of the loan and reserve limits, we have not found the Federal requirements irksome.

There has been some advantage to us in using the facilities of the reserve city clearing houses, by which we are enabled to get immediate use of funds that we have on deposit in other reserve cities.

We have about come to the conclusion that the loss of interest on the reserve balances which we are compelled to carry with the Federal Reserve Bank and also the loss of interest on the amount we have invested in the capital stock of this Federal Reserve Bank are rather high for the benefits which have accrued to us.

[No. 3. The Savings Bank of Richmond, Va.]

At the time of our joining we were satisfied that it would not be a money-making venture on our part, because we are not doing a commercial business, and during our experience of 28 years in business we have never rediscounted a note.

1. We look upon the Federal Reserve System as a financial umbrella, that in time of trouble may prove to be very useful. We also believe that it is for the benefit of the entire banking interest of this country if it was brought under one government.

2. None up to this time financially, but we believe a large per cent of the people with whom we do business are not familiar with banking matters and it is an additional inducement for that class of people who do business with institutions who are under Government supervision.

3. The larger reserve required may have caused us a little loss in profits.

4. None whatever.

5. No.

6. No.

7. Not being a commercial bank, we are not affected by the collecting system.

8. I think that what I have stated in the outset covers the answer to this question.

[No. 4. Bank of Montclair, Montclair, N. J.]

1. We believe that in union there is strength.

2. There are a number of advantages, not the least of which is the effect upon the minds of our depositors; the principle one, however, is no doubt the right of rediscount.

3. There appear as yet to be no disadvantages beyond the loss of interest on balance carried with Federal Reserve Bank.

4. The New Jersey law did not limit amount of loans on collateral, whereas the Federal Reserve Act limits them to 10 per cent of capital and fixed surplus. At first this seemed a handicap, but we now think it a good thing.

5. Perhaps the only addition to our powers is that of rediscounting referred to under question 2.

6. The regulations have not interfered with our method of doing business in any way worth noticing, except perhaps to a slight degree in the requirements as to separation of the various kinds of money.

7. The Federal Reserve Bank collection system we regard as perfectly splendid, as it reduces our labor considerably and gives us much quicker returns on items.

8. We believe every bank in the country should become a member and are really surprised that we delayed joining as long as we did.

[No. 5. German American Bank, Minneapolis, Minn.]

The fundamental reasons which impelled our bank to join the Federal Reserve System were—

To provide our bank with facilities to help itself in tight times and to relieve itself from dependence upon other banks.

To do our part toward establishing a banking organization in the United States which will, as nearly as is possible, meet the demands of our country in all kinds of business conditions.

To gain the advantage that accrues to banks under national supervision as against banks under State supervision, by reason that the public regards the national supervision and control better and stricter than that of a State.

The advantages and benefits that we have found from our membership in the Federal Reserve System are as follows:

Being a State bank, we advertised the fact of our membership in the Federal System. Our membership began August 30, 1915. Our bank's total deposits on that date were \$2,883,000. On March 5, 1917 (called statement), our deposits were \$4,142,000, a gain, since membership, of \$1,259,000.

By reason of our ability to secure funds by rediscounting at the Federal Reserve Bank we are now able to run on a much lower cash reserve than formerly. The difference of reserve necessary is of sufficient amount that this amount loaned more than makes up the loss of interest on our balance at the Federal Reserve Bank.

The minds of our bank's management now feel easy, as we now consider our bank to be in an independent position. Previous to membership, besides the carrying of a liberal cash reserve at all times, we depended upon banks with whom we carried balances for assistance in times of business depression. Our experience has been that such dependence is unreliable, for when money was tight with us money was just as scarce, if not more so, with them.

The disadvantages that we have found from our membership in the Federal Reserve System are—

Some additional work caused by our being required to make reports of bank's condition both to the State Department and the Comptroller of the Currency. We are not required to publish the national form of statement if the call for a statement is made by the State Department for the same date called by the comptroller.

The Minnesota banking laws permit its banks to loan to any one individual, firm, or corporation a sum not exceeding 15 per cent of the bank's capital and surplus, whereas the national-banking law permits loans not exceeding 10 per cent of the same. We have not found this to be a disadvantage, as we seldom made loans of over 10 per cent of our capital and surplus, believing the 10 per cent rate to be the better banking.

The Minnesota bank reserve requirements are more liberal than those of the Federal system. This is not a disadvantage to us, because we have always found it necessary to carry a greater reserve than the minimum required by either of the banking systems.

We have not found our charter powers in any way hampered or curtailed by our membership, as the Federal Reserve Board permits a State bank to retain and use the powers granted to it by its State charter unless same has powers which are in conflict with prudent banking.

We have found that the regulations give us rediscount privileges and currency whenever needed.

The regulations of the Federal Reserve Board have not interfered in such a manner as is objectionable to us, with our business, or our methods of doing business. We are permitted to do and are doing our business in the same way and manner as before membership, excepting that our reserves must be kept according to the laws of the Federal system and

that our limit for loans to any one person, etc., has been reduced from 15 per cent to 10 per cent of our capital and surplus, all of which is not objectionable to us, as explained under a previous answer in the foregoing.

The Federal Reserve Bank collection system has affected us in that it costs us less to collect out-of-town items. The Minneapolis banks, previous to the time the Federal Reserve Bank made collections, did not charge exchange on their own checks unless eastern exchange was necessary or requested in payment. As the Federal Reserve Bank now receives many of our checks, therefore we now use less eastern exchange, hence need to carry a smaller balance in our eastern connections, which lessens our operating reserve requirements. We are gainers by the arrangement.

Our general views on the advisability of joining the Federal Reserve System are that we believe the Federal Reserve Banking System to be the best banking system ever devised by the United States or any other country for the service and protection of the financial and business interests of our country, its people, and for the protection of the member bank itself.

It must be admitted that the banking situation as it now exists in the United States where there are as many banking systems, you might say, as there are States—none of the State systems equipped to assist their members in times of pressure, and the fact that a great part of the banks of our country both in number and resources are State banks not members of the Federal system—is not the most desirable condition for our country to be in should it be visited with war or business depression. We therefore believe it our duty, not only to do our part toward building up one great, strong, efficient banking system in our country, but also to provide our depositors with every facility possible to secure for their service and protection, which the Federal Reserve System affords. We think that membership in the Federal system should be especially desired by every State bank that is following the best banking methods. We believe membership would be profitable to any bank. We know that membership is profitable to us. Even though membership would not cause a money profit, even if there be a moderate loss in income, the better service and protection to depositors and the “easy feeling” of a bank’s management by reason of its membership, are worth a great deal.

[Bank No. 6.]

Our reasons for joining are, first, that our competitor here is a national bank, and being a rather small town they were using this feature largely as an advertising scheme.

Second, in the fall of 1914, with cotton our main product selling at 5 and 6 cents and for quite a time not selling at all, it looked like we might need the advantages of a system that would handle any eligible paper we might desire to discount, and our correspondents, like us, could not make any promises. Again, we had been discounting paper at 6 per cent (the usual charge) which after allowing the interest in advance really run to about 6½ per cent, whereas the Federal Reserve Bank was taking commodity paper at 4½ per cent.

The advantages we find as a member of the Federal Reserve System are that they will take any amount of eligible paper we might care to discount at the prevailing rate, which is at all times nearly 2 per cent under the regular charge of the large city banks in Texas.

We feel no uneasiness as to how the present international situation might affect financial interests. We are assured that any reasonable accommodation will be immediately granted, and conditions could possibly reach a stage where the large city banks in our district might not feel justified in discounting the paper we might offer. We look upon the system as not only being advantageous at all times, but especially so under present prevailing conditions.

The only disadvantages we find is that on the amount of Federal stock owned by our bank we only receive 5 per cent per annum, whereas we usually get considerably more. That is, so far we have received this amount in dividends. We understand that only a few of the Federal Reserve Banks are paying dividends.

Our charter powers have in no way been hampered or curtailed.

The new powers we receive under the Federal Reserve membership are that, before joining, our State banking laws required us to keep 25 per cent of our deposits in reserve, whereas State banks in Texas who are members of the Federal Reserve System are allowed to maintain the same reserve as do national banks, which is 12 per cent.

State banks in Texas who are not members are required to keep at least 10 per cent of their deposits in cash on hand in the bank.



This is not so bad, but quite often 25 per cent of our deposits in cash seemed excessive, as we had no use of this much but could not lend it out. Especially is this so during the fall season and up to May, when our deposits are high. During this time we could lend on 60, 90, and 120 days part of the 25 per cent if we had been permitted to.

The regulations of the Federal Reserve Board have not interfered with our business in any way. It is true that a ruling cut out all exchange, but it would have affected us just the same if we had not joined, as all collections would have finally come through our competitor, and the exchange would have been lost in this manner.

Another instance where we have been benefited is that a small bank down here that borrows from May to September is required to maintain a good balance with their correspondents as the borrowing power was based on the balance maintained with reserve banks. In our case possibly a \$5,000 loan would be all we would need in one month, all of which was left with the correspondent. Now, instead of borrowing in large sums, we simply fill out an application for rediscount for smaller amounts, thus saving the interest on larger sums that perhaps we did not use for some time. We now discount \$1,500 or \$2,000 at a time as needed.

So far we have had no trouble, and the only real disadvantage we have met with is the low rate of interest received on our Federal Reserve stock and the amount of reserve we keep with the Federal Reserve Bank which does not draw interest, but this we figure is overcome by the low rate of interest we can discount our paper at and in the small amounts we discount at now.

[No. 7. Corn Exchange Bank, New York City.]

The principal reason why we joined was that we felt, being the largest State bank in this country, it was our duty to join with the other large banks in trying to make the Federal Reserve System a success; also the fact that when we were considering the subject we ascertained all the objections to the system were of a picayune nature and not of sufficient importance to warrant our not joining.

You ask us what advantages have we found from membership in it. I can safely say that we have enlarged our earning capacity by our ability to loan a larger per cent of our deposits. We have all the advantages of the collection

department of the system, which in our case have been very satisfactory. It is impossible to state what effect the fact of a bank being a member of the Federal Reserve System has on the public mind. I do feel, however, that it can not be injurious, and in a time of stress the public naturally would be liable to select an institution which they knew had the facilities to rediscount.

In reply to your third question, we have found no disadvantages from joining. None of our charter powers have been hampered or curtailed, neither have we found that our membership has given us any new powers that our charter or State powers did not confer on us. We have not found that the regulations of the Federal Reserve Board have interfered with our methods of doing business in any way.

In reply to your seventh question, as I stated before, the Federal Reserve collection system has saved us money, as we now receive quicker returns on our foreign items and we have outstanding two or three million dollars less than we did before this system was started, which amount we are able to loan at very fair rates.

Hoping this letter will encourage you to look fully into this subject, and that you and your directors will certainly see the advantages of joining it, as I agree with you the present international situation warrants all institutions standing behind the Federal Reserve System.

[No. 8. Sullivan Bank & Trust Co., Montgomery, Ala.]

We had reason to believe that the Federal Reserve System would be a great improvement on the banking system then prevailing. We look with favor on anything that seems to be in line with normal development. If this system had been in operation when war broke upon us, hundreds of millions of dollars would have been saved to this section of the country.

In the minds of a great many people, State banks have not stood as well as national banks, and it was our purpose to retain our charter privileges, and at the same time get the advantage in the public mind of the dual supervision of the National and State governments.

It has been, however, a great comfort to us to know that it was there if we wanted to use it—like we pay for the use of water in the pipe, although we may not use it. The commodity loan facilities have been worth a great deal to the cotton country.

Under this head you might class the additional labor and the trouble of reports which we have to make. Though, after all, they re-

sult in better supervision and more careful management.

Under State laws, we could loan more than 10 per cent of the capital and surplus, provided the loan was well secured and approved by a majority of the directors. Now we are limited to 10 per cent, as the national banks are. It is possible that our loans on real estate may be somewhat curtailed, though we have been careful to keep them on a proper basis.

The only advantage under that section we recall is the privilege of having postal savings deposits.

So far, regulations have not materially interfered with our methods.

It has cost us some money, as we had several excellent collection connections which we have lost.

On the principle that "The Lord takes care of those who take care of themselves," we believe that it is advisable to be a member, and therefore able to take care of ourselves directly, and not through somebody else, especially at such times as we are passing through, although our other connections have always been most dependable and liberal.

[No. 9. Broadway Trust Co., New York City.]

None of us have forgotten the effect panics have always had, nor the upset which follows the issuance of clearing-house certificates, which was the only remedy we could apply when the banks in central reserve cities had exhausted the amount of credit which they might legally expand, but, notwithstanding the effect upon the domestic exchange situation of the issuance of clearing-house certificates, this always tended to calm the excitement among the depositors of the banks, as the depositors realized then that if the funds at the command of the banks gave out, they could obtain a new supply through the issuance of the clearing-house certificates. This is the situation which has been created by the Federal Reserve Banks. If the funds of a member bank run short, for any reason whatsoever, the member bank has the legal right to call upon the Federal Reserve Bank to place them in funds, either credit or currency, in exchange for part of their assets.

The above probably answers your question No. 1, as the fundamental reason in my mind for joining. Putting myself in a depositor's place I feel that in time of financial pressure I would be more satisfied to have my money on deposit with a bank which had the right to

rediscount with the Federal Reserve Bank than with a bank which had no such right, as our State banks and trust companies have not, unless they become members.

The advantage we have found from membership, outside of a feeling of complete security, has been that our acceptance sells in the market at a better rate than the acceptances of other State banks or trust companies, which perhaps are in equally good standing with us but are not members, the difference being, as a rule, one-eighth per cent. As for its disadvantages, I know of none whatsoever.

Since joining, we have continued to do exactly the same business as before, the difference being that instead of keeping so much cash in our own vaults, part of it is on deposit with the Federal Reserve Bank.

I know of no new powers which membership gives us, except the right to rediscount. In this connection I may say that immediately upon becoming a member we began to purchase in the open market the acceptances of other banks and sell, or rediscount them with the Federal Reserve Bank, and have continued this practice ever since. This is the source of some little profit to us and accustoms the Federal Reserve Bank to handle the paper we give to it.

The Federal Reserve Board's regulations have not hampered us in any way. As a matter of fact we have found them disposed to use every possible means of making our membership pleasant. For instance, the examinations made of this company by the Federal Reserve Bank are made at the same time as the superintendent of banks of this State visits us; that is, these two examinations are made as one.

The collection system of the Federal Reserve Bank has affected us only to the extent that we now collect through them some of the territory formerly collected for us by local banks. While possibly we have lost some reciprocal business on account of this change, I find the collections are made more quickly and handled to our entire satisfaction.

I, of course, think all banks should join the system. Before actually joining it ourselves, I called on practically every bank in New York City to obtain their ideas, and also upon a number of banks in Philadelphia, Boston, and other cities. I found a well-defined prejudice in the minds of many national-bank men, as well as State-bank men, but the prejudice seemed to me to be based on a dislike of or lack of faith in the powers that be at Wash-

ington, and have to admit that in many cases I found a great lack of information concerning the terms of the act and the workings of the Federal system. In any event, I have never heard from any source anything that I can construe as a good reason for not joining, unless it be the loss of earnings due to the fact that the Federal Reserve Bank pays no interest on the balances on deposit with it. On this point I feel that this loss may properly be considered as the premium on safety insurance.

[No. 10. Commercial Trust & Savings Bank, Joliet, Ill.]

Replying to your communication relative to benefits of the Federal Reserve System will say, as to the fundamental reason for joining the system, our desire to avail ourselves of the prestige which attaches to national banks as distinguished from State institutions.

We feel that we have received an indirect benefit.

We have discovered no disadvantages from our having joined the system.

We have not found our charter powers in any way hampered or curtailed by our membership.

Our membership gives us the privilege of availing ourselves of the courtesies and accommodations extended through the system.

It has increased our clerical work slightly.

We have not felt the need of availing ourselves of the Federal Reserve Bank collection system.

There may be some localities where the system is not of much advantage, but we feel that there is an indirect benefit to be derived from a connection of this character where the population is made up largely of foreign born.

[No. 11. Merchants & Farmers Bank, Cheraw, S. C.]

1. The certainty of rediscount, if needed and when, and at reasonable rates.

2. As mentioned in No. 1. Also we believe the institution is placed in a higher "atmosphere" and is of practical benefit as an advertisement.

3. Absolutely none.

4. No.

5. No.

6. Certainly not adversely.

7. We have to credit their items on us at par on receipt, but will say that since joining the system our premiums and exchange show a material improvement. We do not know if

our membership causes this or not, but we give it the credit for it.

8. We are well pleased indeed. We see no reason for staying out and the soundest reasons for coming in.

[No. 12. Mercantile Trust Co., St. Louis, Mo.]

1. The fundamental reason impelling us to join the Federal Reserve System was because it gives us national supervision and the advantage of discounting our paper whenever we might find it necessary.

2. The advantages thus far found from membership have been practically nil, because since the organization of the Federal Reserve System there has been such an abundance of money throughout the United States, occasioned by the European war, that we have made no use of discounting privileges offered by the Federal Reserve System. We have, however, inspired confidence in our institution by our membership.

3. We have had no disadvantage whatever from membership, beyond the fact that we have not received a dividend upon the money we have invested in the stock of the St. Louis Federal Reserve Bank, but that dividend is cumulative and certainly will be earned in the near future and will pay 6 per cent; so we do not find any objection to the deferred dividend.

4. We are in no way hampered or curtailed by our membership in so far as our charter powers are concerned, except that we are obliged to carry the same reserve as any of our nonmember bank competitors and also that we are restricted to loaning not more than 10 per cent of our capital and surplus to any one borrower. I believe in a restriction, myself, and I believe 10 per cent is enough for any corporation, firm, or individual to borrow from one institution; so, therefore, while we are technically curtailed, we have never exercised the privilege to loan a greater amount.

5. No; membership does not give us any new powers, because our power under the State charter is very broad.

6. There is no rule or regulation made by the Federal Reserve Board which can in any way interfere with our business or our method of doing business.

7. We find their system of collecting checks saves us and our customers a great deal of money and will save more when the system is better understood.

8. If you are doing a business of depositing and discounting, if you are taking checking

accounts and loaning your money out on commercial paper, it is inconceivable to me why your institution and any other doing such business, does not go into the system; first, because it is your duty as patriotic citizens to help build up the Federal Reserve System; and, second, in times of stress, which are bound to come, the Federal Reserve System may be the haven of rest which you may need in later years.

[No. 13. Bank of Wisconsin, Madison, Wis.]

The fundamental reason which impelled us to join the Federal Reserve System was the security to individual banks afforded by the system.

The advantages we have found from our membership in it are the right to discount paper when needed, the low rate of interest obtained, the certainty of currency shipments when needed, and the collection system which is in process of development.

We have found no disadvantages whatsoever from our membership in it.

We have not found our charter powers in any way hampered or curtailed by our membership.

We have not found that our membership gives us any new powers under our charter, but we believe greater strength is given us by reason of our membership in the Federal Reserve System.

The regulations of the Federal Reserve Board have not interfered with our business or our methods of doing business.

When generally adopted, the collection system will be of advantage to us.

Our general views on the advisability of joining are that we would certainly advise you to join, and to do so at once.

[No. 14. Commonwealth Trust Co., Boston, Mass.]

1. The principal reason we had for joining the system was the rediscount privilege. We have a very large commercial business and a great many of our customers are borrowers and at times the demands on us are very large.

At the beginning of the war our call loans could not be called and our securities could not be sold, as the stock exchanges were closed. The demands from our customers were greater than ever before, and our deposits decreased rapidly. The best asset we had was our outside commercial paper which was paid at maturity and the proceeds used in taking care of our extraordinary demand. Had we been

members of the Federal Reserve System at that time, we could have rediscounted our customers' commercial paper as well as our outside commercial paper and should probably have felt much easier than we did. Of course we could go to our correspondents and borrow of them, but my experience has been that when we need money they generally need it too, and we do not like to be in the position of asking for a loan. By joining the Federal Reserve System the rediscount privilege becomes a right which we are entitled to and a function which is welcomed by the officials in this city. In other words, when we rediscount with them, we do not feel that we are asking a favor.

2. We have found the following advantages from our membership:

(1) Rediscount privilege.

(2) Reserves: Our reserve requirements have been reduced from 20 to 15 per cent.

(3) We have the right to open foreign branches.

(4) As a member bank in the Federal Reserve System, our acceptances will sell at a lower rate than they would if we were outside the system.

3. We have found the following disadvantages from our membership:

(1) We are obliged to carry a very large amount of good money with the Federal Reserve Bank upon which no interest is paid.

(2) The amount of money which we can loan to any individual, firm or corporation, is 10 per cent of our capital and surplus, whereas under our State laws it was 20 per cent.

(3) No director in a bank belonging to the system can be a director in a competing banking institution in the same city.

(4) For the time being we will lose some money through joining the system.

4. Our charter powers have been curtailed through the reduction of the amount we can loan to any individual, firm, or corporation. Our legal limit was \$300,000; now it is \$150,000. However, we have lost practically no business on this account, and it is sometimes a great advantage to us to be able to say that we can not lend more than \$150,000.

5. Membership gives us the right to establish branch offices in foreign countries, a power which has not been conferred upon us before either by our charter or by our State laws.

6. We have not found that the regulations of the Federal Reserve Board have interfered with our business or methods of doing business.

*Cash.*—We are allowed to carry all kinds of cash as reserve.

*Comptroller's call.*—When the comptroller makes a call, we make out two additional copies, one of which is sent to the Federal Reserve Agent here, one to the comptroller, and one to our State banking department.

*Examinations.*—In the matter of examinations, the Federal Reserve Agent here has made arrangements with the State banking department whereby one of his men assists the State department and takes what data he needs so that there is no inconvenience from this. There must, however, be two examinations made during the year.

7. Up to the present time we have not taken advantage of all the Federal Reserve Bank collection facilities. Prior to entering the system we had arrangements with a number of banks which involved good accounts with us and we are feeling our way along carefully because we do not want to lose this business. Where it is distinctly profitable to us to use the Federal Reserve collection facilities we are doing so. As an illustration of this would state that yesterday we had checks on Philadelphia amounting to \$2,500,000, which under ordinary circumstances it would have taken us at least two days to collect and probably more. We deposited these with the Federal Reserve Bank and to-day they are available to us in paying our clearing-house balances.

8. We gave the matter of entering the system very careful consideration, and it seemed to us, in view of the very uncertain times ahead of us, that the need of a unified banking system in this country is greater than ever before, as only through all of the commercial banking institutions entering into it can the greatest and best development of it be realized. Consequently in joining the system we felt we were doing what little we could toward bringing the proper conditions about.

Our relations with the bank have been exceedingly pleasant. There has been absolutely no red tape to go through in connection with rediscounts, the only thing required being that the notes shall come due within 90 days and represent a commercial transaction and that we have a statement of the concern making the note in our files.

The officers of the bank in this city are trained bank men and have a great deal of ability and are more than anxious to do anything they can for the various members. Too much can not be said in praise of their work.

It is our feeling that if you have a very large commercial business and your fluctuations in deposits are large, it would be well for you to consider seriously joining the system. It may cost you some money to do it, but it is a great source of satisfaction to us to feel that we can rediscount if we want to in times of trouble. If, however, you are doing a strictly trust business and your loans are all upon collateral, I can see no great advantage in joining.

[No. 15. Central State Bank, Dallas, Tex.]

In reply to your letter of the 15th, beg to say that the real reason why we joined the Federal Reserve Bank was that one of our competitors was the first State bank in the United States to join the Federal Reserve System, and they featured that fact in all their advertising, and the question was asked our officers often why we did not also join the Federal Reserve Bank, as the other State bank in Dallas was a member and were making capital of that fact in their advertising, so that was the main reason for our joining. However, since that time we have had no serious reason to regret it.

Our bank being located in a reserve city, membership with the Federal Reserve Bank put us on a par with the national banks in reserve cities. It has been considerable advantage to us in parring checks for our country bank customers.

In answer to your question No. 3, will say that the greatest disadvantage has been the amount of cash that they require us to maintain with them.

Answer to question No. 4, will say that we have found our powers curtailed; for instance, the State banks in Texas have a loan limit of 25 per cent. Membership with the Federal Reserve Bank lessens this to 10 per cent, which I think is a good law. However, I would say that if I contemplated a change now to the Federal Reserve System, I would nationalize my bank instead of operating under both the State bank and the Federal charters. It is cheaper.

Answer to question No. 6: No.

Answer to question No. 7: It has been a benefit to us. We have saved money by their collection system.

My general ideas are that it is a good thing to belong to if you are a commercial institution. We have found it very convenient to rediscount our notes with them when we need to. The rate of interest is very satisfactory, and we have found our paper, in nearly every case, accep-

table to them. As I said before, however, I would not join under the State charter. I would nationalize if I were to become a member.

[No. 16. First State Bank, Bonham, Tex.]

The fundamental reason which impelled us to join the system was the ease with which money might be borrowed on class of paper carried by this bank. Patriotic motive also.

The advantages we have found from our membership in the system are the ease and the quickness in rediscounting notes.

The disadvantage we find from our membership is having to keep large reserve without interest.

Our charter powers have not in any way been hampered or curtailed by our membership.

We find that membership gives us no new powers which our charter or State laws did not confer upon us before.

The regulations of the Federal Reserve Board have not interfered with our business or our methods of doing business.

The Federal Reserve Bank collection system has reduced our exchange earnings to almost nothing.

I think it doubtful whether the advantages outweigh the disadvantages. In times of stringency our connection would, I believe, be very advantageous.

[No. 17. Guardian Trust & Savings Bank, Toledo, Ohio.]

1. There are two fundamental reasons which impelled us to join the Federal Reserve System.

(a) Believing that the system was basically correct, that it would be permanent and that practically all State banks would sooner or later become members, we thought it wise, being a new institution, to join promptly, so that our business could be developed and our policies established in accordance with the system's requirements instead of adjusting our business and our policy to those requirements with more or less difficulty later on.

(b) We believed that there was a distinct advantage to us in being the first State bank in this Federal Reserve district to become a member of the system, that it could not help but give us prestige, differentiate us from all other State banks in a favorable way, add to our strength and standing in the eyes of the public, and be of great value to us in many other respects.

2. We are confident that our membership has proven an advantage to us in helping create a public opinion favorable to our institution. We have had numerous cases of new business which has come to us on account of our Federal Reserve membership, and definite evidence of favorable comment on all sides. While we do not by any means believe that our Federal Reserve membership is directly responsible to any great extent for this increase, we do believe that it has aided all our other efforts for new business and that it would have been difficult for us to have made the progress we have without it. \* \* \*

3. We have experienced no disadvantage from our membership.

4. Our charter powers are in no way hampered or curtailed by our membership. In some unimportant particulars we have to conform to provisions which are somewhat different from the provisions of the State law. The most important of these is that we are limited in our loans to any one person or firm to 10 per cent of our capital and surplus, just as national banks are, instead of 20 per cent, which is allowed under our State laws. In our opinion this change is distinctly beneficial and decidedly in the interest of safe banking.

5. The only new power given us which we did not enjoy under the State laws is the right to accept drafts drawn against imports or exports. While the State laws do not prohibit a State bank from accepting drafts of this character or any others, there is no enabling statute and there is at least a question as to whether we would have the power, unless it were given us under the Federal Reserve statute.

6. None of the regulations of the Federal Reserve Board have hampered us in any way in transaction of our business, and the attitude of the Federal Reserve Bank of Cleveland toward us has always been marked with courtesy and a desire to cooperate in every way.

7. So far, the Federal Reserve collection system has not appreciably affected us.

8. We are of the opinion that the underlying principles of the Federal Reserve statute are in the main correct, and that it is of the highest importance, on account of the necessity of concentrating the reserves of the country as a basis for credit and currency, that the system, with perhaps some modifications, become permanent. To this end we believe that it is the duty of all bankers to extend their aid and cooperation, although, of course, it is equally the duty of

each banker to decide how such cooperation can be adjusted to meet the needs and interest of his own institution.

It seems to me that bankers all over the country, national as well as State, have lost sight of the great benefits of the system through not being able to lose sight for a moment of the direct disadvantage to them; i. e., the loss of interest on that portion of their reserve which they keep with the Federal Reserve Bank. Perhaps we should have specified this as a disadvantage resulting from our membership in response to your question No. 3, for, of course, we could easily estimate quite a monetary loss from this source. There will be times, however, when undoubtedly we can loan closer to our reserve limit on account of our ability to rediscount when the necessity arises, but probably at all times there will be a loss in revenue which would not occur under the old system of reserves. We are convinced, however, that the old national bank reserve system was unscientific and in every way improper, for we do not believe that an interest-bearing balance can ever be a real bank reserve, and in our opinion the education of the present-day banker to look upon an interest-bearing balance as a reserve has done incalculable harm and we will not obtain proper cooperation for the building up of the Federal Reserve System until bankers become convinced that such a reserve is not a proper one and reconcile themselves to some loss of revenue in order to obtain a real reserve.

[Bank No. 18.]

I believe that the real fundamental reason for our decision to become a member of the system was to place our borrowing and rediscounting capacity on a more stable basis. We had never experienced any difficulty in borrowing what we wanted in New York (except during the early fall of 1914 when the European war commenced); at the same time there was always the feeling that it was optional with New York as to whether they would handle our paper or not, and we wished to be removed from the danger of having our credit restricted at a time when it was most needed. Our understanding of the Federal Reserve law is that it is obligatory on a reserve bank to rediscount for its members at any time desired such paper as is eligible under their rules. In times of a financial strain this proves a bulwark for the smaller banks to lean upon, inasmuch as the Federal Reserve Board has the power, if neces-

sary, to issue currency and in other ways expand credit at a time when it is needed, when otherwise it would be contracted.

However, there are other advantages, among them being that whereas our borrowing in New York is always based on 20 per cent balances being maintained, this phase of the question is not considered by the reserve bank in extending credit. The only requirement along this line that is made is that a member bank is required to keep five-twelfths of its reserve with the reserve bank at no interest. This arrangement works to the member bank's benefit, whereas the New York requirement operates against them, as they require the high balances to be maintained at a time when deposits are low and the consequent demand for loans arises, while with the reserve bank this is not the case since, when the deposits shrink, the reserve requirement with them also decreases proportionately and that is the time when the loan is wanted.

The main disadvantages, if such they can be called, are in having to maintain the same reserve that is required of national banks, restricting loans that are secured by real estate to 25 per cent of the bank's capital, not being allowed to loan on your own stock, and in having to furnish a copy of your called statements to both the Comptroller of the Currency and to the State banking department.

We have lost some exchange charges, but this has been more than offset by the wider par list that the system gives.

We feel that it is the duty of every bank, especially at a time such as we are facing, to join the system and thus strengthen it both by its membership and cooperation.

[No. 19. Bank of Eufaula, Eufaula, Ala.]

In reply to the first question: In the South, during the summer months it is necessary for us to rediscount about the same amount of paper that we have capital. We have never had any trouble with our New York correspondents along this line. In fact, they have been very liberal with their discounts to us. At the same time, there were times when we felt that we were not getting the rates that we could have gotten had we been entirely independent. Every courtesy in fact, was extended to us by our New York connection. At the same time, we never knew just exactly what we could expect in times of panic or distress from our connections in New York.



For this reason, we did not feel that we, ourselves, were always safe, and that we were not protecting the people that were doing business with us as we could should we join the Federal Reserve System.

Answering question No. 2: Nearly 50 per cent of our loans are made upon commodities. The commodity rate made by the Federal Reserve Bank has been ruling most of the year around 3 per cent, and for a few months in the summer at  $3\frac{1}{2}$  per cent. Our rediscounts with the Federal Reserve Bank at this time on commodities amount to \$200,000. Their rate of interest on commercial paper we also find to be on an average about one-half of 1 per cent less.

Answering No. 3: There has been no disadvantage arising from our membership in the Federal Reserve System.

Answering No. 4: The only difference where the Federal laws and the State of Alabama laws vary is in the reserve. Alabama requires 15 per cent; 6 per cent shall be carried in the vault and 9 per cent with the reserve agents. The Federal Reserve law, as you know, requires 12 per cent total, and does not stipulate any particular amount to be carried in the vault.

No. 5: I do not think that the Federal Reserve connection gives us any new powers that our charter under the State did not give us.

No. 6: The Federal Reserve Bank takes the examination of the examiners of the State of Alabama. We were examined before we were admitted, and again about six months later, by Federal Reserve examiners. Since the time the ruling relative to the Alabama examinations was made.

No. 7: The bank collection system, inaugurated by the Federal Reserve, has benefited us for this reason: Our business is largely commercial, and we handle a great many out-of-town checks ourselves, that we were having to pay collection charges on. We are now getting these collected practically without cost, and it more than offsets what we lose by having to remit at par.

No. 8: We would not under any circumstances try to operate a bank in this section outside of the Federal Reserve association.

There is only one difference that we know of relative to the laws for lending as laid down by the Federal Reserve Board and the State of Alabama. This affects real-estate loans. Under the Federal law we are allowed to lend 25 per cent of our capital and surplus. Under the State laws there is no limit. For a bank doing a commercial business, however, it has always

been my idea that loans on real estate should not be made.

One of the greatest conveniences offered by the Federal Reserve Bank we find to be a trade acceptance, a copy of which we are inclosing. Under the State laws we can lend more than 10 per cent of our capital and surplus to one party, provided the loan is passed upon by the board of directors in writing. Under the Federal law you can lend the full amount of your capital and surplus on commodities attached to trade acceptances.

[No. 20. Fort Scott State Bank, Fort Scott, Kans.]

Question 1. What was the fundamental reason which impelled you to join the system?

Answer. Our desire to make our bank as safe as possible in time of financial stringency or panic, and to furnish every possible protection for our depositors. We thought that as a member of the system we would have closer connection and probably receive more prompt and adequate assistance should it ever become necessary for us to obtain funds to pay our depositors.

Question 2. What advantages have you found from your membership in it?

Answer. We have been allowed to keep postal savings deposits of about \$15,000, which would have been withdrawn had we not joined the system. We did not anticipate any other advantages under normal financial conditions.

Question 3. What disadvantages have you found from membership in it?

Answer. Was very burdensome until the order of the Federal Reserve Board and the Comptroller, under date of May 3, 1916, relieved us from filling out all schedules in the national-bank statement except as to the ordinary statement of resources and liabilities. In addition to this burden we have the additional expense of the printer's charges for printing the national-bank statements.

Question 4. Have you found your charter powers in any way hampered or curtailed by your membership?

Answer. As a member bank we are now limited to loans of 10 per cent of our capital stock and surplus to any one individual or firm, whereas, under our State law, we were allowed to loan 15 per cent. The Federal Reserve law also places a limit upon our real-estate loans, but this has not affected the amount of such loans as we carry.



Question 5. Have you found that the membership gives you any new powers which your charter or State laws did not confer upon you before?

Answer. At the time we joined the Federal Reserve System our State laws required us to carry a reserve of 25 per cent against our deposits, but since that time our State law has been amended so that it now requires the same reserve, viz, 12 per cent for us, as required by the Federal Reserve law.

Question 6. Have you found that the regulations of the Federal Reserve Bank have interfered with your business or methods of doing business?

Answer. No. However, we have considered it good policy to have statements made by borrowers on blanks furnished us by the Federal Reserve Bank, which contain more information than our ordinary requirements for such statements. We hardly consider this a burden, but really prefer the Federal Reserve blanks to the ones we had used prior to our joining the system.

Question 7. In what way has the Federal Reserve Bank collection system affected you?

Answer. It has reduced our income on exchange that we had collected on checks drawn on other banks in this city about \$25 per month. Of course this loss of income has affected nonmember banks as well as member banks.

Question 8. What are your general views on the advisability of joining?

Answer. We believe that the reorganization of our banking system along the present lines has resulted in satisfying the general public that the banking business is now on a sound and safe basis. This feeling of security among the depositors and the public in general makes the chance of a panic very remote. The relief from anxiety among the bankers themselves, including nonmembers of the system, in our opinion, more than offsets any burdens and disadvantages of the system.

[No. 21. Bank of Lewellen, Lewellen, Nebr.]

It gives me pleasure to answer your favor of the 17th instant requesting reasons why we became a member of the Federal Reserve System. I have spent over 50 years in active business, at different times interested in banks. During those years I have at times been a depositor and at other times a heavy borrower. In the experiences of those years, especially during the years of 1873, 1884, 1893, and 1907, I

realized that our banking system was very defective.

After the act was passed creating the Federal Reserve System, I examined the law carefully and made a trip to Kansas City and became acquainted with the officers of that bank and their manner of doing business. I felt that the act was a long step in the right direction and judged it a public duty for those engaged in the banking business to join and lend their best efforts to support the system and also to help cure the defects, if any existed. We joined about two years ago and have never regretted doing so.

Some of the advantages are:

(1) A feeling of security because you have an extra place where you can place your notes and secure accommodation.

(2) A lower rate of discount in times when we needed extra funds.

(3) It is a very good advertisement in a town like ours where there are two State banks. We have had no trouble or red tape in getting notes rediscounted whenever we needed extra funds.

The disadvantages are making four extra reports a year and giving a more detailed account of interest charges, etc., than the State requires.

(4) To your fourth question, will say that our right to make loans to one individual or firm was reduced from 20 per cent to 10 per cent of our capital and surplus. We have continued to exercise our right under the State laws and the Reserve System has made no objection.

(5) Membership gives no new powers.

(6) Rules and regulations of the Federal Reserve Board have not interfered with our business or manner of doing business.

(7) It has not materially changed our collection system or affected the income from exchange out here.

In conclusion, will say that we are the only State bank in Nebraska that has become a member of the system and, while it is sometimes annoying to be in a class different from your neighbors and business associates, we have never for one moment regretted joining the Federal Reserve System.

[Bank No. 22.]

At the time the question of our joining the system arose, we figured to a certain extent that it was the patriotic duty of all of the banks to voluntarily join, and we anticipated that the release of a certain percentage of our reserve for loaning purposes would offset the loss of

interest occasioned by the maintenance of a reserve account with the Federal Reserve Bank. We also felt that this was in a way insurance both for ourselves and for our depositors, guaranteeing that our customers' legitimate wants would always be taken care of. In addition we felt that a certain volume of business would be attracted by our membership.

No particular advantages have been found and we know of no additional business received.

We, of course, have under present conditions sustained a loss on account of maintaining a reserve without interest. Our exchange profit has been very materially reduced. We have been put to additional expense and serious inconvenience on account of the voluminous and complicated reports called for by the Comptroller.

Our charter powers have in no way been affected by our membership.

Regulations have in no way interfered with our business, except at the time of joining the system we were called on to sell various stocks which we held and which were very profitable investments.

The collection system has made no material change in our method of handling items. We have always maintained and still have a large list of direct connections in our territory, through which we prefer to handle our items.

Personally, I think that if the matter was taken up at this time our company would not join the system, and I think that most of our other officers feel the same way about it.

[Bank No. 23.]

The fundamental reason for our joining the system was the matter of postal savings. We have no national bank in the city and owing to the large foreign population and consequently large postal savings deposit, we were unable to obtain the same without belonging to the Federal Reserve System.

As to the advantages from our membership, will say that outside of belonging to the system, which we feel is bound to become the mainstay of the financial interest of the country, we have received no large advantage. At the time we considered going into the system we consulted with our State banking department and they stated to us that they felt that the time was not far distant when all banks would be under the national system, and we have the same feeling.

In regard to the disadvantages, the only one is in the matter of reserve, which we had

to keep in Chicago, on which we receive no interest. However, this is not serious and we feel that in a way this is an asset to us.

The Federal Reserve Board accepts the examination of our State banking department and the same report made to the banking department of the State is also furnished to the Federal Reserve Bank and the Comptroller of the Currency at Washington.

We have not felt that our charter powers are in any way curtailed by our membership. We have found that the required reserve is less for the Federal Reserve than for the State. We feel that the State department has been mellowed in many of its rulings through the influence of the Federal Reserve System. We are not yet clearing checks for the Federal Reserve System, but we expect to offer them this service from now on. This is another matter, we feel, that is going to be encouraged by the Federal Reserve System and will be universal within a few years.

Our board feels the disadvantages are very small and that the prospects of the system's growing to be a very large factor; we are perfectly satisfied with our membership.

[No. 24. Central Trust Co. of Illinois, Chicago, Ill.]

At the time the Federal Reserve System was inaugurated the matter came up for discussion by our board of directors and we felt that, inasmuch as this was to be a very large factor in the banking business of this country, it was, in a way, a patriotic duty of State institutions to join with the national banks in making the system a success. In addition to this feeling, by joining the Federal Reserve System we would then be able to go directly to the Federal Reserve Banks for funds or currency in time of stress, rather than be obliged to work through a national bank, as was the case under the old Aldrich law. This latter, of course, is the great benefit to be derived from membership in the Federal Reserve System, acting as a sort of insurance against times of financial difficulty.

The operation of the law does not curtail in any material respect the advantages which we enjoy under our State charter. Being in a central reserve city we are obliged, of course, to maintain the same cash reserves that are maintained by national banks, but this is not a serious disadvantage, as we naturally would carry about the same amount of money on hand in the ordinary course of business. There are few, if any, new powers granted to us under

the new system, outside of the ability to discount with the Federal Reserve Bank and to secure currency directly whenever necessity might arise.

Up to this time the regulations of the Federal Reserve Board have not in any way interfered with our business, although, of course, they have the right through the Federal Reserve Bank of Chicago to require an examination in the regular order of business. They now accept the reports which we make to the auditor of public accounts of the State of Illinois, and also accept the regular reports made by the bank examiner, who generally comes in twice each year. We make a report direct to the Comptroller of the Currency and to the Federal Reserve Bank of Chicago at such times as a call is made for a statement by the national banks of the country.

We, of course, are members of the Federal Reserve collection system and have been using the system to a considerable extent. This has been, of course, somewhat experimental in character and no one knows as yet just whether the collection system will be of real advantage to the banks under its present method of operation.

We feel satisfied that membership in the Federal Reserve System is of a real advantage and believe that it is the right thing for the State institutions to join with the national banks in making the Federal Reserve System the basic system for the country. The idea of consolidating the reserves in the Federal Reserve Banks seems to me correct in principle and for the best interests of the country. The burden of maintaining cash reserves should be borne equally by all banking institutions and each bank, therefore, should be willing to perform its part of this service.

We find that there is considerable prestige attached to membership in the Federal Reserve System, and our own customers seem to regard our action as an additional safeguard for their own interests. As you perhaps know, we are the only State institution in Chicago which is a member of the Federal Reserve System, and we have in no sense regretted our membership.

[No. 25. First State Bank, Hamlin, Tex.]

No. 1. Under the delusion that we would be able to rediscount our bills receivable, in case we had to borrow money, at a better rate than we would be able to get it from our correspondents.

No. 2. It might be worth something in the way of advertising.

No. 3. It forces us to make two reports at every "call," one to the State and one to Washington, as national banks do. The Federal Reserve Bank does not pay the usual 2 per cent on daily balances, as our other correspondents.

We are required to keep five-twelfths of our reserve with them at all times, and in case we fall below for one day we are subject to a slight penalty, for every offense.

Owing to the clearing system inaugurated not long since, this is likely to occur, for everything comes through the Federal Reserve Bank, they charge you with the collection letter at the time it leaves them. In our case, it takes a letter two days to come from Dallas to Hamlin and two days to go. It is possible for us to be below the required reserve five or five days before we could possibly restore it.

To protect ourselves against probable penalties, we are forced to keep a greater balance with the reserve bank than we would otherwise do, inasmuch as they pay no interest on daily balances.

No. 4. No.

No. 5. We are permitted to take over commercial paper and bills of exchange, from our customers, like national banks do, that is, there is no special limit.

Under our State charter we could only take an amount equal to 10 per cent of our capital and surplus.

No. 6. No.

No. 7. It has affected our revenue in way of exchange seriously. This would be the case, however, if we did not belong to the system, for everything comes through the Federal Reserve Bank, at Dallas, and they would send all items, on us, to the national bank, at this place.

No. 8. Under normal conditions internationally I do not see much benefit to State banks becoming members of the Federal System, but as you suggest, owing to the international situation which has arisen and for the purpose of consolidating the financial strength of the country, that puts another phase to the question.

I have tried to give you, in my feeble way, our experience with the system. Conditions and environments in your part of the country might be quite different than with us. I don't feel quite equal to the occasion of passing on this, and for that reason you will consider what

I have said as applying to our individual case only.

[Bank No. 26.]

1. A desire to contribute our share toward the upbuilding of a better system of finance and banking.

2. Practically none.

3. The tying up of about 6 per cent of our capital and surplus, on which we get 6 per cent dividends, and the tying up of the reserve required, on which we get no income. Our experience is that we derive about  $1\frac{1}{2}$  per cent on the amount really invested.

4. We have not been materially affected.

5. Nothing except the privilege of borrowing direct, which with us has proven of no manifest advantage. We have been given the privilege of lending on commodities to all, not excluding our officers, and this is not regarded excessive lending.

6. No.

7. This, our experience shows, is a positive hardship to the banks deriving a fair return for services rendered, and for us member banks to tie up additional funds above the required reserves in order that we may not have to bear the interest charge of 6 per cent on all deficiency in required reserve forces us to incur additional loss.

[No. 27. American Trust & Savings Bank, Birmingham, Ala.]

Our institution applied last July, and was admitted as a member of the Federal Reserve System, we retaining our State charter.

In answer to your questions as follows:

1. Our board of directors considered the subject for six months before definitely applying for membership. They were of the opinion that it would be better for the general business interests of the country for all institutions to join the system, thereby insuring the successful operation of the great advantages to our business interests and insuring the absence in the future of financial panics.

2. As far as I can see the only advantage we have received to-day in being a member of the system is that it has been a good advertisement for us, and possibly has brought business to us that would not have come to us should we have only remained as a State banking institution without the membership in the Federal system.

3. The only disadvantage is that we are losing interest on the necessary balances we are carrying with the Federal Reserve Bank in

Atlanta without interest, whereas if we had this money with our correspondents we would have enjoyed interest at the rate of 2 per cent per annum upon our balances.

4. Our charter powers have not been hampered or curtailed in any way by reason of our membership.

5. As our charter was exceedingly broad, I have found no new powers granted us under the Federal Reserve System.

6. The regulations of the Federal Reserve Board have not interfered with our former methods of doing business.

7. The par collection of checks under the Federal Reserve Act has occasioned us some losses in that we do not now receive the revenue in remittance of items which we formerly received before the system put into operation the parring of items.

8. Whatever feeling of disapproval and distrust of the system we may have had, it has been put aside in a much larger view that the Federal Reserve System has come to stay, and it becomes a duty not to oppose it, but to co-operate to its improvement. This we believe can best be done by a full membership, and our motives in joining were to contribute our share to its resources and to associate ourselves with the other leading banks of the country in developing the system, and I therefore suggest that I believe you will find it to your interest and advantage to become a member of the system, so that you will be in a position to render service not excelled by any other institution, be it a State bank or national bank.

[No. 28. Old Colony Trust Co., Boston, Mass.]

1. We joined the Federal Reserve System on account of the rediscount privilege, the advertising, and the general desire to help along a plan which seemed essential to the safety of our country's financial stability.

2. The only advantage we have so far gained is the fact that our acceptances sell at a better rate than those of the other trust companies of the United States who are not members. This means quite a little financial advantage. We also have the contingent advantage of being able to lend more freely and not pay quite so much attention to secondary reserve, relying somewhat upon the ability to rediscount, of which we have not yet availed ourself, preferring to sell acceptances in the open market.

3. We have found absolutely no disadvantage from our membership, except the slight work involved in furnishing the Comptroller of

the Currency with five reports annually. These reports, however, are practically duplicates of the reports furnished to our State, and in Massachusetts the Federal Reserve Board have agreed with us that our State examination will be sufficient for their purposes.

4. Our charter power is curtailed by joining to the extent that our lending capacity was reduced from 20 per cent to 10 per cent of our capital and surplus. Confidentially, we welcomed this.

5. Membership gives us power to invest in foreign securities, which is not given to our State banks, and it makes a much better market for our acceptances.

6. No.

7. We are using the Federal Reserve Bank to a considerable extent for collections; but this is because the Boston Clearing House Association voluntarily turned over to the Federal Reserve Bank its New England clearing system.

8. We find many advantages from belonging, including that of much greater safety, and find no disadvantages worth mentioning. From your point of view, of course, we can not advise, as no doubt you have many local reasons for joining or not joining. Of course, you understand we have the privilege of withdrawal upon a year's notice, and the Federal Reserve Bank is obligated to buy back our stock.

[Bank No. 29.]

Our reason for joining the system was for protection in case of panic.

We have felt no advantages from our membership, as we have had no occasion to use it, and we feel that we have lost nothing.

The disadvantage we have found from our membership was the making of extra reports.

We have not found our charter powers in any way hampered or curtailed by our membership.

We have found that membership, according to national charter, gives us new powers.

The regulations of the Federal Reserve Board have not interfered with our business or our methods of doing business.

We have not been affected in any way by the Federal Reserve Bank collection system.

We think that the Federal Reserve Bank collection system is a safe protection and concentration of funds.

We think you have the proper view of the whole matter in a nutshell.

[First Guaranty State Bank, Pittsburg, Tex.]

The fundamental reasons which impelled us to join the system were that we felt that to belong to the reserve system would give us additional strength, and that in stringent times we would be able to rediscount our paper at a low rate of discount.

We have found no advantages whatever from membership in the system.

The disadvantages we have found from our membership in it have been a considerable increase in clerical work and a great deal of unnecessary red tape.

Our charter powers have not been hampered by our membership.

Our membership gave us no new powers which our charter or State laws did not confer upon us before. In fact, it really curtailed our powers as far as handling land paper and loan limit is concerned.

The regulations of the Federal Reserve Board have not interfered with our business or methods of doing business.

The Federal Reserve Bank collection system has affected us by reducing our net profits about \$500 per annum.

Our general views on the advisability of joining the system are that, while we regard the system very highly, we candidly think that a bank desiring to go into the system should take the whole deal and take out a charter under the national banking laws.

Feeling that we derived no direct benefits from our membership in the reserve system and the compliance with the regulations creating quite an increase in our clerical work, we withdrew from the system on January 18, 1917. The Federal Reserve System is the greatest piece of legislation enacted in recent years and it is entitled to our hearty support, but it is an unnecessary expense and trouble to try and belong to both systems at the same time.

(Citizens State Bank, Memphis, Tex.)

The advantage we have found from our membership in the Federal Reserve System is our ability to use our rediscount privileges more fully.

The disadvantage we have found from our membership in the Federal Reserve System is that the loan limit to individuals or firms is reduced.

We have found that membership gives us no new powers which our charter or State laws did not confer upon us before.

The regulations of the Federal Reserve Board have not interfered with our business nor our methods of doing business.

The Federal Reserve Bank collection system has caused us loss of exchange.

Our general views on the advisability of joining are that if in country where rediscount privileges were not needed freely, we would not join.

We are in a country where there is great demand and we can get better rate from Federal Reserve than corresponding banks. This is new developing country and requires plenty of the cheapest money obtainable.

[Bank No. 32.]

I have noted very carefully your most welcome letter of recent date, in which you ask us to furnish you with an expression as to the reasons for joining and the advantages and benefits we derive from the Federal Reserve System.

The following are the answers to the questions in your letter:

1. We did not think that we were getting the right kind of treatment from the large city banks which have been supplying us small institutions with funds, in their rate of interests and time.
2. Since we have been admitted we have had the finest kind of services offered us by these same city banks.
3. None whatever.
4. Positively no.
5. We are offered great advantages through the Federal Reserve banks and their member banks, by helps through hard seasons.
6. No.
7. Very satisfactory.
8. Our advice would be for banks and bankers to join hands, as we think that there are no better means to success than standing together and unity. We now believe this much of the Federal Reserve System: Banks who are not members are to banks who are members as the fiber is to the cable—one tiny fiber is very weak, while when united with many others—that is, under the system of many others—making one in unity and power, one under one head.

### Press Statements.

These statements to the press have been issued by the Comptroller of the Currency on the dates given:

The reports of condition of the national banks of the United States just compiled show that, on the date of the last call, March 5, 1917, the reserves of these banks amounted to 2,642 million dollars, exceeding by 169 million dollars the greatest reserves ever previously held.

The excess or surplus reserve held by the banks, beyond the amount they are required by law to hold, amounted to 1,109 million dollars, being 92 million dollars more than ever before, the largest surplus reserve previously held having been shown on November 17, 1916, and amounted at that time to 1,017 million dollars.

The total resources of the national banks March 5, 1917, amounted to 15,979 million dollars, and exceeding by 645 million dollars the assets held at the time of the last call December 27, 1916, and were 2,140 million dollars more than the resources of the banks in March a year ago.

The total deposits March 5, 1917, aggregated 12,957 million dollars, exceeding by 469 million dollars the greatest deposits ever previously reached and were an increase of 692 million dollars over the deposits of December 27, 1916, and an increase of 2,166 million dollars over the deposits of March 7, 1916. Of this 692 million dollars increase, 271 millions were in individual deposits and 421 millions in deposits from other banks.

Loans and discounts March 5, 1917, were 8,712 million dollars, an increase since December 27 last of 372 millions, and were 1,222 million dollars more than on March 7, 1916. The amount of loans made by national banks March 5, 1917, directly secured by warehouse receipts for cotton was 92 million dollars. This compared with 44 million dollars June 30, 1916, and 48 million dollars September 12, 1916. The records of the comptroller's office do not show the total amount of loans made by national banks on warehouse receipts for cotton for intermediate dates between September 12, 1916, and March 5, 1917, and the above figures are exclusive of other loans made by national banks on cotton but not secured directly by warehouse receipts.

Specie, specie certificates, and balance on hand with Federal Reserve Banks March 5, 1917, amounted to 1,456 million dollars, being

an increase since December 27, 1916, of 72 million dollars, and an increase as compared with March 7, 1916, of 316 million dollars.

Borrowed money as represented by bills payable and rediscounts March 5, 1917, was only 69 million dollars, a reduction as compared with December 27, 1916, of 20 million dollars and an increase, as compared with March 7, a year ago, of 7 million dollars.

United States bonds owned amounted to 714 million dollars March 5, 1917, a reduction as compared with December 27 last of 2 million dollars and a decline of 39 million dollars as compared with March 7, 1916.

Bonds other than United States bonds March 5, 1917, amounted to 1,770 millions dollars, an increase of 44 million dollars over December 27, 1916, and an increase of 305 million dollars as compared with March 7, a year ago.

The amount due from banks other than Federal Reserve Banks was 2,016 million dollars March 5, 1917, an increase of 172 million dollars as compared with December 27, 1916, and an increase of 221 million dollars as compared with March 7, 1916.

APRIL 7, 1917.

The Comptroller of the Currency gave out to-day the following statement concerning the location of the reserves and surplus reserves held by national banks March 5, 1917:

Of the 2,642 million dollars of reserves held by national banks March 5, 1917, the banks in the central reserve cities held 647 million dollars, or 100 million more than the amount required by law. Other reserve cities held 750 million dollars, or 290 million more than was required, while country banks held 1,245 million, being 718 million more than necessary.

The percentage of reserve to deposits held by central reserve city banks was 21.31, against the requirement of 18 per cent. Other reserve cities held 24.48 per cent, against a requirement of 15 per cent, while the country banks which were only required to hold 12 per cent, held 28.36 per cent of their deposits in reserve.

Among the country banks the heaviest reserves were shown in the Western States, where the average reserve held was 35.10 per cent. The Southern States held 30.57 per cent, Pacific States 30.32 per cent, Middle States 29.89 per cent, Eastern States 24.11 per cent, and the New England States 22.63 per cent.

The States whose country banks showed the largest percentage of reserves were Colorado, 41.01 per cent; Nebraska, 40.67 per cent; Montana, 39.35 per cent; Kansas, 39.30 per cent; Iowa, 36.76 per cent; Louisiana, 36.54 per cent; Kentucky, 36.49 per cent; Oregon, 35.50 per cent; and Texas, 35.49 per cent.

Among the reserve cities, those whose banks held the largest percentage of reserve were Galveston, 47.47 per cent; Des Moines, 34.43 per cent; Louisville and Tacoma each, 33.51 per cent; San Antonio, 33.15 per cent; Houston, 31.71 per cent; Dubuque, 31.68 per cent; Birmingham, 30.93 per cent; Seattle, 30.23 per cent; Cincinnati, 30.14 per cent; Waco, 30.01 per cent. The reserve cities outside of the central reserve cities which showed the lowest percentage of reserves were Charleston, 17.75 per cent; Minneapolis, 18.33 per cent; Richmond and Atlanta each, 19.47 per cent; and Muskogee, 19.18 per cent. The central reserve cities showed: New York, 22.03 per cent; Chicago, 18.73 per cent; and St. Louis, 19.72 per cent.

The States whose country banks showed the lowest percentage of reserves were Rhode Island, 20.57 per cent; South Carolina, 20.94 per cent; Massachusetts, 20.99 per cent; New York, 21.01 per cent.

The total amount of reserve held in the vaults of the national banks or with their Federal Reserve Banks amounted to 1,564 million dollars. The reserve held with approved reserve agents was 1,078 million. As the total reserve required was only 1,533 million dollars, it is seen that the banks now hold in their own vaults and in the Federal Reserve Banks in the aggregate an amount greater than the total reserves which they are required to hold, so that the total of 1,078 million dollars held with the reserve agents, plus 31 million of the cash in vaults may all be regarded as excess or surplus reserve.

Under these conditions it is evident that no inconvenience or hardship would result if the amendment recommended by the Federal Reserve Board and the comptroller's office looking to the anticipation of the time when the entire reserves must be kept in their own vaults or with the reserve banks should be passed by Congress. The law as it now stands permits country banks until November, 1917, to carry a portion of their reserves with the central reserve and reserve cities.

APRIL 11, 1917.



### New National Bank Charters.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from March 24, 1917, to April 20, 1917, inclusive:

	Banks.	
New charters issued to.....	15	
With capital of.....		\$635, 000
Increase of capital approved for.....	17	
With new capital of.....		4, 790, 000
<hr/>		
Aggregate number of new charters and banks increasing capital.....	32	
With aggregate of new capital authorized.....		5, 425, 000
<hr/>		
Number of banks liquidating (other than those consolidating with other national banks).....	4	
Capital of same banks.....		200, 000
Number of banks reducing capital.....	2	
Reduction of capital.....		175, 000
<hr/>		
Total number of banks going into liquida- tion or reducing capital (other than those consolidating with other national banks). ..	6	
Aggregate capital reduction.....		375, 000
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The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was.....		5, 425, 000
Against this there was a reduction of capital owing to liquidations (other than for con- solidation with other national banks) and reductions of capital of.....		375, 000
<hr/>		
Net increase.....		5, 050, 000
<hr/>		
In addition to the changes noted above, one bank, with a capital of \$25,000, was placed in the hands of a receiver during this period.		

### National-Bank Examinations.

The following letter, regarding payment for national-bank examinations, was sent to Federal Reserve Banks and agents on April 26:

The Comptroller of the Currency has instructed all national-bank examiners to leave with each national bank upon the completion of its examination, a bill covering its assessment for the examination, with instructions that the national banks deposit with the Federal Reserve Bank of their district, in the name

of the Comptroller of the Currency, to the credit of the Treasurer of the United States, the amount of the bill.

The Federal Reserve Board is desirous of cooperating with the Comptroller in this matter, and has instructed me to advise Federal Reserve Banks that they should receive these deposits as they are tendered, and issue one certificate of deposit, in triplicate, covering all deposits on account of examinations, made by national banks in each district for that day, the certificate to contain an itemized list of the deposits made by each national bank. One copy of the certificate should be forwarded each day, as deposits are made, by the Federal Reserve Bank to the office of the Comptroller of the Currency, another to the Treasurer of the United States, and the third to the Secretary of the Treasury.

### Commercial Failures.

Commercial failures in the United States as reported by R. G. Dun & Co. continue to make a favorable comparison with the corresponding period last year. For the three weeks of April the number was 760, as compared with 1,046 for the three weeks of April in 1916. For the month of March, the latest period for which complete returns are available, the number is 1,232, compared with 1,690 in March, 1916. Owing to more numerous suspensions in March of exceptional magnitude, the amount of liabilities—\$17,406,096—shows a moderate gain over the \$16,885,295, occurring during the corresponding month in 1916. As regards number, there is a substantial decrease as contrasted with every year back to 1913, when there were 1,190 insolvencies, while the liabilities were smaller than in any March since 1910. Separating these failures into Federal reserve districts shows that aside from the ninth and eleventh, where the numbers increased 4 and 10, respectively, there was marked contraction in almost every district, with especial improvement in the first, where there were 60 less defaults; the second, 143; the third, 49; the eighth, 41; and the twelfth, 74, as compared with the same month a year ago. On the other hand, there were five districts show-



ing gains in liabilities, the first approximately \$603,000; the second, \$2,039,000; the fourth, \$451,000; the fifth, \$26,000; and the seventh, \$752,000. The most favorable exhibit in respect to liabilities was made by the sixth district, with a falling off of \$877,000, though very favorable comparisons were also made by the third, with a decrease of \$656,000; the tenth, \$503,000; the eleventh, \$493,000; and the twelfth, \$489,000. The figures for two years are compared below:

*Month of March.*

Districts.	Number.		Liabilities.	
	1917	1916	1917	1916
First.....	102	162	\$1,729,943	\$1,126,319
Second.....	175	318	5,801,781	3,762,231
Third.....	54	103	398,014	1,054,934
Fourth.....	93	126	1,307,390	856,829
Fifth.....	98	113	916,299	890,399
Sixth.....	138	167	1,315,107	2,192,100
Seventh.....	194	195	2,699,431	1,857,144
Eighth.....	80	121	462,190	738,291
Ninth.....	56	52	430,678	476,213
Tenth.....	42	69	392,014	905,785
Eleventh.....	86	70	310,418	803,714
Twelfth.....	120	194	1,732,831	2,221,336
United States.....	1,232	1,690	17,406,096	16,885,295

### Fiduciary Powers.

The application of the following bank for permission to act under section 11 (k) of the Federal Reserve Act has been approved since the issue of the April Bulletin:

*DISTRICT No. 2.*

Registrar of stocks and bonds:

Atlantic National Bank, New York, N. Y.

### The Progress of Inflation.<sup>1</sup>

We have frequently called attention to the extent of the inflation that has been produced in this country and all over the world by the multiplication, during the course of the war, of legal-tender paper money and banking credits, and the effect of this inflation in helping to increase the rise in prices which is adding so enormously to the cost of the war and to the cost of

living. The Swiss Bankverein, in its "Financial and Commercial Review for 1916," which is even more interesting than usual, with its survey of war conditions, gives a table setting forth as follows the increase in the gold holdings and paper circulations of the chief warring powers between the end of June, 1914, and the end of December, 1916:

	Increase.			
	Gold.	Per cent.	Paper.	Per cent.
Great Britain.....	42,719	106.6	160,036	544.0
France.....	40,730	25.1	425,107	175.6
Italy.....	12,897	126.3	90,112	144.6
Russia.....	154,678	104.0	695,834	426.0
Japan.....	11,606	53.0	16,278	49.7
Germany.....	60,716	93.0	432,404	359.3
Austria-Hungary.....			183,119	189.0
Total.....	327,552	57.6	2,002,890	268.0

<sup>1</sup> Decrease.

It should be noted that the figures given for Great Britain include the gold held and the paper issued under our new system of currency notes. According to this table, we hold a position of eminence as having worked the printing press relatively harder than any other belligerent. We think that this comparison does us an injustice, because in our case a large part of the paper issued has taken the place of gold that was in circulation or held by the banks other than the Bank of England. In the old days most people with an income at or above a certain level carried a few sovereigns in their pockets. Now they carry paper. So that the actual net increase of currency by note issue has been, we believe, relatively less in our case than this table implies. Nevertheless, when all allowance is made for this consideration, the fact remains that the Government has by its note issue increased considerably the amount of legal tender available.

But besides the note issue our banking development gives us other means. We can also produce currency, in the shape of the right to draw a check by banking book entries. The Bank of England's note issue, which has only risen *pari passu* with its holding of gold, is

<sup>1</sup> From the London Economist, Mar. 10, 1917, p. 464.

included in the above figures; but its banking department has also been busy. In the same period—end June, 1914, to end December, 1916—we find that this department's figures have altered as follows:

<i>July 1, 1914.</i>	
Capital and rest.....	£17,810,000
Deposits.....	71,622,000
Securities.....	60,698,000
Reserve.....	28,748,000
<i>Dec. 27, 1916.</i>	
Capital and rest.....	17,863,000
Deposits.....	178,843,000
Securities.....	163,649,000
Reserve.....	33,079,000

Here we see a round 100 millions added to the Bank of England's holding of securities and a consequent increase of 100 millions in the "deposits," book entries which can either be drawn against by the Government or considered as "cash" by the other banks.

The other British banks have also "done their bit," though on a relatively modest scale. By subscribing in the first two war loans and other Government securities they have increased their holding of investments by over 230 millions between the end of 1913 and the end of 1916, while, thanks to the flood of new cash created for them by the Bank of England and the Government, their cash on hand, at call, and at short notice has risen by over 130 millions in the same period. On the other side of the account their deposits, representing potential currency in the hands of their customers, rose by over 330 millions. We take these figures, which are partly estimated, from Mr. Drummond Fraser's interesting pamphlet on "Finance after the War" (Herald and Walker, Manchester). We shall not be surprised if, when the complete figures are shown in our Banking Number that will appear (if we have enough paper) in May, the increase in the bank deposits is shown to be even greater.

Here, then, is an enormous mass of new currency, in the form of legal tender and banking credit, that has been created at a time when it is most undesirable that prices should be forced

up, and that the pound sterling should be depreciated when measured in the currencies of foreign countries. As we all know, prices have risen enormously, and all the neutral exchanges are strongly against us. It is surely safe to suspect that our currency policy has had something to do with both these unfavorable results. One does not usually improve the value of a thing by multiplying its volume, and when we see the value of the pound lower, whether measured by its buying power over commodities or by its exchange value, its multiplication surely becomes questionable. Mr. Robert Benson traversed this argument in the course of his interesting speech at the Merchants' Trust meeting on March 2. He thinks that "the effect upon prices of variations in the supply of credit has become more and more negligible," and he quoted as an answer to the theory that an increase in the supply of money or credit raises the price of goods, a saying by a professor of political economy at Oxford, that "goods and services are not really exchanged for pounds sterling, but for other goods and services." This is quite true in most cases, but money is still the measure in each exchange, and a multiplication of the measuring units has an unfortunate effect on those whose incomes for one reason or another has not kept pace with the increase in their volume.

It also has a most unfortunate effect on the finances of the Government which borrows money and spends it at a time when it is depreciated, and will pay interest on it and repay it in time to come, when we hope that its buying power will have achieved some recovery. This being so, we can not agree with Mr. Benson's evident regret concerning the failure of a proposal that the trust companies should subscribe for 100,000,000 of war loans, borrowing 80,000,000 from the banks. There could have been no question of their paying the banks off out of any savings of their own; and the operation would have simply resulted in a further increase in inflation. We can not find goods and services needed for the war by manufac-

turing credits, but only by saving, and so going without goods and services, which are thereby placed at the disposal of the Government. Hence it is that every one who has borrowed from his bank to take up war loan will have done his country no real good until he has saved the sum borrowed and paid off his advance from his bank.

But inflation is always attractive; it seems so simple to pay for things by just manufacturing more money. Hence we hear of various schemes afloat for issues of interest-bearing certificates that could also be used as currency. We sincerely hope that such schemes will be pitched straight into the wastepaper basket. What we want is not more currency, but less. What we want more of is work and stuff.

We believe that inflation has already done much harm by raising discontent in the country and increasing the cost of the war, owing to the rise in prices that it has helped to cause and that everything should be done to check it. We can not see why the issue of Treasury notes should be allowed to grow without limit. It was created to meet a banking emergency, and was to be taken out in the form of a loan by the banks. Now it is handed out, apparently, ad libitum to any bank which pays for it out of its balance at the Bank of England. It is time that the system was overhauled and modified. The volume of notes outstanding has decreased lately, probably owing to war-loan payments, and we see no reason why it should be allowed to swell again. It is sometimes maintained that higher prices demand a continuing increase in the supply of currency; but what if the increase in the supply of currency is the

cause of the rise in prices? It is also desirable that the manufacture of credit by the Bank of England should be set in motion as little as possible, and that its bloated holding of securities should be gradually reduced. If the war is to be soundly financed, the Government should aim at getting money out of the pockets of the citizens before it spends it, instead of taking the easy line of using banking credits, and so putting up prices against itself and everybody else.

These measures, if adopted, with the gradual caution that all economic changes require, need produce no return of stringency. In fact, as we have frequently urged, such stringency as has been artificially created by special measures was only necessitated because no attempt was made to divorce the prices of home and foreign money. Since the desirability of this change is now being much discussed, it is perhaps opportune to point out that to pay one rate to neutrals and another to home lenders, is a thing that can only be done in time of war, when exceptional knowledge of monetary movements is in the hands of the Government, or those who represent it in the city, that it would, if started earlier, have saved us many millions a year in our after-war debt charge; but that it would not, of course, be desirable to leave the price of home money unregulated and uncontrolled, or to allow its lowering to be made the basis of speculation in securities. If it gave cheaper money to the Government for the war, and to the exporter and the grower and producer of necessities, it would be a highly beneficent measure.

## INFORMAL RULINGS OF THE BOARD.

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

### Paper for Rediscount.

[To an individual.]

Your letter of April 12, addressed to the Secretary of the Treasury, has been referred to the Federal Reserve Board for consideration.

Section 13 of the Federal Reserve Act provides that a bill, in order to be eligible for rediscount by a Federal Reserve Bank, must have a maturity at the time of discount of not more than 90 days. The Federal Reserve Board has, therefore, ruled that a demand note or bill is not eligible under the provisions of the act, since it is not in terms payable within the prescribed 90 days, but, at the option of the holder, may not be presented for payment until after that time. The trade acceptance submitted by you would very probably be construed by the courts to be a demand bill, since no definite maturity is fixed. It merely states that "in the ordinary course of business presentment will be made 60 days from date," but the holder is not required to present it within that time.

If the bill were altered so as to read "on or before 60 days from date pay to the order of ourselves," etc., it would come within the terms of the law and would be eligible for rediscount. In such case the holder would have the right to present it for payment before the expiration of 60 days, but could not defer presentment until after that time without releasing the indorsers.

There may be some doubt about the correctness of the statement in your form that the obligation of the acceptor arises out of the purchase of goods if it is intended to have that acceptance cover future purchases. It is not clear from your letter whether this is intended. The bill, in order to be a trade acceptance, must arise out of the purchase of goods, and unless that purchase is either consummated or actually contracted for at the time the bill is drawn it is doubtful whether you can properly say that the obligation arises out of the purchase of goods.

I am inclosing for your information a form of acceptance which the board has already ap-

proved for several manufacturing concerns and which may be of interest to you in adopting a form for general use in your district.

APRIL 19, 1917.

		[Inclosure.]	
		X. Y. Z. Co.	
		No. ....	BINGHAMTON, N. Y., ....., 191 ..
		\$ ....	
		..... after date pay to the order of ourselves	
		..... Dollars in settlement of the purchase of	
		goods as billed in our invoice No. .... dated .....	
		Goods received. X. Y. Z. Co.	
		To .....	By ..... Cashier.
		.....	

### Acceptances.

(To a Federal Reserve Bank.)

Your letter of March 20, submitting an inquiry of one of your member banks as to whether or not it could accept clean drafts drawn by an exporter in Chile for the purpose of providing funds with which to purchase beans, peas, etc., from farmers in Chile, has been received and considered.

In reply you are advised that unless the Chilean exporter is under contract to ship the peas, beans, etc., purchased from the farmers in that country, to some other country, and the member bank has a guarantee to this effect, the transaction would not seem to be one which involves the importation or exportation of goods.

The mere fact that the Chilean exporter intends to sell these goods in a foreign country would not be sufficient, but there must exist some actual contract of sale, and it must appear that the drafts in question are merely drawn in advance of the actual shipment of goods under contract of sale.

MARCH 24, 1917.

### Cattle Paper.

(To a member of Congress.)

I have your letter of the 3d instant, and would state that in two of the Federal Reserve districts—Kansas City and Dallas—a considerable business is being done in loans to farmers running six months, secured by chattel mortgages on cattle. Under the Federal Reserve Act, a loan made by a member bank in good faith to a farmer, for the purpose of assisting

him to produce a crop, or to fatten his cattle, would be eligible for discount by a Federal Reserve Bank whether secured by a mortgage or not, but most of the farmers' notes which have been discounted with Federal Reserve Banks for member banks are secured by chattel mortgages.

In Texas, Oklahoma, and Kansas this business is done on a large scale, and is thoroughly understood, and I would suggest that if any banks in your district are interested in extending credits of this kind, it might be well for them to correspond with the Federal Reserve Bank at Kansas City, or the Federal Reserve Bank at Dallas, for information as to details. The Board is informed that many of the member banks in the three States named regard cattle paper properly secured as being as desirable an investment as they can make, and the Federal Reserve Banks do not hesitate to rediscount such paper freely for them.

APRIL 4, 1917.

#### Place of Payment of Acceptance.

(To a Federal Reserve Bank.)

In reply to yours of April 9, I am inclosing copy of the Federal Reserve Bulletin for April, 1917, on pages 289-290 of which you will find an opinion of counsel, approved by the Board, which deals with the subject under consideration.

You ask whether a bank in accepting a draft of its customer may make it payable elsewhere than at its banking house.

Under the opinion referred to it would seem that the drawer of the draft might make it payable either at the bank against which it is drawn or at some other place, and, when accepted, it would be payable according to its terms, namely, either at the banking house of the drawee or at the other designated place.

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

APRIL 11, 1917.

#### Farm Loan Bank Deposits.

(To a Federal Reserve Bank.)

Referring to your letter of the 19th ultimo, with reference to the deposit of funds of the New Orleans Farm Loan Bank with your institution, I hand you herewith copy of an

opinion received by me to-day from counsel, which is self-explanatory.

(Inclosure.)

In the attached letter the managing director of the New Orleans branch of the Federal Reserve Bank of Atlanta has asked whether the funds of the farm loan bank about to be established at New Orleans will be deposited with the New Orleans branch of the Federal Reserve Bank of Atlanta.

Federal Reserve Banks are not authorized by the Federal Reserve Act to receive deposits except from the United States Government and from member banks, and I find no provision in the farm loan act authorizing farm loan banks to make deposits in Federal Reserve Banks. The only provision on this subject appears to be in subsection 5 of section 13 of the farm loan act. Section 13 defines the powers of Federal land banks, and among these is that contained in section 5 which reads "to deposit its securities and its current funds subject to check with any member bank of the Federal Reserve System and receive interest on the same as may be agreed." Under the circumstances, I am of the opinion that it would require a somewhat forced construction of the act to reach the conclusion that farm loan banks may deposit their funds with Federal Reserve Banks.

APRIL 6, 1917.

#### Paper of Equity Exchange.

(To an individual.)

The letter addressed to you by Mr. ———, and forwarded by you to the Federal Reserve Board, has been duly considered, and I am directed to inform you that paper of these equity exchanges, to which the writer refers, if first discounted by a member bank would be in form eligible for rediscount at the Federal Reserve Bank, provided its maturity at the time of discount does not exceed 90 days. Furthermore, if the loan were made by the member bank at 6 per cent or less such paper could be rediscounted with the Federal Reserve Bank as commodity paper, provided that it is properly secured.

The writer seems to be under the impression that these equity exchanges can deal directly with their Federal Reserve Bank, but under the Federal Reserve Act their paper must first have been discounted with a member bank and the member bank alone would have the right to rediscount this paper with the Federal Reserve Bank.

MARCH 7, 1917.

## LAW DEPARTMENT.

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

### Domestic Bankers' Acceptances.

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

APRIL 21, 1917.

SIR: The following case has been submitted to this office for an opinion: The seller ships goods which have been sold and mails the bill of lading to the purchaser. On arrival of the bill of lading the purchaser draws on his own bank, attaching the bill of lading to the draft as security and offers it for acceptance. May the bank execute such an acceptance?

Section 13 of the Federal Reserve Act, as amended by the Act of September 7, 1916, authorizes any member bank to accept drafts or bills of exchange "which grow out of transactions involving the domestic shipment of goods, provided shipping documents conveying or securing title are attached at the time of acceptance."

The question presented for determination therefore, is whether the sole fact that the bill of lading is the collateral security for the draft presented for acceptance is sufficient to make the transaction comply with the requirement that the draft must grow out of a transaction involving a shipment of goods.

It is evident that this provision of the law contemplated some actual connection between the acceptance of the draft and the transaction involving the sale and shipment of the goods—that is, it was evidently intended that the draft should be drawn to finance that transaction.

Where the purchaser of goods draws upon his own bank and offers a bill of lading as security for the draft, he may or may not use the proceeds derived from the draft to pay for the goods bought. The bank, in that case, could not assume that there was any obligation on the part of the buyer to use such funds to liquidate the debt contracted in the purchase of the goods. The transaction, in substance, is merely a straight loan to the drawer secured by a bill of lading, and as such it would not seem to come within the spirit of the provisions of section 13 authorizing national banks to accept drafts which grow out of the domestic shipment of goods.

Congress evidently intended to prevent the possibility of abuse of the domestic acceptance privilege by requiring not merely that the draft should grow out of a transaction involving the domestic shipment of goods, but also that the bill of lading should be attached. It could not have been contemplated that this privilege should be construed to permit anyone possessing a bill of lading to borrow on its security regardless of the use to which the proceeds of the draft might be put. Ordinarily the seller in a domestic transaction draws either on the purchaser or on the purchaser's bank. In either case the seller is assured of the proceeds of the draft, but it could not have been intended by the Act that the purchaser, on receipt of a bill of lading, should be able to use that bill as the basis of a domestic banker's acceptance to obtain a credit for any purpose he may see fit to use it.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. W. P. G. HARDING,

*Governor Federal Reserve Board.*

## SUMMARY OF BUSINESS CONDITIONS APR. 23, 1917.

	District No. 1— Boston.	District No. 2— New York.	District No. 3— Philadelphia.	District No. 4— Cleveland.	District No. 5— Richmond.	District No. 6— Atlanta.
General business.....	Good.....	Active; rising prices creating increased volume.	Very good.....	Active and prosperous.	Some irregularity, but holding up well.	Extremely good.
Crops:						
Condition.....		Backward.....	Fair.....	Much improved.....	Rather backward.	Work behind.
Outlook.....	Larger areas being planted.	Hopeful.....	Fair.....	Promising.....	Full planting; fruit reported damaged.	Limited planting.
Industries of the district.	Busy.....	Active; complaints of scarcity and high cost of labor and materials.	Very busy.....	Running to capacity, with labor shortage.	Active; labor in demand.	Working full; labor shortage.
Construction, building and engineering.	Slight decrease from last year.	Smaller than last year.	Decrease.....	Satisfactory; increases in home construction.	Good volume.....	Limited.
Foreign trade.....	Increased over last year.	Imports active; 50 per cent over February.	Heavy decrease in exports compared to previous month.	.....	Congestion at ports; but exports in good volume.	Small.
Bank clearings.....	Increase over last year. Decrease from last month.	Increase.....	Increasing.....	Substantial increase.	Continue to show slight increase.	Increasing.
Money rates.....	Strengthening.....	Steady.....	Firmer; commercial paper rate increasing.	Firm and tendency to increase.	Continued demand for crop purposes.	Normal.
Railroad, post office, and other receipts.	Decreased.....	P. O. receipts, slight increase; R. R. receipts, marked increase.	Net earnings of railroads decreasing; P. O. receipts increasing.	Slight increase.....	Normal; railroad expenses show increase, with tendency to reduction of net.	Good.
Labor conditions.....	Fully employed.....	Labor scarce; wages rising.	Scarcity in many lines.	Generally good.....	Fully employed.....	Scarcity of labor.
Outlook.....	For more normal conditions.	Continuation of present conditions, with rising prices.	Good.....	Satisfactory.....	On the whole, favorable.	Decreased cotton acreage; increased food stuffs.
Remarks.....	Business awaiting more definite information regarding war and Government needs.			No impediments except lack of adequate labor and car shortage.	Some irregularity owing to specific conditions; generally satisfactory.	
	District No. 7— Chicago.	District No. 8— St. Louis.	District No. 9— Minneapolis.	District No. 10— Kansas City.	District No. 11— Dallas.	District No. 12— San Francisco.
General business.....	Active.....	Very active.....	Active.....	Continues active..	Good.....	Active.
Crops:						
Condition.....	Winter wheat poor	Fair.....	Good.....	Improved.....	Generally good...	Backward.
Outlook.....	Other crops have a favorable prospect.			Only fair.....		Fair.
Industries of the district.	Volume of business well maintained.	Busy.....	Active.....	Active and prosperous.	Active and running on full time.	Active.
Construction, building and engineering.	Retarded, due to cost of construction.	Decrease in some lines.	Active.....	Increased volume.	Building active and normal for the season.	Slight decrease.
Foreign trade.....				Limited.....	Increase over a year ago.	Exports increase; imports decrease.
Bank clearings.....	Increase over last year.	Increase.....	Increased.....	Substantial increase.	Show a 29 per cent increase.	Increase over last year.
Money rates.....	Firm.....	Commercial paper higher. Bank rates steady.	Steady.....	Steady, with indications of strengthening.	No change over 30 days ago; easy.	Steady.
Railroad, post office, and other receipts.	Increase over last year; decrease from last month.	Increase.....	Increased.....	Increased volume.	Railroad good increase over 1916; post office, 15 per cent increase.	Increasing.
Labor conditions.....	Shortage of labor..	Fairly settled.....	Fair to good.....	Shortage apparent.	Labor well employed; exportation of unskilled men to the North seriously felt here.	Fairly settled; supply deficient.
Outlook.....	Favorable but uncertain.	Favorable.....	Very good.....	Satisfactory, except for wheat crop.	Bright.....	Favorable.
Remarks.....	High prices are affecting sales in some lines, but general business reports satisfactory condition.			Rains are becoming general and crop prospects are much improved.	Campaign for increased food crops sure to be effective, and is meeting an unselfish response on part of farmers.	Prospects for only moderate production of food stuffs this year.

## GENERAL BUSINESS CONDITIONS.

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

### DISTRICT NO. 1—BOSTON.

The declaration of war and the uncertainty regarding the nature of the participation by the United States and its effect on our domestic life have pervaded the whole commercial and financial atmosphere. While preparedness and safety committees have sprung up on every hand it seems probable that as the first shock of war wears off conditions will return to more nearly normal.

Meantime prices of commodities continue to rise and evidences of the hoarding of food supplies are on every hand, many householders stocking up with large amounts of flour, sugar, canned goods, etc. Reports in the press of a coming food shortage have served to aggravate this situation.

Farmers are planting larger areas than ever before, and even in the cities vacant land is being cultivated. It is yet too early to know anything definite regarding crop prospects in this district. The steady cold of the winter, with no very severe temperatures, has probably allowed most fruits to come through in fair condition. Pastures went into the winter with a good growth for protection, and the late snows will probably help toward a good start. There is a general shortage of seed which, taken in conjunction with the severe shortage of farm labor and with unsatisfactory fertilizer, tends to restrict the large increase in acreage which the high prices of food would otherwise cause.

The shortage in coal and the rise in price of that commodity has become an important

factor in costs of production. That economy is being practiced is becoming more evident each day, the increase in the cost of living, all out of proportion to the average increase in wages, making such action necessary.

There has been no sign of financial disturbance of any kind in this district, but all the banks are keeping their assets as liquid as possible as a precautionary measure and in anticipation of the coming Government financing.

During the past month wool dealers in Boston suspended business for about 10 days in order that the wool held by them might be offered to the Government if needed. An inventory of the wool held by the trade as of April 3 showed an estimated total of clean wool of approximately 60,000,000 pounds. As the Government was unable to take advantage of the offer, trading was resumed and prices continued to advance, this in spite of the fact that wool on hand as disclosed by the inventory showed a considerably larger stock than most dealers had estimated. The future course of wool prices is a matter of considerable difference of opinion in the trade. The principal arguments against extremely high prices are the possibility of the release of a large amount of Australian wool by England or the making of an early peace. Woolen and worsted mills continue busy, the sold-up condition of the woolen mills being reflected in the worsted situation.

The boot and shoe industry continues busy, and some orders for Government shoes have been booked. Production costs, however, are very high and a number of factories in Lynn have closed, stating that with the present scarcity and high price of leather it was impossible to operate at a profit. Orders for men's shoes are not coming in as briskly as last year, due to the fact that many retailers overstocked at that time and that high prices are tending to restrict buying by the consumer. Orders for ladies' shoes are coming in satisfac-



torily. Style influences this business to a large extent, and retailers only buy for their current needs, not stocking up in advance. Leather of all kinds continues in good demand with prices high. Collections are reported to be good.

Cotton mills continue extremely busy with orders, in many cases booked through the summer and in some mills even until late fall. The high cost of production, especially the cost of cotton, coal, and labor, is causing prices to advance, but, notwithstanding this fact, buyers are anxious to place orders. Government agents are reported to be buying various cloths for military purposes, such as low count goods for bandages and marquisettes for mosquito netting. A shortage of labor is looked for, due to war enlistments, and there is some anxiety on the part of buyers as to the fate of their orders in case the mill machinery is needed for Government work.

The money market is considerably firmer than last month, especially for longer dates, and Boston banks are buying only a limited amount of outside paper and then only at attractive rates. Most banks are not adverse to going as long of cash as possible at this time with the possibility of large demands from their customers in connection with Government needs. Call money  $3\frac{1}{2}$  to 4 per cent; time money  $4\frac{1}{2}$  to 5 per cent for six months,  $4\frac{3}{4}$  per cent upward for one year. Town notes, 4 per cent upward for fall maturities. Bankers' acceptances, 3 per cent upward.

Loans and discounts on April 14, 1917, amounted to \$463,184,000, as compared with \$465,298,000 last month, and \$410,745,000 on April 15, 1916. Deposits on April 14, 1917, totaled \$364,406,000, as compared with \$371,143,000 on March 17, 1917, and \$340,159,000 on April 15, 1916. The amount "Due to banks" on April 14 was \$147,630,000, as compared with \$146,369,000 on March 17. The excess reserve of these banks increased from \$40,293,000 on March 17 to \$40,428,000 on April 14.

Exchanges of the Boston Clearing House for the week ending April 14, 1917, were \$227,-

048,842, as compared with \$219,284,696 for the corresponding week last year, and \$277,025,268 for the week ending April 7, 1917.

Building and engineering operations in New England from January 1 to April 11, 1917, amounted to \$45,387,000, as compared with \$46,892,000 for the corresponding period of 1916, the highest previous year recorded.

Exports from the port of Boston for March, 1917, amounted to \$19,707,913, as compared with \$22,390,613 for February, 1917, and \$11,506,025 for March, 1916.

Imports amounted to \$24,816,006, as compared with \$21,743,471 for February, 1917, and \$21,451,229 for March, 1916.

The receipts of the Boston post office for March, 1917, show an increase of \$48,431.79, or about 6 per cent more than March, 1916. For the first 15 days of April, 1917, receipts were about 2 per cent, or \$8,581.92, less than for the corresponding period last year.

Boston & Maine Railroad reports net operating income, after taxes, for February, 1917, as \$413,733, as compared with \$1,044,122 for the corresponding month of 1916. New York, New Haven & Hartford Railroad reports net operating income, after taxes, for February, 1917, as \$1,009,015, as compared with \$1,198,374 for the same month last year.

#### DISTRICT NO. 2—NEW YORK.

The outstanding developments resulting from our entrance into the war have been the very keen interest on the part of banks and bankers, particularly those in New York City, in the prospective sale of Government bonds and Treasury notes, determined efforts throughout the entire district to increase the food supply, and a speeding up of many branches of industry as a result of Government buying. In lines which are not directly affected by war preparations conditions do not appear to have been greatly altered, although in some quarters a feeling of conservatism is in evidence. Government purchases, which have received precedence over all others, have been at prices much below those paid by other buyers, the action of

copper producers in contracting to deliver copper below the market price having been followed by steel companies and food jobbers.

Banks and bankers are offering their services without compensation in connection with subscriptions to the loan. Evidence of the spirit of the New York banks and bankers was shown by tentative subscriptions of over \$100,000,000 to the first offering of Treasury notes due June 30. Much corporate financing has been deferred to avoid interference with the Government's issue. Security prices have been somewhat weakened by uncertainties as to the new issues, and also by the possibility that State and municipal bonds, hitherto tax exempt, may be subjected to Federal income tax.

Particular attention is being directed to the production of an increased food supply, as the relatively small stocks of foodstuffs which are reported from various sources and the unsatisfactory condition of the winter wheat crop make prompt and vigorous measures along this line essential. In New York State plans fostered by State and city officials are going forward to organize corps of "farm cadets" to assist in planting and to have city employees spend their vacations doing farm work. The development of home gardens is also receiving attention.

Prices continue to rise. Dun's index number for wholesale commodity prices for April 1 was \$190,012, which represents a net gain of 2 per cent over March 1 and contrasts with \$145,690 on April 1, 1916. The increase since the beginning of the war has been 57 per cent. The Annalist index number for the cost of living for the third week in April was 270 as against 240 a month previous and 155 two years ago.

From every side come reports of scarcity of labor and of increased wages. Wages paid to workers in New York State industries in March were 5 per cent greater than those paid in February, the number of employees having increased but 1 per cent, while as compared with March of a year ago there was an increase

of 9 per cent in number of employees and 23 per cent in the aggregate of wages. Similar comparison with March two years ago shows increases of 30 per cent and 62 per cent, respectively.

Railroad gross earnings show an increase of about 10 per cent over those of a year ago, but increased expenses threaten serious impairment of net earnings.

Substantial improvement in manufacturing conditions in the iron and steel industry has come at an opportune time and the advent of war finds the industry thoroughly prepared. Better transportation facilities and a more normal supply of coke have resulted in a considerable increase in pig-iron production. The total, in March, amounted to 3,250,757 tons, an increase of 605,510 tons over the previous month's output.

Coal production and deliveries have improved somewhat, but increased demands are expected during the coming year with little prospect of larger output. Manufacturers of machinery report a volume of business in excess of that of a year ago and at satisfactory prices. There is an immense demand for electrical machinery for industrial plants and an unusually heavy demand for larger power apparatus for the equipment of central stations furnishing electricity. The machine tool trade is very active. Reports indicate that business is being secured more uniformly from the entire country and the total is made up of a large number of satisfactory small transactions with the regular consuming trade rather than special contracts as in past years.

In the rubber trade the demand for footwear and tires has been very large and the volume of business in the mechanical rubber goods is from 20 per cent to 25 per cent over that of last year.

Textile and clothing industries report business as steady and in some cases increasing in value of transactions. Shortage of labor in eastern cotton mills has caused curtailment of production estimated at 10 per cent to 35 per cent, and cotton goods stocks in the hands of

the mills are lower than at any time since the beginning of the war.

In the dry-goods trade the appeal for economy in dress is having an increasing influence on retail sales. Stocks on hand are low. An auction sale by a large rug and carpet manufacturing company in New York brought such low bids that the company has announced it will reduce the output of its mills by one-half.

Dealings in hides are active at increasing prices. Orders from retailers for footwear are slow, retailers reporting quiet trade due to efforts toward economy.

The prices of stocks on the New York Stock Exchange have declined during the month to about the level of two months ago and bond prices have fallen to the lowest point since October, 1915. Bond sales from March 25 to April 21 were \$87,977,500 and stock sales 18,736,413 shares, an increase of \$6,861,850 and 7,829,267 shares, respectively, over the same period a year ago.

Call and time money rates have been steady during April with a slight upward tendency. Call rates on April 25 touched 4 per cent but closed at  $2\frac{1}{2}$  per cent. Commercial paper rates advanced from 4-4 $\frac{1}{2}$  on March 31 to 4 $\frac{1}{2}$ -5 on April 25.

Between March 17 and April 20 deposits of New York clearing house banks show increases of \$70,000,000 in net deposits, \$110,000,000 in loans, and a decrease of \$25,000,000 in excess reserves, the amount of the excess on the latter date being \$120,000,000. Fifteen banks which are members of the New York Clearing House Association and also of the Federal Reserve System have arranged with the Federal Reserve Bank of New York to receive or pay on their behalf the amount of their daily balances at the clearing house. There has been continued demand for large quantities of paper currency in the district, and the Federal Reserve Bank of New York increased its circulation by \$34,500,000 between March 21 and April 20, against which a similar amount of gold has been lodged with the Federal Reserve agent.

Foreign commerce has recovered from the low point in February, the imports at New York during March being \$50,000,000 greater than those for February and almost \$32,000,000 greater than those of a year ago, while exports were \$34,500,000 greater than those for February. Particularly heavy increases appear in imports from countries of North and South America.

The following statistics have been obtained from reliable sources:

	March, 1917.	Changes from March, 1916.
Bank clearings, New York City.....	\$14,229,127,260	\$1,681,252,750
New York Stock Exchange.....shares..	18,516,944	+ 5,202,569
New York Stock Exchange.....bonds..	\$73,297,000	- \$3,998,000
Pig-iron production.....tons.....	3,250,757	- 86,934
Unfilled orders, United States Steel Corporation.....tons.....	11,711,644	+ 2,380,643
Building permits, New York City.....	\$12,353,422	- \$1,302,650
Postal receipts, New York City.....	\$3,387,047	+ \$280,123
Merchandise exports at New York.....	\$258,020,408	+ \$25,291,200
Merchandise imports at New York.....	\$147,901,883	+ \$31,707,922
New incorporations, Eastern States.....	\$281,000,000	+ \$86,250,000
New financing, bonds, notes, and stocks, American railroads and industrial corporations.....	\$312,115,800	+ \$37,468,000

#### DISTRICT NO. 3—PHILADELPHIA.

The entrance of the United States into the war has caused advances in prices, greater demand for goods, and greater scarcity in materials in many lines of trade. Manufacturing plants throughout this district are running as fully as the supply of labor and materials will permit. The problem of deliveries in many cases has been very annoying because of the limitation of output and troublesome transportation conditions.

The labor situation has become very acute. It hampers not only the manufacturers, who are under the necessity of turning out iron and steel, ammunition, clothing, textiles, and other products in greater quantity than ever before, but it is also greatly retarding the basic industries, such as agriculture and mining.

The condition of the winter-wheat crop, according to local and Government reports, is at least 15 per cent below normal. The season is late and spring plowing and planting has been delayed. Farmers report less stock

on the farm than for many years, and all kinds of feed except hay are scarce and high.

Reports show that there is a patriotic desire on the part of the people in the agricultural sections to do their full duty toward producing the maximum amount of foodstuffs and there is evidence that they intend to make the effort, but on account of the high price and scarcity of fertilizers, the high price of seed, and the scarcity and high wages of labor, it appears that the acreage planted to food crops can not be materially increased.

Some large coal companies are offering their lands to their employees for cultivation and are holding out inducements toward this end, and throughout the district generally the attempt is being made to have people put forth extra efforts in planting vegetable gardens for their own account.

Owing to enlistments, the transfer of labor from the farming and suburban districts to the much more lucrative employment in munition and other manufacturing plants, and the action of local contractors in paying \$3 and \$3.25 per day for men, the farm labor shortage has become so acute that unless some national organized effort is made at once to provide agricultural labor, it not only will be impossible to increase the acreage under cultivation, but there is grave doubt whether or not it will be possible to cultivate and harvest an acreage equal to that of last year.

*Canning.*—Canners have disposed of most of their old pack and prices have been advancing. In one section, canners are reported as offering \$13.50 a ton for tomatoes, which is \$3.30 more than last year, and farmers are slow to contract at that price. Unless the price is higher, the acreage to be planted in tomatoes will, of necessity, be much less than last year because of the shortage in farm help, since tomatoes have to be picked promptly when they are ripe. A good crop of berries for canning is promised.

*Department store trade.*—Department stores report that business during March was ex-

tremely good, in some instances sales being the largest of any March in their history, but since Easter, trade has fallen off very much, and there is a feeling that this is largely due to the practicing of economy on the part of the public, which has been so earnestly recommended.

*Groceries.*—The wholesale grocery trade is having difficulty because of excess demand for goods. Consumers have been anticipating their needs by making unusually large purchases. Wholesalers generally are adopting the policy of scaling orders in accordance with the size of the retailer and his actual need. There is said to be plenty of goods to go round if it were not for so much anticipation.

*Metal industries.*—The fundamental conditions in these industries remain unchanged. The continued high price of coal is having a marked effect upon the cost of iron and steel production. The national situation is causing many companies to refuse general orders, as preference is being given to Government inquiries.

*Money.*—Rates for money in the active manufacturing districts are somewhat better; throughout the rest of the district the demand for money is only normal. The imminent prospect of large Government borrowings is causing hesitation in the investment of funds. Sales of all kinds of securities have fallen off and prices have declined.

*Financial indicators.*

	Apr. 20, 1917.	Previous month.	Previous year.
Loans—Philadelphia banks.....	\$550,714,000	\$553,267,000	\$504,361,000
Deposits—Philadelphia banks.....	688,213,000	664,257,000	625,197,000
Surplus reserve—Philadelphia banks.....	37,061,000	29,572,000	42,740,000
Discounts and collateral loans—Federal Reserve Bank.....	1,163,000	1,819,000	573,000
Cash reserve—Federal Reserve Bank, per cent.....	73	76	63
90-day discount rate—Federal Reserve Bank, per cent.....	4	4	4
Commercial paper, per cent.....	4½	4	3

*Financial indicators—Continued.*

	March, 1917.	February, 1917.	March, 1916.
Bank clearings in Philadelphia.....	\$1,467,017,000	\$1,251,517,000	\$1,013,198,000
Bank clearings elsewhere in district.....	97,276,000	83,802,000	81,550,000
Total clearings in district.....	1,564,293,000	1,335,319,000	1,094,748,000
Exports at Philadelphia.....	38,814,000	57,685,000	15,568,000
Imports at Philadelphia.....	7,488,000	9,042,000	9,625,000
Building permits in Philadelphia.....	3,487,000	4,042,000	4,591,000
Post-office receipts in Philadelphia.....	911,000	764,000	849,000
Commercial failures in district (per Bradstreet's).....	61	51	101

## DISTRICT NO. 4—CLEVELAND.

General business in this Federal Reserve district has improved during the past month. The transportation situation is very much better. Labor conditions in the industries are as good as possible, in view of the inadequate supply. The situation could scarcely be better under the circumstances.

Bankers report a readiness to lend full support to any Government loans, and the brokers and investment houses generally promptly showed their willingness to assist without charge in the flotation of securities. When the subscriptions are opened the community served by this Federal Reserve Bank will respond in more than its relative proportion. There are evidences of economy indicative of the desire of people who otherwise would not have thought of making permanent investments, looking to subscriptions to the Government loan. Were it not for the present very high cost of foodstuffs and other articles entering into ordinary daily living, the popular response to the Government call would be tremendous.

Figures are not available, but it is a fact that the visible supply of foodstuffs throughout this district is much below the average, and in some ordinary articles the supply is practically exhausted. This necessarily has tended to price advances all along the line, and to-day the cost of living is so great that a year ago it would have been thought prohibitive. The whole condition, though, is attributable mainly

to the employment of all available labor at the highest wage ever known, the large supply of money, and the consequent demand of the wage earner for better living conditions, better grades of food, and the like, causing lessened supplies.

*Crops.*—The movement for increased production of foodstuffs has gathered considerable force, and, in many localities, is being organized in such a way as to insure good results. Home gardening, use of vacant lots, and increased efforts on the part of the farmer are being extensively undertaken. By reason of the very high wages demanded by farm hands, and the greatly increased cost of fertilizing materials and seeds, the farmer is hesitating to undertake more extensive cultivation, because he can see that without a minimum guaranteed price for his product he may face a loss. It would be well promptly to give to the farmers such an assurance as would enable them to make intelligent plans. This is not throughout one of the most important agricultural districts, although it has wonderful possibilities in many lines. The successful farmer who counts his costs may not enter into the proposed scheme for feeding the world without some definite knowledge that he will at least be protected in his expenditures for excess crops.

*Industries.*—In general, all of the industries in this district are in better condition than a month ago. The labor situation has been relieved by better weather and voluntary advances in wages in some lines. The transportation facilities for both raw materials and finished goods have greatly improved, although still below normal and very much less than the requirements. The Government's entry into the industrial field for its own needs, actual and prospective, has upset a good deal of domestic business, because nearly all the plants give a Government order precedence over all other business, and there is considerable evidence that quotations are withheld for materials which might be required by the

United States. One of our leading industrial publications makes the following comment on this condition:

Despite the great inconvenience and actual losses being sustained, consumers universally are meeting the situation in a spirit of broad patriotism and liberality which greatly has helped producers to make the necessary readjustments.

*Iron and steel.*—All furnaces, plants and factories are working to the highest capacity possible under the existing conditions as regards transportation and labor. Prices of all products have advanced, the advance in a number of instances not being sufficient to meet the increased cost of production. Pig iron, for instance, now at \$40 a ton seems very exorbitant, but when it is considered that the cost of making it has more than doubled over ordinary times by reason of the very material increase in the cost of coke, raw materials, and labor, the net profits to the producer are not so great as they appear. The problems of raw materials for future deliveries are at present very serious in all industrial activities.

*Coal and coke.*—All along prices for fuel supplies have advanced and orders for fuel are very much greater than can be supplied by the mines and ovens. There does not seem to be any prospect of securing miners in sufficient quantity to ameliorate the fuel situation promptly, and the car movement is still unsatisfactory. Operators, although they have an unexpired agreement controlling the wage scale, have voluntarily advanced wages materially.

*Pottery, fireproofing, and clay products.*—These industries seem to be working to the greatest extent practicable, and unfilled orders indicate a prosperous condition. With an increased number of cars for shipment, the plants would be capable of turning out more tonnage.

*Garments.*—Cleveland garment houses report that after the biggest Easter trade ever known in the country's history there has been a de-

cided falling off in retail lines. This is attributed to the natural "between seasons" lull and to economies instilled by the war.

*Mercantile business.*—Values and volume of the mercantile trade are steadily increasing. Collections are good. The percentage of slow accounts in the hands of merchants is considerably less than the average and seems to be improving.

*Construction.*—Building in the nine principal cities is now not seriously interrupted by labor difficulties, except in one center, and substantial increases in permits and values are reported. The following table gives the figures:

	Permits issued.		Valuations.		Increase or decrease.	Per cent increase or decrease.
	Mar., 1917.	Mar., 1916.	Mar., 1917.	Mar., 1916.		
Akron, Ohio.....	527	275	\$1,756,140	\$524,715	\$1,231,425	234.4
Cincinnati, Ohio..	1,322	1,466	1,227,365	948,500	278,865	29.4
Cleveland, Ohio..	1,311	1,123	1,973,030	1,838,465	134,565	7.3
Columbus, Ohio..	293	340	571,245	868,935	1 297,690	1 34.2
Dayton, Ohio....	144	115	130,327	356,240	1 225,913	1 63.4
Eric, Pa.....	142	85	322,189	218,709	103,390	47.2
Pittsburgh, Pa..	440	332	1,214,596	1,767,612	1 553,016	1 31.2
Toledo, Ohio....	352	340	1,149,269	1,022,495	126,774	12.4
Youngstown, Ohio	148	100	323,475	176,313	147,162	83.4
Total.....	4,739	4,176	8,667,636	7,722,074	945,562	12.2

<sup>1</sup> Decrease.

*Banking and investments.*—There is an undercurrent of hesitancy in bank circles caused by the proposed Government loan and the lack of knowledge as to the methods to be pursued in placing the loan. This has, of course, tended to a hardening of loaning rates, and perhaps, in some instances, a curtailment of credit which ordinarily might have been granted. In general, however, the banking situation is the best ever known. The local investment markets have slowed perceptibly. Prices have been shaded, but the demand is not apparent. This is believed to be only a waiting for information concerning the Government financing.

The table following gives the comparative bank clearings in the nine principal cities:

	Mar. 16 to Apr. 15, inclusive.		Increase or decrease.	Per cent increase.
	1917	1916		
Akron, Ohio.....	826,509,000	815,890,000	\$10,619,000	66.8
Cincinnati, Ohio.....	173,096,359	151,217,800	21,878,559	14.4
Cleveland, Ohio.....	287,688,886	175,606,352	112,082,534	63.8
Columbus, Ohio.....	47,215,100	42,198,100	5,017,000	11.8
Dayton, Ohio.....	16,064,728	12,922,950	3,141,778	24.3
Erie, Pa.....	7,179,633	5,858,499	1,321,134	22.5
Pittsburgh, Pa.....	324,455,910	281,908,355	42,547,555	15
Toledo, Ohio.....	46,493,420	37,938,465	8,554,955	22.3
Youngstown, Ohio.....	15,372,166	13,473,413	1,898,753	14
Total.....	944,075,202	737,063,934	207,011,267	28.08

It would be hard to imagine a better situation in this district under all the circumstances. There must be hesitancy and misgivings by some persons. Until the prospective war taxes shall become known a few of the commercial and industrial lines will be in a measure unsettled, but there is a general and hearty support of the "pay as you go" plan up to livable limits, leaving for future generations only their reasonable proportion of the burden.

#### DISTRICT NO. 5—RICHMOND.

The European war in all of its phases, the effect of which has encircled the globe, has been since its very outbreak an unending and all-absorbing subject of discussion in this district. This discussion has, with the entry of the United States as a participant, reached its climax.

In this district we are setting our faces to meet with determination the burdens assumed. It would be presumptuous to attempt more than to pay tribute to the statement of the purposes contained in the President's proclamation of April 16, which will take rank with the great state papers of this Nation. Without in the least minimizing the seriousness of the step taken, this part of the country has met the shock with a surprising equanimity and set to work to accomplish practical requirements promptly and efficiently.

A review of our commercial and financial growth and our fabulous increase in wealth in the last two years is unnecessary.

And now, what of trade for the past month? If that grim cry, War! had not been heard,

it might almost have been summarized in one word—unchanged. Trade is in good volume, regardless of specific conditions and high prices; orders in wholesale jobbing plentiful for immediate shipment in all lines; provisions active; manufactures active; building supplies in demand; stocks of merchandise limited and buying cautious owing to high prices. Car shortage is still a deterrent factor, although coal receipts at the ports have shown some improvement. Many new enterprises and improvements are under way in the district, including two packing concerns at one of our ports.

Charleston, W. Va., in this district, has been selected by the Government as the location for a great armor plate plant, and the very logical reasons given for the location in this district are a tribute to its natural resources and manufacturing advantages. The fortification of Cape Henry, controlling the entrance to Chesapeake Bay and its tributaries, including the approach to our National Capital, is another tribute to the importance and advantages of the tidewaters of this section. In addition to the facilities of the Newport News Ship Building & Dry Dock Co. at the mouth of the James River on Hampton Roads, enormous appropriations have been made for the improvement of the Norfolk Navy Yard, fitting that for the erection of the largest class of battleships. The Secretary of the Navy has just recommended an appropriation of \$3,000,000 for the purchase of the site of the late Jamestown Exposition, on Hampton Roads, for the purpose of equipping the property as a naval operating base, including piers, storehouses, oil fuel storage, training station, recreation grounds for the fleet, aviation, and other purposes. Aside from their importance from a military and naval standpoint, these developments indicate the importance of these waters in our future commercial development.

Crop preparations are being pushed to the limit, but rains have made bad roads and a late season. Fertilizer shipments indicate a 10 per cent increase.

A prompt and liberal response to the new Government loan is anticipated. Banks generally are in good condition but report a better demand for money, and there is a gradual increase of discounts for agricultural purposes.

The cry throughout the land is food, more food, cheaper food. This bank has distributed over 35,000 of its food circular No. 55 and the demand continues. The short supply of foods has been evidenced chiefly by high prices rather than by actual want, but the high prices have made living difficult for many, salaried people especially, and enforced economy which is trying.

Our enormous export of food products is largely responsible for these conditions, and these need correcting. The new war conditions which must be faced require the sale of our surplus to our allies and demand that we shall share with them what we have not only at fair prices, but, if need be, at the cost of self-denial. Our own harvests are not the most promising, and yet we must prepare to share particularly our standard food crops with our more needy friends.

The slogan of increased foodstuffs has gone down the line. Every local organization has taken up the cry, new ones are being formed to spread it abroad in the land, and this systematic effort should bring material results.

As a sample of the crusade for home supplies, articles with the following headlines, followed by extensive details, appeared in one day in one of our daily papers: "For better gardens"; "Want jailbirds set to planting—Idlers should be made to plant potatoes on every vacant lot"; "Conference called through chamber of commerce on agricultural conditions"; "Response to appeal—Apple grower in West Virginia plants many acres in white navy beans in orchard"; "Farming in the city—How to grow your peas, beans, and beets"; "Banks join in fight to keep up food supply—Will base credits to farmers on requirement that borrowers increase acreage in food crops"; "Lectures on thrift—Home economics committee will present series of speak-

ers in public schools"; "Are you a grasshopper or the provident ant?"

One of our member banks has issued an open letter to the farmers of its neighborhood, using the following interesting figures given out originally by the College of Agriculture of the University of Kansas and quoted by Hon. W. P. G. Harding, governor of the Federal Reserve Board, in a statement to the press, printed in the March number of the Federal Reserve Bulletin:

In an average year, with 12-cent cotton, a \$60 bale can buy—

86 bushels of potatoes, at 70 cents, or  
750 pounds lard, at 8 cents, or  
13 barrels flour, at \$4.50, or  
375 pounds bacon, at 16 cents, or  
100 bushels corn, at 60 cents, or  
30 pairs shoes, at \$2, or  
700 yards cotton goods, at 8½ cents.

This year, with 20-cent cotton, a \$100 bale can only buy—

44 bushels potatoes, at \$2.25, or  
500 pounds lard, at 20 cents, or  
10 barrels of flour, at \$10, or  
333 pounds of bacon, at 30 cents, or  
67 bushels corn, at \$1.50, or  
20 pairs shoes, at \$5, or  
666 yards cotton goods, at 15 cents.

These striking figures are made the basis of an appeal for the raising of home supplies and limiting cotton to the market crop for sale.

Every garden patch feeds the folks at home, reduces transportation, and releases the less perishable foods for distribution where most needed. Potatoes in this section will be planted on a scale never before approached, and smaller truck on a generous scale.

#### DISTRICT NO. 6—ATLANTA.

Our Nation's entrance into the war has given a quickening impulse to all industries connected with war activity and produced little or no change in other lines, the healthy conditions reported for March being well maintained.

The greatest interest manifested is in increased food production. I have for the past two months endeavored, through interviews with the press and letters to the bankers of the district, to draw public attention to the necessity



of a larger individual productiveness. The press has taken the matter up vigorously, and the bankers have entered into it with more spirit than exhibited in any previous movement. Some of the States have appointed special committees on food production, but still more effective work is being done through local activity with the county as a unit. Boards of county commissioners, commercial clubs, and United States farm demonstrators have joined hands with the bankers, and raised funds by public subscription to furnish seed and fertilizer to the farmer for additional acreage, where such help is needed. President Wilson's appeal to the farmers of the South struck a responsive chord and awakened the producer to the importance of increasing the foodstuffs as an aid to the successful conclusion of war and as a safeguard against want at home.

The heavy rains and cold weather delayed spring work, but with the weather more promising the farmers are turning the soil and rushing work wherever possible. All indications point to a reduction in cotton acreage, partly on account of the spread of the boll-weevil and the patriotic feeling awakened by the President's appeal. There will be a large increase in corn, sorghum, velvet beans, cowpeas, hay, peanuts, and potatoes, as these products will bring good prices after the summer gardens have gone. There has been a great revival, especially among the city inhabitants, of planting home gardens; and manufacturing and mining companies have been urged to organize their forces into garden clubs, with the result that more vegetables have been planted this year than ever before. Many boys' and girls' canning clubs have been formed, but some fear is felt on account of lack of experience in canning vegetables and fruits. It would be advisable that the Department of Agriculture, or Members of Congress, send out literature on the subject of canning vegetables and fruits, which are of especial interest at this time.

Prices continue to go higher and the visible supply of foodstuffs grows smaller each week. There is plenty of idle land, but labor and seed

are scarce. Negro labor continues to move northward, and the high prices have prevented many farmers from holding back any part of their crops for seeding purposes. Many banks in the district are furnishing seed free and offering prizes for the best crops and withholding credit from farmers that are not inclined to grow other crops than cotton.

Retailers and wholesalers of merchandise are considerably ahead of this time last year. Bank clearings show large gains. Indications are that the huge Government bond offer to the public will be quickly absorbed, and will give every line of business a greater stimulus. On telegraphic notice from Washington the Federal Reserve Bank of Atlanta made inquiry throughout the district as to the probable 3 per cent certificate subscription, and was met with a response of over \$7,000,000 within a few days. These subscriptions came from small towns and cities as well as large centers, and many indicated a desire to pay in the total amount of subscription immediately.

The Government's proposed plan for wooden-ship building has caused considerable optimism among the shipbuilders. This district is rich in all wood suitable to shipbuilding, and Gulf ports are turning toward ways and means to take advantage of the situation.

Army and Navy recruiting has fallen off in the district. This is probably due to the action of the press of the country in carrying daily headlines announcing victories by the allies, which is creating the impression among young men that the war will be over in a month or two. Many young men do not care to resign positions and interrupt their usual pursuits when they feel that the war is about over and that volunteering is unnecessary.

#### DISTRICT NO. 7—CHICAGO.

Since our last report the international situation has undergone a distinct change; many of the uncertainties heretofore in evidence have been cleared up, but as the step was anticipated it caused but little disarrangement in business circles. Financial institutions are strongly in-

trenched, as is evidenced by their reports and the insignificant call for rediscount facilities. Savings banks are experiencing a quiet business, with new deposits approximately equal to the withdrawals. There is, without doubt, some hoarding, but the call for funds has not been insistent, nor has it been limited to any particular nationality. Most of the withdrawals seem to be made by the uneducated foreign element and the funds so withdrawn are frequently returned within a short time. The offering of \$200,000,000 Treasury certificates has been well received by banks in this district and indicates that when the war loan is offered it will receive the public support. The question of the distribution of \$7,000,000,000 United States Government bonds is receiving the serious consideration of the banks and bond houses in this district. Bond houses expect to derive an ultimate benefit from the sale of these securities, as they claim that there are only about 200,000 bond buyers in the United States at this time, and the wide distribution of the Government loan will create a more general interest in bonds of all kinds, thereby widening their market after the absorption of this loan. Concerns in commercial and industrial lines are actively engaged, their principal troubles coming from shortage of certain raw materials, the labor supply decreasing, due to enlistments, and the deficiency in railway equipment.

The Government crop report gave evidence of a very unsatisfactory condition throughout the United States, and in our territory the situation is not all that could be desired. Since the issue of the official data weather conditions have been favorable and the condition of the crops has shown improvement. The cold weather damaged the winter wheat crop and necessarily decreased materially the expected acreage. Farmers are making every effort to take advantage of the high prices for grain and the total acreage to be planted this year will probably be greater than in preceding seasons. The damaged winter wheat land is being plowed over and put in corn and oats.

*Agricultural implements.*—Manufacturers report a good demand, particularly for corn tools, and the volume of general machinery sold is in excess of last year. Concerns in this line are finding it difficult to secure steel, and this, together with the railroad situation, will tend to hamper not only the implement manufacturers, but also the farmer, who is dependent upon these tools to properly care for the increased acreage contemplated for the coming season.

*Automobiles.*—Current business is good, with deliveries affected by the shipping congestion in this line. Dealers are reported well stocked with cars, and there is a feeling of uncertainty as to the future, due to the prospective taxes and the general high cost of the necessities of life.

*Building and building materials.*—Construction is considerably held up, due to the prohibitive prices of raw material, the increased cost of fireproof and other commercial building being estimated at from 30 to 40 per cent. Engineers, architects, and contractors look forward to active work should the Government require the enlargement of factories manufacturing war supplies, etc. Cement companies and brick manufacturers find a strong demand for their products, but complain of the railroad service and scarcity of labor. It is estimated that the Government requirements for cement to construct fortifications will seriously tax manufacturing establishments.

*Coal.*—The available supply is readily taken at prices substantially above normal, some for immediate consumption and an additional amount for storage. There is no present prospect of lower prices, and mines are turning out coal as fast as cars can be secured to make shipment.

*Distilling and brewing.*—Concerns in these lines are naturally watching with the keenest apprehension the movement toward prohibition, and at this time the high cost of grain is tending to decrease the production of whisky. Maltsters have plenty of orders; in fact, one

concern is nearly 1,000 carloads behind in shipments. The industry is operating to the fullest capacity commensurate with the car supply, but the manufactured product is piling up and has forced the closing down of some plants.

*Dry goods.*—Wholesalers are finding a generally active demand, which is carrying sales above last year, although this may be due in part to the increased values. Some of the purchases are probably speculative, and collections are fair. In the retail trade cold weather has held back the distribution of goods, and there has been a spirit of conservatism evidenced on the part of the consumer and the tendency to buy freely is not so evident.

*Furniture.*—This line has had a setback since the declaration of war and orders have been cut down, buyers apparently holding off for the purpose of analyzing the trend of the market. Collections are fairly good.

*Grain.*—During the past month the markets for all cereals have advanced materially, and following the Government report showing an unfavorable outlook for the winter wheat crop, the quotations for this cereal have advanced to the highest prices known in years. Conservative grain firms are curtailing their operations as much as possible on account of the great risk in handling grain at the present prices. Railroad equipment is in short supply, but this situation is easing up a trifle.

*Groceries.*—In the city of Chicago the volume is satisfactory, but the distribution through other centers bears only a fair comparison to last year if the increased value of the merchandise is taken into consideration. Collections are generally satisfactory, but there is evidence of slow pay in certain sections. A more or less ineffectual attempt is being made to curb the speculative tendencies of the consumers who are buying in large quantities in anticipation of further rise in prices.

*Hardware.*—A good demand still exists in this line, and it appears that tin plate is being restricted to the canners of perishable goods for making containers. The quantity for general

use has been reduced to a minimum. Collections vary from fair to good.

*Leather.*—Trade has been quiet during the past month, and what tended to be a weak market has been supported by the expectation of large Government orders. Labor is scarce, and collections satisfactory.

*Live stock and packing.*—Reports indicate that the supply of live stock is limited and market prices have increased substantially. Cattle have come to market in good numbers, caused by the increased value of fodder and the high prices to be realized on their sale. Packing concerns are busy and are finding difficulty in supplying their labor requirements. By-products are well taken.

*Lumber.*—A good demand has developed for lumber at entirely satisfactory prices, and with sufficient shipping facilities in this line lumber dealers look forward to an active trade. Lumber values are advancing, collections are satisfactory, and the general outlook is favorable. There appears to be a shortage in mahogany and walnut.

*Mail orders.*—Sales in this line show a considerable gain for the same period last year for the states in our district.

*Piano manufacturers.*—A normal trade is reported, but piano supply houses find a falling off in business. Collections are good.

*Shipbuilding.*—There is no change in this industry, which continues active, with indications of a similar condition for some time to come.

*Steel.*—The mills are pushed to capacity to supply the unusual demand from foreign and domestic consumers, prices continue to harden, and some of the concerns in our district are booked up for the remainder of the year and in some departments into next year. The labor supply is short and collections satisfactory.

*Watches and jewelry.*—Business during the past month in these lines has been of satisfactory volume, and manufacturers and retailers look forward to a continuing activity during the spring.

*Wool and woollens.*—The raw wool market is firm, and woolen goods houses are finding it more difficult to secure fabrics of good value, even at the increased prices. Manufacturers are operating at full volume, and retailers are covering their requirements freely. Collections are fair. The knit goods business is extremely active, with advancing prices. Difficulty is experienced in keeping productions up to requirements, and the principal complaint appears to be the trouble experienced by the mills in supplying the demands of the trade.

Clearings in Chicago for the first 20 days of April were \$1,442,000,000, being \$393,000,000 more than for the corresponding 20 days in April, 1916. Clearings reported by 23 cities in the district outside of Chicago amounted to \$272,000,000 for the first 15 days of April, 1917, as compared with \$226,000,000 for the first 15 days of April, 1916. Deposits in the eight Central Reserve City member banks in Chicago were \$740,000,000 at the close of business April 20, 1917, and loans were \$500,000,000. Deposits show an increase of approximately \$7,000,000 over last month, and loans a decrease of approximately \$10,000,000.

**DISTRICT NO. 8.—ST. LOUIS.**

The opening of war found this district well prepared against any emergency. In my April 1 report I pointed out that the uncertainty as to our foreign relations had had a healthy deterrent effect on business activity in this district. Business men throughout this district have discounted the effect of our entrance into the European war and business in general continues at a very high level. Banks in the district, especially outside of the larger cities, are reported to carry reserves in excess of their legal requirements, and there has therefore been no change in bank rates. Money continues easy. The cost of living is increasing and the rate of increase seems to have gone up since we entered the war.

For a number of years the State bankers' associations in most of the States in this dis-

trict have carried on vigorous campaigns for diversification of crops. Farmers in this district began to realize the danger in dependence on one crop before the war and for a year or so many of them have been raising sufficient food products to care for their wants. Therefore, on the whole, the people in this district fully realize the industrial and agricultural demands which will be made on this country, and there has been an intelligent discussion of ways and means to meet such demand. The present supply of foodstuffs and the prospects for the coming crops are receiving the careful consideration of all classes of people. The press is conducting a campaign urging a larger production of food crops, and reports indicate that this campaign will have beneficial results. The State boards of agriculture, commercial clubs, and other organizations throughout the district have undertaken the work of organizing the food producers. Under the supervision of the Missouri State Board of Agriculture meetings have been called in every county in Missouri and the campaign for food preparedness is well under way in this State. The tone of all business seems to be one of conservatism, with a strong underlying feeling of confidence. In an effort to conserve the grain supply distillers in some parts of the district have agreed to shut down for the period of the war.

Since April 1, we have received reports from a large number of jobbers, wholesalers, and manufacturers, located in all of the principal cities in this district. These reports covered practically every line of industry. Each line reports a heavy increase in business, unusually heavy orders for future deliveries, and satisfactory collections, with a smaller percentage of past due accounts than is usual at this period of the year. The retail lines report similar increases. Prices of general merchandise have gone up from month to month, and it now appears that gains which are reported by amounts in dollars are caused somewhat by the increase in prices rather than by the increase in quantity shipped. There is also a well defined indication that the increased

costs are beginning to shut off the demand for such merchandise as may be termed luxuries rather than necessities. This applies to practically all lines except provisions.

The prices of all steel products have gone up very rapidly in the past few months. Some manufacturers have been hampered by inability to obtain raw material and others have been hampered by strikes and other labor troubles. One or two cases have been reported where manufacturers have made large profits through reselling their contracts for raw material to others not equally well supplied.

Climatic conditions during the later part of March and the first half of April, have been more favorable than they were the early months of the year. Generally speaking, the rainfall was deficient throughout January and February and the ground needed moisture. Precipitation in the southern portions of the district was largely above the normal in March, and in fact the continued rainfall has hampered agricultural operations. The precipitation in the northern half of the district was approximately normal during the latter part of March and somewhat above the normal during the first half of this month. It is believed that this has improved the crop prospects.

The Government report on the wheat crop issued April 7 showed that the April 1 condition in all of the States in this district was materially below the average. The outlook for the winter wheat crop is not bright. The crop in Missouri was badly damaged, but the condition is believed to be improving slowly but steadily, particularly in the district from Marion to Franklin County. The condition of the wheat in Dade and Lawrence Counties, Mo., is reported to be very poor.

Reports on the new cotton crop indicate that the season is two or three weeks late. The cold and rainy weather in the belt has delayed the planting and cultivation of the ground, so that conditions are not entirely favorable. There is a strong agitation for an increase in the production of foodstuffs, and the reports indi-

cate that this will limit the acreage in spite of the tempting price of cotton. There is a scarcity of grain in the cotton belt and provisions of every kind are climbing higher. The old-crop movement from Memphis is still delayed, principally on account of car shortage. The stock on hand on April 14, 1917, amounted to 326,000 bales, as against 216,000 on the same date in 1916 and 168,000 in 1915.

It is reported that considerable ground has been prepared for the corn planting and some planting has already been done on the southern sections of the district. Frequent rains the early part of April have retarded farm work. Plowing and planting have also been hampered by the scarcity and high cost of seed and the lack of sufficient labor. The oats crop appears to have been planted under favorable conditions. The potato acreage is larger than usual and would be still larger were it not for the almost prohibitive cost of seed.

The outlook for the fruit crops, except peaches, is fair. The strawberry crop is beginning to bloom in the southern portions of the district, but indications are that the crop is materially smaller than last year. In St. Louis and other large cities provisions are generally high, and in some cases scarce. The movement of fresh provisions—cabbage, tomatoes, asparagus, celery, strawberries, onions, etc.—is later than usual. The onion movement from the Texas district began a few days ago and is now in fair volume and some relief is anticipated. The stock of canned goods in the hands of commission merchants and wholesale grocers is reported to be extremely low, due in part to a shortage in the yield last year, and in part to the small "carry-over" from the previous season. Prices in many instances have increased in the past few months 40 to 80 per cent. Sugar is reported to be equally scarce and the jobbing price of this staple has increased from 7 to 10 cents in the last few months. Little relief in the canned goods situation can be looked for until the new crop comes forward in September and October.

The St. Louis National Stock Yards reports a slight decrease in the receipts of cattle, sheep, and horses and mules in March, 1917, as compared with March, 1916, and an increase in hogs during the same period. The price of hogs has gone up from month to month in this district, on April 15 being \$16.40 a hundred.

Building permits for March, 1917, as compared with March, 1916, show an increase in Little Rock and in Memphis, and a decrease in Louisville and St. Louis. Building generally seems to be affected by the high cost of all materials.

Postal receipts for March, 1917, show satisfactory increases in Little Rock, Louisville, Memphis, and St. Louis.

The registration of automobiles on April 1, 1917, for the States wholly or in part within this district, show a substantial increase as compared to April 1, 1916, Illinois having gained over 54,000 machines, Kentucky over 11,000 machines, Missouri over 34,000 machines, and Tennessee over 9,000 machines.

The bond market is quiet. Banks and individuals generally are out of the market pending the announcement of the Government bond issue. It is expected that the public subscription will be large.

Commercial paper rates have increased a half of 1 per cent in the past 30 days, rates now ranging from  $4\frac{1}{4}$  to  $4\frac{3}{4}$  per cent, with a large majority of best names offered at  $4\frac{1}{2}$  per cent. Brokers reported a slump in business at the time of our entrance into the European war, but the market seems to have recovered its confidence. The supply of paper is ample, with country banks more active in the market than banks in the larger cities. Bank rates to customers show little or no change.

#### DISTRICT NO. 9—MINNEAPOLIS.

There are no visible signs in the district of any adverse effect of the declaration of war. Banks, business men, and farmers alike, in the States of this district, are in excellent shape, and preparing for a busy season. The banks are meeting the spring demands of the farmers

with unusual promptness and with a degree of liberality that speaks well for their patriotism.

The Ninth Reserve Bank has entered into close cooperation with bankers, business men, and farmers in the grain-growing areas of Minnesota, North and South Dakota, and Montana, and during the last half of the month was active in the most intensive campaign this district has ever seen to increase the crop acreage at least 10 per cent and provide for record-breaking farm crops this year. Close cooperation with the railroads was secured and the bank was able to be of great service in hurrying forward delayed seed grain and agricultural implements by fast freight, and to do a large amount of work to provide seed wheat of high quality to replace inferior grain.

Bankers everywhere have been advised that no honest and reliable farmer should fail to plant because of hesitation in applying to local banks for money, and the State banks of the district have joined with the utmost heartiness with the member banks in loaning freely and upon a liberal basis for the purchase of seed, feed, and for the employment of farm help. Careful investigation fails to show a single instance where any farmer worthy of credit or capable of increasing his acreage has not been able to get support from his bank, and many bankers have personally loaned money to the farmers in order to avoid showing overloans. In the grain areas of North Dakota the bankers have entered into the closest relations with their farmer customers and many of them have been devoting the larger part of their time to personal work in securing a maximum acreage. As a result it is probable that in North Dakota, where because of severe hail damage and a drought last year there was a strong prospect of less than the normal wheat acreage, that the actual crop will be increased at least 5 per cent, and probably as much as 10 per cent. It appears to be a certainty that as a result of these efforts the acreage in eastern Montana, South Dakota, and the grain sections of Minnesota will be very largely increased, while the corn planting will be on a heavier scale than in

any previous year. Carefully systematized and intensive organization is now in progress to carry the supervision over the increased planting campaign, down to particular townships and sections of land, and individual farmers living thereon. This has been accomplished through a simple system of district and county organization, with the responsibility delegated to local business men and bankers.

Side by side with this effort, very careful attention is being given to the live-stock situation, and arrangements are being made to bring in breeding sows and other female stock as fast as farmers equipped to handle it can be located and listed.

The farm labor situation is serious and will become acute as soon as haying begins. An organization is being formed to cover the entire district and will devote itself to the handling of this problem.

Industries are active and at urban centers, and over the district as a whole, the fact that winter snows have largely been saved and that the moisture has gone into the ground, has acted as a stimulus to trade and to establish better confidence in business circles. Soil conditions are excellent, and so far as the crop outlook can be determined at this time, there is little that could be desired.

The demand upon commercial banks at urban centers has been active, but not greater than is usually experienced during the spring planting season. Rates maintain about the same levels as for some time past. Spring construction is in good volume and shows less reduction as a result of the extremely high prices for material than was expected. Bank clearings are generally increased, and railroad and postal receipts are large.

Over the district, as a whole, the condition is extremely satisfactory. Business is on a sound footing, and banks are well prepared for any calls that may be made upon them. War conditions have been analyzed in advance, and business men everywhere have made sufficient preparation against any effects that may be anticipated in their particular line.

#### DISTRICT NO. 10—KANSAS CITY.

The tenth district is essentially a food-producing section and, with the satisfactory production and unprecedented prices that have prevailed, enters the world-wide struggle with the knowledge that it is prepared, as never before, to do whatever may be required of it, and with the assurance that the country at large is well equipped to meet and conquer all eventualities. Practically all business continues to run ahead of the volume of last year, the only untoward features being the increasing prices of necessities; reports of a shortage in the visible supply of foodstuffs, aggravated by serious damage to the wheat crop; and the increasing complaint of the shortage of labor and materials for the prosecution of all industries in the face of attractive prices. The financial interests of the district, well aware of the task before them, exhibit a marked degree of optimism. Banks are not curtailing loans, but, on the other hand, are in the market for short-time liquid paper and are everywhere assisting the agriculturists in the preparation and care of crops, and are confident that their proportion of the Nation's financial requirements can be met without a disturbing advance in discount rates.

*Agriculture.*—Rising above all items of interest is the united and determined effort put forth for the organization and mobilization of the agricultural resources of the district, the utilization of all lands not now under cultivation, and the growing of maximum crops on all lands now under cultivation, to meet food requirements in the present crisis. Committees have been or are being organized in every State to handle every phase of the situation, and the result will unquestionably be of the utmost importance. The various bankers' associations are cooperating, and the necessary financial assistance will undoubtedly be furnished to enlarge and intensify farming operations. The importance of this movement is readily apparent, for although the general drouth seems to have been thoroughly broken, the fact remains that in Kansas and Nebraska, the two leading winter wheat growing States, the crop

has suffered enormous damage. Nebraska reports a condition of 35 per cent of normal, with a decline of 50 points from the condition of December 1 last. In Kansas the condition on April 1 was 45 per cent of normal, a decline of 38 points since December 1. Undoubtedly much of the acreage in these States, which must now be abandoned, will be planted to other grains and to forage crops. The supply of all forage seeds is the shortest known in many years, with extremely high prices. The physical condition of the soil is reported as better than usual for corn planting, and, as this is a more important crop than wheat, this district may yet produce its full quota of the Nation's supply.

*Live stock.*—There was a net increase in the movement of cattle to the markets in March over the same month last year, this activity being really greater than anticipated in the face of curtailed supplies, but many continued to be prematurely marketed by reason of increasing high prices and shortage of feed. The feature of the trade was the strong demand for breeding cows and heifers at the highest prices ever known. Trading in hogs was active, prices exceeding all predictions. Sheep likewise broke all previous price records, with the final value of from \$3.50 to \$3.75 per hundredweight higher than those of last year. The annual movement of cattle from Texas and New Mexico to the long-grass districts in Kansas and Oklahoma, to be fattened for the fall market, is in full swing, the number probably equaling last year. Shortage of stock water is reported in some of the grazing districts, but there has been sufficient moisture to make a good start of grass for grazing purposes.

*Mining.*—Owing to the condition of the roads incident to the usual spring break-up, the tonnage of ore marketed in Colorado showed a slight falling off in March over previous months, and the acute shortage of mine labor caused a further curtailment in production. Though dull in other respects, March was a most eventful month in the sale of Colorado mining properties. Two very large deals were consummated, involving many millions of dollars, and

should result in the operation of the property involved upon a much more extensive scale than ever before. The Miami field of the Missouri-Kansas-Oklahoma district is expanding rapidly, this camp having become one of the richest zinc fields in the world.

*Oil.*—The price of crude oil, contrary to the experience of other products, has not changed, but oil men are united in the belief that higher prices must soon arrive, as there is the greatest demand in the history of the industry and daily production is showing a decrease. The call to arms and response of the field workers, the shortage of casing, and the scarcity of rigs are matters of deep concern. The refining situation has remained quite regular, and it is reported that there is probably less gasoline in storage than in the history of the midcontinent field at this time of the year.

*Lumber and construction.*—Order files are reported heavy and stocks on hand are very low, with the market going higher every day. Car shortage and the broken condition of mill stocks continue to be deterrent features. Manufacturers are much more concerned in the filling of orders already booked than in the addition of new business. Building and engineering operations continue active, with much work in prospect. Eleven important cities in the district show an average increase in value of building permits issued for March over the same month last year of 74.5 per cent, the highest gain being 324 per cent and the highest loss 10 per cent.

*Labor.*—Labor is unusually well employed at increasing wages, and there are no disturbances of importance. A scarcity is becoming more and more apparent, particularly on the farms and in the mines. Twenty-two of the leading coal mining companies of Colorado, affecting about 90 per cent of the coal mines in the State, recently announced a general wage increase of approximately 10 per cent, effective May 1, an action that was purely voluntary.

*Wholesale and retail.*—The commercial situation shows no radical change and general business continues good, with collections entirely



satisfactory. There is no reckless advance buying, indicating that dealers are operating along conservative lines. Wholesale dealers in dry goods, notions, and shoes report a satisfactory volume of business, with orders for fall delivery in excess of a year ago and reorders fair. Retail trade in seasonable merchandise has increased under the influence of warmer weather. Grocery and provision markets are unsettled as to prices, but trade is active. Flour milling has been fairly active, considering the unsettled wheat market and the very high current prices. Buyers are slow to make new commitments, but mills are running about three-fourths capacity. In implements, tractor orders have fairly swamped the jobbers, and it seems apparent that the demand will exceed the available supply. Preparation is being made for an immense demand for corn tools.

*Financial.*—Bank deposits and post-office receipts are reported in substantial increases over last year. Reserves in banks are in a decidedly healthy condition, and it is gratifying to note from the statement of the Comptroller of the Currency that of the four States in the Union whose country banks showed the largest percentage of reserves, three of them, viz, Colorado, Nebraska, and Kansas, lie wholly within this district, holding first, second, and fourth places, respectively. Kansas State banks show deposits of double what they were five years ago at this time. Reports from bankers throughout the district are decidedly optimistic, and this feeling is admittedly based upon confidence in the Federal reserve system and its ability to meet any emergencies. The average gain in clearings for 15 cities in the district for the first three months of the current year over the same period last year is 43.1 per cent. There has been no change in discount rates, but a feeling exists that they will gradually strengthen.

#### DISTRICT NO. 11—DALLAS.

While the crisis in our international affairs was reached with the formal declaration of war against Germany, the effect of this condition

and subsequent developments have not seriously interfered with business in the district. Prior to the formal declaration of war there was an atmosphere of uncertainty in various industries. Some disturbing elements were noted and an undertone of caution prevailed. This condition, though still slightly apparent in some quarters, is certainly not as pronounced as expected. It is, of course, too early to adjust ourselves to the new situation of the Nation's being at war or make a forecast as to the ultimate effect on business. Up to the present writing, however, conditions following our entrance into the conflict are not disturbing. Patriotism runs high in every section, as evidenced by public demonstrations on every hand, and we may be depended upon to do our full part in furnishing men, equipment, and foodstuffs. The country-wide campaign for an increased food production is meeting with an unselfish response throughout the district.

Much has been written as to the absolute necessity of an increased food production. Meetings are being held by civic organizations, bankers' associations, and various societies and clubs in every part of the district and every possible influence is being brought to bear on farmers and the people generally to grow an increased supply of foodstuffs. Throughout the district, organizations of farmers are being effected, whose members are pledging themselves to grow more food products, and a conservative estimate would be that at least one-third more land will be planted in these crops than ever before. The home-gardening propaganda and the planting of vacant city lots in garden truck is also having results, and more vegetables are being grown than in previous years. While this movement may be thought to be more sentimental than practical, at the same time the public has responded liberally to this plan. Not the least factor in these campaigns for increased food products is the cost of living. Prices of all foods are reaching new records from day to day, and while it was thought some time ago that the level had been reached, prices continue to rise and records are being broken daily.

The yield of the grain crops and the large areas planted in foodstuffs will, of course, depend upon weather conditions. The grain crop in the district at the present time is in various stages of development. Recent rains over the wheat belt have been of material benefit, as up to April 1 the condition of the crop was poor. According to the Government Crop Report of April 1 there was a deterioration in Texas wheat of 11 per cent from December 1 to April 1, or from 86 to 75 per cent of a normal. Any estimate as to the probable yield of the Texas crop would be purely guesswork. Authorities state, however, that the present condition is most favorable and with a good increase in acreage, particularly in north Texas and the Panhandle section, the Texas crop should be around 25,000,000 bushels. The condition of the corn crop varies from 69.5 per cent in northwest Texas to 97 per cent in northeast and central Texas. The acreage is around 92 per cent. The poor condition of the crop in south and southwest Texas where, in fact, planting has been delayed on account of dry weather, is more than offset by the favorable condition of the crop in north and central Texas.

The condition of the oat crop is around 85 per cent of a normal; acreage 92 per cent. Conservative estimates of the yield this year of grain crops would be 20,000,000 bushels of wheat, 25,000,000 bushels of oats, 150,000,000 bushels of corn. When it is noted that Texas alone consumes about 30,000,000 bushels of wheat, 35,000,000 bushels of oats, and from 200,000,000 to 225,000,000 bushels of corn, and the State rarely produces that amount, the importance of growing sufficient food for our own consumption will be seen. In addition to the campaigns for increased production of grain and other foodstuffs, much interest is being taken by farmers in raising live stock and poultry. Our correspondents report that never before have farmers devoted more attention to this matter. They are raising live stock not only for home consumption but will have a surplus to ship to the markets. To sum

up, therefore, this district is in an excellent condition to contribute its full part toward the food supplies of the Nation and for export to the countries at war.

In north, northwest, east, and central Texas the progress of the cotton crop is all that could be desired at this season. Cool nights have affected the plant and held it back. In south and southwest Texas the weather has been too dry and planting operations are backward. There is undoubtedly an increased acreage in the staple, but it is too early to make an estimate as to what it amounts to.

There is little change of interest in the banking situation. Rates are unchanged; demand with member banks is normal for the season and deposits are heavy. When war was declared there were some withdrawals by foreign depositors, but our information is that this activity was only temporary. Statements of member banks disclose large reserves. Demand with this bank is light, indicating that member banks have not as yet entered the borrowing season. Banks in the cattle-raising sections of the West report that demand with them is considerably lighter than a year ago. Banks in the Panhandle, however, are having rather an active demand. The bond market is active, especially for municipals. The recent income-tax legislation has created quite a market for this class of securities. Clearings for March were \$234,489,761 and for the same period last year were \$182,450,253, or an increase of \$52,039,508, or 29 per cent.

Building operations for April were not affected by the war, nor the scarcity of materials and the high cost of labor, and, while showing a small decrease in number of permits issued, a substantial increase in the valuation of such permits will be noted. The figures are: March, 1917.—Number, 1,095; valuation, \$2,850,768. March, 1916.—Number, 1,185; valuation, \$1,831,360. Decrease in number, 90; increase in valuation, \$1,019,408, or an increase in valuation of 55 per cent.

Lumber and other building materials are quite active.

Wholesale trade in groceries, dry goods, drugs, and shoes is satisfactory and collections are good. There is a tendency in the grocery trade to overbuying, on account of rumors of scarcity of food and continued high prices. Wholesalers are endeavoring to discourage this tendency.

Labor continues well employed. While enlistments for service the past month have been active, naturally causing a withdrawal of men from business pursuits, the effect on labor is not as yet noticeable. The principal unfavorable feature in the labor situation in Texas is the emigration of workmen to northern and eastern points, many thousand having left in the past six months. With the crop season nearly at hand, the shortage of laborers will be seriously felt unless this movement decreases.

Post-office receipts of the principal cities of the district show an increase for the month of March over the previous year. The figures are: March, 1917, \$396,582.94. March, 1916, \$345,801.27. Amount of increase, \$50,781.67; per cent increase, 15.

Exports from Galveston for March were \$14,126,997, an increase of \$644,824 in amount, or 5 per cent, over same month of 1916.

Cool weather during April has affected retail trade. Easter buying, while good, was below normal on account of the unseasonable weather.

#### DISTRICT NO. 12—SAN FRANCISCO.

During the Civil War, with no transcontinental railroad and with an occasional ship, long en route, the chief means of communication with the eastern part of this country, it is said that the Pacific coast had little effective realization that a war was in progress. To some extent the same is true now even with present speedy communication. There is relatively little manufacturing in the twelfth Federal Reserve district, and consequently the fever of war is little in evidence, with an exception here and there, as in shipbuilding. So the course of current affairs appears to be little different from normal. Nevertheless the decla-

ration of war has greatly stirred the whole people.

A few days before our declaration of war, when all were expecting it, Melba sang for the benefit of the British allies to an audience of 12,000 in the civic auditorium at San Francisco. The occasion was typical of the spirit of the Pacific coast in its quick response and readiness to serve. Money was showered upon the stage, the gifts of the evening aggregating \$20,000.

The twelfth district will probably play no spectacular part in this war or in the preparation for it, but nevertheless will contribute its important share. Copper particularly from Arizona and Utah and lead from Idaho are pouring forth in a steadily increasing stream to meet war needs; quicksilver, tungsten, manganese and other rare metals from California; ship timbers from Oregon and Washington; live stock and wool from Oregon, Utah, Idaho and Nevada, and a vast variety of food crops from the entire fertile district.

Food is so easily produced in most parts of this district, and during so large a part of the year, that the increased cost of living bears lightly here. Much sea food is available along the 1,500 miles of Washington, Oregon and California sea coast, and any householder having a few square feet of ground may protect himself by growing his own green vegetables. It is stated, however, that vegetables constitute only 6 per cent of food in point of cost, while meat, milk and eggs constitute 38 per cent. So the fact that magnificent green asparagus is now retailing here at 6 to 8 cents per pound is of small consequence compared with the fact that cattle and sheep have wintered badly, that the ranges have scant grass, and that hay is almost unobtainable, even at \$30 to \$40 per ton.

Food reserves have been well-nigh exhausted. For instance, onions are being imported from Australia; a single shipment of beans from Japan was valued at \$1,000,000. Potatoes, the crop of which was much below normal, are in meager supply, partly because of heavy shipments to the East. Stocks of canned vegetable

and canned fruits are practically sold out and advance sales have already been made of the principal part of the coming season's pack; 100,000 cases, amounting to 30 carloads, of canned salmon were recently sold to the Italian Government by Seattle brokers and little remains available of last season's pack. Similar reports are made regarding certain other food reserves. It is however shown by the investigations of the United States Department of Agriculture that on April 1 the stocks of frozen, cured and pickled meats and stocks of cheese in storage in the Pacific coast States were as large, and in some instances larger, than a year ago.

The autumn was early and cold, and the spring has been cold and backward, so that growth is nearly a month behind the normal. This, coupled with damage done by frost here and there to fruit and vegetables and thus far (April 19) a generally deficient precipitation, gives a less promise of abundant crops than could be desired at a time when every pound of food produced or saved from waste helps bring the war to an end.

In Idaho the number of cattle, sheep, and hogs available for sale this year will probably be 10 per cent below normal. In Nevada, particularly in the northern part, losses have been heavier than at any time since the hard winter of 1889-90, and may run as high as 25 per cent. Because of the backward spring, grass has been very slow in starting, and in consequence of this, there may be further losses. In Utah there has also been considerable loss because of excessive cold and lack of feed. In eastern and southeastern Oregon feed is especially short. Sheep men are buying hay to feed during the lambing season and in some cases have shipped it by express from the Spokane region. Much hay has been shipped from western Oregon to California. One just returned from an extended tour through California reports sufficient feed on the ranges in this State and the cattle in good condition. He states that the chief concern is not about the present feed but the impending great shortage next fall.

Heavy snows, however, while causing loss of live stock, assure abundance of irrigation water, with corresponding certainty of crops dependent upon it.

Oregon reports some damage to winter wheat, the April 1 Government estimate for Oregon being 84 per cent (against 96 per cent for a 10-year average) and 70 per cent for Washington. In Oregon, Washington, and Idaho about 2,534,000 acres were planted in winter wheat, an increase of 34,000 acres over the preceding year, but 290,000 acres less than for the winter of 1914-15.

Conditions in California are generally quite favorable from the standpoint of considerably increased acreage and good present condition of growing crops. It is anticipated that the barley crop may amount to 900,000 tons. This would be an increase of 400,000 tons over last year's crop. It is estimated that 100,000 acres will be planted to rice, as against 60,000 last year. The acreage in beans and sugar beets is greatly increased, many tracts being planted which had hitherto either been used for grazing or not at all.

Apricots, peaches, and almonds have suffered some damage from frost, but the outlook is generally favorable for full fruit crops. In Washington and Oregon the backward spring has been favorable for the fruit in avoiding frost damage.

Mining continues extremely active, hampered somewhat by scarcity of labor and shortage of cars. Petroleum production in California in March averaged 263,513 barrels daily, which was about the same as in February and compared with shipments averaging 291,072 barrels per day, stored stocks declining 854,333 barrels to a total of 41,173,861 barrels, which compares with 60,820,315 barrels on May 1, 1915.

An 8,800-ton ship built for the Cunard Line was recently launched at Portland, the first steel ship ever built there. The yards there are said to have a capacity of 40 ships, both steel and wood. Seattle reports shipbuilding contracts now exceeding \$76,000,000. One shipbuilding concern in San Francisco is now

launching big steel steamers at the rate of one every three weeks.

The West Coast Lumbermen's Association reports that 127 mills have a balance of orders unshipped amounting to 17,475 cars. Because of car shortage 33 per cent of the mills are not soliciting orders in transcontinental markets.

Clearings for 19 principal cities of this district for the month of March, 1917, increased 34 per cent over those for March, 1916, Salt Lake City leading with 59 per cent, followed by Spokane with 38 per cent and San Francisco with 36 per cent. Building permits for the same 19 cities decreased 7 per cent for March this year over the corresponding month last year.

At this time of war preparation, when there should be supreme effort to gather effectively the Nation's energies in men, materials, and money, California's method of collecting tax payments stands out in contrast, millions of actual gold coin being withdrawn from bank reserves and locked up in public treasuries.

On the other hand useful offers of patriotic cooperation are being made. W. H. Crocker of San Francisco, as president of the Crocker Huffman Land & Water Co., has offered for this year the free use of 3,000 acres of land at Merced, Cal., adapted to raising corn and beans with sufficient free water for making the crops. Over 1,000 acres were applied for in the first two days, chiefly in 20 acre tracts.

H. G. Humphrey, as secretary of the Union Land & Cattle Co. of Reno, Nev., has offered to the Government the free use of 3,000 acres or more of land, suitable for raising wheat, together with free use of a large amount of equipment and horses for farming the land, making it necessary for the Government to furnish only the men and the seed.

If such a spirit becomes general and if "plant the limit" is made the slogan, we shall have the surplus of food so essential for us to provide for our allies.

### FOREIGN EXCHANGE RATES.

In the tables below and accompanying diagrams an attempt has been made to present in a uniform manner the changes in exchange rates since the outbreak of the war. The material used for the tabulation and the diagrams is made up chiefly of quotations published in the December, 1916, and April, 1917, Federal Reserve Bulletins. These data have been arranged under three main heads:

(1) Exchange rates on markets in belligerent countries.

(2) Rates on markets in neutral countries in Europe and South America. In view of the considerable fall of exchange on Rio de Janeiro and the low level maintained for the period since September, 1915, it was found impracticable to plot the course of exchange rates on the Brazilian center as part of the second diagram. In the case of the rates on Buenos Aires, the par value of the paper peso was taken at the officially fixed rate of 44 per cent of the gold peso (96.5 cents gold), or 42.46 cents.

(3) Rates on markets in silver standard countries. The markets chosen were Shanghai, the principal neutral financial and commercial market in the Far East, and Hongkong, the most important transshipping point in that

part of the world and under the political and financial control of the British Government.

The rates used for the compilation and diagrams represent the high rates quoted during each month, all expressed in percentages of the American equivalents of the par or mint values of the respective monetary units. This method of presentation necessitated the re-conversion of quotations of rates on Paris, Zurich, and Milan, and their restatement in terms of United States money.

It is easily seen that this is the only mode of presentation which permits of any fair comparisons of the upward or downward course of exchanges on the various markets. Some difficulty was experienced in choosing a basic quotation for the silver-standard countries. The basic figure chosen was the average price of silver in London for the calendar year 1913 (60.458 cents per ounce, British standard, 0.925 fine). On this basis the average 1913 values of the Hongkong dollar and the Shanghai tael were figured and these values, 47.16 and 65.49 cents, respectively, were used as the basis for calculating the percentages shown in the tabulation and plotted in the diagram. To complete the analysis of the course of Far Eastern exchange since the outbreak of the war, there have been added figures and curve indicating the course of the silver price in London for the period under review.

*Movement of exchange rates (highest rates for sight drafts during month) on principal financial centers during period from June, 1914, to March, 1917.*

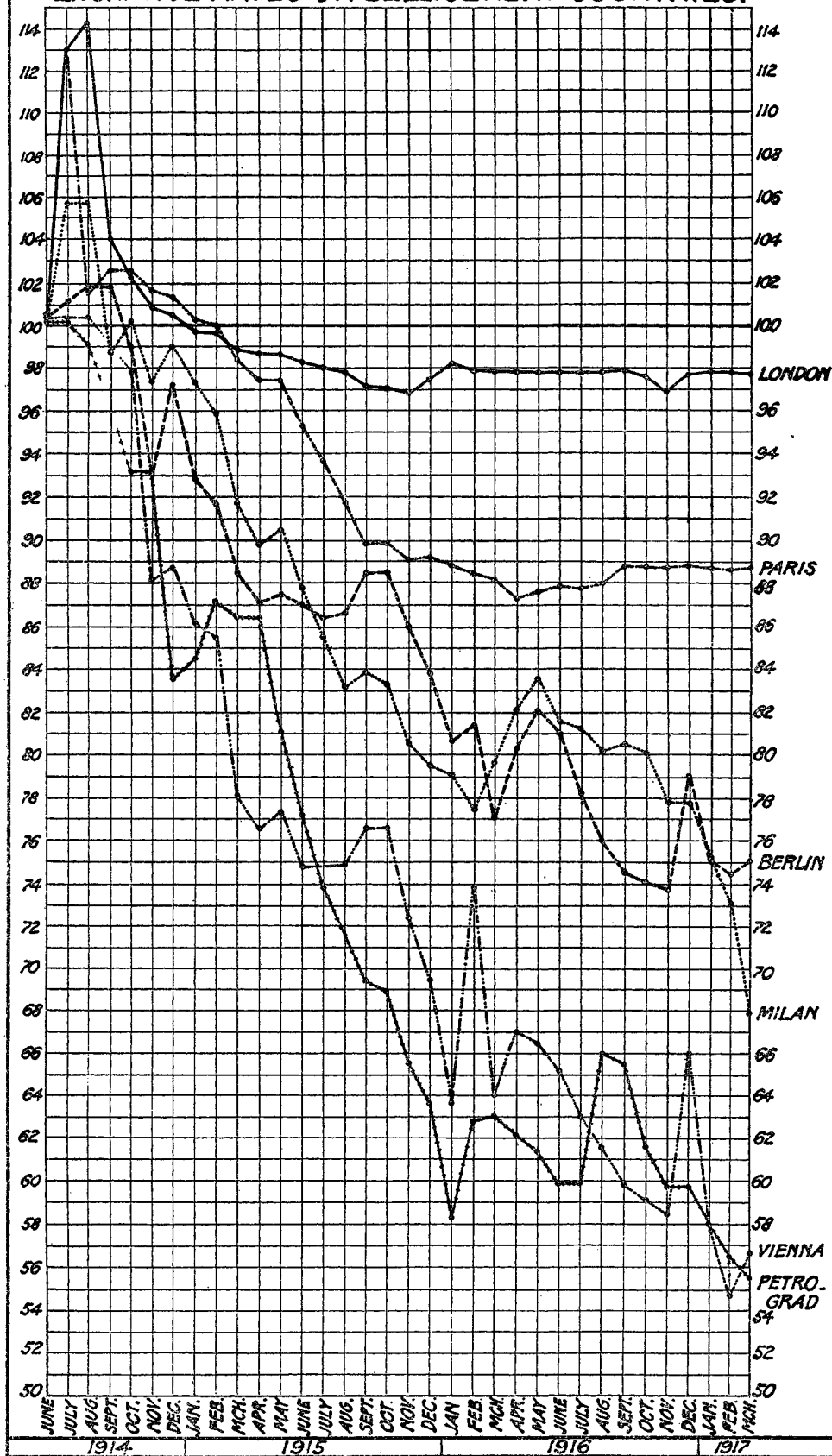
1. Rates on markets in belligerent countries.												
	London (4.8665=100).		Paris (19.3=100).		Berlin (95.2=100).		Petrograd (51.5=100).		Milan (19.3=100).		Vienna (20.3=100).	
1914.		Per cent.		Per cent.		Per cent.		Per cent.		Per cent.		
June.....	\$4.891	100.50	\$19.42	100.62	\$95.44	100.25	\$51.56	100.12	\$19.37	100.36	\$20.32	100.10
July.....	5.50	113.02	21.74	112.64	96.25	101.10	51.56	100.12	20.41	105.75	20.37	100.34
August.....	5.56	114.25	19.61	101.61	97.00	101.89	51.12	99.26	20.41	105.75	20.37	100.34
September.....	5.0625	104.03	19.80	102.59	97.00	101.89			19.05	98.70		
October.....	4.98	102.33	19.80	102.59	94.25	99.00	48.00	93.20	19.34	100.21	19.87	97.88
November.....	4.90875	100.87	19.63	101.71	88.62	93.09	48.00	93.20	18.80	97.41	17.87	88.03
December.....	4.8925	100.53	19.57	101.40	92.50	97.16	43.00	83.50	19.12	99.07	18.00	88.67
1915.												
January.....	4.85375	99.74	19.35	100.26	88.37	92.83	43.50	84.47	18.78	97.31	17.50	86.21
February.....	4.8493	99.65	19.30	100.00	87.31	91.71	44.87	87.13	18.52	95.96	17.35	85.47
March.....	4.8125	98.89	19.01	98.50	84.25	88.50	44.50	86.41	17.70	91.71	15.87	78.18
April.....	4.80	98.63	18.81	97.46	82.87	87.05	44.50	86.41	17.33	89.79	15.55	76.60
May.....	4.80	98.63	18.81	97.46	83.25	87.45	41.75	81.07	17.38	90.05	15.70	77.34
June.....	4.7856	98.34	18.40	95.34	82.87	87.05	39.75	77.18	16.93	87.72	15.18	74.78
July.....	4.77125	98.04	18.07	93.63	82.25	86.40	38.00	73.79	16.50	85.49	15.18	74.78
August.....	4.7625	97.86	17.71	91.76	82.50	86.66	37.00	71.84	16.05	83.16	15.20	74.88
September.....	4.73	97.20	17.35	89.90	81.25	88.50	35.75	69.42	16.18	83.83	15.55	76.60
October.....	4.725	97.09	17.35	89.90	84.25	88.50	35.50	68.93	16.08	83.32	15.55	76.60
November.....	4.71375	96.86	17.18	89.02	81.87	86.00	33.75	65.53	15.55	80.57	14.70	72.41
December.....	4.74125	97.43	17.21	89.17	79.75	83.77	32.75	63.59	15.35	79.53	14.10	69.46
1916.												
January.....	4.78	98.22	17.15	88.86	76.75	80.62	30.00	58.25	15.27	79.12	12.92	63.65
February.....	4.76625	97.94	17.08	88.50	77.50	81.41	32.37	62.85	14.95	77.46	15.00	73.89
March.....	4.765	97.91	17.02	88.19	73.37	77.07	32.50	63.11	15.38	79.69	13.00	64.04
April.....	4.765	97.91	16.86	87.36	76.50	80.36	32.00	62.14	15.85	82.12	13.62	67.09
May.....	4.7625	97.86	16.90	87.56	78.12	82.06	31.62	61.40	16.13	83.58	13.50	66.50
June.....	4.75875	97.79	16.95	87.82	77.12	81.01	30.80	59.81	15.75	81.61	13.25	65.27
July.....	4.75875	97.79	16.93	87.72	74.50	78.26	30.80	59.81	15.68	81.24	12.80	63.05
August.....	4.75875	97.79	16.98	87.98	72.37	76.02	34.00	66.02	15.47	80.16	12.50	61.58
September.....	4.7675	97.97	17.13	88.76	70.94	74.52	33.75	65.53	15.56	80.62	12.15	59.85
October.....	4.7569	97.75	17.13	88.76	70.56	74.12	31.75	61.65	15.47	80.16	12.00	59.11
November.....	4.7175	96.94	17.12	88.70	70.19	73.73	30.75	59.71	15.04	77.93	11.88	58.52
December.....	4.7569	97.75	17.14	88.81	75.25	79.04	30.75	59.71	15.02	77.82	13.40	66.01
1917.												
January.....	4.7585	97.78	17.12	88.70	71.44	75.04	29.90	58.06	14.52	75.23	11.79	58.08
February.....	4.7580	97.77	17.11	88.65	70.87	74.44	29.10	56.50	14.12	73.16	11.10	54.68
March.....	4.7555	97.72	17.12	88.70	71.50	75.11	28.60	55.53	13.11	67.93	11.50	56.65
2. Rates on markets in neutral countries.												
	Amsterdam (40.2=100).		Copenhagen (26.8=100).		Zurich (19.3=100).		Madrid (19.3=100).		Buenos Aires (42.45=100).		Rio de Janeiro (32.444=100).	
1914.		Per cent.		Per cent.		Per cent.		Per cent.		Per cent.		
June.....	\$40.31	100.27	\$26.90	100.37	\$19.42	100.62						
July.....	41.25	102.61	27.50	102.61	21.51	111.45						
August.....	42.00	104.48	27.50	102.61								
September.....	41.75	103.86			20.00	103.63						
October.....	42.50	105.72			19.88	103.01						
November.....	40.87	101.67	25.87	96.53	19.42	100.62						
December.....	40.62	101.04	25.25	94.22	19.29	99.95						
1915.												
January.....	40.50	100.75	25.00	93.28	19.14	99.17	19.24	99.69				
February.....	40.31	100.27	24.81	92.57	18.89	97.88	19.49	100.98				
March.....	40.00	99.50	25.50	95.15	18.69	96.84	19.78	102.49				
April.....	39.50	98.26	25.75	96.08	18.79	97.36	20.05	103.89				
May.....	39.56	98.41	25.95	96.33	18.89	97.88	19.80	102.59				
June.....	39.94	99.35	26.42	98.58	19.01	98.50	19.08	98.86				
July.....	40.06	99.65	26.35	98.32	18.69	96.84	19.23	99.64				
August.....	40.31	100.27	25.90	96.64	18.83	97.55	19.36	100.31				
September.....	40.37	100.42	25.95	96.83	19.05	98.70	19.00	98.45	41.55	97.88	23.70	73.06
October.....	41.50	103.23	26.20	97.76	19.01	98.50	19.05	98.70	42.00	98.94	23.81	73.40
November.....	42.00	104.48	28.05	104.66	18.83	97.56	19.03	98.60	41.75	98.35	23.75	73.21
December.....	43.50	108.21	28.00	104.48	19.08	98.86	18.90	97.93	42.00	98.94	23.62	72.51
1916.												
January.....	45.87	114.10	27.90	104.10	19.49	100.98	19.12	99.07	42.12	99.22	23.50	72.44
February.....	42.62	106.02	28.25	105.41	19.31	100.05	19.25	99.74	41.45	101.71	23.25	71.67
March.....	42.75	106.34	29.00	108.21	19.19	99.43	19.37	100.36	42.62	100.40	23.62	72.81
April.....	43.25	107.59	30.20	112.69	19.34	100.21	19.65	101.81	42.62	100.40	23.00	70.90
May.....	41.87	104.15	30.80	114.93	19.31	100.05	19.95	103.37	42.32	99.69	24.50	75.52
June.....	41.75	103.86	30.10	112.31	19.12	99.07	20.70	107.25	42.25	99.53	24.50	75.52
July.....	41.44	103.08	29.10	108.58	18.94	98.13	20.30	105.13	42.25	99.53	24.76	76.33
August.....	41.44	103.08	28.70	107.09	18.89	97.88	20.20	104.66	41.69	98.21	24.65	75.99
September.....	41.12	102.29	27.75	103.54	18.89	97.83	20.16	104.46	42.39	99.86	24.29	74.88
October.....	41.19	102.46	27.40	102.24	19.04	98.65	20.30	105.18	43.15	101.65	24.10	74.29
November.....	41.00	101.99	27.15	101.51	19.34	100.21	20.55	106.48	43.40	102.21	23.96	73.86
December.....	40.87	101.67	27.80	103.73	20.28	105.08	21.25	110.10	44.89	105.75	23.63	72.84
1917.												
January.....	40.81	101.52	27.70	103.36	20.00	103.63	21.25	110.10	44.34	104.45	23.57	72.66
February.....	40.75	101.37	27.55	102.80	20.00	103.63	21.35	110.62	44.46	104.73	23.46	72.32
March.....	40.50	100.75	29.60	110.45	19.94	103.32	21.75	112.69	44.03	103.72	23.18	71.45

*Movement of exchange rates (highest rates for sight drafts during month) on principal financial centers during period from June, 1914, to March, 1917—Continued.*

		3. Rates on markets in silver countries.				London price of silver.	Average price for 1913— .60458 cents= 100.
		Hongkong (47.16=100).		Shanghai (65.49=100).			
			Percent.		Percent.		Percent.
1914.							
June.....		\$46.90	99.45	\$64.00	97.72	\$0.56879	94.08
July.....		46.45	98.49	64.00	97.72	.55201	91.30
August.....		47.85	101.46	64.75	98.87		
September.....						.53159	87.93
October.....						.50555	83.62
November.....						.49630	82.09
December.....						.50145	82.94
1915.							
January.....						.49678	82.17
February.....						.50007	82.71
March.....						.51822	85.72
April.....		44.70	94.78	57.00	87.04	.51925	85.89
May.....		44.60	94.57	57.00	87.04	.51706	85.52
June.....		44.30	93.94	56.50	86.27	.51035	84.41
July.....		43.00	91.18	56.00	85.51	.49556	81.97
August.....		42.70	90.54	56.00	85.51	.49973	82.66
September.....		43.75	92.77	56.00	85.51	.51761	85.61
October.....		43.75	92.77	55.75	85.13	.52441	86.74
November.....		48.25	102.31	63.00	96.20	.54986	90.95
December.....		47.35	100.40	63.00	96.20	.57812	95.62
1916.							
January.....		47.60	100.93	63.87	97.53	.59099	97.75
February.....		46.80	99.24	63.75	97.34	.59133	97.81
March.....		49.50	104.96	67.50	103.07	.60496	100.06
April.....		56.50	119.80	76.00	116.05	.67215	111.18
May.....		56.25	119.27	80.12	122.34	.77989	129.00
June.....		51.00	108.14	72.00	109.94	.68088	112.62
July.....		50.00	106.02	72.12	110.12	.65632	108.56
August.....		51.75	109.73	73.50	112.23	.69040	114.19
September.....		52.75	111.85	75.50	115.28	.71469	118.21
October.....		53.45	113.34	76.50	116.81	.70942	117.34
November.....		56.00	118.74	87.50	133.61	.74852	123.81
December.....		58.00	122.99	89.00	135.90	.79815	132.02
1917.							
January.....		58.00	122.99	89.00	135.90	.80412	133.00
February.....		58.00	122.99	89.50	136.66	.82721	136.82
March.....		56.50	119.80	86.50	132.08	.79844	132.07



# EXCHANGE RATES ON BELLIGERENT COUNTRIES.



## DISCOUNT OPERATIONS OF THE FEDERAL RESERVE BANKS.

Discount operations of the Federal Reserve Banks during March totaled \$26,706,266, compared with \$22,408,604 for February, 1917, and \$9,387,300 for March, 1916. Over 19 per cent of the discounts for the month is reported by the Boston bank, about 16 per cent by the Richmond bank, and over 15 per cent by the Cleveland bank. More than one-half of the paper discounted by the Richmond bank, about 75 per cent of the paper discounted by the Boston bank, and an even larger proportion of the paper discounted by the Cleveland bank was 15-day paper, of which in turn a large proportion were member banks' collateral notes. The total of these notes discounted during March was \$10,327,229, or nearly 10 per cent less than the month before. The amount of trade acceptances (two-name paper) discounted during the month was \$739,346, while the total of commodity paper, largely secured by cotton, was \$870,753, compared with \$299,000 of trade acceptances and \$1,719,000 of commodity paper discounted during March, 1916.

Discounts for the three months of the present year aggregated \$67,441,156, compared with \$28,166,900 for the corresponding period in 1916. Nearly two-thirds of the discounts for the first three months of the present year is represented by 15-day paper, handled largely by the eastern and the Richmond banks.

The total number of bills discounted during March, exclusive of 79 collateral notes, was 4,284, averaging in size over \$3,800, compared with about \$3,000 in February. Bills of the largest size (i. e., in denominations of over \$10,000), chiefly 15-day paper, constituted 52.6 per cent of the rediscounted paper, as against 41.5 per cent the month before, while medium-size bills (in denominations of over \$1,000 to \$5,000) constituted but 24.6 per cent of the paper rediscounted in March, as against 31.4 per cent in February. Small bills (in amounts up to \$250) constituted over 20 per cent of the number, though less than 1 per cent of the total amount of paper rediscounted during the

month. Nearly 60 per cent of these small bills, largely trade acceptances, are reported by the Philadelphia bank.

About 70 per cent of all the paper, including collateral notes, discounted during March was 15-day paper, i. e., paper maturing within 15 days from the date of discount with the Federal Reserve Banks; less than 9 per cent was 30-day paper; over 10 per cent 60-day paper, and about 9 per cent 90-day paper. Agricultural and live-stock paper maturing after 90 days from date of rediscount with the Federal Reserve Banks (six-month paper) figures only to the extent of \$532,279, or about 2 per cent in the total discounts for the month. During the three months ending March, 1917, the amount of six-month paper discounted was \$1,595,415, compared with \$3,724,500 for the first quarter of 1916 and \$2,677,400 for the first quarter in 1915.

On the last Friday in March the banks held a total of \$20,106,200 of discounted paper, compared with \$20,267,200 about the close of February and \$21,268,400 on the corresponding date in 1916. Of the total held about the close of the month under review, \$3,400,000 were member banks' collateral notes, \$3,482,258 agricultural paper, \$1,893,566 live-stock paper, and \$11,330,358 industrial and commercial paper proper. Over one-half of the agricultural paper was held by the Richmond and Atlanta banks, while about 80 per cent of all the live-stock paper was held by the Dallas and Kansas City banks.

Of the 7,625 banks reported at the end of March, only 315, or slightly over 4 per cent, and 522, or about 7 per cent, availed themselves of their discount privileges during the month and the three months under review. The number of member banks in the three Southern Federal Reserve Districts rediscounting during the month was 162 as against 290 in March, 1916. Boston, New York, and Philadelphia are the only banks which report a larger number of rediscounting members than for March, 1916.

## Commercial paper discounted by each Federal Reserve Bank during March, 1917, distributed by sizes.

## NUMBER OF PIECES AND AMOUNTS.

Banks.	To \$100.		Over \$100 to \$250.		Over \$250 to \$500.		Over \$500 to \$1,000.		Over \$1,000 to \$2,500.		Over \$2,500 to \$5,000.		Over \$5,000 to \$10,000.		Over \$10,000.		Total.		Per cent.
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Boston.....	2	\$166	1	\$147	16	\$6,321	32	\$29,926	77	\$157,319	104	\$489,960	54	\$526,209	43	\$2,465,215	329	\$3,675,263	22.4
New York.....	5	400	21	3,665	25	10,018	13	11,197	27	53,192	31	132,500	49	377,588	57	2,187,023	228	2,775,583	16.9
Philadelphia.....	381	19,721	167	27,712	83	30,457	68	51,647	96	191,725	110	459,147	43	386,884	11	237,000	959	1,404,293	8.6
Cleveland.....	3	245	6	805	4	1,418	7	5,475	8	16,940	30	142,800	30	279,300	52	1,970,637	140	2,417,620	14.8
Richmond.....	24	2,303	92	16,654	172	68,698	222	179,660	239	413,365	139	563,625	53	450,842	22	423,405	963	2,118,552	12.9
Atlanta (including New Orleans branch).....	4	354	48	7,770	52	19,628	88	78,517	115	190,351	78	288,499	49	355,473	21	334,526	455	1,275,118	7.8
Chicago.....	7	757	67	12,191	86	35,470	109	86,634	104	169,932	40	167,569	13	124,000	19	578,248	445	1,174,801	7.3
St. Louis.....	2	200	16	3,091	37	14,039	20	15,709	19	32,048	11	44,920	3	19,510	3	38,000	111	167,517	1.0
Minneapolis.....	9	1,568	22	8,500	17	11,829	25	33,225	9	32,969	5	32,969	1	15,000	83	103,081	0.6		
Kansas City.....	10	1,000	16	2,999	24	8,915	48	34,599	33	50,720	18	67,628	5	44,375	6	122,293	160	332,529	2.0
Dallas.....	2	131	48	8,073	63	65,144	93	25,295	91	141,560	44	164,848	31	223,519	15	237,295	387	865,865	5.3
San Francisco.....	1	207	4	1,292	1	508	7	11,545	6	23,573	4	21,080	1	10,800	24	68,805	0.4		
Total.....	440	25,277	492	84,882	588	269,900	718	530,996	841	1,461,722	620	2,578,038	334	2,808,780	251	8,619,442	4,284	16,379,037	.....
Per cent.....	0.2		0.5		1.7		3.2		8.9		15.7		17.2		52.6		100.0		100.0
Member banks' collateral notes.....											2	10,000	10	81,500	67	10,235,729	79	10,327,229	.....

Member banks' collateral notes, trade acceptances, and commodity paper discounted during the month of March, 1917, and 1916, and the three months ending March, 1917, and 1916.

Banks.	Collateral notes.	Trade acceptances.	Commodity paper.	Total.	Banks.	Collateral notes.	Trade acceptances.	Commodity paper.	Total.
Boston.....	\$1,423,500	\$150,730	.....	\$1,574,230	Minneapolis.....	\$100,000	\$25,263	.....	\$125,263
New York.....	287,000	.....	.....	287,000	Kansas City.....	5,000	.....	.....	5,000
Philadelphia.....	1,605,000	29,256	.....	1,634,256	Dallas.....	165,000	.....	\$4,775	169,775
Cleveland.....	1,600,000	.....	.....	1,600,000	San Francisco.....	.....	.....	12,048	12,048
Richmond.....	2,075,000	141,466	\$635,740	2,852,206	Total March, 1917...	10,327,229	739,346	870,753	11,946,328
Atlanta (including New Orleans branch).....	266,000	388,355	227,190	881,545	Total March, 1916...	.....	298,733	1,719,000	2,017,733
Chicago.....	1,130,729	.....	.....	1,130,729	Total Jan.-Mar., 1917...	31,277,920	2,169,888	3,258,512	36,706,320
St. Louis.....	1,670,000	4,276	.....	1,674,276	Total Jan.-Mar., 1916...	.....	989,233	5,377,263	6,366,496

Amounts of discounted paper, including member banks' collateral notes, held by each Federal Reserve Bank on the last Friday in March, 1917, distributed by classes.

Banks.	Agricultural paper.	Live-stock paper.	Commercial and industrial paper.	Member banks collateral notes.	Total.	Banks.	Agricultural paper.	Live-stock paper.	Commercial and industrial paper.	Member banks collateral notes.	Total.
Boston.....	.....	.....	\$3,453,240	\$715,000	\$4,168,240	St. Louis.....	\$120,337	\$59,045	\$82,593	\$1,275,000	\$1,536,975
New York.....	\$56,683	\$6,190	636,075	169,000	867,948	Minneapolis.....	380,096	192,977	425,707	.....	998,780
Philadelphia.....	85,595	.....	1,001,614	.....	1,087,209	Kansas City.....	167,513	447,184	15,031	5,000	634,728
Cleveland.....	18,019	8,986	1,023,660	500,000	1,550,665	Dallas.....	254,802	1,054,582	233,305	100,000	1,642,689
Richmond.....	778,916	2,080	2,553,644	420,000	3,754,620	San Francisco.....	97,970	18,492	157,655	.....	274,117
Atlanta.....	1,028,393	75,620	867,426	151,000	2,122,439	Total.....	3,482,258	1,893,566	11,330,358	3,400,000	20,106,182
Chicago.....	493,984	28,430	880,408	65,000	1,467,772						

*Commercial paper discounted during the three months ending March, 1917, by each Federal Reserve Bank, distributed by States and maturities as of date of discount.*

Districts and States.	Number of member banks at end of March.	Number of banks accommodated during quarter ending Mar. 31.	Maturities.					Total commercial paper discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	After 90 days.	
<b>District No. 1—Boston:</b>								
Connecticut.....	55	3	\$50,382	\$111,790	\$241,932	\$389,773		\$793,877
Maine.....	66							
Massachusetts.....	157	21	6,356,069	1,291,688	1,040,994	422,047		9,110,798
New Hampshire.....	56	3	85,000		48,230	18,021		151,251
Rhode Island.....	17	1			15,000			15,000
Vermont.....	48	3	55,349	12,313	56,660	34,965		159,287
<b>Total.....</b>	<b>399</b>	<b>31</b>	<b>6,546,800</b>	<b>1,415,791</b>	<b>1,402,816</b>	<b>864,806</b>		<b>10,230,213</b>
<b>District No. 2—New York:</b>								
Connecticut.....	15	3	75,200	16,500	27,300	6,125		125,125
New Jersey.....	132	7	31,848	61,366	54,101	33,390	\$1,067	181,772
New York.....	478	20	4,476,128	37,085	370,702	390,936	4,348	5,279,199
<b>Total.....</b>	<b>625</b>	<b>30</b>	<b>4,583,176</b>	<b>114,951</b>	<b>452,103</b>	<b>430,451</b>	<b>5,415</b>	<b>5,586,096</b>
<b>District No. 3—Philadelphia:</b>								
Delaware.....	24							
New Jersey.....	72	5	22,927	144,686	298,495	44,973		511,081
Pennsylvania.....	536	24	4,042,609	255,226	354,205	86,170	7,286	4,745,556
<b>Total.....</b>	<b>632</b>	<b>29</b>	<b>4,065,596</b>	<b>399,912</b>	<b>652,700</b>	<b>131,143</b>	<b>7,286</b>	<b>5,256,637</b>
<b>District No. 4—Cleveland:</b>								
Kentucky.....	68	1			1,321			1,796
Ohio.....	373	12	6,097,854	853,787	173,546	59,406	13,545	7,198,138
Pennsylvania.....	299	1			5,000			5,000
West Virginia.....	13							
<b>Total.....</b>	<b>753</b>	<b>14</b>	<b>6,097,854</b>	<b>854,262</b>	<b>179,867</b>	<b>59,406</b>	<b>13,545</b>	<b>7,204,934</b>
<b>District No. 5—Richmond:</b>								
District of Columbia.....	15	3	200,000	13,912	83,267	151,772		448,951
Maryland.....	96	9	1,285,000	32,984	181,051	132,602		1,631,637
South Carolina.....	80	40	324,268	686,092	1,335,968	1,056,267	89,882	3,492,497
North Carolina.....	81	29	1,069,040	515,974	507,846	783,539	1,775	2,878,174
Virginia.....	144	16	9,981,000	66,395	94,432	90,695	1,565	10,234,087
West Virginia.....	102	1			3,900			3,900
<b>Total.....</b>	<b>518</b>	<b>98</b>	<b>12,859,328</b>	<b>1,186,277</b>	<b>2,206,464</b>	<b>2,214,875</b>	<b>93,222</b>	<b>18,560,166</b>
<b>District No. 6—Atlanta:</b>								
Alabama.....	93	20	329,669	37,977	192,209	452,135	22,605	1,034,605
Florida.....	55	9	775,639	46,420	73,874	63,420	5,250	964,603
Georgia.....	102	31	528,125	269,243	635,532	942,400	35,749	2,441,049
Louisiana.....	18	4	613,350	40,567	15,579	308,760	10,220	988,485
Mississippi.....	15	1	50,000					50,000
Tennessee.....	92	14	100,100	37,873	91,852	139,860	37,789	407,474
<b>Total.....</b>	<b>382</b>	<b>79</b>	<b>1,796,883</b>	<b>432,080</b>	<b>1,009,046</b>	<b>1,906,585</b>	<b>111,622</b>	<b>5,256,216</b>
<b>District No. 7—Chicago:</b>								
Illinois.....	316	15	270,517	725,837	335,395	91,318	23,804	1,446,871
Indiana.....	195	12	1,018	19,061	49,142	31,233	48,413	148,867
Iowa.....	354	20	21,480	46,706	62,805	35,956	69,247	236,195
Michigan.....	76	10	3,546,160	117,934	62,584	5,000	15,000	3,746,678
Wisconsin.....	105	2		5,000	2,100	45,735	6,443	59,278
<b>Total.....</b>	<b>1,046</b>	<b>59</b>	<b>3,839,175</b>	<b>914,538</b>	<b>512,027</b>	<b>209,242</b>	<b>162,907</b>	<b>5,637,889</b>
<b>District No. 8—St. Louis:</b>								
Arkansas.....	67	5	909,377	3,044	15,392	8,107	17,541	953,461
Illinois.....	157	9	3,798	2,998	25,159	15,768	5,000	52,723
Indiana.....	61							
Kentucky.....	65							
Mississippi.....	18	3	40,000	1,000	8,000	18,100		67,100
Missouri.....	80	11	1,125,000	11,119	35,366	96,848	32,685	1,301,018
Tennessee.....	20	3	385,099	150,967	101,706			637,772
<b>Total.....</b>	<b>468</b>	<b>31</b>	<b>2,461,974</b>	<b>168,378</b>	<b>187,673</b>	<b>138,823</b>	<b>55,226</b>	<b>3,012,074</b>

Commercial paper discounted during the three months ending March, 1917, by each Federal Reserve Bank, distributed by States and maturities as of date of discount—Continued.

Districts and States.	Number of member banks at end of March.	Number of banks accommodated during quarter ending Mar. 31.	Maturities.					Total commercial paper discounted.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	After 90 days.	
District No. 9—Minneapolis:								
Michigan.....	32	2	\$2,081	\$2,388	\$17,505	\$3,289		\$25,263
Minnesota.....	286	18	1,014,028	569,929	1,064,107	160,625	\$86,050	2,894,739
North Dakota.....	156	11	35,000	14,525	18,061	44,490	24,302	136,373
South Dakota.....	125	8		1,998	26,550	20,118	70,625	119,291
Montana.....	86	3			14,285	8,787	18,788	41,870
Wisconsin.....	37	2	5,000		1,401			6,401
Total.....	725	44	1,056,109	588,840	1,141,919	237,309	199,765	3,223,942
District No. 10—Kansas City:								
Colorado.....	122	1			1,621	1,439	1,768	4,828
Kansas.....	224	7	60,223	139,102	28,742	6,977	58,280	293,324
Missouri.....	54	3	606	1,282	4,552	8,408	28,225	43,073
Nebraska.....	192	5		2,952	10,464	30,606	8,258	52,080
New Mexico.....	9	1				6,252	13,877	20,129
Oklahoma.....	308	15	85,000	20,199	50,431	51,367	135,970	348,967
Wyoming.....	36							
Total.....	940	32	145,829	163,535	101,610	105,049	246,378	762,401
District No. 11—Dallas:								
Arizona.....	6							
Louisiana.....	12							
New Mexico.....	28	5		43,810	92,485	27,517	137,573	301,385
Oklahoma.....	32	1			1,373		3,230	4,608
Texas.....	541	50	662,016	71,142	433,232	454,250	485,011	2,105,651
Total.....	619	56	662,016	114,952	527,090	481,767	625,814	2,411,639
District No. 12—San Francisco:								
Alaska.....	1							
Arizona.....	6							
California.....	263	13	5,445	22,129	71,014	69,057	43,885	211,540
Idaho.....	57	3		3,578		20,941	26,700	51,219
Nevada.....	10							
Oregon.....	81	3	25,000		2,890	4,660	3,640	36,190
Utah.....	23							
Washington.....	77							
Total.....	518	19	30,445	25,707	73,904	94,658	74,235	298,949

Commercial paper discounted by each Federal Reserve Bank during the three months ending March, 1917, distributed by maturities as of date of discount—Continued.

## RECAPITULATION.

Districts and cities.	Number of member banks at end of March, 1917.	Number of banks accommodated during quarter.	Maturities.					Total commercial paper discounted.	Per cent.
			Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	After 90 days.		
No. 1—Boston.....	399	31	\$6,546,800	\$1,415,791	\$1,402,816	\$864,806	.....	\$10,230,213	15.2
No. 2—New York.....	625	30	4,583,176	114,951	452,103	430,451	\$5,415	5,586,096	8.3
No. 3—Philadelphia.....	632	29	4,065,596	399,912	652,700	131,143	7,286	5,256,637	7.8
No. 4—Cleveland.....	753	14	6,097,854	854,262	179,867	59,406	13,545	7,204,934	10.7
No. 5—Richmond.....	518	98	12,859,328	1,186,277	2,206,464	2,214,875	93,222	18,560,166	27.5
No. 6—Atlanta.....	382	79	1,796,833	432,080	1,009,046	1,906,585	111,622	5,256,216	7.8
No. 7—Chicago.....	1,046	59	3,839,175	914,538	512,027	209,242	162,907	5,637,889	8.3
No. 8—St. Louis.....	468	31	2,461,974	168,378	187,673	138,823	55,226	3,012,074	4.5
No. 9—Minneapolis.....	725	44	1,056,109	588,840	1,141,919	237,309	199,765	3,223,942	4.8
No. 10—Kansas City.....	940	32	145,829	163,535	101,610	105,049	246,378	762,401	1.1
No. 11—Dallas.....	619	56	662,016	114,952	527,090	481,767	625,814	2,411,639	3.6
No. 12—San Francisco.....	518	19	30,445	25,707	73,904	94,658	74,235	298,949	.4
Total for 3 months ending March, 1917.....	7,625	522	44,145,185	6,379,223	8,447,219	6,874,114	1,595,415	67,441,156	.....
Per cent.....	.....	.....	65.5	9.4	12.5	10.2	2.4	.....	100.0
Total for 3 months ending March, 1916.....	.....	.....	4,425,100		9,094,300	10,922,900	3,724,500	28,166,800	.....
Total for 3 months ending March, 1915.....	.....	.....	8,865,400		14,306,100	10,793,900	2,677,400	36,642,800	.....

Distribution, by sizes, of bills bought in open market by all Federal Reserve Banks during March, 1917, and the three months ending March, 1917 and 1916.

Acceptances bought in open market.	To \$5,000.		To \$10,000.		To \$25,000.		To \$50,000.		To \$100,000.		Over \$100,000.		Total.		Per cent.
	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	
Bankers' acceptances.....	369	\$823,228	154	\$1,218,636	348	\$6,756,336	164	\$9,944,048	86	\$6,801,912	25	\$4,930,660	1,146	\$27,474,820	97.6
Trade acceptances.....	20	53,278	21	162,393	15	220,070	7	241,077	.....	.....	.....	.....	63	776,818	2.4
Total, March, 1917.....	389	876,506	175	1,381,029	363	6,976,406	171	7,185,125	86	6,801,912	25	4,930,660	1,209	28,151,638	.....
Per cent.....	.....	3.1	.....	4.9	.....	24.8	.....	25.5	.....	24.2	.....	17.5	.....	.....	100.0
February, 1917.....	819	2,175,639	777	6,324,018	1,248	22,367,962	401	16,483,974	180	15,273,481	49	8,012,105	3,474	70,637,179	.....
January, 1917.....	390	1,023,210	483	1,706,069	300	5,238,206	152	6,898,412	48	3,891,515	11	1,859,768	1,384	20,617,180	.....
Total, 3 months ending March, 1917.....	1,598	4,075,355	1,435	9,411,116	1,911	34,582,574	724	30,567,511	314	25,966,908	85	14,802,533	6,067	119,405,997	.....
Total, 3 months ending March, 1916.....	749	2,278,542	613	5,012,301	769	14,240,484	205	8,227,999	100	8,072,470	37	7,105,598	2,473	44,937,394	.....

<sup>1</sup> Of the above amount, bankers' acceptances totaling \$21,621,188 were based on imports and exports and \$5,853,632 on domestic trade transactions.

<sup>2</sup> Of the above amount, trade acceptances totaling \$671,418 were drawn abroad, on importers in the United States and \$5,400 were based on domestic trade transactions.

## ACCEPTANCES.

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

Date.	Bankers' acceptances.						Trade acceptances bought in open market.	Total acceptances.
	Member banks.	Nonmember trust companies.	Nonmember State banks.	Private banks.	Foreign bank branches and agencies.	Total.		
1915.								
Feb. 22.....	\$93,000					\$93,000		\$93,000
Apr. 5.....	3,653,000	\$7,820,000	\$10,000	\$110,000		11,593,000		11,593,000
May 3.....	5,038,000	8,189,000	10,000	110,000		13,347,000		13,347,000
June 7.....	5,242,000	4,516,000	10,000	192,000		9,960,000		9,960,000
July 3.....	4,342,000	5,267,000		161,000		9,770,000		9,770,000
Aug. 2.....	5,350,000	5,407,000	20,000	352,000		11,129,000		11,129,000
Sept. 6.....	6,087,000	6,305,000	20,000	472,000		12,884,000		12,884,000
Oct. 4.....	9,000,000	4,898,000	132,000	343,000		14,373,000		14,373,000
Nov. 1.....	8,477,000	4,331,000	253,000	204,000		13,265,000		13,265,000
Dec. 6.....	12,311,000	5,172,000	275,000	396,000		18,154,000		18,154,000
1916.								
Jan. 3.....	15,494,000	7,160,000	362,000	822,000		23,838,000		23,838,000
Feb. 7.....	15,681,000	7,876,000	336,000	1,456,000		25,349,000	\$489,000	25,838,000
Mar. 6.....	17,182,000	8,670,000	408,000	1,781,000		28,041,000	462,000	28,503,000
Apr. 3.....	21,000,000	13,573,000	473,000	3,262,000		38,308,000	722,000	39,030,000
May 1.....	24,875,000	15,400,000	585,000	3,430,000		44,290,000	1,477,000	45,767,000
June 5.....	24,680,000	17,029,000	644,000	7,007,000		49,360,000	2,208,000	51,568,000
July 3.....	32,989,000	18,921,000	471,000	11,830,000		64,211,000	3,422,000	67,633,000
Aug. 7.....	39,695,000	19,060,000	738,000	13,940,000		73,433,000	4,225,000	77,658,000
Sept. 4.....	41,413,000	20,356,000	726,000	12,491,000		74,986,000	3,673,000	78,659,000
Oct. 2.....	37,798,000	21,782,000	712,000	9,944,000		70,236,000	2,306,000	72,542,000
Nov. 6.....	37,770,000	29,474,000	1,014,000	12,147,000		80,405,000	2,378,000	82,783,000
Dec. 4.....	47,748,000	33,232,000	1,630,000	16,069,000		98,679,000	4,487,000	103,166,000
1917.								
Jan. 1.....	66,803,000	34,625,000	1,502,000	18,224,000		121,154,000	4,585,000	125,739,000
Jan. 8.....	60,066,000	32,467,000	1,325,000	16,915,000		110,773,000	4,249,000	115,022,000
Jan. 15.....	59,710,000	30,691,000	1,245,000	15,862,000		107,508,000	4,386,000	111,894,000
Jan. 22.....	56,334,000	26,286,000	1,146,000	14,119,000		97,885,000	4,102,000	101,987,000
Jan. 29.....	52,439,000	22,744,000	1,054,000	12,949,000		89,186,000	4,041,000	93,227,000
Feb. 5.....	50,361,000	23,511,000	972,000	13,775,000	\$140,000	88,759,000	4,041,000	92,800,000
Feb. 12.....	54,945,000	33,473,000	1,265,000	17,952,000	668,000	108,303,000	4,896,000	113,199,000
Feb. 19.....	59,165,000	35,745,000	1,268,000	21,842,000	677,000	118,697,000	4,982,000	123,679,000
Feb. 26.....	59,498,000	36,478,000	1,094,000	20,389,000	677,000	118,136,000	5,068,000	123,204,000
Mar. 5.....	53,288,000	32,518,000	1,090,000	20,581,000	354,000	107,837,000	2,535,000	110,366,000
Mar. 12.....	50,130,000	28,769,000	845,000	19,503,000	296,000	99,543,000	2,359,000	101,902,000
Mar. 19.....	46,171,000	24,175,000	735,000	17,607,000	228,000	88,916,000	1,908,000	90,824,000
Mar. 26.....	43,471,000	22,525,000	645,000	17,515,000	167,000	84,323,000	1,295,000	85,618,000
Apr. 2.....	43,979,000	20,328,000	689,000	16,830,000	200,000	82,026,000	1,144,000	83,170,000
Apr. 9.....	42,264,000	19,424,000	681,000	15,427,000	200,000	77,996,000	1,344,000	79,340,000
Apr. 16.....	38,865,000	15,708,000	638,000	14,470,000	200,000	69,881,000	1,316,000	71,197,000

*Amounts of paper discounted and acceptances and warrants bought by each Federal Reserve Bank during March, 1917, distributed by maturities.*

Federal Reserve Banks.	15-day maturities.				30-day maturities.			
	Dis- counts.	Accept- ances.	War- rants.	Total.	Dis- counts.	Accept- ances.	War- rants.	Total.
Boston.....	\$3,816,628			\$3,816,628	\$298,485	\$1,826,891		\$2,125,376
New York.....	2,801,099	86,206		2,807,305	23,139	248,614		271,753
Philadelphia.....	2,667,902			2,667,902	74,442	987,128		1,061,570
Cleveland.....	3,416,237			3,416,237	572,856	142,365		715,221
Richmond.....	2,136,837			2,136,837	430,766	2,184,237		2,615,003
Atlanta (including New Orleans branch).....	448,953	78,015		526,968	108,269	541,521		649,793
Chicago.....	1,391,246			1,391,246	552,993	1,363,796		1,916,789
St. Louis.....	1,670,566			1,670,566	8,061	192,109		200,170
Minneapolis.....	102,081			102,081	13,024	650,000		663,024
Kansas City.....	60,223			60,223	142,747	70,390		213,137
Dallas.....	182,886			182,886	87,179			87,179
San Francisco.....					8,578	259,014		267,592
Total.....	18,694,658	81,221		18,778,879	2,320,539	8,466,068		10,786,607
Per cent.....				33.6				19.3

Federal Reserve Banks.	60-day maturities.				90-day maturities.			
	Dis- counts.	Accept- ances.	War- rants.	Total.	Dis- counts.	Accept- ances.	War- rants.	Total.
Boston.....	\$574,161	\$1,179,264		\$1,753,425	\$409,489	\$2,151,107		\$2,560,596
New York.....	144,973	220,115		365,088	92,305	1,288,479		1,380,784
Philadelphia.....	234,570	820,693		1,055,263	39,769	2,585,808		2,616,577
Cleveland.....	9,249	156,010		165,259	16,611	694,412		711,023
Richmond.....	830,918	634,487		1,465,405	760,054	835,150		1,595,204
Atlanta (including New Orleans branch).....	352,060	741,415		1,093,475	590,678	671,123		1,261,801
Chicago.....	147,414	433,004		580,418	141,887	1,320,135	\$5,125	1,467,147
St. Louis.....	71,133	226,026		297,159	60,765	183,410		244,175
Minneapolis.....	41,997	850,000		891,997	20,193	1,202,961		1,223,154
Kansas City.....	39,378			39,378	35,190	75,000		110,190
Dallas.....	314,122			314,122	202,637	44,458		247,095
San Francisco.....	13,630	472,308		485,938	24,607	694,012		718,619
Total.....	2,773,605	5,733,322		8,506,927	2,385,185	11,746,055	5,125	14,136,365
Per cent.....				15.2				25.3

Federal Reserve Banks.	Over 90-day maturities.				Totals.				Per cent.			
	Dis- counts.	Accept- ances.	War- rants.	Total.	Dis- counts.	Accept- ances.	War- rants.	Total.	Dis- counts.	Accept- ances.	War- rants.	Total.
Boston.....					\$5,098,763	\$5,157,262		\$10,256,025	49.8	50.2		100.0
New York.....	\$1,067			\$1,067	3,062,583	1,763,414		4,825,997	63.5	36.5		100.0
Philadelphia.....	1,610	\$216,667	\$2,575	220,852	3,009,293	4,610,296	\$2,575	7,622,164	39.4	60.3	0.3	100.0
Cleveland.....	2,667	44,935	1,023,323	1,070,925	4,017,620	1,037,722	1,023,323	6,078,665	66.1	17.1	16.8	100.0
Richmond.....	34,977			34,977	4,193,552	3,653,874		7,847,426	53.4	46.6		100.0
Atlanta (including New Orleans branch).....	41,158			41,158	1,541,118	2,032,077		3,573,195	43.1	56.9		100.0
Chicago.....	71,990	43,200		115,190	2,305,530	3,160,135	5,125	5,470,790	42.2	57.7	0.1	100.0
St. Louis.....	26,992			26,992	1,837,517	601,545		2,439,062	75.3	24.7		100.0
Minneapolis.....	25,796			25,796	203,091	2,702,961		2,906,052	6.9	93.1		100.0
Kansas City.....	59,991			59,991	337,529	145,390		482,919	69.8	30.2		100.0
Dallas.....	244,041			244,041	1,030,865	44,458		1,075,323	95.9	4.1		100.0
San Francisco.....	21,990	1,817,170		1,839,160	68,805	3,242,504		3,311,309	2.1	97.9		100.0
Total.....	532,279	2,121,972	1,025,898	3,680,149	26,706,266	28,151,638	1,031,023	55,888,927	47.8	50.3	1.9	100.0
Per cent.....				6.6				100.0				



*Maturities of discounted bills, acceptances, and municipal warrants held by the Federal Reserve Banks on Friday, Mar. 30, 1917.*

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

Banks.	1 to 15 days.				16 to 30 days.				31 to 60 days.				61 to 90 days.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston.....	3,152	3,067	120	6,339	222	4,338	45	4,605	739	3,978	6	4,723	55	1,763	127	1,945
New York.....	360	3,291	25	3,676	133	7,073	120	7,326	333	7,375	75	7,783	42	1,174	4,663	5,879
Philadelphia.....	787	1,939	.....	2,726	82	3,575	55	3,712	197	3,023	53	3,273	18	2,580	1,267	3,865
Cleveland.....	1,198	711	82	1,991	304	2,287	50	2,641	26	1,607	69	1,702	16	607	1,627	2,250
Richmond.....	1,429	2,565	.....	3,994	695	1,977	.....	2,672	1,211	1,709	.....	2,920	334	125	.....	459
Atlanta.....	645	1,399	2	2,046	327	455	.....	782	645	1,269	3	1,917	431	461	2	894
Chicago.....	934	2,227	386	3,547	142	2,767	50	2,959	201	1,857	81	2,139	120	1,151	1,983	3,254
St. Louis.....	1,317	945	25	2,287	47	1,723	.....	1,770	75	1,110	75	1,260	71	158	782	1,011
Minneapolis.....	344	1,549	.....	1,893	167	564	.....	731	244	1,791	25	2,060	153	225	152	530
Kansas City.....	138	805	30	973	142	485	.....	627	138	863	25	1,026	76	75	380	531
Dallas.....	358	550	50	958	166	286	.....	452	590	561	25	1,176	257	44	411	712
San Francisco.....	28	1,323	25	1,376	34	2,332	25	2,391	77	1,018	25	1,120	81	1,716	558	2,355
Total.....	10,690	20,371	745	31,806	2,461	27,862	345	30,668	4,476	26,161	462	31,099	1,654	10,079	11,952	23,685
Per cent.....				26.4				25.5				25.8				19.7

Banks.	Over 90 days.				Total.								Percentages.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.		Acceptances bought.		Municipal warrants.		Total.		Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
					Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.				
Boston.....	.....	.....	.....	.....	4,168	20.7	13,146	15.6	298	1.9	17,612	14.6	23.7	1.6	74.7	100.0
New York.....	.....	.....	316	316	868	4.3	18,913	22.4	5,199	33.1	24,980	20.8	3.5	75.7	20.8	100.0
Philadelphia.....	3	.....	3	6	1,087	5.4	11,117	13.2	1,378	8.8	13,582	11.3	8.0	81.9	10.1	100.0
Cleveland.....	7	1,238	1,245	1,551	7.7	5,212	6.2	3,066	19.5	9,829	8.2	15.8	53.0	31.2	100.0	100.0
Richmond.....	85	15	100	3,754	18.7	6,376	7.5	15	0.1	10,145	8.4	37.0	62.9	0.1	100.0	100.0
Atlanta.....	75	.....	75	2,123	10.6	3,584	4.2	.....	0	5,714	4.7	37.2	62.7	0.1	100.0	100.0
Chicago.....	70	153	223	1,467	7.3	8,002	9.5	2,653	16.9	12,122	10.0	12.1	66.0	21.9	100.0	100.0
St. Louis.....	27	212	239	1,537	7.6	3,936	4.7	1,094	7.0	6,567	5.5	23.4	59.9	16.7	100.0	100.0
Minneapolis.....	91	.....	91	999	4.9	4,129	4.8	177	1.0	5,305	4.4	18.8	77.8	3.4	100.0	100.0
Kansas City.....	141	51	192	635	3.2	2,228	2.6	486	3.1	3,349	2.8	19.0	66.5	14.5	100.0	100.0
Dallas.....	272	.....	20	292	1,643	8.2	1,441	1.7	506	3.2	3,590	3.1	45.7	40.1	14.2	100.0
San Francisco.....	54	.....	203	257	274	1.4	6,389	7.6	836	5.4	7,499	6.2	3.7	85.2	11.1	100.0
Total.....	825	.....	2,211	3,036	20,106	100.0	84,473	100.0	15,715	100.0	120,294	100.0	16.7	70.2	13.1	100.0
Per cent.....			2.6								100.0					

Total investment operations of each Federal Reserve Bank during the month of March, 1917 and 1916, and the three months ending March, 1917 and 1916.

Federal Reserve Banks.	Bills discounted for member banks.	Bills bought in open market.			Municipal warrants bought.			
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.
Boston.....	\$5,098,763	\$5,157,262		\$5,157,262				
New York.....	3,062,583	1,763,414		1,763,414				
Philadelphia.....	3,009,293	4,610,296		4,610,296	\$2,575			\$2,575
Cleveland.....	4,017,620	1,037,722		1,037,722	1,018,808			1,023,323
Richmond.....	4,193,552	3,653,874		3,653,874				
Atlanta (including New Orleans branch).....	1,541,118	2,026,677	\$5,400	2,032,077				
Chicago.....	2,305,530	3,160,135		3,160,135			5,125	5,125
St. Louis.....	1,837,517	601,545		601,545				
Minneapolis.....	203,091	2,702,961		2,702,961				
Kansas City.....	337,529	145,390		145,390				
Dallas.....	1,030,865	44,458		44,458				
San Francisco.....	68,805	2,571,086	671,418	3,242,504				
Total, March, 1917.....	26,706,266	27,474,820	676,818	28,151,638	1,021,333		9,640	1,031,023
Total, March, 1916.....	9,387,300	22,394,100	524,000	22,915,400	10,408,000	\$9,200	8,700	10,425,900
Total, 3 months ending March, 1917.....	67,441,156	116,841,651	2,564,345	119,405,997	14,021,968	2,040	590,177	14,614,185
Total, 3 months ending March, 1916.....	28,166,900	43,742,400	1,195,000	44,937,400	30,309,100	265,600	82,400	30,657,100

Federal Reserve Banks.	United States bonds and Treasury notes.						Total investment operations.			
	2 per cent.	3 per cent.	4 per cent.	Certificates of indebtedness.	1-year notes.	Total.	March, 1917.	March, 1916.	March, 1917.	March, 1916.
Boston.....	\$1,057,750			\$3,000,000		\$4,057,750	\$14,313,775	\$7,295,400	Per ct. 12.5	Per ct. 14.3
New York.....	2,440,000	\$50,000		20,000,000	\$1,532,000	24,022,000	28,847,997	15,267,200	25.2	29.9
Philadelphia.....	1,098,260			3,500,000		4,598,260	12,220,424	6,542,700	10.6	12.8
Cleveland.....				3,500,000		3,500,000	9,578,665	2,854,100	8.4	5.6
Richmond.....	710,500			2,000,000		2,710,500	10,557,926	3,621,900	9.2	7.2
Atlanta (including New Orleans branch).....	120,000			1,500,000	350,000	1,970,000	5,543,195	3,384,800	4.8	6.7
Chicago.....	1,461,500			5,000,000		6,461,500	11,932,290	3,153,200	10.5	6.2
St. Louis.....				2,500,000		2,500,000	4,939,062	1,313,800	4.3	2.6
Minneapolis.....	20,010		\$25,000	(1)		45,010	2,951,062	1,489,700	2.6	2.9
Kansas City.....	1,094,740			2,500,000		3,594,740	4,077,659	3,317,850	3.6	6.4
Dallas.....	562,750			2,500,000		2,562,750	3,638,073	1,477,500	3.2	2.9
San Francisco.....				2,500,000		2,500,000	5,811,309	1,263,000	5.1	2.5
Total, March, 1917.....	8,565,510	50,000	25,000	48,000,000	1,882,000	58,522,510	114,411,437			
Total, March, 1916.....	7,400,850	766,000	83,000			8,249,850		50,981,150	100.0	100.0
Total, 3 months ending March, 1917.....	11,080,160	111,440	25,250	48,000,000	2,338,000	61,554,850				
Total, 3 months ending March, 1916.....	18,576,900	2,908,880	2,888,000			24,373,780				

<sup>1</sup> Certificates of indebtedness amounting to \$2,000,000 received on Apr. 2.

Conversion operations of each Federal Reserve Bank for April, 1917, total conversions since the beginning of the present calendar year, and the balance of allotments made by the Federal Reserve Board which may be converted in 1917.

Federal Reserve Bank.	2-per cent bonds converted on Apr. 1.			Conversion bonds and 1-year Treasury notes issued to the banks on Apr. 1.			Total January conversions.	Total bond conversions during present calendar year.	Amounts allotted by Federal Reserve Board.	Balance of allotment which may be converted in 1917.
	Consols of 1930.	Panamas of 1936-1938.	Total.	Conversion bonds.	1-year Treasury notes.	Total April conversions.				
Boston.....	\$1,057,000		\$1,057,000	\$529,000	\$528,000	\$1,057,000	\$1,332,000	\$2,389,000	\$2,696,200	\$307,200
New York.....	2,185,500	\$325,000	2,510,500	1,255,500	1,255,000	2,510,500	1,042,000	3,552,500	6,412,900	2,860,400
Philadelphia.....	1,092,000	6,200	1,098,200	549,200	549,000	1,098,200	1,651,000	2,749,200	2,814,200	65,000
Cleveland.....	60,000	763,300	823,300	412,300	411,000	823,300	2,403,900	3,227,200	3,227,200	
Richmond.....							1,799,100	1,799,100	1,799,100	
Atlanta.....	10,400		10,400	10,400		10,400	1,325,100	1,335,500	1,335,500	
Chicago.....	832,000		832,000	416,000	416,000	832,000	3,722,000	3,722,000	3,722,100	100
St. Louis.....	1,106,300		1,106,300	553,300	553,000	1,106,300		1,106,300	1,504,600	398,300
Minneapolis.....	221,600		221,600	111,600	110,000	221,600	1,060,000	1,281,600	1,281,600	
Kansas City.....							1,642,900	1,642,900	1,642,900	
Dallas.....							1,451,200	1,451,200	1,451,200	
San Francisco.....							2,000,000	2,000,000	2,112,500	112,500
Total.....	6,564,800	1,094,500	7,659,300	3,837,300	3,822,000	7,659,300	18,597,200	26,256,500	30,000,000	3,743,500

*United States bonds, notes, and certificates of indebtedness held by all Federal Reserve Banks on Mar. 31, 1917, distributed by maturities.*

	2 per cent consols of 1930.	2 per cent Panamas 1936-38.	2 per cent certifi- cates of indebted- ness.	3 per cent loan of 1918.	3 per cent loan of 1961.	3 per cent conversion bonds of 1946-47. <sup>1</sup>	3 per cent 1-year notes.	4 per cent loan of 1925.	Total.
Boston.....	\$750		\$3,000,000			\$529,000	\$2,194,000		\$5,723,750
New York.....	2,188,550	\$325,000	20,000,000	\$50,000			1,563,000		24,123,550
Philadelphia.....	1,022,000	6,260	3,500,000				1,999,000		6,597,260
Cleveland.....	26,400		3,500,000	2,586,560		2,600	1,290,000	\$2,369,200	9,774,760
Richmond.....	915,100	237,000	2,000,000				1,969,000		5,121,100
Atlanta.....	170,000		1,500,000				1,491,000		3,161,000
Chicago.....	1,862,500	367,300	5,000,000	2,581,000	8400	427,400	3,226,000	1,768,000	15,232,600
St. Louis.....	522,900		2,500,000	1,080,000		600,000	891,000		5,593,900
Minneapolis.....	33,650	16,260	( <sup>2</sup> )	1,194,180	500	3,200	1,230,000	206,250	2,684,040
Kansas City.....	7,105,850	22,240	2,500,000			838,500	1,784,000	825,000	13,075,590
Dallas.....	2,450,900	281,500	2,000,000			1,233,600	1,430,000		7,396,000
San Francisco.....	2,428,750		2,500,000				1,500,000		6,428,750
Total.....	18,794,350	1,255,560	48,000,000	7,491,740	900	3,634,300	20,567,000	5,168,450	104,912,300

Amount of United States bonds with circulation privilege:

2 per cent.....	\$20,049,910
3 per cent.....	7,491,740
4 per cent.....	5,168,450
Total.....	32,710,100

Amount of United States bonds, certificates of indebtedness, and notes without circulation privilege:

3 per cent of 1961.....	\$900
3 per cent conversion.....	3,634,300
3 per cent 1-year notes.....	20,567,000
2 per cent certificates of indebtedness.....	48,000,000
Total.....	72,202,200

<sup>1</sup> Amounts shown for 3 per cent conversion bonds of 1946-47 are exclusive of the conversions of Apr. 1, except for the Boston and Chicago banks.

<sup>2</sup> \$2,000,000 of United States certificates of indebtedness entered on books Apr. 2, 1917.

## RESOURCES AND LIABILITIES.

*Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve System at close of business on Fridays, Mar. 30 to Apr. 20, 1917.*

### RESOURCES.

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

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total.
Gold coin and certificates in vault:													
Mar. 30.....	14,541	219,109	24,065	17,925	5,730	6,207	31,808	13,132	11,811	7,815	7,943	14,817	374,908
Apr. 5-6.....	13,350	209,993	22,020	17,785	5,766	6,128	31,053	12,815	12,890	7,888	7,750	15,034	362,472
Apr. 13.....	13,495	189,519	24,072	18,398	5,792	6,171	27,361	12,526	11,913	7,809	7,811	13,502	338,369
Apr. 20.....	12,513	180,192	22,749	17,963	5,984	6,139	29,557	12,070	11,975	7,844	8,166	15,000	330,152
Gold settlement fund:													
Mar. 30.....	20,455	16,151	14,255	29,915	16,093	4,019	35,129	6,797	11,005	26,512	7,111	12,619	200,061
Apr. 5-6.....	15,940	26,443	20,520	27,657	16,248	4,345	33,457	5,046	10,376	24,902	6,405	8,786	200,125
Apr. 13.....	19,814	27,692	17,457	25,017	15,819	3,168	36,979	2,394	8,817	26,487	6,732	7,895	198,271
Apr. 20.....	20,552	21,992	18,071	30,653	15,915	5,631	40,752	5,973	6,351	25,259	5,454	10,227	206,830
Gold redemption fund:													
Mar. 30.....	50	250	250	31	407	619	200	192	155	168	77	15	2,414
Apr. 5-6.....	50	250	250	25	396	655	200	168	256	165	75	15	2,505
Apr. 13.....	50	250	250	14	377	652	200	130	255	167	74	15	2,434
Apr. 20.....	50	250	250	59	368	845	200	118	253	163	71	24	2,651
Legal-tender notes, silver, etc.:													
Mar. 30.....	269	2,116	199	78	111	1,551	1,416	1,766	586	68	1,100	22	9,282
Apr. 5-6.....	271	13,220	251	88	89	983	927	1,620	398	74	1,124	65	19,110
Apr. 13.....	503	14,947	236	94	85	994	1,150	1,591	298	37	1,127	74	21,136
Apr. 20.....	393	18,786	334	103	112	816	1,349	1,092	285	34	1,067	86	24,462
Total reserve:													
Mar. 30.....	35,315	237,626	38,769	47,949	22,341	12,396	68,553	21,887	23,557	34,563	16,231	27,473	586,660
Apr. 5-6.....	29,611	249,906	43,041	45,555	22,499	12,111	65,637	19,649	23,920	33,029	15,354	23,900	584,212
Apr. 13.....	33,862	232,408	42,015	43,523	22,073	10,985	65,690	16,641	21,283	34,500	15,744	21,486	560,210
Apr. 20.....	33,513	221,220	41,404	48,778	22,379	13,431	71,858	19,253	18,864	33,300	14,758	25,337	564,095
Five per cent redemption fund against Federal reserve bank notes:													
Mar. 30.....										300	100		400
Apr. 5-6.....										300	100		400
Apr. 13.....										300	100		400
Apr. 20.....										300	100		400

*Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve System at close of business on Fridays, Mar. 30 to Apr. 20, 1917—Continued.*

## RESOURCES—Continued.

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

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Bills discounted—Members:</b>													
Mar. 30.....	4,168	868	1,087	1,551	3,754	2,123	1,467	1,537	999	635	1,643	274	20,106
Apr. 5-6.....	2,002	857	1,110	1,449	3,773	2,158	1,035	1,326	1,460	730	1,068	340	17,928
Apr. 13.....	2,703	740	1,323	2,719	4,063	2,296	1,220	1,660	1,770	672	1,852	385	22,009
Apr. 20.....	6,307	1,798	974	3,280	5,759	2,132	873	1,405	3,697	534	2,408	373	29,737
<b>Bills bought in open market:</b>													
Mar. 30.....	13,146	18,913	11,117	5,212	6,376	3,584	8,002	3,936	4,129	2,228	1,441	6,389	84,473
Apr. 5-6.....	11,816	18,298	11,620	5,046	6,445	3,481	7,784	3,928	3,962	2,250	1,283	6,882	82,735
Apr. 13.....	10,597	18,993	11,226	5,360	6,335	2,829	6,824	3,387	3,304	1,508	920	6,861	80,604
Apr. 20.....	10,367	14,982	10,319	4,098	6,655	2,558	5,623	2,923	6,403	1,377	848	6,772	72,925
<b>United States bonds:</b>													
Mar. 30.....	.....	81	.....	4,985	442	179	5,961	2,203	1,454	8,147	3,403	2,429	29,275
Apr. 5-6.....	530	1,306	549	6,255	1,152	675	7,007	2,233	1,735	8,792	3,956	2,429	36,629
Apr. 13.....	530	1,306	549	5,844	1,152	675	7,007	2,233	1,735	8,792	3,956	2,429	36,218
Apr. 20.....	530	1,306	549	5,814	1,152	672	7,007	2,233	1,735	8,792	3,956	2,429	36,215
<b>One-year United States Treasury notes:</b>													
Mar. 30.....	1,666	31	1,999	1,590	1,969	1,491	2,814	891	1,230	1,784	1,430	1,500	18,425
Apr. 5-6.....	2,191	2,788	2,518	1,224	1,969	1,491	3,218	1,444	1,452	1,784	1,430	1,500	23,042
Apr. 13.....	2,191	2,788	2,518	1,775	1,969	1,491	2,995	1,444	1,452	1,784	1,430	1,500	23,370
Apr. 20.....	2,191	2,788	2,518	1,775	1,969	1,491	2,985	1,444	1,452	1,784	1,430	1,500	23,360
<b>United States certificates of indebtedness:</b>													
April 5-6.....	3,000	20,000	3,500	3,500	2,000	1,500	5,000	2,500	2,000	2,500	2,000	2,500	50,000
April 13.....	3,000	20,000	3,500	3,500	2,000	1,500	5,000	2,500	2,000	2,500	2,000	2,500	50,000
Apr. 20.....	3,000	20,000	3,500	3,500	2,000	1,500	5,000	2,500	2,000	2,500	2,000	2,500	50,000
<b>Municipal warrants:</b>													
Mar. 30.....	298	5,199	1,378	3,066	15	7	2,653	1,094	177	486	506	836	15,715
Apr. 5-6.....	178	5,174	1,504	2,990	15	7	2,267	1,068	177	456	569	811	15,207
Apr. 13.....	178	5,174	1,504	2,990	15	12	2,267	1,068	177	456	569	811	15,212
Apr. 20.....	178	5,154	1,500	2,990	15	12	2,267	1,068	177	456	569	789	15,163
<b>Federal Reserve notes—net:</b>													
Mar. 30.....	1,754	10,035	.....	753	.....	.....	4,559	.....	.....	.....	.....	1,868	18,999
Apr. 5-6.....	1,227	13,212	.....	962	.....	.....	1,916	.....	.....	228	.....	1,693	16,235
Apr. 13.....	2,103	11,557	.....	966	.....	.....	5,878	.....	.....	.....	.....	1,497	22,001
Apr. 20.....	1,337	9,699	.....	1,504	.....	.....	6,216	.....	.....	58	.....	1,796	20,610
<b>Due from other Federal Reserve Banks—net:</b>													
Mar. 30.....	.....	.....	1,464	1,212	403	2,285	5,065	.....	1,698	1,457	.....	.....	12,275
Apr. 5-6.....	3,414	.....	.....	2,754	.....	1,991	5,899	.....	449	437	.....	1,009	13,412
Apr. 13.....	343	.....	.....	1,786	.....	2,987	5,030	2,327	.....	933	.....	3,271	11,071
Apr. 20.....	.....	1,537	.....	892	363	.....	2,619	482	.....	2,619	.....	1,321	12,473
<b>Uncollected items:</b>													
Mar. 30.....	11,356	29,735	17,397	9,882	9,071	6,192	18,806	8,421	3,518	8,044	4,707	5,630	132,759
Apr. 5-6.....	12,282	26,027	19,850	9,064	10,131	7,427	24,689	10,503	3,370	9,141	6,386	7,549	146,422
Apr. 13.....	16,418	37,995	22,947	12,531	16,113	9,288	23,060	9,696	4,271	9,306	5,421	8,198	169,184
Apr. 20.....	23,358	34,140	19,969	12,173	9,715	8,610	21,467	9,853	4,046	8,688	7,032	7,915	166,966
<b>All other resources:</b>													
Mar. 30.....	.....	568	79	156	96	1,686	258	450	149	297	1,172	462	5,393
Apr. 5-6.....	45	613	142	123	84	1,133	571	306	159	183	1,227	321	4,969
Apr. 13.....	79	545	162	203	77	856	731	301	166	539	1,066	242	4,610
Apr. 20.....	60	791	119	148	68	1,330	592	165	113	163	1,040	151	4,770
<b>Total resources:</b>													
Mar. 30.....	67,703	303,076	73,290	76,456	44,467	29,912	118,168	40,419	36,911	57,641	30,623	46,891	614,480
Apr. 5-6.....	66,299	335,183	83,864	78,966	48,068	31,574	125,043	42,957	38,621	58,839	33,974	48,931	981,131
Apr. 13.....	72,037	331,506	85,771	81,197	48,597	32,917	125,705	41,373	38,158	62,625	32,999	49,280	984,889
Apr. 20.....	80,814	313,385	80,912	85,042	50,102	31,736	126,507	41,326	38,487	59,971	34,142	51,080	986,741

## LIABILITIES.

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

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Capital paid in:</b>													
Mar. 30.....	5,068	11,881	5,260	6,089	3,428	2,410	7,001	2,795	2,416	3,088	2,698	3,911	56,075
Apr. 5-6.....	5,059	11,882	5,260	6,089	3,431	2,418	7,002	2,795	2,419	3,088	2,716	3,911	56,100
Apr. 13.....	5,059	11,882	5,260	6,240	3,431	2,418	7,002	2,945	2,419	3,088	2,722	3,912	56,408
Apr. 20.....	5,059	11,882	5,259	6,240	3,431	2,418	7,002	2,945	2,430	3,089	2,723	3,933	56,411
<b>Government deposits:</b>													
Mar. 30.....	1,373	6,657	1,748	335	1,710	2,293	2,696	420	1,236	413	670	1,016	20,567
Apr. 5-6.....	2,902	3,248	5,241	4,101	4,089	4,403	6,060	2,055	3,315	2,968	2,718	3,731	46,461
Apr. 13.....	3,600	4,402	4,819	4,288	3,169	3,544	5,613	688	3,316	3,500	2,731	3,027	42,247
Apr. 20.....	3,262	7,077	4,627	2,441	2,701	3,020	7,828	542	2,329	2,567	2,203	3,391	41,988
<b>Due to members—reserve account:</b>													
Mar. 30.....	52,182	254,366	48,949	59,845	25,836	18,889	96,348	26,620	28,231	47,632	23,075	38,408	720,411
Apr. 5-6.....	47,720	291,666	50,703	58,464	25,562	18,708	98,948	26,880	29,793	47,220	24,028	38,497	758,219
Apr. 13.....	49,698	268,483	49,877	60,832	26,744	19,275	100,203	28,000	29,025	47,529	23,253	38,623	741,542
Apr. 20.....	51,753	267,576	47,836	63,513	26,152	18,478	97,255	27,759	28,808	47,471	23,145	39,838	742,584

1 Difference between net amounts due from and net amounts due to other Federal Reserve banks.

*Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve System at close of business on Fridays, Mar. 30 to Apr. 20, 1917—Continued.*

## LIABILITIES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Collection items:</b>													
Mar. 30.....	8,598	21,215	15,362	10,187	7,753	4,431	12,123	6,838	2,296	6,231	2,663	3,264	100,961
Apr. 5-6.....	9,490	19,519	18,341	10,252	7,720	4,064	12,433	8,653	2,012	6,563	3,734	2,655	105,436
Apr. 13.....	13,557	29,323	23,182	12,837	8,562	5,650	12,887	8,605	2,803	6,981	3,094	3,583	131,064
Apr. 20.....	15,037	26,728	18,988	12,848	9,940	5,180	14,422	8,364	3,140	6,844	3,562	3,803	128,856
<b>Federal Reserve notes, net:</b>													
Mar. 30.....			1,821		5,710	1,889		2,497	2,711	577	736		15,941
Apr. 5-6.....			2,960		6,345	1,981		1,261	1,022		726		14,295
Apr. 13.....			2,075		6,478	2,030		1,123	459	277	572		13,014
Apr. 20.....			2,881		7,878	2,002		1,716	929		1,053		16,459
<b>Due to other Federal Reserve Banks, net:</b>													
Mar. 30.....	370	8,791						1,249			791	186	
Apr. 5-6.....		8,697	1,187		891			1,304			52		
Apr. 13.....		17,250	386		213				103		627		
Apr. 20.....	2,655		1,190			638			851		1,456		
<b>All other liabilities:</b>													
Mar. 30.....	112	163	150						21			76	525
Apr. 5-6.....	128	171	172					9	33			107	620
Apr. 13.....	123	166	175					12	33			105	614
Apr. 20.....	78	122	131									115	446
<b>Total liabilities:</b>													
Mar. 30.....	67,703	303,076	73,290	76,456	44,467	29,912	118,168	40,419	36,911	57,941	30,633	46,891	914,480
Apr. 5-6.....	66,299	335,183	83,864	78,906	48,068	31,574	125,043	42,957	38,624	59,839	33,974	48,931	981,131
Apr. 13.....	72,037	331,506	85,774	84,197	48,597	32,917	125,705	41,373	38,158	60,925	32,999	49,280	984,889
Apr. 20.....	80,844	313,385	80,912	85,042	50,102	31,736	126,507	41,326	38,487	59,971	34,142	51,080	986,774

## FEDERAL RESERVE NOTES.

*Federal Reserve note account of each Federal Reserve Bank at close of business on Fridays, Mar. 30 to Apr. 20, 1917.*

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Federal Reserve notes received from agent, net:</b>													
Mar. 30.....	17,124	165,910	25,710	15,645	16,737	20,422	25,139	15,010	20,271	23,223	21,156	16,217	382,564
Apr. 5-6.....	17,103	176,808	27,054	17,207	16,857	19,944	27,052	15,955	21,248	23,688	20,593	17,189	400,698
Apr. 13.....	19,076	188,239	30,367	19,182	16,812	20,047	36,681	15,877	22,229	24,437	20,662	18,179	431,788
Apr. 20.....	19,055	191,183	30,024	21,551	16,758	19,883	39,434	15,557	22,686	24,748	20,661	18,999	440,539
<b>Federal Reserve notes held by bank:</b>													
Mar. 30.....	1,754	10,035	1,529	753	818	942	4,559	850	589	828	401	1,741	24,799
Apr. 5-6.....	1,227	10,212	1,190	962	775	450	3,836	1,586	888	1,253	124	1,685	24,188
Apr. 13.....	2,103	11,557	2,075	966	687	601	6,918	1,224	1,051	932	374	1,491	29,979
Apr. 20.....	1,337	9,669	1,269	1,564	786	569	6,216	631	1,081	1,084	180	1,796	26,182
<b>Federal Reserve notes in circulation:</b>													
Mar. 30.....	15,370	155,875	24,181	14,892	15,919	19,480	20,580	14,160	19,682	22,395	20,755	14,476	357,765
Apr. 5-6.....	15,876	166,596	25,864	16,245	16,082	19,494	23,216	14,369	20,360	22,435	20,469	15,504	376,510
Apr. 13.....	16,973	176,682	28,292	18,216	16,125	19,446	29,763	14,653	21,178	23,505	20,288	16,688	401,809
Apr. 20.....	17,718	181,514	28,755	19,987	15,972	19,314	33,218	14,926	21,605	23,664	20,481	17,203	414,357
<b>Gold and lawful money deposited with or to credit of Federal Reserve Agent:</b>													
Mar. 30.....	17,124	165,910	22,360	15,645	10,209	17,591	25,139	11,663	16,971	21,818	20,019	16,219	360,668
Apr. 5-6.....	17,103	176,808	22,904	17,207	9,737	17,513	25,132	13,108	19,338	22,663	19,743	17,194	378,450
Apr. 13.....	19,076	188,239	26,217	19,182	9,647	17,416	35,641	13,530	20,719	23,228	19,716	18,185	410,796
Apr. 20.....	19,055	191,183	25,874	21,551	8,094	17,312	39,434	13,210	20,676	23,722	19,428	18,999	418,538
<b>Commercial paper delivered to Federal Reserve Agent:</b>													
Mar. 30.....			3,390		6,728	2,856		3,352	3,300	1,423	2,001		23,050
Apr. 5-6.....			4,189		7,200	2,456	1,941	2,850	1,910	1,114	1,894		23,554
Apr. 13.....			4,186		7,712	2,644	1,056	2,352	1,510	1,216	1,918		22,594
Apr. 20.....			4,186		9,143	2,581		2,348	2,010	1,040	2,518		23,826

## Federal Reserve note account of each Federal Reserve Agent at close of business on Fridays, Mar. 30 to Apr. 20, 1917.

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

	Bos- ton.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>FEDERAL RESERVE NOTES.</b>													
Received from Comptroller:													
Mar. 30.....	33,880	300,560	39,120	27,460	29,500	36,380	32,560	23,340	32,000	37,720	36,120	19,060	647,700
Apr. 5-6.....	36,880	313,600	39,120	27,460	29,500	36,380	34,480	23,340	32,000	37,720	36,520	20,060	667,060
Apr. 13.....	36,880	326,640	42,520	29,060	29,500	36,380	44,120	24,140	32,000	37,720	36,520	21,060	696,540
Apr. 20.....	36,880	326,640	43,440	32,200	29,500	36,380	48,240	24,940	34,000	37,720	36,520	22,060	708,520
Returned to Comptroller:													
Mar. 30.....	9,156	68,970	7,610	5,115	9,163	5,153	1,881	3,990	3,284	3,739	7,013	2,843	127,917
Apr. 5-6.....	9,177	69,272	7,666	5,153	9,243	5,281	1,888	4,045	4,452	3,874	7,326	2,871	130,248
Apr. 13.....	9,504	69,641	7,753	5,278	9,488	5,378	1,899	4,123	4,721	4,265	7,362	2,881	132,292
Apr. 20.....	9,525	71,497	8,066	5,309	9,542	5,542	1,906	4,443	4,764	4,544	7,673	3,061	135,902
Chargeable to Federal Reserve Agent:													
Mar. 30.....	24,724	231,590	31,510	22,345	20,337	31,227	30,679	19,350	28,716	33,981	29,107	16,217	519,783
Apr. 5-6.....	27,703	244,328	31,454	22,307	20,257	31,099	32,592	19,295	27,548	33,846	29,194	17,189	536,812
Apr. 13.....	27,376	256,999	34,767	23,782	20,012	31,002	42,221	20,017	27,279	33,455	29,158	18,179	564,248
Apr. 20.....	27,355	255,143	35,344	26,891	19,968	30,838	46,334	20,497	29,236	33,176	28,847	18,999	572,618
In hands of Federal Reserve Agent:													
Mar. 30.....	7,600	65,680	5,800	6,700	3,600	10,805	5,540	4,340	8,445	10,758	7,951	.....	137,219
Apr. 5-6.....	10,600	67,520	4,400	5,100	3,400	11,155	5,540	3,340	6,300	10,158	8,601	.....	136,114
Apr. 13.....	8,300	68,760	4,400	4,600	3,200	10,955	5,540	4,140	5,050	9,018	8,496	.....	132,459
Apr. 20.....	8,300	63,960	5,320	5,340	3,200	10,955	6,900	4,940	6,550	8,428	8,186	.....	132,079
Issued to Federal Reserve bank less amount returned to Federal Reserve Agent for redemption:													
Mar. 30.....	17,124	165,910	25,710	15,645	16,737	20,422	25,139	15,010	20,271	23,223	21,156	16,217	382,564
Apr. 5-6.....	17,103	176,808	27,054	17,207	16,857	19,944	27,052	15,955	21,248	23,688	20,593	17,189	400,698
Apr. 13.....	19,076	188,239	30,367	19,182	16,812	20,047	36,681	15,877	22,229	24,437	20,662	18,179	431,788
Apr. 20.....	19,055	191,183	30,024	21,551	16,758	19,883	39,434	15,557	22,686	24,748	20,661	18,999	440,539
Amount held by Federal Reserve Agent:													
In reduction of liability on out- standing notes—													
Gold coin and certificates on hand—													
Mar. 30.....	15,910	159,404	3,730	9,773	.....	2,897	.....	5,165	13,018	2,370	10,110	.....	222,377
Apr. 5-6.....	15,910	170,601	3,730	10,273	.....	2,896	.....	5,665	13,018	2,370	10,110	.....	234,573
Apr. 13.....	17,910	181,001	3,730	10,213	.....	2,896	.....	6,165	13,918	2,370	10,110	.....	248,313
Apr. 20.....	17,910	184,181	3,730	10,913	.....	2,897	.....	6,165	13,918	2,370	10,110	.....	252,194
Credit balances—													
In gold redemption fund—													
Mar. 30.....	1,214	6,506	1,340	872	709	1,774	689	548	823	1,188	1,229	739	17,931
Apr. 5-6.....	1,193	6,207	1,484	934	637	1,647	682	693	1,200	1,133	1,173	714	17,697
Apr. 13.....	1,166	7,238	1,597	969	547	1,550	671	615	1,081	1,098	1,146	905	18,583
Apr. 20.....	1,145	7,002	1,554	1,138	494	1,385	664	775	1,038	1,492	1,068	889	18,644
With Federal Reserve Board—													
Mar. 30.....	.....	.....	17,290	5,000	9,500	12,920	24,450	5,950	3,130	18,260	8,680	15,480	120,660
Apr. 5-6.....	.....	.....	17,690	6,000	9,100	12,970	24,450	6,750	5,120	19,160	8,460	16,480	126,180
Apr. 13.....	.....	.....	20,890	8,000	9,100	12,970	34,970	6,750	5,720	19,760	8,460	17,280	143,900
Apr. 20.....	.....	.....	20,590	9,500	7,600	13,030	38,770	6,270	5,720	19,860	8,250	18,110	147,700
As security for outstanding notes—													
Commercial paper—													
Mar. 30.....	.....	.....	3,350	.....	6,528	2,831	.....	3,347	3,300	1,405	1,137	.....	21,898
Apr. 5-6.....	.....	.....	4,150	.....	7,120	2,431	1,920	2,847	1,910	1,025	850	.....	22,253
Apr. 13.....	.....	.....	4,150	.....	7,165	2,631	1,040	2,347	1,510	1,209	946	.....	20,998
Apr. 20.....	.....	.....	4,150	.....	8,664	2,571	.....	2,347	2,010	1,026	1,233	.....	22,001
Total—													
Mar. 30.....	17,124	165,910	25,710	15,645	16,737	20,422	25,139	15,010	20,271	23,223	21,156	16,219	382,566
Apr. 5-6.....	17,103	176,808	27,054	17,207	16,857	19,944	27,052	15,955	21,248	23,688	20,593	17,194	400,703
Apr. 13.....	19,076	188,239	30,367	19,182	16,812	20,047	36,681	15,877	22,229	24,437	20,662	18,185	431,794
Apr. 20.....	19,055	191,183	30,024	21,551	16,758	19,883	39,434	15,557	22,686	24,748	20,661	18,999	440,539

*Amounts of Federal Reserve notes received from and returned to other Federal Reserve Banks for redemption or credit during the period Jan. 1 to Mar. 31, 1917.*

	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.		Chicago.	
	Re- ceived.	Re- turned.	Re- ceived.	Re- turned.	Re- ceived.	Re- turned.	Re- ceived.	Re- turned.	Re- ceived.	Re- turned.	Re- ceived.	Re- turned.	Re- ceived.	Re- turned.
Boston.....			\$1,129,000	\$436,900	\$89,400	\$48,000	\$78,500	\$6,700	\$51,000	\$9,500	\$35,700	\$14,200	\$13,300	\$37,500
New York.....	\$436,900	\$1,102,000			\$87,000	\$1,445,000	\$241,095	\$154,700	\$195,510	\$266,000	\$1,069,800	\$253,900	\$60,300	\$604,000
Philadelphia.....	48,000	89,400	1,465,000	857,000			62,000	24,195	148,000	71,750	61,000	28,750	7,000	44,500
Cleveland.....	6,700	78,500	154,700	241,400	24,195	62,000			16,240	21,500	12,000	27,150	12,295	145,500
Richmond.....	6,500	51,000	272,000	1,198,200	69,750	148,000	21,500	16,240			107,750	290,800	3,000	72,000
Atlanta.....	14,200	35,700	257,300	1,069,800	28,750	61,000	25,650	13,500	290,800	101,750			8,350	181,000
Chicago.....	37,500	13,300	604,000	60,300	44,500	7,000	145,500	12,295	64,000	3,000	159,000	8,350		
St. Louis.....	8,200	14,400	245,000	180,400	13,500	17,000	26,950	7,875	30,250	9,500	323,245	143,000	29,300	225,000
Minneapolis.....	4,000	27,400	65,000	156,500	5,000	23,000	14,000	17,130	2,500	6,500	4,500	23,850	15,000	894,000
Kansas City.....	1,715	22,300	27,800	208,900	1,900	22,000	3,100	10,945	4,400	8,750	16,600	68,950	4,000	554,500
Dallas.....	2,795	23,400	119,470	272,600	3,450	22,000	5,740	9,500	10,280	8,750	194,880	348,350	9,785	252,000
San Francisco.....	4,185	23,600	76,945	554,800	5,230	27,000	9,275	6,300	6,745	2,500	10,830	15,550	7,675	129,000
Total.....	570,695	1,481,000	4,416,215	5,234,800	1,142,675	1,882,000	633,310	279,380	1,819,725	509,500	1,995,305	1,225,850	167,005	1,139,000

	St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.		Total.	
	Re- ceived.	Re- turned.	Re- ceived.	Re- turned.	Re- ceived.	Re- turned.	Re- ceived.	Re- turned.	Re- ceived.	Re- turned.	Re- ceived.	Re- turned.
Boston.....	\$14,400	\$8,200	\$27,400	\$5,000	\$22,300	\$1,715	\$21,600	\$3,045	\$23,600	\$6,520	\$1,506,200	\$577,280
New York.....	180,400	245,000	156,500	65,000	208,900	27,800	287,600	134,470	554,800	76,945	5,248,805	4,377,815
Philadelphia.....	17,000	13,500	23,000	5,000	22,000	1,900	22,000	4,700	27,000	5,230	1,902,000	1,145,925
Cleveland.....	9,875	26,950	17,130	14,000	10,945	3,100	9,500	6,240	6,300	9,275	279,830	635,615
Richmond.....	9,500	30,250	6,500	2,500	8,750	4,400	8,750	11,280	2,500	6,745	516,500	1,829,415
Atlanta.....	143,000	323,245	23,850	4,500	66,700	16,600	348,350	218,630	16,745	19,330	1,223,695	2,038,560
Chicago.....	225,000	26,300	894,000	15,000	474,500	4,000	215,000	12,035	129,000	7,675	2,992,000	169,255
St. Louis.....			92,950	11,030	831,600	58,700	670,750	172,970	30,850	12,730	2,299,595	852,575
Minneapolis.....	11,000	92,950			33,000	34,300	15,500	20,200	57,000	74,190	246,500	1,370,020
Kansas City.....	58,700	831,600	34,300	33,000			101,000	246,370	11,000	55,215	284,515	2,082,530
Dallas.....	160,970	670,750	20,200	15,500	216,120	101,000		40,175	19,360	40,175	763,050	1,764,025
San Francisco.....	12,730	30,850	74,190	57,000	55,215	11,000	40,175	20,610			303,195	878,210
Total.....	\$42,575	\$2,299,600	\$1,370,020	\$247,500	\$1,970,030	\$264,515	\$1,740,225	\$50,550	\$78,155	\$305,530	\$17,545,935	\$17,719,225

### EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

*Average amounts of earning assets held by each Federal Reserve Bank during March, 1917, earnings from each class of earning assets, and annual rates of earnings on the basis of March, 1917, returns.*

Banks.	Average balances for the month of the several classes of earning assets.				
	Bills dis- counted, members.	Bills bought in open market.	United States bonds and Treasury notes.	Municipal warrants.	Total.
Boston.....	\$2,270,240	\$11,777,748	\$1,666,000	\$387,398	\$16,101,386
New York.....	956,514	24,883,711	1,205,421	5,392,354	32,433,000
Philadelphia.....	1,413,082	11,757,278	2,147,321	1,490,076	16,717,767
Cleveland.....	1,815,861	7,578,275	6,849,790	3,112,424	19,356,320
Richmond.....	3,656,196	6,842,895	2,416,609	15,000	12,924,601
Atlanta.....	2,052,823	3,448,110	1,625,451	10,760	7,137,144
Chicago.....	1,738,431	8,906,449	8,901,068	2,692,588	22,236,536
St. Louis.....	718,645	5,844,575	3,093,900	1,105,768	10,762,888
Minneapolis.....	1,511,400	3,329,500	2,665,500	320,600	10,321,000
Kansas City.....	491,442	3,377,388	9,901,810	488,309	14,218,949
Dallas.....	1,331,225	1,913,320	4,851,403	518,194	8,614,142
San Francisco.....	237,000	6,913,000	3,929,000	895,000	11,975,000
Total.....	18,190,769	99,026,249	49,247,244	16,333,471	182,803,733

*Average amounts of earning assets held by each Federal Reserve Bank during March, 1917, earnings from each class of earning assets, and annual rates of earnings on the basis of March, 1917, returns—Continued.*

Banks.	Earnings from—					Calculated annual rates of earnings from—				
	Bills discounted, members.	Bills bought in open market.	United States bonds and Treasury notes.	Municipal warrants.	Total.	Bills discounted, members.	Bills bought in open market.	United States bonds and Treasury notes.	Municipal warrants.	Total.
						Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Boston.....	\$7,449	\$31,737	\$4,458	\$1,905	\$44,649	3.86	3.17	2.00	3.05	3.27
New York.....	3,016	67,277	2,509	13,790	86,583	3.71	3.18	2.44	3.01	3.14
Philadelphia.....	4,477	30,441	5,359	3,387	43,664	3.73	3.04	2.93	2.84	3.07
Cleveland.....	5,630	19,764	15,049	8,450	48,893	3.65	3.07	2.59	3.20	2.98
Richmond.....	12,097	17,673	5,848	53	35,676	3.90	3.04	2.85	4.15	3.25
Atlanta.....	6,708	9,540	4,081	43	20,372	3.85	3.26	2.96	4.75	3.36
Chicago.....	5,849	21,658	19,279	7,091	53,877	3.97	2.86	2.60	3.10	2.87
St. Louis.....	2,425	15,696	6,643	2,855	27,619	3.98	3.16	2.53	3.04	3.02
Minneapolis.....	5,919	15,591	5,788	707	28,095	4.61	3.15	2.56	2.92	3.20
Kansas City.....	2,136	8,804	19,916	1,236	32,092	5.10	3.10	2.37	2.97	2.66
Dallas.....	5,404	4,720	10,622	1,353	22,099	4.88	2.97	2.63	3.13	3.00
San Francisco.....	917	16,984	8,319	2,222	28,442	4.57	2.90	2.54	2.92	2.80
Total.....	62,927	259,890	107,862	42,282	472,961	4.14	3.19	2.66	3.15	3.14

### DISCOUNT RATES.

*Discount rates of each Federal Reserve Bank in effect Apr. 30, 1917.*

	Maturities.						Commodity paper maturing within 90 days.
	Discounts.				Trade acceptances.		
	Within 15 days, including member banks' collateral notes.	16 to 60 days, inclusive.	61 to 90 days, inclusive.	Agricultural and live-stock paper over 90 days.	To 60 days, inclusive.	61 to 90 days, inclusive.	
Boston.....	3½	4	4	5	3½	3½	4
New York.....	3	4	4	5	2½	3½	4
Philadelphia.....	3½	4	4	4½	3½	3½	3½
Cleveland.....	3½	4	4½	5	3½	4	4
Richmond.....	3½	4	4	4½	3½	3½	3½
Atlanta.....	3½	4	4½	5	3½	3½	3½
Chicago.....	3½	4	4½	5	3½	3½	3½
St. Louis.....	3½	4	4	5	3½	3½	3½
Minneapolis.....	4	4	4½	5	3½	4	4
Kansas City.....	4	4½	4½	5	4	4	4
Dallas.....	3½	4	4½	5	3½	3½	3½
San Francisco.....	3½	4	4½	5½	3½	3½	3½

NOTE.—Rate for bankers' acceptances, 2½ to 4 per cent.



**GOLD IMPORTS AND EXPORTS.***Gold imports and exports into and from the United States.*

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

	Week ending—				Total since Jan. 1, 1917.	Total for corresponding period during 1916.
	Mar. 23, 1917.	Mar. 30, 1917.	Apr. 6, 1917.	Apr. 13, 1917.		
IMPORTS.						
Ore and base bullion.....	436	238	259	304	4,189	3,057
United States mint or assay office bars.....			1		7	1,021
Bullion, refined.....	652	40,332	34,307	402	218,912	8,459
United States coin.....		12	1		51,019	128
Foreign coin.....	54	2,433	207	2,433	55,985	24,923
Total.....	1,142	43,015	34,775	3,139	330,112	37,588
EXPORTS.						
Domestic:						
Ore and base bullion.....		20			72	135
United States mint or assay office bars.....	1,726	2	2,283	2,677	9,926	3,331
Bullion, refined.....	16	4	16	43	1,273	3,523
Coin.....	2,902	3,707	2,773	3,803	55,794	16,627
Total.....	4,734	3,733	5,072	6,523	67,065	23,616
Foreign:						
Bullion, refined.....					31	1,438
Coin.....	240	137	253	49	4,502	12,335
Total.....	240	137	253	49	4,533	13,773
Total exports.....	4,974	3,870	5,325	6,572	71,598	37,389

Excess of gold imports over exports since Jan. 1, 1917, \$258,514.

Excess of gold imports over exports since Aug. 1, 1914, \$1,127,276.

# I N D E X .

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