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FEDERAL RESERVE BOARD

WASHINGTON

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SHERMAN P. ALLEN, ASST. SECRETARY
AND FISCAL AGENT

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

March 8, 1918.

Dear Sir:

For statistical purposes the Federal Reserve Board desires, during the next three or four months, covering the period of heavy payments on account of income taxes and Liberty Loan subscriptions, to keep in close touch with the movement of credits between the Federal Reserve districts.

With this in view, it desires, beginning Monday, March 18th, to obtain from each Federal Reserve bank a daily record by telegraph of the total footings of checks drawn on Federal Reserve city banks which are sent by it to the other eleven Federal Reserve banks for credit. For the present it is not desired to have these telegraphic statements include the amount of checks sent to a Federal Reserve bank on points outside of the city in which the Federal Reserve bank is located. Checks sent to branches of Federal Reserve banks which are drawn on banks in the city where the branch is established, should be included in the sum total as though sent direct to the head office. Branches of Federal Reserve banks are requested to report by telegraph each evening to the Federal Reserve Board at Washington the total footings of checks sent by them to the eleven Federal Reserve banks and to the branches outside of their own district, the footings however, to include only checks drawn on banks in Federal Reserve cities and in cities where branches are located. Branch banks need not make any report of checks sent by them to their own Federal Reserve bank or to any other branch of the Federal Reserve bank in their own district.

In order that these daily reports may be complete, the Federal Reserve banks and branches are requested to include in their figures the totals of checks sent by any member banks in their respective cities which are sent direct to Federal Reserve banks or branches of other districts, in each case however, confining the figures to checks drawn on banks in the city where the Federal Reserve bank or branch thereof is located. It will not be necessary to furnish the exact figures and in order to avoid any necessity of sending these reports in code the telegram may be sent as an open message, in even figures, with five ciphers omitted; thus \$100,000 will be reported as "one", \$1,500,000 will be reported as "fifteen", etc.

A hypothetical case may be stated as follows: Suppose the Federal Reserve Bank of Boston is sending to the Federal Reserve Bank of Cleveland and to its branches in Pittsburgh and Cincinnati, items as follows:

\$1,500,000 in checks on Cleveland city banks
 2,000,000 in checks on Pittsburgh city banks
 1,000,000 in checks on Cincinnati city banks

a total of \$4,500,000 sent to the Federal Reserve Bank of Cleveland for credit of the Federal Reserve Bank of Boston. Let us assume, however, that in addition to this \$4,500,000 sent direct by the Federal Reserve Bank of Boston, the Federal Reserve Bank is advised by member banks in Boston that they have sent direct to the Federal Reserve Bank of Cleveland and its branches, for credit of the Federal Reserve Bank of Boston

\$1,000,000 to Cleveland
 1,000,000 to Pittsburgh
 300,000 to Cincinnati

making a total of \$2,300,000 sent direct by Boston banks for the credit of the Federal Reserve Bank of Boston, (these checks being drawn exclusively on banks located in the three cities above named).

In addition to the above there have been sent in the form of telegraphic transfers, \$500,000 to Cleveland. The total sendings, therefore, by Boston have been \$4,500,000 direct, \$2,300,000 by member banks and \$500,000 by telegraphic transfers, making a total of \$7,300,000, which would be reported in the telegram to the Federal Reserve Board as "Sent Cleveland Seventy-three."

As the Federal Reserve Bank of Cleveland cannot include in its report the direct sendings of Pittsburgh and Cincinnati, it will be necessary for the branches in those cities to report their direct sendings to other Federal Reserve banks and branches outside of their own district. These amounts will be added to the aggregate of the Cleveland footings by the Federal Reserve Board in Washington.

This plan will enable the Federal Reserve Board to have a tabular view of the daily interchange of checks between each Federal Reserve bank. While the country bank items will not be included in these totals, it is reasonable, in view of the much larger volume of checks drawn on the Federal Reserve cities, to assume that a very fair idea of proportions in the currents of exchange will be obtained. The figures will be charted and valuable information will be gained as to the extent of offsets.

Please bring this letter to the attention of the Governor, with request that he give necessary instructions to the proper department of the bank in order that the information desired may be regularly furnished the Board, beginning with the transactions of March 18th.

Very truly yours,

The Chairman of the Board,
 Federal Reserve Bank,

Governor.

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Release for the morning ;
papers of March 10, 1918.

STATEMENT FOR THE PRESS

Washington, March 9, 1918.

The Capital Issues Committee has received copies of the following resolutions, which are typical of the spirit with which it meets in its efforts to restrict or to curtail as far as possible issues not absolutely essential at this time:

(By the Investment Bankers Association of America):

"WHEREAS, the Board of Governors of the Investment Bankers Association of America has already heartily endorsed the plan for the supervision of Capital Issues which is now in operation, Resolved, That it is the sense of this Board that no member of this Association should buy or sell or offer for sale except subject to the final approval of the Capital Issues Committee any securities which come within the scope of the Capital issues Committee Regulations unless the issuance of such securities first shall have been approved by that Committee."

(By the American Bankers Association)

"WHEREAS, The Secretary of the Treasury requested the Federal Reserve Board to take up the question of a limitation of the issues of new securities throughout the United States along the lines of the conservation of capital for the prosecution of the war - that is to say, to limit so far as possible the issue of new securities for non-essential purposes, in order that essential financing including the government financing itself can be made possible, and

"WHEREAS, pursuant thereto, the Federal Reserve Board has named Mr. Warburg, Mr. Delano and Mr. Hamlin on a Committee to be known as the Capital Issues Committee,

"NOW, THEREFORE, Be it Resolved, That we, the Administrative Committee of the American Bankers Association, are in full accord with this movement and give it

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our hearty and unqualified support, and further, that we recommend to the members of the American Bankers Association that they also extend their hearty support in carrying out the purposes for which the Capital Issues Committee was appointed."

The Chairman stated that the Committee had been asked to consider applications with respect to the issue by municipalities of notes running for one year or less issued for current expenses in anticipation of tax payments, and that the Committee does not consider that such issues come within its purview.