FEDERAL RESERVE BULLETIN

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FEDERAL RESERVE BOARD

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SUBSCRIPTION PRICE OF BULLETIN.

May and June issues of the Federal Reserve Bulletin were distributed without charge. This distribution will be continued to member banks of the system and to the officers and directors of Federal Reserve Banks. In sending the Bulletin to others the Federal Reserve Board feels that a subscription price should be required. It has accordingly fixed this price at $2 per annum. Single copies will be sold at 20 cents. Remittances should be made to the Federal Reserve Board.

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FEDERAL RESERVE BULLETIN

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WORK OF THE BOARD.

During the month of June the work of the Federal Reserve Board has included the following principal elements:

(1) Completion and distribution of the circular and regulations relating to membership of State banks in the Federal reserve system.

(2) Development of plan and arrangements for prompt consideration and action upon applications of State banks for such membership.

(3) Development and application of a plan for the actual transfer of member banks from one Federal reserve district to another—a step necessitated by the redistricting decisions issued in May.

(4) Action favorable to the establishment at New Orleans of a branch bank of the Federal Reserve Bank of Atlanta, and development of regulations relating thereto.

The list of applications for power to exercise the functions of trustee, executor, etc., granted during the month, will be found on page 144.

Revision of the circular and regulation relating to capital stock has been necessary. These will be found on pages 148–149 of this issue.

So far as possible, matters awaiting the Board's action prior to the beginning of summer have been disposed of.

Distribution of the Board's circular and regulations relating to membership of State banks in the Federal reserve system completes an inquiry which the Board has had actively in hand ever since it was organized. In making public the circular and regulations the Board issued the following statement, which briefly sets forth the character of the task now brought to a termination:

The Federal Reserve Board to-day makes public the text of its proposed circular and regulations relative to membership of State banks in the Federal reserve system. Supplies of this document have been sent to each Federal reserve bank, and will be distributed to the National and State banks in the several districts.

The Federal Reserve Board has had the question of admission of State banks to the reserve system under careful consideration practically ever since the opening of the new institutions. The subject has presented various difficulties of interpretation and administration, and it was deemed best to obtain as much advice and suggestion as possible. The present circular and regulation are the result of many consultations with experts, representatives of Federal reserve banks, and members of the Advisary Council of the system. The latter body unanimously recommended action along the lines of the present plan. It is believed that agreement has been arrived at with reference to the conditions of State bank membership on the part of practically all who are familiar with the subject, and that the present circular and regulation fairly represent the consensus of opinion. The Federal Reserve Board regards the action taken in the State bank matter as being of the utmost importance to the future development of the system, and its action has been considered with a corresponding amount of care.

Acting in accordance with the plan thus marked out for the admission of State banks, the Board has begun the investigation of those whose applications had already been made and of others which have been filed since the publication of the regulations. Among the earliest to make application for immediate admission to the system in accordance with the terms of the new regulations were the Old Colony Trust Co., of Boston, and the Broadway Trust Co., of New York. In the case of all State banks and trust companies seeking admission to the Federal reserve system, the Board has ruled that the new application blanks distributed with the circular and regulations shall be followed, independent of the question whether any applying institution had made application prior to the issue of the regulations or not. This is merely in order to secure uniformity.

During the month of June the Board has voted to request various of its members to accept invitations to attend State bankers' association meetings to which they had been invited, for the purpose of participation in the sessions, and of explaining the position of the Board on pending questions. The Board desires to keep in communication in this way with associations of bankers throughout the country.

For the summer months arrangements have been made whereby a quorum will be constantly available for meetings in Washington. Purely routine business will be dealt with by the executive committee of the Board.

Expenses of Federal Reserve Board.

It is estimated by the Federal Reserve Board that its general expenses for the six months from July 1 to December 31, 1915, will be $110,897.82. This is based upon probable monthly requirements of $18,482.97. Approximately $22,500 for contingencies is provided by an estimated unexpended balance of about $25,000 from the first assessment. This, added to the amount of the second assessment, $108,447, will give the Board $133,447 to meet its obligations during the next six months. An assessment of one-tenth of 1 per cent to cover the $108,447 deemed necessary was voted by the Board by agreement to the following resolution on June 15:

Whereas under section 10 of the act approved December 23, 1913, and known as the Federal reserve act, the Federal Reserve Board is empowered to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses, including the salaries of its members, assistants, attorneys, experts, and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year; and

Whereas it appears from estimates submitted and considered that it is necessary that a fund equal to one-tenth of 1 per cent of the capital stock of the Federal reserve banks be created for the purposes hereinbefore described, exclusive of the cost of engraving and printing Federal reserve notes: Now therefore be it

Resolved, That pursuant to the authority vested in it by law the Federal Reserve Board hereby levies an assessment upon the several Federal reserve banks of an amount equal to one-tenth of 1 per cent of the total capital stock of such banks, and the fiscal agent of the Board is hereby authorized to collect from said banks such assessment and execute in the name of this Board a receipt for payment made. Such assessment will be collected in two installments of one-half each, the first installment to be paid on July 1 and the second half on September 1, 1915.

The first assessment for expenses of the Board was for four-tenths of 1 per cent and was made on November 2, 1914. This included an amount for Federal reserve notes. It was paid in three installments and aggregated $431,768.40.

On March 23 the Board agreed to separate the receipts from this assessment, placing $191,897.30, the amount estimated for general expenses, in one account, and the $239,871.10 estimated for Federal reserve notes in another. At the same time a note account was opened with each of the 12 Federal reserve banks and credit given for the amount paid in for notes when the assessment was first made.

Under the Federal reserve act, the Board is directed to make an assessment once in six months to cover its expenses for the succeeding half-yearly period. There was no actual basis on which to estimate the first assessment, the first payment of which was made on November 2. It was found sufficient, however, after the separation of the general expense account from the note account, to carry the Board to June 30, 1915, the end of the fiscal half year. It will be noticed, therefore, that the amount levied for a period of six months was made to carry the expenses to the end of June, or eight months.

There are reproduced below both the consolidated and detailed estimates upon which the July assessment now made by the Board is based. These provide for carrying over an unexpended balance of approximately $25,000 anticipated to be held on June 30. Included in the total expenditures and pledges prior to June 1, 1915, is $23,199.98, for which the Board was obligated prior to November 2, 1914, the date on which it took over so much as it required of the clerical force of the Organization Committee.

The following statement was issued by the Board to the press on June 16:

The Federal Reserve Board to-day sent to all Federal reserve banks copies of a resolution levying an assessment of one-tenth of 1 per cent on gross capital against the several Federal reserve banks for the purpose of defraying the estimated general expenses in connection with the work of the Board from July 1 to December 31, 1915. This will result in payment of $108,447.

The first assessment was levied on November 2, 1914, and was for $431,768.40. In this estimate a sum for the cost of Federal reserve notes was included. These accounts have since been separated. The present assessment includes no estimate for the preparation of Federal reserve notes, each bank paying for its own notes.

Federal reserve banks are requested to make remittance of one-half of the amount of their assessment on July 1 and the second half on September 1. The basis of estimate is the capital stock allotted to member banks figured at its full value of about $108,447,000.

Consolidated statement as basis for the estimate for July, 1915, assessment.

Total encumbrance for month of May, 1915			$18,480.36
Estimated monthly requirements, July–December, 1915			18,482.97
Increase over May			2.61
Total estimated requirements, July–December, 1915			110,897.82
Total receipts to June 1, 1915 (general expenses of board		$192,350.01	
Total encumbrances to June 1, 1915	$147,034.76		
Estimated requirements, June, 1915	20,000.00		
		167,034.76	
Estimated unexpended balance first assessment		25,315.25	
			80,582.57
Total capitalization Federal reserve banks, June 1			$108,447,000.00
Rate of assessment to produce $80,576.12			.000743
Rate of assessment to produce $81,335.25			.00075
Rate of assessment to produce $108,447			.001

SHERMAN ALLEN,
Fiscal Agent.

Approved by committee on budget and expenditures as basis for an assessment of one-tenth of 1 per cent.

F. A. DELANO,
A. C. MILLER,
Committee.

JUNE 12, 1915.

Detailed statement as basis of estimate for July, 1915, assessment.

	Encumbrances.			Estimated average monthly requirements July 1 to Dec. 31.
	Total to June 1.	April.	May.	
PERSONAL SERVICES.				
Salaries:				
Board and its clerks	$66,626.55	$7,333.31	$7,333.31	$7,333.31
Secretary's office	10,827.69	1,436.67	1,470.00	1,500.00
Correspondence division	5,854.82	641.65	558.32	475.00
Mail and files	2,140.33	310.00	310.00	310.00
Counsel's office	7,737.76	1,158.33	1,519.44	1,575.00
Division of audit and examination	7,189.98	876.65	1,128.33	1,133.33
Division of reports and statistics	3,419.98	596.66	541.66	558.33
Division of issue	10,676.89	1,739.31	1,872.66	650.00
Telephone operator	348.33	50.00	50.00	50.00
Messengers	2,653.30	355.00	355.00	355.00
Charwomen	417.99	60.00	60.00	60.00
Contingencies				1,000.00
	117,893.62	14,557.58	15,198.72	14,999.97
NONPERSONAL SERVICES.				
Transportation and subsistence of persons:				
Board and its clerks	633.64	288.62	192.12	200.00
Secretary's office				25.00
Division of audit and examination	2,263.39	300.04	720.92	800.00
Division of reports and statistics				10.00
Messengers (car fare)	15.00	5.00		5.00
	2,912.03	593.66	913.04	1,040.00
Transportation of things	2.93		1.44	
Communication service:				
Telephone	966.10	60.00	50.00	75.00
Telegraph	2,130.17	234.10	200.00	300.00
Postage	157.00		55.00	50.00
	3,253.27	294.10	305.00	425.00
Printing, binding, etc	7,119.41	801.24	1,260.85	1,000.00
Engraving, etc	308.82	250.00		250.00
Advertising	39.15			
Contract repairs	95.42	1.00	.50	
Electricity (light and power)	210.00	30.00	30.00	30.00
Steam (heat)	75.00			10.00
Other (nonpersonal services)	2,180.09	45.00	83.85	75.00
	10,027.89	1,127.24	1,375.20	1,365.00
Total nonpersonal services	16,196.12	2,015.00	2,594.68	2,830.00
Supplies:				
Stationery	2,790.08	100.93	322.59	300.00
Periodicals	134.25	8.00	1.60	20.00
Other	797.33	21.43	48.22	50.00
	3,721.66	130.36	372.41	370.00
Equipment:				
Furniture and office equipment	8,149.99	132.98	314.55	200.00
Books	72.58	25.00		83.00
Office changes and improvements	548.08			
Reimbursable expenditures: Expenditures and return of overpayments	452.71			
	147,034.76	16,860.92	18,480.36	18,482.97

NOTE.—Total commitments to November 2, 1914, included in the total of $147,034.76 to June 1. were $23,199.98.

SHERMAN ALLEN,
Fiscal Agent.

Gold Settlement Fund.

Deposits in the gold-settlement fund have now reached the sum of $30,540,000. This is held in gold certificates issued by the Treasurer of the United States in denominations of $10,000, payable to the Federal Reserve Board and perforated with the words "Payable only to the Treasurer of the United States or a Federal reserve bank." These certificates are kept in a safe with two combinations, which safe is placed in one of the larger vaults of the Treasury Department, access to which can only be had by two officers of the Board acting together.

In this issue of the Bulletin is given a summary of the transactions through the fund from May 19 to June 24, inclusive. A total of $18,450,000 had been deposited up to the time of the second settlement, made on the morning of May 27. As a result of this settlement the balances of several Federal reserve banks fell below the required amount of $1,000,000 each, and additional gold deposits were made to the amount of $4,400,000, increasing the gold in the fund to $22,850,000. After the settlements of June 10 and 17 additional gold deposits were required, and the amount of gold held in the fund has thus been increased to $30,540,000, at which figure it stood at close of business June 24.

On Wednesday evening each Federal reserve bank telegraphs to the Federal Reserve Board the amount due from it to each other Federal reserve bank. These telegrams are all in the hands of the Board early Thursday morning, and the figures given are then assembled on a sheet known as "the checkerboard," which has the names of the Federal reserve banks at the head of 12 columns and also at the left-hand margin. From the telegram of each bank the amounts which it reports due to other Federal reserve banks are listed in the proper columns under the names of the other banks, the total being entered at the right margin, and each horizontal column thus shows amounts and total which the Federal reserve bank owes to all the other reserve banks. When the figures from the 12 telegrams have been entered the vertical columns show the amounts and total due from other Federal reserve banks to the reserve bank named at the head of each column. Each bank is then charged with the amount due to other Federal reserve banks and credited with the amounts due to it from them, the net amount to its debit or credit being carried to its account on the books of the gold-settlement fund. A telegram is sent to each bank giving the amounts which other Federal reserve banks report due it, and the net amount by which it is debtor or creditor at the clearing. Upon receipt of this telegram it charges the accounts of other Federal reserve banks for the amounts it has reported due to them, and credits their accounts with the amounts which they have reported due to it, the obligations in each case having been extinguished by the operation of settling and the transfer of title to gold held in the gold-settlement fund.

In response to a request from a Federal reserve bank, the Federal Reserve Board has agreed to pay to the Treasurer of the United States from the gold-settlement fund sums in multiples of $10,000 for the credit of any reserve bank's gold redemption fund with the Treasurer of the United States.

This information has been transmitted to the other 11 banks. No request from a Federal reserve bank for the transfer of funds other than the weekly settlement had before been received.

Gold settlement fund—Summary of transactions May 19, 1915–June 24, 1915.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Preliminary settlement as of close of business May 19, 1915:													
Due to other Federal reserve banks	$3,230	$9,589	$840	$395	$1,215	$1,330	$4,368	$1,804	$396	$3,627	$4,057	$1,671	$32,522
Due from other Federal reserve banks	1,687	11,284	1,715	324	1,532	2,931	4,305	1,477	1,482	1,752	1,554	2,479	32,522
Net balance due to fund	1,543			71			63	327		1,875	2,503		6,382
Net balance due from fund		1,695	875		317	1,601			1,086			808	6,382
Initial gold deposits	2,550	1,000	1,000	1,500	1,700	260	1,070	1,330	1,000	2,880	3,010	1,150	18,450
Balance in fund	1,007	2,695	1,875	1,429	2,017	1,861	1,007	1,003	2,086	1,005	507	1,958	18,450
Settlement of May 27, 1915:													
Due to other Federal reserve banks	2,817	4,391	1,692	134	527	832	2,927	2,821	1,145	1,641	709	8	19,644
Due from other Federal reserve banks	2,145	9,300	678	363	373	778	2,406	1,351	173	1,065	966	46	19,644
Net balance due to fund	672		1,014		154	54	521	1,470	972	576			5,433
Net balance due from fund		4,909		229							257	38	5,433
Balance in fund after settling	335	7,604	861	1,658	1,863	1,807	486	—467[a]	1,114	429	764	1,996	18,450
Gold deposits	680		500				600	1,470		600	500	50	4,400
Settlement of June 3, 1915:													
Due to other Federal reserve banks	2,203	5,972	1,439	110	277	492	4,871	2,401	127	689	357	47	18,985
Due from other Federal reserve banks	2,792	4,268	2,323	342	566	367	2,902	3,828	96	1,169	321	11	18,985
Net balance due to fund		1,704				125	1,969		31		36	36	3,901
Net balance due from fund	589		884	232	289			1,427		480			3,901
Balance in fund after settling	1,604	5,900	2,245	1,890	2,152	1,682	—883[a]	2,430	1,083	1,509	1,228	2,010	22,850
Gold deposits							3,000						
Settlement of June 10, 1915:													
Due to other Federal reserve banks	2,128	5,176	874	92	515	599	8,149	6,286	91	858	472	114	25,354
Due from other Federal reserve banks	2,634	7,906	851	248	625	472	4,015	6,028	232	1,598	714	31	25,354
Net balance due to fund			23			127	4,134	258				83	4,625
Net balance due from, to fund	506	2,730		156	110				141	740	242		4,625
Balance in fund after settling	2,110	8,630	2,222	2,046	2,262	1,555	−2,017[a]	2,172	1,224	2,249	1,470	1,927	25,850
Gold deposits				420			3,100						3,520
Settlement of June 17, 1915:													
Due to other Federal reserve banks	1,307	10,038	2,162	60	677	684	4,349	4,038	158	1,803	495	687	26,458
Due from other Federal reserve banks	2,771	5,007	1,720	289	831	878	8,279	3,735	220	2,068	647	13	26,458
Net balance due to fund		5,031	442					303				674	6,450
Net balance due from fund	1,464			229	154	194	3,930		62	265	152		6,450
Balance in fund after settling	3,574	3,599	1,780	2,695	2,416	1,749	5,013	1,869	1,286	2,514	1,622	1,253	29,370
Gold deposits				600								570	
Settlement of June 24, 1915:													
Due to other Federal reserve banks	2,841	3,479	2,512	171	717	417	3,982	2,928	339	562	305	166	18,419
Due from other Federal reserve banks	2,486	4,358	1,595	164	610	249	3,454	3,172	156	1,198	951	26	18,419
Net balance due to fund	355		917	7	107	168	528		183			140	2,405
Net balance due from fund		879						244		636	646		2,405
Balance in fund after settling	3,419	4,478	863	3,288	2,309	1,581	4,485	2,113	1,103	3,150	2,268	1,483	30,540

[a] Overdrawn.

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Meeting of Governors of Reserve Banks.

The Fourth Conference of Governors of the Federal reserve banks was held in Chicago at the Blackstone Hotel on June 14 to 16, inclusive, this being the first conference not held in Washington. All the governors were in attendance with the exception of Gov. Kains, of the San Francisco Reserve Bank, which was represented by Mr. Russell Lowry, deputy governor of the bank.

Mr. Strong, who is chairman of the conferences for the current year, presided, and Mr. Curtis, counsel and secretary of the New York Reserve Bank, acted as secretary.

During the sessions Mr. A. C. Miller, of the Federal Reserve Board, attended on two occasions by invitation, and took part in the discussion. Mr. J. B. Forgan, president of the Federal advisory council, was also present for a brief conference with the governors, and Mr. J. A. Broderick, chief of the division of audit and examination, Federal Reserve Board, assisted in the discussion of the items relating to records and accounts.

The conference had under consideration and disposed of 76 items under 24 principal topics. Among other actions taken by the conference were the following:

The chairman was authorized to appoint a representative of all the 12 banks to act with the representative of the Federal Reserve Board appointed to audit the accounts of the gold settlement fund.

The executive committee was authorized to call a meeting of auditors or accountants of the reserve banks for the discussion in detail of daily transactions, records and reports, cost of printing notes, analysis of operating expenses, standard form for analysis of expenses and income, establishment of unit cost or standard of comparison, and other similar topics.

It was also voted to be the sense of the meeting that the reserve banks should loan men from their respective forces to assist the examining staff of the Federal Reserve Board in conducting examinations of banks applying for membership in the system.

In relation to the rediscounting of commercial paper, it was agreed that each governor would send to the other 11 banks copies of the forms of application and financial statement to be required after July 15 next, in accordance with the provisions of Circular 3, Regulation B, of the Federal Reserve Board, on this subject.

Plans were also agreed upon for the preparation of standard forms for municipal warrants, the extension of facilities for transferring funds, and recommendations concerning the proper method of computing dividend payments.

The chairman was authorized to invite a member of the Federal Reserve Board to attend future conferences of the governors, especially to discuss such topics as may be suggested by the Board.

Recommendations indicating the attitude of the governors were also made by the conference to the Federal Reserve Board with reference to the following subjects:

1. Rebating interest on rediscounts.
2. Discount rates for short-term paper of less than 15 days' maturity.
3. Cooperation with national-bank examiners in the examination of member banks.
4. The principles to be adopted in the examination of State bank members, both for regular and for admission examinations.
5. Cooperation with State authorities in such examinations.
6. Digest of rulings of Federal Reserve Board.
7. Discount rates.
8. Purchase of total issues of municipal warrants of small municipalities.
9. Amortization of organization expenses.
10. Operation of the gold-settlement fund.
11. Purchase of Government bonds.
12. Purchase of trade acceptances.
13. Deposit of money in the Treasury to the credit of Federal reserve agents.
14. Appointment of committee to confer on general Subtreasury relations.
15. Indorsement of paper and gold order certificates held by Federal reserve agents for account of Federal reserve banks.
16. Issuance of letters of credit by national banks.
17. Establishment of branches of Federal reserve banks.

In addition to the topics referred to in the foregoing, the following were also discussed:

Relations between Federal reserve banks.
Open-market operations.
Intradistrict collections.
Interdistrict collections and clearings.
Foreign exchange.
National bank reserves.
Retirement of Federal reserve notes.

In place of the subcommittee which had previously had in charge the matter of arranging the intradistrict collection systems and the gold settlement fund recently established at Washington, the conference voted to create a standing executive committee to be composed of Messrs. McDougal, Aiken, Strong, Rhoads, Fancher, and Seay, of which Mr. McDougal was appointed chairman. It is understood that this committee will hold meetings from time to time to act on such matters as have been referred to them by the conference, or as they may be requested to take up by the Federal Reserve Board.

The conference adjourned at the call of the chairman with the understanding that the next meeting would be held in some other Federal reserve city and probably toward the end of the summer.

Branch at New Orleans.

The Federal Reserve Board in a press statement issued June 24 announced that it has approved the request of the Federal Reserve Bank of Atlanta to open a branch at New Orleans, La. Its action was taken in accordance with the provisions of section 3 of the Federal reserve act, which reads as follows:

Each Federal reserve bank shall establish branch banks within the Federal reserve district in which it is located, and may do so in the district of any Federal reserve bank which may have been suspended. Such branches shall be operated by a board of directors, under rules and regulations approved by the Federal Reserve Board. Directors of branch banks shall possess the same qualifications as directors of the Federal reserve banks. Four of said directors shall be selected by the reserve bank and three by the Federal Reserve Board, and they shall hold office during the pleasure, respectively, of the parent bank and the Federal Reserve Board. The reserve bank shall designate one of the directors as manager.

While the Board has carefully considered the principles which should be observed in opening a branch of the Federal Reserve Bank of Atlanta, it is not ready at this time to promulgate any general rules applicable to other points, as it regards the proposition as somewhat experimental.

It is felt that the experience gained in this case will have an important bearing upon the future development of the branch-bank idea. Incidentally it may be mentioned that the banks comprised in the New Orleans Clearing House Association have undertaken to make good for the first year of operation any difference between the expense of conducting the new branch bank now proposed and the revenues to be derived from it.

No definite assignment of territory has been made to the New Orleans branch, but it is understood that it is intended to assign to it the member banks of Louisiana and Mississippi in district 6, and those of Mobile and Baldwin Counties, Ala. The banks in the territories so segregated will deal with the New Orleans branch only.

The Board has directed that the New Orleans branch shall conduct only operations in the discount and purchase of commercial paper and acceptances and those relating to clearing, collection, and exchange transactions and transfers of funds. The issue of notes and the function of rediscounting with other Federal reserve banks, the purchase of United States bonds and notes, and dealings in warrants of "municipalities" are to be carried on solely by the Federal Reserve Bank of Atlanta. All operations are to be reported promptly to the Federal Reserve Bank of Atlanta, and the Federal Reserve Board is to be advised of the same without delay. The transactions of the New Orleans branch will be considered as the transactions of the Federal Reserve Bank of Atlanta and so reported in the statements of the latter.

It is assumed that the provisions of the Federal reserve act require that of the seven directors two shall be bankers and two business men (not necessarily bankers), and that the three Government directors shall conform, so far as possible, to the same requirements as those of the "C" class directors of the parent bank. A manager will be appointed from among the directors.

The terms of office of the first directors are set at one year, those first appointed to hold office for one year from January 1, 1916.

By-laws, salaries, fees, etc., are to be subject to the approval of the Federal Reserve Board. Transactions in foreign exchange on behalf of the New Orleans branch are to be the subject of later regulations.

No other Federal reserve bank has approved a request for branches, and the Board does not expect to take further action until more experience has been gained.

Discount Rates.

Discount rate of each Federal reserve bank in effect on June 26, 1915.

Federal reserve bank.	Date of last change of rate.	Maturities of 30 days and less.	Maturities of over 30 days to 60 days, inclusive.	Maturities of over 60 days to 90 days, inclusive.	Agricultural and live-stock paper over 90 days.
Boston	June 18	4	4	4½	5
New York	Feb. 18	4	4	4	5
Philadelphia	Jan. 28	4	4	4½	5
Cleveland	Feb. 6	4	4	4½	5
Richmond	June 25	4	4	4½	5
Atlanta	Apr. 30	4	4	4½	5
Chicago	Jan. 23	4	4	4½	5
St. Louis	Apr. 22	4	4	4½	5
Minneapolis	May 18	4	4	5	5
Kansas City	June 18	4	4	4½	5
Dallas	Feb. 4	4	4	4½	5
San Francisco	May 8	3½	4	4½	6

Authorized rate of acceptances, 2 to 4 per cent.

On June 24 the Federal Reserve Board approved a rate of 3 per cent for loans of 10 days' maturity at the Federal reserve banks of New York, Philadelphia, San Francisco, and St. Louis.

On March 10 the Federal Reserve Board fixed the following rates for rediscounts between Federal reserve banks: 3½ per cent for maturities of 30 days and less; 4 per cent for maturities of over 30 days to 90 days, inclusive.

Short-term Discount Rate.

The Federal Reserve Board in a press statement issued June 24 announced a new departure with regard to discount rates, approving a rate of 3 per cent for loans of 10 days' maturity at the Federal reserve banks of New York, Philadelphia, San Francisco, and St. Louis.

The matter of establishing such a rate has been before the Board for some time past, and has received very careful investigation. It was discussed at the recent conference of governors in Chicago, and the general idea of such a rate was approved. In the opinion of the Board the introduction of the plan just at the beginning of the crop-moving season may result in extending material assistance to banks which desire special accommodation for very short periods. The short-term rate is believed likely to be an effective substitute for call loans based on collateral, and is in line with the policy of the Board heretofore established of progressively decreasing the rate of discount as the maturity of the paper presented is shortened and as its liquidity correspondingly increases. The new plan will, it is thought, be particularly useful to banks that are members of the clearing system and desire from time to time to obtain short-term accommodation for the maintenance of their balances with the reserve banks.

Aldrich-Vreeland Currency.

By July 1, 1915, practically all of the Emergency, or "Aldrich-Vreeland" Currency issued after the declaration of the European war will have been retired. In this connection the following figures may be interesting: The first issue of notes was made during the first days of August, 1914. By August 8 the amount approved by the Secretary of the Treasury for issuance had reached $100,068,350. This amount was increased on September 5 to $240,979,960, on October 3 to $344,779,640, on November 7 to $379,060,715. By February 13 the aggregate approvals had reached $386,444,215, but by that time $341,067,073.22 of the total amount issued had been retired, leaving the net amount outstanding February 13, 1915, only $45,377,141.78. The maximum amount outstanding at any time was reached the latter part of October. The redemptions began in the middle part of October. By November 28, $101,602,066 had been retired; by December 26, 1914, redemptions had amounted to $217,101,614; by January 2, 1915, the total redemptions had amounted to $238,698,483; February 6, $326,203,992; March 6, $354,597,268; April 3, $368,987,024; May 1, $376,097,462; June 5, $380,701,044.

INFORMAL RULINGS OF THE BOARD.

Below are reproduced letters sent out from time to time over the signatures of the officers of the Federal Reserve Board, which contain information believed to be of general interest to Federal reserve banks and member banks of the system:

Branches of National Banks.

Your letter of May 7 relative to the First National Bank of ——— and its branch bank has had the consideration of the Federal Reserve Board.

I am attaching hereto copy of opinion, dated September 15, 1909, by former Attorney General George W. Wickersham, dealing with the status of branch banks. It will be observed that the Attorney General reaches the conclusion that—

"No matter how many branches the State bank may have, upon compliance with the provisions of section 5154, Revised Statues, it becomes a national banking association, with the same powers and privileges * * * as are prescribed for other associations originally organizing as national banking associations,"

and that he treats the branch banks as having no separate corporate existence.

Without discussing, therefore, the question submitted from a standpoint of bookkeeping, it would seem to be necessary for the Federal Reserve Bank of St. Louis in all cases to treat all transactions, either of a parent bank or one of the branches, as a transaction of the corporation. In this view the reserve to be maintained should be based upon the aggregate deposits of the parent bank and its branches, and the capital-stock subscriptions and dividends paid on capital stock should be treated in the same manner. If, as a matter of bookkeeping convenience, your bank desires to carry separate checking accounts, there would seem to be no legal objection to this course being followed.

MAY 22, 1915.

Reducing Capital Stock.

The Federal Reserve Board has considered your recent letter relative to the method of taking action on the application of member banks for reduction in capital stock and has also given attention to letters received on the same subject from other Federal reserve agents. It appears that in not a few instances member banks which make such applications are indebted to the Federal reserve bank of their district for accommodation, so that the latter has a very decided interest of its own in their action.

For this and other reasons the Board has voted that in the future when a member bank desires to reduce its capital stock it shall be required first to make application to the Federal reserve bank of its district, and, after obtaining its approval, to present its case to the Comptroller of the Currency, the matter finally going with the Comptroller's favorable or adverse recommendation to the Federal Reserve Board as at present.

It is recommended that you notify each of your member banks of this change in practice.

JUNE 2, 1915.

Deposit of Trustee Funds.

Your letter of June 1, inquiring on behalf of a member bank whether it is necessary for such bank to deposit cash owned by it as trustee in another institution, has been received.

In reply you are advised that the Board has considered this matter and is not disposed to make such a requirement.

Under Regulation H it does, however, call for the segregation of such trust funds, they being carried in a distinct account in the case of each trust.

JUNE 3, 1915.

Trust Powers.

Your letter of May 17, relative to the application of Kentucky member banks for fiduciary powers, has been given due consideration. In answer, it is requested that you forward all applications filed by national banks for permission to act as executor, trustee, etc., to this Board. The Board, in the last analysis, must determine whether or not to grant these permits in the light of the information before it. It is, therefore, the Board's wish that all Federal reserve banks comply with the terms of the regulations already issued and submit all applications for its consideration.

The Board desires to have your opinion in each case as to whether the applying bank is worthy, from a business standpoint, to be vested with the powers applied for, even if your views of the State law should lead you to refrain from recommending favorable action.

JUNE 4, 1915.

Timber as Note Security.

In reply to your letter of the 7th instant, I am authorized by the Board to say that we do not feel that it would be a safe policy for Federal reserve banks to look upon timber standing upon tracts of land as quick assets, such as manufactured goods in the hands of a manufacturer or merchandise in the hands of a jobber. While it is true that there are times when timberlands, that have been thoroughly cruised and reported upon by competent experts, are readily salable, there are other conditions relating to properties of this kind which must be taken into consideration. Forest fires sometimes destroy a good deal of standing timber, and sometimes wind storms greatly diminish the value of such properties.

The precedent would be a dangerous one, as owners of coal and ore lands might ask to have their coal and ore in the ground appraised on a royalty basis, and ask to have paper, based upon their holdings of such lands, made eligible for discount at Federal reserve banks.

The Board is clearly of the opinion that there is nothing in the act, or in good banking practice, that would permit of the classification of uncut timber or unmined minerals as quick assets.

JUNE 11, 1915.

Trust Company Branches.

Your letter of June 11, with reference to the regulations just issued covering the terms under which State banks and trust companies may become members of the Federal Reserve System, is received.

I note your request to be advised whether a trust company having branches is eligible for membership, and whether such trust company as a member may maintain the branches as at present.

In reply you are informed that both questions should be answered in the affirmative.

JUNE 12, 1915.

Authority to Accept.

Your letter of June 11, relative to acceptances, and asking if it is necessary to have authority from the Federal Reserve Board to undertake acceptance business, is received.

In reply you are informed that no authority from the Federal Reserve Board is necessary, unless you wish to conduct a business in acceptances in excess of 50 per cent of your capital and surplus.

JUNE 14, 1915.

Acceptances.

In reply to your letter of May 26, addressed to the Governor of the Federal Reserve Board, I beg to state that you are mistaken in thinking that the Board has restricted the Federal reserve banks' discount privilege to acceptances pertaining "to the original transactions only" and that the Federal reserve banks could not discount renewals.

This is not the case. Whenever a member bank accepts "drafts drawn upon it and growing out of transactions involving the importation or exportation of goods having not more than six months' sight to run" the Federal reserve banks may discount the same, provided that at the time of the discount they do not run more than three months. If the transaction has not been liquidated by the time the first acceptance matures, and the member bank, under the law, may in that case renew the acceptance, there is no reason why the Federal reserve bank may not discount such renewed acceptance, though, of course, the Federal reserve bank may not engage in advance to discount any renewals.

JUNE 16, 1915.

Deposits as Loans.

In reply to your letter of May 22, addressed to the Federal Reserve Board, permit me to point out to you that the ruling of the Comptroller does not imply that deposits of national banks with nonmember banks are to be considered as "loans." It says only that "all deposits of a national bank with nonmember banks which are in excess of 10 per cent of its capital and surplus are to be reported as excessive loans." Inasmuch as the law plainly states that "except as thus provided, no member bank shall keep on deposit with any nonmember bank a sum in excess of 10 per cent of its own paid-up capital and surplus," the Comptroller has no choice but to enforce this requirement of the act; and while the Board sympathizes very much with the embarrassing position in which the banks of South Dakota have been placed it does not see how, under the act, any different ruling can be suggested.

JUNE 16, 1915.

Money-Order Business.

Your letter of June 8, addressed to Hon. Charles S. Hamlin, has been taken under careful advisement by the Board. I am instructed to say that the Board feels that the Federal reserve banks could not at this time go into the money-order business. Under the law it does not seem that they have authority to do so.

June 17, 1915.

Collateral Trust Notes.

Your letter of June 11, relative to the rediscount of manufacturers' notes secured by bills receivable, has been carefully considered.

In reply to the question you have submitted, it is the opinion of the Board that a note of a manufacturer secured by his bills receivable is most desirable paper, and should certainly not be debarred as a "collateral trust note." It would be entirely unreasonable to say that the note of a manufacturer is good when it is unsecured and bad when it is secured. When the note is issued for the purpose of carrying collateral for a speculative purpose or collateral in the nature of stocks and bonds (other than securities of the United States), the note would have the character of a "collateral trust note" of a character rendering it ineligible for rediscount.

June 17, 1915.

Pig Iron as Security.

Your letter of June 8 has been given careful consideration by the Board.

In reply to your question whether the note of a furnace company would be eligible if the concern had manufactured a stock of pig iron for later delivery on a large contract and used the pig iron as security for the note during part of the period previous to delivery, you are advised that the note is eligible under the circumstances, inasmuch as a sale has been made and the carrying of the material is not for speculative purposes. On general principles, we might say that where goods are used as collateral in the natural course of business (production or distribution) collateral of this kind would certainly not make the note ineligible. From a banking point of view, however, it is necessary to scrutinize each case in order to ascertain whether or not it is a matter of legitimate business or speculation, and also whether or not the goods offered as collateral are readily marketable; but this, of course, is a general question of banking prudence, which must be left to the judgment of those in charge of the member banks and the Federal reserve banks.

June 17, 1915.

Purchase of United States Bonds.

I am directed by the Federal Reserve Board, in answer to your letter of June 9, to state that the law requiring the purchase of United States bonds does not become effective until two years after the passage of the Federal reserve act; that is to say, not until the year which begins December 23, 1915. You will find this provision in section 18 of the Federal reserve act. After December 23, 1915, any member bank desiring to retire the whole or any part of its circulating notes may file an application expressing a desire to sell its bonds at par and accrued interest, and the Federal Reserve Board may, at its discretion, require Federal reserve banks to purchase such bonds from member banks whose applications have been filed with the Treasurer at least 10 days before the end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made.

You understand, under the provisions of the law, that if there were more than twenty-five millions of bonds offered for sale in any one year the amount that would be purchased from any offering bank would be proportionately decreased. The law is tolerably clear on this matter, and you will find a ruling of our counsel in this connection on page 99 of the June issue of the Federal Reserve Bulletin.

June 18, 1915.

Silver Certificates for Notes.

At a meeting of the Federal Reserve Board on January 12 it was voted that, inasmuch as silver certificates are now to all intents and purposes lawful money, they may be received by Federal reserve agents when offered by Federal reserve banks for the purpose of reducing their liability for Federal reserve notes outstanding.

Endorsements.

In reply to yours of the 15th instant, in the opinion of counsel to the Board it is necessary that any notes held by the Federal reserve agent as security for Federal reserve notes should have the indorsement of the Federal reserve bank hypothecating same.

The Federal reserve agent should be placed in a position to collect any notes maturing in his possesion and should have the indorsement of the Federal reserve bank on such notes in order to fix definitely the liability of such bank. Indorsements may, of course, be made in blank if desired.

January 23, 1915.

THE PAN AMERICAN FINANCIAL CONFERENCE.

The general results of the Pan American conference which are likely to receive greatest attention and study are found in the recommendations made:

(1) With reference to the future work growing out of the conference;

(2) With reference to actual legislation of a general sort for the purpose of carrying out the objects of the conference; and

(3) With reference to the commercial measures designed to be actually taken as the result of the conference.

The three specific points relating to future work which will stand out as a result of this conference are (*a*) the suggestion that a regular board or other division of the Pan American Union at Washington be established for the purpose of taking charge of and reporting upon financial conditions throughout the Western Hemisphere; (*b*) the recommendation that there be established an "International High Commission on Uniform Legislation"; and (*c*) the suggestion that there be an annual Pan American conference. The first of these suggestions is obvious in its purpose. It is a plan for maintaining and disseminating regular information regarding financial conditions throughout South and Central America and the United States. With reference to the second and third points, probably the most clear-cut explanation is that furnished by Hon. William G. McAdoo, Secretary of the Treasury, in a letter written by him to each of the delegations from Central and South America immediately prior to their departure from the United States. In this letter Mr. McAdoo said:

The conference demonstrated conclusively to my mind that it will be of immense advantage to all the Republics of the American Continent to hold an annual Pan American financial conference in Washington. I am going to ask the President of the United States to strongly recommend this to the next session of the United States Congress and ask for a sufficient appropriation to carry on the work. I am sure that the Congress of the United States will act favorably upon this suggestion. I respectfully request that you make a similar recommendation to your Government. I have suggested that the city of Washington be made the place of meeting for the annual sessions of the Pan American Financial Conference merely because I think that it is, on the whole, the most convenient place therefor, and that it is possible to secure a larger attendance of our important financiers and business men in Washington than elsewhere. Moreover, the Pan American Union has a beautiful building in Washington, where all the necessary facilities for the conference can be obtained. It is also important, I think, to have the Pan American Financial Conference cooperate with the Pan American Union. I shall be glad, however, if you will frankly inform me whether you think it would be better to hold the financial conference at some other place than Washington.

I earnestly recommend that the minister of finance of your country appoint at the earliest possible moment the nine members of the international high commission, proposed in the report of the committee on uniform legislation. I inclose several copies of that report.

In order that this high commission may have the status to which its importance and dignity entitle it, I think that the minister of finance of each country should himself accept the chairmanship of the commission in his country. This suggestion has been made to me from many quarters, and I think it is an admirable one. The Secretary of the Treasury of the United States will act as chairman of the commission for the United States. If the ministers of finance of the several countries will adopt this suggestion, the commission will at once have a prestige and dignity which will add much to its effectiveness. The high commission of each country should promptly organize and appoint a secretary general, who should at once assume the duties of his office and get into communication with the high commissions appointed by the several countries.

There should be a meeting of the International High Commission as early as possible at some suitable place in Central or South America. I would suggest the city of Buenos Aires as being the most convenient point for this purpose, and that the date for the meeting be the 1st day of November, 1915. This date would be very appropriate for the members of the United States commission, as it will be about one month before the next session of the

United States Congress, which convenes on the 6th of December, 1915. Thus an opportunity would be given to submit to that session of the United States Congress the conclusions reached by the International High Commission.

It is, of course, essential that the work of the several High Commissions be coordinated and have general direction from some common point. I would suggest that until there can be a meeting of the International High Commission, as proposed, the secretary general of the United States commission act temporarily as secretary general for the International High Commission, and I shall be greatly obliged if the minister of finance of each country will cable me as soon as possible if this suggestion is acceptable to his country.

The secretary general of the United States commission will have his headquarters in the United States Treasury Department at Washington, and will be immediately under the direction of the Secretary of the Treasury of the United States. Every effort will be made to keep in touch with the general situation and to arrange for the meeting of the International High Commission when a permanent organization can be effected. I shall greatly appreciate it if the minister of finance of each country will cable me at the Treasury Department in Washington the names of the members of the High Commission for his country as soon as they are appointed, in addition to the name of the secretary general, and state whether the city of Buenos Aires is agreeable for the first meeting of the International High Commission and if November 1 is acceptable as the date for said meeting.

Each High Commission should, as soon as appointed, take up and consider carefully the report made by the committee on uniform legislation to the Pan American financial conference, dated May 29, 1915, copies of which are inclosed, and should send to the secretary general, Treasury Department, Washington, D. C., the fullest possible information as to the extent to which the recommendations of the committee on uniform legislation above referred to are regarded favorably by their Governments, together with any suggestions they have to offer.

I would also respectfully urge upon your Government the importance of making such provision as may be necessary to give the High Commission an official status and standing, and also for the making of a reasonable appropriation to enable the High Commission of each country to carry on its work. I shall beg the President of the United States to make similar recommendations to the Congress of the United States, and I am satisfied that there will be no difficulty in securing from the Congress of the United States the necessary appropriation for this purpose. The creation of an International High Commission is certain to produce advantageous results in all the countries concerned. I respectfully urge upon you the importance of these suggestions, and beg that you will express to your Government my hope that it will take early and favorable action thereon.

The ideas developed in the course of the conference with reference to the uniform legislation to be adopted throughout all of the States of North, Central, and South America are most clearly expressed in that part of the report of the committee on uniform laws relating to the actual measures of legislation proposed. Parts of the report which bear upon this question are as follows, beginning with an enumeration of work to be done:

1. The establishment of a gold standard of value.

2. Bills of exchange, commercial paper, and bills of lading.

(Note the results of the two European conferences on these subjects.)

3. Uniform (*a*) classification of merchandise, (*b*) customs regulations, (*c*) consular certificates and invoices, (*d*) port charges.

(See the report adopted by the Fourth International American Conference, at Buenos Aires, 1910.)

4. Uniform regulations for commercial travelers.

Consider in this relation the question of a certificate to be issued by the proper department of the Government of the country from which the traveler comes that the bearer is a bona fide commercial traveler, this certificate to be properly viséed.

5. To what extent further legislation may be necessary concerning trade-marks, patents, and copyrights.

(See the treaties adopted by the Fourth International American Conference.)

6. The establishment of a uniform low rate of postage and of charges for money orders and parcels post between the American countries.

7. The extension of the process of arbitration for the adjustment of commercial disputes.

ORGANIZATION.

1. That for the purpose of carrying into effect the resolutions of the conference, and particularly for bringing about uniformity of laws on the subjects embraced in those resolutions, there be established an International High Commission, to be composed of not more than nine members, resident in each country, to be appointed by the minister of finance of such country. The aggregate members thus appointed shall constitute the commission.

2. That for the purpose of aiding the International High Commission and coordinating its work there be created in the Pan American Union a bureau, whose chief shall receive a salary of not less than $5,000 gold per annum; and it is recommended that, in view of his initiative in bringing about the conference, the governing board of the Pan American Union invite the Hon. William G. McAdoo, Secretary of the Treasury of the United States, to suggest the name of the first chief of this bureau. Expenses of the bureau, including the salaries of the chief and his assistants, to be paid by the Pan American Union, in whose budget a corresponding increase shall be included.

3. The American Governments are requested to instruct their diplomatic and consular officers and their commercial attachés to cooperate with the International High Commission and with the bureau.

The bureau shall be authorized to obtain in each country such expert assistance as may be necessary to the prosecution of its work, the expenses thus incurred to be treated as a part of the expenses of the bureau.

4. The bureau shall make to the governing board of the Pan American Union, for distribution among the Governments concerned, and to the International High Commission, an annual report.

As for immediate economic measures to promote better relationships between North, Central, and South America, probably the most important were those relating to the improvement of communication. Both better shipping facilities and better postal arrangements were recommended. It was the unanimous opinion of the conference that improved ocean transportation facilities between the leading ports in South America and the United States are of vital importance. The conference unanimously adopted the following resolution:

Resolved, That it is the sense of this conference that improved ocean transportation facilities between the countries composing the Pan American Union have become a vital and imperative necessity, and that every effort should be made to secure at the earliest possible moment such improved means of ocean transportation, since it is of primary importance to the extension of trade and commerce and improved financial relations between the American Republics.

With reference to postal facilities, the Postmaster General of the United States submitted the following suggestions:

The Postmaster General of the United States under date of October 17, 1914, addressed to the postal authorities of each of the countries and colonies of the Western Hemisphere to which our domestic letter rate did not then apply a proposal on the part of this Government to enter into conventions establishing a 2-cent letter rate—the domestic rate—from the United States to those countries if they would agree that letters coming from their countries to the United States should bear their domestic rate. This offer upon the part of the United States postal administration still stands and it is intended in the near future to again address a communication to each country renewing the offer.

There is now pending an offer to enter into a convention for the exchange of money orders with each country of Central and South America with which we do not now transact such business, with the exception of two, namely, Guatemala and Venezuela, which at this time have no domestic money-order system, and consequently could not exchange remittances in that form with the United States. It is the purpose of the Postmaster General to renew in the near future the invitation which he has extended to the countries referred to, to enter into money-order exchange conventions with this country as early as practicable.

The Postmaster General of the United States is also examining the terms of the parcels-post conventions in force between the United States and the several countries of Central and South America with a view to removing all obstacles that it is practicable to remove in the way of restrictions embodied in such conventions which interfere with the freedom of transmission of parcels, etc.

The things above indicated are those which the Postmaster General of the United States is anxious to do and have done in order to bring about better postal relations between this country and the respective countries of Latin America with a view to increasing the trade relations between the countries of the Western Hemisphere for their mutual advantage.

Subsequent to the close of the conference Mr. McAdoo made a recommendation for an annual Pan American Financial Conference and for immediate and continued cooperative efforts, which have already been quoted. He also suggested a plan for the maintenance of the work of the several group committees which had been assigned to the various South American countries represented in the following language:

Much of the success of the conference resulted from the division of the representatives of the United States into 18 group committees, one of which was assigned to the delegation from each of the visiting countries, thus bringing about a group conference between the delegates of each country and a committee of representative financiers and business men of the United States, with a resulting interchange of views at close range and under conditions where the problems of each country were intimately discussed and the difficulties in the way of more extended trade, commerce, and intercourse between them were developed and the remedies therefor ascertained and considered. It is clear that it will be to the interest of all concerned if these group committees shall be continued. It is my purpose, therefore, to appoint a group committee in this country to which will be assigned the specific duty of keeping in touch with the delegates from your country and act as the medium in the United States through which you may secure reliable information or submit matters for the consideration of financiers, merchants, or manufacturers in the United States. This committee will, of course, have no official status, but will act as a voluntary organization for the purpose of fostering closer financial and commercial relations between our respective countries. The group committees now appointed will serve until the convening of the Pan American Financial Conference of 1916, unless relieved from further service by the Secretary of the Treasury of the United States.

I would suggest that the delegates from your country continue as a group committee for your country, so that in like manner our business men and financiers may be able to apply to you for reliable information concerning matters affecting business or finance in your country.

The participation of the Federal Reserve Board in the conference consisted in work done by the several members of the Board in connection with the various group committees to which they were assigned, as well as in connection with the general committees on which some of the members of the Board served; but the governor of the Board, Hon. Charles S. Hamlin, and Hon. Paul M. Warburg, member of the Board, delivered addresses at public sessions of the conference. These addresses are reprinted in this issue of the Federal Reserve Bulletin.

The conference convened in Washington on Monday, May 24, and continued in practically continuous session until the close of that week. The first day was naturally devoted to organization, and committees were established one for each of the South American countries represented, including in its membership a number of delegates representative of that country itself, and a number of American delegates who were to act in an advisory capacity. In addition to these special committees or "groups," there were named certain general committees, including one on uniform laws, one on transportation communication between the United States and South America, and certain others. Many interesting reports with reference to the existing conditions and financial needs of the different countries represented in the conference were presented. To review these would be a matter of very great detail, and would amount to a study of the existing economic and financial conditions prevalent in each such State throughout South and Central America.

Future of American Credit.

Hon. Paul M. Warburg, member of the Federal Reserve Board, delivered the following address before the Pan American Financial Conference, at Washington, D. C., on May 25:

It is a great honor to be permitted to speak before a conference including the eminent leaders of government, finance, and business of an entire continent. It must be confessed, however, that to address so distinguished an audience upon a topic as difficult as the future financial course of the nations of America is a task to be undertaken only with great diffidence and hesitation.

We meet here deeply impressed by the unparalleled struggle which involves all the leading European nations and conscious of the fact that we are witnessing the beginning of one of the most important transformations in the world's history.

We can not at this time forecast whether the outcome of this struggle will be a drastic revision of the world's map or whether national lines will remain substantially unchanged. But we already know that the economic consequences of this unhappy strife will be far-reaching and will vitally affect the future economic development of our own hemisphere.

The object of this address is to attempt to crystallize some thoughts that must have come to us all who have stood in awe and amazement watching the sudden outburst and rapid spread of this disastrous conflagration across the Atlantic.

Before presenting these thoughts to you, on behalf of the Federal Reserve Board I beg to express the great satisfaction that my colleagues and I feel at being afforded this opportunity of deliberating with you the problem confronting us all at this momentous turn in our history.

WHENCE AND WHITHER?

THE FUTURE FINANCIAL COURSE OF AMERICAN NATIONS.

In August, 1914, six European powers went to war. The anomalous consequence of this event was that all American nations were thrown into a condition of acute financial and commercial disturbance.

Would it have been possible to avoid so disastrous an effect upon nations not directly involved in this struggle and thousands of miles removed from the fields of battle? And, furthermore, by what means may we hope to prevent, in the future, the recurrence of such fatal conditions?

These questions are deserving of the most serious consideration by this conference. The problem affects us all. We have all, whether in the northern, central, or southern division of the Western Hemisphere, suffered together. It is of the most vital importance that, if at all possible, a proper remedy be found.

Our sufferings originated in disturbances of three kinds—of shipping, of trade, and of credit.

These three phases of our economic life are so closely interrelated that a breakdown of one immediately affects the other. A collapse of credit must interrupt trade, and therefore shipping. On the other hand, disruption of shipping and trade necessarily disorganizes credit, crippling, as it does, the banking machinery which rests on the fulfillment of contracts, remittances, and payments based on commercial transactions.

When in the face of untoward events actual experience affords a definite standard by which to judge cause and effect it seems easy and often gratuitous for the critic to state what steps should have been taken. Retrospect is easier than forecast. Still, it is only by such analysis that we may hope to avoid similar mistakes in the future.

Reviewing, then, last summer's events upon these assumptions we may say that disruption of shipping, trade, and credit in the countries of this hemisphere might have been less disastrous if, instead of relying exclusively upon Europe for their shipping and credit facilities, the American nations had begun in time to develop and organize their own large resources.

It is not within the purview of this address to elaborate the most interesting and important question, What American nations might have done in the past or what they should do in the future in order to secure their own transportation facilities independent of those of others. Confining ourselves to the subject of credit and banking, we may say with confidence that had the United States enacted and put into operation three years ago its Federal Reserve System not only could our country have weathered the storm without such far-reaching disturbances but we should have been in position to save our American sister Republics much loss and inconvenience.

In order to make this point clear it may be profitable to summarize briefly last year's events as now a chapter of the world's financial history. When the war began England occupied a most advantageous strategic financial position. She had been acting as the banker of the entire world, particularly by her system of acceptance credits, thus financing a vast majority of transactions involving the importation and exportation of goods between nations. The Hindu, the Chinaman, the Japanese, the Australian, the African from Cape Colony to Egypt, the Canadian, the South American, the citizen of the United States, and those of a large number of the European States, all had used the English credit market.

But when the war broke out all countries were suddenly called upon to pay their debts and to finance their trade from that time forward wherever they could do it to their best advantage. The consequence of this situation was that England found herself in the position of a creditor calling upon the entire world for the payment of debts due at a time when shipping and trade were disorganized. It was therefore impossible within the short time granted for such payment to liquidate obligations by the shipment of merchandise, even though it had been previously sold under contract. At the same time a British debt to foreign countries was shielded by a moratorium, so that the foreigner who happened to be in debt to England, yet unable to collect there any sums due him, found himself able to settle his own debts to that country only by buying sterling remittances at most exorbitant prices or by shipping actual gold. British stock exchanges had been closed, and even those foreign debtors who owned British securities or securities which normally found a market in England, by the sale of which, therefore, they might have created balances with which to pay their debts, saw themselves debarred from using these assets for the liquidation of their obligations.

Every country was thrown into confusion. Not one remained sufficiently undisturbed to be able to help the others.

An English writer, now officially connected with the British exchequer, has written a very able and interesting book wherein he sums up the condition then created, as follows:

> London was so strong that it did not know how strong it was. Consequently, being a little flustered by the suddenness of the outbreak of the war, on a scale that mankind had never seen before, it made the mistake of asking its debtors to repay it, not the thousands of millions that it had lent in the form of permanent investment, but the comparatively trifling amount—perhaps one hundred and fifty or two hundred millions (pounds sterling)—that it had lent in the shape of bills of exchange drawn on it, and other forms of short credits. Thereby it put the rest of the economically civilized world, for the time being, into the bankruptcy court, and so, finding that none of its debtors could pay, it thought itself obliged to ask for time from its own creditors at home.[1]

It is not for us to criticize England for having acted in the premises from a merely selfish point of view. This may well have been her duty. Her vital interests were at stake, and in view of the great catastrophe which she had to face it was necessary that she should muster from all parts of the world, not only her military but also her financial reserves. Nor is much to be gained by insisting, with the British authority already cited, that some of the drastic measures which England found it necessary to take, and even her moratorium, might have been avoided if, immediately upon the beginning of the disturbance, she had been adequately prepared to issue without hesitation an ample supply of emergency currency.

We must not blame England; we must blame ourselves for having carelessly placed ourselves in this economically dangerous position.

[1] Hartley Withers, "War and Lombard Street."

Without venturing to analyze the problems of other countries, we may say with reference to the United States that the responsibility for having been caught tied hand and foot when the crash came is in two respects our own. As already stated, we should several years ago have reorganized our financial system so as to keep our gold under our own effective control and so as to enable us to finance with our own resources our import and export transactions. We should, furthermore, have avoided borrowing abroad when we could have financed our requirements at home, even though foreign aid was had at a slight advantage in rate.

The chief lesson which all American nations will have to learn from last year's experience is that it is unwise for the world to place its financial dependence upon any single nation; and that those who can afford to do so, as, for instance, the United States, should from this time on adopt a policy of greater reliance upon their own resources. Those countries which can not rely exclusively upon their own resources should adopt a policy of dividing the risks of financial dependence as evenly and widely as they possibly can.

Financial dependence expresses itself in two ways—first, in the short-term credit granted to individuals, and, second, in the long-term and corporate credit, particularly that granted to Governments.

Dealing first with the problem of individual credits, the United States may be profoundly grateful that just at this time its new banking system has been established. The day of the opening of our Federal reserve banks will mark the advent of our financial independence. We are now able to finance our own imports and exports by the use of American acceptances. More than that, we are in a position to finance the trade of other nations and to play in this respect the part of an international banker that has heretofore been played almost exclusively by England. While it is true that Germany and France during the past generation have begun to finance a large portion of their own trade by acceptances of their own banks, the bulk of the business has heretofore been handled by England. There is no doubt that upon the establishment of peace there will be a tendency on the part of many nations to emancipate themselves in this respect, and, we may add, with profound conviction, that it is precisely in this field that the United States will be destined to play a most important rôle.

We realize, of course, that it will be an arduous task to procure for our American acceptances the same standing in world markets as is now enjoyed by those of nations that have been in the field for generations past. Their commercial and financial relations are well established, and bankers in foreign countries are more familiar with the names of European than of American acceptors. Moreover, the avenues that lead toward European establishments for the sale or discount of acceptances are clearly mapped out and at present of readier access than the new paths leading to those of the United States. It is difficult to change well-established banking habits. We are well aware, therefore, of the fact that it will be necessary for this country to render the utmost possible assistance in order to facilitate a development so eminently desirable for the future protection of these large continents. This can be done in several ways:

First, by the readiness of our banks and bankers to enter this new field in a spirit of liberality and patriotism. They must be thoroughly imbued with the thought that it is necessary for the financial independence of their country and for the security of our American sister Republics that import and export transactions touching this country should in the future be financed by ourselves.

It may be opportune to point out in this connection that the Federal reserve act gives ample powers for the development of this business, even though these powers may have to be still further enlarged. Member banks may accept and Federal reserve banks may discount bills arising out of transactions based upon the "importation or exportation" of goods. The Federal Reserve Board has been advised by its counsel that the words "importation" and "exportation," as used in this connection, need not be construed as confining these transactions to importations or exportations into or from the United States, but that these transactions may also cover shipments between foreign countries. We shall be in position, therefore, to serve as bankers for our American sister Republics, not only in their trade with us, but even in their trade with others.

In order to develop this new avenue of American banking we need not even draw upon the means heretofore employed for the financing of our own problems. The United States has a gold stock amounting to the phenomenal sum of about $1,890,000,000, of which so far only $300,000,000 in round figures have been concentrated in the Federal reserve banks. The Federal reserve banks need only continue the process just begun of substituting Federal reserve notes for the gold and gold certificates now in circulation in order to gain control of a vast additional financial power which now lies idle. We may confidently expect, therefore, to find ample means to handle this business by the simple process of perfecting our organization and assembling our idle gold.

But in order to compete successfully in foreign markets we must have not only banks and bankers of undoubted standing, able and willing to undertake these acceptance transactions, but also discount rates that compare favorably with those of competing nations.

The fact that, within a few months, our banks have been able to accept in the aggregate an amount reported to be in excess of $120,000,000 permits the conclusion that we have begun on a proper basis and with success. But the test will come when peace shall have been restored and when we shall have to make special efforts to maintain and strengthen our position. It will then be one of the functions of the Federal reserve banks to assist in the establishment of discount rates for these acceptances low enough to render them effective in securing business.

There is one other signal service that Federal reserve banks can render in this respect; that is, to facilitate the quotation of so-called "forward discount rates." A bank in a foreign country, when buying a dollar acceptance, must be assured of the rate at which the bill will be discounted when it reaches our country. On this rate it will largely depend whether the foreign shipper will use his European or his American credit facilities. The Federal reserve banks are fully alive to the importance of this question, and I may state on behalf of some of the largest of these banks that they will be prepared to give the greatest possible assistance by adopting a liberal policy in quoting such forward discount rates, good for a certain date or for delivery upon the arrival of mail by a given steamer.

The Federal Reserve Board and the Federal reserve banks have not yet reached any conclusions as to the most efficient method of fixing and transmitting these rates; whether they should be announced locally only at the office of a Federal reserve bank or whether it would be helpful to cable them to the main banking centers in foreign countries. It is hoped that both our guests and our bankers will consider the matter and give us the benefit of their suggestions.

The Federal reserve act, for the first time since the establishment of our national banking system, enabled national banks to open branches in foreign countries. Important branches have already been opened and others are soon to follow. It is hoped that the law may be amended in the near future so as to still further facilitate the establishment of such branches. It is generally felt that these direct connections with foreign countries will tend toward the development of better knowledge and understanding of local conditions and problems and the greater intimacy necessary for the development of cordial and mutually satisfactory business relations.

The vast powers of the Federal reserve banks will enable them to play a most important part, and they will do all they can to assist in facilitating the growth of a truly American banking system ramifying throughout our entire hemisphere.

The policy thus outlined as applicable to individual transactions should also apply to corporate and Government financing. It is a source of weakness when a nation depends too largely on one single or several closely interrelated foreign markets, no matter how attractive may be the terms upon which its obligations may be placed there. For, as experience has shown such securities can be thrown back upon their makers at a time when it is least convenient. If during a critical period one single market or group of markets becomes unavailable while obligations of a debtor country mature or requirements must imperatively be met the debtor country finds itself in a most precarious condition.

It is true that one country can not prevent another from buying its securities, nor would it be advisable hermetically to seal one stock exchange against securities quoted on another for fear that a closing of the one might otherwise force the closing of the other. The advantage of free international interchange is such in peace that we must be willing to bear the disadvantages resulting therefrom in time of war. But every country, in order to be safe, must be prepared for such an eventuality. The financial structure of a country consists of three main parts—funded long-term securities and the organization for marketing them, viz, the stock exchange; individual short-term credits and the organization for marketing them, viz, the discount market and the deposit banks; and, finally, the note-issuing reserve banks. Every country must be prepared in grave emergencies to see the first of these three organs crippled and the stock exchange closed, but there must be such provision that the business of the country shall in that case be carried on by the other two units. In that respect last August found us still unprepared. The fact that our stock-exchange loans became unavailable crippled us. Our Federal reserve system has since been opened, our organization is now established, and any future catastrophe will find us well equipped.

There is no doubt, however, of the vulnerability of any country if too large a volume of its securities be held in one other country. It is certain that the United States will be in a safer condition if, in the future, when placing the securities to be issued for the development of our own properties, we rely to a larger extent than in the past upon our own markets. It is important to state this principle emphatically, even though for the next few years to come it be not likely that Europe could act as a large purchaser of our securities owing to the stupendous amount of bonds issued by the various European Governments, the extraordinary inflation of currency existing in almost every part of Europe, and the appalling loss of property suffered by those countries. Indeed, it may well be expected that from now on the United States will not only have to rely largely upon its own resources for its internal development but that we shall be called upon to provide means for absorbing the securities previously placed in Europe but now returning to us. It is impossible to predict how far the death struggle now going on in Europe must proceed before an end is reached, and we can not, therefore, form any estimate of the extent of the destruction of property and prosperity. But even at this juncture it must be apparent to every student of the problem that borrowing nations will have to husband their resources and move slowly in the further development of their capacities until the power of some of these warring nations to save shall have recuperated and European money shall again freely seek opportunities for investment abroad. Upon the degree to which destruction continues will depend the rôle we eventually shall have to play, not only with respect to our own affairs but with respect to those of others. No doubt there will be a strong desire on the part of other countries, and particularly of the American nations, to ask of the bankers of the United States governmental and corporate credits. Some large foreign loans, aggregating more than $200,000,000, have been recently placed as a beginning. Our country will be prepared to render very substantial service in this respect. But we must bear in mind that in order to create a broad market for bonds of foreign nations it is not sufficient that our bankers alone be familiar with these countries. It is necessary that the investor, from his own knowledge, have confidence and a sympathetic understanding concerning the borrowing country's conditions. In other words, in order to open a wide market for foreign securities there must be intimate business relations with the countries which offer such securities for investment. The belief is often expressed that foreign loans create foreign business relations. This is true, but it can be said with equal force that foreign business relations are conducive to the conclusion of foreign loans. We may state with confidence that the United States will prove a strong market, growing in importance from year to year, for the loans of those foreign countries with which we entertain business relations.

Europe has done much in developing the northern, the central, and the southern parts of this hemisphere. European banks and bankers have been our stanch and loyal friends in the past. It would be unbecoming in us, and disloyal at the same time, were we to forget this or to attempt to profit from their misfortunes. But our own growth and development, and the unhappy fate that has overcome Europe have combined to bring us to a momentous turning point in our economic history. Our own steadily increasing weight and Europe's relatively weakened condition mean that the New World must in the future lean less heavily on the Old.

I think I am justified in saying that there is no difference of conservative opinion that the United States does not aspire now to take the place of Europe's leading financial powers. Our own field of operation is still too vast to enable us or to render it even desirable for us to become the entire world's banker at this stage of our own development. But the safety of all countries—and we include England among their number—demands that if again the latter should find herself forced to call upon her debtors for instant payment, there should be at least one country strong and independent enough to shoulder a substantial portion of the burden.

The development of all American nations lies in the same direction, though there will be a difference in degree. It must be the aim of the United States from now on to move rapidly toward entire financial independence. It must be the aim of her sister Republics so to divide the credits needed for their further development that the temporary breakdown of one creditor country will not seriously embarrass them. They will enjoy the greatest degree of safety in this respect if their creditor nations are geographically, politically, and economically separated from one another as far as possible. So that in case one should become involved the other may be expected to remain unaffected thereby. Though in normal times closely connected with Europe, the American continents ought to be so organized as to form a distinct and independent unit in times of emergency—a union whose transportation and credit systems will remain unbroken, even though all Europe should go to war.

An American union of this kind will prove of the greatest economic advantage for all nations concerned. If such a union be thought desirable, it must, however, be forged and riveted every day of the year. If it is to stand the test of time and stress, it must be a structure of gradual growth, carefully planned and consistently developed, and built upon a safe foundation.

Organization of Reserve System.

Hon. Charles S. Hamlin, governor of the Federal Reserve Board, delivered the following address before the Pan American Conference at Washington, D. C., on Tuesday, May 25:

This conference of the sovereign nations of the Western Hemisphere with the Secretary of the Treasury of the United States is an event of deep significance to the whole civilized world.

If your deliberations are successful it will not only add to the prestige of the nations involved and to the distinction of the delegates but, as well, it will add another achievement to the many already to the credit of the Secretary of the Treasury, and will place another laurel wreath upon the brow of the President for his victories in the cause of peace.

The scope of your deliberations, necessarily limited to the subjects assigned for discussion, need have been limited only by the confines of human knowledge. When we consider the achievements of the nations whose representatives are gathered here we realize what a wealth it constitutes, for you could speak with authority upon the achievements of your citizens in the realms of science, philosophy, art, music, education, history, medicine, or international law, as well as upon the questions you have come together to discuss. That limitations necessarily had to be imposed upon your deliberations, thereby restricting them to the field of commerce, transportation, and finance, is perhaps, after all, an advantage, for to discuss the many important contributions to the world's advancement made by those nations would require such time that from the very nature of things it could not be given.

I take it that the object of every Government is to secure the greatest good of the greatest number of its people, and I believe the world realizes to-day that the prosperity of the people of one nation, in the long run, tends to the prosperity of those of other nations, while the adversity of one people must ultimately tend to the adversity of others. Just as the individual prospers best when his country prospers, so the nation prospers best out of the prosperity of all nations.

In past centuries this great truth was not realized. On the contrary, it was boldly advanced by thinkers and philosophers that each man is arrayed against his fellow man; that the gain of the one is the exact measure of the loss to the other; that competition between individuals, whether in warfare or in commerce, must ultimately mean the destruction of the weaker and the gain of the stronger. So, also, it was believed that as between sovereign nations the precise measure of the gain to one from international trade was the measure of the loss to the other.

Fortunately, however, such doctrines have not survived, and when occasionally they show their heads above the surface they are recognized as but temporary deviations from well-established rules of action. The world recognizes to-day that sympathy and cooperation are the most powerful factors in working out the social and industrial welfare of the individual, and that the same principles apply to the relations of one sovereign nation to another.

Furthermore, the fact so cogently pointed out by Adam Smith, the great economist, that both nations gain by dealings in international trade is now accepted by all nations as a guiding principle, although, to be sure, many nations have somewhat obscured the principle by the levying of customs duties upon imports far above any possible need, either for revenue or for industrial development.

It is also true that the nations to-day are beginning to recognize that they have products, whether of agriculture or manufacture, which they can create in such quantities that they are obliged to seek and obtain for them, or for a portion of them, foreign markets. They further realize that they must accept in great measure as payment for their exported products goods imported from these countries purchasing their exports or from other countries for their account. In other words, speaking generally, every bale of goods exported from a country must be paid for by a bale of goods imported into the country. The actual payment may be made by the delivery of so-called "bills of exchange," but these bills of exchange in a very large measure are but symbols of property or are a claim for money based upon the sale of property. The merchant ships his goods abroad, but he sells the bill he draws upon the foreign purchaser to some domestic bank, and these bills, representing property, are used to offset similar bills drawn by foreign sellers against imports into the country. If the exports and imports of the country do not furnish bills of exchange enough to balance, then gold or its equivalent is used or, perhaps, loans, but these latter play a relatively minor part in international exchanges.

It would be impossible for a country to shut itself off from other countries and still hope to continue its exports, receiving payment in gold instead of in goods. If we assume—what is impossible of realization—that any country could shut off its imports and continue to export, receiving gold for its exports, within a very few years it would cripple the exchange system of all foreign countries by the amount of gold it would take from them, but long before that point could be reached the importation of gold would so raise prices as to effectually stop its exports.

Trade, as now generally recognized, means buying as well as selling, and in so far as this conference has to do with trade and with the means and methods for increasing trade, it has to do with the increase of buying as well as with the increase of selling.

We all recognize to-day the real interdependence of nations; they are especially interdependent from the aspect of trade and commerce. The nation of large resources recognizes that in the long run it is for its own profit to strengthen this interdependence by furnishing the nation of smaller resources means to meet trade indebtedness to it. It should never be forgotten, however, that in the long run this indebtedness must be met by the shipment of goods, whether from the debtor country or from some other country, for its account, to the creditor country.

The question, however, which must be foremost in your minds is just what the United States can do in assisting other nations to finance their trade movements, both with the United States and with the other nations of the world. As to the amount of capital at present available in the United States for such purposes and the working out in detail of any specific plans or suggestions it is not my province to speak. I shall leave that field open to the delegates assembled here, and especially to my colleague, Hon. Paul M. Warburg, who can speak with the authority of a master on every detail of international finance.

The message which I wish to bring to you to-day, however, is that the United States was never before in such a position as it occupies to-day to reach out and extend its trade by granting credit to those nations who wish to be its customers.

The dislocation of foreign trade caused by the present war furnishes the United States with a great opportunity, inasmuch as nations which for generations have had the relation of purchaser and seller now find these relations disrupted.

The United States also has but recently placed itself upon a sound financial foundation by enacting a new banking system, which, together with the reform laws already enacted, I believe will constitute one of the strongest systems in the world.

Furthermore, the new system of banking inaugurated by the Federal reserve act has provided an opportunity to our people of financing our foreign trade. It has economized the use of credit and capital. It has increased its efficiency, which will enable us, as I have said, to engage in financing trade movements with and between foreign countries, which will do much to build up our international trade exchanges, particularly with the great nations whose representatives are here assembled.

This leads naturally to consideration of the banking system which has lately been organized under the Federal reserve act. In order to understand the changes brought about by the new banking system we must briefly consider what the former system was, its defects, and how these defects have been remedied in the new system.

Prior to November 16, 1914, when the new Federal reserve banks opened their doors, we had approximately 7,500 banks in the United States chartered by the National Government and having the sole right to issue notes known as national-bank notes. The capital and surplus of these banks was a little under two billions of dollars and, taken in connection with their deposits, represented a banking power of over nine billions of dollars. There were also over 20,000 State banks, trust companies, and savings banks chartered by the respective States, representing a capital and surplus of a little over two billions of dollars and, including deposits, representing a banking power of over fourteen billions of dollars.

These banks, both National and State, were independent and isolated, except as to a limited interdependence of some State institutions through stock ownership. They together constituted over 30,000 individual units, between which in times of financial stress effective cooperation was impossible.

Leaving out of consideration for the moment the State banks, there were in the United States over 7,500 independent units called national banks, each, as I before stated, having the power of note issue and each bound to keep in its vaults and with other national banks in certain cities, called reserve cities, a reserve fixed by law.

Under the national-bank act, however, these reserves were, in effect, sealed up and could not lawfully be used, even in times of financial stress. A bank whose lawful reserve was below the legal limit was bound to restore it, and if it was not restored within a specified time the Comptroller of the Currency could place a receiver in the bank.

The merchants and farmers of the country were often refused credit—the very essential of business life—and yet they could see these sealed-up reserves, ample for relief purposes, and yet denied them. They were in the position of a man weakened by hunger looking through a plate-glass window observing every kind of food which he is told is for his benefit, and yet no morsel of which could he, under any circumstances, be permitted to eat.

As a result, in times of financial stringency each bank had to protect itself regardless of the condition of other banks, and had to fortify itself against its demand obligations by piling up reserves far above the prescribed limit. To do this it had to call loans or refuse to renew or make new loans during the stringency. The necessary result of this procedure was to make the stringency even more severe, and the hoarding of its resources by the individual banks quickly led to hoarding by individuals, thus throwing the whole banking system into confusion and ruining thousands of merchants who were unable to obtain the assistance to which under ordinary circumstances they would have been clearly entitled.

During the latter part of the panic of 1907 it was found that some banks which by law need carry only 15 per cent reserves were actually carrying reserves of between 40 and 50 per cent of their deposits, while in 1914 the reserves of some banks amounted to 70 per cent. It is also a most significant fact that at the height of that panic over $200,000,000 in cash were being carried by the banks, in their vaults and with their reserve agents, in excess of their legal requirements. If these $200,000,000 of resources could have been used for the common benefit, such a panic would not have taken place.

Under our old system the banks of the United States were in the position of an army entering into action as a disorganized body of individuals, without a single officer and without a single company, battalion, regiment, or brigade. That our oft-recurring panics under the old system did not involve more of our banks and their customers in general ruin is one of the wonders of financial science and is a great tribute to the marvelous recuperative powers and unrivaled resources of our people.

Under our old financial system—or, rather, lack of system—every dollar loaned by a bank on commercial paper was a dead investment, as if buried in the ground, until the day of maturity. The paper, when discounted, was lowered into the vaults of the bank with almost funereal ceremony; in fact, the national banks were but mausoleums for dead commercial paper, and if a bank president with ghoulish propensities were to open the vaults and try to dispose of any of the paper stored there, before its resurrection on the day of maturity, the act would have been looked upon with suspicion. As a result, when a bank had made all the loans it could its power to aid its customers absolutely ceased, and many a merchant of high standing and good credit had to be refused further assistance, to his injury and possible disaster.

Every bank had to arrange so that some of its resources should be invested in so-called liquid assets, so that in times of financial stress they could instantly realize upon these assets. As a result funds which otherwise might have been loaned to farmers and merchants were sent to the large financial centers of the country to be there invested in call loans upon stock exchange collateral—that is to say, upon bonds, stocks, and other securities which represented no commercial transactions, but which, in many cases, simply represented speculative activities. When, however, in times of stress these loans had to be called it was often found that what was considered to be a most liquid asset was, for the time being, no asset at all—as witness the period in the summer of 1914, when these so-called liquid assets were absolutely debarred from sale by the closing of the stock exchanges.

Furthermore, under the old system the national banks issued so-called national-bank notes, which were originally designed to constitute an elastic currency, rising and falling in response to the demands of agriculture and commerce. Unfortunately, however, these notes had no such elasticity as was thus ascribed to them, because of the fact that their issue was not controlled by or based upon business development; on the contrary, these notes were indissolubly chained to Government bonds, which had to be pledged with the Government as collateral. These Government bonds were neither issued nor regulated by the expansion or contraction of trade and commerce. They were fixed in amount and fluctuated in value in no fixed ratio to the development of those branches of business. As a fact, it was the fluctuation in value of these bonds which influenced the expansion or contraction of the national-bank notes rather than an expansion or contraction in business. When business slackened and contraction of these notes was desirable, the notes responded but feebly, and in some cases actually increased in amount; while, on the other hand, when expansion was desirable to accommodate increasing trade, the notes at times actually decreased; and at other times when they responded to the need for expansion the response was so belated as to take effect only when the necessity for the expansion had ceased.

This alliance of national-bank notes with Government bonds was a strange one. The national-bank notes, supposed to be a measure of the development and expansion of trade, were linked to and governed by the fluctuation in value of these bonds, which represented war, the destruction of trade, and the past dire necessities of the Government. Thus these national-bank notes, intended to represent the progress and development of trade and commerce of the twentieth century, were linked to the evidences of destruction of trade and commerce of the nineteenth century. There may have been a reason for this strange alliance in the nineteenth century owing to the necessity for finding a market for Government bonds, but in this twentieth century there is certainly no good reason for its continuance.

Furthermore, under the old system the national banks were not able to finance our foreign trade, because under the law they could not lend their credit in the form of acceptances. As a result our foreign trade had to be financed in London and on the Continent, and the expression now so frequetly heard—dollar acceptances—was merely an ideal as far removed from practical realization as the moon is distant from the earth.

For example, we buy large quantities of raw and manufactured silk from the Orient. This silk goes direct to the Pacific ports of our country; it is taken overland by special train. The bill of exchange, however, drawn for the selling price, is drawn upon a foreign bank and is sent, together with the bill of lading and other documents, east to London, or it may even pass through the United States on its way to the foreign bank upon which it is drawn, later to be returned to the United States for final discharge of the obligation of the purchasers in this country.

The lack of cooperative union or confederation between the individual banks and their reserves also weakened the ability of the banks to conserve the supply of gold, the standard of value in the United States, and as a result the movement of the precious metals from the country, even when in strict accordance with the laws of trade and of ultimate advantage to the United States, was looked upon with anxiety as a symptom of financial trouble, causing uncertainty and lack of confidence.

I have tried to show some of the defects which existed under our former system—the lack of cooperation between the individual banks, the lack of any system by which the reserves could be either used by the individual banks or consolidated into a common fund for the benefit of all the banks, the impossibility of rediscounting commercial paper once discounted by the banks, its lack of liquidity, and the consequent necessity for investment of part of the bank's assets in call loans as the most liquid investment possible, the lack of a genuine elastic currency, and, finally, the lack of power to finance our foreign trade through the loaning of credit by means of acceptances.

The question naturally arises just how the Federal reserve act has remedied these conditions, placing the United States upon a firm banking foundation. I shall try to answer this question briefly.

It should be clearly understood that the Federal reserve act does not add a dollar of money to existing stocks held by the banks or by the people, and also that, while it gives the national banks some valuable new powers and privileges, it does not change their inherent structure or their present charters.

Just what, then, has the Federal reserve act accomplished? While the act is a long one, containing much minute detail, its underlying principles are simplicity itself.

In the first place, it divides the United States into 12 districts, each district containing approximately from 500 to 700 national banks. The national banks in each district unite in forming a new bank called the Federal reserve bank, to which each national bank contributes 6 per cent of its paid-up capital stock and surplus to provide the necessary capital.

The individual capital of these 12 Federal reserve banks varies, respectively, from a little under 5 millions to a little over 20 millions of dollars. The total capital of the 12 banks (not counting State institutions which may ultimately become members) is a little over 100 millions of dollars.

At the present time only one-half of the capital payments have been called, and the total paid in by all the national banks amounts to a little over 50 millions of dollars.

We thus have 12 Federal reserve banks with a total capital of over 50 millions of dollars paid in and about as much more subject to call by the Federal Reserve Board when and if needed. This capital, under the terms of the Federal reserve act, has been paid in gold or gold certificates.

The 12 Federal reserve districts vary greatly in area and in population. For example, the Federal reserve district of Chicago has a population of over 12,000,000 of people, exceeding the combined populations of Norway, Sweden, and Switzerland.

On the other hand, the area of the Federal reserve district of San Francisco (683,852 square miles) is so extensive that you could place within it England, Scotland, and Ireland, the whole of continental France, Italy, and Germany and still have left an area exceeding that of all the New England States combined, excepting only the State of Maine.

In addition to the capital payments I have before mentioned, each national member bank is obliged to pay to its Federal reserve bank a certain portion of its legal reserve, which portion, however, it still counts as part of its reserve. These payments of reserves are spread over a period of three years, and the total payments will amount to over one-third of the total reserves held by the national member banks.

Up to the present time about two hundred and ninety-five millions of reserve money has been thus paid to the 12 Federal reserve banks, and at the end of three years over four hundred millions will have been paid in, which latter amount will be, of course, greatly increased by the admission of State banks and trust companies. At that time all the reserves of the member banks must be held in their vaults or with the Federal reserve bank, the privilege of keeping their reserves in part in approved banks in reserve cities ceasing at the end of that period. This will necessarily largely increase the amount of money deposited by the member banks in the Federal reserve banks.

In addition the Secretary of the Treasury may deposit the general funds of the Treasury—excepting only certain trust funds—with the Federal reserve banks, and disbursements of the Government may be made by checks drawn against such deposits.

The national banks in the 12 respective districts (and State banks which may join the system later) are the only stockholders of the Federal reserve banks, and their stock can not be transferred or hypothecated. The stock is entitled to a 6 per cent annual cumulative dividend, and one-half the net earnings of the Federal reserve banks may be paid into a surplus fund until it amounts to 40 per cent of the paid-up capital stock.

All net earnings over and above this dividend and surplus are paid to the United States as a franchise tax.

Each Federal reserve bank is managed by a board of directors, consisting of nine members, of which three are appointed by the Federal Reserve Board and six are elected by the member banks, three of the six directors representing the banks and three consisting of members who at the time of their election were actively engaged in commerce, agriculture, or some other industrial pursuit.

These 12 Federal reserve banks are under the control and direction of the Federal Reserve Board, consisting of the Secretary of the Treasury and the Comptroller of the Currency, ex officio, and of five other members appointed by the President and confirmed by the Senate.

The Federal Reserve Board sits in Washington. D. C. It appoints, as I before said, three directors on the board of each Federal reserve bank; it has general powers of supervision and examination of the Federal reserve banks and the member banks; it may suspend or remove, for cause, any director or officer of the Federal reserve banks; it may suspend the operation of any Federal reserve bank and liquidate or reorganize such bank; it defines the paper which may be rediscounted by Federal reserve banks; it has power to review and determine the rates of discount established from time to time by the Federal reserve banks for the discount of commercial paper offered by the member banks; it regulates the open-market powers of the Federal reserve banks; it has power to suspend every reserve requirement of the act if it deems such course necessary; and it has many other specific powers which I need not mention here.

Each Federal reserve bank is independent of every other. They are empowered, however, with the permission of the Federal Reserve Board, and at rates fixed by the board, to rediscount the discounted paper of any of the other Federal reserve banks, and can be required to do so by the affirmative vote of at least five members of the Federal Reserve Board.

The act also creates a body known as the Federal Advisory Council, one member of which is elected by each Federal reserve bank. The duties of the council are to confer with the Federal Reserve Board and to advise it as to matters connected with discount rates, note issues, reserve conditions, open-market powers, and similar questions.

I have thus given a skeleton outline of the Federal reserve system. Many details I have had to omit for fear this address would take on the quality and length of a treatise or textbook. I think, however, that what I have outlined will give a fair understanding of the scope of the system.

The question remains as to how the Federal reserve act remedies the defects which I have outlined as characteristic of the old system.

The first fundamental defect of the old system pointed out by me was that each national bank was independent, and that as a result we had 7,500 independent banks and 7,500 scattered reserves, no effective cooperation being possible, nor could the individual reserves even be drawn upon legally by the very banks which owned them.

This defect is remedied under the Federal reserve act through the capital and reserve deposits placed by each member bank with its reserve bank. These payments constitute a substantial fund—already about 350 millions of dollars, and constantly growing—which must be used by the Federal reserve banks for the benefit of the member banks and their customers—the people of the United States.

These funds are held for use in discounting commercial paper offered by the banks for discounting acceptances and for certain open-market investments which I shall not undertake to enumerate to-day. Any bank desiring funds can take its commercial paper to the Federal reserve bank and obtain gold or lawful money in exchange. This privilege enables a bank to loan freely in times of commercial stress and to draw down its available resources far below what would have been considered prudent under the old system, for the commercial paper discounted by the banks under the new system is as good as gold, as it can be turned into cash or a cash credit at once at the Federal reserve bank upon request. This privilege also makes commercial paper a genuinely liquid investment, whereas under the old system such investments were absolutely dead until the day of maturity. Such commercial paper is far more liquid than a loan upon investment securities, for the loan upon commercial paper presumably liquidates itself, as the borrower receives from the consummation of the commercial transaction—to assist which the note was originally discounted—the money with which to pay it.

It should, moreover, be pointed out that every dollar paid into the Federal reserve banks by the member banks, including all deposits made by the United States Government, is impressed with a trust in that it must be used (excepting as to certain open-market investments) only for the discount of paper issued or drawn for agricultural, industrial, or commercial purposes, whether in the domestic or foreign trade, and can never be invested in or loaned upon speculative securities or even upon real estate transactions.

The second fundamental defect in the old system which I have pointed out was the lack of a really elastic currency. The Federal reserve act remedies this defect by providing for the gradual payment and cancellation of the national-bank notes, and further, by giving authority to the Federal Reserve Board to issue to Federal reserve banks applying therefor obligations of the United States known as Federal reserve notes. The bank obtaining such notes must deposit with one of the Government directors, known as the Federal reserve agent, as collateral commercial paper approved by the regulations of the Federal Reserve Board up to the face value of the notes thus issued, and in addition must maintain a gold reserve of 40 per cent against such notes. These notes will constitute a truly elastic currency, rising and falling with the rising and falling of agriculture, trade, and commerce. No limit is imposed upon their issue. Such a note could conceivably be issued against every commercial or agricultural transaction represented by commercial paper which has been discounted by member banks. When, however, the commercial paper liquidates itself, and the maker uses the funds received from the transaction to pay off the note, the Federal reserve notes issued against that paper must be returned and canceled, or the amount of the notes thus paid must be retained by the Federal reserve agent against the Federal reserve notes until they are returned and canceled.

The Federal reserve notes will also serve to protect the gold supply of the United States, for much of it, sooner or later, will go into the vaults of the Federal reserve banks and Federal reserve notes will be issued in its place.

The Federal reserve act also authorizes national banks, for the first time, to accept bills of exchange growing out of the import and export trade under certain reasonable regulations, and the Federal reserve banks are also authorized to discount such acceptances. This grant of power is a most valuable one and will enable our banks to finance our foreign trade by loaning their credit upon these acceptances. By this grant of power the so-called "dollar acceptance" is made for the first time possible, and this means much for the future development of our trade, especially with the great nations of Central and South America, and will add much to our ability to assist them in financing their sales to and purchases from the United States.

The Federal reserve act, however, has done much more to help make possible closer trade relations with foreign countries. The Federal Reserve Board is given power to permit national banks to establish branches in foreign countries, and it is at once apparent what a great assistance this will be, not only to the United States but likewise to the great nations who are trading with the United States, especially those whose delegates are assembled here. Branches of national banks have already been authorized in Argentina, Brazil, Panama, and other countries, and it is confidently expected that a great development in our trade relations with such countries will result.

The Federal Reserve Board is also authorized to permit the Federal reserve banks to open and maintain banking accounts, appoint correspondents, and establish agencies in foreign countries, for the purpose of purchasing and selling bills of exchange arising out of commercial transactions; these banks are also authorized to deal in gold coin and bullion at home and abroad. It is easy to see what power the Federal Reserve Board, through the Federal reserve banks, will thereby have, in connection with its power over discount rates, over the movement of the precious metals into and from the United States.

These great powers can and will be exercised in such a manner as to encourage and assist in every way the growth of the volume of trade between the United States and foreign countries.

I think it will be realized, as I have before stated, that, growing out of this new banking act, the time has come for a marvelous development in our foreign trade, especially with South America, and that an opportunity is given to finance that trade such as has never been possible before.

The resources of the Federal reserve system will also be greatly augmented in the future by the addition of large resources contributed by State banks and trust companies, which the act permits to join the Federal reserve system under reasonable regulations. I venture to express the hope that within the near future the majority of the strong State banks and trust companies doing a commercial business will join this system.

The Federal reserve act economizes the use of capital; it makes its use more effective than under the old system; by lowering the prescribed reserve requirements it has released hundreds of millions of capital which will provide additional credit; by its rediscount provisions and by the powers given to the Federal Reserve Board to suspend reserve requirements in cases of necessity it has practically made a financial panic of the type we went through in 1907 an impossibility.

The banks have been greatly strengthened by these reforms and have enlarged their power to grant discounts to their customers both in domestic and international trade.

I believe the result will be of lasting advantage and benefit, not only to the people of the United States but to the people of all nations which engage in trade with us.

I have tried briefly to outline just what the Federal reserve act has done for us, and to show how, incidentally, it may be of great advantage to all nations that trade with us. There remains only to consider the practical application of the principles of the act to the great problems of commerce, transportation, and finance which you are called together to consider, and these problems will be considered by you in conjunction with our own delegates, who are, it is needless to add, chosen men, representing the highest ability in practical banking, and who represent as well the highest type of our citizenship.

I am sure that it will be the earnest prayer of all the people of our country, and of the great nations whose delegates are here assembled, that our deliberations shall be crowned with successful achievements.

Transfer of Member Banks Between Districts.

When the Federal Reserve Board announced decisions in the redistricting cases it was stated to the reserve banks affected thereby that the decisions should become effective not later than July 1, 1915, and that in the meantime it was designed to work out a satisfactory plan covering the details of the transfer. This plan was intended to provide a method of surrendering stock in the reserve banks from which the member banks were transferred, of taking out new stock in the reserve banks to which they were transferred, and of bringing about a settlement of capital stock and reserve accounts between the two Federal reserve banks affected by each such transfer with the smallest possible amount of delay and difficulty. Investigation of the problems growing out of such transfer was undertaken by various Federal reserve agents and officers of Federal reserve banks, particularly by those of New York and Philadelphia, and by the Federal Reserve Board. As a result, on June 16 forms of procedure were forwarded to the six Federal reserve banks affected by the redistricting decisions, as follows:

SIR: Upon review of the decision of the Reserve Bank Organization Committee the Federal Reserve Board has entered an order effective from July 1, 1915, readjusting districts Nos. 4 and 5, as a result of which your bank will, after that date, be ineligible to hold stock in the Federal Reserve Bank of Richmond, but will be eligible to membership in the Federal Reserve Bank of Cleveland. In order to comply with the terms of the order referred to you are requested to have your board of directors adopt, on or before July 1, the inclosed resolutions covering surrender of your stock in the Federal Reserve Bank of Richmond and application for stock in the Federal Reserve Bank of Cleveland. When this has been done a certified copy should be forwarded to the Federal Reserve Bank of Cleveland. Two copies of the resolution are inclosed so that you may have a duplicate for your files.

For convenience the necessary operations have been arranged in the following order:

(1) Adopt the resolutions above referred to and send certified copy to the Federal Reserve Bank of Cleveland.

(2) Send to the Federal Reserve Bank of Cleveland, with a certified copy of the resolutions, all receipts issued and sent to you for payments made by you on account of your subscription to the capital stock of the Federal Reserve Bank of Richmond.

(3) Execute and send to the Federal Reserve Bank of Cleveland the necessary order authorizing the Federal Reserve Bank of Richmond to remit to the Federal Reserve Bank of Cleveland, on your behalf, the net amount hereinbefore paid by you on account of your subscription to the capital stock of the Federal Reserve Bank of Richmond. This payment will be applied by the Federal Reserve Bank of Cleveland on your subscription to the capital stock of said bank. Upon receipt of this payment the Federal Reserve Bank of Cleveland will execute and forward to you its temporary receipt for the amount so paid.

(4) At the close of business on June 30, 1915, for the purpose of transferring reserve balance from the Federal Reserve Bank of Richmond to the Federal Reserve Bank of Cleveland, please send to the Federal Reserve Bank of Cleveland for your credit your draft on the Federal Reserve Bank of Richmond for the balance as shown on your books.

(5) Please fill out Treasury Department Form B–2149 prescribing method of calculation of reserve as at the close of business June 30, 1915, and send it to the Federal Reserve Bank of Cleveland. The Federal Reserve Bank of Richmond will send statement of your account at the close of business June 30, 1915, and will reconcile it in the usual manner.

(6) Inasmuch as the 6 per cent dividend provided for by statute is cumulative, the Federal Reserve Bank of Richmond will issue to you an accrued dividend certificate. This certificate will entitle you to receive interest on your cash-paid subscription at the rate of 6 per cent per annum, to be computed from the dates of your cash payments to the date of the surrender of your stock, and to be paid to you when the earnings of the Federal Reserve Bank of Richmond justify the payment of accrued dividends to its stockholders.

Kindly note that all of the above papers are to be sent to the Federal Reserve Bank of Cleveland.

Respectfully,

FEDERAL RESERVE BANK OF RICHMOND,
By ——— ———, *Governor.*

FEDERAL RESERVE BANK OF CLEVELAND,
By ——— ———, *Governor.*

At a meeting of the board of directors of the ——— of ——— duly called and held on the ——— day of ———, 191–, the following resolution was offered and duly adopted:

"Whereas this bank has subscribed to ——— shares of the capital stock of the Federal Reserve Bank of Richmond, pursuant to a resolution adopted by its board of directors on the ——— day of ———, 1914, in accordance with the provisions of the act of Congress approved December 23, 1913, and known as the Federal reserve act, has paid on account thereof in installments the sum of $———, said sum being 50 per cent of the par value of said shares;

"And whereas, according to the certificate filed April 2, 1914, by the reserve bank organization committee with the Comptroller of the Currency, designating the several Federal reserve cities and defining the geographical limits of the districts to be respectively served by the Federal reserve banks located in said cities, this association was at that time located in district No. 5, which district is served by the Federal Reserve Bank of Richmond;

"And whereas the Federal Reserve Board under the authority granted to it by section 2 of the said Federal reserve act has by resolution adopted May 4, 1915, ordered that Federal reserve district No. 4 shall be modified and extended so as to include on and after July 1, 1915, the counties of Tyler and Wetzel, in the State of West Virginia, which said counties have heretofore been included in Federal reserve district No. 5;

"And whereas this association is located in the county of ——— in the State of West Virginia, said county being one of the two counties transferred by said resolution and order from district No. 5 to district No. 4: Now, therefore, be it

"*Resolved*, That the president or vice president and cashier of this association be, and they are hereby, authorized, empowered, and directed to make application to the said Federal Reserve Bank of Richmond for the cancellation of said ——— shares of stock heretofore allotted to this bank and for the refund of all payments made thereon; and be it further

"*Resolved*, That the president or vice president and cashier of this association be, and they hereby are, authorized, empowered, and directed to make application for and to subscribe to ——— shares of the par value of $100 each of the capital stock of the Federal Reserve Bank of Cleveland, to pay for such stock in accordance with the provisions of the said Federal reserve act, and to take any other action necessary or desirable to the accomplishment of the said readjustment."

I hereby certify that the foregoing is a true and correct copy of a resolution passed by the board of directors of this association on the date specified.

——— ———,
Cashier.

Pursuant to the foregoing resolution, the ———, of ———, hereby makes application for the cancellation of ——— shares of stock of the Federal Reserve Bank of Richmond heretofore allotted to it, and for the refund of such cash payments as this bank may be entitled to under the provisions of section 5 of the Federal reserve act.

Pursuant to foregoing resolution, the ——— hereby subscribes to and makes application for ——— shares of the capital stock of the Federal Reserve Bank of Cleveland of the par value of $100 each, amounting to $———, and agree to pay for same in accordance with the provisions of the Federal reserve act.

[SEAL.] ——— of ———,
By ——— ———, *President.*

———, *Cashier.*

We, the undersigned, hereby certify that this bank has an unimpaired capital of $——— and surplus of $———, as shown by its books at the close of business on the ——— day of ———, 1915.

(To be signed by three or more directors.)

——— ———,
——— ———,
——— ———,
Directors.

LOCATION OF APPLYING BANK.

City or town———
County———
State———

CERTIFICATE OF FEDERAL RESERVE AGENT.

The foregoing application for the surrender of stock in the Federal Reserve Bank of Richmond has been examined and the statement of the number of shares allotted to the applying bank has been verified. I recommend that ——— shares of stock be accepted for cancellation, and that the cash subscriptions already paid for this surrendered stock be returned.

——— ———,
Federal Reserve Agent,
Federal Reserve Bank of Richmond.

CERTIFICATE OF FEDERAL RESERVE AGENT.

The foregoing application for ——— shares of stock in the Federal Reserve Bank of Cleveland has been examined and checked. The amount of stock applied for is equal to 6 per cent of the capital and surplus of the applying bank as shown by certified statement of directors. I recommend that ——— shares of stock be allotted to it by the Federal Reserve Board.

——— ———,
Federal Reserve Agent,
Federal Reserve Bank of Cleveland.

CERTIFICATE OF APPROVAL.

The foregoing application for the surrender of ——— shares of stock in the Federal Reserve Bank of Richmond, and for the allotment of ——— shares of stock in the Federal Reserve Bank of Cleveland, has been approved by the Federal Reserve Board.

——— ———,
Secretary, Federal Reserve Board.

RECORD OF ENTRY.

The foregoing application has been duly entered on the records of the Federal Reserve Board.

——— ———,
Bookkeeper.

———, 191–.

SAMPLE FORM.

———, 191—.

FEDERAL RESERVE BANK OF RICHMOND,
Richmond, Va.

DEAR SIRS: In accordance with resolution of the Federal Reserve Board, dated May 4, 1915, transferring this bank from district No. 5 to district No. 4, and with the resolutions of the board of directors of this bank, dated ———, 1915, this bank has applied for cancellation of its ——— shares of stock of the Federal Reserve Bank of Richmond and has applied for ——— shares of the stock of the Federal Reserve Bank of Cleveland.

To facilitate these transactions you are hereby authorized and requested to pay to the Federal Reserve Bank of Cleveland on account of our subscription to the capital stock of that bank $———, representing the net amount paid by us on account of our subscription to ——— shares of your capital stock.

Yours, very truly,

——— ———,
President or Cashier.

This still left open the question of adjustment of accounts between Federal reserve banks to cover the dividends and expenses incurred by the several banks since the date of their organization. That subject was taken under further advisement, the forms already quoted being previously sent out in order to avoid delay so far as possible, and on June 18 the following message was telegraphed to the Federal reserve banks affected, authorizing them to proceed as rapidly as possible with the process of arranging the transfer:

At conference this morning it was agreed to leave the question open of adjustment of accounts between the two Federal reserve banks and the issuance of accrued dividend certificates, and to authorize modification of joint letter to member banks by embodying a provision to the effect that the Board will later consider and determine which of the Federal reserve banks should assume liability for accrued dividends and will then authorize such Federal reserve bank to issue the accrued-dividend certificates.

Further announcement will be made with reference to the final adjustment of details with regard to transfers of capital stock and reserves and the settlement of earnings and expense accounts between the banks affected.

Trustee Powers.

Applications from the following banks for permission to act under section 11 (k) of the Federal reserve act have been approved since the June issue of the Bulletin, as follows:

DISTRICT No. 1.

Trustee and registrar of stocks and bonds:
- Ashuelot National Bank, Keene, N. H.

DISTRICT No. 2.

Registrar of stocks and bonds:
- National Park Bank, New York City.

DISTRICT No. 3.

Registrar of stocks and bonds:
- Merchants National Bank, Cape May, N. J.
- Fourth Street National Bank, Philadelphia, Pa.

DISTRICT No. 5.

Trustee, executor, administrator, and registrar of stocks and bonds:
- Citizens National Bank, Alexandria, Va.
- Clifton Forge National Bank, Clifton Forge, Va.
- Covington National Bank, Covington, Va.

DISTRICT No. 6.

Trustee, executor, administrator, and registrar of stocks and bonds:
- Bessemer National Bank, Bessemer, Ala.
- Fourth and First National Bank, Nashville, Tenn.

DISTRICT No. 7.

Trustee, executor, administrator, and registrar of stocks and bonds:
- First National Bank, Story City, Iowa.
- City National Bank, Council Bluffs, Iowa.
- Farmers National Bank, Webster City, Iowa.
- Peoples State National Bank, Anderson, Ind.
- First National Bank, Dyer, Ind.
- First National Bank, La Porte, Ind.
- Rockville National Bank, Rockville, Ind.
- Rushville National Bank, Rushville, Ind.

Trustee, executor, and administrator:
- Union County National Bank, Liberty, Ind.

DISTRICT No. 10.

Trustee, executor, administrator, and registrar of stocks and bonds:
- First National Bank of Eagle County, Eagle, Colo.
- Central National Bank, Carthage, Mo.

Trustee and registrar of stocks and bonds:
- First National Bank, Horton, Kans.
- First National Bank, Hutchinson, Kans.
- First National Bank, Tulsa, Okla.
- First National Bank, Cheyenne, Wyo.

Trustee, executor, and administrator:
- First National Bank, Trinidad, Colo.

Trustee:
- First National Bank, Woodward, Okla.

CIRCULARS AND REGULATIONS.

The circulars and regulations given below were issued by the Board since the June issue of the Bulletin:

CIRCULAR NO. 14, SERIES OF 1915.

WASHINGTON, *June 7, 1915.*

MEMBERSHIP OF STATE BANKS.

A unified banking system, embracing in its membership the well-managed banks of the country, small and large, State and National, is the aim of the Federal reserve act. There can be but one American credit system of nation-wide extent, and it will fall short of satisfying the business judgment and expectation of the country and fail of attaining its full potentialities if it rests upon an incomplete foundation and leaves out of its membership any considerable part of the banking strength of the country. The way must therefore be opened for State banking institutions to contribute their share to the capital and resources of the Federal reserve banks, in harmony with the intent of the Federal reserve act and in accordance with its provisions. State banks, trust companies, and national banks have their distinctive characters and places in the American banking organization, and these should be respected in coordinating them in the Federal reserve system. The problem presented is to find a basis upon which these different types of banking institutions may thus be associated which shall be fair to each and which will not require greater uniformity of operation than may be necessary to the attainment of the purposes of the Federal reserve act.

Appreciating fully that the strength of the Federal reserve system is to be measured by the quality and character of its members, rather than by their number, the Federal Reserve Board is prepared to use the broad discretionary power vested in it by the Federal reserve act to bring about this coordination on the basis of equity and practicability. The Board has sought, in the regulations governing the admission of State banks and trust companies hereto appended, first, to establish only such reasonable standards of admission as will be generally recognized as necessary to protect the Federal reserve system and the national banks, whose membership in the system is obligatory, against the admission of any bank which would be a source of weakness rather than of strength, and, second, to prescribe such regulations governing their conduct as will insure a reasonable conformity to fundamental principles deemed essential to the success of the new banking system.

Membership in the Federal reserve system carries with it privileges and guaranties of great value, not only to the banks themselves, but to their customers as well. It may be confidently expected that with the further development of the system and the fuller appreciation by the public of its meaning and value, membership will come to be regarded as evidence of banking solidity, and that the access afforded by membership to the facilities and resources of the system will add to the prestige of even the strongest institutions; so that in time the public will recognize in the new banking organization which is in process of realization two principal classes of banks—those which belong to the Federal reserve system and those which do not, or "Member Banks" and "Nonmember Banks."

The Board realizes, however, that membership also carries with it of necessity obligations as well as privileges. The Federal reserve act imposes certain fundamental conditions governing the membership of State banks in the Federal reserve system, and prescribes that banks not organized under Federal law must comply with the capital and reserve requirements relating to national banks, and must conform to the provisions of law imposed upon national banks respecting the limitation of liability which may be incurred by any person, firm, or corporation to such banks, the prohibition against purchases of or loans upon stocks of such banks, the withdrawal or impairment of capital, and the payment of unearned dividends, and must conform to other provisions of the Federal reserve act applicable to member banks, such as restrictions on the amount of acceptances by such banks and on transactions between such banks and their directors, and to such rules as the Federal Reserve Board may prescribe.

With respect to loans on real estate or mortgages, the Board is not disposed to assume as a matter of principle either the authority or the duty to impose restrictions of a character calculated to embarrass properly conducted State banks in applying for membership, or to impair their usefulness in a well-defined field of banking. It has endeavored in the regulations merely to provide a reasonable limitation, so that loans or investments of this character shall not be so excessive in amount as to impair the liquid condition of a bank.

Within the limits thus described, it will be the policy of the Board to determine the eligibility of State banks for membership in the Federal reserve system by means of examination. Since admission to the system will be looked upon as an evidence of the bank's strength, examinations for admission must disclose clearly the condition of an applying bank and the character of its management. These examinations must, therefore, be thorough and effective, and be under the direction of the Federal Reserve Board, but the Board will endeavor to avoid unnecessary additional expense to the banks by dispensing with separate and independent examinations so far as practicable and by adopting a method of joint or supplementary examination in conjunction with State banking authorities. The Board plans to draw freely upon the examiners and auditors in the employ of the respective reserve banks and to use their services for the purpose of thus supplementing examinations conducted by the banking departments of the several States. It is hoped, therefore, that in passing upon applications for membership, the Board and the several Federal reserve banks will have the cooperation of State banking authorities, so that every qualified applying bank may be admitted to membership and all not qualified excluded.

With respect to the matter of status, there are important differences between the membership of national banks and of State banking institutions in the Federal reserve banks. Membership of national banks is not elective, but is prescribed by the law. So long as a bank is a national bank it must be a member bank. When it ceases to be a member bank, it ceases by the same fact to be a national bank, the law having provided no method by which a national bank can sever its relations with a Federal reserve bank except by the process of liquidation. All this is set forth in definite terms in the Federal reserve act.

The situation of the State banks is fundamentally different. National banks are member banks as a matter of necessity; State banks become member banks as a matter of choice. Membership in a Federal reserve bank is an incident in the life of a State institution, not an essential part of its being; and its continued existence as a State institution would not be threatened or interrupted if its membership should cease, its status being fixed by the laws of its State, not, as in the case of the national banks, by the Federal reserve act. The conditions of membership of State institutions are, furthermore, prescribed only in general terms in the act, the further and final elaboration of them being left to the Federal Reserve Board, which is vested with the necessary discretionary authority. In view of this discretionary authority, the Board believes it a duty to define clearly terms and conditions upon which State banks and trust companies may withdraw from membership, since otherwise those charged with the management of these institutions might not feel authorized to enter a system under which by future regulation the scope of their operations might be restricted. It is not to be expected that much use will be made of the withdrawal privilege; indeed, it is the belief of the Board that as the system develops membership therein will carry with it guaranties of safety and security which will be of inestimable value; at the same time it recognizes the responsibilities of those intrusted with the management of the State institutions and has, therefore, in the appended regulation clearly defined the conditions upon which any State institution may withdraw from membership.

REGULATION M, SERIES OF 1915.

WASHINGTON, *June 7, 1915.*

MEMBERSHIP OF STATE BANKS.

I. *Statutory requirements.*

Specific provisions of the Federal reserve act applicable to State banks and trust companies which become member banks are quoted at the end of this regulation.

II. *Banks eligible for membership.*

A State bank or a trust company to be eligible for membership in a Federal reserve bank must comply with the following conditions:

(1) It must have been incorporated under a special or general law of the State or district in which it is located.

(2) It must have a minimum paid-up unimpaired capital stock as follows:

In cities or towns not exceeding 3,000 inhabitants, $25,000.

In cities or towns exceeding 3,000 but not exceeding 6,000 inhabitants, $50,000.

In cities or towns exceeding 6,000 but not exceeding 50,000 inhabitants, $100,000.

In cities exceeding 50,000 inhabitants, $200,000.

III. *Application for membership.*

Any eligible State bank or trust company may make application on Form 83, made a part of this regulation, to the Federal reserve agent of its district for an amount of capital stock in the Federal reserve bank of such district equal to 6 per cent of the paid-up capital stock and surplus of such State bank or trust company.[1]

Upon receipt of such application the Federal reserve agent shall submit the same to a committee composed of the Federal reserve agent, the governor of the Federal reserve bank, and at least one other member of the board of directors of such bank, to be appointed by such board, but no Class A director

[1] Three per cent has already been called from national and other member banks, but the remainder of the subscription or any part of it shall be subject to call if deemed necessary by the Federal Reserve Board.

whose bank is in the same city or town as the applying bank or trust company shall be a member of such committee. This committee shall, after receiving the report of such examination as may be required by the Federal reserve bank in pursuance of directions from the Federal Reserve Board, consider the application and transmit it to the Federal Reserve Board with its report and recommendations.

IV. *Approval of application.*

In passing upon an application the Federal Reserve Board will consider especially—

(1) The financial condition of the applying bank or trust company and the general character of its management.

(2) Whether the nature of the powers exercised by the said bank or trust company and its charter provisions are consistent with the proper conduct of the business of banking and with membership in the Federal reserve bank.

(3) Whether the laws of the State or district in which the applying bank or trust company is located contain provisions likely to interfere with the proper regulation and supervision of member banks.

If, in the judgment of the Federal Reserve Board, an applying bank or trust company conforms to all the requirements of the Federal reserve act and these regulations, and is otherwise qualified for membership, the Board will issue a certificate of approval. Whenever the Board may deem it necessary, it will impose such conditions as will insure compliance with the act and these regulations. When the certificate of approval and any conditions contained therein have been accepted by the applying bank or trust company, stock in the Federal reserve bank of the district in which the applying bank or trust company is located shall be issued and paid for under the regulations of the Federal reserve act provided for national banks which become stockholders in the Federal reserve banks.

V. *Powers and restrictions.*

Every State bank or trust company while a member of the Federal reserve system—

(1) Shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise the same functions as before admission, except as provided in the Federal reserve act and the regulations of the Federal Reserve Board, including any conditions embodied in the certificate of approval;

(2) Shall invest only in loans on real estate or mortgages of a character and to an extent which, considering the nature of its liabilities, will not impair its liquid condition;

(3) Shall adjust, to conform with the requirements of the Federal reserve act and these regulations, within such reasonable time as may be determined by the Board in each case, any loans it may have at the time of its admission to membership which are secured by its own stock, or any loans to one person, firm, or corporation aggregating more than 10 per cent of its capital and surplus or more than 30 per cent of its capital, or any real estate loans which, in the judgment of the Federal Reserve Board, impair its liquid condition;

(4) Shall maintain such improvements and changes in its banking practice as may have been specifically required of it by the Federal Reserve Board as a condition of its admission, and shall not lower the standard of banking then required of it; and

(5) Shall enjoy all the privileges and observe all those requirements of the Federal reserve act and of the regulations of the Federal Reserve Board applicable to State banks and trust companies which have become member banks.

VI. *Withdrawals.*

Any State bank or trust company desiring to withdraw from membership in a Federal reserve bank may do so 12 months after written notice of its intention to withdraw shall have been filed with the Federal Reserve Board. The Board will immediately notify the Federal reserve bank of the receipt of such notice. At the expiration of said 12 months such bank or trust company shall surrender all of its holdings of capital stock in the Federal reserve bank, which stock shall then be canceled and the withdrawing bank or trust company shall thereupon be released from its stock subscription not previously called. Such bank or trust company shall, immediately upon the cancellation of its stock, cease to be a member of the Federal reserve bank, and the Federal reserve bank shall then refund to such bank or trust company a sum equal to the cash-paid subscription on the shares surrendered, with interest at the rate of one-half of 1 per cent per month computed from the last dividend, if earned, not to exceed the book value thereof, and the reserve deposits, less any liability of such member to the Federal reserve bank: *Provided*, That no Federal reserve bank shall, except by the specific authority of the Federal Reserve Board, cancel within the same calendar year more than 10 per cent of its capital stock for the purpose of effecting voluntary withdrawals during that year. All applications, including therein any on which action may have been deferred because in excess of the aforesaid 10 per cent limitation, will be dealt with in the order in which they were originally filed with the Board.

Any State bank or trust company desiring to withdraw from membership at the expiration of the 12 months' notice, notwithstanding the fact that the Federal reserve bank has previously canceled 10 per cent of its stock during the same calendar year, may do so. In such case, however, the Federal reserve bank shall not be required to repay to the withdrawing bank or trust company the sums due as above, until such time as its stock would have been canceled had it not exercised this option. The Federal reserve bank shall, however, give a receipt for the stock surrendered.

VII. *Examinations.*

Every State bank or trust company, while a member of the Federal reserve system, shall be subject to such examinations as may be prescribed by the Federal Reserve Board in pursuance of the provisions of the Federal reserve act.

In order to avoid duplication, the Board will exercise the broad discretion vested in it by the act in accepting examinations of State banks and trust companies made by State authorities wherever these are satisfactory to the Board and are found to be of the same standard of thoroughness as national bank examinations, and where in addition satisfactory arrangements for cooperation in the matter of examination between the designated examiners of the Board and those of the States already exist or can be effected with State authorities. Examiners from the staff of the Board or of the Federal reserve banks will, whenever desirable, be designated by the Board to act with the examination staff of the State in order that uniformity in the standard of examination may be assured.

VIII. *Future regulations.*

The Federal Reserve Board reserves the right to make such amendments and adopt and issue, from time to time, such further regulations authorized by the act as it may deem necessary, but no amendment of Section VI of these regulations, relating to voluntary withdrawals, shall take effect until six months after is adoption and issue by the Board.

CIRCULAR NO. 15, SERIES OF 1915.

(Superseding Circular No. 9 of 1915.)

WASHINGTON, *June 17, 1915.*

CHANGES IN CAPITAL STOCK OF FEDERAL RESERVE BANKS.

On January 28, 1915, the Federal Reserve Board issued Circular No. 9, series of 1915, relating to increases and decreases in the capital stock of Federal reserve banks. The circular in question was accompanied by Regulation G on the same subject. The attached regulation (Regulation N) is now presented as superseding Regulation G, having been made necessary by the adoption of new application blanks (Forms 86 and 87) to be filed by liquidating or insolvent member banks. The only changes that have been made in Regulation G are contained in paragraphs 2 and 3, which appear in the attached Regulation N as paragraphs 2 and 3 of that regulation. There is no change in Circular No. 9, which consists simply of appropriate extracts from the Federal reserve act and reads as follows:

Section 5 of the Federal reserve act provides that—

The capital stock of each Federal reserve bank shall be divided into shares of $100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members, and may be decreased as member banks reduce their capital stock or surplus or cease to be members. * * * When the capital stock of any Federal reserve bank shall have been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing the increase in capital stock, the amount paid in, and by whom paid. When a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal reserve bank, and when a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal reserve bank and be released from its stock subscription not previously called. In either case the shares surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of 1 per centum a month for the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal reserve bank.

Section 6 provides:

If any member bank shall be declared insolvent and a receiver appointed therefor, the stock held by it in said Federal reserve bank shall be canceled, without impairment of its liability, and all cash-paid subscriptions on said stock, with one-half of 1 per centum per month from the period of last dividend, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a Federal reserve bank is reduced, either on account of a reduction in capital stock of any member bank or of the liquidation or insolvency of such bank, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.

Pursuant to these provisions of the statue the accompanying regulations have been adopted by the Federal Reserve Board.

REGULATION N, SERIES OF 1915.

(Superseding Regulation G of 1915.)

WASHINGTON, *June 17, 1915.*

INCREASE OF CAPITAL STOCK OF FEDERAL RESERVE BANKS.

Whenever the capital stock of any Federal reserve bank shall be increased by new banks becoming members, or by the increase of capital or surplus of any member bank and the allotment of additional capital stock to such bank, the board of directors of such Federal reserve bank shall certify such increase to the Comptroller of the Currency on Form 58, which is made a part of this regulation.

DECREASE OF CAPITAL STOCK OF FEDERAL RESERVE BANKS.

I. Whenever a member bank reduces its capital stock or surplus, and, in the case of reduction of its capital, such reduction has been approved by the Federal Reserve Board in accordance with the provisions of section 2 of the Federal reserve act, it shall file with the Federal reserve bank of which it is a member an application on Form 60, which is made a part of this regulation. When this application has been approved, the Federal reserve bank shall take up and cancel the receipt issued to such bank for cash payments made on its subscription and shall issue in lieu thereof a new receipt after refunding to the member bank the proportionate amount due such bank on account of the subscription canceled. The receipt so issued shall show the date of original issue, so that dividends may be calculated thereon.

II. Whenever a member bank shall be declared insolvent and a receiver appointed by the proper authorities, such receiver shall file with the Federal reserve bank of which the insolvent bank is a member an application on Form 87, which is made a part of this regulation, for the surrender and cancellation of the stock held by and for the refund of all balances due to such insolvent member bank. Upon approval of this application by the Federal Reserve Board the Federal reserve bank shall accept and cancel the stock surrendered, and shall adjust accounts between the member bank and the Federal reserve bank by applying to the indebtedness of the insolvent member bank to such Federal reserve bank all cash-paid subscriptions made by it on the stock canceled with one-half of 1 per centum per month from the period of last dividend, if earned, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized receiver of such insolvent member bank.

III. Whenever a member bank goes into voluntary liquidation and a liquidating agent is appointed, such agent shall file with the Federal reserve bank of which it is a member an application on Form 86, which is made a part of this regulation, for the surrender and cancellation of the stock held by and for the refund of all balances due to such liquidating member bank. Upon approval of this application by the Federal Reserve Board the Federal reserve bank shall accept and cancel the stock surrendered, and shall adjust accounts between the liquidating member bank and the Federal reserve bank by applying to the indebtedness of the liquidating member bank to such Federal reserve bank all cash-paid subscriptions made by it on the stock canceled with one-half of 1 per centum per month from the period of last dividend, if earned, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized liquidating agent of such liquidating member bank.

IV. Whenever the stock of a Federal reserve bank shall be reduced in the manner provided in Paragraphs I, II, or III of this regulation the board of directors of such Federal reserve bank shall, in accordance with the provisions of section 6, file with the Comptroller of the Currency a certificate of such reduction on Form 59, which is made a part of this regulation.

LAW DEPARTMENT.

Several States have, since the passage of the Federal reserve act, passed laws specifically authorizing State banks to subscribe for stock in a Federal reserve bank and to become members of such bank. A number of States have also passed laws expressly authorizing national banks to exercise the powers of trustee, executor, administrator, and registrar of stocks and bonds.

For the convenience of those banks which may be interested, a list of the States which have passed such laws is given below. There are five other States from which no report has been received, so this list is not necessarily complete.

Colorado.—The State legislature, at its last session, passed a law, effective July 12, 1915, authorizing State and National banks to act as trustee, executor, administrator, and registrar of stocks and bonds.

Idaho.—An act approved March 11, 1915, authorizes any State bank to subscribe for stock in a Federal reserve bank.

Indiana.—The following act of the Legislature of Indiana, giving national banks the right to accept and execute "trusts of any and every description," was approved on March 8, 1915:

Be it enacted by the General Assembly of the State of Indiana, That every person, firm, or corporation transacting a banking business subject to the provisions of an act entitled, "An act to regulate and supervise the business of banking by individuals, partnerships or unincorporated persons," approved March eighth, nineteen hundred and seven, and every corporation transacting a banking business as prescribed in "An act to authorize and regulate the incorporation of banks of discount and deposit in the State of Indiana," approved February seventh, eighteen hundred and seventy-three, and all acts amendatory or supplemental thereto, and every national bank coming within the United States Federal reserve act shall be empowered by this act to accept and execute trusts of any and every description which may be committed or transferred to them, under the same rules and regulations as now govern like powers in loan and trust companies. In case of any person, firm or corporation transacting a banking business and accepting any trust under the provisions of this act, the president or cashier of such bank is authorized to receive and execute the same in the name of the bank.

Iowa.—The last session of the Iowa Legislature passed laws authorizing State banks and trust companies to become members of a Federal reserve bank and authorizing national banks to exercise the same powers as are conferred upon trust companies and State and savings banks.

Be it enacted by the General Assembly of the State of Iowa:

Section 1. That any State bank, savings bank or trust company organized under the laws of this state is authorized and empowered, upon a vote of the shareholders thereof owning not less than fifty-one (51) per cent of the capital stock of such State bank, savings bank or trust company, to become a member of the Federal reserve bank in the Federal reserve district in which such banks or trust companies are located, and to incur liability therefor.

Be it enacted by the General Assembly of the State of Iowa:

Section 1. That the law as it appears in section eighteen hundred and eighty-nine–d, supplement to the code, 1913, be and the same is hereby amended by adding a paragraph at the end of said section, as follows:

9. When so authorized by any law of the United States now in force or hereafter enacted, national banks may exercise the same powers and perform the same duties as are by this section conferred upon trust companies, State and savings banks.

Kentucky.—The Legislature of Kentucky at its 1914 session passed the following act, authorizing State banks and trust companies to subscribe for stock in a Federal reserve bank:

Any bank or trust company organized under the laws of this Commonwealth may subscribe for and own stock of the Federal reserve bank with the Federal reserve district where such bank or trust company is located and may take any steps necessary to become a member of such Federal reserve bank.

Maine.—A law, permitting trust companies to subscribe for stock in a Federal reserve bank, was passed at the last session of the legislature. It is to be noted in this connection that trust companies are the only form of State banks in Maine, except savings banks.

CHAPTER 262.—An act to amend section eighty of chapter forty-eight of the Revised Statutes, as amended by chapter fifteen of the public laws of nineteen hundred five, allowing trust companies to become stockholders in Federal reserve banks.

Section eighty of chapter forty-eight of the Revised Statutes of nineteen hundred three as amended by chapter fifteen of the public laws of nineteen hundred five is hereby amended by adding after the word "restored" in the next to the last line of said section the following: "*Provided, however*, That any trust company may become a stockholder in a Federal reserve bank within the Federal reserve district where said trust company is situated, and while such trust company continues as a member bank under the provisions of the United States 'Federal Reserve Act,' approved December twenty-third, nineteen hundred thirteen, or any acts in amendment thereof, shall be subject to the provisions of said 'Federal Reserve Act' and any amendments thereof relative to bank reserves in substitution for the requirements of this section. Every such trust company may have and exercise any and all of the corporate powers and privileges which may be exercised by member banks under provisions of the 'Federal Reserve Act' or any acts in amendment thereof or in addition thereto," so that said section as amended shall read as follows:

"SEC. 80. Every trust and banking company having authority to receive money on deposit shall at all times have on hand in the lawful money or national bank notes of the United States, as a cash reserve, an amount equal to at least fifteen per cent of the aggregate amount of its deposits which are subject to withdrawal upon demand or within ten days: *Provided*, That in lieu of such cash reserve, two-thirds of said fifteen per cent may consist of balances payable on demand, due from any national bank or trust company created under the laws of this State, or from any trust company located in any of the other New England States or New York and approved by the bank examiner in writing; and one-third of said fifteen per cent may consist of the bonds of the United States, the District of Columbia, and any of the New England States and the States of New York, Pennsylvania, Maryland, Ohio, Indiana, Kentucky, Michigan, Wisconsin, Minnesota, Iowa, Illinois, Missouri, Kansas, and Nebraska, the absolute property of such corporation. Whenever said reserve shall be below said percentage of such deposits, such corporation shall not further diminish the amount of its legal reserve by making any new loans until the required proportion between the aggregate amount of such deposits and its cash reserve shall be restored: *Provided, however*, That any trust company may become a stockholder in a Federal reserve bank within the Federal reserve district where said trust company is situated, and while such trust company continues as a member bank under the provisions of the United States 'Federal Reserve Act,' approved December twenty-third, nineteen hundred thirteen, or any acts in amendment thereof, shall be subject to the provisions of said 'Federal Reserve Act,' and any amendments thereof relative to bank reserves in substitution for the requirements of this section. Every such trust company may have and exercise any and all of the corporate powers and privileges which may be exercised by member banks under provisions of the 'Federal Reserve Act' or any acts in amendment thereof or in addition thereto. All provisions of charters in conflict with this section are void."

Approved March 31, 1915.

Massachusetts.—On May 19, 1914, the Massachusetts Legislature passed the following act authorizing trust companies to become member banks under the provisions of the Federal reserve act:

CHAP. 537:

SECTION 1. A trust company which becomes a stockholder in a Federal reserve bank within the Federal reserve district where such trust company is situated and while such trust company continues as a member bank under the provisions of the United States Federal Reserve Act approved December twenty-third, nineteen hundred and thirteen, or any acts in amendment thereof, shall be subject to the provisions of said Federal Reserve Act and any amendments thereof relative to bank reserves, in substitution for the requirements of sections eight, nine and ten of chapter five hundred and twenty of the acts of the year nineteen hundred and eight, as amended by chapter three hundred and seventy-seven of the acts of the year nineteen hundred and ten. Every such trust company may have and exercise any and all of the corporate powers and privileges which may be exercised by member banks under the provisions of said Federal Reserve Act or any acts in amendment thereof or in addition thereto.

There are no State banks, as distinguished from trust companies and savings banks, in Massachusetts.

Michigan.—The State legislature has passed a law giving to State banks the right to purchase stock in a Federal reserve bank or to do any other act required to be done by a bank to become a member bank under the Federal reserve act.

The people of the State of Michigan enact:

* * * * *

SEC. 4. Upon making and filing the articles of incorporation required by this act the bank shall become a body corporate, and as such shall have power:

* * * * *

Seventh. To exercise by its board of directors or duly authorized officers or agents, subject to law, all such power as shall be necessary to carry on the business of banking by discounting and negotiating promissory notes, drafts, bills of exchange and other evidences of debts, by receiving deposits, by buying and selling exchange, coin and bullion, and by loaning money on personal and real security, as provided hereinafter, to purchase capital stock in a Federal reserve bank, or do any other act required to be done by a bank to become a member bank under the Federal Reserve Act passed by the Sixty-third Congress of the United States, or any amendment thereto: *Provided, however*, That the amount of reserve required to be kept on hand by any such bank becoming a member bank under the said Federal Reserve Act shall be as fixed by said Federal Reserve Act or any amendment thereto, and not as fixed by the provisions of this act; but no such bank shall take or receive more than the rate of interest allowed by law in advance on its loans and discounts: *Provided*, That this restriction shall not authorize any transaction for a less sum than fifty cents; and no bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the commissioner of the banking department to commence the business of banking.

Minnesota.—A law has been passed, approved March 6, 1915, authorizing State banks and trust companies to become members of a Federal reserve bank:

Section 1. Any incorporated State Bank or Trust Company may become a member of the Federal Reserve Bank of the Federal Reserve District in which said bank or trust company is located and may invest in and hold stock therein.

Section 2. This act shall take effect and be in force from and after its passage.

Mississippi.—The Mississippi Banking Law, 1914, provides in section 64:

Banks forbidden to hold stock in other banks.—No part of the stock of any bank, except regional reserve banks, doing business in this State, shall be owned by any bank under the provisions of this act.

Missouri.—Article II, section 66, of the Banking Laws of Missouri, Revision 1915, provides that State banks shall have the right—

To purchase and hold, for the purpose of becoming a member of a Federal reserve bank, so much of the capital stock thereof as will qualify it for membership in such reserve bank pursuant to an act of Congress, approved December twenty-third, nineteen hundred and thirteen, entitled the "Federal reserve act," and any amendments thereto; to become a member of such Federal reserve bank, and to have and exercise all powers, not in conflict with the laws of this State, which are conferred upon any such member bank by the "Federal reserve act" and any amendment thereto. Such member banks and its directors, officers and stockholders shall continue to be subject, however, to all liabilities and duties imposed upon them by any law of this State and to all the provisions of this chapter relating to banks.

Article III, section 127, provides that trust companies shall have the right—

To purchase and hold, for the purpose of becoming a member of a Federal reserve bank, so much of the capital stock thereof as will qualify it for membership in such reserve bank, pursuant to an act of Congress, approved December twenty-third, nineteen hundred and thirteen, entitled the "Federal reserve act," and any amendments thereto; to become a member of such Federal reserve bank, and to have and exercise all powers not in conflict with the laws of this State, which are conferred upon any such member by the Federal reserve act. Such trust company and its directors, officers and stockholders shall continue to be subject, however, to all liabilities and duties imposed upon them by any law of this State and to all the provisions of this chapter relating to trust companies.

Montana.—Section 23 of chapter 89, Session Laws of 1915, of the State of Montana, authorizing any State bank to become a member bank, provides:

Any bank is hereby authorized and empowered to join or associate itself with the National Reserve Association of the United States, or any branch thereof, and nothing herein contained shall prevent or prohibit any bank from joining or associating itself with any such association or branch thereof or from investing any part of its capital or surplus in the stock of such association or any branch thereof, in accordance with the terms and provisions of the Act of Congress creating such association. Any bank joining or associating itself with such association or branch shall be permitted to conform to and transact its business in accordance with the terms and provisions of the Act of Congress creating the same, and the rules and regulations of such association or branch thereof.

Nebraska.—At the last session of the Nebraska Legislature a law was passed authorizing State banks and trust companies to become member banks:

Any bank or trust company, incorporated under the laws of this State, shall have power to subscribe to the capital stock, and become a member of a Federal reserve bank created and organized under an Act of Congress of the United States, approved December twenty-third, nineteen hundred and thirteen, and known as the Federal Reserve Act, and shall have power to assume such liabilities and to exercise such powers as a member of such Federal reserve bank as are prescribed by the provisions of said act, or amendments thereto; and, so long as such bank shall remain a member of the Federal reserve system created by said Act of Congress, it shall be subject to examination by the legally constituted authorities and to all provisions of said Federal reserve act and regulations made pursuant thereto by the Federal Reserve Board which are applicable to such banks as members of the Federal reserve system; and the State authorities may, in their discretion, accept examinations and audits made under the provisions of the Federal reserve act in lieu of examinations required of banks organized under the laws of this State.

New Jersey.—Chapter 159, Laws of 1914, authorizing State banks and trust companies to become member banks, provides that—

1. It shall be lawful for any trust company or State bank heretofore or hereafter incorporated under the laws of this State, to become a member of the Federal Reserve Bank, organized or to be organized in the Federal Reserve District in which such trust company or State bank is located, under the provisions of the act of Congress known as the Federal Reserve Act, approved December twenty-third, one thousand nine hundred and thirteen; and such trust company or State bank may subscribe for, purchase, hold, and surrender, from time to time, such amounts of the capital stock of such Federal Reserve Bank as such trust company or State bank may deem advisable or as may be required under said Federal Reserve Act, or any amendment thereof, in order to obtain and continue such membership, and upon the purchase of such stock, to assume the liabilities and become entitled to the benefits recited in said Federal Reserve Act.

2. This act shall take effect immediately.

Approved, April 14, 1914.

New York.—Article III, section 106, subdivision 4, relating to the powers of State banks, provides that such banks shall have the right—

To purchase and hold, for the purpose of becoming a member of a federal reserve bank, so much of the capital stock thereof as will qualify it for membership in such reserve bank pursuant to an act of congress, approved December twenty-three, nineteen hundred and thirteen, entitled the "federal reserve act"; to become a member of such federal reserve bank, and to have and exercise all powers, not in conflict with the laws of this state which are conferred upon any such member bank by the federal reserve act. Such member bank and its directors, officers, and stockholders shall continue to be subject, however, to all liabilities and duties imposed upon them by any laws of this state and to all the provisions of this chapter relating to banks.

Article V, section 185, subdivision 12, relating to the powers of trust companies provides that every trust company shall have the right—

To purchase and hold, for the purpose of becoming a member of a federal reserve bank.

so much of the capital stock thereof as will qualify it for membership in such reserve bank, pursuant to an act of congress approved December twenty-three, nineteen hundred and thirteen, entitled the "Federal Reserve Act"; to become a member of such federal reserve bank, and to have and exercise all powers, not in conflict with the laws of this state, which are conferred upon any such member by the federal reserve act. Such trust company and its directors, officers and stockholders shall continue to be subject, however, to all liabilities and duties imposed upon them by any law of this state and to all the provisions of this chapter relating to trust companies.

North Dakota.—The last session of the North Dakota Legislative Assembly amended section 5187 of the Compiled Laws of 1913 to read as follows, permitting State banks to become member banks:

No bank shall as principal employ its money or other of its assets, directly or indirectly in trade or commerce, nor employ or invest any of its assets or funds in the stock of any corporation, bank, partnership, firm or association, nor shall it invest any of its assets in speculative margins of stocks, bonds, grain, provisions, produce or other commodities, except that it shall be lawful for banks to make advances for grain or other products in store or in transit to market, *Provided, nevertheless*, that this Act shall not be construed as in any way preventing a bank from investing such part of its funds in stock of the Federal Reserve Bank of this district as may be necessary to become a member of the Federal Reserve Association and from carrying such stock among its assets.

Ohio.—Section 9764, subsections 1, 2, and 3, has been amended to read as follows, permitting State banks to become member banks and authorizing national banks to act as trustee and registrar:

SECTION 1. Wherever the term "state bank" is used in this act the said term shall be held to include every corporation or association having the power to receive and receiving money on deposit, chartered or incorporated under any general or specific law of Ohio, but shall not include building and loan associations; and wherever the term "Federal Reserve Act" is used in this act the same shall be held to mean the act of the 63rd Congress of the United States entitled "An Act to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes," approved by the President of the United States on December 23rd, 1913.

SEC. 2. Every state bank, in addition to the powers, rights and privileges possessed by it under the laws of Ohio shall have the right and power to become a member bank under the Federal Reserve Act upon the terms and conditions set forth in said Federal Reserve Act, or hereafter provided by law, in order to become a member bank as contemplated by said Federal Reserve Act. Every state bank which becomes a member bank shall have the right and power to do everything required of or granted by said Federal Reserve Act to member banks which are organized under state laws; and compliance by state banks with the reserve requirements of said Federal Reserve Act shall be accepted in lieu of the reserve requirements provided by the laws of Ohio. Nothing contained in this section of this act shall in any way or manner affect or have reference to state banks which do not become member banks under said Federal Reserve Act except as provided in this act.

SEC. 3. No state bank or national bank shall act as administrator, executor, trustee or registrar of stocks and bonds in this state: *Provided, however*, that trust companies organized under the laws of Ohio shall have the same powers in the acceptance and execution of trusts which are now conferred upon them by law, and other state banks and national banks may have the same powers in the acceptance and execution of trusts which are now conferred by law upon trust companies, upon such state banks and national banks complying with all the requirements, regulations and conditions imposed by the laws of Ohio upon trust companies in the matter of the acceptance and execution of trusts.

Oregon.—Section 4576 of Lord's Oregon Laws has been amended by the 1915 Legislative Assembly to read as follows:

Sec. 4576 * * * (d) Hereafter no State bank shall invest any of its assets in the capital stock of any other corporation except in the capital stock of a Federal Reserve Bank, and except such as it may acquire or purchase to save a loss on preexisting debt, and stocks so acquired or purchased shall be sold within twelve months from the date acquired or purchased: *Provided*, that a further time may be granted by the Superintendent of Banks.

South Carolina.—On February 18, 1914, an act was passed authorizing State banks and trust companies to become member banks. It provides:

1. That any bank, banking association or trust company chartered and engaged in the banking business under the laws of this State may associate itself with any national reserve association of the United States, or any branch thereof under any law now existing, or hereafter enacted by the Congress of the United States; and may invest such part of its capital or surplus therein as may be necessary to acquire and preserve its membership in such association.

2. That all Acts or parts of Acts inconsistent herewith be, and the same are, repealed.

South Dakota.—An act approved March 6, 1915, authorizing national banks to act as trustee, executor, administrator, or registrar of stocks and bonds provides that—

SEC. 1. It shall be lawful for national banks when authorized by the laws of the United States to act as trustee, executor, or administrator of estates or trusts or as registrar of stocks and bonds: *Provided further*, that State banks may act in similar capacity under such rules and restrictions as the Department of Banking and Finance may prescribe.

SEC. 2. All acts or parts of acts in conflict with the provisions of this act are hereby repealed.

Article II, section 36, of the Bank Guaranty Law, enacted in 1915, provides in part that—

Any bank organized under the laws of this state may become a member of a Federal Reserve Bank, pursuant to the provisions of the Federal Reserve Act and any Act of Congress supplemental thereto or amendatory thereof, and after becoming such member and shareholder it may comply with, and shall be subject to said Federal Reserve Act and such other Acts of Congress, anything in the laws of this state to the contrary notwithstanding.

Texas.—Senate bill No. 5, passed by the Third Called Session of the Thirty-third Legislature, provides in section 1 that—

All banks or bank and trust companies incorporated under the laws of Texas shall have authority to become members of Federal Reserve Banks under the terms and limitations as may be prescribed by the laws of the United States and such rules and regulations relative thereto as may be promulgated by lawful authority.

The act further specifies the reserve requirements by which State banks which become members of a Federal reserve bank shall be governed. They are similar to those of section 19 of the Federal reserve act.

It also provides in the act that—

State banks becoming members of a Federal Reserve Bank shall have authority to conform to the Federal Reserve Law now, or as hereafter enacted, and all rules and regulations promulgated relative thereto by lawful authority; and shall likewise be subject to all limitations of law and to such rules and regulations now or hereafter enacted or promulgated.

There are other sections of the act relating in more detail to State banks becoming members of a Federal reserve bank.

Utah.—Chapter 47, section 1, Session Laws of 1913, provides that—

SECTION 1. *Holding stock in other corporations lawful—Proviso.*—That any bank or loan, trust, and guaranty company or association, organized under the laws of the State of Utah, may purchase, own, hold, and sell or otherwise dispose of any of the shares of the capital stock of any other bank, loan, trust, and guaranty association or other corporation; provided such purchase shall be authorized by the executive committee and approved by the Board of Directors; and in case the purchase is of stock in any other banking corporation the approval of said purchase must also be had from the State Bank Commissioner: *And provided further*, That nothing in this act shall be so constructed (construed) as to permit the establishment, maintenance or control of any branch bank or loan, trust or guaranty company in the State.

Vermont.—At the last session of the legislature a law was enacted providing that national banks may act as trustee, executor, administrator, and registrar of stocks and bonds. A copy of the law is not available at the present time, so can not be quoted here.

Virginia.—In an act approved March 2, 1914, authorizing State banks to become member banks, it was provided—

That the banks heretofore and hereafter chartered by the State of Virginia, be and they are hereby empowered to become member banks of the federal reserve banks of the United States, as authorized by an act of congress entitled "An act to provide for the establishment of federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States," and for other purposes, approved December twenty-third, nineteen hundred and thirteen; or as may be authorized by any amendment to said act of congress: *Provided*, That nothing herein contained shall be construed as requiring said State banks to become such member banks.

Inasmuch as it is of the greatest importance that State banks may have the right to subscribe at the earliest possible moment to the stock of federal reserve banks, an emergency exists and this act shall take effect from and after its passage.

In an act approved March 27, 1914, authorizing national banks to act as trustee, executor, administrator, or registrar of stocks and bonds, it was provided—

That all national banks which have been, or hereafter may be, permitted by law to act as trustee and in fiduciary capacities, shall have all the rights, powers, privileges and immunities conferred upon trust companies by an act of the General Assembly of Virginia, entitled "An act to provide how trust companies may be incorporated, and to provide for general powers for the purpose of doing a trust business in this State in addition to a general banking business."

Washington.—Section 3324 of Remington and Ballinger's Annotated Codes and Statutes of Washington was so amended by the 1915 session of the legislature as to read as follows:

The shares of stock of such incorporated bank shall be deemed personal property and shall be transferred on the books of the bank in such a manner as the by-laws thereof shall direct. No bank shall be the purchaser of its own capital stock, or accept its capital stock, or any part of it, as security for loans. No bank shall subscribe for or purchase the stock of any other banking corporation, except a Federal Reserve Bank of which such bank shall become a member, and then only to the extent required by such Federal Reserve Bank.

Section 3346 of Remington and Ballinger's Annotated Codes and Statutes of Washington was amended in order to authorize national banks to act as trustee, executor, administrator, and registrar of stocks and bonds. It is provided—

That national banks, having a paid-up capital of $50,000 or more when authorized or permitted so to do by or under any act of the Congress of the United States, may exercise any of the powers conferred upon trust companies organized under this act.—Chapter 38, Laws 1915.

In the following States, though there has been no specific legislation enabling State banks to subscribe for stock in a Federal reserve bank, the State authorities have ruled that State banks may subscribe for such stock under the laws as they exist at the present time: Alabama, Arkansas, Delaware, Georgia, Illinois, Indiana, Kansas, Maryland, North Carolina, Pennsylvania, Tennessee, Wisconsin, and Vermont. The State authorities have ruled in Montana and Rhode Island that trust companies, as distinct from State banks, are eligible to subscribe for stock in a Federal reserve bank, but that State banks are ineligible.

No laws relating either to the right of State banks to subscribe for stock in a Federal reserve bank or to the eligibility of national banks to act as trustee, executor, administrator, or registrar of stocks and bonds have been passed in any of the following States: Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Kansas, Maryland, New Hampshire, Oklahoma, Pennsylvania, Rhode Island, or Tennessee, and, owing to the absence of information, no report can be made at this time regarding the question of express legislation in Arizona, California, Louisiana, New Mexico, and Nevada.

GENERAL BUSINESS CONDITIONS.

General business and banking conditions are described in reports made by Federal reserve agents for the 12 Federal reserve districts.

Below are given in detail digests of conditions in the various districts substantially as reported by Federal reserve agents.

DISTRICT NO. 1—BOSTON.

Weather conditions, which have been unsettled, and the wave of economy, which is affecting all classes, have no doubt been important factors in affecting general business during June. The latter factor has been noticeably felt in the mill towns where, while increased deposits in savings banks are reported, the business of the local department stores is not satisfactory, and manufacturers of cheap jewelry, dependent on department store trade, report unusually poor business.

The increased surplus in reserves shown by the New York and Boston clearing house banks due to the lack of demand from local commercial borrowers, the dullness of the stock market, and the scarcity of the supply of commercial paper in the hands of note brokers has affected money rates. While demand money to call brokers holds at 3 per cent banks are finding it difficult to maintain a 4 per cent rate to their best commercial customers, and are more inclined to shade that rate. Note brokers' commercial paper is $3\frac{1}{2}$ to $4\frac{1}{4}$ per cent; savings bank mortgages, $4\frac{1}{2}$ to 5 per cent; 90-day bank acceptances, $2\frac{1}{8}$ to $2\frac{3}{8}$ per cent; town notes, from $2\frac{3}{4}$ to $3\frac{1}{4}$ per cent; Boston bank rate to country banks, $3\frac{1}{2}$ to 4 per cent.

The shoe and leather business is still very dull and while prices of leather as a rule are well maintained, tanners are keeping their production just sufficient to meet the actual demands. The shoe manufacturers as a rule report no better business, but on the other hand state that the situation is not getting worse and that the underlying tone is fairly healthy.

The reports from the cotton mill districts show business in that line, for the most part, satisfactory, although the dry goods market does not seem to be quite as firm as it has been during the past few weeks. The situation in reference to the dyestuffs is reported as being rather acute, and in certain lines has caused curtailment.

There seems to be a recession of business in the wool, woolens, and worsted trade since the 1st of May. The high price of wool has been a restriction. Uncertainty that the price of raw material will be maintained and the unsatisfactory condition of the goods market are influencing the manufacturers to go slow, many feeling that the present demand for wool has been largely fictitious and due to a considerable extent to the congestion of shipments from foreign ports.

DISTRICT NO. 2—NEW YORK.

Bankers in this district outside of New York City report that crops in general have a good start, notwithstanding the wet, cold, unseasonable weather which prevailed during the month of May. Peaches, small fruits and vegetables were seriously affected by frost in the northern counties. Dairy business is very satisfactory, with cheese selling at record prices. Frequent rains have made good pasturage. Orders have caused increased activity in many industries and better employment for labor. Strikes are reported in southern and northern sections of the district. Bank deposits are generally increased; collections are fair, with but light demand for loans.

In New York City trade was also somewhat retarded by the unseasonable weather, but from a number of large houses it is gathered that mercantile lines in general continue to show an improving trend and a reasonably satisfactory outlook.

Exports from this port in May were $102,238,195, against $66,008,905 in May, 1914. Imports last month were $78,415,038, as compared with $87,508,546 in May, 1914. Since January 1, exports are $139,133,000 higher than last year, and imports $166,039,000 lower. Exports show more demand for goods for civilians. A large shrinkage appears in imports of precious stones.

More new companies were incorporated during the month than in May last year, but the figures of new incorporations for the last five months are still far behind those of the corresponding periods of recent years. Building permits issued last month show a decline in number of over 50 per cent. Failures in the district increased 66 in number over May, 1914, but the liabilities decreased about 50 per cent. Trading in bonds and stocks fell off considerably from the preceding month.

Transactions through the New York Clearing House in May totaled $7,238,531,558, which is $1,396,623,951 less than a year ago. Offerings of bankers' acceptances and commercial paper were lighter. Loans to other countries amounting to $247,500,000 have been reported as negotiated here during the past five months. Nevertheless money continues to accumulate at this center. The movement of gold inward since the beginning of the year is reaching unparalleled proportions; $112,250,000 has thus far been received from other countries, chiefly from Canada on London account. This movement has not stopped the downward tendency of rates for sterling and continental bills, which are falling to unprecedented levels. The total of the excess reserves of the clearing-house members on June 19 was $200,400,000, a gain of $30,220,000 since May 1. The result is an easier money market, with rates generally one-eighth to one-fourth per cent lower than they were a month ago. Prime commercial paper finds markets ranging from 3¼ to 4 per cent, acceptances, 2⅛ to 2⅜ per cent.

DISTRICT NO. 3—PHILADELPHIA.

The largest surplus reserves held by the banks in six months and easy rates for money, with little demand for funds, are the characteristic financial features in this district. Domestic business is still below normal, but manufacturers and jobbers are prepared to take advantage of brighter prospects, and are looking to the future more cheerfully than a few months ago.

Orders are being received in greater volume than last month for supplies for export, and this business is not only helping to restore confidence but is spreading business to other allied industries. Many large concerns are turning their attention to this new business, which usually necessitates the installation of machinery or additions to plants. This has had a favorable effect upon concerns engaged in the manufacture of machinery, tools, and building materials, with the result that the steel industries show a decided gain over last month. Conditions of employment are improved, and the increase in pay rolls, with the corresponding increase in purchasing power, have made the home trade better.

Most domestic manufactories are operating at about the same capacity as last month, excepting the steel industries. Shipyards are exceedingly busy, and will be for months to come. Anthracite-coal mining is close to the minimum usual during the summer months, but there is an increased demand for bituminous coal. Although some of the large railroad shops are operating at only 75 per cent of capacity, the number on the pay rolls is being greatly increased.

The demand for wool is increasing, and prices are rising. Cotton yarn does not show much change. The demand for hosiery, notions, and dry goods is improving, but the demand for silks has fallen off somewhat. Improvement is noted in hides and leather. The chemical and dyestuff situation remains unchanged, with prices high and supply low. Electrical supplies are in demand, and business is good in paints and wall paper.

Crop reports are very favorable, and there is evidence that prices will be better this year than last.

Money-market conditions are about the same as last month. There is very little demand for money, and the rates are easy, call money being quoted from 3½ to 4 per cent, time money 4 to

$4\frac{1}{2}$ per cent, and commercial paper $3\frac{1}{4}$ to $4\frac{1}{4}$ per cent. The supply of commercial paper is extremely limited, and new names are not appearing in the market to any extent. The available amount of loanable funds keeps steadily increasing. Bank clearings show a slight increase over last month. Investment purchasing of bonds is reported in greater volume than for some time.

DISTRICT NO. 4—CLEVELAND.

Business in some large industrial plants with special lines is almost booming. General business is only fair. Coal and pig-iron activities are still unsatisfactory but improving. The automobile manufacturing and rubber industries are working to capacity. Orders for domestic consumption of sufficient size to cause comment are reported by a number of companies. An instance of the latter is found in the increased activity in plants of the American Locomotive Co.

Collections are not as good as they were 30 days ago. Landlords report payments from tenants slower for June than for any month since January. Banks doing a savings business notice the closing of an unusual number of accounts by small depositors although aggregate totals of savings deposits are maintained.

Money has a firmer tendency, a better demand being reported in two of the large centers of the district. In three other centers funds are fairly plentiful, but the offering of cheap money is not being pressed as was the case 60 days ago. There are indications from some sections of demands for crop-moving funds.

While weather conditions have not been conducive to seasonable trade in mercantile lines they have not been detrimental to crop prospects, except corn, which is backward due to cold, wet weather. The outlook for an unusually prosperous season for farm products still continues.

Deposits in commercial banks are running strong and a hopeful feeling for improved conditions exists in all the industrial communities in the district.

DISTRICT NO. 5—RICHMOND.

Little change has been observed in this district either in general trade conditions or in particular lines of business activity in the last 30 days. It can fairly be said that any progress heretofore evidenced has been held, although no material further development is shown, as indeed might naturally be expected in a territory so largely agricultural and during a period immediately preceding the earliest movement of its farm products.

Retail trade generally is quiet, reflecting economies practiced by ultimate consumers. These are manifest particularly in cotton and tobacco territories.

Some of the cotton mills claim to be making money, but it is probably the fact that most of them are satisfied with nominal profits.

Lumber is in poor position, with little prospect of improvement in the immediate future. Tobacco has been overplanted. Stands are excellent, but prospects point at the moment to a yield which, in connection with the great quantity of the staple now being carried by warehousemen, suggests prices in the future which will not be acceptable to the growers. Diversification should help a generous number of farmers who have undertaken it, even should it happen that the price of grains be lower than the high-water marks reached by them some months ago.

While the banks at our centers probably are holding very little more than reserve requirements demand, it is also true that they are not being called upon for fresh credits in any large way. The interior banks, having met the spring demands of their customers, will require very little further aid until possibly the actual movement of the larger staples will demand currency against temporary credits.

There is no demand from any large direction for further liquidation, suggesting that creditors are satisfied both with immediate conditions and prospects. In other words, the general situation seems to be sound and in position promptly to develop as conditions permit.

DISTRICT NO. 6—ATLANTA.

Conservatism appears to be the dominant feature in nearly all lines of commerce and trade in the sixth district, with a steady and sound improvement in the economic situation. While the merchants are beginning to replenish their somewhat depleted stocks, they are closely limiting themselves to immediate needs and are not buying in large quantities.

The situation in the cotton-manufacturing industry continues good, with mills operating at more than normal output. There is still a large amount of cotton held in warehouses and compresses, holders not desiring to sell on falling prices; and owing to the almost complete closing of the export trade due to war conditions, very little cotton has been moved during the past month.

Building operations are below normal, with little improvement in the building-materials lines or in the lumber industry. This, together with the lack of cotton shipments, has contributed largely to the decreased railroad earnings during the month of May and June. Reports indicate a surplus of idle cars. June 30 marks the end of the fiscal year, and the roads have let no contracts for construction work or rolling stock. There is a slight tendency to improvement in passenger traffic over the previous month, and while the fruit and melon crops are beginning to move, no great improvement is looked for until cotton begins to come upon the market.

The farmers are somewhat behind in their work owing to rains, but general reports indicate the crops are in a healthy condition. The production of cotton is likely to be far less than last year owing to the large curtailment of commercial fertilizers.

Business is reported fairly good in the iron and coal industry. The naval stores lines show a very slight improvement, with prices low. The cattle industry is increasing greatly in the cotton section of this district; many silos are being built and dipping vats are becoming numerous.

Money for active commercial purposes remains easy, with usual rates prevailing; but little or no funds for permanent investments are offered. Real estate agents in the cities report their business as extremely dull.

DISTRICT NO. 7—CHICAGO.

Business in the seventh district has made steady although slow progress during the past month. Labor troubles in the building trades, however, still continue.

Excessive rains in the early weeks of June proved a drawback in leading retail lines and had an injurious effect on the fruit crop in Michigan and on some farm crops in the district. Nothwithstanding this, late advices indicate unprecedented cereal prospects.

This good outlook has imparted confidence in the future of manufacturers and distributors. More activity has developed in all iron and steel lines—both in actual dealings and in orders for forward deliveries. The spreading of work and improving calls for supplies are reflected in other lines and further gains have been made in reducing idle factory capacity and increasing the demand for labor. Distribution of general merchandise has been fair, jobbers reporting a good demand for textiles and other staples. Primary movements of grain have fallen off, due to weather interruptions and lessened export sales.

Money was without special change—commercial paper (brokers) rates averaging around $3\frac{1}{2}$ per cent.

Orders of goods for export have been responsible for some of the increase in activity in this district, but this tendency has been offset by the hesitation due to the condition of our diplomatic relations. Such hesitation is also partly responsible for reduced investment in securities and in permanent improvements.

DISTRICT NO. 8—ST. LOUIS.

The output of the manufacturers who have no products available for export to Europe seems to be still below normal, although the somewhat more active condition of the jobbing trade would seem to be an indication that these interests will improve in the course of the next few months. Stocks of goods in the hands of retail merchants appear to be low, and they are buying a trifle more freely. Prices seem to have advanced in some lines during the last few months, and the undertone of general merchandise continues strong, with a fairly well-defined feeling of confidence.

The dry period, which caused some uneasiness in April and the early part of May, was broken by general rains about May 20, and the rainfall now approaches the normal for the year. The season thus far has been favorable for agricultural development. It has been especially favorable for truck-farm products and the small-fruit crops. A few sections of this district have reported some damage to wheat, but this does not seem to have been serious. The corn crop appears to have developed in a normal and satisfactory manner. There seems to have been a decrease in the tobacco acreage in Kentucky and Tennessee, with a corresponding gain in the grain acreage. The outlook for the cotton crop is reported to be favorable. The live-stock market in this district continues to show considerable activity, owing to the purchase of horses and mules for export.

There has been little change in bank rates in the past month. Money continues plentiful, with rates still somewhat lower than the normal. Bank reserves in this district continue to be held largely in excess of the legal requirements, and banks are therefore still in the market for investments for their surplus funds. Commercial paper seems to be somewhat more active, due to the fact that rates are a trifle higher. The demand from country banks for lines of credit, to be used in moving crops, seems to be beginning to have its effect on the market, and indications are that rates may be higher in a comparatively short time.

There seems to have been little change in business conditions in this district during the last 30 days.

DISTRICT NO. 9—MINNEAPOLIS.

Dull and overcast weather, with an unusual amount of rain following after a cold and rainy May, has undoubtedly damaged the northwestern corn crop. Many fields have been replanted, and in some sections corn has been replanted the second time. Over most of Wisconsin, Minnesota, North and South Dakota the ground has been so wet as to interfere with cultivating corn and the crop has made very little progress. While it is generally admitted among experts that damage has occurred, it is yet too early to estimate it. July and August are the corn months, and with a change of weather and more sunshine, corn may yet be a very fair crop.

Small grains have suffered no damage of consequence with the exception of rye, which will be a light crop. Wheat is in excellent condition, and it has been impossible to substantiate reports of any serious damage in any part of the district. With the exception of a rather poor outlook for corn, crop conditions promise very well.

Business has responded, to a considerable extent, to the promises of a good year in the agricultural districts. Retail trade is active and collections are good. In the manufacturing centers a good many concerns are still running on short time, but there is a feeling that June is developing a slight change for the better. The lumber trade, which has shown no signs of recovery for several months, is somewhat more active but is still very much depressed.

A noticeable feature is an increasing demand for bank accommodation over practically the entire district, with the prospect that during the next 30 days money will be in active demand in support of a larger volume of commercial business. The wholesale trade is in good condition.

There is a stiff demand for horses throughout the western Dakotas and Montana, and Montana promises to market the annual wool clip during the next 30 days at prices that are at least as good as the State has ever seen before. Some contracts have already been made at prices ranging from 26 to 28 cents, and the prevailing opinion on the part of experts in touch with the situation is that the bulk of the clip will bring a price of 26 cents, or from 8 to 10 cents better than the price of former years.

The optimism which was a feature of the business situation last month has not decreased, but, if anything, has grown and business men generally are looking forward to good harvests and a very active fall business. The greatest need of the Northwest at this time is warm and pleasant weather and a period of rapid growth for the grain crops and especially corn.

DISTRICT NO. 10—KANSAS CITY.

Financial conditions prevailing throughout District No. 10 are above normal for this season of the year. In many portions of the district bank deposits are increasing, while in all parts of the district the supply of loanable funds far exceeds the local demand.

Generally speaking, crop conditions are excellent, although excessive rains, accompanied in some parts of the district by hail, have greatly damaged what promised to be record crops. The damage on this account will aggregate a huge total. Rivers and streams in Oklahoma, Kansas, and Nebraska have been out of their banks, with the result that low lands have been flooded.

The outlook for all kinds of fruits, berries, and melons was never better, and these products are already reaching the markets and commanding good prices. The wheat harvest has begun in the southern portion of the district, and will continue northward into Nebraska and the Dakotas during the next 30 to 40 days. The harvest is being greatly retarded, however, by reason of excessive moisture.

The lead and zinc industry is experiencing the greatest activity known in its history, zinc commanding the unprecedented price of as high as $145 per ton. The coal mining industry is normal for this season.

The live-stock market and the packing industry are normal, while wholesalers and retailers report brisk trade with fair collections. Farm implements and automobiles are vying with each other for record of sales, the tendency being a trifle in favor of the latter. The horse and mule market is active and strong, the foreign demand having taxed this district to the utmost.

There seems to be a surplus of harvest laborers and some towns are reported as overrun with an influx of idle men. However, the district is free of labor troubles, and there will be employment for all, although the wet spring has naturally retarded all seasonal activities. Immense sums of money are being expended throughout the district in civic improvements and building, and labor in all trades is fully employed. This is especially true of Kansas City, where only recently a large bond issue was voted, the proceeds of which, together with large extensions by public utility corporations, augurs well for the wage earner.

DISTRICT NO. 11—DALLAS.

During the past 30 days no untoward development of real significance has transpired with the exception of excessive rainfall in two or three of our wheat-growing counties. The progress of crops in general has been entirely favorable.

Southern and central Texas have completed the gathering of their oats with undoubtedly the largest yield ever known to the State. The price, however, has fallen. The farmer grows his crop, and having no place to care for it, throws it on the market at any price it will bring. In this connection the bankers of the State are undertaking an aggressive campaign to secure the erection of warehouses. While this is primarily aimed in the interest of cotton, the lesson ought to hold in general. The present crops of the district have been produced at a very low cost.

The harvesting of wheat is well under way in certain sections. Estimates indicate from eighteen to twenty million bushels. The loss through recent floods is estimated as high as 20 per cent.

The condition of the corn crop is most favorable. All through southern and central Texas it has reached maturity, and there is a larger yield than ever known before. Through central and northern sections the condition is excellent. One or two additional rains will mature the crop most bountifully.

The condition of cotton is not entirely satisfactory. In some sections the outlook is bright, but as a whole the crop is about two weeks late and decidedly spotted. There has undoubtedly been a very material reduction in the area devoted to it. The boll weevil, too, is reported to be active in some sections.

A splendid forage crop has been matured almost over the entire district. The far western end of the district is in excellent condition, owing to satisfactory prices for cattle and the fact that the mining interests have been very much stimulated through the rise in the price of copper.

Loans of the Dallas bank on June 22 were $6,262,000, a figure which has varied very little during the past month. This indicates that demand still remains light and that the prevailing rates are, for all needs and purposes, satisfactory.

Reports from correspondents show that the country banks are still fairly well provided with funds. This is, however, an abnormal year. Business generally is reported running to better advantage, and while not in large volume the merchants appear to be doing fairly well. They are buying less in quantity and are more careful of their commitments. There are comparatively few failures, and on the whole there prevails a better temper with the public and with the business world in general.

DISTRICT NO. 12—SAN FRANCISCO.

The lumber industry is very depressed, and lack of bottoms hampers exports, although report comes from Portland of several million feet clear spruce taken at advancing prices for European account. It is asserted business conditions in the Northwest can not be good until lumber and shingles, upon which principal pay rolls there depend, can be marketed at a profit. As elsewhere, chief attention to a major industry results in feast or famine. Famine impels diversification. An element of this has been the recent rapid development of hog raising. Formerly the pork consumed was almost wholly shipped in. This and other meats are now almost entirely local.

The live-stock industry is prosperous. Wool is being contracted for at very high prices. Large numbers of range horses have sold to Europe at fancy prices. Barley is reported in excellent condition. Apparently, for lack of ships, that taken for Europe must go by rail to Atlantic seaboard. Wheat acreage has been importantly increased. Unusual May rains made the hay crop probably the heaviest in 10 years, and most favorable to live stock and dairying. Large amounts of butter are being shipped to Australia.

Petroleum is not in worse situation than for several months past. Domestic consumption of lubricants and fuel oil, a barometer of industrial activity, reported 15 to 20 per cent less than last year. Because of the war nitrate shipments from South America to Europe have ceased. This stopped export of fuel oil from California to South America. Domestic consumption of refined products and their export to Orient well maintained, thus measurably offsetting unfavorable factors.

Gathering of crops is quite general throughout the district, and will continue throughout the year. Taken together, a huge total of fresh fruits, berries, melons, and vegetables is marketed. The Valencia orange crop of good volume is now going forward at satisfactory prices. Growing oranges have set well, giving good promise of coming crop.

From December to May deposits of national and State banks in this district increased approximately $17,500,000, while loans and investments decreased approximately $11,000,000. This emphasizes the fact that credit conditions are easy.

IMPORTS AND EXPORTS OF GOLD.

Imports of gold, by customs districts, Jan. 1 to June 18, 1915.

[In thousands of dollars.]

	Maine and New Hampshire.	Maryland.	New York.	Porto Rico.	Florida.	New Orleans.	Arizona.	El Paso.	Alaska.	San Francisco.	Southern California.	Washington.	Buffalo.	Dakota.	Michigan.	St. Lawrence.	Vermont.	Total.
Jan. 1 to May 21.																		
Ore and base bullion	1		60			159	146	56		42	7	1,484	1,744	80	660			4,439
Bullion, refined, and bars			4,363		10		311	1,099	490	6,256		368				1,952		14,849
United States coin			10,633	1	7					21		6	9			37,073	3	47,753
Foreign coin		50	3,663		10					8,224						495		12,442
Total	1	50	18,719	1	27	159	457	1,155	490	14,543	7	1,858	1,753	80	660	39,520	3	79,483
For week ending May 28.																		
Ore and base bullion						15		3				233	111		18			380
United States mint or assay office bars								14										14
Bullion, refined			158							52								210
United States coin			2,507													4,919		7,426
Foreign coin			12							750								762
Total			2,677			15		17		802		233	111		18	4,919		8,792
For week ending June 4.																		
Ore and base bullion			26			12	1	1				88	90		47			265
Bullion, refined			190				1	2		9								202
United States coin			2,006													8,117		10,123
Foreign coin			7															7
Total			2,229			12	2	3		9		88	90		47	8,117		10,597
For week ending June 11.																		
Ore and base bullion			57						157			53	98		13			378
Bullion, refined			95					18		435								548
United States coin			150		2											15,218		15,370
Foreign coin			23							1,000						1		1,024
Total			325		2			18	157	1,435		53	98		13	15,219		17,320
For week ending June 18.																		
Ore and base bullion			6			3	1	2	1			111	95		37			256
Bullion, refined			263				4	2	366	152		81						868
United States coin			5													15,814		15,819
Foreign coin			9															9
Total			283			3	5	4	367	152		192	95		37	15,814		16,952
Jan. 1 to June 18.																		
Ore and base bullion	1		149			189	148	62	158	42	7	1,969	2,138	80	775			5,718
United States mint or assay office bars								14										14
Bullion, refined			5,069		10		316	1,121	856	6,904		449				1,952		16,677
United States coin			15,301	1	9					21		6	9			81,141	3	96,491
Foreign coin		50	3,714		10					9,974						496		14,244
Total	1	50	24,233	1	29	189	464	1,197	1,014	16,941	7	2,424	2,147	80	775	83,589	3	133,144

Exports of gold, by customs districts, Jan. 1 to June 18, 1915.

[In thousands of dollars.]

	Maine and New Hampshire.	New York.	Hawaii.	Alaska.	San Francisco.	Washington.	Buffalo.	Dakota.	Michigan.	Duluth and Superior.	St. Lawrence.	Vermont.	Total.
Jan. 1 to May 21.													
Ore and base bullion				1		118							119
United States mint or assay office bars							3				5		8
Bullion, refined	2			2		2	17			1	2	6	32
United States coin		3,281	16		16	31	3		1		4		3,352
Foreign coin		935					5						940
Total	2	4,216	16	3	16	151	28		1	1	11	6	4,451
For week ending May 28.													
Ore and base bullion						21							21
United States mint or assay office bars											1		1
United States coin					20	12	2						34
Foreign coin		132									3		135
Total		132			20	33	2				4		191
For week ending June 4.													
Bullion, refined												1	1
Foreign coin		125											125
Total		125										1	126
For week ending June 11.													
Bullion, refined								4					4
United States coin		25									1		26
Foreign coin		125											125
Total		150						4			1		155
For week ending June 18.													
Bullion, refined											1		1
United States coin		20											20
Foreign coin		133											133
Total		153									1		154
Jan. 1 to June 18.													
Ore and base bullion				1		139							140
United States mint or assay office bars							3				6		9
Bullion, refined	2			2		2	17	4		1	3	7	38
United States coin		3,326	16		36	43	5		1		5		3,432
Foreign coin		1,450					5				3		1,458
Total	2	4,776	16	3	36	184	30	4	1	1	17	7	5,077

DISTRIBUTION OF REDISCOUNTS.

The character of the rediscount business of the several reserve banks is indicated to some extent by the following tables giving the distribution of the rediscounted paper, exclusive of acceptances, by sizes and maturities.

The average size of the 9,558 notes rediscounted by all the twelve reserve banks during the month of May was about $1,271. The averages vary between $908 for the Dallas bank and $4,930 for the San Francisco bank.

Of the total number of notes rediscounted about 27.5 per cent, and of the total amount about 54 per cent were notes in amounts of $1,000 to $2,500. The latter percentage varied between 66.6 per cent for St. Louis and 24.5 per cent for San Francisco. The number of small notes (up to $250) constituted over 30 per cent of the total number of notes discounted, representing 3.5 per cent of the total amount of the rediscounts. Nearly 88 per cent of the entire number of notes up to $250 was handled by the three southern banks.

A comparison of the April figures with those for May shows that the banks handled during the latter month a larger percentage of 30-day paper and of agricultural paper maturing after 90 days. The three southern banks report about 75 per cent of the latter class of business. There seems to be a rather close connection between the distribution of discounts by sizes and maturities, as normally the larger-size notes are also of the shorter-maturity class. An illustration of this fact is presented by the figures of the San Francisco bank, whose percentage of 30-day paper from less than 6 per cent in April increased to over 30 per cent in May, apparently as the result of discounting a relatively large amount of notes of the largest size.

The table showing the distribution by maturities also gives the number of banks in each state and district for which paper was rediscounted during the two months. This number increased from 617 to 796, but is still less than 10 per cent of the total number of member banks. The largest percentages of banks accommodated are shown for the three southern bank districts.

Commercial paper, exclusive of acceptances, rediscounted by each of the Federal reserve banks, during the month of May, 1915, distributed by sizes.

NUMBER OF PIECES AND AMOUNTS.

[In thousands of dollars.]

Bank.	To $100.		Over $100 to $250.		Over $250 to $500.		Over $500 to $1,000.		Over $1,000 to $2,500.		Over $2,500 to $5,000.		Over $5,000 to $10,000.		Over $10,000.		Total.		
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Per cent.
Boston	3	......	8	1.6	11	4.8	26	21.6	23	41.5	18	74.3	5	47.5	....	....	91	191.3	1.6
New York	....	0.2	41	6.9	42	15.0	44	31.6	46	70.0	25	81.9	5	30.4	....	....	206	236.0	1.9
Philadelphia	....	......	33	5.9	54	20.7	59	50.6	73	128.9	24	97.6	7	49.4	1	15.0	251	368.1	3.1
Cleveland	8	.6	24	4.3	41	15.4	39	28.6	59	96.2	25	101.1	12	88.5	5	96.6	213	431.3	3.5
Richmond	260	19.8	586	102.2	523	211.7	482	392.1	450	801.6	314	1,303.0	65	498.2	17	252.2	2,697	3,580.8	29.5
Atlanta	245	17.5	445	78.1	357	137.0	359	280.8	344	611.9	201	810.2	33	288.3	1	15.0	1,985	2,238.8	18.4
Chicago	10	.8	31	9.6	66	25.9	70	58.4	89	156.4	32	111.9	7	58.5	1	25.0	306	446.5	3.7
St. Louis	42	2.8	84	13.5	84	30.4	64	48.2	83	136.3	33	122.0	5	34.9	....	....	395	388.1	3.3
Minneapolis	3	.3	35	6.3	59	21.4	83	57.1	74	108.4	22	82.3	7	59.0	....	....	283	334.8	2.8
Kansas City	23	1.6	14	2.5	21	7.7	20	15.4	43	69.1	14	45.5	9	66.0	....	....	144	207.8	1.7
Dallas	267	17.5	785	130.2	654	232.3	436	307.6	353	556.7	174	644.6	54	396.4	13	199.4	2,736	2,484.7	20.2
San Francisco	....	......	8	1.3	21	8.4	38	25.8	50	79.5	60	223.9	41	253.0	33	645.6	251	1,237.5	10.3
Total	861	61.1	2,094	362.4	1,933	730.7	1,720	1,317.8	1,687	2,856.5	942	3,698.3	250	1,870.1	71	1,248.8	9,558	12,145.7	100.0

PERCENTAGES OF AMOUNTS OF EACH CLASS TO TOTAL.

Bank.	To $100.	Over $100 to $250.	Over $250 to $500.	Over $500 to $1,000.	Over $1,000 to $2,500.	Over $2,500 to $5,000.	Over $5,000 to $10,000.	Over $10,000.	Total.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
Boston	....	0.9	2.5	11.3	21.7	38.8	24.8	....	100.0
New York	0.1	2.9	6.4	13.4	29.7	34.7	12.8	....	100.0
Philadelphia	....	1.6	5.6	13.8	35.0	26.5	13.4	4.1	100.0
Cleveland	.2	1.0	3.6	6.6	22.3	23.4	20.5	22.4	100.0
Richmond	.6	2.9	5.9	10.6	22.4	36.6	13.9	7.1	100.0
Atlanta	.7	3.5	6.1	12.6	27.3	36.2	12.9	.7	100.0
Chicago	.2	2.2	5.8	13.1	35.0	25.0	13.1	5.6	100.0
St. Louis	.7	3.5	7.8	12.4	35.1	31.5	9.0	....	100.0
Minneapolis	.1	1.9	6.4	17.1	32.4	24.5	17.6	....	100.0
Kansas City	.8	1.2	3.7	7.4	33.3	21.9	31.7	....	100.0
Dallas	.7	5.3	9.4	12.4	22.4	25.9	15.9	8.0	100.0
San Francisco	....	.1	.7	2.1	6.4	18.1	20.4	52.2	100.0
Total	.5	3.0	6.1	10.8	23.5	30.5	15.4	10.2	100.0

Amounts of paper rediscounted during April and May by each of the Federal reserve banks, distributed by States, and maturities as of date of rediscount.

[In thousands of dollars.]

Districts and States.	Number of member banks.		Number of banks accommodated.		Paper maturing within 30 days.		Paper maturing after 30 days but within 60 days.		Paper maturing after 60 days but within 90 days.		Paper maturing after 90 days.		Total commercial paper rediscounted.	
	April.	May.	April.	May.	April.	May.	April.	May.	April.	May.	April.	May.	April.	May.
District No. 1—Boston:														
Connecticut	75	74	2	2	12.8	......	27.8	9.0	16.0	18.5	......	......	56.6	27.5
Maine	70	70	1	3	......	......	......	17.2	10.1	2.0	......	8.7	10.1	27.9
Massachusetts	171	170	3	2	134.9	25.0	44.0	31.4	......	......	......	......	178.9	56.4
New Hampshire	56	56	1	......	......	......	10.0	......	......	......	......	......	10.0	......
Rhode Island	19	18	......	......	......	......	......	......	......	......	......	......	......	......
Vermont	48	48	6	5	5.7	27.5	49.3	41.6	15.0	10.4	......	......	70.0	79.5
Total	439	436	13	12	153.4	52.5	131.1	99.2	41.1	30.9	......	8.7	325.6	191.3
District No. 2—New York	479	479	18	18	54.2	26.3	55.2	63.1	107.0	142.9	......	3.7	216.4	236.0
District No. 3—Philadelphia:														
Delaware	25	25	1	1	......	.3	2.0	9.3	5.6	......	......	......	7.6	9.6
New Jersey	201	201	10	12	36.0	53.4	47.9	101.9	127.6	58.6	9.7	5.5	221.2	219.4
Pennsylvania	533	532	8	11	10.0	26.0	18.8	59.1	30.6	52.0	.3	2.0	59.7	139.1
Total	759	758	19	24	46.0	79.7	68.7	170.3	163.8	110.6	10.0	7.5	288.5	368.1
District No. 4—Cleveland:														
Kentucky	72	72	4	9	19.3	33.5	93.4	23.2	47.4	26.9	......	3.0	160.1	86.6
Ohio	379	379	12	24	14.7	49.7	51.9	101.5	66.1	59.3	36.2	39.8	168.9	250.4
Pennsylvania	302	301	8	19	29.4	24.4	27.8	30.6	30.6	34.0	.9	1.4	88.7	90.3
West Virginia	9	9	1	2	3.0	1.5	1.0	2.5	3.0	......	......	......	7.0	4.0
Total	762	761	25	54	66.4	109.1	174.1	157.8	147.1	120.2	37.1	44.2	424.7	431.3
District No. 5—Richmond:														
District of Columbia	14	13	1	......	......	......	35.8	......	67.5	......	......	......	103.3	......
Maryland	100	100	1	1	......	......	11.6	6.8	34.9	23.7	0.6	1.0	47.1	31.5
North Carolina	79	80	39	42	138.2	123.3	360.5	346.8	577.1	538.3	41.9	93.2	1,117.7	1,101.6
South Carolina	70	70	36	40	136.7	275.4	392.3	311.0	395.4	476.4	139.1	228.8	1,063.5	1,291.6
Virginia	137	136	37	38	59.0	138.5	265.2	456.3	292.8	404.2	64.0	44.1	681.0	1,043.1
West Virginia	108	108	11	9	29.4	11.6	55.8	31.0	63.0	67.8	5.4	2.6	153.6	113.0
Total	508	507	125	130	363.3	548.8	1,121.2	1,151.9	1,430.7	1,510.4	251.0	369.7	3,166.2	3,580.8
District No. 6—Atlanta:														
Alabama	93	92	15	27	20.5	40.3	74.9	162.0	129.4	188.4	58.3	133.3	283.1	524.0
Florida	56	56	17	18	38.9	29.7	74.5	113.5	155.1	128.4	12.5	19.2	281.0	290.8
Georgia	114	114	42	50	37.2	46.5	209.0	280.4	235.6	226.6	93.0	207.0	574.8	760.5
Louisiana	5	5	1	1	......	......	36.1	68.5	25.2	1.0	......	......	61.3	69.5
Mississippi	18	18	2	1	20.0	11.0	23.7	31.5	77.9	31.0	5.0	......	126.6	73.5
Tennessee	96	97	27	33	57.5	46.4	333.5	285.9	127.2	163.3	12.2	24.9	530.4	520.5
Total	382	382	104	130	174.1	173.9	751.7	941.8	750.4	738.7	181.0	384.4	1,857.2	2,238.8
District No. 7—Chicago:														
Illinois	314	313	11	13	3.3	5.5	17.6	20.2	59.1	47.7	31.4	62.5	111.4	135.9
Indiana	197	197	5	11	1.5	7.9	2.9	13.7	10.5	33.4	9.7	17.3	24.6	72.3
Iowa	348	348	13	20	11.7	17.1	31.9	81.5	28.1	32.2	27.8	69.6	99.5	200.4
Michigan	72	73	2	3	7.0	14.1	15.1	6.5	2.0	......	2.5	......	26.6	20.6
Wisconsin	50	49	1	1	......	......	......	2.8	......	2.9	3.7	11.6	3.7	17.3
Total	981	980	32	48	23.5	44.6	67.5	124.7	99.7	116.2	75.1	161.0	265.8	446.5
District No. 8.—St. Louis:														
Arkansas	59	58	5	9	1.3	......	3.2	7.2	6.4	29.4	3.2	40.9	14.1	77.5
Illinois	156	156	14	17	8.2	5.0	17.4	34.7	14.9	38.5	18.6	43.8	59.1	122.0
Indiana	61	61	2	1	......	......	20.0	......	45.6	11.5	......	......	65.6	11.5
Kentucky	69	69	3	3	.4	3.1	11.5	.8	20.0	5.1	......	......	31.9	9.0
Mississippi	15	16	1	1	......	1.0	......	5.6	4.5	......	......	1.0	4.5	7.6
Missouri	80	79	8	7	2.8	5.9	21.1	15.7	10.5	26.0	15.6	19.2	50.0	66.8
Tennessee	20	20	3	5	17.6	26.0	32.5	43.4	5.7	23.6	......	.7	55.8	93.7
Total	460	459	36	43	30.3	41.0	105.7	107.4	107.6	134.1	37.4	105.6	281.0	388.1

Amounts of paper rediscounted during April and May by each of the Federal reserve banks, distributed by States, and maturities as of date of rediscount—Continued.

[In thousands of dollars.]

Districts and States.	Number of member banks.		Number of banks accommodated.		Paper maturing within 30 days.		Paper maturing after 30 days but within 60 days.		Paper maturing after 60 days but within 90 days.		Paper maturing after 90 days.		Total commercial paper rediscounted.	
	April.	May.	April.	May.	April.	May.	April.	May.	April.	May.	April.	May.	April.	May.
District No. 9.—Minneapolis:														
Michigan	31	31		1		5.0		25.0						30.0
Minnesota	276	277	7	8	7.5	9.7	27.7	8.5	16.0	10.5	9.9	32.3	61.1	61.0
Montana	65	65	6	10					2.2	17.4	40.0	45.0	42.2	62.4
North Dakota	152	153	3	9			0.5			5.0	15.0	44.1	15.5	49.1
South Dakota	110	110	2	5		2.0		11.1		4.1	8.4	17.7	8.4	34.9
Wisconsin	86	87	5	6	3.8	26.1	27.1	67.1	20.2	4.2	.7		51.8	97.4
Total	720	723	23	39	11.3	42.8	55.3	111.7	38.4	41.2	74.0	139.1	179.0	334.8
District No. 10.—Kansas City:														
Colorado	122	122	2	3	12.4		10.0	5.1				6.9	22.4	12.0
Kansas	214	214	14	2	54.1	2.0	58.2	9.0	19.9	5.5	7.3	1.9	139.5	18.4
Missouri	52	52	5	5	32.9	14.2	68.7	52.0	1.0	9.9	1.6	12.7	104.2	88.8
Nebraska	215	214	12	6	8.6	1.5	35.3	4.1	58.7	16.5	18.3	12.9	120.9	35.0
New Mexico	10	10	1	1							4.6	4.9	4.6	4.9
Oklahoma	187	188	6	10		2.8	5.4	12.0	19.0	26.8	36.1	7.1	60.5	48.7
Wyoming	33	33	1						6.3		5.5		11.8	
Total	833	833	41	27	108.0	20.5	177.6	82.2	104.9	58.7	73.4	46.4	463.9	207.8
District No. 11.—Dallas:														
Arizona	6	6												
Louisiana	26	26	4	6	84.4	12.0	57.3	58.4	92.7	89.7		19.8	234.4	179.9
New Mexico	28	28	5	4		3.9	21.4	10.1	52.4	10.0	11.8	43.5	85.6	67.5
Oklahoma	163	163	29	23	11.9	12.2	91.5	32.8	118.3	97.9	182.1	126.0	403.8	268.9
Texas	537	537	100	120	84.6	89.9	520.4	475.0	684.5	564.7	638.6	838.8	1,928.1	1,968.4
Total	760	760	138	153	180.9	118.0	690.6	576.3	947.9	762.3	832.5	1,028.1	2,651.9	2,484.7
District No. 12.—San Francisco:														
Alaska	1	1												
Arizona	7	7												
California	266	265	28	24	33.1	350.2	199.5	164.6	209.4	484.7	44.0	51.4	486.0	1,050.9
Idaho	57	57	8	5	2.0	4.1	7.7	24.9	20.7	52.5	6.2	4.3	36.6	85.8
Nevada	10	10												
Oregon	86	86	3	6		20.0	1.0	19.4	6.0	17.5	7.3	6.3	14.3	63.2
Utah	23	23	1				14.8		17.4		5.2		37.4	
Washington	78	78	3	3			6.8	5.5	9.9	10.2	4.4	21.9	21.1	37.6
Total	528	527	43	38	35.1	374.3	229.8	214.4	263.4	564.9	67.1	83.9	595.4	1,237.5
RECAPITULATION.														
Districts:														
No. 1—Boston	439	436	13	12	153.4	52.5	131.1	99.2	41.1	30.9		8.7	325.6	191.3
No. 2—New York	479	479	18	18	54.2	26.3	55.2	63.1	107.0	142.9		3.7	216.4	236.0
No. 3—Philadelphia	759	758	19	24	46.0	79.7	68.7	170.3	163.8	110.6	10.0	7.5	288.5	368.1
No. 4—Cleveland	762	761	25	54	66.4	109.1	174.1	157.8	147.1	120.2	37.1	44.2	424.7	431.3
No. 5—Richmond	508	507	125	130	363.3	548.8	1,121.2	1,151.9	1,430.7	1,510.4	251.0	369.7	3,166.2	3,580.8
No. 6—Atlanta	382	382	104	130	174.1	173.9	751.7	941.8	750.4	738.7	181.0	384.4	1,857.2	2,238.8
No. 7—Chicago	981	980	32	48	23.5	44.6	67.5	124.7	99.7	116.2	75.1	161.0	265.8	446.5
No. 8—St. Louis	460	459	36	43	30.3	41.0	105.7	107.4	107.6	134.1	37.4	105.6	281.0	388.1
No. 9—Minneapolis	720	723	23	39	11.3	42.8	55.3	111.7	38.4	41.2	74.0	139.1	179.0	334.8
No. 10—Kansas City	833	833	41	27	108.0	20.5	177.6	82.2	104.9	58.7	73.4	46.4	463.9	207.8
No. 11—Dallas	760	760	138	153	180.9	118.0	690.6	576.3	947.9	762.3	832.5	1,028.1	2,651.9	2,484.7
No. 12—San Francisco	528	527	43	38	35.1	374.3	229.8	214.4	263.4	564.9	67.1	83.9	595.4	1,237.5
Total	7,611	7,605	617	716	1,246.5	1,631.5	3,628.5	3,800.8	4,202.0	4,331.1	1,638.6	2,382.3	10,715.6	12,145.7
Per cent			8.1	9.4	11.6	13.4	33.9	31.4	39.2	35.6	15.3	19.6	100.0	100.0

ACCEPTANCES.

Acceptances, by classes, held by the Federal reserve banks each week.

Date.	Member banks' acceptances.	Nonmember banks' acceptances.		Private banks.	Total.
		Trust companies.	State banks.		
1915.					
May 31	$5,294,000	$3,774,000	$10,000	$110,000	$9,188,000
June 7	5,242,000	4,516,000	10,000	192,000	9,960,000
June 14	4,690,000	5,080,000	10,000	131,000	9,911,000
June 21	5,047,000	4,828,000	....	146,000	10,021,000

Acceptances indorsed by member banks: Member banks' acceptances, $1,686,000; trust companies' acceptances, $120,000; private banks' acceptances, $20,000; total, $1,826,000.

Amounts of acceptances held by the several Federal reserve banks at close of business on Fridays from May 28 to June 18, 1915.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Acceptances maturing within 30 days:													
May 28	$791	$1,294	$298	$102	....	....	$365	$45	$36	$47	....	$405	$3,383
June 4	798	1,529	333	120	....	....	442	40	57	60	....	694	4,073
June 11	1,168	1,684	183	189	....	....	517	100	138	140	....	742	4,861
June 18	856	1,666	233	168	....	....	434	300	133	304	....	742	4,836
Acceptances maturing after 30 days but within 60 days:													
May 28	530	1,545	450	148	....	....	364	281	126	398	....	574	4,416
June 4	742	1,599	415	128	....	....	237	267	107	411	....	260	4,166
June 11	603	1,151	423	101	....	....	236	218	49	360	....	141	3,282
June 18	657	829	328	49	....	....	74	18	25	308	....	137	2,425
Acceptances maturing after 60 days but within 90 days:													
May 28	587	333	109	15	....	....	....	17	13	208	....	124	1,406
June 4	441	1,029	134	9	....	....	....	11	11	175	....	124	1,934
June 11	430	1,892	132	16	....	....	36	44	17	173	....	216	2,956
June 18	326	1,867	434	16	....	....	36	44	17	27	....	134	2,901
Total:													
May 28	1,908	3,172	857	265	....	....	729	343	175	653	....	1,103	9,205
June 4	1,981	4,157	882	257	....	....	679	318	175	646	....	1,078	10,173
June 11	2,201	4,727	738	306	....	....	789	362	204	673	....	1,099	11,099
June 18	1,839	4,362	995	233	....	....	544	362	175	639	....	1,013	10,162

Distribution of acceptances held by Federal reserve banks according to schedules on hand June 21, 1915, by classes of acceptors and sizes.

Class of acceptors.	To $5,000.		Over $5,000 to $10,000.		Over $10,000 to $25,000.		Over $25,000 to $50,000.		Over $50,000 to $100,000.		Over $100,000.		Total.		Per cent.
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Members banks	36	$114,709	54	$427,259	108	$1,806,168	39	$1,501,822	10	$883,000	1	$315,000	249	$5,047,958	504
Trust companies	61	141,594	49	377,693	84	1,649,515	33	1,327,845	11	818,106	4	513,818	242	4,828,571	481
Private banks	....	....	....	....	7	106,769	1	39,472	....	....	....	....	8	146,241	15
Total	97	256,303	103	804,952	199	3,562,452	73	2,869,139	21	1,701,106	5	828,818	499	10,022,770	....
Per cent	....	2.6	....	8.0	....	35.5	....	28.6	....	17.0	....	8.3	....	....	100.0

Resources and liabilities of each of the Federal reserve banks and of the Federal reserve system at close of business on Fridays, May 28 to June 25.

[In thousands of dollars.]

RESOURCES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Gold settlement fund, credit balances:													
May 28	$1,015	$7,604	$1,361	$1,658	$1,863	$1,807	$1,086	$1,003	$1,114	$1,605	$1,264	$2,046	$23,426
June 4	1,604	5,900	2,245	1,890	2,152	1,682	1,117	2,430	1,083	1,509	1,228	2,010	24,850
June 11	2,110	8,630	2,222	2,046	2,262	1,555	1,083	2,172	1,224	2,249	1,470	1,927	28,950
June 18	3,574	3,599	1,780	2,695	2,416	1,749	5,013	1,869	1,286	2,514	1,612	1,253	29,360
June 25	3,419	4,478	1,863	3,288	2,609	1,581	4,485	2,113	1,103	3,150	2,268	1,003	31,360
Gold coin and certificates in vault:													
May 28	13,097	95,860	17,471	15,511	5,529	3,900	34,132	8,090	7,427	7,575	4,725	6,897	220,214
June 4	12,128	97,445	14,906	15,334	5,432	3,909	34,449	8,096	7,235	7,175	4,226	7,330	217,665
June 11	12,636	99,778	15,457	14,743	5,353	3,951	30,254	8,100	7,244	7,210	4,237	8,318	217,281
June 18	12,688	100,034	16,659	14,162	5,215	3,824	29,822	8,120	7,104	6,730	3,766	9,037	217,161
June 25	12,824	107,985	15,718	13,825	4,925	3,781	29,982	8,121	7,078	6,682	3,771	9,135	223,827
Legal tender notes, silver, etc.:													
May 28	1,113	21,223	3,112	767	95	242	3,148	1,241	6	457	576	9	31,989
June 4	817	24,961	2,366	769	94	245	3,796	1,239	7	457	569	17	35,337
June 11	629	35,224	2,841	766	89	324	2,450	1,204	8	463	627	7	44,632
June 18	758	38,948	2,962	821	105	379	2,684	1,126	8	465	657	3	48,916
June 25	348	37,619	3,295	853	103	276	3,122	1,075	4	468	682	3	47,848
Total reserves:													
May 28	15,225	124,687	21,944	17,936	7,487	5,949	38,366	10,334	8,547	9,637	6,565	8,952	275,629
June 4	14,549	128,306	19,517	17,993	7,678	5,836	39,362	11,765	8,325	9,141	6,023	9,357	277,852
June 11	15,375	143,632	20,520	17,555	7,704	5,830	33,787	11,476	8,476	9,922	6,334	10,252	290,863
June 18	17,020	142,581	21,401	17,678	7,736	5,952	37,519	11,115	8,398	9,709	6,035	10,293	295,437
June 25	16,591	150,082	20,876	17,966	7,637	5,638	37,589	11,309	8,185	10,300	6,721	10,141	303,035
Commercial paper:													
May 28	319	425	638	759	7,412	4,469	920	724	591	604	6,148	1,738	24,747
June 4	337	416	812	735	7,187	4,259	912	663	697	582	6,171	1,765	24,536
June 11	371	468	711	786	7,282	4,345	986	643	814	589	6,152	1,760	24,907
June 18	329	510	624	819	7,299	4,433	1,130	697	941	570	6,297	1,778	25,427
June 25	296	540	653	784	7,378	4,399	1,187	744	1,082	611	6,455	1,867	25,996
Bank acceptances:													
May 28	1,908	3,172	857	265			729	343	175	653		1,102	9,204
June 4	1,981	4,157	882	257			679	318	175	646		1,077	10,172
June 11	2,201	4,728	738	306			789	362	204	673		1,099	11,100
June 18	1,839	4,362	995	233			544	362	175	639		1,013	10,162
June 25	2,041	4,631	975	213			475	342	168	632		902	10,379
United States bonds:													
May 28				175			3,575	242	1,025	930		1,000	6,947
June 4				175			3,650	242	1,025	930		1,000	7,022
June 11				265			3,725	242	1,025	930		1,000	7,187
June 18				285			3,725	242	1,025	930		1,001	7,208
June 25			194	485			3,725	242	1,025	930		1,000	7,601
Municipal warrants:													
May 28	2,338	9,595	2,703	2,474	1		3,281	777	689	156		1,080	23,094
June 4	1,808	7,329	1,729	1,597	1		2,601	801	789	181		1,080	17,916
June 11	1,878	2,149	1,191	1,328	1		2,072	326	413	165		473	9,996
June 18	2,058	2,495	1,096	1,387	1		1,290	302	397	165		473	9,664
June 25	2,228	3,246	1,291	1,507	1		1,515	387	468	230		636	11,509
Due from other Federal reserve banks, net:													
May 28	2,383			1,014	1,158	103	2,062	1,484	12		128	866	9,210
June 4	674		2,480	1,868	1,090		115	1,694	34	738	361	667	9,721
June 11	1,099		2,989	1,889	1,190	534	8,591	1,276	271	199	295	1,037	19,370
June 18			2,370	1,817	1,101	125	7,705	928	254	563	615	498	15,976
June 25	2,101		2,067	1,530	1,285	242	7,612	607	157	548	648	409	17,206
Federal reserve notes, net assets:													
May 28	372	3,178	34	267			2,300	42	175			1,397	7,765
June 4	571	2,507	87	189			2,298	44	289			1,365	7,350
June 11	361	1,507	91	296			2,294	47	235			1,373	6,204
June 18	353	3,304	71	136			2,308	57	168			1,356	7,753
June 25	357	4,466	51	283			2,306	60	284			1,317	9,124
All other resources:													
May 28	578	229	265	149	71	463	308	2,805	63	366	53	76	5,426
June 4	1,087	209	216	143	50	835	298	2,127	69	396	55	66	5,551
June 11	1,073	137	412	548	114	103	259	2,713	67	498	154	68	6,146
June 18	1,037	143	645	743	96	170	214	2,739	64	540	81	61	6,533
June 25	486	153	734	160	109	235	195	2,787	56	476	45	65	5,501
Total resources:													
May 28	23,123	141,286	26,441	23,039	16,129	10,984	51,541	16,751	11,277	12,346	12,894	16,211	360,247
June 4	21,007	142,924	25,723	22,957	16,006	10,930	49,915	17,654	11,403	12,614	12,610	16,377	357,531
June 11	22,358	152,621	26,652	22,973	16,291	10,812	52,503	17,085	11,505	12,976	12,935	17,062	371,281
June 18	22,636	153,395	27,202	23,098	16,233	10,680	54,435	16,442	11,422	13,116	13,028	16,473	370,329
June 25	24,100	163,118	26,841	22,928	16,410	10,514	54,604	16,478	11,425	13,727	13,869	16,337	381,456

Resources and liabilities of each of the Federal reserve banks and of the Federal reserve system at close of business on Fridays, May 28 to June 25—Continued.

[In thousands of dollars.]

LIABILITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Capital paid in:													
May 28	$4,805	$9,962	$6,227	$5,977	$3,356	$2,410	$6,608	$2,788	$2,383	$2,791	$2,919	$3,932	$54,158
June 4	4,802	9,962	6,227	5,976	3,358	2,412	6,603	3,788	2,417	2,783	2,923	3,933	54,184
June 11	4,802	9,962	6,228	5,976	3,362	2,414	6,605	2,788	2,418	2,783	2,924	3,933	54,195
June 18	4,802	9,962	6,226	5,976	3,364	2,414	6,606	2,789	2,419	2,783	2,926	3,934	54,201
June 25	4,802	9,962	6,225	5,976	3,364	2,414	6,606	2,790	2,421	2,780	2,926	3,934	54,200
Reserve deposits, net:													
May 28	18,018	127,474	19,829	17,062	8,106	5,662	44,933	13,963	8,894	9,128	6,702	12,279	292,050
June 4	15,751	127,330	19,496	16,981	7,808	5,258	43,312	14,866	8,986	9,472	6,577	12,444	288,281
June 11	17,052	133,472	20,424	16,997	8,016	5,463	45,898	14,297	9,087	9,631	6,187	13,129	299,653
June 18	17,164	131,757	20,976	17,122	7,885	5,418	47,829	13,653	9,003	9,881	6,134	12,539	299,361
June 25	18,588	141,844	20,616	16,952	7,957	5,253	47,998	13,688	9,004	10,475	6,571	12,403	311,349
Federal reserve notes, net liability:													
May 28					4,596	2,877				193	3,255		10,921
June 4					4,766	3,200				359	3,088		11,413
June 11					4,836	2,896				562	3,804		12,098
June 18					4,900	2,806				452	3,942		12,100
June 25					5,001	2,803				472	4,341		12,617
Due to other Federal Reserve Banks, net:													
May 28		1,156	385							234			1,775
June 4		2,563				26							2,589
June 11		4,492											4,492
June 18	161	7,670											7,831
June 25		8,895											8,895
All other liabilities:													
May 28	300	2,694			71	35					18		3,118
June 4	454	3,069			74	34					22		3,653
June 11	504	4,695			77	39					20		5,335
June 18	509	4,006			84	42					26		4,667
June 25	710	2,417			88	44					31		3,290
Total liabilities:													
May 28	23,123	141,286	26,441	23,039	16,129	10,984	51,541	16,751	11,277	12,346	12,894	16,211	360,247
June 4	21,007	142,924	25,723	22,957	16,006	10,930	49,915	17,654	11,403	12,614	12,610	16,377	357,531
June 11	22,358	152,621	26,652	22,973	16,291	10,812	52,503	17,085	11,505	12,976	12,935	17,062	371,281
June 18	22,636	153,395	27,202	23,098	16,233	10,680	54,435	16,442	11,422	13,116	13,028	16,473	370,329
June 25	24,100	163,118	26,841	22,928	16,410	10,514	54,604	16,478	11,425	13,727	13,869	16,337	381,456

CIRCULATION OF FEDERAL RESERVE NOTES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total for system.
Federal reserve notes issued to the banks:													
May 28	$2,320	$31,840	$1,640	$2,900	$7,200	$4,950	$4,380	$626	$2,660	$2,600	$4,000	$2,040	$67,156
June 4	3,320	32,440	2,240	3,100	7,400	4,950	4,380	626	2,860	3,100	4,500	2,040	70,956
June 11	3,320	35,100	2,420	3,300	7,500	4,950	4,380	626	2,860	3,100	5,000	2,040	74,596
June 18	3,320	38,100	2,420	3,300	7,650	5,150	4,380	626	3,000	3,600	5,800	2,040	79,386
June 25	3,320	40,500	2,400	3,700	7,750	5,150	4,380	626	3,300	3,600	6,195	2,040	82,961
Federal reserve notes in the hands of the banks:													
May 28	372	3,358	34	267	404	323	2,300	42	175	347	290	1,397	9,309
June 4	571	2,687	87	189	334		2,298	44	289	281	457	1,365	8,602
June 11	361	1,687	91	296	264	304	2,294	47	235	78	241	1,373	7,271
June 18	353	3,484	71	136	200	394	2,308	57	168	238	403	1,356	9,168
June 25	357	4,646	51	283	199	397	2,306	60	284	168	404	1,317	10,472
Federal reserve notes outstanding:													
May 28	1,948	28,482	1,606	2,633	6,796	4,627	2,080	584	2,485	2,253	3,710	643	57,847
June 4	2,749	29,753	2,153	2,911	7,066	4,950	2,082	582	2,571	2,819	4,043	675	62,354
June 11	2,959	33,413	2,329	3,004	7,236	4,646	2,086	579	2,625	3,022	4,759	667	67,325
June 18	2,967	34,616	2,349	3,164	7,450	4,756	2,072	569	2,832	3,362	5,397	684	70,218
June 25	2,963	35,854	2,349	3,417	7,551	4,753	2,074	566	3,016	3,432	5,791	723	72,489
Gold and lawful money deposited with the agents:													
May 28	2,320	31,660	1,640	2,900	2,200	1,750	4,380	626	2,660	2,060	455	2,040	54,691
June 4	3,320	32,260	2,240	3,100	2,300	1,750	4,380	626	2,860	2,460	955	2,040	58,291
June 11	3,320	34,920	2,420	3,300	2,400	1,750	4,380	626	2,860	2,460	955	2,040	61,431
June 18	3,320	37,920	2,420	3,300	2,550	1,950	4,380	626	3,000	2,910	1,455	2,040	65,871
June 25	3,320	40,320	2,400	3,700	2,550	1,950	4,380	626	3,300	2,960	1,450	2,040	68,996
Net liability on account of Federal reserve notes:													
May 28					4,596	2,877				193	3,255		10,921
June 4					4,766	3,200				359	3,088		11,413
June 11					4,836	2,896				562	3,804		12,098
June 18					4,900	2,806				452	3,942		12,100
June 25					5,001	2,803				472	4,341		12,617
Net assets on account of Federal reserve notes:													
May 28	372	3,178	34	267			2,300	42	175			1,397	7,765
June 4	571	2,507	87	189			2,298	44	289			1,365	7,350
June 11	361	1,507	91	296			2,294	47	235			1,373	6,204
June 18	353	3,304	71	136			2,308	57	168			1,356	7,753
June 25	357	4,466	51	283			2,306	60	284			1,317	9,124

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