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For release in morning papers of Wednesday, March 13, 1918.

STATEMENT FOR THE PRESS.

The Federal Reserve Board today sent the following telegram to the Chairmen of the Boards of the Federal Reserve Banks:

"Board is anxious to have you watch situation in your district with respect to competition for deposits through advancing interest rates, with view of getting banks contemplating advances to defer action and of inducing these who are paying more than normal rates to reduce them. Board feels that Government financing should have right of way and that reserve strength of banks would be increased by encouraging the public to invest in Treasury certificates of indebtedness and Liberty bond issues rather than by banks competing for these funds and thus necessitating heavy investment in these securities for their own account. Wide distribution of Government issues is most important. Deposits throughout the country show general tendency to increase in volume and there seems to be no good reason to increase rates of interest paid for them, thus adding to cost of money. Transfer of balances from one bank to another does not add anything to the strength of banking position as a whole. Board urges that broad national view be taken of this question. In view of approaching Liberty bond campaign, sharp, nationwide contest between banks for deposits would be particularly unfortunate. New York Clearing House yesterday unanimously adopted this resolution:

'Resolved, that this association wishes to record that any general campaign for deposits at increasing and competitive rates of interest inasmuch as such action is disturbing throughout the nation and does not add to the collective strength of banking resources, is at this time improper and should not be undertaken by any institution.' It is expected that New York Clearing House will reach definite agreement within next ten days or two weeks. In meanwhile interior banks are advised against hasty and ill considered action. Please bring this telegram to the attention of banks in your district with view of ascertaining their views and of enlisting their cooperation.

HARDING. "