FEDERAL RESERVE BULLETIN

MAY, 1924

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AT WASHINGTON

Reparation Payments and Stabilization of German Currency
Business Conditions in the United States
Report of Committees of Experts to Reparation Commission

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1924

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REVIEW OF THE MONTH

During the month the principal event of interest has been the report of the committees of experts appointed by the Reparation Commission to make an inquiry into fiscal and monetary conditions in Germany and their relation to the problem of reparations. After receiving the unanimous approval of the Reparation Commission the reports of the experts were accepted by the German Government and favorably received by the Governments of the Allied Countries as offering a practical basis for a solution of the problem of reparations. In view of the importance of these reports, which are reprinted in full elsewhere in this issue, the present review summarizes the proposed program of action contained in the recommendations of the committee on budget and currency.

Report of experts to Reparation Commission

Under its terms of reference this committee was to consider "means of balancing the German budget and the measures to be taken to stabilize its currency." The essential features of the plan recommended by the committee are a schedule of reparation payments to be made by Germany directly out of taxation and through the imposition of a mortgage debt upon German railways and industry; the separation of collections in Germany, for which the German Government is to be held responsible, from the transfer of funds abroad, which is to be controlled by a committee representing the Allies whose function it will be to make the maximum transfers consistent with maintenance of exchange stability; the establishment of a new bank of issue to unify and stabilize German currency; and the flotation of a foreign loan intended to assist in the establishment of the bank and in enabling Germany to meet her most urgent immediate obligations.

The committee regards its proposal as one indivisible whole and considers it essential to its successful operation that the report be adopted in its entirety. It furthermore points out that while the plan does not "attempt a solution of the whole reparation problem, it foreshadows a settlement extending in its application for a sufficient time to restore confidence, and at the same time is so framed as to facilitate a final and comprehensive agreement as to all the problems of reparation and connected questions as soon as circumstances make this possible."

In considering the conditions essential to the restoration of Germany's credit and the establishment and maintenance of stability in budget and currency, the committee based its report on the assumption that the fiscal and economic unity of Germany will be restored. Furthermore, the committee recognizes that Germany's present financial conditions are such that reparation payments can be made from her ordinary budget revenues only after a period of recuperation. The report says: "At the time of our investigation Germany was passing through an acute economic crisis, the direct result and the culminating point of a depreciation of the currency so catastrophic as practically to destroy the currency and reduce the budget to all but a shadow. The habit of saving has been destroyed and it will require time and the restoration of confidence to reestablish it. The existing wealth is maldistributed in an almost unparalleled degree. The cessation of depreciation, with the consequent removal of the premium on exports and the stabilization of prices at a level which is momentarily, at any rate, above that of the world level, has had important reactions. Finally, the state of employment and the fiscal and economic machinery of Germany have been violently deranged by the events of 1923. A return to normal conditions in this respect can not be effected overnight."

In its analysis of the problem of stabilization of the German currency and balancing the German budget, the committee distinguishes sharply between the two phases of the problem, the amount of revenue Germany can make available for the reparation account and the amount which can be transferred to foreign countries. Since the probable amount of the budget surplus and other collections on reparation account can be more definitely estimated than the amount which can be made available for payments abroad, the report presents a schedule of annual payments over a series of years, but does not undertake to estimate the amounts that can be converted into foreign currencies without causing instability of exchange. The limits within which payments can be made abroad are defined as follows: "The funds raised and transferred to the Allies on the reparation account can not in the long run exceed the sums which the balance of payments makes it possible to transfer without currency and budget instability ensuing." The entire plan rests upon this distinction between the collections in Germany on reparation account, which are measured by the German taxpayers' capacity to pay, and the transfer of funds to the Allies, the volume of which depends in the final analysis on Germany's balance of international payments.

Schedule of collections

The committee, in view of its terms of reference, did not undertake to determine the total amount of reparation payments, but worked out a plan of annual payments to be inclusive for any particular year of all possible charges for which Germany may be liable to the Allies, with the understanding that any addition to one category of charges can only be made at the expense of another. The first four years of the operation of the plan are regarded as a period of recuperation and transition, with a gradual increase of payments to the fifth year, when the amount to be paid reaches a standard total. During the first two years no payments are to be made out of ordinary budget receipts; in the following years the payments from this source are increased so that in the standard year the budget furnishes one-half of the total payments. The plan further provides for a foreign loan and for the collection of interest upon a mortgage indebtedness to be placed on German railroads and industry. Essential deliveries in kind are to continue and their value is to be included each year in the total of payments prescribed by the plan. The amounts which it is estimated Germany will be in a position to pay during the periods of recuperation and transition and the standard amounts specified for subsequent years are given in the following schedule, which designates the several sources from which the funds are to be derived. Provision is made for modification of the amounts set forth in the schedule during the third and fourth years in accordance with the yield of certain controlled revenues and for additions to the standard payments to be determined by an index of prosperity.

SCHEDULE OF COLLECTIONS

[In millions of gold marks]

	Budget moratorium period		Transition period		Standard year
	First year	Second year	Third year	Fourth year	Fifth and subsequent years
Ordinary budget			110	500	1,250
Foreign loan	800				
Interest on railway bonds	200	595	550	660	660
Sale of railway preference shares		500			
Interest on industrial bonds		125	250	300	300
Transport tax			290	290	290
Total	1,000	1,220	1,200	1,750	2,500

Sources of collections.

In the proposed schedule, as shown above, no collections on reparation account are expected to be made out of funds derived from the ordinary budget during the two years of recuperation or so-called budget moratorium. It is a requirement of the plan, however, that for these two years, taken as a whole, ordinary revenues and expenditures shall balance.

In the third year the budget is expected to contribute 110,000,000 gold marks, in the fourth year 500,000,000 marks, and in the fifth and subsequent years 1,250,000,000 marks, which constitutes one-half of the total standard payment. The contributions of the budget to reparation payments are to be secured by the control and supervision of revenues derived from taxes on tobacco, alcohol, sugar, and beer, and from customs receipts. During the transition period, the third and fourth years, provision is made for increases and decreases in payments within the limit of 250,000,000 marks, dependent upon the yield of these controlled revenues. It is estimated that these revenues will yield in the standard year over 2,000,000,000 marks, against which reparation payments will be a first charge. Any excess of yield over this charge will be available to the German Government for ordinary expenditures. Beyond indicating the total amounts to be paid from budget and the guarantees provided by the controlled revenues, the committee does not undertake to prescribe methods of raising revenue, but Germany is left free to devise such fiscal arrangements as seem best adapted to her conditions. The committee does, however, commend to the German Government certain methods of taxation which have been worked out by technical experts.

A proposed foreign loan of 800,000,000 gold marks is to be the chief source of reparation payment during the first year. This loan is intended to "serve the double purpose of assuring currency stability and financing essential deliveries in kind during the preliminary period of economic rehabilitation." The relation of this loan to the proposed bank of issue and its use as a basis of currency stabilization is considered later in this review.

Other proposed sources of payment are interest on railroad and industrial bonds, the sale of railway preference shares, and the transport tax. The committee places upon the German railroads a total valuation of 26,000,000,000 gold marks, and against this total its plan provides for the issue of 11,000,000,000 of mortgage bonds, 2,000,000,000 of preference shares, and 13,000,000,000 of common stock. The mortgage bonds, which shall be guaranteed by the German Government, are to be turned over to the Reparation Commission and are to bear in the standard year a rate of interest of 5 per cent and an amortization charge of 1 per cent. The income from these bonds, which increases during the first four years, is the principal source of payments during these years. Of the preference shares, one-fourth is to be turned over to the German Government and three-fourths to a company which is to take over the operation of the railroads. This company is to be administered by a board of directors representing the Reparation Commission, the German Government, and the holders of the preference shares. From the sale of its preference shares the Government is to make reparation payments in the second year amounting to 500,000,000 marks, and in case the sale of these shares fails to yield this amount the deficit is to be made up by an internal loan. The common stock is to be issued to the German Government, which will have authority to hold the stock or to sell it, as it prefers. Through redemption of the bonds and the repurchase of the preference shares the plan provides a means for the German Government ultimately to regain control of the railroads.

Upon German industry the plan places a mortgage amounting to 5,000,000,000 gold marks, to be represented by bonds, the burden to be distributed among individual concerns and guaranteed by the Government. The yield of these bonds in the standard year (5 per cent interest plus 1 per cent amortization) is to be a source of reparation payments beginning with the second year. The tax now levied on railroad transportation is retained and, beginning with the third year, is to be a direct source of reparation payments up to 290,000,000 marks. Total payments under the schedule, as shown in the table, are to increase from 1,000,000,000 gold marks in the first year to 2,500,000,000 gold marks in the standard year.

A guiding principle used by the committee in determining this schedule of annual payments was that the German people should bear a burden of taxation as heavy as that borne by the peoples of the allied countries—the principle of commensurate taxation. This principle, which is considered just in its application to Germany, is also deemed to be economically desirable, because it tends toward competitive equality in international trade between Germany and the Allies. The placing of a mortgage debt of 16,000,000,000 marks upon German railroads and industry is in recognition of the fact that all bonded indebtedness in Germany has been virtually extinguished through the fall of the mark. Railroads and industry, which through the depreciation of the German currency have been relieved of a large part of their burden of bonded indebtedness to investors, are to contribute under this plan to currency and fiscal restoration and to reparation payments through the assumption of a mortgage debt to the Reparation Commission. Interest payments on this mortgage debt into reparation account will under the plan take the place of the annual interest charges which were borne by German enterprises in the years before inflation. No mortgage debt is placed upon agriculture, but it is recommended that the German Government, in case it deems it desirable, impose such a mortgage in favor of the regular budget. Certain obligations, it may be noted, have already been imposed upon agricultural land through the levy which guarantees the rentenmarks.

Commensurate taxation

Two considerations are indicated by the committee which might lead to a modification of the annual totals specified in the schedule—growth of industrial prosperity and changes in the value of gold. For the purpose of enabling the Allies to share in the growth of German industry and trade, an index of prosperity is proposed, which, after the first five years, may indicate variable additions to the standard payments on reparation account. Thus the payments, instead of being modified by changes in the value of exports alone as is contemplated under existing arrangements, will under the proposed plan increase in accordance with a composite index based upon statistics of railway traffic, population growth, total foreign trade, consumption of tobacco, sugar, beer, and alcohol, budget expenditures (excluding reparation payments), and per capita consumption of coal. There is no provision for decreasing the standard payments on the basis of the prosperity index, but in case it indicates a reduced capacity for payment in any year the amount of the deficiency is to be deducted from any future supplementary payment based on the index. A further modification is provided for on the basis of changes in the value of gold which, in case they exceed 10 per cent of its value in 1928, may result in future years in a corresponding increase or decrease of annual reparation payments.

Transfer of funds to Allies

A more important factor in its possible effect upon total reparation payments is the provision which places a definite limit upon the accumulation of reparation funds in Germany in excess of the amount that can be transferred abroad without resulting in undue fluctuation of exchanges. In case collections on reparation account are in excess of what Germany's balance of payments will make it possible to remit to the Allies, a limit is placed upon the accumulation of reparation funds in Germany. Up to 2,000,000,000 marks these funds, which are to be deposited in the new bank of issue, may be used in short-term credit operations in Germany. If the accumulation continues beyond this amount and up to 5,000,000,000 marks, the funds may be used by the Allies in Germany in the purchase of bonds and other forms of investment. When, however, the total amount of these funds reaches 5,000,000,000 marks provision is made for a decrease of payments out of the budget and the transport tax and for their discontinuance to the extent that transfers can not be effected. Even before the funds accumulated reach this total the payments may be modified if in the judgment of the transfer committee it appears that further accumulation is a menace to the fiscal or economic situation of Germany or to the creditor countries. In case the transfer committee discovers concerted financial maneuvers by the Government or by individuals to prevent the transfer, the transfer committee may undertake whatever measures are necessary to defeat these maneuvers and is authorized under these circumstances to accumulate funds beyond the limit of 5,000,000,000 marks.

In discussing the relation between collection—that is, the German taxpayers' capacity to pay—and remittance abroad—that is, Germany's capacity to pay the Allies—recognition is made in the report of the fact that the amount that can be paid abroad by means of an economic surplus in international trade is "by comparison with the budget, incapable of close calculation, 'unmanageable', and too elastic. But limits set by economic balance, if impossible of exact determination, are real. For stability of a country's currency to be permanently maintained, not only must her budget be balanced but her earnings from abroad must be equal to the payments she must make abroad, including not only payments for goods she imports but sums paid in reparation. Nor can balance of the budget itself be permanently maintained except on the same conditions." Thus the amount which the exchange position makes it possible for the Allies to transfer not only limits the receipts to the Allies on reparation account but also ultimately places a limit upon the collections to be made in Germany. Faced with this limitation the committee does not undertake to make a definite estimate of the amount which can be transmitted, but makes the volume of transfers depend upon the actual exchange situation as it develops in experience.

Bank of issue

Reference has already been made to the proposed bank of issue, which is to serve as the depositary of reparation funds collected in Germany and is regarded by the committee as an essential agency for the creation of a unified and stable currency. Establishment of the Rentenbank, through which the recent stability of German currency has been brought about, is viewed by the committee as not affording, in the absence of other measures, an adequate guaranty of permanent stabilization. Such stability the committee believes is essential to the maintenance of a balanced budget and the restoration of German credit. The committee provides safeguards that reparation payments will not lead to instability of exchange through the control it places in the hands of the transfer committee, and proposes to maintain the gold value of the domestic currency by means of the establishment of the new bank of issue and through the limitations placed upon its note-issuing power.

The bank is to perform the usual functions of a central bank and may, in fact, be established through a reorganization of the Reichsbank. The capital of the bank is to be 400,000,000 gold marks, of which one-fourth is to represent the fixed assets of the Reichsbank and the remainder is to be offered for sale in Germany and abroad. The bank is to have the exclusive right, with certain minor qualifications, to issue notes, and all other notes now in circulation are to be gradually withdrawn. Against these notes the bank is required to maintain a normal reserve of 33⅓ per cent in gold and gold credits with foreign banks. The purpose is to keep the currency stable in relation to gold, stable foreign exchange, and as soon as conditions will permit to place it upon a convertible basis. Against its demand deposits the bank is to maintain a reserve of 12 per cent in gold, with certain further provisions regarding liquidity of assets. The bank is intended to be primarily a bankers' bank, though it may make loans directly to the public, with safeguards as to type and maturity of paper to be discounted. It is to be the fiscal agent of the German Government, but entirely free from governmental control, and its power to lend to the Government and to State enterprises is strictly limited.

It is contemplated that the new bank of issue, which will either supersede the Reichsbank or be the outcome of a reorganization of that bank, will absorb the recently organized gold discount bank (the so-called Schacht Bank). This latter bank is considered an interim arrangement expressly limited to providing the means of carrying on foreign trade and thus supplementing the Rentenbank, whose operations and currency issues are limited to domestic trade. According to the committee's plan, the Rentenbank is to be liquidated. With the passing of the Rentenbank and the absorption of the gold discount bank, the new bank of issue is intended through its operation at home and abroad to take over the functions which at present are performed by both of these institutions.

Proposed administrative machinery

Provision is made in the plan for machinery to administer the bank of issue and the railroads, and for the establishment of a transfer committee. Administrative arrangements with reference to the bank provide for an organization committee consisting of the president of the Reichsbank and one member of the committee of experts; and after its establishment a general board of 14 members, 7 elected by German stockholders and 7 foreign members, representing the United States, Great Britain, France, Italy, Belgium, the Netherlands, and Switzerland, to be appointed by the organization committee, and later self-perpetuating. This board is to elect the president of the bank, who must be approved by the president of the Reich, and for the first six months of the bank's operation is to be the president of the Reichsbank. The board is to have general supervision of the operations of the bank, and the actual administration is to be in charge of a managing board to consist of German nationals appointed by the president, subject to the approval of the general board and the president of the Reich. In addition the general board shall elect a banking commissioner to supervise the maintenance of reserves and the issue and redemption of notes.

The railroads are to be operated by a board of 18 directors, 9 of whom are to be appointed by the trustee of the mortgage bonds and 9 by the German Government. After the sale of the preference shares the holders of these shares will elect four directors and the Government will appoint five. Of the directors appointed by the trustee, five may be of German nationality. The chairman of the board and the general manager shall be Germans. The foreign members of the board of directors will select the commissioner of railways who is to exercise active supervision over the operations of the roads, and in case the railways fail to yield net revenues sufficient to meet the required reparation payments, is to take over the functions of the general manager.

The Reparation Commission will appoint a trustee of bonds and a commissioner of controlled revenues. The trustee will receive and hold the railway and industrial bonds and will have charge of the sale of these bonds and the collection of interest payments. The duty of the commissioner of controlled revenues will be to supervise the reparation payments out of budget, and in case of default to take complete charge of the controlled revenues.

All operations in connection with the transfer of funds to the Allies and the investment in Germany of accumulated funds are to be in charge of a transfer committee appointed by the Reparation Commission. With this committee will rest the decision to suspend collections when the funds exceed the stated limit of 5,000,000,000 marks. This committee will include in its membership the agent for reparation payments, who is to be the principal representative of the Reparation Commission and is to coordinate the activities of all the agencies proposed by the plan.

Foreign loan

Funds arising from the proposed foreign loan of 800,000,000 gold marks, to which reference has been made in connection with the first year's reparation payments, will be deposited in the bank to the credit of the German Government and will constitute a contribution to its reserves and thus enlarge the basis of its currency issues. The loan will also help to overcome the acute shortage of liquid funds in Germany and will assist in meeting her immediate and more urgent obligations to the Allies, particularly in making payments in Germany for goods to be delivered on reparation account.

In commenting upon the credit position of Germany in connection with the proposed foreign loan and upon the use to be made of the funds thus raised, the report states that—

"A considerable sum can certainly be raised upon the good security that the plan provides, with a clear prospect of improved international political position and of stability.

"The question is, therefore, whether the claims upon Germany can be so reduced by agreement among the allied creditors as to come within this potential credit. If they can, then obviously the greater the reduction the more moderate the sum to be raised, and the greater the probability of Germany successfully raising a loan. If not, then the loan will not be forthcoming, stability can not be insured, and neither this plan nor any other can come into being.

"The successful launching of the scheme depends, therefore, upon three main factors: (1) Limitation of payments for all purposes to 1,000,000,000 gold marks, of which at least 800,000,000 must be spent in Germany for the first year, and thereafter to such sums as are available under the plan during the succeeding years; (2) cooperation between the Allies and Germany in securing political conditions which will incline the investors of the world favorably toward the German loan upon good security; (3) a loan of 800,000,000 gold marks, which will serve the double purpose of assuring currency stability and financing essential deliveries in kind during the preliminary period of economic rehabilitation."

Currency stabilization and reparations

Flotation of this external loan will be one of the first practical steps in the carrying out of the plan, after the acceptance of the report by the Governments concerned, and will test the acceptability to the investing public of the security offered by the plan. Banking credits of a short-term character have already been granted by New York and London bankers in connection with the recent establishment of the gold discount bank in Germany. The establishment of foreign credits as a means of stabilizing currency in relation to gold was the plan followed by a number of other European countries during the past year, and the results of this method of currency stabilization were described in the previous issue of the Federal Reserve Bulletin. In effect these plans establish a gold exchange standard and may be regarded as constituting an intermediate arrangement between depreciating paper money with wide fluctuations in exchange and currency stability on the gold standard. Currency reforms undertaken in Europe have been in the direction of reestablishing the connection between domestic currencies and gold by linking them to stable foreign exchanges. In those countries whose budgetary position was not immediately affected by the payment of reparations, this method of currency reform has resulted in a greater stability of exchange. In Germany the balancing of the budget and the stabilization of the currency is complicated by reparation obligations, but in its proposals the committee has considered currency stability as essential to the restoration of German credit and has made the maintenance of stability a limiting factor upon the payment of reparations.

Reprint of reports of experts to Reparation Commission

The complete official English text of the reports to the Reparation Commission of the two committees of experts, which is printed in full in this issue, has been reprinted as a separate pamphlet and can be obtained on request at a nominal charge.

BUSINESS CONDITIONS IN THE UNITED STATES

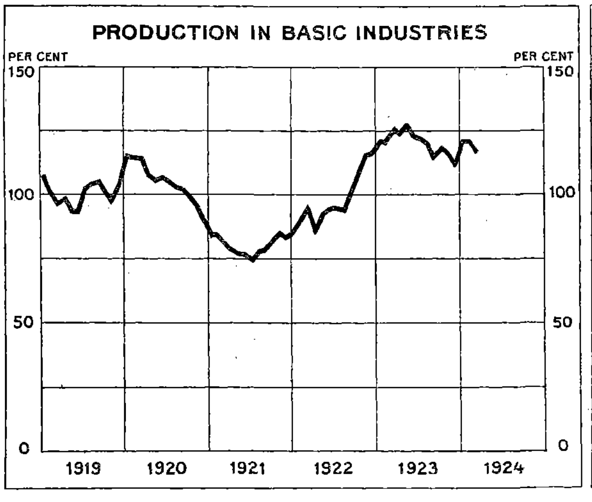
Production of basic commodities decreased during March, and there was a recession in wholesale prices. Distribution, both at wholesale and retail, showed less than the usual seasonal increase and was smaller than a year ago.

Production.—The Federal Reserve Board's index of production in basic industries, adjusted to allow for length of month and other seasonal variations, declined 3 per cent in March. Output was reduced by most industries, and the decreases were particularly large in mill consumption of cotton and production of bituminous coal and copper. Daily average production of steel ingots, however, was larger than in any previous month. The level of factory employment was unchanged, but some curtailment in working hours was evidenced by a decline of 1 per cent in average weekly earnings. Contract awards for new buildings in March reached the the highest total value on record, owing chiefly to a large increase in the New York district.

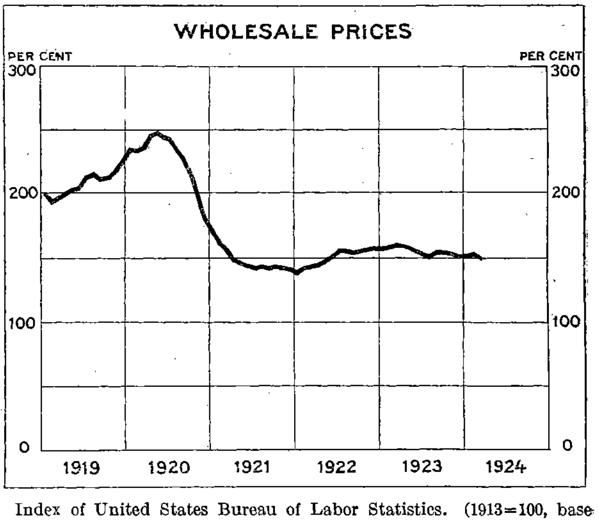
Estimates by the Department of Agriculture on the basis of condition on April 1 indicate a reduction of 4 per cent in the yield of winter wheat and of 6 per cent in the production of rye as compared with the final harvests in 1923.

Trade.—Shipments of commodities by railroads declined each week in March and car loadings were 4 per cent less than a year ago. Wholesale trade increased slightly during March, but was 8 per cent less than a year ago owing to decreases in sales of dry goods, shoes, and hardware. March sales of department stores were 8 per cent less than in March, 1923, and merchandise stocks at the end of the month were 8 per cent larger than a year ago. Sales of mail-order houses also showed less than the usual seasonal increase in March. Decrease in the volume of purchases at retail compared with last year is partly accounted for by the late Easter and the generally unfavorable weather conditions.

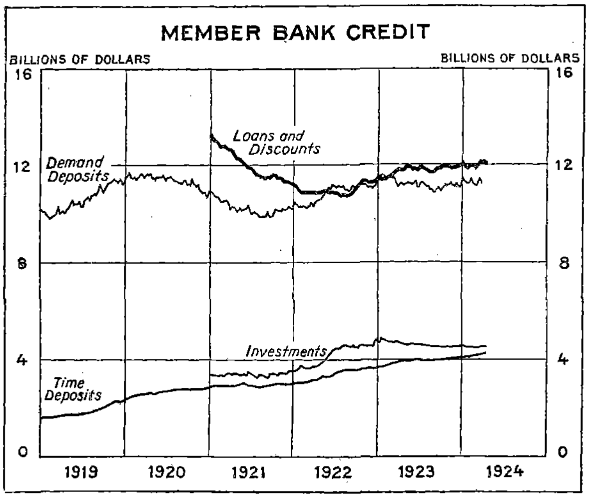
Prices.—Wholesale prices, as measured by the Bureau of Labor Statistics index, decreased slightly more than 1 per cent in March and were 6 per cent lower than a year ago. Prices of farm products, foods, clothing, chemicals, and house furnishings declined, building materials remained unchanged, while fuel and metals were slightly higher than in February. During the first three weeks of April quotations on pig iron, lead, coal, silk, and sugar declined, while prices of wheat, corn, and cotton advanced.



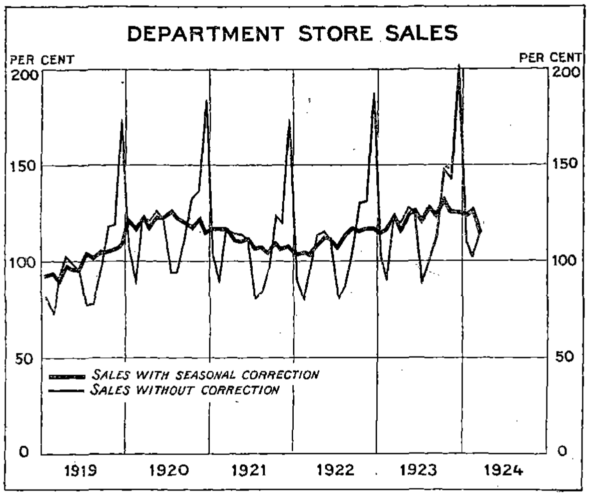
Index of 22 basic commodities corrected for seasonal variation. (1919=100.) Latest figure, March, 116



Index of United States Bureau of Labor Statistics. (1913=100, base adopted by bureau.) Latest figure, March, 150



Weekly figures for member banks in 101 leading cities. Latest figures April 16



Index of sales of 333 stores in 117 cities. (1919=100.) Latest figures March

Bank credit.—Volume of borrowing for commercial purposes at member banks in leading cities, after increasing during the early part of the year, remained constant at a high level between the middle of March and the middle of April. During the four-week period total loans of these banks were in larger volume than at any time in more than two years.

Discounts and investments of the Federal reserve banks, which on April 2 were slightly above $1,000,000,000, declined by about $125,000,000 during the first three weeks in April to the lowest point for the year. This decline represents a reduction in discounts and in the holdings of acceptances, while the volume of Government securities increased somewhat.

Money rates in the New York market during the first three weeks in April were at about the same level as in the latter part of March. Prime commercial paper was quoted at 4½ per cent and 90-day bankers' acceptances at 4 per cent throughout the period.

AGRICULTURE

A decline in crop prices, a further slackening in marketing, and unsatisfactory weather in most sections for spring preparations were the outstanding factors influencing the agricultural situation in March. Contrary to the usual seasonal movement, crop prices declined in March and were 2 per cent lower than in February, but compared with March a year ago they were slightly higher. The total volume of agricultural products marketed in March was 15 per cent smaller than in February and, largely on account of the heavy decline in the movement of grain, distribution was smaller than a year ago. Receipts of livestock, animal products, and cotton, sales of tobacco, and shipments of fruits decreased, while shipments of vegetables showed the usual seasonal increase.

Rains and cold weather seriously delayed farm operations in almost all districts, and spring preparations and plantings are reported to be from two to three weeks late in the Richmond and Atlanta districts and in parts of the St. Louis district. In the San Francisco district the rains were generally beneficial, and in the drought areas they afforded considerable relief and greatly improved the agricultural prospects. Early in April more favorable weather was reported from all districts, and farm work was progressing rapidly. While the low temperatures which prevailed in March retarded outdoor operations, they were favorable to the fruit crops. Buds were retarded and the potential damage from cold was lessened. The supply of farm labor on April 1 was practically the same as a year ago, but the demand was less than in the previous season and the supply was 92 per cent of the demand.

Grain

On April 1 the condition of winter wheat was 83 per cent of normal, compared with 75 per cent a year ago, but improvement was not reported for all districts. In the Philadelphia, Cleveland, Chicago, and St. Louis districts, where considerable damage had been reported from unsatisfactory weather during the winter months, the condition was decidedly below that of a year ago. The crop in the Kansas City, Dallas, and sections of the San Francisco districts was generally well protected during the winter, and the condition on April 1 showed great improvement over a year ago. Despite the better average condition of the crop, the acreage sown was smaller than in the previous season, and the yield is estimated at 549,415,000 bushels, a 4 per cent reduction from the final harvest in 1923. The average condition of the rye crop was higher than a year ago, but the estimated yield is 6 per cent smaller than the 1923 production, which is also due to a curtailment in acreage. Under favorable weather conditions during the closing weeks in March and early in April, spring wheat seedings progressed rapidly in all sections. Oat seeding was practically completed as far north as Missouri by the end of the first week in April and work was advancing satisfactorily in the areas of the Chicago and Minneapolis districts, although it was somewhat later than usual in some sections of these districts. Corn planting has been delayed in all districts, but the early seeded corn in the Gulf States is in good condition.

The marketing of all grains declined in March and was 25 per cent smaller than in February. With the exception of corn, all grains were distributed in smaller volume than in March a year ago. While bad weather is reported to have retarded marketing at primary markets, receipts were probably affected by price declines in March, which were noted for all grains except barley. Exports of grain since the beginning of the crop year have been considerably less than in the preceding season, as shown in the table.

EXPORTS OF GRAIN

[000 omitted]

	Nine months ending—		Percentage change from 1923
	March, 1923	March, 1924	
Barley ....bushels..	16,758	9,542	−43.1
Corn........do....	81,812	16,620	−79.7
Oats........do....	17,481	1,062	−93.9
Rye........do....	40,704	9,996	−75.4
Wheat........do[1]...	196,377	144,615	−26.4
Rice........pounds..	238,697	172,485	−27.7

[1] Wheat flour in terms of wheat.

Cotton

During the winter months the weather conditions were generally satisfactory in the cotton-growing areas. The low temperatures lessened the potential damage by the boll weevils and the rainfall was sufficient to put the soil in good condition. Since the beginning of spring, however, the wet weather has continued in sections of the Richmond and Atlanta districts, and the season is from ten days to two weeks late. In sections of the St. Louis and Dallas districts conditions have been more favorable, and plantings are progressing rapidly, especially in Texas. Reports indicate that more fertilizers are being used than in 1923 and that a greater effort is being made to combat the weevils with poison and intensive cultivation.

Marketing of the old crop showed a further seasonal decline in March. Sight receipts were 12 per cent less than in February and 19 per cent smaller than a year ago. Spinners' takings, on the other hand, which are usually smaller in March than in February, increased 10 per cent, but compared with March, 1923, they were 26 per cent smaller. Domestic consumption of cotton continued to decline in March from the corresponding month a year ago and the total consumption since the beginning of the crop year is nearly 9 per cent below that of the previous season. Exports, on the other hand, have continued in large volume and are 16 per cent greater than a year ago. At the end of December domestic consumption of cotton was 6 per cent smaller and exports were 15 per cent larger than in the previous season. Since that time the domestic consumption has been decreasing at a greater rate than in the autumn, but exports have been larger than a year ago. The following table shows the monthly consumption and exports of raw cotton and the percentage change from the corresponding periods a year earlier.

	Consumption		Exports	
	1923–24	Per cent change from 1922–23	1923–24	Per cent change from 1922–23
1923	*Bales*		*Bales*	
August........	492,000	−6.5	244,000	−10.6
September........	484,000	−2.0	689,000	87.2
October........	542,000	1.5	782,000	−2.1
November........	531,000	−8.3	770,000	−10.3
December........	462,000	−12.7	846,000	39.1
Total........	2,511,000	−5.7	3,331,000	14.6
1924				
January........	577,000	−5.4	546,000	15.4
February........	508,000	−10.4	482,000	33.9
March........	484,000	−22.4	332,000	4.4
Total........	4,080,000	−8.6	4,691,000	15.6

Tobacco

Marketing of the 1923 tobacco crop was practically completed in March, and many markets and cooperative receiving stations have closed. Sales in all districts showed a considerable decline from the February totals and were smaller than in March a year ago. Prices received by the growers for the crop sold in the independent markets were somewhat lower than for the 1922 crop, which was attributed to the poorer qualities of the 1923 yields than in 1922. In the Virginia markets dark tobacco sold for higher prices during the month than bright tobacco, which was very unusual and was due principally to the low quality of the bright product. With the closing of the marketing season, active attention has been turned to preparations for the new crop and, while there is a tendency to increase the acreage in some sections, efforts are being made in the burley districts to curtail the acreage in order to prevent an overproduction in 1924.

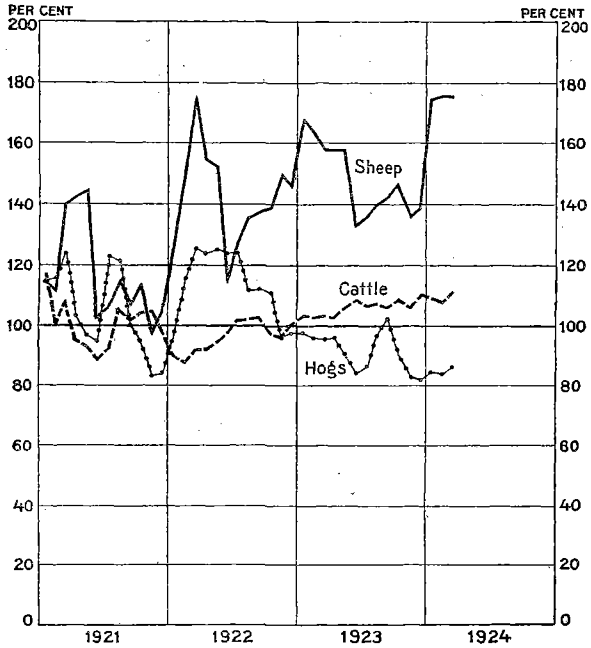
Activity in the manufactured-tobacco industry was well maintained in March. Production of all products was seasonally larger than in February, but only small cigars and cigarettes were produced in larger volume than in March a year ago. The demand for cigars was better in April than in March, but not as good as a year ago. Prices are generally firm and stocks are moderate.

Fruit

With the exception of slight damage by late freezes and frosts to the deciduous fruit crops in the southern portion of Arizona and to the peach crop in sections of the Dallas, Kansas City, and St. Louis districts, weather conditions were generally satisfactory during March and the first weeks in April for the fruit-growing industry. In fact, the late spring in the eastern States delayed budding and thereby lessened the potential damage from cold and frost. Citrus groves in Florida and California continued in good condition. The total volume of fruit marketed in March was smaller than in February, but it was slightly larger than in March a year ago. Although the shipments of apples were seasonally smaller than in February, they were in considerably larger volume than last year. Cold-storage holdings of apples on March 1 amounted to 5,966,000 barrels, compared with 3,090,000 barrels at the same period a year ago. Citrus fruit shipments from Florida for the season through March were larger than in 1923, but the movement from California has not been as large as in the previous season. Canned fruits have moved steadily into consuming markets in recent months, and the market position of these products has been strengthened. Large sales of dried fruits in the San Francisco district caused a considerable reduction in unsold stocks in first hands.

Livestock

Although the cold and stormy weather during the last week of March was generally unfavorable for livestock in the western range areas, causing some losses in sections of the Kansas City and San Francisco districts and making much feeding necessary for a short period, warmer weather in April cleared the snow from the greater part of the ranges and decided improvement was evident in the Dallas district and the southern sections of the Kansas City and San Francisco districts. Ranges and stock in most of the principal States were in much better condition on April 1 than a year earlier and the outlook for both the cattle and sheep industry is better than it has been in recent years. The spring movement of livestock from the Dallas district to the long-grass areas farther north began early in April, but with the improvement of the ranges and better feed conditions in that district the transfer is expected to be light. In



Monthly average prices, 1921-1924, of sheep, cattle, and hogs at principal markets, reduced to relatives with 1913 monthly average price as 100 some sections of Texas the ranges are understocked and rather than supply them at the present time there is a tendency among many cattlemen to increase cotton planting on them.

In February the foot-and-mouth disease was detected in California and by late in March it had spread into a considerable area, and strenuous efforts are being made by the State of California and the Federal Government to combat the further spreading of the disease.

All animals except calves were marketed in fewer numbers in March than in February, and for the first time since April, 1922, hog receipts were smaller than for the corresponding month in the previous year. This decrease in hog receipts was very significant and reflected the tendency of the producers to curtail the supplies. Since the beginning of the year livestock prices have been rising, and in March the highest levels were reached since November. Reduced marketing and a continuation of a fairly active demand in March were two of the principal factors affecting the industry. Compared with recent years the outstanding fact has been the increase in lamb prices. While cattle prices are still low, they have increased in recent months and are higher now than a year ago. The large supply of hogs has depressed prices, but producers have been compensated to some extent by increased production. Detailed changes in the prices of cattle, hogs, and sheep are shown in the chart.

Dairy products

A seasonal expansion in the production of butter and cheese began in March and the total output was greater than in March a year ago. Distribution, on the other hand, as indicated by receipts at five principal consuming centers, declined and was in smaller volume than last March. As a result of smaller receipts than in February, cold-storage holdings were reduced to the lowest levels since July, 1923. Although a decline in the stocks in March is a seasonal occurrence, it is significant that supplies were considerably heavier on April 1 than a year ago. Prices of butter have declined continuously since the beginning of the year, and quotations for 92 score creamery butter at New York reached a low point of 36.5 cents on April 18, as compared with 47.5 cents a month earlier. Receipts of milk in the New York market increased in March and amounted to 3,124,000 cans, an increase of 14 per cent over February and 8 per cent over March a year ago.

The Department of Agriculture reports that the dairy industry has expanded to a point where gross domestic production exceeds gross domestic consumption, and evidences of a continuation in the expansion are reflected in the gradual increase in the number of dairy cattle, which totaled 24,765,000 head on January 1, 1924, the largest number in the history of the country.

MINING

Coal and coke

Inactivity continued to prevail in coal markets during April, and production and prices of bituminous coal reached new low records. Mine operations were curtailed considerably throughout March and April, and in the week ending April 12 daily average output was the smallest, with the exception of the period of the 1922 strike, since the low point of the depression in the spring of 1921. Estimated production for March totaled only 39,909,000 tons, the smallest figure recorded for that month in any year, excepting 1921 and 1919, since 1915. The Coal Age index of bituminous coal prices in the week of April 21 fell to $2.04, the lowest point reached since 1916. Despite these low prices, contracts which expired on April 1 have not yet been renewed to any appreciable extent. Several railroads have signed contracts, but industrial consumers are either using up their stocks or buying for immediate needs in the spot market.

On April 1 producers announced reductions in anthracite prices of about 50 cents a ton on domestic sizes and 25 to 50 cents for steam sizes. Many retail dealers made further reductions. Customers who had kept out of the market in March awaiting this announcement have since made purchases. Demand consequently improved somewhat, but was reported to be under expectations considering that the lower prices were announced only for the month of April. Production is well maintained and many mines are producing at capacity. March output totaled 8,114,000 tons. This was larger than for any month since last October, but at a lower rate than during last spring.

Production of both beehive and by-product coke in March totaled more than in any month since early last fall. More recently, however, the decreased demand from iron and steel sources has been reflected in output. Buying in April was comparatively light and the weekly production of beehive coke declined from 316,000 tons in the week ending March 22 to 266,000 tons three weeks later. Prices of coke were reduced considerably about the middle of April and a new minimum of $3.40 for standard furnace coke was established.

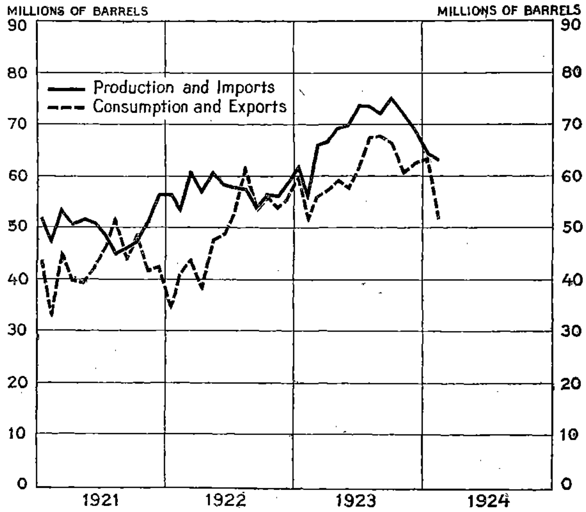
Petroleum

Under the influence of rising prices and the coming of better weather in March and April, increased activity was noted in the petroleum industry. Drilling operations were stimulated and the number of new wells that came into operation increased. Total production of crude petroleum in March exceeded the output in February, but on account of the smaller production in the first three weeks of March than in the corresponding period in February the daily average production was slightly lower. During the week ending March 29 production, particularly in the mid-continent fields, began to increase and by the middle of April the daily average output had reached the highest level since early in December. Stocks increased further during the month and on April 1 they were 31 per cent greater than a year ago. Notwithstanding an increase in production and stocks, prices made further advances, although the rate of increase was not as great as in February. Since the beginning of the year changes in petroleum prices have been very similar to those a year earlier, as is indicated by the following table of price relatives for the California and mid-continent fields:

	1923	1924
January	154	150
February	183	194
March	193	209

Compared with a year ago, prices at the California fields are approximately 60 per cent higher and quotations in the mid-continent fields are 10 per cent lower. As a result of this variation eastern refiners are reported to be turning away from California for their supply of crude oil, with the consequence that stocks are steadily increasing at the California fields.

The heavy production of crude oil and the accumulation of large stocks have been accompanied by increased activity in the refining industry, and stocks of most products are exceptionally large. Gasoline stocks at the beginning of March were the largest in the history of the country, and for the first time since the beginning of the year prices showed a tendency to decline, especially in some of the mid-continent consuming centers. A comparison of the production and consumption of petroleum is shown in the accompanying chart. The continuous increase in stocks during 1923 and 1924 is clearly reflected by the fact that production continued well above consumption throughout the year and the first months of 1924.



Production and consumption of petroleum expanded rapidly in 1923, but the increase in production was greater and stocks are at the highest level on record. Figures compiled by American Petroleum Institute.

Metals

Buying of nonferrous metals by consumers was in large volume during March and the first three weeks of April. Quotations for silver advanced, copper and zinc were practically unchanged, and lead declined during this period. Copper shipments in March by both North and South American producers amounted to approximately 271,000,000 pounds, the largest of any month on record, while United States mine production and imports totaled 128,600,000 pounds and 55,700,000 pounds, respectively. Exports of refined copper amounted to 93,300,000 pounds in March, and foreign demand continued large in the first half of April. Demand for copper from hydroelectric plants in the United States has been particularly well maintained.

Shipments of zinc and lead ore from the Joplin district were large during March and there was some decline in ore prices. Slab zinc production, however, was less than consumption and stocks at the end of March were reduced to 64,100,000 pounds, which is equivalent to about a three-weeks supply. Lead production increased about 17 per cent in

March and was larger than in any other month of the past five years. Silver production aggregated 5,727,000 ounces, the largest monthly output since the cessation of purchases under the Pittman Act in May, 1923.

MANUFACTURING

Food products

An increase in the production of wheat flour and sugar and a decrease in the output of meat products were the principal factors which characterized the food-product industries in March. The production of wheat flour was 3 per cent greater than in February and with the exception of March, 1923, it was greater than in any March on record. The decline in the price of wheat during the month created a dull flour market, as buyers became more cautious than they had been earlier in the year. Following the price of wheat, flour quotations fluctuated widely during the month and reached a low point in the week ending March 28. During the first three weeks of April prices remained unchanged at about the same level as was evident in the middle of March. The new tariff on wheat and mill products went into effect on April 7, but it is too early to trace any influence which it has had on prices.

Although the production of sugar in March showed a seasonal increase over the preceding month, it was smaller than in March, 1923. In spite of the smaller output in March than a year ago, the total volume produced since the beginning of the year has been greater than in the preceding season and stocks on hand are slightly larger than last year. The price of both raw and refined sugar declined almost continuously during the month, and on April 18 the price of raw sugar was 23 per cent and refined sugar 17 per cent below quotations a year ago.

The production of meat products was smaller in March than in the preceding month or in March, 1923. While the decline from February was due in part to seasonal factors, the decrease from March a year ago was very significant in that it was the first month since April, 1922, that the volume of packing fell below the level of the corresponding month in the previous year. The decrease from the preceding year in the number of hogs slaughtered is further evidence that the enormously heavy marketing has passed its peak and the production of hogs is declining. Notwithstanding the slackening in the production of pork products, stocks increased further during the month, and on April 1 they were larger than in any April since 1920. This increase in stocks may be attributed in part to a decline in the volume of domestic sales and exports. Sales were also smaller than in March, 1923, and all pork products except hams and shoulders were exported in smaller volume than a year earlier.

Textiles

During March and April some improvement was noted in textile markets, but the volume of buying to date this year still falls far short of that for the same period last year. Orders continue to be largely restricted to current needs and prices are generally weak. Although this is ordinarily the season of high productive activity, operations in many lines have been curtailed and in others increases have not been as great as usual.

A definite turn for the better was noted in cotton textile markets during the first week of April, following sharp declines during the last week of March in prices of both raw cotton and cotton goods to the lowest levels since last September. At that time percale prices were announced at 2 cents below previous quotations. Early in April, however, the price of raw cotton advanced, the market for cotton goods became more active, and for the first time in 13 weeks the Fairchild cotton-goods price index increased. Print-cloth sales in the Fall River market during that week totaled about 180,000 pieces, the largest figure recorded in several months. This increased activity, however, was short-lived as the market became irregular, and prices again fell. Mills in all sections of the country curtailed production during March and to a certain extent in April. Although a few mills increased operations at times during April, this appeared to be largely tentative or to supply some immediate demand. Mill consumption of cotton totaled 483,928 bales in March, as compared with 507,867 bales in February and 624,264 bales last March, the largest on record. Decreases occurred in practically every State. Active spindles and active spindle hours were fewer than in any month since July, 1922, and employment in cotton mills was smaller than at any time since the early fall of 1922. Cotton finishers reported March production, orders, and shipments to be less than those of February.

In the woolen and worsted business, conditions remained without appreciable change during March and early April. Manufacturers generally refrained from purchasing raw wool, which is being reexported to foreign markets, where prices are higher, but after the middle of April some improvement in buying by large manufacturers was reported. The following table, giving imports and reexports for certain recent periods, shows how little wool came into this country and how much went out during the first quarter of this year as compared with the same period last year. Contracting in the west for the domestic clip has not been as active as it was last year, and prices this season have ranged somewhat lower. Prices in eastern markets have recently shown little change, being held down by inactive domestic demand and held up by the higher prices prevailing abroad.

[Pounds, 000 omitted]

	Imports	Reexports
1919-22 quarterly average	87,616	1,508
1923—First quarter	177,129	314
Second quarter	154,350	5,246
Third quarter	31,594	7,374
Fourth quarter	31,178	11,247
1924—First quarter	111,330	4,625

Purchasing of woolen and worsted yarns and cloth continues to be comparatively light and is largely to meet current needs. All manufacturers have opened their heavy-weight lines, but orders, although numerous, have been small and the total volume to date has fallen below that of last season. Clothing manufacturers, however, report that buying of recently opened fall lines of men's wear has been somewhat more favorable than was initial spring business. Late orders for spring goods also showed some increase, reflecting good business among retail clothiers. Prices on fall lines are at about the same level as those of last year. Despite the longer month, consumption of raw wool by manufacturers during March was slightly less than in February. The percentage of active hours increased in the case of cards and of woolen spindles, but active loom and worsted-spindle hours declined.

Weakness still prevails in the demand for raw silk and silk goods. Prices of the former, which have fallen almost steadily since the earthquake last September, in April reached the lowest figure since the summer of 1921, the post-war low point. Owing to this decline and to poor demand, reductions have also been made in silk fabrics, ranging from 15 to 35 per cent since January 1. Although manufacturers have reduced operations considerably, sales have fallen off still more, and stocks of goods are accumulating. Imports of raw silk, however, were reduced in March to the smallest figure since January, 1921, and warehouse stocks were cut down about 25 per cent. Deliveries to mills in March, although smaller than during the two preceding months and during the early months of last year, were nevertheless greater than during last fall. Statistics from mills in New Jersey show continued reductions in operations, and the Philadelphia Federal Reserve Bank reports that curtailment among Pennsylvania mills has increased.

Orders for knit underwear during March, according to reports from 24 identical firms, were smaller than for any month in the last two years, and unfilled orders reached the lowest figure since September, 1922. Shipments and daily average production also declined. Prices are higher than a year ago and jobbers and retailers are generally purchasing only to fill immediate needs. Early in April prices were materially reduced on practically all lines of hosiery, one large manufacturer cutting quotations on a standard number from $13.85 to $12.60 a dozen. The Philadelphia Federal Reserve Bank reports that these reductions have stimulated demand for full-fashioned silk hosiery for women and that novelties are in fair request, but other lines are inactive. Preliminary statistics show an increase in the production of full-fashioned hosiery in March as compared with February, but seamless output declined. On the other hand, orders for full-fashioned hose declined, whereas orders for seamless increased. Shipments were slightly larger.

Iron and steel

Decreased buying of iron and steel products, first noted during March, continued in April, prices were weak, and operations were curtailed. Production, however, continued unabated through March, and the daily average output of steel ingots for that month was the highest ever recorded. Shipments were reported to be somewhat larger than orders, and unfilled orders of the United States Steel Corporation fell off 130,094 tons to 4,782,807 tons. These orders have for some time been unusually small in relation to the large volume of output; evidently buyers have been purchasing large quantities of steel, but prompt shipments have removed the necessity of ordering far ahead of requirements. Operations during the third week in April were reported to be at about 80 per cent of capacity, as compared with an average of about 90 per cent in March.

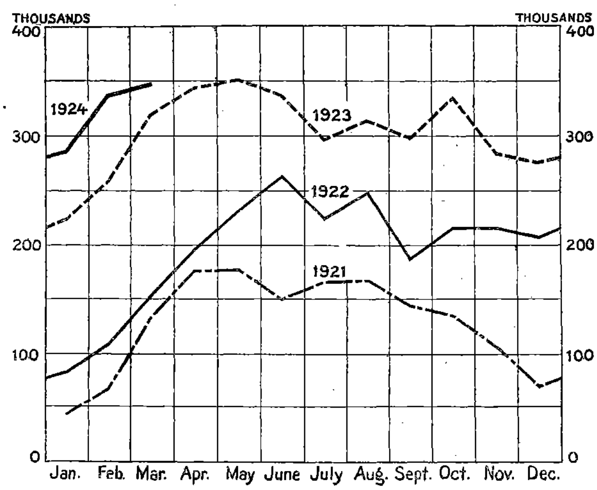
Railroads continue to be active buyers. Orders for cars during the first three months of this year compare favorably with the large total for the same period of last year, as is shown by the chart on page 342. Reports indicate heavy buying in April also. Structural steel awards were estimated to total less in March than in February, but continued large, and a number of large contracts were let in April. The building industry is providing an active demand for many iron and steel products. Oil companies have also been purchasing more freely. Automobile manufacturers are generally marking time, awaiting the results of dealers' spring sales. Pig-iron demand has been rather dull, and the ore market is also quiet. Prices for Lake Superior ore have been established at 80 cents below last year's quotations and are the lowest since 1915. Iron Trade Review's composite iron and steel prices declined steadily during April and in the third week averaged $42.01, the lowest since February, 1923.

Automobiles

Automobile manufacturers continued operations throughout the winter at a high rate and stored cars in warehouses both at plants and with dealers that they might be prepared for spring sales. These large stocks, together with retardation of the selling season by unfavorable weather, made it unnecessary and in many cases undesirable for manufacturers to increase output as much in March as usual. In fact, many producers curtailed operations, and the increase in production from 366,683 passenger cars and trucks in February to 381,348 in March is accounted for by the larger number of working days in the later month. Since sufficient cars are on hand to care for any immediate rush of buying, future production is expected to be adjusted more closely to the volume of retail demand.

Reports indicate a substantial increase in deliveries during the last 10 days of March and the first part of April. Deliveries to retailers by the largest producer in March totaled over 205,000 cars and trucks, of which a daily average of 10,800, were made in the last 10 days. These, together with data from other producers and statistics of railroad shipments, indicate that distribution of cars from factory to dealer during March and the first quarter of this year was greater than during the corresponding periods last year. On the other hand, reports from a number of dealers in the Middle West to the Chicago Federal Reserve Bank showed decreases as compared with March, 1923, of 1.5 per cent in sales by wholesalers, of 11 per cent in retail sales, and of 7 per cent in sales of used cars. Stocks of new cars at the end of the month were 66 per cent and of old cars 34 per cent larger than a year ago, and both were 5 per cent greater than at the end of February.

Production of automobile tires and tubes during March was greater than in any month since last May. Shipments increased to a less extent, and stocks were enlarged during the month. Inventories of inner tubes were the largest since June of last year. Producers are prepared for an active season, but dealers' stocks are reported to be smaller than a year ago. Production of balloon tires is increasing, and they are being used to stimulate new business.



Production of passenger automobiles, by months, 1921 to date. Increase during March was not as great in 1924 as in previous years

Lumber

Although the volume of building in prospect appears to be about as large this year as last, the buying of lumber has not been so great. Manufacturers produced at an unusually high rate throughout the winter and are prepared to take care of a large demand. Production during the first 15 weeks of this year, according to statistics of the National Lumber Manufacturers' Association given in the table below, exceeded the high rate of output in the corresponding period of 1923 by about 8 per cent. Shipments, on the other hand, totaled 3 per cent and orders 6 per cent less than they did a year ago. Whereas orders were larger than shipments during the first 15 weeks of 1923, this year they have been smaller.

[In M feet]

	Cut	Shipments	Orders
15 weeks, 1924	3,535,906	3,677,022	3,582,469
15 weeks, 1923	3,281,449	3,787,634	3,828,290
15 weeks, 1922	2,641,227	2,663,155	2,836,657

Thus, manufacturers enter their most active producing period with a smaller volume of unfilled orders than they had a year ago. Moreover, stocks were not reduced during the winter to the same extent as in the winter of 1923. It must be remembered, however, that buying by dealers last year was both unusually heavy and unusually early. In fact, for awhile supplies were insufficient to meet the demand, and prices rose rapidly. This year with prices steady and stocks larger, buyers have found no necessity for placing future orders and have bought only as supplies were needed. Reports from dealers in various sections of the country indicate that consumers have also been buying sparingly. This was rather generally attributed to the unfavorable weather during March, and retail business in that month did not equal that of the same month last year. Increased activity was noted during the early weeks of April in the San Francisco district, as compared with the relative inactivity in March. Prices of hardwood recovered somewhat in April from the sharp drop noted during the second week of March, and Lumber's index for the week of April 18 was higher than a month before, but 11 per cent below the 1923 maximum reached on the corresponding date last year. Softwood prices have fallen slightly, and the index was 13 per cent lower than a year ago, when prices were at the top of a long rise.

Leather and shoes

Shoe markets were less active than usual in March, partly as a result of unfavorable weather conditions and the late date of Easter, and this was reflected in the demand for leather and hides. Hides and skins were sparsely bought during April and the price decline which began in February continued at a lessened rate, bringing many quotations below the low point reached last November. This decline is partially seasonal, as quality is not so good now as in the fall. Activity early in the year is shown by the increase in sales of raw hides and skins during January and February. Raw stocks of cattle hides and calfskins were reduced in those months and at the end of February were the smallest recorded in the last four years.

Buying of leather is restricted to narrow limits, and the production of sole leather during March was further reduced and totaled less than in any month, except February, 1921, since the statistics began in September, 1920. Moreover, finished stocks and stocks in process were smaller than at the end of February, although the former were greater than a year ago. No improvement was reported in demand during April.

Easter demand for shoes was reported by manufacturers to be below expectations, and the usual rush of buying was lacking. In April, however, a slight improvement was noted in the sales of shoes to consumers. Production of shoes has been well below that of last year, and daily average output during March, ordinarily a month of maximum production, was no larger than in February. In New England factories, however, the increase in total output was 14 per cent, whereas for the country as a whole it was only 5 per cent. Wholesale and retail sales of shoes during March, although larger than in February, did not show as much increase as at the same time last year and were about 20 per cent smaller than in March, 1923.

BUILDING

The volume of new construction projected in March was larger than in any previous month on record, as measured both by value of contract awards and value of building permits, and this high rate of activity was maintained during the first half of April. The floor space for which contracts were let in March totaled 68,425,000 square feet in 27 Northeastern States, which was 42 per cent more than in February and 5 per cent greater than in March, 1923. Construction of residences, schools, churches, and hospitals was in considerably larger volume than a year ago, while the volume of industrial building was much smaller.

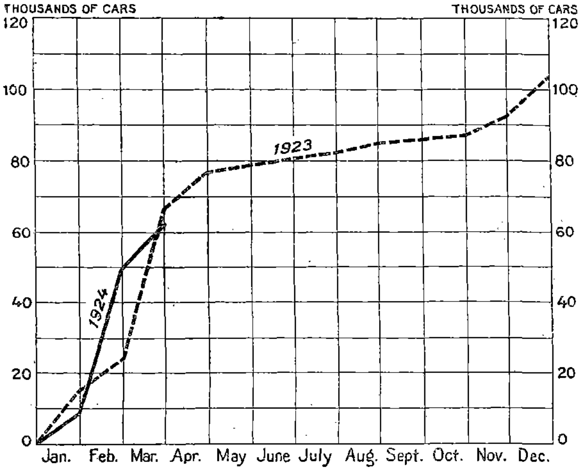
The total value of contracts let in 10 Federal reserve districts (according to data collected by the F. W. Dodge Co.) was $431,000,000 in March, which was 17 per cent more than in March, 1923. Most of the gain occurred in the New York district and was accentuated by the desire to take advantage of the law permitting tax exemption for a period of years on residences started prior to March 31 in New

York State. That law has now been reenacted for another year. There were also increases in the Boston, Atlanta, Chicago, St. Louis, and Kansas City districts, whereas awards in the Philadelphia, Cleveland, Richmond, and Minneapolis districts were slightly smaller than last year. Statistics of contract awards and buildings permits, divided by classes of construction and geographical regions, are published on page 427.

Shipments of building materials showed a seasonal increase during March, but continued to be smaller than current production, so that there was a further accumulation of stocks. Consumption of brick has been particularly large so far this year, due partly to changes in the fire laws of Chicago. The average price of building materials in March was the same as in February, but was 8 per cent lower than a year ago.

TRANSPORTATION

Railroad car loadings declined each week during March and were 4 per cent smaller than in March, 1923. Loadings were in less volume than a year ago in the case of all commodities except forest products and in all railroad operating districts except the Pocahontas and southwestern.



Orders for new freight cars compiled by Iron Trade Review. March orders were much smaller than a year ago, but orders for first quarter of 1924 were in about the same volume as in first quarter of 1923

The reduction in volume of traffic during March resulted in an increase in the average number of surplus freight cars from 144,426 in the week ending March 8 to 248,301 in the week ending March 31. In this period the surplus of coal cars was more than doubled, while the number of surplus box cars increased 52 per cent. The number of cars awaiting repairs was augmented by 3,966 during March.

The accompanying chart shows in cumulative form the number of new freight cars ordered in the months of 1924 as compared with 1923. Orders placed in March were much smaller than in February or March, 1923, but the total orders for the first quarter of 1924 were only slightly less than a year ago. Moreover, orders in the first three months of this year amounted to 60 per cent of the total orders for the year 1923.

Net operating income of Class I carriers totaled $71,192,000 in February, the latest month for which information is available. This amounted to an annual rate of return of 6.28 per cent, according to the Bureau of Railway Economics, as compared with a 3.76 per cent rate of return in February, 1923. Southern railroads earned 7.6 per cent on their valuation as compared with 7.1 per cent for eastern railroads and 5 per cent for western railroads.

TRADE

Wholesale trade

Business of wholesale dealers increased less between February and March than in the corresponding period of any of the last five years. This may be partly ascribed to the lateness of Easter and the bad weather conditions which retarded retail trade throughout the early spring. The wholesale trade index of the Federal Reserve Board indicated that March trade was 2 per cent larger than in February, but 8 per cent less than a year ago. Sales of shoes, hardware, agricultural implements, groceries, drugs, stationery, automobile supplies, men's and women's clothing, and jewelry were larger than in February, while sales of dry goods, meats, electrical supplies, and diamonds declined. The decrease in the volume of dry goods sold was contrary to the usual trend at this season of the year.

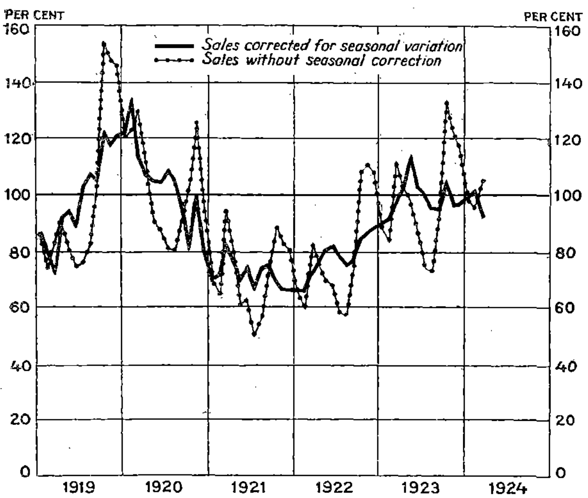
Sales of dry goods, shoes, women's clothing, furniture, machine tools, electrical supplies, diamonds, and jewelry showed decreases ranging from 10 to 25 per cent for March as compared with business a year ago, and smaller reductions in volume of trade were shown by most of the other reporting lines. Business was relatively better in eastern and far-western districts than in the Middle West or South.

The volume of merchandise stocks at wholesale warehouses showed little change in March, but continued to be larger than at the corresponding date a year ago. Stocks of hardware showed some accumulation during March in all of the four districts from which reports were received, while there was a seasonal reduction in stocks of shoes. Dry-goods inventories on March 31 were about the same size as on February 29, but averaged over 15 per cent larger than at the end of March, 1923.

Accounts outstanding on March 31 were somewhat larger than a year previous in the Philadelphia district, whereas they were smaller in the Chicago district. Shoe firms in both districts reported a substantial reduction in outstandings.

Retail trade

Sales of all reporting retail dealers, with the exception of cigar and candy chains, showed less than the usual seasonal increase in March. For the first time in almost two years a smaller volume of mail-order business was received than in the corresponding month of the immediately preceding year. The trend of mail-order sales, both with and without allowance for seasonal variations, are shown for the months of the last five years in the accompanying chart.



Sales of mail-order houses since January, 1919. March sales showed much less than usual seasonal increase and were smaller than in March, 1923

Trade at department stores increased by only 13 per cent in March, as compared with an average increase of 30 per cent at that season of the year. The late date of Easter and the prevalence of cold and stormy weather throughout most of the country accounted for much of this decline in volume of spring buying. Recent reports indicate that sales showed a substantial increase in volume in the latter part of April. March sales were smaller than a year ago in every Federal reserve district, the decreases ranging from 14 per cent in the Richmond and Kansas City districts to 1 per cent in the San Francisco district. Reports from the Boston and New York districts indicate that sales of the shoe, women's and misses' ready-to-wear, men's and boys' wear, silk goods, fur, glove, and jewelry departments were substantially less than a year ago, whereas sales of furniture, cotton goods, and sporting goods showed some increase.

Merchandise stocks at department stores increased somewhat more than usual during March and at the end of the month were 8 per cent larger than a year ago. The largest increases during the past month occurred in the Chicago, Philadelphia, Boston, and Richmond districts. Statistics of wholesale and retail trade by lines and districts are published on pages 428 and 429.

PRICES

Commodity prices declined 1.2 per cent in March, according to the index of the Bureau of Labor Statistics, and were about 6 per cent below the high point reached a year ago. Prices of farm products and clothing showed particularly large declines in March, while smaller reductions occurred in foods, chemicals and drugs, and house furnishings. Average quotations for fuels and metals were slightly higher than in February.

The Federal Reserve Board's regrouping of this index by the stage of manufacture of commodities shows that average prices of raw materials, producers' goods, and consumers' goods all decreased in March, though the decline was less marked in the last group. Among the raw materials crops and forest products were lower, while animal products and mineral products advanced slightly. Comparisons with a year ago indicate that the declines for the three main groups of commodities were: raw materials 8 per cent, producers' goods 7 per cent, and consumers' goods 2 per cent.

Price declines and advances were about equal in number during the first three weeks of April. Quotations for pig iron, lead, coal, silk, sugar, and hogs were lower, while prices of wheat, corn, cotton, and potatoes increased.

EMPLOYMENT

General factory employment remained practically unchanged during March, as shown by the Federal Reserve Board's employment index, which remained at 99, the February figure. In bituminous-coal areas mine employment has declined rather considerably in recent weeks and a surplus of miners is reported. Outside employment in building construction and on farms has increased, but in many sections unfavorable weather during March prevented as great an increase as usual in these phases of activity. That the demand for labor did not show as great a growth during March as the supply is indicated by the decline in the board's index of the labor market from February to a point slightly below that reached last December. The greatest declines were noted in the States of New York, Illinois, and Wisconsin.

Advances in the volume of factory employment in the iron and steel, building materials, and automobile industries were offset by recessions in textiles, food products, and railroad vehicles. Among the textiles, declines were noted in cotton goods, silk, and men's clothing, whereas increases occurred in knit goods and women's clothing, and the woolen and dyeing and finishing industries remained practically unchanged. Ice cream plants and bakeries reported increases in employment, but in meat packing and milling substantial declines took place. The cement, brick, and glass industries enlarged working forces considerably. In the paper and printing, leather and shoes, and lumber groups changes were slight.

Pay rolls and per capita earnings averaged less in March than in February, indicating a reduction in working hours, as wage rates remained practically unchanged. Five thousand establishments reporting to the Bureau of Labor Statistics operated in March at an average of 94 per cent of full time and 82 per cent of full capacity, the former figure referring to hours and the latter to number employed. Activity was particularly great in the vehicles group, with operations at 97 per cent of full time and 89 per cent of capacity.

COMMERCIAL FAILURES

Commercial failures for the month of March are reported by R. G. Dun & Co. numbering 1,817 and involving liabilities amounting to $97,651,026. Both figures are higher than the corresponding totals for the same month last year and for February of this year; in fact, the liabilities exceed those of any previous month on record. The unusually heavy indebtedness for March this year is due largely to four manufacturing defaults, which alone account for about 60 per cent of the total sum reported. Of the three classifications of failures given, manufacturing, trading, and those among agents and brokers, only the trading class show a decrease in defaulted indebtedness from March, 1923, and all classes show an increase in the number of failures over the same period.

Insolvencies for the first quarter of the year numbered 5,655 and involved liabilities amounting to $184,865,571. These totals compare with 5,316 failures, with a total indebtedness of $138,231,574 in the first quarter of 1923, and 5,218 failures, with a total indebtedness of $181,208,179 in the last quarter of that year. Comparing the first quarter of this year with the same quarter of last year, the number of failures increased in all of the three classes of commercial enterprise and the liabilities increased in all but the trading lines. Comparing the first quarter of this year with the previous quarter, the number of insolvencies increased among only the trading lines, and the liabilities in only the manufacturing class.

Comparative data by districts for the month of March are given in the table below. In all except the St. Louis, Dallas, and San Francisco districts the number of insolvencies was larger in March this year than last. Comparing the same months, the liabilities in default were larger in the New York, Richmond, Atlanta, Chicago, and Kansas City districts. Due to a single failure, that of a chemical company in Virginia, with indebtedness amounting to $40,000,000, the liabilities for the Richmond district were the largest on record.

FAILURES DURING MARCH

District	Number		Liabilities	
	1924	1923	1924	1923
No. 1—Boston	163	143	$2,729,443	$2,996,492
No. 2—New York	363	316	26,870,199	8,883,184
No. 3—Philadelphia	83	73	1,724,650	10,622,911
No. 4—Cleveland	144	130	3,037,892	5,156,589
No. 5—Richmond	105	100	42,232,527	2,847,909
No. 6—Atlanta	128	117	5,111,223	2,788,463
No. 7—Chicago	251	203	8,296,645	5,360,490
No. 8—St. Louis	100	107	1,313,655	1,508,844
No. 9—Minneapolis	77	76	979,270	1,415,434
No. 10—Kansas City	113	97	1,851,517	1,361,100
No. 11—Dallas	74	91	950,677	2,474,504
No. 12—San Francisco	216	229	2,553,328	2,977,218
Total	1,817	1,682	97,651,026	48,393,138

MONEY RATES

Money rates in the New York market were stable during the first three weeks of April at somewhat lower levels than prevailed during the first three weeks of March, and weakened again during the last week of April. This is in contrast with the corresponding period of 1923, when rates were rising. The rate on prime commercial paper of 4 to 6 months' maturity, after a temporary recovery the last week in March from the decline of the tax period, fell again to $4\frac{1}{2}$ per cent, the lowest rate previous to that time since February, 1923. There was a good demand from the interior at this rate. The offering rate on 90-day bankers' acceptances also partly recovered its middle of March decline, but remained below the level prevailing during most of 1923 and 1924. The average yield on 4 to 6 months Government securities declined during the last week in April to the lowest rate since the low, in August, 1922. Government bond prices reflected the easier money rates, and the yield on Liberty bonds fell to the lowest rate since September, 1922. The table below shows the rates prevailing in the New York market during the last two months compared with the corresponding months a year ago.

	Prime commercial paper, 4-6 months	Prime bankers' acceptances, 90 days	Yield on certificates of indebtedness, 4-6 months	Average yield on $4\frac{1}{4}$ per cent Liberty bonds	Renewal rate on call loans
1923					
March	5	4	4.12	4.49	5.14
April	$5-5\frac{1}{4}$	$4\frac{1}{8}$	4.13	4.51	4.87
1924					
March	$4\frac{1}{2}-4\frac{3}{4}$	$4-4\frac{1}{8}$	3.57	4.29	4.04
Average for week ending—					
Mar. 29	$4\frac{1}{2}-4\frac{3}{4}$	4	3.48	4.27	3.95
Apr. 5	$4\frac{1}{2}$	4	3.50	4.25	4.55
Apr. 12	$4\frac{1}{2}$	4	3.50	4.25	4.45
Apr. 19	$4\frac{1}{2}$	4	3.47	4.24	4.25
Apr. 26	$4\frac{1}{2}$	$3\frac{7}{8}-4$	3.22	4.22	3.95

In the London money market money rates continued to decline through the first three weeks in March, but steadied at the end of the month. Three-months bank bills fell to 3 per cent the third week in March for the first time since the advance in the bank rate last July, but were quoted at $3\frac{1}{16}$ the first week in April. Treasury bills were also allotted at the lowest average rate since June during the week ending March 21, 2.9 per cent, and at a somewhat higher rate afterwards.

ACCEPTANCE MARKET

During the period ending April 9 the acceptance market was under the influence of wide variations in money rates. The easing of the money market in the middle of March resulted in an active demand for acceptances, especially from city banks, which was temporarily in excess of the supply. But early in April the money market became firmer and the demand for bills slackened. Notwithstanding a slight increase in the supply of bills the active demand, together with the heavy maturities, resulted in a further reduction in dealers' portfolios, which reached the lowest point since October. Bills drawn to finance the exportation of cotton and the importation of sugar constituted the greater proportion of the total supply, but considerable amounts were issued against silk, wool, and provisions, and to furnish dollar exchange.

Easier money rates in March were reflected immediately in lower acceptance quotations, but by the close of the period the rate had partly recovered. Rates ranged from $3\frac{7}{8}$ to $4\frac{1}{8}$ per cent bid and $3\frac{3}{4}$ to $4\frac{1}{8}$ per cent offered for maturities up to 90 days and from 4 to $4\frac{1}{2}$ per cent bid and $3\frac{7}{8}$ to $4\frac{3}{8}$ per cent offered for maturities of more than three months.

SAVINGS DEPOSITS

Statistics of 912 banks distributed throughout the United States showed savings deposits amounting to $7,307,062,000 on April 1, 1924, as compared with $7,253,541,000 on March 1, 1924, and $6,740,410,000 on April 1, 1923. The increase for the month was 0.7 per cent and for the year 8.4 per cent. The only district in which a decrease occurred during March, 1924, was Kansas City, although the increases in the Philadelphia and St. Louis districts were very small. The New York, Richmond, Atlanta, and Minneapolis districts all showed increases of over 1 per cent over the March 1 figures. A comparison of savings deposits by Federal reserve districts on April 1, 1924, with deposits on March 1, 1924, and April 1, 1923, is shown in the following table. Figures for the Boston and New York districts are those of large mutual savings banks, but in all other districts reports of other banks are included to make the figures representative.

SAVINGS DEPOSITS BY FEDERAL RESERVE DISTRICTS

[In thousands of dollars]

District	Number of banks	Apr. 1, 1924	Mar. 1, 1924	Apr. 1, 1923
Boston	64	$1,241,474	$1,235,079	$1,165,719
New York	30	1,948,347	1,928,114	1,825,991
Philadelphia	79	485,844	485,354	449,191
Cleveland	64	756,058	751,441	666,673
Richmond	91	302,960	298,464	287,828
Atlanta	94	225,477	223,107	207,217
Chicago	207	908,162	899,888	841,573
St. Louis	33	136,244	135,929	126,838
Minneapolis	15	93,542	92,076	87,967
Kansas City	60	107,867	108,125	103,806
Dallas	102	90,146	89,484	79,925
San Francisco	72	1,010,941	1,006,480	897,682
Total	912	7,307,062	7,253,541	6,740,410

FOREIGN TRADE

Imports of commodities during March declined by about $12,000,000 as compared with February, while exports declined by about $26,000,000. Net exports, accordingly, amounted to $19,000,000, somewhat less than two-thirds the value of net exports reported for February.

Below is given a table showing the visible trade balance for the first three months of 1924 and of 1923. Totals for the three months of 1923 show an excess of imports for the three items, merchandise, gold, and silver, making a net unfavorable balance for the period of $84,000,000. For the three months of 1924, even allowing for the fact that gold exports have so declined as to be negligible, while gold imports have increased to double the amount shown for the earlier period, the balance has shifted to an excess of exports over imports amounting to $45,000,000. Net merchandise imports of $47,000,000 have shifted to net exports of $152,000,000, a gain in net merchandise exports of $199,000,000 over the 1923 period.

MERCHANDISE TRADE BALANCE OF THE UNITED STATES

[In thousands of dollars]

Months	Imports	Exports	Excess of imports	Excess of exports
1923				
January	329, 254	335, 417		6, 163
February	303, 412	306, 957		3, 545
March	397, 928	341, 376	56, 552	
April	364, 252	325, 492	38, 760	
May	372, 545	316, 360	56, 185	
June	320, 234	319, 957	277	
July	287, 434	302, 186		14, 752
August	275, 438	311, 263		35, 825
September	253, 645	381, 433		127, 788
October	308, 291	399, 199		90, 908
November	291, 438	400, 507		110, 069
December	288, 067	426, 799		138, 732
Year	3, 791, 938	4, 167, 946		376, 008
1924				
January	295, 551	395, 170		99, 619
February	332, 540	366, 134		33, 594
March	320, 616	339, 674		19, 058

COMPARATIVE TRADE BALANCE OF THE UNITED STATES FOR THREE MONTHS ENDING MARCH, 1923 AND 1924

[In thousands of dollars]

	Merchandise	Gold	Silver	Total
1923				
Imports	1, 030, 594	57, 154	14, 243	1, 101, 991
Exports	983, 751	20, 263	13, 844	1, 017, 858
Net imports	46, 843	36, 891	399	84, 133
1924				
Imports	948, 707	114, 569	20, 101	1, 083, 377
Exports	1, 100, 978	1, 603	25, 441	1, 128, 022
Net exports	+152, 271	−112, 966	+5, 340	+44, 645

THE BALANCE OF INTERNATIONAL PAYMENTS OF THE UNITED STATES, 1923

The Department of Commerce has issued an information bulletin stating the balance of the international payments of the United States. For 1923 it shows an "unfavorable" balance of $152,000,000, compared with $488,000,000 in 1922. This balance "may be attributed to discharge of previous open bank and merchant debts" held over from previous years. However, the report remarks that in calculations of this sort "there is always a possibility of error either way up to $100,000,000."

BALANCE OF INTERNATIONAL PAYMENTS OF THE UNITED STATES

[In millions of dollars]

Items	1922	1923
We sold:		
Merchandise	3, 867	4, 208
Silver	63	72
Gold	37	29
United States currency		50
Services—		
Use of our capital	476	567
Use of our ships	71	65
Services to foreign tourists	60	100
Investments of capital (stocks and bonds, etc.)	328	394
Receipts by United States Government from foreign nations in payment of their debts	44	91
Total	4, 946	5, 576
We bought:		
Merchandise	3, 113	3, 819
Silver	71	74
Gold	275	323
Services—		
Use of foreign capital	125	150
Use of foreign ships	64	73
Services to American tourists	360	500
Investments of capital (stocks and bonds, etc.)	997	410
Expenditures abroad by United States Government	29	19
Amounts remitted to friends and relatives abroad or for charitable and missionary purposes	400	360
Total imports, visible and invisible	5, 434	5, 728
Excess of imports	488	152

In view of the very considerable part in the 1923 balance represented by unfunded debts on merchandise account remaining from the enormous export trade of the years immediately following the war, the question arises as to the amount of such unfunded credits still outstanding. While no computation of this figure is attempted, the significant reduction of this otherwise unexplained debit remainder, from $488,000,000 in 1922 to $152,000,000 in 1923, suggests that it is being rapidly reduced either by the purchase of goods and services or through funding.

The foreign investments of the United States during 1923 amounted to $410,000,000, of which part undoubtedly represented such funding operations, rather than current extensions of credit. Against these foreign loans is set the considerable investment of foreigners in American securities, amounting to $394,000,000, and in American currency, amounting to $50,000,000. In other words, during 1923 America apparently borrowed more abroad than she lent. In part this was due to the high yield offered by American investments, but no doubt it was mostly traceable to the so-called "flight of capital" from the disturbed currency and economic conditions of Europe.

GOLD MOVEMENTS

UNITED STATES

Net gold imports for the month of March totaled $33,505,000, bringing the total for the present year to $115,000,000. About 56 per cent of the gold imports for the month came from Great Britain, over 15 per cent came from Canada, about 10 per cent from France, about 7 per cent from Germany, and over 5 per cent from Argentina. Gold exports for the month continued in small volume and were directed largely to Mexico, Venezuela, and Canada.

For the nine months ending March, net gold imports were $297,730,000, compared with $162,317,000 for the corresponding period in 1922–23 and $413,345,000 in 1921–22. Imports from Great Britain were $59,000,000 larger than in 1922–23, reflecting in part the larger output of the South African mines; gold imports from Germany, which were small in 1922–23, amounted to $25,544,000; gold imports from Argentina during the period totaled $9,706,000, as against none the year before, and gold imports from Canada were $5,367,000 larger than in 1922–23. On the other hand, gold exports during the nine months, mainly to Canada and British India, which in 1922–23 amounted to $46,994,000, were only $7,955,000 in the current fiscal year.

Silver imports for March totaled $6,221,000, compared with $7,900,000 the month before and an average of $7,413,000 for the preceding eight months. Imports from Mexico were about $1,000,000 larger than in February, while imports from Peru and Canada show considerable declines. For the sixth consecutive month silver exports were in excess of imports, the net exports for the nine months being $7,127,000. British India and China took over 80 per cent of all the silver exported during the month and the nine months under review.

Gold imports and exports, by principal countries, for March, 1924, and the nine months ending March, 1924 and 1923, are shown in the following table. A detailed table of the foreign trade in gold and silver for the same periods appears on page 453.

GOLD IMPORTS INTO AND EXPORTS FROM THE UNITED STATES

[In thousands of dollars]

Country	March, 1924	9 months ending March, 1924	9 months ending March, 1923
IMPORTS			
England	19,327	166,991	107,912
France	3,433	19,932	20,789
Germany	2,359	25,544	30
Italy	368	3,123	
Netherlands		13,200	15,644
Canada	5,296	35,035	29,668
Mexico	487	5,380	4,045
Argentina	1,749	9,706	
Colombia	199	2,963	4,239
Peru	272	2,024	1,311
China	91	4,120	5,896
Egypt	176	2,150	3,271
All other	565	15,517	16,506
Total	34,322	305,685	209,311
EXPORTS			
France			2,660
Canada	167	1,460	21,873
Mexico	411	2,389	3,680
Venezuela	201	501	
British India		1,311	13,394
Hongkong	38	1,386	2,863
All other		908	2,524
Total	817	7,955	46,994
Net imports	33,505	297,730	162,317

GREAT BRITAIN

Gold imports during February declined by more than £1,000,000 as compared with January, owing to the fact that imports from the Transvaal fell off from £4,046,000 in January to £2,965,000 in February. Exports during February rose by almost £1,000,000 as compared with January. The greatest increases are shown in figures for the United States, which rose from £4,100,000 in January to £5,400,000 in February; and for British India, which rose from £598,000 to £1,048,000. These increases are partly offset by a decline in exports to Egypt from £700,000 to £300,000, and to the Netherlands from £522,000 to £258,000. Net exports for February were £3,900,000 as compared with £1,900,000 in January, an increase of £2,000,000.

For the eight months ending February, 1924, gold imports declined to £27,600,000, as compared with £28,900,000 for the corresponding period of a year earlier. Most of this decline is reflected in the decrease from £1,420,000 to £51,000 in imports from the United States. Exports for the eight months ending February, 1924, rose by £3,000,000 as compared with the earlier period, increasing from £40,900,000 to £43,800,000. Increases are shown in figures for the United States of £8,500,000, for Egypt of £2,500,000, for the Netherlands of £1,900,000. These increases are partly counterbalanced by declines shown for India, of £6,800,000, for France of £3,400,000. Net exports show an increase of about £4,000,000 as compared with eight months ending February, 1923.

GOLD IMPORTS INTO AND EXPORTS FROM GREAT BRITAIN

Country	February, 1924	January, 1924	8 months ending February, 1924	8 months ending February, 1923
IMPORTS				
Netherlands	£7,900	£3,858	£60,526	£7,224
United States	314	4,778	50,905	1,420,273
Egypt	8,325		66,003	1,505
Rhodesia	210,193	194,671	1,598,834	1,409,661
Transvaal	2,964,782	4,046,271	24,934,025	24,943,372
West Africa	97,883	142,124	791,302	826,542
All other	3,849	6,217	119,372	265,413
Total	3,293,246	4,397,919	27,620,967	28,873,990
EXPORTS				
Belgium	33,500	756	79,598	120,499
France		79,221	175,786	3,650,185
Netherlands	257,637	521,574	1,986,343	110,228
Switzerland	53,884	78,500	278,794	14,300
United States	5,399,267	4,132,737	32,574,591	24,007,952
British India	1,048,277	597,868	5,231,170	12,054,373
Java		10,000	35,384	230,992
Straits Settlements	35,808	75,721	171,031	242,420
Egypt	300,000	700,000	2,507,400	29,800
All other	28,526	85,274	775,066	396,377
Total	7,156,899	6,281,651	43,815,163	40,857,126
Net exports	3,863,653	1,883,732	16,194,196	11,983,136

FOREIGN EXCHANGE

Marked recovery in leading European exchanges, which began during the second week of March, continued during April. Sterling rose from $4.30 on April 1 to $4.39 on the 23d, the highest rate quoted since November, 1923, and a gain of 13 points as compared with the low rate for the year of $4.26 on March 10. On the 30th it stood at $4.38. The French franc rose from 5.66 cents on April 1 to 6.72 cents on the 23d, the highest point touched since May, 1923, and almost double the low rate for the year of 3.49 cents quoted on March 8, but declined to 6.45 cents at the end of the month. Belgian francs rose from 4.72 cents per franc on April 1 to 5.72 cents on the 23d, or a gain of 81 per cent over 3.16 cents quoted on March 10, the low rate for the current year, but declined to 5.43 cents on the 30th. Italian lire rose from 4.36 cents per lira on April 4 to 4.50 cents on the 22d, as compared with the previous low rate of 4.13 cents on March 11.

The Danish krone rose from 16.44 cents per krone on April 3 to 16.87 cents on the 30th, compared with 15.30 cents on March 11. The Spanish peseta rose from 13.03 cents on April 3 to 14.16 cents on the 23d, compared with 12.13 cents, the low rate quoted on March 8, but declined to 13.75 cents the following week. Other European currencies show slight advances as compared with March.

Of the South American exchanges, the Chilean peso advanced somewhat, while the Argentine peso and the Brazilian milreis showed a moderate recession.

In the Far East, the Shanghai tael and the Indian rupee remained relatively stable. The Japanese yen declined from 42.12 cents per yen on April 1 to 39.09 cents on April 24, but rallied to 40.15 cents on the 30th.

	March, 1924	April, 1924				April, 1923
	Month	First week	Second week	Third week	Fourth week	Month
Average quotations (cents):						
Sterling	429.06	431.53	433.27	436.14	438.54	465.55
French franc	4.68	5.79	5.97	6.28	6.49	6.67
Italian lira	4.28	4.42	4.42	4.44	4.47	4.96
Netherlands florin	37.07	37.09	37.22	37.20	37.20	39.18
Swedish krona	26.29	26.44	26.42	26.38	26.30	26.64
Canadian dollar	96.96	97.89	98.12	97.96	98.24	98.02
Argentine peso	76.55	75.27	75.20	74.90	74.05	83.15
Shanghai tael	70.00	69.54	69.55	69.88	69.99	74.50
Percentages of par:						
Sterling	88.2	88.7	89.0	89.6	90.1	95.7
French franc	24.3	30.0	30.9	32.5	33.7	34.5
Italian lira	22.2	22.9	22.9	23.0	23.2	25.7
Netherlands florin	92.2	92.3	92.6	92.5	92.5	97.5
Swedish krona	98.1	98.7	98.6	98.4	98.1	99.5
Canadian dollar	97.0	97.9	98.1	98.0	98.2	98.0
Argentine peso	79.4	78.0	77.9	77.6	76.8	86.2
Shanghai tael	104.7	104.0	104.0	104.5	104.7	111.4
General index of 17 countries	58	61	62	63	63	67

PRICES IN THE UNITED STATES AND ABROAD DURING THE PAST YEAR

Movement of wholesale prices.—Wholesale prices on a gold basis have declined during the past 12 months in all countries except Germany. In the United States the wholesale price index of the Bureau of Labor Statistics declined from 159 in March, 1923, to 150 in March, 1924, a decrease of about 6 per cent. The same tendency is apparent in other countries, although the extent of the price reductions is not uniform. In countries whose currencies have remained relatively stable the rate of price decline has been approximately the same as in the United States, while in countries whose currencies have widely fluctuated in value, it has been considerably greater. In the case of England there has been a rise in prices corresponding to the decline in sterling exchange, with the consequence that the relationship between gold prices in America and in England has remained relatively constant.

Compared by groups, prices in the United States declined during the year for every group of commodities included in the Bureau of Labor Statistics index. In their relation to the average for all commodities the value of farm products, foods, metals, and chemicals advanced; the value of fuel and lighting, building materials, and miscellaneous goods declined, while the price of cloth and clothing and house furnishings remained practically unchanged.

International price comparisons by commodity groups based on the Federal Reserve Board's indexes for the United States, England, France, Canada, and Japan indicate that in all the countries except Japan there has been during the past 12 months an increase in the price of imported goods and consumers' goods in relation to the all-commodities index, and a decrease in the price of raw materials. Producers' goods advanced in the United States, England, and Canada, and declined in France, while export goods declined in the former three countries and advanced in France. The fact that price movements in France were different from those in the other countries reflects largely the influence of exchange fluctuations. In Japan price movements have been irregular, chiefly as the result of the disturbed economic conditions following the earthquake.

Advance in the price of food.—Food prices have undergone a readjustment, so that taken as a group they are now higher in relation to other commodities in nearly all countries. In the United States food prices declined about 1.5 per cent during the year from March, 1923, to March, 1924, while the general index declined by 6 per cent. In England food prices, when expressed in gold, declined by 2 per cent and stand now slightly above the American level. When expressed in British currency, however, food prices in England have advanced from a point considerably below the level of prices of other commodities to nearly that level. In Italy food prices have advanced slightly, while prices of other commodities have declined somewhat. In general, increases in the price of food compared with other commodities are noted in the United States, England, Italy, France, Denmark, the Netherlands, and Spain. This relative upward tendency in food prices has brought them in most countries more nearly to the level of the general price index, though in the United States foods are still about 6 per cent below the general level. In Germany there has been, since more stable exchange conditions have prevailed, a considerable readjustment in the prices of different groups of commodities; in recent weeks food prices have advanced, while prices of other commodities have remained fairly stable. In February the index of food prices was about 28 per cent below the index for industrial products. The general index of German industrial prices, expressed in terms of gold, is at about the world level, while the index for foods on the 1913 base is below that prevailing in other countries.

TREND OF BUSINESS ABROAD

Items	England	France	Canada	United States
COMMERCIAL BANK LOANS:	*Million £ sterl.*	*Million francs*	*Million dollars*	*Million dollars*
1922—March	1,097	12,558	1,301	10,842
1923—March	992	13,402	1,220	11,783
September	1,005	14,719	1,219	11,877
1924—January	1,053	14,816	1,177	11,884
February	1,032	15,139	1,173	11,874
March	1,009			12,065
COMMERCIAL BANK DEPOSITS:				
1922—March	1,747	12,374	1,981	10,309
1923—March	1,596	13,512	1,715	11,082
September	1,609	14,674	1,997	10,891
1924—January	1,674	14,704	1,993	11,239
February	1,633	15,093	2,000	11,165
March	1,603			11,171
CENTRAL BANK DISCOUNTS:				
1922—March	98	2,914		636
1923—March	80	2,685		700
September	71	2,511		862
1924—January	70	4,197		522
February	68	3,889		532
March	75	5,360		482
CENTRAL BANK NOTE ISSUES: [1]				
1922—March	404	35,528	404	2,182
1923—March	388	37,188	416	2,232
September	394	37,626	427	2,248
1924—January	384	38,834	388	2,023
February	381	39,345	391	2,022
March	384	39,950		1,983
BANK CLEARINGS: [2]				
1922—March	3,452	455	1,346	16,535
1923—March	3,315	755	1,181	19,644
September	2,603	761	1,220	17,260
1924—January	3,467	1,417	1,387	19,395
February	3,205	1,490	1,272	17,512
March	3,379	1,794	1,154	19,193
CENTRAL BANK DISCOUNT RATE:	*Per cent*	*Per cent*	*Per cent*	*Per cent*
1922—March	4½	5		4½
1923—March	3	5		4½
September	4	5		4½
1924—January	4	6		4½
February	4	6		4½
March	4	6		4½
WHOLESALE PRICE INDEX: [3]	*Relatives—1913=100*			
1922—March	166	307	150	147
1923—March	173	398	155	169
September	165	404	149	163
1924—January	178	444	146	163
February	180	465	148	163
March	180	481	147	160
RETAIL PRICE INDEX: [4]	*July, 1914=100*			
1922—March	186	294	142	136
1923—March	176	321	145	139
September	173	339	141	146
1924—January	177	376	145	146
February	179	384	145	144
March	178	392	143	141
FOREIGN EXCHANGE:	*Per cent of par*			
1922—March	89.92	46.65	96.86	
1923—March	96.49	32.77	98.06	
September	93.34	30.34	97.65	
FOREIGN EXCHANGE—Con.	*Per cent of par*			
1924—January	87.52	24.17	97.36	
February	88.52	22.90	96.94	
March	88.17	24.25	96.96	
PIG IRON PRODUCTION:	*Relatives—1913=100*			
1922—March	45.6	88.7	50.0	79.5
1923—March	74.2	72.8	78.0	137.6
September	65.4	111.1	89.5	122.1
1924—January	74.4	135.0	75.8	117.9
February	71.7	135.9	71.8	120.1
March	78.1		92.8	135.1
COAL PRODUCTION:				
1922—March	89.2	111.8	115.7	130.3
1923—March	99.8	89.6	117.0	117.4
September	97.4	129.6	97.4	115.9
1924—January	94.0	144.8	121.6	127.4
February	102.6	[8] 107.2	96.9	114.7
March	104.0			100.1
SHIP CLEARANCES:				
1922—March	85.0	88.9		108.4
1923—March	107.1	113.4		104.2
September	107.6	119.1		129.9
1924—January	90.2	102.8		103.3
February	86.1	94.0		102.6
March	90.1	94.0		101.2
UNEMPLOYMENT: [5]	*Per cent*	*Number*	*Relatives* [6]	*Relatives* [6]
1922—March	15.6	3,546	9.6	87
1923—March	11.5	588	6.8	103
September	11.7	111	2.0	101
1924—January	11.9	596	7.5	98
February	10.7	395	7.8	99
March	9.9	250		99
VALUE OF IMPORTS:	*Thous. £ sterl.*	*Million francs*	*Thous. dollars*	*Thous. dollars*
1922—March	87,870	1,941	79,379	256,178
1923—March	90,028	2,479	91,881	397,928
September	83,266	2,613	71,351	253,645
1924—January	101,259	2,888	66,568	295,506
February	96,705	3,714	62,134	332,540
March	103,729	3,623	86,922	320,616
VALUE OF EXPORTS:				
1922—March	64,581	1,877	60,847	329,980
1923—March	60,921	2,380	77,787	341,377
September	63,836	2,435	68,758	381,434
1924—January	64,235	2,700	70,355	395,196
February	67,974	3,918	68,332	366,134
March	61,103	6,618	93,615	339,674
VOLUME OF IMPORTS: [7]	*Relatives—1913=100*			
1922—March	79.7	120.3		206.5
1923—March	95.3	111.3		262.4
September	88.8	137.4		128.2
1924—January		106.7		182.2
February		119.3		222.7
March	102.0	130.9		195.3
VOLUME OF EXPORTS: [7]				
1922—March	67.1	85.3		106.9
1923—March	74.4	99.1		87.3
September	68.7	145.7		112.5
1924—January		96.2		101.0
February	79.0	126.4		98.1
March		135.0		90.4

[1] Canada—issues of the Dominion and commercial banks.
[2] England and Canada—total monthly clearings; France—average daily clearings; United States—total monthly debits to individual accounts, not including New York City.
[3] Federal Reserve Board index numbers.
[4] England—Ministry of Labor cost of living; France—Statistique Générale retail food in Paris; Canada—Department of Labor retail food index; United States—Bureau of Labor retail food recomputed on new base.
[5] England—per cent of unemployed in insured trades; France—actual number unemployed in Paris; Canada—index of employment in 54 industries; United States—index of employment in 33 industries.
[6] Canada—Jan. 17, 1920=100; United States—1919=100.
[7] Figures for England are for the quarter ending with the month for which figures are shown.
[8] Excluding the Saar district.

REPORT OF COMMITTEES OF EXPERTS TO REPARATION COMMISSION

REPORT OF THE FIRST COMMITTEE OF EXPERTS

LETTER FROM THE CHAIRMAN TO THE REPARATION COMMISSION

APRIL 9, 1924.

Your Committee of Experts has unanimously adopted a report upon the means of balancing the budget of Germany and the measures to be taken to stabilize its currency, which I now have the honor to submit.

Deeply impressed by a sense of its responsibility to your commission and to the universal conscience, the committee bases its plan upon those principles of justice, fairness, and mutual interest, in the supremacy of which not only the creditors of Germany and Germany herself, but the world, has a vital and enduring concern.

With these principles fixed and accepted in that common good faith which is the foundation of all business and the best safeguard for universal peace, the recommendations of the committee must be considered not as inflicting penalties, but as suggesting means for assisting the economic recovery of all the European peoples, and the entry upon a new period of happiness and prosperity unmenaced by war.

Since, as a result of the war, the creditors of Germany are paying taxes to the limit of their capacity, so also must Germany pay taxes from year to year to the limit of her capacity. This is in accord with that just and underlying principle of the Treaty of Versailles, reaffirmed by Germany in her note of May 29, 1919, that the German scheme of taxation must be "fully as heavy proportionately as that of any of the powers represented on the commission." More than this limit could not be expected, and less than this would relieve Germany from the common hardship and give her an unfair advantage in the industrial competition of the future. This principle the plan embodies.

The plan has been made to include flexible adjustments which, from the very beginning, tend to produce the maximum of contributions consistent with the continued and increasing productivity of Germany. The conservative estimates of payments to be made in the near future are dictated by business prudence in outlining the basis of a loan, and should not destroy perspective as to the effects to be registered in the aggregate of eventual payments, which will annually increase. With normal economic conditions and productivity restored in Germany, most hopeful estimates of amounts eventually receivable will be found to be justified. Without such restoration, such payments as can be obtained will be of little value in meeting the urgent needs of creditor nations.

To insure the permanence of a new economic peace between the Allied Governments and Germany, which involves the economic readjustments presented by the plan, there are provided the counterparts of those usual economic precautions against default recognized as essential in all business relations involving expressed obligations. The existence of safeguards in no way hampers or embarrasses the carrying out of ordinary business contracts. The thorough effectiveness of these safeguards should not embarrass the normal economic functioning of Germany, and is of fundamental importance to her creditors and to Germany.

Great care has been taken in fixing conditions of supervision over Germany's internal organization so as to impose the minimum of interference consistent with proper protection. This general plan, fair and reasonable in its nature, if accepted, leads to an ultimate and lasting peace. The rejection of these proposals by the German Government means the deliberate choice of a continuance of economic demoralization, eventually involving her people in hopeless misery.

In the preparation of this report, the committee has carefully and laboriously covered the broad field of investigation. It has had the constant cooperation of able staffs of experts, gathering information, digesting it and presenting it. It conducted, on the ground, an examination of the officials of the German Government and representatives of its labor, agriculture, and industry. It received from the German Government and its representatives voluminous and satisfactory answers in response to its written inquiries. In connection with various features of its report, both for gathering information and for advice, it has called to its assistance outside experts of international reputation. The published reports and statements of economists of world-wide standing have been in its hands. It has had the benefit of the accumulated information heretofore gathered by your commission.

In its work, the full committee has held, since January 14, 1924, 54 meetings; the subcommittee on the stabilization of the currency, composed of Monsieur Parmentier, Sir Robert Kindersley, Monsieur Francqui, and Professor Flora, assisted by Mr. H. M. Robinson, under the chairmanship of Mr. Owen D.

Young, has held 81 meetings; and the subcommittee on the balancing of the budget, composed of Professor Allix, Baron Houtart, and Monsieur Pirelli, under the chairmanship of Sir Josiah Stamp, has held 63 meetings. They have had the assistance of Mr. Andrew McFadyean, the general secretary. Again, the time of the committee, outside of that consumed by the meetings, has been given largely to investigation and study.

In speaking of my colleagues and as bearing upon the value of this report, I feel that I should make it known to your commission and to the world, that their governments have in no case limited their complete independence of judgment and action, either before or after their appointment by you. Limited only by the powers granted by your commission, each has performed his arduous and responsible work as a free agent. These men, searching for truth and advice thereon, were answerable only to conscience. In granting this freedom, the governments have but followed your own spirit and intent in constituting the committee, but in so doing, they have paid the highest tribute which governments can bestow—complete confidence in a time of crisis in human affairs. In their vision, in their independence of thought, and above all, in their spirit of high and sincere purpose, which rises above the small things over which the small so often stumble, my colleagues have shown themselves worthy of this trust. That their work, which I now place in your hands, may assist you in the discharge of your great responsibilities, is their prayer, and the knowledge hereafter, that it has done so, will be their full reward.

CHARLES G. DAWES, *Chairman.*

SUMMARY OF PART I[1]

I. The attitude of the committee

(*a*) The standpoint adopted has been that of business and not politics.

(*b*) Political factors have been considered only in so far as they affect the practicability of the plan.

(*c*) The recovery of debt, not the imposition of penalties, has been sought.

(*d*) The payment of that debt by Germany is her necessary contribution to repairing the damage of the war.

(*e*) It is in the interest of all parties to carry out this plan in that good faith which is the fundamental of all business. Our plan is based upon this principle.

(*f*) The reconstruction of Germany is not an end in itself; it is only part of the larger problem of the reconstruction of Europe.

(*g*) Guaranties proposed are economic, not political.

[1] The summary is furnished only for the convenience of the readers. Parts I and II and the Annexes are the only authoritative statement of the plan.

II. German economic unity

For success in stabilizing currency and balancing budgets, Germany needs the resources of German territory as defined by the treaty of Versailles, and free economic activity therein.

III. Military aspects; contingent sanctions and guaranties

(*a*) Political guaranties and penalties are outside our jurisdiction.

(*b*) The military aspect of this problem is beyond our terms of reference.

(*c*) Within the unified territory, the plan requires that, when it is in effective operation:

1. If any military organization exists, it must not impede the free exercise of economic activities;
2. There shall be no foreign economic control or interference other than that proposed by the plan.

(*d*) But adequate and productive guaranties are provided.

IV. The committee's task

(*a*) Stabilization of currency and the balancing of budgets are interdependent, though they are provisionally separable for examination.

(*b*) Currency stability can only be maintained if the budget is normally balanced; the budget can only be balanced if a stable and reliable currency exists.

(*c*) Both are needed to enable Germany to meet her internal requirements and treaty payments.

V. Economic future of Germany

(*a*) Productivity is expected from increasing population, technical skill, material resources, and eminence in industrial science.

(*b*) Plant capacity has been increased and improved since the war.

VI. Currency and a bank of issue

(*a*) All classes will benefit from stabilized currency, especially labor.

(*b*) Under present conditions rentenmark stability is only temporary.

(*c*) A new bank is set up or the Reichsbank reorganized.

(*d*) The main characteristics of the bank will be:

1. To issue notes on a basis stable in relation to gold, with an exclusive privilege;
2. To serve as a bankers' bank, establishing the official rate of discount;
3. To act as the Government banker, but free of Government control;
4. Advances to Government to be strictly limited;
5. To hold on deposit reparation payments;

(*d*) The main characteristics of the bank will be—Continued.

6. The capital of the bank will be 400,000,000 gold marks;
7. It will be directed by a German president and managing board, who can be assisted by a German consultative committee;
8. The due observance of its statutes will be further safeguarded by a general board, of which half of the members, including a commissioner, will be foreign.

VII. Budget and temporary reparation relief

Balancing the German budget requires:

(*a*) Full economic and fiscal sovereignty, subject to the supervision provided for in this report;

(*b*) A stable currency;

(*c*) Temporary relief from charges on the budget for treaty obligations;

(*d*) Such relief not to suspend essential deliveries in kind.

VIII. The basic principles of Germany's annual burden

(*a*) Treaty obligations and continuity of balanced budgets.

1. Balancing the budget does not entail merely provision for internal administrative expenditure.
2. Germany must also provide within the utmost limit of her capacity for her external treaty obligations.
3. The budget can be balanced without necessarily dealing with the total capital debt of Germany.
4. It can not be continuously balanced unless the annual charge is fixed for a considerable period, on a basis clearly prescribed in advance.

(*b*) Commensurate taxation:

1. Government internal debt has been practically extinguished by the depreciation of the currency.
2. New debt charge ought to be met commensurate with the burden of the French, English, Italian, and Belgian taxpayer.
3. The treaty recognizes this principle.
4. It is morally sound.
5. It is economically just in its influence on costs of production.
6. This principle has been applied to the full limit of practicability.

(*c*) Allies' share in Germany's prosperity.

1. Germany's creditors must share in the improvement in Germany's prosperity.
2. This will be secured by an index of prosperity.

(*d*) There is an important difference between the German's capacity to pay taxes and Germany's capacity to transfer wealth abroad.

IX. Normal resources from which payments are made

Germany will pay treaty charges from three sources: (A) Taxes; (B) Railways; (C) Industrial debentures.

(A) From her ordinary budget:

1924–25 budget may be balanced if it is free from peace treaty charges.

1925–26 budget receiving 500,000,000 gold marks from special sources, may pay that sum for reparation.

	Gold marks
1926–27	[2] 110, 000, 000
1927–28	[2] 500, 000, 000
1928–29	1, 250, 000, 000

This is considered a normal year and a standard payment; thereafter additional payments will be made, depending on prosperity.

(B) From railways:

1. Railway bonds—

(*a*) Eleven milliards of first mortgage railway bonds against a capital cost of twenty-six milliards will be created for reparations;

(*b*) These bonds bear 5 per cent interest and 1 per cent sinking fund per annum;

(*c*) In view of reorganization, interest is accepted as follows:

	Gold marks
1924–25	330, 000, 000
1925–26	465, 000, 000
1926–27	550, 000, 000
1927–28 and thereafter	660, 000, 000

Behind the bonds there will be created 2 milliards of preference shares to be reserved for sale to the public, and 13 milliards of common stock; three-fourths of the proceeds of the preference shares will be applied, as required, to the payment of debt and for capital expenditure of the railways. The remaining 500 millions of preference shares and all the common shares go to the German Government.

2. Transport tax—

After 1925–26, 290,000,000 gold marks per annum for reparation and balance to German Government.

(C) Industrial debentures.

1. Five milliards of industrial debentures are provided for reparation.
2. The resulting charge on industry is less than that existing before the war and now wiped out by depreciation.
3. These bonds bear 5 per cent interest and 1 per cent sinking fund, i. e., 300,000,000 gold marks per annum.
4. Pending economic restoration, interest and sinking fund are accepted as follows:
   First year: Nothing.
   Second year: 125,000,000 gold marks.
   Third year: 250,000,000 gold marks.
   Thereafter: 300,000,000 gold marks.

[2] Subject to addition or reduction in certain contingencies.

X. Summary of provision for treaty payments

(*a*) *1. Budget moratorium period.*

First year: From foreign loans and part interest on railway bonds:

	Gold mark
Total	1, 000, 000, 000

Second year: From part interest on railway bonds and on industrial debentures, budget contribution, through sale of 500,000,000 gold mark railway shares:

	Gold mark
Total	1, 220, 000, 000

2. Transition period.

Third year: From interest on railway bonds and on industrial debentures, from transport tax, and from budget:

	Gold mark
Total	1, 200, 000, 000

subject to contingent addition or reductions of 250,000,000 gold marks.

Fourth year: From interest on railway bonds and on industrial debentures, from transport tax, and from budget.

	Gold mark
Total	1, 750, 000, 000

subject to contingent addition or reduction of 250,000,000 gold marks.

3. Standard year.

Fifth year: From interest on railway bonds and on industrial debentures, from transport tax, and from budget:

	Gold mark
Total	2, 500, 000, 000

Thereafter, 2,500,000,000 plus a supplement computed on the index of prosperity. Interest on the securities, but not the proceeds of their sale, is included in these figures.

(*b*) The first year will begin to run from the date when the plan shall have been accepted and put into effective execution.

XI. Inclusive amounts and deliveries in kind

(*a*) The above sums cover all amounts for which Germany may be liable to the Allied and Associated Powers.

(*b*) Deliveries in kind are to be continued, but are paid for out of balances in the bank.

XII. How the annual payments are made by Germany

(*a*) The amounts will be raised in gold marks and paid into the bank.

(*b*) These payments cover Germany's annual obligation.

XIII. How the payments are received by the creditors

(*a*) Germany's creditors will use these moneys in Germany or convert them into foreign currencies.

(*b*) Experience will show the rate and extent to which the conversion can safely take place.

(*c*) Danger to stability through excessive remittances is obviated by a transfer committee.

(*d*) Sums not remitted accumulate, but with a limitation of amount.

XIV. Guaranties, in addition to railway and industrial bonds

(*a*) The following revenues are pledged as collateral security for budget contributions and other payments: Alcohol, tobacco, beer, sugar, customs.

(*b*) The yield of these revenues is estimated to be substantially in excess of required payments.

(*c*) The excess is returned to the German Government.

XV. External loan—its conditions and purpose

Foreign loan of 800,000,000 gold marks meets a double purpose.

(*a*) Requirements of gold reserve of the new bank.

(*b*) Internal payments for essential treaty purposes in 1924–25.

XVI. Organization

The organization consists of:

(*a*) A trustee for railway and industrial bonds;

(*b*) Three commissioners of (1) railways, (2) the bank, (3) controlled revenues;

(*c*) An agent for reparation payments, who will coordinate the activities of the above and will preside over the transfer committee.

XVII. The nature of the plan

(*a*) The plan is an indivisible unit.

(*b*) The aim of the plan is: (1) To set up machinery to provide the largest annual payments from Germany; (2) To enable maximum transfers to be made to Germany's creditors; (3) To take the question of "what Germany can pay" out of the field of speculation and put in it the field of practical demonstration; (4) To facilitate a final and comprehensive agreement upon all the problems of reparations and connected questions, as soon as circumstances make this possible.

TEXT OF THE REPORT

We were invited by the Reparation Commission, by decision of November 30, 1923, to "Consider the means of balancing the budget and the measures to be taken to stabilize the currency" of Germany.

We have been in continuous session since January 14, 1924, in Paris, except for one fortnight spent in Berlin.

We have called in to assist us eminent technical advisers on the various questions which have been under consideration, and have been in touch with representative German opinion.

We have the honor to present the following report which states the unanimous conclusions formed as a result of our studies and inquiries.

Part I of this report states our conception of our task, our conclusions, and the broad outline of our plan.

Part II indicates the considerations which guided us to our conclusions, in particular so far as they result from certain aspects of the present financial and economic condition of Germany, which is here described.

Part III consists of a series of annexes which give the technical detail of our several proposals, and should be read as a supplement to the respective portions of Part I.

PART I.—THE COMMITTEE'S CONCLUSIONS AND SCHEME

I. The Attitude of the Committee

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

The dominating feature of the German Budget is Germany's obligation to the Allies under the Treaty of Versailles. We have been concerned with the practical means of recovering this debt, not with the imposition of penalties and the guarantees which we propose are economic and not political. At the same time it is no ordinary debt with which we deal, for Germany suffered no appreciable devastation, and her primary moral obligation is toward those who have suffered so severely through the war.

As regards past history, it has not seemed necessary to establish the causes, nor the responsibility for those causes, which have operated to produce the present state of German finances and currency, except in so far as a recognition of their character is required for the prescription of remedies.

Finally, convinced as we are, that it is hopeless to build any constructive scheme unless this finds its own guarantee in the fact that it is to the interest of all the parties to carry it out in good faith, we put forward our plan relying upon this interest. We hope the character of our plan will itself assist in securing this guarantee, which is essential for its execution; but in the main, of course, it must be for others to take such measures as are necessary to maintain or assure it.

II. German Economic Unity

The committee has had to consider to what extent the balancing of the budget and the stabilization of the currency could be reestablished permanently in Germany as she actually is at the present moment, with limitations as to her fiscal and economic rights over part of her area.

We should say at the outset that we have been unable to find any practical means of ensuring permanent stability in budget and currency under these conditions, and we think it unlikely that such means exist. The solution of the double problem submitted to us implies indeed the restoration of Germany's credit both externally and internally, and it has appeared to us impossible to provide for this restoration under the conditions mentioned. We have, therefore, been compelled to make the assumption that the fiscal and economic unity of the Reich will be restored and our whole report is based on this hypothesis.

III. Military Aspects—Contingent Sanctions and Guarantees

If political guarantees and penalties intended to insure the execution of the plan proposed are considered desirable, they fall outside the committee's jurisdiction.

Questions of military occupation are also not within our terms of reference.

It is, however, our duty to point out clearly that our forecasts are based on the assumption that economic activity will be unhampered and unaffected by any foreign organization other than the controls herein provided. Consequently, our plan is based upon the assumption that existing measures, in so far as they hamper that activity, will be withdrawn or sufficiently modified so soon as Germany has put into execution the plan recommended, and that they will not be reimposed except in the case of flagrant failure to fulfill the conditions accepted by common agreement. In case of such failure it is plainly for the creditor Governments, acting with the consciousness of joint trusteeship for the financial interests of themselves and of others who will have advanced money upon the lines of the plan, then to determine the nature of sanctions to be applied and the method of their rapid and effective application.

In saying this we wish to add at once that if the economic system now in operation in occupied territory is modified, we are unanimously of the opinion that a settlement of reparation must be reinforced by adequate and productive securities. We propose for this purpose a system of control which we believe will be effective, and at the same time such as not to impede the return to financial stability (see XIV below).

IV. The Committee's Task

As the terms of reference indicate, two principal problems were submitted to us for inquiry—the stabilization of German currency and the balancing of the German budget. It is self-evident that these problems are interdependent. The currency of a country can not remain stable unless its budget is normally balanced, for if expenditure continually exceeds receipts there will in time be no alternative to the printing of new notes to meet the excess; and the inflation will inevitably involve depreciation. On the other hand, the task of balancing a budget, unless the currency is relatively stable, is an impossible one, for a falling currency makes calculations both of receipts and expenses unreliable, and in particular causes a continual loss to the taxing authority through the necessary interval of time between assessment and collection. While, therefore, in the nature of things it is necessary that the two problems should in the first instance be studied separately—their interdependence must be consistently borne in mind, In examining each of them separately, we have assumed for the minute that the other has been solved, without ever losing sight of the fact that the stabilization of the currency and the balancing of the budget are means designed to enable Germany to satisfy her own essential requirements and to meet her Treaty commitments, the fulfillment of which is so vital to the reconstruction of Western Europe. It must not be forgotten that the performance of these commitments is of vital importance, not only for the countries having a claim on Germany, but also for Germany herself. It is, indeed, clear that a Germany whose economy had again become flourishing could not long resist a financial and economic crisis in the nations surrounding her. In order that the restoration of Germany may be definitive, the other nations must also return to the conditions requisite for their financial and economic existence and must likewise be enabled to carry on the normal exchange of goods on which the general prosperity depends.

V. The Economic Potentialities of Germany

The task would be hopeless if the present situation of Germany accurately reflected her potential capacity; the proceeds from Germany's national production could not in that case enable her both to meet the national needs and to insure the payment of her foreign debts.

But Germany's growing and industrious population; her great technical skill; the wealth of her material resources; the development of her agriculture on progressive lines; her eminence in industrial science; all these factors enable us to be hopeful with regard to her future production.

Further, ever since 1919 the country has been improving its plant and equipment; the experts specially appointed to examine the railways have shown in their report that expense has not been spared in improving the German railway system; telephone and telegraph communications have been assured with the help of the most modern appliances; harbors and canals have likewise been developed; lastly, the industrialists have been enabled further to increase an entirely modern plant which is now adapted in many industries to produce a greater output than before the war.

Germany is therefore well equipped with resources; she possesses the means for exploiting them on a large scale; when the present credit shortage has been overcome, she will be able to resume a favored position in the activity of a world where normal conditions of exchange are gradually being restored.

Without undue optimism, it may be anticipated that Germany's production will enable her to satisfy her own requirements and raise the amounts contemplated in this plan for reparation obligations. The restoration of her financial situation and of her currency, as well as the world's return to a sound economic position, seem to us essential but adequate conditions for obtaining this result.

VI. Stability of the Currency—A New Bank of Issue

We propose to deal in the first place with the currency problem.

The present financial and currency position in Germany is stated in Part II. It will be seen that by means of the Rentenmark, stability has been attained for a few months, but on a basis which, in the absence of other measures, can only be temporary.

The committee proposes the establishment of a new bank of issue in Germany, or, alternatively, a reorganization of the Reichsbank, as an essential agency for creating in Germany a unified and stable currency. Such a currency, the committee believes, is necessary for the rehabilitation of Germany's finances, the balancing of her budget, and the restoration of her foreign credit. The principal features of the bank plan, which is printed in Annex 1, are as follows:

The bank is to have the exclusive right (with certain minor qualifications) to issue paper money in Germany for the period of its charter, 50 years. All of the many kinds of paper money now circulating in Germany (except limited note issues of certain State banks) are to be gradually withdrawn from circulation, giving place to a single uniform paper currency, the bank notes of the new bank. These bank notes will be protected by a normal legal reserve of $33\frac{1}{3}$ per cent, and by other liquid assets. The reserve will be held largely in the form of deposits in foreign banks.

The plan contemplates that as a permanent policy the notes of the bank shall be redeemable in gold, but the committee is of the opinion that at the time of the inception of the bank the situation will temporarily not allow of the application of the rule of convertibility. It, therefore, suggests that a currency should be created which will be kept stable in relation to gold and as soon as conditions permit be placed on a convertible basis.

Like the present Reichsbank, the new bank will serve as a bankers' bank, rediscounting the safest category of short-term bills, etc., and so establishing the official rate of discount. It will also handle for the other banks the giro system for the transfer of bank credits.

The bank will deal with the public, making short-time commercial loans and discounts, effecting transfers, and receiving deposits.

It will be the depository and the fiscal agent of the German Government. It may make short-term loans to the Government, but the amount and character of these loans are strictly limited, and the granting of such loans is carefully safeguarded. The German Government is to participate in the profits of the bank but the bank is to be entirely free from governmental control or interference.

Treaty funds collected in Germany are all to be deposited in the new bank to the credit of a special account and are only to be withdrawn by the creditor nations under conditions and safeguards which will adequately protect the German exchange market and the interests of the creditor nations and the German economy.

The new bank will have a capital of 400,000,000 gold marks, part to be subscribed in Germany and part abroad. It is to be administered by a German president and a German managing board, which can have the assistance, as in the case of the Reichsbank, of a consultative committee. Alongside of this German managing board there is to be another board, called the general board, which will consist of seven Germans and seven foreigners, one each of the following nationalities: British, French, Italian, Belgian, American, Dutch, and Swiss. This general board is given broad powers in such matters of bank organization and operation as might affect the interests of the creditor nations. One of the foreign members of the general board will be known as the "commissioner." He will be responsible for seeing that there is no infringement of the provisions relative to the issuance of notes and the maintenance of the bank's reserves. Decisions of the general board will require a majority vote of 10 of the 14 members, unless both the president and the commissioner are included in the majority, in which case a simple majority will be sufficient. Thus, cooperation by members of both groups is necessary for action.

It has been suggested in various quarters that to insure the bank's independence of the Government, an issue department, which could be under the direction of the commissioner and which would be responsible for the reserve and for the issue of notes, should be established abroad. Such a guarantee is political rather than technical in character, and to propose it is outside the jurisdiction of the committee.

A study of the annex is essential to a thorough comprehension of the committee's recommendations, and it has contented itself with drawing attention here to the main features to which it attaches importance.

Still assuming for the minute that the budget problem has been successfully surmounted, we believe that our recommendations furnish a practical method, not only of stabilizing the German exchange, but of securing to German economy those credits in stable value which are essential to its reinvigoration and to the payment of reparation.

Labor also will benefit, for its interests above all are dependent upon stability. Some classes of the community may have compensations in the amazing overturn of fortunes which inflation brings—some benefit and others suffer. But for the working classes instability is wholly evil; it has no compensations whatever. In this connection, we may refer to the views expressed by the representative of labor who appeared before us in Berlin: "Speaking not for the whole of the German people, but merely for the class which he represented, Herr Grassmann stated that the German working classes could not stand another period of inflation. They must appeal to the world for a stable currency which would render it possible for them to buy something with their wages even four weeks after they had received them." It is clear that if the statutes of the bank are strictly observed there can be little danger of future inflation. One of the advantages to be expected is that foreign currencies immobilized in Germany, which are at present economically sterile, will be mobilized in the form of subscriptions or deposits to the bank and return to economic uses.

VII. The Budget and Temporary Reparation Relief

Attention may now be directed to the other main aspect of our problem, the balancing of the budget. We propose to deal first with the general budget of the Reich, and secondly and separately with the railways, which, at present are contributing nothing to the general budget.

In addition to a stable currency and the economic unity defined above, the budget requires certain relief from immediate charges for treaty purposes, which, while securing the budgetary position, will not imply the cessation of the payments indispensable to the Allies in the form of deliveries in kind.

VIII. The Basic Principles of Germany's Annual Burden

(a) Treaty obligations and their bearing upon the continuity of balanced budgets

It will be obvious that the balancing of the budget is, like the stabilization of the currency, of little value unless it can be maintained. It is not enough to be satisfied that one or even several budgets will be balanced. It is necessary to consider under what conditions, assuming sound administration, financial as well as currency stability can be continuously insured, or rather under what conditions such stability once gained is likely to be endangered. It is inevitable, therefore, that we should look forward, not indeed in the same detail but with proper regard to the chief determining factors, to those later years during which Germany will have gradually to liquidate her external treaty obligations.

We repudiate, of course, the view that Germany's full domestic demands constitute a first charge on her resources and that what is available for her treaty obligations is merely the surplus revenue that she may be willing to realize. But at the same time, if the prior obligation for reparation that is fixed for Germany to pay, together with an irreducible minimum for her own domestic expenditure, make up in a given year a sum beyond her taxable capacity, then budget instability at once ensues and currency stability is also probably involved. In that event, an adjustment of the treaty obligations of the year is obviously the only course possible. The amount that can safely be fixed for reparation purposes tends therefore to be the difference between the maximum revenue and minimum expenditure for Germany's own needs. We shall naturally and inevitably be led to discuss later the amount of reparation payments which can be made out of budget resources and the method by which they can be effected, if the postulates of a stable currency and of a balanced budget are accepted. It would be to ignore both the plain dictates of justice, the practical conditions which must determine the acceptance or rejection of our proposals, and the context and obvious purpose of our terms of reference, if we approached our task from any other angle.

It might, indeed, be thought that if we have thus been involved in a consideration of reparation payments, it is only of such payments as are to be made during the reconstruction period of the next few years. Our task, it may be said, is to advise as to the way to attain stabilization and a balanced budget, not as to the sums to be demanded from Germany when that aim has been achieved. But no such sharp division of periods is possible, for the following reasons:

1. The basis on which the budget is balanced at the end of the reconstruction period, and the sum it includes for reparation, must obviously determine to a large extent the sums payable in the following years. Otherwise, as we have said, an equilibrium, though once attained, might be rapidly lost. The effort would have been in vain and the same problem would again present itself.

2. More important still is the fact that the success of our proposals to attain financial stabilization depends essentially upon the return of confidence. Without this the return of German capital invested abroad, the attraction of foreign capital for the purposes mentioned in the scheme and of foreign credits for the current conduct of business, and even the proper collection of taxes, will alike be impossible.

Such confidence can not be attained unless a settlement is now made which both Germany and the outside world believe will give an assurance that for a considerable period neither its finances nor its foreign relations will be endangered by renewed disputes. Such an assurance, as we shall see, does not mean making the charge on Germany a uniform one over a period of years, nor even deciding beforehand what the charge shall be in each of these years. But it does mean settling beforehand the method by which increases shall be determined.

When we speak of the adoption of such a method for "a considerable period," we are thinking primarily of the period which lenders and investors whose money is required as a part of our scheme will have in mind. As we shall see, our scheme needs both foreign and internal subscrptions to a bank of issue, and in particular an external loan as an essential condition of enabling and assuring reparation payments. We fully recognize both the necessity and the justice of maintaining the principle embodied in the treaty that Germany's payments should increase with what may prove to be the increase in her future capacity.

We also recognize that an estimate now made once for all might well underestimate this, and that it is both just and practicable that the Allies should share in any increased prosperity. All that we regard as essential as a condition of stabilization is that any such increased demands to correspond with increasing capacity should be determined by a method which is clearly defined in the original settlement, and which is capable of automatic, or at least professional, impartial, and practically indisputable application.

This requirement we have tried to meet, as will be seen, by providing that in addition to a fixed annual payment, there shall be a variable addition dependent upon a composite index figure designed to reflect Germany's increasing capacity.

It is outside the competence of the committee to establish a limit of years or of amount for the working of the index, nor is it within their competence to fix the number of annuities which Germany will have to pay, as this would practically mean the fixation of a new German capital debt. In any new arrangements made for a definite settlement of the various international financial obligations arising out of the war it woul be easy as regards the German debt to apply our plan to those new conditions.

(b) COMMENSURATE TAXATION

We have done our utmost to apply the principle of commensurate taxation.

It is not open to dispute, as a simple principle of justice, and it is contemplated by the treaty, that the German people should be placed under a burden of taxation at least as heavy as that borne by the peoples of the Allied countries. No single person in Germany, whether speaking as an individual or representing any section of the nation, has failed to accept that principle when it has been squarely put to him. Any limitation upon it, if there is one, must be a limitation of practicability and general economic expediency in the interest of the Allies themselves. Obviously it is morally sound; and it would be clearly repugnant to all sense of natural justice that the taxpayers of countries with large and important regions devastated by the war should bear the burden of restoring them, while the taxpayer of Germany, on whose territory the war caused no comparable devastation, escaped with a lighter burden. The principle is, at the same time, economically just, for it is obviously unfair and in every way undesirable that the allied taxpayer should be penalized by the fact either that taxes resulting from the war weigh more heavily upon him as a consumer, or that in competition in his business he should be handicapped by greater burdens on the costs of production, including wages, than his German competitor bears.

We have borne in mind both the importance of the virtual extinction of debt in Germany and the general burden of taxation in allied countries. As we indicate more fully in Part II, there are many difficulties in theory and practice, but in spite of them we have done our utmost to secure that the proposals we make should involve a "commensurate burden" in the fairest interpretation and application of that principle which is practicable. We are satisfied that in what we propose we are not imposing a heavier burden; we are also satisfied that we have applied the principle as far as it is is practicable in the interests no less of the Allies than of Germany.

(c) AN INDEX OF PROSPERITY IS NECESSARY TO ENABLE THE ALLIES TO SHARE IN THE INCREASED PROSPERITY OF GERMANY

After a short period of recovery we believe that the financial and economic situation of Germany will have returned to a normal state, after which time the index will begin to operate.

The system of a variable annuity has the sanction of usage in the schedule of payments. But we venture to suggest for most careful consideration the advisability of altering the existing index, constituted by the value of exports. This index appears to us to be imperfect.

We are aware that there are cogent reasons both for and against any test which may be suggested, and we do not propose to examine them in detail. We are of opinion that the undoubted shortcomings of particular indices are neutralized to a large extent if a composite index is chosen, and we have a reasonable assurance that a fair measure of Germany's increasing prosperity will be obtained. Our suggestions, after considering many various alternatives for such an index, are given in Annex 2.

We take upon ourselves to recommend these suggestions, as an indication, to the attention of the Reparation Commission.

We are of opinion that at least during the period within which the loan which we propose is being amortized, the annual charge upon Germany should not be heavier than that which would result from the application of this index; nor would the committee accept any responsibility for the balancing of the budget even in later years if heavier payments than the above were called for.

We propose that an average of years (chiefly 1926, 1927, 1928, and 1929) should be taken as the base; that the percentage increase shown by each of six sets of representative statistics (railway traffic, population, foreign trade, consumption of tobacco, etc., budget expenditure, and consumption of coal) should be ascertained; and that the average of these six percentages should be taken as indicating the proportionate increase to be added to the treaty sums demanded in a given future year.

Under this system Germany will retain her incentive to develop, as she retains the major part of the advantage of any increase in prosperity, while the Allies obtain a reasonable share in this increase and avoid the risk of losing through a premature estimate of future capacity.

At the same time, the adoption of a method involving not discretionary but automatic application gives the necessary assurance from the commencement both to Germany and the world that treaty demands will not, in the period to which the settlement relates, be again the subject of negotiation and dispute.

We propose, however, one further correcting factor of quite a different character which is only a precautionary measure and may never be actually involved. The treaty prescribes Germany's obligations in terms of gold, and for convenience we have expressed our estimate in the same terms. But both the burden on Germany, and the advantage to the Allies of treaty payments, consist of goods and services. Gold is only a measure of value, and over a long period of years may be an uncertain and defective one. It is only in the case of really important changes that any action is necessary and we therefore propose that a reduction or increase of the figures both as regards the standard and the supplementary payments should be made automatically in correspondence with changes in the general purchasing power of gold, whenever, by the decision of an impartial authority, such changes amount to more than 10 per cent.

(*d*) THE DISTINCTION BETWEEN THE TAXPAYERS' "CAPACITY TO PAY" IN GERMANY AND GERMANY'S CAPACITY TO PAY THE ALLIES

There has been a tendency in the past to confuse two distinct though related questions; i. e., first, the amount of revenue which Germany can raise available for reparation account, and, second, the amount which can be transferred to foreign countries. The funds raised and transferred to the Allies on reparation account can not, in the long run, exceed the sums which the balance of payments makes it possible to transfer, without currency and budget instability ensuing. But it is quite obvious that the amount of budget surplus which can be raised by taxation is not limited by the entirely distinct question of the conditions of external transfer. We propose to distinguish sharply between the two problems, and first deal with the problem of the maximum budget surplus and afterwards with the problem of payment to the Allies. In the past the varying conclusions formed as to Germany's "capacity" have often depended upon which of these two methods has been chosen.

As a first method of approach the budgetary criterion has obvious advantages and attractions. Reparation must first be provided for as an item in the budget.

The budget itself is the sum of decisions taken by a single authority. It is capable of expert judgment and, within narrower limits of error, of calculation and analysis.

By comparison a country's "economic balance" defies exact calculation. The balance, even at a given moment, can only be estimated approximately, for the invisible exports and imports which constitute an important part of it can not be known exactly. And a *potential* economic balance is much more uncertain. It depends not on the decisions of a single authority, but on the enterprise of individual merchants and manufacturers. Reparation demands themselves will increase it. The extent to which economic adaptation is possible over a long period of years, under the pressure of external obligations, is a matter of conjecture; an existing economic balance, before such obligations have been in operation long enough to have their effect on the economy of the country, gives a very uncertain criterion. The economic balance is, therefore, by comparison with the budget, incapable of close calculation, "unmanageable," and too elastic.

But the limits set by the economic balance, if impossible of exact determination, are real. For the stability of a country's currency to be permanently maintained, not only must her budget be balanced, but her earnings from abroad must be equal to the payments she must make abroad, including not only payments for the goods she imports, but the sums paid in reparation. Nor can the balance of the budget itself be permanently maintained except on the same conditions. Loan operations may disguise the position—or postpone its practical results—but they can not alter it. If reparation can, and must, be provided by means of the inclusion of an item in the budget, i. e., by the collection of taxes in excess of internal expenditure, it can only be paid abroad by means of an economic surplus in the country's activities.

We have, it will be seen, attempted to give effect to both these sets of considerations by a method we believe to be both logical and practical. We estimate the amount which we think Germany can pay in gold marks by consideration of her budget possibilities; but we propose safeguards against such transfers of these mark payments into foreign exchange as would destroy stabilization and thereby endanger future reparation.

By comparison with a system which reduced the sums considered possible on budget grounds because of considerations based upon estimates of the possible economic balance, this has the following advantages:

(*a*) It enables the maximum sums to be obtained and paid to the Allies' account.

(*b*) Any limitation upon transfers into foreign currencies will depend upon the exact economic position as it develops in fact and not upon a necessarily problematical estimate of it; and the limitation will only apply so far as it actually proves necessary.

(*c*) Even so far as the sums paid in reparation can not be completely transferred, they can, under certain conditions, be used by the Allies for internal investment in Germany.

Above all, we recommend our proposal for these reasons: It adjusts itself automatically to realities; the burden which should rest upon the German taxpayer should, in justice, so obviously be commensurate with that borne by the Allied taxpayer that, in our view, nothing but the most compelling and proved necessity should operate to make it lighter. It would be both speculative and unjust to attempt to forecast the possibilities of the future exchange position and to determine Germany's burden in advance with reference to a problematic estimate of it. Experience, and experience alone, can show what transfer into foreign currencies can in practice be made. Our system provides in the meantime for a proper charge upon the German taxpayer, and a corresponding deposit in gold marks to the Allies' account; and then secures the maximum conversion of these mark deposits into foreign currencies which the actual capacity of the exchange position at any given time renders possible.

IX. The Normal Resources from which Germany Should Make Payments

With these principles in mind, we recommend that Germany should make payment from the following sources:

(a) From her ordinary budget.
(b) From railway bonds and transport tax.
(c) From industrial debentures.

We proceed to consider each of these in turn.

(a) PROVISION FROM THE BUDGET FOR TREATY PAYMENTS; BUDGET EQUILIBRIUM

To recommend what payments Germany can make from her ordinary budget, and from what dates, is in effect to answer the first of the two specific questions put to us; i. e., how to "balance the German budget." For in our view, if the economic and fiscal unity of the Reich is restored, if a stable currency is established, and if the budget is given temporary relief from treaty payments, Germany should balance her budget from her own resources by a vigorous internal effort supported by the confidence which a general and stable settlement may be expected to give, and she should thereafter be able to maintain it in equilibrium, if the future charge for treaty payments is determined by a method which assures that it will not exceed her capacity.

In other words, we do not consider that an external loan is needed—as in the case of Austria and Hungary—to be devoted specifically to meeting ordinary deficits during a transition period. External money is indeed an essential part of our scheme, in part for the establishment of a new bank of issue; in part to prevent an interruption of deliveries in kind during the transition period; and essentially to create the confidence upon which the whole success of the scheme depends. But we do not propose that it should be confined or devoted specially to meeting deficits on ordinary expenditure even during a transition period. On the contrary, as will be seen, we think that from the beginning internal resources should meet internal ordinary expenditure, and at a very early date should suffice in addition to make substantial contributions toward the external debt.

The present budget position is described in some detail in Part II, which includes our criticisms and recommendations as to the measures we think practicable for economizing in expenditure and increasing taxation.

We confine ourselves here to our conclusions as to the provision that can be made for meeting treaty payments.

1924-25 budget.—In the first year (1924-25) we consider that the ordinary budget may balance. Even if there is a deficit we are confident that it should not be such as to endanger the stability of the currency, and that at the worst the Government can meet it by the orthodox expedients—increases of existing taxation, further emergency taxes, and internal loans.

Even if energetic measures are taken to obviate any deficit in 1924-25, we are satisfied that neither by reduction of expenditure nor by an increase in receipts can Germany be expected to provide out of budget resources for any peace treaty payments to the Allies, and that any demand for their payment would imperil both the structure of the budget and the stability of the currency. How relief can be otherwise provided for the reparation creditors will be considered separately.

The fundamental importance of the effect upon the stability of the Reich budget of the finances of the States (Prussia, Bavaria, etc.) and of the communes has greatly exercised us, and we have stated our views on the system of subsidies and local expenditure in Part II.

1925-26 budget.—On passing to the budget for 1925-26, it is obvious that the existing data are insufficient for a precise judgment on its detailed prospects. Certain general conclusions are, however, possible.

On the revenue side, the lapse of a whole year of currency stability and readjustment should of itself increase receipts. The period of recuperation will not have been long enough completely to restore the yield of the income tax, but there will at least be gold mark profits of 1924-25 on which to frame a reasonable assessment. Consumption taxes should be directly affected by returning prosperity.

On the expenditure side it may be hoped with some degree of confidence that expenditure on unemployment will exhibit a notable decrease. The expenditure on the army is capable of reduction. An automatic decrease will make itself felt in the pension charge. It is not to be expected, on the other hand, that sums thus saved on these or other heads will represent a net benefit to the budget. In particular, and this remark applies also to the budgets of the immediately succeeding years, increases in the salary charges of the Reich which can probably not be entirely off-set by decreases in personnel must be anticipated.

Some increase of expenditure must therefore be expected. On balance, however, we are of opinion that the growth in receipts should be more than sufficient to counterbalance any increase in expenditure. Whatever views may be held about the eventual outcome of the 1924-25 budget, we are clear that the second year should show a substantial improvement upon it. The result of the first year therefore affects our view as to whether the result of the following year will be actually an appreciable surplus. If it should prove that the 1924–25 budget can not be balanced by taxation alone, the improvement to be expected in the following year might not be more than sufficient to secure the balance desired. If, on the other hand, no loans were necessary in 1924–25, any improvement in the following year would be net surplus and entirely available for meeting peace treaty charges.

We are clearly of the view that, if the two years are taken together, receipts should be sufficient to cover ordinary expenditure, and we do not exclude the possibility of a small surplus. On the other hand it can not be stated with certainty that the inclusion of a compulsory liability for peace treaty charges will not destroy the whole balance, and it is obviously vital that the mistake should not be made of fixing as a first payment during recovery a sum which the circumstances may not justify.

The stability of future reparation payments and German credit in general might thus be endangered.

There is another factor that must be taken into account. For the successful operation of the scheme for dealing with the railways, to which we shall refer later, it is necessary that the proceeds of the transport tax to the extent of 250,000,000 gold marks should be withdrawn for this year from the revenue side of the budget and devoted to the payment of treaty charges.

On the other hand that scheme also provides for the sale by the railway company of preference shares to the nominal value of 2,000,000,000 gold marks, one-quarter of the proceeds accruing to the profit of the German budget and the balance providing for past and future capital expenditure of the railways. For the successful execution of the railway scheme we attach great importance to the sale to the public of these preference shares and we feel justified in assuming that before the end of the year 1925–26 the German Government will be in effective possession of 500,000,000 gold marks as a result of this transaction. The budget can therefore be reinforced to that extent and after making allowance for the withdrawal of 250,000,000 gold marks in respect of the transport tax there will be a balance of 250,000,000 gold marks which should be available for meeting peace treaty charges.

By the procedure we have indicated any danger of hampering future stability by a premature call upon the ordinary resources of the German budget will be obviated and there will be an additional inducement to transfer the preference shares to private ownership.

We, therefore, recommend that in the year 1925–26 Germany should be required to meet peace treaty charges out of her budget to the extent of 250,000,000 gold marks. If, contrary to our expectation, the budget fails to realize 500,000,000 gold marks from the sale of preference shares, we consider that any resultant deficit could be met by an internal loan.

The proceeds of the transport tax should thenceforth not figure in the revenue side of the budget except to the extent to which they exceed 250,000,000 gold marks in 1925–26 and 290,000,000 gold marks in subsequent years.

We once more reserve the question of providing for further reparation payments by other means.

The budget of later years.—As we have said already, Germany's credit can not rest upon the mere establishment of budget equilibrium. It must be clear that it can be permanently maintained. It is, therefore, necessary for us to consider what burden Germany can bear in the near future without danger to that equilibrium. In this connection, certain assumptions have necessarily been made. It has been considered that if for two years the budget is relieved from peace treaty charges and a stable currency is reestablished, Germany ought in 1926 to be making rapid strides toward complete recovery, and should in three years, by 1928, reach a normal economic condition. We have taken into account the probable yield of her several taxes and her taxable capacity as a whole and the probable changes in expenditure under these improving conditions, and after making full allowance for error we have reached definite conclusions as to the sums which can be fixed for peace treaty charges without endangering the stability of the budget. These results we have considered in relation to the maximum probable rate at which the national income can be expected to grow from its present point and the maximum proportion of that growth which can successfully be absorbed in taxation.

We draw the conclusion that, allowance being made for some inevitable growth in expenditure, the budgets for the three subsequent years can safely provide for the following maximum sums:

	Gold marks
1926–27	110, 000, 000
1927–28	500, 000, 000
1928–29	1, 250, 000, 000

On the other hand, regard being had to the fact that it is difficult to estimate the recuperative power of Germany in 1926–27 and 1927–28, we would propose that these amounts should be regarded as subject to modification by a sum not exceeding 250,000,000 gold marks on the following plan: If the aggregate controlled revenues as defined in Section XIV exceed 1 milliard in 1926–27 or 1,250,000,000 in 1927–28, an addition shall be made to the above contributions equal to one-third of such excess. Conversely, if those aggregate revenues fall short of 1 milliard in 1926–27 or 1,250,000,000 in 1927–28, the total contributions shall be diminished by an amount equal to one-third of the deficiency.

We believe that at the end of the fiscal year 1928–29 the financial and economic situation of Germany will have returned to a normal state, and that in this and subsequent years the ordinary budget should support the inclusion of a sum of 1,250,000,000 gold marks. The total sums, therefore, to be provided from *ordinary qudget resources* would be the standard payment of of 1,250,000,000 plus the additional sum (already referred to) computed upon the index of prosperity, as from 1929–30 onward.

We have considered carefully the question of the amount to which the index should be applied and, as we are desirous that in the earlier years of her recovery German progress shall not be unduly handicapped by shortage of new capital, we think that it will be desirable to apply it to the purely budget contribution 1,250,000,000 (or one-half of the total standard payment) for the first five years of the application of the index, viz, 1929–30 to 1933–34. After that date, 1934–35, the index should apply on the full amount of the contribution, namely, 2,500,000,000 gold marks.

(b) RAILWAYS

We have conducted, with the assistance of two eminent railway experts, a close examination of the situation of the German railways. The subject is an important one, for the railways have been operated since the armistice at a constantly increasing loss, which has involved heavy burdens upon the German budget.

Most, if not all, railway systems have passed through a period of great difficulty since the war from causes which were largely beyond their control. It is clear, however, from a study of the report drawn up by the experts, which will be found in Annex 3, that the greatest difficulties were of the Germans' own making. The German railway administration can not but plead guilty to two serious charges. In the first place, as is proved by the reduction which it is now possible to make, they have been enormously overstaffed, even when all account is taken of the introduction of an eight-hour day and of peace-treaty charges justifying temporary disorganization. In the second place, the administration has indulged in extravagant capital expenditure for which the official excuse is that construction was largely undertaken to ward off unemployment.

It is only just to observe that the situation has now improved out of recognition, though more remains to be done. The German Government have separated the railways from the ordinary administration and assimilated them in form, so far as is possible, to a business concern. Capital construction has been slackened and fares have at any rate been raised to a point where the railways are not only self-supporting, but can provide some profit.

These measures are, however, insufficient. The capital value of the railways is estimated by the experts on a conservative basis at 26 milliards. They are unemcumbered with old debts, for their prior charges were extinguished by the depreciation of the mark, and these prior charges absorbed half the gross profits in the pre-war period, which amounted to approximately 1 milliard gold marks, in spite of the fact that it was the custom to include in operating and maintenance charges large expenditures which might properly have been charged to capital account.

The railway experts are convinced, and we share their conviction, that under proper management, under unified control, and with a proper tariff policy, the railways can without difficulty earn a fair return upon their present capital value.

Nor need it be thought that this improvement in profits will be made at the expense of the German people by increasing their fares and the cost of all goods transported by rail. It can be substantially provided by the more economical administration of the railways themselves.

In saying this we have not in mind inadequate wages, but rather the elimination from operating and maintenance charges of certain elements of waste and also expenditure more properly chargeable to capital account.

The railway experts arrived, however, with considerable reluctance at the conclusion that it would be useless to expect anything approaching the full measure of improvement which is possible, so long as the railways remain in the control of the Government. The whole spirit of the Government's ownership in the past has been directed to running the railways primarily in the interest of German industry, and only secondarily as a revenue-producing concern, and in their opinion a complete break with old traditions is essential.

We accept their conclusions and we recommend the conversion of the German railways into a joint stock company. It is not our intention thus to deprive Germany of the administration of her railways in favor of the Allies; on the contrary, our plan demands only a modest return on the capital cost, and so long as this return is forthcoming we do not anticipate any interference in the German management of the undertaking.

We would add that if, as the German Government has itself proposed, the exploitation of the railways is divided into several systems, this division should not affect detrimentally their financial unity.

The details of our proposals will be found in Annex 4, and we will content ourselves with giving only a broad outline at this point.

The committee recommends that there should be paid from the German railways 11 milliard gold marks to be represented by first mortgage bonds bearing 5 per cent interest and 1 per cent sinking fund per annum. The capital cost of the German railways computed on a gold mark basis is estimated by our experts at 26 milliards. The net earnings of these railways before the war, after liberal and indeed exaggerated charges to operating and maintenance, were as high as 1 milliard. The interest and sinking fund on these debentures represents less than 3 per cent of the capital cost, which is a very modest charge on the capital investment compared with that required in many other countries of the world.

Realizing that during the period of reorganization of the railways, full interest and sinking fund charges should not be required, we think payments on account of interest should be as follows:

	Gold marks
1924–25	330, 000, 000
1925–26	465, 000, 000
1926–27	550, 000, 000
1927–28 and thereafter	660, 000, 000

This is regarded as a normal year.

In addition to the 11 milliards of bonds, the new railway company is to have a capital of 2 milliards of preference shares and the remainder of its capital cost, namely 13 milliards, is to be represented by common stock; 1½ milliards of preference shares are to be set aside in the treasury of the company, for sale to private persons to provide funds for the payment of existing indebtedness and future capital expenditures. The proceeds of the sale of the other 500,000,000 of preference shares and all of the common shares are to go to the German Government.

The railways are to be managed by a board of 18 directors of whom 9 will be chosen by the German Government and the private holders of preference shares, and the other 9 will be named by the trustee of the bonds, 5 of whom may be German. It is therefore contemplated that the board will have 14 German members. The chairman of the board and the general manager of the railways will be German.

It is contemplated that the railway company will be free to conduct its business in such manner as it may think proper, provided always, however, that the German Government will have such control over its tariffs and service as may be necessary to prevent discrimination and to protect the public. Such government control, however, is never to be exercised so as to impair the ability of the railway company to earn a fair and reasonable return on its capital cost.

The railway commissioner represents the interests of the bondholders. His principal duty will be, in the absence of default in interest, to receive reports, statistical and financial returns, and generally to see that the interests of the bondholders are not menaced.

(c) INDUSTRIAL DEBENTURES

The committee has been impressed with the fairness and desirability of requiring as a contribution to reparation payments from German industry, a sum of not less than 5 milliards of gold marks, to be represented by first-mortgage bonds bearing 5 per cent interest and 1 per cent sinking fund per annum. This amount of bonds is less than the total debt of industrial undertakings in Germany before the war. Such indebtedness has for the most part been discharged by nominal payments in depreciated currency, or practically extinguished. In addition the industrial concerns have profited in many ways through the depreciated currency, such as the long delayed payment of taxes, by subsidies granted and advances made by the German Government, and by depreciation of emergency money which they have issued. On the other hand it is incontestably true that there have also in many instances resulted losses, through the depreciation of currency, from the sale of output at fixed prices, and in other ways.

It is unnecessary for the committee to make an estimate of the total amount of such profits and losses; it is sufficient to say that the committee is satisfied that a burden of mortgage debt of the amount of 5 milliard gold marks on the industries of Germany, fairly apportioned, bearing a moderate rate of interest, and payable on long maturity, does not create a burden greater than that which would have existed had there been no depreciation of currency.

In fact the fairness of such a proposal has been recognized by the German Government itself in a proposal submitted on June 7, 1923, to all the allied and associated governments.

This proposal was later confirmed by persons in high authority in the subsequent and present German Governments.

The offer referred to above was of 10 milliard gold marks, covering business, industry, banking, trade, traffic, and agriculture. The request of the committee is for 5 milliards only and it suggests the exemption of agriculture from the obligations of the mortgage.

Realizing the importance of agriculture to a nation unable to provide its entire food supply, we feel more reserved in making a recommendation as to the burdens which should fairly be put on it, though we can not close our eyes to the fact that a very large amount of agricultural indebtedness has been discharged at merely nominal figures and the owners of equity in land have realized substantial profits at the expense of their former creditors.

We desire to make it clear that the committee in asking for mortgage bonds on industries does not recommend in any sense an unfair or discriminating burden against them, and so we do recommend that equalization be properly and fairly made by the German Government for the benefit of its own budget. If, in the opinion of the German Government, a burden on other property should be imposed in order to equalize the burden of reparation payments on property other than industrial property, we recommend that it be done in favor of the German budget either by a further valorization tax or by a specific lien or otherwise. If this course be followed and a fair and accurate system of direct taxation be adopted the committee believes that all classes in Germany will be called upon to make their fair and reasonable contribution to peace treaty charges either through direct or indirect taxation.

Realizing the depletion of the liquid capital supply in Germany, and that a period should be provided for its recuperation, we recommend that the interest on the 5 milliards of debentures above referred to be waived entirely during the first year; that the interest during the second year be 2½ per cent; during the third year 5 per cent; and thereafter 5 per cent plus 1 per cent sinking fund. In the event of default in the payment of interest, sinking fund, or principal on any of the said debentures, provision has been made for recovery from the German Government through the commissioner of controlled revenues.

The plan will be found in Annex 5.

X. Summary of Provision for Treaty Payments

We are now in a position to summarize the full provision we contemplate for treaty payments:

	Gold marks
Budget moratorium period—	
First year. From foreign loan and part interest (200,000,000) on railway bonds	1, 000, 000, 000
Second year. From interest on railway bonds (including 130,000,000 balance from first year) and interest on industrial debentures and budget contribution, including sale of railway shares	1, 220, 000, 000
Transition period—	
Third year. From interest on railway bonds and industrial debentures, from transport tax and from budget (subject to contingent addition or reduction not exceeding 250,000,000 gold marks)	1, 200, 000, 000
Fourth year. From interest on railway bonds and industrial debentures, from transport tax and from budget (subject to contingent addition or reduction not exceeding 250,000,000 gold marks)	1, 750, 000, 000
Standard year—	
Fifth year. From interest on railway bonds and industrial debentures, from transport tax and from budget	2, 500, 000, 000

The first year will begin to run from the date when the plan shall have been accepted and made effective.

We must point out that the total figures indicated for each year must include the sums paid by the German budget, the railway company, or the debtors on industrial debentures, whoever may be the actual recipients of these sums, the Reparation Commission, the capitalists who purchased securities, or even the debtors themselves if they have repurchased their bonds.

These figures clearly do not include the proceeds from the sale of capital assets which may be effected by the creditor governments. As soon as the plan is put into execution, the Reparation Commission will be in possession of bonds for 16 milliard marks, which may be sold to the extent to which the financial markets are capable of absorbing them. Subsequently, bonds representing the transport tax and the contribution from the budget may be issued, and will enable the governments to realize the capital of their claims.

XI. Inclusive Amounts.—Deliveries in Kind

THE INCLUSIVE NATURE OF THE PAYMENT

Before passing from this part of our report we desire to make it quite clear that the sums denoted above in our examination of the successive years comprise all amounts for which Germany may be liable to the allied and associated powers for the costs arising out of the war, including reparation, restitution, all costs of all armies of occupation, clearing-house operations to the extent of those balances which the Reparation Commission decide must legitimately remain a definitive charge on the German Government, commissions of control and supervision, etc. Wherever in any part of this report or its annexes we refer to treaty payments, reparation, amounts payable to the Allies, etc., we use these terms to include all charges payable by Germany to the allied and associated powers for these war costs. They include also special payments such as those due under articles 58, 124, and 125 of the treaty of Versailles.

The funds to be deposited in the special account in the bank are to be available for the foregoing purposes, notwithstanding anything in this report which may be interpreted to the contrary, though in saying this we are not to be read as prejudicing questions of distribution or questions of priority between the various categories of charges.

We venture to emphasize the fact that from the point of view from which we are called upon to regard the question these obligations of Germany are one, and that any addition to one category of charges can only be made at the expense of another.

The committee have noted the important fact that Germany is not in a position to ascertain her liabilities out of the peace treaty as demands are made upon her from time to time during the year, which can not be calculated beforehand. It appears to us a matter of impossibility for any budget to be scientifically compiled and satisfactorily balanced under such an arrangement, and that, therefore, means should be found to bring this system to an end. The difficulty will be satisfactorily met if Germany's liabilities for any particular year are absolutely limited according to our plan and, as suggested above, made inclusive of all possible charges whether in or outside Germany, including the costs of the administrative controls which are set up by our plan.

DELIVERIES IN KIND

We have given special attention to the question of deliveries in kind; in their financial effects, deliveries in kind are not really distinguishable from cash payments and they can not in the long run exceed the true surplus of German production over consumption available for export without either upsetting the exchange or rendering foreign loans necessary.

Having made this clear, we have to remember that:

1. Deliveries in kind are dealt with in the treaty.

2. They are now an inevitable part of the economic conditions of several of the Allies and can not be wholly removed without considerable dislocation.

3. If the principle is not carried too far, they may represent a stimulus to German productivity and therefore the creation of a greater export surplus.

4. They may help in avoiding such surplus being absorbed by the prior action of private German investment abroad. In this connection, the maintenance of the system of deliveries in kind, if not carried too far, may act in a manner to keep the transfer as large as possible and to give the Allies priority.

While, therefore, we recognize the necessity for the continuance of deliveries in kind, we think that unless they can be confined to natural products of Germany, such as those specifically dealt with in the treaty (coal, coke, dyestuffs, etc.) and in the second place to exports which do not entail the previous importation into Germany of a large percentage of their value, they tend to be uneconomic in character.

In the first two years of the operation of the plan the available finance is so restricted that there will be an automatic limitation of deliveries, but in the later period the program must be carefully and periodically considered in advance by the Reparation Commission in conjunction with the committee referred to in Section XIII if exchange difficulties are to be avoided.

We refer below to the necessity of expending almost exclusively within Germany the sums available for treaty payments in 1924–25 and 1925–26. In these circumstances, the Allied Governments will doubtless consider whether it is not advisable to continue the system whereby the costs of armies of occupation were a first charge upon the proceeds of deliveries in kind made to the Governments which maintain the armies.

Where we have referred to payments for deliveries in kind in this report we have intended to include therein payments in Germany arising through the operation of the reparation recovery acts.

XII. How the Payments are to be Made

All payments for the account of reparations (whether from interest and sinking fund on railways or industrial debentures, the transport tax, or from the budget contribution) will be paid in gold marks or their equivalent in German currency into the bank of issue to the credit of the "Agent for reparation payments." This payment is the definitive act of the German Government in meeting its financial obligations under the plan. It is easier to estimate the burden that Germany's economic and fiscal resources can bear than the amount of her wealth that can be safely transferred abroad, and it is the former and not the latter that has formed the first objective of the committee.

XIII. How the Payments are to be Received

The use and withdrawal of the moneys so deposited will be controlled by a committee, consisting of the agent for reparation payments (a coordinating official under the Reparation Commission, whose position and duties are defined later in this report) and five persons skilled in matters relating to foreign exchange and finance, representing five of the allied and associated powers. This committee will regulate the execution of the program for deliveries in kind and the payments under the reparation recovery act, in such a manner as to prevent difficulties arising with the foreign exchange.

They will also control the transfer of cash to the Allies by purchase of foreign exchange and generally so act as to secure the maximum transfers, without bringing about instability of currency. Fuller details as to their functions will be found in Annex 6. If the payments by Germany on reparation account, in the long run, exceed the sums that can be thus transferred by deliveries or by purchase of foreign currencies, they will of course begin to accumulate in the bank. Up to a certain point, in normal circumstances not exceeding two milliards, these accumulations will form part of the short money operations of the bank.

Beyond this point, the committee will find employment for such funds in bonds or loans in Germany under the conditions laid down in the annex, but, for economic and political reasons, an unlimited accumulation in this form is not contemplated. We recommend that a limit of five milliards be placed upon all funds accumulating in the hands of the reparation creditors in Germany. If this limit is reached, the contributions from the budget are to be reduced below the standards set out in our plan, so that they are not in excess of the withdrawals from the account and the accumulation is not further increased. In this contingency, the payments by Germany out of the budget and the transport tax would be reduced until such time as the transfers to the Allies can be increased and the accumulation be reduced below the limit named.

We do not deny that this part of our proposal will present difficulties of a novel character which can only be solved by experience. But what are the alternatives?

In order that no difficulties with exchange or stability can possibly arise, the sum payable for reparation may be definitely fixed at such a figure as is certain beyond all doubt to be within Germany's capacity to export in excess of her imports. In this case the attainment of such certainty would involve so low a figure as to be quite unacceptible to her creditors and unwarrantably favorable to Germany.

On the other hand, the liability may be fixed without regard to that excess of exports at all, and the discharge of the liability left to uncontrolled events without any possible regard to exchange difficulties. That way lies future instability and disaster.

We are convinced that some kind of coordinated policy, with continuous expert administration in regard to the exchange, lies at the root of the reparation problem and is essential to any practicable scheme in obtaining the maximum sums from Germany for the benefit of the Allies.

XIV. GUARANTEES IN ADDITION TO RAILWAY AND INDUSTRIAL BONDS

It is plainly not enough to demonstrate the feasibility of raising the sums under consideration. It is desirable, in the common interest, that means should be devised for securing that the possible surplus is actually established. The greater the extent to which payment may be rendered automatic and a matter of habit and independent of fluctuating political attitude toward reparation, the less will be the friction and the greater will be the real stability of the German budget. In the last resort the best security is the interest of the German Government and people to accept in good faith a burden which the world is satisfied to be within their capacity, and to liquidate as speedily as possible a burden which is and should be onerous.

Creditors, however, are not usually satisfied with a moral security, and experience and the present condition of Germany's finances are such as to reinforce their natural desire for tangible and productive guarantees.

These are no less vital in the interest of Germany herself, who will be relieved of a large part of her political troubles if the main source of political controversy is removed by a system which no longer makes the payment of reparation depend upon the constant maintenance or renewal of Governmental decisions. In particular, it is vital in the interests of our scheme, which depends for its success on the assured belief of the whole world in the regular observance of a settlement once made.

On the other hand, we do not hesitate to reject as undesirable, for the purpose which all have in view, save in certain extreme events, any system which would involve directly or indirectly the virtual control of all Germany's revenue and expenditure. It would involve the controlling authority in responsibility for all financial troubles, and it might be a pretext for them.

The use of this safeguard general budgetary control should be reserved for the case of Germany's willful failure to meet the obligations now laid upon her.

If, as we believe, the payments which we have suggested can be made without compromising budget stability, it in in our opinion not impossible to establish a system under which a combination of self-interest and latent pressure will suffice to assure sound financial administration. We believe that the object can be attained if, without in any way impairing the first charge which now exists in favor of reparation on all Germany's assets, certain specific revenues are assigned to, and under the control of, Germany's creditors. These revenues will furnish a collateral, but not a primary, security and we suggest that they should be the taxes on customs, alcohol, tobacco, beer, and sugar. We propose for this purpose that they should pass directly into the hands of an impartial and effective control; that the treaty payments should first be deducted by the controlling authority for the account of the Allies; and that Germany should only have the use for her own purposes of such balance as may remain.

We believe that this system contains the greatest degree of effectiveness without involving the Allies in the onus of responsibility for any breakdown in the execution of the plan.

We recommend that the control should be instituted forthwith in spite of the fact that the budget supports no peace treaty charge in the year 1924–25.

We make this recommendation for two reasons: Germany, by instituting this control, puts this part of the plan into execution in a definite and public manner, and in the second place early action will insure that control is in effective operation at the moment when part of the revenues is retained by Germany's creditors.

We would add that while leaving untouched the existing alcohol monopoly, we do not, in view of reports received from technical experts, propose the transformation of consumption duties into new monopolies, though we recommend certain important new regulations with regard to the sale of tobacco.

CONTROLLED REVENUES—THEIR YIELD

The estimate made by the German officials of these revenues for the year 1928–29, exclusive of customs, was 1,700,000,000 gold marks.

The technical advisors specially consulted by the committee have estimated the yield at 2,146,000,000 gold marks.

There is every prospect, therefore, that the assigned and controlled revenues will give a large margin over the treaty charge payments, even in the standard year, of 1,250,000,000 gold marks. The revenues are a security for a payment otherwise fixed. This principle renders possible a system of control which, while equally effective, is much more simple in operation, and is strengthened by the association of Germany's self-interest. Once the treaty charges are met she is entitled to the whole balance and therefore she has the fullest inducement to increase the yield. But she can touch no part of the revenues in a given period until the treaty charges are fully met; so that every increase operates in the first instance to increase the Allies' security.

We have suggested above that in the years 1926–27 and 1927–28 the amount of reparation to be paid should be dependent to some extent on the yield of these particular revenues. In order that there may be no misunderstanding, we desire to state clearly that in our opinion this arrangement should be strictly confined to the two years in question and be regarded as exceptional.

We believe it to be of the greatest importance that the revenues should normally be regarded strictly as security, and should not be relied upon in the ordinary course as the determinant of the actual sum to be paid as reparation. In particular, if the yield of the revenues exceeds the amount to be secured, the excess should accrue to the German Government. Our reasons for holding these opinions are more fully stated in Part II.

XV. External Loan—Its Conditions and Purpose

An integral part of our scheme is the issue by Germany of a foreign loan of 800,000,000 gold marks; this loan is primarily essential for the successful establishment of the new bank and to ensure the stabilization of the currency. The deposit of this amount in the new bank will be an important and necessary contribution to its gold reserves and enlarge the basis of its currency issues. It will thus be enabled in the second place, without impairing its usefulness for the above, to play an important part in solving the problem created by Germany's immediate and more urgent obligations to the Allies which do not necessitate the transfer of money abroad.

We have already stated our conclusion that Germany should not be called upon in the years 1924–25 and 1925–26 to provide for any treaty charges out of ordinary budget resources, and we have deferred to this point indication of means by which a complete suspension of payments may be avoided.

The current liabilities of Germany under the treaty other than liabilities for cash payments in foreign currencies, comprising the most essential deliveries in kind, and costs under a number of other heads, are known to be considerable. Although their precise amount is not easily determinable, they aggregate to a large amount and if no arrangement is made for meeting or reducing them they form a formidable obstacle in the way of a complete solution.

In the year 1924–25, the extra-budgetary resources can be relied upon to provide 200,000,000 gold marks, being interest on railway bonds. The question arises whether a further sum can be provided.

We first considered whether Germany would have sufficient credit at the outset to meet the full amount of her charges by loans or capital assets. In our view, it is impossible to say that she could obtain funds, until her position is well established, adequate to discharge them. But it does not follow that the most pressing of the demands can not be met, for a considerable sum can certainly be raised upon the good security that the plan provides, with a clear prospect of improved international political position and of stability. The question is, therefore, whether the claims upon Germany can be so reduced by agreement among the Allied creditors as to come within this potential credit. If they can, then obviously the greater the reduction, the more moderate the sum to be raised and the greater the probability of Germany successfully raising a loan. If not, then the loan will not be forthcoming, stability can not be insured, and neither this plan nor any other can come into being. The successful launching of the scheme depends therefore upon three main factors:

(*a*) Limitation of payments for all purposes, to 1,000,000,000 gold marks of which at least 800,000,000 must be spent in Germany for the first year, and thereafter to such sums as are available under the plan during the succeeding years;

(*b*) Cooperation between the Allies and Germany in securing political conditions which will incline the investors of the world favorably toward the German loan upon good security; and

(*c*) A loan of 800,000,000 gold marks which will serve the double purpose of assuring currency stability and financing essential deliveries in kind during the preliminary period of economic rehabilitation.

It will be seen that under the plan, among the different revenues available, ample and sufficient security could be found to form the basis of such a loan, both as to interest and sinking fund.

Obviously, the first loan should be fully secured, but it is equally true, that it is neither in the interest of a first loan nor of the Reparation Commission to create a situation which would prejudice the flotation of subsequent German loans or the realization of the capital assets provided for in the plan.

The amount required for the service of this first and any subsequent loans must be deducted from the sums which in subsequent years can, in accordance with our plan, be placed at the disposal of Germany's creditors. In effect the loan is only an anticipation of the sums subsequently available which, it is necessary to emphasize, represent in our opinion the maximum burden and therefore one not capable of increase.

It is not for us to offer suggestions as to the priority of claims or how the sums should be distributed. On this aspect of the matter we confine ourselves to stating that in the interest of currency stability and to aid the successful inauguration of the new bank, the proceeds of the loan should be used exclusively for financing internal payments, such as deliveries in kind (whether direct or by the operation of the reparation recovery act), and that part of the costs of the armies of occupation which represents expenditure in Germany by or on behalf of these armies. But we do assert that, if as we believe, Germany's credit will be good enough to float such a loan, it is natural and necessary that her credit should be employed to ease the burden on her creditors during the period of her own recovery.

In the year 1925-26, the problem is somewhat different in character. The reasons which make a foreign loan essential in the first year should have disappeared. If confidence is in process of reestablishment a large reflux of capital to Germany is to be expected. People, whose object in transferring money abroad or in hoarding foreign notes within Germany has been simply to insure against further loss, will, to a great extent, reconvert this capital into German currency. Other things being equal, the German currency and exchange situation will continue to improve, a phenomenon which has been clearly exhibited in the last 12 months in Austria.

The exchange position of Germany will, therefore, be relatively strong and her budget position relatively weak. In the few succeeding years the position will be exactly reversed; the exchange will become normal, but weaker than during the abnormal period of reconstruction, while budget resources should be enormously strengthened.

In view of these facts, we see no danger, and perhaps positive advantage, in requiring that during 1925-26 deliveries in kind and that part of the costs of the armies of occupation spent in Germany by or on behalf of the armies should be financed up to 1,220,000,000 gold marks by sums raised in Germany itself.

The above sum is made up of (1) railway interest, partly carried over from the first year, amounting to 595,000,000 gold marks; (2) the transport tax to the amount of 250,000,000 gold marks; (3) interest on industrial debentures amounting to 125,000,000 gold marks; and (4) 250,000,000 gold marks from the budget provided by the sale of railway preference shares belonging to the German Government. If for any reason the whole of the above sums are not provided, the balance should be raised by a German internal loan.

XVI. Organization

The committee's plan provides for a commissioner of the bank of issue, a commissioner of railways, a commissioner of controlled revenues, the last-named to have under his control a certain number of subcommissioners severally intrusted with the special revenues under consideration and, if the need arise, for a commissioner of industrial debenture.

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The plan also provides for an agent for reparation payments.

In order that the machinery thus set up by our plan may function properly, both in relation to the Reparation Commission and in its German environments, there must be an agency between the Reparation Commission and the various commissioners. We suggest that this coordinating agency devolve upon the agent for reparation payments.

The commissioners would retain all responsibility for the carrying out of the task intrusted to each, only subject to such coordinating policies as may prove necessary in order to avoid any duplication of effort, overlapping of functions, unnecessary friction, and generally all interference with the harmonious working of our plan.

In case of a difference of opinion between one commissioner and the "Agent General for Reparation Payments" in his capacity as coordinator, the commissioner can appeal to the Reparation Commission. The existence of this right of appeal will have a salutary effect upon the relations of the coordinating agency and the different commissioners.

To facilitate the interchange of information which will develop a situation in its entirety for appropriate action a general coordinating board is also suggested in which the various commissioners of representatives named by them will participate together with the "Agent for Reparation Payments" and the trustee. The coordinating board is to have advisory powers only and is for the purpose of giving information to the agent general to assist him in preparing coordinating orders.

These suggestions are naturally far from exhausting this important subject, one of the most important of our plan. They are laid down simply as an indication, as the drafting of the rules for such a coordination will devolve upon the Reparation Commission so far as they have power, and upon the various Governments.

Rules should be laid down for the rendering of periodical reports and for the publication of such as the public interest may require.

We desire, however, to record in this connection that the expense of the new machinery provided for by the plan can and should be contained within limited amounts and in any case be included in the annuities already contemplated.

Trustee.—The plan also provides for the appointment of a trustee with the following duties:

He will receive and administer the railway and industrial bonds and will be accountable to the Reparation Commission for these and all other securities.

He will insure the service (interest and amortization) of the railway and industrial bonds by means of funds remitted to him for this purpose by the agent for reparation payments.

He will fix the conditions of the amortization of the bonds and if necessary the redemption at par of all or a part of the bonds not yet amortized, by means of any supplementary payments which may be made by the German Government, the railway company or industry.

With the authorization of the Reparation Commission and for its benefit, the trustee may sell the bonds which he holds, and may use the mortage bonds and deeds which he holds to secure new securities which he may himself issue.

Both the agent and the trustee should be appointed by the Reparation Commission.

In framing the organization of control, the committee has adopted as fundamental the principle that, if the plan is to yield the best financial results, it is desirable that control should be of such a nature as not to involve the assumption of responsibility by the commissioner for German administration, though the committee recognize that this principle can not be adhered to in case default under the plan arises.

XVII. The Nature of the Plan

In concluding this part of our report, there are several points which we desire to emphasize.

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

In the second place, as we have remarked earlier, our plan is strictly dependent upon the restoration of Germany's economic sovereignty, and it is important to observe that the operation of the plan will be proportionately postponed if there is a delay in effecting that restoration. The various dates which we mention in the report must be interpreted in the light of the above remark.

From the standpoint of the taxpayer in creditor countries the plan means in due course an annual relief to the extent of 2½ milliards, plus such additional amount as the index of prosperity may provide.

On the other hand from the standpoint of the taxpayer in Germany the plan means a direct burden of only one-half this sum, viz, 1¼ milliards per year, and the transport tax, plus such additional amount as may represent only a relatively small share in increased prosperity. The German taxpayer can look without anxiety upon the remainder of the payment of 2½ milliards, for it represents a relatively small burden on German industry, which has been the beneficiary of substantial special profits and only a modest return on a large capital invested in railroads which are yielding him no relief in taxation in his budget at present, such capital having been accumulated prior to the war. We are satisfied that the contributions from railway and industrial debentures will not be reflected to any substantial degree in a burden to the individual German taxpayer; as regards the railways it will only require the same kind of return as exists in similar enterprises in many countries.

Our purpose has been to set up a machinery which will secure the maximum payment which Germany can make in each year in her own currency. We do not speculate on the amount which can annually be paid in foreign currency or on Germany's capacity to make a total payment.

The committee is confident that it lies within the power of the German people to respond to the burdens imposed by the plan, without impairing a standard of living comparable to that of the Allied countries and their neighbors in Europe, who are likewise subject to heavy burdens, largely resulting from the catastrophe of the war.

We have not concealed from ourselves the fact that the reconstruction of Germany is not an end in itself. It is only part of the larger problem of the reconstruction of Europe.

We would point out finally that while our plan does not, as it could not properly, attempt a solution of the whole reparation problem, it foreshadows a settlement extending in its application for a sufficient time to restore confidence, and at the same time is so framed as to facilitate a final and comprehensive agreement as to all the problems of reparation and connected questions as soon as circumstances make this possible.

PART II

I. THE CURRENCY POSITION

The conditions at the outset of our inquiry.—When we started our investigations the value of German currency had been stable for some two months. It would not have been pretended, however, by any authority that German currency had been stabilized. It would perhaps be juster to apply the term "unstable equilibrium" than the term "stability" to this transition period, which has fortunately continued to the present day. The elements of permanent stability, even if the repercussions of the budget situation are momentarily left out of account, were then and are still wanting.

One of the first steps which the committee took was to request Doctor Schacht, the governor of the Reichsbank and the currency commissioner of the Reich, to give evidence before them with a view to their being fully informed of the existing currency situation.

Quantity of currency.—The total circulation, although so enormous in nominal values, was, when reduced to its gold equivalent at that date, something over 3 milliard gold marks only, whereas the pre-war circulation in Germany had amounted to 6 milliard gold marks. Prima facie, therefore, the amount of currency seemed deficient rather than excessive, and not likely in itself to be a cause of further depreciation. In proportion as the German mark dwindled in value and became less and less utilizable for the threefold function of standard of value, instrument of payment and medium of saving, foreign currencies naturally became by force of circumstances, more and more sought after in Germany. The Germans resorted increasingly to the currencies of countries with a comparatively stable exchange, not only to invest their savings, but also to define and even settle their transactions, and the presence of such currencies in Germany increased ever more as the mark depreciated further.

In spite of this extended use of foreign currencies in Germany, the shortage of purchasing power made itself increasingly felt, leading first the German Government, then the States and municipalities, and finally the great industrial and agricultural organizations and even private firms to supplement the currency shortage by new instruments of payment. These token currencies, expressed in gold or paper marks, sprang up in Germany in the summer of 1922, at a moment when the need became urgent to find new means to meet the requirements of current transactions, the old mark on the verge of its collapse no longer answering such requirements.

At the end of 1923, we find in Germany an absolutely hetrogeneous monetary circulation, which included—besides the foreign money in circulation or hoarded (dollars, pounds, florins, gulden, Swiss francs, French francs, Scandinavian crowns, etc.)—the old paper marks, dollar treasury bonds (Dollarschatsanweisungen), bonds of the gold loan (Wertbeständige Anleihe), 6 per cent Treasury bonds (6 per cent Schatzanweisugen), rentenmarks, and, lastly, a whole set of odd emergency currencies (Notgeld) expressed either in gold or in paper marks.

Backing.—The security of the rentenmarks is a mortgage on real and to some extent on personal property. The so-called gold loan is repayable in legal tender on a gold basis but has no gold backing. The various forms of emergency money were for the most part based on no security at all. The gold reserve of the Reichsbank amounted to some 467 milliards, but 200,000,000 thereof was specifically earmarked as security for the dollar loan issued by the Reich in 1923.

Taken as a whole therefore the liquid backing of the currency is wholly inadequate for a permanent system.

Interchangeability.—The rentenmark is not actually legal currency within the country nor available for any purposes of foreign trade. The old currencies with their vast denominations remain the legal currency, but prices are everywhere expressed in rentenmarks. It is therefore obviously necessary that payments should be made indifferently either in Reichmarks or in rentenmarks at a fixed relation between them. The Reichsbank accordingly accepts rentenmarks at the rate of 1 rentenmark for 1,000,000,000,000 paper marks, and rentenmarks are also accepted in payment of taxes at the same rate.

Annex 7 to the present report shows in some detail the curious monetary situation in Germany at the end of January last.

The present tranquillity.—As the committee have remarked, the elements of currency stability were not to be found in such a situation. The temporary equilibrium of the German exchange has been ascribed to various causes by different authorities; some lay stress upon psychological factors, and in particular a renewal of confidence, the exact basis of which it would be difficult to determine, but which took account of the efforts being made by the German Government to balance its budget, and of the appointment of the Committees of Experts by the Reparation Commission; others refer to a decrease in internal consumption which with the lack of credit, accompanied by what was probably an excessive restriction in importation, reduced the demands both for the circulating medium and for foreign currencies.

Credit facilities.—The exportation of the rentenmark is prohibited. Its existence was of no assistance in the maintenance of foreign trade. The reichsmark was too discredited to be any longer available for the purpose of meeting foreign obligations. Credit was only obtainable abroad at dangerously high rates of interest.

At the same time, the currency depreciation and its secondary effect had produced a serious dearth of liquid capital in Germany itself. The stringency may be indicated by the fact that (according to figures furnished to us) the savings bank deposits had fallen from 10,700,000,000 at the end of 1913 to 760 gold marks at the end of 1922; the credit accounts in the eight large Berlin banks amounted to 7,400,000,000 at the end of 1913 and to about 1,000,000,000 at the end of 1922. The figures for 1923 are not yet available but can scarcely exhibit an improvement. Leaving for the moment out of account capital which in one form or another had been exported, liquid capital in monetary forms liable to depreciation had been steadily converted into fixed assets with a permanent intrinsic value. The private individual had purchased consumable commodities, while industrial enterprises had largely extended their plant and equipment. The motor was in good, perhaps in unusually good, condition, but the motive power and lubrication were apparently lacking.

Immobile credit resources.—On the other hand, there was general agreement that not inconsiderable resources were available in the shape of German balances abroad and foreign currencies in the pockets of the population in Germany itself. This latter item alone has been estimated at 1.2 milliard gold marks by the committee appointed to consider the means of estimating the amount of German exported capital. It was reasonable to suppose that a large proportion of these resources would be available if complete confidence in the stability of German currency could be restored and maintained.

As stated in Part I, the committee consider that this end can best be secured by the institution under proper safeguards of a new bank which should absorb the existing currencies, liquidate the rentenbank, and transform the Reichsbank, and provide, against recognized banking, cover the foreign currencies necessary for the revival of Germany's languishing trade. The plan for this bank is given in Annex 1.

Psychological considerations seem imperatively to require an institution which should be so far new in its policy and its administration as to detach it entirely from the errors of the recent past and restore the older traditions of German banking.

The interim bank.—While coming to this conclusion and while reducing the general plan to details, the committee had to deal with an actual change in the situation as it originally presented itself. The committee were informed that a scheme for a gold bank was in preparation. It was expressly and admittedly limited to providing the means of carrying on foreign trade. When first submitted it contained some features which the committee would not have recommended, and it omitted others which seemed to the committee to be essential to any permanent settlement of the problem as a whole. Moreover, an attempt to settle particular difficulties in isolation and without reference to other essential requirements appeared to the committee to involve certain risks.

The committee, therefore, without expressing any opinion on the plan as given to them in outline, assured themselves in consultation with the authorities responsible for Germany's monetary policy that the bank would be so organized as to facilitate its absorption into a new bank of issue which might be set up in accordance with the recommendations of the committee.

II. Considerations Regarding the Measurement of Germany's Burden

(a) COMMENSURATE TAXATION

In Part I we refer to the fact that we have taken full account of this principle. But it is necessary for us to make some further observations thereon.

The principle of the "commensurate burden," as it has been called, unimpeachable in abstract statement, is exceedingly difficult to translate into quantitative measurement as a basis for practical action. While obviously sound and just, it does not easily admit of precise and arithmetical calculation. What at first sight seems to be a simple conception, on examination is found to be complex and in some respects not reducible to exact definition.

Now the ordinary expenditure which has to be provided for in the German budget is reduced, in part by the restriction upon her military preparations but above all by the practical extinction of her internal debt.

If Germany had sustained the burden of her own debt, as the Allies have done, and not obliterated it by inflation, she would have had to raise 4½ to 5 milliards per annum in addition to her domestic expenditure.

This would make it both just and practicable to add a provision in her budget which should bear some correspondence to the provision made in the Allies' budgets for their war expenditure.

But the raising of any particular sum from one section of her inhabitants, to be paid back to another section within her borders, is a "burden" in a different sense from the payment of such a sum by the whole population to people abroad—different in more than the economic sense—and it is difficult to bring such a task into direct relation with the problem of reparations. It is a measure of what individual taxpayers, rather than a nation, may be capable of bearing.

In the first case the interest paid forms a part of the national income, as it is expended it provides profits and a stimulus for internal trade and so increases further the income of the country, and in particular it is itself an important source of internal taxation.

A payment in respect of a debt to foreigners has no comparable advantages to the country making it. The extinction of the German debt has after all been at the expense of her own nationals, who are her taxpayers; they have sustained as holders of German bonds, not only the burden which they have already escaped as taxpayers, but that which they would have borne in future years to meet the service of the internal debt if its value had not been destroyed by depreciation. The process of extinction has indeed (except in its incidence as between different individuals and classes) had the same results both to the treasury and to the German taxpayer regarded collectively with a capital levy devoted to debt extinction.

The loss incurred by individual holders of debt is exactly offset by a corresponding profit accruing to the taxpayers as a whole.

It renders both practicable and just a greater charge for other war debts than would otherwise have been possible. A large proportion of the richest taxpayers of the country have obtained the relief without themselves sustaining the cost. They are a proper source of taxation commensurate with that weighing upon the corresponding classes in allied countries and in particular upon the industrial classes. To them as individual taxpayers a tax is a tax whether its ultimate destination is the payment of a war debt due to fellow citizens or to foreigners. And under the system we propose it may be regarded as a tax in internal currency without the complications which result from the question of how sums so received can be converted into foreign exchange. For this special problem we provide special safeguards. The German taxpayer should regard a payment in respect of war debt exactly as an allied taxpayer regards a similar payment. Its ultimate destination need not concern him, and is certainly no justification for him to attempt to evade it.

The facts as to the burden actually being borne by the Allies for debt service are perhaps a better approach to the actual problem. If the German burden per head for debt were as onerous as the burden for debt existing upon the inhabitants of Belgium, France, Great Britain, and Italy taken together, then the German debt charge would approximate to 6 milliards. But in this case, again, the charge is to a considerable extent in the nature of a redistribution of annual wealth among the members of each nation and has little relation to the problem of a national burden in the collective sense.

In the third place, it may be said that if the German people were burdened as heavily as the members of the most heavily taxed of the allied countries are taxed for all purposes, *excluding debt charge,* we should have an expression of the commensurate burden principle in a limited and strictly defensible sense. But even here theoretical and practical difficulties prevent exactness.

In the search for the "commensurate" it is not enough to compute the burden as a per capita charge, it must be related to per capita wealth or income; it is considered by many that justice requires a "minimum of subsistence" to be first deducted from such per capita income; the amount of the minimum is not exactly determinable and it seems to vary as between different countries of different climates, different economic development, and different customs, e. g., as between Spain and the United States; it may even vary between different periods in the same country. As a rough working assumption, such a minimum may be regarded as varying in proportion to the per capita income of different countries. Furthermore, over any period of time this burden per head in the allied countries must change and what might be a valid comparison to-day in taxation in those countries may be quite different in 10 years' time. The comparison of statistics of total taxation, national and local, in each country presents many technical difficulties. Moreover, statistics of total national income and income per head are at present either very defective or wholly lacking. Notwithstanding these difficulties it is possible to compute roughly what total budget charge would be borne by the German people if they were subject to taxation (central and local) on the same scale per unit of income as in Great Britain, and by deducting from the result the necessary domestic expenditure to derive an arithmetical balance which could be, theoretically at any rate, assigned to the payment of reparation.

Combining these various aspects, we have reached the view that the "commensurate burden" principle for Germany, when she is fully restored to economic prosperity, would more than justify all the practical conclusions we have set down and that they are in every way morally defensible.

There are, of course, good reasons of a political, economic, and psychological character for confining the actual requirements of budget accumulation within Germany to limits well below the figure that would be arrived at from the consideration of this principle by itself. Different individuals will differ in the degree of importance they assign to such reasons. It is perhaps unnecessary to state these aspects in detail and sufficient to register our united conviction that all our recommendations and suggestions are well within what can be morally justified on the principle of "commensurate burden," whatever limitations may be placed upon that principle. In this sense, therefore, the justice and moderation of our proposals ought to be fully recognized by the German people themselves.

In the above discussion we have disregarded the question of railway profits. Inasmuch as budget revenue is not derived from profits on railways elsewhere, no question arises as to whether railway profits are a burden (in the sense of a tax). Such profits in other countries form a part of the ordinary profits of private concerns accruing to individuals, and it may be said therefore that in Germany the position of the taxpayer is the same, whether such profits go to individuals or to the Allies as reparation.

On the other hand, the German railway profits might go in relief of taxation burdens if they were not applied to reparations. Moreover, it is difficult to say that the abstraction of the profits of so important an undertaking as the railways of a country from that country, instead of leaving them there to be enjoyed individually or collectively by the inhabitants, is not a "burden" in the international sense, even if it is not a part of the individual *commensurate burden of taxation.*

(*b*) EXPORT STATISTICS AS AN INDEX OF PROSPERITY

In Part I we have suggested an index of prosperity and indicated that in our opinion it was a fairer test than the existing index, namely, export statistics. The use of the latter in isolation has certain definite defects, to some of which we desire to draw attention.

1. Foreign trade only covers part of the area of total trade, and if foreign trade at a given moment only covers a small part of the area, total trade may be moving in a direction opposed to that of foreign trade.

2. Artificial conditions, such as alterations in transport charges, may affect the trade figure in the absence of any real change in the value or volume of exports.

3. The export statistics, more especially when no export duty is in force, may be subject to changes in presentation and frequently furnish material for controversy.

4. Reparation payments themselves are, and can only be, financed by an excess of exports. It follows that an increased reparation payment in one year furnishes an increased base for the following year. This process is cumulative, and the basis for the index is continuously raised, so to speak, at compound interest, even though actual prosperity may be stationary.

5. In a country with an economic life such as that of Germany invisible exports may increase more rapidly than physical exports, and there may be a growing prosperity which is not reflected in export statistics.

(*c*) MEASUREMENT BY YIELD OF PARTICULAR TAXES

We have laid some stress in Part I on the fact that certain revenues were chosen strictly as guarantees and that fluctuations in their yield were not to be regarded (save in 1926–27 and 1927–28 exceptionally) as determining the payments due by Germany. The following are the broad principles justifying this standpoint:

1. It is desirable that the German Government and the German people should be themselves interested in increasing the yield of the controlled revenues, and should be under no temptation to discriminate against these taxes in favor of others.

2. The year's liability, which under our plan include an allowance for increased prosperity, will already have been established by one test, in which, moreover, the yield of the controlled revenues indirectly forms one element. Having applied one test, it would be unfair to apply a second and to choose whichever gives the higher result.

3. The year's liability ought not to vary with the fortuitous yield of particular taxes. The character and level of these taxes should be chosen with a view to their suitability as security and not with a view to their appropriateness for fixing obligations.

Unless the liability of the year is definitely fixed and unless the German Government can proceed to estimate its resources by reference to the whole and not part of the taxable field, the difficulties of forming a satisfactory budget are aggravated and German credit is affected.

4. Common sense requires that the reparation liability ought not to rest even indirectly upon the rate of particular taxes, or otherwise every change in rates or methods of collection, even when thoroughly justified by social or political reasons, must be scrutinized with such a degree of care and perhaps suspicion that it becomes a fruitful source of friction and dispute.

III. THE GERMAN BUDGET FOR 1924–25, AND THE FISCAL SYSTEM

The 1924–25 budget.—The German Government prepared and submitted to us the outline of a provisional budget for 1924–25 which estimates a small excess of receipts over the ordinary administrative charges of the country. (Annex 8.)

While the committee have spent a great deal of time upon the details of this budget, and have put many questions in writing to the Government and in oral cross-examination of the officials upon its chief features, the subject is so vast in its ultimate implications, especially having regard to the constitution of the Reich, that no finality could possibly be reached, especially in a matter which to the Germans themselves is full of difficulty and doubt. Nevertheless, we believe that the ground has been explored to a sufficient extent to justify us in feeling that even a prolonged examination could not substantially alter our conclusions. To some of the more salient points we shall make particular reference.

The conditions under which the budget estimates were made.—It should, however, be first remarked that in general the budget must necessarily be in the nature of an experiment and the individual items in it somewhat arbitrary estimates. At the time of our investigation Germany was passing through an acute economic crisis, the direct result and the culminating point of a depreciation of the currency so catastrophic as practically to destroy the currency and reduce the budget to all but a shadow. The habit of saving has been destroyed, and it will require time and the restoration of confidence to reestablish it. The existing wealth is maldistributed in an almost unparalleled degree. The cessation of depreciation, with the consequent removal of the premium on export and the stabilization of prices at a level which is momentarily at any rate above that of the world level, has had important reactions. Finally, the state of employment and the fiscal and economic machinery of Germany have been violently deranged by the events of 1923; a return to normal conditions in this respect can not be effected overnight.

Assumption underlying the budget.—It should be most carefully noted that the budget is not made up to represent the financial expectations of actual existing conditions. As we have remarked above, the general budget as presented anticipates a credit balance, and the German Finance Minister appeared to be reasonably confident of his ability to live up to these estimates, provided three essential conditions were fulfilled:

1. That the bank of issue which would serve as a basis for the grant of credits would be established.

2. That the full development of German economic life should not be restricted by the severance of the Ruhr and the Rhineland.

3. That Germany enjoyed complete freedom in her economic relations with other countries.

The first and second of these conditions will be fulfilled if our recommendations are accepted, and they appear to us to be essential to budget equilibrium. As regards the third, we understand that Germany's commercial freedom is restored under the terms of the treaty in less than 12 months' time.

We are not, however, satisfied that the budget as framed is not exposed to a real risk of deficit. The German fiscal year begins on the 1st of April and even if our recommendations are accepted a certain lapse of time will be necessary before an absolutely normal administrative situation can be reestablished.

For this, if for no other reason, we conclude that on the existing basis of taxation the estimated revenue may not be realized, even allowing for certain possible under-estimates under particular headings.

On the expenditure side, the only item on which a saving may emerge of any great significance relatively to the possible deficit is the provision of relief for unemployed. The sum allocated to this purpose (500,000,000 gold marks) is estimated on the assumption that the existing amount of unemployment will continue throughout the year. It appears to us that this is unduly pessimistic and any reduction in the number will both relieve the expenditure and the revenue side of the budget, inasmuch as the wages earned by a laborer are subject to direct, and through the medium of his expenditure, to indirect, taxation.

Taking one item with another, however, we can not justifiably state that the results are likely to be any better than have been indicated in their estimate. But if, for this year 1924, there was a deficit (we have just seen that this possibility can not be absolutely disregarded) we can assert that it would not be of an extent to endanger the stability of the currency, or force the German Government to have recourse to other than the conventionally authorized expedients for meeting it, such as increases of existing taxation, further emergency taxes, or small internal loans.

Moreover, so many of the settlements due in the year 1924 will fall to be made in the year 1925–26, that fiscally these two years tend to be merged into one period, and, as will be seen later, we have no doubt that in that period ordinary budget receipts will fully equal ordinary budget expenditure.

Special features in the fiscal system.—The Income Tax.—We do not propose to comment in any detail on the existing taxes, but there are certain broad features which call for notice.

We have been unable to escape the conclusion that the wealthier classes of Germany have, in recent years not been reached properly by the system of taxation in force, either to an extent which the taxation of the working classes would justify, or to an extent comparable with the burden upon the wealthier classes in other countries.

It is, of course, common knowledge that, with a continually depreciating currency, many classes of business men tend to obtain as profit a larger share than is normal of the total produce of industry. Many of their expenses are in the nature of fixed charges; moreover, generally speaking, paper-mark wages have not advanced as rapidly as paper-mark prices have increased, so that the share of the business proprietor in the total produce of industry, altogether apart from the special profits made by him on redeeming debentures or mortgages at nominal figures, has tended to be greater than is normal.

Direct taxes, such as income tax, are necessarily assessed for completed periods and during a time of rapidly rising prices the burden of any particular year, based on the profits of previous years, is small relatively to the profits of the year itself. Moreover, the process of return, assessment, and appeal for such a tax, necessarily occupies further time and by the date when substantive liability is fixed in paper marks its real burden is far less than was originally intended. Further delay in payment of that liability intensifies this effect. It was not until the inflation movement was well advanced in Germany that any serious effort was made to combat this evil. Although the rates of income tax according to the nominal scales rose to nearly 60 per cent on the highest incomes, statistics of cases furnished to us by the German Government show that in effect, even in the year 1920, the burden of actual tax (measured in gold) on the higher incomes, instead of being 50 to 60 per cent, was only half those rates upon the income of the year (measured in gold). This was undoubtedly one of the primary causes for the budgetary difficulties of Germany, and the disparity was very much greater in the later periods. It can be said with confidence that the wealthier classes have escaped with far less than their proper share of the national burden, and we have put it as a matter for the serious consideration of the German Government whether they should not, facing even the admitted administrative difficulties, review the assessments of recent years in the case of these particular classes of taxpayer and reassess their liability upon a gold basis.

The whole system of direct taxation went to pieces in 1923 and, for 1924, the income tax, as is easily understood, is in abeyance. The profits of industry in 1923 expressed in nominal figures of paper marks have no meaning unless they can be resolved into the profits of the particular dates on which they were made and then reduced to a common denominator of gold values. A profit of 1,000 marks made in January, 1923, is obviously quite a different amount from 1,000 marks made in September. We can well believe the German Government finds it impossible to use the year 1923 as a basis for income-tax assessment in 1924.

They have been driven to temporary expedients of a very makeshift character, not rising to a higher normal burden than 25 per cent, with the intention of rescheming and reassessing the income tax proper in 1925.

These expedients do not reassure us upon the general question as to the taxation of the wealthy classes, and, in our judgment, if they desire the Allies and their own working classes to realize their good faith in this matter, the German Government should publish at an early date their definite intentions with regard to the scales of income taxation that are to be applied during 1925–26 to the actual profits of 1924–25 for the final adjustment of the fiscal year 1924–25.

The 1924–25 budget estimates 1,344,000,000 gold marks as the income tax yield, of which all but 480,000,000 gold marks is estimated to be assessed on wages.

We have drawn the German Government's attention to the absence in the temporary measures of any proper provision at present for dealing with income from abroad. They were asked to furnish us with details of the comparative position of different incomes drawn from dividends in the years 1920–21, 1923–24, and 1924–25. The reply is given in Annex 9 as indicating the present position of direct taxation in Germany.

Special taxation on those who have specially profited by depreciation of currency.—Currency depreciation, on the scale it has occurred in Germany, has brought into existence a new and special type of "windfall" wealth which is a suitable subject for taxation in an emergency.

The ultimate profit or loss to industry and agriculture as a whole of the depreciation era may be difficult to calculate. There are many cases, however, of industrial and other undertakings which were not only able to make large profits but succeeded in paying off prior charges at a trifling fraction of their value when incurred.

If a mortgage or debenture of 10,000 marks has been paid off for practically nothing, a "windfall" profit to the debtor (at the expense of the impoverished creditor) has been made to that extent. If it has not yet been paid off, but the debt can in due course be discharged by worthless paper marks, the "windfall" is a potential one. In this last case, it has been decided by the German Government to "valorize" the debt at 15 per cent and the windfall to the creditor is to be restricted to 85 per cent. On this remarkable improvement in his position, the Government proposes to levy a tax of 2 per cent, or 1.7 on the whole debt. In the case where the debt has been paid off, the Government will take the actual difference between the gold price paid and 16.7 per cent. In our view, such special taxation, if justified in principle at all, as we believe it to be, is justified at much higher rates. But certain rights of taxation are being given to the Federal States which encroach upon this area of taxation, and, for the rest, our proposals (Section IX (*c*) of Part I) in regard to industrial debentures cover what might otherwise have been independent recommendations under the head of taxation.

Similar extraordinary profits have been made through State subventions and through the repayment in depreciated currency of bank loans, State advances, and other similar obligations.

The Reich and the States.—The third special feature to which we would refer is the financial relation between the Reich and the States and communes.

The more complete financial centralization that took place after the war in accordance with the Weimar constitution has not fundamentally changed the character of the relations between the Reich and the States. Although the Reich is charged with the administration of taxes formerly undertaken by the States, it is under obligation to cede the major part of the proceeds of the income tax, for example, to them. The States discharge wholly or in part many of the functions of Government, and there is no clear principle connecting their resources with their obligations. When in difficulties, they press the Reich for larger subventions (as percentage of the yield of taxation), just as in turn the needy communes press the States for greater financial aid.

The situation has hitherto been governed by merely political or administrative opportunism rather than by clear financial principle. The Reich can either yield to the pressure for higher percentages in subvention or they can confer upon the States the right to exploit particular fields of taxation for themselves.

The check by the States upon the communes is equally unsatisfactory. It is almost impossible to ascertain the true cost of any of the single functions of government in view of its division between these three constitutional entities, and in the absence of proper aggregated financial statistics of the States and still more of the communes.

The changes that have taken place completely falsify any comparison which could be established between the pre-war Reich budget and that for 1924–25.

Moreover, these relations are once more under review. During the period of rapid depreciation the resources of the States and communes, together with regular allocations from the revenues of the Reich, were inadequate to their needs. Their financial situation was similar to that of the Reich itself.

The expedient adopted by the Reich of multiplying the issue of notes was not open to the States and communes, who had necessarily to be supplied with continuously increased subsidies from the Reich, and this proceeding was one of the principal causes of the utter breakdown of the German finances.

The resultant chaos has been such that no up-to-date statistics are available, and the States have not yet framed their budget on a gold basis. It is in our opinion essential that at the earliest possible moment the preparation of complete statistics of the receipts and expenditure of the States and communes should be resumed.

The importance of the question may be seen if it is realized that the Reich budget, after allowing for the subsidies, contains little more than one-third of the total expenditure, one-third being met by the States and one-third by the communes. It would be quite possible for the communal budgets to be enjoying considerable prosperity at the same time that the Reich budget is in serious difficulties.

We do not pretend to be in a position to make detailed recommendations; the subject is a complicated one and involves the consideration of social and political factors, many of which have deep roots in historic traditions.

Moreover, if our recommendations are accepted in their entirety, self-interest alone may almost confidently be relied upon to force the German Government to make provident arrangements with the States, and it has already given us an assurance that the régime of increased subsidies has come to an end and will not be revived.

It is clear, however, that in the near future the German Government must take steps to put the relations between the Reich and its component parts on a regular basis which shall insure that the latter are not a constant drain upon Federal resources; the existing hole in the budget must be plugged.

It does not suffice, in our judgment, for the Reich to remain in supine contentment with the present situation merely because it has been the result of constitutional evolution. Germany waged war as an undivided whole and the financial responsibility of the Reich to the Allies can not be qualified or weakened by an attitude of passive acquiescence in the undiminished rights of subordinate areas. So long as Germany has any external obligations they must be paramount, and the resources normally to be assigned to the States and communes must be clearly defined, and care must be taken to secure that these resources are not more than adequate to legitimate needs.

Where further assistance must be given by the Federal Treasury, the amount of such assistance should again be strictly proportioned to the necessities of each case and subordinated to continually increasing central supervision by the Federal Treasury of local expenditure.

In considering the budget as drafted in 1924–25, we have felt compelled to assume that the assignment to the States amounting to 1,800,000,000 gold marks is an irreducible figure, and that if the States themselves have budgeted for the receipt of this sum the Reich will be unable to escape the liability in one form or another. This is the most probable assumption which we can make in a matter which bristles with political difficulties, and it is supported by the estimates submitted to us of the revenue and expenditure in 1924–25 of Prussia, Saxony, and Bavaria; in each case deficits are disclosed.

FURTHER COMMENTS UPON PARTICULAR TAXES

1. The committee recognize that the taxation of each large nation to-day is the product of many factors, including its historical evolution, its economic conditions, its political ideas, its constitutional framework, and its social psychology. What is a good system for one country may be quite unacceptable for another. Even though the same elements may exist in two systems, the importance played by those several elements in the whole may be quite different. If a similar total burden is being raised in two countries, it is almost certain that the manner in which it is being spread over the community and the particular devices adopted to raise it will be very different.

2. For these and other similar reasons we do not regard it as particularly profitable to pass the German budget in detailed review merely to suggest that each particular tax can be raised to a rate or level found in some allied country for that tax, and thus to impose upon Germany the maximum burden borne under each head in any of the creditor countries. To do this would be to lose sight of the principle we have referred to above, and also to ignore the question of the total burden. For example, to state that Germany could stand increases in the rates on tobacco, beer, spirits, etc., to the level of those in England, while ignoring the existence of her high turnover tax, which England does not impose; or to state that Germany could bear

increased rates of death duties, while wholly ignoring the existence of her capital taxes, would be to destroy the balance of her system and be oblivious to the total burden thus accumulated. The committee would desire to avoid being dogmatic as to the way in which a given sum shall be raised by the German Government. Having come to the conclusion that a given burden can be borne, it is for Germany to suit her own conditions in prescribing the ways in which it shall be obtained. At the same time, diverse as the systems in the allied countries themselves are, the committee offers the following suggestions as the subject of their common agreement and as suited, in their judgment, to German conditions:

1. *Tobacco*

Eminent technical experts have made the following suggestions, which we commend to the notice of the German Government:[3]

While they believe that the institution of a tobacco monopoly would entail heavy immediate expenditure, thus causing economic disorder, the technical experts recommend that the free manufacture and sale of tobacco should only be allowed to continue if subject to the regulations of the following scheme:

1. No factory, nor wholesale or retail tobacco shop may in future be established nor may any existing establishment be enlarged without the permission of the State.

2. The introduction of tobacco substitutes in manufacture is prohibited.

3. The number of existing factories must be reduced by abolishing, with a fair indemnity, those which are really not industrial in character, while all factories which have been proved by experience to be incapable of producing goods at a fair cost price must be expropriated.

4. Products manufactured in the various factories shall still be sold with their trade-mark, while the sale price to the consumer shall be indicated on each package; each box or packet to be sealed with a band representing the State guarantees.

5. Existing manufacturers shall form a consortium according to the category of goods produced. This consortium, while collectively undertaking to supply the State with the quantities required for consumption, shall have to deliver its products at its own expense and exclusively to the State warehouses indicated.

6. The products manufactured shall be bought by the State at a price to be fixed at regular intervals.

7. Prices shall be fixed in conformity with the results obtained in one or two State factories, to be run for experimental purposes and for the control of prices.

8. Importers of foreign manufactured products shall be free to continue their business on the sole condition that they sell the imported products to the State warehouses, under the same conditions of delivery as home manufacturers who deliver the goods produced in their factories.

In regard to sale organization, the technical experts make the following recommendations:

1. The State shall use the wholesale dealers' warehouses for its own purposes.

2. Retail sales must be carried out exclusively by licensed retail dealers.

3. The retail dealers must only sell State products bearing the proper guarantee band at the price fixed on the package.

4. The remuneration of retail dealers shall be fixed at regular intervals by a certain rate of commission on the sale price to the consumer, such rate not to exceed an average of 12 per cent. Bonuses within this limit of 12 per cent would encourage the most energetic retail dealers and thus develop the turnover.

5. Payment for manufactured products delivered to retail dealers shall be made to the warehouse supplying them by means of check or postal order (not in cash and without credit) minus the commission above stated.

6. A small number of State retail shops shall be instituted in order to obtain reliable estimates and to control the expenses of sale.

On the basis of this plan the technical experts make the following estimate of the profit to be obtained by the State.

	Swiss francs
Cost of manufacture	476, 160, 000
Manufacturer's profit and additional general expenses (35 per cent of the cost of manufacture)	166, 656, 000
Expenses for the warehouse service and general expenses of the sale organization (1 per cent of the gross receipts)	20, 906, 400
Cost of delivery to retailers (12 per cent of the gross receipts)	230, 876, 800
Additional expenses for transport (80,000 tons×average distance of 25 kilometers×0.25 franc)	500, 000
Annuity payment in the event of the indemnification of one-fourth of the present manufacturers	16, 975, 000
Total expenses	912, 074, 200
Gross receipts (according to Tables V and VI)	2, 090, 640, 000
Net profit for the State	1, 178, 565, 800
That is gold marks	856, 515, 000
Percentage of net profit	56. 4

The technical experts have the following observations to make on the above table:

[3] These suggestions are contained in a report drawn up by M. Mayer and M. Aliprandi, which will be put at the disposal of the Reparation Commission, together with a report on indirect taxes drawn up by M. Hulin and M. Mazzucchelli.

1. An annuity payment is provided for, which would correspond to the amounts to be allowed for the indemnification of the small factories to be closed down.

2. The cost prices of a free industry distributed amongst a large number of factories are higher than those of a monopoly. Consequently the costs of manufacture under a monopoly system are increased by 35 per cent in order to allow the manufacturer a reasonable profit.

3. With this organization, which leaves the factories and retail establishments in their present form, the taxes now collected by the German Government would no longer have to be deducted, with the sole exception of the tax on wholesale dealers to the amount of 6,000,000.

Under a system of sale, organized in conformity with this scheme the technical experts put forward the results of such a plan as under:

	Gold marks
Gross receipts (amount expended by consumers)	1,523,960,000
Profit obtained by the State from which must be deducted the taxes at present collected by the Reich	856,515,000
Customs, tax on turnover	6,000,000
Net profit obtained by the State	850,515,000

The technical experts consider that it would be preferable to entrust the sale organization to an entirely autonomous organization, the constitution of which might well be based on the example of the Swedish monopoly. On the other hand, it is their opinion that the present fiscal organization of the German Reich should be used for the supervision of the tax.

In conclusion, the technical experts believe that during the first period, which would not exceed two years, the estimate of the guaranteed net profit might be based on the assumption that each inhabitant spends only 26 Swiss francs per annum, which is the figure now obtaining in Austria. Such a figure would yield a net profit of 657,000,000 of gold marks, on the following estimate.

	Swiss francs
Gross receipts 26 × 62 millions	1,612,000,000
Total expenditure [4]	707,917,000
Net profit	904,082,000

or 657,000,000 gold marks.

To recapitulate, the guaranteed revenues for the payment of reparation which Germany might obtain by the tobacco tax would be as follows:

		Gold marks
1924–25	German estimate	498,000,000
1925–26	do	657,000,000
1926–27	do	657,000,000
1927–28	do	856,000,000

[4] Expenditure shown in the table on the previous page reduced by $\frac{36}{33.72}$ with the exception of the expropriation annuity.

A considerably larger sum can be realized from the German duties, while decreasing the burden falling on the German consumer. The less efficient factories will be eliminated and substitutes will be abolished; surplus profits of the intermediaries will be reduced, leaving them nevertheless a reasonable margin. Without introducing the monopoly reform, standard factories will be instituted (one or two factories to control costs and few selling shops) and the sales will be strictly disciplined.

The proceeds would be paid n periodically by the "Service of assigned revenues," either:

(*a*) In the case of the adoption of the "assiette" suggested by the technical experts, on the basis of 60 per cent of the gross revenue (as the technical experts themselves have calculated that 40 per cent represents purchase price of manufactured tobacco, plus cost of distribution, etc., the remaining 60 per cent represents an absolutely net profit from the duty); or,

(*b*) Otherwise, on the basis of a sum in gold marks for every kilogram of tobacco taxed, according to the various chief qualities of the tobacco; this sum to be fixed by the technical experts.

2. *Indirect taxes generally*

The rates appear to the committee to be unduly low, and, as prosperity grows, to be susceptible of increase without diminishing consumption.

3. *Turnover tax*

It is our general opinion that this tax should at the earliest possible moment, be somewhat reduced in favor of other forms of taxation.

4. *Taxes on motor transport*

It is considered that the present total burden is too low and that a substantial further sum might be raised without detriment either by a tax on petrol or a supplementary duty on motor cars, or by a combination of these means.

5. *Death duties*

The yield from these duties is extraordinarily low judged by almost any standard. It is not satisfactorily accounted for by the temporary depreciation in capital values which is due to lack of profits and trade output. Not only is the total yield low judged by any test as to capital values, but the actual rates of duty being imposed are also, in the committee's judgment, inadequate. While not unmindful of the effect of the relation between these duties and the capital tax in general, the committee thinks that the position disclosed in the following table, compiled by the German Government, indicates that there is considerable room for increased taxation under this head.

It will be observed that where the rate in Germany is nominally higher than that in other countries, it is in those scales where the tax may be least influential in its effect upon total yield.

Annual taxation on capital, in the committee's judgment, tends to become a part of the income tax system and to discriminate between income derived from work and that derived from investment. In this case, therefore, taxation of capital by annual payments is in a different category from ordinary succession duties.

FISCAL BURDEN CONSTITUTED BY THE DEATH DUTIES IN GERMANY, BELGIUM, GREAT BRITAIN, AND FRANCE

[Burden expressed in percentage]

Property left (in gold marks) [1]	Germany	Belgium	Great Britain	France
WIFE AND THREE CHILDREN				
20,000	1.5	2.1	3.0	3.5
200,000	2.9	2.7	5.0	6.1
2,000,000	5.9	3.8	15.9	11.5
6,000,000	7.5	4.8	22.8	14.4
BROTHER				
20,000	7.8	8.3	3.0	23.3
200,000	17.4	11.4	5.0	36.0
2,000,000	30.0	17.0	19.2	50.1
6,000,000	30.0	22.2	25.9	56.2
PERSON NEXT OF KIN				
20,000	18.2	16.7	3.0	36.8
200,000	40.6	22.8	5.0	48.3
2,000,000	70.0	34.8	23.5	61.0
6,000,000	70.0	44.5	29.8	66.5

[1] The foreign currency has been converted into gold marks on the basis of the average rates of exchange quoted for the currency at issue on the Berlin Stock Exchange in the month of January, 1924. According to these quotations 1,000 gold marks were equivalent to—55.5 pounds sterling in round numbers, or 5,000 French francs in round numbers, or 5,550 Belgian francs in round numbers.

IV. PROPOSAL FOR CONTROL OF REVENUES ASSIGNED AS SECURITY

It is necessary to elaborate in rather fuller detail the recommendations which we have made in Part I of this report for the assignment of the taxes, etc., on tobacco, alcohol, sugar, beer, and of the customs revenue as security for payment of the sums charged annually on the German budget.

As regards the year 1926–27, 1927–28, as already indicated, the assigned revenues will play a special part in our plan. They will not only serve as a guarantee to creditors, but also as a means of measuring the contingent addition to, or deduction from, the total amount of reparation payments laid down in the plan. If the yield of these revenues falls short of 1 milliard in 1926–27 or 1¼ milliards in 1927–28, the reparation payments will be diminished by an amount equal to one-third of such deficiency; on the other hand, if they exceed those limits, there will be an additional payment equal to one-third of the excess; both deduction and addition, however, are limited to an amount of 250,000,000 in each year.

In 1928–29, and subsequent years, the amount of Germany's obligation is fixed by the standard payment, plus supplementary payment (and into the computation of the latter, the increased consumption of these taxed articles will enter).

The total yield of the controlled revenues will be paid into the account of the agent for reparation payments as from the time when the plan is put into execution.

In the first year in which there is a charge on the budget and in all subsquent years, the amounts required to meet the charge will be retained and the balance will be periodically released to the German Government.

We propose that there should be one commissioner to supervise the controlled revenues and under him a subcommissioner for each of the five controlled revenues.

In order that the Reparation Commission may be in a position to secure an officer of the greatest experience and efficiency as chief commissioner, the area of selection should be as wide as possible and not confined to the allied countries.

He should have the assistance of a consultative and advisory committee on which each of the interested allied countries would be represented.

The various German services of the assigned revenues would be obliged to deposit, through the receiving offices, immediately on receipt, the amount received under the head of the revenues in question at the nearest branch of the central bank acting as treasurer.

(*A*) *Funds*.—The separate branches should pay the sums into the central bank to an account at the disposal of the commissioner, who should afterwards provide for the periodical "reversements" to the German Government of sums in excess of the proportion of the year's peace-treaty payments accrued to date.

(*B*) *Audit*.—The commissioner would impose such methods of independent audit as he might desire to ascertain that all assigned revenues—

1. Were properly obtained from the public, and
2. Flowed through the control administration.

(*C*) *Detailed responsibility for management*.—He would not be obliged to assume responsibility for detailed administration except in the case and in the manner indicated below. It would be his duty to see at all times that the administration was reasonably efficient and the accounting system honest and accurate. But since the interests of the Allies are not affected so long as the revenues are sufficient, with an adequate margin, to meet the annual charges, it would not be his duty in such circumstances to interfere with the details of control.

He would therefore not normally be obliged to insist on the exact tariffs or the exact form of administration which would, in his view, secure the utmost yield, and he would not, therefore, be obliged (unless the need arose) to assume the responsibility of detailed direction with the administrative expense on staff, etc., which that would involve nor would he be required to have such an elaborate and expensive accounting and calculating personnel as would enable him to certify that every mark was accurately accounted for (which is obviously a very different thing from seeing that the system is honest and efficient).

If the need arose, his control would become automatically more active, more responsible, more difficult and, of necessity, more expensive. For if the revenues were in danger of being insufficient, it would be his duty to take every possible measure to increase their productivity. This increase in the active character of the control would be in exact proportion to the need for it. He would thus reform and direct administration in detail only if and so far as necessary.

(*D*) *The technical control* would consist, in the ordinary course, of the right:

(*a*) To obtain all information and examine all books.

(*b*) To visit and inspect the factories subject to duties, and to ascertain that approved standards are maintained.

(*c*) To send experts to report and advise and, in case of actual necessity arising, to exercise detailed control.

(*d*) To propose higher technical standards.

(*e*) To require prior advice of all administrative regulations.

In settling the constitution of the control body, it should be borne in mind that it may be concerned with the issue of bonds guaranteed by the said assigned revenues, if it is desired to create an international bond other than the railway one.

The German Government should be asked not to reduce the rate of the assigned revenues without the consent of the commissioner, which would not be given until the consultative committee had had an opportunity of considering the proposal and approved it by a majority; on the other hand, it is considered necessary that the German Government should be encouraged, regard being had to the rates prevailing in other countries, to effect increases in the taxation of alcohol, beer, and sugar.

The above system makes it unnecessary in relation to the problem of security, to insist on an increase in any particular tax, though we suggest to the German Government that it is to their interest, especially having regard to the rates prevailing in other countries to effect increases in the taxation of alcohol, beer, and sugar. But all interference in the German Government's tariff policy is to be avoided.

To sum up this subject we would lay down the following general principles:

1. The main lines on which the control should work ought to be decided by the countries interested. These main lines establishing the principle of a control developing automatically as required, and becoming complete control as soon as the revenues appeared to be insufficient, should, therefore, be laid down in protocols signed by all the countries whose interests are mainly involved.

2. These main lines should be elaborated into detailed instructions by international experts (in practice of the nationalities of the countries interested).

3. With this safeguard, the execution of the control *is intrusted to a single impartial person* (with the necessary staff) so as to secure the rapid and consistent administrative decisions required for an efficient control.

4. His responsibility to the Reparation Commission should not be of a day to day order, but a periodical report should be made by him upon the condition and yield of the gage revenues.

5. In the event of the revenues for a given year proving insufficient, the whole system outlined in this scheme (working of the railways, a mortgage on industrial property, the control of the revenues assigned as security) will be prolonged as required for the purpose of making good the deficit.

The committee desires to express its high appreciation of the valuable and efficient cooperation received throughout its task from the general secretary, Mr. Andrew McFadyean, and to thank his assistant, Monsieur Denis, the interpreters, and all the staff for their ungrudging services.

CHARLES G. DAWES, *Chairman*.
OWEN D. YOUNG.
ROBERT M. KINDERSLEY.
J. C. STAMP.
J. PARMENTIER.
EDGARD ALLIX.
ALBERTO PIRELLI.
FEDERICO FLORA.
E. FRANCQUI.
MAURICE HOUTART.

Paris, April 9, 1924.

ANNEX NO. 1 TO THE REPORT OF THE FIRST COMMITTEE OF EXPERTS

PLAN FOR THE ORGANIZATION OF A BANK OF ISSUE IN GERMANY

I. Name and location

The bank, hereinafter designated as the "new bank," shall bear a new and suitable title, unless, in conformity with paragraph (*b*), Section III, below, the organization committee shall decide to use the Reichsbank for putting the present plan into operation. It shall be a private corporation, and its charter shall be for 50 years. The new bank shall have its principal office in Berlin and such branches and agencies as its managing board shall determine.

II. Capital

(*a*) The bank shall have a cash paid-up capital of 400,000,000 gold marks, which shall be in registered or bearer shares of 100 marks each. These shares shall be issued as follows:

1,000,000 shares to represent the assets of the Reichsbank;

3,000,000 shares for subscription in Germany and abroad.

(*b*) All shares shall be alike, and after the initial subscriptions have been accepted, no restriction shall be imposed upon their purchase and sale, other than such general restrictions of German law as shall apply to the purchase and sale of shares of other banks.

(*c*) Shares whether sold in Germany or abroad shall be paid for entirely in gold, and/or foreign bills, at their current gold values.

(*d*) Subject to the preceding provision of this section, the shares of the new bank shall be allotted and sold on such terms as to prices, times of payment, and other conditions, as are most advantageous to the bank.

III. Organization committee

(*a*) For the purpose of taking the preliminary steps for the bank's corporate organization, there shall be created a temporary committee, to be known as "the organization committee." This committee shall consist of two members—the president of the Reichsbank, and one person who shall have been a member of one of the committees of experts acquainted with the discussions which resulted in the drafting of the plan for the bank.

(*b*) The organization committee shall have power generally to interpret any ambiguities appearing in the plan, provided always such interpretation shall not interfere with the principles involved. It shall also have power if it deems wise, to carry out this plan by the transformation of the Reichsbank, under suitable legislation, rather than by the organization of a new corporation. It shall frame the statutes regulating the administration of the bank. These statutes shall in particular include provisions concerning:

1. The form and character of the share certificates of the bank.
2. The formalities to be fulfilled for the transfer and pledging of the registered share certificates.
3. The cancellation of share certificates lost or destroyed.
4. The method by which the German shareholders shall elect the German members of the General Board.
5. The nature of the reports published by the bank, as well as the method and place of their publication.
6. The nature and duties of the permanent committees, of the managing board, and the officials of the bank.
7. The administrative departments to be created within the bank.
8. The date and place of the regular meetings of the managing board and of the general board.
9. The special meetings of the managing board and of the general board.

IV. Administration and management

The bank shall be administered by a managing board, under the chairmanship of a president, all of whom shall be of German nationality.

V. The president of the bank

(*a*) For the purpose of this memorandum only, the chairman of the managing board and of the general board is hereinafter called the president; he shall be the managing director of the bank. Subject to the limitations imposed by law, he shall perform such duties as are assigned to him by the bank's statutes.

(*b*) The president may be elected from among the members of the general board, or chosen from outside the board. The election by the board of a nonmember as president, shall operate to vacate automatically the seat of that German member of the general board having a term of two years or more yet to run, whose election was obtained by the smallest share vote, unless some other member of the general board, having a two years' term or more yet to run, shall resign at the time, and his resignation be accepted by the board. A president, elected from outside the general board shall, by the fact of his election, become a member of the board.

(c) The first president shall be the president of the Reichsbank; his term of office shall be six months. Subsequently, the president, who must be of German nationality, shall be appointed by a majority vote of not less than nine members of the general board, of which majority at least six votes shall be the votes of German members; this appointment shall be countersigned by the president of the Reich.

(d) The president shall direct the managing board and shall take the chair at its meetings. In case of a tie vote, he shall have the casting vote. He shall appoint the officials of the bank on the recommendation of the managing board. He shall organize the distribution of their work and duties in the bank, and shall exercise disciplinary powers over the officials and employees, these powers being provided for in a special clause of the statutes to be approved by the general board.

VI. Managing board

(a) The administration of the bank shall be intrusted to a managing board which shall be the administrative and executive body. This board shall be under the chairmanship of the president. It shall adopt its decisions by majority vote and in conformity with the regulations laid down in the statutes and by law. In particular it shall direct the currency, discount, and credit policy of the bank. It shall fix the rates of interest and shall draft all regulations concerning the policy of the bank.

(b) The members of the managing board shall be appointed by the president for a period to be fixed by the organization committee, subject to the approval of the general board, whose decision in this connection shall be adopted by a majority of nine votes, at least six of which shall be given by the German members; these appointments shall be countersigned by the president of the Reich.

(c) The members of the managing board shall occupy no other remunerated post, neither shall they accept any honorary post without the previous consent of the general board.

(d) The salaries and pensions of the members of the managing board and of the president shall be fixed by the general board, the salaries and pensions of the senior staff of the bank shall be fixed by the managing board with the approval of the president, and in case of the junior staff, by the managing board alone.

(e) The managing board may, if they think fit, obtain the assistance of a consultative body composed of German members chosen from agriculture, commerce, and industry.

VII. General board

(a) There shall be created a general board, consisting of 14 members hereinafter called the members of the general board. One-half of these members shall be of foreign and the other half of German nationality.

(b) Each member of the general board shall be chosen for a period of three years, except in the case of the first election or appointment. In the case of the first term of office, three German members and three foreign members shall serve for a term of one year; two German members and two foreign members shall serve for a term of two years, and two German members and two foreign members shall serve for a term of three years. At the first meeting of the general board chosen, the members shall decide, by lot, the term for which each shall serve, namely, one, two, or three years.

(c) Subject to the provisions of paragraph (b) of this section, and to the provisions of this plan that apply to all members of the general board, members of German nationality shall be chosen in such a manner and under such conditions as the stockholders of German nationality shall decide, in accordance with German law. The manner and conditions so decided upon shall be incorporated in the statutes. The manner of selecting the first group of German members shall be determined by the organization committee as provided for in Section III of this plan. No plan shall be adopted for the first selection of German members that does not meet with the approval of the president of the Reichsbank.

(d) The foreign members of the first general board shall be appointed by the organization committee. They shall be chosen with due regard to their professional qualifications and financial experience. In making the appointments, the organization committee may consult the principle foreign banks of issue and/or any other authorities in financial matters whose advice it may desire.

(e) In case of vacancy in a position of a foreign member of the general board, arising from death, resignation, or other cause, there shall be a new election of another person of the same nationality to fill the vacant place. This election shall be by the foreign members of the board who are in active membership at the time this election is held. Unanimity less one vote shall be necessary for an election. The new member shall always be chosen from among the nationals of the country of the member whose vacancy he is to fill. Before electing any foreign members of the board, the board shall consult, with reference to said election, the central bank of issue of the country whose national is to be chosen and/or any other financial authorities of that country whom it may desire to consult.

(f) The foreign members shall be chosen, one from each of the following nationalities, British, French, Italian, Belgian, American, Dutch, and Swiss.

(g) On the unanimous vote of the general board, the number of German members may be increased.

(h) No Government official, or other person receiving compensation from the German Government, or from any foreign government shall become a member of the general board.

(*i*) Except as otherwise provided for by the bank's statutes, decisions of the board shall be by a majority vote of 10 members, or by a simple majority vote if the president and the commissioner are included in the majority. Should a member not be able to attend a meeting of the board, it will always be open to him to empower one of his colleagues, by registered letter or by telegram, to vote for him and on his behalf.

(*j*) At each of its meetings, and at least once every month, the general board shall examine the reports submitted to it by the president and the commissioner. It shall adopt decisions on all the proposals made to it by the president and the commissioner, provided that these decisions do not encroach upon the rights reserved to the president and the managing board as specified in Sections V and VI above.

(*k*) The metal reserve of the bank and the office for the printing of the notes shall be in Germany, but the general board may, by a three-quarters majority vote, decide that either or both be transferred abroad to a neutral country.

VIII. The commissioner

(*a*) The commissioner, who shall be a foreigner, shall be elected by a majority vote of not less than nine members of the general board, of which majority at least six votes shall be those of foreign members. The commissioner's term of office shall be fixed by the organization committee.

(*b*) The commissioner may be elected from among the members of the board of foreign nationality or may be chosen from outside the board, from citizens of any one of the foreign countries represented on the board. The election by the board of a nonmember to the position of commissioner shall operate to vacate automatically, the position of the citizen of the country of which the commissioner is a citizen. A commissioner elected from outside the board shall, by the fact of his election, become a member of the board.

(*c*) If, at the first election, the person chosen as commissioner should be a member whose term, as decided by lot, in accordance with paragraph (*b*) of Section VII of this scheme, should only be one year, the term of this member shall automatically be increased to two years. In this case, one of the two foreign members who have been assigned to two years' term, shall have his term reduced to one year. The decision as to which of the two foreign members shall have his term thus reduced from two years to one shall be made by lot.

(*d*) It shall be an essential duty of the commissioner to enforce the provisions of the law and the statutory regulations relative to the issue of notes and the maintenance of the bank's reserves which guarantee that issue. To this effect, the commissioner shall have the right to have furnished to him all statistics and documents which he may deem useful for the accomplishment of his task, and whenever it appears to him necessary, he may make any investigations either in person or through his assistants. He shall be entiled to be present at the meetings of the managing board in Berlin.

(*e*) The office entrusted with the custody of the reserve of notes shall only deliver notes when authorized by the commissioner so to do.

(*f*) The commissioner shall be bound to the greatest secrecy in regard to all information he may obtain on the commercial operations of the bank.

IX. Loans, discounts, and investments

(*a*) The bank shall make no loans or discounts having a maturity at the time the advance is made, in excess of three months.

(*b*) The bank shall discount no notes or bills bearing less than three names of known solvency, except that for one name there may be substituted collateral in the form of warrants relating to bona-fide commercial transaction or to goods. Such definiton shall not be taken as including any notes issued or bills drawn in financial transactions or secured by stocks, bonds, or other investment securities but may include treasury bills of the German Government.

(*c*) The bank may, with the special authorization of the general board voting in the conditions laid down in paragraph (*i*) of Section VII, accept the long-term bonds of the Reich as collateral for loans with maturities not exceeding three months, if the loans bear two responsible names, in addition to the collateral, one of these names being the name of a commercial bank doing business in Germany: *Provided*, That loans collaterally secured by the long-term securities of the Reich shall never exceed the amount of the bank's net paid-in capital and surplus, except by the unanimous vote of all the members of the general board save one.

(*d*) The bank shall make no loans nor advances on the security of real estate, mining property, oil property, or stock shares; nor on the security of Government obligations, except as otherwise provided for in this plan. The bank may, however, take mortgages or titles to such property, stock shares, and Government debt bonds as additional security for loans previously made in good faith in accordance with provisions herein made.

(*e*) Subject to the provisions contained in paragraph (*a*), the bank shall make no loans, discounts, or other advances directly or indirectly to the German Reich, any German State, communes, or other German governmental units, or to any foreign government or governmental units, nor shall it invest its funds in the bonds, debentures, or other debt of any such governmental unit, except as otherwise specifically authorized by its constitutive law. The deposit accounts and current accounts in the bank, of the German Reich, the German States, the German communes, or other German governmental units, shall never show a debit balance.

(*f*) The bank shall not accept time bills of exchange drawn against it.

(*g*) The bank may not buy or sell merchandise, produce, real estate, or stock shares of other corporations for its own account.

(*h*) The restrictions contained in the preceding paragraph shall not operate to prevent the bank from buying such real estate, equipment, and supplies as it needs for its own banking business, or from selling such property as may come into its possession in connection with the guarantee of statutory loans. Moreover, the bank shall not be prevented, by the above restrictions, from buying in property where it needs to do so, in order to protect itself in the collection of statutory loans previously made in good faith and not paid at maturity.

X. Service of the Reich's treasury

(*a*) The managing board is authorized to make advances from time to time to the Reich, but the amount outstanding at any one time shall never exceed 100,000,000 marks. Such advances shall, in no case, be for a longer period than three months and in no case shall the Reich be indebted to the bank at the end of the bank's financial year, which shall coincide with that of the Reich. In consideration of these facilities, the Reich and its treasury shall conduct all their domestic and foreign banking business through the medium of the bank.

(*b*) The managing board shall also be empowered to grant advances to the post office and the railways for reasonable amounts on condition that these organizations shall intrust the bank, except in so far as the bank might modify this condition, with the whole of their treasury service; but the total amount of loans outstanding to the post office and the railways together shall not exceed 200,000,000 gold marks.

XI. Service of the reparation treasury

The bank will receive on deposit sums paid for reparations, it being understood that the relationship between it and the committee intrusted with reparation receipts shall be solely those of banker and customer.

This treasury service will proceed in conformity with the provisions of Annex — to the general report. The maximum amount to be held on deposit for reparation account shall at no time exceed 2 milliards of marks in conformity with Section X (*a*) of this Annex, except as otherwise provided therein.

XII. Bank notes

(*a*) The bank shall have the exclusive right of issuing and circulating bank notes in Germany during the period of its charter.

(*b*) The German Government may not itself issue any kind of paper money for circulation in Germany, during the period of the bank's charter, nor shall it permit any German State, commune, city, other governmental unit, corporation, or private individual to issue or circulate paper money in Germany during the period of the bank's charter, with the exception of the banks of Baden, Bavaria, Saxony, and Wurtemberg, which shall retain their charter of issue for sums not to exceed their present legal quota. The notes of the rentenbank shall be gradually withdrawn from circulation under the conditions prescribed in Section XV and the appendix hereto.

(*c*) During the period of the bank's charter, the Reich shall not issue any coins for circulation in Germany (except gold coins, containing approximately their full value in gold metal) of a larger denomination than 5 marks; and shall not issue coins of 5 marks or less, in excess of 20 marks per capita of her population. All coins, other than gold coins, issued by the Government, shall be issued through the bank. They shall be received by the Government in unlimited quantity at their nominal value, in payment of all taxes and other Government dues.

(*d*) The bank may issue notes for circulation, against gold coin or bullion, statutory discounts as defined in Section IX, demand credits in foreign banks and foreign commercial trade bills, with maturities of three months or less, taken at their present gold values at current rate of exchange.

(*e*) The notes of the bank, as well as metallic currency, shall be receivable in unlimited quantities for all taxes and other Government dues in Germany. The notes shall be unlimited legal tender, unless otherwise specifically provided by contract, for all debts, public and private.

(*f*) The notes of the bank shall be accepted at their nominal value for all payments made to the bank, both at the head office of the bank in Berlin and at all branches of the bank located in Germany.

(*g*) Notes shall be payable to bearer at the head office of the bank in Berlin on presentation. The notes shall also be payable on presentation at the other offices and branches of the bank to the extent permitted by their cash reserves and monetary requirements. Payments may be made in any of the following forms, at the option of the bank:

1. German gold coins of the present legal standard of weight and fineness at par.

2. Gold bars, in denominations of not less than 1,000 gold marks, and not more than 35,000 gold marks, at their pure gold equivalent in German gold coin of the present legal standard of weight and fineness.

3. Demand drafts, payable in gold or in foreign currencies at current market gold values, and drawn on funds located abroad in solvent banks to be specified by the bank's statutes, provided that the premia above the gold pars (or gold values, in the case of currencies not on a gold basis) charged by the bank for such drafts shall never exceed the amount necessary to cover shipping expenses, including interest for the time of transit, on gold bars shipped in substantial quantities

from Berlin to the foreign financial center on which the draft is drawn.

The committee is of opinion, however, that, at the inception of the bank, conditions will be unfavorable for the application of the above rule of convertibility; in this event, this rule may therefore be temporarily modified by the affirmative vote of every member but one of each of the following groups:

1. The organization committee.
2. The managing board.
3. The general board.

In case of such modification, the bank shall make all possible efforts and use all the means at its disposal in order to maintain the rate of exchange of the mark at as near gold parity as possible. Furthermore, in case of modification of the above-mentioned rule of convertibility of notes, a return to convertibility will be permanently established as soon as possible, by a simple majority vote of the general board and of the managing board.

(*h*) While the bank shall not make reimbursement for notes that have been lost or completely destroyed, it shall replace worn or torn notes, on application, by notes in good condition, at their nominal value; provided that such replacement shall not be required in the case of any note unless the part of the note presented shall constitute more than one-half of the note.

(*i*) The notes of the bank shall bear the facsimile signature of the president and the seal of the commissioner.

XIII. Reserves

(*a*) The bank shall always carry a normal reserve of at least 33⅓ per cent of the total amount of its notes outstanding, subject to the following qualification:

In exceptional circumstances the reserve against notes may be reduced below 33⅓ per cent, on the proposal of the managing board, by a decision of the general board; but said decision of the general board shall require the affirmative vote of every member of the board save one. In case of such a reduction in the reserve, the bank shall incur the following penalties, the proceeds of which it shall pay to the Reich:

Whenever the reserve against notes shall be less than 33⅓ per cent of the notes outstanding and shall so continue for more than one week the bank shall pay the following deficiency tax upon the amount by which the said reserve is less than 33⅓ per cent of the notes outstanding.

When the reserve is below 33⅓ per cent and not below 30 per cent, a tax of 3 per cent per annum.

When the reserve is below 30 per cent and not below 27 per cent, a tax of 5 per cent per annum.

When the reserve is below 27 per cent and not below 25 per cent, a tax of 8 per cent per annum.

When the reserve is below 25 per cent, a tax of 8 per cent per annum plus 1 per cent per annum for each 1 per cent the per cent tax figure is below 25 per cent.

(*b*) No discount rate or rediscount rate shall be below 5 per cent per annum when the reserve mentioned in the preceding paragraph shall have continuously for one week or more been below 33⅓ per cent of the bank-note liabilities there mentioned.

(*c*) Whenever a deficiency tax is payable, a percentage equal to at least one-third of the percentage rate of the tax payable shall be added to the bank's discount rate and rediscount rate, in addition to any increase in the said rates required to comply with the provisions of the preceding paragraph.

(*d*) The above-mentioned legal reserve may be kept in gold bars or gold coin at any office of the bank, and or in the form of demand deposits made payable in gold or its equivalent at the rates at which the deposits were made in banks of high standing located in foreign financial centers.

(*e*) The bank shall also hold a special reserve of gold and gold deposits of the same character required to be held against its notes in circulation to the amount of 12 per cent of its deposit liabilities. Whenever the above reserve is continuously for one week or more below said 12 per cent, the bank shall pay a deficiency tax of 4 per cent per annum on the amount by which the reserve is less than 12 per cent and not less than 10 per cent; a tax of 8 per cent per annum on the amount by which it is less than 10 per cent and not less than 8 per cent; and a tax of 10 per cent per annum in addition to said 8 per cent for each 1 per cent by which the percentage figure is below 8 per cent.

(*f*) In order to assure adequate liquidity in the assets securing the bank's deposit liabilities, the bank shall at all times hold in addition to its aforementioned gold reserve of 12 per cent demand deposits in Germany and abroad, checks on other banks, and statutory notes and bills of a commercial character, payable at call or on time with maturities of less than 30 days to the amount of not less than 30 per cent of the bank's total deposit liabilities.

(*g*) The above-mentioned reserves and the liquid assets above described shall be segregated for the service of the bank's deposits.

XIV. Profits

The net profits of the bank, at the end of each financial period, shall be employed as follows:

(*a*) Twenty per cent shall be transferred to surplus or reserve until the bank's actual net paid-up capital and surplus shall amount to 12 per cent of its average liabilities on circulating notes, on the fifteenth day of the six preceding months. If the ratio shall again fall below this 12 per cent, the above-mentioned allotment of 20 per cent of the net profits to surplus or reserve shall continue. When and so long as the ratio of the bank's net capital and surplus or reserve to its average liabilities on circulating notes, as above computed, shall exceed 12 per cent, the bank may use its discretion as to the percentage of its net profits it will transfer to surplus or reserve provided that the percentage thus transferred shall never exceed 20 per cent.

(*b*) A sum shall be assigned to the payment of dividends sufficient to pay 8 per cent per annum on the bank's shares.

(*c*) The balance of the net profits shall be divided as follows:

1. One-half to the shareholders, in dividends or to a special fund to be used for the maintenance of a uniform dividend policy.

2. One-half to the Government, as a franchise tax for the bank's exclusive privilege of issuing circulating bank notes.

(*d*) The dividends of the bank and other income derived from its capital shares owned by foreigners residing abroad shall be exempt from all German income taxes, present and future; provided that this exemption shall not apply to general taxes imposed in Germany upon the real property of the banks in general. The bank, however, in consideration of the percentage of profits accruing to the Government under paragraph (*c*) 2, shall not be subject to any corporation tax or business tax levied in Germany by the Reich, the States, or any other governmental unit.

(*e*) Such privileges not inconsistent with this plan, now enjoyed by the Reichsbank, as may be specified by the organization committee as desirable and advantageous to the new bank shall be given to it.

XV. Liquidation of the rentenbank

The rentenmarks shall gradually be withdrawn from circulation by the bank in accordance with the provisions contained in the appendix attached.

XVI. Dollar-Schatzanweisungen (treasury bills in dollars)

(*a*) The German Government shall abandon all its rights to the proceeds from the liquidation of the Reichsbank (unless the present plan is put into execution by means of the transformation of the Reichsbank), in return for which the latter will give the Government an undertaking to assume responsibility for the repayment of the said bills not in excess of 210,000,000 gold marks, under conditions to be settled by the Reichsbank with the holders of these bills.

(*b*) At the same time, in order to guarantee the good faith of this operation, that is to say, in order to guarantee the Reichsbank against any loss resulting from this operation, the German Government shall hand over to the Reichsbank gold bills for an amount equal to and falling due at the same date as the dollar bills in circulation. As soon as the liquidation of these dollar bills has been completed, the Reichsbank will return to the German Government the portion (if any) of the bills which it has received, and which has not been employed in insuring the liquidation.

XVII. The Reichsbank

(*a*) If the present plan is put into execution by means of the transformation of the Reichsbank, the latter shall redeem the outstanding circulating notes in its new notes, at the rate of 1,000,000,000,000 marks to 1 gold mark. The old notes shall be immediately withdrawn from circulation and canceled.

(*b*) The Reichsbank, in case it is continued, shall meet the same reserve requirements against the outstanding notes which it undertakes to exchange, in accordance with the provisions of paragraph (*a*) of this section, as are required to be held against bank notes outstanding by Section XIII of this plan.

(*c*) If the Reichsbank is to be liquidated, this operation will be carried out by the new bank which would be then set up, and which would have to assume responsibility for, or itself carry out, the exchanges provided for in paragraphs (*a*) and (*b*) above.

XVIII. Penalties

A penalty in the form of fine or imprisonment or both shall be provided for the punishment of any person or persons wilfully giving incorrect information, directly or indirectly, to the president, the general board, the commissioner or his assistants.

XIX. Measures to be taken by the German Government for the execution of the plan

All the undertakings which the German Government will have to enter into in connection with the bank, for the execution of this plan, including the assignment for the withdrawal of the rentenmark, of funds to be received from the rentenbank's mortages, shall be embodied in a special contract between the bank and the German Government. This contract as well as the statutes of the bank shall be duly approved by the German Parliament.

APPENDIX TO ANNEX 1

THE LIQUIDATION OF THE RENTENBANK

(Appendix provided for in Section XV of the plan for the bank.)

The Deutsche rentenbank was founded, and its operations regulated, by the decree of October 15, 1923.

The capital and the initial reserve were fixed by this decree at 3,200,000,000 rentenmarks, to be furnished half by agriculture and half by industry and commerce, including the banks.

The rentenbank holds a general mortgage, expressed in gold marks, on industrial, agricultural, and commercial property, amounting to 4 per cent of the value of this property as assessed for the Wehrbeitraggesetz.[5]

These mortgages bear 6 per cent interest for the benefit of the rentenbank.

The rentenbank is authorized to issue bank notes expressed in rentenmarks up to the amount of the capital and initial reserve (3,200,000,000 gold marks).

[5] The amount of this mortgage already amounts to 3,700,000,000 gold marks.

The rentenbank must open credits to the Reich during the two years following its foundation up to the amount of 1,200,000,000 rentenmarks, of which 900,000,000 will bear 6 per cent interest and 300,000,000 will bear no interest. The rentenbank is authorized moreover to open credits to the Reichsbank and to the private banks up to 1,200,000,000 rentenmarks, in order to finance private economy.

Up to the present the rentenbank has placed in circulation:

1. Seven hundred million, which have been delivered to the Reichsbank in order to provide for the credits to be granted by the latter to German manufacturers and merchants. This sum is therefore guaranteed by drafts or credits redeemable in rentenmarks. If and when the rentenbank is liquidated, no attention need be paid to them.

2. One milliard one hundred million rentenmarks which have been advanced to the Reich without any security but the signature of the latter, 900,000,000 of which bear 6 per cent interest per annum and 200,000,000 bear no interest.

In so far as concerns this latter sum of 1,100,000,000 the new bank (or the Reichsbank, if it is maintained) would assume the obligation vis-a-vis the holders of these notes to redeem them gradually within 10 years. To this effect the rentenbank would undertake to remit to the bank, as fast as they came in, all sums received from its debtors, whether from the property holders affected by the rentenbank mortgage or from the State, up to the sum of 1,100,000,000.

This undertaking of the rentenbank vis-a-vis the bank would be covered by all the mortgages and guarantees which it holds, as well as by the guarantee of the German Government itself.

It should, moreover, be understood that all profits accruing to the Reich in virtue of its participation in the bank would be assigned by priority to the amortization of its debt of 1,100,000,000.

As soon as the payments by the rentenbank or by the Reich itself, as stated above, reach the figure of 1,100,000,000 the German Government and the rentenbank will be released from all liability vis-a-vis the bank.

ANNEX NO. 2 TO THE REPORT OF THE FIRST COMMITTEE OF EXPERTS

SUGGESTED INDEX OF PROSPERITY

BASIS OF COMPARISON

1. In addition to the standard contribution referred to in paragraph 8 (*c*), there shall be paid for 1929–30 and following years a supplementary sum according to the growth in prosperity of Germany. This increase in prosperity for any year shall be measured by the extent to which the index, as defined below, on the statistics of the completed preceding year, exceeds the average statistics of the base years.

COMPONENTS OF THE INDEX

2. For the purpose of computing the index, the following statistics shall be employed:

(*a*) The total of German exports and imports taken together.

(*b*) The total of budget receipts and expenditure taken together, including those of the States of Prussia, Saxony, and Bavaria (after deducting from both sides the amount of the Peace Treaty payments included in the year).

(*c*) Railroad traffic as measured by the statistics of the weight carried.

(*d*) The total money value of the consumption of sugar, tobacco, beer, and alcohol, within Germany (measured by the prices actually paid by the consumer).

(*e*) Total population of Germany (computed from the last available census data, vital statistics and emigration records).

(*f*) The consumption of coal (and lignite reduced to coal equivalent) per capita.

THE INDEX BASE

3. In computing the base, the average statistics for the three years 1927, 1928, and 1929 shall be taken for (*b*) budget receipts and expenditure; for (*e*) population, and for (*f*) coal consumption per capita, and for the six years 1912 and 1913, 1926, 1927, 1928, and 1929 for the other categories (after appropriate adjustments for the differences in population and the altered gold values to make the three earlier years comparable with the three later years in this respect). The percentage change for each of these six groups, compared with the base, shall be separately computed and an arithmetical average of the six percentage results taken as the index.

PAYMENT TO WHICH THE INDEX IS APPLIED

4. The index percentage shall be applied to the amount of the standard payment, viz, 2,500,000,000, to give the supplement for the year, except that for the five years 1929–30 to 1933–34 it shall apply to 1,250,000,000, or one-half of the standard payment only.

MINUTE ADJUSTMENTS IGNORED

5. The supplementary payment is to be reckoned only for each completed half per cent of the index, i. e., an index average of 11.35 per cent would be reckoned as 11 per cent.

COMPUTATION OF SUPPLEMENT

6. For the year 1929–30, the computation of the supplement shall be made after the end of that year by comparing the statistics of 1929 itself with the index base.

DEFICIENCIES

7. In the event of the index in any year producing, as the supplement, a minus quantity, the basis payment should continue to be made, but subsequent supplementary payments shall not accrue due until allowance has been made therefrom for such deficiency or "minus" payment of previous years.

DIFFICULTIES IN APPLICATION

8. Any disputed points upon the application of the statistics of this index shall be referred to the finance section of the League of Nations for arbitration.

CHANGES IN THE VALUE OF GOLD

9. The German Government and the Reparation Commission should each have the right in any future year, in case of a claim that the general purchasing power of gold as compared with 1928 has altered by not less than 10 per cent to ask for a revision on the sole and single ground of such altered gold value. The alteration to be made may apply both to the standard contribution and the supplementary payment. Failing mutual agreement, a decision should be given by an arbitral committee appointed by the League of Nations. After decision, the altered basis should stand for each succeeding year until a claim be made by either party that there has again been a change, since the year to which the alteration applied, of not less than 10 per cent.

The alterations under this paragraph should be made by reference to such generally approved index numbers of prices (German or non-German), singly or in combination as the arbitration may decide.

ANNEX NO. 3 TO THE REPORT OF THE FIRST COMMITTEE OF EXPERTS

NOTE BY THE FIRST COMMITTEE OF EXPERTS

Of the assets and revenues of the German Reich and its constituent States subject to the application of article 248 of the peace treaty, the German railway system is undeniably the most important and also that which can be the most easily utilized for the purpose of reparation.

The German railway system comprises about 53,000 kilometers of lines, and the rolling stock will very shortly amount to—

Locomotive engines (excluding electric and motor engines)	30,850
Passenger vehicles	69,253
Wagons	748,753

A considerable portion of this rolling stock is of recent construction. Two-thirds of the whole (18,000 locomotives and 500,000 passenger vehicles and wagons) were brought into service in the last 10 years. The rolling stock at present possessed by the German railway system is very superior both in quality and quantity to that which was in use before the war.

Speaking generally, it may be said that the equipment of the German railways is modern and fully up to the level of the latest improvements in railway technique.

The capital cost of the system amounts to not less than 26 milliard gold marks.

The experts called in the services of eminent railway specialists, and requested them to make a study of the German railways; their report is attached.

GENERAL REPORT ON THE GERMAN RAILWAYS MADE TO THE FIRST EXPERT COMMITTEE

By Sir WILLIAM ACWORTH and M. LEVERVE

MARCH 26, 1924.

In our earlier reports we described the situation of the German railways and replied to various questions asked by the committee, especially as to the amount of net revenue which we considered they could yield for reparation purposes. We have now, as requested by the committee, brought together in a single document the essential portions of these reports, together with our own conclusions.

We desire to thank the German Minister of Railways and his staff for the manner in which they have assisted our inquiry in Berlin with information both verbal and documentary. In the short time at our disposal it has naturally not been possible for us to push our investigations very far, but we trust that the report which we now present is adequate for the purposes of the committee, and we think its substantial accuracy may be relied on.

CAPITAL INVESTED IN THE GERMAN RAILWAYS

In a preliminary report we stated that the capital value of the German railways might safely be taken at not less than 20 milliard gold marks. An official publication shows that the debt of the several States specifically entered as railway debt, less that portion of it applicable to the ceded territories, amounted in 1914 to 17.93 milliard gold marks. In March, 1920, at which date the railways were transferred from the ownership of the several States to that of the German Reich, the invested capital was reckoned as 25 to 28 milliard gold marks. This large increase is explained by the fact that at the date of the transfer—

(*a*) The value of the railways of the separate States was written up to conform to the real amount of capital that had been invested in them, much of which had never been or had ceased to be represented by railway debt.

(*b*) There was added to the old capital the value of the additions made during the war. Between March, 1920, and March, 1923, the capital invested was further increased to 25.86 milliard gold marks. The expenditure for the current year and that which will still need to be incurred in payment for commitments already entered into will put the final figure well over 26 milliard gold marks.

The above figures represent capital invested, which is sometimes a very different thing from capital value. But in this case the capital value of the German railway system which comprises 53,000 kilometers, at 500,000 gold marks per kilometer, may be taken to be fully equal to the capital invested. Now, a large part of the system is double tracked; the lines, stations, yards, and buildings have been constructed to a high standard, and they are very amply equipped with up-to-date rolling stock. A comparison with the capital cost per kilometer of the railways of other important countries, taking account of all the factors on both sides, gives good grounds for saying that the German figure of investment is by no means an excessive representation of actual cost.

NET REVENUE ATTAINABLE

We think that a net annual revenue of one milliard gold marks per annum can reasonably be expected from the German railways. This is very slightly more than the net revenue earned before the war; but it was then earned very easily. No attempt was made to maximize net revenue, which was much more than sufficient to meet the interest on the railway debt.

On the one hand, the tariffs were kept low, especially for passengers. The guiding principle was, as has been recently expressed in a brochure published by Doctor Sarter, whose statement, as he is a highly placed official in the transport ministry, may be taken as authoritative: "The State railways ought primarily to have regard to the progressive development of the economic life of the country and to treat the attainment of net revenue as only of secondary importance."

On the other hand, the operating expenses were unduly high, the staff was unnecessarily large, and magnificent stations and enormous shunting yards were worked at great expense. Moreover, as is shown by the figures which we have given above, the working expenses included year by year large sums for improvements and additions which might properly have been charged to capital.

It may be thought—seeing that for some years past the gross receipts of the German railways have not covered their expenses, and that recently the expenditure was several times as great as the receipts, while even now the earnings are only equal to the expenditure—that this estimate of ours is unduly sanguine.

But it is to be remembered that since the war almost every country has gone through a similar experience. Even in the United States, where there was no currency depreciation, the net income of the railways in 1920 was almost negligible; whereas in England, where currency depreciation is quite small, the receipts in 1921 fell short of the expenses. But in both countries the situation has now completely changed, and if in other countries the railways have still not regained financial equilibrium, experience sufficiently shows that this phase is only temporary. And Germany has one special circumstance of the first importance in her favor. On the railways of England and America the wages of the railway staff are, roughly, double what they were before the war. No such advance has taken place in Germany. On the contrary, the average wage is at present, we are informed, only 75 per cent of the pre-war wage. It is proposed in the current year to increase this percentage to 93 per cent of the pre-war average. But there is no prospect of any such increase above the pre-war standard as has taken place in the two countries mentioned. And this for two reasons—the cost of living has not increased in Germany, as it has there, and, as German wages in other occupations have not risen, railway wages do not compare unfavorably.

Naturally we do not suggest that a milliard of net revenue is attainable at the outset. But we think a substantial sum can be obtained very shortly, and that the full amount should be reached within a period of three years. It should be arrived at in the manner following:

During the war there was imposed in Germany, as in other countries, a transport tax. This tax still continues to be levied. It is included in the rates charged to the public but is paid over by the railways direct to the finance ministry and forms therefore no portion of the railway revenue. It is a tax on the gross receipts, and is fixed at 7 per cent on all receipts from freight traffic other than coal, and at 10 per cent to 16 per cent, according to class, on passenger traffic. On the average it amounts to 6 per cent of the total gross receipts. It is estimated to produce in the year 1924, 227,000,000 gold marks. If in future years the traffic increases, or if the same volume of traffic is charged at a higher rate, naturally the proceeds of the tax will increase proportionately. It seems safe to assume that its yield will not fall below the present figure. Moreover, as it is levied on the gross and not on the net income, it is independent of any variations in the cost of operation. If, as we recommend, the German railways in future are required to pay over the proceeds of this tax to the Reparation Commission, the commission will have from the outset a safe and important source of revenue at their disposal.

There remains a sum of 800,000,000 gold marks in round figures to be obtained, and it can, in our judgment, be obtained as net profit on the railways, on condition that the tariffs are fixed at a reasonable level, that the number of employees is reduced to a reasonable figure, and that in all other matters curtailment of expenses is secured by econmical operation on business lines.

Before the war the German railways spent 70 marks for every 100 marks which they earned. In technical railway language the "operating ratio" was 70 per cent. This was an unusually high ratio, especially having regard to the fact that the railways paid no taxes. It was a good deal higher than the English ratio, much higher than the ratio in France. But in every country there has been since the war, a marked increase in the ratio, and we do not think that under post-war conditions the German railways can be expected to operate at a ratio so low as 70 per cent. Not only have they now to bear the transport tax, but though a great rise in wages—the main cause of the rise of the operating ratio in other countries—is not to be expected in Germany, the increased cost of materials, coal, and steel particularly, seems likely to be permanent. We think, however, that an operating ratio of 80 per cent ought to be attainable. We base this opinion in the first place on our investigation of German conditions, and especially on two facts.

1. That new rolling stock has been acquired in the last few years in such large measure that the need of repairs and renewals will be exceptionally small for some years to come, and

2. That the recent very large expenditure on fitting the freight wagons with continuous brakes should result in important operating economies.

In the second place, we think our knowledge of what has happened and is happening in other comparable countries justifies us in asserting in broad terms that, given efficient and economical management, there is no apparent reason why the operating ratio should not be brought back in a short time to 80 per cent in Germany as it has already been brought back elsewhere.

In England and America, as we have said, the wages of the staff have doubled, but the tariffs are only roughly 50 per cent above the pre-war tariffs. In the result, the operating ratio has become much higher than before and stands at present at about 80 per cent. But the remaining 20 per cent, calculated on a greatly increased gross revenue, suffices to give a return of over 4 per cent on the railway capital.

Now in Germany a gross revenue of 4,000,000,000 gold marks per annum is in sight at the present moment. With a gross revenue of 4,000,000,000 gold marks per annum and an operating ratio of 80 per cent, the net revenue would be 800,000,000 gold marks. And this sum added to the 227,000,000 gold marks of the transport tax yields a total of over 1 milliard gold marks.

And the whole of this sum can be made available for reparation. The fall of the mark has wiped out the pre-war railway debt; the plan before the committee will, we understand, relieve the railways under the new management of responsibility for the debts recently incurred; and capital has been so lavishly spent in the last few years that there can be no justification for further expenditure for some years to come. In future years we assume that, under commercial management, new capital will not be spent, unless with the assurance that the resulting profits or economies will at least suffice to meet the interest.

We shall revert to the matter of receipts and expenditure when we come to discuss the budget estimate for the year commencing April, 1924.

Meanwhile it may be useful to approach the subject from another point of view.

One milliard is less than 4 per cent on the railway capital of 26 milliards. If we deduct the transport tax, which certainly does not exceed in amount the taxation levied on railways in other countries, the German railways are only required to earn a fraction over 3 per cent on their capital. And, as already stated, we have no reason to think that the German railways are overcapitalized; 3 per cent can hardly be regarded as an excessive rate of interest.

In England the rates tribunal is required by statute to permit the railways, provided that their management is efficient and economical, to charge rates adequate to produce a net income of, roundly, 1 milliard gold marks on a capital somewhat less than that of the German railways. In America, the Interstate Commerce Commission, also acting under statutory authority, has decided that $5\frac{3}{4}$ per cent is a reasonable return on railway capital and has authorized rates regarded as sufficient to produce this return.

If the German railways are required to pay very little more than 3 per cent for reparations, they ought, under efficient and economical commercial management, to earn a substantial surplus over and above, which can be applied in relief of the general taxation of the country. At the same time, it should be understood that the profits on railways, like those of other commercial undertakings, vary from year to year. There are good times and bad times. The milliard which we have assumed as a reasonable return must be regarded as an average one year with another.

As we have already said, the full net revenue will not be attained from the outset. A period of some years will probably need to elapse, for the German traffic has been seriously affected by the occupation of the Rhine-Ruhr railways.

Time will be needed after the railways have been reorganized as a united system to bring the new system into work and to reestablish completely the old traffic. And this reorganization will mean expenditure. Further, the necessary reform of the management will take time to carry out and will not produce its full effect at once.

For all these reasons and naturally without committing ourselves to mathematical accuracy we think it reasonable to estimate that the net revenue apart from the transport tax, and after providing for building up of an adequate reserve, will increase as follows:

	Gold marks.
First year	400, 000, 000
Second year	550, 000, 000
Third and fourth years	700, 000, 000–750, 000, 000
Fifth and subsequent years	800, 000, 000

Measures to obtain results

It is evident, in the first place, that the railways in common with every other German undertaking can only give satisfactory results if the currency is stabilized and political and social tranquillity prevails.

As for the measures to be taken to obtain the results indicated above we may repeat: The railways must be worked as a commercial enterprise—that is to say, with the determination, on the one hand, so to fix rates as to produce all the receipts that can be obtained, and, on the other hand, to reduce the expenditure to a minimum. The management of the German railways has hitherto been far from working to this standard. We shall show later that since the war the tariffs, both for passenger and freight, have been kept too low, with the object of encouraging industry and commerce, and especially of favoring German export. The tariffs are still regarded as they were before the war, primarily as a weapon in the hands of German trade, and only secondarily as a source of railway revenue.

On the other hand, the expenditure on rolling stock and works of every kind has been extravagant since the war, and the staff employed is at the same time much too large and badly paid.

It is, therefore, indispensable to make a radical change in the policy followed by the railways hitherto. But we do not believe that any German management will have the strength necessary to fight successfully against the traditional mental attitude unless there is behind it the constant pressure of an expert control, established and maintained in the interests of the Allies, to supervise the management in the matter both of tariffs and of expenditure.

We shall deal later with the question of the control in greater detail.

Further, we regard a complete change in the organization as essential. We think that the recent establishment of a separate undertaking, with a separate budget and with a certain measure of independence, though it is a move in the right direction, does not go far enough. The undertaking, though separate, still remains a Government undertaking. In our judgment it is necessary to go further and, while leaving to Germany the ownership of the railways, to intrust the management for a period of years to a commercial company, which will be German, but with a board of directors containing representatives both of the shareholders and of the creditor allied powers.

What this period of years should be, how the company should be constituted, with what powers, and with what restrictions is a matter which we understand the committee itself will deal with. We need only urge that the company and its management must have adequate freedom in the matter both of tariffs and operation. And if we may vary the phrase of Doctor Sarter, we think that a commercially managed railway company ought to treat the attainment of an adequate net revenue as of primary importance, while at the same time having regard to the progressive development of the economic life of the country and being careful not to kill or even impair the productive capacity of the goose that lays the golden eggs.

Moreover, as we have already said, the financial result which we have mentioned can only be attained on condition that the entire German railways are either united in one system under a single management or divided in a reasonable manner into several systems working in harmony, with the same tariffs and under the same general regulations. If we had to contemplate separate systems wholly out of harmony with each other, the results obtained would certainly not correspond to our estimate of the net revenue obtainable.

Though that estimate assumes the existence of an undivided German railway system, it will of course be understood that, in making this assumption we do not express any opinion as to the course of action which the allied Governments may think it desirable to adopt or on the general question of military or economic guarantees for reparation and security.

Finally our estimate takes for granted that the railways will not be required to carry traffic for the Government or the community unless their services are paid for at a commercial rate. Hitherto the German railways have carried free for the post office not only mails but parcel traffic. The railways of Great Britain receive at the present time from the post-office payments for similar though smaller services amounting to more than 4,000,000 pounds sterling per annum. There are other instances of a similar kind, but of less importance with which it is not necessary to deal here.

FUTURE CAPITAL EXPENDITURE

We shall see later that the expenditure incurred since the war for new works, and especially for rolling stock has been very large. It has in our judgment gone much beyond the real needs of the railways.

For rolling stock alone there has been charged against the various budgets, a sum of more than 3 milliard gold marks, which has enabled the railways to acquire more than 18,000 new locomotives and more than 400,000 new carriages and wagons.

We think, therefore, that, broadly speaking, the capital account can be entirely closed for some years to come without any injury to the railways. But at the same time we must not fail to call attention to the statement of the German Government that the capital expenditure to be incurred in the year 1924 will amount to over 500,000,000 gold marks, and that to complete the program a further expenditure of 236,000,000 gold marks will be required in 1925. We think that this program ought to be examined in detail, and very drastically cut down.

Still, after a certain time it will no doubt be necessary to incur new expenditure in enlarging stations or building new lines. But as we have already said, a commercial administration will not embark on new capital expenditure unless it is evident that it will be directly reproductive. The cost can, therefore, be paid either directly, out of increased net revenue, or, if it is sufficiently important to justify this course, by loans charged on the increased revenue without trenching on the revenue pledged for reparations.

THE RAILWAY BUDGET—ORDINARY BUDGET

It seems desirable to examine the estimate for the ordinary budget for the financial year from April 1, 1924, to March 31, 1925—in German financial matters called the year 1924—which has been drawn up by the German administration.

It has been drawn upon the supposition that the Rhine-Westphalian Railways have been restored to German management. But even if and when this happens, it is probable that there will be confusion at the outset; a certain time must necessarily elapse before the normal working can be resumed and the ordinary currents of traffic restored; and further, certain exceptional expenses will have to be incurred which it is impossible to estimate exactly.

This budget is, therefore, somewhat theoretical, and may be considered as representing the results to be obtained in the year 1925 rather than in the year 1924. Subject to these reservations, we will proceed to summarize and examine it.

Ordinary budget including the Rhine-Westphalian Railways

I. EXPENSES

	Gold marks	Gold marks
Salaries and wages		1, 631, 007, 000
Cost of material:		
Supplies and consumable stores	545, 000, 000	
Maintenance of way and works	294, 480, 000	
Maintenance and renewal of rolling stock and mechanical plant	394, 000, 000	
Other material costs	140, 513, 000	
Reserves	200, 000, 000	
Interest and repayment of debt	325, 000, 000	
		1, 898, 993, 000
Total		3, 530, 000, 000

II. RECEIPTS

Passenger traffic	850, 000, 000
Freight traffic	2, 700, 000, 000
Miscellaneous	130, 000, 000
Total	3, 680, 000, 000
Surplus	150, 000, 000

Receipts

The receipts for the budget in 1924 have been calculated by assuming a traffic somewhat greater than that in 1913, but less than that in 1921 and 1922, in which years the traffic was swelled by the activity of trade due to the fall of the mark.

The figures are as follows:

	Actual in 1913	Estimate for 1924
Passenger kilometers	35, 122, 000, 000	40, 000, 000, 000
Ton kilometers	57, 251, 000, 000	60, 000, 000, 000

The passenger receipts have been calculated on the basis of the tariffs which were in force at the time when the budget was framed. Later on, when we come to deal with tariffs, we shall point out that the third and fourth class fares were too low, and that the first-class fares which affect only a trifling number of passengers, were too high. Since March 1 the third and fourth class fares have been increased by 36 per cent, and the first-class fares have been slightly reduced. We may assume that the result will be an increase in passenger receipts of 30 per cent, which will raise the budget estimate of 850,000,000 to roughly 1,100,000,000 marks.

The freight receipts have been calculated on the basis of an average charge of 4.5 gold pfennigs per ton kilometer. The tariffs in force last February, at the time of our visit to Berlin, gave a higher average receipt per ton kilometer of 5.5 gold pfennigs. But a general reduction of 10 per cent was made on March 1, and others are in contemplation with the special object of encouraging national trade and industry. As we shall explain later, these reductions do not seem to us justified under present conditions. If rates were maintained at a reasonable level, we may assume that the freight receipts would be about 10 per cent above the budget estimate of 2,700,000,000 marks; that is, they would amount to 2,970,000,000 marks.

The receipts side of the budget would then be as follows:

	Gold marks
Passenger traffic	1, 100, 000, 000
Freight traffic	2, 970, 000, 000
Miscellaneous	130, 000, 000
Total	4, 200, 000, 000

Expenses

As for the estimate of expenses for 1924, it is to be noted that the expenditure for staff, 1,631,007,000 gold marks, represents about 54 per cent of the actual working expenditure of 3,005,000,000 gold marks. If we exclude interest and repayment of debt and reserve, neither of which are properly included in working expenses, this proportion is much the same as that on the railways of the adjacent countries. We pointed out in previous notes that the staff was unreasonably large. In 1919 there were 1,121,111 permanent staff and workmen employed; at the end of 1923 the number was still very nearly one million. They must have been extraordinarily badly paid, for the percentage of the wage bill to the total expenditure was reduced in the budgets of 1922 and 1923 to 29 per cent and 20 per cent, respectively, a figure absolutely abnormal.

The expenditure for 1924 has been calculated on the basis of a staff reduced to 793,000, although on the 1st of January the number was still 936,800. A very drastic reduction is therefore, implied, and is in fact being carried through at this moment. But there will be no saving in money. Increase of wages will more than counterbalance the decrease in the number of staff, for an increase of salaries and wages amounting to 18 per cent on the average is budgeted for. A table of the variations in the average payment per employee per annum in gold marks is given below:

	Year 1914	February 1924	Budget estimate for 1924
Permanent staff	2,352	1,634	1,972
Workmen	1,331	1,060	1,338
Average	1,718	1,293	1,595
Percentage of pre-war average	100	75	93

We feel bound to say that the increase proposed is entirely reasonable. The remuneration of the staff, especially in the upper and middle ranks, is quite inadequate, and, if good work is expected, it must be paid at its market rate.

A reserve of 200,000,000 marks has been included to provide for contingencies, a course which we can not other than approve.

The total expenses for the year 1924, including this reserve and interest and repayment of debt, to which we shall refer later, are set down in the budget as 3,530,000,000 gold marks. With the tariffs on the basis which we have taken above, the receipts will be 4,200,000,000 gold marks. This would give a surplus of 670,000,000 gold marks. This surplus would be net profit because the reserve of 200,000,000 and 325,000,000 gold marks for interest and repayment of the new debt has been included in the expenses.

Further, it is to be remembered that the transport tax represents in effect a further net profit from the railways. If we reckoned this tax at 10 per cent on the passenger receipts and at 7 per cent on the receipts from freight other than coal, we should obtain for 1924 a figure of 276,000,000 gold marks.

The total net income of the railways would then be 670+276=946,000,000 marks, which is very close to the milliard which we have suggested is attainable within a few years.

But as we have said already, these results are applicable to the entire German railways worked as a single system including the Rhine-Westphalian lines, under normal conditions. Certainly they will not be obtained in the year 1924, though they should be obtained very shortly thereafter.

Interest and repayment of debt

The sum of 325,000,000 set down in the budget for interest and repayment of debt during the year 1924 is divided into:

	Gold marks
Interest	99,000,000
Repayment	225,000,000
Cost of administration	1,000,000
	325,000,000

This debt represents liabilities recently incurred, for the old debt has practically disappeared. The total amount of the current debt is 312,000,000 marks. Particulars are given, in the reply of the Government to questions asked by the committee. There are short-term loans, overdue accounts, bills of exchange maturing, advances made by the ministry of finance or by the Reichsbank, and emergency currency issued by the railways which has to be redeemed. The interest charge for these debts is quite large. In certain cases we are told that interest is running at the rate of one-tenth of 1 per cent per diem, that is 36 per cent per annum. Evidently debts of this kind should be paid off as soon as possible.

In addition to these current debts amounting to 312,000,000, it is estimated that further debt will need to be incurred as follows:

	Gold marks
Commitments for extraordinary expenses up to March 31, 1924	110,000,000
For the expenditure of the extraordinary budget during the financial year 1924	387,000,000
For expenditure which will be necessary when the Rhine-Westphalian railways are handed back	200,000,000
Total	697,000,000
Add debt already incurred	312,000,000
Total debt, actual and anticipated	1,009,000,000

As we have said, the ordinary budget for 1924 provides an amount of 225,000,000 marks for repayment of debt. But it is evident that these expenditures charged on the extraordinary budget tend to increase rapidly, and it is therefore necessary to cut down the extraordinary budget. To this question we now turn.

THE EXTRAORDINARY BUDGET

A budget of extraordinary expenditure has been drawn up for the interim period from November 15, 1923, to March 31, 1924. It covered originally an expenditure of 220,000,000, but was subsequently reduced to 170,000,000 marks, divided as follows:

	Gold marks
Chapter I—	
Dwellings	8,000,000
Additional rolling stock	77,000,000
Kunze Knorr brake	3,000,000
Miscellaneous	15,000,000
Chapter II—	
Doubling of road	6,000,000
Electrification	6,000,000
Stations	32,000,000
Repair shops	13,000,000
Miscellaneous	10,000,000
Total	170,000,000

These expenses are to be covered partly by credits already available, and partly by new credits to an amount of 110,000,000.

The ministry has also furnished us with a statement of other extraordinary expenses which in their judgment are still necessary for the financial year 1924. We summarize them as follows:

	Gold marks
Chapter I—	
Dwellings	15,000,000
Additional rolling stock	110,000,000
Electric rolling stock	20,000,000
Kunze Knorr brake	28,000,000
Miscellaneous	40,000,000
Chapter II—	
New tracks	10,000,000
Doubling of road	13,000,000
Electrification	10,000,000
Stations	94,000,000
Repair shops	36,000,000
Miscellaneous	11,000,000
Total	387,000,000

In addition to this expenditure of 387,000,000 marks in 1924, it is estimated that a further sum of 236,000,000 will subsequently be required merely to complete works already begun. This represents the final state of a program amounting altogether to 1,610,000,000 marks.

This estimated expenditure, which will have to be covered by loans, has, so we are told, already been reduced to an absolute minimum. All the same, we think it ought to be reexamined point by point in order to stop or at least postpone work not absolutely necessary, except where it has been carried to such a point that it had better be completed.

The works and the rolling stock of the German railways were very fully adequate before the war. Since the war no money has been spared to enlarge works and buildings and to renew and even increase the rolling stock to an extent which will make it impossible to justify any new expenditure of this nature for some years to come. We give below particulars as to the rolling stock which bear out this statement.

ROLLING STOCK

Below is a comparison based on figures furnished to us in Berlin, of the German railway rolling stock before the war and in 1924. We have ignored electric locomotives and motor cars:

	Steam locomotives	Carriages	Wagons
End of 1913	27,940	62,050	657,150
January, 1924	29,966	67,800	723,100

Further rolling stock ordered last year from private firms and not yet delivered amounts to 884 locomotives, 1,453 carriages, 25,653 wagons. Delivery of this stock was due by the beginning of May, but has been delayed owing to the occupation of the Rhur. It is not now expected to be complete till the end of the year.

These figures show that the whole of the rolling stock handed over, either at the Armistice or together with the territory ceded under the treaty of peace, has been replaced by new. Old and out-of-date rolling stock, which could only be replaced to a very small extent during the war, has been written off and replaced since 1920, and a considerable quantity of additional rolling stock has been built.

It is worth while producing a table showing the locomotives written off and replaced for each of the last 11 years:

	Locomotives written off
1913	600
1914	379
1915	253
1916	237
1917	220
1918	167
1919	191
1920	690
1921	1,849
1922	1,585
1923	1,500
Total	7,671

The same thing has happened with carriages and wagons. We give a table showing the new rolling stock acquired since 1914:

	Steam locomotives	Carriages	Wagons
Delivered:			
1914-1918	8,859	11,832	181,196
1919-1923	8,506	12,313	246,388
Ordered but not yet delivered	884	1,453	25,653
	18,249	25,598	453,237

The result is that 18,249 locomotives and 478,835 carriages and wagons, two-thirds of the entire stock, have been built within the last 10 years, and that accordingly the rolling stock of the German railways is much superior to that which they possessed in 1914.

Replacement of rolling stock on this colossal scale has necessarily entailed enormous expenditure. We are unable to give the actual cost, for it is spread over various budgets.

The figures which have been given to us show an expenditure, up to the end of 1922 only, of 2,267,774,488 marks.

This figure does not include the cost of replacing the rolling stock handed over to the allied powers in 1919, 1920, and 1921, which was paid for by special credit granted by the ministry of finance, amounting when reduced to gold marks to 739,347,006.

The replacement of rolling stock written off is charged against the ordinary railway budget. Additions to rolling stock are charged against the extraordinary railway budget.

From November 15, 1923, to April 1, 1924, rolling stock to an amount of 150,000,000 gold marks will be so charged.

A further expenditure of 50,000,000 marks in the ordinary budget and of 110,000,000 marks in the extraordinary budget is proposed for the year 1924.

KUNZE KNORR CONTINUOUS BRAKE

The application of the Kunze Knorr continuous brake to freight trains has also implied large expenditure. It was decided in 1918, while the war was still going on, to adopt this policy in order to release a large number of brakesmen and to make possible an increase of speed of freight trains, more especially of military trains. This policy has been energetically pursued since the war; on the one hand, all the new wagons ordered have been fitted with continuous brakes, and on the other hand, the equipment of the old stock has been pushed on.

The entire program is expected to be completed by April 1, 1925. The total expenditure will amount to 400,000,000 marks, of which 117,000,000 still remain to be paid. But it should be said that the Kunze Knorr Company has agreed to spread the payment over a period terminating only on October 1, 1926.

TARIFFS

Freight.—A study of the freight tariffs of any country at any time involves prolonged investigation of a vast mass of bewildering detail. To present in brief outline the broad general effect is almost impossible. Certainly the short time available has not made the task possible for us. In Germany its difficulty is increased by various special circumstances.

In 1921 the whole basis of the freight tariffs was altered by the abandonment for a large part of the traffic of flat mileage rates, and the substitution therefor of Stafeltarife, that is, rates under which the charge per mile decreases as the mileage increases. Simultaneously, most of the exceptional tariffs, under which the bulk of the traffic had hitherto passed, were withdrawn. Many of them have since been restored in a modified form. And this is only the railway side of the difficulty.

The currency question complicates the whole story. Tariff advances were at the outset made in the shape of percentage increases of existing rates. Then came a period when an index figure was adopted with a varying multiplicator. Finally in November, 1923, the tariffs were calculated on a gold basis. The result, as we are informed, was that the freight tariffs were found to be on a level so high in comparison with the capacity of the traffic to bear the rates, that reductions on a large scale became absolutely necessary.

We are far from satisfied that this was or is the case. We feel convinced that further investigation would support our general conclusions that the freight rates have been, and are proposed to be reduced in a manner and to an extent which can not be justified from the railway point of view, and that this has resulted from the training and mental attitude of the officials, who have been brought up to share the views expressed in the quotation from Doctor Sarter which we have given above.

At the same time we feel it necessary to utter a note of warning. Our conclusion that freight tariffs might be a good deal higher than the German officials think they can profitably be is based mainly on the average receipts per ton-kilometer to-day as compared with the pre-war figures. We are told that these figures give a misleading impression of present-day facts, and numerous comparisons of certain important rates and classes of rates, pre-war and post-war have been submitted to us, which would, if typical, put a different complexion on the matter. In spite of these tables we still adhere to the opinion we have expressed. But the committee will appreciate that what we have said is only an expression of opinion, and can not claim to be a considered judgment based on fully ascertained statistical facts.

We have found it impossible to satisfy ourselves how high the present German freight tariffs really are. The earliest documents submitted to us stated that the freight tariffs might be assumed to be double the pre-war tariffs. The facts do not seem to us to bear out this statement. Before the war the freight charge per ton-kilometer averaged 3.36 gold pfennigs. It is estimated by the officials that in November, 1923, at the moment when the gold mark was substituted for paper marks of indefinite value as the medium of payment for railway services, the average rate was double the pre-war. In other words, according to the official estimate, the average rate in November, 1923, should have been 6.72 pfennigs per ton-kilometer. But this in no more than an estimate, and we doubt its accuracy.

From this date there began a process which is still continuing of repeated and important reduction of rates regarded as excessive. There is statistical ground for believing that in the early part of January, 1924, the average rate was 5.89 pfennigs, an advance, that is, not of 100 per cent but of 75 per cent above the pre-war average. On January 20 a number of important reductions came into force, and the estimate based on such statistics as were available, was in the middle of February that the then average rate was 5.55 pfennigs, an advance on pre-war rates of 65 per cent. The reductions are, however, still going on, and some of them are of great importance. On March 1 an all round reduction of 10 per cent was made on a large part of the traffic.

The budget estimate of freight traffic receipts is made on the assumption that the average freight rate during the year will have been brought down to not more than 4.50 gold pfennigs, which is equivalent to an advance over the pre-war tariffs of only 33 per cent. No doubt this estimate errs, as was intended, on the side of caution.

On this policy we will make two observations. Taken as a whole, we have difficulty in believing that all particular reductions made and proposed can be justified. Even assuming that in certain cases reductions have been and are desirable in the interest of the railways, we feel convinced that reductions are being conceded which need not be made, and that at least in some cases the percentage of reduction is unnecessarily large. We have learned that exceptional tariffs involving great reductions, both for import of raw materials and for export of German produce, are being very freely introduced. The import rates for jute have been reduced by 25 per cent, for raw cotton and raw wool by 50 per cent. A reduction of the rate for miscellaneous wares exported by sea, amounting to 30 per cent, is on the point of coming into force, and a reduction of 30 per cent to 40 per cent in the rates for steel and iron exported by sea is contemplated.

There is a point in connection with the freight tariffs and freight revenues which, though the precise facts are obscure, is of considerable importance. The budget estimate for 1924 assumes, apparently with good reason, that the ton-kilometers to be carried in 1924 will be roughly equal to those of 1913. But conditions have greatly changed in the interval. The number of tons carried has fallen apparently by about 20 per cent, while the distance the average ton travels has increased in corresponding ratio. The German officials adduce three main causes for the increase in the average length of haul:

1. The introduction in 1921 of Stafeltarife.
2. Changes in the previous currents of traffic consequent on the war and the establishment of new political frontiers.
3. Diversion of traffic in consequence of the occupation of the Rhine-Ruhr territory.

The effect of (1) will be permanent; the effect of (2) will probably diminish with time; the effect of (3) will presumably be only temporary. We can not estimate what proportion of the ascertained results has been due to these three causes respectively. But it is clear that, if in future years the tonnage does not increase, while the average length of haul goes back to anything approaching the pre-war figure, the effect on the railway revenue will be quite serious.

Before we leave the question of freight tariffs, we desire to make one observation. We have admitted that the facts are obscure; that our investigations have not been and could not be pushed very far. We have acknowledged that we have hesitated as to certain conclusions. It may well be that, where we have expressed a definite opinion, time will prove the opinion wrong.

All this we have had in mind; it does not affect the thing which from the point of view of the committee is the really important matter, that we retain the conviction that the German railways can and should produce a net revenue of one milliard gold marks per annum available for reparation. Our forecast may well prove erroneous on certain points, too optimistic in one direction, too pessimistic in others. But our estimate is based on broader grounds than tariff details and to it we adhere.

Passenger tariffs.—The German railways have nominally four classes of passengers, but first-class carriages are not run on local trains and fourth-class carriages are not run on express trains. The fares before the war were, respectively, at 7 pfennigs, 4.5 pfennigs, 3 pfennigs, and 2 pfennigs per kilometer. In April, 1917, the transport tax, amounting to 16 per cent, 14 per cent, 12 per cent, and 10 per cent on the gross receipts from the four classes, respectively, was introduced.

In spite of the tax, which is estimated to amount for 1924 to 85,000,000 gold marks, the railway management did not raise fares till September, 1923. At this date the fares were increased, including tax, to 19.6 pfennigs, 9.9 pfennigs, 3.3 pfennigs, and 2.2 pfennigs per kilometer for the four classes, respectively. Therefore, the third and fourth class fares were only increased by the amount of the tax, while the first and second class fares were more than doubled. The result of fares so obviously out of proportion was to empty the higher classes. Accordingly in December last the first and second class fares were reduced by one-third. But even then the first-class fare was four times the third class and six times the fourth class. Naturally the first class was absolutely empty, being used by 7 passengers out of 10,000, while 7 passengers out of 100 traveled second class. A good deal more than half the passengers travel in the fourth class and a good deal more than one-third in the third class. Seeing that a third-class passenger could till a few weeks ago travel 30 kilometers and a fourth-class passenger 45 for 1 gold mark with an ordinary ticket, and that more than half the total number of passengers in fact travel with season tickets issued at a rate roughly one-half of the ordinary rate—could travel, that is, respectively 60 and 90 kilometers for 1 mark—it is not surprising to find it admitted that the rates for passenger traffic have been quite insufficient to cover the working expenses. At length, as from the 1st of March, while the first-class fares have been further reduced to a level which may possibly secure a few additional first-class passengers, the third and fourth class fares have been increased by 36 per cent. The fares of the four classes are now 9 pfennigs, 6 pfennigs, 4.5 pfennigs, and 3 pfennigs per kilometer and the ratio between the classes is less unreasonable than hitherto.

We can hardly think that these new fares will be unduly burdensome to the German public, seeing that the German third-class fares per kilometer will still be only half the corresponding fare either in England or in the United States. But the public have so long been accustomed to be carried at noncommercial rates that we think some falling off of traffic is to be expected, at least at the outset. We have accordingly estimated that a 36 per cent increase in fare will only produce a 30 per cent increase in receipts.

FUTURE CONTROL—THE RAILWAY COMMISSIONER

It is evident from the facts and figures set out above that the German Government has since the war run the railways in a manner which can not be defended. On the receipts side it has failed to raise the revenue which might have been and ought to have been raised. On the expenditure side it has spent capital not merely on restoring the pre-war situation, but on betterments of all kinds which under the existing conditions can not be justified. The railways have not merely been restored to their pre-war state of efficiency, but have been brought up to a much higher standard, a standard which to the best of our knowledge is superior to that of any other country. We are given to understand that even inside the ministry itself this policy has been severely criticised. The excuse is that the pressure on the one hand of the great manufacturers to keep their works going and to avoid a wholesale dismissal of employees, which might lead to revolts or even revolution, was too strong to be resisted; while on the other side, the poverty of the mass of the population was so great that the Government was compelled to maintain railway rates at a low level. Whatever may have been the reason, there can be no doubt of the facts.

Our own view is that, while the reasons above had considerable weight, the action taken was by no means wholly due to external pressure. The officials in the tariff section of the ministry were, as we have repeatedly said, only too ready to subordinate railway interests to nonrailway circumstances. And the executive officers, whether charged with engineering or traffic management, were afflicted with what it is not too strong to describe as megalomania. They regarded it as due to the dignity of the German Reich that buildings should be magnificent, that railway plant should be up to a very high standard, that such and such services should be given, and so on. They had never been taught the commercial necessity of cutting their coat according to their cloth.

Now the mere transference of the railways from State to company management will not of itself alter this mental attitude. A large part of the board will be German; the general manager will be German; and his responsible officials will be the same men who have inspired and carried out the railway policy of the past. We think it therefore essential that a railway commissioner should be appointed by and on behalf of the Allies to supervise and, if it should hereafter become necessary, to control in their interest the German management. We will, therefore, in concluding this report, deal with what in our opinion should be the functions of the railway commissioner and the organization of his staff.

THE RAILWAY COMMISSIONER

The railway commissioner must be a person who is acknowledged in the railway world as being in the first rank. It must be left for him, when appointed, to say what assistance he needs, in order to be able to assume responsibility for control of all branches of railway management. It will be his duty also to consider how far it is necessary to have local representatives in any or each of the districts into which the German railway system may hereafter be divided.

We assume that when appointed he will produce to the board an outline of the organization and the staff that he regards as necessary, and it will be for the board to approve his scheme. He must have the right to receive, of course, all reports, statistical and financial returns, proposals for extra-routine expenditure, whether on capital or revenue account, for changes in tariffs or for the concession of exceptional rates and the like, when they are of such importance as would normally require the sanction of the general manager. He must also have the right to call for any further reports, returns, and statistics, as he may think necessary, in order to enable him to form an independent judgment.

Being in possession of full and up-to-date information as to everything that is happening or is proposed, his first duty will be to decide whether to approve or disapprove. If he disapproves, or even hesitates to approve, he will discuss the matter with the general manager. He may be of opinion that things are going wrong, or that a course of action inconsistent with the railways being able to earn a financial return is likely to be adopted. In such a case it will be his duty, if he fails to induce the general manager to modify his policy, to bring the matter to the attention of the board in order that they may be in a position to take such action as they think fit. It is to be hoped that, if the right man is appointed to the post, he will be able to work in entire harmony with the general manager; and that the general manager, so far from resenting his interference, will welcome his support in putting a stop on the one hand to unnecessary expenditure, and in enforcing on the other hand the establishment and the maintenance of tariffs proper and adequate to secure for the railways as much net revenue as can reasonably be obtained without unduly hampering the trade of the country.

A second function of the commissioner will naturally be to make for the foreign members of the board reports on any points which they may regard as of serious importance. We may suggest the reasonableness of the greatly reduced German export tariffs as a sample of this class of question. It is clear that the Allied Nations have a right to claim that the net revenue of the German railways should not be reduced in order to give to German manufactures an unreasonable advantage in overseas markets.

It does not seem necessary to discuss in detail what would be the position of the commissioner if the German railways failed to yield the net revenue fixed as reasonable for reparation purposes. We assume that, broadly speaking, in this case the commissioner general will take over the functions of the general manager, and that, in lieu of discussing with the general manager or recommending to the board of directors, he would be empowered to issue positive orders, whether for stopping expenditure which he considered unjustifiable or for an increase which he considered reasonable in existing tariffs. It is evident that it would be necessary to require the German Government to agree in advance that, if payment on the agreed scale failed to be reached or even if there was serious danger that this failure would occur in the immediate future, the commissioner, as the representative of the Allies, should be entitled to enter into full control.

W. M. Acworth.
G. Leverve.

ANNEX NO. 4 TO THE REPORT OF THE FIRST COMMITTEE OF EXPERTS

Concession of the Working of the Railways to a Company

CONCESSION OF THE WORKING OF THE RAILWAYS

The working of the Germany railways shall be legally transferred to a company by a fixed date. The law will ratify the contract to be entered into between the German Government and the company to which the concession is made. The contract will provide that no change can be made in the conditions of the concession without the consent of the company and the trustee for the bondholders referred to below.

The law will further provide that the company shall have a monopoly of all railway extension in Germany.

The charter of the company will be annexed to and approved by this law. Before being submitted to the German Parliament the law will have to be approved by the Reparation Commission.

The conditions under which the working of the German railway system will be transferred to the company by this law shall be as set forth below.

The company will be of German nationality.

The company shall be responsible for the working, upkeep, and normal development of the railways, including rolling stock and equipment, and will be entitled, subject to the provisions hereinafter contained as to the powers of the German Government and the railway commissioner, to conduct its business in such manner as the company may think proper.

The German Government shall have such control over the tariffs and service of the railways as may be necessary to prevent discrimination and to protect the public, but such control shall never be exercised so as to impair the ability of the railroad company to earn a fair and reasonable return on its capital value, including adequate provision for its bonds and preferred shares, a return on its ordinary shares, and adequate reserves for all purposes including amortization of capital. The plan to accomplish the foregoing shall be worked out by the organization committee hereinafter referred to.

The company shall as from the commencement of the concession be entitled to charge the tariffs then in force. Thereafter the company shall be entitled to vary the tariffs or any of them from time to time, subject to the provisions of articles 365 and 378 of the treaty of Versailles.

It shall be the duty of the organization committee to settle the manner in which, subject always to the preceding provision, the control of the German Government over the service and the tariffs shall be exercised.

The term of the concession shall be at least of sufficient length to allow of the amortization of the bonds according to the provisions hereinafter contained. On the expiration of the concession, the company shall return to the German Government free from all charge, the whole of the railway undertaking, including all rolling stock and equipment, in thoroughly good and complete working order.

As the consent of the German States is necessary under the German law of 1920 for any alienation of or charge upon the German railways, the German Government shall make in this respect all necessary arrangements with the States concerned. These arrangements shall be ratified by the law granting the concession.

This law shall confer upon the company the right to mortgage any property belonging to the railways.

It shall also contain an undertaking that neither the Reich nor the States nor any public authority shall impose on the railway company any new direct tax, whether upon receipts either gross or net, or upon movable or immovable property or in respect of the employees of the company or otherwise howsoever.

THE RAILWAY COMPANY

ARTICLE I.—Capital of the company

The total capital which will be created, added to the first mortgage bonds for 11 milliard marks gold referred to below, will correspond to the capital cost of the German railway system (26 milliard marks gold).

Preference shares will be created to the amount of 2 milliard gold marks, bearing a fixed rate of dividend and entitled to participation in the profits of the railways, after payment of the annual payments mentioned below. This dividend and this participation, as also the terms on which the German Government may pay off or repurchase these shares, will be fixed by agreement between the German Government and the organization committee described below.

These preference shares will be sold by the company for the profit of the German Government and of the company itself, one-fourth of the sum thus obtained will be the property of the German Government and three-fourths the property of the company. The sales of shares will be made under such conditions that the German Government will receive the whole sum due to it within two years. If the German Government so requires, the proceeds of the first sale of shares may be reserved for its use.

The balance of the capital cost of the German railway system (viz, 13 milliard gold marks) will be represented by ordinary shares, to be owned by the German Government and to be kept or sold by it as it prefers.

ARTICLE II.—Administration and management

The company will be administered by a board of directors of at least 18 members, who shall all be business men of experience or railway experts. Half of these will be appointed by the German Government and half by the trustee referred to below.

As soon as preference shares are issued to the public, the holders of these shares shall be entitled to elect four members of the board in place of four members appointed by the German Government.

The organization committee will also fix the duration of the terms of office of the directors of each class.

Of the nine members of the board of directors appointed by the trustee, five may be German nationals.

The chairman of the board will be elected for one year by a three-fourths majority of the members of the board and will be eligible for reelection as long as he possesses the necessary qualifications.

As soon as the preference shareholders shall elect directors, the chairman shall be chosen from the directors so elected.

He will in addition to his vote as a member of the board, have a second or casting vote.

The general manager of the company shall be of German nationality.

He will not be eligible for a seat on the board. He will be appointed by a three-fourth majority vote of the board.

He may be removed by the same majority. If, however, his removal is requested by the commissioner (provided for in Article III below) on account of violation of the charter of the company or of failure to comply with the instructions of the board of directors, he may be removed by a simple majority vote of the board.

Whatever decisions may be taken with regard to the operation of the railways, it must be understood that any breaking up of the working of the system into local divisions must not in any event affect the financial and tariff unity of the undertaking.

ARTICLE III.—Commissioner

The railway commissioner shall be a person accepted in the railway world as being in the front rank.

He shall be appointed by a majority vote of the foreign members of the board of directors.

He shall not be a member of the board.

He will have an adequate staff of experts in railway matters and in accountancy.

The commissioner will have a general right of inspection over the whole railway system and all the railway installations and subdivisions, either in person by deputy.

He shall also be entitled to receive all reports, statistical and financial returns, proposals for extra-routine expenditure whether on "capital" or "revenue" account, for changes in tariffs or for the concession of exceptional rates, and the like, which are of such a nature as would normally require the sanction of the general manager.

The railway commissioner will further be entitled to call for any other reports, returns, or statistics which he may consider necessary in order to enable him to form an independent opinion. All this information shall be furnished promptly, fully, and accurately at his request. If any measure in connection with construction, operation, or tariffs tends substantially to menace the rights or interests of the bondholders or of the Reparation Commission, as defined below, and in particular to endanger the payment at the due dates, referred to in Article V below, he shall discuss the question with the general manager. If he can not persuade the latter to change his line of conduct, he must lay the question before the managing board, in order that it may take any measures it may deem necessary.

If the service of the bonds hereinafter mentioned is in jeopardy, the commissioner shall have regard to the provisions for the security of the bondholders hereinafter contained.

The expenses of the railway commissioner and his staff shall be an operating charge upon the receipts of the railways.

ARTICLE IV.—Bonds

The company shall forthwith, after its creation, issue without payment and for the purpose of reparation, to a trustee appointed by the Reparation Commission, first mortgage bonds to a nominal amount of 11 milliard gold marks carrying interest at 3 per cent per annum for the first financial year of the company, at 4 per cent plus a bonus of 25,000,000 for the second, 5 per cent for the third and subsequent years, and to be amortized by a sinking fund as hereinafter provided.

Payment of these bonds shall be guaranteed by the German Government and they shall be signed both on behalf of the company and by the finance minister acting on behalf of the German Government.

These bonds shall be secured by a first registered mortgage or charge on the corpus and revenues of all immovable property used by or belonging to the company present or future, and by a first floating charge on all its fixed and movable plant, rolling stock and all installations. The company shall be authorized by the concession to create this mortgage and charge, the duration of which shall not be limited to the period of the concession.

This mortgage and this first floating charge shall be expressed to be in favor of the trustee to be appointed by the Reparation Commission, provided always that the company and the German Government shall be entitled at any time, with the consent of the trustee, to sell or dispose of any particular property used by the railway company which may be considered to be no longer needed by the latter, upon such terms as to the application of the proceeds of the sale as may be agreed upon by the trustee.

The service of the bonds shall be assured by the following payments which shall be made to the trustee from the gross receipts of the company and before the ascertainment of any net profits; that is to say:

	Gold marks
For the first financial year of the company	350,000,000
For the second financial year	465,000,000
For the third financial year	550,000,000
For the fourth and subsequent financial years	660,000,000

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If in any year the German railways fail to realize receipts sufficient to allow of the payments above mentioned (it being understood that the company may draw upon whatever reserves may be available for this purpose until such reserves are exhausted), the railway commissioner shall have the right to take such action as the trustee for the bondholders may consider is necessary to protect the rights of the bondholders, including the right to operate, to lease, or to sell all or any of the railways and property subject to the mortgage or charge of the bonds.

From and after the end of the fourth year from the date of the formation of the company, the bonds shall be amortized, under the conditions to be determined by the trustee with the approval of the Reparation Commission, by the application in each year of such part of the annual payments above mentioned as shall not be required for the interest on the bonds.

The German Government and the company shall also be entitled at any time to pay to the trustee sums additional to the above payments with the authorization of the Reparation Commission which shall ascertain from the transfer committee that the transfer of these additional funds does not disturb the transfer of the annual payments. Any sums so paid shall be applied first to the discharge of any interest in arrear and next upon six months' public notice in redeeming at par all or any part of the bonds for the time being outstanding.

The Reparation Commission shall be entitled, with a view to the mobilization of the bonds, to divide the same in any manner which it may think expedient into different classes with different rights—as to priority of charge, rate of interest, repayment of capital, and otherwise—against the annual payments to be made by the company, and to issue to the public, upon such terms and generally in such manner as the commission may think proper, bonds, debentures, debenture stock, certificates of indebtedness or other securities of any nature secured upon the whole or any part of the bonds.

The company shall not be able to issue other bonds than those referred to above without the authorization of a three-fourths majority of the members of the board, of which majority two must be foreigners.

All payments of interest and capital in respect of the bonds shall be free from all German taxation, except in so far as the persons entitled thereto may be liable under German law to the payment of German direct taxation.

Subject as herein provided, the form of the said bonds and all provisions as to the enforcement and repayment thereof, including drawings and giving time for payment, shall be settled by the trustee with the approval of the Reparation Commission.

ARTICLE V.—Enforcement of Government guarantees

If the company shall at any time make default in meeting the service of the bonds, the trustee may in lieu of or in addition to the measures mentioned in the last preceding article present the accrued coupons or any bonds due for repayment to the commissioner of controlled revenues who shall pay them at their face value out of the portion of the receipts of the assigned revenues falling to the share of the German Government. The coupons and bonds so paid shall be included at their face value in the repayments made by the commissioner of controlled revenues to the German Government. The amounts so paid may only be repaid by the company to the Government after the necessary provision has been made for the current and the next coupons on the bonds and for the fixed dividend for the current year on the preference shares.

ARTICLE VI.—Transportation tax

The company shall on behalf of the Government pay to the Reparation Commission the proceeds of the transportation tax as at present levied, i. e., a tax of 7 per cent on the gross receipts from all freight traffic other than coal, and a tax of 10 per cent to 16 per cent, according to class, on the gross receipts from all passenger traffic. This payment shall be made during the first and each of the following years of the concession and until the conclusion of any extension, even if in the course of the concession the whole of the bonds have been paid off.

The rate of the transportation tax shall not be reduced during the whole of the concession. The proceeds of the tax may be employed by the trustee to secure the issue of a special series of bonds for 3 milliard gold mark, or thereabouts.

ARTICLE VII.—Financial arrangements

The bank account shall be kept at the new bank. Payments by the company herein before prescribed shall be paid to the account of the railway commissioner. The latter shall transfer these sums to the credit of the agent for reparation payments.

ARTICLE VIII.—Anticipatory redemption of bonds

If all the first mortgage bonds should be redeemed before the expiration of the term of the concession by special subsidy by the German Government to the company, the Government shall be entitled to require that the functions of the railway commissioner hereinbefore mentioned shall come to an end and that the foreign directors shall be replaced by German directors. In default of other arrangements the transportation tax shall continue to be paid to the Reparation Commission.

The German Government shall in that case also have the right to purchase or repurchase the preference shares at par, plus dividend and arrears of dividend if accrued.

ARTICLE IX.—Organization committee

A temporary committee with the title of the "Organization committee of the German railway company" shall be constituted in order to work out, subject to the foregoing provisions, the details necessary for the creation of the German railway company and the execution of this plan. The committee shall consist of two delegates appointed by the German minister of railways, the railway specialists, Sir William Acworth and M. Leverve, who are familiar with the discussions which have led to the adoption of this scheme, or a nominee or nominees to be appointed by them jointly together with a fifth member of neutral nationality to be chosen by the four thus appointed or, in default of such choice, to be appointed by the Reparation Commission.

This organization committee will come to an end as soon as may be after the railway company has been constituted, the railway commissioner appointed and this plan has been put into operation. The expense of the committee and of their staff shall be an operating charge upon the receipts of the German railways.

ARTICLE X.—Arbitration

The law to be enacted by the German Parliament shall provide that so long as the functions of the railway commissioner hereinbefore mentioned shall not have come to an end, if any dispute or difference should arise between the Reparation Commission or any government represented thereon, on the one side, and the company and the German Government, or either of them, on the other side, or between the company and the German Government, as to the interpretation of any provision of the said law, or of the charter of the company, or of this plan, or as to anything to be done under any of them respectively, whether in respect of the capital and obligations of the company or of its external or internal management, or otherwise howsoever, the same shall be referred to the decision of an arbitrator who, if the German Government so desires, shall be of neutral nationality to be nominated by the president for the time being of the Permanent Court of International Justice, and the decision of the arbitrator so appointed shall be final.

ANNEX NO. 5 TO THE REPORT OF THE FIRST COMMITTEE OF EXPERTS

PLAN FOR INDUSTRIAL DEBENTURES

THE AMOUNT AND FORM

I. The German Government shall provide bonds or debentures of industrial concerns to a total nominal value of 5 milliards of gold marks, bearing 5 per cent interest and 1 per cent for sinking fund per annum. These bonds shall be the individual obligations of the several concerns and shall be secured as to principal, interest, and sinking fund payments by a first mortgage on the plant and property of the respective concerns making them.

The term "industrial concerns" shall include not only manufacturing concerns but navigation, mining, and any other similar concerns which the organization committee may indicate.

DELIVERY TO TRUSTEE

II. The mortgage bonds or debentures above provided for, with suitable coupons covering the interest payments, shall be delivered by the German Government to the trustee to be appointed by the Reparation Commission, who will hold them, collect the coupons thereon, paying the proceeds into the account of the agent for reparation payments, or dispose of them in whole or in part from time to time under the orders of the Reparation Commission. The debtor may make proposals to the trustee for their immediate or gradual redemption, and the committee recommends that the trustee be empowered to give preference to such proposals of redemption, and especially those of which the redemption would be effected by the use of foreign currencies, before offering such bonds in the open market or otherwise. In the event that no proposals of a satisfactory plan of redemption are made to the trustee by any individual maker of the bonds within six months after such bonds shall have been delivered to him by the German Government, then the trustee, in his discretion, but with due regard to the protection of the credit of the debtor, shall be free to dispose of the same in such manner and on such terms as the Reparation Commission may authorize.

GUARANTY BY GERMAN GOVERNMENT

III. The German Government shall guarantee the principal, interest, and sinking fund payments on such bonds; in consequence, in case of default the matured coupons can be presented to the commissioner of controlled revenues, who shall purchase them at their nominal value, by means of the funds under his control which are destined to be paid over to the German Government. The commissioner will include the coupons for their nominal value in the "reversements" to the German Government, which will have recourse against the defaulting debtor.

The German Government might, by means of subsidies, encourage the repurchase of the bonds by the mortgagors and thus free itself from its guaranty.

TAX-EXEMPTION PROVISION

IV. The said bonds and mortgages until redeemed shall be exempt from taxation in Germany, unless they shall be held by German nationals, in which case they shall be taxed like other similar bonds and mortgages so held by German nationals and without discrimination.

TEMPORARY ORGANIZATION COMMITTEE

V. A temporary organization committee shall be formed for the purpose of taking all necessary measures within the scope of the foregoing plan and for fixing the details of organization. This committee shall include a representative of the German Government, a representative of industry, two members appointed by the Reparation Commission and a fifth member of neutral nationality to be chosen by the four thus appointed, or in default of such choice to be appointed by the Reparation Commission.

POWERS OF THE ORGANIZATION COMMITTEE

VI. (*a*) The organization committee shall have all powers to work out the details of the plan in such form as may be fair alike to the German Government, to the industrial concerns and to the Reparation Commission, bearing in mind that it is the purpose and intent of the plan to insure for reparations account the payment of the 5 milliards of gold marks with interest thereon at 5 per cent per annum and a sinking fund of not less than 1 per cent thereon, which in and of itself will determine the maturity of the bonds.

(*b*) The organization committee shall have the power to determine the form and character of the mortgages, and, in case the concerns are too small to make individual mortgage issues practical and desirable, the committee shall have the power to devise some method of handling them, or may waive them altogether, provided the total sum of 5 milliards is maintained.

ANNEX NO. 6 TO THE REPORT OF THE FIRST COMMITTEE OF EXPERTS

THE TRANSFER OF REPARATION PAYMENTS FROM GERMAN CURRENCY INTO FOREIGN CURRENCY AND THE USE OF BALANCES NOT TRANSFERRED

TRANSFER COMMITTEE

I. The plan provides that all payments for the account of reparations, however derived, are to be first made in the form of deposits in the bank, provided for in the plan, to the credit of "The agent for reparation payments." The withdrawals from this deposit shall be made by the agent for reparation payments only, under the direction of a committee composed of five members known as "the transfer committee."

COMPOSITION AND SELECTION OF MEMBERS

II. The transfer committee shall be composed of six members; the agent for reparation payments shall be a member and the chairman; the other five members shall be persons qualified to deal with foreign-exchange questions. They shall consist of an American member, a French member, an English member, an Italian member, and a Belgian member. Each of them shall be appointed by the Reparation Commission, after the member of the general board of the bank of the same nationality has been consulted.

COOPERATION OF THE BANK

III. The committee will be in contact with the president and the commissioner of the bank.

POWERS OF THE COMMITTEE

IV. The committee shall have power, and it shall be its duty: (*a*) To apply such bank balances for payments for deliveries in kind and payments under the reparation recovery act, in accordance with the program established periodically by the Reparation Commission, after consultation with the transfer committee as to the character and amount of such deliveries.

(*b*) To convert these bank balances into foreign currencies from time to time and after conversion to remit them in accordance with the instructions of the Reparation Commission.

Both the foregoing powers (*a*) and (*b*) to be exercised to the extent to which, in the judgment of the committee, the foreign exchange market will permit, without threatening the stability of the German currency.

(*c*) To invest from time to time in bonds or other loans in Germany such amounts as the committee may deem wise. The committee shall proceed to make these investments as soon as the amount of the credits exceeds the sum which the bank will keep on deposit. On the other hand, the committee may sell the bonds which it has acquired or liquidate the loans which it has granted whenever in its opinion the sums may be converted into foreign exchange, or the bank can accept additional deposits.

RESTRICTION ON PURCHASE BY THE CREDITORS

V. The goods supplied by Germany to the creditor countries under paragraph IV (*a*) above and paid for by the bank as above provided shall be for the sole use of the countries receiving them for their internal requirements, including the requirements of their colonies and dependencies. The goods so delivered shall not be exported from the country receiving them, except by agreement between the committee acting unanimously and the German Government.

VI. In addition to its powers under paragraph IV, the committee may, on the instructions of the Reparation Commission and at the request of the creditor states, by debiting their accounts, transfer marks to private individuals for the purpose of making purchases in Germany, such reinvestment not to be of a temporary character, and such property being of classes contained in a schedule agreed to between the committee and the German Government and modified from time to time by similar agreement. In arriving at such agreement the German Government shall be required to have due regard to the necessity for making maximum payments to its creditors, but it shall also be entitled to have regard to maintaining its control of its own internal economy.

COOPERATION BY THE GERMAN GOVERNMENT AND THE BANK

VII. The German Government and the bank shall undertake to facilitate in every reasonable way within their power the work of the committee in making transfers of funds, including such steps as will aid in the control of foreign exchange. When the committee is of the opinion that the bank's discount rate is not in relation to the necessity of making important transfers, it shall inform the president of the bank.

ATTEMPTS TO DEFEAT TRANSFER

VIII. In the event of concerted financial maneuvers either by the Government or by any group, for the purpose of preventing such transfers, the committee may take such action as may be necessary to defeat such maneuvers; and in such circumstances it may suspend the operation of paragraph X, may accumulate the funds or employ them in the purchase of any kind of property in Germany.

TAX-EXEMPTION PROVISION

IX. The German Government shall not tax the deposits in the bank or goods purchased for the creditor countries pending removal, nor any securities or loans representing investment of funds pending transfer, nor any property purchased under the provisions of the paragraph next preceding. This exemption does not apply to property purchased under paragraph VI, but on the other hand, there should be no tax discrimination against such property.

PROVISIONS FOR LIMITATION OF ACCUMULATION

X. (*a*) When the accumulation of funds not transferable under the provisions of subdivisions (*b*) and (*c*) of paragraph IV shall have reached the sum of 5 milliard gold marks (whether represented by bank deposits or loans), the payment for treaty charges provided for shall be reduced to such an amount as will cover the transfers and payments provided for under subdivision (*b*) and (*c*) of paragraph IV without additional accumulation. Such partial suspense of Germany's obligations shall be operative only during the period that the conditions of transfer necessitate, and the standards of payment laid down in the plan shall be resumed at any time when they can operate without the limits of accumulation herein laid down being exceeded.

(*b*) The committee shall have power to suspend accumulation before reaching 5 milliard gold marks, if two-thirds of its members are of the opinion that such accumulation is a menace to the fiscal or economic situation in Germany or to the interests of the creditor countries.

(*c*) The committee shall, by a two-third majority, have power to waive the limit accumulations under the conditions provided for in paragraph VIII.

ANNEX NO. 7 TO THE REPORT OF THE FIRST COMMITTEE OF EXPERTS

NOTE ON THE CURRENCIES CIRCULATING IN GERMANY IN JANUARY, 1924[6]

CHAPTER I.—PAPER-MARK CURRENCY

A. LEGAL TENDER

1. *Reichsmarks.*—Reichmarks are issued by the Reichsbank under a privilege granted to it by the banking law of March 14, 1875. In 1913 the circulation of paper marks amounted to 2.1 milliard; on January 31, 1924, it had reached the figure of 483.7 trillion (English) paper marks, representing 483.7 million gold marks at the rate of 1 gold mark=1 billion paper marks.

2. *Notes of private banks.*—Banks, which at the time of the promulgation of the law of March 14, 1875, had the right to issue notes, have retained this privilege. The number of these banks, which was originally 32, has decreased progressively; at the present time there are only four private banks, namely: Bayerische Banken, Sächsiche Bank, Badische Bank, Wurtembergische Notenbank.

The total circulation of notes issued by these four institutions amounted in 1913 to 140,000,000 gold marks. At the end of January, 1924, it represented about 100,000 gold marks.

3. *Reichskassenscheine.*—These currency notes were issued at the time of the formation of the Reichsbank (1875) in order to make it possible to place the fiduciary circulation on a sound basis by means of the withdrawal of the State notes then in circulation. The issue was originally fixed at 120,000,000 gold marks, corresponding exactly to the war treasure (in gold) deposited at Spandau. The circulation, which reached the figure of 320,000,000 in 1920, progressively decreased until August, 1923, when it still amounted to 200,000,000 gold marks. At that date the Reichskassenscheine in circulation were completely withdrawn.

[6] In the English text of this document the English system of numeration is followed throughout.

4. *Darlehenskassenscheine.*—(Bonds issued by the Darlehenskassen during the war.) The issue reached its maximum figure in October, 1922 (14 milliard paper marks); these bonds ceased to figure in the statements as from August, 1923, when the circulation amounted to only 11 milliard paper marks, corresponding to less than 10,000 gold marks.

B. AUXILIARY INSTRUMENTS OF PAYMENT

1. *Issue of secured notgeld.*—The issue of notgeld (emergency currency) was regulated by the law of July 17, 1922. This currency was issued with a view to supplementing that issued by the Reich, the Reichsbank, and the private banks of issue, the total value of which in circulation was constantly decreasing as a result of the fall of the mark. The previous authorization of the minister of finance was necessary. The notgeld was to be secured by a deposit in fixed values, earmarked in favor of the Reich Minister of Finance, and corresponding to the amount placed in circulation, less the actual or estimated expenses of issue. This asset was to remain at the Reichskreditanstalt at Berlin, which would allow interest at 2 per cent less than the rate of discount of the Reichsbank. The cover for the notgeld might also consist of three months treasury bonds; but in this case it was the Reichsbank which would issue the notgeld and accept the deposit in treasury bonds offered as guarantee.

Authorization to issue notgeld was granted to public and private organizations for a total figure which at the end of 1923 amounted to 7.6 trillion paper marks, corresponding to 7.6 million gold marks. The circulation of this notgeld amounted on December 31, 1923, to 3.4 trillion paper marks; that is, 3.4 million gold marks. An endeavor has since been made to withdraw the notgeld from circulation; a decree of January 2, 1924, prescribed the complete withdrawal in certain unoccupied territories. On January 31, 1924, the circulation amounted to 1.4 trillion paper marks, or 1.4 million gold marks.

2. *Issue of unsecured notgeld.*—Numerous emergency currencies have been issued without authorization from the German Government, and without the formation of a guarantee deposit, both by public and private organizations and even by private individuals.

The amount of this notgeld issued without authorization or guarantee and in circulation at the end of January, 1924, is estimated by the German Government as follows:

	Gold marks
In unoccupied territory	27, 600, 000
In occupied territory	132, 000, 000

3. *Railway notgeld.*—In order to cover the working deficit, the Reich railways issued 114 trillion paper marks during 1922 and 1923. This currency was secured by a Reich deposit at the Reichsbank of 90,000,000 rentenmarks. At the end of January, 1924, 56,000,000 were still in circulation.

Chapter II.—Instruments of Payment in Gold or at a Fixed Value

1. *Rentenmark.*—The rentenbank was created by the decree of October 15, 1923. The method of creation and operation is known.

The issue of notes in rentenmarks began on November 15, 1923.

According to the balance sheet of the rentenbank on January 31, 1923, the amount issued at that date was 1,374,000,000 rentenmarks.

The introduction of the rentenmark has stopped the issue of notgeld of fixed value.

2. *Dollar treasury bonds (Dollarschatzanweisungen).*—The law of March 2, 1923, authorized the issue of dollar treasury bonds for a total amount of $50,000,000 (210,000,000 gold marks). These bonds, issued in denominations of from $5 to $100, do not bear interest, but are redeemable in gold at 120 per cent on April 15, 1926.

These treasury bonds have been fully subscribed. They have been used in Germany as a means of payment.

3. *Gold loan (Wertbeständige Anleihe).*—This loan authorized by the law of August 14, 1923, is for a total sum of 500,000,000 gold marks, which has been fully subscribed. The bonds are expressed in dollars. The small denominations of from one-tenth to $5 do not bear interest and are redeemable at 170 per cent on September 2, 1935. Bonds for $10 or more bear 6 per cent interest and are redeemable at par on the same date. These large denominations were issued first for a total sum of 164,000,000 gold marks. Subsequent issues of large denominations raised this figure to 204,000,000 gold marks.

In October, 1923, the monetary situation having become intolerable on account of the fall of the paper mark, and wage earners having insisted upon being paid in currency of fixed value, the Reich decided (the preparations for the issue of the rentenmark not being sufficiently advanced) to issue small denominations of the gold loan.

These small denominations were issued up to a total amount of 296,000,000 gold marks, 4,000,000 of which were exchanged against rentenmarks in January, 1924, in accordance with the privilege granted to the holders in this respect.

As will be seen later, 10,000,000 of this gold loan have been assigned as partial security for the notgeld of a fixed value issued by the railways.

At the end of January, 1924, therefore, the circulation was as follows:

	Gold marks
Large notes	194, 000, 000
Small notes	292, 000, 000
Total	486, 000, 000

4. *Notgeld secured by 6 per cent treasury bonds (6 per cent Schatzanweisungen).*—Since the small gold loan certificates proved insufficient for the monetary circulation, the Provinces, towns, chambers of commerce, and the larger industrial undertakings were given authority to create emergency currency on a gold mark basis, to be covered by gold loan certificates of large denominations. Owing to the scarcity of the latter, the authorities issuing notgeld were given permission to provide cover in the form of 6 per cent treasury bonds expressed in dollars and gold marks, specially created for this purpose by the decree of October 20, 1923. These bonds fall due on December 1, 1932, and are redeemable at par in German currency on a gold basis.

The total amount of notgeld thus secured (exclusive of the notgeld issued by the railways and to which we will refer later) stood at 110,000,000 gold marks on January 31, 1924.

This notgeld is to be gradually withdrawn from circulation against redemption in loan bonds or German currency. Redemption was to begin on January 15, 1924, and it is hoped that the full amount will have been called in not later than April 1, 1924.

5. *Treasury bonds and interim bonds issued by the States.*—Certain States issued fixed value loans, some of the certificates for which were of such small denominations that they still serve as instruments of payment. The total value of these bonds amounts to about 50,000,000 gold marks. Attempts are being made to recall these small denominations by converting them into larger denominations.

6. *Certificates issued by the banks of Hamburg and Schleswig-Holstein.*—Two banks, the Hamburger Bank von 1923 A. G. and the Schleswig-Holsteinische Goldgirobank A. G. were authorized by the Reich Minister of Finance to deliver, in exchange for currencies, "discount certificates" (Verrechnungsscheine), which still serve as instruments of payment. It is the intention of the German Government to dispense with these

gold certificates as soon as a gold currency has been reinstated. The Hamburger Bank issued certificates to the amount of 25,000,000 gold marks. No particulars are available regarding the amount issued by the Schleswig-Holsteinische Goldgirobank, but the figure is inconsiderable.

7. *Notgeld issued by the railways.*—In order to cover their deficit, the German railways were authorized to issue, in addition to the paper mark notgeld referred to above, notgeld having stable value to the amount of 200,000,000 gold marks—10,000,000 of this issue were secured by gold loan bonds, as explained above, the remaining 190,000,000 being secured by 6 per cent treasury bonds, as already stated. The notgeld issued by the railways amounted to 131,900,000 on January 31, 1924. This emergency currency is to be withdrawn from circulation by means of a loan to be issued later by the railways.

TABLE OF INSTRUMENTS OF PAYMENT IN CIRCULATION IN GERMANY IN JANUARY, 1924

	Approximate value in millions of gold marks [1]	
I. Instruments of payment expressed in paper marks:		
Reichsbank notes (as per return dated 31/1/24)	483.7	
Notes of the four private banks of issue	0.1	
Notgeld issued by the railways and secured by a deposit of 90,000,000 rentenmarks at the Reichsbank	56.0	
Notgeld issued against the deposit of security in currencies	1.4	
Notgeld issued without cover—		
In occupied territory	132.0	
In unoccupied territory	27.6	
Total		700.8
II. Instruments of payment expressed in gold or having fixed value:		
Rentenmarks (as per rentenbank return of 31/1/24)	1,374.0	
Dollar treasury bonds (Dollarschatzanweisungen, law of March 2, 1923)	210.0	
Gold loan (Wertbeständige Anleihe, law of August 14, 1923)	486.0	
Notgeld secured by 6 per cent treasury bonds (6 per cent Schatzanweisungen, law of October 20, 1923)	110.0	
Treasury bonds and interim bonds issued by the States	50.0	
Certificates issued by the banks of Hamburg and Schleswig-Holstein (Verrechnungsscheine)	35.0	
Notgeld issued by the railways and secured by 6 per cent treasury bonds (10,000,000 of which are secured by gold loan)	131.9	
Total		2,396.9
III. Denominational currency in rentenpfennigs		158.0
Grand total		3,255.7

[1] Calculated on the basis of 1 gold mark=1 billion paper marks.

NOTE.—This total does not include the foreign currencies at present in Germany, which, according to the estimate made by the Second Committee of Experts, would amount to 1,200,000,000 gold marks, a figure which has been confirmed by a German authoritative source.

ANNEX NO. 8 TO THE REPORT OF THE FIRST COMMITTEE OF EXPERTS

PROVISIONAL SURVEY OF THE BUDGET FOR 1924[1]

I. GENERAL ADMINISTRATION OF THE REICH

A. ORDINARY BUDGET

Revenue	In millions of— Gold marks	Pounds	Dollars	Expenditure	In millions of— Gold marks	Pounds	Dollars
1. Taxes on property, traffic, trade and transfer (direct taxes)	4,004	200.2	1,001.0	1. Interest on, and amortis. of debt of Empire	156	7.8	39.0
2. Custom and excise duties (indirect taxes)	1,080	54.0	270.0	2. Provision for invalids, war pensions, etc.	810	40.5	202.5
3. Nontax revenues from public services	60	3.0	15.0	3. Army and Navy	450	22.5	112.5
				4. Police	208	10.4	52.0
				5. Industrial and cultural purposes	28	1.4	7.0
				6. Unemployment benefit	500	25.0	125.0
				7. Social and other expenditure	360	18.0	90.0
				8. Finance and taxation departments	380	19.0	95.0
				9. General administrative expenses other than the above	250	12.5	62.5
				10. Assignments to the States and communes	1,800	90.0	450.0
Total of ordinary revenues	5,144	257.2	1,286.0	Total of ordinary expenditure	4,942	247.1	1,235.5

B. EXTRAORDINARY BUDGET

Revenue	Gold marks	Pounds	Dollars	Expenditure	Gold marks	Pounds	Dollars
1. Revenue from the mint	90	4.5	22.5	1. For war damages and removal of effects of the war	6	0.3	1.5
2. Other revenues	40	2.0	10.0	2. Public buildings	44	2.2	11.0
				3. Settlement of war expenditure	20	1.0	5.0
				4. Settlement of expenditure for the Ruhr	60	3.0	15.0
Total of extraordinary revenues	130	6.5	32.5	Total of extraordinary expenditure	130	6.5	32.5
Total of A and B	5,274	263.7	1,318.5	Total of A and B	5,072	253.6	1,268.0

II. EXECUTION OF THE TREATY OF VERSAILLES

Revenue	Gold marks	Pounds	Dollars	Expenditure	Gold marks	Pounds	Dollars
				1. Cash reparation payments (Discharge of debt due to the Reichsbank for redemption of an exchequer bill given to Belgium.)	52	2.6	13.0
				2. Clearing office payments	6	0.3	1.5
				3. Cost of armies of occupation	360	18.0	90.0
				4. Rhineland commission	34	1.7	8.5
				5. Other interallied commissions including reparation commission	18	0.9	4.5
				6. Restitution, substitutions, and dismantlement costs	10	0.5	2.5
				7. Home expenditure incurred by the carrying out of the treaty of Versailles	160	8.0	40.0
				Total of expenditure	640	32.0	160.0

BALANCE

	Gold marks	Pounds	Dollars
I. General administration of the Reich	5,072	253.6	1,268.0
II. Execution of the treaty of Versailles	640	32.0	160.0
Total of expenditure	5,712	285.6	1,428.0
Revenues	5,274	263.7	1,318.5
Deficit	438	21.9	109.5

[1] The figures of this table can only serve as a preliminary estimate and are given with all reserve. This estimate of the revenues assumes complete restoration of economic unity between occupied and unoccupied territory, renewed administrative and fiscal supremacy in occupied territory on the part of the Reich and the component States, that the taxes to be levied according to the general laws of the Reich and the States are once more directed into their treasuries.

ANNEX NO. 9 TO THE REPORT OF THE FIRST COMMITTEE OF EXPERTS

COMPARATIVE POSITION OF DIFFERENT INCOMES DRAWN FROM DIVIDENDS IN THE YEARS 1920-21, 1923-24, AND 1924-25

QUESTION SUBMITTED TO THE GERMAN GOVERNMENT BY THE FIRST COMMITTEE OF EXPERTS

Assume four men with incomes in gold marks: 15,000, 100,000, 500,000, 1,000,000; (*a*) wholly from dividends of German industrial companies; (*b*) one-half from German and one-half from foreign companies. What amount of income tax (or its substitutes) plus capital tax will be payable on the scales for 1920-21, 1923-24, 1924-25, respectively?

REPLY OF THE GERMAN GOVERNMENT

For the following reasons it is impossible to make reliable estimates of the kind desired:

1. Because the fiscal burden for 1920-21 can not be calculated owing to the influence of the depreciation of the currency.

2. Because no assessment exists for 1923 based on sliding scale rates for that year; indeed for 1923 prepayments and payments of balance were collected which were regularly calculated on a coefficient of the 1922 taxes and were therefore not entirely immune from the influence of the depreciation of the currency.

3. Because no income tax levied on a sliding scale exists so far for 1924; the prepayments for 1924 are collected more according to external standards; the actual income for 1924 will not be assessed until 1925, when it will be based upon a tariff which will be determined by law in the course of the year 1924.

Particulars concerning the form of the taxes will be found in the memorandum transmitted (see for 1920-21: English text, pages 81, 96; French text, pages 81, 97; for 1923-24: English text, pages 83-84, 96; French text, pages 84, 97). Reference should be made to the statement concerning the budget estimates of the wages tax and the prepayments on the income and corporation taxes for 1924 transmitted as V (*a*) II 1480, of February 16, 1924.

It should further be pointed out that income from dividends to the amount mentioned existed in Germany before the war to a limited extent only and is unlikely to be found after 1922, owing to economic developments during the period of depreciation of the currency.

As early as 1920, there were only six taxpayers in Germany who had an income from investments of from 3,000,000 to 10,000,000 paper marks, that is, from 200,000 to 667,000 gold marks and 66 with an income from investments of from 1,000,000 to 3,000,000 paper marks, that is, about 67,000 to 200,000 gold marks. From about the middle of 1922 income from investments had practically disappeared.

In view of the circumstances mentioned above, any estimates are attended with exceptional difficulties. An attempt is made below to employ available bases for valuation as required in the questionnaire.

The estimates given in the inclosed table showing the charge on incomes from dividends of 50,000, 100,000, 500,000, and 1,000,000 gold marks fulfill the conditions set forth in the questionnaire—

(*a*) That the whole income is drawn from dividends of German industrial companies.

(*b*) That half the income is drawn from German and half from foreign industrial companies.

It was necessary, in drawing up this table, to include in the calculation of the charges on income derived from dividends of German industrial companies, the taxes which had to be paid by the German companies if they distributed dividends to the amounts in question; it must not be forgotten that this tax is deducted before the distribution of the dividends. In converting the income in gold into paper marks and the taxes in paper marks into gold marks, the rate of the dollar has been used as the basis. This was possible because the income is indicated in gold, and therefore the calculation of the tax at the dollar rate affords a basis for comparison.

In making the calculation the following assumptions have been made:

I. *For 1920-21.*—The dividend has been paid to the taxpayer in 1920. The tax paid by the company has first been deducted from the profits which the company made in 1919 and on which it paid the tax in 1920. A further prior charge consists of the 10 per cent tax on revenue from capital which was deducted from the German dividends of the taxpayer at the time of their receipt in 1920 and which he paid in 1921 for his foreign dividends. From the remaining revenue, after deduction of the tax on revenue from capital, the taxpayer has paid his income tax for 1920 according to schedule. In estimating the actual fiscal burden, account has been taken of the fact that the income was obtained in the year 1920, that the corporation tax and the tax on revenue from capital were paid at the time of receiving the dividends, that is also in 1920, and that on the other hand the tax on revenue from capital in respect of foreign dividends and the income tax were not paid until 1921, and were therefore paid in a depreciated currency. On the basis of the average dollar rate, one gold mark was in 1920 equivalent to 15 paper marks and in 1921 to 24.9 paper marks.

Example 1.—Let us assume the income from dividends in German companies in 1920 to be 50,000 gold marks = 750,000 paper marks. Before distributing 750,000 paper marks, a company in 1920 had to pay an average tax of 127,500 paper marks. The 750,000 paper marks due to the person receiving dividend were, upon receipt, reduced by 10 per cent; that is, by

75,000 paper marks. In 1920, therefore, 202,500 paper marks were paid in taxes = 13,500 gold marks. From the remaining 675,000 paper marks he had to pay the sum of 356,600 paper marks in income tax = 14,321 gold marks in 1921. The total charge was therefore 27,821 gold marks.

Example 2.—Let us assume the income from dividends in German companies in 1920 to be 25,000 gold marks = 375,000 paper marks and from foreign companies 25,000 gold marks, making a total of 50,000 gold marks = 750,000 paper marks. Before distributing 375,000 paper marks, German companies had, in 1920, to pay an average tax of 63,750 paper marks = 4,250 gold marks. The 375,000 paper marks in German dividends due to the recipient were, upon receipt, reduced by 10 per cent; that is, by 37,500 paper marks = 2,500 gold marks.

In 1920, therefore, 6,750 gold marks were paid in taxes. In 1921 the person drawing dividends had in the first place to pay a 10 per cent tax on revenue from capital on the 375,000 paper marks; that is, 37,500 paper marks = 1,506 gold marks. Furthermore, after deduction of the tax on revenue from capital he had to pay on the remaining 675,000 paper marks an income tax of 356,600 paper marks = 14,321 gold marks. In this case the 1921 taxes thus amount to 15,827 gold marks. Including the 1920 taxes the total charge is therefore 22,577 gold marks.

II. *For 1923–24.*—It is assumed that the dividends for 1923 have been distributed to the shareholders. In the total prior charge the tax on fortunes has not been taken into account. Only the corporation tax which under the law of March 20, 1923, on the depreciation of currency, was paid by the company for the business year 1922, which year was taken as the basis for the distribution of dividends, has been indicated as the prior charge. On the basis of the tariff the prior charge amounted to 45 per cent. Owing, however, to the great depreciation of currency in 1923, the gold value on the date of payment was insignificant. The prior charge has been indicated therefore at only 3 per cent, since the dollar rate at the time of the payment of the tax, that is on April 25, amounted to 29,200, namely about fifteen times the average dollar rate for 1922 (1,885.78). In many cases, owing to delay in closing the balance sheet and to the consequent delay in paying the taxes the prior charge was, as a result of the rapid depreciation of currency, much less than 3 per cent. In the case of the person receiving dividends, the tax indicated is that which he had to pay as increased prepayments and payment of balance for 1923.

Since there was no proper assessment for income tax on a sliding scale for 1923, the payments of balance for 1923 have been determined according to the taxpayer's capacity to pay on the basis of his gold mark payments in 1923, and in certain cases on the basis of a lavish expenditure.

If, on the basis of the material at its disposal the finance office can assume that the taxpayer had a gold mark income of 50,000 or 100,000 marks, a charge of at least 25 per cent may be allowed for.

If there are really cases of still higher incomes, a charge of 35 per cent on 500,000 gold marks and of 40 per cent on 1,000,000 gold marks will be paid. The total charge therefore amounts to 28 per cent in the case of incomes of 50,000 and 100,000 gold marks derived from dividends paid by German companies; if half of the income is derived from foreign companies half of the prior charge constituted by the corporation tax does not come into consideration and the total charge therefore amounts to 26½ per cent. For incomes of 500,000 gold marks the total charge represents 38 per cent or 36½ per cent, for 1,000,000 gold marks 43 per cent or 41½ per cent.

III. *For 1924–25.*—It is assumed that the dividend for 1924 is distributed to the shareholders. The prior charge indicated is the tax which the company has paid as corporation tax prepayments and payment of balance for 1923.

The example of 50,000 gold marks has been calculated as follows—1 gold mark was 449 paper marks, according to the average rates of exchange of the dollar for 1922; 50,000 gold marks therefore equal 22,450,000 paper marks.

First prepayment (under the currency depreciation law of March 20, 1923) 20 per cent = 4,490,000 paper marks, paid on May 25 (1 gold mark = 12,190 paper marks) = 369 gold marks.

Second prepayment (under the law for increases of July 9–August 11, 1923), 600×10 per cent = 1,347,000,000 paper marks, paid on August 25 (value of the gold mark = 1,120,000) = 1,203 gold marks.

Payment of balance on January 10, 1924 (under article I, section 2, of the second fiscal emergency decree), 0.60 gold mark on each 1,000 marks of the 1922 fiscal debt; the 1922 fiscal debt in respect of dividends amounted to 45 per cent of the sum of 22,450,000 paper marks indicated above; that is, to 10,102,500 paper marks. Consequently, the final payment of 0.6 per thousand in gold = 6,061 gold marks. The total prior charge, therefore, amounts to 7,633 gold marks.

In the case of the person receiving the dividend the only payments demanded are those to be paid as income-tax prepayments and as tax on fortunes in 1924. Ten per cent only is first deducted at the source from the revenue from investments as income-tax prepayment; this is, therefore, 5,000 gold marks on 50,000 gold marks. For the tax on fortunes it is assumed that the dividends paid by German companies average 1 per cent of the quoted value; even this computation must, however, be too high for a great many German companies at the present time.

In the case of foreign companies it is assumed that the dividends amount to 5 per cent of the quoted value of the share; 50,000 marks in dividends from German companies, therefore, represent a quoted value of 5,000,000 marks.

For the shareholders' payments in respect of the tax on fortunes this is valued at only half the quoted value—that is, 2,500,000 marks—since the company itself has to pay a tax on fortunes for which the fortune is assumed to be at least the total quoted value of the shares.

On a total fortune of 2,500,000 marks the tax on fortunes amounts to 17,500 marks. The provisional charge on an income of 50,000 marks from dividends from German companies is therefore as follows:

	Gold marks
Tax on corporations	7, 633
Deduction at the source from revenue from investments	5, 000
Tax on fortunes	17, 500
Total	30, 133

If half the dividends come from a foreign company, the charge in respect of the tax on capital is as follows:

Twenty-five thousand marks from German companies. Quoted value 2,500,000 (1 per cent interest), half of which is counted; that is, 1,250,000 marks.

Twenty-five marks from foreign companies. Quoted value 500,000 marks (5 per cent interest) counted in full, since the company does not pay the tax on fortunes in Germany.

The quoted value used for the tax on fortunes is therefore 1,750,000 marks and the sum paid in respect of the tax 11,375 marks.

As half of the dividends come from foreign companies, the deduction at the source on half the revenue from investments in this case also provisionally does not come into consideration. The finance office is, however, entitled to collect prepayments from the taxpayer with due consideration to his requirements. No sum is, however, included in the inclosed table on this account; for, as explained above, the calculations for 1924–25 constitute only provisional tax payments, which represent prepayments on the definitive income tax for 1924. For the 1924 income, the taxpayer will still be assessed at the beginning of 1925, and he will then have to make considerable postpayments, which are correspondingly higher in the case of income from foreign dividends from which no deduction at the source has been made in Germany. No sum could be included for postpayments, as the necessary regulations must first be enacted by law during the course of 1924 (in particular the rates of taxation).

Income in gold marks	Definitive charge		Charge in respect of corporation tax and tax on fortunes; nonrecurrent charge in respect of income tax prepay ments, 1924–25
	Corporation tax, tax on revenue from capital, income tax, 1920–21	Corporation tax, income tax, 1923–24	
50,000 [1]	27, 821	14, 000	30, 133
50,000 [2]	22, 577	13, 250	17, 691
100,000 [1]	57, 586	28, 000	60, 266
100,000 [2]	47, 098	26, 500	37, 133
500,000 [1]	295, 707	190, 000	313, 830
500,000 [2]	243, 267	182, 500	194, 415
1,000,000 [1]	593, 357	430, 000	627, 660
1,000,000 [2]	488, 477	415, 000	388, 830

[1] German companies.
[2] Half from German and half from foreign companies.

REPORT OF THE SECOND COMMITTEE OF EXPERTS

COVERING LETTER

DEAR MR. CHAIRMAN: I have the honor to present the unanimous report of the committee appointed by the Reparation Commission to inquire into the amount of German exported capital and to consider the means of bringing it back to Germany.

In laying before you the result of our labors may I be permitted in the name of the committee to express the hope that our work may assist in solving the problems involved in the execution of the treaty of peace.

I remain, yours faithfully.

R. MCKENNA.

THE CHAIRMAN, *Reparation Commission.*

TEXT OF THE REPORT

In pursuance of a decision of the Reparation Commission of the 30th of November, 1923, we were created a committee to consider the means of estimating the amount of German exported capital and of bringing it back to Germany. We were convened in Paris on the 21st of January, 1924, and we have held altogether 38 meetings, first in Paris, then in Berlin, and finally again in Paris. We have examined numerous witnesses and have availed ourselves of the services of trained economists, technical advisers and expert accountants. We have also studied the published works on the subject by well-known economists, and each member of the committee has furnished reports on particular problems.

Our estimates relate to the 31st of December, 1923. Later events may, of course, have either increased or decreased the amount of German capital abroad.

In our investigation of the amount of capital owned by Germans in foreign countries, we were confronted by very considerable difficulties. There are many ways by which Germans can acquire capital abroad, but in most cases no precise figures can be given. It is nearly always a matter of estimate, and the utmost we could hope to do with any degree of certainty was to lay down limits between which the actual amount is to be found. The distance which divides these limits marks the want of precision of the material at our disposal.

One method of investigation, to institute an inquiry through bankers and business men in those countries in which German capital is believed to be deposited or invested, was rejected by us at the outset. We have availed ourselves of all information of a public or official character supplied from countries outside Germany, but we were of opinion that it would be neither proper nor useful to request the disclosure of specific transactions which in general would have been entered into under an implied condition of secrecy. Moreover, we felt that even though all obtainable information were freely given to us, it must be extremely defective, as much German capital in foreign countries is certain in existing circumstances to be hidden in various ways under assumed names.

The method we have adopted is altogether different. Our first step was to form an estimate of the total value of German capital abroad at the outbreak of war.

Next we considered what was the net reduction in this total at the time of the Armistice. We took into account on one side the balance of trade, advances by Germany to her Allies, loss by seizure and sequestration of property confirmed by the Versailles Treaty and loss through depreciation of the value of property and securities. On the other side we considered the sales of German securities, the sales of gold, the accumulation of interest, and finally the effect on the trade balance of the imports into Germany from occupied territories. These imports were commodities either requisitioned without payment, or paid for, in the case of Belgium and Poland, largely by marks which remained in the country, and, in Roumania and occupied France, as well as in Belgium and Poland, by local currencies which the German Government caused to be printed and issued for the purpose.

Finally, starting from the basis of the remaining pre-war German assets, we examined in detail the various means by which Germans can have increased or diminished their capital abroad during the period from the Armistice to the close of the year 1923. The reliability of our final estimate depends upon the completeness of our examination of the different elements which make up the total of German foreign acquisitions and of the various ways in which such acquisitions may have been expended.

The chief method by which Germans have acquired foreign assets since the Armistice has been by the sale of mark bank balances. Our estimate of the total sum under this head has been obtained by a procedure founded upon the principle that every foreign sale by a German of a mark bank balance creates at the moment of sale a corresponding holding of a foreign bank balance in Germany. The periodic totals of foreign balances shown in the books of the German banks were disclosed to us, and with the assistance of expert accountants we have been able to ascertain the net proceeds expressed in gold derived from the sale of marks. It is interesting to note that the foreign assets acquired in this way amounted to between seven and eight milliards of gold marks, the whole of which in consequence of the final devaluation of the mark was lost by more than one million foreigners who at one time or another were buyers of mark credits.

This figure is one of the credit factors in estimating the final total.

Other principal sources of German foreign assets have been the sale of goods, securities, real estate, precious metals and mark bank notes; interest accumulations, tourist expenditure in Germany, German holdings in ceded territories in Poland, Dantzig, etc., foreign money expended by the allied armies of occupation, remittances from Germans abroad, earnings of shipping, railway and canal freights for foreign goods in transit through Germany, insurance profits, etc.

On the other hand, German foreign assets have been expended on the purchase of goods imported, cash payments to the Allies, interest paid on German securities held abroad, German tourist expenditure, etc.

On all these heads of receipt and expenditure, the German statistical records and estimates, official data, bankers, and business reports, and other similar evidence, have been subjected by us to the most critical scrutiny, and their reliability has been tested by our examination of witnesses and inspection of original sources of information. Our investigations and the evidence obtained led us to discard entirely the values of German imports and exports as stated in the official reports, and to revalue all commodities on the basis of the then current world prices with such allowances as the special circumstances of German trade at the time may have rendered necessary.

After a close examination of all the factors which make up the total sum, we are of opinion that German capital abroad of every kind, including capital of varying degrees of liquidity and capital invested in participations in foreign companies and firms, and after taking into account all credit and debit items, was at the end of the year 1923 not less than 5.7 milliard gold marks and not more than 7.8 milliard gold marks, and we think that the middle figure of $6\frac{3}{4}$ milliard gold marks is the approximate total.

We draw special attention to the foreign currency in Germany, which, though not included in our valuation of capital held abroad, is so closely akin to a foreign asset that it must not be overlooked. It may indeed be said that this currency, the total of which we estimate at not less than 1 milliard two hundred million gold marks, is a German holding in the most liquid form for conversion into foreign assets.

On the other hand, on a broad view of German financial capacity, the value of the property in Germany held by foreigners should not be left out of account. The annual yield from this property, whether in the form of rent, interest, or dividends, is at present inconsiderable and may at any time become subject to special taxation, particularly in the case of rent in respect of real estate purchased at the low prices current in recent years. We estimate, after very close study of the question, that the real estate and securities owned in Germany by foreigners represent a value of from 1 to 1½ milliard gold marks.

The committee have thought it desirable to give in an annex to this report additional information in respect of their estimates of German assets abroad in 1914 as well as of the principal credit and debit factors, both during and since the war, that have gone to make up the final total of German capital abroad.

The second part of our inquiry was to investigate the means of bringing exported capital back to Germany.

The so-called flight of capital in this instance was in the main the result of the usual factors. It arose principally from the failure of the Government to bring its budget into proper relation, and, as a corrollary of such failure, from the raising of large loans and the direct issue of paper money. Secondly, it was due to the action of speculators and timid investors who sold their marks against the currency of other countries, while the exporters of goods retained abroad all that was possible of the proceeds of their sales. In the particular case under inquiry, however, the flight of capital was accentuated by the attitude of the people of Germany toward payments to her war creditors and was marked by new and ingenious devices and schemes for evading restrictive legislation and for cloaking the real ownership of foreign balances.

The failure of the methods employed, both old and new, demonstrates the final ineffectiveness of restrictive legislation when successful evasion is so richly rewarded. Neither legal enactment nor severe penalties resulted in disclosure of assets abroad or hampered the flight of capital. We feel that this would have been true whether the Government had or had not used its best endeavors to enforce the laws and regulations.

In our opinion the only way to prevent the exodus of capital from Germany and to encourage its return is to eradicate the cause of the outward movement. Inflation must be permanently stopped. If the issue of currency is strictly confined within the true limits of national requirements on a stable basis of value, the German with capital abroad will feel assured that he will suffer no loss in bringing it home; the speculator can no longer look for a profit from the sale of marks. We have already seen in the case of Austria how, when the currency is fairly stabilized, the necessities of foreign trade tend to bring back existing foreign balances. Restrictive legislation, which in the main has proved futile in preventing the export of capital, becomes superfluous the moment there is no longer any inducement to evade the law. It is indeed to be feared the laws purporting to compel the return of capital would have the reverse effect to that which might be wished.

The method of securing a currency in Germany capable of maintaining a sufficiently stable international value covers the whole question of budgetary equilibrium and the establishment of a bank of issue on a sound basis. These matters, which fall outside the scope of our inquiry, have been referred by the Reparation Commission to another committee whose conclusions we have the advantage of knowing. If effect is given to their recommendations, we think that a considerable part of the German assets now in foreign countries will return in the ordinary course of trade.

While we are of opinion that special legislation to prevent the export of capital or compel its return is not required when a country's finance is on a stable basis, we recognize that in the case of Germany a period of transition must necessarily ensue before stability can be obtained and confidence restored. We suggest that during this period an amnesty should be granted for a limited time from the penalties imposed by extisting enactments and that special terms be offered for subscriptions to Government loans made in foreign currencies. Well-conceived measures of this kind would be helpful in hastening the return of capital and the final restoration of financial equilibrium in Germany, conditions which are essential to the payment of reparation.

We desire to express our sincere thanks to the officers of the Reparation Commission, and to the economists, statisticians, and expert accountants who have aided us, for whose valuable assistance we are greatly indebted.

REGINALD MCKENNA, *Chairman.*
HENRY M. ROBINSON.
ANDRÉ LAURENT-ATTHALIN.
MARIO ALBERTI.
ALBERT E. JANSSEN.

APRIL 9, 1924.

ANNEX

SUMMARY

I. Assets abroad in 1914.

II. Period of the war:

- *a.* Surplus of imports and Germany's advances to her Allies;
- *b.* Depreciation of pre-war foreign assets; sequestration and liquidation measures;
- *c.* Profits realized by Germany in occupied territories;
- *d.* Sale of gold and German securities;
- *e.* Return from German assets abroad.

III. Post-war period:

- *a.* Surplus of imports and cash payments made by Germany under the Peace Treaty;
- *b.* Sales to foreigners of mark credits and banknotes;
- *c.* Sales of gold;
- *d.* Sales of German real property and German securities;
- *e.* Expenditure by foreigners traveling in Germany and by Germans traveling abroad;
- *f.* Expenditures by the armies of occupation;
- *g.* Earnings from shipping, insurance, transit, etc.;
- *h.* Income from German investments abroad and from foreign investments in Germany; remittances made by Germans residing abroad;
- *i.* German private property in ceded territories;
- *j.* Foreign banknotes in Germany.

I. ASSETS ABROAD IN 1914

The value of German assets abroad in 1914 has been estimated by different economists at sums varying between 20 and 35 milliard gold marks. Beside these unofficial estimates two estimates of an official nature, as well as a census, have been made by the German Government. The earlier of these two official estimates is that made in 1905 by the imperial admiralty; the later one was supplied by the German Government in 1924 in reply to a question raised by the second Committee of Experts. The census, which only covered securities, was made by the German Government during the war, in August, 1916.

In the question put to the German Government the committee not only asked for an estimate of the foreign assets held by German nationals in 1914, but also requested it to submit its comments on the various estimates already made by German economists.

All these documents—estimates of German economists, and those of neutral, allied and associated countries, official estimates and census, and the replies of the German Government—have been examined and compared. Taking into account all the factors of valuation, the committee has come to the conclusion that the figure of 28 milliard gold marks may be accepted as representing the value of German assets abroad at the time of the declaration of war, it being understood that this figure of 28 milliards comprises only the assets abroad belonging to German nationals residing in Germany and not those belonging to German nationals residing abroad. In this estimate securities have been taken at their face value in gold marks.

II. PERIOD OF THE WAR

(*a*) SURPLUS OF IMPORTS AND GERMANY'S ADVANCES TO HER ALLIES

The difficulty encountered by Germany in exporting her goods during the war, as well as her persistent endeavors to increase her imports by every possible means, in order to provide for the requirements of her armies, naturally produced a surplus of imports, considerably in excess of the figures of the normal pre-war deficit. To this deficit in Germany's foreign trade balance must be added the sums advanced by Germany to her allies to enable them to pay for their imports, for which she received no corresponding return. The figure indicated for these two items may be considered to be reliable and amounts to an aggregate sum of 15.2 milliard gold marks, subject to the modifications referred to in paragraph (*c*).

(*b*) DEPRECIATION OF PRE-WAR FOREIGN ASSETS; SEQUESTRATION AND LIQUIDATION MEASURES

Various estimates of the reduction in German assets abroad during the war as a result of depreciation have been made by several economists, whose figures are generally based on an estimated total of from 20 to 25 milliard gold marks for German assets in 1914. Their estimates seem too low, if we take as a basis the figure of 28 milliards adopted by the committee for German assets abroad in 1914. This impression is moreover confirmed by information which the committee has obtained by its own investigation.

It is impossible to adopt a definite figure in determining the value of the assets seized and liquidated in the allied and associated countries. On the basis of information obtained by the committee from the Governments of the allied and associated powers as well as from Germany, the committee has been able to estimate at approximately 16.1 milliard gold marks the reduction in German assets abroad during the war, as a result of depreciation and liquidation and sequestration measures. In adopting this figure no allowance has been made for the fact that certain German assets abroad may have been utilized to cover the payment of imports, nor for the fact that German assets abroad may have increased owing to the accumulation of the interest accruing on these assets. These several items are discussed elsewhere. The above figure therefore represents a net reduction in German assets abroad for which Germany during the war period received no return. These assets underwent a further decrease in value during the period following hostilities, which decrease was taken into account.

Lastly, the committee is of opinion that both during and since the war, the category of assets in neutral countries has likewise undergone a reduction in value, and that in particular the greater part of such securities held by Germans has no longer a value equivalent to their face value, even taking into account the effect of the decline in the value of gold.

(c) PROFITS REALIZED BY GERMANY IN OCCUPIED TERRITORIES

An examination of German economic measures taken in Belgium during the war, to which the attention of the committee was called, suggested that substantial profits had accrued to Germany from the exploitation of occupied territories. Consequently, the committee has made a careful study covering not only German operations in Belgium and northern France but also those in Poland and Rumania.

No attention has been paid to the purely military aspects of these operations, such as, for instance, requisitions intended to provide for the partial subsistence of the German occupying troops. Quite apart from such matters, however, it was found that the profits realized by Germany by requisitions and by other methods in occupied territories are closely connected with the deficit of the German balance of trade. With the help of German official documents, in particular reports by the military administration drawn up during the war and German memoranda estimating the value of war damages, the committee has ascertained that the profits realized by Germany were principally obtained as follows:

Germany obtained in occupied territories considerable quantities of commodities which, through the operation of centralized importing companies specially created for this purpose, were transported to Germany for internal consumption. Most of these goods were either not paid for at all, or were paid for in paper marks which were subsequently left in the country and amounted in the case of Belgium to 6 milliard paper marks, or were purchased through the medium of issues of local paper currency. The special object of such issues, according to a statement by the German staff, was to enable Germany and her allies to receive goods from occupied territories free of charge during the whole period of hostilities.

By requisition or in exchange for paper marks or local currency Germany also obtained considerable quantities of the currency of invaded countries. Thus, in the north of France the German military authorities imposed on towns fines and levies for which payment was required in German money, gold coin, or notes of the Bank of France.

Finally, foreign assets were required by Germany, especially in Belgium and France, notably by means of sequestration of securities, coupons, and other credits, and these, like the bank notes mentioned above, served in part to pay for imports from neighboring neutral countries.

It must also be pointed out that when the German coal centrale in Belgium issued export licenses for coal for Holland, Switzerland, or Sweden, the German authority kept for itself the foreign currency thus obtained, and forced the mines to accept paper marks.

The committee has adopted the figure of from 5.7 to 6 milliard gold marks as corresponding to that portion of the profits derived from this exploitation of Belgium, northern France, Poland, Lithuania, Rumania, etc., representing imports for which no payment was made and which, in consequence, had not been allowed for in her balance of accounts.

(d) SALE OF GOLD AND GERMAN SECURITIES

The sale of gold and securities was the principal means whereby Germany paid for her imports during the war. The export of gold, which took place mainly during the early years of the war, reached a total amount of 1 milliard gold marks.

As regards German securities, widely diverging estimates have been made of the amounts sold. In our opinion the total figure is not far from 1 milliard gold marks.

(e) RETURN FROM GERMAN ASSETS ABROAD

The revenue which Germany derived from her assets abroad was very considerably diminished immediately after the declaration of war and further reductions occurred during the period of hostilities.

It should, indeed, be noted that interest ceased to be paid on the assets held by Germany in countries with which she was at war. Some of these assets were sold during the war and the depreciation of others became very marked toward the end.

On the other hand, the industrial securities, particularly those of neutral countries, continued to pay interest at rates frequently higher than before the war.

While the committee has been unable to determine exactly the variations for each year of the war in the revenue derived from German assets abroad, it has at least been able to make an estimate which may be taken as very nearly accurate.

III. POSTWAR PERIOD

(a) SURPLUS OF IMPORTS AND CASH PAYMENTS MADE BY GERMANY UNDER THE PEACE TREATY

One of the main causes of the reduction of German assets abroad during the postwar period arose from the necessity for Germany to cover the deficit in her trade balance and to meet the cash payments which had to be made to the Allies under the Treaty of

Versailles. These two items together amount to between 9 and 10 milliard gold marks.

As already stated in the report, the figures given in the official German foreign trade statistics are quite inaccurate for certain periods. This observation applies particularly to the figures originally published.

For this reason, it was necessary to revise completely the balance given for every year. Taking into account the various factors entering into the calculation, the committee is of opinion that this revision has made it possible to reach a figure more nearly equal to the actual excess of imports than had been the case in previous reports dealing with this question. The fixing of the amount of the deficit in the trade balance is of true importance, since any valuation that is to be made of German assets remaining abroad largely depends on the figure finally adopted for that deficit.

The cash payments made by Germany to the Allies—to the Reparation Commission, under the reparation recovery act, payments to the clearing office, etc.—do not give rise to dispute.

(*b*) SALE TO FOREIGNERS OF MARK CREDITS AND BANK NOTES

Germany has acquired foreign assets in large volume since the armistice through opening credit accounts in her banks for the benefit of foreigners. These credits were paid for by the foreigners in the money or credits of other countries, and as they underwent a constant skrinkage in real value through the depreciating value of the mark, German economy profited largely from the transactions. The committee made a careful study of the values so acquired by an investigation, with the aid of expert accountants, of the mark credit balances on foreign account in the principal banks of Germany during the postwar years.

It was found that there had been during this five-year period more than a million individual accounts of this kind. In most cases the mark credits of these accounts had not been immediately utilized and had undergone a process of shrinkage through the depreciation of mark values that amounted to a veritable evaporation.

The work of the expert accountants was directed to determine as nearly as possible the aggregate amount of the shrinkages in these very numerous accounts that was due to the depreciation of the value of the mark. With this end in view the leading banks in Germany were asked to transcribe from their books the data showing the credit balances and the amounts of debits in the accounts of all foreigners at the close of each month from the end of 1918 to the end of 1923.

After the sums indicated had been converted to gold equivalents at the current rate of exchange, it was possible to draw close inferences as to the total gains accruing to German economy as a whole. The data furnished by the banks were submitted to careful checking by the expert accountants, and it was found that they had been correctly compiled.

Credits in German marks were purchased by the citizens of a great many nations, but the largest amounts were taken by the citizens of a relatively restricted group of countries.

The methods used in determining the value of the assets acquired by the German banks in this way were subjected to an interesting check which consisted of taking a single account of a foreigner who had engaged in speculative operations on a considerable scale, and converting the figures of the transactions to a gold basis for every day on which any debit or credit entry was recorded. The results indicated that there was no tendency for this detailed method of conversion to yield results materially different from those found by the more general mass methods that it was necessary to employ in computing the figures for Germany as a whole.

When the whole inquiry, which was of considerable length, had been completed it was found that Germany had profited by the sale of mark credits by an amount of from 7 to 8 milliards of gold marks. In addition the sale of paper marks in foreign countries had resulted in profits amounting to from 600 to 700 millions of gold marks, or a total from these two sources of 7.6 to 8.7 milliards of gold marks.

(*c*) SALES OF GOLD

German official statistics record sales abroad by Germany principally in the years 1919–1921 and 1923 of gold to a total amount of 1½ milliard gold marks. The accuracy of these figures is not disputed.

(*d*) SALES OF GERMAN REAL PROPERTY AND GERMAN SECURITIES

During the period characterized by the rapid depreciation of the mark, sales of real property to foreigners reached an unwonted development in Germany.

In estimating the proceeds of such sales, the committee had before it various statistics indicating in detail the number and amount of sales of real property to foreigners since the war in some of the principal towns of Germany, and also in districts of varying economic character.

As regards securities, Germany was able during the first part of the post-war period to market some of her securities abroad, but as soon as her financial position became more uncertain most of these transactions were suspended.

In the aggregate the committee considers that sales of German real property and securities to foreigners amounted to about 1½ milliard gold marks.

(*e*) EXPENDITURE BY FOREIGNERS TRAVELING IN GERMANY AND BY GERMANS TRAVELING ABROAD

During the five years which have elapsed since the armistice, considerable sums have been spent in Germany by large numbers of foreigners who have traveled and lived in the country. Our estimate of the expenditure by these travelers was facilitated by the official statistics kept by the largest German towns and by the special report on the subject supplied by the German Government. The committee was able to obtain a fairly exact idea of the number of foreigners who came to Germany during the period in question, the average length of their stay and the daily expenditure of each traveler.

As against this, numerous German travelers belonging mostly to the wealthier classes have stayed in foreign countries, especially in the last two or three years. Their expenditure has to be deducted from the expenditure by foreigners in Germany referred to above, and very considerably reduces the amount of the German assets realized from that source.

(*f*) EXPENDITURE BY ARMIES OF OCCUPATION

During the post-war period, a certain sum has been realized by Germany through the expenditure in foreign currency, or in marks bought with foreign currency, by the troops occupying German territory.

Each of the Governments having or having had armies of occupation in Germany has supplied the committee with a detailed estimate of the expenditure made by the officers and men or by the various army services. These estimates were checked in several ways by a series of calculations relating to each army's different methods. The results of these different calculations have been combined.

(*g*) EARNINGS FROM SHIPPING, INSURANCE, TRANSIT, ETC.

Earnings from shipping, insurance, commissions, transit, were an important source of German income prior to 1914, but during the war such earnings in great measure disappeared. In the five years 1919–1923 some of the lost ground has been regained, particularly in the field of shipping and insurance, and the committee has taken this item into account.

(*h*) INCOME FROM GERMAN INVESTMENTS ABROAD AND FOREIGN INVESTMENTS IN GERMANY—REMITTANCES MADE BY GERMANS RESIDING ABROAD

The total amount of the income produced by German assets abroad since 1919 is of course substantially below that produced by German assets abroad before the war. The assets held abroad by Germany since the war represent indeed only a small and for some part unproductive fraction of her pre-war holdings. It is true, on the other hand, that the payments which Germany has had to make since 1919 in respect of German securities held by foreigners have been inconsiderable. After a careful study of the question, the committee came to the conclusion that a set-off of the two items—income from German investments abroad and income from foreign investments in Germany—resulted in a small balance in Germany's favor for the whole of the post-war period.

The remittances sent to Germany by German nationals residing abroad and German connections and sympathizers amount to a considerable figure in Germany's favor.

(*i*) GERMAN PRIVATE PROPERTY IN CEDED TERRITORIES

Most of the valuations of German property abroad have taken little or no account of the value of German private property in the ceded territories of Silesia, Posen, Danzig, etc.

These properties are included in our own estimate in so far as, according to the definition adopted by the committee, they are owned by Germans residing in Germany. Although it is very difficult to determine with any precision the extent of these properties, the committee considered that it should not exclude from its valuation certain industrial assets, particularly those in Upper Silesia.

(*j*) FOREIGN BANK NOTES IN GERMANY

There is in Germany a large quantity of foreign bank notes (dollars, florins, Scandinavian crowns, Swiss francs, pounds sterling, and more especially in the occupied territory, Belgian and French francs). The exceptional plight of the German mark has influenced Germans in acquiring stable currencies wherever possible and on a large scale. These foreign notes have remained in the country instead of finding their way abroad again through the normal channel of trade, as would have been the case in ordinary circumstances.

Various estimates of the total amount of such notes were made in Germany, particularly towards the end of 1923. The committee has compared the different estimates with the information which it collected in Germany and other countries. In its opinion, the value of the foreign notes existing in Germany at the end of 1923 amounted to about 1.2 milliard gold marks.

97417—24——7

LAW DEPARTMENT

Exercise of fiduciary powers by national banks in Missouri

There is published below the opinion of the Supreme Court of the United States, in the case of State ex rel. Burnes National Bank of St. Joseph *v.* Duncan, which reverses the decision of the Supreme Court of Missouri and upholds the right of national banks in Missouri to exercise trust powers.

The Burnes National Bank had been named as executor under a will and had made application to the probate court having jurisdiction for appointment as such executor. On January 29, 1923, the probate court refused to issue letters testamentary to the national bank on the ground that under the laws of Missouri the bank was not authorized to act as executor. The national bank applied to the Supreme Court of Missouri for a writ of mandamus requiring the probate court to appoint it as executor. On January 4, 1924, the Supreme Court of Missouri rendered a decision upholding the decision of the probate court and denying the writ of mandamus. The opinion of the State court was to the effect that the exercise of trust powers by national banks in Missouri is in contravention of State law. The court considered the provision in section 11 (k) of the Federal reserve act that the exercise of trust powers by national banks shall not be considered in contravention of State law when State institutions which compete with national banks are permitted to exercise such powers, but failed to apply this provision, arguing that it is not controlling and that trust companies in Missouri do not compete with national banks in the sense contemplated by the statute.

The case was promptly appealed to the Supreme Court of the United States, was advanced on the docket, and was argued on April 11. In view of the fact that national banks were created as instrumentalities of the Federal Government, and trust powers were granted to them in order to enable them to continue to exist in competition with State banks and trust companies exercising such powers, the case was of great importance to the Federal Government as well as to national banks. At the suggestion of the Federal Reserve Board and the Comptroller of the Currency, therefore, the Secretary of the Treasury requested the Department of Justice to intervene in the case on behalf of the United States; and, in accordance with this request, the Solicitor General filed a brief and made an oral argument in the case on behalf of the United States as amicus curiæ.

On April 28 the Supreme Court of the United States rendered its decision, reversing the decision of the Supreme Court of Missouri, and holding that "whatever may be the State law, national banks having the permit of the Federal Reserve Board may act as executors if trust companies competing with them have that power." The opinion of the court was rendered by Mr. Justice Holmes, and Mr. Justice Sutherland rendered a dissenting opinion in which Mr. Justice McReynolds concurred. Both the court's opinion and the dissenting opinion are published below.

SUPREME COURT OF THE UNITED STATES

No. 762.—OCTOBER TERM, 1923

The State of Missouri at the relation of the Burnes National Bank of St. Joseph, Plaintiff in Error, *v.* A. B. Duncan, Judge of the Probate Court of Buchanan County, Missouri. In Error to the Supreme Court of the State of Missouri.

[April 28, 1924]

Mr. Justice HOLMES delivered the opinion of the Court.

The relator, the Burnes National Bank of St. Joseph, was appointed executor by a citizen of Missouri who died on November 22, 1922, leaving a will. The bank applied to the proper probate court for letters testamentary, but was denied appointment on the ground that by the laws of Missouri national banks were not authorized to act as executors. Thereupon it applied to the supreme court of the State for a writ of mandamus to the judge of the probate court and an alternative writ was issued. The respondent demurred, the demurrer was sustained and the peremptory writ was denied. Mo. A writ of error was allowed by the chief justice of the State court. The bank claims the capacity to fill the office under the statutes of the United States.

By the act of September 26, 1918, c. 177, § 2, 40 Stat. 967, 968, amending § 11 (k) of the Federal Reserve Act, the Federal Reserve Board was empowered "To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator * * * or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located." If the section stopped there the decision of the State court might be final, but it adds the following paragraph, "Whenever the laws of such State authorize or permit the exercise of any or all of the foregoing powers by State banks, trust companies, or other corporations which compete with national banks, the granting to and the exercise of such powers by national banks shall not be deemed to be in contravention of State or local law within the meaning of this act." This says in a roundabout and polite but unmistakable way that whatever may be the State law, national banks having the permit of the Federal Reserve Board may act as executors if trust companies competing with them have that power. The relator has the permit, competing trust companies can act as executors in Missouri, the importance of the power to the sustaining of competition in the banking business is so well known and has been explained so fully heretofore that it does not need to be emphasized, and thus the naked question presented is whether Congress had the power to do what it tried to do.

The question is pretty nearly answered by the decision and fully answered by the reasoning in *First National Bank of Bay City* v. *Fellows*, 244 U. S. 416. That case was decided before the amendment to the Federal reserve act that we have quoted and came here on the single issue of the power of Congress when the State law was not contravened. It was held that the power "was to be tested by the right to create the bank and the authority to attach to it that which was relevant in the judgment of Congress to make the business of the bank successful." 244 U. S. 420. The power was asserted and it was added that "this excluded the power of the State in such case, although it might possess in a general sense authority to regulate such business, to use that authority to prohibit such business from being united by Congress with the banking function." 244 U. S. 425. Now that Congress has expressed its paramount will this language is more apposite than ever. The States can not use their most characteristic powers to reach unconstitutional results. *Western Union Telegraph Co.* v. *Kansas*, 216 U. S. 1. *Pullman Co.* v. *Kansas*, 216 U. S. 56. *Western Union Telegraph Co.* v. *Foster*, 247 U. S. 105, 114. There is nothing over which a State has more exclusive authority than the jurisdiction of its courts, but it can not escape its constitutional obligations by the device of denying jurisdiction to courts otherwise competent. *Kennedy* v. *Supreme Lodge of the World*, 252 U. S. 411, 415. So here—the State can not lay hold of its general control of administration to deprive national banks of their power to compete that Congress is authorized to sustain.

The fact that Missouri has regulations to secure the safety of trust funds in the hands of its trust companies does not affect the case. The power given by the act of Congress purports to be general and independent of that circumstance and the act provides its own safeguards. The authority of Congress is equally independent, as otherwise the State could make it nugatory. Since the decision in *First National Bank of Bay City* v. *Fellows*, 244 U. S. 416, it generally has been recognized that the law now is as the relator contends. *In re Turner's Estate*, 277 Pa. 110, 116. *Estate of Stanchfield*, 171 Wis. 553. *Hamilton* v. *State*, 94 Conn. 648. *People* v. *Russell*, 283 Ill. 520, 524. *In re Mollineaux*, 179 N. Y. Supp. 90. *Fidelity National Bank & Trust Co.* v. *Enright*, 264 Fed. Rep. 236.

Judgment reversed.

SUPREME COURT OF THE UNITED STATES

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[April 28, 1924]

Mr. Justice SUTHERLAND, dissenting.

The real question here, as I understand it, is not whether Congress may safeguard national banks against ordinary State legislation of a discriminative character, but whether Congress may intrude upon and prohibit the exercise of the *governmental powers* of a State to the extent that such exercise discriminates against such banks in favor of competing State corporations. The authority of the *Fellows* case, I think, is pressed too far. The statute there under review simply made national banks competent to act as executors, etc., "when not in contravention of State or local law." The statute did not attempt to override the will of the State in that respect, but expressly recognized its control and authority. The State supreme court conceded that the powers thus conditionally conferred by the Federal statute, in fact, would not be in contravention of the State law, but held that Congress was without constitutional authority, because the functions sought to be given to such banks were subjects of State regulation. That view of the matter was rejected; but, putting aside some expressions not necessary to the decision, I do not think the case can be regarded as authority for the conclusion apparently now reached: that Congress may so limit the power of a State, against its expressly declared will to the contrary, that it may confer the right to act as executors and administrators upon State corporations which compete with national banks, only upon condition that the same right be conferred upon the latter. Certainly that precise question was not there presented for decision.

It is fundamental, under our dual system of government, that the Nation and the State are supreme and independent, each within its own sphere of action; and that each is exempt from the interference or control of the other in respect of its governmental powers, and the means employed in their exercise. *Bank of Commerce* v. *City of New York*, 2 Black. 620, 634; *South Carolina* v. *United States*, 199 U. S. 437, 452, *et seq.*; *Farrington* v. *Tennessee*, 95 U. S. 679, 685. "How their respective laws shall be enacted; how they shall be carried into execution; and in what tribunals, *or by what officers;* and how much discretion, or whether any at all shall be vested in their officers, are matters subject to their own control, and in the regulation of which neither can interfere with the other." *Tarble's case*, 13 Wall. 397, 407–8. Except as otherwise provided by the Constitution, the sovereignty of the States "can be no more invaded by the action of the General Government than the action of the State governments can arrest or obstruct the course of the national power." *Worcester* v. *Georgia*, 6 Pet. 515, 570.

In *Bank of Commerce* v. *City of New York, supra*, pages 633–4, a tax case, this court said: "That government whose powers, executive, legislative, or judicial, * * * are subject to the control of another distinct government can not be sovereign or supreme, but subordinate and inferior to the other. This is so palpable a truth that argument would be superfluous. Its functions and means essential to the administration of the government, and the employment of them, are liable to constant interruption and possible annihilation. * * * But of what avail is the function or the means if another government may tax it at discretion? It is apparent that the power, function, or means, however important and vital, are at the mercy of that government. And it must be always remembered, if the right to impose a tax at all exists on the part of the other government, 'it is a right which in its nature acknowledges no limits.' And the principle is equally true in respect to every other power or function of a government subject to the control of another."

It is settled beyond controversy that the right of a State to pass laws, to administer them through courts of justice, and to employ agencies for the legitimate purposes of State government can not be taxed, *Veazie Bank* v. *Fenno*, 8 Wall. 533, 547; and that rule is but an application of the general and broader rule, which forbids any interference by the Federal Government with the governmental powers of a State. The settlement of successions to property on death is a subject within the exclusive control of the States and entirely beyond the sphere of national authority. See *Tilt* v. *Kelsey*, 207 U. S. 43, 55–6; *Plummer* v. *Coler*, 178 U. S. 115, 137. Upon the death of the owner his property passes under the control of the State and remains there until all just charges against it can be determined and paid and those who are entitled to become its new owners can be ascertained. The duty and power of the State to provide a tribunal for the accomplishment of these ends, *Tilt* v. *Kelsey, supra*, it follows, can not be abridged by Federal legislation.

The right of the owner to direct the descent of his property by will or permit it under statute, as well as the right of a legatee, devisee, or heir to receive the property, are rights exclusively derived from and regulated by the State. *Plummer* v. *Coler, supra*, page 137. During the process of administration the estate, in contemplation of law, is in the custody of the court exercising probate powers, and of this court the executor or administrator is an officer. *Yonley* v. *Lavender*, 21 Wall. 276, 280. "An administrator appointed by a State court is an officer of that court; his possession of the decedent's property is a possession taken in obedience to the orders of that court; it is the possession of the court. * * *" *Byers* v. *McAuley*, 149 U. S. 608, 615.

In the present case the State legislature, as conclusively determined by the State supreme court, has excluded not only national banks but State banks from assuming the functions of executors and administrators, which functions, for reasons satisfactory to itself, it has allowed trust companies to exercise. This determination of the State to grant the right to one and not the other, when it might have excluded both, is plainly the assertion of a governmental policy upon a matter within its exclusive control, with which the Federal Government has no authority to meddle. Congress may, of course, confer upon national banks the capacity to act as administrators and executors, but I do not think it is within the constitutional authority of that body to make such legislation binding upon the State against its will. The decision just rendered perhaps does not go that far; but it does uphold the power of Congress to impose its will upon the State in this respect if the State, in the exercise of its exclusive authority over the devolution of estates of deceased persons, permits any corporation which competes with national banks to exercise the powers mentioned. This contingency seems to me a slender distinction upon which to found a denial of the State's power. It may be conceded that a State is precluded from enforcing legislation which discriminates against national banks, in respect of private banking or business operations; but a very different situation is presented when the discrimination arises in respect of the governmental operations of the State. A State, for example, can not be sued in its own courts without its consent; but is it powerless to consent to such suits by financial corporations of its own creation except upon condition that it extends a similar privilege to competing national banks? Legislation requiring all residents of a State to deposit their funds only in State institutions would undoubtedly be bad against Federal legislation to the contrary; but is it beyond the power of the State legislature to subject public moneys—State, county or municipal—to such a restriction? A State may not unconditionally require private debts to be paid only in gold and silver; but, in the exercise of its sovereign power of taxation, it may limit the payment of taxes to gold and silver, if it sees fit, in spite of a Federal law making currency a legal tender, and, as this court has said: "It is not easy to see upon what principle the National Legislature can interfere with the exercise, * * * of this power." *Lane County* v. *Oregon*, 7 Wall. 71, 77. In my opinion, the exercise of the powers conferred upon trust companies by the legislation here under review is governmental in its nature; and the fact that the statute discriminates in that matter against national banks (as, also, it does against State banks) is a negligible incident, which does not affect the validity of the statutory limitation.

The probate courts of a State have only such powers as the State legislature gives them. They are wholly beyond the jurisdiction of Congress, and it does not seem to me to be within the competency of that body, on any pretext, to compel such courts to appoint as executor or administrator one whom the State law has declared shall not be appointed.

The particular invasion here sanctioned may not be of great moment; but it is a precedent, which, if carried to the logical extreme, would go far toward reducing the States of the Union to the status of mere geographical subdivisions. The case is one, to use the phrase of Mr. Justice Brewer in *Fairbank* v. *United States*, 181 U. S. 283, 291–2, for the application of the maxim, *obsta principiis*, not *de minimis non curat lex*.

I am authorized to say that Mr. Justice McREYNOLDS concurs in this dissent.

State Banks and Trust Companies

The following list shows the State banks and trust companies which were admitted to membership in the Federal reserve system during the month ending April 28, 1924, on which date 1,604 State institutions were members of the system:

ADMISSIONS

	Capital	Surplus	Total resources
District No. 4			
Newton State Bank, Newton Falls, Ohio	$25,000	$5,000	$229,331
Toledo Trust Co., Toledo, Ohio	1,500,000	1,000,000	6,623,485
District No. 8			
Producers State Bank, Siloam Springs, Ark	25,000	3,250	116,847
District No. 9			
Bradley Bank, Tomahawk, Wis	60,000	14,000	974,157
District No. 11			
Guaranty State Bank, Kosse, Tex	25,000	3,700	204,000
Guaranty State Bank, Emory, Tex	17,500		92,423
Liberty State Bank, Soper, Okla	15,000		84,563
District No. 12			
Bank of Beaverton, Beaverton, Oreg	25,000	7,000	492,056

CHANGES

	Capital	Surplus	Total resources
District No. 7			
Merchants & Savings Bank, Kenosha, Wis. (voluntary liquidation; absorbed by a national bank)	$100,000	$23,000	$1,903,150
District No. 9			
Security State Bank, Dillon, Mont. (voluntary liquidation)	50,000		188,000
District No. 10			
American Bank & Trust Co., Denver, Colo. (converted into a national bank)	500,000	250,000	10,696,600
District No. 11			
Security State Bank, Portales, N. Mex. (insolvent)	25,000	4,000	316,200
Citizens State Bank, Alice, Tex. (merged with nonmember)	60,000	20,000	385,000
District No. 12			
Molson State Bank, Molson, Wash. (closed)	35,000	10,000	245,000
Valley Bank, Fresno, Calif. (Taken over jointly by Pacific Southwest Trust & Savings Bank, Los Angeles, Calif., and the Bank of Italy, San Francisco, Calif.)	900,000	80,000	13,408,990

Change of title.—The Lowry Bank & Trust Co. of Georgia, Atlanta, Ga., has changed its title to Trust Company of Georgia.

Fiduciary Powers Granted to National Banks

During the month of April the Federal Reserve Board approved applications of the national banks listed below for permission to exercise one or more of the fiduciary powers named in section 11 (k) of the Federal reserve act as amended, as follows:

(1) Trustee; (2) executor; (3) administrator; (4) registrar of stocks and bonds; (5) guardian of estates; (6) assignee; (7) receiver; (8) committee of estates of lunatics; (9) in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

Place	District No.	Name of bank	Powers granted
Thomaston, Me	1	Georges National Bank	1 to 3, 5, 8
Fairport, N. Y	2	Fairport National Bank	1 to 9
Red Bank, N. J	2	National Bank and Trust Co. of Red Bank.	1 to 9
Atlantic Highlands, N. J.	2	Atlantic Highlands National Bank.	4 to 8
Bridgeton, N. J	3	Bridgeton National Bank	1 to 9
Tamaqua, Pa	3	First National Bank	1 to 9
Schuylkill Haven, Pa	3	do	1 to 9
Pensacola, Fla	6	Citizens and Peoples National Bank.	1 to 9
St. Petersburg, Fla	6	Central National Bank & Trust Co.	4 to 9
Ann Arbor, Mich	7	First National Bank	1 to 9
Oelwein, Iowa	7	First National Bank	1 to 7
Anna, Ill	8	do	5 to 9
Linton, Ind	8	do	1 to 7
St. Paul, Minn	9	Twin Cities Nat. Bank	1 to 9
Denver, Colo.[1]	10	American National Bank	1 to 7
Enid, Okla	10	Enid National Bank	1
Raton, N. Mex	10	National Bank of N. Mex.	2 and 3
Mount Vernon, Wash.	12	Skagit National Bank	1 to 4

[1] Approval effective Mar. 29, 1924.

New National Bank Charters

The Comptroller of the Currency reports the following increases and reductions in the number and capital of national banks during the period from March 22 to April 25, 1924, inclusive:

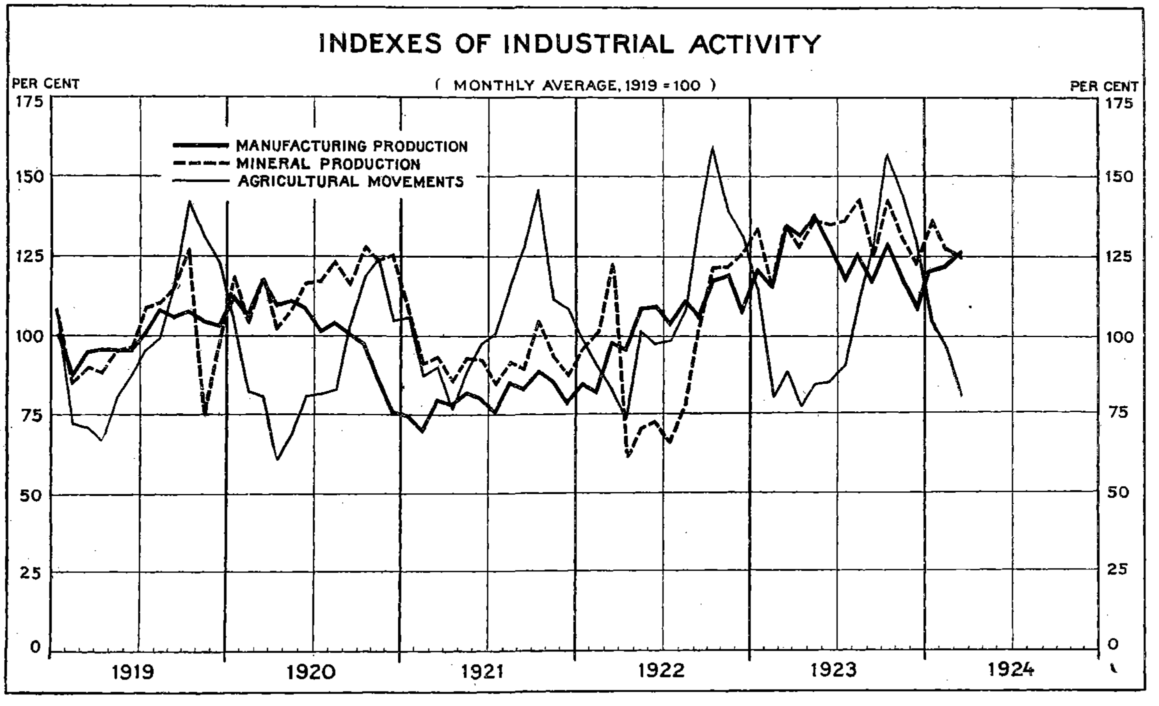
	Number of banks	Amount of capital
New charters issued	19	$2,710,000
Restored to solvency	0	0
Increase of capital approved	30	4,737,500
Aggregate of new charters, banks restored to solvency, and banks increasing capital	49	7,447,500
Liquidations	32	4,165,000
Reducing capital	2	55,000
Total liquidations and reductions of capital	34	4,220,000
Consolidations of national banks under act of Nov. 7, 1918	1	75,000
Aggregate increased capital for period		7,447,500
Reduction of capital owing to liquidations, etc		4,220,000
Net increase		3,227,500

BUSINESS STATISTICS

INDUSTRIAL STATISTICS IN THE UNITED STATES

Definite recessions occurred in business activity during March. The index of manufacturing production, shown on the chart below, increased, due to the greater number of working days in March than in February. The index of production in basic industries, corrected to allow for such seasonal variations, declined from 120 to 116. Textiles showed the greatest decline. Decreased output of bituminous coal was entirely responsible for the drop in the mineral index. The index of agricultural movements had an abnormally large decline during March, largely because of decreases in shipments of grains, dairy products, and vegetables, which were unusually heavy in February.

Revisions in index of production in basic industries.—Since the presentation of the Board's "Index of production in basic industries" in the December, 1922, BULLETIN, a number of revisions have been made in the original data used in some of the series. The revised figures for the general index from 1913 to date are given in the table below.



REVISED INDEX NUMBERS OF PRODUCTION IN BASIC INDUSTRIES

[Corrected for seasonal variations. Monthly average, 1919=100]

	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924
January	102	90	78	110	119	103	107	116	84	86	121	120
February	100	92	82	116	114	105	100	115	85	91	120	120
March	95	94	87	114	116	112	96	115	81	95	125	116
April	101	93	91	111	119	114	99	108	79	86	124	------
May	99	88	90	113	123	115	93	105	77	92	127	------
June	95	88	95	114	118	111	93	107	77	94	122	------
July	96	89	97	109	112	116	102	105	74	95	121	------
August	93	82	96	112	111	114	103	102	79	95	120	------
September	96	85	103	113	110	112	105	102	79	100	114	------
October	97	81	104	116	116	106	101	99	83	107	118	------
November	92	77	108	120	118	106	98	95	86	116	116	------
December	92	77	116	116	112	108	103	90	83	116	111	------
Yearly average	96	86	96	114	116	110	100	105	80	98	120	------

INDEX OF EMPLOYMENT IN MANUFACTURING INDUSTRIES[1]

[Not corrected for seasonal variations. Monthly average, 1919=100]

	General index	Metals and products: Group index	Metals and products: Iron and steel	Textiles and products: Group index	Textiles and products: Fabrics	Textiles and products: Products	Lumber and products	Vehicles	Paper and printing	Foods and products	Leather and products	Stone, clay, and glass	Tobacco products	Chemicals and products
1919 average	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1920 average	104	110	110	100	98	103	96	105	110	101	92	103	99	101
1921 average	83	67	67	96	97	94	81	72	96	96	83	86	98	76
1922 average	90	76	75	96	93	101	107	76	99	96	89	99	95	73
1923 average	101	93	93	102	103	101	120	100	105	103	91	110	91	79
1923														
February	101	92	92	105	106	104	118	98	104	99	97	98	94	80
March	103	95	94	107	107	107	121	101	106	99	96	104	94	81
October	101	92	92	99	99	100	120	100	105	109	90	114	90	79
November	100	91	91	98	100	96	119	100	106	110	89	111	92	78
December	99	90	89	98	100	96	118	95	107	108	86	109	92	78
1924														
January	98	89	89	97	96	98	118	95	106	104	86	105	89	78
February	99	91	90	98	97	100	123	[2] 95	106	102	87	106	87	78
March	99	92	91	97	94	100	123	[3] 95	106	101	87	110	85	78

[1] This table contains for certain months the index numbers of employment, together with group indexes for its important industrial components. The general index is a weighted average of relatives for 33 individual industries. The method of construction was described in detail, and indexes for the above groups since January, 1919, were published on pages 1272-1279 of the BULLETIN for December, 1923.

[2] Revised. [3] Preliminary.

INDEX OF PRODUCTION IN BASIC INDUSTRIES[1]

[Index and relatives for each industry adjusted for seasonal variations.[2] Monthly average 1919=100]

Year and month	General index	Iron and steel: Pig iron	Iron and steel: Steel ingots	Textiles: Cotton	Textiles: Wool	Food products: Wheat flour	Food products: Sugar meltings	Animals slaughtered: Cattle	Animals slaughtered: Calves	Animals slaughtered: Sheep	Animals slaughtered: Hogs	Lumber
1919 average	100	100	100	100	100	100	100	100	100	100	100	100
1920 average	105	119	118	98	89	84	90	86	103	86	91	101
1921 average	80	55	58	92	98	92	97	76	97	103	95	75
1922 average	98	88	102	103	98	95	132	86	106	87	106	102
1923 average	120	131	128	110	110	96	111	91	114	92	131	124
1923												
February	120	134	138	119	113	96	127	93	123	89	102	110
March	125	134	141	118	116	108	121	93	109	102	140	132
October	118	118	118	111	106	91	165	89	126	85	150	134
November	116	111	109	113	104	84	138	82	122	79	141	137
December	111	117	107	96	100	87	97	81	121	87	116	129
1924												
January	120	120	130	112	99	89	97	95	133	98	119	136
February [2]	120	132	145	102	100	100	127	94	137	93	116	130
March	116	132	145	92	101	107	115	90	112	90	132	124

Year and month	Coal: Bituminous[4]	Coal: Anthracite	Nonferrous metals: Copper	Nonferrous metals: Zinc	Sole leather	Newsprint	Cement	Petroleum	Tobacco products: Cigars	Tobacco products: Cigarettes	Tobacco products: Manufactured tobacco
1919 average	100	100	100	100	100	100	100	100	100	100	100
1920 average	122	[3] 102	105	102	82	110	127	117	114	100	93
1921 average	89	[3] 103	39	46	[3] 81	89	121	124	98	113	90
1922 average	87	[3] 62	82	79	79	105	139	146	100	119	98
1923 average	118	109	122	113	84	108	174	191	99	144	96
1923											
February	118	126	110	108	87	109	189	171	99	139	99
March	118	128	115	124	92	112	178	175	99	137	93
October	112	108	128	107	81	103	165	203	106	153	95
November	106	103	131	113	80	107	180	209	104	145	98
December	100	105	128	118	72	101	174	192	88	138	85
1924											
January	122	111	132	126	73	106	239	183	98	176	113
February [2]	123	118	131	112	[3] 71	107	192	[3] 189	94	140	98
March	101	111	121	122	65	103	187	185	90	143	91

[1] This table contains for certain months the index numbers of production in basic industries which are shown in the chart at the bottom of page 332, together with the series of relatives used in constructing the index. In making the final index the relatives are adjusted to allow for seasonal fluctuations and are weighted. The method of construction was described in detail and all relatives for each series since January, 1913, were published on pages 1414-1421 of the BULLETIN for December, 1922.

[2] Industry relatives and general index for February, 1924, given an additional adjustment to allow for 29th day.

[3] Revised.

[4] The bituminous coal series has been entirely revised.

INDEXES OF INDUSTRIAL ACTIVITY[1]

[No seasonal correction. Monthly average 1919=100]

	1924			1923	
	March	February	January	March	February
Agricultural movements	80	[2] 95	104	89	80
Livestock	93	99	121	92	89
Animal products	90	[2] 101	98	120	89
Grains	87	120	91	95	98
Cotton	33	41	83	39	37
Vegetables	138	123	120	150	88
Fruits	92	102	90	90	84
Tobacco	75	133	239	62	106
Mineral production	126	128	136	134	117
Anthracite	110	104	108	128	106
Bituminous	103	118	131	121	109
Petroleum	189	[2] 176	179	178	154
Pig iron	136	121	118	138	118
Copper	128	127	132	121	102
Zinc	122	112	126	124	108
Lead	145	[2] 124	114	[2] 126	[2] 106
Silver	121	115	111	129	100
Manufacturing production	127	[2] 123	[2] 122	134	116
Iron and steel	145	131	126	143	122
Vehicles	156	148	129	147	117
Textiles	100	106	116	126	120
Food products	105	105	109	108	94
Lumber	141	132	128	147	112
Paper and printing	120	[2] 117	122	126	113
Leather and shoes	102	[2] 96	98	125	106
Petroleum refining	180	166	172	156	142
Cement and brick	140	[2] 123	118	142	111
Tobacco	109	103	118	112	100
Rubber tires	159	154	152	184	153

[1] For description and early figures see March, 1924, Bulletin.
[2] Revised.

COMMODITY MOVEMENTS

	1924 March	1924 February	1923 March
Grain and Flour			
Receipts at 17 interior centers (000 omitted):			
Wheat (bushels)	18,289	21,433	24,230
Corn (bushels)	29,059	45,667	25,672
Oats (bushels)	18,704	21,331	21,124
Rye (bushels)	1,677	1,938	3,679
Barley (bushels)	2,993	3,381	3,403
Total grain (bushels)	70,722	93,750	78,108
Flour (barrels)	2,005	2,024	2,328
Total grain and flour (bushels)	79,743	102,859	88,584
Shipments at 14 interior centers (000 omitted):			
Wheat (bushels)	12,450	12,005	13,521
Corn (bushels)	15,676	20,520	14,677
Oats (bushels)	15,461	14,311	17,084
Rye (bushels)	1,026	421	945
Barley (bushels)	2,052	2,081	1,888
Total grain (bushels)	46,665	49,338	48,115
Flour (barrels)	3,194	3,166	4,007
Total grain and flour (bushels)	61,039	63,586	66,147
Stocks at 11 interior centers at close of month (000 omitted):			
Wheat (bushels)	53,717	62,471	37,952
Corn (bushels)	20,263	15,330	22,974
Oats (bushels)	14,413	15,328	20,647
Rye (bushels)	18,804	17,919	13,368
Barley (bushels)	1,352	1,204	1,778
Total grain (bushels)	108,549	112,252	96,719

COMMODITY MOVEMENTS—Continued

	1924 March	1924 February	1923 March
Grain and Flour—Continued			
Total visible supply of grain east of the Rocky Mountains at close of month (000 omitted):			
Wheat (bushels)	62,715	68,005	48,911
Corn (bushels)	27,284	20,517	31,011
Oats (bushels)	17,739	19,011	26,180
Receipts at 9 seaboard centers (000 omitted):			
Wheat (bushels)	12,482	13,816	14,932
Corn (bushels)	3,893	2,975	5,848
Oats (bushels)	1,414	1,301	2,114
Rye (bushels)	877	408	2,495
Barley (bushels)	1,274	1,255	1,290
Total grain (bushels)	19,940	19,755	26,679
Flour (barrels)	2,105	1,945	2,034
Total grain and flour (bushels)	29,414	28,505	35,833
Stocks at 8 seaboard centers at close of month (000 omitted):			
Wheat (bushels)	4,171	4,659	8,549
Corn (bushels)	1,772	1,007	4,131
Oats (bushels)	901	849	2,428
Rye (bushels)	1,082	1,020	4,012
Barley (bushels)	1,532	1,555	1,902
Total grain (bushels)	9,458	9,090	21,022
Wheat flour production (barrels), (000 omitted)	10,578	10,286	10,607
Livestock			
Receipts at 57 principal markets (head, 000 omitted):			
Cattle and calves	1,526	1,429	1,475
Hogs	4,726	5,214	4,831
Sheep	1,353	1,388	761
Horses and mules (43 markets)	38	56	59
Total	7,643	8,087	7,126
Shipments at 52 principal markets (head, 000 omitted):			
Cattle and calves	544	530	546
Hogs	1,824	2,094	1,680
Sheep	647	674	637
Horses and mules (43 markets)	37	55	57
Total	3,052	3,354	2,920
Shipments of stockers and feeders from 33 markets (head, 000 omitted):			
Cattle and calves	172	167	195
Hogs	49	46	62
Sheep	82	106	114
Total	303	319	371
Slaughter at principal markets under Federal inspection (head, 000 omitted):			
Cattle	665	669	688
Calves	377	346	368
Hogs	4,536	5,006	4,838
Sheep	869	912	977
Total	6,447	6,933	6,871
Meats, cold-storage holdings, first of following month (pounds, 000 omitted):			
Beef	93,225	97,874	90,502
Pork products	1,015,683	946,788	864,674
Lamb and mutton	1,771	2,175	6,635
Exports of certain meat products (pounds, 000 omitted):			
Beef—			
Canned	124	106	105
Fresh	150	259	348
Pickled or other cured	1,630	1,605	2,312
Hog products—			
Bacon	31,713	41,005	40,549
Hams and shoulders	30,170	35,296	25,892
Lard	100,726	99,910	109,187
Pork, pickled	2,760	3,001	3,325

COMMODITY MOVEMENTS—Continued

	1924 March	1924 February	1923 March
Dairy Products			
Receipts at 5 principal markets (000 omitted):			
Butter (pounds)	40,741	48,260	50,409
Cheese (pounds)	12,810	16,243	15,573
Eggs (cases)	1,196	999	2,124
Poultry (pounds)	16,893	27,447	17,154
Cold-storage holdings first of following month (000 omitted):			
Creamery butter (pounds)	7,830	9,837	4,824
American cheese (pounds)	28,234	35,223	14,465
Eggs (cases)	569	44	453
Poultry (pounds)	76,035	93,528	94,872
Other Agricultural Products			
Cottonseed (tons):			
Received at mills	82,353	156,875	51,865
Crushed	233,948	338,077	202,858
Stocks at mills at close of month	234,121	385,716	154,103
Cottonseed oil (pounds, 000 omitted):			
Production	68,887	100,189	62,726
Stocks	110,115	128,518	59,328
Oleomargarine consumption (pounds, 000 omitted)	23,345	23,617	19,722
Tobacco sales at loose-leaf warehouses (pounds, 000 omitted):			
Dark belt, Virginia	2,757	3,688	2,955
Bright belt—			
Virginia	2,599	6,024	819
North Carolina	3,858	16,670	8,514
Burley	6,240	14,949	5,256
Western dark	8,653	6,688	5,082
Sale of revenue stamps for manufacture of tobacco, excluding Porto Rico and Philippine Islands (000 omitted):			
Cigars (large)	515,895	498,796	574,515
Cigars (small)	51,905	44,696	49,955
Cigarettes (small)	5,268,703	4,854,527	5,043,327
Manufactured tobacco (pounds)	31,356	31,219	32,269
Fruit shipments (carloads):			
Grapefruit	2,752	2,660	2,825
Oranges	8,602	8,389	8,345
Lemons	897	644	668
Apples	6,162	7,995	5,362
Vegetable shipments:			
White potatoes (carloads)	22,091	19,862	22,917
Onions (carloads)	1,898	2,092	1,413
Rice (pounds, 000 omitted)	81,890	92,655	65,448
Sugar, all ports (long tons):			
Receipts	612,070	465,796	674,775
Meltings	477,600	401,000	505,300
Raw stocks close of month	528,602	442,969	491,021
Fishery Products			
Fish landed by American fishing vessels, total catch (pounds, 000 omitted)	17,577	17,309	15,590
Cold-storage holdings, frozen and cured fish, on 15th of month (pounds, 000 omitted)	42,653	55,410	34,390
Forest Products			
Lumber:			
Number of mills—			
National Lumber Manufacturers' Association	560	565	587
Southern Pine Association	182	181	180
West Coast Lumbermen's Association	120	125	127
Production (feet, 000,000 omitted)—			
National Lumber Manufacturers' Association	1,275	1,210	1,355
Southern Pine Association	410	391	431
West Coast Lumbermen's Association	394	433	495
Shipments (feet, 000,000 omitted)—			
National Lumber Manufacturers' Association	1,248	1,217	1,479
Southern Pine Association	382	366	438
West Coast Lumbermen's Association	409	413	567
Naval stores at 3 southern ports:			
Spirits of turpentine (casks)—			
Receipts	1,802	5,078	5,431
Stocks at close of month	23,487	33,698	14,596
Rosin (barrels)—			
Receipts	18,173	50,610	48,445
Stocks at close of month	226,775	261,109	222,501

COMMODITY MOVEMENTS—Continued

	1924 March	1924 February	1923 March
Fuel and Power			
Coal and coke (short tons, 000 omitted):			
Bituminous coal production	39,909	45,725	46,802
Anthracite coal production	8,114	7,621	9,382
Coke—			
Beehive coke production	1,343	1,211	1,749
By-product coke production	3,220	2,981	3,256
Petroleum, crude (barrels, 000 omitted):			
Production	59,504	55,454	56,132
Stocks at close of month	338,531	334,893	258,738
Producing oil wells completed (number)	1,088	904	1,248
Oil refineries:			
Production (000,000 omitted)—			
Crude-oil run (barrels)	53	50	47
Gasoline (gallons)	743	678	631
Kerosene (gallons)	200	197	191
Gas and fuel oils (gallons)	1,114	1,025	971
Lubricating oils (gallons)	101	94	91
Stocks (000,000 omitted)—			
Crude-oil run (barrels)	39	37	31
Gasoline (gallons)	1,571	1,374	1,259
Kerosene (gallons)	345	317	283
Gas and fuel oils (gallons)	1,509	1,551	1,254
Lubricating oils (gallons)	251	256	235
Electric power produced by public utility plants (kilowatt hours, 000,000 omitted):			
Produced by water power	1,711	1,560	1,719
Produced by fuels	3,272	3,318	3,009
Total	4,983	4,878	4,728
Metals			
Iron and steel:			
Pig iron production (long tons, 000 omitted)	3,461	3,075	3,524
Steel ingot production (long tons, 000 omitted)	4,146	3,781	4,047
Unfilled orders, United States Steel Corporation (long tons, 000 omitted)	4,783	4,913	7,403
Fabricated structural steel orders (tonnage)	184,600	189,800	241,800
Steel castings bookings (net tons)	97,962	70,829	143,564
Silver production (troy ounces, 000 omitted)	5,727	5,427	6,110
Copper production (pounds, 000 omitted)	128,560	128,260	121,562
Zinc (pounds, 000 omitted):			
Production	95,550	87,866	97,462
Stocks, close of month	64,148	74,384	20,042
Shipments	105,786	94,876	99,148
Tin (pounds, 000 omitted):			
Deliveries to factories	10,214	19,813	14,862
Stocks, close of month	4,036	7,396	9,110
Textiles			
Cotton (bales, 000 omitted):			
Sight receipts	369	421	453
American spinners' takings	312	283	422
Stocks at mills	1,498	1,578	2,035
Stocks at warehouses	1,984	2,485	2,380
Visible supply	2,365	2,785	2,335
Consumption by mills	484	508	624
Spindles active during month (000 omitted)	32,392	32,684	35,498
Spindle hours active during month (000 omitted)	7,073	7,304	9,531
Finished cotton fabrics:			
Finished yards billed (yards, 000 omitted)	85,110	85,823	115,456
Orders received (yards, 000 omitted)	80,300	81,680	120,441
Shipments (cases)	46,469	47,856	60,827
Finished stocks (cases)	43,948	45,883	41,142
Knit underwear (dozens):			
Production	363,390	345,707	412,591
New orders received	110,300	216,865	296,328
Shipments	318,349	358,498	498,694
Cancellations	5,623	4,204	4,571
Unfilled orders end of month	803,829	1,017,501	1,409,219

COMMODITY MOVEMENTS—Continued

	1924 March	1924 February	1923 March
Textiles—Continued			
Wool:			
Consumption (pounds, 000 omitted)	47, 630	50, 633	62, 859
Percentage of active machinery to total reported—			
Looms wider than 50-inch reed space	72. 1	71. 4	86. 3
Looms 50-inch reed space or less	79. 6	80. 7	86. 1
Sets of cards	85. 5	84. 2	90. 7
Combs	81. 8	80. 2	91. 4
Spinning spindles, woolen	84. 4	82. 4	90. 0
Spinning spindles, worsted	78. 0	77. 6	93. 7
Percentage of active hours to total reported—			
Looms wider than 50-inch reed space	71. 4	71. 4	92. 9
Looms 50-inch reed space or less	66. 3	66. 5	85. 7
Sets of cards	98. 9	94. 5	103. 9
Combs	90. 6	94. 0	117. 2
Spinning spindles, woolen	92. 0	89. 6	98. 6
Spinning spindles, worsted	73. 5	76. 9	102. 1
Men's and boys' garments cut:			
Men's suits, wholly or partly wool	682, 107	757, 447	967, 516
Men's suits, all other materials	105, 831	108, 756	158, 526
Men's separate trousers, wholly or partly wool	638, 959	638, 077	876, 872
Men's trousers, all other materials	481, 849	487, 587	498, 520
Men's overcoats	139, 567	119, 142	155, 471
Boys' suits and separate pants	609, 510	721, 470	731, 200
Boys' overcoats and reefers	19, 823	15, 478	21, 294
Raw silk:			
Consumption (bales)	26, 543	29, 804	33, 515
Stocks at close of month (bales)	30, 375	40, 226	39, 436
Imports (pounds, 000 omitted)	2, 004	3, 505	4, 509
Hosiery (dozen pairs, 000 omitted):			
Total, all classes	4, 793	4, 787	----------
Men's	1, 983	2, 021	----------
Women's	1, 703	1, 657	----------
Hides and Leather			
Sales of raw hides and skins during month (number, 000 omitted):			
Cattle hides	1, 512	1, 868	2, 518
Calfskins	772	841	702
Kipskins	143	239	156
Goat and kid	1, 324	1, 142	1, 236
Cabretta	17	36	102
Sheep and lamb	2, 808	3, 064	3, 262
Stocks of raw hides and skins at close of month (number, 000 omitted):[1]			
Cattle hides	4, 689	4, 832	6, 749
Calfskins	1, 913	1, 837	2, 689
Kipskins	602	599	1, 010
Goat and kid	7, 195	8, 429	7, 779
Cabretta	608	688	966
Sheep and lamb	6, 193	5, 866	8, 510
Production of leather (000 omitted):			
Sole leather (backs, bends, and sides)	1, 225	1, 243	1, 720
Skivers (dozens)	34	30	42
Oak and union harness (sides stuffed)	135	125	145
Boots and shoes, output (pairs, 000 omitted):[1]			
Men's	7, 304	7, 865	8, 691
Women's	8, 696	8, 220	9, 584
All other	10, 592	10, 366	12, 026
Total	26, 591	26, 451	30, 301
Building Materials			
Brick (number, 000 omitted):			
Clay fire brick—			
Production	65, 794	59, 511	66, 456
Shipments	58, 619	57, 594	70, 624
Stocks at close of month	212, 551	201, 755	159, 180
New orders	59, 122	67, 616	99, 330
Unfilled orders, close of month	77, 878	79, 600	118, 284
Face brick[2]—			
Production	32, 174	28, 600	33, 522
Shipments	34, 246	21, 196	32, 674
Stocks in sheds	92, 280	97, 517	102, 741
Unfilled orders, close of month	62, 657	55, 483	82, 377

[1]Figures for February and January, 1924; February, 1923.
[2]Not comparable with previous years after September, 1923.

COMMODITY MOVEMENTS—Continued

	1924 March	1924 February	1923 March
Building Materials—Continued			
Brick—Continued			
Silica brick—			
Production	22, 489	17, 355	16, 793
Shipments	22, 011	18, 247	17, 804
Stocks at close of month	44, 093	41, 407	44, 481
Paving brick—			
Production	23, 459	21, 074	----------
Shipments	14, 393	8, 457	----------
Stocks, close of month	137, 459	121, 018	----------
Orders received	37, 441	17, 648	----------
Unfilled orders, close of month	90, 861	68, 208	----------
Cement (barrels, 000 omitted):			
Production	10, 370	8, 588	9, 880
Shipments	8, 995	5, 933	10, 326
Stocks at close of month	18, 190	16, 815	13, 045
Oak flooring (feet, 000 omitted):			
Production	32, 659	29, 033	32, 236
Shipments	30, 547	30, 441	34, 964
Orders booked	26, 021	28, 688	39, 641
Stocks at close of month	40, 627	38, 222	25, 297
Unfilled orders	51, 281	53, 052	65, 823
Maple flooring (foot, 000 omitted):			
Production	10, 070	9, 752	12, 344
Shipments	9, 186	8, 698	15, 329
Orders booked	7, 383	8, 653	18, 321
Stocks, close of month	23, 008	22, 747	23, 161
Unfilled orders	17, 625	19, 534	42, 434
Enameled ware (number):			
Baths—			
Shipments	104, 842	88, 841	92, 473
Stocks, close of month	54, 584	52, 581	40, 200
New orders	117, 911	137, 246	116, 514
Lavatories—			
Shipments	134, 910	121, 878	104, 876
Stocks, close of month	108, 496	98, 668	50, 127
New orders	129, 119	148, 414	148, 121
Sinks—			
Shipments	143, 891	128, 036	114, 677
Stocks, close of month	90, 210	90, 509	61, 391
New orders	145, 556	155, 156	149, 144
Miscellaneous ware—			
Shipments	77, 494	63, 856	56, 359
Stocks, close of month	53, 350	57, 817	54, 332
New orders	71, 964	93, 785	67, 642
Miscellaneous Manufactures			
Chemicals:			
Acetate of lime (pounds, 000 omitted)	14, 107	13, 173	14, 960
Methanol (gallons)	741, 505	689, 503	791, 457
Wood pulp (short tons):			
Production	201, 272	191, 368	313, 777
Consumption	167, 847	165, 281	253, 477
Shipments	20, 260	18, 161	54, 207
Stocks, close of month	139, 035	122, 191	111, 823
Paper (short tons):			
Newsprint—			
Production	119, 098	118, 364	129, 294
Shipments	124, 138	116, 632	132, 292
Stocks, close of month	30, 853	30, 314	20, 199
Book paper—			
Production	82, 824	77, 100	96, 087
Stocks, close of month	32, 511	34, 307	31, 480
Paper board—			
Production	111, 825	110, 492	200, 000
Stocks, close of month	31, 940	35, 113	--------
Wrapping paper—			
Production	50, 002	51, 710	86, 776
Stocks, close of month	56, 016	58, 750	43, 213
Fine paper—			
Production	25, 974	25, 595	35, 144
Stocks, close of month	38, 465	38, 644	36, 978
Advertising (agate lines, 000 omitted):			
Magazines	2, 219	1, 945	2, 002
Newspapers	104, 341	88, 928	105, 023
Rubber (pounds, 000 omitted):			
Imports (pounds, 000 omitted)	46, 434	70, 589	69, 281
Consumption by tire manufacturers	36, 909	33, 466	41, 594
Tires and tubes (number, 000 omitted):			
Pneumatic tires—			
Production	3, 428	3, 238	3, 866
Shipments, domestic	2, 902	2, 771	3, 323
Stocks, close of month	5, 763	5, 363	5, 671

COMMODITY MOVEMENTS—Continued

	1924 March	1924 February	1923 March
Miscellaneous Manufactures—Contd.			
Tires and tubes—Continued			
Inner tubes—			
Production	4,219	4,030	4,875
Shipments, domestic	3,421	3,269	3,828
Stocks, close of month	8,158	7,487	7,741
Solid tires—			
Production	61	54	80
Shipments, domestic	50	42	177
Stocks, close of month	174	168	266
Automobiles:			
Production (number)—			
Passenger cars	348,287	336,284	319,527
Trucks	33,061	30,399	34,063
Shipments—			
By railway car loads)	[2] 54,286	52,214	44,983
Driveaways (number)	[2] 41,545	42,584	62,988
By boat (machines)	[2] 500	427	1,908
Locomotives (number):			
Domestic shipped	128	92	269
Foreign completed	4	7	13
Total	132	99	282
Unfilled orders—			
Domestic	494	466	2,214
Foreign	40	33	102
Total	534	499	2,316
Vessels built in United States and officially numbered by the Bureau of Navigation:			
Number	84	45	67
Gross tonnage	21,782	3,950	24,978
Transportation			
Freight carried by Class I railways:[2]			
Net ton-miles, revenue and nonrevenue (000,000 omitted)	35,962	34,514	32,618
Net tons per train	706	666	672
Net tons per loaded car	27.6	27.7	28.2
Revenue freight loaded and received from connections (cars loaded, 000 omitted):			
Classified by nature of products—			
Grain and grain products	178	205	184
Livestock	133	137	138
Coal	708	792	833
Coke	58	54	69
Forest products	351	332	336
Ore	51	39	60
Merchandise, l. c. l	1,086	971	1,041
Miscellaneous	1,400	1,255	1,461
Total	3,964	3,785	4,122
Classified by geographical divisions—			
Eastern	979	920	1,026
Allegheny	836	778	903
Pocahontas	171	182	162
Southern	633	602	660
Northwestern	512	491	513
Central western	569	566	609
Southwestern	263	247	249
Total	3,964	3,785	4,122
Freight-car surplus (number):			
Total	195,205	131,221	13,157
Box	66,040	54,332	2,644
Coal	100,982	51,230	3,980
Freight-car shortage (number):			
Total	833	6,083	73,535
Box	362	2,276	34,068
Coal	240	2,891	31,061
Bad-order cars (total)[3]	172,748	168,782	206,312

[1] Figures for February and January, 1924; February, 1923
[2] Partly estimated.
[3] Condition first day of following month.

COMMODITY MOVEMENTS—Continued

	1924 March	1924 February	1923 March
Transportation—Continued			
Vessels cleared in foreign trade (tons, 000 omitted):			
American	2,002	1,917	1,817
Foreign	2,537	2,683	2,833
Total	4,539	4,600	4,672
Percentage of American to total	44.1	41.7	41.9

BUILDING STATISTICS

	1924 March	1924 February	1923 March
Building permits issued in 168 cities, grouped by Federal reserve districts:			
Number of permits—			
Boston (14 cities)	2,562	1,272	1,993
New York (22 cities)	20,799	8,012	13,118
Philadelphia (14 cities)	3,682	1,880	3,308
Cleveland (12 cities)	5,241	3,082	6,411
Richmond (15 cities)	3,832	2,905	4,232
Atlanta (15 cities)	3,740	3,133	3,251
Chicago (19 cities)	12,610	6,998	10,735
St. Louis (5 cities)	3,110	2,035	2,746
Minneapolis (9 cities)	1,721	789	1,417
Kansas City (14 cities)	2,773	2,063	3,086
Dallas (9 cities)	2,783	2,380	2,589
San Francisco (20 cities)	13,562	12,217	13,358
Total	76,415	46,766	66,244
Value of permits (dollars, 000 omitted)—			
Boston (14 cities)	13,319	8,828	10,985
New York (22 cities)	217,275	130,286	158,397
Philadelphia (14 cities)	23,335	9,973	31,845
Cleveland (12 cities)	23,511	12,735	23,264
Richmond (15 cities)	15,790	11,223	14,156
Atlanta (15 cities)	8,114	8,142	7,517
Chicago (19 cities)	58,862	37,550	59,463
St. Louis (5 cities)	8,709	6,002	8,641
Minneapolis (9 cities)	4,231	2,998	5,574
Kansas City (14 cities)	8,353	6,344	10,952
Dallas (9 cities)	8,474	6,267	11,450
San Francisco (20 cities)	39,361	34,176	40,203
Total	429,334	274,524	382,447
Building contracts awarded:			
By Federal reserve districts (dollars, 000 omitted)—			
Boston	28,973	16,487	25,079
New York	168,895	106,773	98,412
Philadelphia	27,015	18,121	31,265
Cleveland	43,311	30,298	52,793
Richmond	25,409	24,515	30,147
Atlanta	29,421	23,055	25,538
Chicago	60,406	45,770	59,868
St. Louis	24,826	18,053	17,961
Minneapolis	10,828	6,941	15,259
Kansas City	12,150	7,408	11,277
Total (10 districts)	431,234	297,421	367,599
By classes of construction (square feet, 000 omitted)—			
Residential buildings	44,389	28,037	39,286
Industrial	4,225	3,787	7,673
Business	10,000	7,961	9,886
Educational	4,615	4,838	4,092
Hospitals and institutions	1,669	989	1,172
Social and recreational	1,753	1,014	1,643
Religious and memorial	1,231	819	892
Public	240	330	274
Total (27 States)[4]	68,425	48,036	64,920

[4] Includes miscellaneous building contracts as well as groups shown.

WHOLESALE AND RETAIL TRADE STATISTICS OF THE UNITED STATES

WHOLESALE TRADE IN THE UNITED STATES, BY LINES

[Average monthly sales 1919=100]

	General index	Groceries	Meat	Dry goods	Shoes	Hardware	Drugs
1923							
January	78	75	61	101	57	89	113
February	76	74	60	95	57	83	107
March	86	81	65	108	82	109	121
April	79	80	61	86	62	112	106
May	80	81	64	83	68	118	107
June	84	88	68	88	64	114	107
July	80	81	66	88	51	100	106
August	89	86	70	114	69	106	111
September	92	90	75	117	71	106	115
October	97	98	76	112	75	117	129
November	85	93	65	90	59	102	111
December	72	76	65	66	48	90	99
1924							
January	80	79	66	98	47	91	116
February	78	76	63	99	48	90	110
March	79	79	62	90	62	101	118

CHANGE IN CONDITION OF WHOLESALE TRADE, BY LINES AND DISTRICTS

	Percentage change in March, 1924, sales as compared with—	
	February, 1924	March, 1923
Groceries:		
United States	3.9	−2.8
Boston district	11.4	−7.3
New York district	7.7	−5.5
Philadelphia district	5.0	1.2
Cleveland district	1.4	−.8
Richmond district	.02	−2.5
Atlanta district	3.6	−.8
Chicago district	2.6	−4.9
St. Louis district	−1.1	−2.2
Minneapolis district	1.3	−4.4
Kansas City district	−.9	2.6
Dallas district	−3.8	6.4
San Francisco district	4.3	2.4
Dry goods:		
United States	−9.3	−17.0
New York district	−8.5	−11.5
Philadelphia district	2.4	−21.5
Cleveland district	−8.0	−20.6
Richmond district	−20.8	−28.0
Atlanta district	−13.4	−25.4
Chicago district	−2.1	−14.5
St. Louis district	−30.7	−25.5
Minneapolis district	−6.8	−25.6
Kansas City district	−13.2	−17.0
Dallas district	−28.8	−11.1
San Francisco district	1.1	−16.0
Shoes:		
United States	28.9	−24.5
New York district	55.0	−10.5
Philadelphia district	26.9	−32.2
Richmond district	12.0	−24.1
Atlanta district	19.7	−28.2

CHANGE IN CONDITION OF WHOLESALE TRADE, BY LINES AND DISTRICTS—Continued

	Percentage change in March, 1924, sales as compared with—	
	February, 1924	March, 1923
Shoes—Continued.		
Chicago district	35.5	−32.8
St. Louis district	82.1	−18.3
Minneapolis district	4.7	−31.5
San Francisco district	2.5	−14.8
Hardware:		
United States	13.7	−6.8
New York district	24.2	4.0
Philadelphia district	19.6	−4.3
Cleveland district	8.8	−11.6
Richmond district	−1.2	−14.9
Atlanta district	−7.3	−16.2
Chicago district	26.9	−6.4
St. Louis district	−3.1	−19.8
Minneapolis district	35.7	−3.3
Kansas City district	6.5	−23.9
Dallas district	3.6	2.5
San Francisco district	6.3	−7.2
Drugs:		
United States	7.5	−1.9
New York district	8.1	2.9
Philadelphia district	9.7	6.0
Cleveland district	6.3	−5.0
Richmond district	4.1	−1.7
Atlanta district	3.4	−.6
Chicago district	9.9	−11.2
St. Louis district	6.7	−10.3
Kansas City district	8.7	−10.5
Dallas district	1.5	10.3
San Francisco district	8.4	3.8
Furniture:		
Richmond district	.3	−10.9
Atlanta district	−.2	−6.3
St. Louis district	−8.0	−18.4
Kansas City district	1.1	−25.6
Dallas district	29.6	−1.3
San Francisco district	−.7	−3.4
Agricultural implements:		
United States	1.6	−6.3
Atlanta district	11.6	−14.4
Minneapolis district	117.7	7.7
Dallas district	−17.7	46.2
San Francisco district	31.8	−6.2
Stationery:		
New York district	15.8	8.4
Philadelphia district	13.6	−.5
Atlanta district	−0.1	−5.9
San Francisco district	5.2	−1.8
Auto supplies:		
San Francisco district	17.9	5.4
Men's clothing:		
New York district	10.0	−5.1
Women's clothing:		
New York district	28.9	−14.9
Machine tools:		
New York district	7.7	−22.6
Diamonds:		
New York district	−24.5	−23.7
Jewelry:		
New York district	14.0	−17.1
Philadelphia district	.3	−7.1
Electrical supplies:		
Philadelphia district	−7.7	−23.3

RETAIL TRADE, BY REPORTING LINES

[Average monthly sales 1919=100]

	Number of reporting firms	Sales without seasonal correction							Sales corrected for seasonal variation						
		1924			1923				1924			1923			
		Mar.	Feb.	Jan.	Dec.	Nov.	Oct.	Mar.	Mar.	Feb.	Jan.	Dec.	Nov.	Oct.	Mar.
Department stores	333	115	102	110	202	142	148	124	115	127	124	125	126	132	124
Mail-order houses [1]	4	106	96	99	118	122	134	112	92	101	99	97	97	105	97
Grocery chains	29	199	199	204	201	202	200	205	184	199	203	193	200	194	190
Five-and-ten-cent chains	5	163	140	126	331	176	180	162	173	179	174	183	169	167	171
Drug chains	10	149	143	141	185	141	152	145	149	150	145	152	149	149	145
Cigar chains	3	136	124	119	193	134	138	135	141	138	136	142	133	130	140
Shoe chains	6	118	93	99	171	131	139	145	123	131	132	132	119	123	151
Music chains	4	99	97	84	214	149	137	96	107	110	100	114	123	114	104
Candy chains	4	181	166	154	261	174	185	187	188	187	183	177	183	180	195

[1] Index of sales of grocery chains revised. Comparable index numbers for all months since January, 1919, may be obtained from Division of Research and Statistics, Federal Reserve Board.

DEPARTMENT STORE SALES, BY FEDERAL RESERVE DISTRICTS

[Average monthly sales 1919=100]

District	Number of reporting firms	Sales without seasonal correction							Sales corrected for seasonal variation						
		1924			1923				1924			1923			
		Mar.	Feb.	Jan.	Dec.	Nov.	Oct.	Mar.	Mar.	Feb.	Jan.	Dec.	Nov.	Oct.	Mar.
United States	333	115	102	110	202	142	148	124	115	127	124	125	126	132	124
Boston	24	113	101	120	210	146	144	127	114	132	132	131	134	129	128
New York	64	117	101	118	213	152	159	124	115	125	129	129	131	134	122
Philadelphia	22	120	111	111	203	169	154	133	130	130	122	130	132	139	145
Cleveland	27	124	116	115	210	144	156	139	123	141	123	131	133	143	138
Richmond	19	105	86	88	188	124	130	115	103	112	109	109	108	116	113
Atlanta	35	95	83	85	168	120	132	105	97	105	104	103	104	114	108
Chicago	67	122	112	112	208	148	153	128	120	135	132	138	134	141	127
Minneapolis	23	93	74	87	154	110	119	105	96	102	102	106	102	105	108
Dallas	21	94	82	85	158	112	125	99	88	98	99	97	98	110	93
San Francisco	31	134	121	132	236	146	160	135	135	152	148	150	144	147	136

DEPARTMENT STORE STOCKS, BY FEDERAL RESERVE DISTRICTS

[Average monthly sales 1919=100]

District	Number of reporting firms	Stocks without seasonal correction							Stocks corrected for seasonal variation						
		1924			1923				1924			1923			
		Mar.	Feb.	Jan.	Dec.	Nov.	Oct.	Mar.	Mar.	Feb.	Jan.	Dec.	Nov.	Oct.	Mar.
United States	286	138	126	116	123	149	146	128	137	135	130	133	133	131	127
Boston	24	128	115	111	123	145	142	120	128	122	122	129	128	127	120
New York	64	129	118	112	121	145	142	123	125	124	124	128	128	129	120
Philadelphia	13	164	152	133	145	176	176	148	162	162	145	148	159	158	146
Cleveland	26	138	126	114	123	149	145	121	136	136	132	130	132	130	120
Richmond	19	134	121	104	112	142	141	124	127	129	123	126	126	122	117
Atlanta	22	123	119	109	107	133	134	119	123	122	121	118	119	118	119
Chicago	55	160	144	128	140	171	164	149	164	156	142	153	154	147	152
Minneapolis	15	109	102	95	98	118	118	113	107	105	108	108	110	109	110
Dallas	19	126	118	107	109	130	131	115	126	127	125	129	117	115	115
San Francisco	29	142	131	125	123	147	143	128	141	138	136	135	134	131	127

INDUSTRIAL STATISTICS FOR FOREIGN COUNTRIES

ENGLAND

	1924			1923
	March	February	January	March
Production:				
Coal (thousand long tons)	[1] 28,754	22,672	20,788	[1] 27,577
Pig iron (thousand long tons)	668	613	637	634
Steel ingots and castings (thousand long tons)	825	768	694	803
Raw cotton, visible supply [2] (thousand bales)	885	1,033	1,117	1,024
Exports:				
Iron and steel and manufactures (thousand long tons)	288	331	338	368
Cotton manufactures (million yards)	357	400	357	340
Coal (thousand long tons)	5,190	5,075	5,441	7,180
Imports:				
Raw cotton (million pounds)	97	145	222	124
Raw wool (million pounds)	115	84	61	78
Raw hides, wet (thousand pounds)	8,500	9,148	6,338	4,768
Transportation:				
Ships cleared with cargo [3] (thousand tons)	5,096	4,868	5,101	6,054
Freight-train receipts (thousand pounds sterling)			8,074	10,345
Freight-train traffic (million ton-miles)			1,434	1,695
Unemployment:				
Among trade unionists (per cent)	7.8	8.1	8.9	12.3
In insured trades (per cent)	9.9	10.7	11.9	11.5
Index of security prices, Dec., 1921=100	114.2	114.3	112.2	116.4
Capital issues (thousand pounds sterling)	21,101	33,189	6,995	38,515

[1] Five weeks.
[2] End of month figures.
[3] Figures include Irish Free State.

FRANCE

	1924			1923
	March	February	January	March.
Production:				
Coal [1] (thousand metric tons)		[2] 3,649	4,928	3,051
Pig iron (thousand metric tons)	640	590	586	316
Crude steel (thousand metric tons)	573	555	541	316
Cotton stocks at Havre [3] (thousand bales)	132	151	128	125
Exports:				
Total volume (thousand metric tons)	2,484	2,325	1,770	1,823
Imports:				
Total volume (thousand metric tons)	4,822	4,396	3,933	4,102
Raw cotton for consumption (metric tons)		30,125	31,779	19,867
Raw silk (metric tons)		924	1,218	285
Coal (thousand metric tons)	4,664	2,483	2,247	2,053
Transportation:				
Ships cleared with cargo (thousand tons)	2,463	2,046	2,238	2,467
Railway receipts (thousand francs)		588,968	519,061	516,463
Freight-car loadings (average daily number)	63,228	61,609	57,362	56,972
Unemployment:				
Number in Paris receiving aid [4]	250	395	596	588
Demands for employment not filled (number men in France) [4]	7,113	8,438	8,454	6,599

[1] Coal and lignite, including Lorraine and the Saar.
[2] Excluding the Saar district.
[3] Bale of 50 kilos. End of month figures.
[4] End of month figures.

GERMANY

	1924		1923	
	February	January	December	February
Exports:				
Iron and its manufactures (metric tons)	147,029	129,190	134,411	198,977
Machinery and electrical supplies (metric tons)	26,695	27,039	37,676	34,437
Dyes and dyestuffs (metric tons)	8,663	7,670	8,739	12,077
Coal (metric tons)	68,923	96,544	129,638	120,947
Imports:				
Raw wool (metric tons)	19,217	12,310	5,958	10,240
Silk, half manufactured (metric tons)	450	317	374	244
Cotton (metric tons)	28,193	15,509	22,302	19,030
Iron ore (metric tons)	43,877	87,560	70,299	269,382
Coal (metric tons)	1,232,244	1,086,728	1,541,716	1,421,832

	1924			1923
	March	February	January	March
Ship arrivals in Hamburg (thousand net. reg. tons)	1,071	1,134	1,179	1,381
Unemployment:				
Applicants for every 100 positions	331	545	614	245
Number receiving State aid	1,172,646	1,440,206	1,532,065	190,008
Business failures	58	46	29	30
Capital issues (billion marks)		[2] 10.0	[2] 147.8	540
Index of security prices: [1]				
25 domestic stocks, January 5, 1923=1	2,037.8	2,398.0	2,405.7	

[1] Last week of month figures; in millions.
[2] In million gold marks.

CANADA

	1924			1923
	March	February	January	March
Production:				
Pig iron (thousand tons)	78	60	64	66
Crude steel (thousand tons)	95	71	41	89
Railway receipts (thousand dollars)	35,144	30,429	31,412	32,212
Unemployment among trade unionists (per cent)		7.8	7.5	6.8
Business failures (number) [1]	56	65	64	77
Authorized capital of new companies (thousand dollars) [1]	9,777	13,222	17,811	18,798
Bond sales (thousand dollars)	15,153	12,255	86,361	18,468
Security prices, average market price, 20 industrial stocks	94.5	94.1	92.3	100.9
Receipts of wheat at Fort William and Port Arthur (thousand bushels)	2,542	3,874	12,662	5,992
Receipts of livestock at stockyards in Toronto and Winnipeg:				
Cattle (number)	38,572	33,439	41,800	36,429
Hogs (number)	73,325	69,915	81,037	45,756

	February	January	December	February
Exports:				
Planks and boards (million feet)	140,360	121,959	161,597	123,535
Preserved fish (thousand pounds)	8,606	10,519	10,478	7,272
Wood pulp (thousand pounds)	107,388	111,406	143,347	100,929
Wheat (thousand bushels)	11,770	12,322	57,378	7,129
Imports:				
Coal (thousand tons)	1,420	1,344	1,416	1,601
Raw cotton (thousand pounds)	8,111	13,798	11,097	12,426
Machinery (thousand dollars)	1,767	1,919	2,169	2,033

[1] Average for weeks reported.

FOREIGN TRADE OF PRINCIPAL COUNTRIES

UNITED STATES

[Thousands of dollars]

	1924		1924	1923
	March	February	Cumulative through last month noted	Cumulative through last month noted
IMPORTS				
By classes of commodities:				
Total	320,616	332,540	948,662	1,030,594
Crude materials for manufacturing	102,157	117,322	325,113	411,218
Foodstuffs in crude condition	34,465	30,540	97,636	95,508
Foodstuffs partly or wholly manufactured	67,294	58,763	164,643	140,934
Manufactures for use in manufacturing	56,175	66,650	180,857	193,109
Manufactures ready for consumption	59,014	57,881	174,924	186,032
Miscellaneous	1,511	2,344	6,492	3,794
By countries:				
Total Europe	85,799	98,879	272,693	314,063
France	13,254	13,587	37,659	39,683
Germany	9,952	12,716	33,913	39,262
Italy	5,502	5,600	17,094	26,264
United Kingdom	28,460	34,535	93,830	118,169
Total North America	114,344	98,884	288,425	262,577
Canada	35,749	33,018	100,715	91,593
Total South America	43,974	36,425	118,366	136,545
Argentina	11,359	6,018	21,475	35,969
Total Asia and Oceania	66,619	91,980	241,279	279,539
Japan	16,134	26,128	77,074	88,679
Total Africa	9,880	7,332	28,898	37,870
EXPORTS				
By classes of commodities:				
Total	339,674	366,134	1,101,004	983,751
Crude materials for manufacturing	85,436	113,862	332,047	259,193
Foodstuffs in crude condition	14,968	13,927	42,687	70,748
Foodstuffs partly or wholy manufactured	49,825	52,287	161,431	155,573
Manufactures for use in manufacturing	50,059	50,374	155,060	128,595
Manufactures ready for consumption	130,597	127,433	385,958	349,798
Miscellaneous	626	693	1,958	2,368
Reexports	8,163	7,559	21,839	17,475
By countries:				
Total Europe	169,447	200,729	572,847	513,986
France	21,879	19,946	64,953	57,548
Germany	36,167	49,080	126,213	75,558
Italy	13,127	15,889	45,875	39,045
United Kingdom	56,989	74,157	216,009	218,665
Total North America	85,994	71,334	231,909	243,985
Canada	49,222	45,007	134,979	147,137
Total South America	23,217	24,451	71,542	65,205
Argentina	8,295	8,728	25,982	28,102
Total Asia and Oceania	56,635	58,170	201,809	146,674
Japan	21,629	20,837	90,103	54,648
Total Africa	4,381	5,451	16,871	13,903

FOREIGN COUNTRIES

	1924		1924	1923
	March	February	Cumulative through last month noted	Cumulative through last month noted
France (million francs):				
Imports	3,623	3,714	10,224	6,955
Exports	4,355	3,918	10,973	6,561
Netherlands (million guilders):				
Imports	187	186	551	501
Exports	132	125	374	293
United Kingdom (thousand £ sterling):				
Imports	103,729	96,705	301,693	273,675
Exports	61,103	67,974	193,313	185,370
Reexports	12,701	13,231	39,243	28,707
Canada (thousands of dollars):				
Imports	86,922	62,134	215,624	225,275
Exports	93,615	68,332	232,302	202,068
India (million rupees):				
Imports	193	182	601	594
Exports	414	357	1,141	939
Japan (million yen):				
Imports	306	291	811	505
Exports	120	104	335	340
South Africa (thousand £ sterling):				
Imports	4,941	4,920	14,793	12,226
Exports	5,664	6,973	20,003	18,413
Sweden (million kronor):				
Imports	90	91	284	284
Exports	69	59	197	175
	February	January		
Belgium and Luxembourg (million francs):				
Imports	1,438	1,338	2,775	1,733
Exports	1,082	866	1,948	1,073
Denmark (million kroner):				
Imports	169	167	334	305
Exports	167	147	315	235
Germany (million gold-marks):				
Imports	719	568	1,287	1,010
Exports	466	431	897	672
Italy (million lire):				
Imports	1,561	1,166	2,727	2,632
Exports	1,105	838	1,943	1,539
Norway (million kroner):				
Imports	105	100	205	----------
Exports	78	76	154	111
Brazil (million milreis):[1]				
Imports	219	228	2,270	1,653
Exports	369	354	3,297	2,332
Australia (thousand £ sterling):				
Imports	12,053	13,555	25,608	23,569
Exports	15,512	10,712	26,224	22,861

[1] Figures for November and December and cumulative through December, 1923 and 1922.

The following tables present the Federal Reserve Board's index numbers of the monthly volume of foreign trade of the United States, and monthly fluctuations in ocean freight rates prevailing between this country and principal European trade regions. For methods of construction of these indexes, reference may be made to the FEDERAL RESERVE BULLETINS for July, 1920, and August, 1921.

FOREIGN TRADE INDEX

[1913=100]

	1924			1923	
	March	February	January	December	March
Imports:					
Total	195.3	222.7	182.2	175.1	262.4
Raw materials	151.1	168.0	149.4	124.0	214.0
Producers' goods	269.4	323.7	233.1	241.4	348.5
Consumers' goods	165.3	165.1	168.4	182.0	218.5
Exports:					
Total	90.4	98.1	101.0	114.8	87.3
Raw materials	69.1	74.4	79.3	103.9	61.9
Producers' goods	155.8	184.9	162.2	150.0	143.6
Consumers' goods	129.3	134.7	142.9	133.7	144.4

INDEX OF OCEAN FREIGHT RATES

[January, 1920=100]

	1924				1923
	April	March	February	January	April
United States Atlantic ports to—					
United Kingdom	28.1	29.6	29.9	27.5	22.6
French Atlantic	26.5	25.9	25.3	25.4	24.2
Netherlands and Belgium	24.5	21.1	25.0	24.5	21.9
Scandinavia	23.7	23.8	23.4	22.6	22.3
Mediterranean	20.5	20.5	19.9	20.2	22.0
All Europe	25.3	24.8	25.8	24.9	22.6

FINANCIAL STATISTICS OF PRINCIPAL FOREIGN COUNTRIES

ENGLAND

[Millions of pounds sterling]

	1924			1923
	March	February	January	March
Bank of England:				
Gold and silver, coin and bullion	155	155	155	155
Bank notes in circulation [1]	103	103	104	102
Currency notes and certificates	282	277	280	286
Total deposits	127	124	122	133
Nine London clearing banks:				
Money at call and short notice	94	92	100	104
Discounts and advances	1,009	1,032	1,053	992
Investments	336	341	346	333
Total deposits	1,603	1,633	1,674	1,596
Total clearings	3,379	3,205	3,467	3,315
Government floating debt:				
Treasury bills	588	628	651	616
Temporary advances	186	169	176	194
Total floating debt	774	797	827	810
Index number of foreign exchange value of the pound sterling	127.7	127.6	125.4	126.0

[1] Less notes in currency note account.

ITALY

[Millions of lire]

	1924		1923	
	February	January	December	February
Banks of issue:				
Gold reserve	1,122	1,120	1,118	1,127
Total reserve	1,838	1,832	1,848	1,994
Loans and discounts	7,484	7,569	8,144	8,572
Note circulation for commerce	8,852	9,019	9,491	9,117
Note circulation for the State	7,749	7,750	7,754	8,036
Total deposits	2,517	2,573	2,581	2,675
Leading private banks:				
Cash	----	----	1,116	850
Loans and discounts	----	----	7,953	9,196
Due from correspondents	----	----	3,463	3,547
Participations	----	----	292	226
Total deposits	----	----	11,277	12.332
Index of security prices	----	----	----	137.16

CANADA

[Millions of dollars]

	1924		1923	
	February	January	December	February
Chartered banks:				
Gold coin and bullion [1]	54	54	54	72
Current loans and discounts	1,173	1,177	1,183	1,206
Money at call and short notice	300	289	291	270
Public and railway securities	465	436	427	377
Note circulation	163	157	180	157
Individual deposits	2,000	1,993	2,040	1,997
Gold reserve against Dominion notes	102	103	114	133
Dominion note circulation	227	231	249	247
Bank clearings [2]	1,272	1,387	1,574	1,067

[1] Not including gold held abroad. [2] Total for month.

FRANCE

[Amounts in millions of francs]

	1924			1923
	March	February	January	March
Bank of France:				
Gold reserve [1]	3,677	3,677	3,677	3,672
Silver reserve	298	298	297	292
War advances to the Government	22,700	23,100	22,800	23,100
Note circulation	39,950	39,345	38,834	37,188
Total deposits	3,242	2,331	2,346	2,066
Clearings, daily average of Paris banks	1,794	1,490	1,417	755
Savings banks, excess of deposits (+) or withdrawals (−)	+2	+18	+17	+44
Price of 3 per cent perpetual rente	55.32	56.60	54.00	57.25

[1] Not including gold held abroad.

JAPAN

[Millions of yen]

	1924			1923
	March	February	January	March
Bank of Japan:				
Reserve for notes [1]	1,061	1,058	1,057	1,057
Loans and discounts	501	469	589	241
Advances on foreign bills	202	192	181	109
Note circulation	1,347	1,349	1,520	1,238
Government deposits	511	471	372	463
Private deposits	46	39	45	29
Tokyo banks:				
Cash on hand	127	106	118	190
Total loans	2,449	2,451	2,372	2,256
Total deposits	1,838	1,820	1,828	2,143
Total clearings	2,228	2,300	1,975	3,216

[1] Gold abroad, gold coin and bullion in Japan.

DISCOUNT RATES OF CENTRAL BANKS

[Prevailing rates with date of last change]

Country	Rate	In effect since—	Country	Rate	In effect since—	Country	Rate	In effect since—	Country	Rate	In effect since—
	P. ct.			*P. ct.*			*P. ct.*			*P. ct.*	
Austria	9	Sept. 4, 1922	Esthonia	7½	Jan. —, 1919	Japan	8.03	Nov. —, 1923	Rumania	6	Sept. 4, 1920
Belgium	5½	Jan. 22, 1923	Finland	9	Mar. 6, 1924	Latvia	8	Feb. 16, 1924	South Africa	6	Dec. 29, 1922
Bulgaria	6½	June 14, 1919	France	6	Jan. 17, 1924	Lithuania	6	Sept. 27, 1922	Spain	5	Mar. 23, 1923
Czechoslovakia	6½	Mar. 10, 1924	Germany	[1] 10	Dec. 23, 1923	Netherlands	5	Jan. 24, 1924	Sweden	5½	Nov. 9, 1923
Denmark	7	Jan. 17, 1924	Greece	7½	Jan. 1, 1923	Norway	7	Nov. 10, 1923	Switzerland	5	July 14, 1923
England	4	July 5, 1923	Hungary	18	July 25, 1923	Poland	96	Jan. 25, 1924	Yugoslavia	6	June 23, 1922
			Italy	5½	July 11, 1922	Portugal	9	Sept. 12, 1923			

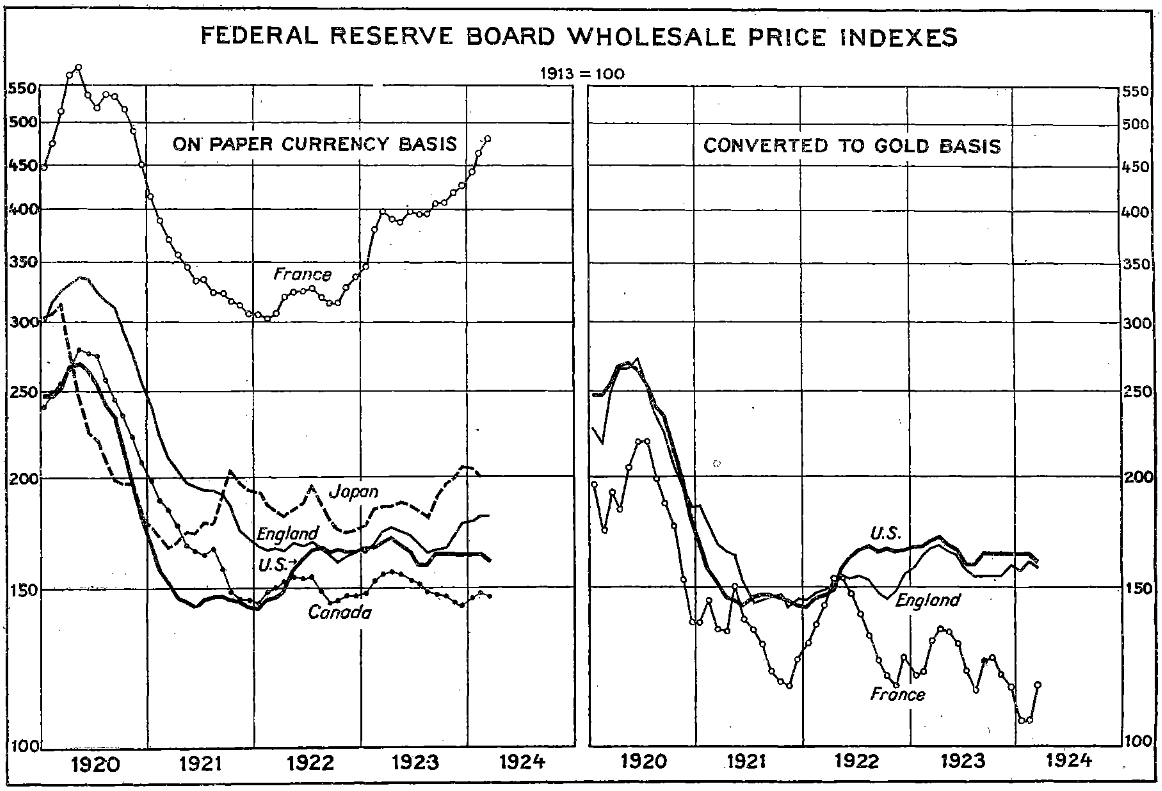
[1] On Rentenmark and stable currency loans.

PRICE MOVEMENTS IN PRINCIPAL COUNTRIES

FEDERAL RESERVE BOARD WHOLESALE PRICE INDEXES

In March the Federal Reserve Board wholesale price index for the United States declined 3 points to 160. In England prices were unchanged at 180; in Canada they declined 1 point to 147; in France, rose 14 points to 483; and in Japan they were unchanged at 200. At 160, the American average is at its lowest since April, 1922. At 180, British prices are at their highest since October, 1921. Adjusted by the rate of exchange, however, British gold prices stand at 158, a figure virtually the same as the American. During the last two years British prices on a gold basis have closely paralleled the movement of the American index, the smallest dispersion occurring in the early part of the year and the greatest in September, October, and November, a phenomenon evidently reflecting seasonal pressure on the exchange. This is not to be interpreted as meaning that British prices in general are equal to American prices; it merely demonstrates that, measured by any common standard, the relative change in the price levels of the two countries since 1913 is practically identical.

In France the rapid rise of the exchange in the last half of March exceeded the precipitous decline of the first half, leaving the average for the month slightly higher than for February. As a result, the index of prices for the month in French currency rose 3 per cent over the preceding month. Converted to a gold basis at the average rate for the month of $0.0468, the general index at 117 was materially below British or American prices, a fact true of all the groups except imported goods, which was only 1 point below the corresponding group in the United States.



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The tables below give the all-commodities and group index numbers of wholesale prices in the five countries included in the Federal Reserve Board's indexes. In the first table the all-commodities index for each country is shown both in terms of the paper currency and "converted to a gold basis." The latter figure takes into account the depreciation of the foreign currency in terms of the American dollar (or gold) and the series indicates relative price levels in the several countries when all prices are expressed in dollars.

FEDERAL RESERVE BOARD WHOLESALE PRICE INDEXES FOR ALL COMMODITIES

Year and month	On paper currency basis					Converted to gold basis				
	United States	England	France	Canada	Japan	United States	England	France	Canada	Japan
1913, average	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*	*100*
1919, average	211	241	----------	207	235	211	219	----------	198	241
1920, average	239	310	512	250	240	239	233	187	223	242
1921, average	149	198	344	167	181	149	156	133	150	175
1922, average	158	165	319	149	182	158	150	136	147	175
1923, average	164	170	394	150	188	164	159	124	147	183
1923										
January	166	165	346	148	176	166	158	120	147	172
February	166	168	380	152	183	166	162	121	150	178
March	169	173	398	155	185	169	166	131	152	180
April	170	175	390	156	185	170	167	135	153	181
May	167	173	386	155	187	167	164	133	152	184
June	164	171	394	153	186	164	162	129	150	183
July	159	168	391	151	183	159	158	119	147	179
August	159	164	391	150	179	159	154	115	146	176
September	163	165	404	149	190	163	154	123	145	186
October	163	166	404	147	196	163	154	125	145	192
November	163	171	416	145	199	163	154	119	142	193
December	163	177	427	144	205	163	159	116	140	193
1924										
January	163	178	445	146	205	163	156	108	142	185
February	163	180	469	148	200	163	160	107	144	182
March	160	180	483	147	200	160	158	117	143	172

FEDERAL RESERVE BOARD WHOLESALE PRICE INDEXES FOR GROUPS OF COMMODITIES[1]

Year and month	All commodities	Grouped by stage of manufacture			Grouped by origin		Export goods
		Raw materials	Producers' goods	Consumers' goods	Domestic goods	Imported goods	
UNITED STATES							
1923							
March	169	184	165	155	171	153	193
November	163	166	159	163	165	147	196
December	163	167	157	162	165	148	199
1924							
January	163	169	156	160	165	143	196
February	163	169	158	157	164	148	189
March	160	166	158	154	161	146	179
ENGLAND							
1923							
March	173	178	158	179	174	169	185
November	171	171	162	182	171	173	177
December	177	179	168	183	175	184	187
1924							
January	178	178	169	186	177	179	186
February	180	182	167	191	180	182	185
March	180	183	167	187	180	178	185
FRANCE							
1923							
March	398	427	426	349	389	442	421
November	416	427	448	387	403	482	443
December	427	442	456	395	410	509	460

Year and month	All commodities	Grouped by stage of manufacture			Grouped by origin		Export goods
		Raw materials	Producers' goods	Consumers' goods	Domestic goods	Imported goods	
FRANCE—contd.							
1924							
January	445	459	469	417	424	548	489
February	469	478	485	453	443	595	522
March	483	484	506	474	459	597	524
CANADA							
1923							
March	155	141	166	173	152	173	151
November	145	127	169	163	141	165	134
December	144	126	168	161	139	165	131
1924							
January	146	128	166	166	143	166	133
February	148	131	168	168	146	167	135
March	147	129	167	168	145	166	132
JAPAN							
1923							
March	185	194	190	178	184	193	212
November	199	202	194	199	199	199	205
December	205	213	201	201	205	205	211
1924							
January	205	222	203	196	204	211	215
February	200	214	202	192	199	205	211
March	200	211	203	193	200	199	207

[1] Complete descriptions of these index numbers may be found in the following issues of the BULLETIN: United States—May and June, 1920, June, 1921, and May, 1922; England—February, 1922; France—August, 1922; Canada—July, 1922; Japan—September, 1922.

WHOLESALE PRICES IN THE UNITED STATES

INDEX OF THE BUREAU OF LABOR STATISTICS

[1913=100]

	All commodities	Bureau of Labor Statistics groups									Federal Reserve Board groups						
											Raw materials						
		Farm products	Foods	Cloths and clothing	Fuel and lighting	Metals and metal products	Building materials	Chemicals and drugs	House furnishing goods	Miscellaneous	Crops	Animal products	Forest products	Mineral products	Total raw materials	Producers' goods	Consumers' goods
1922 average	149	133	138	181	218	122	168	124	176	117	145	125	185	207	158	128	151
1923 average	154	141	144	200	185	145	189	131	183	123	168	122	210	185	159	141	156
1923																	
March	159	143	143	201	206	149	198	135	185	127	174	123	227	202	167	148	156
October	153	144	148	199	172	142	182	129	183	120	172	122	197	171	155	139	159
November	152	145	148	201	167	141	181	130	176	118	179	115	196	167	154	138	159
December	151	145	146	203	162	142	178	130	176	116	181	115	191	165	153	136	158
1924																	
January	151	145	143	200	169	142	181	132	176	117	182	115	194	170	155	136	156
February	152	142	143	196	180	143	182	131	176	114	176	116	195	177	156	139	154
March	150	137	141	191	181	144	182	130	175	113	165	118	194	179	154	137	153

WHOLESALE PRICE LEVELS IN PRINCIPAL COUNTRIES

ALL-COMMODITIES INDEX NUMBERS

[Pre-war=100]

Year and month	EUROPE											
	Belgium	Bulgaria	Czechoslovakia	Denmark	England		France	Germany; Federal Statistical Bureau	Italy	Netherlands	Norway (Christiania)	Poland
					Board of Trade	Statist						
1923								*Gold basis*				
March	482	2,828	1,028	199	160	156	424	96.8	587	156	229	988,500
April	480	2,757	1,032	200	162	158	415	89.5	588	156	231	1,058,900
July	504	2,408	969	207	157	147	407	88.8	566	145	235	3,070,000
August	529	2,292	959	207	155	147	413	85.8	567	142	231	5,369,000
September	514	2,265	958	202	158	150	424	101.7	569	145	234	7,302,200
October	515	2,263	974	205	158	150	421	117.9	563	148	237	27,380,700
November	531	2,412	965	207	161	156	443	139.0	571	153	242	68,642,700
December	545	2,597	984	210	163	157	459	126.2	577	154	244	142,301,000
1924												
January	580	2,711	991	210	165	161	495	117.3	571	156	250	252,611,000
February	642	2,658	1,028	223	167	163	544	116.2	573	158	260	248,430,000
March	625		1,036	227	165	161	500	120.7	579	156	266	245,278,000
April				228			441					

Year and month	EUROPE—continued			NORTH AMERICA		ASIA AND OCEANIA						AFRICA	
	Spain	Sweden	Switzerland	United States	Canada	Australia	China (Shanghai)	Dutch East Indies	India (Calcutta)	Japan (Tokyo)	New Zealand	Egypt (Cairo)	South Africa
1923													
March	171	168	181	159	155	163	159	203	181	196	174	136	
April	174	168	186	159	157	166	158		178	196	174	133	126
July	170	162	180	151	154	180	155	194	170	192	176	123	124
August	171	162	175	150	154	175	153	191	171	190	175	120	
September	174	162	173	154	155	172	157	193	174	210	177	123	
October	171	161	181	153	153	171	156	194	174	212	176	129	125
November	173	160	182	152	153	173	157	197	177	209	175	134	
December	176	160	183	151	154	174	158	207	179	210	173	136	
1924													
January	178	161	183	151	157	174	157	205	172	211	175	133	131
February	180	162	183	152	157	170	160		178	208		135	
March		162	180	150	154		158		179	206		136	
April			182				154						

The foreign index numbers of wholesale prices are cabled to the Federal Reserve Board by the various foreign statistical offices. Index numbers of commodity groups for most of the countries are also available in the office of the Division of Research and Statistics of the board, and may be had upon request.

Wherever possible the indexes have been shifted from original bases to a 1913 base. Further information as to sources, number of commodities, and period of the month to which the figures refer may be found on page 48 of the January, 1924, issue of the BULLETIN.

RETAIL FOOD PRICES AND COST OF LIVING IN PRINCIPAL COUNTRIES

[July, 1914=100, except where noted]

	United States (51 cities)	European countries												Other countries				
		Austria (Vienna) [1]	Belgium (9 Provinces) [2]	Czechoslovakia	England (600 towns)	France (Paris)	Germany (71 cities) [3]	Italy	Netherlands (6 cities)	Norway (31 towns)	Spain (Madrid) [4]	Sweden (48 towns)	Switzerland (33 towns)	Canada (60 cities)	Australia (30 towns)	India (Bombay)	New Zealand (25 towns)	South Africa [4] (9 towns)
INDEX NUMBERS OF RETAIL FOOD PRICES																		
1923			(5)															
Mar	139	11,637	102	------	171	321	3,315	523	149	214	------	------	156	145	145	149	141	117
Apr	140	12,935	96	------	168	320	3,500	530	149	212	------	------	158	143	146	150	142	117
May	140	13,910	96	------	162	325	4,620	535	147	214	------	------	161	140	148	148	143	118
June	141	14,132	98	------	160	331	9,347	531	145	213	------	------	165	138	162	146	142	118
July	144	12,911	103	------	162	321	46,510	518	145	218	------	------	164	137	164	148	142	116
Aug	143	12,335	109	------	165	328	670,485	------	143	220	------	------	162	142	165	149	143	115
Sept	146	12,509	115	------	168	339	[6] 17.3	------	142	218	------	------	163	141	161	149	145	115
Oct	147	12,636	117	------	172	349	[6] 4,301.0	------	145	217	------	------	162	144	157	147	146	117
Nov	148	12,647	121	------	173	355	[6] 862,000.0	------	149	221	------	------	166	144	156	147	147	120
Dec	147	12,860	124	------	176	365	[6] 1,512,000	------	149	226	------	------	167	145	156	152	147	118
1924																		
Jan	146	13,527	126	------	175	376	[7] 127	------	150	230	------	------	168	145	155	154	150	120
Feb	144	13,821	130	------	177	384	117	------	151	239	------	------	167	145	153	151	------	122
Mar	141	13,930	128	------	176	392	120	------	152	241	------	------	167	143	------	147	------	122
Apr	------	13,838	------	------	167	------	120	------	------	------	------	------	------	------	------	143	------	------
COST-OF-LIVING INDEX NUMBERS																		
1923	(8)							(9)	(10)								(11)	
Mar	154	10,151	408	926	176	324	2,854	493	173	237	178	166	158	151	------	154	143	131
Apr	155	10,897	409	927	174	------	2,954	492	------	------	180	163	160	150	------	155	143	131
May	156	11,440	413	928	170	------	3,816	490	------	------	178	161	163	147	------	153	144	131
June	156	11,513	419	933	169	334	7,650	491	174	236	170	161	166	146	------	151	145	131
July	157	10,903	429	921	169	------	37,651	487	------	------	172	160	166	146	------	153	145	130
Aug	156	10,496	439	892	171	------	586,045	483	------	------	178	161	164	148	------	154	146	130
Sept	157	10,841	453	903	173	331	[6] 15.0	487	173	230	178	165	164	148	------	154	147	131
Oct	158	11,027	458	901	175	------	[6] 3,657.0	502	------	------	174	165	164	149	------	152	148	132
Nov	157	11,149	463	898	175	------	[6] 657,000.0	502	------	------	177	164	167	150	------	153	148	133
Dec	158	11,249	470	909	177	345	[6] 1,247,000	499	178	231	182	164	168	150	------	157	149	133
1924																		
Jan	157	11,740	480	917	177	------	[7] 110	510	------	------	178	163	169	150	------	158	150	133
Feb	156	11,940	495	917	179	------	104	517	------	------	190	162	168	149	------	156	------	134
Mar	156	11,996	510	------	178	365	100	521	------	236	------	162	168	148	------	153	------	134
Apr	------	11,977	498	------	173	------	110	------	------	------	------	------	------	------	------	150	------	------

[1] July, 1914=1.
[2] April, 1914, base.
[3] August, 1913–July, 1914=1.
[4] 1914 base.
[5] New series; 1921=100.
[6] Millions.
[7] German index numbers for 1923 are related to a 1913 average (base=100). Beginning with January, 1924, the index numbers have been derived from gold prices, related to average prices for the period August, 1913, to July, 1914 (base=100).
[8] Massachusetts Commission on the Necessaries of Life.
[9] Milan, first half of 1914=100.
[10] 1910–11=100.
[11] 6 months' moving average.

Information as to the number of foods included and the items entering into the cost of living indexes is available in the board's office. The original bases of the indexes have been shifted to July, 1914, wherever possible.

BANKING AND FINANCIAL STATISTICS

CONDITION OF FEDERAL RESERVE BANKS

EARNING ASSETS, CASH RESERVES, TOTAL DEPOSITS, FEDERAL RESERVE NOTE CIRCULATION, AND RESERVE PERCENTAGES FOR MARCH AND FEBRUARY, 1924

[Daily averages. Amounts in thousands of dollars]

Federal reserve bank	Total earning assets		Total cash reserves		Total deposits		Federal reserve notes in circulation		Reserve percentages	
	March	February	March	February	March	February	March	February	March	February
Boston	67,057	65,773	279,918	277,977	128,736	128,797	204,784	201,950	83.9	84.0
New York	179,712	203,608	987,148	944,463	748,764	719,860	371,461	379,441	88.1	85.9
Philadelphia	82,409	86,444	260,990	252,156	116,490	116,870	204,319	199,320	81.4	79.7
Cleveland	92,516	90,963	322,109	317,646	166,876	164,056	226,663	224,012	81.8	81.9
Richmond	62,441	53,376	94,645	108,249	64,042	65,224	85,467	89,041	63.3	70.2
Atlanta	61,148	55,450	132,442	134,220	60,441	59,301	133,792	131,301	68.2	70.4
Chicago	126,242	106,955	525,090	558,944	293,953	285,234	335,169	358,005	83.5	86.9
St. Louis	46,217	41,291	104,231	111,096	72,920	73,956	69,145	70,003	73.4	77.2
Minneapolis	34,031	28,685	87,045	89,009	50,023	48,185	67,223	65,685	74.2	78.2
Kansas City	48,044	44,509	102,342	105,356	79,870	79,315	64,452	64,475	70.9	73.3
Dallas	60,206	60,382	46,655	50,109	56,684	59,668	44,344	45,089	46.2	47.8
San Francisco	91,751	84,152	280,262	290,057	152,267	154,013	206,696	206,218	78.1	80.5
Total: 1924	951,774	921,588	3,222,877	3,239,282	1,991,066	1,954,479	2,013,515	2,034,540	80.5	81.2
1923	1,178,919	1,152,862	3,190,625	3,208,682	1,960,540	1,969,757	2,253,189	2,244,733	75.7	76.1
1922	1,191,013	1,215,221	3,095,762	3,070,045	1,794,895	1,814,446	2,195,131	2,176,529	77.6	76.9
1921	2,735,784	2,869,233	2,403,470	2,343,537	1,808,529	1,804,476	2,979,486	3,068,578	50.2	[1] 49.6
1920	3,211,936	3,154,054	2,058,293	2,053,422	2,032,787	2,002,503	3,040,440	2,946,863	[1] 42.7	[1] 43.3
1919	2,318,422	2,225,686	2,202,368	2,183,641	1,951,752	1,855,124	2,503,350	2,462,941	[1] 51.6	[1] 52.5

[1] Calculated on basis of net deposits and Federal reserve notes in circulation.

RESOURCES AND LIABILITIES OF EACH FEDERAL RESERVE BANK ON WEDNESDAYS, MARCH 26 TO APRIL 16, 1924

RESOURCES

[In thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Gold with Federal reserve agents:													
Mar. 26	2,082,659	187,852	635,878	179,809	203,340	44,781	101,778	320,560	66,089	58,851	55,840	18,776	209,105
Apr. 2	1,974,624	190,195	535,836	179,009	203,372	43,094	100,993	320,502	63,006	58,493	55,085	18,148	206,891
Apr. 9	1,984,054	187,169	535,796	182,108	203,501	41,491	112,849	320,433	65,114	58,706	54,372	18,628	203,887
Apr. 16	1,997,364	198,774	535,747	187,014	203,966	39,769	111,839	300,368	64,213	58,216	54,000	22,086	221,372
Gold redemption fund with U. S. Treasury:													
Mar. 26	56,945	8,659	5,922	12,375	3,892	4,157	3,057	6,141	1,947	2,551	3,237	1,830	3,177
Apr. 2	50,533	5,420	9,196	6,016	2,460	4,723	3,207	5,090	2,537	2,530	3,504	1,907	3,943
Apr. 9	57,223	7,711	7,695	10,567	2,882	5,217	3,121	4,061	2,863	1,997	3,719	1,816	5,574
Apr. 16	56,715	5,295	5,929	13,421	5,051	5,592	3,273	3,024	3,187	2,180	3,612	1,814	4,337
Gold held exclusively against Federal reserve notes:													
Mar. 26	2,139,604	196,511	641,800	192,184	207,232	48,938	104,835	326,701	68,036	61,402	59,077	20,606	212,282
Apr. 2	2,025,157	195,615	545,032	185,025	205,832	47,817	104,200	325,592	65,543	61,023	58,589	20,055	210,834
Apr. 9	2,041,277	194,880	543,491	192,675	206,383	46,708	115,970	324,494	67,977	60,703	58,091	20,444	209,461
Apr. 16	2,054,079	204,069	541,676	200,435	209,017	45,361	115,112	303,392	67,400	60,396	57,612	23,900	225,709
Gold settlement fund with Federal Reserve Board:													
Mar. 26	605,918	62,105	129,935	30,907	98,682	36,406	10,002	121,639	15,386	10,986	38,650	9,956	41,264
Apr. 2	709,581	71,462	217,049	43,363	91,102	33,252	13,019	117,142	17,999	13,993	41,867	10,469	38,864
Apr. 9	672,888	69,956	177,993	34,717	90,511	36,860	14,349	120,006	18,035	11,916	41,263	14,096	43,186
Apr. 16	671,222	64,210	213,063	25,258	73,163	35,197	16,672	131,379	15,085	12,759	32,200	13,391	38,845
Gold and gold certificates held by bank:													
Mar. 26	377,422	18,177	183,270	40,475	12,401	6,744	7,662	53,562	6,294	9,384	3,555	12,446	23,452
Apr. 2	357,029	17,998	166,501	40,359	12,154	5,846	7,594	50,996	6,457	9,433	3,521	12,512	23,658
Apr. 9	389,281	18,553	192,132	41,598	12,084	5,869	6,869	55,726	6,757	9,451	3,547	12,577	24,118
Apr. 16	379,585	18,470	186,270	40,713	12,358	5,568	7,052	52,198	6,903	9,491	3,640	12,573	24,349
Total gold reserves:													
Mar. 26	3,122,944	276,793	955,005	263,566	318,315	92,088	122,499	501,902	89,716	81,772	101,282	43,008	276,998
Apr. 2	3,091,767	285,075	928,582	268,747	309,088	86,915	124,813	493,730	89,999	84,449	103,977	43,036	273,356
Apr. 9	3,103,446	283,389	913,616	268,990	308,978	89,437	137,188	500,226	92,769	82,070	102,901	47,117	276,765
Apr. 16	3,104,886	286,749	941,009	266,406	294,538	86,126	138,836	486,969	89,388	82,646	93,452	49,864	288,903

RESOURCES AND LIABILITIES OF EACH FEDERAL RESERVE BANK ON WEDNESDAYS, MARCH 26 TO APRIL 16, 1924—Con.

RESOURCES—Continued

[In thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Reserves other than gold:													
Mar 26	100,107	8,081	28,180	2,777	8,152	2,679	10,781	10,380	13,085	1,021	4,478	6,616	3,877
Apr. 2	99,564	8,128	27,105	4,003	7,764	2,849	10,849	9,828	13,446	797	4,449	6,238	4,108
Apr. 9	97,975	6,988	26,399	3,261	6,276	3,486	10,973	10,072	13,702	1,117	4,530	6,568	4,603
Apr. 16	100,404	8,764	26,570	3,340	6,719	4,526	10,564	9,240	14,228	1,304	4,502	6,469	4,178
Total reserves:													
Mar. 26	3,223,051	284,874	983,185	266,343	326,467	94,767	133,280	512,282	102,801	82,793	105,760	49,624	280,875
Apr. 2	3,191,331	293,203	955,687	272,750	316,852	89,764	135,662	503,558	103,445	85,246	108,426	49,274	277,464
Apr. 9	3,201,421	290,377	940,015	272,251	315,254	92,923	148,161	510,298	106,471	83,187	107,431	53,685	281,368
Apr. 16	3,205,290	295,513	967,579	269,746	301,257	90,652	149,400	496,209	103,616	83,950	97,954	56,333	293,081
Nonreserve cash:													
Mar. 26	51,054	4,047	11,783	2,096	3,124	2,848	7,288	5,224	4,201	745	3,097	3,273	3,328
Apr. 2	46,599	3,408	10,539	2,047	4,110	2,330	5,723	4,578	3,848	538	2,706	2,716	4,056
Apr. 9	49,351	3,334	13,430	2,037	2,994	2,447	5,848	5,299	4,052	714	2,777	2,801	3,618
Apr. 16	48,750	3,423	11,411	2,073	4,094	2,456	5,368	5,986	3,934	701	3,045	2,896	3,363
Bills discounted:													
Secured by U. S. Government obligations—													
Mar 26	214,656	12,887	77,637	26,937	22,362	18,427	7,874	21,618	11,785	671	2,478	572	11,408
Apr. 2	239,063	13,412	87,968	30,302	24,389	18,479	9,533	26,802	10,936	2,005	2,260	517	12,460
Apr. 9	228,280	11,137	90,340	26,970	30,115	17,724	8,704	21,444	9,758	834	3,061	976	7,217
Apr. 16	190,419	10,391	50,770	25,949	28,428	19,551	6,636	19,045	10,906	2,805	3,255	1,677	11,006
Other bills discounted—													
Mar. 26	267,659	9,625	16,225	11,777	18,981	37,348	37,199	38,209	22,240	12,153	18,422	8,282	37,198
Apr. 2	290,597	11,988	23,394	13,300	18,119	39,316	38,629	42,385	25,285	11,693	18,846	9,273	38,369
Apr. 9	301,279	11,092	40,836	10,991	22,933	36,942	32,670	45,716	20,842	11,715	20,588	9,766	37,188
Apr. 16	279,151	12,043	24,805	14,041	28,976	38,801	32,411	36,840	21,438	12,108	22,454	10,502	24,732
Total bills discounted—													
Mar. 26	482,315	22,512	93,862	38,714	41,343	55,775	45,073	59,827	34,025	12,824	20,900	8,854	48,606
Apr. 2	529,660	25,400	111,362	43,602	42,508	57,795	48,162	69,187	36,221	13,698	21,106	9,790	50,829
Apr. 9	529,559	22,229	131,176	37,961	53,048	54,666	41,374	67,160	30,600	12,549	23,649	10,742	44,405
Apr. 16	469,570	22,434	75,575	39,990	57,404	58,352	39,047	55,885	32,344	14,913	25,709	12,179	35,738
Bills bought in open market:													
Mar. 26	202,458	19,154	39,245	14,163	20,614	2,395	9,581	30,056	6,245	8,087	8,449	28,077	16,392
Apr. 2	213,772	18,710	55,160	14,669	19,913	2,488	8,785	31,259	5,806	7,045	8,331	26,130	15,476
Apr. 9	197,606	20,403	49,757	12,852	19,314	2,287	7,772	30,465	5,634	5,008	7,135	20,992	15,987
Apr. 16	176,680	14,664	52,550	10,986	17,601	2,011	7,092	26,776	5,183	4,053	5,856	15,437	14,471
U. S. Govt. securities:													
Bonds—													
Mar. 26	18,801	542	1,202	549	918	1,191	154	4,426	----------	7,651	382	1,785	1
Apr. 2	18,331	542	1,202	549	918	1,191	100	4,426	----------	7,239	382	1,780	2
Apr. 9	18,273	542	1,202	549	917	1,191	113	4,426	----------	7,168	382	1,780	3
Apr. 16	18,855	542	1,202	549	917	1,190	100	4,426	----------	7,514	632	1,780	3
Treasury notes—													
Mar. 26	176,704	13,975	35,246	20,321	21,767	2,703	3,726	23,353	4,603	4,434	10,586	14,921	21,069
Apr. 2	184,887	15,083	37,508	20,321	22,463	2,703	3,726	25,211	4,857	5,226	10,856	15,214	21,719
Apr. 9	187,615	15,732	39,789	20,321	22,516	2,703	1	24,729	4,876	7,099	12,751	15,329	21,769
Apr. 16	193,327	15,433	39,942	21,106	23,457	2,962	1	26,061	5,136	7,644	13,335	15,600	22,650
Certificates of indebtedness—													
Mar. 26	61,751	4,780	15,397	2,112	7,483	1,231	1,478	11,501	2,008	4,170	3,344	3,059	5,188
Apr. 2	61,637	5,912	15,694	2,112	7,590	1,231	1,482	10,433	2,047	3,351	3,381	3,116	5,288
Apr. 9	63,015	5,476	16,251	2,112	7,601	1,231	----------	11,622	2,051	4,082	4,124	3,168	5,297
Apr. 16	54,485	4,351	14,020	1,602	6,996	973	----------	9,076	1,830	3,937	3,910	3,066	4,724
Total U. S. Govt. securities—													
Mar. 26	257,256	19,297	51,845	22,982	30,168	5,125	5,358	39,280	6,611	16,255	14,312	19,765	26,258
Apr. 2	264,855	21,537	54,404	22,982	30,971	5,125	5,308	40,070	6,904	15,816	14,619	20,110	27,009
Apr. 9	268,903	21,750	57,242	22,982	31,034	5,125	114	40,777	6,927	18,349	17,257	20,277	27,069
Apr. 16	266,667	20,326	55,164	23,257	31,370	5,125	101	39,563	6,966	19,095	17,877	20,446	27,377
Municipal warrants—													
Mar. 26	51	----------	----------	51	----------	----------	----------	----------	----------	----------	----------	----------	----------
Apr. 2	51	----------	----------	51	----------	----------	----------	----------	----------	----------	----------	----------	----------
Apr. 9	51	----------	----------	51	----------	----------	----------	----------	----------	----------	----------	----------	----------
Apr. 16	51	----------	----------	51	----------	----------	----------	----------	----------	----------	----------	----------	----------
Total earning assets—													
Mar. 26	942,080	60,963	184,952	75,910	92,125	63,295	60,012	129,163	46,881	37,166	43,661	56,696	91,256
Apr. 2	1,008,338	65,647	220,926	81,304	93,392	65,408	62,255	140,516	48,931	36,559	44,056	56,030	93,314
Apr. 9	996,119	64,382	238,175	73,846	103,396	62,078	49,260	138,402	43,161	35,906	48,041	52,011	87,461
Apr. 16	912,968	57,424	183,289	74,284	106,375	65,488	46,240	122,224	44,493	38,061	49,442	48,062	77,586

RESOURCES AND LIABILITIES OF EACH FEDERAL RESERVE BANK ON WEDNESDAYS, MARCH 26 TO APRIL 16, 1924—Con.

RESOURCES—Continued

[In thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
5% redemption fund—Federal reserve bank notes:													
Mar. 26	28											28	
Apr. 2	28											28	
Apr. 9	28											28	
Apr. 16	28											28	
Uncollected items:													
Mar. 26	557, 304	48, 545	118, 425	51, 879	56, 071	51, 455	25, 698	74, 771	29, 485	11, 748	31, 142	20, 127	37, 958
Apr. 2	586, 085	56, 474	130, 553	57, 790	56, 457	48, 259	24, 088	81, 073	30, 286	11, 244	31, 001	21, 564	37, 296
Apr. 9	577, 583	48, 122	124, 936	51, 286	54, 887	50, 472	26, 157	75, 944	36, 793	11, 997	34, 506	23, 634	38, 849
Apr. 16	713, 559	63, 994	167, 083	67, 484	70, 736	60, 475	28, 410	91, 539	40, 263	13, 263	38, 539	26, 552	45, 221
Bank premises:													
Mar. 26	55, 864	4, 312	14, 373	1, 113	9, 117	2, 528	2, 702	8, 264	1, 660	2, 484	4, 595	1, 911	2, 805
Apr. 2	55, 876	4, 312	14, 375	1, 113	9, 117	2, 528	2, 702	8, 264	1, 661	2, 492	4, 595	1, 911	2, 806
Apr. 9	55, 985	4, 312	14, 375	1, 113	9, 117	2, 528	2, 709	8, 264	1, 702	2, 542	4, 595	1, 911	2, 817
Apr. 16	56, 164	4, 312	14, 380	1, 113	9, 117	2, 528	2, 709	8, 264	1, 790	2, 627	4, 595	1, 911	2, 818
All other resources:													
Mar. 26	21, 486	95	2, 959	262	291	402	981	598	157	5, 882	846	4, 810	4, 203
Apr. 2	21, 398	84	3, 023	267	284	406	898	520	153	5, 890	823	4, 823	4, 227
Apr. 9	22, 420	83	3, 227	276	297	409	1, 727	519	152	5, 816	1, 076	4, 640	4, 198
Apr. 16	21, 802	85	3, 638	287	303	337	1, 705	463	151	5, 703	1, 051	3, 903	4, 176
Total resources:													
Mar. 26	4, 850, 867	402, 836	1, 315, 677	397, 603	487, 195	215, 295	229, 961	730, 302	185, 185	140, 818	189, 101	136, 469	420, 425
Apr. 2	4, 909, 655	423, 128	1, 335, 103	415, 271	480, 212	208, 695	231, 328	738, 509	188, 324	141, 969	191, 607	136, 346	419, 163
Apr. 9	4, 902, 907	410, 610	1, 334, 158	400, 809	485, 945	210, 857	233, 862	738, 726	192, 331	140, 162	198, 426	138, 710	418, 311
Apr. 16	4, 958, 561	424, 751	1, 347, 380	414, 987	491, 882	221, 936	233, 832	724, 685	194, 247	144, 305	194, 626	139, 685	426, 245

LIABILITIES

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Federal reserve notes in actual circulation:													
Mar. 26	1, 982, 706	204, 265	363, 857	201, 292	227, 315	83, 330	134, 194	324, 084	67, 789	66, 729	63, 872	43, 270	202, 709
Apr. 2	1, 987, 262	207, 779	365, 515	206, 443	222, 583	82, 804	135, 894	319, 450	67, 851	67, 256	63, 812	43, 860	204, 015
Apr. 9	1, 981, 638	205, 970	362, 695	204, 864	228, 198	82, 013	138, 628	312, 358	66, 881	67, 293	64, 525	43, 780	204, 433
Apr. 16	1, 966, 349	207, 127	359, 728	207, 279	223, 416	80, 794	140, 009	302, 803	66, 896	66, 615	64, 453	43, 501	203, 728
Federal reserve bank notes in circulation—net:													
Mar. 26	382											382	
Apr. 2	374											374	
Apr. 9	365											365	
Apr. 16	356											356	
Deposits:													
Member bank reserve account—													
Mar. 26	1, 912, 411	118, 153	725, 981	113, 063	161, 526	61, 812	56, 229	281, 601	69, 858	48, 142	75, 196	53, 833	147, 017
Apr. 2	1, 933, 113	126, 532	738, 874	117, 537	157, 588	59, 974	56, 384	280, 822	71, 905	49, 016	75, 236	53, 989	145, 256
Apr. 9	1, 934, 999	123, 350	747, 734	113, 572	161, 046	61, 755	56, 602	280, 799	72, 469	46, 790	74, 079	53, 143	143, 660
Apr. 16	1, 940, 810	129, 415	736, 330	116, 155	163, 381	62, 385	54, 978	282, 226	71, 307	49, 220	73, 921	52, 706	148, 786
Government—													
Mar. 26	75, 191	8, 297	22, 282	4, 349	8, 097	3, 661	5, 712	9, 176	2, 400	1, 505	2, 295	3, 181	4, 236
Apr. 2	109, 838	10, 505	23, 497	9, 017	12, 875	2, 876	5, 553	27, 066	2, 495	1, 516	6, 434	1, 911	6, 093
Apr. 9	98, 841	10, 102	20, 406	6, 912	11, 765	1, 688	4, 288	30, 697	2, 832	1, 632	3, 296	2, 543	2, 680
Apr. 16	49, 711	1, 883	10, 054	2, 212	6, 066	4, 042	2, 702	9, 470	2, 280	2, 161	3, 540	2, 178	3, 123
Other deposits—													
Mar. 26	19, 514	247	10, 958	231	998	159	108	1, 229	397	345	547	219	4, 076
Apr. 2	19, 413	194	10, 548	314	980	87	166	1, 155	675	384	435	349	4, 126
Apr. 9	21, 227	143	12, 629	269	877	89	121	1, 367	375	451	351	200	4, 355
Apr. 16	21, 064	235	11, 321	372	1, 199	207	155	1, 469	465	421	395	181	4, 644
Total deposits—													
Mar. 26	2, 007, 116	126, 697	759, 221	117, 643	170, 621	65, 632	62, 049	292, 006	72, 655	49, 992	78, 038	57, 233	155, 329
Apr. 2	2, 062, 364	137, 231	772, 919	126, 868	171, 443	62, 937	62, 103	309, 043	75, 075	50, 916	82, 105	56, 249	155, 475
Apr. 9	2, 055, 067	133, 595	780, 769	120, 753	173, 688	63, 532	61, 011	312, 863	75, 676	48, 873	77, 726	55, 886	150, 695
Apr. 16	2, 011, 585	131, 533	757, 705	118, 739	170, 646	66, 634	57, 835	293, 165	74, 052	51, 802	77, 856	55, 065	156, 553
Deferred availability items:													
Mar. 26	513, 762	47, 147	100, 203	47, 993	51, 939	47, 879	18, 849	67, 086	28, 910	11, 981	32, 509	21, 670	37, 596
Apr. 2	513, 463	53, 437	104, 778	51, 303	48, 896	44, 491	18, 408	62, 873	29, 582	11, 696	31, 049	21, 953	34, 997
Apr. 9	519, 305	46, 325	98, 679	44, 498	46, 696	46, 811	19, 280	66, 439	33, 942	11, 877	41, 506	24, 759	38, 493
Apr. 16	634, 333	61, 382	137, 755	58, 271	60, 388	56, 057	21, 052	81, 717	37, 475	13, 771	37, 692	27, 417	41, 356
Capital paid in:													
Mar. 26	110, 831	7, 915	29, 733	10, 138	12, 482	5, 845	4, 509	15, 080	5, 070	3, 455	4, 519	4, 194	7, 891
Apr. 2	110, 859	7, 915	29, 793	10, 151	12, 482	5, 841	4, 515	15, 078	5, 068	3, 446	4, 500	4, 185	7, 885
Apr. 9	110, 837	7, 915	29, 796	10, 148	12, 482	5, 839	4, 530	15, 092	5, 068	3, 436	4, 492	4, 184	7, 855
Apr. 16	110, 869	7, 915	29, 799	10, 150	12, 556	5, 836	4, 523	15, 105	5, 065	3, 436	4, 450	4, 179	7, 855

RESOURCES AND LIABILITIES OF EACH FEDERAL RESERVE BANK ON WEDNESDAYS, MARCH 26 TO APRIL 16, 1924—Con.

LIABILITIES—Continued

[In thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Surplus:													
Mar. 26	220,915	16,390	59,929	19,927	23,691	11,672	8,950	30,426	10,072	7,484	9,496	7,577	15,301
Apr. 2	220,915	16,390	59,929	19,927	23,691	11,672	8,950	30,426	10,072	7,484	9,496	7,577	15,301
Apr. 9	220,915	16,390	59,929	19,927	23,691	11,672	8,950	30,426	10,072	7,484	9,496	7,577	15,301
Apr. 16	220,915	16,390	59,929	19,927	23,691	11,672	8,950	30,426	10,072	7,484	9,496	7,577	15,301
All other liabilities:													
Mar. 26	15,155	422	2,734	610	1,147	937	1,410	1,620	689	1,177	667	2,143	1,599
Apr. 2	14,418	376	2,169	579	1,117	950	1,458	1,639	676	1,171	645	2,148	1,490
Apr. 9	14,780	415	2,290	619	1,190	990	1,463	1,548	692	1,199	681	2,159	1,534
Apr. 16	14,154	404	2,464	621	1,185	943	1,463	1,469	687	1,197	679	1,590	1,452
Total liabilities:													
Mar. 26	4,850,867	402,836	1,315,677	397,603	487,195	215,295	229,961	730,302	185,185	140,818	189,101	136,469	420,425
Apr. 2	4,909,655	423,128	1,335,103	415,271	480,212	208,695	231,328	738,509	188,324	141,969	191,607	136,346	419,163
Apr. 9	4,902,907	410,610	1,334,158	400,809	485,945	210,857	233,862	738,726	192,331	140,162	198,426	138,710	418,311
Apr. 16	4,958,561	424,751	1,347,380	414,987	491,882	221,936	233,832	724,685	194,247	144,305	194,626	139,685	426,245

MEMORANDA

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Ratio of total reserves to deposit and Federal reserve note liabilities combined—per cent:													
Mar. 26	80.8	86.1	87.5	83.5	82.0	63.6	67.9	83.2	73.2	70.9	74.5	49.4	78.4
Apr. 2	78.8	85.0	83.9	81.8	80.4	61.6	68.5	80.1	72.4	72.1	74.3	49.2	77.2
Apr. 9	79.3	85.5	82.2	83.6	78.4	63.8	74.2	81.6	74.7	71.6	75.5	53.9	79.2
Apr. 16	80.6	87.3	86.6	82.7	76.4	61.5	75.5	83.3	73.5	70.9	68.8	57.2	81.3
Contingent liability on bills purchased for foreign correspondents:													
Mar. 26	11,033		2,960	1,105	1,333	650	501	1,698	553	410	524	433	866
Apr. 2	11,230		3,511	1,056	1,274	621	479	1,622	533	392	501	414	827
Apr. 9	14,002		4,097	1,355	1,633	796	615	2,082	685	503	643	531	1,062
Apr. 16	17,343		5,048	1,682	2,029	988	763	2,584	850	624	798	659	1,318

MATURITY DISTRIBUTION OF BILLS, CERTIFICATES OF INDEBTEDNESS, AND MUNICIPAL WARRANTS HELD BY THE 12 FEDERAL RESERVE BANKS COMBINED

[In thousands of dollars]

	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	From 91 days to 6 months	Over 6 months	Total
Bills discounted:							
Mar. 26	292,787	43,014	68,572	51,597	19,825	6,520	482,315
Apr. 2	328,040	46,807	69,120	58,382	21,420	5,891	529,660
Apr. 9	332,846	49,386	68,009	50,652	22,289	6,377	529,559
Apr. 16	282,473	44,925	63,410	47,872	25,132	5,758	469,570
Bills bought in open market:							
Mar. 26	88,089	41,161	49,817	21,884	1,507		202,458
Apr. 2	107,651	39,321	44,359	20,890	1,551		213,772
Apr. 9	97,253	42,871	42,177	14,570	735		197,606
Apr. 16	90,964	35,261	37,859	11,829	767		176,680
U. S. certificates of indebtedness:							
Mar. 26				9,136		52,615	61,751
Apr. 2	1,040			9,269	196	51,132	61,637
Apr. 9	1,125			9,265	46	52,579	63,015
Apr. 16				9,547		44,938	54,485
Municipal warrants:							
Mar. 26					51		51
Apr. 2				51			51
Apr. 9				51			51
Apr. 16				51			51

FEDERAL RESERVE NOTES

FEDERAL RESERVE AGENTS' ACCOUNTS ON WEDNESDAYS, MARCH 26 TO APRIL 16, 1924

[In thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Net amount of Federal reserve notes received from Comptroller of the Currency:													
Mar. 26	3,452,025	324,339	942,286	274,436	295,953	131,200	224,798	537,516	110,649	88,802	105,897	78,340	337,809
Apr. 2	3,448,762	334,082	933,526	275,637	294,784	130,013	228,572	533,369	109,566	89,724	105,702	77,712	336,075
Apr. 9	3,426,670	331,056	928,320	275,536	291,114	129,870	228,428	528,483	108,674	89,617	104,988	77,192	333,392
Apr. 16	3,409,911	327,660	921,556	277,442	290,179	129,147	228,619	523,805	107,773	89,127	105,617	76,650	332,336
Federal reserve notes on hand:													
Mar. 26	962,082	101,300	282,060	49,320	51,090	39,190	75,497	177,180	27,300	17,405	30,093	30,127	81,520
Apr. 2	975,602	110,100	282,060	46,920	49,090	38,190	78,937	183,780	27,300	18,135	29,643	29,927	81,520
Apr. 9	959,347	104,100	282,060	48,920	43,470	38,360	77,302	182,380	27,300	17,525	29,643	29,127	79,160
Apr. 16	964,567	102,100	282,060	47,120	44,570	39,360	75,892	188,780	27,300	17,525	29,143	28,657	82,060
Federal reserve notes outstanding:													
Mar. 26	2,489,943	223,039	660,226	225,116	244,863	92,010	149,301	360,336	83,349	71,397	75,804	48,213	256,289
Apr. 2	2,473,160	223,982	651,466	228,717	245,694	91,823	149,635	349,589	82,266	71,589	76,059	47,785	254,555
Apr. 9	2,467,323	226,956	646,260	226,616	247,644	91,510	151,126	346,103	81,374	72,092	75,345	48,065	254,232
Apr. 16	2,445,344	225,560	639,496	230,322	245,609	89,787	152,727	335,025	80,473	71,602	76,474	47,993	250,276
Collateral security for Federal reserve notes outstanding:													
Gold and gold certificates—													
Mar. 26	329,729	35,300	238,531	14,000	8,780		2,400		9,985	13,052		7,681	
Apr. 2	329,729	35,300	238,531	14,000	8,780		2,400		9,985	13,052		7,681	
Apr. 9	329,729	35,300	238,531	14,000	8,780		2,400		9,985	13,052		7,681	
Apr. 16	329,729	35,300	238,531	14,000	8,780		2,400		9,985	13,052		7,681	
Gold redemption fund—													
Mar. 26	119,989	14,552	31,347	14,420	12,560	3,486	8,378	6,915	4,104	1,799	3,480	3,595	15,353
Apr. 2	113,724	11,895	31,305	14,620	12,592	1,799	7,593	6,857	4,021	1,441	4,725	2,967	13,909
Apr. 9	124,769	18,869	31,265	13,719	12,721	3,196	6,449	6,788	4,129	1,654	4,012	3,447	18,520
Apr. 16	116,157	15,474	31,216	14,625	13,186	1,474	5,439	6,723	3,228	1,164	3,640	2,905	17,083
Gold fund—Federal Reserve Board—													
Mar. 26	1,632,941	138,000	366,000	151,389	182,000	41,295	91,000	313,645	52,000	44,000	52,360	7,500	193,752
Apr. 2	1,531,171	143,000	266,000	150,389	182,000	41,295	91,000	313,645	49,000	44,000	50,360	7,500	192,982
Apr. 9	1,529,556	133,000	266,000	154,389	182,000	38,295	104,000	313,645	51,000	44,000	50,360	7,500	185,367
Apr. 16	1,551,478	148,000	266,000	158,389	182,000	38,295	104,000	293,645	51,000	44,000	50,360	11,500	204,289
Eligible paper—													
Amount required—													
Mar. 26	407,284	35,187	24,348	45,307	41,523	47,229	47,523	39,776	17,260	12,546	19,964	29,437	47,184
Apr. 2	498,536	33,787	115,630	49,708	42,322	48,729	48,642	29,087	19,260	13,096	20,974	29,637	47,664
Apr. 9	483,269	39,787	110,464	44,508	44,143	50,019	38,277	25,670	16,260	13,386	20,973	29,437	50,345
Apr. 16	447,980	26,786	103,749	43,308	41,643	50,018	40,888	34,657	16,260	13,386	22,474	25,907	28,904
Excess amount held—													
Mar. 26	246,846	6,479	93,252	625	20,426	9,871	6,109	49,845	20,838	7,339	8,807	6,522	16,733
Apr. 2	215,654	10,323	37,367	1,556	18,701	10,926	7,158	71,089	20,566	6,860	7,992	5,706	17,410
Apr. 9	223,576	2,845	64,348	1,269	26,766	6,413	9,680	71,622	17,582	3,413	9,183	1,697	8,758
Apr. 16	172,804	10,312	12,822	1,722	32,945	9,467	4,134	47,618	18,981	4,988	8,531	1,295	19,989

EARNING ASSETS HELD BY THE FEDERAL RESERVE BANKS AND EARNINGS THEREON, MARCH, 1924

[Amounts in thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
HOLDINGS ON MAR. 31, 1924													
Total earning assets	1,009,050	75,939	214,633	81,978	89,531	68,343	63,364	134,007	53,990	36,801	42,872	57,236	90,356
Bills discounted for members	517,885	34,534	94,834	43,981	38,902	60,679	48,797	63,518	41,202	13,353	19,971	9,826	48,288
Bills bought in open market	228,247	21,076	64,024	14,964	20,086	2,539	8,960	31,486	6,040	7,744	8,430	27,439	15,459
U. S. securities	262,867	20,329	55,775	22,982	30,543	5,125	5,607	39,003	6,748	15,704	14,471	19,971	26,609
All other earning assets	51			51									
Bills Discounted													
Customers' paper secured by Government obligations	2,587	510		302	504	287	225	121	471	11	72	1	83
Member bank collateral notes:													
Secured by Government obligations	226,362	15,137	77,309	30,281	20,875	20,597	9,196	22,400	14,120	1,540	2,089	606	12,212
Otherwise secured	4,603				65	32	85	102		254	25	445	3,595
Commercial paper, n. e. s.	208,320	18,189	16,558	12,782	15,811	33,936	31,521	25,074	19,350	1,604	5,657	3,325	24,513
Agricultural paper	55,310	529	570	518	622	4,024	6,941	15,285	6,115	7,960	5,117	2,533	5,096
Livestock paper	14,906	1		4	373	38	281		552	1,757	7,011	2,883	2,006
Bankers' acceptances, imports	108												108
Bankers' acceptances, domestic	160					160							
Trade acceptances, domestic	5,529	168	397	94	652	1,605	548	536	594	227		33	675
Total discounted bills	517,885	34,534	94,834	43,981	38,902	60,679	48,797	63,518	41,202	13,353	19,971	9,826	48,288
Bills Bought													
Bankers' acceptances:													
Foreign, imports	96,897	10,133	26,135	6,001	11,465	91	1,572	12,720	2,830	2,586	4,285	10,988	8,091
Foreign, exports	77,849	5,570	19,736	4,551	6,193	255	4,902	10,303	2,192	3,196	2,642	13,487	4,822
Domestic	40,842	4,503	12,849	3,398	1,785	2,193	2,383	6,151	723	1,605	1,003	1,846	2,403
Dollar exchange	11,402	870	4,097	1,014	593		103	2,312	295	357	500	1,118	143
Trade acceptances:													
Foreign, imports	1,257		1,207		50								
Total purchased bills	228,247	21,076	64,024	14,964	20,086	2,539	8,960	31,486	6,040	7,744	8,430	27,439	15,459
Purchased Bankers' Acceptances by Classes of Acceptors													
National banks	72,365	10,050	18,746	5,940	4,110	100	2,425	13,623	2,202	2,880	2,186	6,352	3,751
Other member banks	72,260	5,634	19,880	4,086	4,337		3,621	15,514	2,320	1,762	2,389	7,895	4,822
Nonmember banks and banking corporations	38,898	4,021	11,667	1,897	3,627	2,181	2,641	2,253	1,064	1,362	1,425	5,246	1,514
Private banks	26,933	1,232	7,222	1,890	5,692	258	114	96	141	339	1,251	5,082	3,616
Branches and agencies of foreign banks	16,534	139	5,302	1,151	2,270		159		313	1,401	1,179	2,864	1,756
U. S. Securities													
U. S. bonds	18,424	542	1,202	549	918	1,191	301	4,426		7,127	382	1,784	2
Treasury notes	181,494	14,490	37,409	20,321	22,035	2,703	3,726	24,298	4,701	4,686	10,708	15,098	21,319
Certificates of indebtedness	62,949	5,297	17,164	2,112	7,590	1,231	1,580	10,279	2,047	3,891	3,381	3,089	5,288
Total U. S. securities	262,867	20,329	55,775	22,982	30,543	5,125	5,607	39,003	6,748	15,704	14,471	19,971	26,609
DAILY AVERAGE HOLDINGS DURING MARCH													
Total earning assets [1]	951,774	67,057	179,712	82,409	92,516	62,441	61,148	126,242	46,217	34,031	48,044	60,206	91,751
Bills discounted	479,369	27,493	79,831	41,895	38,189	54,625	46,182	58,855	34,562	14,570	25,196	9,811	48,160
Bills bought	229,650	21,935	40,194	16,780	27,676	2,691	9,592	34,140	6,132	6,729	9,867	33,500	20,414
U. S. securities	242,682	17,629	59,645	23,703	26,651	5,125	5,374	33,247	5,523	12,732	12,981	16,895	23,177
EARNINGS DURING MARCH													
Total earning assets [1]	3,477	244	632	304	338	235	230	460	173	125	179	217	340
Bills discounted	1,831	105	305	160	146	209	176	225	132	56	96	37	184
Bills bought	814	77	140	60	99	10	35	121	22	23	35	119	73
U. S. securities	832	62	187	84	93	16	19	114	19	46	48	61	83
ANNUAL RATE OF EARNINGS													
Total earning assets [1]	4.30	4.29	4.14	4.34	4.30	4.42	4.43	4.29	4.40	4.34	4.38	4.24	4.36
Bills discounted	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Bills bought	4.17	4.16	4.10	4.17	4.21	4.30	4.25	4.18	4.15	4.13	4.15	4.18	4.21
U. S. securities	4.04	4.13	3.69	4.17	4.12	3.68	4.17	4.02	4.08	4.25	4.32	4.22	4.21

[1] Including municipal warrants as follows: Philadelphia—daily average holdings, $31,502; earnings, $122; annual rate of earnings, 4.56 per cent; also including Federal intermediate credit bank debentures, as follows: New York—daily average holdings, $41,935; earnings, $147; annual rate of earnings, 4.14 per cent.

DISCOUNT AND OPEN-MARKET OPERATIONS OF THE FEDERAL RESERVE BANKS FOR MARCH, 1924

[Amounts in thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Volume of Operations													
Total discount and open-market operations	2,494,849	179,778	1,174,424	169,776	139,849	182,921	86,545	212,582	88,673	30,033	54,849	24,837	150,582
Bills discounted for member banks	1,709,329	117,779	667,831	143,648	113,876	180,883	75,186	145,040	80,905	11,872	36,850	8,143	127,316
Bills bought in open market	197,714	22,090	99,099	9,402	8,303	1,616	8,107	18,479	3,890	2,720	3,181	7,524	13,303
Bills bought from other Federal reserve banks	5,654	......	2,648	......	......	......	......	......	......	3,006	......	......	......
U. S. Securities bought in open market	582,101	39,909	404,846	16,675	17,670	422	3,252	49,063	3,878	12,435	14,818	9,170	9,963
Municipal warrants bought	51	......	......	51	......	......	......	......	......	......	......	......	......
Bills Discounted													
Customers' paper secured by Government obligations	1,878	312	......	186	342	202	216	47	379	1	169	......	24
Member bank collateral notes:													
Secured by Government obligations	1,302,064	79,709	610,097	113,248	76,075	138,308	29,126	100,820	43,968	8,660	23,388	2,199	76,466
Otherwise secured	8,713	......	......	......	185	69	202	243	......	395	50	412	7,157
Commercial paper, n. e. s.	357,946	37,306	56,807	29,890	36,189	38,295	42,067	36,507	29,104	1,215	7,626	2,765	40,175
Agricultural paper	23,761	277	484	248	274	2,245	2,943	7,347	3,829	1,266	1,740	930	2,178
Livestock paper	6,350	1	36	......	265	9	112	......	326	309	3,870	891	531
Demand and sight drafts (based on agricultural products)	4,176	......	......	......	28	......	100	......	3,003	26	7	934	78
Bankers' acceptances, domestic	75	......	......	......	......	75	......	......	......	......	......	......	......
Trade acceptances:													
Foreign	108	......	......	......	......	......	......	......	......	......	......	......	108
Domestic	4,258	174	407	76	518	1,680	420	76	296	......	......	12	599
Total bills discounted	1,709,329	117,779	667,831	143,648	113,876	180,883	75,186	145,040	80,905	11,872	36,850	8,143	127,316
Average rate (365-day basis)—per cent	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Average maturity (in days)	14.03	8.79	6.24	10.12	13.40	11.09	36.20	29.74	30.06	37.47	30.69	54.99	18.76
Total reduced to a common maturity basis (exclusive of demand and sight drafts)	1,705,154	73,805	297,172	103,610	108,769	143,043	193,754	307,460	166,926	31,640	80,596	28,262	170,117
Per cent of total	100.0	4.3	17.4	6.1	6.4	8.4	11.3	18.0	9.8	1.9	4.7	1.7	10.0
Number of member banks on Mar. 31	9,819	421	846	726	876	628	533	1,432	631	956	1,126	848	796
Number of banks accommodated during the month	3,516	213	373	308	278	305	272	591	261	207	307	154	247
Per cent accommodated	35.8	50.6	44.1	42.4	31.7	48.6	51.0	41.3	41.4	21.7	27.3	18.2	31.0
Bills Bought in Open Market													
Bankers' acceptances:													
Foreign	144,905	13,866	75,688	5,924	7,161	670	6,543	11,289	3,038	2,230	2,579	6,418	9,499
Domestic	41,149	5,711	17,129	2,750	867	946	1,464	6,263	802	353	477	923	3,464
Dollar exchange	9,761	2,513	4,383	728	275	......	100	927	50	137	125	183	340
Trade acceptances, foreign	1,899	......	1,899	......	......	......	......	......	......	......	......	......	......
Total bills bought	197,714	22,090	99,099	9,402	8,303	1,616	8,107	18,479	3,890	2,720	3,181	7,524	13,303
Distribution, by rates charged (360-day basis):													
3¾ per cent	1,626	1,626	......	......	......	......	......	......	......	......	......	......	......
3⅞ per cent	4,064	2,721	......	......	......	......	1,041	......	......	......	......	302	......
4 per cent	126,335	6,876	92,471	4,305	3,258	......	2,249	6,348	1,459	1,653	1,740	2,877	3,099
4⅛ per cent	45,668	9,512	4,331	4,959	3,476	......	2,416	9,400	1,956	1,067	1,430	3,770	3,351
4¼ per cent	13,750	1,263	165	138	1,230	1,616	38	1,726	475	......	11	575	6,513
4⅜ per cent	1,505	60	133	......	305	......	......	985	......	......	......	......	22
4½ per cent	4,746	12	1,999	......	34	......	2,363	20	......	......	......	......	318
4⅝ per cent	20	20	......	......	......	......	......	......	......	......	......	......	......
Average rate (365-day basis)—per cent	4.16	4.12	4.09	4.15	4.21	4.31	4.24	4.22	4.18	4.14	4.14	4.17	4.21
Average maturity (in days)	31.53	23.14	17.94	48.93	61.56	38.47	45.77	63.47	56.85	43.64	46.14	53.07	36.18
Total reduced to a common maturity basis	197,714	16,255	56,372	14,590	16,208	1,971	11,767	37,194	7,012	3,764	4,655	12,662	15,264
Per cent of total	100.0	8.2	28.5	7.4	8.2	1.0	5.9	18.8	3.6	1.9	2.4	6.4	7.7
U. S. Securities Bought in Open Market													
U. S. bonds	3,833	......	......	......	......	......	1,152	418	......	2,206	50	5	2
Treasury notes	75,778	7,054	21,085	......	6,925	......	1,140	16,682	2,521	4,205	2,448	7,251	6,467
Certificates of indebtedness	502,490	32,855	383,761	16,675	10,745	422	960	31,963	1,357	6,024	12,320	1,914	3,494
Total U. S. securities bought	582,101	39,909	404,846	16,675	17,670	422	3,252	49,063	3,878	12,435	14,818	9,170	9,963

OPERATIONS OF THE FEDERAL RESERVE CLEARING SYSTEM DURING MARCH, 1924

[Numbers in thousands. Amounts in thousands of dollars]

Federal reserve bank or branch and district number	Items drawn on banks located in own district				Items drawn on Treasurer of United States		Total items handled, exclusive of duplications		Items forwarded to other Federal reserve banks and their branches		Items forwarded to parent banks or to branches in same district		Total items handled, including duplications				Number of member banks at end of month		Number of nonmember banks at end of month			
	In Federal reserve bank or branch city		Outside Federal reserve bank or branch city										Number		Amount				On par list		Not on par list [1]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	1924	1923	1924	1923	1924	1923	1924	1923	1924	1923
No. 1—Boston	715	824, 210	4, 420	476, 724	134	13, 919	5, 269	1, 314, 853	227	51, 314	----	-------	5, 496	5, 108	1, 366, 167	1, 293, 474	421	428	232	234	------	------
No. 2—New York	2, 689	4, 366, 277	5, 134	705, 690	1, 063	122, 841	8, 886	5, 194, 808	1, 364	150, 245	27	5, 389	10, 277	10, 794	5, 350, 442	6, 050, 875	759	727	279	264	------	------
Buffalo	245	122, 768	515	57, 904	14	2, 623	774	183, 295	105	21, 664	33	19, 553	912	946	224, 512	238, 739	87	87	81	80	------	------
No. 3—Philadelphia	1, 396	900, 932	2, 667	343, 622	148	20, 960	4, 211	1, 265, 514	607	103, 683	----	-------	4, 818	4, 309	1, 369, 197	1, 325, 412	726	715	518	491	------	------
No. 4—Cleveland	752	470, 889	1, 663	187, 260	90	5, 489	2, 505	663, 638	87	8, 675	51	12, 486	2, 643	2, 584	684, 799	629, 476	310	311	514	517	------	------
Cincinnati	328	388, 350	973	92, 744	73	9, 865	[2] 1, 386	[2] 492, 659	41	8, 483	19	5, 802	1, 446	1, 370	506, 944	512, 117	223	226	313	314	3	1
Pittsburgh	745	713, 445	1, 125	112, 752	50	5, 075	1, 920	831, 272	91	48, 323	35	10, 278	2, 046	1, 831	889, 873	825, 085	343	345	251	256	------	------
No. 5—Richmond	160	336, 366	2, 095	310, 517	53	5, 274	2, 308	652, 157	182	67, 263	41	7, 656	2, 531	2, 733	727, 076	756, 806	467	472	564	697	660	558
Baltimore	339	250, 748	862	77, 447	57	16, 962	1, 258	345, 157	167	41, 803	73	8, 415	1, 498	1, 451	395, 375	360, 461	161	167	267	262	2	------
No. 6—Atlanta	137	112, 135	444	47, 438	45	3, 773	626	163, 346	29	8, 794	33	4, 638	688	700	176, 778	206, 242	222	226	79	89	445	455
Birmingham	68	56, 242	246	19, 659	15	1, 838	329	77, 739	23	14, 973	32	35, 556	384	378	128, 268	127, 221	94	93	34	33	147	145
Jacksonville	77	100, 398	259	28, 815	14	1, 431	350	130, 644	77	13, 295	11	2, 114	438	377	146, 053	125, 871	67	79	74	60	149	148
Nashville	79	99, 799	278	27, 679	16	1, 258	373	128, 736	15	3, 903	7	1, 150	395	356	133, 789	118, 722	92	89	148	146	159	157
New Orleans	97	136, 572	170	18, 514	36	4, 285	303	159, 371	50	13, 097	7	602	360	355	173, 070	102, 177	58	55	46	50	224	224
No. 7—Chicago	1, 628	1, 105, 973	4, 593	408, 068	399	46, 372	6, 620	1, 560, 413	518	36, 393	15	2, 045	7, 153	6, 738	1, 598, 851	1, 717, 713	1, 304	1, 318	3, 800	3, 981	132	------
Detroit	415	401, 185	796	77, 505	39	3, 907	1, 250	482, 597	20	3, 406	6	3, 610	1, 276	967	489, 613	571, 405	128	123	250	260	17	------
No. 8—St. Louis	586	369, 763	1, 617	89, 837	139	8, 113	2, 342	467, 713	61	5, 804	11	904	2, 414	2, 249	474, 421	488, 330	405	394	1, 610	1, 688	48	------
Little Rock	58	42, 204	357	21, 704	10	2, 055	425	65, 963	1	254	10	584	436	499	66, 801	75, 947	73	72	202	237	33	------
Louisville	136	160, 743	513	27, 161	40	4, 042	689	191, 946	19	2, 152	2	161	710	740	194, 259	203, 422	94	95	345	349	5	------
Memphis	93	36, 668	209	12, 368	13	1, 494	315	50, 530	2	283	2	238	319	341	51, 051	61, 252	59	59	161	186	185	159
No. 9—Minneapolis	319	142, 766	1, 560	82, 505	64	6, 730	[2] 1, 948	[2] 237, 387	89	20, 136	1	149	2, 038	2, 222	257, 672	259, 598	802	823	1, 732	2, 399	571	177
Helena	32	12, 142	104	6, 166	8	1, 365	144	19, 673	5	1, 737	2	703	151	181	22, 113	30, 448	154	187	131	184	5	7
No. 10—Kansas City	442	271, 682	1, 578	99, 299	104	11, 166	2, 124	382, 147	83	22, 812	21	5, 215	2, 228	2, 429	410, 174	412, 751	325	328	1, 367	1, 409	9	2
Denver	174	48, 755	363	35, 561	27	3, 519	564	87, 835	60	16, 485	38	11, 453	662	711	115, 773	124, 679	159	162	218	244	8	5
Oklahoma City	78	48, 293	1, 089	68, 186	11	1, 676	1, 178	118, 155	53	9, 950	19	9, 939	1, 250	1, 322	138, 044	155, 755	403	417	376	408	6	7
Omaha	138	60, 835	608	39, 297	33	3, 929	[2] 780	[2] 104, 358	48	4, 596	19	4, 777	847	927	113, 731	133, 216	239	247	853	891	176	156
No. 11—Dallas	161	180, 137	1, 674	172, 705	33	4, 508	1, 868	357, 350	58	7, 030	66	7, 144	1, 992	1, 895	371, 524	365, 901	652	660	650	721	94	55
El Paso	59	13, 652	124	9, 125	15	1, 475	198	24, 252	19	2, 068	8	935	225	238	27, 255	30, 746	55	63	34	57	8	------
Houston	72	55, 199	464	42, 802	12	1, 105	548	99, 106	16	2, 793	7	1, 419	571	526	103, 318	113, 137	141	139	241	254	9	------
No. 12—San Francisco	375	428, 300	653	45, 544	67	14, 152	1, 095	487, 996	43	4, 425	23	2, 575	1, 161	1, 329	494, 996	497, 134	185	188	221	265	1	------
Los Angeles	598	240, 863	2, 425	157, 976	60	23, 515	3, 083	422, 354	85	15, 987	55	9, 127	3, 223	2, 592	447, 468	403, 858	155	156	200	191	1	------
Portland	93	98, 776	298	16, 994	20	5, 160	411	120, 930	8	5, 047	47	6, 115	466	406	132, 092	85, 943	136	136	132	135	31	28
Salt Lake City	70	35, 845	467	24, 797	16	3, 069	553	63, 711	15	2, 556	14	1, 389	582	511	67, 656	69, 293	148	160	101	101	------	------
Seattle	160	53, 871	282	20, 245	28	8, 923	470	83, 039	17	4, 194	52	5, 990	539	505	93, 223	91, 859	67	66	83	92	9	------
Spokane	77	23, 100	215	10, 341	12	1, 405	304	34, 846	15	3, 679	21	2, 215	340	308	40, 740	38, 265	105	109	139	147	5	1
Total: March	13, 591	12, 709, 883	40, 840	3, 974, 951	2, 958	373, 273	[2] 57, 407	[2] 17, 065, 490	4, 300	727, 302	808	190, 326	62, 515	60, 928	17, 983, 118	18, 603, 330	9, 819	9, 922	16, 246	17, 692	3, 142	2, 285
February	11, 268	11, 275, 007	36, 808	3, 523, 041	2, 412	297, 193	50, 501	15, 101, 395	3, 875	640, 499	725	168, 582	55, 101	49, 789	15, 910, 476	14, 026, 763	9, 857	9, 917	16, 337	17, 724	3, 084	2, 282

[1] Incorporated banks other than mutual savings banks.
[2] Includes items drawn on banks in other Federal reserve districts forwarded direct to drawee banks as follows: Cincinnati, 12,000 items, $1,700,000; Minneapolis, 5,000 items, $5,386,000; Omaha, 1,000 items, $297,000. Total, 18,000 items, $7,383,000.

NOTE.—Number of business days in period for Baltimore, Birmingham, New Orleans, Dallas, El Paso, and Houston was 25; for other Federal reserve bank and branch cities, 26 days.

GOLD SETTLEMENT FUND

INTER-BANK TRANSACTIONS FROM MARCH 20, 1924 TO APRIL 16, 1924, INCLUSIVE

[In thousands of dollars]

Federal reserve bank	Transfers		Daily settlements		Changes in ownership of gold through transfers and settlements		Balance in fund at close of period
	Debits	Credits	Debits	Credits	Decrease	Increase	
Boston	6,500		745,319	769,194		17,375	64,210
New York	4,000	70,500	2,365,984	2,233,678	65,806		213,063
Philadelphia	5,000		634,497	652,181		12,684	25,258
Cleveland	12,000		546,784	562,077		3,293	73,162
Richmond	7,000	2,000	429,420	433,219	1,201		35,197
Atlanta	4,000		236,277	263,259		22,982	16,672
Chicago	38,500		1,055,657	1,085,541	8,616		131,379
St. Louis		5,000	449,534	443,019	1,515		15,086
Minneapolis	1,000	500	146,934	148,067		633	12,759
Kansas City	1,000	4,000	332,682	328,411	1,271		32,199
Dallas	2,000	1,000	202,261	214,333		11,072	13,391
San Francisco	3,000	1,000	252,887	265,257		10,370	38,844
Total four weeks ending—							
Apr. 16, 1924	84,000	84,000	7,398,236	7,398,236	78,409	78,409	671,220
Mar. 19, 1924	94,300	94,300	7,361,882	7,361,882			606,746
Apr. 19, 1923	18,000	18,000	6,853,232	6,853,232			668,588
Mar. 15, 1923	66,000	66,000	6,881,012	6,881,012			624,207

DISCOUNT RATES OF FEDERAL RESERVE BANKS IN EFFECT APRIL 30, 1924

Federal reserve bank	Paper maturing—					
	Within 90 days				After 90 days but within 6 months	After 6 but within 9 months
	Commercial, agricultural, and livestock paper, n. e. s.	Secured by United States Government obligations	Bankers' acceptances	Trade acceptances	Agricultural [1] and livestock paper	Agricultural and livestock paper
Boston	4½	4½		4½	4½	5
New York	4½	4½	4½	4½	4½	4½
Philadelphia	4½	4½	4½	4½	4½	5
Cleveland	4½	4½	4½	4½	4½	4½
Richmond	4½	4½	4½	4½	4½	4½
Atlanta	4½	4½	4½	4½	4½	4½
Chicago	4½	4½	4½	4½	4½	4½
St. Louis	4½	4½	4½	4½	4½	4½
Minneapolis	4½	4½	4½	4½	4½	4½
Kansas City	4½	4½	4½	4½	4½	4½
Dallas	4½	4½	4½	4½	4½	4½
San Francisco	4½	4½	4½	4½	4½	4½

[1] Including bankers' acceptances drawn for an agricultural purpose and secured by warehouse receipts, etc.

CONDITION OF REPORTING MEMBER BANKS IN LEADING CITIES

PRINCIPAL RESOURCES AND LIABILITIES OF ALL REPORTING MEMBER BANKS IN EACH FEDERAL RESERVE DISTRICT ON WEDNESDAYS FROM MARCH 19 TO APRIL 9, 1924

[In thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Number of reporting banks:													
Mar. 19	756	43	110	55	79	76	37	104	35	26	72	52	67
Mar. 26	756	43	110	55	79	76	37	104	35	26	72	52	67
Apr. 2	756	43	110	55	79	76	37	104	35	26	72	52	67
Apr. 9	755	43	110	55	79	76	36	104	35	26	72	52	67
Loans and discounts, gross:													
Secured by U. S. Government obligations—													
Mar. 19	207,241	11,362	74,849	12,034	24,426	8,918	8,892	33,322	9,428	3,902	6,008	3,068	11,032
Mar. 26	207,564	12,837	71,667	12,532	23,602	9,799	8,361	35,354	9,439	3,686	6,165	3,083	11,039
Apr. 2	223,738	11,968	90,934	12,620	23,576	9,196	8,299	34,210	9,234	3,520	6,103	3,066	11,012
Apr. 9	227,642	11,815	92,406	11,654	23,857	10,284	8,552	34,931	9,530	3,518	6,622	3,339	11,134
Secured by stocks and bonds—													
Mar. 19	3,912,901	226,071	1,683,485	262,603	409,323	129,005	68,459	604,028	146,440	43,592	86,760	63,096	190,039
Mar. 26	3,859,638	230,998	1,636,296	266,362	400,254	126,567	67,035	606,612	143,652	44,709	84,427	62,606	190,120
Apr. 2	3,887,210	243,302	1,656,840	268,416	402,105	126,967	69,199	589,474	144,781	47,334	85,035	62,516	191,241
Apr. 9	3,829,657	244,981	1,584,551	271,563	407,161	128,032	69,428	588,975	145,153	46,348	87,059	64,025	192,381
All other loans and discounts—													
Mar. 19	7,993,337	621,412	2,614,244	357,982	703,740	331,529	347,066	1,155,117	311,771	196,495	324,556	213,400	816,025
Mar. 26	7,997,853	611,961	2,621,911	359,663	711,945	332,785	348,652	1,151,841	314,751	193,840	325,005	213,372	812,127
Apr. 2	7,991,286	606,429	2,598,889	362,933	716,946	335,465	350,392	1,153,504	313,648	196,450	326,107	214,226	816,297
Apr. 9	7,998,630	600,797	2,599,631	363,995	722,446	337,570	350,837	1,167,135	313,345	194,594	319,286	212,661	816,333
Total loans and discounts:													
Mar. 19	12,113,479	858,845	4,372,578	632,619	1,137,489	469,452	424,417	1,792,467	467,639	243,989	417,324	279,564	1,017,096
Mar. 26	12,065,055	855,796	4,329,874	638,557	1,135,801	469,151	424,048	1,793,807	467,842	242,235	415,597	279,061	1,013,286
Apr. 2	12,102,234	861,699	4,346,663	643,969	1,142,627	471,628	427,890	1,777,188	467,663	247,304	417,245	279,808	1,018,550
Apr. 9	12,055,929	857,593	4,276,588	647,212	1,153,464	475,886	428,817	1,791,041	468,028	244,460	412,967	280,025	1,019,848
U. S. pre-war bonds:													
Mar. 19	270,376	12,944	50,556	10,679	48,258	28,972	14,761	23,809	14,981	9,081	11,828	19,266	25,241
Mar. 26	270,926	13,032	50,579	10,679	48,254	28,822	14,761	23,807	14,981	9,081	11,928	19,166	25,836
Apr. 2	271,754	13,078	51,279	10,679	48,261	28,822	14,726	23,863	14,981	9,081	12,031	19,170	25,783
Apr. 9	272,867	13,164	51,434	10,679	48,231	28,822	14,726	23,833	15,516	9,071	12,041	19,467	25,883
U. S. Liberty bonds:													
Mar. 19	1,037,876	80,683	468,719	46,452	108,791	27,154	14,455	106,532	23,598	14,782	37,789	12,512	96,409
Mar. 26	1,053,526	80,100	477,639	49,817	109,280	26,790	14,340	110,128	23,338	15,072	37,614	12,814	96,594
Apr. 2	1,058,314	78,201	481,424	49,769	108,017	27,938	14,207	108,680	27,158	15,252	37,785	12,918	96,965
Apr. 9	1,064,729	78,402	499,384	48,742	108,300	27,275	14,576	102,488	23,897	15,259	37,807	12,505	96,094
U. S. Treasury bonds:													
Mar. 19	73,044	4,321	21,198	2,702	4,800	2,200	1,437	12,619	5,353	780	2,929	1,439	13,266
Mar. 26	71,887	4,296	20,900	2,763	4,472	2,255	1,438	12,406	5,429	780	2,889	1,355	12,904
Apr. 2	67,343	4,330	20,630	2,730	4,449	2,146	1,439	12,137	1,441	780	2,966	1,440	12,855
Apr. 9	71,645	4,321	21,724	2,717	4,223	2,146	1,432	12,166	4,390	780	2,966	1,440	13,340
U. S. Treasury notes:													
Mar. 19	768,884	20,571	398,178	37,183	54,010	9,650	7,268	119,940	16,872	29,939	16,005	15,081	44,187
Mar. 26	758,327	17,793	398,110	32,931	52,866	8,012	5,484	127,887	15,850	29,642	15,893	14,095	39,764
Apr. 2	754,454	18,596	396,280	32,643	53,512	7,982	5,290	128,511	14,930	30,247	15,575	13,864	37,024
Apr. 9	736,864	18,448	384,616	32,541	52,047	7,853	4,859	123,211	15,211	30,305	15,271	13,874	38,628
U. S. certificates of indebtedness:													
Mar. 19	138,615	6,597	31,168	12,139	11,358	4,179	4,938	26,341	7,792	4,614	2,166	7,693	19,630
Mar. 26	132,566	8,050	38,752	7,181	9,646	2,758	3,909	23,332	3,330	4,327	1,674	5,958	23,649
Apr. 2	124,634	6,768	39,177	7,158	8,455	2,717	4,631	21,566	3,295	3,297	1,730	5,591	20,249
Apr. 9	114,057	6,805	32,164	6,997	8,277	2,724	4,262	22,413	3,497	3,468	1,489	4,834	17,127
Other bonds, stocks, and securities:													
Mar. 19	2,218,109	168,264	782,482	186,762	306,693	53,514	38,907	337,814	89,546	23,940	55,998	13,781	160,408
Mar. 26	2,227,470	169,591	787,889	188,496	307,009	52,927	38,685	340,636	88,983	24,849	54,473	14,949	158,983
Apr. 2	2,250,617	170,422	803,612	188,395	306,036	52,975	41,599	341,270	89,206	24,199	55,241	14,389	163,273
Apr. 9	2,252,545	170,797	808,279	189,413	305,180	52,283	41,867	338,218	88,817	24,107	54,925	15,765	162,894
Total loans and discounts and investments:													
Mar. 19	16,620,383	1,152,225	6,124,879	928,536	1,671,399	595,121	506,183	2,419,522	625,781	327,125	544,039	349,336	1,376,237
Mar. 26	16,579,757	1,148,658	6,103,743	930,424	1,667,328	590,715	502,665	2,432,003	619,753	325,986	540,068	347,398	1,371,016
Apr. 2	16,629,350	1,153,094	6,139,065	935,343	1,671,357	594,208	509,782	2,413,215	618,674	330,160	542,573	347,180	1,374,699
Apr. 9	16,568,636	1,149,530	6,074,189	938,301	1,679,722	596,989	510,539	2,413,370	619,356	327,450	537,466	347,910	1,373,814
Reserve balance with F. R. banks:													
Mar. 19	1,482,880	84,257	712,153	70,833	105,323	35,675	36,097	199,147	42,832	23,440	45,642	24,750	102,731
Mar. 26	1,414,945	76,751	655,215	67,983	109,030	35,244	33,151	206,402	40,872	22,656	45,043	26,225	96,373
Apr. 2	1,435,579	84,730	665,873	71,242	104,397	34,831	33,499	206,640	43,738	23,892	44,958	26,271	95,508
Apr. 9	1,439,107	82,844	674,897	68,283	109,023	35,771	33,791	205,120	43,949	21,473	43,799	24,895	95,262
Cash in vault:													
Mar. 19	273,777	19,154	77,299	14,988	29,755	13,403	10,656	53,160	7,413	5,628	12,174	9,217	20,930
Mar. 26	280,773	19,156	77,348	14,640	35,373	13,465	10,163	53,624	7,536	5,905	12,547	9,771	21,245
Apr. 2	269,076	19,195	75,083	13,341	28,421	12,253	10,154	53,583	7,674	5,507	13,863	9,342	20,660
Apr. 9	282,217	20,012	79,954	15,148	30,638	13,236	10,525	55,404	7,344	6,353	12,603	9,287	21,713
Net demand deposits:													
Mar. 19	11,418,194	796,541	4,994,591	665,499	892,570	328,244	275,532	1,523,303	351,977	210,091	410,316	233,632	735,898
Mar. 26	11,170,968	780,076	4,823,924	659,528	883,296	328,330	269,472	1,520,130	343,869	208,427	408,461	232,061	713,394
Apr. 2	11,245,812	795,888	4,872,000	662,914	890,674	330,341	274,312	1,493,295	349,049	213,489	405,753	235,279	722,818
Apr. 9	11,163,442	794,069	4,802,678	669,361	881,383	333,307	277,938	1,493,880	357,301	211,697	388,935	231,951	720,942

PRINCIPAL RESOURCES AND LIABILITIES OF ALL REPORTING MEMBER BANKS IN EACH FEDERAL RESERVE DISTRICT ON WEDNESDAYS FROM MARCH 19 TO APRIL 9, 1924—Continued.

[In thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Time deposits:													
Mar. 19	4,194,133	285,376	914,618	129,368	622,640	160,310	178,938	808,718	202,472	83,768	131,137	89,825	586,963
Mar. 26	4,235,397	289,517	942,163	129,130	627,651	160,631	178,300	810,001	201,886	83,984	131,363	87,616	593,155
Apr. 2	4,230,384	285,123	940,672	130,383	625,748	162,070	178,718	811,335	201,976	83,344	131,259	86,345	593,411
Apr. 9	4,241,000	285,589	943,482	130,232	626,931	165,601	179,739	814,580	200,037	84,301	131,596	86,248	592,664
Government deposits:													
Mar. 19	245,451	16,614	68,342	28,482	33,046	8,642	8,435	32,595	6,080	5,920	3,951	9,261	24,083
Mar. 26	237,430	15,801	65,890	27,821	31,775	8,372	8,891	31,607	5,798	5,830	3,850	8,908	22,887
Apr. 2	237,535	15,803	65,890	27,821	31,774	8,372	8,951	31,747	5,798	5,825	3,850	8,907	22,797
Apr. 9	237,168	15,803	65,890	27,821	31,774	8,374	8,951	31,414	5,761	5,825	3,850	8,908	22,797
Bills payable and rediscounts with F. R. banks:													
Secured by U. S. Government obligations—													
Mar. 19	75,022	2,798	15,210	10,541	4,842	10,231	7,351	3,876	6,191	2,715	1,131	150	9,986
Mar. 26	124,560	3,005	61,830	8,234	10,137	8,329	6,116	12,145	6,185	115	603	50	7,811
Apr. 7	159,751	3,638	76,300	11,266	11,787	8,822	7,925	18,756	5,646	1,565	670	50	13,326
Apr. 9	145,480	2,951	75,725	8,533	18,086	7,923	8,149	13,307	4,567	115	1,655	500	3,969
All other—													
Mar. 19	130,564	4,967	7,220	3,945	14,423	22,628	19,523	11,134	12,347	889	8,172	3,204	22,112
Mar. 26	128,726	3,973	7,765	5,178	11,961	24,414	18,829	13,569	10,862	1,007	5,588	2,382	23,198
Apr. 2	140,169	6,409	10,107	6,434	11,145	24,946	19,789	17,198	13,985	718	6,310	3,290	19,838
Apr. 9	160,050	5,790	33,092	4,127	15,275	22,909	13,727	19,493	9,496	870	8,205	3,501	23,565

BANKERS' BALANCES IN FEDERAL RESERVE BANK CITIES

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Due to banks:													
Mar. 19	2,128,702	115,800	1,080,755	174,139	43,040	28,361	11,758	362,483	78,850	48,147	91,309	28,612	65,448
Mar. 26	1,984,873	112,238	963,972	158,457	42,108	27,259	10,721	364,175	72,104	48,412	82,474	26,597	76,356
Apr. 2	2,045,306	122,373	983,249	168,853	42,931	28,130	11,251	374,869	73,384	48,973	83,475	29,419	78,399
Apr. 9	1,996,215	113,111	972,367	159,562	42,310	28,857	12,884	355,503	73,409	47,245	85,989	25,219	79,759
Due from banks:													
Mar. 19	526,516	32,265	80,983	57,437	21,357	13,323	9,014	161,197	24,137	16,857	36,504	27,666	45,776
Mar. 26	478,819	38,619	68,324	50,499	24,337	12,806	8,360	132,972	23,857	19,780	33,690	20,405	45,170
Apr. 2	493,613	32,941	76,968	53,579	25,189	13,263	7,838	146,918	26,254	15,432	33,113	20,121	41,997
Apr. 9	479,241	30,246	70,290	53,117	29,747	12,760	9,903	136,615	24,403	18,700	35,656	17,581	40,223

REPORTING MEMBER BANKS IN NEW YORK CITY AND CHICAGO

[Amounts in thousands of dollars]

	Banks in New York City				Banks in city of Chicago			
	Mar. 19	Mar. 26	Apr. 2	Apr. 9	Mar. 19	Mar. 26	Apr. 2	Apr. 9
Number of reporting banks	67	67	67	67	48	48	48	48
Loans and discounts, gross:								
Insured by United States Government obligations	67,361	64,430	83,789	85,244	24,749	27,058	24,982	25,944
Secured by stocks and bonds	1,482,491	1,441,106	1,456,468	1,388,649	446,317	450,437	433,916	433,159
All other loans and discounts	2,299,385	2,306,392	2,282,684	2,283,723	655,182	655,092	655,090	667,205
Total loans and discounts	3,849,237	3,811,928	3,822,941	3,757,616	1,126,248	1,132,587	1,113,988	1,126,308
United States pre-war bonds	39,502	39,525	40,025	40,129	4,198	4,198	4,195	4,195
United States Liberty bonds	404,780	410,980	416,965	436,248	49,966	53,773	53,610	47,753
United States Treasury bonds	13,720	13,414	13,481	14,695	5,025	5,058	4,762	4,753
United States Treasury notes	371,778	372,139	370,221	358,390	79,048	87,298	89,018	83,543
United States certificates of indebtedness	28,528	36,551	37,014	30,000	15,933	14,556	13,885	13,864
Other bonds, stocks, and securities	566,501	572,269	583,935	589,107	158,796	161,383	162,160	159,071
Total loans, discounts, and investments	5,274,046	5,256,806	5,284,582	5,226,185	1,439,214	1,458,853	1,441,618	1,439,487
Reserve balance with Federal reserve banks	661,611	603,460	615,083	625,640	135,993	141,624	140,799	138,631
Cash in vault	63,161	63,276	60,780	64,758	27,891	28,284	27,687	28,931
Net demand deposits	4,492,074	4,328,564	4,364,625	4,302,294	1,010,179	1,023,044	998,616	994,334
Time deposits	616,185	643,372	641,393	643,081	371,501	371,660	372,131	373,403
Government deposits	61,021	58,754	58,754	58,754	14,431	14,018	14,018	14,018
Bills payable and rediscounts with Federal reserve banks:								
Secured by United States Government obligations	2,650	45,825	60,400	64,500	1,185	6,585	13,008	9,120
All other	4,126	4,189	6,007	29,714	2,600	2,456	5,558	3,835

DEPOSITS OF ALL MEMBER BANKS

NET DEMAND AND TIME DEPOSITS OF MEMBER BANKS IN EACH FEDERAL RESERVE DISTRICT, ARRANGED BY SIZE OF CITIES AND TOWNS

[In thousands of dollars]

Federal reserve districts	Banks in cities and towns having population of—									
	Total all member banks	Less than 5,000	5,000 to 14,999	15,000 to 99,999	100,000 and over	Total all member banks	Less than 5,000	5,000 to 14,999	15,000 to 99,999	100,000 and over
	Amount on March 26, 1924					Increase (+) or decrease (−) since preceding monthly report				
NET DEMAND DEPOSITS										
Boston	1,198,151	39,286	63,970	190,403	904,492	−14,094	−699	−213	−326	−12,856
New York	5,406,973	155,771	101,020	269,000	4,881,182	+16,311	−1,781	−2,322	−3,809	+24,223
Philadelphia	1,035,633	129,204	70,516	126,547	709,366	+4,010	+6,298	−713	+638	−2,213
Cleveland	1,373,024	153,499	123,815	193,249	902,461	+1,483	−1,334	−3,640	−1,365	+7,822
Richmond	550,456	99,447	64,926	157,119	228,964	−13,304	+879	−1,322	+1,385	−14,246
Atlanta	503,475	72,440	65,977	166,265	198,793	−14,045	−2,292	−1,504	+62	−10,311
Chicago	2,172,537	198,195	119,006	354,495	1,500,841	+35,110	−603	+3,770	+6,566	+25,377
St. Louis	635,996	113,636	70,147	84,223	367,990	−7,009	−1,598	−605	−1,262	−3,544
Minneapolis	413,952	103,082	71,990	69,460	169,420	+10,922	+1,443	+2,308	+614	+6,557
Kansas City	738,708	180,311	115,756	168,465	274,176	−523	−4,207	+483	+4,450	−1,249
Dallas	568,800	176,712	99,307	112,565	180,216	−25,682	−13,917	−4,470	−6,133	−1,162
San Francisco	1,216,923	159,954	81,689	138,618	836,662	−24,835	−1,268	+674	−7,211	−17,030
Total: Mar. 26, 1924	15,814,628	1,581,537	1,048,119	2,030,409	11,154,563	−31,656	−19,079	−7,554	−6,391	+1,368
Feb. 27, 1924	15,846,284	1,600,616	1,055,673	2,036,800	11,153,195	−96,562	−25,603	−17,471	−9,674	−43,814
Jan. 23, 1924	15,942,846	1,626,219	1,073,144	2,046,474	11,197,009	+112,543	−39,802	−17,157	−7,997	+177,499
TIME DEPOSITS										
Boston	637,392	50,776	68,429	154,409	363,778	+13,208	+362	+963	+3,289	+8,594
New York	1,750,663	245,246	141,127	362,825	1,001,465	+50,217	+2,519	+1,318	+2,158	+44,222
Philadelphia	676,705	210,733	112,488	189,436	164,048	+143	+643	+763	−240	−1,023
Cleveland	1,169,002	185,182	132,620	183,975	667,225	+2,017	+856	+894	+2,994	−2,727
Richmond	454,463	132,491	84,347	127,952	109,673	+2,085	+241	+723	−1,235	+2,356
Atlanta	335,050	51,815	46,101	128,770	108,364	+10,961	−107	+657	+9,005	+1,406
Chicago	1,589,788	240,918	147,090	368,342	833,438	+8,646	+1,777	+1,483	+3,289	+2,097
St. Louis	407,875	68,972	43,637	64,717	230,549	+1,777	+602	+560	−309	+924
Minneapolis	400,852	186,875	96,212	56,815	60,950	−2,875	+45	+65	−646	−2,339
Kansas City	293,369	89,224	57,347	62,547	84,251	+932	+162	+349	+739	−318
Dallas	155,257	18,740	24,690	54,718	57,109	−1,968	+892	+437	+1,633	−4,930
San Francisco	1,025,747	100,097	47,078	92,316	786,256	+5,820	−1,491	+260	−3,319	+10,370
Total: Mar. 26, 1924	8,896,163	1,581,069	1,001,166	1,846,822	4,467,106	+90,963	+6,501	+8,472	+17,358	+58,632
Feb. 27, 1924	8,805,200	1,574,568	992,694	1,829,464	4,408,474	+111,407	+5,105	+10,745	+21,753	+73,804
Jan. 23, 1924	8,693,793	1,569,463	981,949	1,807,711	4,334,670	+108,530	+16,319	+18,779	+22,976	+50,456

EARNINGS AND DIVIDENDS OF STATE BANK AND TRUST COMPANY MEMBERS

ABSTRACT OF EARNINGS AND DIVIDENDS REPORTS OF STATE BANK AND TRUST COMPANY MEMBERS OF THE FEDERAL RESERVE SYSTEM FOR THE LAST SIX MONTHS OF 1923, ARRANGED BY FEDERAL RESERVE DISTRICTS

[In thousands of dollars]

	District No. 1 (36 banks)	District No. 2 (143 banks)	District No. 3 (66 banks)	District No. 4 (118 banks)	District No. 5 (65 banks)	District No. 6 (139 banks)	District No. 7 (368 banks)	District No. 8 (125 banks)	District No. 9 (107 banks)	District No. 10 (35 banks)	District No. 11 (190 banks)	District No. 12 (195 banks)	Total United States (1,587 banks)
Capital stock paid in	33, 350	227, 825	35, 424	79, 375	17, 462	31, 376	112, 862	37, 980	7, 752	9, 150	13, 105	70, 567	676, 228
Surplus fund	38, 389	195, 105	59, 993	94, 565	11, 393	20, 254	88, 550	24, 384	3, 133	3, 528	4, 701	28, 458	572, 453
Total capital and surplus	71, 739	422, 930	95, 417	173, 940	28, 855	51, 630	201, 412	62, 364	10, 885	12, 678	17, 806	99, 025	1, 248, 681
Gross earnings:													
Interest and discount	17, 514	89, 347	12, 978	30, 455	4, 907	10, 443	48, 563	13, 016	2, 988	3, 280	3, 325	33, 140	269, 956
Exchange and collection charges	29	533	22	92	74	471	537	485	54	28	211	319	2, 855
Commissions	260	3, 482	129	388	98	236	1, 591	528	73	181	30	345	7, 341
Other earnings	2, 057	20, 504	3, 351	9, 292	723	1, 746	6, 422	1, 820	221	877	186	4, 911	52, 110
Total gross earnings	19, 860	113, 866	16, 480	40, 227	5, 802	12, 896	57, 113	15, 849	3, 336	4, 366	3, 752	38, 715	332, 262
Expenses:													
Salaries and wages	3, 633	22, 575	3, 074	7, 486	1, 171	2, 649	11, 464	3, 219	730	916	1, 073	9, 582	67, 572
Interest and discount on borrowed money	291	1, 650	268	546	361	1, 055	1, 015	784	116	211	193	556	7, 046
Interest on deposits	7, 969	36, 843	4, 503	15, 159	1, 623	3, 268	19, 340	4, 620	1, 206	1, 310	623	13, 424	109, 888
Taxes	1, 290	5, 043	948	1, 903	436	969	3, 918	1, 074	174	229	275	1, 664	17, 923
Other expenses	1, 988	13, 806	1, 774	4, 278	674	1, 943	7, 159	2, 135	404	878	650	4, 961	40, 650
Total expenses	15, 171	79, 917	10, 567	29, 372	4, 265	9, 884	42, 896	11, 832	2, 630	3, 544	2, 814	30, 187	243, 079
Net earnings since last report	4, 689	33, 949	5, 913	20, 855	1, 537	3, 012	14, 217	4, 017	706	822	938	8, 528	99, 183
Recoveries on charged-off assets	447	2, 701	416	359	174	336	919	446	106	128	231	1, 307	7, 570
Total net earnings and recoveries	5, 136	36, 650	6, 329	21, 214	1, 711	3, 348	15, 136	4, 463	812	950	1, 169	9, 835	106, 753
Losses charged off:													
On loans and discounts	1, 737	5, 914	389	1, 744	422	1, 364	4, 324	1, 512	513	768	871	1, 763	21, 321
On bonds, securities, etc	319	1, 443	539	1, 445	153	48	1, 080	311	5	16	20	895	6, 274
Other losses	232	1, 328	168	550	126	461	565	134	72	46	241	817	4, 740
Total losses charged off	2, 288	8, 685	1, 096	3, 739	701	1, 873	5, 969	1, 957	590	830	1, 132	3, 475	32, 335
Net addition to profits	2, 848	27, 965	5, 233	7, 475	1, 010	1, 475	9, 167	2, 506	222	120	37	6, 360	64, 418
Dividends declared	2, 310	17, 999	3, 433	5, 371	879	1, 908	7, 100	2, 266	230	509	554	3, 722	46, 281
Ratio of dividends declared to capital stock (annual basis)—per cent	13. 9	15. 8	19. 4	13. 5	10. 1	12. 2	12. 6	11. 9	5. 9	11. 1	8. 5	10. 5	13. 7
Ratio of dividends declared to capital and surplus (annual basis)—per cent	6. 4	8. 5	7. 2	6. 2	6. 1	7. 4	7. 0	7. 3	4. 2	8. 0	6. 2	7. 5	7. 4
Ratio of net profits to capital and surplus (annual basis)—per cent	7. 9	13. 2	11. 0	8. 6	7. 0	5. 7	9. 1	8. 0	4. 1	1. 9	. 4	12. 8	10. 3

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MONEY IN CIRCULATION APRIL 1, 1924

[Source: United States Treasury Department circulation statement]

Kind of money	Stock of money [1]	Money held by the United States Treasury and the Federal reserve system [2]	Money in circulation			
			Apr. 1, 1924		Mar. 1, 1924	Apr. 1, 1923
			Amount	Per capita		
Gold coin and bullion	[3] $4,368,156,633	$3,960,094,760	$408,061,873	$3.63	$416,047,426	$410,102,015
Gold certificates	[4](1,083,015,249)	395,762,730	687,252,519	6.12	633,252,539	319,068,349
Standard silver dollars	500,369,769	445,167,771	55,201,998	.49	55,909,940	59,063,380
Silver certificates	[4](404,439,896)	37,327,119	367,112,777	3.27	368,750,342	338,914,547
Treasury notes of 1890	[4](1,433,426)		1,433,426	.01	1,436,526	1,470,783
Subsidiary silver	277,542,755	25,903,634	251,639,121	2.24	251,537,367	241,980,239
United States notes	346,681,016	41,834,969	304,846,047	2.72	302,404,083	294,307,542
Federal reserve notes	2,476,245,570	487,661,018	1,988,584,552	17.70	2,030,818,226	2,232,448,351
Federal reserve bank notes	12,172,170	584,568	11,587,602	.11	12,090,612	25,869,544
National bank notes	776,334,042	39,192,915	737,141,127	6.56	735,530,685	732,451,040
Total	8,757,501,955	[5] 5,433,529,484	4,812,861,042	42.85	4,807,777,746	4,655,675,790
Comparative totals:						
Mar. 1, 1924	8,797,775,557	[5] 5,436,695,553	4,807,777,746	42.85		
Apr. 1, 1923	8,455,125,364	[5] 4,870,341,989	4,655,675,790	41.98		
Nov. 1, 1920	8,326,338,267	[5] 3,394,764,761	5,628,427,732	52.36		
Apr. 1, 1917	5,312,109,272	[5] 3,896,318,653	4,100,590,704	39.54		
July 1, 1914	3,738,288,871	[5] 1,843,452,323	3,402,015,427	34.35		
Jan. 1, 1879	1,007,084,483	[5] 212,420,402	816,266,721	16.92		

[1] Includes United States paper currency in circulation in foreign countries and the amount held by the Cuban agencies of the Federal reserve banks.

[2] Includes money held by the Cuban agencies of the Federal reserve banks of Boston and Atlanta.

[3] Does not include gold bullion or foreign coin outside of vaults of the Treasury, Federal reserve banks, and Federal reserve agents.

[4] These amounts are not included in the total since the money held in trust against gold and silver certificates and Treasury notes of 1890 is included under gold coin and bullion and standard silver dollars, respectively.

[5] Includes gold held in trust against gold certificates and standard silver dollars held in trust against silver certificates and Treasury notes of 1890, the aggregate of which should be deducted from the sum of money held by the United States Treasury and the Federal reserve system and money in circulation to arrive at the stock of money in the United States. The amounts of such gold and silver held in trust as of the date of this statement are shown in parentheses in the first column.

DEBITS TO INDIVIDUAL ACCOUNTS BY BANKS IN SELECTED CITIES

[In thousands of dollars]

MONTHLY SUMMARY FOR BANKS IN 141 CENTERS

Federal reserve district	Number of centers	1924			1923		
		January	February	March	January	February	March
No. 1—Boston	11	2, 189, 052	1, 973, 432	2, 147, 057	2, 197, 997	1, 889, 899	2, 222, 086
No. 2—New York	7	22, 814, 899	20, 511, 857	22, 227, 152	22, 763, 018	19, 595, 761	23, 231, 535
No. 3—Philadelphia	10	1, 925, 455	1, 723, 139	1, 873, 812	1, 914, 857	1, 648, 925	1, 926, 493
No. 4—Cleveland	13	2, 227, 515	2, 006, 249	2, 173, 881	2, 305, 963	1, 949, 930	2, 206, 665
No. 5—Richmond	7	733, 878	650, 035	699, 209	746, 047	631, 628	737, 293
No. 6—Atlanta	15	1, 047, 405	947, 847	987, 094	1, 005, 714	827, 440	991, 806
No. 7—Chicago	21	4, 701, 940	4, 178, 246	4, 807, 897	4, 810, 899	4, 383, 817	4, 828, 041
No. 8—St. Louis	5	1, 130, 859	981, 669	1, 062, 671	1, 178, 722	952, 802	1, 112, 395
No. 9—Minneapolis	9	565, 332	523, 317	584, 754	647, 312	510, 811	600, 805
No. 10—Kansas City	14	1, 003, 759	937, 931	1, 020, 873	1, 202, 253	996, 426	1, 199, 481
No. 11—Dallas	11	567, 222	493, 840	492, 894	605, 258	494, 600	547, 188
No. 12—San Francisco	18	2, 590, 948	2, 470, 230	2, 662, 187	2, 374, 873	2, 043, 173	2, 581, 355
Total	141	41, 498, 264	37, 397, 792	40, 739, 481	41, 752, 913	35, 925, 212	42, 185, 143
New York City	1	22, 113, 958	19, 886, 015	21, 546, 482	22, 087, 156	19, 019, 491	22, 541, 298
Other cities	140	19, 384 306	17, 511, 777	19, 192, 999	19, 665, 757	16, 905, 721	19, 643, 845

WEEKLY SUMMARY FOR BANKS IN 247 CENTERS

Federal reserve district	Number of centers included	1924 Week ending—					1923 Week ending—				
		Mar. 19	Mar. 26	Apr. 2	Apr. 9	Apr. 16	Mar. 21	Mar. 28	Apr. 4	Apr. 11	Apr. 18
No. 1—Boston	16	564, 686	510, 995	576, 131	534, 280	585, 618	569, 955	472, 192	593, 896	504, 762	630, 567
No. 2—New York	13	5, 210, 003	5, 294, 749	5, 553, 668	4, 874, 538	5, 328, 847	5, 339, 141	4, 815, 390	5, 206, 836	4, 895, 346	5, 326, 208
No. 3—Philadelphia	18	514, 539	478, 210	507, 927	440, 417	543, 940	498, 020	462, 706	507, 345	462, 613	517, 404
No. 4—Cleveland	23	639, 156	582, 638	638, 460	587, 567	704, 838	615, 268	580, 666	654, 208	689, 887	651, 829
No. 5—Richmond	23	282, 446	250, 344	290, 138	276, 909	280, 922	286, 022	254, 180	287, 107	269, 883	286, 080
No. 6—Atlanta	24	246, 818	220, 947	256, 565	237, 713	256, 650	239, 246	214, 442	233, 019	215, 812	232, 217
No. 7—Chicago	35	1, 170, 926	1, 167, 233	1, 211, 888	1, 055, 136	1, 153, 278	1, 174, 991	1, 068, 435	1, 211, 234	1, 072, 220	1, 194, 842
No. 8—St. Louis	12	284, 919	243, 847	272, 707	248, 360	278, 756	285, 663	254, 430	279, 863	267, 790	290, 593
No. 9—Minneapolis	15	148, 034	134, 084	131, 765	134, 755	138, 094	156, 964	127, 395	142, 989	148, 731	161, 096
No. 10—Kansas City	27	252, 226	252, 195	246, 409	243, 395	267, 336	278, 275	272, 374	290, 890	289, 035	307, 241
No. 11—Dallas	15	136, 332	122, 142	130, 256	130, 069	138, 419	156, 725	134, 224	142, 310	145, 714	161, 412
No. 12—SanFrancisco	26	656, 866	581, 403	612, 848	563, 520	628, 018	607, 955	530, 139	562, 855	572, 871	598, 298
Total	247	10, 106, 951	9, 838, 787	10, 428, 762	9, 326, 659	10, 304, 716	10, 208, 225	9, 186, 573	10, 112, 552	9, 534, 664	10, 357, 787

BANK DEBITS FOR FEDERAL RESERVE BANK AND BRANCH CITIES

No. 1—Boston	381, 838	348, 957	384, 330	360, 930	396, 835	400, 608	319, 047	407, 492	331, 951	434, 090
No. 2—New York	4, 927, 012	5, 031, 599	5, 236, 234	4, 601, 907	5, 029, 478	5, 058, 843	4, 572, 565	4, 892, 196	4, 634, 721	5, 029, 019
Buffalo	73, 131	62, 528	73, 618	65, 555	75, 418	68, 940	60, 305	75, 466	68, 949	78, 633
No. 3—Philadelphia	383, 652	358, 894	369, 042	310, 966	414, 515	379, 439	348, 507	373, 785	341, 301	386, 530
No. 4—Cleveland	157, 450	125, 949	156, 224	142, 101	205, 353	144, 305	125, 191	172, 847	192, 674	151, 873
Cincinnati	80, 159	72, 458	74, 396	69, 239	92, 145	92, 602	76, 971	84, 891	94, 520	90, 154
Pittsburgh	209, 792	204, 558	211, 440	181, 678	189, 652	193, 369	199, 451	188, 680	185, 614	198, 645
No. 5—Richmond	27, 797	27, 192	28, 880	27, 887	29, 556	30, 085	27, 381	28, 363	25, 321	30, 119
Baltimore	90, 642	73, 764	98, 149	79, 269	83, 017	89, 100	80, 400	93, 700	85, 021	91, 335
No. 6—Atlanta	36, 936	31, 499	31, 874	32, 189	34, 138	36, 791	28, 236	33, 560	29, 030	32, 395
Birmingham	27, 489	25, 747	28, 948	26, 455	26, 870	22, 653	22, 399	25, 557	23, 445	24, 768
Jacksonville	14, 548	13, 427	14, 358	13, 846	19, 238	14, 663	11, 862	13, 785	14, 132	14, 689
Nashville	20, 182	15, 334	16, 225	17, 190	19, 117	18, 112	15, 706	17, 462	17, 368	17, 647
New Orleans	74, 933	68, 748	96, 282	76, 238	81, 141	69, 343	69, 099	68, 103	61, 208	68, 687
No. 7—Chicago	691, 410	707, 432	787, 922	646, 354	679, 330	705, 385	648, 516	792, 087	637, 205	715, 947
Detroit	180, 487	189, 344	157, 304	129, 215	185, 552	184, 448	150, 193	133, 876	140, 820	173, 762
No. 8—St. Louis	169, 682	140, 517	166, 504	142, 877	162, 067	160, 928	143, 957	159, 176	150, 892	169, 944
Little Rock	15, 016	12, 451	12, 293	14, 310	15, 064	14, 000	12, 907	13, 568	16, 603	14, 136
Louisville	42, 925	36, 324	36, 383	34, 427	41, 841	37, 483	33, 259	35, 278	36, 372	40, 879
Memphis	30, 774	28, 276	30, 890	29, 724	32, 727	43, 576	38, 747	43, 402	33, 182	34, 612
No. 9—Minneapolis	73, 467	71, 028	66, 047	65, 361	70, 765	73, 107	64, 790	69, 407	74, 118	79, 445
Helena	1, 762	2, 303	1, 973	2, 145	1, 901	2, 001	2, 017	1, 888	1, 933	2, 115
No. 10-Kansas City	74, 201	65, 082	68, 155	64, 150	76, 703	81, 695	75, 124	79, 215	76, 996	90, 163
Denver	34, 494	51, 064	39, 512	42, 474	36, 640	37, 888	35, 601	40, 795	39, 356	38, 387
Oklahoma City	16, 815	14, 544	13, 642	14, 665	16, 292	20, 268	19, 972	18, 652	18, 435	19, 389
Omaha	45, 684	41, 015	41, 882	43, 019	41, 519	45, 942	47, 118	51, 913	51, 032	53, 207
No. 11-Dallas	38, 904	36, 023	41, 078	39, 236	39, 012	39, 379	32, 243	34, 584	34, 739	36, 339
El Paso	7, 784	7, 262	7, 014	7, 481	7, 785	9, 098	6, 885	7, 333	7, 271	9, 381
Houston	28, 813	23, 927	25, 093	23, 114	27, 740	28, 608	21, 655	29, 556	22, 328	24, 564
No. 12-San Francisco	197, 614	166, 987	190, 615	172, 223	198, 376	200, 695	179, 173	172, 270	179, 005	190, 452
Los Angeles	210, 602	178, 686	183, 250	165, 503	175, 460	166, 513	145, 381	161, 115	154, 603	161, 838
Portland	36, 771	36, 161	42, 841	37, 385	41, 442	33, 962	28, 968	33, 973	37, 708	38, 044
Salt Lake City	14, 586	12, 521	17, 590	14, 813	14, 173	14, 269	12, 723	13, 613	14, 081	14, 239
Seattle	53, 588	45, 463	42, 538	37, 211	53, 475	46, 453	35, 214	38, 411	41, 832	42, 410
Spokane	13, 147	10, 543	10, 167	10, 461	14, 792	12, 465	10, 648	9, 812	12, 420	12, 108

MONEY RATES PREVAILING IN LEADING CITIES

The following table shows the customary rates charged on loans and discounts in the various cities in which Federal reserve banks and their branches are located, as reported by representative banks. These rates are not averages but are those rates at which the bulk of paper of each class is handled by reporting banks. Where it appears from the reports that no one rate clearly covers the bulk of the paper handled, a range of the rates most commonly charged is given. In making comparisons between the rates charged during 1924 and rates charged at earlier periods, it should be borne in mind that the earlier rates refer to an entire month, while the latest figures cover only a week. Attention is also called to the fact that the method of reporting the rates has been somewhat modified and that slight changes in the rates may reflect these modifications.

Rates on customers' commercial paper reported as prevailing during the week ending April 15, 1924, were somewhat lower than those for the week ending March 15, 1924, in several eastern cities. Otherwise there was little variation between these two periods in rates charged by banks.

District and city	Customers' prime commercial paper						Interbank loans			Loans secured by Liberty bonds			Loans secured by stocks and bonds						Loans secured by warehouse receipts			Cattle loans		
	30-90 days			4-6 months									Demand			Time								
	Week ending—		Month ending—	Week ending—		Month ending—	Week ending—		Month ending—	Week ending—		Month ending—	Week ending—		Month ending—	Week ending—		Month ending—	Week ending—		Month ending—	Week ending—		Month ending—
	Apr. 15, 1924	Mar. 15, 1924	Apr. 15, 1923	Apr. 15, 1924	Mar. 15, 1924	Apr. 15, 1923	Apr. 15, 1924	Mar. 15, 1924	Apr. 15, 1923	Apr. 15, 1924	Mar. 15, 1924	Apr. 15, 1923	Apr. 15, 1924	Mar. 15, 1924	Apr. 15, 1923	Apr. 15, 1924	Mar. 15, 1924	Apr. 15, 1923	Apr. 15, 1924	Mar. 15, 1924	Apr. 15, 1923	Apr. 15, 1924	Mar. 15, 1924	Apr. 15, 1923
No. 1—Boston	5	5	5¼	5	5	5¼	5	5	5	5	5	5¼	4½	4½	5¼	5¼	5½	5¾	------	------	------	------	------	------
No. 2—New York	4¾-5	5	5-5½	4¾-5¼	5-5¼	5-6	5	5-5½	5-6	5	5-5½	5	4¼-5½	4-5½	4½-6	5-5½	5-5½	5-6	5-5½	5-5½	------	------	------	------
Buffalo	5½-6	5½-6	6	6	6	6	5	5-5½	6	5-6	5-6	6	5-6	5½-6	6	5½-6	5½-6	6	6	6	------	------	------	------
No. 3—Philadelphia	5	5-5¼	5½	5	5-5¼	5½	5	5	5¼	5	5	5	4½	5	5	5	5	5½	------	------	5	------	------	------
No. 4—Cleveland	5½-6	6	6	5½-6	6	6	5-5½	5-5½	------	5-6	5-6	6	6	6	6	6	6	6	5½-6	6	7	------	------	------
Pittsburgh	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	------	------	------
Cincinnati	5½-6½	6	6	6	6	6	5½	5½	5-5½	5½	5½-6	5-5½	5½-6	6	5½-6	5½-6	6	5½-6	6	6	6	------	------	------
No. 5—Richmond	5½	5½-6	6	5½-6	6	6	5-5½	5-5½	5½	5-6	5½-6	6	5½-6	5½-6	6	5½-6	5½-6	6	6	6	6	------	------	------
Baltimore	5½	5½	5¾	5½	5½	5¾	5¼-5½	5¼-5¾	5½	5-6	5-5½	5½	5¼-5½	5½	5½	5¼-5½	5½	5½	5½-6	5½-6	5¾	------	------	------
No. 6—Atlanta	5-6	5-6	6	5-6	5-6	6	5-6	5-6	5	5-6	5-6	6	6	6	6	6	6	6	6	6	6	------	------	------
Birmingham	6-7	6-7	6	6-7	6-7	6	5-6	5-6	6	5-6	6	6	6-7	6-7	6	6-7	6-7	6	6-7	6-7	7	------	------	------
Jacksonville	7	7	6-7	7	7	6-7	6	6	6	6	6	7-8	6	6	6-7	6	6	7-8	6	6	7	------	------	------
New Orleans	5½-6	5½-6	5¾	6	6	6¼	5½-6	5½-6	4¾	5½-6	5½-6	6	6	6	5¾	6	6	6-6¼	6	6	6	------	------	------
Nashville	6	6	7	6	6	7	6	6	6	5-6	5-6	6	6	6	------	6	6	7	5½-6	5½-6	7	------	------	------
No. 7—Chicago	5-5½	5-5½	5-5½	5-5½	5-5½	5-5½	5-5½	5-5½	5-5½	5	5	5-5½	5	5	5½	5½	5½	5½	5½	5-5½	5½-6	5-5½	5½	5½
Detroit	5½	5½	6	5½	5½	6	5½	5½	5½	5½-6	6	6	5½-6	6	6	5½	6	6	5½-6	6	6	------	------	5½
No. 8—St. Louis	5-5½	5-5½	5½	5-5½	5-5½	5½	5½-6	5½	5½	5-6	6	5½	5½	5½	5½	5½	5½	5½	5½-6	5½-6	6	6	6	6
Louisville	6	6	6	6	6	6	5	5	5½	6	5-6	6	6	6	6	6	6	6	6	6	6	------	------	------
Little Rock	6	6	6	6	6	6	6	6	6	6	6	6	6-7	6-7	6	6-7	7	6	6-7	6-7	7	6-7	6	7
No. 9—Minneapolis	5½	5½	5½	5½	5½	5½	5½-6	5½-6	5½	------	------	5½	5½	5½	5½	5½	5½	5½	------	------	5	------	------	6¼
Helena	8	8	8	8	8	8	7	7	8	------	------	8	------	------	8	8	8	8	------	------	8	8	------	8
No. 10—Kansas City	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	7	7	6
Omaha	6	6	6	5¼-6	5½-6	6	6-6½	6-7	6	5½-6	6	6½	------	------	6	------	------	6	6½-7	6-6½	6½	8	7-8	6½
Denver	6	6	6-7	6	6	6-7	6-7	7	6-7	6	6	6	6	6	6	6	6	6	6-7	7	6-7	6-7	6	6-7
Oklahoma City	6-7	6-7	7	6-7	6-7	7	6	6	6	6	6	8	6	6	8	6	6	8	6	6	8	7-8	8	8
No. 11—Dallas	5	5	5½	5-6	5-5½	5½	5-6	5-6	5½	6	6	6½	6	6	6½	6	6	6½-7	8	6-7	6½	7-8	7	7½
El Paso	8	8	8	8	8	8	8	7-8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
Houston	5½-6	6	6	5½-7	6-7	6	4½-6	4½-5½	4½	5½-6	6-7	5	5½-6	7	6	5½-7	6-7	6	6	6-7	7	6-8	7-8	7
No. 12—San Francisco	5½-6	5½-6	5½-6	6	5½-6	5½-6	5½-6	5½-6	5½	6	5½-6	5½-6	5½	6	5½-6	5½-6	6	6	6	6	6	------	------	6
Portland	6-6½	6-6½	7	6-7	6-6½	6	6-6½	6	6	6-7	6-7	7	7	7	7	6-7	7	6	6-7	6-7	7	6-6½	6-7	6½
Seattle	6	6	------	6	6	------	6	6	------	6	6	------	6	6	------	6	6-7	------	7	7	------	------	------	------
Spokane	6-7	6-7	7	6	6	6½-7	6-7	6-7	7	6-7	7	7	------	8	6½-7	7-8	7	7	7-8	7	8	6-7	7-8	8
Salt Lake City	6	6	7	7	6	7	6	6	6	6	6	7	7	7	7	7	7	7	7	7	7	8	7½-8	7
Los Angeles	6-6½	6-6½	6⅛	6 6½	6-6½	6¼	6	6	6	6-7	6½-7	6⅝	6-7	6½-7	6¼	6-7	6½-7	6¼-6⅜	6-7	6½-7	6⅝	7	7	7

GOLD AND SILVER IMPORTS AND EXPORTS

IMPORTS INTO AND EXPORTS FROM THE UNITED STATES, DISTRIBUTED BY COUNTRIES

COUNTRIES	GOLD				SILVER			
	March—		Nine months ending March—		March—		Nine months ending March—	
	1923	1924	1923	1924	1923	1924	1923	1924
IMPORTS								
Denmark			$1,115,469	$3,561,829			$987	
France	$4,005,014	$3,433,103	20,789,147	19,882,762	$55,717	$1,059	133,275	$82,955
Germany		2,359,059	29,707	25,544,566			55,764	1,226,142
Greece			4,798,294				21,156	
Netherlands	5,600,000		15,644,247	13,200,077				1,791
Norway			543,592	168			11,732	611
Spain			48,655	40,013	312		98,933	78,754
Sweden			1,326,938	44,426			1,180	1,926
England	391,409	19,326,794	107,911,597	166,990,763		7,228	185,731	109,045
Canada	4,113,344	5,295,630	29,667,978	35,035,647	475,716	286,222	6,280,343	4,891,803
Central America	182,027	121,346	2,196,386	1,637,752	130,246	161,198	1,131,019	1,345,605
Mexico	443,521	487,378	4,045,096	5,381,116	2,644,030	3,890,218	32,206,794	43,744,767
West Indies	12,027	48,018	491,544	608,290	13,081	11,609	192,949	129,700
Argentina		1,748,785	80,056	9,719,503		4,860	30,152	48,029
Bolivia	949		5,183	18,276	51,713	3,056	594,645	351,722
Chile	1,753	21,429	116,041	264,928	10,329	92,501	1,512,382	1,089,603
Colombia	292,393	199,028	4,239,125	2,963,032	9,475	10,093	144,679	116,696
Peru	169,361	272,071	1,311,362	2,024,626	1,132,053	1,717,715	6,604,363	11,149,368
Venezuela	35,361	24,071	496,779	501,728	41	50	1,860	6,079
China		90,966	5,895,896	4,120,117	6,000	11,457	16,924	15,740
Dutch East Indies	208,057		1,586,669	1,905,134	81,029		619,140	739,307
Philippine Islands	108,313	178,589	812,926	1,372,893	1,474	2,525	10,925	19,812
British Oceania	276,020	61,285	1,352,396	2,750,661	242	109	1,430	2,015
Egypt		175,585	3,271,242	2,149,256		183	12,730	15,802
Portuguese Africa	4,148	7,643	612,819	516,377	7,588	13,446	162,160	65,508
All other	107,660	471,595	922,202	5,118,816	7,330	7,405	126,810	289,489
Total	15,951,357	34,322,375	209,311,346	305,352,756	4,626,376	6,220,934	50,158,063	65,522,269
EXPORTS								
France	2,660,000		2,660,000					
Netherlands			19,000	90,000			1,645	525
Spain			20,000		1,500		1,500	
Switzerland	3,579		1,358,445	29,703				
England	9,572		143,828	7,884	203,805	353,698	7,378,690	5,478,398
Canada	102,180	167,209	21,872,613	1,460,324	146,433	164,004	1,388,040	1,253,728
Central America				1,000	544		4,494	58,675
Mexico	583,640	410,875	3,680,479	2,388,870	203,003	130,173	1,393,818	1,184,410
West Indies			899		23,525	2,073	37,627	22,976
Colombia			500,000	700,000		1,235	10,000	4,738
Peru						192,000		975,000
Venezuela		201,600		501,600		412,500		646,000
British India	6,900,089		13,394,018	1,310,728	1,430,211	4,551,613	1,055,489	30,171,588
China			350,200	40,000	2,651,192	2,327,617	16,672,506	29,830,459
Dutch East Indies			75,000					
Hongkong	84,440	37,690	2,862,800	1,384,350	33,767	205,163	6,505,296	1,678,034
Japan					35,500		35,500	1,277,898
All other	48,600		56,530	40,640	4,225	65,202	5,574	66,452
Total	10,392,100	817,374	46,993,812	7,955,099	4,731,705	8,355,278	44,490,179	72,648,881

FOREIGN EXCHANGE RATES

[Noon buying rates for cable transfers in New York as published by Treasury. In cents per unit of foreign currency]

COUNTRIES INCLUDED IN COMPUTATION OF INDEX

	Monetary unit	Par of exchange	Apr. 1 to 21, inclusive			March			Per cent of par[1]				
									March	April			March
			Low	High	Average	Low	High	Average	Fourth week	First week	Second week	Third week	
General index									**60**	**61**	**62**	**63**	**58**
Belgium	Franc	19.30	4.7200	5.4200	5.1050	3.1600	4.3300	3.8650	22.18	25.31	26.18	27.86	20.03
Denmark	Krone	26.80	16.4400	16.6600	16.5794	15.3000	16.2100	15.6788	58.84	61.70	61.90	61.99	58.50
France	Franc	19.30	5.6600	6.3500	6.0106	3.4900	5.5200	4.6812	28.01	30.00	30.92	32.51	24.25
Great Britain	Pound	486.65	430.2000	438.2300	433.6456	426.3200	430.3600	429.0631	88.26	88.67	89.03	89.62	88.17
Italy	Lira	19.30	4.3600	4.4600	4.4267	4.1300	4.3800	4.2769	22.42	22.88	22.92	23.01	22.16
Netherlands	Florin	40.20	36.9800	37.2800	3.7168	36.8600	37.2800	37.0650	91.86	92.25	92.59	92.53	92.20
Norway	Krone	26.80	13.6200	13.8800	13 7606	13.3100	13.7900	13.5527	50.95	51.14	51.31	51.58	50.57
Spain	Peseta	19.30	13.0300	14.1000	13.5300	12.1300	13.5800	12.7327	67.66	69.15	69.63	71.54	65.97
Sweden	Krona	26.80	26.3400	26.4900	26.4144	26.0500	26.4900	26.2869	98.70	98.67	98.59	98.43	98.09
Switzerland	Franc	19.30	17.3800	17.6300	17.5333	17.2200	17.4400	17.2900	89.52	90.48	90.82	91.23	89.59
Canada	Dollar	100.00	97.8678	98.2926	97.9917	96.5167	97.6895	96.9569	97.41	97.89	98.12	97.96	96.96
Argentina	Peso (gold)	96.48	74.6300	75.6900	75.1200	75.2700	77.5900	76.5527	78.90	78.01	77.94	77.63	79.35
Brazil	Milreis	32.44	11.0200	11.4400	11.2150	10.4900	12.0600	11.4462	34.61	34.44	34.73	34.55	35.28
Chile	Peso (paper)	[2] 19.53	9.8400	10.7400	10.3267	9.4200	10.1200	9.7712	49.02	51.25	52.75	54.63	50.03
China	Shanghai tael	[2] 66.85	69.1600	70.0200	69.6544	69.5800	70.3600	69.9965	104.54	104.02	104.03	104.54	104.71
India	Rupee	48.66	29.8600	30.6500	30.2389	29.6600	29.9600	29.8623	61.50	61.55	62.14	62.74	61.37
Japan	Yen	49.85	40.2500	42.1200	41.5089	41.9300	44.8000	42.9015	84.25	84.36	84.01	81.43	86.06

OTHER COUNTRIES

Austria	Krone	20.26	0.0014	0.0014	0.0014	0.0014	0.0014	0.0014	0.01	0.01	0.01	0.01	0.01
Bulgaria	Lev	19.30	.7131	.7378	.7287	.7263	.7488	.7375	3.82	3.79	3.78	3.76	3.82
Czechoslovakia	Crown		2.9425	2.9805	2.9631	2.8791	2.9930	2.9015					
Finland	Markka	19.30	2.5027	2.5111	2.5071	2.4996	2.5188	2.5074	12.99	12.99	12.99	13.00	12.99
Germany	Reichsmark	23.82	[3] .0215	[3] .0222	[3] .0219	[3] .0213	[3] .0223	[3] .0220					
Greece	Drachma	19.30	1.7054	1.9277	1.7766	1.4513	1.7331	1.6297	8.73	8.94	8.96	9.72	8.44
Hungary	Krone	20.26	.0013	.0015	.0014	.0012	.0024	.0015	.01	.01	.01	.01	.01
Poland	Polish mark		[4] .0109	[4] .0116	[4] .0114	[4] .0108	[4] .0122	[4] .0113					
Portugal	Escudo	108.05	3.1000	3.2300	3.1417	3.0400	3.2400	3.1262	2.90	2.91	2.91	2.91	2.89
Rumania	Leu	19.30	.5083	.5230	.5184	.5157	.5296	.5225	2.69	2.67	2.70	2.70	2.71
Yugoslavia	Dinar	19.30	1.2377	1.2445	1.2380	1.2172	1.2609	1.2372	6.35	6.40	6.41	6.43	6.41
Cuba	Peso	100.00	100.0273	100.0625	100.0510	99.9594	100.0719	100.0505	100.06	100.05	100.05	100.05	100.05
Mexico	do	49.85	48.1667	48.2917	48.2685	48.0781	48.3125	48.2309	96.78	96.79	96.86	96 83	96.75
Uruguay	do	103.42	77.0000	77.7200	77.3600	75.4900	77.5600	76.6927	74.39	74.63	74.79	74.99	74.16
China	Mexican dollar	[2] 48.11	50.1100	50.9200	50.4233	50.1500	50.5900	50.3858	104.56	104.55	104.63	105.23	104.73
Hongkong	Dollar	[2] 47.77	50.4600	51.4700	50.9661	50.3000	50.6400	50.4927	105.86	105.96	106.67	107.45	105.70
Straits Settlements	Singapore dollar	56.78	50.0600	50.6500	50.3756	49.9700	50.5000	50.2777	88.58	88.49	88.76	88.91	88.55

[1] Based on average. [2] 1913 average. [3] In cents per billion. [4] In cents per thousand.

SILVER

[Average price per fine ounce]

	April	March
London (converted at average rate of exchange)	$0.64766	$0.64713
New York	.64403	.64293

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FEDERAL RESERVE DISTRICTS