The Papers of Eugene Meyer (mss52019)

121_02_001-	Subject File, Federal Reserve Board, Reports, Miscellaneous, 1932-33

EUGENE MEYER

SUBJECT FILE

FEDERAL RESERVE BOARD
REPORTS, MISCELLANEOUS
1932-33

GENERAL ACCOUNTING OFFICE, OFFICE OF THE COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D. C.

SIR:

Receipt is hereby acknowledged of your affidavit under the act of December 11, 1926 (amended), re your appointment as a civil officer of the United States effective Sept 16, 1930

J. R. McCARL,

Comptroller General of the United States.

By E F Condon

* Eugene Meyer, Esquire,

Federal Reserve Board,

Washington, D.C.

* In this space officer will fill in his name and the address to which he wishes receipt forwarded.

10—1783

See also instructions on reverse side hereof.

RECEIVED MAR - 6 31 GAO

Date stamp of G. A. O.

FREE GOLD--MARCH 2, 1932

(Amounts in thousands of dollars)

Federal reserve bank	Calculation of free gold								Items reduction of which would increase free gold		
				Gold required				Free gold (Column 1 minus Column 7)	Own F.R.notes held by reserve bank	U. S. securities held	
	Total reserves	F. R. notes outstanding	Eligible paper pledged with agent	To be pledged as collateral (Column 2 minus Column 3)	Redemption fund (5% of Column 3)	Reserve against deposits*	Total (Columns 4, 5 and 6)			System investment account	Other
	1	2	3	4	5	6	7	8	9	10	11
Boston........	222,496	202,628	41,761	160,867	2,088	42,631	205,586	16,910	21,284	55,404	752
New York......	1,003,191	621,082	188,255	432,827	9,413	294,863	737,103	266,088	47,221	165,126	125,839
Philadelphia..	224,981	277,103	128,482	148,621	6,424	43,787	198,832	26,148	17,018	53,608	6,606
Cleveland.....	289,350	326,631	125,620	201,011	6,281	52,600	259,892	29,458	18,049	68,844	0
Richmond......	103,049	112,606	41,563	71,043	2,078	19,081	92,202	10,847	9,350	14,081	0
Atlanta.......	111,397	137,790	52,976	84,814	2,649	18,386	105,849	5,548	17,225	12,478	126
Chicago.......	656,904	616,263	81,399	534,864	4,070	89,510	628,444	28,460	50,347	86,048	21,598
St. Louis.....	109,170	97,434	21,238	76,196	1,062	21,354	98,612	10,558	3,906	27,496	501
Minneapolis...	73,464	70,575	14,632	55,943	732	15,223	71,898	1,566	1,505	20,003	7,632
Kansas City...	92,034	94,050	41,763	52,287	2,088	23,764	78,139	13,895	10,107	18,623	85
Dallas........	51,893	46,263	17,372	28,891	869	17,625	47,385	4,508	5,508	17,364	10,000
San Francisco.	207,426	285,536	147,499	138,037	7,375	53,159	198,571	8,855	47,953	47,741	0
Total....	3,145,355	2,887,961	902,560	1,985,401	45,128	691,985	2,722,514	422,841	249,473	586,816	173,139

* Includes reserves other than gold.

EXCESS RESERVES--MARCH 2, 1932

(Amounts in thousands of dollars)

Federal reserve bank	Calculation of excess reserves							Reserve ratio
	Total reserves	F.R.notes in circulation	Deposits	Required reserves			Excess reserves (Column 1 minus Column 6)	
				40% of F.R.notes in circulation	35% of deposits	Total		
	1	2	3	4	5	6	7	8
Boston........	222,496	181,344	121,803	72,538	42,631	115,169	107,327	73.4
New York......	1,003,191	573,861	842,467	229,544	294,863	524,407	478,784	70.8
Philadelphia..	224,981	260,085	125,106	104,034	43,787	147,821	77,160	58.4
Cleveland.....	289,350	308,582	150,285	123,433	52,600	176,033	113,317	63.1
Richmond......	103,049	103,256	54,518	41,302	19,081	60,383	42,666	65.3
Atlanta.......	111,397	120,565	52,531	48,226	18,386	66,612	44,785	64.4
Chicago.......	656,904	565,916	255,743	226,366	89,510	315,876	341,028	79.9
St. Louis.....	109,170	93,528	61,012	37,411	21,354	58,765	50,405	70.6
Minneapolis...	73,464	69,070	43,495	27,628	15,223	42,851	30,613	65.3
Kansas City...	92,034	83,943	67,896	33,577	23,764	57,341	34,693	60.6
Dallas........	51,893	40,755	50,361	16,302	17,625	33,927	17,966	57.0
San Francisco.	207,426	237,583	151,884	95,033	53,159	148,192	59,234	53.3
Total....	3,145,355	2,638,488	1,977,101	1,055,395	691,985	1,747,380	1,397,975	68.1

THE MONETARY SYSTEM OF THE UNITED STATES

* * * * * * * * * * *

A brief statement by the Treasury Department with reference to the various kinds of money in circulation in the United States.

April, 1932
Revised - ~~[illegible]~~

MONETARY SYSTEM OF THE UNITED STATES

In 1786 the Congress of the Confederation adopted as the monetary unit the dollar of 375.64 grains of pure silver. Following the inauguration of the present form of Government the Congress, by the act of April 2, 1792, established the first monetary system of the United States. Two units were adopted: the gold dollar, containing 24.75 grains of pure gold, and the silver dollar, containing 371.25 grains of pure silver. The ratio of gold to silver was 1 to 15. Both gold and silver were legal tender; the standard was double.

Various changes in the ratio were made from time to time until the act of February 12, 1873, which provided that the unit of value of the United States should be the gold dollar of the standard weight of 25.8 grains, 0.900 fine. The act of February 28, 1878, directed the coinage of standard silver dollars, and provided that they should be legal tender, at their nominal value for all debts and dues public and private except where otherwise expressly stipulated in the contract.

The act of March 14, 1900, declares that the dollar, consisting of 25.8 grains of gold 0.900 fine, "shall be the standard unit of value", and makes it the duty of the Secretary of the Treasury to maintain all forms of money issued or coined by the United States at a parity of value (i.e. equality of purchasing power) with this standard. This act also provides that nothing contained in the act shall be construed to affect the legal tender quality, as now provided by law, of the silver dollar or of any other money coined or issued by the United States. The Federal Reserve Act of December 23, 1913, reaffirms the parity provisions of the above act and the authority of the Secretary of the Treasury to borrow or buy gold in order to maintain such parity.

The money in circulation in the United States consists of gold, silver, nickel and bronze coins and various kinds of paper currency including bank notes. The coins are produced by the mints at Philadelphia, Denver, and San Francisco, while all the paper money is produced by the Bureau of Engraving and Printing at Washington. Both the mints and the Bureau of Engraving and Printing are under the Treasury Department.

Legal tender is a quality given a circulating medium by Congress and, possessing this quality, it becomes lawful money. Legal tender is money which a debtor may legally require his creditor to receive in payment of a debt, in the absence of any special agreement in the contract or obligation itself. Not all kinds of money possess legal tender qualities, yet all kinds circulate freely at par and are convertible into standard money.

Metallic Money

Gold coins: The gold dollar is the standard unit of value in the United States. Gold coins are now minted in denominations of $5, $10, and $20, termed respectively half eagles, eagles, and double eagles. The gold dollar weighs 25.8 grains in the proportion of 900 parts of pure gold to 100 parts of alloy. The coining value of a troy ounce of pure gold is $20.67183 and the coining value of a troy ounce of standard (0.900 fine) gold is $18.60465. The weight of $1000 in United States gold coin is 53.75 troy ounces, equivalent to 3.685 pounds avoirdupois. Gold coins, when not reduced in weight below the limit of tolerance fixed by law, are legal tender at their nominal or face value in payment of all debts, public and private, and when below such standard weight and limit of tolerance they are legal tender in proportion to their weight. Being standard money, gold coins are not redeemable, but may be exchanged for other forms of money, particularly gold certificates.

Standard silver dollars: The standard silver dollar contains 412.5 grains of silver 0.900 fine. The coining value in standard silver dollars of a troy ounce of pure silver is $1.2929, and the coining value of a troy ounce of standard silver is 1.1636. The weight of $1000 in standard silver (0.900 fine) dollars is 859.375 troy ounces, equivalent to 58.928 pounds avoirdupois. Standard silver dollars are legal tender at their nominal or face value in payment of all debts, public and private, without regard to the amount, except where otherwise expressly stipulated in a contract. Being standard money, standard silver dollars are not redeemable, but may be exchanged for silver certificates.

Subsidiary silver coins: The subsidiary silver coins issued are half dollars, quarter dollars and dimes. These coins are legal tender for amounts not exceeding $10 in any one payment. They may be presented in sums or multiples of $20 to the Treasurer of the United States for redemption or exchange into lawful money. They will also be received for redemption by the Federal reserve banks and branches.

Minor coins: Minor coins of nickel or bronze are issued in five cent pieces and one cent pieces. They are legal tender for amounts not exceeding twenty-five cents in any one payment. They may be presented for redemption or exchange under the same conditions as subsidiary silver coins.

The following table shows the denominations, fine metal and alloy content, and weight of the coins of the United States as at present issued:

Kind and Denomination	Fine gold silver or copper contained (grains)	Alloy contained(1) (grains)	Weight (grains)
Gold: (2)	Gold(3)	Copper	
Double eagle ($20)	464.40	51.60	516.00
Eagle ($10)	232.20	25.80	258.00
Half eagle ($ 5)	116.10	12.90	129.00
Silver:	Silver(3)	Copper	
Standard dollar	371.250	41.250	412.50
Half dollar	173.610	19.290	192.90
Quarter dollar	86.805	9.645	96.45
Dime	34.722	3.858	38.58
Minor coins:	Copper	Alloy	
Five cents(4)	57.87	19.29	77.16
One cent (5)	45.60	2.40	48.00

(1) The alloy neither adds to nor detracts from the value of the coin.
(2) The coinage of the gold dollar was discontinued by the act of September 26, 1890; of the quarter eagle($2.50) by the Act of April 11, 1930.
(3) Gold and silver coins contain 900 parts of pure gold or pure silver and 100 parts of copper alloy.
(4) Seventy-five per cent copper, 25 per cent nickel.
(5) Ninety-five per cent copper, 5 per cent tin and zinc.

Paper Money

There are seven kinds of paper currency in circulation in the United States: United States notes, gold certificates, silver certificates, Treasury notes of 1890, Federal reserve notes, National bank notes, and Federal reserve bank notes.

United States notes: United States notes are often referred to as "greenbacks" or "legal tenders". These notes were originally issued under authority of the acts of February 25 and July 11, 1862, and March 3, 1863. The highest amount outstanding at any time was $449,338,902 on January 30, 1864. This amount was gradually reduced until the act of May 31, 1878, which required the notes to be reissued when redeemed. Since that time the amount outstanding has remained $346,681,016.

United States notes are protected by a gold reserve of approximately $156,000,000 held in the Treasury. They are full legal tender for all debts, public and private, except duties on imports and interest on the public debt. Since the resumption of specie payments on January 1, 1879, however, these notes have been freely accepted in payment of customs dues and interest, or any other public dues. In the Tariff Act of 1930, collectors of customs may receive them in payment of duties on imports under regulations prescribed by the Secretary of the Treasury. They are redeemable in gold coin and will be received for redemption by the Treasurer of the United States or any Federal reserve bank or branch. United States notes may be issued in any denomination not less than $1. At the present time these notes are currently issued in denominations of $2 and $5, though notes of the denominations of $1, $10, $20, $50, $100, $500, and $1000 are outstanding.

Gold certificates: Gold certificates are issued against deposits of not less than twenty dollars in gold coin with the Treasurer of the United States, deposits of gold bullion or foreign gold coin in sums not less than one thousand dollars with the mints and assay offices, or against available gold in the general fund of the Treasury. Gold certificates may be obtained in payment of obligations of the United States payable in gold, in payment of checks issued by the mints and assay offices of the United States for deposits of gold bullion and foreign gold coin, in exchange for other forms of United States paper currency, or in the ordinary course of Government payments when paid out by the Treasurer or the Federal reserve banks. These certificates, payable to bearer on demand, are legal tender in payment of all debts and dues, public and private, and will be received by the Treasurer of the United States or by any Federal reserve bank for redemption in gold.

Gold certificates may be issued in any denomination not less than $10. The following denominations are now issued and outstanding: $10, $20, $50, $100, $500, $1,000, $5,000, and $10,000.

Silver certificates: Silver certificates are issued against deposits of standard silver dollars or available silver dollars in the general fund of the Treasury, and may be obtained in exchange for other forms of United States paper currency or in the ordinary course of Government payments, when available. These certificates are redeemable only in standard silver dollars and may be presented for redemption to the Treasurer of the United States or to any Federal reserve bank or branch. They are not legal tender but are receivable in payment of all public dues and when so received may be reissued. They may be held as lawful reserve by Federal reserve banks.

Silver certificates may be issued in the following denominations: $1, $2, $5, $10, $20, $50, and $100. However, there are still outstanding a few certificates of $500 and $1000 denominations issued prior to 1900. At the present time current issues of silver certificates are restricted to the $1 denomination.

Treasury notes of 1890: Treasury notes of 1890 were issued in payment of silver bullion purchased under the act of July 14, 1890, the so-called Sherman Act. The act also provided for the coinage of the silver purchased into standard silver dollars, and the Treasury notes were retired whenever redeemed in silver dollars. As provided in the act of March 14, 1900, these notes are canceled and retired whenever received and no more may be issued. Only a small amount remains in circulation ($1,263,150 on April 30, 1930). Treasury notes of 1890 are legal tender for all debts, public and private, except where otherwise expressly stipulated in the contract. They are redeemable in United States gold or in standard silver dollars, at the option of the holder, on presentation to the Treasurer of the United States or any Federal reserve bank. These notes were issued in denominations of $1, $2, $5, $10, $20, $50, $100, and $1000.

<u>Federal reserve notes</u>: The Federal Reserve Act, approved December 23, 1913, established the Federal Reserve System and provided for an elastic currency in the form of Federal reserve notes. Federal reserve notes are issued at the discretion of the Federal Reserve Board, through the Federal Reserve Agents, for the purpose of making advances to Federal reserve banks to supply currency requirements. Any Federal reserve bank requiring additional notes makes application therefor to its Federal Reserve Agent, who is a representative of the Federal Reserve Board. Such application must be accompanied by a tender of collateral in amount equal to the sum of the Federal reserve notes applied for. This collateral may consist of (1) gold or gold certificates, or (2) paper which has been discounted or purchased in the open market by the Federal reserve banks and which meets certain other requirements as set forth in the Federal Reserve Act, or (3) until March 3, 1933, direct obligations of the United States if so authorized by a majority vote of the Federal Reserve Board. Each Federal reserve bank is required to maintain a reserve in gold of not less than 40 per cent against its Federal reserve notes in actual circulation. The gold redemption fund maintained on deposit in the Treasury of the United States, which must be not less than five per cent of the Federal reserve notes issued less the amount of gold and gold certificates held by the Federal Reserve Agent as collateral security, may be counted as a part of the required 40 per cent reserve.

Federal reserve notes are ~~obligations of the United States and are re~~ceivable on all accounts by all Federal reserve banks, National banks and other member banks. They are also receivable for all taxes, customs, and other public dues. They are redeemable in gold on demand at the Treasury Department, in Washington, or in gold or lawful money at any Federal reserve bank; but are not legal tender.

Federal reserve notes are issued in the following authorized denominations: $5, $10, $20, $50, $100, $500, $1000, $5000, and $10,000.

National bank notes: Any National bank may issue National bank notes upon the deposit of certain prescribed United States bonds bearing the circulation privilege in trust with the Treasurer of the United States. The amount issued may not exceed the par value of the bonds so deposited, nor the amount of the capital stock of the issuing bank actually paid in. Each bank is required to maintain upon deposit at all times with the Treasurer of the United States lawful money equal to 5 per cent of its note circulation, the fund to be held and used for redemption purposes. National bank notes are obligations of the issuing bank, they are not legal tender, but are receivable for all public dues, and may be paid out by the Government for all purposes except interest on the public debt and for redemption of the National currency. They are receivable at par, for any debt or liability, by all National banks. They are redeemable upon demand in lawful money of the United States by the Treasurer of the United States and by the issuing bank. Payments in lawful money on account of redemption may also be effected through the Federal reserve banks and branches.

National bank notes are authorized to be issued in denominations of $1, $2, $5, $10, $20, $50, $100, $500, and $1000. Only a comparatively small amount of the $1, $2, $500, and $1,000 notes are outstanding, however, and at the present time these notes are currently issued in denominations of $5, $10, $20, $50, and $100.

Federal reserve bank notes: Federal reserve bank notes are identical in their legal attributes with National bank notes, except that the amount issued is not limited to the paid-in capital stock of the issuing Federal reserve bank. Money has now been deposited to retire all Federal reserve bank notes outstanding; and accordingly such notes are being retired when received by the Treasury or Federal reserve banks. On April 30, 1930, only $3,323,022 of these notes were outstanding in the following denominations: $1, $2, $5, $10, $20, and $50.

Money in Circulation

The total amount of United States money includes (1) that held in the Treasury, (2) that held in the Federal Reserve Banks, and (3) that otherwise held (in circulation). The principal changes in the total amount of money are occasioned through imports and exports of gold, and through issues and retirements of Federal reserve notes. If United States gold coin is imported, or if any other gold is imported and deposited in the Treasury or a Federal Reserve Bank, the money stock of the country is increased; on the other hand, if United States gold coin is exported, or if any other gold is withdrawn from the Treasury or a Federal Reserve Bank for export, the money stock is decreased. Federal reserve notes supply the elastic element to the currency system, and now constitute the major item of money in circulation.

The money in circulation is that part of the total money not held by the Treasury and the Federal Reserve Banks, and includes money held by the commercial banks, as well as money held by individuals and other for hand-to-hand transactions. A comparatively small amount of money is actually required for such transactions due to the use of bank checks against deposit credits for business operations.

The Treasury Department is frequently asked the question, "How does money get into circulation". There are many ways in which money gets into active circulation or is retired therefrom. Generally speaking, the amount of money in circulation increases or decreases automatically in accordance with the demands of business. Changes in currency requirements are reflected in changes in the demand for currency at commercial banks and at Federal reserve banks. When the public need for currency increases, commercial banks are called upon to meet increased withdrawals, obtaining needed additional currency directly or indirectly from reserve banks. Similarly, when the currency requirements of the public diminish surplus cash is deposited in commercial banks and ultimately finds its way back to the reserve banks. Currency may move into and out of the reserve banks chiefly in response to (1) changes in member bank borrowings at Federal reserve banks, and (2) deposits in or withdrawals from member banks reserve accounts at Federal Reserve Banks. Relatively small amounts of currency move into and out of circulation as a result of direct currency transactions between Federal Reserve Banks, or the Treasury, and the public.

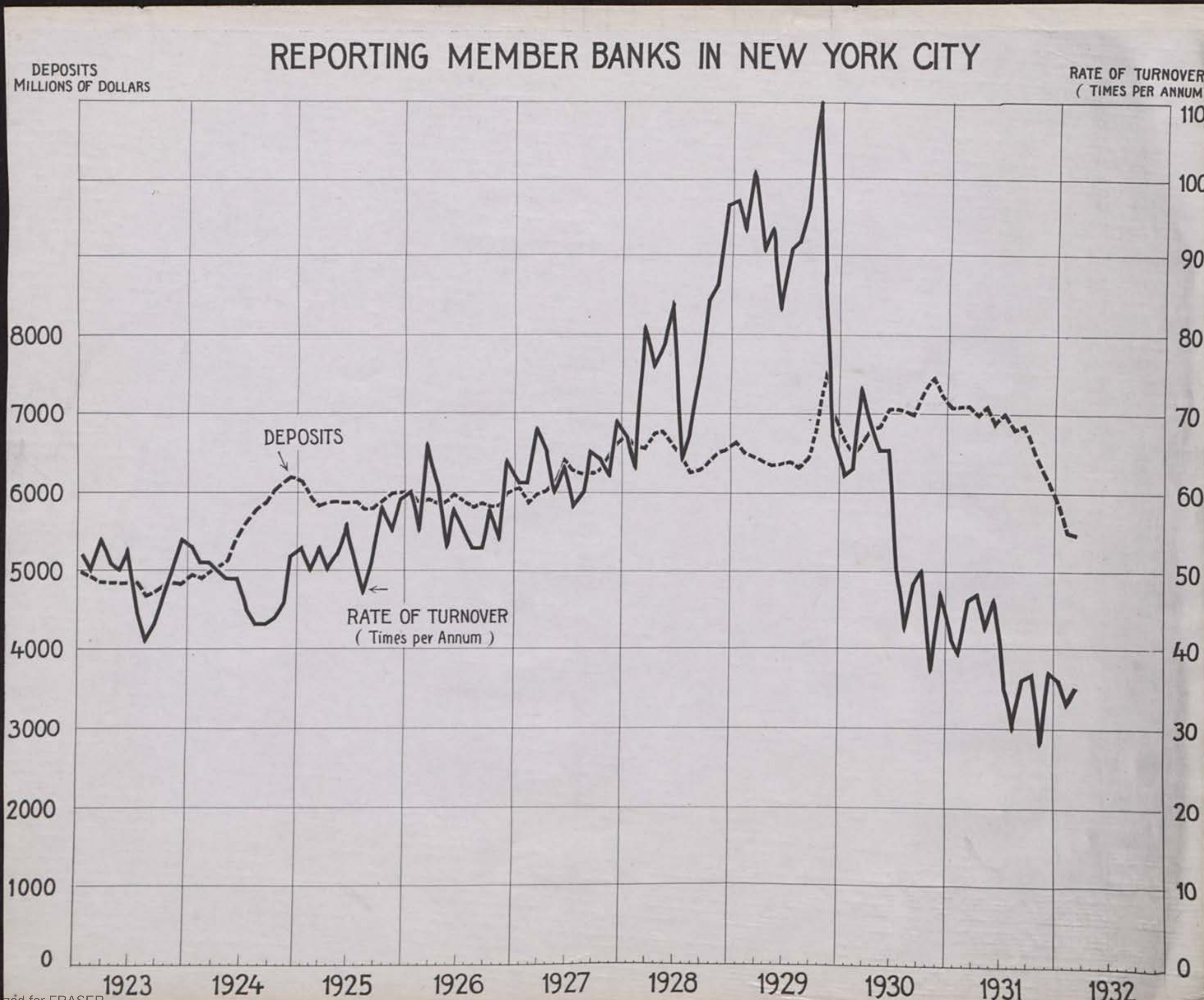
Reduced-Size Currency.

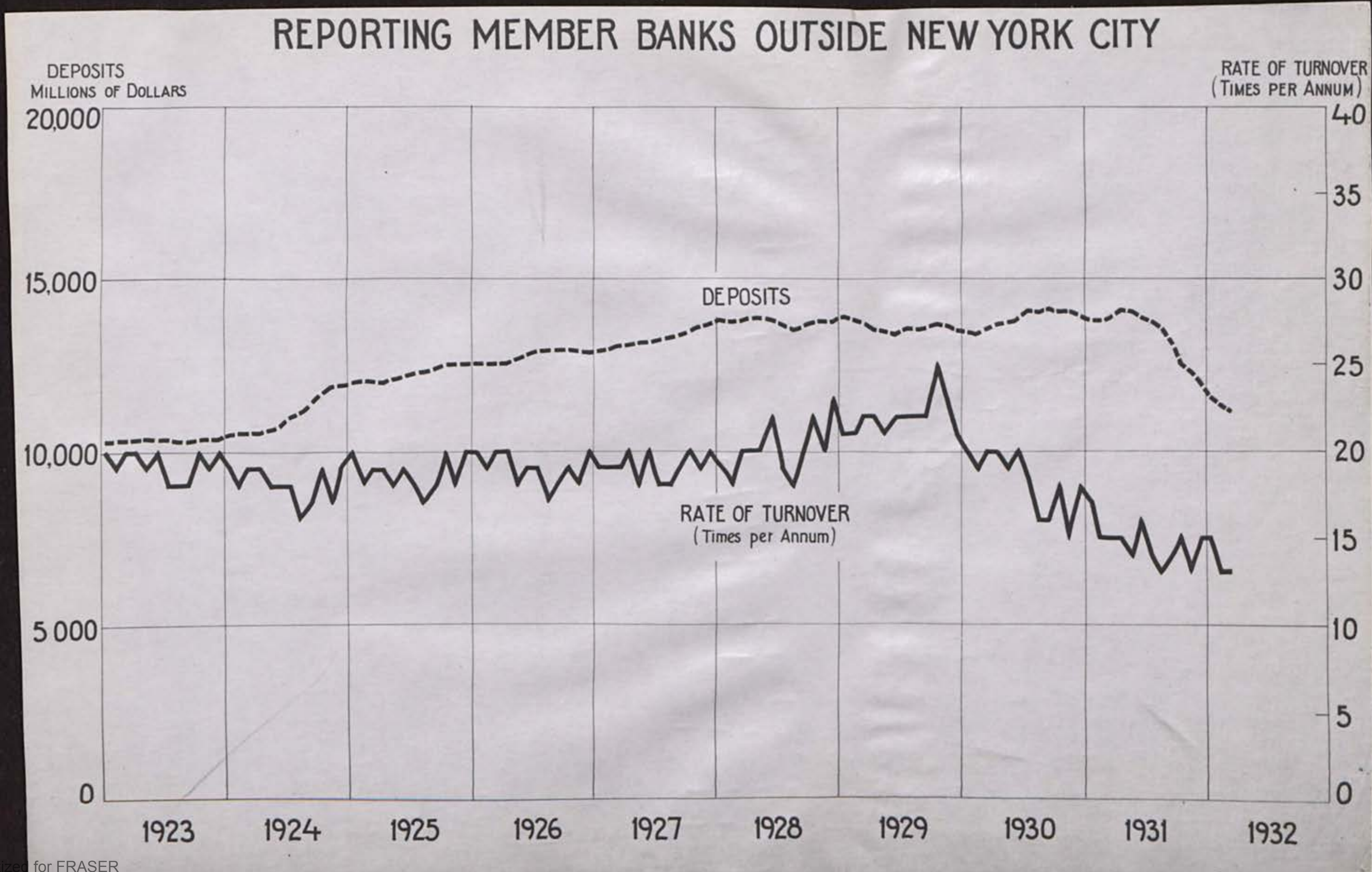
Reduction in size and new designs for all paper currency issues were made effective in 1929. The new small-size currency is termed NEW SERIES; the former old-size currency, OLD SERIES. The validity of old series currency outstanding in circulation is not affected by the issue of the new series currency. Old series currency received by the Treasury or Federal Reserve Banks is canceled and retired.

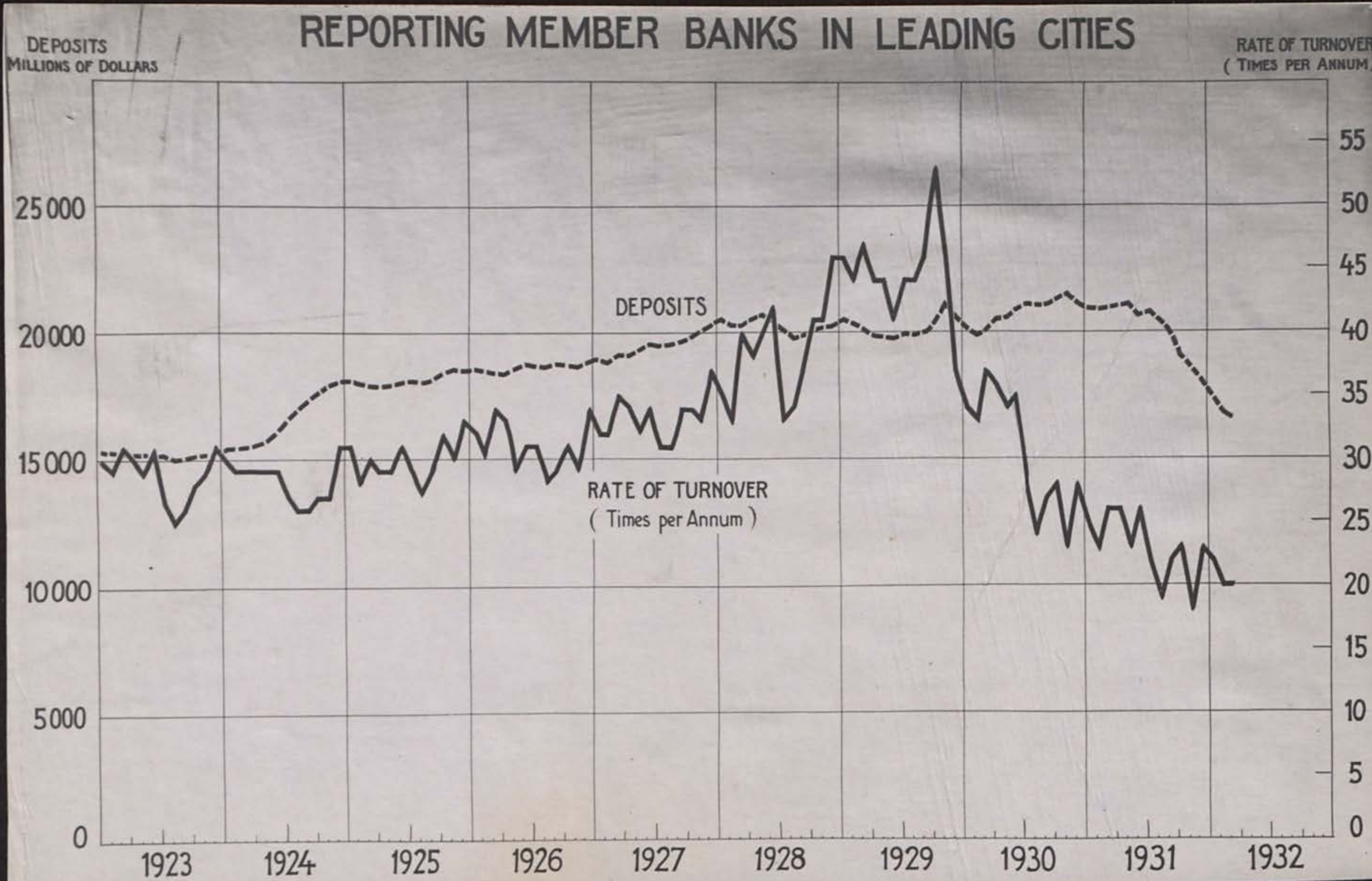
For the new series currency the principle of denominational designs has been stricly followed. The back designs are uniform for each denomination irrespective of kind; the face designs likewise are characteristic for each denomination as regards the important protective features with only sufficient variation in detail to indicate the kind. Five kinds of paper currency are now issued - United States notes, silver certificates, gold certificates, Federal reserve notes and National bank notes. The portraits assigned to the faces, the embellishments provided for the backs of the several denominations, the denominations in which each of the five kinds are now issued, together with the color of the Treasury seals are stated below:

Denomination	Portrait on face	Embellishment on back
$1	Washington	Ornate ONE
$2	Jefferson	Monticello
$5	Lincoln	Lincoln Memorial
$10	Hamilton	U.S.Treasury
$20	Jackson	White House
$50	Grant	U.S.Capitol
$100	Franklin	Independence Hall
$500	McKinley	Ornate FIVE HUNDRED
$1,000	Cleveland	Ornate ONE THOUSAND
$5,000	Madison	Ornate FIVE THOUSAND
$10,000	Chase	Ornate TEN THOUSAND

Silver certificates - blue seals - $1
United States notes - red seals - $2, $5
Gold certificates - yellow seals - $10,$20,$50,$100,$500,$1000,
$5000,$10,000
Federal reserve notes - green seals - $5,$10,$20,$50,$100,$500,
$1000,$5000,$10,000
National bank notes - brown seals - $5,$10,$20,$50,$100


REPORTING MEMBER BANKS IN NEW YORK CITY
DEPOSITS
MILLIONS OF DOLLARS
RATE OF TURNOVER
(TIMES PER ANNUM)
DEPOSITS
RATE OF TURNOVER
(Times per Annum)
0
1000
2000
3000
4000
5000
6000
7000
8000
0
10
20
30
40
50
60
70
80
90
100
110
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932


REPORTING MEMBER BANKS OUTSIDE NEW YORK CITY
DEPOSITS
MILLIONS OF DOLLARS
RATE OF TURNOVER
(TIMES PER ANNUM)
20,000
15,000
10,000
5 000
0
40
35
30
25
20
15
10
5
0
DEPOSITS
RATE OF TURNOVER
(Times per Annum)
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932



REPORTING MEMBER BANKS IN LEADING CITIES
DEPOSITS
MILLIONS OF DOLLARS
RATE OF TURNOVER
(TIMES PER ANNUM)
DEPOSITS
RATE OF TURNOVER
(Times per Annum)
25000
20000
15000
10000
5000
0
55
50
45
40
35
30
25
20
15
10
5
0
1923
1924
1925
1926
1927
1928
1929
1930
1931
1932

Prepared by Mr. Angell
March 11, 1933.

TREASURY REGULATIONS GOVERNING FOREIGN EXCHANGE TRANSACTIONS.

Under authority contained in the Proclamation of the President dated March 6, 1933, as extended by the Proclamation dated March 9, 1933, and the authority contained in the Executive Order of March 10, 1933, the Secretary of the Treasury, with the approval of the President, issues the following regulations governing transactions in foreign exchange.

1. All transactions in foreign exchange, transfers of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States) and transfers of evidences of indebtedness between the United States and any foreign country are hereby prohibited, except such transactions or transfers as may be undertaken-

(a) for legitimate or normal business requirements

(b) for reasonable traveling and other personal requirements, and

(c) for the fulfilment of contracts entered into prior to March 6, 1933.

2. Each Federal reserve bank is hereby authorized to regulate, supervise and control all foreign exchange transactions within its district. In carrying out such regulation and supervision, each Federal reserve bank shall be governed by these regulations and the purpose of the limitations imposed above upon foreign exchange transactions.

b

3. In case any Federal reserve bank shall be in doubt as to whether a particular transaction comes within, these regulations, such Federal reserve bank shall advise and consult with the Federal Reserve Bank of New York with a view of accomplishing substantial uniformity in carrying out these regulations.

4. Each Federal reserve bank shall obtain daily (or weekly) written reports from all dealers in foreign exchange carrying on foreign exchange transactions within its district, which report shall show the condition of such dealer at any given time.

5. Each Federal reserve bank shall assemble all such reports received from dealers in foreign exchange within its district and shall transmit such reports to the Federal Reserve Bank of New York, which bank shall tabulate such reports and submit such tabulations to the Federal Reserve Board in Washington.

6. If any violation of the requirements of the executive order of March 10, 1933, in respect of foreign exchange transactions, or of these regulations, shall come to the attention of any Federal reserve bank, such Federal reserve bank shall immediately notify the dealer involved of the alleged violation and shall immediately make a report of such violation to the Federal Reserve Board in Washington, forwarding such information and suggestions as it may deem advisable, and shall in addition make a formal recommendation

as to whether or not such dealer in foreign exchange shall be permitted to engage in any further foreign exchange transactions. Upon the receipt of such report, the Federal Reserve Board shall consider the alleged violation, and, depending upon the nature of the violation, it may within its discretion, with the approval of the Secretary of the Treasury, prohibit the dealer from engaging in any further foreign exchange transactions, or it may require that the dealer shall not thereafter engage in any foreign exchange transaction unless in each instance he shall have first submitted the nature of the transaction to the Federal reserve bank and shall have received the approval of such Federal reserve bank.

7. The word "person" in these regulations means any individual, partnership, association or corporation; a "dealer in foreign exchange" means any person engaged primarily or incidentally in the business (1) of buying, selling or dealing in foreign exchange, or (2) of buying, selling or dealing in securities <u>for</u> or <u>through</u> foreign correspondents, or (3) any person who carries accounts or securities <u>with</u> or <u>for</u> foreign correspondents; and the term "foreign exchange" means checks, drafts, bills of exchange, cable transfers, or any form of negotiable or assignable instrument, or order used (a) to transfer credit or to order the payment of funds in any foreign country, or (b) to transfer credit or to order the payment of funds within the United States for foreign account.

Prepared by Mr. Angell
March 11, 1933

TREASURY REGULATIONS GOVERNING THE EXPORTATION OF GOLD COIN, GOLD BULLION AND GOLD CURRENCY.

By Executive Order dated March 10, 1933, it was provided:

> "Until further order, no individual, partnership, association, or corporation, including any banking institution, shall export or otherwise remove or permit to be withdrawn from the United States or any plaçe subject to the jurisdiction thereof any gold coin, gold bullion, or gold certificates, except in accordance with regulations prescribed by or under license issued by the Secretary of the Treasury."

Pursuant to the above authority, the Secretary of the Treasury has issued the following regulations:

1. No gold coin, gold bullion or gold certificates shall be exported from the United States or from any place subject to the jurisdiction thereof, nor shall be earmarked for foreign account, unless a license shall have first been obtained from the Federal Reserve Board with the approval of the Secretary of the Treasury.

2. Any person desiring to export gold coin, gold bullion or gold certificates or to earmark such for foreign account shall make application on forms to be supplied by the several Federal reserve banks. Such application shall be filed with the Federal reserve bank of the district in which such person has his principal place of business, or where the transaction requiring the shipment originates. Upon the receipt of any such application, the Federal reserve bank so receiving it shall transmit such application to the Federal Reserve Board in Washington, together with such information as it may believe necessary or proper, and shall in addition make a

formal recommendation as to whether or not in its opinion the exportation or earmarking should be permitted.

3. The application for permission filed with a Federal reserve bank shall be in triplicate. It shall state under oath and in detail the nature of the transaction, the amount involved, the parties directly or indirectly interested, and such other information as may indicate whether the exportation or earmarking will be compatible with the public interest. Federal reserve banks shall retain a record copy and shall forward the original application and a duplicate to the Federal Reserve Board in Washington.

4. Upon the receipt of any such application and the recommendation of the Federal reserve bank forwarding it, the Federal Reserve Board, if in its opinion the exportation or earmarking is compatible with the public interest, shall, with the approval of the Secretary of the Treasury, issue a license for such exportation or earmarking. Any license when authorized shall be transmitted to the Federal reserve bank from which the application has been received and such Federal reserve bank shall deliver such license to the applicant.

5. If the Federal Reserve Board shall refuse to grant any license, it shall so advise the Federal reserve bank forwarding the application, and such Federal reserve bank shall notify the applicant.

Friedman's RUSSIA

Copies to

Dr. Goldenweiser
Miss Kate Meyer for Madeira School
R. C. Engberg
D. C. Elliott

Dr. Miller

~~Mr. Cooksey~~

~~Chubb~~

~~Marr~~

Harrison

Ballantyne

Douglas

Morrill

Wyatt

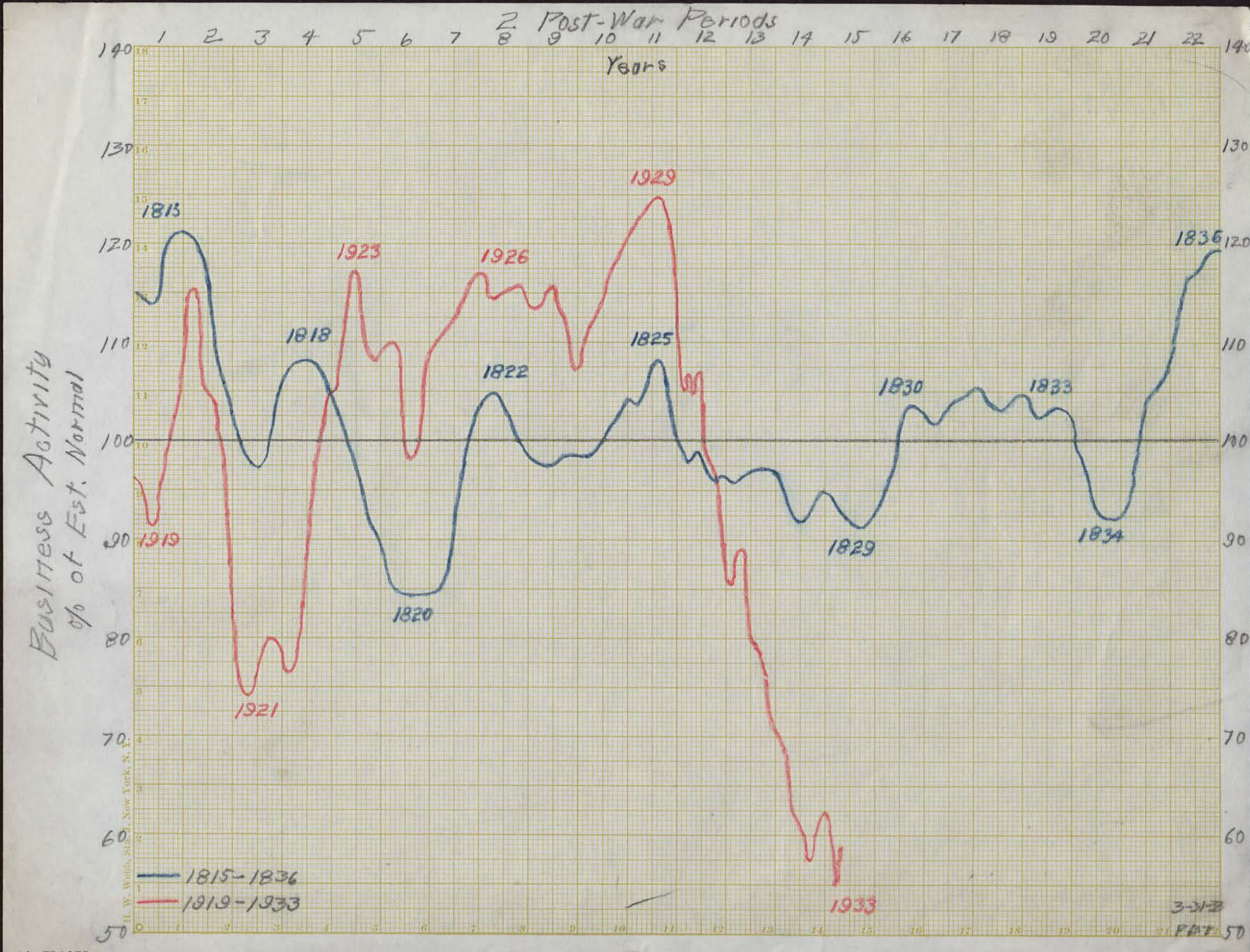
James W Angell

1. Announcement of general Federal government guarantee of all deposits of banks solvent at date. For insolvent banks the guarantee to be in ratio of reasonable market value of assets to deposit liabilities.

2. Guarantee to take specific form of interest free currency loans handled through Reconstruction Finance Corporation. Currency to be obtained from Federal reserve banks and if necessary by Treasury printing of unsecured notes. Loans to be made up to fifty per cent of deposit liabilities at once. Balance of total permissable in each case to be made within say three or four weeks of date and after appraisal of assets by local reserve bank authorities.

3. Guarantee to be accompanied by provision for repayment of loans in currency as and when currency returns to banks in excess of estimated reasonable till requirements.

4. Suspend gold exports and internal gold payments only if reserve position absolutely compels.



2 Post-War Periods
Years
Business Activity
% of Est. Normal
1815
1818
1820
1822
1825
1829
1830
1833
1834
1836
1919
1921
1923
1926
1929
1933
1815-1836
1919-1933
3-31-33

For information on business and banking conditions and credit policy while Mr. Meyer was Governor of the Federal Reserve Board see the Federal Reserve Bulletins for 1930-31-32- 33. Discussions of gold movements, and their effects; open market policy; prices, money rates.

In supplementary files see also office correspondence and memoranda of the Federal Reserve Board and articles throwing light on current problems. Also N.Y. Federal Reserve Bank reports to Federal Reserve Board and office correspondence and reports of N.Y. Federal Reserve Bank.

And communications from the Department of State on German debt negotiations (1931) and reparations payments. Also data on operations of Bank for International Settlements and standstill agreement between Austrian banks and American and British creditors (1933).

The supplementary files also contain reports received by Governor Harrison of the N.Y. Federal Reserve Bank on the German situation in 1931 -32 and reports received by Governor Meyer of the Federal Reserve Board on Germany, France and Russia.

See Supplementary files for letters and telegrams of congratulation on confirmation of appointment.