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STATEMENT FOR THE PRESS

Washington, March 3, 1918.

The Chairman of the Capital Issues Committee of the Federal Reserve Board, when seen today, stated that the work of the Committee had received a decided impetus during the past week. Applications are being received in greater volume than ever and are receiving the greatest possible despatch in consideration. He expressed the desire, however, that in view of the fact that instructions were now being distributed widely in all districts, prospective applicants should prepare and submit their applications as far in advance of the date of issue or sale as practicable; adding that the Committee had been considerably pushed to comply with the many requests that had been received for immediate telegraphic consideration of issues the sale of which was imminent or the necessity of prompt action upon which was necessary to meet maturing debts. While, in a number of cases, the Committee so far has been able to meet such requests, it will not be possible in the future to undertake to give advice as to the compatibility of the large issues of securities coming before it without having received the complete information specified in its memorandum of instructions to applicants. Even then it will be very often necessary to refer applications to the sub-committees for further investigation and report. Applicants are requested, therefore, to afford the Committee as much time as possible for the intelligent consideration of contemplated issues.

Many applicants have inquired as to the reasons for the activities of the Committee. In reply, the Committee has, as a rule, stated its policy as follows:

"It is only by subordinating local and personal interests to the public welfare, and by enforcing the most rigid economy in matters of public and private enterprise, as well as in matters of personal expenditure, that the United States can 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 its own resources."

Attention has furthermore been drawn to a statement in this connection made by Secretary McAdoo reading as follows:

"We are engaged in a great war, a war in which the very safety of America is seriously imperilled. We cannot win this war unless every resource of the nation is carefully

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husbanded and used with the utmost intelligence. The great financial operations of the Government, greater than those ever undertaken by any government in the history of civilization, make it essential that every unnecessary expenditure by the government, by the states and municipalities, and by private corporations and individuals be avoided while the war is in progress. Unless this is done it will be impossible for the people of the United States to furnish the money which the government must have to support its soldiers and sailors who are shedding their blood for us upon the battle-fields."

It has been most encouraging to see the hearty response that has been made to the call for cooperation in the Committee's work. The Chairman stated that in addition to the resolutions heretofore announced as being adopted by the League of Kansas Municipalities, the New York Stock Exchange, and the Richmond (Va.) Real Estate Exchange, the American Bankers' Association and the Secretaries and Officers of the Central States Banking Association (the latter representing fifteen central States) have also adopted resolutions indorsing the aims and purposes of the Committee. Similar resolutions are being adopted by the Investment Bankers Association.

The Chamber of Commerce of Boston has adopted the following resolution:

"Your committee, therefore, recommends that the Board of Directors of the Chamber bring to the attention of the Governor of Massachusetts the urgent need for economy in municipal financing and requests His Excellency to make public a proclamation urging all cities and towns within the Commonwealth to refrain from incurring expenditures and indebtedness for purposes other than those imperatively necessary at this present time of national stress."

In response to inquiry by the Chairman, the Director of Steel Supply of the War Industries Board stated:

"We are certainly in sympathy with Secretary McAdoo's appeal for cessation of building operations. We do not feel that it would result in the hardship to labor as generally supposed, as many of the most essential industries are running with greatly reduced forces, and we believe labor would be diverted to more important uses.

As regards the steel situation, would state that the supply of structural steel is ample for all purposes, but owing to the curtailment of operations of blast furnaces and steel mills, due to shortage of fuel and inadequate transportation, the pig iron situation is becoming acute and any material increase in building operations would complicate an already bad situation in this line. Many of the important mills of the country, including the plate mills, are having the greatest difficulty in secur-

ing sufficient iron to keep their plants operating, and as every one appreciates the necessity of plates in ship-building, it is obvious that any iron put into structural work which could be utilized to turn out ship plates, would seriously interfere with the successful prosecution of the war. We personally think that everything should be done to discourage any structural work or unnecessary work at the present time."

The Committee and its Advisory Committee have had two very interesting and helpful conferences during the course of this week, one with the chairmen of the various sub-committees on capital issues and the other with the War Committee of the National Association of Public Service Commissioners, representing the public service commissions of the United States. This committee was represented by Messrs. Max Thelen, of California, Chairman, Ralph W. E. Donges, of New Jersey, Joseph B. Eastman, of Massachusetts, Frank H. Funk, of Illinois, Travis H. Whitney, of New York, Edward C. Niles, of New Hampshire, and Charles E. Elmquist, Secretary. Members of the Capital Issues Committee were delighted to find that while these Commissioners naturally had to take into consideration their local conditions and requirements they were guided in doing that by the same motives that prompt the actions of the Capital Issues Committee. They expressed in no uncertain terms their fullest appreciation of the national needs at this time, and members of the Capital Issues Committee have no doubt that the foundation has been laid for a most fruitful cooperation between the representatives of the State and municipal interests on the one hand and those acting at this time purely from the national point of view. Measures along these lines are in course of preparation and it is expected that results will be announced shortly.

In opening the conference with the Chairmen of the Sub-Committees the Chairman of the Capital Issues Committee took occasion to read to them the following resolution adopted by the Committee:

"This Committee will not express an opinion either of approval or of disapproval in matters of new capital issues below the minimum heretofore fixed, but will advise the local sub-committees to discourage non-essential undertakings irrespective of the amount wherever practicable."

and the Chairmen of the Sub-Committees were requested to urge upon the members of their permanent and auxiliary committees the necessity of suppressing at the source all unnecessary expenditures at this time, even though such expenditures be

below the minimum now set by the Committee. He cited the instance of a very effective piece of work on the part of an auxiliary committee member who, upon his own initiative, appeared before the public debt commission of a certain city and, upon a simple patriotic appeal, caused that commission to reduce a contemplated issue of securities from \$3,000,000 to \$1,000,000. If such effective results can be obtained by such simple and direct methods by the single handed action of an individual, even where the amount involved was so large, what might not be accomplished in the thousands of cases of unnecessary expenditures of amounts not coming within the purview of the Committee at the present time?

The Chairman stated to the conference that the following rules of procedure with respect to the handling of applications had been adopted by the Advisory Committee:

Applications should be made in duplicate and, whenever possible, should be filed with and received by the proper sub-committee, one copy being retained by the sub-committee and the other sent to the Capital Issues Committee when complete;

The sub-committee shall be requested to see that the form of the application is sufficient and that the information furnished complies with the requirements of the general instructions;

The sub committee to be requested to defer investigation and the formulation of any recommendation until requested by the Advisory Committee.

The Chairmen of the Sub Committees generally reported a most satisfactory condition of hearty cooperation in every district on the part of municipalities, bankers, brokers and others. Some of them, however, stated that in some rare cases the unfortunate attitude had been taken by certain prospective applicants of heeding peace propaganda and looking upon the Committee's work as a temporary expedient that would soon become obsolete upon the declaration of a not very distant peace. The Chairman emphasized the obvious fallacy of such belief and stated that in all districts determined efforts should be made to overcome the pernicious tendencies of such an attitude.