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FEDERAL RESERVE BOARD.

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

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

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FEDERAL RESERVE BULLETIN

VOL. 4 AUGUST 1, 1918. No. 8

CURTAILMENT OF NONESSENTIAL CREDITS.

Governor Harding on July 8 transmitted to all Federal Reserve Banks the following letter:

DEAR SIR: There is being sent to your bank under separate cover from the office of the secretary of the Board, a supply of circulars to be addressed to all the national banks, state banks, and trust companies of your district which are being asked to subscribe to Treasury certificates of indebtedness.

This communication from the Board to the banks draws their attention to the importance at the present time of a judicious curtailment of credit granted for so-called nonessential transactions, and it urges the banks to do their utmost in cooperating in a policy looking to the gradual but general curtailment of such credits. As you may recall, the Board printed in the FEDERAL RESERVE BULLETIN for April last a statement defining its views on this subject. This statement has no doubt had some educational value, but it is evident that effective steps in the direction of curtailing unnecessary credits have been taken by only a comparatively small number of banks. The situation as regards credits, however, is now better understood, and it is believed that if the Federal Reserve Banks will follow up the Board's appeal with energy and tact, good results may be achieved at this time.

The recommendations made in the April statement are renewed, and it is suggested that the Federal Reserve Banks organize, each in its own district, local groups comprising the leading bankers and business men, and discuss with them the ways and means of bringing about the results desired. It would seem that those industries and enterprises obviously catering to extravagances and luxuries should be considered first. Upon investigation it may develop that industries of this kind need not be closed down, nor their labor thrown out of employment, but that they can be gradually diverted to essential lines of production and distribution. The War Industries Board and the Capital Issues Committee are moving successfully and energetically along these lines, and with the better knowledge of the general principles involved it ought not to be difficult now to secure the effective cooperation of banks throughout the country in dealing with individual credits.

It may be well to point out that in the interest of successful Government financing, it would be much better to hold credit within reasonable bounds by intelligent cooperation, rather than to attempt to force contraction by establishing high discount rates.

The general letter referred to by Governor Harding was as follows:

DEAR SIR: In the BULLETIN for April, 1918, the Federal Reserve Board published a statement setting forth the reasons why, in its opinion, a gradual but consistent curtailment of nonessential credits is necessary, and urging the banks and trust companies of the country to do whatever they could in the exercise of a reasonable discretion to restrict credits which are clearly not needed for the prosecution of the war or for the health and necessary comfort of the people.

On June 12 the Secretary of the Treasury addressed a letter to all banks and trust companies announcing his financial program for the ensuing six months, which involves the sale to and through banks of approximately $6,000,000,000 of Treasury certificates of indebtedness in installments of not less than $750,000,000 every two weeks between June 25 and the 1st of November. In this letter each bank and trust company was requested to invest in these certificates an amount equal to approximately 2½ per cent of its gross resources, or a total of 5 per cent for each month. Announcement was made at the same time that there was in contemplation an issue of $2,000,000,000 of certificates of appropriate maturities in anticipation of income and excess-profits taxes, for sale more particularly to taxpayers, and that the amount of the regular semimonthly sales of certificates of indebtedness would be reduced in proportion to the extent to which these tax certificates are taken by the public.

The banking institutions have responded most generously to the appeal of the Secretary of the Treasury. Throughout the country they have pledged themselves without hesitation to subscribe to their allotment, and the result of the initial offering, which has just been closed—a subscription of $838,000,000 in response to a request for not less than $750,000,000—is evidence of the splendid patriotism of those who direct our national and State banking institutions. The Board hopes that succeeding issues will be subscribed as readily and in the same patriotic spirit.

The Federal Reserve Banks will be prepared to place their facilities—directly or indirectly—at the disposal of such subscribing banks as may legitimately need assistance in taking their allotments. The Board, however, feels in duty bound to reiterate that the banks can render a greater service to the country in this connection, not merely by subscribing their allotments and by using the rediscounting facilities of the Federal Reserve Banks in making payments, but by providing the necessary funds for meeting payments for certificates of indebtedness purchased, by employing for this purpose the accretion of new deposits, and by utilizing the funds that may be made available by a judicious curtailment of credits asked for nonessential purposes.

In order to prosecute the war successfully the Government is compelled to issue obligations to provide for its large expenditures, which involve waste and destruction rather than a permanent addition to the national wealth. This process in itself tends to inflation, and contributes to a rapid increase in the price of necessities. Abnormal demands by the Government, unavoidable and necessary in the present circumstances, must be counteracted by greater economy on the part of the civilian population, which must decrease, by combined effort, the normal waste incident to domestic life and business pursuits. There is not an unlimited supply of credit, or of goods, or of man power. Wherever possible all such resources should be conserved and set aside for the use of the Government. Credit extended for nonessential purposes involves the use of labor, of transportation, of material, and reserves which ought to be kept free for the use of the Government. Unrestricted credit involves unnecessary competition with the Government and needlessly advances prices, besides impeding and delaying Governmental operations.

"Business as usual" and "life as usual" are impossible at a time when the supreme business of the country is war, and can not be approximated without interfering with the work of the Government and inflicting serious harm upon the Nation as a whole. The staying power of the country in this emergency depends upon the extent of its resources in men, goods, and gold. An unnecessary use of credit, a needless recourse to the discounting facilities of the Federal Reserve Banks, weakens proportionately the gold reserve of the United States—the financial backbone of the entire allied group. Whoever wastes the raw material and manufactured products of the country adds to our financial burden by increasing the amount the United States must import from other countries and by decreasing, at the same time, the volume of goods that should be available for export purposes—the best means of paying for the goods acquired from abroad.

Conservation of our commodities and of our gold—preservation of our economic strength—is of the greatest importance in making provision for the period of readjustment which will follow the reestablishment of peace. The country having the largest supply of goods and gold available at the end of the war will find itself in the best strategic position for controlling the markets of the world. The Board wishes to point out also that by refraining from buying luxuries and by restricting the use of necessities to the actual requirements of health and reasonable comfort we can create a reserve purchasing power which will be of the greatest value to our industries in bridging over the period of reaction and reconstruction which must follow when war enterprises are transformed into those of peace. An intelligent and prudent use of credit, therefore, will be an important factor in strengthening the national resources during the period of the war, in aiding its successful prosecution, and in maintaining the economic strength of the country for the time of rapidly changing conditions which will come when the war has been won and the millions of men in our armies are returning to the employments of peace.

Thus, by giving your cooperation now in the effort to conserve national resources by the exercise of discriminating judgment in granting credits, you will also do your part in averting the danger of unemployment which is apt to follow a treaty of peace. The Board appreciates the difficulty of laying down a general rule for defining essentials or the degree in which any enterprise is essential, and requests that its remarks on this subject in the April issue of the Bulletin be read again. The Board can not suggest specific ways in which credit should be conserved or unnecessary expenditures curtailed, as each banker must determine this for himself after conferring with the business men of his community and after a careful study of his local situation. Reasonable discretion should be exercised, and drastic steps calculated to bring about hardships or embarrassments or work injustice should be avoided, but the banks should divert the use of their credit more and more into productive fields, where its employment will result in augmenting the national resources.

Respectfully, yours,

W. P. G. Harding,

Governor.

To the President of the Bank or Trust Company addressed.

REVIEW OF THE MONTH.

Government financing.

The second offering of $750,000,000 of Treasury certificates of indebtedness, dated July 9, subscriptions for which closed on July 16, was oversubscribed to the extent of about $10,000,000. In the FEDERAL RESERVE BULLETIN for July attention was called to the success of the first issue. The second issue has been widely and successfully absorbed.

The allotments made for the second issue show that the Federal Reserve districts of New York, Philadelphia, St. Louis, and Kansas City exceeded their dividend quota, the complete list of subscriptions being as follows:

Federal Reserve Bank.	Quota.	Allotment.
United States Treasury		$41,153,000
Boston	$65,000,000	56,272,500
New York	254,000,000	273,219,500
Philadelphia	53,000,000	53,100,000
Cleveland	68,000,000	66,550,000
Richmond	26,000,000	15,073,500
Atlanta	22,000,000	16,021,500
Chicago	105,000,000	101,203,000
St. Louis	30,000,000	31,260,500
Minneapolis	26,000,000	22,100,000
Kansas City	30,000,000	30,031,500
Dallas	18,000,000	14,452,000
San Francisco	53,000,000	39,000,000
Total	750,000,000	759,438,000

In consequence of the oversubscription of the first two issues of Treasury certificates in anticipation of the fourth Liberty loan and the increased returns from war savings certificates and from income and excess profit taxes, the Secretary of the Treasury found it possible to reduce the minimum amount of the third biweekly offering of Treasury certificates to $500,000,000, as follows:

Federal Reserve Bank.	Quota.	Subscription.
United States Treasury		$4,327,000
Boston	$43,300,000	48,267,500
New York	169,600,000	211,714,000
Philadelphia	35,300,000	36,872,500
Cleveland	45,300,000	55,927,000
Richmond	17,300,000	16,886,000
Atlanta	14,600,000	13,168,500
Chicago	70,000,000	83,310,500
St. Louis	20,000,000	25,952,500
Minneapolis	17,300,000	16,800,000
Kansas City	20,000,000	23,369,000
Dallas	12,000,000	10,156,000
San Francisco	35,300,000	38,000,000
Total	500,000,000	584,750,500

The number of subscribing banks in the second issue has again increased from 13,309 to 14,779, but the number of banks refraining from doing their duty in this respect is still unduly large, and the Board sincerely hopes that the list of "slackers" will continue to decrease rapidly.

Conservation of resources.

In order that the initial success of the plan of financing may be continued to the end, it will be necessary that the utmost care be taken with a view to the conservation of the financial and credit resources of the country. Much has been said during the past year of the necessity for a conservative and cautious loan policy on the part of the banks. The time has come when the application of such a policy in practice has become imperative. With a view to impressing the necessity of such action upon the managers of the various institutions of the country, the Federal Reserve Board on July 6 sent to each Federal Reserve Bank for distribution to all institutions within its district a general letter relating to the curtailment of unessential credit. This letter is reproduced in the present issue of the BULLETIN. In the letter the Board called especial attention to the fact that it would be necessary to distinguish clearly between loans for the support of essential businesses and those which are clearly not needed for the prosecution of the war or for the health and necessary comfort of the people. With this end in view it urged "a gradual and consistent curtailment of nonessential credit," and the use of self-restraint by consumers in the use of their purchasing power, saying:

"Conservation of our commodities and of our gold—preservation of our economic strength—is of the greatest importance in making provision for the period of readjustment which will follow the reestablishment of peace. The country having the largest supply of goods and gold available at the end of the war will find itself in the best strategic position for controlling the markets of the world. The Board wishes to point out, also, that by refraining from buying luxuries, and by restricting the use of necessities to the actual requirements of health and reasonable comfort, we can create a reserve purchasing power which will be of the greatest value to our industries in bridging over the period of reaction and reconstruction which must follow when war enterprises are transformed into those of peace. An intelligent and prudent use of credit, therefore, will be an important factor in strengthening the national resources during the period of the war, in aiding its successful prosecution, and in maintaining the economic strength of the country for the time of rapidly changing conditions which will come when the war has been won and the millions of men in our armies are returning to the employments of peace."

"Essential" and "nonessential."

Many inquiries have been received by the Board with respect to the definition of the terms "essential" and "nonessential." Such inquiries can be specifically answered in but few cases. The question must be determined in each case by local bankers after conferring with the business men of their communities and after a careful study of existing conditions. Reasonable discretion should be exercised and drastic steps calculated to bring about hardship or embarrassment or to work injustice should be avoided. The banks should endeavor to divert the use of their credit more and more into productive fields where its employment will result in augmenting the national resources. The work of the Capital Issues Committee during the past few months has furnished general principles governing the application of the idea of conservation in the investment field, and the extension of these principles to banking credit will be a matter of local judgment and discrimination. Some light upon the matter will be obtained from the action of the various boards and bureaus of the Government in regulating the importation and distribution of material and commodities and in controlling the division of the available supply between consumers. In each locality it will be necessary to make a careful study of the situation from all these standpoints, taking into account also the question how far labor now employed in existing industries can be advantageously diverted without hardship to those whose products are necessary for the successful conduct of the war. Consumers can assist in this process of credit curtailment and shifting by exercising a greater degree of economy and self-control in their purchases and by confining themselves to those objects of expenditure which involve the use of their funds for purposes necessary to the maintenance of the efficiency and comfort of the individual, abandoning those which are unnecessary and which can safely and wisely be deferred to the future. The problem can be effectually solved only by the general and well considered cooperation of all elements in the community. There is printed elsewhere in the present issue a resolution on this subject adopted by the Federal Reserve Bank of New York.

Conference with governors.

This whole question was carefully discussed with governors and representatives of Federal Reserve Banks at a conference held in Washington July 1 and 2 and has since been the subject of further study and investigation. It was the opinion of the governors of the banks that the time had come for concerted action in the direction of conservation of credit. General conditions throughout the country were reported as extremely satisfactory, the crop prospect being excellent, wages high, and banking conditions good. It was not, therefore, with a view to meeting any danger in the existing situation, but rather for the purpose of conserving our economic strength and promoting the general financial preparedness of the country that the Board's letter was issued. Rates of interest at Federal Reserve Banks are very moderate, and the banks are prepared to place their facilities, directly or indirectly, at the disposal of all subscribing institutions that may legitimately need assistance in taking their allotments of Treasury certificates. Commercial rates of interest, although higher than in the past, are not abnormal, and it was the

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general opinion both of the governors and of the Board that no marked advance in rediscount rates was called for at this time. While such an advance would be warranted in view of the growth of the necessary demands of Government financing, as already set forth, it was believed that the conservation of credit would, for the present at least, be more effectively and thoroughly secured by the adoption of a general plan of cooperation rather than by the application of uniform advances in rates of interest. The results which have been realized in the conservation of food through voluntary public action rather than through the adoption of any strict plan of rationing furnishes a precedent for the successful adoption of a similar plan in the economy and conservation of banking credit. It appeared that in some districts the large production of agricultural staples and of necessary manufactured goods would make, during the coming months, a severe draft upon the credit resources of those districts, and while other Federal Reserve Banks, as usual, stand ready to assist in these necessary protective operations through the machinery of interbank rediscounts, it was recognized that in every district the attempt should be made so far as possible to meet necessary loan requirements through the curtailment of those which are less essential or can be entirely dispensed with.

Rediscounts and acceptances.

The usual seasonal demands for accommodation in the agricultural districts of the West, combined with the continuous requirements of Government financing, have necessitated further use of inter-reserve bank rediscounts during the month of July. In a few cases reserves have thereby been equalized, partly through the transfer of the proceeds of indorsed acceptances from one Federal Reserve Bank to another. The situation emphasizes the desirability of the possession of substantial quantities of the most liquid commercial paper, and of the adoption of every means for the promotion of liquidity and availability of resources. The extension of the practice of making and investing in bona fide acceptances growing out of actual commercial transactions is to be urged, therefore, more strongly than ever. In this connection a letter recently written by the Board to one of the Federal Reserve Banks calls attention to the desirability of developing acceptance practice in the United States along certain lines well recognized in Great Britain. English practice favors the free indorsement of acceptances, and some progress in this direction is already being made in the United States, as shown by the fact that in New York, out of about $120,000,000 of acceptances reported by the New York Federal Reserve Bank in its last statement, only some $3,000,000 were unindorsed.

Interest rates.

In order to further the easy financing both of the Government and of essential industries, and in order to avoid the necessity of advancing rates of interest for financing them, it is requisite that every effort be made to check tendencies toward an upward movement in interest rates. One important factor in this situation will be the avoidance of increase in the interest allowed on deposits—both those of individuals with banks and those of banks with other banks. The Board has for some time past endeavored to obtain a general agreement among the banks of the financial centers which would check the practice of competing for deposits by raising rates thereon. During the past month the banks of Chicago have adopted the same scale of payment for bank deposits which had been previously accepted in New York, as announced in the FEDERAL RESERVE BULLETIN of April. In order to equalize conditions, the Federal Reserve Bank of Chicago placed its 90-day rate upon the same footing as that of the New York bank, while the local member banks undertook to regulate their rates to depositors upon a scale fixed with reference to this rate charged by the Federal Reserve Bank—the policy previously agreed upon in New York. Negotiations looking to the same end have been in progress at other points. The adoption of the plan should be made as general as possible in order that such relations between the banks and their customers may be standardized. There should be no effort on the part of any one place or section of the country to bring about artificial diversion of funds from any other. Intelligent cooperation in this matter is a dictate of self-protection for the banks, and at the same time a duty toward the country.

Cotton financing.

Conferences of bankers, cotton spinners, and cotton growers were held in New Orleans on July 5 and in Washington on July 15 and 16, and various representatives of the several interests affected consulted informally with the Federal Reserve Board. The subjects discussed related chiefly to the financing of cotton for the season of 1918 and to measures of a like kind to be applied to the crop of 1919. In the BULLETIN for July reference was made to the plan to apply the acceptance system in the financing of the cotton crop, and portions of an address made by Governor Harding before a conference held in New York during June were printed. The July conferences have related not merely to technical questions of financing, but also to a variety of topics indirectly influencing the method to be employed in carrying the crop. In this connection the suggestions made by Governor Harding in his address at New York, and by the Board itself in past years, have been repeated. The Board then laid stress upon the necessity of careful warehousing and upon the desirability of gradual marketing in order to spread the operation of financing over a considerable period. Since the discussion of the cotton question two years ago the only change that has occurred in the Board's regulations has been the suspension of the so-called commodity rate applying to all paper protected by warehoused staples, that rate having been merged with the regular commercial rate. The essence of Governor Harding's suggestions with respect to the use of the acceptance plan was expressed in his statement in New York that—

as far as foreign shipments are concerned, we are accustomed to long drafts, for no one draws a draft on a Manchester mill payable on demand. The English have had this systematized for many years. Drafts are drawn at 60 days', 3 months', or 4 months' time and are accepted by a prime banker. If a southern bank wishes to buy the drafts, it can do so; but, as a rule, they are sold through exchange brokers in New York, a draft with invoice and a bill of lading attached being drawn against them, upon payment of which the foreign bills are delivered. I see no reason why brokers selling commercial paper and foreign bills can not also sell domestic bankers' acceptances, so that if a southern bank which wishes cash has a 90-day draft against a lot of cotton accepted by a bank in the East it can arrange with the broker to buy that draft and draw on the broker with the documents attached, the same as is done with the foreign draft.

War finance loans.

In consequence of difficult conditions in Montana and parts of North Dakota, Kansas, and Texas, which have been creating a serious situation for farmers there, involving probable abandonment of farms and sacrifice of live stock, the War Finance Corporation has determined to make loans to national and State banks on farmers' paper. This plan will enable all national and State banks to assist deserving farmers with full knowledge of the fact that the resultant paper can and will be taken by the War Finance Corporation. Pursuant to this determination, the board of directors of the corporation on July 22 and 23 announced that it had telegraphed the Federal Reserve Banks of Dallas, Kansas City, Minneapolis, Richmond, Atlanta, St. Louis, and San Francisco, requesting them to notify the banks and trust companies in their respective districts, nonmembers as well as members of the Federal Reserve system, of their willingness to make advances under section VII of the War Finance Corporation Act to banks and trust companies which had made loans to farmers and cattlemen. Federal Reserve Banks in their capacity of fiscal agents of the corporation will furnish full particulars regarding the loans.

Under the terms of the War Finance Corporation Act these advances are limited to 75 per cent of the amount of the loans made by the borrowing institution, or to 100 per cent in case the borrowing institution itself furnishes additional collateral to the extent of 33 per cent of the advance. Such advances will be made by the War Finance Corporation upon written application through the several Federal Reserve Banks, acting as its fiscal agents. They will be granted only after consideration of the recommendations of the banks and upon the promissory note of the borrowing institution secured by the obligations of the farmers and cattlemen to whom loans have been made by the institutions, together with any security taken for such obligations.

Operations of the Federal Reserve Banks.

Increased discount operations of the Federal Reserve Banks, largely in connection with the two issues of Treasury certificates, effected between June 25 and July 16, and moderate liquidation of acceptances are the most noteworthy features of more recent development at the Federal Reserve Banks.

The upward development started in July, figures for the last Friday in June indicating reductions of almost 110 millions in war-loan paper, i. e., member banks' notes secured by United States war obligations and customers' paper similarly secured, and of over 62 millions in total discounts held. Since then total discounts increased by 334.2 millions and those of war loan paper alone by 166.9 millions. Developments at the New York bank follow a similar course, total discounts on hand showing an increase during the first three weeks in July of about 150 millions, and those of war loan paper alone an increase of 96.2 millions, though the bank's July 19 holdings of discounted bills, and in like manner its holdings of war loan paper, were smaller than a week earlier. The banks at Boston, Chicago, and Minneapolis report a continuous upward movement of total discounts on hand for the entire period under review, while all the banks, except those at Kansas City and Dallas, report substantial increases in their holdings of war-loan paper. Since June 21, when the share of war-loan paper in the total discounts on hand was 58.4 per cent, this proportion has gone down to about 50 per cent. All Federal Reserve Banks, except Richmond and Chicago, share in this decrease. For the New York bank alone a decrease of this proportion from about 80 to 64 per cent is noted.

Acceptances on hand decreased from 232.5 to 206 millions, net liquidation of this class of paper at the New York and Philadelphia banks amounting to a slightly larger total. United States short-term obligations, owing partly to the repurchase by banks and the redemption by the Government of Treasury certificates, fell off from 35.9 to 16.4 millions. No appreciable changes in other earning assets, including United States bonds, are shown.

During the period under review the banks' gold reserves increased steadily from 1,924.4 to 1,975.4 millions, while their net deposits went up from 1,445.4 to 1,566.7 millions. Federal Reserve notes in actual circulation show a growth of over 150 millions, from 1,678 to 1,829 millions. The ratio of cash reserves to aggregate net deposit and Federal Reserve note liabilities declined from 63.4 to 59.8 per cent.

In the following table are shown the changes between June 21 and July 19, 1918, in the total discounted and purchased bills held by each of the Federal Reserve Banks, also changes between the two dates in the holdings of other classes of investments.

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

Federal Reserve Bank.	June 21.	July 19.	Net increase.	Net decrease.
Boston	66,180	110,856	44,676	....
New York	506,761	513,731	6,970	....
Philadelphia	74,959	84,066	9,107	....
Cleveland	66,804	106,070	39,266	....
Richmond	56,643	60,982	4,339	....
Atlanta	30,519	37,391	6,872	....
Chicago	134,597	209,829	75,232	....
St. Louis	50,132	59,643	9,511	....
Minneapolis	35,116	51,809	16,693	....
Kansas City	56,862	68,989	12,127	....
Dallas	29,922	33,402	3,480	....
San Francisco	55,247	72,510	17,263	....
Total	1,163,742	1,409,278	245,536	....
United States long-term securities	40,877	40,259	....	618
United States short-term securities	35,883	16,358	....	19,525
Other earning assets	100	98	....	2
Total investments held	1,240,602	1,465,993	225,391	....

Condition of member banks.

Substantial reductions in the holdings of Government securities, chiefly Treasury certificates, also decreases in demand deposits and reserves of member banks in the leading cities, continued during the latter part of June and the first week in July. An upward movement along these lines set in during the second week, apparently the result of the placing about the end of June of the new issue of $750,000,000 Treasury certificates.

Treasury certificates held by all reporting member banks decreased from 945.2 to 615.1 millions between June 14 and July 7 and increased to 735.5 on July 12. Holdings of United States bonds, other than circulation bonds, show a small though a practically continuous decline from 586.7 to 557.7 millions on July 12. A corresponding decrease from 518.4 to 485.0 millions is noted in total loans secured by Government war obligations.

Corresponding figures for member banks in central reserve cities indicate a relatively much larger decrease in the holdings of Treasury certificates from 707.1 to 364.1 millions between June 14 and July 5 and a subsequent increase to 443.4 millions on July 12, also small decreases from 310.3 to 296.1 millions in United States bonds, other than circulation bonds, and from 284 to 274 millions in loans secured by United States war obligations. A similar development is indicated for the member banks in Greater New York, which report a continuous reduction in the holdings of certificates from 670.9 to 310.1 millions on July 5 and a moderate gain on the following Friday.

Aggregate holdings of United States securities, exclusive of circulation bonds, and of loans supported by United States war obligations decreased during the four weeks from 2,050.3 to 1,778.2 millions, or 13.3 per cent. During the same period the central reserve city banks show a reduction of these items from 1,301.4 to 1,013.5 millions, or of 22.1 per cent, and the Greater New York member banks a decrease from 1,165.2 to 834.6 millions, or of 28.4 per cent.

Loans and investments of all reporting banks, exclusive of fixed investments, such as bank premises and other real estate, furniture, and fixtures, also Federal Reserve Bank stock, increased from 12,506.2 millions to 12,556.7 millions, while the combined share of United States war obligations and of loans secured by such obligations in the totals just given declined from 16.4 to 14.2 per cent. For the central reserve city banks this percentage shows a decline from 20.6 to 16.3 per cent and for the Greater New York member banks a decline from 23.1 to 17 per cent.

Government deposits of all reporting banks increased from 868.3 on June 14 to 1,212 millions on June 28. Since then a decline to 815.8 millions on July 12 is noted. For the banks in the central reserve cities a corresponding increase from 449.8 to 692.6 millions during the latter part of June is shown, followed by a decline to 508.1 millions during the first two weeks in July. Total time deposits increased from 1,323.4 to 1,410, while total net demand deposits show a decline from 9,247 to 8,801.5 millions between June 14 and July 5 and a gain to 9,029.9 millions for the following week. At the central reserve city banks a similar decline from 5,071.1 to 4,743.5 and a subsequent gain to 4,896.1 millions are noted.

Reserves of all reporting banks show some fluctuation from week to week and on July 12 stood at 1,142.6 millions, compared with 1,226.3 millions a month before.

During the four weeks under review the ratio of combined reserve and cash to total net, including Government deposits, declined from 15 to 14.7 per cent for all reporting banks and from 16 to 15.7 per cent for the banks in the central reserve cities. Figures of excess reserves, in the calculation of which no account is taken of Government deposits, show considerable fluctuations from week to week, reaching a maximum of 198.1 millions on June 28 and standing at 68.4 millions on July 12, compared with 129.2 millions on June 14. Changes in the excess reserves of the central reserve city banks follow practically the same course, the June 28 figure of 183.3 millions marking the high point, though the decrease since June 14 is considerably smaller for these banks than for the banks in the other reserve cities, for which a fall in excess reserves from 49.7 to 8.3 is noted.

Movement of gold.

The operations of the Board's gold export committee during the month ending July 20 have resulted in the issuance of licenses permitting the shipment of $3,696,389 gold. Of this sum, the bulk has gone to Mexico. In general, applications from most quarters for the shipment of gold have been lighter during the past month than for some time previously, largely owing to better understanding of the conditions under which licenses are issued. Since the development of the system of control of Italian exchange, lira quotations have decidedly improved. A financial commission has gone abroad on behalf of the United States and will devote especial attention to the study of the exchange problem.

From June 15 to July 10, inclusive, the net inward movement of gold was $12,281,000, compared with $19,410,000 for the preceding four weeks. Gold imports for the period under review, amounting to $14,631,000, came largely from Canada and Mexico, while gold exports totaling $2,350,000 were consigned chiefly to Mexico, Canada, and the Dutch East Indies. These considerable imports represent withdrawals of gold held by the Federal Reserve Banks with their foreign agencies, these holdings showing a reduction since the beginning of June from $52,500,000 to about $15,500,000 on July 12.

The gain in the country's stock of gold since August 1, 1914, was $1,078,383,000, as may be seen from the following exhibit:

[000 omitted.]

	Imports.	Exports.	Excess of imports over exports.
Aug. 1 to Dec. 31, 1914	$23,253	$104,972	[1] $81,719
Jan. 1 to Dec. 31, 1915	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916	685,745	155,793	529,952
Jan. 1 to Dec. 31, 1917	553,713	372,171	181,542
Jan. 1 to July 10, 1918	50,449	22,370	28,079
Total	1,765,115	686,732	1,078,383

[1] Excess of exports over imports.

Concentration of gold.

Ever since the establishment of Federal Reserve Banks the Board has endeavored by every legitimate means to increase the aggregate gold holdings of the banks. Since the entry of the United States into the war the necessity of such effort has been greatly emphasized, while the inclination of the public and of the banks to cooperate in it has been marked. Very large quantities of gold and gold certificates have been withdrawn from circulation and transferred to the vaults of Federal Reserve Banks; but there still remain in circulation and bank vaults considerable quantities both in gold certificates and coin that can and should be deposited, their place being taken so far as necessary by paper currency. Of late the Board has received questions from various quarters respecting the reasons of theory supporting the course which it has urged with respect to gold. The situation in this regard is perfectly plain. In proportion as the gold holdings of the Federal Reserve Banks are increased, the ability of such banks to extend accommodation to other banks or to issue notes is enlarged. Taking 40 per cent in gold as normally required as a minimum behind every note that is issued, it is clear that in order to lend $100 in Federal Reserve notes a Federal Reserve Bank must have on hand in its vaults or with a Federal Reserve agent $40 in gold. In proportion as its reserve holding is curtailed, its lending power is correspondingly reduced. Some question has also been raised with reference to the practice of hoarding gold. Every dollar of gold that is hoarded is withdrawn not only from reserve use but also from circulation. It is a net loss of that amount of metal to the community. The effect of its concealment is therefore to remove the possibility of providing the strongest possible gold cover for our growing volume of bank notes and deposits. The desirable condition under existing circumstances is to have every dollar of gold in the Federal Reserve Banks, while the circulating medium consists of currency based on gold. Money of every kind, whether gold or silver, should be deposited in bank and used but not hoarded. Surrender of gold coin and gold certificates and abstention from hoarding means an increase in the volume of bank credit available for the community and increased ability to finance its war and other requirements.

Progress with branches.

By-laws for the new branches of the Atlanta Federal Reserve Bank at Birmingham and Jacksonville have been approved by the Board and the date of opening for the two new institutions was set at August 1 and August 5, respectively. No further action has been taken with reference to any other pending application, but the Board is awaiting the outcome of investigations and inquiries which it has set on foot and whose results can not be immediately secured. The number of branches of the Federal Reserve Banks in operation is now 15, and these branches differ sufficiently in their local problems and conditions to permit of very valuable conclusions, based upon actual experience, within the next few months. The obtaining of these conclusions, in consequence of close and careful study of the situation at each of the branches, will undoubtedly throw much light upon the lines along which the branch system must be evolved in the future. Experience thus far has shown that a reasonably well equipped branch is likely to cost at the outset from $40,000 to $50,000 per annum if established on the present basis. The addition of that amount to the actual cost of the operation of a Federal Reserve Bank is sufficient to warrant very careful consideration and inquiry as to the necessity of any given branch before actually taking steps to create it.

Apart from the nomination of the officers and directors of the new branches the only change since the opening of July in the directorate of the banks has occurred in Boston. At an election held on June 29, the results of which have since been made known, Mr. Philip S. Allen was chosen a Class B Director of the Federal Reserve Bank of Boston. Mr. Allen's election fills the vacancy caused by the resignation of Mr. Charles B. Morss, who some time ago was elected governor of the bank.

Preparation for foreign trade.

Applications for the establishment of several additional foreign branches by American banks have been granted by the Board and the total list of such branches now in existence is given elsewhere in the present issue, with certain additional data concerning the develment of foreign banking. In three ways American banks are beginning to lay the foundations of the system which will furnish a basis for the expansion and financing of our foreign trade after the close of the war. One of these is the direct establishment of branches as just indicated. In addition there is an evident disposition on the part of the banking community to undertake the organization of foreign banking corporations. One or two promising additions to the existing list of such corporations have either been established or are now in prospect, contemplating as their field of operation China and Italy, respectively. The third line of progress is found in the adoption of plans for the creation of discount companies dealing in paper growing largely out of foreign business. These latter enterprises are in a measure analogous to the discount houses well known in London. Progress in these directions during the last year has been continuous, and the outlook is now more promising than it has been for some time past. Further development along these lines is most desirable with a view to furnishing additional accommodation and enlarging existing exchange arrangements for American business men engaged in trade with other countries. In spite of the obstacles afforded by the war and the interruptions to trade which inevitably grow out of it, the conditions under which such banks can successfully be established are to-day much more favorable for making a beginning than they are likely to be after the close of the war It is in the interest of the country that American institutions continue as rapidly as possible with the mapping out of the field and the doing of foundation work necessary to insure the United States its due share in the development of the world's business.

The Board hopes that Congress will soon be able to act upon its recommendation frequently made that provision be made for the Federal incorporation of banks which desire to undertake foreign operations.

Growth in number of State bank members.

Comparative figures for the development of the Federal Reserve system in membership during the past half-year show a gratifying increase in the nonnational bank membership of the system in practically every district. The figures are published in full elsewhere in the present issue. They permit, however, the following comparisons:

District.	Members Jan. 1.	Members July 31.
No. 1—Boston	13	24
No. 2—New York	46	74
No. 3—Philadelphia	7	18
No. 4—Cleveland	15	40
No. 5—Richmond	14	23
No. 6—Atlanta	20	41
No. 7—Chicago	72	144
No. 8—St. Louis	13	29
No. 9—Minneapolis	16	44
No. 10—Kansas City	9	22
No. 11—Dallas	11	71
No. 12—San Francisco	14	59
Total	250	589

A comparison based upon capital stock is not, in this case, as enlightening as comparative figures for number of banks entering the system, due to the fact that it is now the institutions of small or medium size which are to a large extent applying for membership. Not only the growth itself but its wide diffusion throughout the United States and the large proportion which it bears to the membership as reported on January 1 are encouraging factors.

Amendments to act.

In view of some misunderstanding which seems to have arisen as to the attitude of the Board regarding amendments to the Federal Reserve Act, it is proper to say that the Board has not during the present session of Congress recommended any changes in the Federal Reserve Act, except those enumerated on pages 31, 32, and 33 of its annual report to Congress for the year 1917.

The Phelan bill (H. R. 11283), which is reprinted in this issue in the form in which it passed the House, embraces all of the recommendations made by the Board, except that it does not include any provision for the Federal incorporation of banks organized to do a foreign business, or for enabling national banks in certain cases to establish branches within the corporate limits of the cities or towns in which they are located, where the State laws do not prohibit the establishment of branches by State banks or trust companies.

Section 2 of the Phelan bill, which proposes to amend and reenact section 11k of the Federal Reserve Act, was not recommended by the Board in its last annual report, but this section is not, in the opinion of the Board, deserving of the criticism to which it has been subjected. Wherever financial institutions of one class, such as trust companies, are authorized to transact a general banking business, it does not appear inequitable that other banks thus brought into competition, should be allowed the exercise of reasonable trust powers.

The Board has not under contemplation at this time any further recommendations for amendments to the act.

Work of Capital Issues Committee.

Elsewhere in this issue of the BULLETIN there is printed a formal report of the Capital Issues Committee of the Federal Reserve Board to the Board itself. It will, of course, be understood that the Capital Issues Committee here referred to is the old or original committee created by the Board soon after the opening of the year 1918, and which was superseded by the present Capital Issues Committee created by Congress and consisting of three members of the Board sitting with four other members. The report of the committee brings to a definite close this first step in the history of the undertaking. Some time ago, when the members of the original committee went out of office, upon the appointment of their successors under the new act, the Board placed on record sundry resolutions which it is deemed proper now to reproduce as follows:

Whereas Messrs. Allen B. Forbes, Frederic H. Goff, and Henry C. Flower have served as members of the advisory committee of the Capital Issues Committee of the Federal Reserve Board; and

Whereas Mr. Bradley W. Palmer has served as counsel to said committee; and

Whereas Mr. Stephen L. Selden has served as executive secretary and Mr. James Q. Newton as assistant executive secretary; and

Whereas they have all given their services in a voluntary capacity: Be it

Resolved, That the Federal Reserve Board expresses to all of them its sincere gratitude for the excellent services rendered by them. They accepted the difficult task in an unselfish spirit of patriotism, and the singleness of purpose and high efficiency with which they accomplished their work has been a credit to the Board and of genuine benefit to the country.

Departure of F. A. Delano.

Mr. F. A. Delano, whose retirement as a member of the Federal Reserve Board was permitted by the President in order that he might undertake military engineering duties in France, finally terminated his duties with the Board on July 22 and has been transferred to foreign service as a Major of Engineers. In the Bulletin for July record has been made of the Board's resolutions adopted upon first learning of Mr. Delano's resignation, and it remains only to be added that the loss due to his withdrawal, now that it has become a fact, is even more keenly appreciated as a void that it will be hard to fill.

Indexes of Business Conditions.

During the month of July work toward the development of the Federal Reserve Board's system of business indexes has been devoted to the gathering and collection of general material and to the preparatory work incident to the installation of two of the indexes previously decided upon. These are the wholesale price index and the interest rate index. The two indexes were selected for the following reasons:

(1) The data required for the wholesale price index numbers are readily available. It is not necessary to install an elaborate private reporting service, as the desired information may be drawn largely from standard trade publications.

(2) In the case of the banking and interest rate index, however, it is possible through the mechanism of Federal Reserve Banks to work out a systematic plan for the collection of the desired information. The data will be obtained by the Federal Reserve Banks largely from the member banks.

It is expected in successive numbers of the Federal Reserve Bulletin to present severally the plans for developing the various indexes as fast as they are matured.

INDEX NUMBERS OF WHOLESALE PRICES.

Attention has been directed toward the several phases presented by wholesale price index numbers, and certain broad guiding principles, which it is believed to be desirable to observe in their construction, have been outlined as a result of this survey. Progress has been made in the actual construction of an index number along these lines.

It is believed desirable for the purpose in hand, to show the ebb and flow of business as reflected by the course of wholesale prices, that the number of commodities included should be somewhat more restricted than is the case in certain of the existing series, and from 50 to 60 was fixed as a first approximation. The commodities selected comprise, of course, raw materials, to which series designed to serve as business barometers are often confined. Such limitation is usually based on the ground that these commodities are more sensitive in their price fluctuations and hence more accurately reflect changes in business conditions. Manufactured goods have, however, also been included, as it is believed that the omission of the latter would result in giving merely a partial view of the field. Furthermore, the price fluctuations of the two groups are dissimilar in important particulars. Separate index numbers for the several distinct groups of commodities may also be presented. The commodities included have been selected from

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among the articles playing the more important part in the national economy, and quotations have been used for the more important markets for these articles. The data may be taken principally from standard trade journals, supplemented by private sources when deemed necessary or expedient.

The problem of weighting, which had next to be considered, presented certain difficulties. After careful consideration, it was decided that no formal system of weights should be employed. As is well known, the deficiency of existing data bearing upon the relative importance of the several commodities necessitates recourse to more or less arbitrary methods, if formal weighting be attempted. The same result may be approximated through the careful selection of commodities, the endeavor being made to secure a well-balanced list which does not give disproportionate representation to any one class. In so doing it has been found advisable in some instances to merge the quotations of several related articles into one series before employing them directly in the index. Textiles may be mentioned as a case in point. By the use of this method, several of the more important groups of commodities may be included without assigning to them undue importance in the general index, and at the same time the data employed will be more representative than if the quotation for one article alone were used.

It will be noted that the procedure outlined above determines in large measure the form of presentation of the final results. Relative figures must be computed for each of the several commodities, and these averaged to secure the index number. This involves the selection of a base period, which should be taken to include the years immediately preceding the opening of the present war in 1914. A direct comparison of the present price level with that existing in these years would thus be afforded, and the changes due to war conditions would be brought into relief. As a comparison of this kind is believed to be of most importance, the objection raised in recent years against the general form in which the number would be presented, namely, that complete recomputation is necessary if it be desired to shift the base, is minimized.

Thorough tests of any newly devised index number are, of course, necessary before publication. This requires the institution of a careful comparison, mainly with existing index numbers, as regards the direction and degree of price changes. Only in this manner is it possible to secure an index number which will stand critical test from the scientific point of view.

The plan thus outlined, calling as it does for the construction of a new index number, and indicating the lines along which this development should proceed, is to be regarded as provisional. Negotiations are pending with the Bureau of Labor Statistics whereby the regular wholesale price index number of the bureau may be made available each month for publication in the FEDERAL RESERVE BULLETIN. This very comprehensive index number has been subject to considerable delay in publication in the past, but monthly preparation of it has recently begun, and the Board may find the use of this comprehensive index advisable.

BANKING AND INTEREST INDEX.

After consulting with various bankers and banking experts it was determined to ask for specified classes of information with reference to interest rates and also to request the banks to collect earlier data for three selected years, such data to serve as a basis with which to compare the later quotations transmitted to the Board from month to month. While it will probably be true that in a number of cases the task of obtaining reliable data for the years before the organization of the Federal Reserve system will not be easy, it is believed that enough can be had to afford a reasonably accurate figure from which to reckon the variations that have been exhibited by the changes in interest rates since the organization of the Federal Reserve system. After the information has been completely furnished by all of the Federal Reserve Banks, in so far as they are able to obtain it, and has been tabulated, it will be possible to reach a final conclusion as to the extent to which really comparable statistics can be obtained for all Federal Reserve districts in each of the classes of paper selected as a basis for study. Modifications may be made in the scope of the inquiry wherever such change is necessary, in order to insure uniformity and comparability.

The following letter, which was sent out to all Federal Reserve Banks, will serve to show the scope of the preliminary investigation into interest and discount rates:

July 17, 1918.

Dear Sir: Inclosed herewith I am handing you a copy of the Federal Reserve Bulletin for July, which has just been issued. On pages 597–600 you will find a statement of a new service which the Board is planning and which is designed to furnish information with respect to business conditions. A reading of this statement will afford a fairly comprehensive idea of what is intended. The complete development of the plan will require several months; but it is desired to begin the publication of the different factors in the proposed series of business indices as soon as possible and without waiting for the completion of the whole series. The data relating to banking—and to discount and interest rates particularly—are those which should receive first attention, and it is therefore requested that you consider carefully subsection (*d*) in the statement to which reference has already been made. The Board desires that you will obtain and transmit on the 15th of each month, or where the 15th falls on a Sunday or a holiday, on the next business day thereafter, data regarding high and low rates, also rates at which the bulk of the several classes of paper shown below was discounted or purchased during the preceding 30-day period:

(1) Prevailing rate of discount charged by banks to customers for prime commercial paper such as is now eligible under the Federal Reserve Act:
   (*a*) Running 30, 60, 90 days.
   (*b*) Running 4 to 6 months.

(2) Prevailing rates for prime commercial paper purchased in open market:
   (*a*) Running 30, 60, 90 days.
   (*b*) Running 4 to 6 months.

(3) Prevailing rates charged on interbank loans (bills payable).

(4) Prevailing rates of interest for bankers' acceptances of 60 to 90 days' maturities, both indorsed and unindorsed.

(5) Prevailing rate of interest for demand paper secured by prime stock exchange collateral of other current collateral.

(6) Prevailing rate of interest for time paper secured by collateral mentioned in 5:
   (*a*) Running 3 months.
   (*b*) Running 3 to 6 months.

In addition to the foregoing it is desired that you obtain and transmit these same data for the years 1911, 1912, and 1913, quotations, likewise, to be for the months ending the 15th throughout the period covered. In case the class of paper generally handled by banks in your district is different from those enumerated, please so state and give quotations for the class of paper typical of your district. It is suggested that the larger member banks in your district that have been active discounters or purchasers in the past of the various classes of paper above described may be able to furnish the desired information from their own records. This will insure uniform treatment and continuity of the data; moreover, these data will represent actual transactions and not merely nominal quotations, such as are likely to be furnished by bill brokers and commercial paper houses.

Kindly advise the Board at your early convenience by telegraph furnishing these data for the month ending July 15, 1918, for your city and advise how soon you will be able to transmit the figures for past years; also whether they can be obtained in the same way at the places in which your branches, if any, are located.

Third Issue of Treasury Certificates.

The following statement was issued by the Treasury on July 20:

In consequence of the over-subscription of the first two issues of Treasury certificates in anticipation of the fourth Liberty loan and the increased returns from war savings certificates and from income and excess profit taxes, the Secretary of the Treasury finds it possible to reduce the minimum amount of the third biweekly offering of Treasury certificates to $500,000,000. This, however, is only a minimum amount and those institutions which have made arrangements to subscribe their share on the basis of an offering of $750,000,000 will be free to do so.

The Secretary of the Treasury, under the authority of the act approved September 24, 1917, as amended by the act approved April 4, 1918, offers for subscription, at par and accrued interest, through the Federal Reserve Banks, $500,000,000 or more Treasury certificates of indebtedness, series IV C, dated and bearing interest from July 23, 1918, payable November 21, 1918, with interest at the rate of 4½ per cent per annum. Applications will be received at the Federal Reserve Banks.

Subscription books will close at the close of business July 30, 1918.

Certificates will be issued in denominations of $500, $1,000, $5,000, $10,000, and $100,000. Said certificates shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (*a*) estate or inheritance taxes, and (*b*) graduated additional income taxes, commonly known as surtaxes, and excess profits and war profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations.

The interest on an amount of bonds and certificates authorized by said act approved September 24, or by said act as amended by said act approved April 4, 1918, the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (*b*) above.

Upon 10 days' public notice, given in such manner as may be determined by the Secretary of the Treasury, the certificates of this series may be redeemed as a whole at par and accrued interest on or after any date, occurring before the maturity of such certificates, set for the payment of the first installment of the subscription price of any bonds offered for subscription by the United States after the offering and before the maturity of such certificates. The certificates of this series, whether or not called for redemption, will be accepted at par, with adjustment of accrued interest, if tendered on such installment date in payment on the subscription price then payable of any such bonds subscribed for by and allotted to holders of such certificates.

The certificates of this series do not bear the circulation privilege and will not be accepted in payment of taxes. The right is reserved to reject any subscription and to allot less than the amount of certificates applied for and to close the subscriptions at any time without notice. Payment at par and accrued interest for certificates allotted must be made on and after July 23, 1918, and on or before July 30, 1918. After allotment and upon payment Federal Reserve Banks will issue interim receipts pending delivery of the definitive certificates. Qualified depositaries will be permitted to make payment by credit for certificates allotted to them for themselves and their customers up to an amount for which each shall have qualified in excess of existing deposits when so notified by Federal Reserve Banks. As fiscal agents of the United States Federal Reserve Banks are authorized and requested to receive subscriptions and to make allotment in full in the order of the receipt of applications up to amounts specified in their respective districts.

EARNINGS AND EXPENSES OF THE FEDERAL RESERVE BANKS.

Total earnings of the Federal Reserve Banks for the six months ending June 30, 1918, were $24,850,190, compared with $4,141,528 for the corresponding period in 1917, while total current expenses for the same period were $4,152,028, compared with $1,378,883 in 1917. Current expenses for the first half of the present year are made up of $3,114,149 of expenses of operation proper; $631,380, the cost of Federal Reserve notes and bank notes, including expressage, insurance, and other expenses incident to the issue, exchange, and redemption of notes; $356,344 of depreciation charges on bank premises, furniture, and equipment; also, $50,155, the cost of alteration and remodeling of bank premises in use. The total shown is exclusive of disbursements of the fiscal agent departments. These disbursements are treated separately, being reimbursable by the United States Treasury Department.

Net earnings of the banks, i. e., the excess of earnings over current expenses, aggregated $20,698,162, or at a yearly rate of 55.9 per cent on an average paid-in capital of $74,095,000, compared with 9.8 per cent for the first six months of 1917. New York reports net earnings at the yearly rate of 96.9 per cent, and Kansas City at the rate of 60.1 per cent; net earnings of five banks were at rates between 40 and 50 per cent, while net earnings of three other banks were in excess of 30 though less than 40 per cent per annum. All of the banks paid their 6 per cent dividends to the end of June, the Philadelphia, Cleveland, Kansas City, and Dallas banks paying cumulative dividends for the 12 months ending June, the St. Louis and San Francisco banks cumulative dividends for the 18-month period ending June, and the remaining six banks the regular dividend for the six months of the present year.

Of the total earnings for the six months of the present year 59.2 per cent, compared with 20.3 per cent in 1917, was from bills discounted for member banks, the large increase in the percentage reflecting mainly the additional earnings of the banks from the discount of war paper, i. e., member banks' notes, also customers' paper supported by United States war obligations. Earnings from bills bought in the open market constituted 22.6 per cent, compared with 40.9 per cent in 1917, and earnings from United States securities were 9.9 per cent as against 24.3 per cent in 1917, notwithstanding the increase in these earnings from about 1 million to nearly 2½ millions during the present year. Earnings from these three classes of investments account for 91.7 per cent of the total earnings. About $432,000, or 1.8 per cent of the total earnings, is represented by earnings from bank transfers, and about $415,000 by net service charges received in connection with the clearing and collection of checks, which charges were discontinued on June 15. The remainder of the earnings—about 4.8 per cent—is made up of penalties and interest charges on deficient reserves, commissions received on bills and securities purchased for other Federal Reserve Banks, earnings from the sale of foreign exchange, and other smaller miscellaneous profits.

Of the total expenses of operation for the 6-month period, 37.6 per cent, as against 24.1 per cent during the corresponding period in 1917, went as salaries to the clerical staff and 13.5 per cent, as against 28.2 per cent in 1917, as compensation to bank officers. Amounts collected from the Federal Reserve Banks for the support of the Federal Reserve Board totaled $185,116, as against $111,395 in 1917, constituting 5.9 per cent of the total operating expenses of the Federal Reserve Banks, as against 11.2 per cent for the first six months in 1917. Other important items of expense, in the order of volume, were postage, printing and stationery, rent, and expressage.

Current expenses shown are exclusive of $6,425,102 disbursed during the six months by the banks' fiscal agent departments. These amounts are reimbursable by the Treasury Department and are therefore treated separately from the banks' current expenses proper.

Additional net investment in bank premises during the same period amounted to $1,194,263, the Boston, Philadelphia, Richmond, Atlanta, Dallas, and San Francisco banks reporting a total investment on July 1, 1918, of $1,901,874 in banking houses of their own or ground on which to build such houses.

Earnings and current expenses of each Federal Reserve Bank and of the system as a whole for the 6 months ending June 29, 1918.

EARNINGS.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Bills discounted	$1,054,210	$5,896,392	$702,451	$949,550	$821,659	$356,248	$1,800,809	$722,037	$371,844	$884,005	$413,069	$750,813	$14,723,087
Acceptances bought	324,739	2,827,229	394,585	334,777	148,465	133,754	534,352	148,677	105,191	76,789	132,551	463,110	5,624,219
United States securities	43,837	1,051,730	155,862	464,755	40,393	75,692	161,712	42,733	86,254	182,766	89,682	59,619	2,455,035
Municipal warrants	....	2,367	49	....	....	2,026	662	....	6	....	7,995	....	13,105
Profits realized on United States securities	....	....	....	25,688	....	6,789	....	....	....	....	....	....	32,477
Transfers—Net earnings	....	....	....	17,887	....	17,645	150,574	23,316	37,688	92,358	46,322	45,916	431,706
Deficient reserve penalties (including interest)	7,315	6,500	13,146	26,604	49,060	14,870	29,415	22,806	7,403	32,923	11,565	32,694	254,301
Net service charges received	59,694	50,167	47,714	41,030	49,214	21,753	23,405	22,812	27,719	23,569	28,323	20,032	415,432
Commissions received	....	12,588	....	....	....	....	....	....	....	....	....	35,095	47,683
Sundry profits	198,679	435,702	38,284	12,150	17,628	10,603	83,197	11,204	20,300	7,605	15,737	2,050	853,145
Total earnings	1,688,474	10,282,675	1,352,091	1,872,447	1,126,419	639,380	2,784,126	993,585	656,405	1,300,015	745,244	1,409,329	24,850,190

Earnings and current expenses of each Federal Reserve Bank and of the system as a whole for the 6 months ending June 29, 1918—Continued.

CURRENT EXPENSES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Expenses of operation:													
Assessments account expenses Federal Reserve Board	$13,182	$50,449	$16,583	$21,671	$6,582	$7,741	$24,548	$9,381	$7,079	$9,169	$7,546	$11,185	$185,116
Federal Advisory Council (fees and traveling expenses)	285	1,060	253	456	150	205	315	352	150	210	1,498	3,043	7,977
Governor's conferences (including traveling expenses)	70	....	....	145	160	70	....	122	194	127	107	354	1,349
Federal Reserve Agents' conferences (including traveling expenses)	37	84	67	162	128	142	160	144	180	155	172	601	2,032
Salaries—													
Bank officers	33,950	90,788	....	38,375	23,833	25,935	47,196	33,925	24,477	31,395	26,886	42,426	419,186
Clerical staff	96,862	309,628	136,875	102,415	54,992	36,803	126,389	62,687	41,816	56,521	48,386	97,764	1,171,138
Special officers and watchmen	3,394	10,528	....	5,858	2,076	1,750	10,554	2,340	....	2,177	1,586	765	41,028
All other	....	....	....	3,679	1,962	618	3,907	1,230	39	365	2,291	232	14,323
Directors' fees	2,010	9,405	2,220	1,700	1,465	1,010	2,230	3,065	1,690	3,735	730	1,602	30,862
Per diem allowance	540	60	360	490	320	1,248	220	800	420	1,865	480	1,036	7,839
Traveling expenses	389	447	530	707	697	1,380	478	1,075	648	3,285	795	....	10,431
Officers' and clerks' traveling expenses	1,341	2,930	822	5,293	1,742	1,005	3,107	890	980	829	2,420	5,547	26,906
Legal fees	1,200	....	570	....	1,122	525	1,750	....	750	300	1,215	1,423	8,855
Rent	16,107	57,429	4,342	15,419	2,270	8,687	21,014	9,634	5,133	9,205	336	13,205	162,781
Taxes and fire insurance	....	2,083	....	474	43	....	450	....	23	32	[1] 19	122	3,228
Telephone	2,572	5,691	2,957	2,844	895	274	2,597	874	1,223	1,128	661	1,971	23,687
Telegraph	621	1,573	632	1,292	1,013	765	2,965	903	1,236	1,116	1,199	3,607	16,922
Postage	22,417	37,196	15,707	24,561	19,488	11,873	22,273	14,543	14,874	23,234	9,928	19,765	235,859
Expressage	10,065	12,037	10,766	2,445	1,984	1,950	5,563	4,585	8,951	151	11,942	23,744	58,869
Insurance and premiums on fidelity bonds	5,688	7,302	3,934	7,318	512	1,689	3,474	2,735	2,779	4,799	[1] 30	11,150	51,420
Light, heat and power	2,277	5,387	963	967	2,101	124	2,037	....	....	965	1,157	696	16,674
Printing and stationery	13,434	41,441	10,552	23,798	15,875	4,063	23,106	6,693	8,761	9,457	5,278	20,257	182,715
Repairs and alterations	774	5,962	221	6,270	4,180	46	3,729	2,481	531	851	1,120	8,886	35,051
All other expenses n. s.	21,528	110,957	23,005	17,961	6,430	8,312	103,990	6,757	7,698	28,801	8,672	20,476	364,587
Total expenses of operation	248,743	762,527	231,360	284,300	150,020	116,215	412,052	165,217	129,632	189,872	134,354	289,857	3,114,149
Note issues:													
Cost of Federal Reserve currency (including expressage, insurance, etc.)	92,648	124,530	88,707	81,897	27,790	9,233	86,504	19,357	11,429	45,563	633	....	588,291
Miscellaneous charges account note issues (including taxes on Federal Reserve bank note circulation)	....	....	....	2,517	2,626	518	5,343	1,715	1,588	22,562	....	6,220	43,089
Depreciation charges:													
Furniture and equipment	14,245	....	159,221	48,766	28,272	2,164	....	5,954	3,423	5,741	5,953	....	273,739
Bank premises	....	....	82,605	....	....	....	....	....	....	....	....	....	82,605
Remodeling bank building	50,155	....	....	....	....	....	....	....	....	....	....	....	50,155
Total current expenses	405,791	887,057	561,893	417,480	208,708	128,130	503,899	192,243	146,072	263,738	140,940	296,077	4,152,028

[1] Credit.

Earnings and current expenses of each Federal Reserve Bank and of the system as a whole for the 6 months ending June 29, 1918—Continued.

CURRENT EXPENSES—Continued.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Earnings in excess of current expenses...	$1,282,683	$9,395,618	$790,198	$1,454,967	$917,711	$511,250	$2,280,227	$801,342	$510,333	$1,036,277	$604,304	$1,113,252	$20,698,162
Per cent of net earnings to calculated average paid-in capital (annual rate)............	41.0	96.9	23.1	34.7	48.7	34.7	48.1	45.5	37.4	60.1	42.1	51.9	55.9
Dividends declared payable as of June 29..................	187,517	586,271	367,157	452,561	112,973	88,084	284,002	293,294	81,529	201,795	169,065	362,198	3,186,446

Fiscal agent department disbursements of each Federal Reserve Bank, and amounts reimbursed for 6 months ending June 30, also balances reimbursable by the United States Treasury on July 1, 1918.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Balance reimbursable Jan. 1, 1918.........	$143,211	$360,350	$100,033	$139,248	$43,221	$45,694	$287,428	$124,849	$54,127	$86,450	$65,005	$247,604	$1,697,220
Disbursements, Jan. 1 to June 30........	495,413	1,717,350	405,015	524,310	193,624	299,882	1,068,361	448,501	182,626	300,137	237,925	551,958	6,425,102
Total...........	638,624	2,077,700	505,048	663,558	236,845	345,576	1,355,789	573,350	236,753	386,587	302,930	799,562	8,122,322
Amounts reimbursed by United States Treasury, Jan. 1 to June 30..............	209,441	658,827	96,353	133,640	72,476	19,197	400,809	171,076	100,361	116,290	33,651	182,885	2,195,006
Balance reimbursable July 1, 1918.........	429,183	1,418,873	408,695	529,918	164,369	326,379	954,980	402,274	136,392	270,297	269,279	616,677	5,927,316

Cost of furniture and equipment, including vaults; also of bank premises.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Balance as reported Jan. 1, 1918.........	....	....	$25,581	....	$9,065	....	....	$44,499	$29,501	$13,750	$11,000	....	$133,396
Additional purchases during 6 months ending June 29, 1918	$14,245	....	133,640	$48,766	28,272	$2,164	....	22,965	3,423	5,741	5,953	$12,182	277,351
Total..........	14,245	....	159,221	48,766	37,337	2,164	....	67,464	32,924	19,491	16,953	12,182	410,747
Depreciation charged during 6 months ending June 29, 1918.	14,245	....	159,221	48,766	28,272	2,164	....	5,954	3,423	5,741	5,953	....	273,739
Amount recovered account previous expenditure for vault equipment...	....	....	....	....	....	....	....	....	....	2,500	....	....	2,500
Balance July 1, 1918..........	....	....	....	....	9,065	....	....	61,510	29,501	11,250	11,000	12,182	134,508
Bank premises July 1, 1918................	250,000	....	600,000	....	312,979	206,966	....	....	....	....	136,736	395,193	1,901,874

Cost of Federal Reserve currency.

Balance as reported Jan. 1, 1918.........	....	....	$512	....	....	$588	....	$16,167	$12,915	....	$10,161	....	$40,343
Additional cost during 6 months ending June 29, 1918...	$92,648	$124,530	88,195	$81,897	$27,790	51,274	$170,324	43,146	32,580	$45,563	23,221	$83,569	864,737
Total..........	92,648	124,530	88,707	81,897	27,790	51,862	170,324	59,313	45,495	45,563	33,382	83,569	905,080
Cost of Federal Reserve currency charged to current expenses during 6 months ending June 29, 1918.......	92,648	124,530	88,707	81,897	27,790	9,233	86,504	19,357	11,429	45,563	633	....	588,291
Balance July 1, 1918..........	....	....	....	....	....	42,629	83,820	39,956	34,066	....	32,749	83,569	316,789

Earnings and current expenses, by months, from January to June, 1918, of each Federal Reserve Bank and for the system as a whole.

EARNINGS.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
January	$229,863	$1,338,457	$191,710	$323,991	$161,076	$88,287	$435,984	$157,599	$87,962	$184,296	$109,953	$177,636	$3,486,814
February	320,215	1,324,642	175,229	268,970	141,842	80,665	380,723	126,773	82,443	143,098	92,314	219,174	3,356,088
March	276,920	1,866,517	209,376	281,121	152,822	98,726	366,369	133,235	79,780	148,032	107,067	255,202	3,975,167
April	274,298	1,838,393	226,898	339,897	195,000	120,035	510,314	189,521	109,530	245,115	135,677	233,689	4,418,367
May	263,715	1,949,913	256,525	330,207	226,812	123,881	544,357	180,044	138,007	287,308	153,537	258,778	4,713,084
June	323,463	1,964,753	292,353	328,261	248,867	127,786	546,379	206,413	158,683	292,166	146,696	264,850	4,900,670
Total	1,688,474	10,282,675	1,352,091	1,872,447	1,126,419	639,380	2,784,126	993,585	656,405	1,300,015	745,244	1,409,329	24,850,190

CURRENT EXPENSES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
January	$33,030	$161,060	$30,962	$63,628	$21,523	$17,832	$51,281	$28,236	$21,829	$41,816	$19,517	$37,456	$528,170
February	38,017	154,282	41,460	59,966	28,292	16,821	54,167	28,301	19,596	40,698	20,034	37,282	538,916
March	47,763	136,070	42,992	66,183	40,671	19,869	65,471	33,221	22,814	45,941	22,725	46,458	590,178
April	39,754	141,295	38,567	77,965	40,006	19,546	123,181	30,416	26,031	37,401	23,532	47,620	645,314
May	41,376	139,873	58,766	72,779	36,609	18,177	89,769	34,279	25,667	50,775	23,333	65,987	657,300
June	[1] 205,851	154,477	[1] 349,146	76,959	41,607	[1] 35,885	120,030	37,790	30,135	47,107	31,799	61,274	1,192,060
Total	405,791	887,057	561,893	417,480	208,708	128,130	503,899	192,243	146,072	263,738	140,940	296,077	4,152,028

[1] Increases shown for some of the banks for the month of June are due to special charges against current expense at closing of books on June 30, account cost of unissued Federal Reserve currency, depreciation of furniture and equipment, and bank premises; also in the case of the Boston bank, remodeling banking quarters.

Report of the Capital Issues Committee.

The following report of the Capital Issues Committee of the Federal Reserve Board, dated July 17, 1918, has been presented to the Board:

To the FEDERAL RESERVE BOARD,

Washington.

SIRS: The undersigned, appointed by the Board, members of its "Capital Issues Committee," beg to report as follows:

In his annual report to Congress, dated December 3, 1917, the Secretary of the Treasury referred to the importance at this time of avoiding unnecessary capital expenditures in both public and private enterprises. While no specific authority was conferred upon the Secretary to approve or disapprove new undertakings, a number of corporation executives, bankers, and municipal officials, inspired by the wish not to do anything which might in any way retard the nation's efforts in the prosecution of the war, submitted to the Secretary plans for new enterprises and the Secretary invited persons intending to offer securities for sale or subscription to first submit them to him so that he might express his opinion as to the compatibility of such issues with the public interest. The number submitted grew so rapidly that, in a letter dated January 11, 1918, Secretary McAdoo invited the Federal Reserve Board "as another patriotic service to assume the responsibility of passing upon such proposals as may be submitted to them in respect to capital expenditures or issues of new securities," and made public a statement to this effect, adding that "this is not alone a question of capital, but of material and labor."

At its meeting on January 14, 1918, the Board passed a resolution accepting this charge and appointed the undersigned a committee and authorizing them to engage the necessary staff and to appoint an expert advisory committee to assist it in investigating and passing upon all cases that might come before the committee, subject to the approval of the Board.

The advisory committee appointed consisted of the following: Allen B. Forbes, chairman, senior partner of Harris, Forbes & Co., New York; Frederic H. Goff, president Cleveland Trust Co., Cleveland, Ohio; Henry C. Flower, president Fidelity Trust Co., Kansas City, Mo.; Stephen L. Selden, executive secretary; James Q. Newton, assistant executive secretary; Bradley W. Palmer, counsel; all of whom, in a spirit of patriotism, agreed to serve without compensation. W. T. Chapman was appointed secretary of the Board's committee, to serve without compensation.

The advisory committee thereupon was authorized to engage offices in the National Metropolitan Bank Building, Washington, where it proceeded to organize a staff of paid employees.

Under date of January 24 the committee addressed a letter to all Federal Reserve agents, inclosing draft of letter which would be sent to them upon organization of the Advisory Committee. These letters, which announced the policies adopted by the committee up to that time, instructed the agents, in consultation with the governors of their respective Federal Reserve Banks, to work out lists of names of persons suitable for the purpose of serving on an auxiliary committee of five (including the agent and the governor) to investigate such cases as might be referred to it from Washington, and to make recommendations thereon; also lists of names of persons suitable for the purpose of serving as additional or substitute members of the auxiliary committee in each district, such auxiliary committees to be composed of bankers, manufacturers, and men of technical training commanding such skill and experience as to qualify them in advising the Capital Issues Committee at Washington with respect to applications originating in their particular localities. The cases to be dealt with were expected to cover particularly State and municipal issues and financing involving manufacturing or public utilities. From the names submitted the Capital Issues Committee appointed the following committees:

DISTRICT NO. 1—BOSTON.

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

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

DISTRICT NO. 2—NEW YORK.

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

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

DISTRICT NO. 3—PHILADELPHIA.

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

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

DISTRICT NO. 4—CLEVELAND.

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

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

DISTRICT NO. 5—RICHMOND.

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

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

DISTRICT NO. 6—ATLANTA.

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

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

DISTRICT NO. 7—CHICAGO.

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

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

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DISTRICT NO. 8—ST. LOUIS.

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

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

DISTRICT NO. 9—MINNEAPOLIS.

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

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

DISTRICT NO. 10—KANSAS CITY.

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

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

DISTRICT NO. 11—DALLAS.

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

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

DISTRICT NO. 12—SAN FRANCISCO.

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

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

All of these local committee members undertook to serve without compensation. Where requested, authority was given local committees, however, to engage the services of paid secretaries.

In its letter of January 24 the committee stated that it was planned to operate on the same basis as that adopted by the English Capital Issues Committee; i. e., through voluntary cooperation of those having to do with the issue of securities, and stated that, at the outset, it would consider industrial and public utility issues of $500,000 and over and municipal issues of $250,000 and over, adding that the expression of this policy did not mean that the committee did not earnestly invite the cooperation of all in reducing and eliminating issues of even smaller amounts incompatible with the national interest. The committee stated, however, that it hoped in due course to deal also with transactions of lesser scope. On February 22 the limit on municipal issues was reduced from $250,000 to $100,000, it being found that in a great many districts the majority of the municipal issues (and particularly those that might well be postponed) were of amounts smaller than $250,000. On April 23 the minimum on industrial and public utility securities was reduced from $500,000 and over to $100,000 and over, in conformity with the language of the then pending War Finance Corporation Act.

The committee stated also, in its letter of January 24, that, in passing upon applications it would be guided by the following considerations only, viz: (1) Whether the offer is timely with respect to the financial operations to be undertaken by the Government from time to time; and (2) whether the objects for which the funds are to be raised by the offer of securities are compatible with the public interest; and added that it did not expect to pass upon the issue of obligations having to run less than one year.

From time to time the committee addressed to the chairmen of all subcommittees letters expressing the policies adopted by it. The main principles laid down were as follows:

The committee and the subcommittees were to be guided in their deliberations by the thought that only by subordinating local and personal interests to the public welfare and by the enforcement of the most rigid economy in matters of personal expenditure could the United States hope to bear its part of the financial burden of the war and to release sufficient labor and materials for war purposes without depletion of our own resources. From this point of view favorable action should be taken only where State, county, municipal, corporate, or individual financing involved projects which would contribute to the successful prosecution of the war or which were essential to the public health and welfare.

The committee would consider favorably applications submitted to it involving the refunding of maturing obligations.

The committee would consider favorably applications submitted to it involving the funding of capital expenditures incurred prior to February 1, 1918; provided, however, that the committee might deviate from this policy if available cash assets reasonably might be used for the payment of such debts in whole or in part or excessive cash distributions to shareholders were contemplated, or in cases where the requirements of the corporation could be met in some other manner without risk or hardship. The committee stated that funding of banking indebtedness incurred after February 1, 1918, for incompatible purposes would not be permitted. The committee was particular to point out that what must be avoided was that those intending to apply for permission to issue securities first running into debt, conceivably for purposes not compatible with the public interest, and then asking for permission to fund the banking indebtedness already incurred.

The committee adopted as a general basis for its conclusions the policy that the sale of only such new securities ought to be considered favorably as would finance projects likely to bring results within a year, stating that exceptions would be granted in cases where Government departments advised that, as a matter of military or economic protection, work ought to be undertaken extending over a year, or where so much money had already been invested that the amount necessary to complete might be considered as irrelevant as compared with that already hazarded in the undertaking.

With respect to the question of road building and new development of arable lands, so far as they were to be financed by new bond issues, the committee adopted as its policy that, in passing upon issues for road construction or for irrigation or drainage projects covering lands not theretofore under cultivation, favorable consideration should be given only to those of great economic or military importance and from which definite results were to be secured in time to be of assistance in meeting the present emergency. (In dealing with these cases, the committee acted in close touch with Mr. Logan Waller Page, of the Federal Bureau of Public Roads, and Maj. Gen. Goethals, and the committee desires to express its sincere appreciation of the prompt, efficient, and courteous cooperation rendered to it by these able gentlemen.) In this connection, the committee was represented at a conference held in Washington at which were present Mr. Page and members of the executive committee of the American Association of State Highway officials, an official body whose membership is composed of 48 State highway departments. A quick and loyal appreciation of the Nation's needs and of the necessity for subordinating local benefits to national needs was shown by the representatives of the several States.

On February 8 the committee gave public hearing to representatives of the national organizations of the public utilities companies of the country. These organizations pledged their hearty support and cooperation with the work of the committee and assured it that, during the period of the war, capital expenditures by them would be limited strictly to the most imperative needs. This hearing was followed by a conference on February 28 with the war committee, representing the public service commissions of the several States. The purposes of the committee were outlined to the commissioners, who stated that they had already accomplished a great deal along the same lines and expressed the heartiest desire to cooperate in every way possible to subserve the national interests during the period of the war.

On February 28 a conference was held by the committee and its advisory committee with the chairmen of the various subcommittees. At this conference the local representatives were carefully instructed as to the aims and objects of the committee and their questions fully answered. In opening the conference the chairman read the following resolution adopted by the committee:

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

On March 19 a conference was held with Commissioner of Education Claxton and Lieut. Col. L. P. Ayers, a member of the General Education Board, now acting as statistician for the General Staff of the United States Army, for the purpose of coordinating the policies of the committee with those of the educational authorities, with a view to developing a practical and at the same time scientific method of dealing with applications involving the question of the building of new schools and the possibility of using temporary structures available or to be constructed.

The result of this conference was an arrangement whereby Dr. J. A. C. Chandler, superintendent of schools of Richmond, Va., spent half of each week in Washington for the purpose of advising the committee with respect to such issues. Dr. Chandler, whose work in this connection was under the supervision of Commissioner Claxton, had the advice of Dr. George D. Strayer, of the faculty of Columbia University, New York, now serving on the War Savings Committee at Washington, as well as that of Col. Ayers.

The Liberty loan campaign approaching, on April 4 the committee adopted the following resolution:

Voted to recommend the postponement wherever possible of the issue or public offering of securities of every kind during the pending campaign for the Liberty loan, this recommendation not applying to cases where securities must be sold or offered to provide for maturities. In case of issues already passed upon by the Capital Issues Committee but not as yet made or offered for sale, it is hoped that such issues, wherever practicable, may also be postponed and that the subcommittees will use their influence to that end.

In a statement to the press on April 8, the committee announced that, as the process of making capital available to the Government necessarily involved the creation of a surplus of labor which, in turn, caused a period of unemployment during which labor disengaged from nonessential industry might be diverted to essential industry, the committee had conferred with Mr. John B. Densmore, director of the United States Employment Service, and Mr. Frank Morrison, secretary of the American Federation of Labor, the result of this conference being the adoption of a plan under which the committee, before acting upon any application whose approval or disapproval would affect seriously labor conditions, would seek the advice of the United States Employment Service, whose successful efforts to secure a scientific distribution of labor fitted to prevailing conditions were heartily supported by the American Federation of Labor.

In dealing with States, municipalities, or counties, the Capital Issues Committee considered mainly expenditures for the following purposes: Hospitals, schools, sewers, filtration plants, municipal buildings, electric-light plants, roads, parks, and bridges. When considering applications of this character, the committee made it a rule to seek advice from the Federal departments, boards, and commissions having particular knowledge in the premises, for the purpose of determining whether or not the expenditure involved was essential for the successful prosecution of the war or for the health and necessary comfort of the people. Except when acting upon securities issued for the purpose of providing funds for the renewal of maturing obligations, only those cases that were found to be compatible with the public interest, as above defined, received the approval of the committee. In reaching its conclusions it observed the broad principle that the use of capital, material, or labor could be justified only where results could be expected within a very reasonable time. Thus, applications for roads were acted upon favorably only when it was satisfactorily established that they were of military importance, leading to camps, docks, or shipbuilding plants or establishments producing materials necessary for the prosecution of the war, or whenever they were shown to be important from an agricultural standpoint in order to open up agricultural districts or to make their products available for ready distribution. In the case of hospitals the committee sought the advice of the Surgeon General as to whether or not new buildings were absolutely required and, if so, whether or not temporary buildings could be used instead of permanent ones, as temporary buildings absorb less material, less labor, less transportation, and less money. Monumental buildings and parks or bridges merely involving greater comfort or luxury were disapproved. In many instances the controllers of certain States and cities consulted with either the central committee or the subcommittees of their districts, discussing their budgets item by item, and almost invariably these conferences resulted in the elimination of unnecessary expenditures and a substantial reduction in the estimated appropriations.

The committee applied the same broad principle of compatibility to applications for the issue of securities to finance industrial and public utility enterprises.

The committee adopted the following procedure with respect to the treatment of applications: Applicants were instructed to make applications in duplicate, forwarding original direct to the committee at Washington and filing duplicate with the subcommittee, as set forth in printed instructions to applicants. When applications were received or any other case presented for consideration or action, the matter was referred in the first instance to the advisory committee at Washington, which made the proper preliminary investigation, in such manner as it deemed necessary, and presented its report and recommendation to the Board's committee at a joint meeting of the two committees. The Board's committee then voted as to the action to be taken or required such further facts and information, or further investigation, as appeared desirable. The decision in each case was made by the Board's committee, and a formal letter announcing such decision was signed by the chairman, or acting chairman, of the Board's committee. The following were adopted as the formal letters to be written after consideration of applications:

(Approval.)

No. ——. (Date.)

Referring to the issue of —— by the ——.

After inquiry into the purpose of the issue above described, we are of opinion that the sale thereof is not incompatible with the interest of the United States.

This finding constitutes no approval of such issue as regards its merits, security, or legality in any respect.

In any public offer of the said issues for investment by advertisement or circular, and whenever reference is made to this opinion, it is requested that the statement quoted below shall be incorporated in full.

Yours, faithfully,

Capital Issues Committee of the Federal Reserve Board,
By —— ——, *Chairman*.

Passed as not incompatible with the interest of the United States, but without approval of the merits, security, or legality. Opinion No. ——
(Signed) Capital Issues Committee of the Federal Reserve Board.

(If this issue is advertised, a copy of the advertisement should be sent to the committee for its information.)

(Disapproval.)

No. ——. (Date.)

Referring to the issue of —— by the ——.

We have had an investigation made of your proposal and have reached the conclusion that the national interest will, in our judgment, best be served if your operations were postponed until after the war.

The committee has asked me to express to you its sincere appreciation of the spirit in which you have submitted the matter for its opinion, and regret that, in view of the paramount necessity of conserving all financial resources, as well as labor and materials, during the period of the war, its finding could not be different.

Yours, faithfully,

CAPITAL ISSUES COMMITTEE OF THE FEDERAL RESERVE BOARD,
By ——— ———, *Chairman.*

The advisory committee held separate meetings, voting thereat upon the recommendations to be made by it to the Board's committee. Minutes were kept of such meetings and formed the basis of presentation and action at the joint meetings of the two committees.

Minutes of the joint meetings were kept by the secretary of the Board's committee, and, when approved by that committee, they were submitted for the approval of the Federal Reserve Board.

The rule was adopted for all committees that no member should take part in or vote upon any matter in which, directly or indirectly, such member might personally be interested, and that whenever any member felt that, for the above reason, he should not serve in dealing with a particular case, he should so state and give opportunity for the appointment of a substitute to act in his stead. In the case of members of the advisory committee, a member of the Federal Reserve Board's committee was authorized to act as such substitute; in the case of members of the Board's committee, another member of the Board was authorized to act as such substitute.

Forty-six meetings of the committee were held, at which some 361 applications, aggregating $478,458,386.10, were disposed of, classified as follows:

	Municipal.	Public utility.	Industrial.	Total.
Amount considered..	$86,878,512	$172,069,605	$219,510,269	$478,458,386
Amount disapproved	19,791,665	6,000,000	39,900,000	65,691,665
Aggregate approved.......	67,086,847	166,069,605	179,610,269	412,766,721
Less "refunding"....	21,392,312	125,860,284	111,411,900	258,664,496
Aggregate new issues........	45,694,534	40,209,321	68,198,369	154,102,224
New issues last year, same period........	108,952,865	107,504,075	287,754,684	504,211,624
Analysis of new issues approved:				
Amount original applications....	65,486,199	46,209,321	108,098,369	219,793,889
Amount approved.........	45,694.534	40.209,321	68,198,369	154,102,224
Curtailment effected........	19,791,665	6,000,000	39,900,000	65,691,665
Analysis of applications informally discouraged:				
Number..........	8	3	6	17
Amount..........	$8,915,000	$7,360,000	$3,590,000	$19,865,000

In addition to this tangible result, it is safe to assume that the committee's very existence and the campaign of education inaugurated by it have resulted in discouraging at the source commitments for capital expenditures, thereby conserving material, labor, and credit for essential industries and the use of the Government. In spreading its gospel the committee was helped greatly by the willing cooperation of the public press. At the close of each week a statement was made public of the work accomplished during the week, together with such additional facts and comment as the committee felt would be helpful. A volume of these press statements is submitted herewith.

Exhibit II, submitted herewith, is a volume containing the general letters and telegrams sent to subcommittees. These communications contain the statements of policy to be pursued and the general orders of the committee.

In asking to be discharged, the committee desires to express its warm appreciation of the loyal support received from the American Bankers' Association; the Investment Bankers' Association; the New York, Philadelphia, and Chicago Stock Exchanges; the Boston Chamber of Commerce; and many other organizations which adopted resolutions in support of the committee's work and whose members pledged themselves not to deal in securities issued without the approval of the committee. The committee in order to succeed had to rely entirely upon voluntary cooperation, and without this unreserved support it could not have achieved adequate results.

The committee's sincere appreciation is due to the advisory committee. The impartiality, patience, tact, and skill with which they availed themselves of this difficult task gained for them the confidence and good will even of those whose applications had to be refused.

The committee's thanks are due to the members of the local committee, and particularly to those who worked upon the permanent committees of the several districts. Their zest and devotion were of invaluable service to the committee.

A statement (marked "Exhibit IV") is attached, showing the cost of the work done by the committee.

Respectfully submitted.

PAUL M. WARBURG,
C. S. HAMLIN,
F. A. DELANO,
Committee.

Council of State Banking Associations.

There was held in St. Louis, Mo., on July 15, 1918, a meeting of representatives of State banking associations, at which the following resolutions were adopted:

Whereas the extraordinary conditions through which the world is now passing has developed new problems and greater responsibilities which must be met and solved by the bankers of the United States, and fully realizing that the welfare of the Nation can best be served by the fullest extension of both the National and State banks systems, neither system conflicting with the other, but each cooperating with and assisting the other in financing the war, in developing our natural resources, and in extending our commerce; therefore be it

Resolved by the representatives of State banks, trust companies, and private banks in association assembled in the city of St. Louis, Mo., on July 15, 1918, as follows:

(1) That we approve the call for this meeting, which was made by the supervisors of State banks and trust companies.

(2) That we recommend that State banks, trust companies, private banks, and savings banks, located in the several States, form a State organization for the purpose of conserving and protecting those local privileges and interests which have been developed and become inherent in State financial institutions; and for the further purpose of securing such legislation as may be necessary to perfect the State banking systems.

(3) We recommend that such State bank sections of organizations cooperate with existing State bank organizations in so far as their interests do not conflict.

(4) It is not the purpose of this association to oppose or in any way antagonize the Federal Reserve system as at present constituted, but it is our desire to aid and assist the Federal Reserve Board in every way possible for the promotion of safe and sound banking.

(5) That this council cooperate with the American Bankers' Association and the bankers' associations of the several States in all matters affecting banking interests, and it is not our purpose to withdraw in any way support from either of said associations.

(6) That we renew and redeclare our allegiance to Woodrow Wilson, the Commander in Chief of our Army and Navy. We pledge "all that we are and all that we have" to a victorious termination of the great conflict between medieval autocracy and the free people of the world. In our organized capacity we stand ready to respond in the future as State banks have responded in the past to every call made by our Government for either moral support or financial aid.

(7) That the secretary of this association be, and he is, directed to forward a copy of these resolutions to the President of the United States and to the Secretary of the Treasury; also a copy to the president of the American Bankers' Association and to the president of the several State banking associations and to the chairmen of the Federal Reserve Board.

The following resolution was presented and voted down, eight States voting in favor of it, including Ohio, Illinois, Michigan, Wisconsin, Missouri, Texas, and Tennessee. Twenty-two States voted in opposition to it.

Whereas, in view of the fact that the American Bankers Association has a membership of over 18,000, which is composed of 6,141 national banks, 8,251 State banks, 1,605 trust companies, 1,461 savings banks, to say nothing of the private banks of which number the information is not at hand, making over 11,000, or over 65 per cent of its membership which are not national banks; and

Whereas it has a savings bank section, a trust company section, a state bank section, a national bank section, and a State secretaries' section; and

Whereas through its educational department, its protective department, its legislative committees, and other subordinate organizations, it is able to and does fairly represent the banking interests of the United States, therefore, it can be and is an agency through which every bank may have full and free expression and outlet for its activities; and

Whereas it is the imperative duty and first obligation of every financial institution to do its full part for the Government at all times, particularly during the war, in assisting the Government in all financial matters; and

Whereas this can be accomplished much better through an organization representing all financial institutions of the country, regardless whether they be national banks or otherwise: Therefore be it

Resolved, That a new organization would lessen the efficiency of the banks of the country as a whole and that a new association is unnecessary and unwise at this time.

As a result of the meeting there was created a United States Council of State Banking Associations with the following officers:

W. H. Booth, president, Los Angeles, Cal.
Wm. Macferran, vice president, Topeka, Kans.
Geo. W. Rogers, vice president, Little Rock, Ark.
F. H. Sisson, secretary, New York.
Wm. B. Boulton, treasurer, Morristown, N. J.

EXECUTIVE COMMITTEE.

First district.—Albert O. Brown, Manchester, N. H.
Second district.—Charles H. Sabin, president Guaranty Trust Co., of New York.
Third district.—George H. Earle, jr., president Finance Co. of Philadelphia, Pa.
Fourth district.—Malcolm McGiffin, president Fidelity Title & Trust Co., Pittsburgh, Pa.
Fifth district.—Emory L. Coblentz, president Central Trust Co., Frederick, Md.
Sixth district.—Forrect Lake, president Seminole County Bank, Sanford, Fla.
Seventh district.—H. A. Moehlenpah, Clinton, Wis.
Eighth district.—Chas. C. McCain, vice president and secretary Bankers Trust Co., Little Rock, Ark.
Ninth district.—George G. Johnson, vice president First & Peoples State Bank, Thief River Falls, Minn.

Tenth district.—Chas. L. Engle, president Commercial Bank, El Reno, Okla.

Eleventh district.—Travis Oliver, vice president Central Savings Bank & Trust Co., Monroe, La.

Twelfth district.—John S. Drum, president Savings Union Bank & Trust Co., San Francisco, Cal.

Articles of association of the council were adopted as follows:

ARTICLES OF ASSOCIATION OF THE UNITED STATES COUNCIL OF STATE BANKING ASSOCIATIONS.

ARTICLE I.

SECTION I. This organization shall be called the United States Council of State Banking Associations.

SEC. 2. The objects of this organization shall be to promote the general efficiency and welfare of the American banking system, to obtain cooperation between States and with the National Government in securing sound, uniform, and constructive legislation, both State and National, and to bring about a general strengthening of the banking, financial, and general economic condition of the Nation.

ARTICLE II.

SECTION 1. Any association of State banking institutions shall be entitled to membership in this council on application of the Secretary and approval by the executive committee.

SEC. 2. For each class of State banking institutions represented each State may be represented by one delegate, not exceeding three in all.

SEC. 3. In any State where no organization of State banking institutions exist a section of a State banking association representing State institutions only may be entitled to membership in this council on the same basis as outlined in section 2.

SEC. 4. Every member of this council shall be entitled to be represented at each of its meetings by one to three delegates or alternates who shall vote in person, not by proxy.

SEC. 5. Voting at any meeting of the council shall be viva voce, unless a majority of the members represented at such meeting shall by vote otherwise direct, in which event it shall be by ballot, each member present being entitled to but one vote.

ARTICLE III.

SECTION 1. The officers of this council shall consist of a president, one or more vice presidents, a secretary and a treasurer, all of whom shall be elected by ballot by the members of the council at an annual or special meeting, and shall hold office for one year and until their successors be chosen. All officers must be chosen from members of State banking associations represented in this council.

ARTICLE IV.

SECTION 1. All powers necessary for the government of the council shall be vested in an executive committee, which shall be composed of 12 members, elected from representatives from each Federal Reserve district. Each representative shall be elected by the representatives from the associations located in his Federal Reserve district.

SEC. 2. The executive committee shall have general charge of the business of the council and the disbursement of its funds. It shall arrange for the meetings of the council, select subjects for discussion, and at each annual meeting shall render a report covering its official acts, and submit such business as may require attention.

The executive committee may employ an executive secretary and such other assistants as they deem necessary.

Any seven members of the executive committee shall constitute a quorum for the transaction of business. The executive committee shall have the power to fill, for the unexpired term, any vacancy which may occur either in their own body or in the board of officers.

SEC. 3. Each member of the executive committee shall serve for the term for which he shall have been elected and until the election of his successor.

Four members of the first executive committee shall be elected to hold office for one year, four for two years, and four for three years. At the expiration of the first year and each year thereafter four members shall be elected and shall serve for three years.

After each annual election the executive committee shall meet for the purpose of election of officers and the transaction of other business, at such time and place as they may appoint or as may be fixed by the members of the council.

SEC. 4. The executive committee shall meet in session for organization and other duties within 24 hours after the final adjournment of the annual meeting.

SEC. 5. Other meetings of the executive committee shall be held on the request of three of its members or by direction of the president.

Notice of the time and place of each meeting and of the business to be transacted thereat shall be given to the members of the executive committee by delivering or mailing a copy of such notice to all the members at least two weeks prior to the meeting.

SEC. 6. Provision shall be made from the funds of the council to meet the necessary expenses of the members of the executive committee in attending meetings.

SEC. 7. The executive committee shall have authority to create a bureau of State and Federal legislation and to appoint the members thereof, and shall likewise have authority to terminate the existence of such bureau and to remove any member thereof. Such bureau shall consist of such number of members as may seem to them proper, and the general council shall be one of said members. The members of the bureau shall receive such compensation as may be fixed by the executive committee.

The bureau shall be empowered to provide suitable quarters for itself at such place or places as may be needed and to employ all necessary assistants and too fix their compensation, and do all things required to carry out the purpose of its existence, subject at all times to the direction and approval of the executive committee. All such expenses so incurred shall be borne by the association.

The bureau shall perform such duties and render such services as the executive committee or the association may from time to time direct.

ARTICLE V.

SECTION 1. The president shall preside at all meetings of the council and of the executive committee and appoint all committees, with the approval of the executive committee, and have general charge of the interests of the council and ex officio be a member of all committees.

In case of the absence or disability of the president, all his powers and duties may be discharged by a vice president.

In case of the absence or disability of the president, and all vice presidents, the executive committee may designate one of its own number to act as president pro tempore.

SEC. 2. The secretary shall have charge of the records and correspondence of the executive committee and council and discharge such other duties as may be assigned to him by the executive committee.

SEC. 3. The treasurer shall receive and disburse all moneys under the direction of the executive committee, and shall prepare and submit a statement of the financial condition of the council at such times and in such manner as the executive committee may require. No payments shall be made by the treasurer without the written approval of the president, a vice president, or secretary.

ARTICLE VI.

SECTION 1. The annual meetings of the council shall be held at such times and places as may be designated by the executive committee.

Special meetings of the council may be called at such times and places as the executive committee may direct.

Notice of the time and place of each special meeting, and of the business to be transacted thereat, shall be given to the members of the council by delivering or mailing a copy of such notice to all the members at least two weeks prior to the meeting.

At least one month's notice of regular meetings shall be given to all the members of the council.

ARTICLE VII.

SECTION 1. The expenses of the council shall be provided for by annual dues imposed upon each member of the council.

SEC. 2. The annual dues of the council as fixed by the executive committee shall be payable upon call from the treasurer. The basis of this assessment shall be the relative banking resources of the State institutions represented by the member associations.

The fiscal year of the council shall end June 30 of each year.

It shall be the duties of the executive committee to prepare a budget of estimated expenses for the succeeding year to be submitted at each annual meeting of the council, together with the basis of assessment to provide funds therefor.

ARTICLE VIII.

At each annual meeting of the council a nominating committee of 12 members, including 1 from each Federal Reserve district, shall be elected by the delegates. This committee shall report at the next annual meeting of the council a list of nominations for the officers of the council, and expiring memberships of the executive committee.

ARTICLE IX.

These articles of association may be amended by the affirmative vote of two-thirds of the delegates present at any annual or special meeting.

Financing of Grain.[1]

Some months ago, acting under the direction of the President, the Federal Trade Commission, in connection with the Department of Agriculture, began a general food investigation. This work was ultimately subdivided into several investigations, one of which was grain exchanges and marketing. In the early stages of this last investigation it appeared that there existed considerable differences as between different sections of the country in the methods of financing the grain trade, and it therefore became necessary to attempt some study of these differences as well as to ascertain the scope, character, and methods of financing the grain crop. The work which is being and has been done along this line may roughly be subdivided into two parts: (1) Interviewing, and (2) statistical information.

(1) In the first place, the field men on the exchange and marketing investigation were given specific instructions to obtain in their interviewing work all possible general information in regard to grain crop financing. Infor-

[1] Furnished by the Federal Trade Commission.

mation of this character, however, is necessarily very general, and it was considered necessary to supplement this by obtaining detailed statistical information with reference to this subject.

(2) The statistical returns requested by the commission may roughly be divided into three sections:

(*A*) Information from country elevators.

(*B*) Information from terminal market concerns engaged in the grain trade.

(*C*) Information from banks.

(*A*) The commission has already sent out to country elevators several thousand schedules, and several thousand more will shortly be sent out. These schedules ask for the amounts owed at the end of each quarter for the crop years 1913–14 and 1916–17, together with the maximum and minimum outstanding during each year and the sources of such borrowed funds. In addition, the country elevators are requested to specify the maximum amounts owed on open accounts to farmers for grain delivered during each crop year 1913–1917.

(*B*) Schedules have either been, or shortly will be, sent out by the investigation to all concerns engaged in the grain business in the following cities: Chicago, Minneapolis, Duluth, Milwaukee, Kansas City, Omaha, St. Louis, Peoria, Indianapolis, Cincinnati, Louisville, New York, Buffalo, and Philadelphia.

These schedules vary considerably in general content, depending upon the size of the market. Similarly the questions asked with reference to the financing of grain show considerable variations. The minimum, however, which is required from each concern in any of the markets is the maximum amount of money borrowed in each year from 1913–1917 together with the names of the principal lenders of such funds.

(C) Necessarily the most important information for the study of grain financing is contained in the schedule for banks and banking houses. This schedule either has gone out, or will go out, to the great bulk of the banks and banking houses in each terminal market mentioned above which are engaged in financing the grain trade. It requests the return by months for the years 1913–1917 of loans made by each bank or banking house to the grain trade:

(*a*) Based on bills of lading;

(*b*) Based on warehouse receipts;

(*c*) Based on other collateral;

(*d*) Unsecured, and

(*e*) Total.

With these there are combined a set of questions which with some changes, applicable to particular markets, are as follows:

(1) Number of regular grain firm customers at close of each year 1913–1917.

(2) Number of customers that were granted unsecured loans in each year 1913–1917.

(3) Number of local grain concerns receiving loans who are not regular depositors together with the character of the loans.

(4) Minimum ratio of average deposit balance to loans required by bank and whether this applies both to collateral and unsecured loans.

(5) Maximum single secured and unsecured loans in each of the last five years.

(6) Does the bank buy grain paper through brokers together with the amount bought in each of the last five years?

(7) Does the bank have a regular scale of collection charges on bill of lading drafts applying to all grain customers together with the scale of charges?

(8) Does the bank accept warehouse receipts as collateral for all grain customers, and if so, to what amount of their face value?

When the full returns to the bank schedule and the questions on financing contained in the other schedules mentioned have been received by the commission, they will be combined and consolidated and analyzed in the light of the general information gathered by the field force with reference to financing. Although it may be necessary, as a result of this analysis, to seek for some further explanation of certain phenomena either from the banks or concerns engaged in the grain trade, since it is impossible to forecast, or determine, in advance what the figures requested will show, it is believed that the schedule returns combined with the information obtained by the field force will permit a comprehensive discussion of grain financing without requesting further information. Practically all the banks and the banking houses have shown a most cooperative spirit and have greatly facilitated the investigation by promptly sending in returns, as requested. It is hoped that the results of this study will be of value not only to the grain trade but also to the banks financing such trade.

Acceptances in Cotton Financing.[1]

The use of both bank and trade acceptances promises to be an important factor in financing the 1918 cotton crop. This is due largely to the efforts of The National Association of Cotton Manufacturers, under whose auspices a conference of cotton manufacturers, shippers, and bankers was held at New York on May 3. The Federal Reserve Board was represented at this meeting by Governor Harding, who, in the principal address, highly recommended the use of acceptances as a means of easing the strain put upon the bankers of the country during the crop-moving period. At the meeting, which was largely attended, the use of acceptances in its relations to each factor interested in raw cotton marketing was fully discussed, but because of the importance of the problem and the many points involved, it was thought unwise to make any definite recommendations at that time. A committee of nine—composed of three cotton shippers, three manufacturers, and three bankers—was, however, appointed to consider the problem carefully and report at a later meeting. This committee consisted of the following:

Cotton manufacturers—Randall N. Durfee, Fall River, Mass.; Charles B. Luther, Fall River, Mass.; Charles T. Plunkett, Adams, Mass.

Shippers—Bernie L. Anderson, Fort Worth, Tex.; Joseph Newburger, Memphis, Tenn.; Charles L. Tarver, Dallas, Tex.

Bankers—Hon. Theodore E. Burton, New York; J. E. Bouden, New York; E. L. Rice, Memphis, Tenn.

After thorough study and many conferences with the interests which they represented, the committee held a meeting at New York on June 8, at which Governor Harding was also present. In the discussion of the various phases of the question, the chief difficulty which developed was due to the fear of Southern interests that banks in that section would be unable, after financing the crop until the harvest, to carry it on acceptances. It was pointed out, however, that there is a constant demand for this class of paper and that a quantity of it in the portfolio of a bank would strengthen rather than weaken the institution's financial position. The meeting realized that it would be impossible to make any hard and fast rule governing the financing of cotton, but it was felt that acceptances should be used whenever practicable, in order that the credit transactions involved could be as widely and as easily distributed as possible. With this feeling the following resolution was passed:

Resolved, That this committee recommends that, in connection with present methods, bank and trade acceptances be employed, so far as practicable, by shippers and spinners in financing this season's cotton crop.

In connection with this movement for the increased use of acceptances, the recent proposal of the National Association of Cotton Manufacturers that a chain of cotton ware-

[1] Furnished by Mr. Rufus R. Wilson, secretary National Association of Cotton Manufacturers.

houses, to be established at both northern and southern points, and conducted under the direct supervision of the Secretary of Agriculture, is of particular interest. Such warehouses would not only greatly ease the strain usually put on transportation facilities during the period of winter congestion, but would issue receipts guaranteeing weights, and grades, which would furnish the very best collateral to aid in the financing of the crop. Such receipts, if attached to trade acceptances, would immediately put them into the highest class of commercial paper regardless of the financial standing of the drawers and acceptors. This would not only remove the main difficulty raised at the New York meeting, but would tend to stabilize the price of cotton, an end which is very desirable from all standpoints.

The importance of this movement can be hardly overestimated. In 1916 the cotton crop was worth over a billion and a quarter dollars—with the exception of corn, our most valuable crop. The 1917 crop was worth nearer two billion dollars. That portion of the crop consumed in this country has been sold for cash to the spinners, who have had to finance their purchases by the use of ordinary commercial paper. Whatever proportion of the huge amount involved can be put into acceptances will be a distinct aid to our credit system, and should be encouraged by the banking interests of the country.

Amendments to the Federal Reserve Act.

In order to furnish an accurate reply to many questions as to the present status of legislation designed for the amendment of the Federal Reserve Act, there is presented herewith the bill now pending in conference committee both as passed by the House and by the Senate. The lines crossed out represent the bill as passed by the House and amended by the Senate. The House rejected the Senate amendments, and the bill is now in conference.

[Sixty-fifth Congress, second session. H. R. 11283. In the House of Representatives. July 3, 1918. Ordered to be printed with the amendments of the Senate numbered.]

AN ACT To amend and reenact sections four, eleven, sixteen, nineteen, and twenty-two of the Act approved December twenty-third, nineteen hundred and thirteen, and known as the Federal reserve Act, and sections fifty-two hundred and eight and fifty-two hundred and nine, Revised Statutes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, (1) ~~That section four of the Act approved December twenty-third, nineteen hundred and thirteen, known as the Federal reserve Act, be amended and reenacted by striking out that part of such section which reads as follows:~~

~~"Directors of Class A and Class B shall be chosen in the following manner:~~

~~"The chairman of the board of directors of the Federal reserve bank of the district in which the bank is situated or, pending the appointment of such chairman, the organization committee shall classify the member banks of the district into three general groups or divisions. Each group shall contain as nearly as may be one third of the aggregate number of the member banks of the district, and shall consist, as nearly as may be, of banks of similar capitalization. The groups shall be designated by number by the chairman.~~

~~"At a regularly called meeting of the board of directors of each member bank in the district it shall elect by ballot a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The chairman shall make lists of the district reserve electors thus named by banks in each of the aforesaid three groups and shall transmit one list to each elector in each group.~~

~~"Each member bank shall be permitted to nominate to the chairman one candidate for director of Class A and one candidate for director of Class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each elector.~~

~~"Every director shall, within fifteen days after the receipt of the said list, certify to the chairman his first, second, and other choices of a director of Class A and Class B, respectively, upon a preferential ballot, on a form furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each elector shall make a cross opposite the name of the first, second, and other choices for a director of Class A and for a director of Class B, but shall not vote more than one choice for any one candidate," and by substituting therefor the following:~~

~~"Directors of Class A and Class B shall be chosen in the following manner:~~

~~"The Federal Reserve Board shall classify the member banks of the district into three general groups or divisions, designating each group by number. Each group shall con-~~

~~sist as nearly as may be of banks of similar capitalization. Each member bank shall be permitted to nominate to the chairman of the board of directors of the Federal reserve bank of the district one candidate for director of Class A and one candidate for directer of Class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each member bank. Each member bank by a resolution of the board or by an amendment to its by law shall authorize its president, cashier, or some other officer to cast the vote of the member bank in the elections of Class A and Class B directors.~~

~~"Within fifteen days after receipt of the list of candidates the duly authorized officer of a member bank shall certify to the chairman his first, second, and other choices for director of Class A and Class B, respectively, upon a preferential ballot upon a form furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each such officer shall make a cross opposite the name of the first, second, and other choices for a director of Class A and for a director of Class B, but shall not vote more than one choice for any one candidate. No officer or director of a member bank shall be eligible to serve as a Class A director unless nominated and elected by banks which are members of the same group as the member bank of which he is an officer or director.~~

~~"Any person who is an officer or director of more than one member bank shall not be eligible for nomination as a Class A director except by banks in the same group as the bank having the largest aggregate resources of any of those of which such person is an officer or director."~~

~~Sec. 2. That section eleven (k) of the Federal reserve Act be amended and reenacted to read as follows:~~

~~"(k) 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, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, 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.~~

~~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.~~

~~"National banks exercising any or all of the powers enumerated in this subsection shall segregate all assets held in any fiduciary capacity from the general assets of the bank and shall keep a separate set of books and records showing in proper detail all transactions engaged in under authority of this subsection. Such books and records shall be open to inspection by the State authorities to the same extent as the books and records of corporations organized under State law which exercise fiduciary powers, but nothing in this Act shall be construed as authorizing the State authorities to examine the books, records, and assets of the national bank which are not held in trust under authority of this subsection.~~

~~"No national bank shall receive in its trust department deposits of current funds subject to check or the deposit of checks, drafts, bills of exchange, or other items for collection or exchange purposes. Funds deposited or held in trust by the bank awaiting investment shall be carried in a separate account and shall not be used by the bank in the conduct of its business unless it shall first set aside in the trust department United States bonds or other securities approved by the Federal Reserve Board.~~

~~"In the event of the failure of such bank the owners o the funds held in trust for investment shall have a lien on the bonds or other securities so set apart in addition to their claim against the estate of the bank.~~

~~"Whenever the laws of a State require corporations acting in a fiduciary capacity, to deposit securities with the State authorities for the protection of private or court trusts, national banks so acting shall be required to make similar deposits and securities so deposited shall be held for the protection of private or court trusts, as provided by the State law.~~

~~"National banks in such cases shall not be required to execute the bond usually required of individuals if State corporations under similar circumstances are exempt from this requirement.~~

~~"National banks shall have power to execute such bond when so required by the laws of the State.~~

~~"In any case in which the laws of a State require that a corporation acting as trustee, executor, administrator, or in any capacity specified in this section, shall take an oath or make an affidavit, the president, vice president, cashier, or trust officer of such national bank may take the necessary oath or execute the necessary affidavit.~~

~~"It shall be unlawful for any national banking association to lend any officer, director, or employee any funds held in trust under the powers conferred by this section. Any officer, director, or employee making such loan, or to whom such loan is made, may be fined not more than $5,000, or imprisoned not more than five years, or may be both fined and imprisoned, in the discretion of the court.~~

~~"In passing upon applications for permission to exercise the powers enumerated in this subsection, the Federal Reserve Board may take into consideration the amount of capital and surplus of the applying bank, whether or not such capital and surplus is sufficient under the circumstances of the case, the needs of the community to be served, and any other facts and circumstances that seem to it proper, and may grant or refuse the application accordingly: *Provided*, That no permit shall be issued to any national banking association having a capital and sur-~~

~~plus less than the capital and surplus required by State law of State banks, trust companies, and corporations exercising such powers."~~

[2] ~~Sec. 3.~~ That the ninth paragraph of section sixteen of the Federal reserve Act, as amended by the Acts approved September seventh, nineteen hundred and sixteen, and June twenty-first, nineteen hundred and seventeen, be further amended and reenacted so as to read as follows:

"In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, \$5,000, \$10,000 as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this Act and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued."

~~(3)Sec. 4. That paragraphs (b) and (c) of section nineteen of the Federal reserve Act, as amended by the Acts approved August fifteenth, nineteen hundred and fourteen, and June twenty-first, nineteen hundred and seventeen, be further amended and reenacted to read as follows:~~

~~"(b) If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than ten per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however*, That if located in the outlying districts of a reserve city or in territory added to such a city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Federal Reserve Board, hold and maintain the reserve balances specified in paragraph (a) hereof.~~

~~"(c) If in a central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however*, That if located in the outlying districts of a central reserve city or in territory added to such city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Federal Reserve Board, hold and maintain the reserve balances specified in paragraphs (a) or (b) thereof."~~

~~Sec. 5. That section twenty-two of the Federal Reserve Act, as amended by the Act of June twenty-first, nineteen hundred and seventeen, be further amended and reenacted to read as follows:~~

~~"(a) No member bank and no officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given.~~

~~"Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned one year or fined not more than \$5,000, or both, and may be fined a further sum equal to the money so loaned or gratuity given, and shall forever thereafter be disqualified from holding office as a national bank examiner.~~

~~"(b) No national bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof.~~

~~No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank without first having obtained the express permission in writing from the Comptroller of the Currency, or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress, or of either House duly authorized. Any bank examiner violating the provisions of this subsection shall be imprisoned not more than one year or fined not more than \$5,000, or both.~~

~~"(c) Except as herein provided, any officer, director, employee, or attorney of a member bank who stipulates for or receives or consents or agrees to receive any fee, commission, gift, or thing of value from any person, firm, or corporation, for procuring or endeavoring to procure for such person, firm, or corporation, or for any other person, firm, or corporation, any loan from or the purchase or discount of any paper, note, draft, check, or bill of exchange by such member bank shall be deemed guilty of a misdemeanor and shall be imprisoned not more than one year or fined not more than \$5,000, or both.~~

~~"(d) Any member bank may contract for, or purchase from, any of its directors or from any firm of which any of its directors is a member, any securities or other property, when (and not otherwise) such purchase is made in the regular course of business upon terms not less favorable to the bank than those offered to others, or when such purchase is authorized by a majority of the board of directors not interested in the sale of such securities or property, such authority to be evidenced by the affirmative vote or written assent of such directors: *Provided, however*, That when any director, or firm of which any director is a member, acting for or on behalf of others, sells securities or other property to a member bank, the Federal Reserve Board by regulation may, in any or all cases, require a full disclosure to be made, on forms to be prescribed by it, of all commissions or other considerations received, and whenever such director or firm, acting in his or its own behalf, sells securities or other property to the bank the Federal Reserve Board, by regulation, may require a full disclosure of all profit realized from such sale.~~

~~"Any member bank may sell securities or other property to any of its directors, or to a firm of which any of its directors is a member, in the regular course of business on terms not more favorable to such director or firm than those offered to others, or when such sale is authorized by a majority of the board of directors of a member bank to be evidenced by their affirmative vote or written assent: *Provided, however*, That nothing in this subsection contained shall be construed as authorizing member banks to purchase or sell securities or other property which such banks are not otherwise authorized by law to purchase or sell.~~

~~"(e) No member bank shall pay to any director, officer, attorney, or employee a greater rate of interest on the deposits of such director, officer, attorney, or employee than that paid to other depositors on similar deposits with such member bank.~~

~~"(f) If the directors or officers of any member bank shall knowingly violate or permit any of the agents, officers, or directors of any member bank to violate any of the provisions of this section or regulations of the board made under authority thereof, every director and officer participating in or assenting to such violation shall be held liable in his personal and individual capacity for all damages which the member bank, its shareholders, or any other persons shall have sustained in consequence of such violation."~~

SEC. [4] ~~7~~ 2. That section fifty-two hundred and eight of the Revised Statutes as amended by the Act of July twelfth, eighteen hundred and eighty-two, and section fifty-two hundred and nine of the Revised Statutes as amended by the Acts of April sixth, eighteen hundred and sixty-nine, and July eighth, eighteen hundred and seventy, be, and the same are hereby, amended [5] ~~and reenacted~~ to read as follows:

"SEC. 5208. It shall be unlawful for any officer, director, agent, or employee of any Federal reserve bank, or of any member bank as defined in the Act of December twenty-third, nineteen hundred and thirteen, known as the Federal reserve Act, to certify any check drawn upon such Federal reserve bank or member bank unless the person, firm, or corporation drawing the check has on deposit with such Federal reserve bank or member bank, at the times such check is certified, an amount of money not less than the amount specified in such check. Any check so certified by a duly authorized officer, director, agent, or employee shall be a good and valid obligation against such Federal reserve bank or member bank; but the act of any officer, director, agent, or employee of any such Federal reserve bank or member bank in violation of this section shall, in the discretion of the Federal Reserve Board, subject such Federal reserve bank to the penalties imposed by section eleven, subsection (h), of the Federal reserve Act, and shall subject such member bank if a national bank to the liabilities and proceedings on the part of the Comptroller of the Currency provided for in section fifty-two hundred and thirty-four, Revised Statutes, and shall, in the discretion of the Federal Reserve Board, subject any other member bank to the penalties imposed by section nine of said Federal reserve Act for the violation of any of the provisions of said Act. Any officer, director, agent, or employee of any Federal reserve bank or member bank who shall willfully violate the provisions of this section, or who shall resort to any device, or receive any fictitious obligation, directly or collaterally, in order to evade the provisions thereof, or who shall certify a check before the amount thereof shall have been regularly entered to the credit of the drawer upon the books of the bank, shall be deemed guilty of a misdemeanor and shall, on conviction thereof in any district court of the United States, be fined not more than $5,000, or shall be imprisoned for not more than five years, or both, in the discretion of the court.

"SEC. 5209. Any officer, director, agent, or employee of any Federal Reserve Bank, or of any member bank as defined in the Act of December twenty-third, nineteen hundred and thirteen, known as the Federal Reserve Act, who embezzles, abstracts, or willfully misapplies any of the moneys, funds, or credits of such Federal reserve bank or member bank, or who, without authority from the directors of such Federal reserve bank or member bank, issues or puts in circulation any of the notes of such Federal reserve bank or member bank, or who, without such authority, issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment, or decree, or who makes any false entry in any book, report, or statement of such Federal reserve bank or member bank, with intent in any case to injure or defraud such Federal reserve bank or member bank, or any other company, body politic or corporate, or any individual person, or to deceive any officer of such Federal reserve bank or member bank, or the Comptroller of the Currency, or any agent or examiner appointed to examine the affairs of such Federal reserve bank or member bank, or the Federal Reserve Board; and every receiver of a national banking association who, with like intent to defraud or injure, embezzles, abstracts, purloins, or willfully misapplies any of the moneys, funds, or assets of his trust, and every person who, with like intent, aids or abets any officer, director, agent, employee, or receiver in any violation of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof in any district court of the United States shall be fined not more than $5,000 or shall be imprisoned for not more than five years, or both, in the discretion of the court.

"Any Federal reserve agent, or any agent or employee of such Federal reserve agent, or of the Federal Reserve Board, who embezzles, abstracts, or willfully misapplies any moneys, funds, or securities intrusted to his care, or without complying with or in violation of the provisions of the Federal reserve Act, issues or puts in circulation any Federal reserve notes shall be guilty of a misdemeanor and upon conviction in any district court of the United States shall be fined not more than $5,000 or imprisoned for not more than five years, or both, in the discretion of the court."

Amend the title so as to read as follows: "An Act to amend the ninth paragraph of section sixteen of the Federal reserve Act, as amended by the Acts approved September seventh, nineteen hundred and sixteen, and June twenty-first, nineteen hundred and seventeen, and to amend sections fifty-two hundred and eight and fifty-two hundred and nine, Revised Statutes."

Passed the House of Representatives April 24, 1918.

Passed the Senate with amendments July 2, 1918.

The Relation of Farm Credit Statement to Short Time Bank Credit for Farmers.[1]

The credit needs of agriculture have too frequently been neglected by the banks in the past. As a class, however, banks have recently begun to take a more general interest in the farmer. The banker has every reason, even from a selfish standpoint, to be interested in the agricultural prosperity of the country. Agriculture is the basic industry which furnishes us food and clothes. And only when agriculture prospers can other industries and commercial activities, including banking, be said to be on a permanently sound basis.

Failure on the part of the bankers in many communities to realize their true relation to the farmer is doubtless in part to blame for the fact that the merchant, rather than the banker, has been depended upon to a large extent to furnish the necessary credit to the farmer. This method of obtaining credit has proved wasteful and unsatisfactory to all parties concerned. The banker has lost business that rightly belongs to him. The merchant, whose regular business is that of dealing in merchandise and not in credit, has frequently lost heavily through bad debts, and the credit secured has been unduly expensive to the farmer.

Bank credit is usually cheaper than merchant credit. Supplies can ordinarily be bought at a lower cost for cash obtained from banks than on time from merchants. The banks rather than the stores are the proper places to obtain credit.

[1] Supplied by the Department of Agriculture.

The relation between the bank and the farmer should be such as to insure that the system of farming promoted by the loan shall be as safe and as certain of profitable results as human foresight can make it. It is highly important therefore that the farmer and the bank be guided in their agreement by fundamental principles of safe and profitable farming. The system of farming promoted is an exceedingly important feature of the loan contract.

A safe cropping system is necessary for the farmer in order that he may remove as far as circumstances permit the danger of foreclosure and loss of any capital and equipment he already possesses, and also that he may avoid the lesser evil of unnecessary extensions of the loan. Such foreclosures, as well as extensions on a depreciated security, are unsatisfactory to the banker and tend to narrow his business field instead of extending it.

The principal functions of banks, as institutions regulated and controlled by law, are the safekeeping of the public's money and the furnishing of credit to the public on proper security. Since it is the public's money which is loaned, neither party to the loan contract has a moral right to incur needless risk of loss even if he himself were willing to take chances of foreclosure or of forced extensions of the loan.

Two important factors that affect the safety and profitableness of farming are the weather and the market, and neither the farmer nor the banker has an appreciable control over them. Farming is the annual investment of operating capital in a given place. Since the capital of the individual farmer can not be divided as to place or location, it must be so divided as to crops to be produced that the chances of serious loss by reasons of weather conditions, the market's conditions, or other influences will be reduced to a minimum.

The farm itself furnishes a cash market without transportation charges for sufficient food and feed for the family and the stock on the farm, and for this reason such crops are a safe and, as a rule, a profitable investment for a reasonable part of the operating capital on the farm. When the farmer supplies his own food and feed he is prepared to protect his market crops against a temporarily unfavorable market or to get assistance from his bank in doing so.

It may be considered a safe general rule that not over 50 per cent of the cultivated farm land or of the operating capital should be put into a single crop. The other part, as indicated above, should be put into crops not subject to the same hazards as the main crop and should make ample provision for food and feed. This general rule is an important guide to the farmer in preparing his application to the bank for credit, as well as a guide to the banker in passing upon the safety and profitableness of the farmer's cropping system, and hence of his potential ability to repay the loan.

The short-time rural credit societies and organizations of Europe have been of great value to the European farmer because of the work of competent and experienced members of loan committees in passing on applications for loans. These committees scrutinize carefully the applicant's system of crops and methods of farming and insist upon their being safe as well as profitable. Any features in the farmer's cropping system that are defective are changed before a loan is made. The American banker should perform a like helpful service in relation to short-time loans, thus making these loans more safe and more surely profitable, both to himself and to the farmer.

In order to bring about such helpful relations between the banker and the farmer it seems highly desirable that all banks should use a credit statement embodying an agreement as to the system of farming to be pursued by the borrower. A few of the State Bankers' Associations, as well as several of the Federal Reserve Banks, are already doing something in this direction. The Federal Reserve Bank at Dallas, Tex., adopted such a credit statement three years ago and is encouraging its use by member banks with most satisfactory results to the farmer as well as to the banks.

A merchant's credit statement has been found to be essential in safeguarding commercial loans and a farm credit statement outlining the system of farming to be pursued as well as the resources and liabilities of the applicant for a loan, is believed to be of equal importance in promoting the safety of short-time farm loans. The farmer whose credit statement shows that he is planting or has planted a sufficient acreage in crops for food and feed and the remainder of his cultivated area in market crops is following a system of farming that furnishes a safe basis for credit.

The local banker is generally recognized by the people of his community as occupying a position of influence and dignity and he should be both willing and able to render constructive banking service to his farmer patrons which will promote safer and more profitable farming. Such service will increase the banker's deposits as well as his loans by directly promoting agricultural prosperity and incidentally commercial prosperity.

The credit statement now in use by the Federal Reserve Bank at Dallas, Tex., with a slight addition to the note at the bottom of the second page, is attached. It is believed that this credit statement may furnish helpful suggestions to other banking institutions that have not adopted a statement. Special attention is called to the part of the statement providing for "Crops and stocks to be produced."

FINANCIAL STATEMENT—FARMER.

[IMPORTANT.—Please fill all blanks, writing "no" or "none" where necessary to complete information.]

Name.. To the..Bank

Address.. ....

For the purpose of obtaining a line of credit with you not to exceed $.............., I tender the following statement of my farming business as of.................................., 191.., and agree to notify you promptly of any change affecting my ability to pay.

Property owned by undersigned.		Debts due by undersigned.	
Cash (on hand and in banks)........................	$..........	Notes secured by chattel mortgages (list below)............	$.........
Notes due me (amount collectible)........................	....	Payable to above bank:	
Accounts due me (amount collectible)........................	....	Due.................. Secured by......................	
Farm products; grain, cotton, etc., at market value (list on other side)........................	....	.... (Describe security)	....
Live stock—market value (list on other side)........................	....	Payable to..	
Machinery and tools (list on other side)........................	....	Due..................Secured by......................	
Farm lands (describe on other side)........................	....	.... (Describe security)	....
Other lands (describe on other side)........................	....	Payable to..	
Improvements on farm (describe on other side)........................	....	Due..................Secured by......................	
City real estate (describe on other side)........................	....	.... (Describe security)	....
Other assets (describe fully)........................	....	Notes due to above bank—unsecured........................	....
....	....	Other notes due by me........................	....
....	....	Accounts due by me........................	....
....	....	Mortgages or liens on real estate owned (describe in space provided on other side)........................	....
....	....	Other debts (describe fully)........................	....
....	....	....	....
....	....	Net worth........................	....
Total..	....	Total..	....

Amount of the assets listed above which are exempt by law.. $............

Amount for which I am liable for partnership obligations.. ....

Amount of the assets listed above which are pledged to secure my debts.. ....

Amount for which I am liable on notes and accounts, not included in above statement, which have been transferred to banks or others ....

Amount of liability incurred by indorsement or guaranty to accommodate others.. ....

Amount of liability on bonds, leases, or other unfinished contracts.. ....

Amount of insurance carried on farm products $..............; on machinery, etc., $..............; on improvements $..............; on other assets $..............; and on my life $.............. in favor of ....

Number of years in present business .... Number of years at present location ....

I solemnly declare and certify that the above statement, and schedules on opposite side, are a true and correct account of the condition of my business on the day above stated.

Witness my hand, this .... day of ...., 191....

WITNESS:

.... (Signature)............................

....

NOTE.—If you have ever failed in business, attach a complete explanation and state basis of settlement with creditors.

(Fill blanks on other side)

Form C-4. Federal Reserve Bank of Dallas.

List of real estate and improvements owned, with incumbrances thereon.

[Listed in totals on other side.]

Acreage or dimensions.	Location.	Description of improvements.	Valuation.		Mortgages or liens.		Title to property in whose name.
			Assessed.	Actual.	When due.	Amount.	
			$	$		$	

LIVE STOCK.

[Listed in total on other side.]

	Horses.	Mules.	Cattle.	Hogs.	Poultry.	Sheep.	Goats.			Total value.
Number										
Value	$	$	$	$	$	$	$	$	$	$

MACHINERY AND TOOLS.

[Listed in total on other side.]

	Wagons.	Cultivators.	Mowers.	Threshers.	Engines.	Binders.	Other tools.	Total cost.
Number								
Cost	$	$	$	$	$	$	$	$

Less depreciation $

Actual value $

FARM PRODUCTS.

[Listed in total on other side.]

Corn $ Oats $ Wheat $ Hay or forage $ Fruit (dried or canned) $

Cotton $ Wool $ Potatoes $ Meat $ Other products $ Total $

AVERAGE EXPENSE AND YIELD.

	Cotton.	Corn.	Wheat.	Oats.	Forage.	Other (describe).
Average yearly expense per acre for plowing, planting, and working crop prior to gathering	$	$	$	$	$	$
Average yearly expense per acre for harvesting	$	$	$	$	$	$
Average yield per acre	Bales.	Bushels.	Bushels.	Bushels.	Tons.	

STATEMENT OF FARMING OPERATIONS, OR CROPPING SYSTEM.

Farm is located where

Number of acres in farm Number of acres to be cultivated

Number of people living on farm Farm is owned by

I am to pay as rent

72715—18——6

Crops and stock to be produced.

Acres in corn (legumes interplanted)...........	Acres in peas or beans..........................	Acres in vegetable garden.....................
Acres in oats (legumes following)................	Acres in forage crop and kind..................	Acres in other crops and kind.................
Acres in wheat (legumes following).............	Acres in hay crop and kind.....................	Acres in pasture.................................
Acres in cotton..................................	Acres in potatoes...............................	Acres in bearing fruit..........................
Acres in grain sorghums.........................	Acres in rye.....................................	Total acres.....................................
Number beef animals to be marketed...........	Quantity fresh fruit for marketing..............	Quantity fruit and vegetables to be canned....
Number hogs to be fattened......................	Quantity dried fruit for marketing.............	Loads manure to be used on crop.............
Number sheep or goats to be marketed.........	Quantity poultry and eggs to be produced.....	Tons commercial fertilizer to be used..........
Pounds wool to be produced......................	Number of cows in milk.........................	....

NOTE.—The character of the cropping system of a farm business has a credit value of the highest importance to both the farmer and the lender, and as farming is the annual investing of capital and labor at one place, safety requires, as in other investments, that all the capital and labor be not invested in one thing, or in the production of one crop.

In order that farming operations may be conducted on a safe and profitable basis every year, every farmer should raise enough poultry, hogs, milk cows, vegetables and fruit to supply the family with most of their necessary food and a sufficient number of acres should be planted in feed crops to feed the stock on the farm or to feed stock for the market, if desired; and the balance of the cultivated land in other crops for market; *but not more than 50 per cent of the cultivated land should be planted in one crop.* Such a plan should enable the farmer to pay his debts promptly every year and result in greater prosperity for him.

A FOREIGN EXCHANGE BANK.

The following bill (S. 3928) is now before the Committee on Banking and Currency of the Senate, which has held hearings regarding it:

A BILL To amend the act approved December twenty-third, nineteen hundred and thirteen, known as the Federal Reserve Act, as amended by the acts of August fourth, nineteen hundred and fourteen, August fifteenth, nineteen hundred and fourteen, March third, nineteen hundred and fifteen, September seventh, nineteen hundred and sixteen, and June twenty-first, nineteen hundred and seventeen.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section fourteen of the act known as the Federal Reserve Act be, and is hereby, amended as follows:

Strike out all in paragraph (e) of section fourteen and insert in lieu thereof:

"(e) To establish accounts with other Federal Reserve Banks and with the Federal Reserve foreign bank."

After section twenty-five insert a new section, as follows:

"SEC. 25a. There is hereby created a Federal Reserve foreign bank of the United States, to be under the supervision of the Federal Reserve Board, and to be located in the city of New York, State of New York.

"The Federal Reserve foreign bank of the United States, hereinafter referred to as the foreign bank, shall have an authorized capital of $100,000,000, and shall begin business with a paid-up capital stock of $20,000,000. The stock of such bank shall be offered at par to the banks of the United States and to the public by the Secreatry of the Treasury, any stock not subscribed for to be taken by the Treasury of the United States subject to sale at the option of the Secretary of the Treasury.

"The capital stock of the foreign bank shall pay five per centum annual dividends if earned and shall not be taxable by any State or municipality or by the United States. The five per centum dividend if not earned in any one year shall be cumulative. Any surplus shall be distributed as follows: One-half to surplus and one-half to the United States, until fifty per centum surplus on the then outstanding capital shall have been accumulated, and thereafter such surplus dividends shall be paid into the Treasury of the United States.

"The Federal Reserve Board shall prepare an organization certificate and file the same with the Comptroller of the Currency.

"Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said foreign bank shall become a body corporate, and as such shall have the power—

"First. To adopt and use a corporate seal.

"Second. To have succession for a period of twenty years from its organization unless it is sooner dissolved by an act of Congress.

"Third. To make contracts.

"Fourth. To sue and be sued, complain and defend, in any court of law or equity.

"Fifth. To appoint by its board of directors such officers and employees as are not otherwise provided for in this act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.

"Sixth. To prescribe by its board of directors, by-laws, not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

"Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this act.

"The foreign bank shall be conducted under the supervision and control of a board of directors, consisting of nine members appointed by the President upon the advice and consent of the Senate.

"One of the directors appointed by the President shall be known as the governor, one as vice governor, and one as the Federal Reserve agent. The directors shall name a committee of five as an executive board to actually manage the affairs of the bank. The members of the board shall be citizens of the United States over thirty-five years of age and be men of tested mercantile experience and be fairly representative of the various parts of the United States.

"The directors shall be designated by the President to serve for from one to nine years, respectively, and thereafter each member so appointed shall serve for a term of nine years, unless sooner removed for cause by the President.

"After the first year the directors shall annually elect the governor and vice governor from among the directors appointed by the President of the United States.

"The salaries of the directors and officers shall be fixed by the Federal Reserve Board and be paid from the earnings of the foreign bank: *Provided*, That the governor of the foreign bank shall receive $25,000, the vice governor $15,000, and the reserve agent $10,000.

"The directors of the foreign bank shall receive in addition to their salary a reasonable allowance for necessary expenses in attending meetings of the Board.

"The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and perform all such duties as are prescribed by law.

"Said board shall administer the affairs of the foreign bank fairly and impartially and without discrimination, and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to Federal Reserve Banks and to member banks, and to all other banks and bankers throughout the country, and to foreign banks and bankers such accommodations as may be safely and reasonably made in relation to foreign banking business.

"The powers of the foreign bank shall be as follows:

"To receive deposits from American and foreign banks and bankers, from the United States or foreign Governments, in current funds in lawful money, national-bank notes, Federal Reserve notes or checks and drafts, payable upon presentation, and also for the collection of maturing notes and bills.

"The foreign bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used or which are to be used for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount within the meaning of this act.

"The aggregate of such notes, drafts, and bills, bearing the signature or indorsement of any one borrower, whether a person, company, firm, or corporation, rediscounted for any one bank, shall at no time exceed five per cent of the net unimpaired capital and surplus of said foreign bank, but this restriction shall not apply to the discounting of bills of exchange drawn in good faith against actual existing values. The foreign bank may discount acceptances of the kinds permitted under the authority of this act.

"The foreign bank shall not at any time be indebted or in any way liable to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the following nature:

"First. Notes of circulation.

"Second. Moneys deposited with or collected by the foreign bank.

"Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the foreign bank or due thereto.

"Fourth. Liabilities to the stockholders of the foreign bank for dividends and reserve profits.

"Fifth. Liabilities incurred under the provisions of the Federal Reserve Act. The discounting and rediscounting and the purchase or sale by the foreign bank of any bills receivable and of domestic and foreign bills of exchange and of acceptances shall be subject to such limitations, restrictions, and regulations as may be imposed by the Federal Reserve Board.

"The foreign bank shall have power—

"(a) To deal in gold and silver coin and bullion at home or abroad, to make loans thereon, exchange Federal Reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal Reserve Banks are authorized to hold;

"(b) To buy and sell, at home or abroad, bonds and notes of the United States, bonds and notes of foreign Governments, and bills, notes, revenue bonds, and warrants, with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board;

"(c) To purchase and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions as hereinbefore defined;

"(d) To establish from time to time, subject to review and determinations of the Federal Reserve Board, rates of discount and exchange and commissions for the opening of credits at home or abroad, to be charged by the foreign bank for each class of paper which shall be fixed with a view to accommodating commerce and business.

"(e) To issue bank notes and receive Federal Reserve notes upon like terms and conditions as now provided for the Federal Reserve Banks.

"(f) To open credits at home and abroad for account of domestic and foreign banks or bankers, to facilitate exports and imports to and from the United States, and exports and imports to and from one foreign country to another foreign country.

"(g) Upon the direction and under rules and regulations prescribed by the Federal Reserve Board to establish branches and agencies in foreign countries for the purpose of facilitating commerce with the United States.

"(h) No bank, banker, corporation, or individual, other than the foreign bank, shall sell dollar balances at less than gold par except as payment for merchandise imported into the United States without the express authority of the Federal Reserve Board."

TESTIMONY OF GOVERNOR HARDING.

Much testimony has been taken by the House and Senate committees. Governor Harding on June 27 appeared before the Senate Committee on Banking and Currency and testified as follows:

Gov. HARDING. I am satisfied, Mr. Chairman, that the Federal Reserve Board is very much interested in anything that will correct the present inequalities in exchange rates abroad. The question is one which the members of the board have carefully considered and devoted much thought to ever since the summer of 1915, when sterling rates began to drop here so violently, and we have given as much time as we could to the subject.

The Federal Reserve Act authorizes the Federal Reserve Banks to buy and sell foreign bills of exchange and to establish agencies abroad, and under the provisions of that act the Federal Reserve Board has authorized agencies. Announcements have been made of this already when the transactions were had. We have authorized the Federal Reserve Banks—the Federal Reserve Bank of New York in particular—to establish an agency with the Bank of England, with the Bank of France, and the Bank of Italy. The Federal Reserve Banks, though, as a rule, have not dealt directly in foreign exchange. There are several difficulties in the way, and there seemed to be no good purpose to be subserved to have them deal in exchange. The difficulty recently in our transactions with many neutral countries has been a scarcity of bills. The mere fact that the Federal Reserve Banks should go into the market and compete with other dealers for this limited supply of bills would not add anything to the volume of the bills, and might have a tendency to further advance the price of these foreign bills.

We have recognized the difficulties in the way of having Federal Reserve Banks take any definite steps to relieve the situation; and with a view of pointing out some of these difficulties, so in order that you may determine whether those same difficulties would apply to this proposed foreign-exchange bank, I would like to refer to a letter which I wrote some time ago to Secretary McAdoo explaining some of the problems as we had seen them in the Federal Reserve Board.

In that letter I stated to him that we had been unable to see that any advantage would be gained by having the Federal Reserve Banks engage in foreign-exchange operations or establish active agencies abroad for that purpose.

Senator WEEKS. Was that the unanimous opinion of the board?

Gov. HARDING. As far as I know, it is. There has been no exception taken to the statement. We have discussed it informally, and members of the board have known of this letter, and I never have heard of any objection being raised to its contents.

Either goods or gold must be sent to foreign countries to create balances, and failing in that the only other means of rectifying exchange is to secure credits in foreign countries. The Federal Reserve Board has no voice in controlling the direction of goods to or from foreign countries. It can not afford to let our stock of gold be dissipated in order to pay debit balances of allied nations, all of which are averse to permitting the exportation of gold, nor does it appear that the Federal Reserve Board is charged with the function of negotiating for loans in foreign countries. "That power is vested exclusively in the President, acting through the Secretary of the Treasury," in foreign countries.

I believe that in your bill there is some provision for the proposed foreign-exchange bank to negotiate loans in foreign countries.

I would like to state right here, however, that the War Finance Corporation is empowered to issue bonds payable in foreign currencies, and the directors of the corporation have already given the subject some consideration and are awaiting the return of the Secretary of the Treasury in order to consult with him, because such negotiations must, under the act, receive his sanction.

Negotiations for foreign credits—I presume there is no impropriety in stating this—have been carried on constantly by the Treasury Department for months past, in some cases with satisfactory results and in others, unfortunately, without success. And many of these negotiations are still pending.

Senator WEEKS. You mean to say that loans have been made on the other side?

Gov. HARDING. Not in European countries. The Treasury negotiations to which I refer were principally with South American countries.

The CHAIRMAN. You concluded negotiations of that kind with India?

Gov. Harding. I also refer to India; India and the Argentine are conspicuous examples of successful negotiations.

It is evident that unless neutral countries with which negotiations are carried on are favorably inclined and willing to cooperate loans from them can not be secured.

The suggestion has been made that it might be possible to force an understanding by withholding our imports or by other drastic measures, but it is not for the board to say to what extent such methods would be effective in dealing with a delicate situation of this kind. We should remember, however, that a loan of an amount covering our own debit balance when concluded would not bring dollar exchange, as far as the general public is concerned, back to par in foreign countries, unless the nations associated with us were able at the same time to arrange for loans to cover their own debit balances.

This relates to the present situation, where we are linked up with other countries in our trade balances, and where it all goes in a common pool.

The Chairman. However, Governor, if credits were placed with such a country so as to furnish us with the currency of that country sufficient to pay for our own purchases and such credits were used to pay for our own purchases, the loss of dollar exchange arising through that country would fall not upon the United States but upon those who employed those dollars there; is not that true?

Gov. Harding. I shall discuss this question a little later on. However, that may be true, Senator, if we dissociated ourselves entirely from allied countries.

The Chairman. We would pro tanto dissociate our transactions in those particular negotiations?

Gov. Harding. Unless some of the neutral countries should sell their franc or sterling exchanges in our markets.

The Chairman. That would, as you say, leave the dollar to be depreciated, but it would be a dollar depreciated which had been loaned to our allies and which would not affect our interests directly in an adverse way, because if we obtained by credit a sufficient number of pesetas in Spain, for instance, to pay for Pershing's purchases, Pershing would have the pesetas in Spain at par, if we got the loan in Spain on that basis. That is true, is it not?

Gov. Harding. If the proceeds of the loan should be applied exclusively to Army purchases, this would be true until the credit was exhausted, but the loan would have to be paid back, Senator.

The Chairman. That is another story, about being paid back.

Gov. Harding. The liquidation of the credit is one of of the problems to be considered.

The Chairman. That is not the question I was asking you. The question I asked you was that if we obtained pesetas in Spain by a loan with which to pay, for Pershing's purchases in Spain, that would save us the great loss of 40 per cent in Spanish exchange, would it not, as to purchases?

Gov. Harding. Well, it might, provided we were able to cover that credit in a satisfactory way, but there is where the problem arises, How are we going to cover that credit?

Senator Weeks. Well, Governor, do you think it is practicable to disassociate our transactions from those of the allies in matters of this kind?

Gov. Harding. I am not prepared to discuss that; that is a very broad question, involving the Treasury and the State Departments, and I would rather not discuss it. Under the proclamation of the President this whole matter of foreign exchange is put into the hands of the Secretary of the Treasury.

If these nations associated with us are unable to arrange for loans to cover their own debit balances, the natural consequence would be that allied exchanges would remain at a discount and the dollar would be quoted at substantially the same level, the result between them being established by the price of allied exchanges in New York.

It has been suggested that the situation could be rectified by forbidding American banks to buy sterling balances in neutral countries. But can this Nation afford any such remedy, as long as we do not and can not control foreign exchange dealings in foreign countries?

This would not seem to prevent a firm in Spain, for instance, instead of cabling to a New York bank to sell and draw £25,000 on London, from instructing a London bank to remit $125,000 to New York, in which case the Spanish banker would buy the dollars in London instead of selling sterling in New York. The only difference is that in this case the exchange transaction would be made in London, and that instead of making New York the banking center, as we have tried to do, the exchange transactions would continue to be centered in London. This objection would apply also to another plan proposed, of forcing American exporters to sell their goods in the currency of the foreign country, e. g., it has been suggested that should we sell $90,000,000 worth of goods to Spain in pesetas that we would thus secure an ample supply of pesetas with which to pay for the $30,000,000 of goods we are buying in Spain. This would result, however, in discontinuing the use of the dollar as a means of exchange in world markets, and we would be creating in its place a peseta exchange market in Madrid and Barcelona.

We should consider, also, that if the plan should be adopted of carrying on our entire Spanish trade in terms of pesetas, imports and exports alike, we might thereby arbitrarily fix a lower rate of pesetas conceivably at par, to the advantage of the importer and, as claimed by some, to the disadvantage of the exporter. The fact would remain, however, that if Spain in her relations to all other countries, particularly to allied nations, continued to be a creditor nation and should be unwilling to make loans to the value of goods bought by these countries in excess of her own purchases, allied exchanges would remain at a discount in Spain, and, owing to the relationship of these exchanges to the New York exchanges, as already outlined, dollar exchange would continue at a discount in Spain. We would thus have two quotations, one perhaps at par for our importers, but an actual market quotation at a discount for everyone else.

Now, in my opinion, there are the underlying facts of the situation, a situation which is an extremely complicated and perplexing one, and which the Treasury Department as well as those who have been called in from time to time to give advice have tried their best to solve.

We are all, I think, entirely agreed that in the interest of the allied group as a whole it is desirable, as a matter of prestige and for the sake of economic stability as well as the general advantage, that wherever and whenever possible there should be established the parity of allied interests. Where you find, however, that the reestablishment of these exchanges involves too heavy a sacrifice, or where it may prove impossible to conclude successfully loans in neutral countries on reasonable terms, we should be careful not to exaggerate the disadvantages accruing from the low level of allied exchanges in neutral countries, nor should we imagine that appreciation in exchange will work exclusively to our disadvantage and to the advantage of the neutrals.

As an illustration, there may be cited abstracts of three reports from South American neutrals (reading):

Abstract from a report of a Buenos Aires bank:

"Movement in favor of the country of all foreign exchanges (except those of the neutral countries) which with a further advance of freight rates and scarcity of tonnage increases the difficulties of our export trade and reduces the f. o. b. prices of cattle and cereals."

Abstract from report from Venezuela:

"The bank representatives here do not appear to be unduly anxious over the situation, and point out that whereas the purchasing power of the dollar has never been so low in Venezuela before, the loss falls ultimately on the producer in this country, who in practically every case is a Venezuelan. In this connection it may be of interest to point out that the legation, in selling its draft on the ecretary of state for contingent expenses, at the present time loses about 20 per cent on the transaction."

In discussing the legislation proposed to Peru, providing for the issue of gold certificates up to a maximum of 4,000,000 libra, secured in part by deposits in the Federal Reserve Bank of New York, a Peruvian paper says this:

"With an enormous trade balance in favor of this Republic and the impossibility of importing gold to offset this balance, the market threatened to be still further overburdened with drafts on New York and London, with the dollar and pound sterling at a still greater discount on the Peruvian market. Contrary to popular belief, the discount of the dollar and pound sterling in Peru is highly unfavorable to Peruvian producers and shippers. Paid in New York and London drafts for their products at the quotations determined by these two markets and liquidating these drafts in Lima, every point increase in the discount results in a decrease in the amount realized here in Peruvian currency on the transaction. Importers, converting Peruvian currency into foreign drafts for the purchase of their merchandise, are the only ones profiting by the situation.

"As the only means of overcoming the difficulty and affording a substitute for the gold, importation of which had been embargoed, it was urged that firms and individuals operating in Peru be allowed to deposit gold in the Federal reserve bank in New York and the Peruvian Government issue gold certificates as currency, guaranteed by the metal held in New York. It is this scheme which the Government has now incorporated in the gold-certificate law brought before the Peruvian Congress."

It is evident, therefore, that where a country produces more of a given commodity than it can consume at home, or where the article is perishable or is one which must be sent to foreign countries in order to pay for necessary importations, it is a serious detriment to the exporting country—a neutral—to have the exchanges of the purchasing countries rule at an abnormal rate. There being no ready buyers for these exchanges, the result is a loss to the exporting country, unless it can control the market value of the commodities and add to their price what is lost in exchange. It is difficult to establish a definite rule as to the effect of fluctuations in foreign exchange, because so much depends upon simultaneous variations in the market price of the commodities which produce these exchanges.

And, then, in these war times, with so many artificial restrictions thrown around trade, there are some surprising anomalies.

As an example, I was very much surprised yesterday by a statement which was made to me by some gentlemen who had just returned from Paris, that one could purchase a greater number of francs in Paris by using American paper currency than he could by using American gold—that our paper currency is worth more in Paris than our gold is. Upon asking the reason it developed that it is probably because the French Government is requiring all gold to be turned over to it in exchange for French paper currency. But it is interesting to know that in Paris to-day you can buy more francs with American currency than you can with American gold.

Senator POMERENE. What is the difference?

Gov. HARDING. I understand about 20 or 25 points.

Senator WEEKS. What would that mean on a dollar?

Gov. HARDING. For instance, if one is able to buy francs at 5.70, say, for currency, he could get only 5.50 francs for gold. There is quite an appreciable difference.

Now, if exchange on a foreign country should advance 40 per cent, it does not follow that the producer receives thereby 40 per cent more for his goods, because the price would depend upon the adjustment of these prices in other countries and upon the relative importance of the purchasing power in this country of that foreign country in the world market. Generally speaking, I am of the opinion, making due allowance for exceptions to the rule, that high rates of exchange on a given country tend to small exportations to it by other countries and to reduced importations from it by other nations. This would be the case even if Spain, for example, should buy goods in the United States in dollars and not in its own currency. The fact that our dollars can be bought at a low price enables Spain to buy just so many more dollars, and therefore to pay for a correspondingly large amount of our commodities. Thus the tendency would be to increase the demand and prices paid for our goods and to stimulate our productions.

I do not see how the argument can be sustained that both importers and exporters are unfavorably affected by low rates for dollar exchange in neutral countries. Suppose that our entire trade with Spain should be carried on in pesetas and the dollar exchange is selling in Madrid at a discount of 30 per cent. Assuming that our balances with Spain amount to $60,000,000 in our favor, we would have a credit balance there of 345,000,000 pesetas instead of 255,000,000. If, on the contrary, our export trade is figured in dollars, our exporters certainly would not suffer by the discount of the dollar in Spain. Clearly it is immaterial to the producer of cotton, for example, whether the purchaser is Spanish or American, provided the price paid in dollars is the same.

The fact, however, that Spanish buyers are able to purchase more cotton because they can buy dollars at a low rate of exchange operates to the advantage of the American seller of cotton because it creates a better demand for his goods. The price of cotton in Spain must, of course, equal approximately the American price, plus costs of transportation, insurance, loss of interest, and commissions, multiplied by the rate of exchange. These factors combined establish the price at which cotton may be delivered in Barcelona and open competition restricts the margin of profits. In times of peace this margin is small, but in time of war it is no doubt larger; but the margin is no greater for the cotton dealer and the banker, whether exchange sells at a discount, at par, or at a premium. The speculator in cotton or in pesetas may gain or lose by investing in cotton or pesetas, or by selling them short. But the legitimate profits of the dealers are regulated by competition and are not increased or diminished by the fluctuations of exchange. In the case of cotton going to Spain, I do not think it can be established that the 30 per cent premium on peseta exchange will go to the American cotton dealer or to the banker, nor would it be reasonable to assume that the American trader would be willing to sell his cotton to Spain in dollars if the price of pesetas were materially higher. It seems, therefore, that the difference at any time between the dollar price and the peseta price is unlikely to be appreciable. It may be urged, however, that we are sacrificing our American dollars at a discount of 30 per cent to the advantage of the Spaniard. But, as a matter of fact, when the trade balance is in our favor to the extent of $60,000,000, if we do not give Spain a credit for this amount, how can the Spaniard draw on us in dollars; how can he force our dollars to a heavy discount when he has none of our dollars but owes us so large a sum in dollars? I can not see that he is selling our dollars. He is depreciating a sterling and franc. He has large balances due him in London and Paris, resulting from sales of goods to Great Britain and France. He has acquired these balances from the Englishman and the Frenchman at a heavy discount, and he sells them to us in exchange for the commodities which we have sold him. We buy them at the comparatively moderate discount, about 2 per cent, at which sterling exchanges and of about 10 per cent at which francs have been stabilized, and to the extent that we assist in stabilizing these exchanges by these purchases we actually try for account of our allies against their obligation to repay us after a number of years at par plus interest. I think, therefore, that it is not the American dollar which has been sacrificed, but that it is really the pound sterling and the franc which have suffered.

We should also take into account the fact that a very substantial portion of our Spanish credits has been disposed of by our own sales of pesetas at the present high premium to South American countries, thus reducing our adverse balances with them, so that to this extent we have enjoyed the full benefit of the high price which pesetas command at present.

Wherever the import trade of the United States is larger than the export trade, as is the case with most of the South American countries, the high rates which now prevail in New York on these neutral exchanges, or the discount of the dollar in these countries, results in our disadvantage. But with respect to some other countries, the high rate of exchange may be a source of profit to the United States, because as far as our own trade is concerned we are their creditors. But, taking the allied group as a whole, and considering ourselves as a partner of the countries in the group, we are debtors to European neutrals as well as to the South American neutrals, and it is from this point of view that we should endeavor to reestablish allied exchanges in neutral countries, both from the standpoint of prestige and for economic reasons.

It will be interesting to consider the effect of discount in allied exchanges in neutral countries upon these countries themselves. Argentina must export her wheat and her meats, Chile is dependent upon the sale of her nitrates, Peru of her copper, Venezuela of her asphalt, etc. It seems, therefore, that it is important for these countries to find ways of financing their sales to us. If there are no purchasers at reasonable rates of selling francs or dollars in these neutral countries, I think, therefore, their exportations are likely to be affected; it would seem to be to their advantage to make us loans or to establish some agency through which their Governments might take over the balances which have been accumulated in allied countries through the sale of goods. I do not believe that the prestige of the United States in the finances of the world has been affected by this war-time dislocation of normal exchanges, for it is well known that the temporary discount on dollar exchange in neutral countries is due mainly to the efforts which we have made and are making to sustain the credit of our allies, whose interest might be injured by our advocating or contemplating a policy of withdrawing assistance because of any temporary loss or inconvenience we may sustain by standing by them.

I trust that I may have the opportunity at some convenient time of discussing the framework of the bill.

Philippine National Bank Act.

The act creating the Philippine National Bank, originally passed by the third Philippine Legislature on February 4, 1916, has been amended and reenacted. Below is the text of the act as now in effect:

[Fourth Philippine Legislature, second session. S. No. 154.]

[No. 2747.]

AN ACT To amend in certain particulars act numbered twenty-six hundred and twelve, entitled "An act creating the Philippine National Bank."

Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. In order to explain certain provisions, increase the stability of the institution, and extend its powers, act numbered twenty-six hundred and twelve, entitled "An act creating the Philippine National Bank," is hereby amended in certain particulars, so that hereafter the said act shall read as follows:

"SECTION 1. There is hereby created a bank to be known as the Philippine National Bank, the short title of which shall be the National Bank. Its principal domicile and place of business shall be in the city of Manila.

"SEC. 2. The said National Bank, upon its organization, shall be a body corporate and shall have power:

"(*a*) To prescribe its by-laws;

"(*b*) To adopt and use a seal;

"(*c*) To make contracts;

"(*d*) To sue and be sued;

"(*e*) To exercise the powers granted in this act and such incidental powers as may be necessary to carry out the business of banking within the limitations prescribed by this act; and

"(*f*) To exercise, further, the general powers mentioned in the Corporation Law in so far as they are not inconsistent or incompatible with the provisions of this act.

"SEC. 3. The capital of the National Bank shall be twenty million pesos, Philippine currency, divided into two hundred thousand shares of the value at par, of one hundred pesos, Philippine currency, each.

"Shares of stock subscribed from the passage of this act until January thirty-first, nineteen hundred and seventeen, shall be paid as follows:

"Sixty per cent of the value at the time of the subscription;

"Ten per cent on or before January thirty-first, nineteen hundred and eighteen;

"Ten per cent on or before January thirty-first, nineteen hundred and nineteen;

"Ten per cent on or before January thirty-first, nineteen hundred and twenty; and the remaining

"Ten per cent on or before January thirty-first, nineteen hundred and twenty-one.

"Shares subscribed after January thirty-first, nineteen hundred and seventeen shall be paid in the form and manner prescribed by the board of directors of the bank.

"SEC. 4. The Government of the Philippine Islands not later than January thirty-first, nineteen hundred and seventeen, shall purchase one hundred and one thousand shares, at par, of the said National Bank, the payment for said shares of the Government to be made as hereinafter provided. Ninety-nine thousand shares of said capital stock may be offered to the provincial and municipal governments or to the public at a price not below par which the board of directors of the bank shall from time to time determine.

"The voting power of all the stock of the National Bank owned and controlled by the Government of the Philippine Islands shall be vested exclusively in a committee consisting of the Governor General, the president of the senate, and the speaker of the house of representatives.

"SEC. 5. There are hereby appointed, out of any funds in the insular treasury not otherwise appropriated, such sums as may be necessary for the payment of the shares to be purchased by the Government of the Philippine Islands: *Provided,* That the capital and surplus of the Agricultural Bank of the Philippine Islands shall be applied primarily to said payment: *And provided, further,* That no sum shall be set up on the books of the auditor until it shall be necessary to make the payment or payments authorized by this act.

"SEC. 6. All the assets and liabilities of the Government Agricultural Bank of the Philippine Islands, created under act numbered eighteen hundred and sixty-five, as amended, shall be transferred to the National Bank: *Provided,* That the transfer of the assets of the Agricultural Bank represented by the capital and the net profits thereof shall be made as part payment of the one hundred and one thousand shares subscribed by the Government of the Philippine Islands. This transfer shall be understood as taking place upon the inauguration of the National Bank in conformity with the provisions of section nine of this act, after which the National Bank shall be subrogated to all the rights, actions, and obligations of the Agricultural Bank, and the Agricultural Bank shall thereafter be deemed abolished.

"SEC. 7. Any loan or credit account transferred to the National Bank by the Agricultural Bank which, in the judgment of the board of directors of the National Bank, is found upon demand after its maturity to be uncollectible, shall be both as to principal and as to interest due thereon redeemed by the Government and become the property thereof: *Provided*, That by agreement between the insular treasurer and the National Bank, the said National Bank may renew any such credits for a period not exceeding five years without losing the benefit of the above guaranty. There are hereby appropriated, out of any funds in the insular treasury not otherwise appropriated, such sums as may be necessary from time to time to make such payments.

"Sec. 8. At no time shall shares be sold to the public if, as a result thereof, the part of the capital stock held by private investors will equal or exceed the part owned by the Government of the Philippine Islands.

"Sec. 9. The National Bank shall be inaugurated within one hundred and eighty days from and after the passage of this Act, and the Governor-General shall fix such inauguration by proclamation upon the certificate of the Insular Auditor and the president of the bank that said institution is ready to begin operations.

"Sec. 10. Said National Bank is hereby authorized to loan not to exceed fifty per cent of its capital and surplus and all amounts realized from the sale of real estate bonds, as provided in sections twelve and thirteen herein, on notes secured by real estate mortgages. Payment of such notes shall be secured by first mortgages on farm lands in the Philippine Islands, and in no case shall such loans exceed sixty per cent of the actual value of said land, including the value of the permanent improvements thereon, such as buildings and machinery if the same form an integral part of the agricultural development: *Provided, however*, That whenever the bank may deem it advisable, the mortgages shall contain a clause obliging the mortgagor to insure to their full value in the name of the National Bank such buildings and improvements. The due date of said mortgages shall not be less than one year from the date thereof, nor more than thirty years. The said mortgages may, by their terms, be made payable at one time or in installments: *Provided*, That when the due date of the mortgage is five years or more after the date of its execution, the principal and interest of the loan shall be made payable by its terms in equal installments of not more than one year each. Loans made by the National Bank on real estate security shall be made for the purpose of promoting agriculture. Applications for such loans shall be in writing and under oath, and shall contain, among other things.

"(*a*) A detailed description of the real estate;

"(*b*) An appraisal thereof at its reasonable market value;

"(*c*) A full statement of the purposes for which the loan is desired.

"It shall be unlawful to use the proceeds of said loan, or any part thereof, for any purpose or purposes except the purpose or purposes set out in said application. Any violation of this clause shall be sufficient cause for the rescission of the contract and the foreclosure of the mortgage.

"Sec. 11. Said National Bank is hereby authorized:

"(A) To purchase or discount promissory notes, drafts and bills of exchange issued or drawn for agricultural, industrial or commercial purposes, or the proceeds of which have been used or are to be used for such purposes.

"(B) To make loans on, or to discount notes secured by, harvested and stored crops: *Provided*, That no loan on the security of such harvested and stored crops shall exceed seventy per centum of the market value thereof on the date of the loan: *Provided, further*, That the crops so mortgaged shall be insured by the mortgagor for the benefit of the National Bank for their entire market value: *And provided finally*, That if, owing to any circumstance whatever, the value of the crops given as security shall diminish, the mortgagor shall obligate himself to furnish additional security or refund such part of the loan as the bank may deem necessary. Such loans shall be granted for a period of three months, subject to three months' extension, in the discretion of the bank.

"(C) To make loans to agriculturists in installments, on standing crops of the natural products of the Philippine Islands, such as rice, hemp, copra, sugar, tobacco, corn, maguey, etc., not in excess of three-fifths of the estimated value of such crops: *Provided, however*, That before granting such loans, the National Bank may require additional security in the nature of mortgages on real estate duly registered in the name of the debtor or chattel mortgages, including those upon live stock, machinery, and agricultural implements, or personal bonds with sufficient surety or sureties, satisfactory to the bank.

"(D) To make loans to the several provincial and municipal governments and to any other branch or subdivision of the Government of the Philippine Islands on promissory notes guaranteed by the central government, as shown by the endorsement thereon of the secretary of finance, approved by the Governor General of the Philippine Islands, or to purchase bonds lawfully issued by such provincial and municipal governments and any other branch or subdivision of the Government of the Philippine Islands.

"(E) Generally, to make advances or discount paper for agricultural, manufacturing, industrial, or commercial purposes: *Provided*, That loans, discounts, or advances made under this section shall have maturities not exceeding one year, renewable from year to year, in the discretion of the bank.

"Sec. 12. The National Bank is hereby authorized to issue real estate bonds in any sum not to exceed ninety per cent of the amount of real estate loans held by said bank, under section ten herein. Said bonds shall be engraved. Said bonds shall be signed by the president of the bank, authenticated by the insular auditor and shall bind the bank to pay the bearer thereof on the date therein named the principal sum mentioned in said bond with interest payable semiannually at such rate as the board of directors may fix. Said bond shall be payable, both principal and interest, in gold coin of the United States: *Provided, however,* That bonds held by persons or corporations resident in the Philippine Islands shall be payable in lawful money of the Philippine Islands, or in gold coin of the United States at the option of the said bank. The amount of said real estate bonds outstanding as herein provided, falling due on any given date or prior to such given date, shall never at any time exceed the real estate notes as described in section ten herein held by the said bank, which fall due on the said given date or prior thereto.

"Said real estate bonds shall be received by the insurance commissioner under section one hundred and seventy-eight of act numbered twenty-four hundred and twenty-seven. Said bonds shall also be receivable by way of security in all customs and internal revenue transactions where security is required, and in any and all cases where by statute security may be required in dealings with the Government. Said bonds shall be exempt from any and all taxes levied or assessed by the Government of the Philippine Islands, or any department, division, or subdivision thereof.

"Said real estate securities against which bonds are issued as provided herein shall be deposited with the treasurer of the Philippine Islands, and each of said bonds when issued shall bear on its face a certificate of the Insular treasurer in words and figures as follows:

" 'I hereby certify that there are on deposit in the treasury of the Philippine Islands first mortgage real estate farm securities in the sum of one hundred eleven and one-ninth per cent ($111\frac{1}{9}\%$) covering farm land of an appraised value of one hundred eighty-five and five twenty-sevenths per cent ($185\frac{5}{27}\%$) of the face value of this bond; which said real estate farm securities or other first mortgage real estate farm securities of equal value or the proceeds thereof are to be held by me as security, additional to the promise of the Philippine National Bank for the prompt payment of this bond, principal and interest.

....

" '*Treasurer of the Philippine Islands.*'

"Changes in this act or in the laws of the Philippine Islands which may hereafter be made shall not in any manner affect the real estate bonds issued hereunder which may be outstanding at the time of such change or changes, nor shall any such change or changes affect the rights of any holder or holders thereof.

"The principal and interest of said real estate bonds shall be payable in Manila or New York, at the option of the holder thereof except as hereinafter provided.

"SEC. 13. Said bonds shall be issued in such amounts and form, at such times, and for such periods as may be expressly provided by resolution of the board of directors of the Philippine National Bank. Said bonds shall be redeemable at par on or before the date of their maturity and shall contain a provision to the effect that they are subject to redemption by lot at such date as the bank may designate: *Provided, however,* That such of the bonds so chosen by lot for redemption as have not been outstanding for at least three-fourths of the period for which issued shall be retired with a premium of five per centum of the par value thereof. The bonds so chosen for redemption shall cease to bear interest beginning with the date set for their withdrawal, and the aforesaid selection by lot shall take place at least one hundred days before the date of the withdrawal: *And provided,* That the serial numbers of the bonds so selected shall be published for a period of not less than three months in two daily newspapers of general circulation in the Philippine Islands, and by notification of the Bureau of Insular Affairs at least three months before said redemption.

"SEC. 14. The board of directors may, at the request of the holder, authorize the payment of the interest on any bond at the branches or agencies of the bank in the municipalities of the Philippine Islands or in the United States.

"SEC. 15. Said National Bank is hereby authorized to issue circulating notes. Said notes shall never be issued in any amount exceeding the paid-up capital stock and surplus of said bank plus the amount of gold coin of the United States held in the bank's own vaults or to its order in the treasury of the Philippine Islands or of the United States or in solvent National Banks of the United States or in any Federal Reserve Bank.

"The securities described in section eleven, subsection (A), of this act, and the proceeds thereof shall be held inviolable for the payment and redemption of said circulating notes. Said circulating notes shall be engraved and shall be payable on demand to the bearer in lawful money of the Philippine Islands. There shall at all times be held by said National Bank a sum not less than thirty-three and one-third per cent of the total amount of said circulating notes issued and outstanding and not covered by gold coin of the United States as herein provided for in lawful money of the Philippine Islands.

"Said sum shall be available only for the purpose of redeeming the circulating notes herein provided for.

"It is hereby further provided that in addition to the circulating notes above provided for, said National Bank shall have authority to issue its circulating notes against gold coin of the United States to the full value thereof: *Provided, however,* That such gold coin against which circulating notes have been issued shall be held by said bank and used for no other purpose except the redemption of said circulating notes. The said bank, however, shall have the privilege of redeeming said circulating notes in any lawful money of the Philippine Islands. Such circulating notes shall be exempt from any and all taxes levied or assessed by the Philippine Government, or any department, division, or subdivision thereof.

"The said circulating notes shall be receivable by the Philippine Government in payment of all taxes, dues or other claims due or owing to said Government, and shall be redeemed by the bank on demand, in lawful money of the Philippine Islands, at the central office in Manila.

"SEC. 16. The Philippine National Bank is hereby authorized to receive deposits of funds of the Insular Government, the Provinces, municipalities, Postal Savings Bank, associations, corporations, and private persons, and it is hereby made obligatory for the aforesaid Insular, provincial, and municipal governments to make their deposits in the National Bank. The interest paid by said bank on deposits so made shall not exceed four per centum per annum: *Provided, however*, That whatever in the judgment of the secretary of finance, it is in the public interest to make deposits from public funds in other banks or institutions legally authorized to receive such deposits he is hereby authorized to cause the same to be done under such terms and conditions as he may deem proper.

"SEC. 17. The affairs and business of the National Bank shall be managed by a board of directors consisting of the president of the bank, who shall be chief executive thereof and chairman of the board at the same time, one vice-president, who shall assist the president and act in his stead in case of absence or incapacity, and five members elected as hereinafter provided.

"The president of the bank shall have power to make loans on commerical paper for periods of time not to exceed four months and in sums not exceeding fifty thousand pesos in any one case, but he is required to submit a report on each such loan to the board of directors at its next succeeding session. It shall also be his duty—

"(*a*) To make, with the advice and consent of the board of directors, all contracts on behalf of the said bank and to enter into all necessary obligations by this act required or permitted;

"(*b*) To report weekly to the board of directors the main facts concerning the operations of the bank during the preceding week and to suggest changes in rates of discount, exchange, or of policy which may to him seem best;

"(*c*) To furnish, upon request of the secretary of finance or of the Governor General of the Philippine Islands, any information in his possession regarding the operations of said bank.

"SEC. 18. The president and vice-president shall be appointed by the Governor General, by and with the consent of the Philippine Senate, and may be removed for cause by said Governor General, by and with the same consent. The five remaining members shall be elected and may be removed in accordance with the provisions of act numbered fourteen hundred and fifty-nine, the Corporation Law. The president may, with the authorization of the board of directors, delegate from time to time any of his duties or functions to any officer of the bank.

"SEC. 19. All the other officers and employees of said National Bank shall be appointed and removed by the president thereof: *Provided, however*, That for the appointment and removal of those receiving more than two thousand pesos per annum, the approval of the board of directors shall be required. The officers and employees of said bank shall not be subject to the civil service law, and their duties and compensations shall be fixed by the president with the approval of the board of directors: *Provided, further*, That whenever the president or vice-president, by order of the board of directors, shall temporarily or permanently perform duties incumbent upon other officers or employees, they may be granted compensation additional to the salary fixed by this act for the president and vice-president; but the resolution of said board shall not take effect until the written approval of the Governor General and of the presiding officers of both houses of the Philippine Legislature has been secured. The orders of the said board of directors in this respect may be modified or repealed at any time, provided they are approved in each case by the Governor General and the presiding officers of both houses of the legislature.

"SEC. 20. The president of the National Bank shall, before assuming charge of the government thereof, furnish bond in a sum of not less than two hundred and fifty thousand pesos, and the vice-president shall furnish bond in the sum of one hundred thousand pesos for the faithful performance of their duties.

"SEC. 21. All the other officers and employees of said National Bank or any branch thereof, shall, if and as required by the board of directors of said bank, before entering upon the performance of their duties, furnish a fidelity bond for the benefit of said National Bank, in the form and amount prescribed by the board of directors of the National Bank. For this purpose, and for this purpose alone, all officers and employees of the National Bank of whom a bond is required shall be deemed public officers and employees, respectively, and the provisions of act numbered twenty-four hundred and thirty-six, of the Philippine Legislature, creating the fidelity fund, are hereby made applicable to all said officers and employees.

"SEC. 22. The attorney general of the Philippine Islands shall be attorney for said National Bank and may, whenever he may deem it proper, in specific cases delegate his duties to the fiscal of the city of Manila or any provincial fiscal, as the case may be: *Provided, however*, That the board of directors of said bank shall have power to employ such additional attorneys as may be necessary.

"SEC. 23. The insular auditor shall be ex officio auditor of the National Bank and it shall be his duty to make an examination of the books of the bank and report thereon at least once each year to the Governor General of the Philippine Islands, through the secretary of finance, and to the board of directors of said bank. The cost of such examination and report shall be reimbursed by said bank.

"SEC. 24. The National Bank shall be subject to inspection by the insular treasurer with regard to its solvency in the manner provided by law.

"SEC. 25. The secretary of finance, the insular treasurer, and the insular auditor are hereby prohibited from owning stock in the National Bank, or from becoming indebted to said National Bank, directly or indirectly, in any sum.

"SEC. 26. The insular treasurer and auditor, or other officers designated by law to inspect or investigate the condition of said National Bank, shall not reveal to any person other than the Governor General, the secretary of finance, and the board of directors the details of the inspection or investigation, nor shall they give any information relative to the funds in its custody, its current accounts or deposits belonging to private individuals, corporations, or any other entity, except by order of a court of competent jurisdiction.

"Sec. 27. The president of the National Bank shall be appointed for a term of six years, and shall receive an annual salary of twenty-four thousand pesos. The vice-president shall hold office for a like term as the president and shall receive a salary of twelve thousand pesos: *Provided, however,* That the vice-president shall receive the same salary as the president when acting in the stead of the latter. The other five members of the board of directors shall hold office for one year and receive per diems of twenty pesos for each meeting actually attended by them.

"Sec. 28. The stockholders shall meet on the first Tuesday after the first Monday in March of each year to elect the five directors or members of the board of directors tor the current year, each stockholder or his authorized proxy being entitled to as many votes as there were shares registered in his name on January thirty-first immediately preceding and owned by him on the date of election.

"Sec. 29. The board of directors created by section seventeen of this act shall have general supervision, management, and control of the affairs of said bank and shall from time to time fix the rate of interest, discount or exchange to be charged by said bank and make public announcement of the same at the head office. The board of directors may also fix different rates of interest on loans in accordance with the different classes of securities herein specified: *Provided,* That the said National Bank shall require definite security in written form to protect each and every loan, discount, or other advance of funds made by it. The board of directors shall make and publish semiannually a general balance of the business of said bank.

"Sec. 30. The said National Bank, by this act created, may establish branches or agencies in the United States of America and in other countries at such points as may be determined upon by the board of directors of the said National Bank. It shall be the function of each of the said agencies—

"(*a*) To receive, transmit, and disburse any funds of the Philippine Government payable in the United States.

"(*b*) To receive, transmit, and disburse any funds of the United States Government which may be placed on deposit with, or entrusted to it.

"(*c*) To receive, transmit, and disburse any funds of individuals, firms, companies, or corporations engaged in business with the Philippine Islands, or having interests therein.

"(*d*) To engage in business to the extent permitted by law of the United States with the Federal Reserve Bank of the district in which said branches or agencies may be located, and if and when permitted by law of the United States, to conduct a deposit and discount business with the said Federal Reserve Bank to the extent that conditions may require, under the instructions of the board of directors of the said National Bank.

"Sec. 31. The National Bank may establish branch banks in the provincial capitals and in those municipalities in which, in the judgment of the board of directors, the industrial, commercial, or agricultural movement may require it. The agents and other officers and employees of said branch banks shall be appointed and may be removed in accordance with the provisions of section nineteen of this act, and shall furnish bond in a sum to be fixed in each case by the board of directors.

"With the authorization of the Secretary of the Interior first had, the board of directors may appoint as agents, cashiers, or tellers of said banks the provincial or municipal treasurers, who shall in this case furnish such bond and receive such additional compensation as the bank may determine, and shall be removable from office, not only as such agents, cashiers, or tellers, but also as such provincial or municipal treasurers, by the Governor General, for violation of the provisions of this act or of the by-laws of the bank or any instructions received by them from said bank.

"Sec. 32. The branch banks of the National Bank are authorized to exercise the powers conferred upon them by the board of directors of the bank.

"Sec. 33. The branch banks shall make detailed daily reports of their transactions to the central office of the National Bank at Manila, and shall submit to a periodical examination by an examiner to be designated by the board of directors of the National Bank.

"Sec. 34. Nothing contained in this act shall be construed to prevent the National Bank from taking over and extending upon terms and conditions which to the board of directors shall seem just for a period of not exceeding five years the loans already made and outstanding at the time of the passage of this act by private banks with Government funds deposited in said banks, but in no event shall the amount of said loans thus taken over by the National Bank exceed one million five hundred thousand pesos, and no part of such loans so taken over shall be considered as subject to any restrictions elsewhere provided in this act as to the amount of its capital which may be used by said bank for any specific purpose, and in this case it shall be the duty of the insular treasurer to keep on deposit in the National Bank a sum equivalent to the total amount of said loans for a period of time not exceeding five years.

"Sec. 35. The National Bank shall not, directly or indirectly, grant loans to any of the members of the board of directors of the bank nor to agents of the branch banks

"Sec. 36. The National Bank is hereby authorized to purchase and own such real estate as may be necessary for the purpose of carrying on its business. It is also authorized to hold such real estate as it may find necessary to acquire in the collection of debts due to the said bank or to its branches; but real estate acquired in the collection of debts shall be sold by the said bank within five years after the date of its acquisition.

"SEC. 37. The bank is hereby authorized to erect bonded warehouses for depositing therein the goods given to it in pledge, in any provincial capital or any municipality where the commercial movement or industrial or agricultural importance of the place may require it.

"SEC. 38. The mortgagor shall have the right, within one year after the sale of real estate as a result of the foreclosure of a mortgage, to redeem the property by paying the amount fixed by the court in the order of execution, with interest thereon at the rate specified in the mortgage, and all the costs and other judicial expenses incurred by the bank by reason of the execution and sale and for the custody of said property.

"SEC. 39. If, from any cause whatsoever, any of the securities specified for the loans provided for in this act or accepted by said bank as security for loans or discount decline or depreciate in market value in part or as a whole, or on nonperformance of any promise made to secure the loan or discount, or upon nonpayment of any liability under a loan or discount, or upon bills of exchange, notes, and checks, the said bank may demand additional securities or may forthwith declare any such obligation due and payable and upon twenty-four hours notice, if practicable, or without such notice, if otherwise demand, sell, assign, transfer, and deliver the whole of said securities or any part thereof, or any substitutes therefor, or any additions thereto, or any other securities or property given unto or left in the possession of, or thereafter given unto or left in the possession of the said bank for safekeeping or otherwise, at any brokers' board or at public or private sale, at the option of said bank, without either demand, advertisement, or notice of any kind, and at such sale, if public, the said bank may itself purchase the whole or any part of the property sold, free from any right of redemption on the part of the mortgagor or pledgor. In case of sale for any cause, after deducting all costs or expenses of any kind for collection, sale or delivery, the said bank may apply the residue of the proceeds of the sale so made, to pay one or more or any or all of the said liabilities to the said bank, as its President shall deem proper, whether then due or not due, making proper rebate for interest on liabilities not then due, returning the overplus, if any, to the mortgagor or pledgor who shall remain liable to and pay to said Bank for any deficiency arising upon such sale or sales.

"SEC. 40. If the proceeds of the sale of securities held as collateral for loans by said bank do not cover the full amount of the loan, together with interest and other charges thereon, the bank may proceed against the debtor for the difference, but any amount exceeding the full indebtedness to the bank shall be paid to the debtor.

"SEC. 41. The provisions of act numbered seventeen hundred and fifty-four and its amendments are hereby made applicable to violations of the law consisting in the making, or causing to be made, and circulating, or causing to be circulated, forged notes and bonds in imitation of those of the National Bank.

"SEC. 42. No fee or charge of any kind by way of commission shall be exacted, demanded or paid, for obtaining loans, and any officer, employee, or agent of the bank exacting, demanding, or receiving any fee for service in obtaining a loan or for use of his influence to obtain a loan shall be punished as hereafter established for violation of this act.

"SEC. 43. After deduction of the administration expenses, the net profits or gains resulting from the operations of said National Bank shall be apportioned semiannually as follows:

"For the creation and maintenance of a reserve, a sum equal to fifty per centum of the net profits. The remaining fifty per centum shall be distributed among the stockholders in the form of dividends: *Provided, however*, That the dividends so to be distributed shall not exceed in any calendar year twelve per centum of the paid-up capital: *And provided, further*, That in case there is a surplus after the necessary provision has been made for the reserve and dividend above mentioned, such surplus shall be transferred to the account of undivided profits.

"SEC. 44. All profits assigned as dividends to the shares of the Government shall be paid into the insular treasury, for the general funds thereof.

"SEC. 45. The legal existence of the Philippine National Bank created by this act shall be for a period of fifty years, counting from the day on which it began officially its operations. This period may be extended for fifty years more by an act of the Philippine Legislature.

"SEC. 46. All banks not organized and transacting business under a charter granted by the Philippine Legislature expressly exempting them from the restrictions and penalties of this section, and all persons or corporations doing the business of bankers, brokers, or savings institutions, are prohibited from using the word "national" as a portion of the name or title of such bank, corporation, firm or partnership; and any violation of this prohibition committed after ninety days subsequent to the date of enactment of this act shall subject the party chargeable therewith to a penalty of not less than one hundred pesos for each day during which it is committed or repeated.

"SEC. 47. The board of directors of the National Bank is hereby authorized to adopt the necessary regulations for its operation, in conformity with this act and the corporation law.

"SEC. 48. All acts or parts of acts inconsistent or incompatible with the provisions of this act are hereby repealed.

"SEC. 49. Any person who shall violate any of the provisions of this act shall be punished by a fine not to exceed ten thousand pesos, or by imprisonment not to exceed five years, or by both such fine and imprisonment.

"SEC. 50. The Philippine National Bank shall at all times keep on hand in its vaults or with the treasury of the Philippine Islands a sum in lawful money either of the Philippine Islands or of the United States which shall be computed as follows:

"Thirty-three and one-third per cent of the circulating notes outstanding not covered by gold coin as provided in section eighteen of act numbered twenty-six hundred and twelve, as amended by this act.

"Twenty-five per cent of the demand deposits outstanding and credited on its books, except such funds as are on deposit with solvent banks in the United States and collateraled by securities approved by the insular treasurer, or in solvent banks approved by the insular treasurer; ten per cent of the certificates of fixed deposit maturing within one year from the date upon which the computation is made, or sixty-six and two-thirds per cent of those maturing within thirty days from such date: *Provided*, That if the Philippine National Bank shall have funds subject to check with national banks or Federal Reserve Banks of the United States, such funds may be considered as constituting a part of the twenty-five per cent and ten per cent specified in this section up to a sum to be fixed from time to time by the secretary of finance, with the approval of the Governor General.

"SEC. 51. The Philippine National Bank is hereby authorized to guarantee, both as to principal and interest, or either, bonds issued by duly incorporated companies for the erection of and addition or additions to industrial plants or manufactories principally used for the manufacture and preparation of the products of the Philippine Islands: *Provided, however*, That such guarantee shall only be lawful when approved by a committee composed of the Governor General of the Philippine Islands and the presiding officers of the two houses of the Philippine Legislature.

"Subject to the same approval, the National Bank is hereby authorized to purchase bonds issued by any duly incorporated company engaged in the manufacture or preparation of products of the Philippine Islands. Such bonds shall be secured by a first mortgage or deed of trust on the property of the company. The face value of the bonds issued and secured by such mortgage or deed of trust shall not exceed sixty per cent (60%) of the fair value of the property securing the bonds. The property serving as security for the bonds shall consist of land, buildings, machinery, and equipment of such company in the Philippine Islands."

SEC. 2. This act shall take effect on its approval.

Approved, February 20, 1918.

State Banks and Trust Companies Admitted.

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

Five hundred and eighty-nine State institutions are now members of the system, having a total capital of $294,308,400, total surplus of $355,195,859, and total resources of $6,209,063,819.

	Capital.	Surplus.	Total resources.
Bank of Jonesboro, Jonesboro, Ark	$150,000	$150,000	$2,067,857
Bankers Trust Co., Little Rock, Ark	250,000	5,403	2,244,217
Southern Trust Co., Little Rock, Ark	500,000	100,000	3,417,445
The Denver Stock Yards Bank, Denver, Colo	250,000	....	2,068,037
The Citizens Bank, Metter, Ga	30,000	....	239,328
Pittard Banking Co., Winterville, Ga	25,000	5,000	118,032
The Meridian State Bank, Meridian, Idaho	25,000	....	25,000
Bank of Murtaugh, Murtaugh, Idaho	25,000	....	27,500
Rigby State Bank, Rigby, Idaho	30,000	8,000	333,608
Pierce Trust & Savings Bank, Sycamore, Ill	100,000	50,000	806,187
Gillespie Trust & Savings Bank, Gillespie, Ill	50,000	15,000	536,859
Des Plaines State Bank, Des Plaines, Ill	50,000	33,000	623,479
Farmers State Bank, Eureka, Ill	100,000	....	614,458
Marshall State Bank, Marshall, Ill	60,000	....	260,411
Steuben County State Bank, Angola, Ind	40,000	9,341	199,179
Hillsboro State Bank, Hillsboro, Ind	25,000	6,000	181,161
Citizens State Bank, Jamestown, Ind	30,000	7,500	358,449
Sparta State Bank, Cromwell, Ind	27,500	....	120,522
Peru Trust Co., Peru, Ind	100,000	25,000	1,107,371
Fairbank State Bank, Fairbank, Iowa	26,000	14,000	418,350
Farmers State Bank, Elberon, Iowa	40,000	20,000	566,650
Mount Ayr State Bank, Mount Ayr, Iowa	100,000	15,000	682,024
Bank of Green, Green, Kans	40,000	15,400	351,825
Commercial Trust & Savings Bank, New Orleans, La	1,250,000	800,000	18,816,787
Liberty Bank of Baltimore County, Gwynn Oak Junction, Md	25,000	5,000	245,108
Gwinn State Savings Bank, Gwinn, Mich	25,000	15,000	358,653
The Lake City Bank of Minnesota, Lake City, Minn	50,000	50,000	607,421
Deposit Bank of Winona, Winona, Minn	400,000	100,000	3,210,226
Denton State Bank, Denton, Mont	25,000	3,500	215,491
Empire Bank & Trust Co., Lewistown, Mont	100,000	1,500	816,016
Chappell State Bank, Chappell, Nebr	25,000	25,000	592,904
Farmers State Bank, St. Edward, Nebr	25,000	....	279,979
Cranford Trust Co., Cranford, N. J	100,000	20,000	1,559,131
Princeton Bank & Trust Co., Princeton, N. J	100,000	150,000	1,816,919
Security State Bank, Portales, N. Mex	25,000	4,000	189,014
Commercial Exchange Bank, New York, N. Y	200,000	700,000	7,526,173
New Netherland Bank of New York, N. Y	200,000	200,000	5,305,247
Bank of Suffolk County, Stony Brook, N. Y	25,000	15,000	417,365
County Trust Co., White Plains, N. Y	100,000	50,000	2,561,627
Mutual Trust Co. of Westchester County, Port Chester, N. Y	300,000	60,000	2,052,057
Citizens Bank, Cuyahoga Falls, Ohio	50,000	2,000	347,235
Cuyahoga Falls Savings Bank Co., Cuyahoga Falls, Ohio	100,000	30,150	1,137,318
West Lafayette Bank Co., West Lafayette, Ohio	100,000	50,000	1,026,750
Peoples Savings & Trust Co., Akron, Ohio	200,000	100,000	4,408,608
Dime Savings Bank Co., Canton, Ohio	200,000	120,000	3,536,041
The Citizens State Bank Co., West Milton, Ohio	30,000	5,000	296,879
Geneva Savings Bank Co., Geneva, Ohio	100,000	65,000	965,140
Scandinavian American Bank, Astoria, Oreg	100,000	10,000	1,194,894
Bank of Commerce, Philadelphia, Pa	300,000	140,000	2,115,265
Commercial Trust & Savings Bank, Memphis, Tenn	350,000	100,000	5,782,735
Trent State Bank, Goldthwaite, Tex	50,000	25,000	407,937
First State Bank, Killeen, Tex	25,000	7,000	177,350
First State Bank, Stamford, Tex	55,000	13,000	345,045

	Capital.	Surplus.	Total resources.
Citizens State Bank, Sheboygan, Wis.	$200,000	$125,000	$2,069,006
First State Bank, Graford, Tex.	25,000	7,000	129,159
The First State Bank, Ladonia, Tex.	25,000	12,500	279,427
Rio Grande Valley Bank & Trust Co., El Paso, Tex.	500,000	90,000	3,679,306
El Paso Bank & Trust Co., El Paso, Tex.	200,000	....	1,645,757
Citizens State Bank, Commerce, Tex.	25,000	2,500	169,311
Brownfield State Bank, Brownfield, Tex.	25,000	12,500	258,269
First State Bank, Wylie, Tex.	30,000	12,500	273,672
The Deseret Savings Bank, Salt Lake City, Utah.	500,000	300,000	4,457,619
Utah Savings & Trust Co., Salt Lake City, Utah.	300,000	20,000	1,982,541
Franklin Bank, Franklin, W. Va.	40,000	5,500	242,414
Second Ward Savings Bank, Milwaukee, Wis.	1,000,000	600,000	23,994,518
Bank of Oakfield, Oakfield, Wis.	25,000	10,000	292,207

Following is a comparative statement showing the number, capital, surplus, and total resources of State institutions which have joined the Federal Reserve system, as of January 1, 1918, and July 15, 1918:

State bank members of the Federal Reserve system up to January 1, 1918.

District.	Number of banks.	Capital.	Surplus.	Total resources.
No. 1—Boston	13	$16,100,000	$16,175,000	$346,578,652
No. 2—New York	46	91,214,100	135,352,516	2,574,779,252
No. 3—Philadelphia	7	8,050,000	19,660,000	179,905,045
No. 4—Cleveland	15	14,150,000	45,109,500	346,475,697
No. 5—Richmond	14	5,040,700	3,067,900	43,620,960
No. 6—Atlanta	20	9,860,000	7,175,750	115,338,127
No. 7—Chicago	72	43,295,000	35,026,130	777,803,799
No. 8—St. Louis	13	15,625,000	16,510,750	204,210,354
No. 9—Minneapolis	16	2,760,000	741,500	26,371,671
No. 10—Kansas City	9	3,005,000	2,363,090	65,522,041
No. 11—Dallas	11	935,000	168,650	9,954,435
No. 12—San Francisco	14	2,820,000	1,538,250	53,641,094
Total	250	212,854,800	232,888,946	4,744,201,127

State bank members of the Federal Reserve system up to and including July 15, 1918.

District.	Number of banks.	Capital.	Surplus.	Total resources.
No. 1—Boston	24	$24,000,000	$26,277,000	$517,051,789
No. 2—New York	70	108,685,100	149,570,016	3,092,653,894
No. 3—Philadelphia	16	14,900,000	37,551,944	251,696,039
No. 4—Cleveland	35	23,435,000	54,874,500	503,660,933
No. 5—Richmond	23	7,585,700	5,088,400	77,584,641
No. 6—Atlanta	40	14,720,000	9,549,010	211,493,568
No. 7—Chicago	131	51,786,000	41,503,000	932,930,958
No. 8—St. Louis	24	19,985,000	18,068,750	254,706,614
No. 9—Minneapolis	41	3,955,000	1,333,000	50,877,299
No. 10—Kansas City	21	4,575,000	2,988,700	88,909,221
No. 11—Dallas	62	3,823,000	1,048,750	37,675,963
No. 12—San Francisco	57	10,120,000	3,736,625	134,396,606
Total	544	287,569,800	351,589,695	6,153,637,625

Foreign Branches of American Banks.

The Board has recently authorized the establishment of additional foreign branches and subbranches of American banks. Following is a list of those authorized to date:

	Date authorized.
National City Bank, New York City:	
Branch at Buenos Aires, Argentina...Sept.	2, 1914
Subbranch at Montevideo, Uruguay [1]....Apr.	16, 1915
Branch at Rio de Janeiro, Brazil......Sept.	2, 1914
Subbranches at Santos, Sao Paulo, Pernambuco, Para, and Bahia, Brazil.....Dec.	23, 1914
Branch at Habana, Cuba.............Mar.	17, 1915
Subbranches at Santiago, Matanzas, Cienfuegos, Guantanamo, Camaguey, Cardenas, Manzanillo, Cuba; Kingston, Jamaica; and Santo Domingo, Santo Domingo.........Mar.	17, 1915
Branch at Valparaiso, Chile..........Oct.	18, 1915
Subbranches at Antofagasta and Santiago, Chile...........Oct.	18, 1915
Branch at Genoa, Italy...............May	25, 1916
Subbranches at Turin, Milan, Venice, Florence, Rome, Naples, and Palermo, Italy............May	25, 1916
Branch at Petrograd, Russia..........July	5, 1916
Subbranches at Moscow, Odessa, Warsaw, Riga, Baku, Astrakhan, Vladivostok, Sebastopol, Helsingfors, and Vilna, Russia.....July	5, 1916
Branch at Lima, Peru...............July	31, 1917
Subbranches at Payta, Callao, and Mollendo, Peru...............July	31, 1917
Branch at Caracas, Venezuela........July	31, 1917
Subbranches at La Guayra, Porto Cabello, and Maracaybo........July	31, 1917
Branch at San Juan, P. R............Feb.	13, 1918
Subbranches at Arecibo, Mayaguez, and Ponce..............Feb.	13, 1918
Commercial National Bank, Washington, D. C.:	
Branch at Panama City, Panama [2]....Jan.	12, 1915
Branch at Cristobal, Canal Zone [2].....Nov.	30, 1914
First National Bank, Boston, Mass.:	
Branch at Buenos Aires, Argentina....Jan.	29, 1917
American Foreign Banking Corporation, New York:	
Branch at Port au Prince, Haiti......Jan.	7, 1918
Branch at Habana, Cuba.............Feb.	25, 1918
Branches at Cristobal and Panama City.............Apr.	2, 1918
Branch at Rio de Janeiro, Brazil......July	23, 1918
Branch at Cap-Haitien, Haiti.........July	23, 1918
Branch at Saint-Marc, Haiti..........July	23, 1918
Branch at Cali, Colombia............July	23, 1918

[1] Made an independent branch Dec. 8, 1917.

[2] Transferred to the American Foreign Banking Corporation.

The Mercantile Bank of the Americas has branches and affiliated banks as follows:

France—Mercantile Bank of the Americas (Inc.), 11 bis Boulevard Haussmann, Paris.

Spain—Mercantile Bank of the Americas (Inc.), Canuda 2, Barcelona.

Peru—Banco Mercantil Americano del Peru, Lima, Arequipa, Chiclayo, Callao.

Ecuador—Mercantile Oversea Corporation, Guayaquil.

Nicaragua—National Bank of Nicaragua (Inc.), Managua, Bluefields, Leon, Granada.

Venezuela—Banco Mercantil Americano de Caracas, Caracas, La Guayra; Mercantile Oversea Corporation, Maracaibo.

Brazil—American Mercantile Bank of Brazil, Para, Pernambuco.

Colombia—Banco Mercantil Americano de Colombia, Bogota, Barranquilla, Cartagena, Medellin. Mercantile Oversea Corporation, Bogota, Barranquilla, Cartagena, Medellin, Girardot, Honda.

New Orleans, La.—Mercantile Oversea Corporation.

Agencies in Bolivia, Costa Rica, Guatemala, Honduras.

Banks operating in the foreign trade under regulations of the Federal Reserve Board are as follows: Mercantile Bank of the Americas, New York City; American & Foreign Banking Corporation, New York City; First National Corporation of Boston, Boston, Mass.

The following is a list of banks which are stockholders of the American Foreign Banking Corporation and which have been granted by the Federal Reserve Board authority to take such stock:

Baltimore, Md.—Merchants-Mechanics First National Bank.

Boston, Mass.—Merchants National Bank.

Buffalo, N. Y.—Manufacturers & Traders National Bank.

Chicago, Ill.—Corn Exchange National Bank.

Cincinnati, Ohio.—Fifth-Third National Bank.

Cleveland Ohio.—First National Bank.

Dallas, Tex.—Security National Bank.

Denver, Colo.—Denver National Bank.

Detroit, Mich.—Peoples State Bank.

Grand Rapids, Mich.—Grand Rapids National City Bank.

Indianapolis, Ind.—Indiana National Bank.

Los Angeles, Cal.—Merchants National Bank.

Louisville, Ky.—American-Southern National Bank.

Milwaukee, Wis.—First National Bank.

Minneapolis, Minn.—First and Security National Bank.

Minneapolis, Minn.—Northwestern National Bank.

Mobile, Ala.—The Peoples Bank.

Newark, N. J.—National Newark & Essex Banking Co.

New Orleans, La.—Canal Bank & Trust Co.

New York.—Chase National Bank.

Philadelphia, Pa.—Philadelphia National Bank.

Pittsburgh, Pa.—The Bank of Pittsburgh, N. B. A.

Portland, Oreg.—United States National Bank.

Providence, R. I.—Industrial Trust Co.

Richmond, Va.—Merchants National Bank.

St. Paul, Minn.—Merchants National Bank.

St. Louis, Mo.—National Bank of Commerce.

San Francisco, Cal.—Anglo and London-Paris National Bank.

Springfield, Mass.—Springfield National Bank.

Tacoma, Wash.—National Bank of Tacoma.

Toledo, Ohio.—The National Bank of Commerce.

Utica, N. Y.—First National Bank.

Washington, D. C.—The Commercial National Bank.

Worcester, Mass.—Merchants National Bank.

There is printed herewith the substance of a report furnished by the Mercantile Bank of the Americas concerning the operation of its foreign branches.

The Board prints this report in order to give the banks of the United States an opportunity to familiarize themselves with what is being done in foreign fields. The Board plans to invite the other banks operating in foreign countries to make similar reports and will publish them from time to time.

The bank was started in 1915 with a small capital stock subscribed by Messrs. Brown Bros. & Co. and Messrs. J. & W. Seligman & Co. The intention was to form a Pan-American bank, the gentlemen starting the bank being deeply interested in conferences that had taken place in Washington, and the general discussion that had been spread through the country concerning the need for foreign trade banks by the United States of America. Shortly afterward the following banks were added to the group at various times: The Guaranty Trust Co. of New York; The National Shawmut Bank of Boston; The Anglo-London Paris National Bank of San Francisco; The Hibernia Bank & Trust Co. of New Orleans.

The first foreign bank to be placed under the control of the Mercantile Bank of the Americas was the National Bank of Nicaragua. This bank had been formed in order that the currency situation in Nicaragua might be revised in accordance with the wish of the United States Government's State Department that some method be devised whereby the currency of Nicaragua would no longer experience the vicissitudes it had heretofore experienced. After considerable labor the old currency was finally taken up, a good part of it being burned, and the balance of it at the time of conversion being taken over at the rate of 12½ to 1; namely, 8 cents in the new cordoba currency for each peso of the old currency. The unit of value was the cordoba, value the same as the United

States dollar. With the exception of a very short time, when the war between England and Germany commenced, this currency has been maintained at about parity, being the only currency in South and Central America which enjoys that distinction. At the present time the range of rates has been about 99 to 102. The National Bank of Nicaragua is a Connecticut corporation, and its capital is $300,000, 51 per cent of its stock being owned by the Mercantile Bank of the Americas and 49 per cent by the Government of Nicaragua. Its board of directors consists of representatives of the Mercantile Bank of the Americas, the Government of Nicaragua, and the State Department of the United States.

The branches of the National Bank of Nicaragua are opened in Managua, Bluefields, Leon, and Granada. Bluefields is on the Atlantic coast, and strenuous efforts are being made by the bank to develop this part of Nicaragua, which is mostly settled by Americans. To that end close connections are maintained between the Mercantile Oversea Corporation in New Orleans and its affiliated institutions and the National Bank of Nicaragua in Bluefields, New Orleans being the port through which most of the trade must be cleared. The National Bank of Nicaragua is the only American Bank in Nicaragua.

PERU.

The American Mercantile Bank of Peru was established about a year and a half ago at Lima. Since then branches have been opened at Arequipa, Chiclayo, and Callao. It maintains an aggressive foreign trade department, employing commercial men, and has become known as the most active dealer in exchange, both sterling and dollars, in Peru.

The management of this organization consists of a board of directors, whose formal meetings are held in New York, and the executive committee of the board which meets in Lima, Peru. This executive committee consists of three prominent Peruvian gentlemen, and the use of their names in that country in connection with our American institution there, has, no doubt, been extremely useful to the bank, giving it a standing that it would not have otherwise secured so quickly. Exchange in Peru now shows New York funds selling at the rate of about 5.80 against a parity of 4.86. The capital of the bank is, however, carried down on the books of the bank at about 4.80, which is probably the worst that exchange would go in case of a reverse position after the war. In view of the exchange situation and the possibility of there being a scarcity of currency (which has now materialized) the bank has kept a great deal of its deposits in foreign currencies, and thus is in an extremely favorable position as compared to the other banks there, which have deposits in local currency almost exclusively, and whose position at this time is a rather difficult one, because of the fact that the country has been drained of its gold, and currency is extremely scarce. The capital of this bank is $500,000, all owned at present by the Mercantile Bank of the Americas.

VENEZUELA.

The American Mercantile Bank of Caracas was opened about nine months ago in the city of Caracas. A branch has been opened at La Guayra in order to facilitate the movement of goods through the customhouse. A great many merchants in America seem to think that if they send a sight draft with documents attached, the merchant in Venezuela (and for that matter in every country) can not obtain the goods unless he first takes up the draft and receives the documents. This is not so, and to the end that American merchants might be protected, arrangements have been made and announcements sent throughout the country informing banks that the service of this American Bank in Venezuela is at their disposal for the consignment of goods direct to the bank at the port of entry, La Guayra, provided that the sight draft with bills of lading is forwarded through the bank for collection. To large banks no charge is made for this service, on condition, of course, that they protect the bank in case the goods are not taken up by the purchaser. This facility would seem to remove one of the obstacles in the way of development of trade, and, by the way, is only one of many innovations that have been possible under this merchant banking system, which the Mercantile Bank of the Americas has installed in various parts of South America. This is a Connecticut corporation, and all the stock is owned by the Mercantile Bank of the Americas.

BRAZIL.

The American Mercantile Bank of Brazil, with offices at Para and Pernambuco, was opened about six months ago. This bank is not yet fairly under way, and the restrictions on trade in rubber and other commodities by our Government has resulted in this bank developing rather more slowly than some of the others. In addition to that, it is even more difficult to get banking men who understand Portuguese than it is to obtain those who speak Spanish. The capital of this bank is $500,000, all of which is owned by the Mercantile Bank of the Americas. This bank is also a Connecticut corporation.

COLOMBIA.

The American Mercantile Bank of Colombia has been established within the last few months at Bogota, Barranquilla, Cartagena, and Medellin, and is the only bank, native or otherwise, with a system covering practically the whole country. The capital allocated to this bank is $500,000. This is a Connecticut corporation, and all of its stock is owned by the Mercantile Bank of the Americas.

Through the cooperation of the Federal Reserve Board and the Treasury Department, as our first important work we were able to protect New York exchange and bring it from about 76 back to 96, merely by shipping gold to that country. It has not been necessary for us to put it into circulation in order to obtain the results reported. The favorable sentiment created by our entrance, and the measures taken by us to adjust the situation, have evidently met with the approval of the people of Colombia.

A special session of Congress has been called, and is now in session, considering proposals we have made for an emergency currency there, in order to adjust the exchange situation. We think that with very little help on the part of our Federal Reserve Board and the Treasury Department we shall be able to prevent New York exchange from going against us as badly as it has in other countries similarly situated.

The Mercantile Oversea Corporation is a subsidiary of the Mercantile Bank of the Americas, all of the stock being owned by them. It has full powers to trade and to do any business that a merchant banker would do in Central or South American countries. It is used to match the facilities possessed by the German and English banking and trade in these countries, and can deal for its own account as a trading company whenever necessary. It can also put in cleaning plants for coffee, and similar machinery that may be necessary in order to secure a hold on the movement of trade for the United States of America, and for the American banks for foreign trade established in the respective countries. In view of the difficulties of transportation and the fact that the great product of the country, coffee, was produced by small farmers, it was necessary that some such organization should be installed in Colombia, and a couple of years ago the Mercantile Oversea Corporation established agencies in various parts of the country, before the establishment of the American Mercantile Bank of Colombia, with its offices at Bogota, Barranquilla, Cartagena, Medellin, Giradot, and Honda. Where the bank is not established this corporation acts as its agent. It has also been established in the town of Maracaibo, Venezuela. Practically a state of barter exists there, and the trade is entirely in the hands of the Germans. There is not much to be looked for in the way of a bank in Maracaibo at the present time, and the Mercantile Oversea Corporation will therefore continue to try to work up a business until such time as it is possible to open a branch of the Caracas bank in that city. An office of the Mercantile Oversea Corporation has also been opened in New Orleans, so that the orders received from people to whom we lend money in the various countries adjacent to New Orleans may be sent for execution to them.

Agencies of the Mercantile Bank have been established in Bolivia, where for the time being our own representative is located in La Paz; in Costa Rica, and in Guatemala and Honduras.

It has been the policy of the Mercantile Bank of the Americas to establish separate banks in each South or Central American country in which it operates. These banks are treated as if they were branches in respect to credit granted, but otherwise are quite separate and distinct corporations. In Europe, however, there is no necessity for the establishment of separate organizations, and a branch of the Mercantile Bank of the Americas was opened about a year and a half ago in Paris. Because of war conditions and restrictions placed upon operations by the French Government, it has not been possible for this branch to do much business. It is merely laying the lines for service after the war to our Central, South, and North American institutions. A branch of the Mercantile Bank of the Americas was opened about six months ago in Barcelona, and is the only American bank established in Spain. Because of the fact that dollars were at such a heavy discount in Spain, it was quite impossible for us to place the necessary amount of capital in Spain at the disposal of the bank, with the result that an extremely difficult position arose. The services of this branch have been offered to the Treasury Department, and it is hoped that they will appoint it depository and fiscal agent for the United States Government in Spain. This branch has done some business with the South American bank established in Venezuela whenever there was a possibility of shipment of merchandise to Spain from that country. Absolute control was thus provided in a small way of a supply of pesetas for use in this market. The services of this bank have been placed freely at the disposal of the Treasury Department, and the owners of the bank would not look upon its services to the United States Government solely from the viewpoint of profits.

The capital and paid-in surplus of the bank are $3,125,000, and the undivided profits approximately $300,000. The board of directors of this bank feel reasonably well satisfied with the progress that has been made in the extremely difficult situation, both as to men and trade, that has existed. They have, however, had in mind the development of this organization wherever there were sources of raw materials to be had in South and Central America for the use of our country after the war. Under their intensive system of going right back to the planter himself and lending him money through a local bank established in his own country, with a local statement published in his country, and with the cooperation of native directors, they feel that in spite of the numerous difficulties in attempting to establish a foreign-trade bank for America in these days, the work done will prove extremely useful to our country after the war. They also hope that it will eventually turn out to be profitable.

The theory under which we work is that we shall obtain possession of the product for export at the earliest possible moment—in fact, as soon as it is ready at the plantation—and carry it from that point in our own possession until such time as it is disposed of by the broker in New York or otherwise. The same is true of exports from the United States, when the goods are consigned to the bank.

As soon as our manufacturers wake up to the need for foreign trade we are confident that this bank and its affiliated institutions will be in a position to put the American exporter into closer touch with the actual buyer of the goods in South or Central America than can be secured through any other system. To that end we are building up our organization in foreign countries and not developing extensively in this country. We are preparing our lines abroad so that when American export manufacturers are ready to sell their goods in foreign countries we shall be in the strongest position to see that they are placed in touch with the right people. Our banks in no case have shipments of merchandise made for their own account, but they do everything short of that in order to bring buyer and seller together, relying upon their commissions to reimburse them.

In the New York office there is a staff of about 150, and I suppose that if those employed in the foreign field are added the total number of people engaged in this enterprise would be in the neighborhood of 500. Compared to a local bank or a bank doing the ordinary foreign exchange business, the overhead charges in connection with such an enterprise as this are appalling. The only way in which this situation can be met is by incorporating in the one institution all the elements that can be found in the German system, which carries the goods from producer to the source of distribution, and receives the commissions, or a part of them, that are ordinarily paid for similar services rendered by various parties under the old American system. It is also a fact that under the old system German houses in New York were established in order that their chain might be completed, and the sales commission for goods and services rendered, outside of mere financial charges, were sufficient when put together to make it worth while for them to make loans, and thus control business in South and Central American countries.

We have already found it possible to call attention of borrowers in South and Central America to the fact that naturally we would prefer that purchases be made in America, if all things are equal, with the funds that we place in their hands.

There is printed below, as likely to be of interest, a list of the principal Argentine banks, stating their deposits as of April 30, 1918. This list shows that by far the largest deposits are held by the local Argentine banks and by those which appeal directly to the Spanish-speaking population and to the Italians, who form a very large percentage of the Argentine population. It is significant, however, that of the British, French, Dutch, American, and German groups of banks, the Americans now rank second in their holdings of deposits. The first group consists of the British banks, including the Anglo-South American, with $25,000,000, the British Bank of South America with $30,000,000, the London & Brazilian Bank with $10,000,000, and the London & River Plate Bank with $80,000,000. The second group contains the National City Bank with $21,000,000 and the First National with $15,000,000.[1] The third group contains the German banks, the Banco Aleman Transatlantico with $21,000,000 and the Banco Germanico de la America del Sur with $11,000,000. The fourth group contains the French banks, the Banco Frances del Rio de la Plata with $14,000,000 and the Banco Frances e Italiano with $7,000,000. The fifth group contains the Dutch bank, Banco Holandes de la America del Sur, with $18,000,000.

When it is recalled that the British banks have been in the South American field for generations while the German banks have been there for approximately a generation, that the branch of the First National Bank of Boston has been established only a year, and that the branch of the National City Bank has existed only since the beginning of the war, there is every reason to look with confidence upon the development of American banking in Argentina.

Condition of principal Argentine banks, April, 1918.

[Argentine gold dollars.]

	Deposits.	Loans and discounts.	Cash on hand.	Actual capital or that corresponding to the Argentine Republic.
Banco Alemán Transatlántico	$20,776,739	$12,228,092	$11,387,492	$3,650,000
Anglo-South American Bank	24,723,050	25,618,923	10,887,426	4,988,999
British Bank of South America	29,951,216	17,000,583	15,618,599	4,536,000
Banco Español del Rio de la Plata	103,612,256	103,442,410	24,573,832	43,253,029
Banco Francés e Italiano	6,874,757	11,066,595	6,095,629	13,998,940
Banco Germánico de la América del Sur	11,233,189	7,571,224	4,638,429	1,729,000
Banco Holandés de la América del Sur	17,547,449	24,279,726	3,821,047	3,895,833
Banco Italia y Rio de la Plata	51,929,963	56,707,252	13,967,816	10,000,000
Banco Italo-Belga	12,315,680	7,465,587	3,102,633	1,000,000
Banco de la Nacion	453,152,109	223,081,855	166,677,495	56,796,253
London and Brazilian Bank	10,230,456	5,992,402	4,534,068	2,126,190
London and River Plate Bank	79,669,941	31,143,720	47,510,928	4,250,000
Banco Nuevo Italiano	25,687,986	21,005,230	7,843,007	2,200,000
Banco Popular Argentino	11,472,218	14,863,159	4,195,428	4,626,492
Banco de la Provincia de Buenos Aires	106,585,847	88,677,237	42,740,757	27,480,890
National City Bank (B. A. Branch)	21,161,946	12,323,386	6,894,759	1,036,399
First National Bank, Boston (B. A. Branch)	15,028,017	11,121,400	3,632,787	1,036,400
Frances del Rio de la Plata	14,059,621	9,867,208	5,820,260	2,500,000
Total of principal banks	1,016,007,440	683,460,989	383,972,392	190,104,425
Total of all banks	1,042,536,127	710,309,595	391,796,852	201,094,059
Total of all banks for March, 1918	973,001,766	706,557,058	384,197,181	200,180,129

[1] The statement of May 31, just at hand, shows $22,442,325 for the National City Bank and $17,691,651 for the First National Bank.

Lost Liberty Bonds.

Following is a list of lost and stolen Liberty bonds furnished this month to the American Bankers' Association:

FIRST 3½ PER CENT BONDS, DUE 1947.

Number.	Amount.	Number.	Amount.	Number.	Amount.
381229......	$50	381233......	$50	1194845.....	$50
381231......	50	381241......	50		
381232......	50	785241......	50		

FIRST 4 PER CENT CONVERTED BONDS, DUE 1947.

927026......	$50	49157.......	$500	57931.......	$100
927027......	50	6967697.....	50		

SECOND 4 PER CENT BONDS, DUE 1942.

421819......	$50	261278......	$100	3494375.....	$100
746725......	50	261279......	100	3494376.....	100
156394......	100	261280......	100	3494377.....	100
156499......	100	279846......	100	3494379.....	100
261276......	100	1895955.....	100		
261277......	100	3494374.....	100		

THIRD 4¼ PER CENT BONDS, DUE 1928.

835407	$50	1701310	$50	1701358	$50
835408	50	1701311	50	1701359	50
1701264	50	1701312	50	1701360	50
1701265	50	1701313	50	1701361	50
1701266	50	1701314	50	1701362	50
1701267	50	1701315	50	1701363	50
1701268	50	1701316	50	1701364	50
1701269	50	1701317	50	1701365	50
1701270	50	1701318	50	1701366	50
1701271	50	1701319	50	1701367	50
1701272	50	1701320	50	1701368	50
1701273	50	1701321	50	1701369	50
1701274	50	1701322	50	1701370	50
1701275	50	1701323	50	1701371	50
1701276	50	1701324	50	1701372	50
1701277	50	1701325	50	1701373	50
1701278	50	1701326	50	1701374	50
1701279	50	1701327	50	1701375	50
1701280	50	1701328	50	1701376	50
1701281	50	1701329	50	1701377	50
1701282	50	1701330	50	1701378	50
1701283	50	1701331	50	1701379	50
1701284	50	1701332	50	1701380	50
1701285	50	1701333	50	1701381	50
1701286	50	1701334	50	1701382	50
1701287	50	1701335	50	1701383	50
1701288	50	1701336	50	1701384	50
1701289	50	1701337	50	1701385	50
1701290	50	1701338	50	1701386	50
1701291	50	1701339	50	1701387	50
1701292	50	1701340	50	1701388	50
1701293	50	1701341	50	1701389	50
1701294	50	1701342	50	1701390	50
1701295	50	1701343	50	1701391	50
1701296	50	1701344	50	1701392	50
1701297	50	1701345	50	1701393	50
1701298	50	1701346	50	1701394	50
1701299	50	1701347	50	1701395	50
1701300	50	1701348	50	1701396	50
1701301	50	1701349	50	1701397	50
1701302	50	1701350	50	1701398	50
1701303	50	1701351	50	1701399	50
1701304	50	1701352	50	1701400	50
1701305	50	1701353	50	1701401	50
1701306	50	1701354	50	1701402	50
1701307	50	1701355	50	1701403	50
1701308	50	1701356	50	1701404	50
1701309	50	1701357	50	1701405	50

THIRD 4¼ PER CENT BONDS, DUE 1928—Continued.

Number.	Amount.	Number.	Amount.	Number.	Amount.
1701406	$50	1616166	$100	1616229	$100
1701407	50	1616167	100	1616230	100
1701408	50	1616168	100	1616231	100
1701409	50	1616169	100	1616232	100
1701410	50	1616170	100	1616233	100
1701411	50	1616171	100	1616234	100
1701412	50	1616172	100	1616235	100
1701413	50	1616173	100	1616236	100
1701414	50	1616174	100	1616237	100
1701415	50	1616175	100	1616238	100
1701416	50	1616176	100	1616239	100
1701417	50	1616177	100	1616240	100
1701418	50	1616178	100	1616241	100
1701419	50	1616179	100	1616242	100
1701420	50	1616180	100	1616243	100
1701421	50	1616181	100	1616244	100
1701422	50	1616182	100	1616245	100
1701423	50	1616183	100	1616246	100
1701424	50	1616184	100	1616247	100
1701425	50	1616185	100	1616248	100
1701426	50	1616186	100	1616249	100
1701427	50	1616187	100	1616250	100
1701428	50	1616188	100	1616251	100
1701429	50	1616189	100	1616252	100
1701430	50	1616190	100	1616253	100
1701431	50	1616191	100	1616254	100
1701432	50	1616192	100	1616255	100
1701433	50	1616193	100	1616256	100
1701434	50	1616194	100	1616257	100
1701435	50	1616195	100	1616258	100
1701436	50	1616196	100	1616259	100
1701437	50	1616197	100	1616260	100
1701438	50	1616198	100	1616261	100
1701439	50	1616199	100	1616262	100
1701440	50	1616200	100	1616263	100
1701441	50	1616201	100	1616264	100
1701442	50	1616202	100	1616265	100
1701443	50	1616203	100	1616266	100
1701444	50	1616204	100	1616267	100
1701445	50	1616205	100	1616268	100
1701446	50	1616206	100	1616269	100
1936612	50	1616207	100	1616270	100
1936613	50	1616208	100	1616271	100
6147896	50	1616209	100	1616272	100
289207	100	1616210	100	1616273	100
1616148	100	1616211	100	1616274	100
1616149	100	1616212	100	1616275	100
1616150	100	1616213	100	1616276	100
1616151	100	1616214	100	1616277	100
1616152	100	1616215	100	1616278	100
1616153	100	1616216	100	1616279	100
1616154	100	1616217	100	1616280	100
1616155	100	1616218	100	1616281	100
1616156	100	1616219	100	1843495	100
1616157	100	1616220	100	128676	500
1616158	100	1616221	100	128677	500
1616159	100	1616222	100	128678	500
1616160	100	1616223	100	128679	500
1616161	100	1616224	100	37465	1,000
1616162	100	1616225	100	37466	1,000
1616163	100	1616226	100	37467	1,000
1616164	100	1616227	100		
1616165	100	1616228	100		

If any of these bonds or coupons are presented, banks should write, telephone, or telegraph, collect, to L. W. Gammon, Manager Protective Department American Bankers' Association, No. 5 Nassau Street, New York City.

New National Bank Charters.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from June 29, 1918, to July 26, 1918, inclusive—

	Banks.	
New charters issued to	15	
With capital of		$965,000
Increase of capital approved for	14	
With new capital of		1,260,000
Aggregate number of new charters and banks increasing capital	29	
With aggregate of new capital authorized		2,225,000
Number of banks liquidating (other than those consolidating with other national banks)	0	
Number of banks reducing capital		0
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks)	0	
The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was		2,225,000
Against this there was a reduction of capital owing to liquidation (other than for consolidation with other national banks) and reductions of capital of		0
Net increase		2,225,000

Commercial Failures Reported.

That the country's business mortality continues to make a remarkably good showing is demonstrated by the fact that only 578 commercial failures were reported to R. G. Dun & Co. during three weeks of July, against 779 in the same period of 1917, when the insolvencies were relatively moderate. The statement for June, the latest month for which complete statistics are available, discloses but 804 defaults for $10,606,741, as compared with 1,186 in June last year for $18,055,153. The present figures make the best numerical exhibit, in fact, of any month back to July, 1907, while the indebtedness is the smallest in all months since May, 1910. Comparing with June, 1917, failures are fewer in number in all of the 12 Federal Reserve districts, except the first, where the increase is trifling, and while the liabilities are larger in the third, sixth, eighth, ninth, and eleventh districts, the expansion is not especially marked in any instance. On the other hand, the reductions are striking in several cases.

72715—18——9

Failures during June.

District.	Number.		Liabilities.	
	1918	1917	1918	1917
First	100	99	$1,584,608	$4,991,194
Second	151	225	3,100,479	4,822,125
Third	43	49	707,654	534,937
Fourth	60	115	568,915	2,004,632
Fifth	43	82	649,734	702,499
Sixth	35	88	1,185,459	738,186
Seventh	129	141	858,176	2,072,840
Eighth	40	77	303,292	300,035
Ninth	38	45	354,368	264,957
Tenth	30	48	147,397	551,495
Eleventh	33	66	470,752	376,200
Twelfth	102	151	675,900	696,053
Total	804	1,186	10,606,741	18,055,153

Conservation of Credit.

The board of directors of the Federal Reserve Bank of New York has adopted the following resolutions regarding the conservation of credit:

It is clear that the increasing volume of Government financing makes necessary a far more united and consistent effort on the part of the bankers of the country to conserve and save credit than has heretofore been undertaken. The Federal Reserve Board, accordingly, on July 6, addressed a letter to all banks and trust companies requesting them to exercise "a reasonable discretion to restrict credits which are clearly not needed for the prosecution of the war nor for the health and necessary comfort of the people," and at the same time asked the Federal Reserve Banks in every practicable way to bring about a better understanding of the necessity for the conservation of credit: Therefore be it

Resolved, That the directors of the Federal Reserve Bank of New York, in full sympathy with the views of the Board, hereby direct the officers of the bank, in such ways as may be appropriate, to express to the banking institutions of this district the importance and necessity of conserving credit—

By endeavoring to secure such gradual reduction as may be practicable of loans now carried for nonproductive or nondistributive purposes;

By gradually reducing the amount of credit granted for purposes not clearly necessary for the prosecution of the war or the health and necessary comfort of the people; and

By educating borrowers of all classes to keep their demands for credit down to the very minimum.

Such a concerted compaign of action and education by the banking institutions of this district will surely lead to a spirit of economy in credit transactions, as well as to an actual saving of credit comparable to the saving already effected in food and other commodities, and will enable the Government to command the credit thus saved

and use it directly and with full force for the winning of the war.

It is of the highest importance, however, that nothing should be done to cause undue embarrassment to borrowers or affect necessary credits.

Fiduciary Powers.

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

DISTRICT NO. 1.

Trustee, executor, and administrator:
Peoples National Bank, Barre, Vt.

DISTRICT NO. 2.

Registrar of stocks and bonds:
First National Bank of the City of New York.
First National Bank, Paterson, N. J.

DISTRICT NO. 5.

Trustee, executor, and administrator:
First National Bank, Chatham, Va.

DISTRICT NO. 6.

Trustee, executor, administrator and registrar of stocks and bonds:
First National Bank, Tampa, Fla.

DISTRICT NO. 7.

Trustee, executor, administrator and registrar of stocks and bonds:
First National Bank, Winamac, Ind.

DISTRICT NO. 8.

Trustee, executor, administrator and registrar of stocks and bonds:
First National Bank, Mount Sterling, Ill.

Acceptances to 100 Per Cent.

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

First National Bank, Seattle, Wash.
First National Bank, Philadelphia, Pa.
Fort Worth National Bank, Fort Worth, Tex.

INFORMAL RULINGS OF THE BOARD.

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

Eligibility of Note of Nonmember Bank Used in Trading in Government Obligations.

(To an individual.)

The Board has, in connection with its counsel, given careful consideration to your letter of the 6th instant and to the question raised therein. You wish to know "why there should be a discrimination against the member banks in the case of notes secured by Liberty bonds? With our indorsement, we can discount a 90-day note secured by Liberty bonds given by a nonmember bank, while no paper secured in that way given by a member bank can be discounted if drawn for longer than 15 days. Some explanation of that apparent discrimination we shall appreciate. May we ask if you consider a 90-day bank note, secured by Liberty bonds and taken in the ordinary course of business, as ineligible later when offered for discount by this bank and indorsed by them?"

Section 13 of the Federal Reserve Act, in substance, provides that notes, drafts, or bills of exchange having a maturity not to exceed 90 days, are eligible for rediscount with a Federal Reserve Bank by a member bank, if the proceeds of such notes, drafts, or bills of exchange have been used or are to be used for a commercial, agricultural, or industrial purpose, or for carrying or trading in bonds and notes of the Government of the United States.

The proceeds of a note executed by a nonmember bank could not be said to have been used or to be intended for use for a commercial, agricultural, or industrial purpose, since the business of the bank does not come within any of these classifications.

Where, however, the bank is authorized under its charter to carry, or trade in, bonds or notes of the United States, and its note executed for this purpose is acquired by a member bank, the Board has heretofore ruled that such note would be eligible for rediscount with a Federal Reserve Bank when indorsed by the member bank. In other words, the Board has held that where the proceeds of a note of a nonmember bank are used to carry or trade in obligations of the United States, such note complies with the requirements of the statute to the same extent as the note of any other person, firm, or corporation executed for a similar purpose. On the other hand, if the proceeds of a note of a nonmember bank are not used to carry, or trade in, obligations of the United States, but are used by the bank in the conduct of its ordinary business, the note is not eligible for rediscount even though indorsed by a member bank.

The question raised in the present case is whether or not a note of a member bank, the proceeds of which have been used or are to be used to carry, or trade in, United States obligations, is eligible for rediscount when acquired and indorsed by another member bank.

In the opinion of counsel, with which the Board concurs, if the proceeds have been used, or are to be used in this way, the principle involved is the same, whether the note is executed by a member or by a nonmember bank, and where such a note has been acquired in good faith by a member bank, it should be eligible for rediscount with the indorsement of the member bank.

JULY 18, 1918.

Rediscount of Notes Used for Draining and Tilling Farm Land.

(To a Federal Reserve Bank.)

Your letter of June 21 has had the attention of the Board.

You ask whether farmers' notes given for the purpose of draining and tilling their farms is eligible for rediscount by a Federal Reserve Bank as agricultural paper.

The Board is of the opinion that such notes, the proceeds of which are used for tilling farms, should clearly be classified as agricultural paper and that this is true ordinarily of notes the proceeds of which are used for draining the farm. It is conceivable, however, that cases may arise in the reclamation of swamp lands where such lands could not be treated as farm land until expensive drainage systems have been installed. In such case there is doubt of the eligibility of the notes, the proceeds of which are used for this purpose. Where, however, the land drained is already in use as farm land, the draining may be treated as incidental to the cultivation of the land, and notes given for such purpose may be rediscounted as agricultural paper.

JULY 10, 1918.

Indorsement of Acceptances.

(To a Federal Reserve Bank.)

I have your letter of July 3, in which you inquire whether all acceptances should be indorsed in order to insure that the instrument "bears evidence of title."

Acceptances must bear the signature in blank or to order of the last party to whom the acceptances has been indorsed, but if the acceptance is indorsed in blank it can, of course, change ownership from one holder to another without being indorsed by each subsequent holder, and the title would pass all the same.

As a matter of better protection, purchasers of acceptances generally have the acceptance indorsed to their order, thus insuring themselves against their being collected or disposed of by others than the legitimate owner. In that case, of course, the holder has to indorse the bill. Where the purchaser is not quite certain as to the genuine character of the signatures on the bill, he would, of course, be well advised to insist upon indorsement by the seller.

In England the habit is general to indorse acceptances freely, and, as you know, I am very much in favor of establishing a similar practice here. As a matter of fact, in New York we have progressed so far that out of about $120,000,000 of acceptances held by the New York Federal Reserve Bank, only about $3,000,000 were unindorsed according to its last statement.

I hope we may soon reach the point when Federal Reserve Banks can make a definite rule not to buy bankers' acceptances except such as bear at least three responsible signatures, being those of the acceptor, the drawer, and the indorser.

JULY 12, 1918.

Authority to Act as Guardian.

(To a Federal Reserve Bank.)

Receipt is acknowledged of yours of July 11 inclosing copy of a letter from the ——— National Bank of ——— asking whether that bank is authorized to act as guardian of estates under authority of permit granted it by the Federal Reserve Board.

In reply you are advised that the Board is without authority to grant to national banks any fiduciary powers except those enumerated in section 11 (k) of the Federal Reserve Act, viz, the power to act as trustee, executor, administrator, and registrar of stocks and bonds.

There is an amendment pending before Congress extending the authority of the Board so as to include guardian of estates and other fiduciary powers, but this amendment has not yet become law.

JULY 16, 1918.

Basis for Figuring Interest for Discount Transactions.

(To Federal Reserve Banks.)

It is desirable to maintain uniformity in figuring interest in rediscount transactions between Federal Reserve Banks, and as it has proved most convenient in the purchase of acceptances to use interest tables based on 360 days to the year, the Board has decided that these tables should be used in all rediscount transactions between Federal Reserve Banks, and has therefore revoked its previous ruling that the basis of 365 days to the year should be applied, as announced in its circular letter dated January 31, 1918.

JULY 9, 1918.

LAW DEPARTMENT.

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

Indorsement "Without Recourse."

If a note is otherwise eligible for rediscount, the fact that it bears a "without recourse" indorsement of a nonmember bank will not affect its eligibility.

July 3, 1918.

Sir: The accompanying letter from the chairman of the board of a Federal Reserve Bank asks "Should the Federal Reserve Bank accept for rediscount notes from its members which bear 'without recourse' indorsement of nonmember banks?"

In the opinion of this office if the notes are otherwise eligible the fact that they bear "without recourse" indorsement of a nonmember bank would not affect their eligibility.

Under the Negotiable Instruments Law a qualified indorsement constitutes the indorser a mere assignor of the title to the instrument. It may be made by adding to the indorser's signature the words "without recourse" or any words of a similar import. Such an indorsement does not impair the negotiable character of the instrument.

The Federal Reserve Bank would accordingly acquire a good title to the instrument when rediscounted by a member bank whether or not it bore the indorsement "without recourse" of a nonmember bank.

If, therefore, the note would be eligible without the indorsement of the nonmember bank it would be eligible with an indorsement "without recourse."

Respectfully,

M. C. Elliott, *Counsel.*

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

Bills Payable with Attorney's Fees or Collection Charges.

While a bill containing a provision for payment of the costs of collection and attorney's fees, if it is dishonored at maturity, is a valid negotiable instrument, a bill drawn for a fixed sum "with collection charges" is not a negotiable instrument unless it is so drawn as to show that no collection charges are to be included unless the bill is dishonored at maturity.

July 10, 1918.

Sir: The accompanying letter raises the question whether a draft or acceptance made payable with attorneys' fees or with collection charges, could be treated as a negotiable instrument.

Reference is made to an opinion published on page 880 of the November, 1917, Bulletin, to the effect that a bill payable with collection charges is not a negotiable instrument, and attention is called to the fact that this opinion is apparently at variance with an opinion published on page 226 of the May, 1916, Bulletin, in which the conclusion was reached that a provision contained in a bill to pay the costs of collection and attorneys' fees does not invalidate the instrument.

In the case considered in the earlier opinion, the provision to pay the costs of collection and attorneys' fees obviously related to costs incurred in collecting the bill, provided it was dishonored at maturity. In other words, the sum to be paid at maturity was a sum certain and the drawee could obtain a full discharge by paying this amount. In the latter case, the bill was drawn for a fixed sum with collection charges. That is to say, the amount to be paid at maturity was not a sum certain, but was the sum named in the bill, plus whatever the collection charges might amount to.

In the opinion of this office, therefore, the form to be adopted should not contain the language "with collection charges," unless the bill is so drawn as to show that no collection charges are to be included, unless the bill is dishonored at maturity.

Respectfully,

M. C. Elliott, *Counsel.*

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

SUMMARY OF BUSINESS CONDITIONS, JULY 23, 1918.

District.	General business.	Crop condition.	Industries of the district.	Construction, building, and engineering.	Foreign trade.	Money rates.	Railroad, post office, and other receipts.	Labor conditions.
No. 1—Boston	Active	Good	Busy	Small	Improved	Increased	Mixed	Unsatisfactory.
No. 2—New York	Activity limited only by shortage of raw materials.	Fairly good	Intensively active on war work.	Heavy decreases, except on Government work.	During fiscal year ending June 30 imports decreased 7 per cent, exports 14 per cent.	Firm; ruling rate 6 per cent.	Post office, June returns increase over 1917; telegraph, quarterly returns increase over 1917.	"Work or fight" order and Federal control of employment of unskilled workers somewhat relieves shortage.
No. 3—Philadelphia	Very good	Very good	Very busy	Building at lowest mark for a decade.	Shipment of war supplies continues heavy.	Continue firm	Increasing	Shortage in all lines.
No. 4—Cleveland	Satisfactory	Good	Active	Inactive		Very firm	Increase	Scarce; somewhat unsettled.
No. 5—Richmond	Active and profitable.	Unusually favorable.	Running to capacity; limited only by labor and supplies.	Private building negligible; Government housing active.	Restricted by lack of freight room.	Firm; 6 per cent.	Railroad, irregular; post office, volume large; reflects increased rates.	Some slight improvement reported.
No. 6—Atlanta	Excellent	Good	Very active	Light, except Government work.	Very light	Slight increase	Slight increase	Very unsatisfactory.
No. 7—Chicago	do	Very good	Generally at capacity.	Stagnant		Firm	Post-office receipts increase.	Insufficient supply.
No. 8—St. Louis	Good	Favorable	Active	Quiet		do	Decrease in post office receipts.	More settled.
No. 9—Minneapolis	do	Good	do	Fair		do	No change	Good.
No. 10—Kansas City.	do	do	do	Generally restricted to essentials.		Practically unchanged.		Scarcity more pronounced.
No. 11—Dallas	Satisfactory, considering summer season.	Fair	do	Below normal	Good	Unchanged; steady to firm.	Railroad, increase; post office, 52.7 per cent increase.	Unsatisfactory on account of shortage.
No. 12—San Francisco.	Active	Good	Very active	Decreased 29 per cent from last month, but 16 per cent greater than June, 1917.	Large volume	Firm	Increasing	Settled.

GENERAL BUSINESS CONDITIONS.

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

DISTRICT NO. 1—BOSTON.

The scale of wages paid to skilled labor has increased rapidly during the past year, being accompanied by advances in the cost of living and causing a considerable revision of our social standards. This has brought forward, as purchasers of luxuries and high-priced goods, artisans who heretofore have been comparatively poor, and restricted the manner of living of salaried workers and persons with a fixed income whose increased expenses, due to high prices, have been out of all proportion to the increase in their income. The readjustment of these conditions after the war and the return of properties now under Government control promises to furnish an interesting chapter in the history of the Nation.

The general labor situation is unfavorable, and even where operatives are employed on Government orders increased demands and strikes are prevalent.

In this district, barley, rye, and buckwheat show big acreage increases and are growing well. June frosts hurt corn, leaving it on an average between 75 per cent and 82 per cent of normal. The growing condition of wheat and oats is excellent. The hay crop is about 82 per cent of normal and pasturage is about 11 per cent below normal. The weather has been unfavorable for harvesting hay, which is an important crop in this district, and therefore the yield may be materially less than anticipated. Gardens, except where damaged by frost, are growing well, as is the tobacco crop. New England fruit crops are very light.

Cotton mills are sold well ahead and are running at as near capacity as labor conditions will permit. Pending price fixing is holding the market steady and quiet, with both buyers and sellers awaiting further developments before entering into new commitments. Efforts are being made to restrain workers from taking too many vacations, thus slowing up production. The question of financing and handling the new cotton crop is coming to the front, and it is hoped that some plan may be evolved whereby the crop can be moved over an extended period, rather than rushed to market at the opening of the cotton year.

The National Association of Wool Manufacturers reports both worsted and woolen mills running full time, with over 50 per cent of their capacity engaged on war orders. While manufacturers are making such fabrics as they can from the raw material on hand, there is no sign of any considerable amount of wool becoming available for civilian purposes in the near future. Taking into consideration the substitutes that are being used and the reworked wool, it is not likely that the supply of goods for civilian use will be much less than the minimum requirements and there are indications that dealers are fairly well supplied with both woolen and worsted goods. There is no trading in raw wool, the Government's control becoming even more firm. The latest evidence of this condition is the announcement that after July 28 no licenses for the importation of wool from Argentina, Uruguay, or South Africa will be issued for the remainder of the year except to the Quartermaster General of the United States Army and that those outstanding will be revoked.

The leather market is quiet, awaiting the final decision as to the price of hides for the three months period from August 1. Labor troubles are seriously interfering with the production of shoes in all the principal New England centers, naturally causing an unsettled feeling in the trade. The shoe industry on the whole is quiet.

The money market is firm, with banks restricting loans to their own customers and even then discriminating wherever possible against those borrowing for less essential purposes. Business men and the public generally are cooperating fully in avoiding competition with the Government for loans.

The Federal Reserve Bank of Boston has been called upon for rediscounts to a considerable extent, its loans at present (July 22) being $116,000,000, as compared with $68,000,000 on the same date last month. Call and time money are on a flat 6 per cent basis, with practically no exceptions. The commercial paper market is quiet, with the same rate prevailing.

The exchanges of the Boston Clearing House for the week ending July 20, 1918, were $336,790,952, as compared with $268,002,273 for the corresponding week last year and $330,430,117 for the week ending July 13, 1918.

Building and engineering operations in New England from January 1 to July 17, 1918, amounted to $77,902,000, as compared with $111,064,000 for the corresponding period of 1917.

The receipts of the Boston post office for June, 1918, show an increase of $93,001.74, or about 13 per cent more than June, 1917. For the first 15 days of July, 1918, receipts were about 31 per cent, or $96,273.02, more than for the corresponding period of last year.

The Boston & Maine Railroad reports net operating income, after deduction of taxes, for May, 1918, of $589,360, as compared with $818,820 for the corresponding month of 1917.

For May, 1918, the New York, New Haven & Hartford Railroad reports operating income, after deduction of taxes, of $1,600,384, compared with $2,069,803 for May, 1917.

Loans and discounts of the Boston Clearing House banks on July 20, 1918, amounted to $481,565,000, as compared with $503,058,000 last month and $471,388,000 on July 21, 1917. Demand deposits on July 20, 1918, amounted to $424,263,000, as compared with $460,834,000 on June 22, 1918, and $369,589,000 on July 21, 1917. Time deposits on July 20, 1918, totaled $14,949,000, as compared with $15,475,000 on June 22, 1918, and $36,204,000 on July 21, 1917.

The amount "Due to banks" on July 20 1918, was $123,353,000, as compared with $125,823,000 on June 22, 1918.

DISTRICT NO. 2—NEW YORK.

The growing accomplishments of industry in meeting war needs are daily becoming more definite and apparent. Production for civilian purposes, on the other hand, is necessarily somewhat restricted in proportion to the reduction of reserve stocks of raw materials. The Government, with the cooperation of the industries concerned, is extending its supervision over available current supplies with a view to their equitable distribution. Retail trade shows in some measure the season's normal dullness.

Shipbuilding continues to make substantial progress. In this district 9 shipyards are practically complete and 8 others more than half completed, including 60 shipways for steel and 33 for wooden ships. Present contracts are for 284 ships of total dead weight tonnage of 1,593,020 tons, of which 49 (tonnage 171,500) are to be of wood and the rest of steel. On July 4 four steel and five wooden ships were launched.

Other construction work to meet Government need is heavy. The total value of building permits, however, in the larger cities of the district (except Jersey City) has decreased from the corresponding month last year, the decline in greater New York being 57 per cent for the month, and the change for the six months nearly the same, as compared with 1917 figures. A large part of such general building activity as there is consists of alterations and repairs.

Deliveries of iron and steel for war purposes are being made satisfactorily under the priorities certificate arrangement, with the prices of the second quarter of the current year continued for the third quarter. Conferences have been held between the Government and iron and steel makers with a view to regulation of the distribution of steel rails, wire rope, steel and malleable castings, and miscellaneous steel products, which, unlike steel plates and shell steel, will probably be available to some extent to private consumers.

The fuel situation continues to occasion concern, as unfilled orders are considerably in excess of stocks in sight. Reports of the Regional Director of Railroads indicate a material decline in the numner of cars loaded in the four weeks following June 15 as compared with the loadings in the four weeks preceding that date, though the number of cars dumped at New York piers, 28,646 cars of anthracite and 27,369 of bituminous coal, shows a moderate increase over the earlier four-week period when 26,307 and 26,233 cars of anthracite and bituminous, respectively, were dumped.

The hydroelectric power generated at Niagara Falls is being distributed under Federal direction, 85 per cent of the output of the two largest companies having been requisitioned for plants producing war essentials, and 54 per cent of the output of all the companies being utilized for war purposes. Consideration is being given by representatives of the Government and of the petroleum industry to the elimination of competitive premium payments for preferential delivery of crude oil and to keeping distribution of the available supply in the present channels. Production is far short of the capacity of the refineries, and shortages of gasoline, kerosene, and fuel oil during the next six months seem likely though more new crude oil wells with larger capacity were brought into play during June than in any previous month except June, 1916.

Other basic material industries have been the subject of Governmental action designed to increase production, copper prices having been advanced from 23½ to 26 cents per pound, and cement plants, the output of which in the eastern territory has been below normal, having been given a degree of preferential treatment in fuel distribution.

Manufacturers of rubber and leather goods, paints and varnishes, drugs and chemicals, etc., appear to be in a similar position in that accumulated stocks of raw materials which have up till now enabled production to be maintained, are being exhausted, and replenishment is interfered with by restrictions on imports, shortage of labor and transportation, and by Governmental requisitioning of products essential to the war. The volume of ordinary trade, however, partly because of rising prices, compares very favorably with the volume in the first six months of 1917.

A large part of the output of the underwear and hosiery mills is being taken by the Government, and the woolen goods which are being manufactured are almost entirely for Government purposes. An agreement of producers with the War Industries Board to sell cotton linters only to the Government has resulted in decreased yardage of cotton goods for civilian trade, and because of extremely high prices for lower grades of cotton cloth there were very few transactions for some time preceding the expected Government fixing of prices for these goods, which finally occurred on July 8. The rates then announced were from 20 per cent to 30 per cent lower than the highest current values for sheets, print cloths, and duck. The fixing of yarn prices is also expected, with probable stabilizing effect on prices of raw cotton.

Fur pelts continue to sell freely at advanced prices, the Government having come into the market as a buyer of skins for use in aeroplane equipment. Buyers for western retail establishments have begun to arrive in New York City in considerable numbers, preparing for the autumn trade. Summer business in the dry goods and clothing lines has been rather dull because of continued cool weather.

In order to control sugar distribution, it is understood that a Government corporation known as the Sugar Equalization Board is to be organized under New Jersey charter. New York consumers were allotted 75,000,000 pounds of sugar for July under a certificate system in effect July 1, giving the less essential consumers only from 50 per cent to 70 per cent of their normal consumption, this curtailment having been necessary because of the limited amount available for consumption in the United States during the next six months.

Farming conditions warrant the expectation of large crops, though unusually cool weather at this time of the year has retarded the growth of grain and small vegetables in some sections, and has also been detrimental to the fruit crops.

Corporate securities issued in June amounted to $253,786,800, compared with only $59,637,400 in 1917, and were the largest for any June except 1912. This was due principally to a few very large issues, and between 30 per cent and 35 per cent of the total was for refunding maturing obligations. Similar figures for the first six months of this year show a 27 per cent decrease from those in 1917. The estimated total dividend and interest disbursements for July increased 2 per cent over 1917, but dividend payments decreased 16 per cent and the net increase was due to heavy increase in payments of interest by the Federal and city governments. Money rates have been very firm, ruling at 6 per cent for call money, time loans on stock exchange collateral and commercial paper.

DISTRICT NO. 3—PHILADELPHIA.

Notwithstanding the shortage of supplies affecting practically all lines, marked activity in general business continues. This is natural, in view of the wage advances and the consequent increase in the spending power of the Nation. Owing to unusual conditions arising from the rigid prosecution of war policies, there have been some lines, of course, which have been unfavorably affected. In the case of most kinds of merchandise demand is in excess of supply. Midsummer influences are not very noticeable.

Retail distribution, including men's and women's wearing apparel, has recovered from the setback due to unseasonably cool weather, but there are many indications on the part of the public to limit buying to staples and actual necessaries.

Business at the south Jersey seashore resorts has been very quiet. Hotels which are normally crowded at this time of year are not half filled, and the stores have felt the effects of war-time economies. While it is anticipated that the reduction in the one-day excursion rates will result in more visitors at the shore resorts, there seems to be little inclination among the majority of the people to go away for any extended time. Many, who formerly went to the seashore or mountain resorts for the better part of the summer, are remaining in or about town.

The shipyards and war industries in the vicinity of Philadelphia are absorbing workmen from all points. This condition has created a severe shortage of rentable property and many families are having difficulty in finding suitable housing. Real estate agents, who usually had large numbers of houses for rent, now advertise that, owing to the unprecedented demand for houses, their rent lists are exhausted. This stringency is not being relieved materially by new home construction, as building is still quiet. Difficulty in obtaining financial accommodation and high costs and scarcity of materials and labor continue to operate as restrictive factors in the building industry, which generally is at the lowest mark for a decade.

The freight-car movement over the Pennsylvania Railroad at Lewistown Junction is of record-breaking proportions, the figures for June being as follows:

	Loaded.	Empty.	Total.
Eastbound	92,174	1,435	93,609
Westbound	19,018	90,997	110,015
Total	111,192	92,432	203,624

Eastbound bituminous coal shows an increase of 27.2 per cent over the month of June, 1917, while westbound miscellaneous fell off 27.6 per cent. Total car movement increased 4.5 per cent.

The iron and steel market continues to be dominated by Government orders. The industry, helped by cool weather, continues to make an unexpectedly good response to the call for more steel, and is now operating almost to full capacity, even the smallest factories being able to obtain all the orders they can handle. Production of plates and shapes has been exceptional during the past few months. The American International Shipbuilding Corporation, which complained not long ago that its work at Hog Island was being seriously retarded by lack of steel, has announced that steel is arriving in ample quantities. The general testimony of iron and steel producers is that the system of control of deliveries, as inaugurated sometime ago, is working quite well, and many concerns in this district have not yet materially changed their method of handling orders as a result of the July 3 statement of the War Industries Board, which granted to the producers the right to accept certain orders without priority certificates.

The production of anthracite coal is not up to the maximum owing to the depletion of labor through the operation of the selective service law and the inducement offered in the form of higher wages by other industries. One authority reports that the anthracite fields alone are short approximately 33,000 men who have been drafted or drawn away by war industries. This great shortage of labor is compelling the operators largely to suspend normal new development work in order to free miners for the work of producing coal for the market. Dealers in many localities are far behind in delivering even two-thirds of their customers' requirements for the year. The shipments for June, as reported to the Anthracite Bureau of Information, amounted to 6,867,669 long tons, compared with 7,049,037 tons in June, 1917.

There has been a marked improvement in the car supply in the bituminous fields. Production for the week ending June 29 amounted to 12,340,000 tons, the highest in the history of the industry.

The uncertainties of price-fixing negotiations have caused some withholding of purchases in cotton goods. The demand far exceeds the supply.

Fleece wools are leaving the hands of the growers in much larger volume, and the valuation of all grades is proceeding at a rapid pace. Inquiry for yarns in anticipation of a revival of the civilian knitting activities in the fall has disclosed a pronounced scarcity of these materials, with prices strong. There is an increasing shortage of woolen goods, and the trade in this line, as in cottons, reflects the influence of impending price regulation, although conditions have steadied somewhat, owing to official assurances that enough wool is in sight to provide for all military and civilian needs.

Prospects of early sown crops have faded somewhat, owing to the prolonged dry weather, but the shading of estimates thus rendered is not material. The berry crop is very short and in some places is not more than 25 per cent of normal. Prices are high. The potato crop has been hurt, but tomatoes, which are helped by a reasonable amount of dry weather, are reported as very good. The acreage is large. Hay and rye are being harvested and crops are heavy. The labor supply has been short all year, but the work seems to have been done, most of the large farms being equipped with the latest labor-saving machinery.

Much surprise has been expressed that Lancaster County's new tobacco crop has shown such good growth in spite of unfavorable weather conditions, being fully two weeks ahead of the crops of the past few years. The fields planted in May, which far exceeded the number planted in that month for many years, are developing more rapidly than the fields of the June planting, an incident that many older planters had believed could not be possible. The factories are operating at capacity. The demand for all forms of tobacco is showing so steady an increase that in numerous instances night shifts are necessary. Heavy movement of our troops overseas has increased the demand, particularly for cigarettes.

The money market has remained firm, at 6 per cent, during the past month. The market has been freed from much unnecessary financing by the Capital Issues Committee and the banks have responded to the war needs of the Government by curtailing their credits to nonessential industries. Business on the local stock exchange has been dull, although there is a continued absorption by investors of high-grade railroad securities.

Bills discounted for member banks by the Federal Reserve Bank during June amounted to $92,825,910, a record figure; bills rediscounted for other Federal Reserve Banks amounted to $2,238,350; acceptances purchased, $4,882,526; total discounts and open-market purchases, $104,289,787, compared with $85,531,840 the preceding month. Of the bills discounted for members, $64,877,529 were secured by United States bonds or certificates of indebtedness. The average daily amount of earning assets held by the bank during June was $77,315,535, and the average annual rate of return was 4.2 per cent.

Total discount and investment operations during the first half of the year amounted to $402,780,168, compared with $107,753,637 for the same period last year and $329,743,478 for the entire 12 months of 1917. Gross earnings from such operations amounted to $1,252,946 for the first six months of 1918, compared with $316,042 for the corresponding period last year, and $987,057 for the entire year 1917.

DISTRICT NO. 4—CLEVELAND.

Throughout this district a gradual change is noted in the manner of conducting business. New criteria have been set up and precedents are disregarded.

Manufacturing.—Steel and iron production still continues at high pressure. Mills are readily adapting themselves to Government regulations, and, while the scope of activity among the larger manufacturers has been considerably narrowed, yet the demand is undiminished. So far this summer the cool weather has been favorable to the maintenance of the volume of output. This is particularly true in steel mills, where the excessively hot weather tends to decrease production. The Government is using the greater part of the output of steel bars, but the demands of implement makers are also taken care of. The market for pig iron is narrow and a shortage still exists. Sheet mills now have orders for months ahead. Tin-plate mills are very busy and believed to be operating at almost full capacity. Blast furnaces continue to maintain their production. The usual midsummer dullness has not yet affected the iron and steel trades to any appreciable extent.

Window glass and brick manufacturers report little change from previous months. Due to priority orders, embargoes, etc., the output of these lines is very much decreased and some trouble is experienced in keeping organizations intact for work when it is possible and permitted. However, little complaint is made and a disposition is shown to make the best of the situation. Taking into account the adverse conditions which affect these industries, their business is fairly satisfactory.

Potteries are busy and conditions surrounding this industry show betterment. There is a steady and well developed demand for pottery products which exceeds production. The difficulty in getting shipments of raw materials which existed some months ago has now been removed, and materials are now readily received in quantities and at times equal to the needs. Clay products for building purposes and sewer pipe are curtailed and business in these lines suffers through discrimination and lack of activity in the lines of trade to which they cater.

Fuel.—The larger operators report that this line is in much the same unsatisfactory state in which it has been for the past year; that they are unable to produce normal tonnage by reason of inadequate transportation facilities and unsatisfactory labor conditions. However, after giving preference to Government and priority orders, regular customers are fairly well taken care of. In the outlying districts there have been larger expenditures for the development of the industry than ever before in its history and production in these places has been greatly increased. The demand is very strong and the docks at the head of the lakes show but little accumulation. In a few quarters in the smaller manufacturing centers a fair stock is reported. Apparently preseason plans are going forward as arranged, but the fuel situation still gives concern and demands conservation in order that the current needs may be met.

Agriculture.—At this writing the wheat crop for the year has been harvested over the greater part of the district, and in a great many localities the yield is reported to be the best in years. In two instances large fields are said to have averaged 37½ bushels and 41 bushels per acre, respectively. In one quarter grain is reported light in weight, reducing the returns per acre. It is believed that there are very few places in which the yield will not be well up to the average. The harvesting of oats is now progressing rapidly, and it is expected that this grain will also yield a bumper crop. Weather unusually cool for the time of year and the pretty general lack of rain in the district have to some extent damaged the prospects for the corn crop. It is said that, with good rains and seasonable weather, it is not yet too late for this crop to recover. Generally throughout the district early potatoes have suffered from lack of moisture, and the yield is not nearly what it should be. It is expected that the late potatoes will do much better. Vegetable crops and fruit conditions are generally satisfactory, but if this condition is to continue it will require rain followed by warmer weather. The acreage in burley tobacco is much better than usual, and timely rains have put it in such condition that a good crop is almost assured. Indications are that prices will be high, even though the yield is greater than heretofore. The harvesting of the hay crop is almost completed and is large. The yields of clover and alfalfa were especially heavy this year.

Labor.—Throughout the district there is considerable difficulty in securing a supply of labor. This is especially true in the large manufacturing and coal mining centers. It is generally described as of poor and uncertain quality. In the Kentucky coal fields labor is reported in sufficient quantities and unusually contented and satisfied. Some apprehension is felt on account of the action of union men in trying to organize this field. It is believed that except in the case of coal the output of the larger and more important industries has not been seriously affected by shortage. The crops are being harvested and soon all fear of danger from labor shortage in that quarter will be allayed.

Collections.—Contrary to expectations, in view of the heavy Government demands in the past month, collections are generally reported good. In only an occasional instance is found cause for complaint due to local conditions. On account of the higher prices much more money is needed to carry on business, and this of itself is thought to tend to restrict credit to the financially responsible.

Transportation.—Complaint of shortage of cars and lack of transportation in the larger centers of mining and manufacture continues to be registered, while in many others the service is giving satisfaction. Generally it is believed that there has been quite an improvement, and, while delays and shortages are still reported, the car supply appears to be fairly sufficient for needs, and deliveries are more prompt than in the past months.

Mercantile lines.—Jobbers and wholesalers in all lines report a good demand and sales in good volume at profitable figures. Price fixing on cotton goods is said to have caused some friction, but it is believed this action will have its intended effect and stabilize prices. Some difficulty is reported in contracting for next spring's goods. In the retail lines merchants report good business, especially in manufacturing centers where high wages are paid, but even in these places a tendency to economize more than usual is shown, and in a few localities there is said to be a slight falling off in business not altogether due to the season.

Money and investments.—The past month has been noteworthy in that payments on subscriptions to the third Liberty loan have been made and taxes paid in amounts that call attention to a financial system that can finance such payments without the least disarrangement of business. The demand for money is very strong and bankers are showing more firmness in discriminating between classes of paper which are offered, the governing factor being the purpose for which the proceeds are to be used. The banks in the larger centers are, with commendable spirit, cooperating with the smaller banks in canning districts in extending credit to such canning companies as are able to show a satisfactory financial condition. Contrary to expectations the investment market is thought to have held its own in comparison with previous months.

Building.—Generally there is very little activity in the line and, except in localities where Government work has necessitated the building of additional homes to take care of the housing needs of employees, a decline is shown. Speculative building has been cut to the minimum. In numerous instances acute scarcity of housing facilities is reported, but this condition is believed not to exist to such a degree as to seriously interfere with production.

DISTRICT NO. 5—RICHMOND.

Payments on Liberty loan subscriptions are being financed and made without a ripple, and though the district is reaching the peak of its credit load for its crop period, the Government certificates of indebtedness have been subscribed for with liberality by many of our banks. Few of them are able to make subscriptions without rediscounting with the Federal Reserve Bank, but this has not deterred those who appreciate their duty from lending their credit by subscribing and then rediscounting.

Crops as a whole are the best in years, due allowance being made for deterioration in some of them and some spotted conditions. Food production has increased to a marked degree and the district has purchased less food from outside than ever before.

Tobacco promises another good yield, high prices seem assured, and the monetary return, as was the case last year, will run into millions. The South Carolina markets have opened at an average of 30 cents a pound, and the crop of that State is estimated at 75,000,000 pounds. North Carolina and Virginia, with good crops, will follow promptly in turn, and in a few weeks returns will be flowing into the banks.

Railroad facilities are reported as improving, with assurance of continued progress in this direction. Labor continues a problem, but conditions are no worse; some slight improvement is noted; women and boys are being requisitioned and every effort is being made to promote efficiency.

Reports of manufacturers, dealers, and tradesmen continue favorable, even optimistic, and industrial activity is limited only by labor and supplies. Details would be but a reiteration of what has been reported for weeks past. Conditions are summed up tersely by one correspondent who says, "This is no dull summer for anybody."

Banking conditions are sound and profitable. Loans have reached the largest volume ever attained, but agriculture, which is the paramount factor in the district, requires long credit for nature to do its work, and with high values this condition is a natural and unavoidable sequence. Production and marketing will restore the equilibrium.

DISTRICT NO. 6—ATLANTA.

For the past 30 days there has been a great scarcity of moisture throughout the district, and a careful examination and analysis of reports received indicate that while cotton and corn have withstood the drought fairly well, unless general rains prevail in a short time both crops will be considerably damaged. The nights have been cool and the days warm and windy, making most unfavorable cotton weather. In general the cotton crop is in a healthy condition, the bolls appear to be developing normally, and the plants though small are fruiting well. The boll weevil, reported in many sections early in the season, does not seem to have done any material damage, due to the hot dry weather. Barring probable damage from these pests the cotton crop will be the largest in several years.

Corn has suffered in many sections. However, a considerable part of the crop was not put in until April and May, and these plantings are still in condition to give good yields. For the State of Mississippi the condition on July 1 averaged 86 per cent of normal, indicating a production of 77,572,000 bushels, compared with 84,050,000 for 1917 and a five-year average of 58,633,000. Tennessee showed 90 per cent condition compared with 89 per cent last year, and average condition of 87 per cent, or 99,297,000 bushels, compared with 111,150,000 in 1917, the acreage being slightly reduced. Florida shows about 10 per cent increase over last year, with indicated production of 15,536,000, compared with 13,875,000 in 1917. In Alabama the estimated acreage planted to corn is 4,680,000 compared with 4,825,000 last year and an average condition of 88 per cent as compared with 78 per cent in 1917. Georgia upland corn has suffered considerably, but lowland crops are good to excellent and are earing well. The crop has been laid by except in the north. Louisiana corn has deteriorated decidedly as a result of the drought, some sections reporting the entire crop as being lost.

The tobacco crop of Florida shows an increase of about 50 per cent in acreage and is in unusually fine condition, indicating a yield of approximately 5,000,000 pounds. In Tennessee tobacco is late and growing slowly, but is generally healthy.

Fruits are in good condition, truck crops and vegetables fair, white potatoes good, and sweet potatoes doing well. The peanut crop looks fine, and sugar-cane crops of Louisiana and Florida are good to excellent. All crops are badly in need of soaking rains.

Winter wheat is mostly thrashed, with average results. It is about time for pitching the fall crops, but owing to continued scarcity of labor these are not expected to be normal.

The crop of citrus fruits last year amounted to 13,000 carloads, or about 5,000,000 boxes of oranges and grapefruit. It is estimated there will be an increase of about 50 per cent this year. Notwithstanding the increase, it is expected higher prices will prevail, owing to lack of transportation facilities, uncertainty of labor, and high cost of materials.

The shortage of farm labor has been growing instead of diminishing, but the farmers have made supreme effort to meet the demand for increased production. The cultivation of increased acreage is being accomplished by longer hours, intensive farming, less holidays, less interest in the usual summer political activities, and a return to the fields by farmers who had heretofore given up active service in the fields. The shortage will no doubt be more seriously felt at harvest time.

Receipts of turpentine at Savannah, Pensacola, and Jacksonville from April 1 to July 1 were 54 per cent short, compared with the same period last year, while receipts of rosin showed a shortage of 45 per cent for the same time. This shortage resulted in a sharp advance in the prices of both rosin and turpentine. There is a shortage of labor, high wages are demanded, and the cost of production is greatly increased. Practically no new naval stores were opened this season, and a shortage of 40 per cent in production is looked for.

Recent advance in the prices granted by the Government to the manufacturers of lumber put them in a position whereby they should get reasonable prices for their stumpage and be able to make a profit. Until the advance of June 15 the lumber manufacturers were experiencing considerable difficulty, because the price of Government material had been made about eight months prior, whereas prices of labor and materials had been steadily advancing since that time. The cut is not over 75 per cent of the cut in normal times, due, primarily, to the scarcity of labor.

There was some falling off in bank deposits owing to the unusual demand of customers to meet assessments growing out of the new revenue laws of the Government. The falling off was only temporary and deposits are showing steady increase. Demands for money are steady and rates are slightly increased, tending thereby to decrease demands for funds for "nonessentials." Banks are endeavoring to aid the Government in the curtailment of nonessentials, and in this work the Capital Issues Committee for the district is meeting with success in discouraging expenditures. Bank clearings show satisfactory increase and are still above normal at this season of the year, and banks are in a healthy condition.

Trade conditions throughout the district are excellent, and the demand in most lines continues to exceed the supply. Collections are reported good, and merchants express the opinion that ultimately it may result in doing business on a more strictly cash basis.

All industrial fields report great activity, especially in the Birmingham coal and iron district and in cities where shipbuilding is under way, as well as in towns and cities containing Army camps. Work is rapidly progressing at the new Government nitrate works at Sheffield, Ala., and the Government powder plant at Nashville is expected to be in operation about August 15. Approximately 30,000 men are employed at this plant.

The people are thoroughly awake to the seriousness of the war and are practicing more economies. Though there is but little idleness in the district, the labor shortage grows more serious.

DISTRICT NO. 7—CHICAGO.

One of the most encouraging features of the situation in this district is the practical assurance of a bumper crop of wheat. Corn, oats, rye, and barley, fruit, and vegetables are in good condition generally. Weather has been unusually clement, with certain exceptions, where frost, drought, excess rain, or storms caused local damage. Wheat harvest is progressing. Illinois and Indiana are apparently in the lead with a forecasted crop of better than 100,000,000 bushels between them. The condition on June 1 of Indiana and Illinois wheat was 97 and 95, respectively, a remarkable betterment of the 10-year average. Iowa held about even with condition at 85 against a 10-year average of 84. Michigan and Wisconsin, both visited by killing frosts, show a falling off from the 10-year average, respectively, 81 and 88, to a condition estimated at 55 and 74. Wheat forecast for the entire five States in this district is 137,000,000 bushels.

Corn looks good in all States and is said to require only warm weather. Heavy rains and the accompanying winds beat down oats in many localities, but in general yield is promising. Barley, hay, and rye are in excellent shape.

Interesting figures have come to hand from the report of the dairy and food commissioner of the State of Wisconsin for 1917. It is shown that the value of dairy products for this State increased about $80,000,000 between 1915 and 1917 and that during 1917 the value of dairy products reached the total of $190,235,817.72. It is said Wisconsin manufactures one-sixth of the butter and one-half of the cheese produced in the United States.

Live stock is extremely high priced and meats are correspondingly high. There is a heavy domestic demand, but export requirements are known to be satisfied for some time to come, as there are heavy accumulations abroad. Brisk trade is reported in packers' by-products, hides, glue, fertilizer, tallow, and grease. Receipts of live stock at Chicago for the four weeks ending July 20 as compared to a like period in 1917:

	Cattle.	Calves.	Hogs.	Sheep.
1918	240,560	49,675	546,722	298,296
1917	188,328	42,016	471,775	226,976

The money market is firm. Contributing factors are the strong demand for money from industrial enterprises and the absorption of available resources by purchase of Government obligations. The rate is hard at 6 per cent with an upward tendency. Very little commercial paper is being sold in Chicago, only one large bank having made purchases in any volume. In the country the situation is practically the same and bankers do not expect to be in funds until the fall and winter.

The effect of price fixation on the leather industry and dry goods business as told by correspondents is conducive to a healthy and stable condition and is generally welcome. Thus far the price-fixing committee has adjusted only the price of harness leather, with the promise of a decision on sole leather in the near future. Uppers will no doubt soon come under consideration with a view to revision. The hesitation observed in commitments for futures in cotton goods has practically vanished with the establishment of prices 20 to 30 per cent below current quotations on sheetings, print cloth, and cotton duck as bases for proportionate reductions in other cotton textiles.

Control of the distribution of wool, steel, and iron and the restriction on the use of sugar and fuel by certain industries and for certain purposes has in the main resulted in the inability of the firms employing these materials to take care of civilian demand. Manufacturers of clothing, sweaters, woolen socks, and gloves anticipate a great scarcity in the months to come and clothiers state that an increasing percentage of cotton must be used in wearing apparel. The diversion to Government uses of iron and steel increases the difficulty with which hardware and piano manufacturers, construction companies, and automobile manufacturers obtain raw material. Passenger-car makers will be allotted only 25 per cent of normal needs and the War Industries Board estimates this will enable them to build 500,000 cars in the coming year. Brewers and maltsters can obtain only 50 per cent of their customary fuel supplies, which will cut production to about that percentage. Confectioners report a cut in sugar quota from 80 per cent to 50 per cent, and in order to maintain volume of output are turning to products requiring a minimum of sugar.

Trade and manufacturing have never been better. Most manufacturing plants are working full time and could turn out more work if material and labor were available. Transportation facilities are ample and there is considerable evidence of heavy shipments of goods being made now to avoid the congestion of the rails when crops begin to move. Retailers in the cities report brisk trade, and country dealers look for a large business in the fall on account of crop prospects. Stocks in hands of retailers are said to be very large, dry goods, grocery, hardware, furniture, musical supplies, and jewelry stores having bought heavily against a rise. Wholesalers in the abovementioned lines report that sales are ever on the increase and that in general there has been an increase both in value as well as in units involved. It is said that certain hardware and dry goods lines are broken and will not be replaced. A noteworthy tendency to eliminate nonessentials from stocks is observed by wholesalers in their dealings with their retail customers. Buying power is probably greater than it has ever been.

Most of the large automobile manufacturers are engaged with trucks, tractor parts, mine anchors, Liberty motors, and airplane bodies and will not suffer from limitation of the passenger-car output. Some furniture manufacturers have contracted to work on airplane construction. Packers are working to capacity to fill United States and allied Government and civilian demands. Tanners are working on large Government orders and are compelled to turn away orders daily. Steel companies have only the United States as a customer.

Building and construction have shown no gains which would justify hope for a satisfactory future. Building permits and values involved in 15 cities for the month of June show a considerable reduction over June, 1917, and a slight reduction as compared with May, 1918. June, 1918, permits total 2,488, valued at $9,307,535 against a year ago, when these figures stood, respectively, at 3,230 and $10,967,423.

Due to the condition of building and construction, recited above, the lumber business is still in unhealthy shape, there being no consistent, dependable demand. There is some call for boxing and crating.

Labor is extremly scarce and migratory, being attracted to localities where wages are highest. Competition for labor has pushed wages to unreasonable heights. The situation is constantly aggravated by the induction of young men into the service.

Authorities differ regarding the prospects for coal supply next winter. It has been said that coal users have in many cases supplied immediately current needs and are laying in reserve stock. In other quarters there are misapprehensions regarding a shortage for the coming winter. We hear that civilians will be put on coal rations, limiting its use as fuel to an amount sufficient to heat houses to 68°.

Clearings in Chicago for the first 18 business days of July were $1,582,000,000, being $42,000,000 more than for the corresponding 18 business days in July, 1917. Clearings reported by 21 cities in the district outside of Chicago amounted to $341,000,000 for the first 15 days of July, 1918, as compared with $268,000,000 for the first 15 days of July, 1917. Deposits in 12 central reserve city member banks in Chicago were $829,000,000 at the close of business July 20, 1918, and loans were $634,000,000. Deposits show a decrease of approximately $41,000,000 over last month and loans an increase of approximately $27,000,000.

DISTRICT NO. 8—ST. LOUIS.

Until the latter part of July the growing crops in this district were suffering from lack of sufficient rainfall. This condition was greatly relieved toward the end of the month by general rains throughout the district, which materially benefited the corn, cotton, and other crops.

The condition of the corn in the States included in this district was estimated by the Government on July 1 to be 86.3 per cent, which is 1.6 per cent better than the 10-year average. It was estimated that the acreage planted in the States in this district would yield 1,145,959,000 bushels, which is somewhat below last year but more than the 5-year average. As a rule, the fields are well worked, and if there is proper precipitation there will doubtless be a large corn crop in this district.

The condition of the cotton in Arkansas, Mississippi, Missouri, and Tennessee was estimated by the Government on June 25 to be 92 per cent, which is 10.8 per cent better than the 10-year average and 7 per cent better than the May 25 estimate. Boll weevil complaints are less frequent, and on the whole the crop is making good progress.

The weather during the past month has been ideal for harvesting and thrashing, and reports indicate that good results have been obtained. The yield and quality of winter wheat generally are said to be excellent. It is reported to be coming to market in large volume. The harvesting has cleared much land, and already many farmers are plowing for the next winter-wheat crop. This work is being materially helped by the increased use of tractors.

There has been little change in the general business conditions in this district during the past month. Industries generally continue active, especially those contributing articles necessary for the prosecution of the war. Iron and steel manufacturers are working to capacity, as are also manufacturers of boots and shoes. Difficulties in obtaining supplies for civilian use are increasing, and this is having a deterrent effect on "nonessential" industries. Some lines are also being affected by the fact that many new undertakings, such as road building, street paving, construction work, building, etc., are being postponed until after the war.

Department stores and retail merchants generally report a good business and say that collections are good. The reports indicate that retailers are buying cautiously and only for their needs.

Labor is well employed in this district, and there is a good demand for both skilled and unskilled workmen. With the aid of Federal mediation, practically all strikes have been settled, and there is very little labor unsettlement in this district.

On July 11 anouncement was made that a Government barge line would be established on the lower Mississippi River. The Government had previously arranged to provide barges for the upper Mississippi, so that the use of the Mississippi River from St. Paul to New Orleans for the carrying of freight is now assured. This is expected greatly to relieve the transportation situation in this district, and thereby materially to benefit business.

The demand for money continues good in this district, and the bank rate to customers remains unchanged at 6 per cent in the large centers and slightly higher in the outlying districts. However, as a rule, the banks are liberally subscribing to the Government short-term certificates and also taking care of their commercial requirements. When necessary, they are rediscounting with the Federal Reserve Bank.

The commercial paper market is still below normal, but a slightly increased demand from some of the country districts has recently been noted. Practically none of the banks in the large cities are in the market for commercial paper. The rate prevails at 6 per cent for all names and maturities.

DISTRICT NO. 9—MINNEAPOLIS.

General rains did not come early enough to prevent severe injury to the small grain crop throughout the northern section of Montana and in parts of western North Dakota. In central and southern Montana the outlook is still good, although in the central portion of the State conditions are more or less spotted. The loss in the northern counties, which are chiefly given over to grain raising, is very unfortunate, but will not necessarily prevent a satisfactory total production in that State, due to the fact that where there is a crop the yields will be large, and due also to the fact that in the favored section the acreage is heavy.

The same spotted condition applies practically to all of the western half of North Dakota. Many fields, particularly those that have been carefully cultivated, will obtain very good yields of all small grains, but in various districts where the rainfall was insufficient, or where rains did not come at the right time, the yields will be very small.

The eastern half of North Dakota, and the greater part of South Dakota, the State of Minnesota, and all of Wisconsin, show an extremely good crop outlook. During the middle of the month this area was threatened with damage from dry weather, and in central Minnesota there were spots here and there where the wheat was beginning to give indications of approaching a stage that would have brought serious injury. Opportune rains extended over all of this area, and the greater part of it received a drenching downpour, which has given sufficient moisture to mature the crop, which practically guarantees, particularly in eastern North Dakota, Minnesota, and eastern South Dakota, very heavy yields of all grains.

Wheat in this particular area is uncommonly good, and the fields show an unusual evenness of stand and plant development. Minnesota's wheat crop is likely to be larger than the State has ever before produced, and there will be a large production of barley, rye, oats, and flax, although barley and oats do not run quite as evenly and do not show quite the same uniform good quality as wheat. The cutting of rye is general in the eastern part of the district, and the barley harvest has begun. The hay crop, which is a very important item, is generally good throughout the eastern half of the district, although there are some localities where forage crops are short.

Money and banking conditions are practically unchanged, and business conditions in general show comparatively little change. The process of restricting unnecessary credits is making good headway without interference with necessary business activities, and progress of the campaign to encourage economy in public and private expenditures is encouraging. Municipalities and counties in particular have shown a praiseworthy spirit, and an immense amount of construction and other public work has been deferred until the close of the war.

While the crop losses in the western half of the district are unfortunate, there is strong promise of a satisfactory harvest for the district as a whole, and of prosperous conditions during the fall and winter.

DISTRICT NO. 10—KANSAS CITY.

Agriculture.—The wheat harvest opened in the Southwest under ideal weather conditions. The continued heat wave caused a spontaneous and unusually early ripening throughout most of the district, and although the damage reported in some parts has been balanced to a certain extent by increased yields in more favored localities, the aggregate returns are less than previously estimated. Though the harvest was early, arrivals of new wheat at milling centers were about one week later than last year, due to the suspension of activities before July, awaiting new wheat regulations.

The supply of wheat at the four principal markets in this district decreased two-thirds during June, accompanied by a reduction of one-third in flour production at the mills. The weekly flour output decreased steadily, the total for the month being 40 per cent under that of the corresponding period a year ago, the mills averaging but 14 per cent of capacity as compared with 37 per cent last year.

The milling industry has been decidedly quiet in June, for the customary heavy bookings at this time in advance of a large prospective crop were prohibited by the order of the Food Administration restricting sales for shipment beyond July 1. Domestic demand for both old and new wheat flour was strong, but scarcity prevented domestic business. Receipts and shipments of wheat on the local market were, respectively, but one-tenth and one one-hundredth of those for June, 1917.

The almost complete exhaustion of supplies and the resumption of competitive activities resulted in a heavy demand for first wheat. Large premiums were paid over the Government guaranteed prices, permitting only the most efficient mills to make a profit, and it is reported some flour was actually marketed at a loss. These premiums are not expected to continue long but will probably last until a large stock of grain is accumulated. The huge crop and looked-for reduction in wheat substitutes predict a large and continued milling demand for the near future.

Owing to the prolonged drought the oats crop in Kansas and Nebraska has deteriorated considerably during the past month, indicating a much decreased yield. The remaining States in the district, however, report prospects generally good.

June weather conditions were very favorable for corn, and through careful cultivation the crop is now generally in a fine condition, well fortified against a moderate siege of drought. Thus far little serious damage has been reported. Rain is needed throughout the district, and July precipitation will decide the crop yield. Indications at this time point to record crops in the principal corn-growing regions. Receipts of corn for the month on the local market reached the highest point since 1914, an increase of 58 per cent over the same month last year, while shipments increased 38 per cent.

Live stock.—The cattle producers in the southwest territory responded liberally to the calls of the Government for increased production, as reflected by the record-breaking receipts of cattle and hogs at the five principal markets of the West for the first six months of this year. Sheep receipts do not show a corresponding increase, but a notable improvement is expected shortly.

For the past month the movement of live stock to the principal yards has apparently been up to current requirements, though cattle receipts decreased 8 per cent under those of June last year and dropped slightly under those of the preceding month. Hogs increased 11 per cent in numbers at the markets during June when compared with 1917, but decreased about one-tenth under last month's figures. They averaged 5 pounds heavier than a year ago. Twice the number of hogs were sent to market by means other than the railroads this June than the same month last year. Most of this increase is probably due to improved motor transportation facilities. Sheep receipts were practically the same this month as last and registered an increase of 29 per cent over the corresponding month a year ago.

The conditions and outlook for live stock continue satisfactory. Although Kansas and Oklahoma fields are in need of rain, ranges in general are good and are reported to be carrying a more than normal number of beef cattle. The exceptional prices paid for beeves induced a movement of grass-fed cattle to the markets earlier than usual and the average weight of offerings was under that of previous years. As a result of the favorable grazing conditions, however, it is to be expected that heavier cattle will later be offered. Stocks of hogs on the farms are reported to be slightly over normal

Prices of cattle and hogs ruled very high during the month, while sheep quotations declined. Sheep prospects are good and stockyards expect a record run within a few days. Shearing is generally completed throughout Colorado and Wyoming, where the wool is said to be of good quality.

Mining.—The coal situation is becoming more critical and the solace of an optimistic future is lacking. Colorado, in response to the request for an increased coal output over 1917 of 1,500,000 tons, has produced a surplus of but 40,000 tons for the first six months. The Missouri Valley States, comprising the seventeenth fuel zone, report a deficit at the end of June of 50 per cent of the amount stated by the authorities as absolutely necessary to meet requirements of last year's magnitude. The necessity is obvious of lessening consumption to the utmost and of avoiding all unnecessary waste.

As predicted, the mining industry of Colorado failed to revive in June, so the usual activity did not prevail. The recent readjustment of prices of lead, zinc, and copper stimulated production, however, with the result that the output is greater than before. Production of the more common metals is expected to be maintained at about 75 or 80 per cent of normal.

The marked decrease in gold mining as shown by figures of the first half year has caused much notice of late. The lowered purchasing power of gold has permitted only the richest mines to continue operation.

The month of June showed some improvement in the Missouri-Kansas-Oklahoma ore market. Average prices of zinc for all grades advanced over those of the previous month, while lead prices averaged 9 per cent higher than in May. Improved conditions in the lead market resulted in an increased production for the first six months of this year of about 3,000 tons, and producers anticipate a further improvement the remaining half year if present prices are continued.

Production of zinc in 1916 and 1917 increased more than the demand for ore, and a slump in prices ensued. It is now believed that the zinc industry is at the lowest point in the cycle, needing only a stimulant to start an upward swing. Surplus stocks are double those of June last year and increased 1,000 tons over May. As a consequence, mine owners have cooperated of late in curtailing production, with the object of reducing the surplus ore and accelerating the advance in prices recently initiated.

Oil.—It is exceedingly gratifying that the growing demand for oil and oil products is being answered by a substantial increase in supply from the fields. Recent operations offer good grounds for the belief that with economy the needs of war as well as various other needs will be fully met.

In the half year just closed there were almost 50 per cent more completions in the Oklahoma oil fields than in the same period a year ago, yielding an additional production of about 25 per cent. The fields have been extended considerably over the limit of 1917 and some of the pools of that period have been since further developed. The Kansas fields are now producing more oil than ever before and both completions and new production were about double that of the first six months of 1917. Wildcat operations were more general, and twice the number of dry wells were reported over last year.

Field operations in the Mid-Continent region for June were far above the monthly average for the past two years. Completions set a new high record, but new production did not quite come up to the mark.

Wyoming had a record increase in production of almost 50 per cent over May, and the end of June saw more wells drilling than at any time in the history of the State. June completions numbered one less than for May, but only four dry wells were reported against ten for the preceding period.

Kansas had 44 more completions in June than in May and an increase of one-eighth in new production. Total production increased 35 per cent over June, 1917, and 9 per cent over last May. Oklahoma was not so fortunate, however, and although there were about 200 more completions than in the preceding month, new production for the six months ending June decreased about 6,000 barrels, or 14 per cent, as compared with the output for the six months previous. Also the total production decreased 12 per cent under that of June a year ago and 6 per cent under that of May, 1918.

Lumber and construction.—Building operations are characterized by the absence of speculative enterprises. Present construction is only that which is identified with the progress and successful outcome of the war. Commercial building is generally restricted to absolute necessities. The domestic work is largely that of remodeling and enlarging, although there is considerable school and residence building. It is problematical whether the seasonal demand for construction in the rural districts will come up to anticipations, for although the harvest will be satisfactory, farmers are going to make all available use of their land for next year; and this work, along with the great scarcity of artisans, may prevent many contemplated improvements.

Brick production is being maintained at the maximum allowed by the administration of 50 per cent of the 1917 output. The market is steady with an upward tendency. Government construction in this district approximating several million dollars cost is under way and will require a large amount of material. Domestic lumber activities have been affected pending the Government price regulation, but increased buying by retailers is expected. Difficulty in securing desired materials continues to be prevalent. Demand is reported to be good and above parity with production.

The volume of construction for June in the principal cities of this district decreased one-fifth under June last year, and while the estimated cost of such construction was practically the same the tremendous rise in building costs must be kept in mind in making comparisons. The outlook for building trades is not changed and the ratio of decreased domestic business following augmented war demands is expected to be continued for some time.

Labor.—As the war progresses, the shortage of labor is being felt more strongly in the west and southwest. Successive drafts, in which are, of course, included many skilled workmen, leave vacant places that are becoming increasingly difficult to fill. Due in great measure to the work of the Government agencies and the cooperation of the public, the demands of the harvest have thus far been successfully met and the few shortages reported were quickly remedied. The top wages which have been paid everywhere attracted mobile labor from the oil fields and the mines. This exodus of men in addition to the preexisting conditions occasioned much difficulty in attempting to maintain a constant production and a number of properties were forced to close down on this account. The oil districts lack trained men experienced in drilling operations, while the mines are in special need of shovelers.

Labor troubles have increased slightly in number but not in severity, as the score of strikes reported during the past month were all settled peaceably. The strikes were generally small, of local effect, and were evenly distributed throughout the district.

Mercantile.—During the first half of this year there were 398 business failures against 462 for the same period in 1917, while the liabilities involved were about $200,000 less than a year ago. Purchase and payment activities remained stationary with May this year and increased slightly over the monthly average for the last 30 months. Indebtedness declined from that of last May, June, 1917, and the 30-month average, due in great measure to the condition of the crops and the stability of the market. Collections are fair throughout.

Business in general is reported to be above normal, exceeding that of a year ago. Retail trade is good in all sections and prices are almost continually advancing. Handicapped by inability to secure merchandise in satisfactory amounts from the factories, retailers are conserving their surplus stocks, and it is probable, because of the rising market and the outlook for next year, that clearance sales and price cutting will not be as general as in former seasons. There is evidence that a large per cent of the dealers are buying earlier than customary in anticipation of a further rise in prices and with the purpose of securing stocks while the opportunity offers. Interstore trading, it is reported, has suddenly assumed unusual proportions owing to the scarcity of supplies and a desire among merchants to more evenly distribute stocks of different lines.

Manufacturing continues active with most factories running to capacity when not hampered by labor shortage. Trade in shoes and jewelry is very good, while that in drugs and groceries is fair to good. Hardware conditions are somewhat unsettled due to scarcity of supplies. Implement dealers in most of the distributing districts report exceptional sales of farm machinery.

Financial.—Bank clearings in the 14 principal cities in this district increased about 20 per cent in June over the same month a year ago, while a comparison of the six months' period this year and last shows an increase of 32 per cent. Latest returns have brought forth the fact that the tenth district has oversubscribed by $31,500 its tentative quota of $30,000,000 for the second issue of Treasury certificates of indebtedness. The number of individual subscribers has risen from 1,198 for the first issue to 1,827 for the second. The quota for the next loan having been reduced one-third, every indication points to a large surplus subscription over the required amount.

The demand for money has been firm with rates practically unchanged. Through the Capital Issues Committee the issue of securities for unessential purposes is being materially restricted and the committee is receiving the hearty cooperation of the public in its endeavors.

DISTRICT NO. 11—DALLAS.

A month ago mention was made of the excellent crop prospects which obtained practically throughout this district, except those sections of the west and southwest where the dry weather had done much damage. The present crop outlook is less favorable, however, than 30 days ago, as very little rain has fallen during July. As the interests of the district are so largely agricultural, any change in crop prospects is at once noticeable. We believe that the present excellent condition of crops in north, northeast, east, and central Texas will largely, if not entirely, offset the poor yields in less favored communities. Outside of the changes in farming conditions, the general situation is the same as quoted in our July letter. The readjustments in all lines of business are going steadily on and becoming more noticeable every day. The volume of trade at the present time is less than during the same period a year ago; that is, as to number of orders. The higher cost of merchandise, however, has more than offset this decrease. The large Government contracts placed in this district have also been the means of stimulating business.

At the risk of repetition, it may be stated that conservatism and economies are being more widely practiced in this district than at any previous time. The many calls for financial assistance in the Government's war plans and the commitments which are necessary to enterprises essential to the success of the war have made for a restriction in the purchase of luxuries and high-priced articles. Apart from the general derangement of conditions, as a result of the war, the unfavorable situation prevailing in west Texas on account of the drought and other factors, conditions existing in this district are quite satisfactory.

Wholesale trade in all lines, as reported by our correspondents, is excellent; in hardware, drugs, and groceries the volume is especially heavy. Retail trade in seasonable lines and light summer apparel is also good. The usual midsummer clearance sales are being put on and have served to make retail lines active. Collections are good.

Manufacturing plants are operating on full time. The uncertain delivery of raw material on account of transportation difficulties and the scarcity of labor have largely affected the operations of the factories in this district. In many cases the output of plants is reduced from 25 per cent to 50 per cent, on account of inability to obtain adequate supplies.

The area planted in cotton in this district is so extensive that the condition of the crop depends on the planting season. In north, east, south, and central Texas the condition of the crop at the present time is good to excellent. In central and west Texas and the Panhandle sections the crop is only fair. As the plant can bear hot, dry weather it has not been seriously affected by the recent excessive heat. The corn crop is, for the most part, in good condition, but is beginning to need rain badly, and in some sections is seriously hurt. Other feed crops, such as peanuts, cane, sorghum, maize, and broom corn, are generally in satisfactory condition.

The thrashing season is now under way and the small grain crop is turning out generally satisfactory, except in northwestern Texas, where the crop is practically a failure. The yield in north, northeast, and central Texas will be from 15 to 30 bushels per acre for wheat, and 30 to 40 bushels per acre for oats. In those sections the crop could hardly be better.

The Elberta peach crop, which is one of the most important in east Texas, has been moving during July. The crop has sold at $1.50 to $2 per bushel, the peaches were of excellent quality, and the growers have had a satisfactory season.

Scattered rains have fallen over portions of the range country during July; they have not been sufficient, however, to help conditions to any extent, and live stock interests continue to suffer from the drouth. Our correspondents in New Mexico and west Texas report that conditions are extremely unfavorable, and heavy losses have resulted. This condition has caused a general depression in business in that section. A good deal of stock has already been moved out of Roswell County, and more are going daily. Losses in Lea, Chaves, and Eddy counties have been the largest in the history of that section. These losses have resulted in dull business, and collections are poor as a result. Another problem which confronts the cattle men is that of placing their live stock paper.

The large commission firms in the packing centers, Chicago, Kansas City, St. Louis, and Fort Worth, where a large per cent of this cattle paper is carried, are not in the market for loans at this time. This has forced the banks in the cattle country to largely share this burden. There is but little trading in live stock at the present time.

The financial situation is still very active; there is no decrease in the demand for funds. While all legitimate credit is being cared for, and our member banks are extending all needed assistance to their customers, they are, nevertheless, conservative in granting credits, and are closely scrutinizing the same. The demand with this bank continues heavy, and within the past 30 days our bills discounted show an increase of some $4,000,000.

Within another 30 days the cotton crop will begin to move in this district, and the problem of handling it is quite serious. Recent meetings of bankers and cotton planters of this district have been held, and it is hoped some effective means may be had for financing and moving the crop. The bankers of this district have endeavored to do their part in subscribing for Treasury certificates. Conditions in the West, however, are such that the institutions there find it difficult to purchase their quota.

Interest rates are steady to firm. Bank clearings in the principal cities of the district for June show an increase of 8 per cent over the same period last year. The figures were as follows:

1917	$204,784,925
1918	220,942,487
Increase (8 per cent)	16,157,562

Building permits issued at the principal cities of the district in June show an increase in number of 228, and an increase in valuation of $267,387, or 22 per cent.

The lumber market has been more or less demoralized, due to the agitation of Government price fixing. With the question settled, however, and prices fixed, both on Government purchases and outside trade, the lumber business is going forward well. The mills report the car supply ample, but as the crop begins to move a considerable shortage will unquestionably be felt. Lumber manufacturers are running on full time, but, due to the scarcity of labor and the inefficiency of the help secured, production is not more than 80 per cent of normal. The price fixed by the Government, while somewhat lower than manufacturers thought it should be, is, nevertheless, yielding fair profits on the present basis of cost. The cost of production, however, is going up so rapidly that the time is not far distant when the production cost and selling price will not be far apart.

Post-office receipts in the principal cities of the district show an increase of 52.7 per cent over the same period last year. San Antonio shows an increase of over 100 per cent, while Waco shows an increase of 98 per cent.

Business at border points is increasing since the Government has been more lenient in issuing licenses on certain classes of foodstuffs for export into Mexico. During the past month the export and import business between the United States and Mexico has been unusually heavy.

DISTRICT NO. 12—SAN FRANCISCO.

Recent weather conditions, combined with unusually heavy damage by insects, have been unfavorable to the proper development of the grain crops. The Government report of July 1 gives the following estimate of grain production for the district:

	1918	1917
	Bushels.	*Bushels.*
Wheat	90,778,000	70,899,000
Barley	51,440,000	57,664,000
Oats	42,977,000	43,037,000
Rye	971,000	580,000
Corn	7,491,000	7,283,000
Hay	11,428,000	13,604,000

This estimate averages about 10 per cent less than a month ago.

A greatly reduced acreage of potatoes and sugar beets is shown, the farmers having planted other crops which promised larger financial returns. The estimated production of potatoes is 32,147,000 bushels, compared with 47,156,000 bushels in 1917.

Deciduous fruits are in good condition, but the total production will probably be somewhat less than last year, although carload shipments from California this season to July 13 have been 2,152 cars, compared with 2,112 cars in 1917. It is estimated that the apple crop of the Pacific Northwest will be less than 20,000 cars, about 10 per cent below the 1917 yield.

Prices of all farm products are in excess of those of last year. Although the costs of production, especially labor, have increased, the farmers are insured a good profit, and the restriction of the middlemen's profits assures equitable prices to consumers. No crop losses have been reported on account of labor shortage.

Preliminary estimates indicate an area of 597,000 acres planted to beans in California, compared with 558,000 acres in 1917. The output in 1917 was 4,980,000 one-hundred-pound bags.

The area planted to rice in California this year is 108,000 acres, an increase over 1917 of 28,000 acres, indicating a production of approximately 6,318,000 bushels.

Orange and lemon groves are in good condition, and while it is somewhat early to obtain an accurate forecast, all indications are for a normal yield next season. Total shipments this season to July 1 have been 11,694 cars of oranges and 4,038 cars of lemons, compared with shipments of 31,997 cars of oranges and 6,069 cars of lemons to the same date last year. The shipments after July 1 will consist entirely of valencias and are estimated at 2,500 cars compared with about 10,000 cars moving after July 1, 1917. Prices have nearly doubled since last year.

The cotton acreage in Arizona and California has materially increased this year. In Arizona 92,000 acres were planted, compared with 46,000 acres in 1917, and in California 194,000 acres, compared with 117,000 acres in 1917. The condition of the crop on July 1 forecasted a yield of 200 pounds to the acre, and sales have been reported at prices ranging from 30 to 72 cents per pound, according to the quality.

A recent estimate of this year's probable salmon pack is 8,500,000 cases. In 1917 the production was 10,124,858 cases, and the average for the last eight years is 7,032,082 cases.

Most of the shipyards of the district have contracted for their entire output for the next 12 months, and many yards for a much longer period. It is estimated that the value of the production of all the yards building steel and wooden ships on this coast is over $500,000,000 per year. Of 55 constructors of steel ships and 78 constructors of wooden ships rated for efficiency for the month of May by the Emergency Fleet Corporation, the five highest rated steel and eight highest rated wooden ship constructors are in this district. The most notable construction record yet made anywhere was the launching of a 12,000-ton steel freighter by a San Francisco yard in 45 days from the date of keel laying.

Fir lumber mills of Oregon and Washington have pledged themselves to supply to the Government each month not less than 600 cars of airplane fir. Additional orders for 60,000,000 feet of lumber for eastern cantonments have been placed, and it is said that orders for 110,000,000 feet for refrigerator cars, ship construction, and Navy needs will be placed shortly. The prices fixed by the Government are reported to be satisfactory. Lumber production was normal during June, but since June 25, when higher freight rates became effective, there has been a decrease in production, orders, and shipments. Washington produced 12.7 per cent of all the lumber cut in the United States in 1917, with a total cut of 4,570,000 feet, thereby leading all the lumber producing States. Destructive forest fires have been reported from many points in Washington, Oregon, and California during the past month, and, owing to the extremely dry condition of the forests, they are being controlled with great difficulty.

June bank clearings for the nine reserve cities of the district, although slightly less than the previous month, increased 25.3 per cent over the corresponding month of 1917. Building permits for the same cities increased 16.5 per cent over June, 1917.

Although labor is scarce and the farmers are having some difficulty in harvesting their crops, conditions are fairly settled. The "win-the-war" spirit seems to permeate the workers in the essential industires generally, and in several coast cities the shipyard and metal trades workers, who were awarded Saturday half holidays during the summer months by the Wage Adjustment Board, have offered to forego their half holidays and work, without requiring extra pay for the overtime.

The general credit situation is described as stable when banks maintain cash payments against depositors checks; when farmers, merchants, manufacturers, and others engaged in production and distribution are able to obtain their customary loans for reasonable and legitimate requirements, and when banks are able to sell or rediscount a portion of their loans if they become overloaned. The interruption of any of these processes prevents the rhythmical flow of commerce and industry. Labor meets unemployment, trade is thrown into confusion, and panic may result. Such a condition is the opposite of stability.

Stability is now dependent upon the continuing ability of Federal Reserve Banks to make advances to other banks which may be in need, and the strength of Federal Reserve Banks to do this is measured by the proportion of their gold reserve to their liabilities.

When a member bank rediscounts a note with a Federal Reserve Bank, the latter concurrently incurs a liability for the amount of the proceeds. Such liability usually takes one of two forms—either a credit in the account of the rediscounting bank on the books of the Federal Reserve Bank or a payment to the member bank of Federal Reserve notes. Either form is a promise of the Federal Reserve Bank to pay money—the one a promise to pay against the presentation of checks; the other, engraved promises, in currency denominations, to redeem in money when presented. Against both forms of liability the Federal Reserve Bank carries a gold reserve in order to assure its ability to make good its promises to pay money. The strength of this gold reserve is what measures the ability of Federal Reserve Banks to extend accommodations to other banks when they need it. If needed accommodation were not extended, confusion and panic would result which would involve all business, including all banks, whether member or nonmember.

Gold in possession of a member bank or an individual serves no necessary purpose which other forms of money would not serve, but in the possession of a Federal Reserve Bank gives financial protection to the country as surely as an army gives physical protection. To draw soldiers from the army or keep them from the army to perform services which others could perform would weaken our physical defense and invite disaster. Likewise, to hold gold out of the reserve of Federal Reserve Banks weakens our financial defense and invites financial disaster.

Banks of this district, for their own protection and that of all business, have patriotically cooperated to build up the Federal Reserve Bank's gold reserve, making more than 2,000 gold shipments during the three months ending with June, and increasing the total gold held from $99,815,000 on March 29 to $130,963,000 on June 28.

Shipments have been received as follows:

	Gold received.	Gold held Mar. 4, 1918.
National banks	$16,880,230	$14,944,270
State banks	8,799,915	38,124,165
California public treasurers	2,846,900	....
Total	28,527,045	53,068,435

The increasing demand upon the Federal Reserve Bank is shown by the fact that, although the amount of the gold reserve has increased over $31,000,000, the proportion of gold to liabilities has decreased approximately 1 per cent.

COURSE OF LEADING ASSET AND LIABILITY ITEMS OF THE FEDERAL RESERVE BANKS IN 1918.

In the following tables are shown for each Friday of the current year the amounts of war-loan paper held by the Federal Reserve Banks and percentages of these amounts to the total weekly holdings of discounted paper; also holdings of bills purchased in the open market, and of all other earning assets, nearly all United States securities, including bonds, one-year Treasury notes, and Treasury certificates. By far the larger share of the war-loan paper held by the Federal Reserve Banks is made up of member banks' notes, secured by Liberty bonds and Treasury certificates.

During the early part of the year, i. e., prior to the enactment of the War Finance Corporation bill on April 5, when notes secured by United States war obligations were exempted from the stamp tax, the Federal Reserve Banks reported among their United States security holdings considerable amounts of Liberty bonds and certificates purchased for terms not exceeding 15 days under so-called "repurchase agreements." The effect of the tax exemption for war-loan paper is seen in the large increases on April 12 and 19 of the item "Collateral notes secured by United States war obligations" and the corresponding decreases on the same dates of "All other earning assets."

Of the total discounts held by the Federal Reserve Banks the share of war-loan paper is at present about 50 per cent, the largest proportion, viz, 71.2 per cent, being shown on April 26, just before the close of the third Liberty loan, and the lowest proportion at the beginning of the year, when, however, part of the advances on United States war securities made in the shape of short-term investments in such securities was included with other earning assets. Other fluctuations in the volume of the latter item are traceable largely to short-time advances of the New York bank to the Government, for which corresponding amounts of Treasury certificates were taken.

In another table and diagram are shown the course of the leading liability items, i. e., deposits and Federal Reserve notes in circulation and changes in the reserve position of the banks. For this purpose weekly figures of the aggregate cash reserves and of the ratios of the latter to the aggregate net deposit and Federal Reserve note liabilities were added. In this table the largest increase during the year, viz, 577.8 millions, is shown for Federal Reserve notes in circulation, as against gains of about 120 millions in net deposits and of slightly less than 300 millions in reserves, largely gold. As a result of this development the reserve percentage of the banks shows a decline since the beginning of the year from 64.2 to 59.8 per cent.

Movement of earning assets, deposits, and reserves of the Federal Reserve Banks since Jan. 4, 1918.

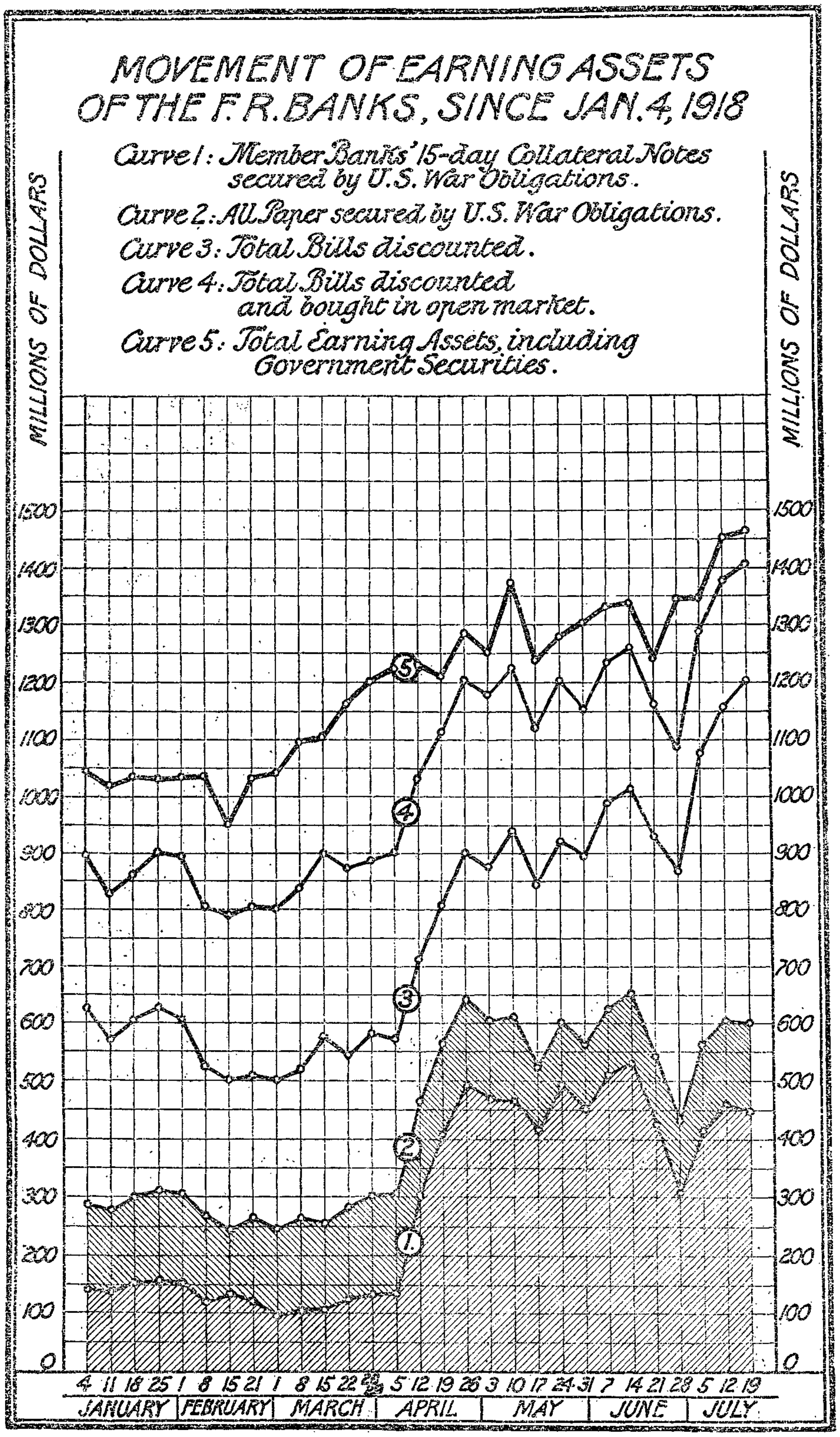
1. EARNING ASSETS.

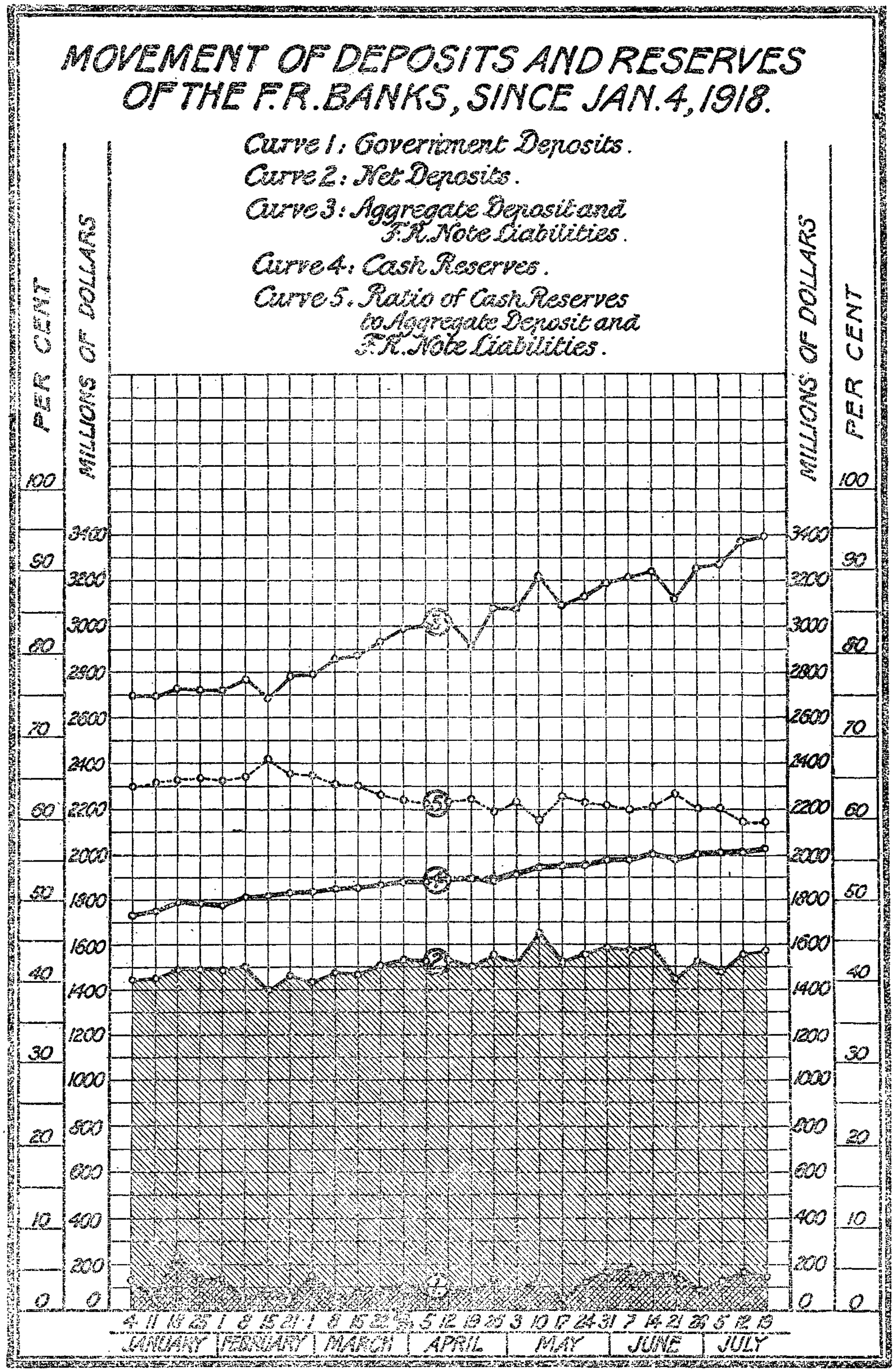
[In thousands of dollars; i. e., 000 omitted.]

	(1) Member banks' collateral notes secured by United States war obligations.	(2) Other paper secured by United States war obligations.	(3=1+2) Total secured by United States war obligations.	(4) Total bills discounted.	(5) Per cent of 3 to 4.	(6) Bills bought in open market.	(7) All other earning assets.	(8=4+6+7) Total earning assets.
1918								
Jan. 4	140,711	145,208	285,919	625,813	45.7	271,338	148,392	1,045,543
Jan. 11	138,001	139,013	277,014	570,665	48.5	258,710	191,796	1,021,171
Jan. 18	152,688	147,580	300,268	603,488	49.8	257,804	172,445	1,033,737
Jan. 25	159,300	153,220	312,520	627,662	49.8	273,912	128,096	1,029,670
Feb. 1	154,259	151,405	305,664	606,778	50.4	289,805	136,437	1,033,020
Feb. 8	121,266	148,036	269,302	525,121	51.3	280,705	230,305	1,036,131
Feb. 15	133,971	111,723	245,694	501,916	50.0	287,263	162,810	951,989
Feb. 21	122,244	141,661	263,905	509,534	51.8	296,170	226,093	1,031,797
Mar. 1	96,957	152,239	249,196	502,525	49.6	299,213	238,867	1,040,605
Mar. 8	107,879	156,622	264,501	520,340	50.8	317,952	259,040	1,097,332
Mar. 15	107,411	150,210	257,621	517,484	44.6	323,248	266,403	1,107,135
Mar. 22	125,698	157,264	282,962	543,119	52.1	328,880	291,315	1,163,314
Mar. 28–29	134,176	167,275	301,451	583,228	51.7	304,065	314,292	1,201,585
Apr. 5	136,597	167,478	304,075	573,883	53.0	326,503	324,025	1,224,411
Apr. 12	302,187	163,438	465,625	712,807	65.3	318,857	200,151	1,231,815
Apr. 19	410,536	154,188	564,724	808,045	69.9	308,277	96,263	1,212,585
Apr. 26	494,681	147,748	642,429	901,743	71.2	302,844	81,575	1,286,162
May 3	468,882	137,748	606,630	873,442	69.5	297,029	80,098	1,250,569
May 10	466,149	146,175	612,324	939,041	65.2	286,036	148,722	1,373,799
May 17	418,361	107,802	526,163	842,265	62.5	279,886	115,576	1,237,727
May 24	492,599	107,900	600,499	923,299	65.0	278,221	75,694	1,277,214
May 31	451,221	111,772	562,993	897,357	62.7	256,373	147,660	1,301,390
June 7	511,660	115,365	627,025	984,492	63.7	248,542	97,779	1,330,813
June 14	530,869	122,994	653,863	1,016,031	64.4	242,923	74,456	1,333,410
June 21	426,158	118,035	544,193	931,270	58.4	232,472	76,860	1,240,602
June 28	309,423	125,086	434,509	869,175	50.0	216,848	259,089	1,345,112
July 5	416,366	147,130	563,496	1,076,782	52.3	211,947	60,125	1,348,854
July 12	461,822	144,777	606,599	1,159,882	52.3	218,464	72,268	1,450,614
July 19	449,770	151,633	601,403	1,203,346	50.0	205,932	56,715	1,465,993

2. DEPOSITS, NOTES, AND RESERVES.

	(1) Government deposits.	(2) Net deposits.	(3) Federal Reserve notes in actual circulation.	(4=2+3) Aggregate net deposit and Federal Reserve note liabilities.	(5) Cash reserves.	(6) Reserve percentage.
1918						
Jan. 4	$131,006	$1,446,228	$1,251,205	$2,697,433	$1,733,030	64.2
Jan. 11	60,523	1,452,512	1,244,280	2,696,792	1,748,031	64.8
Jan. 18	239,829	1,490,373	1,238,797	2,729,170	1,784,307	65.2
Jan. 25	135,691	1,492,878	1,234,934	2,727,812	1,782,759	65.4
Feb. 1	132,790	1,488,036	1,236,101	2,724,137	1,775,457	65.2
Feb. 8	59,488	1,502,853	1,261,219	2,764,072	1,813,094	65.6
Feb. 15	87,543	1,403,634	1,281,045	2,684,679	1,818,736	67.7
Feb. 21	56,165	1,462,627	1,314,581	2,777,208	1,832,524	66.0
Mar. 1	150,781	1,439,887	1,351,091	2,790,978	1,837,773	65.8
Mar. 8	56,208	1,472,439	1,383,990	2,856,429	1,847,883	64.7
Mar. 15	72,023	1,464,519	1,406,228	2,870,747	1,852,193	64.5
Mar. 22	91,505	1,505,774	1,429,509	2,935,283	1,862,372	63.4
Mar. 28–29	104,086	1,535,367	1,452,838	2,988,205	1,874,063	62.7
Apr. 5	104,818	1,529,364	1,479,920	3,009,284	1,877,433	62.4
Apr. 12	100,523	1,533,827	1,499,377	3,033,204	1,894,995	62.5
Apr. 19	75,499	1,502,246	1,415,287	2,917,533	1,898,307	62.9
Apr. 26	130,668	1,555,303	1,526,232	3,081,535	1,890,945	61.3
May 3	73,888	1,520,957	1,556,660	3,077,617	1,919,983	62.4
May 10	138,529	1,651,324	1,569,618	3,220,942	1,942,500	60.3
May 17	48,753	1,524,453	1,569,445	3,093,898	1,952,712	63.1
May 24	122,350	1,557,618	1,578,621	3,136,239	1,956,056	62.4
May 31	166,191	1,586,608	1,600,968	3,187,576	1,975,709	62.0
June 7	179,876	1,576,364	1,639,579	3,215,943	1,977,724	61.5
June 14	155,532	1,588,771	1,651,500	3,240,271	2,005,263	61.9
June 21	159,457	1,445,403	1,677,951	3,123,354	1,981,111	63.4
June 28	84,535	1,529,819	1,722,215	3,252,034	2,006,199	61.7
July 5	128,398	1,473,927	1,791,569	3,265,496	2,015,163	61.7
July 12	169,393	1,553,664	1,813,425	3,367,089	2,015,984	59.9
July 19	144,828	1,566,680	1,829,045	3,395,725	2,031,095	59.8


MOVEMENT OF EARNING ASSETS
OF THE F. R. BANKS, SINCE JAN. 4, 1918
Curve 1: Member Banks' 15-day Collateral Notes secured by U.S. War Obligations.
Curve 2: All Paper secured by U.S. War Obligations.
Curve 3: Total Bills discounted.
Curve 4: Total Bills discounted and bought in open market.
Curve 5: Total Earning Assets, including Government Securities.
MILLIONS OF DOLLARS
1500
1400
1300
1200
1100
1000
900
800
700
600
500
400
300
200
100
0
4 11 18 25 1 8 15 21 1 8 15 22 29 5 12 19 26 3 10 17 24 31 7 14 21 28 5 12 19
JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY


MOVEMENT OF DEPOSITS AND RESERVES
OF THE F.R. BANKS, SINCE JAN. 4, 1918.
Curve 1: Government Deposits.
Curve 2: Net Deposits.
Curve 3: Aggregate Deposit and F.R. Note Liabilities.
Curve 4: Cash Reserves.
Curve 5. Ratio of Cash Reserves to Aggregate Deposit and F.R. Note Liabilities.
PER CENT
MILLIONS OF DOLLARS
JANUARY
FEBRUARY
MARCH
APRIL
MAY
JUNE
JULY

GOLD SETTLEMENT FUND.

Operations through the gold settlement fund for the four-week period from June 20 to July 18 were heavier than for any corresponding period since the commencement of the operation of the fund, due largely to the temporary concentration of funds at New York following the issuance of a large volume of Treasury certificates of indebtedness and payment of the 35 per cent installment on the third Liberty loan. Combined clearings and transfers amounted to $4,233,991,000, averaging $1,058,497,750 per week, against a like average of $918,050,800 for the preceding period, an increase of 15.3 per cent in the total average weekly clearings.

The daily settlement between the Federal Reserve Banks through the gold settlement fund which was inaugurated on July 1 has practically eliminated all telegraphic transfers between banks except those made for Government account. Amounts formerly carried on the books of the banks as "Due from" or "Due to" other Federal Reserve Banks are now settled through the gold fund daily instead of weekly, thus resulting in less fluctuation in the reserve position of each bank and undoubtedly reducing the amount of rediscount operations between banks which would have been necessary had the former plan of weekly settlements been continued.

Changes in the ownership of gold in the banks' fund through transfers and settlements during the four-week period amounted to 3.59 per cent of the total obligations settled, as against 1.46 per cent during the preceding five-week period. The large increase of 2.13 per cent in the change in ownership of gold is due chiefly to the concentration of gold at the New York bank resulting from transfers from other Federal Reserve Banks for the account of the Government.

The New York Federal Reserve Bank's credit in the gold settlement fund increased $120,628,000 through transfers and settlements during the four-week period under review, thereby causing a large reduction in the total change in the ownership of gold since the commencement of the operation of the fund, May 20, 1915. Net changes in the ownership of gold in the fund from that date to July 18, 1918, amount to 0.77 per cent of the total obligations settled. For the four weeks ending July 18, New York, Philadelphia, and Cleveland show the largest gains through the shifting of credits in the fund, while Chicago, Boston, Kansas City, and San Francisco show the largest decreases.

Total deposits of gold in the banks' fund, principally at San Francisco, New York, Philadelphia, and Chicago, aggregated $75,606,300, against gold withdrawals of $9,814,200, resulting in net gold deposits of $65,792,100. Net gold withdrawals in the agents' fund amounted to $6,500,000, giving an aggregate net gain in the combined funds during the four-week period of $59,292,100. The combined banks' and agents' balances in the fund have increased over 52 per cent since January 1, 1918.

Below are given figures showing changes in the fund between June 21 and July 18, both inclusive.

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

[In thousands of dollars.]

	Total clearings.	Balances adjusted.	Transfers.
Settlements of—			
June 27	898,469	60,033	114,400
July 1-5	1,090,900	56,431	251,679
July 6-11	743,803	78,473	25,000
July 12-18	995,740	67,600	114,000
Total	3,728,912	262,537	505,079
Previously reported for 1918	18,402,513	1,340,171	2,156,695
Total since Jan. 1, 1918	22,131,425	1,602,708	2,661,774
Total for 1917	24,319,200	2,154,721	2,835,504.5

	Clearings and transfers.
Total for 1918 to date	24,793,199
Total for 1917	27,154,704.5
Total for 1916	5,533,966
Total for 1915	1,052,649
Total, clearings and transfers from May 20, 1915, to July 18, 1918	58,534,518.5

Changes in ownership of gold.

[In thousands of dollars.]

Federal Reserve Bank.	Total to June 20, 1918.		From June 21, 1918, to July 18, 1918, both inclusive.				Total changes from May 20, 1915, to July 18, 1918.	
	Decrease.	Increase.	Balance to credit June 20, 1918, plus net deposits of gold since that date.	Balance July 18, 1918.	Decrease.	Increase.	Decrease.	Increase.
Boston	....	57,465	67,375	37,314	30,061	....	....	27,404
New York	574,289	....	118,117	238,745	....	120,628	453,661	....
Philadelphia	....	66,506	34,870.2	49,900	....	15,029.8	....	81,535.8
Cleveland	....	99,988	17,403.6	30,620	....	13,216.4	....	113,204.4
Richmond	....	8,776	21,272.6	14,832	6,440.6	....	....	2,335.4
Atlanta	....	48,385	24,149	17,444	6,705	....	....	41,680
Chicago	....	79,864	112,833.1	47,439	65,394.1	....	....	14,469.9
St. Louis	....	33,301	29,695.3	21,279	8,416.3	....	....	24,884.7
Minneapolis	....	16,225	29,084.8	13,124	15,960.8	....	....	264.2
Kansas City	....	45,382.5	41,434	33,435	7,999	....	....	37,383.5
Dallas	....	20,084.5	10,799.4	14,186	....	3,386.6	....	23,471.1
San Francisco	....	98,312	37,409	26,125	11,284	....	....	87,028
Total	574,289	574,289	544,443	544,443	152,260.8	152,260.8	453,661	453,661

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

[In thousands of dollars.]

Federal Reserve Bank.	Balance last statement June 20, 1918.	Gold withdrawals.	Gold deposits.	Aggregate withdrawals and transfers to agent's fund.	Aggregate deposits and transfers from agent's fund.	Transfers.		Weekly settlement of June 27, 1918 and daily settlements July 1 to 18, inclusive.				Balance in fund at close of business, July 18, 1918.
						Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	65,375	....	2,000	....	2,000	6,500	....	24,719	347,169	323,608	1,187	37,314
New York	133,127	2,500	22,490	37,500	22,490	133,660	343,665	124,683	1,258,069	1,168,692	35,306	238,745
Philadelphia	31,544	500	10,595	11,500	14,826.2	16,354	....	327	372,418	403,802	31,711	49,900
Cleveland	26,215.9	3,014	4,201.7	13,140	4,201.7	15,700	....	26,677	329,258	358,174	55,593	30,620
Richmond	22,465.6	553	360	1,553	360	33,000	15,000	4,349	175,177	186,736	15,908	14,832
Atlanta	24,814	100	1,735	16,900	16,235	....	....	10,523	100,212	93,507	3,818	17,444
Chicago	74,319.1	1,000	5,611	45,500	84,014	159,200	96,000	19,252	526,853	524,437	16,836	47,439
St. Louis	22,476	1,228.2	157	8,128.2	15,347.5	20,220	20,440	35,805	241,871	233,235	27,169	21,279
Minneapolis	15,012.8	....	4,072	....	14,072	20,000	....	2,707	99,347	103,608	6,968	13,124
Kansas City	39,997.6	80	1,516.4	80	1,516.4	36,445	2,754	422	124,228	149,920	26,114	33,435
Dallas	10,960.2	839	678.2	839	678.2	3,000	5,000	2,041	57,246	58,633	3,428	14,186
San Francisco	21,719	....	22,190	13,000	28,690	61,000	22,220	11,003	97,064	124,560	38,499	26,125
Total	488,026.2	9,814.2	75,606.3	148,014.2	204,431	505,079	505,079	262,537	3,728,912	3,728,912	262,537	544,443

Federal Reserve agents fund—Summary of transactions from June 21, 1918, to July 18, 1918, both inclusive.

[In thousands of dollars.]

Federal Reserve agent at—	Balance last statement, June 20, 1918.	Gold withdrawals.	Gold deposits.	Withdrawals for transfers to bank.	Deposits through transfers from bank.	Total withdrawals.	Total deposits.	Balance at close of business July 18, 1918.
Boston	49,500	....	....	....	....	....	....	49,500
New York	65,000	....	....	....	35,000	....	35,000	100,000
Philadelphia	86,730.2	1,500	....	4,231.2	11,000	5,731.2	11,000	91,999
Cleveland	85,000	....	....	....	10,000	....	10,000	95,000
Richmond	31,500	....	....	....	1,000	....	1,000	32,500
Atlanta	25,520	1,000	....	14,500	16,800	15,500	16,800	26,820
Chicago	174,121	1,000	....	78,403	44,500	79,403	44,500	139,218
St. Louis	37,921.5	....	....	15,190.5	6,900	15,190.5	6,900	29,631
Minneapolis	19,500	....	....	10,000	....	10,000	....	9,500
Kansas City	31,360	....	....	....	....	....	....	31,360
Dallas	584	....	....	....	....	....	....	584
San Francisco	74,631	3,000	....	6,500	13,000	9,500	13,000	78,131
Total	681,367.7	6,500	....	128,824.7	138,200	135,324.7	138,200	684,243

OPERATION OF THE FEDERAL RESERVE CLEARING SYSTEM, JUNE 16 TO JULY 15, 1918.

	Items drawn on banks in Federal Reserve city (daily average).		Items drawn on banks in district outside Federal Reserve city (daily average).		Items drawn on banks in other districts (daily average).		Items handled by both banks and branches (daily average).		Total (exclusive of items drawn on Treasurer of United States) (daily average).		Items drawn on Treasurer of United States (daily average).		Number of member banks in district.	Number of nonmember banks on par list.
	Number.	Amount.	Number.	Amount.	Number	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.		
Boston	6,403	$24,406,756	49,356	$8,898,337	5,486	$8,564,241	......	......	61,245	$41,869,334	6,317	$3,967,235	416	249
New York	19,401	76,185,543	71,187	46,967,994	31,893	17,339,852	......	......	122,481	140,493,389	41,131	17,282,766	689	357
Philadelphia	9,747	22,744,165	30,792	4,551,616	15,737	12,155,252	......	......	56,276	39,451,033	5,264	3,826,020	630	324
Cleveland	3,167	8,044,016	42,460	26,903,410	2,406	4,857,461	1,693	$11,919,770	49,726	51,724,657	3,206	2,552,976	782	690
Richmond	1,778	5,317,512	31,118	10,135,479	4,815	16,663,783	366	1,128,404	38,077	33,245,178	1,600	459,732	546	345
Atlanta	1,719	1,964,810	17,654	4,179,958	2,425	3,252,062	440	272,499	22,238	9,669,329	2,535	2,465,257	398	319
Chicago	9,979	25,121,000	37,050	11,169,000	3,986	917,000	456	1,454,000	51,471	38,661,000	9,932	4,047,000	1,174	2,296
St. Louis	2,986	8,211,951	20,438	5,219,395	510	1,231,670	419	550,212	24,353	15,213,228	4,517	894,309	489	1,014
Minneapolis	2,643	6,903,658	15,173	1,687,357	899	1,206,556	......	......	18,715	9,797,571	733	152,832	823	1,208
Kansas City	2,697	8,353,929	35,092	11,019,158	4,183	4,458,753	2,163	2,057,206	44,135	25,889,136	1,582	365,300	973	1,573
Dallas	1,587	2,126,604	17,857	4,794,219	1,348	860,383	1,326	161,354	22,118	7,942,560	2,114	388,072	686	281
San Francisco	1,442	2,840,714	23,087	8,225,697	440	1,048,984	3,180	1,669,281	28,149	13,784,676	3,605	10,779,968	606	1,105
Totals:														
June 16 to July 15, 1918	63,549	192,220,658	391,264	143,751,620	74,128	72,555,997	9,757	19,212,816	538,984	427,741,091	82,536	47,181,467	8,212	9,761
May 16 to June 15, 1918	51,055	164,539,000	295,056	113,407,619	54,132	55,703,310	7,623	12,355,115	407,866	346,005,044	77,750	39,054,003	8,105	9,710
Apr. 16 to May 15, 1918	49,569	178,372,385	287,061	114,099,520	54,888	58,513,363	8,294	15,141,604	399,812	366,126,872	60,771	30,928,185	8,113	9,475
Mar. 16 to Apr. 15, 1918	55,034	159,441,188	271,506	98,201,962	53,725	53,391,691	7,793	8,942,976	388,058	319,977,817	59,228	31,563,675	8,059	9,450
Feb. 16 to Mar. 15, 1918	51,408	153,701,375	259,531	113,134,162	51,259	48,556,709	7,700	6,413,071	369,898	321,805,317	58,991	25,827,757	8,013	9,425
Jan. 16 to Feb. 15, 1918	46,207	153,847,568	227,312	80,248,466	44,654	42,852,372	7,128	5,836,958	325,301	282,785,364	48,224	21,316,033	7,972	9,319
Dec. 16, 1917, to Jan. 15, 1918	48,549	148,033,108	253,458	89,065,135	49,342	52,175,578	7,718	3,402,035	359,067	292,585,856	38,130	21,116,293	7,909	9,268
Nov. 16 to Dec. 15, 1917	47,678	171,723,439	240,756	84,440,761	46,353	58,458,952	......	......	343,787	314,623,152	33,806	27,179,053	7,823	9,321
Oct. 16 to Nov. 15, 1917	47,574	166,552,773	232,723	64,296,210	45,393	53,089,827	......	......	325,690	283,938,810	30,426	17,496,974	7,826	9,210
Sept. 16 to Oct. 15, 1917	40,591	128,271,466	212,935	47,476,204	40,216	44,984,581	......	......	293,742	220,732,251	26,797	13,518,566	7,747	9,052
Aug. 16 to Sept. 15, 1917	36,306	100,331,694	182,191	41,323,621	32,564	40,648,168	......	......	251,061	182,303,483	23,492	11,006,515	7,718	8,934
July 16 to Aug. 15, 1917	36,727	98,075,919	175,625	40,353,278	31,273	37,981,022	......	......	243,625	176,410,219	19,533	9,701,569	7,683	8,837
June 16 to July 15, 1917	38,476	109,722,256	182,622	41,004,720	33,941	46,762,698	......	......	255,039	197,489,674	19,100	11,637,899	7,666	8,805
May 16 to June 16, 1917	37,898	97,322,883	179,193	38,599,461	33,150	38,314,393	......	......	250,241	174,236,737	16,344	4,414,508	7,651	8,789
Apr. 16 to May 15, 1917	33,767	87,370,859	171,093	36,473,163	33,428	36,836,934	......	......	238,288	160,680,956	15,925	3,597,865	7,634	8,926
Mar. 16 to Apr. 15, 1917	31,162	60,288,002	168,607	32,666,959	32,008	34,693,542	......	......	231,777	127,648,503	12,582	2,643,408	7,625	8,607

DISCOUNT OPERATIONS OF THE FEDERAL RESERVE BANKS.

Discount operations of the Federal Reserve Banks for the month of June totaled $3,161,920,534, compared with $3,002,889,591 for May and $750,270,739 for June, 1917, the month marking the consummation of the first Liberty loan. Of the total bills discounted during the month, war paper—i. e., member banks' notes, also customers' paper supported by United States war securities—constituted 82.9 per cent, compared with 84.8 per cent the month before and 83.2 per cent in April of the present year. Over 70 per cent of the total paper and nearly 80 per cent of all the war paper discounted by the 12 banks during June are reported by the New York bank.

Discounts of member banks' notes secured by eligible paper totaled $85,607,976, the Federal Reserve Banks at Chicago and Kansas City accounting for $74,925,615, or 87.5 per cent of the total. Trade acceptances discounted during the month by all the banks, except Minneapolis, totaled $15,636,952, of which $3,701,509 covered transactions in the foreign trade (all discounted by the New York bank) and $11,935,443 transactions in the domestic trade. Over 23 per cent of the domestic trade acceptances are reported by the Cleveland bank and about 17 per cent by the New York bank, while Richmond, St. Louis, Chicago, Kansas City, and Boston each show over one million of this class of discounts. The totals just given are exclusive of $4,624,558 of foreign trade acceptances purchased during the month in the open market. Other discounts, largely unsecured customers' paper, also bills supported by other than Government war securities, totaled $439,252,253, compared with $399,091,341 for the month before and $322,585,211 for April of the current year.

Fifteen-day paper, i. e., paper maturing within 15 days from date of discount with the Federal Reserve Banks, totaled $2,921,792,659, or 92.4 per cent of the total paper discounted during the month. For the New York bank, because of the larger proportion of collateral notes discounted, this share is nearly 98 per cent. Of the $21,701,638 of 6-month paper discounted during the month, Kansas City is credited with 33 per cent, Minneapolis with about 18 per cent, and Dallas with over 14 per cent.

Average maturities of the paper discounted during the month by all banks except Cleveland, Atlanta, and St. Louis were lower than the month before, the New York bank's low average of 4.93 days apparently affecting to a large extent the general average. Average rates for a majority of the banks, work out at a higher level that the month before, the average June rate for all banks being 4.42 per cent compared with 4.35 per cent in May. For the New York bank the average rate works out at 4.14 per cent as against 4.09 per cent in May, notwithstanding the shorter average maturity of all the paper discounted, because of the larger amount of 90-day paper discounted during the later month. Kansas City and Minneapolis, because of the relatively large amounts of 6-month paper handled, report the highest average rates and longest average maturities.

On the last Friday of the month the banks held a total of 869.2 millions of discounted paper, as against an aggregate of 896.4 millions held on the last Friday in May and of 197.2 millions on the corresponding date in 1917. Of the total discounts on hand the share of war paper was 48.8 per cent, as against 62.8 per cent about the end of May and 70.9 per cent about the end of April. At the New York bank this share is nearly 64 per cent, and at the Boston and Philadelphia banks as high as 70 per cent. Discounted trade acceptances held by the Federal Reserve Banks about the close of June totaled 16.5 millions, of which 1.5 millions represents the holdings of discounted foreign-trade acceptances. Cleveland leads in the amount of domestic trade acceptances held, followed by St. Louis and New York. Holdings of agricultural paper of all maturities totaled 26.1 millions, or slightly over 3 per cent of the total discounted paper held, while live stock paper totaled 51.4 millions, of which over 52 per cent is reported by the Kansas City bank.

During the month, mainly as the result of further accession to membership of State banks and trust companies, the number of member banks increased from 8,168 to 8,218. The total number of member banks accommodated during the month was 3,021, or about 37 per cent of the total membership at the close of the month. In the following exhibit are given the number of member banks in each Federal Reserve district at the end of June and the number of discounting members for the month.

Federal Reserve district.	Number of member banks on June 30.	Number of banks discounting during June.
Boston	415	161
New York	688	328
Philadelphia	643	217
Cleveland	776	143
Richmond	543	255
Atlanta	416	218
Chicago	1,167	421
St. Louis	488	134
Minneapolis	821	304
Kansas City	975	307
Dallas	682	327
San Francisco	604	206
Total	8,218	3,021

Bills discounted by each Federal Reserve Bank during the month of June, 1918, distributed by classes.

Federal Reserve Bank.	Customers' paper secured by liberty bonds or United States certificates of indebtedness.	Member banks' collateral notes.		Trade acceptances.	All other discounts.	Total.
		Secured by liberty bonds or United States certificates of indebtedness.	Otherwise secured.			
Boston	$6,859,635	$32,528,996	$1,515,211	$1,034,742	$12,600,410	$54,538,994
New York	19,477,160	2,065,401,011		[1] 5,705,397	200,101,337	2,290,684,905
Philadelphia	11,433,381	55,564,390		451,466	27,311,419	94,760,656
Cleveland	2,023,126	35,938,230		2,756,075	25,492,783	66,210,214
Richmond	3,324,045	101,978,577	1,475,750	1,285,817	19,458,289	127,522,478
Atlanta	21,447	29,029,252	2,260,000	419,352	19,620,158	51,350,209
Chicago	1,201,367	87,900,794	60,742,410	1,142,274	38,468,636	189,455,481
St. Louis	1,303,151	56,021,750	95,000	1,151,773	36,052,902	94,624,576
Minneapolis	241,195	18,074,920	4,329,000		19,053,201	41,698,316
Kansas City	394,283	31,995,278	14,183,205	1,082,090	15,786,777	63,441,633
Dallas	108,613	34,618,750	680,000	157,266	8,509,336	44,073,965
San Francisco	392,640	25,591,362	327,400	450,700	16,797,005	43,559,107
Total	46,780,043	2,574,643,310	85,607,976	15,636,952	439,252,253	3,161,920,534

[1] Includes $3,701,509 in the foreign trade.

Amounts of discounted paper, including member banks' collateral notes, held by each Federal Reserve Bank on the last Friday in June, 1918, distributed by classes.

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

Banks.	Agricultural paper.	Live-stock paper.	Customers' paper secured by Liberty bonds or United States certificates of indebtedness.	Member banks' collateral notes.		Trade acceptances.	All other discounts.	Total.
				Secured by Liberty bonds or United States certificates of indebtedness.	Otherwise secured.			
Boston	8		25,848	10,265		1,462	13,590	51,173
New York			54,106	110,999	364	[1] 3,763	90,033	259,265
Philadelphia	175		19,731	22,872	1,330	888	15,221	60,217
Cleveland	221	2,457	7,128	12,565	376	3,027	30,404	56,178
Richmond	3,450	8	4,977	25,808	2,450	1,401	15,810	53,904
Atlanta	1,231	708	26	12,032	899	746	12,603	28,245
Chicago	5,159			40,448	35,940	924	43,529	126,000
St. Louis	257	2,782	922	28,548	1,079	2,658	27,995	64,241
Minneapolis	3,083	6,678	547	10,700	5,245	298	17,999	44,550
Kansas City	2,437	27,011	188	11,979	7,914	578	6,289	56,396
Dallas	5,215	5,519		12,128	478		3,826	27,166
San Francisco	4,882	6,192	599	11,940	258	764	17,205	41,840
Total	26,118	51,355	114,072	310,284	56,333	16,509	294,504	869,175
Per cent	3.0	5.9	13.1	35.7	6.5	1.9	33.9	100

[1] Includes $1,525,393 in the foreign trade.

Bills discounted by each Federal Reserve Bank during June, 1918, distributed by rates of discount; also average maturity and rate of bills discounted by each bank during the month.

Federal Reserve Bank.	4 per cent.		4¼ per cent.		4½ per cent.		4¾ per cent.	
	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.
Boston	$38,014,113	$43,746	$6,426,975	$48,689	$828,623	$5,013	$9,260,692	$63,229
New York	2,240,993,783	920,285	18,642,852	143,289	1,099,413	9,192	29,918,957	206,756
Philadelphia	78,107,604	105,762	11,568,001	70,400	197,871	1,611	4,877,585	32,113
Cleveland	31,092,657	37,145	11,513,467	29,011	1,906,855	12,586	21,690,369	149,763
Richmond			105,292,522	100,622	145,889	225	6,110,624	17,300
Atlanta	43,676,218	65,630	26,297	163	514,093	3,298	6,546,653	48,310
Chicago	158,426,942	239,711	1,059,767	7,221	932,907	8,163	17,580,512	100,773
St. Louis	73,464,459	111,342	1,303,151	10,946	1,099,442	7,998	16,697,666	112,728
Minneapolis	21,933,147	38,389	191,193	1,223	32,127	156	8,478,587	42,472
Kansas City	100,000	151	31,344,061	51,554	16,007,415	29,879	764,215	3,826
Dallas	35,366,904	51,799	79,791	614	157,266	858	2,669,629	14,244
San Francisco	32,222,030	49,359	301,613	2,882	441,223	3,360	8,311,760	73,921
Total	2,756,397,857	1,663,319	187,749,690	466,614	23,363,124	82,339	132,907,249	865,435

Federal Reserve Bank.	5 per cent.		5¼ per cent.		5½ per cent.		Total.		Average maturity, in days.	Average rate (per cent).[1]
	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.		
Boston	$8,591	$110					$54,538,994	$160,787	24.53	4.39
New York	29,900	1,263					2,290,684,905	1,280,785	4.93	4.14
Philadelphia	9,595	187					94,760,656	210,073	19.06	4.19
Cleveland			$6,866	$111			66,210,214	228,616	27.31	4.55
Richmond	15,231,633	122,038	738,810	13,808			127,522,478	253,993	15.36	4.67
Atlanta	586,948	10,559					51,350,209	127,960	20.65	4.34
Chicago	9,585,285	106,861			$1,870,068	$37,779	189,455,481	500,508	21.45	4.43
St. Louis					2,059,858	42,513	94,624,576	285,527	24.22	4.49
Minneapolis	4,191,866	45,666			3,871,396	85,791	41,698,316	213,697	37.64	4.90
Kansas City			8,089,660	71,921	7,136,282	150,532	63,441,633	307,863	34.43	5.07
Dallas	2,791,030	31,376	3,009,345	61,284			44,073,965	160,175	27.98	4.68
San Francisco					2,282,481	44,314	43,559,107	173,836	30.90	4.65
Total	32,437,848	318,060	11,844,681	147,124	17,220,085	360,929	3,161,920,534	3,903,820	10.09	[2] 4.42

[1] Boston and New York calculated on 365-day basis; all other Federal Reserve Banks on 360-day basis.
[2] Average discount rate on all paper discounted works out at 4.40 per cent if calculated on a uniform 360-day basis, and at 4.46 if calculated on a uniform 365-day basis.

Rediscounts and sales of bankers' acceptances between Federal Reserve Banks, from Jan. 1, 1918, to June 29, 1918.

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

Rediscounted or sold by Federal Reserve Bank of—	Rediscounted with or sold to Federal Reserve Bank of—										
	Boston.	Philadelphia.	Cleveland.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Boston:											
January										3,760	3,760
March		2,530	5,054				2,555	5,037			15,176
New York:											
January									4,800	1,908	6,708
February			2,494						3,442	1,628	7,564
March		5,029	7,095	2,514	24,317	2,526	7,535	7,511			56,527
May			5,017								5,017
Richmond:											
February		5,017			1,994		1,480	1,468			9,959
April		3,999			3,007		1,993				8,999
May	1,100	991	1,010		931					978	5,010
June	635	653	1,770		823						3,881
Dallas:											
May		1,995					1,000				2,995
Total	1,735	20,214	22,440	2,514	31,072	2,526	14,563	14,016	8,242	8,274	125,596

Rediscounts of customers' paper between Federal Reserve Banks, from Jan. 1, 1918, to June 29, 1918.

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

Rediscounted by Federal Reserve Bank of—	Rediscounted with the Federal Reserve Bank of—					
	Boston.	Philadelphia.	Cleveland.	Chicago.	San Francisco.	Total.
Richmond:						
May	1,829	2,038	1,948	2,023	2,028	9,866
June	1,862	1,935	3,925	3,440		11,162
Kansas City:						
June			4,168	4,362		8,530
Dallas:						
June			5,003			5,003
Total	3,691	3,973	15,044	9,825	2,028	34,561

Acceptances bought in open market and held by Federal Reserve Banks as per schedules on file with the Federal Reserve Board or as reported by the Federal Reserve Banks on dates specified, distributed by classes of accepting institutions.

Date.	Bankers' acceptances.						Trade acceptances bought in open market.	Total acceptances.
	Member banks.	Nonmember trust companies.	Nonmember State banks.	Private banks.	Foreign bank branches and agencies.	Total.		
1915.								
Feb. 22	$93,000					$93,000		$93,000
Apr. 5	3,653,000	$7,820,000	$10,000	$110,000		11,593,000		11,593,000
July 3	4,342,000	5,267,000		161,000		9,770,000		9,770,000
Oct. 4	9,000,000	4,898,000	132,000	343,000		14,373,000		14,373,000
1916.								
Jan. 3	15,494,000	7,160,000	362,000	822,000		23,838,000		23,838,000
Apr. 3	21,000,000	13,572,000	473,000	3,262,000		38,308,000	$722,000	39,030,000
July 3	32,989,000	18,921,000	471,000	11,830,000		64,211,000	3,422,000	67,633,000
Oct. 2	37,798,000	21,782,000	712,000	9,944,000		70,236,000	2,306,000	72,542,000
1917.								
Jan. 1	66,803,000	34,625,000	1,502,000	18,224,000		121,154,000	4,585,000	125,739,000
Apr. 2	43,979,000	20,328,000	689,000	16,830,000	$200,000	82,026,000	1,144,000	83,170,000
July 14–16	108,597,000	30,390,000	3,333,000	38,082,000	3,805,000	184,785,000	4,660,000	189,445,000
Sept. 29	131,997,000	14,987,000	2,193,000	21,708,000	2,286,000	173,171,000	6,942,000	180,113,000
Dec. 31	227,717,000	8,163,000	3,179,000	20,137,000	7,657,000	266,853,000	6,383,000	273,236,000
1918.								
Jan. 31	240,259,000	5,547,000	3,522,000	22,099,000	6,947,000	278,374,000	6,363,000	284,737,000
Feb. 28	252,747,000	1,648,000	3,856,000	28,419,000	7,097,000	293,767,000	5,456,000	299,223,000
Mar. 31	275,144,000	1,360,000	1,884,000	31,779,000	8,562,000	318,729,000	8,015,000	326,744,000
Apr. 30	248,390,000	654,000	2,907,000	25,921,000	10,304,000	288,176,000	9,279,000	297,455,000
May 31	207,917,000	1,330,000	5,168,000	26,217,000	8,398,000	249,030,000	8,276,000	257,306,000
June 29	173,698,000	1,992,000	459,000	21,478,000	12,315,000	209,942,000	7,418,000	217,360,000

Acceptances bought in open market and held by each Federal Reserve Bank on June 29, 1918, distributed by classes of accepting institutions.

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

Federal Reserve Bank.	Member banks.	Nonmember trust companies.	Nonmember State banks.	Private banks.	Foreign banks, branches, and agencies.	Total.	Trade acceptances bought in open market.			Total acceptances.
							Domestic.	Foreign.	Total.	
Boston	19,809	46		976	298	21,129		509	509	21,638
New York	83,964	1,205	313	17,349	11,215	114,046		1,766	1,766	115,812
Philadelphia	16,172	225		1,285	400	18,082		22	22	18,104
Cleveland	12,889		96	855	140	13,980		27	27	14,007
Richmond	2,986					2,986				2,986
Atlanta	4,031					4,031				4,031
Chicago	17,153	252				17,405				17,405
St. Louis	3,095			23		3,118				3,118
Minneapolis	795					795				795
Kansas City	250					250				250
Dallas	1,650					1,650				1,650
San Francisco	10,904	264	50	990	262	12,470		5,094	5,094	17,564
Total	173,698	1,992	459	21,478	12,315	209,942		7,418	7,418	217,360

Amounts of bills discounted and acceptances and warrants bought by each Federal Reserve Bank during June, 1918, distributed by maturities.

	15-day maturities.				30-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$38,075,028	$595,694		$38,670,722	$2,322,329	$1,621,524		$3,943,853
New York	2,239,798,723	1,062,109		2,240,860,832	6,347,105	12,697,533		19,044,638
Philadelphia	79,547,681	586,317		80,133,998	1,276,354	620,900		1,897,254
Cleveland	41,075,459	177,979		41,253,438	4,438,622	865,118		5,303,740
Richmond	107,272,423	95,000		107,367,423	3,265,143	1,190,710		4,455,853
Atlanta	43,687,270	60,000		43,747,270	1,337,881	375,149	$5,073	1,718,103
Chicago	158,423,142	3,600,000		162,023,142	2,897,249	825,400		3,722,649
St. Louis	74,186,256			74,186,256	3,135,343	165,466		3,300,809
Minneapolis	24,933,147			24,933,147	2,872,739			2,872,739
Kansas City	47,051,281			47,051,281	1,105,346			1,105,346
Dallas	35,376,905	100,000		35,476,905	845,857	350,000		1,195,857
San Francisco	32,365,344	2,067,236		34,432,580	779,863	804,819		1,584,682
Total	2,921,792,659	8,344,335		2,930,136,994	30,623,831	19,516,619	5,073	50,145,523
Per cent				90.0				1.5

	60-day maturities.				90-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$6,009,979	$2,363,866		$8,373,845	$8,123,067	$4,652,492		$12,775,559
New York	19,365,652	9,540,708		28,906,360	25,143,525	16,267,212		41,410,737
Philadelphia	8,608,926	1,282,268		9,891,194	5,318,101	5,164,110		10,482,211
Cleveland	12,111,563	2,548,334		14,659,897	8,577,705	4,033,779		12,611,484
Richmond	6,716,463	1,878,039		8,594,502	9,524,639	1,609,500		11,134,139
Atlanta	2,768,904	987,661	$4,500	3,761,065	2,964,580	1,196,129		4,160,709
Chicago	14,915,993	2,653,954		17,569,947	11,347,962	3,568,896		14,916,858
St. Louis	8,487,866	536,739		9,024,605	6,755,253	58,350		6,813,603
Minneapolis	5,763,930			5,763,930	4,253,107	130,000		4,383,107
Kansas City	3,691,840			3,691,840	4,442,019			4,442,019
Dallas	1,924,315	930,000		2,854,315	2,849,922			2,849,922
San Francisco	1,642,264	1,204,025		2,846,289	6,494,831	4,410,139		10,904,970
Total	92,007,695	23,925,594	4,500	115,937,789	95,794,711	41,090,607		136,885,318
Per cent				3.6				4.2

	Over 90-day maturities.				Total.				Per cent.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$8,591	$163,213		$171,804	$54,538,994	$9,396,789		$63,935,783	85.3	14.7		100
New York	29,900			29,900	2,290,684,905	39,567,562		2,330,252,467	98.3	1.7		100
Philadelphia	9,594	120,000		129,594	94,760,656	7,773,595		102,534,251	92.4	7.6		100
Cleveland	6,865			6,865	66,210,214	7,625,210		73,835,424	89.7	10.3		100
Richmond	743,810			743,810	127,522,478	4,773,249		132,295,727	96.4	3.6		100
Atlanta	591,574	145,000		736,574	51,350,209	2,763,939	$9,573	54,123,721	94.9	5.1		100
Chicago	1,871,135	100,000		1,971,135	189,455,481	10,748,250		200,203,731	94.6	5.4		100
St. Louis	2,059,858			2,059,858	94,624,576	760,555		95,385,131	99.2	.8		100
Minneapolis	3,875,393			3,875,393	41,698,316	130,000		41,828,316	99.7	.3		100
Kansas City	7,151,147			7,151,147	63,441,633			63,441,633	100.0			100
Dallas	3,076,966			3,076,966	44,073,965	1,380,000		45,453,965	97.0	3.0		100
San Francisco	2,276,805	55,500		2,332,305	43,559,107	8,541,719		52,100,826	83.6	16.4		100
Total	21,701,638	583,713		22,285,351	3,161,920,534	93,460,868	9,573	3,255,390,975				
Per cent				0.7					97.1	2.9		100

Maturities of discounts, acceptances, and municipal warrants held by each Federal Reserve Bank on Friday, June 28, 1918.

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

Banks.	1 to 15 days.				16 to 30 days.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston	14,517	1,872		16,389	5,241	6,013		11,254
New York	176,584	19,739		196,323	16,568	38,552		55,120
Philadelphia	36,330	4,229		40,559	2,324	4,727		7,051
Cleveland	24,181	3,874		28,055	8,386	3,223		11,609
Richmond	33,919	902		34,821	7,113	1,639		8,752
Atlanta	20,044	890	6	20,940	2,162	649	5	2,816
Chicago	81,947	2,523		84,470	12,110	5,287		17,397
St. Louis	41,262	332		41,594	5,213	1,021		6,234
Minneapolis	21,046			21,046	3,953	485		4,438
Kansas City	24,670	250		24,920	1,578			1,578
Dallas	14,450	370		14,820	1,044	300		1,344
San Francisco	20,248	4,695		24,943	5,168	3,815		8,983
Total	509,198	39,676	6	548,880	70,860	65,711	5	136,576
Per cent				50.5				12.6

Banks.	31 to 60 days.				61 to 90 days.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston	26,320	9,431		35,751	4,978	4,322		9,300
New York	51,836	47,679		99,515	14,275	9,843		24,118
Philadelphia	18,350	6,573		24,923	3,193	2,575		5,768
Cleveland	15,482	3,481		18,963	8,090	3,402		11,492
Richmond	7,590	292		7,882	3,531	113		3,644
Atlanta	3,312	1,478		4,790	1,687	1,114		2,801
Chicago	13,548	6,662		20,210	14,737	3,942		18,679
St. Louis	11,714	1,717		13,431	4,307	51		4,358
Minneapolis	7,618	180		7,798	4,068	130		4,198
Kansas City	5,880			5,880	7,370			7,370
Dallas	2,865	980		3,845	2,803			2,803
San Francisco	7,294	5,608		12,902	4,970	1,887		6,857
Total	171,809	84,081		255,890	74,009	27,379		101,388
Per cent				23.6				9.3

Banks.	Over 90 days.				Total.				Percentages.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston	117			117	51,173	21,638		72,811	70.3	29.7		100
New York	2			2	259,265	115,813		375,078	69.1	30.9		100
Philadelphia	20			20	60,217	18,104		78,321	76.9	23.1		100
Cleveland	39			39	56,178	13,980		70,158	80.1	19.9		100
Richmond	1,751			1,751	53,904	2,946		56,850	94.8	5.2		100
Atlanta	1,040			1,040	28,245	4,131	11	32,387	87.2	12.8		100
Chicago	3,658			3,658	126,000	18,414		144,414	87.2	12.8		100
St. Louis	1,745			1,745	64,241	3,121		67,362	95.4	4.6		100
Minneapolis	7,865			7,865	44,550	795		45,345	98.2	1.8		100
Kansas City	16,898			16,898	56,396	250		56,646	99.6	0.4		100
Dallas	6,004			6,004	27,166	1,650		28,816	94.3	5.7		100
San Francisco	4,160			4,160	41,840	16,006		57,846	72.3	27.7		100
Total	43,299			43,299	869,175	216,848	11	1,086,034				
Per cent				40					80.0	20.0		100

Total investment operations of each Federal Reserve Bank during the months of June, 1918 and 1917.

Federal Reserve Bank.	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.			Municipal warrants.			
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All others.	Total.
Boston	$54,538,994	$9,138,119	$258,670	$9,396,789				
New York	2,290,684,905	38,990,387	577,175	39,567,562				
Philadelphia	94,760,656	7,773,595		7,773,595				
Cleveland	66,210,214	7,597,466	27,744	7,625,210				
Richmond	127,522,478	4,773,249		4,773,249				
Atlanta	51,350,209	2,763,939		2,763,939	$5,073		$4,500	$9,573
Chicago	189,455,481	10,748,250		10,748,250				
St. Louis	94,624,576	760,555		760,555				
Minneapolis	41,698,316	130,000		130,000				
Kansas City	63,441,633							
Dallas	44,073,965	1,380,000		1,380,000				
San Francisco	43,559,107	4,780,750	3,760,969	8,541,719				
Total, June, 1918	3,161,920,534	88,836,310	4,624,558	93,460,868	5,073		4,500	9,573
Total, June, 1917	750,269,838	132,481,554	2,748,143	135,229,697			4,925	4,925

Federal Reserve Banks.	United States securities.								Total investment operations.	
	2 per cent.	3 per cent.	$3\frac{1}{2}$ per cent.	4 per cent.	$4\frac{1}{4}$ per cent.	1-year Treasury notes.	United States certificates of indebtedness	Total.	June, 1918.	June, 1917.[1]
Boston			$2,623,850	$100				$2,623,950	$66,559,733	$54,762,507
New York				3,274,000	$6,717,000		$389,799,000	399,790,000	2,730,042,467	639,974,965
Philadelphia		$400,000					3,943,000	4,343,000	106,877,251	46,166,378
Cleveland		5,000					1,032,000	1,037,000	74,872,424	14,286,956
Richmond									132,295,727	34,386,530
Atlanta							55,000	55,000	54,179,327	4,300,048
Chicago							40,000	40,000	200,243,731	45,394,072
St. Louis									95,385,131	5,543,937
Minneapolis				15,000			20,043,000	20,058,000	61,886,316	10,497,832
Kansas City			4,550	8,100			50,000	62,650	63,504,283	19,706,619
Dallas									42,499,760	3,773,121
San Francisco				150			838,500	838,650	52,939,476	11,709,395
Total, June, 1918		405,000	2,628,400	3,297,350	6,717,000		415,800,500	428,848,250	3,684,239,225	
Total, June, 1917			1,232,900	9,000		$756,000		[1] 1,997,900		887,502,360

[1] Exclusive of purchases of Treasury certificates of indebtedness.

United States securities held by each Federal Reserve Bank on June 29, 1918, distributed by maturities.

Federal Reserve Bank.	United States bonds with circulation privilege.				Other United States securities, including 1-year Treasury notes and Treasury certificates of indebtedness available as security for Federal reserve bank notes under silver act of Apr. 23, 1918.							Total.
	2 per cent consols of 1930.	2 per cent Panamas of 1936–1938.	3 per cent loan of 1918.	4 per cent loan of 1925.	3 per cent conversion bonds of 1946–47.	3 per cent 1-year Treasury notes.	3 per cent loan of 1961.	$3\frac{1}{2}$ per cent Liberty loan of 1947.	4 per cent Liberty loan of 1942–1947.	$4\frac{1}{4}$ per cent Liberty loan of 1928.	United States certificates of indebtedness.	
Boston	$750				$529,000	$1,416,000		$2,683,850	$26,550			$4,656,150
New York	50		$50,000		1,255,400	2,226,000		206,850	10,650		$190,769,000	194,517,950
Philadelphia		$100	400,000		549,200	1,537,000		11,850	786,250		106,000	3,390,400
Cleveland			2,658,660	$1,978,200	414,800	2,660,000		1,966,650	374,550	$11,150	269,000	10,333,010
Richmond	915,100	237,000				1,513,000		42,850	37,750			2,745,700
Atlanta	240,600	21,000			10,300	1,141,000		13,350	440,400	4,650	30,500	1,901,800
Chicago	1,862,500	367,300	2,581,000	1,768,000	427,400	2,962,000	$400		83,050			10,051,650
St. Louis	100		1,080,000		1,153,300	511,000						2,744,400
Minneapolis	4,300	16,260	1,199,180		114,800	880,000	500	50		2,710	2,428,500	4,646,300
Kansas City	7,155,850	22,240		825,000	838,500	1,374,000		27,150	8,100		367,500	10,618,340
Dallas	2,450,900	281,500			1,233,600	1,430,000		700	2,200	11,950	34,500	5,445,350
San Francisco	2,428,750					1,500,000		21,450	10,950		32,500	3,993,650
Total	15,058,900	945,400	7,968,840	4,571,200	6,526,300	19,150,000	900	4,974,750	1,780,450	30,460	194,037,500	255,044,700

Total United States bonds with circulation privilege, $28,544,340. Other United States securities, $226,500,360.

RESOURCES AND LIABILITIES OF FEDERAL RESERVE BANKS.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, June 28 to July 19, 1918.

RESOURCES.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Gold coin and certificates in vault:													
June 28	3,089	300,170	158	22,782	6,490	6,765	27,489	1,742	8,463	70	6,007	36,682	419,907
July 5	3,619	302,005	67	31,002	6,430	6,799	26,929	1,591	8,581	258	6,084	28,562	421,927
July 12	8,077	303,998	94	34,644	6,384	6,810	26,940	1,799	8,303	375	6,124	19,190	422,738
July 19	8,596	305,419	589	39,186	6,440	6,793	27,530	1,781	8,536	272	6,174	17,537	428,853
Gold settlement fund, Federal Reserve Board:													
June 28	61,062	222,645	46,892	46,549	16,382	19,207	7,969	22,452	8,125	27,486	8,730	3,926	491,425
July 5	61,019	204,277	47,019	45,145	14,077	17,042	65,889	23,314	5,418	26,642	10,996	3,465	524,303
July 12	73,365	119,091	54,590	64,566	20,504	20,768	59,932	25,260	14,609	33,600	12,783	25,157	524,225
July 19	41,480	234,747	51,029	35,965	16,614	11,188	54,923	25,910	15,311	28,756	12,435	27,796	556,154
Gold with foreign agencies:													
June 28	1,132	5,579	1,132	1,455	570	485	2,263	647	647	910	566	889	16,275
July 5	1,132	5,579	1,132	1,455	566	485	2,264	647	647	910	566	889	16,272
July 12	1,085	5,346	1,085	1,395	542	465	2,169	620	620	808	542	852	15,529
July 19	1,084	5,347	1,085	1,395	542	465	2,169	620	620	775	542	852	15,496
Gold with Federal Reserve agents:													
June 28	62,348	265,795	93,053	116,916	32,287	33,202	182,279	39,004	26,012	33,679	14,045	89,250	987,870
July 5	62,053	280,678	95,637	119,584	33,250	29,464	154,045	26,124	25,852	33,651	14,045	87,692	962,075
July 12	56,964	280,282	99,155	115,611	33,115	30,250	152,540	31,599	23,852	33,651	14,035	92,093	963,147
July 19	56,651	280,282	100,778	106,672	33,115	30,872	139,597	31,553	23,718	33,588	14,010	89,454	940,290
Gold redemption fund:													
June 28	2,453	15,000	3,500	1,091	236	2,597	2,932	1,654	1,644	969	1,252	216	33,544
July 5	2,726	15,000	3,500	1,350	195	2,718	3,064	1,946	1,723	1,036	1,251	24	34,533
July 12	2,799	15,000	3,500	823	138	2,944	3,177	1,946	1,799	1,036	1,251	....	34,413
July 19	3,035	14,754	3,500	975	444	2,121	3,409	2,226	1,900	1,040	1,251	....	34,655
Total gold reserves:													
June 28	130,084	809,189	144,735	188,793	55,965	62,256	222,932	65,499	44,891	63,114	30,600	130,963	1,949,021
July 5	130,549	807,539	147,355	198,536	54,518	56,508	252,191	53,622	42,221	62,497	32,942	120,632	1,959,110
July 12	142,290	723,717	158,424	217,039	60,683	61,237	244,758	61,224	49,183	69,470	34,735	137,292	1,960,052
July 19	110,846	840,549	156,981	184,193	57,155	51,439	227,628	62,090	50,085	64,431	34,412	135,639	1,975,448
Legal tender notes, silver, etc.:													
June 28	2,828	43,934	552	352	498	746	4,433	1,011	86	333	1,996	409	57,178
July 5	2,687	44,142	534	358	401	596	4,081	779	89	247	1,816	323	56,053
July 12	3,152	44,696	386	389	404	590	2,829	1,039	107	357	1,685	298	55,932
July 19	2,953	44,420	695	373	610	588	2,618	897	220	308	1,754	211	55,647
Total cash reserves:													
June 28	132,912	853,123	145,287	189,145	56,463	63,002	227,365	66,510	44,977	63,447	32,596	131,372	2,006,199
July 5	133,236	851,681	147,889	198,894	54,919	57,104	256,272	54,401	42,310	62,744	34,758	120,955	2,015,163
July 12	145,442	768,413	158,810	217,428	61,087	61,827	247,587	62,263	49,290	69,827	36,420	137,590	2,015,984
July 19	113,799	884,969	157,676	184,566	57,765	52,027	230,246	62,987	50,305	64,739	36,166	135,850	2,031,095
Bills discounted for members and Federal Reserve Banks:													
June 28	51,173	259,265	60,217	56,178	53,904	28,245	126,000	64,241	44,550	56,396	27,166	41,840	869,175
July 5	72,507	362,022	71,246	72,560	58,477	32,499	152,814	64,482	50,980	60,747	27,958	50,490	1,076,782
July 12	85,324	413,001	67,184	88,654	58,116	31,353	169,439	53,527	52,567	62,853	28,761	49,103	1,159,882
July 19	86,173	409,170	71,909	90,514	57,761	33,749	191,161	57,150	51,399	68,860	31,852	53,348	1,203,346
Bills bought in open market:													
June 28	21,638	115,813	18,104	13,980	2,946	4,131	18,414	3,121	795	250	1,650	16,006	216,848
July 5	22,241	112,416	16,756	12,806	3,618	3,931	18,831	2,948	825	3	1,630	15,942	211,947
July 12	26,267	113,256	16,033	12,931	3,777	4,020	19,251	2,962	825	70	1,380	17,692	218,464
July 19	24,683	104,561	12,157	15,556	3,221	3,642	18,368	2,493	410	129	1,550	19,162	205,932
United States Government long-term securities:													
June 28	616	1,51[illegible]	1,747	7,404	1,233	730	7,090	2,233	1,338	8,877	3,981	3,461	40,22[illegible]
July 5	3,240	1,515	1,747	7,304	1,233	730	7,090	2,233	1,338	8,877	3,981	3,461	42,749
July 12	940	1,510	1,748	7,154	1,233	730	7,090	2,233	1,317	8,877	3,979	3,462	40,273
July 19	1,129	1,559	1,747	6,903	1,233	730	7,090	2,234	1,317	8,877	3,979	3,461	40,259
United States Government short-term securities:													
June 28	1,416	197,995	1,643	2,929	1,513	1,171	2,962	511	3,959	1,742	1,465	1,533	218,839
July 5	1,416	2,670	1,287	2,029	1,285	996	2,112	321	1,229	1,536	936	1,533	17,350
July 12	1,416	18,244	1,184	1,900	1,510	975	2,112	321	1,113	1,217	901	1,030	31,923
July 19	1,416	3,178	1,182	1,660	1,510	965	2,112	321	891	1,218	901	1,004	16,358

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, June 28 to July 19, 1918—Continued.

RESOURCES—Continued.

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

	Boston.	New York.	Phila-delphia.	Cleve-land.	Rich-mond.	Atlanta.	Chicago.	St. Louis.	Minne-apolis.	Kansas City.	Dallas.	San Fran-cisco.	Total.
All other earning assets:													
June 28	....	....	....	....	....	11	....	....	4	....	8	....	23
July 5	....	....	....	....	....	10	....	....	4	....	12	....	26
July 12	....	51	....	....	....	5	....	....	....	....	16	....	72
July 19	....	51	....	....	....	15	....	....	....	....	32	....	98
Total earning assets:													
June 28	74,843	574,590	81,711	80,491	59,596	34,288	154,466	70,106	50,646	67,265	34,270	62,840	1,345,112
July 5	99,404	478,623	91,036	94,699	64,613	38,166	180,847	69,984	54,376	71,163	34,517	71,426	1,348,854
July 12	113,947	546,062	86,149	110,639	64,636	37,083	197,892	59,043	55,822	73,017	35,037	71,287	1,450,614
July 19	113,401	518,519	86,995	114,633	63,725	39,101	219,031	62,198	54,017	79,084	38,314	76,975	1,465,993
Due from other Federal Reserve Banks, net:													
June 28	....	14,334	6,166	4,415	....	....	1,136	....	340	2,513	....	2,860	[1] 10,632
July 5	....	....	....	....	....	....	....	....	....	....	....	....	....
July 12	....	....	....	....	....	....	....	....	....	....	....	....	....
July 19	....	....	....	....	....	....	....	....	....	....	....	....	....
Uncollected items:													
June 28	27,634	103,687	44,808	47,121	36,355	32,081	107,169	34,013	8,000	40,993	23,873	24,985	530,719
July 5	....	....	....	....	....	....	....	....	....	....	....	....	....
July 12	....	....	....	....	....	....	....	....	....	....	....	....	....
July 19	....	....	....	....	....	....	....	....	....	....	....	....	....
Total deductions from gross deposits:													
June 28	27,634	118,021	50,974	51,536	36,355	32,081	108,305	34,013	8,340	43,506	23,873	27,845	520,087
July 5	46,278	175,098	80,021	59,397	46,101	29,519	96,783	27,153	14,481	42,988	19,293	32,145	669,257
July 12	42,184	169,308	62,854	46,674	39,598	31,963	91,578	34,456	13,697	51,511	16,043	40,544	640,410
July 19	45,545	144,889	71,137	64,436	47,147	32,676	98,505	37,112	15,687	53,167	15,202	33,085	658,588
5 per cent redemption fund against Federal Reserve bank notes:													
June 28	....	....	....	....	....	14	100	....	....	400	137	84	735
July 5	....	....	....	....	....	14	100	....	....	390	137	84	725
July 12	....	....	....	....	....	14	100	....	....	400	137	84	735
July 19	....	....	....	....	....	14	100	....	....	416	137	84	751
All other resources:													
June 28	....	....	....	....	....	....	....	....	....	....	....	....	....
July 5	1,108	1,460	1,418	674	639	591	1,136	711	213	344	535	1,334	10,163
July 12	1,173	1,590	1,113	600	806	600	1,155	553	249	344	478	1,318	9,979
July 19	772	1,668	1,212	574	929	629	1,167	526	245	413	516	1,244	9,695
Total resources:													
June 28	235,389	1,545,734	277,972	321,172	152,414	129,385	490,236	170,629	103,963	174,618	90,876	222,141	3,872,133
July 5	280,026	1,506,862	320,364	353,664	166,272	125,394	535,138	152,249	111,380	177,629	89,240	225,944	4,044,162
July 12	302,746	1,485,373	308,926	375,341	166,127	131,487	538,312	156,315	119,058	195,099	88,115	250,823	4,117,722
July 19	273,517	1,550,045	317,020	364,209	169,366	124,447	549,049	162,823	120,254	197,819	90,335	247,238	4,166,122

LIABILITIES.

	Boston.	New York.	Phila-delphia.	Cleve-land.	Rich-mond.	Atlanta.	Chicago.	St. Louis.	Minne-apolis.	Kansas City.	Dallas.	San Fran-cisco.	Total.
Capital paid in:													
June 28	6,474	19,846	6,939	8,561	3,824	3,045	9,789	3,607	2,802	3,532	2,991	4,448	75,858
July 5	6,474	19,954	6,939	8,585	3,898	3,053	9,834	3,607	2,818	3,532	2,992	4,477	76,163
July 12	6,474	19,954	6,939	8,595	3,898	3,115	9,886	3,608	2,829	3,540	2,997	4,489	76,324
July 19	6,474	19,967	6,939	8,604	3,899	3,115	9,919	3,604	2,830	3,541	2,998	4,493	76,383
Surplus:													
June 28	75	649	....	....	116	40	216	....	38	....	....	....	1,134
July 5	75	649	....	....	116	40	216	....	38	....	....	....	1,134
July 12	75	649	....	....	116	40	216	....	38	....	....	....	1,134
July 19	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Government deposits:													
June 28	3,832	21,736	1,392	10,278	6,349	7,094	6,249	5,089	2,416	4,006	6,201	9,893	84,535
July 5	14,979	15,042	10,773	17,684	10,131	9,253	15,512	9,917	7,185	6,118	4,359	7,445	128,398
July 12	16,166	7,508	2,261	30,051	8,919	12,682	30,743	13,774	12,412	17,047	2,764	15,066	169,393
July 19	15,532	31,339	4,886	16,921	10,861	3,200	20,321	8,887	1,578	10,295	6,561	14,447	144,828
Due to members—reserve account:													
June 28	82,724	767,013	86,805	110,886	41,868	35,772	177,921	48,180	36,998	65,723	36,214	67,483	1,557,587
July 5	86,811	610,251	85,422	103,428	40,642	37,717	173,096	42,838	35,980	55,477	35,760	62,275	1,369,697
July 12	87,860	651,547	93,630	100,198	42,849	35,408	178,775	47,698	37,167	62,484	35,250	66,480	1,439,346
July 19	93,439	661,336	100,609	110,019	43,795	40,082	184,316	44,686	37,568	65,773	33,641	72,783	1,488,047

[1] Difference between net amounts due from and net amounts due to other Federal Reserve Banks=net amount due to other Federal Reserve Banks.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, June 28 to July 19, 1918—Continued.

LIABILITIES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Collection items:													
June 28	20,411	53,191	35,269	27,206	22,049	25,239	35,778	23,630	5,857	17,870	7,878	11,924	286,302
July 5	51,733	150,802	62,731	55,669	33,848	17,832	65,056	27,182	8,016	26,992	12,020	15,699	527,580
July 12	69,307	98,077	49,786	64,183	33,086	22,820	43,550	22,172	8,282	25,745	13,070	27,448	477,526
July 19	34,773	115,369	46,192	58,043	32,208	20,901	58,338	35,067	19,506	30,480	13,246	16,218	480,341
Due to other Federal Reserve Banks, net:													
June 28	9,048				3,254	1,947		23,520			4,617		
July 5													
July 12													
July 19													
Other deposits, including foreign government credits:													
June 28		114,025		250		12	4,351	225	41			2,578	121,482
July 5		110,717		119		7	3,602	161	49		13	2,841	117,509
July 12		102,148		331	8	6	2,485	149	22		23	2,637	107,809
July 19		105,606		310		6	2,133	230	55		22	3,690	112,052
Total gross deposits:													
June 28	116,015	955,965	123,466	148,620	73,520	70,064	224,299	100,654	45,312	87,599	54,910	91,878	2,049,906
July 5	153,523	886,812	158,926	176,900	84,621	64,809	257,266	80,098	51,230	88,587	52,152	88,260	2,143,184
July 12	173,333	859,280	145,677	194,763	84,862	70,916	255,553	83,793	57,883	105,276	51,107	111,631	2,194,074
July 19	143,744	913,650	151,687	185,293	86,864	64,189	265,108	88,870	58,707	106,548	53,470	107,138	2,225,268
Federal Reserve notes in actual circulation:													
June 28	112,533	562,848	147,430	162,918	74,525	56,139	252,639	65,662	55,213	74,396	32,626	125,287	1,722,216
July 5	118,328	591,791	155,360	166,778	76,478	56,826	263,271	67,617	56,478	75,871	33,328	131,443	1,791,569
July 12	121,153	598,007	155,357	170,477	76,128	56,709	267,879	67,932	57,430	76,553	33,190	132,610	1,813,425
July 19	121,466	607,890	157,340	168,717	77,316	56,366	268,790	69,314	57,749	77,938	32,984	133,175	1,829,045
Federal Reserve bank notes in circulation—net liability:													
June 28						50	2,000			8,000		340	10,390
July 5						95	2,000			8,000		540	10,635
July 12						110	2,000			8,000		690	10,800
July 19						110	2,000			8,000		890	11,000
All other liabilities:													
June 28	292	6,426	137	1,073	429	47	1,293	706	598	1,091	349	188	12,629
July 5	1,626	7,656	1,139	1,401	1,159	571	2,551	927	816	1,639	768	1,224	21,477
July 12	1,711	7,483	953	1,506	1,123	597	2,778	982	878	1,730	821	1,403	21,965
July 19	1,758	7,889	1,054	1,595	1,171	627	3,016	1,035	930	1,792	883	1,542	23,292
Total liabilities:													
June 28	235,389	1,545,734	277,972	321,172	152,414	129,385	490,236	170,629	103,963	174,618	90,876	222,141	3,872,133
July 5	280,026	1,506,862	320,364	353,664	166,272	125,394	535,138	152,249	111,380	177,629	89,240	225,944	4,044,162
July 12	302,746	1,485,373	308,926	375,341	166,127	131,487	538,312	156,315	119,058	195,099	88,115	250,823	4,117,722
July 19	273,517	1,550,045	317,020	364,209	169,366	124,447	549,049	162,823	120,254	197,819	90,335	247,238	4,166,122

FEDERAL RESERVE NOTES.

Federal Reserve note account of each Federal Reserve Bank at close of business on Fridays, June 28, to July 19, 1918.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes received from agent—net:													
June 28	116,673	612,286	159,613	169,896	80,392	58,033	276,454	71,126	56,458	79,575	33,863	134,454	1,848,823
July 5	121,993	636,367	168,197	179,064	81,434	58,745	285,220	73,085	57,598	81,837	34,016	139,596	1,917,152
July 12	124,404	659,847	168,715	181,791	81,630	58,831	296,715	72,505	58,789	82,359	33,957	144,177	1,963,729
July 19	126,951	665,099	170,345	184,852	82,632	58,203	298,771	73,356	59,264	84,057	33,795	145,638	1,982,603
Federal Reserve notes held by bank:													
June 28	4,140	49,438	12,183	6,978	5,867	1,894	23,815	5,464	1,245	5,179	1,237	9,167	126,607
July 5	3,665	44,576	14,837	12,286	4,956	1,919	21,949	5,468	1,120	5,966	688	8,153	125,583
July 12	3,251	61,840	13,358	11,314	5,502	2,122	28,836	4,573	1,368	5,806	767	11,567	150,304
July 19	5,125	57,209	13,005	16,135	5,316	1,837	29,981	4,042	1,515	6,119	811	12,463	153,558
Federal Reserve notes in actual circulation:													
June 28	112,533	562,848	147,430	162,918	74,525	56,139	252,639	65,662	55,213	74,396	32,626	125,287	1,722,216
July 5	118,328	591,791	153,360	166,778	76,478	56,826	263,271	67,617	56,478	75,871	33,328	131,443	1,791,569
July 12	121,153	598,007	155,357	170,477	76,128	56,709	267,879	67,932	57,430	76,553	33,190	132,610	1,813,425
July 19	121,466	607,890	157,340	168,717	77,316	56,366	268,790	69,314	57,749	77,938	32,984	133,175	1,829,045
Gold deposited with or to credit of Federal Reserve agent:													
June 28	62,348	265,795	93,053	116,916	32,287	33,202	182,279	39,004	26,012	33,679	14,045	89,250	987,870
July 5	62,053	280,678	95,637	119,584	33,250	29,464	154,045	26,124	25,852	33,651	14,045	87,692	962,075
July 12	56,964	280,282	99,155	115,611	33,115	30,250	152,540	31,599	23,852	33,651	14,035	92,093	963,147
July 19	56,651	280,282	100,778	106,672	33,115	30,872	130,597	31,553	23,718	33,588	14,010	89,454	940,290
Paper delivered to Federal Reserve agent:													
June 28	72,811	375,078	72,474	70,158	56,185	25,535	134,511	54,570	39,342	51,569	28,816	50,563	1,031,612
July 5	94,748	474,438	77,950	85,130	61,170	30,067	162,016	50,539	46,837	54,650	29,588	57,850	1,224,983
July 12	111,591	526,257	71,354	96,705	61,489	29,747	179,265	44,462	46,837	57,084	30,141	58,109	1,313,041
July 19	110,856	513,730	74,509	103,495	60,226	29,642	202,533	49,495	47,756	68,989	33,402	62,093	1,356,726

Federal Reserve note account of each Federal Reserve agent at close of business on Fridays, June 28 to July 19, 1918.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
FEDERAL RESERVE NOTES.													
Received from Comptroller:													
June 28	160,640	937,080	208,240	209,600	111,920	78,740	341,720	93,200	75,980	104,700	68,500	145,500	2,535,820
July 5	163,040	956,480	218,240	209,800	112,220	96,740	353,520	94,200	75,980	107,700	68,500	150,700	2,607,120
July 12	174,840	994,480	229,520	220,300	113,120	96,740	354,240	98,800	77,982	107,700	68,500	155,380	2,691,600
July 19	184,640	1,007,080	230,240	222,700	114,720	96,740	370,580	102,800	77,980	109,700	68,500	156,980	2,742,660
Returned to Comptroller:													
June 28	32,667	214,794	35,587	17,704	23,823	18,682	20,806	16,174	14,267	18,105	16,147	11,046	439,802
July 5	33,347	214,913	37,003	18,036	24,301	18,920	21,200	16,955	14,427	18,543	16,389	11,104	445,138
July 12	33,436	215,633	38,485	18,509	24,945	19,134	21,745	17,495	14,627	18,721	16,568	11,203	450,501
July 19	34,249	220,581	38,855	18,948	25,183	19,762	22,469	18,124	14,761	19,023	16,830	11,342	460,127
Chargeable to Federal Reserve agent:													
June 28	127,973	722,286	172,653	191,896	88,097	60,058	320,914	77,026	61,713	86,595	52,353	134,454	2,096,018
July 5	129,693	741,567	181,237	191,764	87,919	77,820	332,320	77,245	61,553	89,157	52,111	139,596	2,161,982
July 12	141,404	778,847	191,035	201,791	88,175	77,606	332,495	81,305	63,353	88,979	51,932	144,177	2,241,099
July 19	150,391	786,499	191,385	203,752	89,537	76,978	348,111	84,676	63,219	90,677	51,670	145,638	2,282,533
In hands of Federal Reserve agent:													
June 28	11,300	110,000	13,040	22,000	7,705	2,025	44,460	5,900	5,255	7,020	18,490	....	247,195
July 5	7,700	105,200	13,040	12,700	6,485	19,075	47,100	4,160	3,955	7,320	18,095	....	244,830
July 12	17,000	119,000	22,320	20,000	6,545	18,775	35,780	8,800	4,555	6,620	17,975	....	277,370
July 19	23,800	121,400	21,040	18,900	6,905	18,775	49,340	11,320	3,955	6,620	17,875	....	299,930
Issued to Federal Reserve Bank, less amount returned to Federal Reserve agent for redemption:													
June 28	116,673	612,286	159,613	169,896	80,392	58,033	276,454	71,126	56,458	79,575	33,863	134,454	1,848,823
July 5	121,993	636,367	168,197	179,064	81,434	58,745	285,220	73,085	57,598	81,837	34,016	139,596	1,917,152
July 12	124,404	659,847	168,715	181,791	81,630	58,831	296,715	72,505	58,798	82,359	33,957	144,177	1,963,729
July 19	126,591	665,099	170,345	184,852	82,632	58,203	298,771	73,356	59,264	84,057	33,795	145,638	1,982,603
Collateral held as security for outstanding notes:													
Gold coin and certificates on hand—													
June 28	7,000	166,740	....	23,018	....	2,504	....	....	13,102	....	11,581	....	223,945
July 5	6,000	166,740	....	15,017	....	2,504	....	....	13,102	....	11,581	....	214,944
July 12	1,000	163,740	....	11,518	....	2,503	....	....	13,102	....	11,581	....	203,444
July 19	....	163,740	....	7,017	....	2,504	....	....	13,102	....	11,581	....	197,444
In gold redemption fund—													
June 28	5,848	14,055	7,946	8,898	787	2,628	530	1,984	1,410	2,319	1,880	7,119	404,55
July 5	6,553	13,938	8,906	9,567	750	2,390	323	1,964	1,250	2,291	1,880	7,061	56,873
July 12	6,464	16,542	8,906	9,093	615	2,177	240	1,968	1,250	2,291	1,870	6,962	58,378
July 19	7,151	16,542	8,779	9,655	615	1,548	378	1,922	1,116	2,228	1,845	8,823	60,602
Gold settlement fund. Federal Reserve Board:													
June 28	49,500	85,000	85,107	85,000	31,500	28,070	181,749	37,020	11,500	31,360	584	82,131	708,521
July 5	49,500	100,000	86,731	95,000	32,500	24,570	153,722	24,160	11,500	31,360	584	80,631	690,258
July 12	49,500	100,000	90,249	95,000	32,500	25,570	152,300	29,631	9,500	31,360	584	85,131	701,325
July 19	49,500	100,000	91,999	90,000	32,500	26,820	139,219	29,631	9,500	31,360	584	80,631	681,744
Eligible paper (minimum required).[1]													
June 28	54,325	346,491	66,560	52,980	48,105	24,831	94,175	32,122	30,446	45,896	19,818	45,204	860,953
July 5	59,940	355,689	72,560	59,480	48,184	29,281	131,175	46,961	31,746	48,186	19,971	51,904	955,077
July 12	67,440	379,565	69,560	66,180	48,515	28,581	144,175	40,906	34,946	48,708	19,922	52,084	1,000,582
July 19	69,940	384,817	69,567	78,180	49,517	27,331	159,174	41,803	35,546	50,469	19,785	56,184	1,042,313

[1] For actual amounts see item "Paper delivered to Federal Reserve agents" on p. 785.

Amounts of Federal Reserve notes received from and returned to other Federal Reserve Banks for redemption or credit during the period Jan. 1 to June 30, 1918.

	Boston.		New York.		Philadelphia.		Cleveland.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston	....	....	$9,610,100	$6,278,750	$820,000	$710,400	$563,600	$125,600
New York	$6,318,400	$8,728,100	....	....	12,120,890	16,513,750	5,741,450	3,606,400
Philadelphia	818,000	730,300	18,501,000	10,571,750	....	....	2,405,000	1,498,750
Cleveland	115,870	573,240	3,749,900	5,690,850	1,694,750	2,244,000	....	....
Richmond	272,750	442,000	3,540,650	6,941,450	1,515,250	1,522,250	1,718,600	435,450
Atlanta	275,300	188,200	3,382,300	5,018,700	477,780	466,100	1,164,550	92,500
Chicago	478,000	697,210	5,351,000	5,542,700	906,000	1,028,000	2,336,000	1,036,300
St. Louis	180,815	128,900	1,793,595	1,246,600	294,720	226,500	882,180	122,050
Minneapolis	20,500	139,000	237,500	1,221,850	71,500	177,000	60,500	121,550
Kansas City	29,000	178,100	332,950	1,404,300	79,150	207,250	92,350	115,600
Dallas	295,250	71,000	1,644,700	903,200	263,900	123,650	787,900	56,500
San Francisco	93,095	145,700	584,895	2,837,300	132,640	195,260	180,900	50,500
Total	8,896,980	12,021,750	48,728,590	47,657,450	18,376,580	23,414,160	15,933,030	7,261,200

	Richmond.		Atlanta.		Chicago.		St. Louis.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston	$442,000	$287,750	$183,200	$280,500	$697,200	$478,000	$125,100	$197,085
New York	6,929,300	4,511,100	4,964,050	3,412,200	5,698,050	4,968,000	1,228,350	1,796,030
Philadelphia	1,484,000	1,770,000	458,000	466,800	1,204,000	710,000	215,000	306,420
Cleveland	397,950	1,729,600	87,000	1,164,550	1,049,300	2,363,000	114,550	908,330
Richmond	....	....	658,750	1,486,950	1,167,350	434,000	91,000	310,590
Atlanta	1,486,950	666,000	....	....	1,248,850	864,000	1,161,300	1,849,240
Chicago	447,000	1,158,100	856,000	1,248,850	....	....	2,134,000	5,259,030
St. Louis	311,590	143,000	1,868,225	1,166,800	5,259,030	2,250,000	....	....
Minneapolis	18,000	216,250	23,500	275,600	717,500	3,613,000	67,500	532,495
Kansas City	127,100	331,250	93,800	581,850	421,700	3,632,000	412,150	2,930,525
Dallas	168,450	49,250	933,150	1,178,800	896,450	865,000	735,200	2,056,785
San Francisco	237,160	48,250	86,205	129,850	1,031,350	1,747,100	120,410	326,500
Total	12,049,500	10,910,550	10,211,880	11,392,750	19,390,780	21,924,100	6,404,560	16,473,030

	Minneapolis.		Kansas City.		Dallas.		San Francisco.		Total.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston	$139,000	$20,500	$296,400	$37,815	$68,500	$320,650	$140,400	$75,860	$13,085,500	$8,812,910
New York	1,208,850	211,500	2,327,850	466,950	908,050	1,395,900	2,794,150	688,150	50,239,390	46,298,080
Philadelphia	219,000	28,500	382,000	45,500	123,000	264,550	218,000	85,425	26,027,000	16,477,995
Cleveland	121,550	60,500	177,840	101,500	47,000	800,400	73,500	156,210	7,629,210	15,792,180
Richmond	233,250	18,000	348,990	49,090	50,000	168,450	27,750	229,785	9,624,340	12,038,015
Atlanta	275,600	23,500	773,050	148,750	1,178,800	933,150	159,300	75,640	11,583,780	10,325,780
Chicago	3,575,000	717,500	6,318,500	567,250	867,000	896,450	1,801,100	625,685	25,069,600	18,777,075
St. Louis	532,495	63,500	5,228,525	646,050	2,056,785	735,200	314,950	100,295	18,722,910	6,828,895
Minneapolis	....	....	446,500	332,050	41,000	142,150	398,000	286,835	2,102,000	7,057,780
Kansas City	198,650	233,500	....	....	414,300	1,229,900	123,600	781,690	2,324,750	11,624,965
Dallas	142,150	41,000	1,924,220	725,250	....	....	227,950	196,035	8,019,320	6,266,470
San Francisco	546,920	386,000	1,261,850	179,700	217,245	235,450	....	....	4,492,670	6,281,610
Total	7,192,465	1,804,000	19,485,725	3,299,905	5,971,680	7,122,250	6,278,700	3,301,610	178,920,470	166,581,755

MEMBER BANK CONDITION STATEMENT.

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays from June 21 to July 12, 1918.

1. TOTAL FOR ALL REPORTING BANKS.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Number of reporting banks:													
June 21	42	98	49	83	72	36	95	32	35	72	41	48	703
June 28	42	98	49	83	72	37	95	32	35	72	41	49	705
July 5	42	101	49	84	71	38	95	32	35	72	42	49	711
July 12	42	101	49	85	73	38	95	32	34	72	42	49	712
United States bonds to secure circulation:													
June 21	14,621	51,729	12,970	43,528	24,389	13,555	19,256	17,867	6,432	14,023	17,539	34,480	227,389
June 28	14,621	51,307	12,970	43,531	24,415	14,690	18,756	17,417	6,419	14,023	17,376	35,355	270,380
July 5	14,621	52,080	12,970	43,542	24,733	14,690	18,776	17,382	6,419	14,086	17,579	36,126	273,004
July 12	14,621	51,981	12,970	43,531	24,992	14,290	18,776	17,417	6,319	14,023	17,629	35,714	272,263
Other United States bonds, including Liberty bonds:													
June 21	14,644	272,858	23,675	60,101	27,013	21,247	82,408	24,417	10,398	17,800	16,008	23,600	594,169
June 28	13,515	268,435	23,026	60,741	26,049	21,602	80,577	22,897	10,015	17,234	15,875	23,945	583,911
July 5	12,883	257,464	22,502	58,088	25,617	21,372	77,351	23,577	9,769	17,509	15,859	22,065	564,056
July 12	13,026	260,420	21,803	54,541	25,678	20,268	75,867	21,959	9,551	16,484	15,516	22,581	557,694
United States certificates of indebtedness:													
June 21	21,294	524,162	28,161	25,112	9,279	11,776	26,412	16,079	9,166	12,717	12,107	24,774	721,039
June 28	30,897	339,075	30,431	32,371	10,982	16,470	61,034	26,741	15,238	18,301	11,345	28,983	621,868
July 5	28,439	325,327	30,817	31,160	14,393	17,282	62,495	25,885	15,889	19,556	12,141	31,743	615,127
July 12	37,577	392,245	32,859	47,078	16,158	17,711	82,929	26,861	18,036	21,897	11,169	31,014	735,534
Total United States securities owned:													
June 21	50,559	848,749	64,806	128,741	60,681	46,578	128,076	58,363	25,996	44,540	45,654	82,854	1,585,597
June 28	59,033	658,817	66,427	136,643	61,446	52,262	160,367	67,055	31,672	49,558	44,596	88,283	1,446,159
July 5	55,943	634,871	66,289	132,790	64,743	53,344	158,622	66,844	32,077	51,151	45,579	89,934	1,452,187
July 12	65,224	704,646	67,632	145,150	66,828	52,269	177,572	66,237	33,906	52,404	44,314	89,309	1,565,491
Loans secured by United States bonds and certificates:													
June 21	54,875	274,128	38,793	44,390	17,473	5,989	38,631	14,733	4,801	4,581	5,959	7,565	511,918
June 28	52,273	266,622	38,543	35,180	17,460	6,430	44,774	14,881	4,955	4,609	5,586	7,517	498,830
July 5	52,346	250,441	39,383	32,332	17,281	6,783	48,036	14,950	5,135	4,625	5,562	7,463	484,337
July 12	48,219	247,025	38,936	34,025	17,772	6,289	53,552	14,731	4,962	4,744	5,948	8,827	485,030
Other loans and investments:													
June 21	789,694	4,203,253	639,317	959,756	352,873	247,965	1,380,273	381,885	252,624	461,037	168,271	520,777	10,357,628
June 28	793,910	4,372,648	630,130	969,950	353,833	251,360	1,378,097	379,070	255,025	463,584	164,528	527,851	10,539,986
July 5	784,842	4,418,765	619,972	974,493	349,894	263,380	1,397,018	379,552	255,258	467,593	162,570	525,991	10,599,330
July 12	772,198	4,397,422	600,349	972,861	341,363	252,825	1,385,545	377,694	252,761	466,945	165,063	521,333	10,506,359
Total loans and investments:													
June 21	895,128	5,326,130	742,916	1,132,887	431,030	300,432	1,546,980	454,981	283,421	510,158	219,884	611,196	12,455,143
June 28	905,216	5,298,087	735,100	1,141,773	432,739	310,052	1,584,238	461,006	291,652	517,751	214,710	623,651	12,515,975
July 5	893,131	5,304,077	725,644	1,139,615	431,918	323,507	1,603,676	461,346	292,470	523,369	213,711	623,388	12,535,852
July 12	885,641	5,349,093	706,917	1,152,036	425,963	311,383	1,616,669	458,662	291,629	524,093	215,325	619,469	12,556,680
Reserve with Federal Reserve Banks:													
June 21	63,537	603,507	57,659	84,297	26,232	22,936	137,446	30,818	17,489	41,887	16,766	46,794	1,149,368
June 28	57,382	734,284	53,300	78,041	26,082	21,605	133,454	32,662	17,701	38,995	15,926	44,632	1,254,060
July 5	61,931	572,881	46,863	81,117	25,561	23,947	131,216	30,501	17,590	34,777	14,794	43,180	1,084,358
July 12	62,258	614,333	53,131	77,035	27,448	23,611	133,205	31,842	17,745	40,726	14,574	46,660	1,142,568
Cash in vault:													
June 21	26,291	122,982	20,174	34,549	15,459	12,242	58,011	13,706	8,043	34,787	10,550	19,847	377,041
June 28	24,051	123,067	19,841	29,835	15,430	13,193	60,086	13,040	7,745	15,537	10,982	19,449	352,256
July 5	24,291	122,373	20,284	32,591	16,510	14,640	58,813	13,945	8,306	15,481	11,614	19,855	358,703
July 12	27,790	129,853	20,149	32,793	16,820	13,873	61,209	11,291	7,899	16,355	11,284	22,085	371,401
Net demand deposits on which reserve is computed:													
June 21	647,820	4,324,393	557,695	706,130	259,473	170,395	1,010,485	257,482	169,011	353,731	145,561	365,852	8,968,028
June 28	637,994	4,301,438	564,865	674,020	253,320	173,934	995,251	242,640	167,209	350,601	138,251	378,507	9,117,565
July 5	650,476	4,198,962	567,514	686,526	254,751	174,124	990,720	250,232	168,994	348,633	135,928	374,662	8,801,522
July 12	662,208	4,337,625	568,486	704,049	262,868	183,201	1,009,771	250,718	165,884	358,409	137,065	399,652	9,029,936

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays from June 21 to July 12, 1918—Continued.

1. TOTAL FOR ALL REPORTING BANKS—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Time deposits:													
June 21	93,963	262,617	13,820	228,439	44,957	93,921	345,911	74,465	45,542	60,799	23,625	111,422	1,379,481
June 28	93,920	266,442	14,427	226,614	43,915	77,138	355,666	83,019	45,643	62,447	22,764	112,502	1,404,497
July 5	96,630	264,656	14,337	227,492	42,807	82,395	351,709	74,581	44,882	64,254	25,699	112,604	1,402,047
July 12	97,992	266,144	15,765	229,547	45,810	77,277	358,275	74,497	44,650	61,820	25,901	112,337	1,410,015
Total net deposits on which reserve is computed:													
June 21	684,814	4,391,452	562,593	776,829	274,801	193,919	1,105,780	276,878	185,445	371,971	153,259	399,278	9,377,019
June 28	674,965	4,370,257	569,948	744,190	268,329	198,841	1,092,796	264,010	183,682	369,335	145,699	412,258	9,294,310
July 5	688,271	4,267,341	572,607	756,986	269,365	200,398	1,087,164	269,669	184,209	367,909	144,410	408,443	9,216,772
July 12	700,457	4,406,366	574,031	775,953	278,670	208,139	1,108,189	270,126	182,032	376,955	145,616	437,796	9,464,330
Government deposits:													
June 21	119,415	373,310	77,920	87,567	22,614	3,828	93,466	37,791	24,294	26,599	6,732	13,495	887,031
June 28	129,787	592,608	76,313	120,795	17,722	28,657	149,288	34,121	22,130	34,898	4,922	751	1,211,992
July 5	88,602	445,167	58,044	86,611	15,270	20,946	119,768	27,523	18,200	26,395	9,800	306	916,632
July 12	61,044	444,360	45,388	68,237	12,979	16,232	91,650	29,097	17,675	21,776	6,889	552	815,879

2. MEMBER BANKS IN CENTRAL RESERVE CITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
CENTRAL RESERVE CITIES.													
Number of reporting banks:													
June 21	....	66	....	....	....	....	40	14	....	....	....	....	120
June 28	....	66	....	....	....	....	40	14	....	....	....	....	120
July 5	....	68	....	....	....	....	40	14	....	....	....	....	122
July 12	....	68	....	....	....	....	40	14	....	....	....	....	122
United States bonds to secure circulation:													
June 21	....	37,463	....	....	....	....	1,469	10,392	....	....	....	....	49,324
June 28	....	37,463	....	....	....	....	1,469	10,392	....	....	....	....	49,324
July 5	....	37,736	....	....	....	....	1,469	10,392	....	....	....	....	49,597
July 12	....	37,638	....	....	....	....	1,469	10,392	....	....	....	....	49,499
Other United States bonds, including Liberty bonds:													
June 21	....	245,259	....	....	....	....	51,503	16,883	....	....	....	....	313,645
June 28	....	241,696	....	....	....	....	49,730	16,477	....	....	....	....	307,903
July 5	....	229,923	....	....	....	....	48,319	16,380	....	....	....	....	294,622
July 12	....	234,243	....	....	....	....	46,232	15,575	....	....	....	....	296,050
United States certificates of indebtedness:													
June 21	....	515,351	....	....	....	....	9,938	13,911	....	....	....	....	539,200
June 28	....	324,436	....	....	....	....	32,885	22,391	....	....	....	....	379,712
July 5	....	310,075	....	....	....	....	32,705	21,323	....	....	....	....	364,103
July 12	....	377,208	....	....	....	....	45,390	20,790	....	....	....	....	443,388
Total United States securities owned:													
June 21	....	798,073	....	....	....	....	62,910	41,186	....	....	....	....	902,169
June 28	....	603,595	....	....	....	....	84,084	49,260	....	....	....	....	736,939
July 5	....	577,734	....	....	....	....	82,493	48,095	....	....	....	....	708,322
July 12	....	649,089	....	....	....	....	93,091	46,757	....	....	....	....	788,937
Loans secured by United States bonds and certificates:													
June 21	....	246,780	....	....	....	....	25,082	12,150	....	....	....	....	284,012
June 28	....	241,434	....	....	....	....	31,835	11,989	....	....	....	....	285,258
July 5	....	225,637	....	....	....	....	33,388	11,988	....	....	....	....	271,013
July 12	....	223,181	....	....	....	....	38,909	11,949	....	....	....	....	274,039
Other loans and investments:													
June 21	....	3,862,659	....	....	....	....	839,783	276,211	....	....	....	....	4,978,653
June 28	....	4,029,203	....	....	....	....	837,340	274,415	....	....	....	....	5,140,958
July 5	....	4,069,496	....	....	....	....	858,457	274,263	....	....	....	....	5,202,216
July 12	....	4,041,478	....	....	....	....	845,896	274,445	....	....	....	....	5,161,819
Total loans and investments:													
June 21	....	4,907,512	....	....	....	....	927,775	329,547	....	....	....	....	6,164,834
June 28	....	4,874,232	....	....	....	....	953,259	335,664	....	....	....	....	6,163,155
July 5	....	4,872,867	....	....	....	....	974,338	334,346	....	....	....	....	6,181,551
July 12	....	4,913,748	....	....	....	....	977,896	333,151	....	....	....	....	6,224,795

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays from June 21 to July 12, 1918—Continued.

2. MEMBER BANKS IN CENTRAL RESERVE CITIES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
CENTRAL RESERVE CITIES—continued.													
Reserve with Federal Reserve Banks:													
June 21	....	575,512	....	....	....	....	97,380	23,157	....	....	....	....	696,049
June 28	....	709,143	....	....	....	....	93,315	24,675	....	....	....	....	827,133
July 5	....	547,212	....	....	....	....	93,115	22,382	....	....	....	....	662,709
July 12	....	590,612	....	....	....	....	92,858	24,868	....	....	....	....	708,338
Cash in vault:													
June 21	....	107,238	....	....	....	....	34,613	7,301	....	....	....	....	149,152
June 28	....	105,895	....	....	....	....	35,096	7,080	....	....	....	....	148,071
July 5	....	108,447	....	....	....	....	34,690	7,164	....	....	....	....	150,301
July 12	....	114,798	....	....	....	....	35,764	5,170	....	....	....	....	155,732
Net demand deposits on which reserve is computed:													
June 21	....	4,025,807	....	....	....	....	691,773	184,724	....	....	....	....	4,902,304
June 28	....	4,006,659	....	....	....	....	676,344	172,495	....	....	....	....	4,855,498
July 5	....	3,898,195	....	....	....	....	667,506	177,808	....	....	....	....	4,743,509
July 12	....	4,038,568	....	....	....	....	676,076	181,472	....	....	....	....	4,896,116
Time deposits:													
June 21	....	217,859	....	....	....	....	130,208	53,415	....	....	....	....	401,482
June 28	....	217,466	....	....	....	....	140,038	62,040	....	....	....	....	419,544
July 5	....	216,069	....	....	....	....	138,828	53,194	....	....	....	....	408,091
July 12	....	216,711	....	....	....	....	138,820	53,181	....	....	....	....	408,712
Total net deposits on which reserve is computed:													
June 21	....	4,076,082	....	....	....	....	721,821	197,051	....	....	....	....	4,994,954
June 28	....	4,056,843	....	....	....	....	708,660	186,812	....	....	....	....	4,952,315
July 5	....	3,948,057	....	....	....	....	699,543	190,084	....	....	....	....	4,837,684
July 12	....	4,088,578	....	....	....	....	708,111	193,745	....	....	....	....	4,990,434
Government deposits:													
June 21	....	347,590	....	....	....	....	58,048	31,687	....	....	....	....	437,325
June 28	....	552,854	....	....	....	....	113,034	26,743	....	....	....	....	692,631
July 5	....	413,989	....	....	....	....	88,308	21,804	....	....	....	....	524,101
July 12	....	419,927	....	....	....	....	65,015	23,119	....	....	....	....	508,061

3. MEMBER BANKS IN OTHER RESERVE CITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
OTHER RESERVE CITIES.													
Number of reporting banks:													
June 21	19	7	36	61	42	29	50	12	15	72	33	48	424
June 28	19	7	36	61	42	29	50	12	15	72	33	49	425
July 5	19	7	36	61	42	31	50	12	15	72	34	49	428
July 12	19	7	36	61	42	30	50	12	15	72	34	49	427
United States bonds to secure circulation:													
June 21	4,498	7,796	8,965	35,816	13,994	11,105	17,037	5,780	3,440	14,023	15,086	34,480	172,020
June 28	4,498	7,796	8,965	35,816	13,994	11,360	16,537	5,330	3,440	14,023	14,923	35,355	172,037
July 5	4,498	7,796	8,965	35,827	14,230	12,360	16,557	5,330	3,440	14,086	15,126	36,126	174,341
July 12	4,498	7,796	8,965	35,816	14,378	11,360	16,557	5,330	3,440	14,023	15,176	35,714	173,053
Other United States bonds, including Liberty bonds:													
June 21	8,784	12,991	19,399	55,806	16,991	19,029	29,289	5,196	7,986	17,800	13,674	23,600	230,545
June 28	8,045	12,410	18,560	56,444	15,984	18,962	29,246	4,743	7,588	17,234	13,566	23,945	226,727
July 5	7,483	12,007	18,178	54,009	15,703	19,258	27,482	4,561	7,507	17,509	13,780	22,065	219,542
July 12	7,674	12,021	17,562	49,916	16,071	17,765	28,074	3,999	7,394	16,484	13,466	22,581	213,007
United States certificates of indebtedness:													
June 21	16,643	4,241	24,931	22,827	8,069	10,323	16,454	1,658	7,847	12,717	11,088	24,774	161,572
June 28	23,870	6,848	26,138	29,451	9,118	13,932	27,704	3,054	11,410	18,301	10,118	28,983	208,927
July 5	20,591	6,533	26,014	28,328	11,880	15,482	29,344	3,166	12,021	19,556	10,802	31,743	215,460
July 12	27,265	7,047	27,107	42,549	13,328	15,123	36,787	4,220	13,079	21,897	10,150	31,014	249,566
Total United States securities owned:													
June 21	29,925	25,028	53,295	114,449	39,054	40,457	62,780	12,634	19,273	44,540	39,848	82,854	564,137
June 28	36,413	27,054	53,663	121,711	39,096	44,254	73,487	13,127	22,438	49,558	38,607	88,283	607,691
July 5	32,572	26,336	53,157	118,164	41,813	47,100	73,383	13,057	22,968	51,151	39,708	89,934	609,343
July 12	39,437	26,864	53,634	128,281	43,777	44,248	81,418	13,549	23,913	52,404	38,792	89,309	635,626

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays from June 21 to July 12, 1918—Continued.

3. MEMBER BANKS IN OTHER RESERVE CITIES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
OTHER RESERVE CITIES—continued.													
Loans secured by United States bonds and certificates:													
June 21	44,988	14,090	36,780	43,459	14,568	5,608	12,885	2,091	4,623	4,581	5,660	7,565	196,898
June 28	43,198	13,602	36,459	34,255	14,974	5,737	12,289	2,105	4,729	4,609	5,270	7,517	184,744
July 5	43,674	12,522	37,440	31,510	14,982	6,258	13,992	2,355	4,916	4,625	5,274	7,463	185,911
July 12	39,546	11,625	36,906	33,209	15,128	5,579	14,011	2,264	4,777	4,744	5,658	8,827	182,274
Other loans and investments:													
June 21	561,091	144,137	569,631	886,201	249,410	222,141	529,143	83,779	190,085	461,037	142,403	520,777	4,559,835
June 28	565,259	146,069	560,783	906,252	249,115	218,965	529,238	82,464	189,366	463,584	138,820	527,851	4,577,756
July 5	557,627	144,622	550,983	900,209	246,078	237,025	527,324	83,569	190,113	467,593	137,044	525,991	4,568,178
July 12	546,128	144,103	531,531	890,034	244,068	218,589	528,441	81,885	189,128	466,945	139,258	521,333	4,501,443
Total loans and investments:													
June 21	636,004	183,255	659,706	1,044,109	303,032	268,206	604,808	98,504	213,981	510,158	187,911	611,196	5,320,870
June 28	644,870	186,725	650,905	1,062,218	303,185	268,956	616,014	97,696	216,533	517,751	182,697	623,651	5,371,201
July 5	633,873	183,480	641,580	1,049,883	302,873	290,383	614,699	98,981	217,997	523,369	182,026	623,388	5,362,532
July 12	625,111	182,592	622,071	1,051,524	302,973	268,416	623,870	97,698	217,818	524,093	183,708	619,469	5,319,343
Reserve with Federal Reserve Banks:													
June 21	50,006	14,537	52,237	78,846	20,372	21,468	39,285	6,412	13,347	41,887	14,937	46,794	400,128
June 28	44,129	13,844	47,948	72,801	20,134	19,991	39,341	6,792	13,791	38,995	14,036	44,632	376,434
July 5	48,576	13,175	42,131	75,506	20,059	22,415	37,320	6,801	13,548	34,777	13,144	43,180	370,632
July 12	49,172	11,703	48,016	71,198	21,193	21,513	39,557	5,814	13,851	40,726	12,683	46,660	382,086
Cash in vault:													
June 21	17,642	5,193	16,414	30,143	11,224	11,005	22,964	5,013	4,781	34,787	9,766	19,847	188,779
June 28	16,261	5,282	16,604	26,080	11,026	11,573	24,585	4,742	4,709	15,537	9,768	19,449	165,616
July 5	16,226	5,116	16,749	27,943	12,357	13,581	23,652	5,435	4,930	15,481	10,201	19,855	171,526
July 12	18,859	5,816	16,395	28,316	12,347	12,143	25,055	4,617	5,012	16,355	10,054	22,085	177,054
Net demand deposits on which reserve is computed:													
June 21	498,281	124,834	490,681	645,264	189,037	154,257	309,937	57,499	123,532	353,731	126,152	365,852	3,439,057
June 28	486,408	125,505	495,869	610,751	184,256	154,389	310,320	55,320	122,074	350,601	118,369	378,507	3,392,369
July 5	494,597	123,572	498,326	622,733	184,061	158,340	314,546	57,445	122,909	348,633	116,429	374,662	3,416,253
July 12	504,407	123,950	499,867	636,307	189,992	159,807	325,129	56,190	120,279	358,409	117,996	389,652	3,481,985
Time deposits:													
June 21	25,485	18,653	7,972	211,581	30,642	63,442	211,536	15,192	23,985	60,799	18,871	111,422	799,580
June 28	25,519	18,316	8,557	209,601	29,643	63,400	211,421	15,071	24,025	62,447	17,951	112,502	798,453
July 5	28,140	17,931	8,180	210,288	29,027	70,304	208,649	15,590	23,481	64,254	19,694	112,604	808,142
July 12	29,152	19,091	9,418	205,909	29,799	63,627	215,201	15,560	23,237	61,820	19,830	112,337	804,981
Total net deposits on which reserve is computed:													
June 21	505,927	130,430	493,073	708,738	198,230	173,290	373,398	62,057	130,728	371,971	131,813	399,278	3,678,933
June 28	494,064	131,000	498,436	673,631	193,149	173,409	373,746	59,841	129,282	369,335	123,754	412,258	3,631,905
July 5	503,039	128,951	500,780	685,820	192,769	179,431	377,140	62,122	129,953	367,909	122,337	408,443	3,658,694
July 12	513,153	129,677	502,692	698,080	198,932	178,895	389,689	60,858	127,250	376,955	123,945	437,796	3,737,922
Government deposits:													
June 21	96,898	8,588	70,382	86,411	16,133	2,666	35,335	5,046	21,843	26,599	6,488	13,495	389,884
June 28	109,279	16,320	69,760	119,546	12,173	26,554	36,200	5,933	18,416	34,898	4,597	751	454,427
July 5	73,432	12,423	52,434	85,468	11,106	18,804	31,123	4,575	14,620	26,395	9,195	306	339,881
July 12	48,465	8,990	41,603	66,476	10,735	14,726	26,387	4,442	12,620	21,776	6,341	552	263,113

4. MEMBER BANKS OUTSIDE RESERVE CITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
COUNTRY BANKS.													
Number of reporting banks:													
June 21	23	25	13	22	30	7	5	6	20	....	8	....	159
June 28	23	25	13	22	30	8	5	6	20	....	8	....	160
July 5	23	26	13	23	29	7	5	6	20	....	8	....	161
July 12	23	26	13	24	31	8	5	6	19	....	8	....	163
United States bonds to secure circulation:													
June 21	10,123	6,470	4,005	7,712	10,395	2,450	750	1,695	2,992	....	2,453	....	49,045
June 28	10,123	6,048	4,005	7,715	10,421	2,830	750	1,695	2,979	....	2,453	....	49,019
July 5	10,123	6,548	4,005	7,715	10,503	2,330	750	1,660	2,979	....	2,453	....	49,066
July 12	10,123	6,547	4,005	7,715	10,614	2,930	750	1,695	2,879	....	2,453	....	49,711

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays from June 21 to July 12, 1918—Continued.

4. MEMBER BANKS OUTSIDE RESERVE CITIES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
COUNTRY BANKS—continued.													
Other United States bonds, including Liberty bonds:													
June 21	5,860	14,608	4,276	4,295	10,022	2,218	1,616	2,338	2,412	....	2,334	....	49,979
June 28	5,470	14,329	4,466	4,297	10,065	2,640	1,601	1,677	2,427	....	2,309	....	49,281
July 5	5,400	15,534	4,324	4,079	9,914	2,114	1,550	2,636	2,262	....	2,079	....	49,892
July 12	5,352	14,156	4,241	4,625	9,607	2,503	1,561	2,385	2,157	....	2,050	....	48,637
United States certificates of indebtedness:													
June 21	4,651	4,570	3,230	2,285	1,210	1,453	20	510	1,319	....	1,019	....	20,267
June 28	7,027	7,791	4,293	2,920	1,864	2,538	445	1,296	3,828	....	1,227	....	33,229
July 5	7,848	8,719	4,803	2,832	2,513	1,800	446	1,396	3,868	....	1,339	....	35,564
July 12	10,312	7,990	5,752	4,529	2,830	2,588	752	1,851	4,957	....	1,019	....	42,580
Total United States securities owned:													
June 21	20,634	25,648	11,511	14,292	21,627	6,121	2,386	4,543	6,723	....	5,806	....	119,291
June 28	22,620	28,168	12,764	14,932	22,350	8,008	2,796	4,068	9,234	....	5,989	....	131,529
July 5	23,371	30,801	13,132	14,626	22,930	6,244	2,746	5,692	9,109	....	5,871	....	134,522
July 12	25,787	28,693	13,998	16,869	23,051	8,021	3,063	5,931	9,993	....	5,522	....	140,928
Loans secured by United States bonds and certificates:													
June 21	9,887	13,258	2,013	931	2,905	381	664	492	178	....	299	....	31,008
June 28	9,075	11,586	2,084	925	2,486	693	650	787	226	....	316	....	28,828
July 5	8,672	12,282	1,943	822	2,299	525	656	607	219	....	288	....	28,313
July 12	8,673	12,219	2,030	816	2,644	710	632	518	185	....	290	....	28,717
Other loans and investments:													
June 21	228,603	196,457	69,686	73,555	103,466	25,724	11,347	21,895	62,539	....	25,868	....	819,140
June 28	228,651	197,376	69,347	63,698	104,718	32,395	11,519	22,191	65,659	....	25,708	....	821,262
July 5	227,217	204,647	68,989	74,284	103,816	26,355	11,237	21,720	65,145	....	25,526	....	828,936
July 12	226,070	211,841	68,818	82,827	97,295	34,236	11,208	21,364	63,633	....	25,805	....	843,097
Total loans and investments:													
June 21	259,124	235,363	83,210	88,778	127,998	32,226	14,397	26,930	69,440	....	31,973	....	969,439
June 28	260,346	237,130	84,195	79,555	129,554	41,096	14,965	27,646	75,119	....	32,013	....	981,619
July 5	259,258	247,730	84,064	89,732	129,045	33,124	14,639	28,019	74,473	....	31,685	....	991,769
July 12	260,530	252,753	84,846	100,512	122,990	42,967	14,903	27,813	73,811	....	31,617	....	1,012,742
Reserve with Federal Reserve Bank:													
June 21	13,531	13,458	5,422	5,451	5,860	1,468	781	1,249	4,142	....	1,829	....	53,191
June 28	13,253	11,297	5,352	5,240	5,948	1,614	798	1,195	3,910	....	1,890	....	50,497
July 5	13,355	12,494	4,732	5,611	5,502	1,532	781	1,318	4,042	....	1,650	....	51,017
July 12	13,086	12,018	5,115	5,837	6,255	2,098	790	1,160	3,894	....	1,891	....	52,144
Cash in vault:													
June 21	8,649	10,551	3,760	4,406	4,235	1,237	434	1,392	3,262	....	1,184	....	39,110
June 28	7,790	11,890	3,237	3,755	4,404	1,620	405	1,218	3,036	....	1,214	....	38,569
July 5	8,065	8,810	3,535	4,648	4,153	1,059	471	1,346	3,376	....	1,413	....	36,876
July 12	8,931	9,239	3,754	4,477	4,473	1,730	390	1,504	2,887	....	1,230	....	38,615
Net demand deposits on which reserve is computed:													
June 21	149,539	173,752	67,014	60,866	70,436	16,138	8,775	15,259	45,479	....	19,409	....	626,667
June 28	151,586	169,274	68,996	63,269	69,064	19,545	8,587	14,825	45,135	....	19,882	....	630,162
July 5	155,879	177,195	69,188	63,793	70,690	15,784	8,668	14,979	45,085	....	19,499	....	640,760
July 12	157,801	175,107	68,619	67,742	72,876	23,394	8,566	13,056	45,605	....	19,069	....	651,835
Time deposits:													
June 21	68,478	26,105	5,848	16,858	14,315	10,479	4,167	5,858	21,557	....	4,754	....	178,419
June 28	68,401	30,660	5,870	17,013	14,272	13,738	4,207	5,908	21,618	....	4,813	....	186,500
July 5	68,490	30,656	6,157	17,204	13,780	12,092	4,232	5,797	21,401	....	6,005	....	185,814
July 12	68,840	30,342	6,347	23,638	16,011	13,650	4,254	5,756	21,413	....	6,071	....	196,322
Total net deposits on which reserve is computed:													
June 21	178,887	184,940	69,520	68,091	76,571	20,629	10,561	17,770	54,717	....	21,446	....	703,132
June 28	180,901	182,414	71,512	70,559	75,180	25,432	10,390	17,357	54,400	....	21,945	....	710,090
July 5	185,232	190,333	71,827	71,166	76,596	20,967	10,481	17,463	54,256	....	22,073	....	720,394
July 12	187,304	188,111	71,339	77,873	79,738	29,244	10,389	15,523	54,782	....	21,671	....	735,974
Government deposits:													
June 21	22,517	17,132	7,538	1,156	6,481	1,162	83	1,058	2,451	....	244	....	59,822
June 28	20,508	23,434	6,553	1,249	5,549	2,103	54	1,445	3,714	....	325	....	64,934
July 5	15,170	18,755	5,610	1,143	4,164	2,142	337	1,144	3,580	....	605	....	52,650
July 12	12,579	15,443	3,785	1,761	2,244	1,506	248	1,536	5,055	....	548	....	44,705

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

Average amount of earning assets held by each Federal Reserve Bank during June, 1918, earnings from each class of earning assets, and annual rates of earnings on basis of June, 1918, returns.

Federal Reserve Bank.	Average balances for the month of the several classes of earning assets.				
	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
Boston	$46,791,731	$21,406,303	$2,194,715	....	$70,392,749
New York	395,550,465	125,629,642	30,196,127	....	551,376,234
Philadelphia	51,902,348	20,680,338	4,732,850	....	77,315,536
Cleveland	51,760,624	12,249,571	16,056,600	....	80,066,795
Richmond	50,713,967	4,222,629	2,753,700	....	57,690,296
Atlanta	28,183,411	4,191,832	1,940,645	$40,903	34,356,791
Chicago	101,650,592	23,093,620	10,062,417	....	134,806,629
St. Louis	48,239,010	4,780,199	2,744,400	....	55,763,609
Minneapolis	33,706,000	1,447,000	3,721,000	....	38,874,000
Kansas City	59,670,282	470,167	12,533,846	....	72,674,295
Dallas	30,757,303	1,157,333	5,475,517	212,730	37,602,883
San Francisco	39,516,234	19,178,276	5,283,783	....	63,978,293
Total	938,441,967	238,506,910	97,695,600	253,633	1,274,898,110

Federal Reserve Bank.	Earnings from—					Calculated annual rates of earnings from—				
	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
						Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Boston	$163,108	$77,225	$5,802	....	$246,135	4.24	4.39	3.21	....	3.95
New York	1,338,432	434,702	68,864	....	1,841,998	4.11	4.20	2.77	....	4.06
Philadelphia	182,914	70,973	13,377	....	267,264	4.28	4.17	3.43	....	4.20
Cleveland	186,185	42,620	52,347	....	281,152	4.38	4.23	3.96	....	4.27
Richmond	192,976	17,420	7,433	....	217,829	4.56	5.02	3.28	....	4.59
Atlanta	96,540	13,921	4,843	$159	115,463	4.31	4.18	3.14	4.90	4.20
Chicago	368,044	81,744	24,063	....	473,851	4.40	4.30	2.90	....	4.28
St. Louis	168,854	17,278	5,856	....	191,988	4.26	4.40	2.59	....	4.19
Minneapolis	129,007	5,293	8,896	....	143,196	4.66	4.45	2.91	....	4.48
Kansas City	235,913	1,607	25,684	....	263,204	4.81	4.16	2.49	....	4.41
Dallas	112,522	4,967	11,355	709	128,653	4.45	4.27	2.52	4.05	4.16
San Francisco	153,553	65,938	12,036	....	232,527	4.72	4.24	2.73	....	4.42
Total	3,328,048	833,788	240,556	868	4,403,260	4.31	4.25	3.00	4.19	4.20

GOLD IMPORTS AND EXPORTS.

Gold imports and exports into and from the United States.

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

	Week ending—June 21, 1918.	Nine days ending—June 30, 1918.	Ten days ending—July 10, 1918.	Total since Jan. 1, 1918.	Total Jan. 1 to July 13, 1917.
IMPORTS.					
Ore and base bullion	224	324	226	6,409	8,139
United States Mint or assay office bars					33
Bullion refined	13,381	140	192	37,125	363,204
United States coin		144		6,773	52,886
Foreign coin				142	94,307
Total	13,605	608	418	50,449	518,569
EXPORTS.					
Domestic:					
Ore and base bullion	4	2		56	109
United States Mint or assay office bars	30	30	29	450	25,102
Bullion refined	1		3	3,392	14,914
Coin	464	729	1,048	18,140	174,917
Total	499	761	1,080	22,038	215,042
Foreign:					
Bullion refined					31
Coin			10	332	5,288
Total			10	332	5,319
Total exports	499	761	1,090	22,370	220,361

Excess of gold imports over exports since Jan. 1, 1918, $28,079; excess of gold imports over exports since Aug. 1, 1914, $1,078,383.

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank approved by the Federal Reserve Board up to July 31, 1918.

Federal Reserve Bank.	Maturities. Discounts. Within 15 days, including member banks' collateral notes.	16 to 60 days.	61 to 90 days.	Agricultural and live-stock paper over 90 days.	Secured by U. S. certificates of indebtedness or Liberty loan bonds. Within 15 days including member banks' collateral notes.	Secured by U. S. certificates of indebtedness or Liberty loan bonds. 16 to 90 days.	Trade acceptances. 1 to 60 days, inclusive.	Trade acceptances. 61 to 90 days, inclusive.
Boston	4	4¾	4¾	5	4	4¼	4½	4½
New York [1]	4	4¾	4¾	5	4	4¼	4½	4½
Philadelphia	4	4¾	4¾	5	4	4¼	4½	4½
Cleveland	4¼	4¾	4¾	5¼	4	4¼	4½	4½
Richmond	4½	5	5	5¼	4¼	4¼	4½	4¾
Atlanta	4	4¾	4¾	5	4	4¼	4½	4½
Chicago	4	4¾	4¾	5½	4	4¼	4½	4½
St. Louis	4	4¾	4¾	5½	4	4¼	4½	4½
Minneapolis	4	4¾	5	5½	4	4¼	4½	4½
Kansas City	4½	5¼	5¼	5½	4¼	4¼	4¾	4¾
Dallas	4	4¾	5	5¼	4	4¼	4½	4½
San Francisco	4	4¾	4¾	5½	4	4¼	4½	4½

[1] Rate of 3 to 4½ per cent for 1-day discounts in connection with the loan operations of the Government.

NOTE 1.—Acceptances purchased in open market, minimum rate 4 per cent.
NOTE 2.—Rates for commodity paper have been merged with those for commercial paper of corresponding maturities.
NOTE 3.—In case the 60-day trade acceptance rate is higher than the 15-day discount rate, trade acceptances maturing within 15 days will be taken at the lower rate.
NOTE 4.—Whenever application is made by member banks for renewal of 15-day paper, the Federal Reserve Banks may charge a rate not exceeding that for 90-day paper of the same class.

Estimated general stock of money, money held by the Treasury and by Federal Reserve system, and all other money in the United States.

	July 1, 1918.				
	General stock of money in the United States.	Held in the United States Treasury as assets of the Government.[1]	Held by or for Federal Reserve Banks and agents.	Held outside the United States Treasury and Federal Reserve system.	Amount per capita outside the United States Treasury and the Federal Reserve system.
Gold coin[2]	$3,076,482,515	$245,602,753	$1,335,977,274	$458,392,424	....
Gold certificates	....	....	503,490,770	533,019,294	....
Standard silver dollars	499,684,959	38,685,508	[3] 810,389	76,531,156	....
Silver certificates	....	....	8,594,414	373,212,362	....
Subsidiary silver	232,147,364	14,940,804	....	217,206,560	....
Treasury notes of 1890	....	....	....	1,851,130	....
United States notes	346,681,016	6,744,783	[4] 47,972,800	291,963,433	....
Federal Reserve notes	1,847,580,445	29,982,400	106,089,275	1,711,508,770	....
Federal Reserve bank notes	15,444,000	100,025	4,278,900	11,065,075	....
National-bank notes	724,205,485	20,068,477	11,148,003	692,989,005	....
Total:					
July 1, 1918	6,742,225,784	356,124,750	2,018,361,825	4,367,739,209	$41.31
June 1, 1918	6,615,007,782	348,322,704	1,983,796,097	4,282,888,981	40.51
May 1, 1918	6,540,954,630	321,192,308	1,909,594,674	4,310,167,648	40.82
April,[1] 1918	6,480,181,525	339,856,674	1,873,524,132	4,266,800,719	40.47
March,[1] 1918	6,351,548,056	330,927,176	1,827,126,208	4,193,494,672	39.83
February,[1] 1918	6,271,603,039	332,576,125	1,834,102,608	4,104,924,306	39.04
January,[1] 1918	6,256,198,271	277,043,358	1,723,570,291	4,255,584,622	40.53
December,[1] 1917	6,026,127,909	248,167,148	1,646,773,746	4,131,187,015	39.40
November,[1] 1917	5,823,854,335	242,265,377	1,546,124,691	4,035,464,267	38.54
October,[1] 1917	5,642,264,856	242,469,027	1,429,422,432	3,970,373,397	37.97
September,[1] 1917	5,553,661,154	239,654,267	1,373,987,061	3,940,019,826	37.73
August,[1] 1917	5,513,292,894	248,268,325	1,395,982,728	3,869,041,841	37.10
July,[1] 1917	5,480,009,884	253,671,614	1,280,880,714	3,945,457,556	37.88

[1] Includes reserve funds against issues of United States notes and Treasury notes of 1890 and redemption funds held against issues of national bank notes, Federal Reserve notes and Federal Reserve bank notes.

[2] Includes balances in gold settlement fund standing to the credit of the Federal Reserve Banks and agents.

[3] Includes subsidiary silver.

[4] Includes Treasury notes of 1890.

ABSTRACT OF CONDITION OF MEMBER BANKS.

Abstract of reports of condition of member State banks and trust companies in each Federal Reserve district on May 10, 1918.

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

	District No. 1 (23 banks).	District No. 2 (63 banks).	District No. 3 (16 banks).	District No. 4 (26 banks).	District No. 5 (20 banks).	District No. 6 (30 banks).	District No. 7 (114 banks).	District No. 8 (23 banks).	District No. 9 (35 banks).	District No. 10 (16 banks.)	District No. 11 (43 banks).	District No. 12 (40 banks).	Total United States (449 banks).
RESOURCES.													
Loans and discounts	306,249	1,414,329	91,782	198,367	32,238	93,846	466,598	142,705	30,535	44,058	17,044	47,172	2,884,923
Overdrafts	230	1,328	317	86	75	264	208	40	53	30	44	136	2,811
Customers' liability account of acceptances and under letters of credit	16,741	109,067	1,422	2,110	632	2,168	12,234	9,764	....	100	....	1,152	155,390
United States securities (exclusive of United States securities borrowed)	21,102	411,732	13,849	33,831	4,074	17,238	69,064	29,150	2,936	5,331	2,255	8,077	618,639
War savings and thrift stamps actually owned	59	108	28	72	6	24	146	437	14	27	31	33	985
Stock of Federal Reserve Bank	1,493	7,547	1,574	2,273	318	612	2,659	1,067	145	210	109	257	18,264
Other bonds, stocks, etc. (exclusive of securities borrowed)	75,688	442,360	90,552	134,292	9,578	14,417	138,331	33,124	3,191	10,918	442	7,930	960,823
Banking house	7,147	38,588	5,268	10,256	1,208	5,604	9,935	3,165	548	820	420	1,746	84,705
Other real estate owned	116	5,166	1,579	3,947	564	2,489	1,035	644	141	129	96	1,109	17,015
Furniture and fixtures	203	354	264	554	88	287	1,307	574	190	78	219	254	4,372
Due from banks and bankers	38,002	161,292	13,200	23,950	5,940	23,330	61,254	18,703	5,068	10,345	2,965	8,233	372,282
Exchanges for clearing house, also checks on banks in same place	5,624	123,167	1,923	2,349	279	4,938	12,969	3,715	401	437	152	807	156,761
Outside checks and other cash items	1,947	7,014	142	284	123	821	5,375	938	258	576	168	242	17,888
Cash in vault	13,797	45,495	4,637	6,384	1,543	4,705	24,662	4,711	1,221	1,652	831	2,586	112,224
Lawful reserve with Federal Reserve Bank	34,075	276,967	15,106	19,786	2,673	8,059	49,658	13,842	2,062	4,553	1,538	4,082	432,401
Items with Federal Reserve Bank in process of collection	3,523	9,965	1,081	533	335	797	4,600	3,442	71	314	171	435	25,267
Due from United States Treasurer	257	105	12	86	....	11	227	98	....	7	....	....	803
Interest earned but not collected	795	10,187	612	203	4	101	80	57	33	1	7	46	12,126
Other assets	1,536	34,444	988	3,485	727	989	18,200	260	32	109	202	95	61,067
Total	528,584	3,099,215	244,336	442,848	60,405	180,700	878,542	266,436	46,899	79,695	26,694	84,392	5,938,746
LIABILITIES.													
Capital stock paid in	23,800	107,319	14,900	21,860	6,296	12,010	48,880	18,885	3,740	4,150	2,918	6,120	270,878
Surplus fund	25,977	144,159	37,554	54,063	4,437	8,478	40,966	17,389	1,263	2,974	852	2,492	340,604
Undivided profits, less expenses and taxes paid	7,077	31,681	4,946	7,717	1,494	2,116	12,884	4,431	629	888	507	1,271	75,641
Interest and discount collected but not earned	593	4,399	10	312	43	123	58	136	55	150	7	37	5,923
Amount reserved for taxes accrued	1,164	5,412	393	678	76	302	1,349	323	60	50	17	100	9,924
Amount reserved for interest accrued	849	12,983	511	448	159	330	1,499	294	52	206	27	200	17,558
Due to Federal Reserve Bank	....	....	....	....	....	....	....	....	....	....	....	55	55
Due to banks and bankers	23,118	278,892	9,078	13,697	2,305	24,626	61,404	22,815	8,438	12,362	1,709	7,235	465,679
Demand deposits	300,831	1,771,822	136,250	134,854	28,267	71,638	316,628	100,906	13,607	36,804	14,624	32,862	2,959,096
Time deposits	83,377	213,447	18,071	173,205	13,555	36,814	335,820	60,721	16,841	18,898	3,646	30,263	1,004,658
United States deposits	41,525	245,278	18,648	23,723	1,012	12,849	32,437	18,668	1,516	2,713	1,748	1,926	402,043
Bills payable with Federal Reserve Bank	500	140,177	2,125	4,900	1,019	7,539	5,513	9,236	425	218	157	270	172,079
Bills payable other than with Federal Reserve Bank	225	2,265	100	2,188	810	460	2,924	1,235	183	90	478	274	11,232
Acceptances, letters of credit, and travelers' checks outstanding	17,384	111,714	1,422	2,110	632	2,168	12,552	9,764	....	100	....	1,153	158,999
Other liabilities	2,161	29,667	328	3,093	300	1,247	5,628	1,633	90	92	4	134	44,377
Total	528,584	3,099,215	244,336	442,848	60,405	180,700	878,542	266,436	46,899	79,695	26,694	84,392	5,938,746
Liability for rediscounts, including those with Federal Reserve Bank	14,421	58,789	3,363	2,578	1,599	4,056	12,280	6,876	1,190	39	387	1,899	107,477

Abstract of reports of condition of member State banks and trust companies of the Federal Reserve system on May 10, 1918, arranged by classes.

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

	Central reserve city banks (55 banks).	Other reserve city banks (87 banks).	Country banks (307 banks).	Total United States (449 banks), May 10, 1918.	Total United States (250 banks), Dec. 31, 1917.
RESOURCES.					
Loans and discounts	1,655,955	827,303	401,665	2,884,923	2,418,663
Overdrafts	1,338	909	564	2,811	1,202
Customers' liability account of acceptances and under letters of credit	128,633	25,454	1,303	155,390	140,847
United States securities (exclusive of United States securities borrowed)	446,117	109,901	62,621	618,639	234,592
War-savings and thrift stamps actually owned	518	192	275	985	....
Stock of Federal Reserve Bank	9,280	6,469	2,515	18,264	14,810
Other bonds, stocks, etc. (exclusive of securities borrowed)	462,980	319,585	178,258	960,823	871,566
Banking house	38,090	32,881	13,734	84,705	66,713
Other real estate owned	4,995	9,748	2,272	17,015	13,486
Furniture and fixtures	738	1,818	1,816	4,372	2,912
Due from banks and bankers	189,304	124,324	58,654	372,282	324,569
Exchanges for clearing house, also checks on banks in same place	133,683	20,061	3,017	156,761	241,963
Outside checks and other cash items	9,384	5,017	3,487	17,888	22,721
Cash in vault	55,566	34,673	21,985	112,224	97,000
Lawful reserve with Federal Reserve Bank	307,982	90,095	34,324	432,401	[1] 387,438
Items with Federal Reserve Bank in process of collection	15,647	7,047	2,573	25,267	....
Due from United States Treasurer	240	351	212	803	1,071
Interest earned but not collected	9,436	949	1,741	12,126	....
Other assets	32,734	24,508	3,825	61,067	174,332
Total	3,502,620	1,641,285	794,841	5,938,746	5,013,885
LIABILITIES.					
Capital stock paid in	134,013	86,125	50,740	270,878	219,294
Surplus fund	175,765	130,001	34,838	340,604	301,471
Undivided profits, less expenses and taxes paid	36,454	24,555	14,632	75,641	48,483
Interest and discount collected but not earned	4,363	1,249	311	5,923	....
Amount reserved for taxes accrued	6,351	2,638	935	9,924	6,113
Amount reserved for interest accrued	12,842	2,706	2,010	17,558	7,551
Due to Federal Reserve Bank	....	....	55	55	10
Due to banks and bankers	329,496	109,706	26,477	465,679	449,015
Demand deposits	1,934,702	689,961	334,433	2,959,096	2,746,899
Time deposits	292,259	441,361	271,038	1,004,658	858,460
United States deposits	274,160	91,977	35,906	402,043	135,014
Bills payable with Federal Reserve Bank	141,047	22,018	9,014	172,079	30,349
Bills payable other than with Federal Reserve Bank	....	5,952	5,280	11,232	18,375
Acceptances, letters of credit, and travelers' checks outstanding	131,265	26,432	1,302	158,999	136,074
Other liabilities	29,903	6,604	7,870	44,377	56,777
Total	3,502,620	1,641,285	794,841	5,938,746	5,013,885
Liability for rediscounts, including those with Federal Reserve Bank	62,286	28,883	16,308	107,477	96,501
Ratio of reserve with Federal Reserve Banks to net deposit liability (per cent)	15.4	11.0	7.6	13.2	12.5

[1] Includes items with Federal Reserve Bank in process of collection.

Abstract of reports of condition of all member banks in each Federal Reserve district on May 10, 1918 (including 7,683 national banks and 449 State banks and trust companies).

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

	District No. 1 (414 banks).	District No. 2 (684 banks).	District No. 3 (645 banks).	District No. 4 (772 banks).	District No. 5 (540 banks).	District No. 6 (399 banks).	District No. 7 (1,158 banks).	District No. 8 (486 banks).	District No. 9 (814 banks).	District No. 10 (971 banks).	District No. 11 (666 banks).	District No. 12 (583 banks).	Total United States (8,132 banks).
RESOURCES.													
Loans and discounts	1,000,482	3,796,796	743,504	1,053,385	543,210	428,449	1,738,904	507,449	530,811	731,567	399,897	667,645	12,142,099
Overdrafts	593	2,031	617	855	866	940	2,605	621	1,063	2,088	984	1,202	14,465
Customers liability account of acceptances and under letters of credit	63,358	219,060	18,881	15,446	14,706	7,635	38,359	14,451	3,958	1,404	4,507	18,050	419,815
United States securities (exclusive of United States securities borrowed)	143,915	1,329,761	203,756	265,532	136,035	127,979	318,927	137,197	86,615	149,470	122,603	175,142	3,196,932
War-savings and thrift stamps actually owned	277	501	436	747	350	391	718	932	324	751	643	353	6,423
Stock of Federal Reserve Bank	6,444	19,717	6,893	8,508	3,798	2,992	9,685	3,504	2,769	3,471	2,932	4,307	75,020
Other bonds, stocks, etc. (exclusive of securities borrowed)	219,756	967,704	371,900	397,208	84,162	46,605	302,517	82,614	53,511	73,218	12,286	116,901	2,728,382
Banking house	27,803	81,616	29,428	50,553	23,045	18,251	44,511	16,278	15,014	17,148	15,374	22,907	361,928
Other real estate owned	1,090	10,750	5,095	9,481	2,808	5,765	6,194	2,648	3,804	4,139	3,665	7,194	62,633
Furniture and fixtures	1,535	3,042	3,051	3,463	2,509	2,531	5,519	2,206	2,670	3,000	3,029	5,138	37,693
Due from banks and bankers	132,652	332,426	109,359	175,594	81,982	97,317	298,942	101,909	96,519	197,965	83,445	161,598	1,869,708
Exchanges for clearing house, also checks on banks in same place	26,481	415,384	30,475	18,527	11,495	12,435	58,959	12,096	7,952	18,054	5,450	18,326	635,634
Outside checks and other cash items	4,810	18,639	2,588	3,486	2,237	3,886	9,296	2,224	3,079	4,157	4,433	3,223	62,058
Cash in vault	46,089	151,960	42,250	57,889	27,681	24,451	94,823	23,864	22,043	30,814	18,944	33,791	574,599
Lawful reserve with Federal Reserve Bank	95,349	688,276	97,817	114,087	46,044	40,250	185,885	48,631	42,278	68,827	38,430	70,422	1,536,296
Items with Federal Reserve Bank in process of collection	13,924	46,771	26,764	20,858	15,312	8,226	25,628	16,566	2,164	9,957	6,378	5,170	197,718
Due from United States Treasurer	3,286	5,993	3,387	5,676	2,680	2,087	5,579	2,306	1,649	2,756	2,250	3,154	40,803
Interest earned but not collected	1,115	16,991	1,050	1,772	365	200	1,312	246	855	560	358	844	25,668
Other assets	2,480	48,729	1,049	3,874	855	1,116	22,331	323	207	163	1,223	241	82,591
Total	1,791,439	8,156,147	1,698,300	2,206,941	1,000,140	831,506	3,170,694	976,065	877,285	1,319,509	726,831	1,315,608	24,070,465
LIABILITIES.													
Capital stock paid in	116,756	303,186	91,524	144,274	77,356	61,628	197,237	74,748	61,646	77,462	63,917	97,326	1,367,060
Surplus fund	98,753	351,720	139,816	139,958	50,672	38,408	127,061	43,168	32,053	40,053	34,860	46,799	1,143,321
Undivided profits, less expenses and taxes paid	45,458	133,202	33,419	44,453	19,033	14,191	51,532	16,928	12,773	20,214	17,552	22,700	431,455
Interest and discount collected but not earned	1,317	14,435	1,395	2,798	1,700	796	4,716	948	1,274	1,971	1,110	737	33,197
Amount reserved for taxes accrued	3,606	13,421	1,221	1,955	657	678	4,242	953	1,116	1,504	689	1,000	31,042
Amount reserved for interest accrued	1,268	16,916	1,650	2,161	1,557	770	3,024	664	1,391	894	240	1,189	31,724
Due to Federal Reserve Bank	222	1,743	236	72	1,438	313	349	....	4	99	110	160	4,746
Due to banks and bankers	132,250	1,334,680	178,612	231,464	107,914	94,739	500,990	156,347	109,636	271,738	71,714	158,417	3,348,501
Demand deposits	903,050	4,103,965	784,823	912,647	408,843	361,454	1,274,354	385,861	325,510	607,032	362,777	620,294	11,050,610
Time deposits	207,806	537,066	256,198	472,920	185,603	141,605	705,658	144,647	250,862	176,298	54,690	213,475	3,346,828
United States deposits	146,835	655,914	102,848	114,005	41,261	47,934	115,958	67,280	36,837	43,129	43,481	43,792	1,459,274
Bills payable with Federal Reserve Bank	6,591	297,817	16,750	17,471	23,841	14,955	36,984	19,049	6,665	22,209	14,262	10,609	487,203
Bills payable other than with Federal Reserve Bank	4,116	10,259	2,873	6,687	9,765	2,930	6,190	2,533	3,870	5,217	10,436	6,195	71,071
Acceptances, letters of credit, and traveler's checks outstanding	67,701	234,064	20,585	15,632	14,761	7,687	37,808	14,463	3,985	1,453	4,791	18,826	441,756
National-bank notes outstanding	50,374	88,969	55,605	90,876	51,699	39,969	79,525	41,526	28,910	46,738	43,806	61,844	679,931
Other liabilities	5,336	58,790	10,745	9,568	4,040	3,449	25,066	6,950	753	3,498	2,306	12,245	142,746
Total	1,791,439	8,156,147	1,698,300	2,206,941	1,000,140	831,506	3,170,694	976,065	877,285	1,319,509	726,831	1,315,608	24,070,465
Liability for rediscounts, including those with Federal Reserve Bank.	73,698	205,660	31,760	39,328	32,284	13,773	58,081	24,981	15,408	34,130	16,803	30,779	576,685

Abstract of reports of condition of all member banks of the Federal Reserve system on May 10, 1918, arranged by classes (including 7,683 national banks and 449 State banks and trust companies).

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

	Central reserve city banks (133 banks).	Other reserve city banks (441 banks).	Country banks (7,558 banks).	Total United States (8,132 banks), May 10, 1918.	Total United States (7,907 banks), Dec. 31, 1917.
RESOURCES.					
Loans and discounts	4,112,233	3,678,491	4,351,375	12,142,099	11,806,512
Overdrafts	1,839	2,874	9,752	14,465	16,268
Customers' liability account of acceptances and under letters of credit	263,211	139,352	17,252	419,815	377,356
United States securities (exclusive of United States securities borrowed)	1,265,449	727,717	1,203,766	3,196,932	1,858,093
War savings and thrift stamps actually owned	800	1,092	4,531	6,423	....
Stock of Federal Reserve Bank	20,798	22,899	31,323	75,020	70,743
Other bonds, stocks, etc. (exclusive of securities borrowed)	787,226	757,327	1,183,829	2,728,382	2,783,621
Banking house	78,871	122,919	160,138	361,928	340,322
Other real estate owned	8,720	21,506	32,407	62,633	59,531
Furniture and fixtures	1,496	6,770	29,427	37,693	35,191
Due from banks and bankers	415,280	740,122	714,306	1,869,708	2,128,556
Exchanges for clearing house, also checks on banks in same place	460,801	142,110	32,723	635,634	969,489
Outside checks and other cash items	19,278	20,531	22,249	62,058	82,296
Cash in vault	166,619	163,847	244,133	574,599	627,590
Lawful reserve with Federal Reserve Bank	752,363	416,209	367,724	1,536,296	[1] 1,656,300
Items with Federal Reserve Bank in process of collection	70,747	109,286	17,685	197,718	....
Due from United States Treasurer	4,902	12,379	23,522	40,803	43,698
Interest earned but not collected	15,938	3,760	5,970	25,668	....
Other assets	50,843	25,835	5,913	82,591	222,479
Total	8,497,414	7,115,026	8,458,025	24,070,465	23,078,045
LIABILITIES.					
Capital stock paid in	323,863	399,227	643,970	1,367,060	1,311,150
Surplus fund	368,772	366,665	407,884	1,143,321	1,085,110
Undivided profits, less expenses and taxes paid	125,451	110,807	195,197	431,455	371,533
Interest and discount collected but not earned	17,450	10,364	5,383	33,197	....
Amount reserved for taxes accrued	15,946	10,162	4,934	31,042	21,834
Amount reserved for interest accrued	15,477	6,863	9,384	31,724	17,431
Due to Federal Reserve Bank	1,166	1,450	2,130	4,746	3,190
Due to banks and bankers	1,691,125	1,306,841	350,535	3,348,501	3,639,507
Demand deposits	4,162,458	3,073,884	3,814,268	11,050,610	11,179,676
Time deposits	425,903	832,295	2,088,630	3,346,828	3,156,241
United States deposits	677,327	505,858	276,089	1,459,274	649,413
Bills payable with Federal Reserve Bank	294,698	113,558	78,947	487,203	229,598
Bills payable other than with Federal Reserve Bank	474	17,616	52,981	71,071	85,258
Acceptances, letters of credit, and travelers' checks outstanding	277,193	146,665	17,898	441,756	390,900
National bank notes outstanding	51,140	177,692	451,099	679,931	673,728
Other liabilities	48,971	35,079	58,696	142,746	[2] 263,476
Total	8,497,414	7,115,026	8,458,025	24,070,465	23,078,045
Liability for rediscounts, including those with Federal Reserve Bank	205,448	229,295	141,942	576,685	571,917
Ratio of reserve with Federal Reserve Bank to net deposit liability (per cent)	14.9	11.1	7.7	11.3	11.4

[1] Includes items with Federal Reserve Banks in process of collection.
[2] Includes $132,633 United States and other securities borrowed.

Classification of loans and discounts of 449 State banks and trust companies, members of Federal Reserve system, as shown by their condition reports for May 10, 1918.

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

	District No. 1 (23 banks).	District No. 2 (63 banks).	District No. 3 (16 banks).	District No. 4 (26 banks).	District No. 5 (20 banks).	District No. 6 (30 banks).	District No. 7 (114 banks).	District No. 8 (23 banks).	District No. 9 (35 banks).	District No. 10 (16 banks).	District No. 11 (43 banks).	District No. 12 (40 banks).	Total U. S. (449 banks).
On demand not secured by collateral	21,366	38,287	6,205	6,293	1,204	3,950	11,179	10,271	1,258	2,757	557	4,031	107,358
On demand, secured by Liberty bonds and United States Treasury certificates of indebtedness.	2,775	14,735	672	1,147	298	313	4,488	2,093	33	103	22	333	27,012
On demand secured by other collateral	50,711	408,766	56,436	48,564	7,343	25,979	59,797	32,751	1,483	3,216	1,102	2,518	698,666
On time, not secured by collateral.	139,643	458,950	8,898	52,213	13,741	31,983	182,059	48,935	12,010	15,979	5,259	12,957	982,627
On time, secured by Liberty bonds and United States Treasury certificates of indebtedness.	10,485	62,544	1,943	6,751	876	3,596	14,078	2,596	516	425	275	335	104,420
On time, secured by other collateral	46,567	301,651	14,881	38,041	6,162	20,250	101,824	27,763	7,806	15,546	6,492	4,074	591,057
Secured by real estate mortgages or other real estate liens or deeds	26,621	38,261	2,866	44,851	3,607	7,653	93,497	18,040	6,448	6,963	1,981	4,677	255,465
Acceptances of other banks discounted	9,718	42,174	101	447	....	347	231	105	....	....	6	7	53,136
Acceptances of this bank purchased or discounted	1,178	20,474	....	160	95	1,548	1,054	272	....	....	....	....	24,781
Loans by foreign offices unclassified	....	34,186	....	....	....	....	....	....	....	....	....	....	34,186
Totals shown by reports	309,064	1,420,028	92,002	198,467	33,326	95,619	468,207	142,826	29,554	44,989	15,694	28,932	2,878,708
Net adjustments due to inclusion of rediscounts in loan classification by some banks and account failure by others to show any loan classification:													
Net deduction	2,815	5,699	220	100	1,088	1,773	1,609	121	....	931	....	....	....
Net addition	....	....	....	....	....	....	....	....	981	....	1,350	[1] 18,240	6,215
Total loans and discounts	306,249	1,414,329	91,782	198,367	32,238	93,846	466,598	142,705	30,535	44,058	17,044	47,172	2,884,923

[1] Large adjustment necessary on account of failure of two banks with loans aggregating $18,079,000 to give loan classification.

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