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FEDERAL RESERVE BANK OF CHICAGO

79 WEST MONROE STREET

Chicago, April 3, 1918.
Bulletin No. 105.

TO BANKS AND BANKERS
IN FEDERAL RESERVE DISTRICT NUMBER SEVEN:

Gentlemen:

We beg to call your attention to the following letter addressed by W. P. G. Harding, Governor of the Federal Reserve Board, received today, which is self-explanatory:

"The Board is advised by the Division of Issue and Redemption that redemptions of Federal reserve notes are running in very large amounts and that, in many instances, notes are sent in which are fit for circulation."

"The Board understands, of course, that there is a strong preference and demand for new bills, but in times like the present, when it is necessary to economize in all directions, it seems to me that the spirit of economy should be extended also to the use of currency. It is suggested therefore that Federal Reserve banks ask their member banks to continue to pay out Federal reserve notes as long as they are reasonably fit for use, and to refrain from sending notes to Washington for re-issue, unless they are so worn or soiled as to be actually unfit for circulation. The capacity of the bureau of Engraving and Printing is strained to the utmost, and the Board feels that the banks and the public can render a public service by acting upon this suggestion."

Very truly yours,

JAMES B. McDOUGAL,

Governor.