

## F E D E R A L R E S E R V E B O A R D

## STATEMENT FOR THE PRESS

For Release in Morning Papers,  
Monday, May 2, 1921.

The following is a review of general business and financial conditions throughout the several Federal Reserve Districts during the month of April, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Complete business recovery is proving to be slower than was predicted by many observers at the close of the year 1920. The expectations of many that the spring of 1921 would see economic and business readjustment fairly completed have not been realized. The month of April has, however, given evidence of the development of an improved feeling in many sections of the country with regard to the business situation and outlook. While there is still much uncertainty as to when the readjustment now in process may be expected to reach its end, and while the business situation in some sections of the country and in some fields of industry is still beset with difficulties, some of the recent factors of uncertainty are either being eliminated or are of diminishing importance. Moreover, increasing appreciation of the nature of the readjustment process in business circles and in the community at large is focusing attention upon the factors that are delaying business recovery and is promoting discussion with a view to removing obstacles and expediting recovery.

The point upon which the business situation has pivoted since the recession movement began last autumn has been prices. The fall of wholesale prices, which has been continuous and at times precipitate in recent months (especially for the agricultural-raw materials group), appears

to be in process of arrest. At any rate, many wholesale prices have shown a greater degree of stability during the month of April. Prices of many basic commodities have shown, both by general index numbers and by reports from the several Federal Reserve Districts, less sensitiveness than during the preceding month. This fact is being recognized by buyers, who are showing an increasing disposition to regard present price levels as a satisfactory basis for dealings.

Among the factors that are retarding readjustment are retail prices, high transportation charges, wages, and the relatively high prices of such highly important requisites of production as coal and steel. The most important immediate point at which the readjustment process appears to be "sticking" is the retail price situation.

Wage employment conditions were recently made the subject of a special inquiry by the Federal Reserve Board. While the inquiry shows that labor is participating in the process of readjustment, the participation has been uneven as between different sections of the country, as between different lines of industry, and as between different groups of labor. Wage readjustment has been greater among unskilled workers and those not possessed of a strong trade organization, and especially in sections of the country whose industries have felt in a peculiarly high degree the effects of readjustment.

AGRICULTURE. The agricultural situation during the month may be characterized as generally favorable. The unseasonable cold wave which swept over the country about April 1st did some injury to the spring wheat, but had very little effect upon the winter wheat. Thus in District No. 11, (Dallas), it is stated that "reports from the wheat belt are generally satisfactory, and indicate that the crop is in excellent condition", and in District No. 8, (St. Louis), "little damage was done to winter wheat by the recent low temperature." However, the cold wave checked the ravages from the pests which had been prominent because of the especially mild winter and very little further trouble is contemplated. The condition of winter wheat on April 1st as reported by the Bureau of Crop Estimates of the United States Department of Agriculture, was 91.0 per cent as compared with 75.6 per cent on the same date of 1920. On the basis of this report, it is estimated that there will be a very large production nearing a banner year in winter wheat. The estimated production is 621,000,000 bushels as of April 1st, 1921, against 577,763,000 bushels on April 1st, 1920, while the acreage for 1921 is 40,605,000 acres, as against 41,757,000 acres on April 1st, 1920. The seeding of spring oats has been practically completed in most sections and a considerable amount is already up and in good condition. Corn planting has made good progress, especially in some of the southern sections, although it has been delayed in others by the wet and cold weather. In most sections the germinating of the seed has been retarded either by the cold or lack of moisture.

FRUIT. The fruit throughout the fruit growing sections suffered from the cold wave which was followed by frost. District No. 12, (San Francisco) states that "some damage is reported from practically every fruit and grape growing area but reports indicate no serious reduction of prospective crops from this cause," and District No. 10, (Kansas City) reports that "all fruits were injured more or less by the belated cold weather." The injury appears more serious in District No. 11, (Dallas) where "it is believed fruit has been damaged at least 25 per cent and in some sections even more."

COTTON. Good progress has been made in the planting of cotton and in South Carolina, Georgia, Alabama, and Mississippi, a considerable amount is up to a good stand. While the earlier reports indicated a very large reduction in the acreage, it is now generally understood that the reduction will not be as great as was previously indicated. In District No. 11, (Dallas) it is reported that the decrease will be at least 25 per cent and as much as 50 per cent in some sections. District No. 12, (San Francisco) states that "the acreage this season will be reduced approximately 50 per cent and much of it will be 'volunteer' cotton grown from last year's plantings. However, District No. 6, (Atlanta) reports that "conservative estimates place the reduction in acreage compared with last year at from 10 to 20 per cent." The use of fertilizer has been considerably less than during previous years, being estimated at about one-fourth to one-third as much as used a year ago.

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TOBACCO. Although the leaf tobacco market has been dull throughout the past month, the warehouse sales have been in a larger volume than is usual at this season of the year. This was probably due to the fact that sales during the previous months have not been as large as in normal times. However, the demand has been for the better grade tobacco rather than the cheaper grades. District No. 8, (St. Louis) reports that "receipts of tobacco have been fairly heavy and prices for the better grades well maintained." District No. 3, (Philadelphia) states that "manufacturers are purchasing only such stocks as they actually need, and most of them have sufficient supplies on hand for present purposes." The demand for high grade cigars has been in limited proportions, while the demand for cheaper cigars of a reasonably good quality has been more pronounced. Reports from this District indicate that although the industry as a whole is still operating considerably below normal, "firms which are manufacturing the cheaper products have increased production materially and are preparing to operate on a full time basis."

GRAIN MOVEMENTS. The March movement of grains has on the whole been in larger amounts than last month and the same month a year ago. Receipts of all grains at Minneapolis were 9 per cent greater than February receipts and 18.5 per cent greater than for March, 1920. While the March receipts at Duluth were less than for February by 10.6 per cent, they were greater than receipts of March a year ago by 59.9 per cent. The receipts for the two centers combined were 4.9 per cent greater than for February and 24.8 per cent greater than for March, 1920.

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Combined receipts of wheat at Minneapolis and Duluth were 5.6 per cent smaller than February and 17.6 per cent greater than March, 1920. The same tendency is noted in the case of the four principal markets of District No. 10 (Kansas City), where receipts of wheat were 2.9 per cent less than for February and 13.4 per cent greater than for March, 1920. Receipts of corn at Minneapolis, Duluth, and the four principal markets of District No. 10, (Kansas City), showed increases over the previous month and the same month a year ago. Stocks of grain at the Minneapolis and Duluth terminals at the close of March were 2 per cent greater than at the close of February and 8.9 per cent greater than a year ago. Prices of grains during the month of March exhibited mixed tendencies, but there were more decreases than advances. The median price of cash wheat No. 1 Dark Northern at Minneapolis was \$1.72 as against  $\$1.75-\frac{3}{4}$  for February.

FLOUR. Little new domestic demand for flour is reported, and buyers have shown hesitancy as a result of the continued fall in the price of wheat. Flour prices in general have declined similarly, although it is stated from District No. 12 (San Francisco) that millers who have stocks of wheat bought at higher prices and who hold flour milled from this higher priced wheat have shown reluctance to revise flour prices to correspond with present wheat prices. Some export demand is indicated. The export trade in District No. 10 (Kansas City) "is reported fairly satisfactory, with the demand becoming more general." Domestic trade in that District in the first week of April however was less encouraging, and mills which had been working on contracts had about caught up with the business

on hand. Export trade in District No. 12, (San Francisco) has increased slightly, but the domestic demand on the whole has remained stationary, although improvements are noted in some local areas. Millers in District No. 8, (St. Louis) report some export demand, centering principally upon clears. Production of mills representing about 75 per cent of the total output in District No. 9 (Minneapolis) was 1,793,505 barrels during the four weeks ending March 26, a decrease of 3.1 per cent from the figure of 1,854,209 barrels during the four weeks ending February 26, but an increase of 19.9 per cent over the figure of 1,497,060 barrels during the four weeks ending March 27, 1920. March shipments of flour from Minneapolis and Duluth combined were 8 per cent larger than in February and 15 per cent larger than in March, 1920. March production of Kansas City mills was 30.4 per cent greater than in March, 1920, but figures for all reporting mills in the District showed an increase of only 1.3 per cent, from 1,203,651 barrels in March, 1920 to 1,220,039 barrels in March, 1921, due to the falling off in the output of the 82 interior mills. No appreciable increase in activity is reported in District No. 12, (San Francisco), and mills continue to operate at approximately 45 per cent of capacity, as compared with 80 per cent during March, 1920. Output of 76 mills during March, 1921 was 627,417 barrels, as compared with 573,420 barrels during February reported by 80 mills. Plant operations in District No. 8, (St. Louis) have been at from 40 to 50 per cent of capacity during the 30 day period ending April 15.

LIVESTOCK. The condition of livestock on farms and ranges continues excellent, although in certain sections, such as Arizona, rainfall has been deficient and stockmen have suffered heavy losses. The stocker and feeder movement of cattle and calves at 34 markets was 233,477 head during March, as compared with 164,504 head during February and 239,363 head during March, 1920. The large surplus of corn it is stated has given a new impetus to the swine industry in Kansas and Nebraska. The demand for stockers in March at Fort Worth however was "quite light, and few shipments were secured for return to the country." Reports from the principal markets in District No. 12 (San Francisco) state that "inquiries are few and stockmen are not buying to increase their herds." The season has been favorable for lambing in New Mexico and "the crop of lambs in that section and in the Panhandle is estimated at 85 per cent." A good lamb crop is reported to be in prospect in District No. 10, (Kansas City). Movement to market of the various classes of live stock differs somewhat. Receipts of cattle and calves at 16 western markets during March were 1,119,548 head, as compared with 835,636 head during February and 1,195,622 head during March, 1920. The respective index numbers were 111, 89 and 119. Receipts of hogs however showed a decrease from 2,902,107 head during February, corresponding to an index number of 141, to 2,390,480 head during March, corresponding to an index number of 109, as compared with 2,852,171 head during March, 1920, corresponding to an index number of 130. Receipts of sheep were greater during March than receipts for either February, 1921 or March, 1920.



The March 1921 figure was 1,161,549 head, the February figure was 972,647 head, and the March, 1920 figure was 899,760 head, while the respective index numbers were 85, 78 and 66. In the Fort Worth market, "the heavy increase in receipts of hogs was easily the most outstanding feature," but nevertheless there was a keen demand and the market was well maintained. The supply of meat animals at the six markets of District No. 10, (Kansas City) in the first three months of 1921 is stated to have been fully up to meat consumption requirements. March is said to have been one of the poorest months in the history of the industry in that District. The abundant supplies of beef in packers' coolers, it is reported from District No. 8 (St. Louis), has a tendency to hold down prices. Hog prices have continued to decline steadily, and this is ascribed <sup>chiefly</sup> to diminished consumption of pork products, due to adverse industrial conditions. The fresh pork market however remains exceptionally active in the Pacific Northwest, and heavy shipments continue to be received from Middle Western points.

NON-FERROUS METALS. On March 29 seven of the largest copper companies of the United States ceased their mining operations. Several other companies stopped producing during April and it is estimated that the production of the mines which continue to operate is less than 30 per cent of the normal total American production of copper. The cessation of operations by most of the larger producers was due to the large stocks of copper in the country and the present unremunerative copper prices. As a result of the announcement of this curtailment of mining operations the price of copper (New York, net refinery) rose from 12 cents to 12.50 cents

in the latter part of March, but there has been some shading of the latter price in sales made since April 15. There was a slight increase in the price of zinc during April which presumably resulted from the severe restriction in output. March production of zinc amounted to 15,741 tons, as compared with 17,769 tons produced in February. Lead production is also at a low level, although stocks of lead in the United States are believed to be much less in proportion to consumption than is the case for either copper or zinc. There has been little change in the price of lead since the increase to 4.25 cents (New York and St. Louis bases) on March 31, but demand continues slack. District No. 10, (Kansas City) reports that there are only 36 lead and zinc mines working at present out of a total of 208 mines.

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COAL. Little demand for bituminous coal is reported. Consumers are stated to be buying only for immediate needs, while industrial demand is retarded by the general business situation. From several Districts it is reported that there is no desire to contract for next fall's deliveries at present prices. Little change in prices, however, is reported, although in some Districts it is stated that there is a slight downward trend. Railroads in District No. 10 (Kansas City) are relying on storage piles for a good part of their present requirements, and are buying little coal in the market. One of the principal producers in District No. 4 (Cleveland), however, states that more inquiries were received during the first half of April than during the first three months of the present year. Production shows some falling off, from 30,851,000 tons during February to 30,328,000 tons during March as compared with 46,832,000 tons during March 1920. The respective index numbers are 89, 82, and 126. Production of anthracite coal likewise declined in March, being 7,603,000 tons, corresponding to an index number of 103, as compared with 7,845,000 tons during February, corresponding to an index number of 114 and 7,857,000 tons during March, 1920, corresponding to an index number of 106. The customary spring reductions of 50 cents per ton on prepared sizes have been announced by all railroad coal companies but one, and retail prices in District No. 3 (Philadelphia) are from 75 cents to \$1.50 lower than winter prices. Some quickening of demand is reported from that district as a result of the slight reductions in retail prices effective April 1, but "on the whole the result has been disappointing to the dealers". Probably the larger part of March deliveries are stated to remain stored in the yards of dealers. The lack of retail demand is ascribed in part to the

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fact that the remarkably mild winter has left many consumers with a large part of last winter's supply on hand, as well as to the expectation of further decreases before fall, in view of the initial price reductions. Demand is least for the steam sizes. Further price declines are reported in coke, together with a decrease in production. It is stated from District No. 3 (Philadelphia) that "it is doubtful if more than one fifth of the nation's productive capacity is being utilized".

PETROLEUM. Production of petroleum showed a light gain during March. There has been a continuous increase in the production of the Kansas-Oklahoma fields since January 1, 1921, and the average daily production for four weeks ending April 18 was 370,500 barrels, as compared with an average daily production of 361,250 barrels for the four weeks ending March 11. In California the average daily output during March was 337,683 barrels, as compared with 327,864 barrels in February. These increases were partly offset by a decrease in average daily production of District No. 11 (Dallas) from 403,243 barrels in February to 394,174 barrels in March. There was a further decline in drilling operations during March. Most of this decrease occurred in District No. 11, where there were only 395 new wells completed in March, as compared with 491 wells in February. In District No. 10 (Kansas City) only 768 new wells were completed in March as compared with 771 in February, but new production amounted to 71,460 barrels daily as compared with 65,664 barrels in February. Sixty-six new wells were completed in the California fields, during March, as compared with 60 in February. There

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was a distinct slowing down in the price recessions of petroleum products during March, and this was reflected by the maintenance throughout the month of a crude oil price of \$1.75 per barrel in most of the Texas fields. Refinery runs in Kansas and Oklahoma were materially increased on April 1 by the resumption of 13 refineries which were not operated in March.

IRON AND STEEL. The outstanding event during the month in the iron and steel industry was the reduction by the United States Steel Corporation on April 12 of its schedule of prices on various standard products to figures 6 to 15 per cent below the prices of the Industrial Board. Prior to the cut, several of the larger independent producers announced advances of \$2 per ton on bars, plates and structural steel shapes, while subsequently further reductions were announced by steel corporation mills. Prices of the two groups of producers are now in general at the same levels. The exact influence which these price changes will exert is as yet uncertain. It is stated from District No. 4 that "a dragging market in general has continued". Some betterment in that District however has been reported with respect to the automobile and building industries. "Suspensions of orders for steel with the mills have been lifted in an increasing way" by the former industry, and "some new buying has also resulted". The demand is stated from District No. 3 (Philadelphia) however to have been far below expectations, and the total consumption of automobile and truck manufacturers is given as only 5 per cent of the total product of the iron and steel industry. This District also reports little demand from the building industry. It is stated in the various reports that buyers in general apparently lack confidence

in the present situation. These conditions are reflected in the statistics showing the scale of operations in the industry. At the close of March only 103 blast furnaces in the country were active, a decline of 52 during the month, as compared with 317 active at the close of September, the peak for last year. Pig iron production during March was 1,595,522 tons, as compared with 1,937,257 tons during February. The respective index numbers were 69 and 90. Production of steel ingots declined from 1,749,477 tons during February to 1,570,978 tons during March. The respective index numbers were 80 and 67. A further decrease in the unfilled orders of the United States Steel Corporation is reported, from 6,933,867 tons at the close of February, corresponding to an index number of 132, to 6,284,765 tons at the close of March, corresponding to an index number of 119. Reports in District No. 3 (Philadelphia) indicate that production is less than 30 per cent of capacity, and even with this output, stocks are accumulating in the hands of producers. Some resumption of activity in pig iron production is reported in District No. 6 (Atlanta) since the beginning of April. Owing to large stocks of ore on dock and in furnace yards, there is a slow opening of the shipping season on the Great Lakes.

AUTOMOBILES. A considerable increase in the demand for standard makes of automobiles is reported from District No. 7 (Chicago). The more conservative dealers in District No. 3 (Philadelphia), however, feel that the natural seasonal improvement appears larger than the facts warrant as conditions in the trade were exceptionally dull last winter. A trend toward lower prices was reported in District No. 7 (Chicago), while in District No. 3 (Philadelphia) there was rather a tendency on the part of the dealer to give extra parts or accessories in place of reducing the price on standard models. Stocks of

cars in the hands of retailers have been reduced below January figures. It is noted from District No. 7 (Chicago), however, that caution prevails and that there is still some disposition on the part of buyers to wait for lower prices, while other factors which retard buying are the lack of capital to finance large operations and the curtailed buying power of the agricultural sections. Carload shipments of manufacturers producing 2/3 of the country's output are reported by District No. 7 (Chicago) to have been 16,500 during March as compared with 9,920 during February and 29,326 during March, 1920, while the equivalent of 10,000 carloads were driven away under their own power in March, 1921 as compared with 7,491 during February and 57,273 during March 1920. In some instances manufacturers show a marked increase in operations. From District No. 3 (Philadelphia) it is stated that operations in the fall and winter were not over 25 per cent of normal, many plants being entirely closed, while operations in general are now at about 60 per cent of normal. The improvement in business commencing in March reported by dealers in District No. 8 (St. Louis) has continued, but is "fitful and irregular" and is found rather in the large cities than in the country.

COTTON TEXTILES. Cotton consumption during March for the country as a whole amounted to 437,933 bales, less than 25 per cent below the totals for March of the preceding year. There was greater stabilization in the price of raw cotton during the month, and the price of gray goods after declining to  $6\frac{1}{2}$  cents a yard for the standard  $38\frac{1}{2}$  inch width, advanced slightly. Nevertheless, District No. 1 (Boston) reports that at present prices the spread between a pound of cloth and a pound of raw cotton is only 22.5 cents whereas a year ago it was approximately a dollar. Fall River sales of print cloths are of

moderate proportions. Brown sheetings and standard brown drills can be purchased about  $\frac{1}{2}$  cent a yard below last month's levels. The demand for pillow tubings is such that three well known brands, sold ahead for months, are withdrawn from the market. The demand for gingham has been good and some mills have sold their entire output from May to August. There seem to be no pronounced general tendencies, as the activity of certain mills manufacturing fabrics that happen to be in demand at the moment are offset by the relative inactivity in the gray goods mills. District No. 3 (Philadelphia) reports that the demand for heavy cotton fabrics such as are used in the manufacture of tires is slight, and mills manufacturing goods of this sort have largely curtailed operations. There has been little change in yarn prices during the month. Sales of low priced cotton goods and low priced hosiery were reported to have improved somewhat, but the demand has been largely met from stocks, as yarn mills have recently been curtailing their operations. In the South, textile mills are reported to be running approximately full time in District No. 5 (Richmond). Some orders are being received for goods used for print cloth, and orders for future delivery are also being taken by knitting mills in the District. Wage cuts in the Southern mills have been more drastic than in other sections and it is said that "many people in the trade claim that the reductions have been in keeping with the lowered prices for raw material". In District No. 6 (Atlanta) a number of reporting mills show an increase in yardage of 4.5 per cent during March as compared with February, although there was a decrease of 22.1 per cent as compared with a year ago. The



increase in orders on hand during the month was negligible, but much greater than a year ago when new orders were not acceptable because of the press of work. It is said that few mills are as yet working at full day capacity, although a number indicate orders on hand which will require full running time for several weeks for their completion. The increase in yarn output (by pounds) of reporting yarn mills increased 8 per cent during the month, although totals were 26.2 per cent below figures for March, 1920. There was a slight decrease of 1.1 per cent in orders on hand as compared with February, and the time required running full to complete orders on hand average about one month for all reporting mills. There has been a recent increase in export sales of cotton goods amounting to between 10,000 to 12,000 bales and consisting principally of drills and sheetings to China, India, and the Levant.

FINISHING OF COTTON FABRICS. Thirty-four of the 58 members of the National Association of the Finishers of Cotton Fabrics reported total finished yards billed during the month at 86,732,621 yards, as compared with 55,436,871 yards in February. The total average percentage of capacity operated was 67 per cent for all reporting Districts, as compared with 51 per cent during the preceding month. The total yardage of finishing orders received for gray goods amounted to 88,342,599, as compared with 76,201,806 in February. The total average work ahead at the end of the month amounted to 8.4 days for all reporting Districts, as compared with 8.5 days during the preceding month.

WOOLEN TEXTILES. The Boston wool market has experienced little change during the past month. Not much wool is being sold but prices have nevertheless strengthened somewhat. A lot of the South American medium grade wool has been taken from the market. Receipts of foreign wool are considerably

larger than a year ago, it is stated, and competent wool men estimate that there has already been more wool imported into this country since the beginning of 1921 than has been consumed by our mills in that period. In all Districts woolen and worsted mills are showing greater activity, and in District No. 1 (Boston) several mills are reported to have booked as many orders as they care to accept at the present time. Top manufacturers are well booked up and production is not far from capacity. In District No. 3 (Philadelphia) many cloth mills are operating at capacity, while others are running from 50 per cent to 75 per cent. In the Philadelphia market the increased activity is not reflected in the demand for yarn. Some yarn manufacturers are running at full capacity, but orders are being placed for current use almost entirely. Manufacturers of medium and lower counts of yarn have not done as active business as producers of the fine counts. The operations of the former are reported to be from one-third to two-thirds of normal. The latest figures available prepared by the Department of Commerce giving percentages of idle hours, to the total reported on March 1st showed that 37.9 per cent of the worsted spindles and 50.5 per cent of the woolen spindles were idle, whereas on April 1st the percentages had fallen to 25.7 per cent and 34.1 per cent respectively.

SILK TEXTILES. There has been a continued increase in the manufacturing activity of the silk mills during the month and one encouraging factor tending to sustain the improvement that has already taken place is the relative stability of the prices of raw silk. Demand for the raw material for immediate delivery is active but as yet confidence as to market developments is not great enough to have resulted in the placing of large orders for future delivery. The silk warehoused in New York at the end of the month amounted to 16,386 bales as compared with 27,928 bales in February,

while 14,043 bales were imported in March as compared with 14,361 bales in February. The mills in Paterson and nearby towns are now reported to be operating at about 60 per cent of maximum capacity as compared with 49 per cent during the preceding month.

HOSIERY. It is stated in the report from District No. 3 (Philadelphia) that there has been a general improvement in the hosiery industry during the past month, and that the demand for silk lines has been especially marked. A strike is still in progress in the majority of the Philadelphia full-fashioned hosiery mills and the result has been that mills in the Reading district have had more orders than they could accept although the demand is for immediate delivery. The inability to secure deliveries on full-fashioned hosiery has increased the call for other lines, and mills are now working on orders. The demand for mercerized and lisle hosiery has shown improvement during the month but it is estimated that it is only about 50 per cent that of a normal year. Twenty-five firms selling to the wholesale trade report an increase of 15.8 per cent in the product manufactured during March as compared with February 1921. Eight firms selling to the retail trade had a product 66.5 per cent in excess of February; orders booked during March were 5.5 per cent greater than in February, while unfilled orders on hand at the end of the month were 48.1 per cent in excess of the preceding month. The output as compared with a year ago was nevertheless negligible, being 93.3 per cent below those totals.

UNDERWEAR. The majority of underwear mills in District No. 3 (Philadelphia) are booked to capacity until the end of the light weight season. Normally orders are placed and largely made up for shipment by the middle of January, but this year buying was late and in limited quantities. Duplicate orders, placed in March as a result of the unexpectedly heavy public demand, have increased the volume of business beyond the present capacity of the industry. On the other hand, forward orders for heavy weight underwear have been few although some mills have booked sufficient orders to maintain total capacity until the end of August. The uncertainty regarding price trends and the lack of definite information as to stocks carried over from last winter make buyers hesitant to adopt a policy for the future. Twenty firms in District No. 3 (Philadelphia) which make monthly reports to the Federal Reserve Bank had an increase of 85.8 per cent in their output in March as compared with February although it was still 29.5 per cent below the totals for the same month of the preceding year. Orders booked were 13.5 per cent below those for February and unfilled orders on hand at the end of the month were 10 per cent greater than at the end of February.

The 62 mills which make reports to the Knit Goods Manufacturers Association had an output in March of 102,415 dozens of winter underwear which was 31 per cent of normal. The production of summer underwear amounted to 318,725 dozens or 62.5 per cent of normal. Thirty-eight mills which furnish data for both February and March had a production of 261,934 dozens during the latter month as compared with 147,822 dozens in February. Unfilled orders on the first of March dropped, however, from 588,127 dozens to 269,104 dozens. New orders received during the month of March rose from 205,260 dozens in February to 284,712 dozens in March. There was a slight increase

in cancellations which rose from 1,619 dozens to 5,173 dozens.

SHOES AND LEATHER. Prices for hides and skins showed little change during March and the volume of trading has not increased perceptibly. Demand for sole leather and staple grades of upper leather continues to be slack, but demand for colored glazed kid, suede, calf, ooze, and certain other kinds of calf leather continues to exceed the available supply. There was some increase in the demand for belting leather, harness leather, and upholstery leather during March. The volume of leather exports continues to be very small. District No. 1 (Boston) reports that "prices on the whole are showing a slight strengthening but the very large supplies of leathers in the country act as a deadening influence on any general upward movement." There has been some slackening in the demand for women's shoes since Easter, but this has been largely counterbalanced by an improvement in demand for men's shoes.

Both retail and wholesale sales of shoes are reported to be exceeding production at the present time. The net result of March operations in District No. 1 (Boston) was a reduction in the size of stocks of shoes on hand in factories and factory warehouses. Shipments of shoes from the factories of New England were considerably larger in March than in February, yet orders on hand April 1 showed an increase over those on the books March 1. "Production was apparently at a rate slightly below 50 per cent of capacity". In contrast to this, District No. 3 (Philadelphia) reports "that the shoe manufacturing industry at the present time is operating close to capacity and that business for the spring and summer seasons is approaching normal". However, buyers in that district still refrain from ordering for future delivery and the business in the hands of the manufacturers is practically entirely for immediate shipment. District No. 8 (St. Louis) reports that shoe factory operation is larger than at any time this year, averaging from 80 to 90 per

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cent of capacity. Many plants turning out women's and children's footwear are operating at full time. "prices show a further decline, except on goods in seasonal demand and the fancy grades of women's wear." Orders for summer goods are being obtained in some quantity by salesmen in District No. 7 (Chicago). Good qualities are wanted and the demand for novelty lines is stronger than for staple goods. "The retailers have brought prices down recently until they are more in line with replacement cost but these prices have not kept pace with wholesale reductions."

LUMBER. Demand for lumber increased somewhat during March, but only as a result of a further reduction in prices. District No. 12 (San Francisco) reports that "the volume of buying is increasing although it is still conservative and purchases are only to meet current needs." Orders received during the four weeks ending March 26, by the four lumber manufacturers associations of that district showed an increase of 30.2 per cent over the preceding four weeks. Production during the same period increased 17.1 per cent and shipments 68.1 per cent. Uncertainty as to the volume of this season's operations in the canned fruit and salmon packing industries has resulted in a curtailment of operations of box shock mills to 50 per cent of capacity. One hundred and eighteen mills belonging to the West Coast Lumbermen's Association reported for the four weeks ending March 26, a cut of 187,917,000 board feet, shipments of 209,970,000 feet, and orders of 213,431,000 feet. Corresponding figures for the preceding four weeks with the same number of mills reporting, were as follows: 162,648,000 feet, 157,970,000 feet, and 167,483,000 feet. In District No. 11 (Dallas) prices were practically stationary throughout March. Production of 29 southern pine mills during March was equal to 60 per cent of normal. Orders booked by these 29 mills were equivalent to 61 per cent of their normal production,

whereas the 30 mills which reported during February booked orders equivalent to 56 per cent of their normal production. Prices of pine have sagged slightly in District No. 6 (Atlanta). Production of 134 mills belonging to the Southern Pine Association was 29.5 per cent below normal during the week ending April 1, while shipments were 25.8 per cent below normal production. Orders received during that week were larger than in any week since January, but were 23.9 per cent below normal production. Production in the Tennessee hardwood mills for the first three months of 1921 is reported to be 75 per cent lower than in the same period of 1920, and many of the mills are being closed. District No. 8 (St. Louis) reports that industrial buying has increased somewhat in both softwoods and hardwoods. "Railroads are virtually out of the market, and <sup>in</sup> consequence the prices of heavy timber, cross ties, and car stock have declined more heavily than in any recent month." Price reductions were made during March by a majority of the retailers and about half the manufacturers reporting in District No. 9 (Minneapolis). The March cut of 12 manufacturers was 7 per cent greater than in February, and shipments were 20 per cent greater, while stocks at the close of the month had increased 5 per cent. As compared with March, 1920, cut was 26 per cent less, shipments 66 per cent less and stocks at the close of the month 51 per cent greater. The demand for lumber has improved somewhat in District No. 3 (Philadelphia), but the price trend has continued downward and 80 per cent of the orders are being filled from stock on hand.

BUILDING OPERATIONS. Building operations showed increased activity during March, which is a normal condition for this season of the year. Number of building permits, value of building permits, and value of contracts awarded all registered marked increases as compared with February. This increase is particularly large in the case of number of permits, as a result

of the continued increase in the building of residences. Contracts awarded in the New England states amounted to \$13,262,000 during March, an increase of 84 per cent over February. District No. 2 (New York) reports contracts amounting to \$29,846,000 an increase of 40 per cent over the February figure. Of this total 59 per cent were for residential buildings, as compared with 48 per cent in February and 40 per cent in January. "The increase in residential construction has been confined almost entirely to the least expensive apartments and small homes". In District No. 3 (Philadelphia) there has been a large increase in the value of building permits issued during March in comparison with the February figures. Funds for mortgages have been difficult to obtain, but there has been a steady increase in number of houses bought through the building and loan associations. District No. 4 (Cleveland) shows an increase in value of building permits issued during March, but there still seems to be a tendency to wait for lower costs before commencing construction. Reports from 23 cities in District No. 5 (Richmond) show 1,718 permits issued for new construction during March, in comparison with 894 permits issued in February. This number was greater than that for any month since February 1920. Value of building permits in District No. 6 (Atlanta) increased about 50 per cent for March in comparison with February figures. Noteworthy increases in activity occurred in Atlanta, Birmingham and Tampa. In District No. 7 (Chicago) there was an increase in value both for building permits and contracts awarded during March, as compared with February figures. District No. 8 (St. Louis) shows an increase in value of building permits for three leading cities in March, as compared with February, but these figures are very much below those for March, 1920. In District No. 9 (Minneapolis) 1847 permits valued at \$2,647,666 were issued in the reporting centers in March, as compared with 783 permits valued at \$2,179,784 in February. This increase



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is due to a substantial gain in the number of permits issued for repairs and alterations. Seventeen cities in District No. 10 (Kansas City) issued 2,778 contracts in March, an increase of about 100 per cent over the February figure and an increase of about 18 per cent over the total of March, 1920. District No. 11 (Dallas) reports that both the number and value of building permits issued in March was the largest monthly total since October, 1920. The value of building permits for 20 cities of District No. 12 (San Francisco) amounted to \$18,542,835, an increase of 57 per cent over February, 1921, and 27 per cent over March, 1920. Number of permits in those cities increased 47 per cent over February, 1921, and 38 per cent over March, 1920. "Declining prices of building materials and some reduction in labor costs have reduced the number of factors which have been retarding building operations."

EMPLOYMENT. The Federal Reserve Banks have just completed a special inquiry into changes in employment conditions and in rates of wages occurring during the year ending April first. The results of this inquiry will be published in the Federal Reserve Bulletin for May.

In addition to presenting facts concerning wages and employment as compared with a year ago, however, several Districts present comparative data for the months of February and March. In District No. 3 (Philadelphia), for example, the estimates of the local officers of the Pennsylvania Bureau of Employment indicated that on April 15 unemployment was still increasing in the cities of Philadelphia, Altoona, Harrisburg, Johnstown and Scranton taken as a group, since the total number of unemployed was reported at 177,645 on April 15 as compared with 147, 115 on March 15. In District No. 7 (Chicago) questionnaires are sent regularly

to representative manufacturing concerns and for the month of March returns were received from 61 firms then employing 41,000 persons and statistics showed a reduction of 6.5 per cent in numbers employed as compared with February. The greatest reductions in volume of employment were in the metal and machinery trades and among the workers in railroad equipment shops. On the other hand, the automotive industry has shown a steady increase since December, on the basis of returns made by 79 firms to the Employers' Association of Detroit. In December only 14 per cent as many men were employed as in September, the time of greatest activity when 176,000 were on the pay rolls. On April 12, the number had risen to 100,347 from the December minimum, or 57 per cent of the September total. From District No. 8 (St. Louis) it is also reported that "Federal and State labor commissioners and employment agencies show a further increase in unemployment...with most acute conditions in the metal industries and transportation and common labor most affected". In textiles, boots and shoes, clothing and furniture, however, the number of unemployed was considerably decreased during the month of March by resumption of plant operations. It was likewise true that unemployment increased in District No. 9 (Minneapolis) during March. According to reports from the Federal employment agencies in Minneapolis, St. Paul and Duluth, requests for help wanted were 73.4 per cent of those for February in the case of men, while 83.5 per cent as many men were placed in March as in February. For women, however, there was an 8.4 per cent increase in requests for help wanted and a 5.2 per cent increase in numbers placed as compared with February. Reports of mining companies indicated no substantial change in numbers employed in March. As a matter of fact, the largest Montana and Michigan mines were closed on

April 1. Lumber companies employing 1,762 men in March had reduced their forces 17 per cent as compared with the preceding month. District No. 12 (San Francisco) stated that unemployment in that territory was less than a month ago, excepting the sections of Arizona and Utah in which the large copper mines, now closed, are located. Outside of mining, the lumber industry reported the greatest amount of unemployment but work was in process of resumption. Portland reported a decided decrease in unemployment, as did Seattle, while conditions in Spokane were practically unchanged. Industrial concerns in California were employing more men than they were a month ago.

Although a large amount of surplus labor in the industrial centers has been absorbed by the seasonal increase in demand for farm labor, it is very generally commented upon that farmers are endeavoring to economize by doing more work themselves and depending less upon hired help. Consequently, the relief to the unemployed with the opening up of spring farming activities is not likely to be so great as was anticipated. In view of the unusual supply of farm labor and the restricted demand, it is inevitable that wages should show a sharp decline. District No. 4 (Cleveland) reports that in the State of Ohio wages for farm hands now average \$40 a month with board, as compared with \$52 last year. In District No. 6 (Atlanta) it is said that many farmers are without money to hire labor and are cultivating only so much land as can be managed with the help of their families. In District No. 9 (Minneapolis) economies in expenditures for hired help are likewise being practiced. Farm laborers in consequence are receiving from \$35 to \$45 per month with board as compared with \$70 to \$80 a year ago. A similar situation prevails in District No. 10 (Kansas City) and it is said that laborers are reluctant to work at the reduced rates of wages now prevalent.

WHOLESALE TRADE. Although the sales of reporting wholesale firms are much below the totals given for a year ago, as would be expected in view of the heavy declines that have taken place in wholesale prices, a number of Districts which present month to month comparisons for leading lines such as groceries, dry goods, boots and shoes and hardware report decided increases in March sales as compared with February. In District No. 3 (Philadelphia) the hardware sales of 25 reporting firms increased 30.2 per cent during the month although the volume of business was still 19.2 per cent below the totals for last year. It was stated that current sales largely represent small orders of goods wanted for immediate use, the result of a seasonal demand for such articles as farm implements, garden tools, wire fencing and netting. In the wholesale grocery trade increased sales had also occurred and could be partially attributed to a seasonal increase in demand. The net sales of 50 reporting stores were 18.6 per cent larger in March than in February, but 27.9 per cent below the figures for March 1920. Purchases were said to be for immediate needs and business confined largely to staples. In District No. 4 (Cleveland) the net sales of 14 reporting grocery firms and 7 hardware firms showed declines as compared with a year ago somewhat analogous to those of District No. 3 (Philadelphia), being 16.3 per cent lower for hardware and 33.1 per cent lower for groceries. Dry goods sales (6 firms reporting) were 14.9 per cent below last year. In District No. 5 (Richmond) sales of groceries (9 firms reporting), dry goods (8 firms), hardware (8 firms) and boots and shoes (8 firms) show increases over February ranging from 8.6 per cent in the case of groceries to 53.4 per cent in the case of boots and shoes. The Easter demand probably explains the heavy increase

in March sales of boots and shoes. Decreases for these 4 lines as compared with March, 1920 ranged from 23.9 per cent in the case of groceries to 38.3 per cent in the case of dry goods. In all these cases, the drop in the value of sales is probably entirely accounted for by lower prices and in some cases, the amount of sales if measured in physical units would undeniably be greater. In District No. 6 (Atlanta) the 4 reporting lines, groceries (10 firms), dry goods (13 firms), hardware (8 firms) and boots and shoes (7 firms) all reported increases in March sales as compared with February, ranging from 6.0 per cent in hardware to 72.6 per cent in the case of boots and shoes. The last named heavy increase was no doubt in great part seasonal. Decreases in sales as compared with a year ago varied from 33.6 per cent in the case of groceries, to 45.6 per cent in the case of hardware. Wholesalers in District No. 7 (Chicago) report very cautious buying. Grocery sales were 25 per cent below the level of a year ago, with 22 firms reporting, a drop very close to the percentage reduction in sales of the 50 concerns reporting in District No. 3 (Philadelphia). The dry goods trade (13 firms) reported a decrease of 35.9 per cent for March as compared with a year ago, while the sales of ten shoe wholesalers were 31.6 per cent below March 1920, but 20 per cent above sales for the preceding month. Grocery sales in District No. 10 (Kansas City) with 4 firms reporting, increased 19.5 per cent during the month, while they were 22.7 per cent below the totals of a year ago. The very heavy increase in hardware sales of 65.5 per cent (3 firms reporting) as compared with February is no doubt attributable to the seasonal demand of a largely agricultural district. Sales were 34.3 per cent below those of March, 1920. District No. 11 (Dallas), in contradistinction to other sections does not show the same tendency toward a

revival of wholesale trade. Returns from 2 concerns selling hardware and 2 selling farm implements record declines of 29.3 per cent and 18.4 per cent respectively in sales as compared with the preceding months. Grocery sales (4 firms) which elsewhere show a decided increase are 0.7 per cent below February volume and dry goods sales (4 firms) although 16.1 per cent greater in March than in February have not advanced as greatly as in most of the other Districts. All dealers, it is said, report that the buying demand is light, conservatism is the outstanding feature with the trade, and dealers are reluctant to place orders in very large amounts for future delivery. In District No. 12 (San Francisco) all reporting lines have increased sales as compared with the month of February. As in other Districts, the increase in shoe sales has been very heavy, averaging 68.4 per cent for 15 firms. Grocery sales (30 firms), dry goods (11 firms) and hardware (23 firms) increased 20.9 per cent, 28.5 per cent and 33.9 per cent respectively over the preceding month. The declines as compared with a year ago were 16 per cent for shoes, 7.3 per cent for groceries, 29.1 per cent for dry goods and 33.6 per cent for hardware. Given the decreases in wholesale prices, the declines probably do not indicate any shrinkage in the physical volume of trade in any of these reporting lines.

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RETAIL TRADE. The irregularity which has been noted in the retail trade situation for the past few months is still evident. Discrimination in favor of better quality of goods characterizes the attitude of the buying public. A representative view of the situation is stated by District No. 3, (Philadelphia), "purchasers are exceptionally careful in their shopping and retailers have found that sales to a certain class of trade can be effected more easily by stressing the quality factor rather than the prices." There has been a seasonal increase in sales, due to the opening of spring and the pre-Easter shopping, but the increase has not been greater than a year ago. This is illustrated by the fact that the increase in net sales when compared with a year ago was less in March than in February. Thus, in District No. 1 (Boston), the increase in net sales over the same month a year ago was 1.5 per cent, in District No. 3 (Philadelphia), 1.8 per cent, and in District No. 5 (Richmond), 2.7 per cent. In the Middle Western districts decreases in net sales were prominent. In District No. 8 (St. Louis) there was a decrease of 6 per cent, in District No. 9 (Minneapolis) 11.2 per cent, and in District No. 11 (Dallas) 16.0 per cent. There was the usual seasonal increase in stocks, but the amount on hand was considerably smaller in every District than a year ago. The rapidity of stock turnover has been increasing. The outstanding orders at the close of March remained practically constant, which indicated that the merchants are not placing orders to any great extent. District No. 3 (Philadelphia) states that "retail store managers continue to keep close watch of their buyers, limiting them to practically hand to mouth purchases."

PRICES. Extreme unevenness as regards price reductions is one of the striking features of the present industrial situation. Pre-war prices or something approaching them exist in many important lines of wholesale trade while at the same time in other lines commodities are being sold at twice or even more than twice 1913 values. The same unevenness exists in some cases between the prices of raw materials and finished goods in the same industry. In the case of raw cotton, for instance, both Egyptian and American, the present level is lower than the average for the year 1913. Although certain grades of South American wool are below the 1913 average, wool prices as a whole appear to be still about a third higher than before the war. Finished materials in these two lines, however, have not been reduced as much as the raw materials. An average of three leading grades of cotton goods shows present prices to be at least 20 per cent higher than before the war, and a woolen cloth of a standard type is now selling at approximately twice as much as in 1913. The discrepancy between the prices of raw and manufactured goods in the hide and leather industry is even more extreme than in the cotton and wool industries. An average of leading grades of domestic and foreign skins shows the present level of prices to be approximately one-third under the pre-war level. Shoe prices, on the other hand, would seem to be about twice as high as in 1913.

Except in the case of wheat and rye, prices of leading cereals closely approach pre-war levels. In spite of this, however, the trend of the market recently has been continually downward. Prices of live stock and meats, on the other hand, although at a level at least 10 per cent above pre-war prices, (and in some cases more) have been showing



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considerable strength during recent months. There has, however, recently been a downward movement in some of the meat products. Another group of commodities which are at or below pre-war price levels are the leading non-ferrous metals, such as copper, zinc, lead, and tin. In 1913 electrolytic copper sold at an average of  $15\frac{1}{2}$  cents a pound. Recent quotations are at 12 to  $12\frac{1}{2}$  cents a pound. Zinc and tin are also below the pre-war price, and lead is at approximately the same point as in 1913. Nevertheless, this group of industries is in a highly disorganized condition and production has been heavily curtailed.

In a large group of important industries, on the other hand, prices are still from 50 to 100 per cent above pre-war levels. This is true in spite of the fact that in a considerable number of cases, price reductions have been made which appear sufficient to make a possible basis for trading. Most noteworthy in this group are the fuel and building commodities. Bituminous coal, in spite of considerable reductions, now averages around 100 per cent above the pre-war figure, and anthracite is at a similar ratio as compared with the 1913 level. Coke also appears to be about twice as high as before the war while iron and steel prices (taking into consideration the United States Steel Corporation's reductions) are between 50 and 75 per cent above the 1913 average. Crude petroleum and petroleum products are still more than twice the pre-war price in spite of recent drastic reductions in the mid-continental fields.

In the same way lumber, brick and cement are far above pre-war levels. An average of three leading grades of lumber shows present prices at least 50 per cent higher than before the war while brick and

cement are between two and three times the 1913 level.

Although a study of the component parts of the price structure is essential to an understanding of the difficulties of the present situation, the movement of prices in general is of value also. The wide variations in the different parts of the system are thus eliminated in the average for prices as a whole. It should be remembered, however, where use is made of such an average, that it consists of widely diverse elements.

The all commodities index number constructed by the Board shows a reduction of 3 per cent during March, while the rate of decline in January and February was 6 per cent, and that of December 9 per cent. During recent months the raw materials index number has declined more rapidly than that for manufactured goods, the reduction since January amounting to 11 per cent in raw materials as compared with 5 per cent in consumers' goods. The index number now stands at 50 per cent above the 1913 average.

Retail prices of 43 articles of food were reduced only 1 per cent during March according to the index number of the Bureau of Labor Statistics. No statistics are available showing the reduction in the price of clothing or miscellaneous articles at retail.

SHIPPING. More optimism regarding the outlook prevailed in shipping circles than for some months past. This was due more to the expectations aroused by a number of developments than to any change in the underlying situation. Among the events of the month was the continuance of the British coal strike with a moderate expansion of the demand for

charters of American coal-carrying ships for prompt delivery. Another encouraging feature of the freight market was the firmer tendency of rates in certain directions. The settlement of the rate war between the North Atlantic - United Kingdom Conference and the French Line, which had been waged since last Fall, helped to give tone to the ocean freight market. The decision of the Shipping Board to charter its vessels in future on the bare-boat plan was regarded by operators as opening up possibilities for cheaper operation of vessels. The wage situation remains unsettled, the calling of a strike by the marine engineers at New York for the first of May being the outstanding development toward the end of April. The Division of Operations of the Shipping Board stated that, on April 5th, 653 steel ships of 4,279,531 deadweight tons, were either already idle or had been ordered withdrawn from service until conditions improve. That number constitutes 46 per cent of the Government-owned steel merchant ships. The shipbuilding situation remains unchanged, with yards merely completing orders already on hand, no new tonnage of any size having been booked by American yards so far this year. The recent cut in steel prices has not been sufficient to affect shipbuilding favorably. Of the Shipping Board's building program, 44 steel vessels of 489,150 deadweight tons remain to be delivered, all of which are now under construction. According to present plans, the last of these will be completed and delivered about April, 1922.

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DEPARTMENT OF JUSTICE,  
WASHINGTON.

December 9, 1919.

Dear Mr. Secretary:

In response to your request for my opinion concerning the powers of the Federal Reserve Board to regulate discount rates of the several reserve banks, I reply as follows:

By section 14 of the Act of Congress, designated by the short title "Federal Reserve Act" (Act of Dec. 23, 1913, 38 Stat.251), it is provided that "every Federal reserve bank shall have power" -

- (d) to establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount to be charged by the Federal reserve bank for each class of paper which shall be fixed with a view of accommodating commerce and business.

By section 4 of said act each Federal reserve bank is under the supervision and control of its own board of directors, subject, however, to the provision of section 11 of said act which provides, in part, that

The Federal Reserve Board shall be authorized and empowered \* \* \* (j) to exercise general supervision over said Federal reserve banks.

Said Federal Reserve Board is also further authorized and empowered to examine at its discretion the accounts, books and affairs of each Federal reserve bank \* \* \* and to require such statements and reports as it may deem necessary. (Sec. 11. subdiv. a.)

By section 12 there is also created a Federal Advisory Council composed of representatives chosen in the manner prescribed in said section, which is to confer directly with the Federal Reserve Board. Among its powers it is authorized to "call for information, to make recommendations in regard to discount rates, rediscount business", etc.

The question for determination is whether, taking into consideration the language of section 14 (d), giving the power to the Federal reserve banks to establish from time to time rates of discount, "subject to review and determination of the Federal Reserve Board", and the further power of the Federal Reserve Board to exercise general supervision over said Federal reserve banks, the power of the Federal Reserve Board is limited to reviewing and approving or disapproving rates of discount made by such banks, or whether said Board may, in the exercise of its powers, from time to time review the rates of discount in use and direct specific changes and alterations thereof.

The legislative history of the act shows that as originally drawn section 14, subsec. (d) conferred the power upon the Federal reserve banks to make discount rates "subject to review" by the Federal Reserve Board, and that said section was amended in committee by adding the words "and determination" after the word "review", so as to make said section read as now enacted.

It is quite evident that if the Federal Reserve Board is confined to the power to review and approve or disapprove rates of discount made by the Federal reserve banks, and is without power to itself direct specific changes, the words "and determination" are wholly without significance. The very signification of the word "determination" used in such a connection, carries with it the right to pass upon and to decide and fix, and thus determine what should be done. Coupling this with the power given the Federal Reserve Board to supervise the business of each Federal reserve bank, taking also into consideration the recommendations contemplated by the Advisory Council to the Federal Reserve Board in regard to discount rates, such power would be futile if such Federal Reserve Board could not, if agreeing to such recommendations, direct them to be carried out. I think it is quite clear that the Federal Reserve Board is the ultimate authority in regard to rediscount rates to be charged by the several Federal reserve banks and may prescribe such rates.

This is in all cases necessarily a review of rates existing at the time in the bank, and therefore strictly calls for the exercise of this power; the determination reached by the Board carries with it the exercise of the power of determination specified in sec. 14, subdiv. (d); and also exercises the power of supervision granted in sec. 11, subdiv. (j).

The scheme of the entire act is to have Federal reserve banks in different parts of the country so that their operations may be accommodated to the business needs of each section, and to vest final

power in the Federal Reserve Board, so as to insure a conduct of business by each bank which will not be detrimental to the carrying out of the entire plan. The powers of the Federal Reserve Board are therefore to be exercised in regard to each reserve bank as the conditions surrounding said bank may dictate, keeping in view the general purpose and plan of the Federal Reserve Act. Bearing in mind such general purpose, I am of the opinion that the Federal Reserve Board has the right under the powers conferred by the Federal Reserve Act, to determine what rates of discount should be charged from time to time by a Federal reserve bank, and under their powers of review and supervision, to require such rates to be put into effect by such bank.

Very respectfully,

(Signed) Alex. C. King

Acting Attorney General.

Hon. Carter Glass,  
The Secretary of the Treasury,  
Washington, D. C.