

FEDERAL RESERVE BULLETIN

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FEDERAL RESERVE BOARD
AT WASHINGTON

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FEDERAL RESERVE BOARD.

EX OFFICIO MEMBERS.

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VOL. 1

SEPTEMBER 1, 1915

No. 5

WORK OF THE BOARD.

The work of the Federal Reserve Board during the month of August has been largely concerned with problems incident to the protection of the crop situation as affected by war conditions. The Board's general policy was outlined in its letter of August 3, 1915. Among the further steps taken in the development of its policy, particular interest will attach to a draft of regulations in preparation providing for special rates on "commodity paper"; that is, notes, drafts, or bills of exchange secured by terminal receipts, shipping documents, or warehouse receipts covering approved and readily marketable non-perishable staples, and properly insured. It is expected that "commodity paper" of this type will prove its efficacy particularly in meeting the seasonal demands of the great crop-moving districts for credit facilities.

Consideration has also been given to the extent of the assistance that the Federal reserve banks could render one another by way of rediscounting in case any Federal reserve bank should not be able to meet all the requirements made upon it by its member banks out its own resources.

Because of the absence of some of the members upon their summer vacations it was found convenient to hold one meeting in New York City, a central point that could readily be reached by all. This meeting was held on August 10, and at its close the following statement for the press was given out:

The Federal Reserve Board to-day held a session at the Federal Reserve Bank of New York. After the meeting was over it was stated in response to questions that the meeting had been called for the purpose of clearing up matters of pending business which had been held open on account of the absence of several members of the Board from Washington. As New York was within easy reach of those who were absent, a session in this city was determined upon.

Those present were Governor Hamlin, Comptroller of the Currency Williams, and Messrs. Miller, Warburg, and Harding.

Several State banks have been admitted to the system after an examination of their condition by officers of the Federal reserve banks in which district they were located, and further inspection of reports of their condition by the Federal Reserve Board. A large number of banks have been granted trust powers.

New conditions which seem to be desirable in connection with the admittance to the system of State banks have been worked out by the Board and been put in final form.

Regulations for retiring national bank circulation and the refunding of United States 2 per cent bonds have been under consideration, both by the Treasury Department and the Federal Reserve Board. These regulations have not been completed, but substantial progress has been made upon them.

State Banks and Trust Companies.

Several additional State banks and trust companies have been admitted to the Federal reserve system during the month of August, the number of such institutions which have joined the system now being 24. The new institutions admitted to membership during August are as follows:

Broadway Trust Co., New York, N. Y.
Old Colony Trust Co., Boston, Mass.
Fidelity Trust Co., Kansas City, Mo.
Elmhurst State Bank, Elmhurst, Ill.
Badger State Bank, Milwaukee, Wis.
Fort Scott State Bank, Fort Scott, Kans.
German-American Bank, Minneapolis, Minn.

New Orleans Branch.

Mr. Marcus B. Walker, of New Orleans, has been elected a class "B" director for the branch of the Federal Reserve Bank of Atlanta to be located in New Orleans, and has been named as manager for that bank. The bank will open for business on September 10.

THE SOUTH'S COTTON PROBLEM.

ADDRESS BY HON. W. P. G. HARDING, MEMBER
OF THE FEDERAL RESERVE BOARD, AT BIR-
MINGHAM, ALA., AUGUST 25, 1915.

One of the results of the consideration of the cotton situation by the Federal Reserve Board and its members was an address made by Hon. W. P. G. Harding on August 25 at Birmingham, Ala.

During the course of his address Mr. Harding read the following letter from the President of the United States:

The WHITE HOUSE,
Washington, August 23, 1915.

My dear Mr. HARDING:

Thank you sincerely for your letter of August 23. It gives me just the information I desired.

What interests me more is this: It is evident from what you tell me that the country banks with whom the farmer and other producers directly deal, can get money at from 4 to 4½ per cent, and that the question whether the benefit of this advantageous rate is to be extended to the farmer is in their hands. It is inconceivable to me that those who are responsible for dealing directly with the producers of the country should be willing to jeopard the prosperity of the country itself by refusing to share with the producer the beneficial rates now obtainable for money loans. I think that we can confidently expect that the banks in the cotton States and in the agricultural regions generally will content themselves with a rate not more than 1 or 2 per cent above the rate which they themselves pay. I hope that the facts which you have stated to me will become generally known among the producers of the country so that they may feel themselves free to exact of the banks with which they deal what they undoubtedly have a right to expect.

Cordially and sincerely yours,

WOODROW WILSON.

Mr. Harding said:

A discussion of the cotton problem by a member of a Government board, under conditions now existing, involves some delicate considerations, and it must be distinctly understood that what I shall have to say is an expression merely of my personal views, as far as it seems proper for me to express them, and must not be regarded as reflecting the opinions of or as being binding in any manner upon, any person or official other than myself.

Not since the days of the Civil War has cotton occupied so prominent a place in international affairs as at present. By virtue of its use in the manufacture of propulsive explosives, its possession has become a necessity to the nations at war. Great Britain and her allies, having practical control of ocean transportation, announced,

some months ago, their purpose of preventing shipments of cotton from reaching Germany and Austria, either directly or through neutral countries. The orders in council which became effective last February, have aroused a great deal of protest in this country, the position being taken that no belligerent had the right to interfere with the shipment of noncontraband goods from a neutral country to another neutral country. While these orders in council have been the source of much irritation, it is claimed that they have not been effective in accomplishing their object, and the marked increase in exports of cotton from this country to Holland and Sweden, as well as to Italy, up to the time that she also became involved in the war, would indicate that Germany has been receiving practically her usual amounts of cotton through neutral countries. It is now a matter of public knowledge that the British Government and its allies have declared cotton an absolute contraband, by which it is understood that it will be subject to seizure, even when consigned to neutral countries, unless the shipment is made in accordance with the terms and limitations of the proclamation declaring it contraband. As the annual takings of American cotton by Austria and Germany amount to about 3,000,000 bales, the attitude of Great Britain and her allies has created much uncertainty in the cotton trade, and great apprehension on the part of producers of cotton in the South.

CERTAIN BASIC FACTS.

It is well, in discussing the present situation, to keep certain basic facts before us. The Census Bureau, in its Bulletin of August 14, states that the world's production of commercial cotton, exclusive of linters, grown in the calendar year 1913, as compiled from published reports, documents, and correspondence, was approximately 22,255,000 bales of 500 pounds net, and that the consumption of cotton, exclusive of linters, in the United States for the year ending August 31, 1914, was approximately 21,223,000 bales of 500 pounds net. The Bulletin further calls attention to the fact that, except for the United States, cotton included in these figures refers almost exclusively to that used in spinning (and does not include large quantities which are consumed in the manufacture of felts, bats, etc.). It is, therefore, fair to infer that while there apparently remained a year ago out of the cotton grown in 1913, the equivalent of about 1,000,000 bales, the world's requirements absorbed practically the entire production of the year 1913.

The American crop grown that year was about 14,600,000 bales, so that the amount grown in other countries amounted to about 7,650,000 bales. The Financial Chronicle estimates the total visible supply of cotton in the world on August 13, 1915, to be 4,255,773 bales, against 2,991,413 bales on the corresponding date in 1914—an excess in sight this year over last of about 1,250,000 bales.

Stocks in Great Britain are estimated at 500,000 bales more than last year, while continental stocks are put down as being 90,000 bales less. Stocks at Hamburg, Bremen and Trieste are placed at 45,000, against 352,000

at those points last year. Stocks at Genoa, Havre, and Barcelona show an increase of about 390,000 bales. The stock of American cotton in sight on August 13 is placed by the Financial Chronicle as 2,940,776 bales, against 1,561,413 bales on the same date in 1914, the distribution being as follows:

August 13.	1915	1914
Liverpool stock.....	1,097,000	625,000
Manchester stock.....	65,000	41,000
Continental stock.....	1,463,000	1,513,000
American afloat for Europe.....	196,036	40,346
United States port stocks.....	697,379	228,316
United States interior stocks.....	418,115	113,751
United States exports to-day.....	4,246	.....
Total American.....	2,940,776	1,561,413

¹ Estimated.

COTTON PRODUCTION IN 1915.

Assuming that 22,250,000 bales represent the world's normal consumptive power, and that the visible supply is now 4,250,000 bales, it becomes necessary, in order to understand the situation, to make a rough estimate of the cotton production for 1915. It is, of course, admitted that any estimate made at this time is merely a guess, from which the actual result may vary very widely, but it seems not unreasonable to assume figures based upon the average estimates of those well informed in the cotton trade and upon the average production per acre for the past 10 years. I think, therefore, that an estimate of 12,000,000 bales for the present American crop will not be regarded as too low. It is even more difficult to form an estimate of the amount of cotton grown in other countries, but, taking the figures for 1913 (7,600,000 bales) as a basis, and making allowance for the reduced acreage reported in Egypt and India, it would seem that 6,000,000 bales would be a fair estimate for all other countries. This would give us a total crop available for the next 12 months, including what is now in sight, of 22,250,000 bales. Conservative estimates last year were that the war would reduce the world's requirements of cotton by about 3,000,000 bales, yet the exports of American cotton for the season just ended were about 8,543,000 bales, as against 9,150,000 bales for the preceding season—a difference of a little more than 600,000 bales.

The declaration of contraband against cotton will perhaps be much more effective in keeping it out of Germany than were the orders in council, but, even if it be true that the world's cotton requirements by reason of the war will be curtailed 3,000,000 bales for the coming season this would just about represent the amount that would usually go to Germany. The Census Bulletin of August 14 shows that during the 12 months from August 1, 1914, to July 31, 1915, the consumption of cotton in the United States amounted to 5,598,798 bales, against 5,626,078 bales for the 12 months immediately preceding.

The bulletin gives the following figures as representing cotton on hand in this country on July 31:

	Bales.
In consuming establishments.....	1,401,484
In public storage and at compresses.....	1,784,812
Total.....	3,186,296

which compares with 905,762 and 425,102 bales, or a total of 1,330,864 bales, for July 31, 1914. The consumption of linters during the 12 months ending July 31 shows an increase over the preceding 12 months of nearly 100,000 bales, the exact figures being 403,389 bales in 1915 against 308,675 bales in 1914.

The exports of domestic cotton and linters during the month of July, 1915, were nearly double those of July, 1914, the month immediately preceding the outbreak of the war, the figures being 243,522 bales for July, 1915, against 126,211 bales for 1914. Of the total exported, 58,944 bales went to Great Britain, against 43,777 bales in July, 1914; none to Germany, against 41,291 bales in 1914; 27,209 bales to France, against 2,522 bales in 1914; 52,969 bales to Italy, against 22,758 in 1914; 104,400 bales to other countries, against 15,863 in July, 1914. These figures would indicate either a remarkable increase in normal exports to all other countries last month or else that Germany is getting her supplies of cotton through those countries. Cotton spindles active during July, 1915, in this country are reported as 31,194,029, as against 30,676,835 in July, 1914.

VALUE OF THE CROP.

I have seen no estimate of the commercial value of the crop of 1914 from governmental agencies, but other accepted authorities state that the value of the 1914 crop, which, including linters, amounted to nearly 17,000,000 bales, was less by \$386,000,000 than the crop of 14,588,591 bales produced in 1913. The Office of Markets and Rural Organization of the United States Department of Agriculture has advised the Federal Reserve Board that reports from 3,485 public and private warehouses in the cotton-growing States show a storage capacity of about 10,281,000 bales, and that similar reports from 823 cotton-mill warehouses in the same States indicate a storage capacity of 1,295,500 bales, so that, expressed in terms of flat or uncompressed cotton, the public, private, and cotton-mill warehouses in the cotton-growing States in 1914 had an aggregate storage capacity of 11,577,465 bales. The board is further advised that during the present year efforts have been made to revise and complete the warehouse list, which, while still incomplete, includes at present 4,246 warehouses in the cotton-growing States, which are divided into public warehouses and cotton yards numbering 3,188 and private and miscellaneous warehouses numbering 1,058. There are 58 public cotton warehouses outside of the cotton-growing States, making a total on the department's list at present of 4,304. Details are as follows:

Public and private warehouses and cotton-mill warehouses (estimated) in use in the cotton belt in 1914, together with the storage capacity and the number of bales produced in 1914, by States.

State.	Public and private warehouses.		Cotton-mill warehouses.		Aggregate storage capacity of all warehouses.	1914 production in running bales.
	Num-ber.	Storage capacity in flat bales.	Num-ber.	Storage capacity in flat bales.		
Alabama.....	581	1,628,935	62	62,000	1,690,935	1,731,751
Arkansas.....	233	714,780	6	6,000	720,780	990,237
Florida.....	51	225,000	1	1,000	226,000	90,648
Georgia.....	1,089	1,354,810	151	412,500	1,767,310	2,723,094
Louisiana.....	200	809,600	6	6,000	815,600	452,261
Mississippi.....	167	892,540	18	18,000	910,540	1,217,883
North Carolina.....	149	210,216	326	400,995	611,211	970,479
Oklahoma.....	120	540,600	7	7,000	547,600	1,232,638
South Carolina.....	337	1,156,760	164	300,000	1,456,760	1,560,195
Tennessee.....	31	582,285	27	27,000	609,285	372,068
Texas.....	497	1,946,494	36	36,000	1,982,494	4,390,200
Virginia.....	30	219,890	19	19,000	238,890	25,277
All others.....	.....	.....	.....	.....	.....	140,109
Total.....	3,485	10,281,970	823	1,295,495	11,577,465	15,905,840

Public, private, and miscellaneous warehouses and cotton yards in the cotton belt, listed as of Aug. 1, 1915.

State.	Public warehouses and cotton yards.	Private and miscellaneous warehouses.	Total.
Alabama.....	459	108	567
Arkansas.....	121	52	173
Florida.....	29	22	51
Georgia.....	826	466	1,292
Louisiana.....	66	59	125
Mississippi.....	172	35	207
North Carolina.....	123	90	213
Oklahoma.....	174	44	218
South Carolina.....	196	54	250
Tennessee.....	38	13	51
Texas.....	960	101	1,061
Virginia.....	24	14	38
Total.....	3,188	1,058	4,246

Recent inquiries sent out with the view of completing the warehouse list, have resulted in the addition of a large number of warehouses in the cotton-growing States. It appears that building activity in the last three months has been great, especially in Texas, and it is thought not at all unlikely that, before the present crop comes on the market there will be 5,000 warehouses of all classes in the South. Should this prove true, there will be storage capacity in the Southern warehouses for not less than 12,500,000 bales of flat cotton, while the cotton mill warehouses will be able to take care of about 1,300,000 bales.

It is stated that there is the greatest diversity in the character of these warehouses as to the materials used, cotton handling facilities, location, fire hazards, and other points. Many of the storage companies are not properly organized and frequently their receipts are not considered of much value as collateral. In many instances the

buildings are poorly constructed and so improperly located that rates of insurance upon their contents are very high, but practically all the cotton mill warehouses are of standard construction with automatic sprinkler equipment, and carry very low rates of insurance.

The legal department of the Federal Reserve Board has prepared an abstract of the laws of the cotton-producing States, with especial reference as to whether or not the pledgee of a cotton warehouse receipt obtains the first lien on the cotton in question or whether his lien may be displaced by attachment or otherwise on account of any indebtedness due by the owner of the cotton for labor, rent, or any other account. The counsel consulted, in the preparation of the digest, legal representatives of the Federal reserve banks of St. Louis, Richmond, Dallas, Atlanta, and Kansas City, and the consensus of their opinion seems to be that the holder of a negotiable warehouse receipt is protected from all claims of subsequent lien holders and subsequent creditors of the original owner of the commodity covered by the receipt. The rights of the pledgee of a warehouse receipt are apparently superior to the unsecured prior claims of the creditors of the pledgor. The pledgee's rights, however, would seem to be inferior to all valid claims upon the commodity obtained prior to its deposit in the warehouse. Want of title in the pledgor will defeat the lien of the pledgee, as would the nonexistence of the cotton in the warehouse, for which latter, however, the warehouseman is liable.

In nearly all the Southern States the landlord is given a lien for rent and advances, which lien is superior to the rights of the transferee of a negotiable warehouse receipt, and in many States the warehouseman is also given a prior lien for charges. Some States require knowledge on the part of the transferee that the crop was grown on leased premises as a condition precedent to the recovery of the landlord, while other States disregard this knowledge. The holder of a negotiable warehouse receipt appears, as a rule, to acquire such title as the person negotiating the receipt to him had, or had the ability to convey, to a purchaser in good faith and for value. In other words, the transferee of a negotiable warehouse receipt has exactly the same rights as the purchaser where the cotton is sold and actually delivered, and is deemed in most instances to be in actual possession of the cotton.

In view of difficulties that may arise in satisfying distant lenders as to the validity under all conditions of warehouse receipts for cotton offered them as collateral, it would seem that, for the present at least, loans on cotton must be first negotiated through local banks in the South. These banks have now ample facilities which they have never before enjoyed for rediscounting the notes taken against such loans, and it is for them more than for any other agency to determine the policy of the South in regard to the marketing of the present cotton crop.

I would not assume to give any advice, without full knowledge in each specific case, either to the producer of

cotton as to the advisability of his withholding it from the market, or to the merchant or to the banker as to the wisdom of assisting in such an operation. These are matters for individual judgment, but I wish to call attention to the fact that cotton is a commodity which has always shown itself susceptible to marked and sudden fluctuations in value. As a case in point, I may cite the 12 calendar years, 1904-1914, both inclusive. In one of these years, 1904, the difference between the high and low point in the price of cotton was 10.41 cents per pound, or more than \$50 per bale (according to official quotations on the New York Cotton Exchange). The least range of values occurred in the year 1906 in extreme fluctuations of 2.65 cents per pound, or about \$13 a bale, and the average annual fluctuation during the entire period of 12 years has been 5.38 cents per pound, or about \$27 per bale. While cotton at some time during some of these years has sold in the South around 6 cents per pound, the average price during any year would have been satisfactory to the cotton producer. As a rule, the active marketing of cotton takes place during three or four months of the year, although the process of consumption is one that goes on during the entire 12 months.

The merchants and bankers of the South are well accustomed to making advances against crops still to be planted or in cultivation, but they have usually been insistent that as soon as the crop has ceased to be a potentiality and has become a reality, that it be brought to market and sold as rapidly as possible. Other obligations of the farmers, such as for fertilizer, have, in many cases, been made payable early in the fall, so, with all factors tending toward congestion, the basic situation of the cotton market must be exceedingly strong to prevent a drop in price during the time when the cotton of the most needy producers is being marketed. This year certainly no financial obstacles are in the way of more orderly methods in marketing the crop. I would not undertake, of course, to advise any individual as to the course that he should pursue in marketing his crop, but, viewing the situation as a whole, I am convinced that the results of a gradual marketing of the crop this season will be far more satisfactory than would be the case were the crop forced upon the market within a short period.

AMPLE WAREHOUSE FACILITIES.

The South has now ample warehouse facilities for properly caring for that portion of the crop on which loans are apt to be negotiated, and the banks can provide ample funds either out of their own resources or by use of their credit in rediscounting paper secured by cotton to enable them to aid materially in conserving the values of this great crop. It has often happened heretofore that the farmer has been forced to sell his cotton to meet the demands of his creditors, or, in cases where he had no pressing demands and found the price unsatisfactory, that he found himself unable to negotiate loans upon his ware-

house receipts, unless, perhaps, at a very high rate of interest.

The bankers and merchants of the South have at this time a great opportunity, as well as a great responsibility. They are in close and intimate contact with the producers throughout the cotton belt and are in the best position to advise and assist them in taking the steps necessary to protect their interests, which are also the interests of the whole South. For the second time within recent years we have seen a large crop sell for far less money in the aggregate than a moderate crop brought the preceding year. You have an opportunity of conserving the values of the South's greatest single asset—its cotton crop—and upon you, bankers and merchants of the South, rests the responsibility of the weal or woe of a great agricultural section during the next 12 months and perhaps for years. Leading financiers of the country, in commenting upon present conditions, which are due in part to the European war, freely express the fear that the sudden prosperity that has developed in some sections and along certain lines of industry, will be followed by a period of wild speculation and inflation. The banking reserves of this country are now very large, being considerably more than \$1,000,000,000 in excess of legal requirements. The gold holdings of the United States, over \$2,000,000,000, are larger than those of any other two countries combined. Our trade balances are piling up at an unprecedented rate and will probably amount to a billion dollars during the last six months of 1915. Rates for the best commercial paper are very low, 4 per cent or less, and the southern banks, should they be able to collect within the next 60 days the amounts which they have out directly or indirectly on cotton, will be at an absolute loss to find a safe and profitable investment for their funds. What better security therefore, could a southern bank ask than the obligation of a merchant or farmer which he has been carrying on a crop not yet existent—what better or more liquid investment, I say, could a southern banker find than to carry this same obligation along for a few months if necessary, secured by the actual cotton, properly warehoused and insured, and certain of a market?

ACTION FOR ORDERLY MARKETING.

Such general action on the part of southern banks would greatly facilitate the orderly and natural marketing of the crop and would, in a great degree, relieve what is called "distress cotton," by which term forced sales of cotton, regardless of market conditions, have come to be known. While the rule is not invariable, it very often happens nevertheless that after the producers and the country merchants who have had most to do with growing the crop, have sold their cotton, that the price advances so that by planting time the stern resolve made by the farmer a few weeks previous to reduce his cotton acreage 50 per cent is modified under the influence of the higher

prices that he hears about, with the result that the reduction is very small. During the acute depression in cotton last fall, perhaps all the farmers were determined to plant but little cotton this year and in one State the legislature placed drastic restrictions upon the amount of land that could be planted in cotton, which restrictions, however, were afterward removed at a later session. With the improvement that came in January, February, and March, the feelings of the farmers underwent a change. Sales of cotton were made at 9 cents and even higher, and, forgetting their recent plight, the farmers of the South, despite their bitter experience and regardless of all the advice and warnings of the Department of Agriculture, the banks, and the merchants, reduced their cotton acreage only about 15 per cent. Our experience last winter should convince everyone that the economic law of supply and demand is inexorable and unalterable. The situation at that time was indeed a most serious one and many desperate remedies were proposed which seemed to be justified by conditions then existing. Valorization schemes were proposed and much pressure was exerted upon Congress to authorize the purchase by the Government of a large amount of cotton at 10 cents per pound. When this proposition, however, was referred back to some of the States for separate adoption on their part, it developed that there was but little public sentiment behind it. The situation last year, as was to be expected, finally worked itself out along natural and economic lines. Only 47 per cent of the crop came in sight by December 31, against 70 per cent in ordinary years, and of the amount in sight perhaps 50 per cent was held unsold for account of the producers or the country merchants. A demand gradually developed for cotton and the price advanced.

SITUATION GREATLY CHANGED.

The situation this fall is totally different from that which confronted us a year ago. The present crop can be handled successfully only along economic lines, and if we are really suffering from an overproduction of cotton, the true remedy to be applied is curtailment of production. Experience has shown that the farmer is not impressed in the spring of the year by figures showing a large amount of cotton in sight unless he himself owns some of this cotton. If the banks and merchants will carry cotton for farmers this fall, the advances that they will make should prevent a repetition of the chaotic credit conditions and general trade depression which resulted last year, and if satisfactory arrangements for marketing the crop can be made before spring that will be good evidence that there has been no overproduction. If, on the contrary, a considerable portion of the crop has to be carried until planting time for the farmers and the country merchants, a corresponding reduction in acreage will almost certainly result.

The farmers will not be disposed to plant heavily if they have a considerable amount of cotton on hand when the

planting time comes and a sharp reduction in acreage next spring would most probably result in a demand for cotton and a corresponding advance in price, for the cotton spinner makes it his business to anticipate the future and to study carefully all the conditions relating to the production and marketing of cotton. As soon as the spinners see that there is likely to be a small crop produced by reason of greatly curtailed acreage, they will realize that any surplus carried over will be necessary to prevent a cotton famine in the fall.

Let it be remembered that the dread of the cotton spinners throughout the world—in the South, in New England, in Canada, in England, in Germany, in Italy, and in Russia—is a shortage in the supply of cotton, and that, while they naturally desire to purchase their stocks of cotton at low prices, there comes a time, after their wants for some months ahead have been supplied, that they become interested in sustaining or even in enhancing the values of a commodity in which they have an owner's interest. They look ahead also and have learned by experience that extreme low prices throughout a season will bring about a curtailment of the next crop, with advances in price often out of proportion to the reduction of supplies.

OBJECT OF BRITISH GOVERNMENT.

We should also consider the object of the British Government in issuing its orders in council and in its recent declaration placing cotton on the contraband list. Why is that Government, engaged in the most gigantic war of all history, with perhaps its very existence at stake, so anxious to prevent cotton from reaching the territory of its enemies? Some have said that it is for commercial reasons, that the Government is actuated by a desire to depress the value of cotton in order that British spinners may obtain their stocks at a low cost. This theory does not stand in the cold light of reason.

Modern science within recent years has caused cotton to become the basis of the explosives which are absolutely necessary in modern warfare. Cotton is used in the manufacture of smokeless powder and in the production of the high explosives used by heavy field artillery and by the great guns on the mammoth battleships of the navies of the present day. The statement has been made that every time a battleship of the class of the *Queen Elizabeth* fires her guns 12 bales of cotton are consumed. It is impossible to form an estimate of the amount of cotton that is used in the manufacture of explosives. Belligerent nations guard this secret closely, but our own Government, through the Census Bureau, is making careful investigations and I understand that as soon as possible an estimate will be made public, giving the amount of cotton consumed for war purposes, including not only that used in making propulsive explosives, but the amount required for other purposes of war, such as wearing apparel for troops, for tents, and for hospital and Red Cross uses. Many unofficial

estimates have been made of the amount of cotton used for these purposes, but they are practically of no value, as the estimates for explosives alone vary from 600,000 to 3,000,000 bales a year. The figures that have been available so far relate to the ordinary commercial consumption of cotton and are somewhat misleading.

The amount of raw cotton in sight, when considered as a factor in the determination of prices, must be supplemented by a knowledge of the stocks of manufactured goods on hand and by some idea of the amount of clothing, made entirely or partly of cotton, on the backs and in the wardrobes of the ultimate consumers. My information is that at the present time manufactured stocks in the hands of merchants are small, and, in view of the severe economies that have been practiced throughout the world during the past 14 months, it is reasonable to assume that supplies of clothing in the hands of the wearers are not large.

The very uses to which cotton is now being put, which have resulted in its being declared contraband, indicate a consumption of cotton which is of great importance in estimating the world's requirements. While the cotton used for clothing and other commercial purposes is not finally consumed until the goods wear out, involving a period sometimes of two or three years, the cotton that is used in explosives goes up in smoke forever the very instant a gun is fired. There is reason to believe that both the Germans and the allies are watching keenly the present cotton situation—that Germany is as anxious to have cotton as the allies are to prevent her from obtaining it—and it is not inconceivable that there may be evidences before very long of international competition for the possession of the South's great staple.

MAY MAKE FOREIGN PURCHASE.

It is at least a possibility that cotton will be purchased in large quantities for foreign account and stored in the warehouses of the South, to be shipped out as needed and as opportunities for shipments arise. No one has ever accused the Germans of being lacking in far-sightedness. Their ability to look into the future and to provide for every contingency is marvelous. They are already looking forward to what will happen when peace is restored and that they will make a supreme effort to recover their lost trade with other nations can not be doubted.

Is it reasonable to believe that they would look with complacency upon the absolute control of the cotton market by the mills of England and America, permitting them to secure their supplies of cotton at very low prices, and defer their own purchases until after peace is made and take the chances of securing then their own stocks at much higher prices? Is it not reasonable to believe that they will arrange to buy cotton as the spinners of other nations buy it, and can they not easily make arrangements to

have their purchases of cotton stored in this country for their account until they can transport it to their own shores?

COLD, HARD FACTS.

I have not viewed this cotton situation in an optimistic light. I have tried to keep before me the cold, hard facts, but the more I study the subject and the more information that I receive bearing upon it the more I am convinced that the present situation, while calling for intelligent leadership and close cooperation, is by no means a desperate one. On the contrary, the immediate future has many elements to inspire hope and confidence. The making of a market is by no means a one-sided proposition. The buyers of cotton have a natural advantage in their greater powers of analysis, in their concentrated financial resources, in their ability to take their own time, but now, as always, the movements of southern producers are closely watched and evidences of staying power on their part are effective in market quotations.

COTTON SOUTH'S GREATEST ASSET.

Men of the South, your cotton crop is your greatest asset. The welfare of the South depends upon this crop being marketed at fairly remunerative prices. The prosperity or the reverse of the southern farmer means strength or weakness to the merchants and the bankers of the South and vitally affects trade and industry throughout this entire country. It is within your power, regardless of any untoward conditions that may exist, to protect your greatest asset, if you will only make intelligent and courageous use of your opportunity. Let Southern bankers wherever possible make liberal concessions in their usual rates on commodity loans. High-interest rates means forced sales. Present conditions fully justify low rates and Southern bankers should be willing to forego temporary profits for the sake of security and solidity in the future. I am sure that the Federal reserve banks may be depended upon under their power of rediscount to cooperate to the fullest extent with the banks in taking care of the cotton crop, and this assurance is, of course, not confined to cotton loans, but extends to other staple commodities.

As a final word, I wish to remind you that the cotton season is upon us. Already the fields are white down where the gulf breezes blow, and soon the uplands, too, will glisten in the autumn sunshine. Let me impress upon you that this is a time not for complaints or denunciation, but for wise leadership, cool judgment, firm resolve, and effective action. Bankers, merchants, and farmers of the South stand together and act together for your common good! Do not sit supinely on the ginhouse floor to be smothered beneath a mass of cotton, but keep on top the heap, and feed it out at living prices to the spindles and factories of a waiting world.

MOVEMENT OF CROPS.

Attention has been given by the Federal Reserve Board to the crop-moving problem, and on August 3 the following letter was sent to the chairman of the board of directors of each Federal reserve bank:

SIR: There has been frequently in past seasons a congestion of farm products, accompanied usually by high money rates, or at times by actual difficulty in obtaining the necessary funds and credits for moving these crops. These conditions have been met for several years past by deposits made with banks by the Secretary of the Treasury for crop-moving purposes, and last year by the further expedient of the issue of emergency currency authorized under the act of May 30, 1908, as amended, now expired by limitation. The Federal reserve act makes provision for meeting the demand for crop-moving funds, and is intended to guard against a recurrence of past stringencies. In order to forestall any possibility of congestion of crops this fall, or lack of accommodation to move them, the board calls the attention of all Federal reserve banks to the provision in the Federal reserve act which have a special bearing on this subject.

Section 13 of the act gives specific permission for the rediscounting for member banks of notes, drafts, and bills of exchange secured by staple agricultural products. The manifest intent of this provision is to enable producers to market their crops in a normal and effective manner. In view of the large surplus reserves now held by the Federal reserve banks by member banks and by other banks throughout the country, there should be no difficulty in affording the producers the assistance necessary to enable them to market their products in volume corresponding to the power of the trade to absorb them. In order to accomplish this end, it is suggested that Federal reserve banks adopt a definite policy with reference to rediscounting paper secured by documents in satisfactory form evidencing the ownership of stored agricultural products. Through such a policy, together with proper methods of warehousing, Federal reserve banks can be a potent factor in assisting the normal movement of staple agricultural products from the field to the factory or to the consumer. It is recommended that regulations governing the rediscount of notes covering advances on such products be issued by such of these Federal reserve banks whose members are actively engaged in

financing the movement of such crops to the market. In so doing the object in view should be to assist effectively, as above pointed out, in the normal movement of such products in orderly transfer to the consumer. The carrying of products in behalf of speculators is not permitted under the law, and member banks can not certify the notes of speculators as eligible since the act does not allow the rediscounting of notes, drafts, or bills of exchange covering "merely investments."

Special attention is herewith directed to the marketing of the cotton crop. While the yield of corn, wheat, and other cereals promises to be large, there is every reason to expect that these products will find a market in an orderly way. Cotton, however, is peculiarly sensitive to abnormal conditions such as now exist in our export trade, and it is clearly in the common interest that credits based upon this crop be protected as far as possible from the danger of demoralization such as existed during the autumn of 1914. No staple commodity is subject to greater variations in price than is cotton, which during the past 12 years has shown, according to figures based upon official quotations on the New York Cotton Exchange, an average annual fluctuation of 5.38 cents per pound, the maximum price range during any year of this period being 10.40 cents per pound in 1904 and the minimum range 2.65 cents per pound in 1906. It should be noted, however, that with two exceptions, there has been no very great difference in the average price of cotton for each of these 12 years, the exceptions being the year 1905, when the average price during the year in New York was 9.80 cents per pound, the lowest of the 12-year period, and the other being the year 1910, when the average price per pound was 16.45 cents; but the average price for the entire 12-year period was 12 cents per pound. Sudden and violent fluctuations are clearly to the advantage of neither the loaning banks, the producer, the manufacturer, nor the consumer. They offer, on the contrary, an inviting field for the speculator; and should the Federal reserve system, in making possible the more normal movement of the crop, be a contributing factor in reducing these fluctuations, it would have accomplished a great public good.

It is, therefore, recommended that, in pursuance of the policy already indicated, the Federal reserve banks communicate with their members, and with others who may be interested, for the purpose of directing attention

to the steps which must be taken to secure the necessary cooperation. It is suggested that the Federal reserve banks point out to their members, and to the public generally, that those who are engaged in cotton production, if they intend to take advantage of the facilities offered by the banks for carrying cotton, should begin at once to arrange for its proper storage and insurance as rapidly as ginned. Federal reserve banks should particularly point out to their members that they are prepared to rediscount the notes of farmers and merchants secured by proper warehouse receipts for cotton and accompanied by evidence of insurance. Member banks offering these notes should be prepared to state the grade and market value of the cotton securing paper, and the notes should be of the usual collateral form, providing the right to call for additional security in event of material decline in the market value. The amount to be advanced per bale would be left primarily to the judgment of the member bank.

It is further suggested that Federal reserve banks in the cotton States should call attention of their members to the desirability of reserving storage space in localities where warehouse facilities are inadequate for such cotton as will be used as security for loans. While there is not sufficient warehouse capacity in the South to provide storage at any one time for the entire cotton crop, it is believed that there are ample facilities for the proper storage of all cotton that is likely to be pledged as security for loans. In a normal movement of the cotton crop warehousemen at concentrating points estimate that the maximum storage required will not exceed 20 per cent of the total receipts for the season. It should be made plain also that compliance with the essential features of the plan herein outlined, modified as circumstances may demand, will be necessary for the normal marketing of this year's crop and for the proper protection of those who are interested in its movement, whether banks, producers, or manufacturers.

While there seems no reason to believe that the world's present and potential supply of cotton is out of proportion to requirements during the next 12 months, it is nevertheless important, because of our lack of adequate shipping facilities as well as restrictions brought about by the war upon free exports to all countries, that ample means be provided for the proper handling and effective marketing of cotton.

Similar steps may properly be taken by Federal reserve banks whose members are likely to be called upon to finance other agricultural products, wherever there is available a system of warehouses, elevators, or other approved means of storing and certifying to given quantities of staple agricultural products.

The Board calls particular attention to regulation P, recently issued, with reference to the subject of "Trade acceptances." Such trade acceptances, when growing out of transactions involving the movement of staple agricultural products and being indorsed by a member bank, are eligible for rediscount with a Federal reserve bank in the manner indicated in said regulation, and their use should aid materially in the marketing of the crops of the country during the coming autumn.

The Board will be prepared from time to time to pass upon such special phases of the crop moving problem as member banks may present to it through the Federal reserve agents, who are brought into contact with the special conditions prevailing in the various sections of the country, and it will adapt existing regulations to such conditions as may have to be met in facilitating the normal and economic movement of the staple agricultural products of the country.

Respectfully,

CHARLES S. HAMLIN,
Governor.

Deposits in Federal Reserve Banks.

This statement was issued by the Secretary of the Treasury on August 20, relative to the deposit of Government funds in Federal reserve banks:

Secretary McAdoo to-day made clear his policy with regard to the deposit of Government funds in Federal reserve banks, as authorized by the Federal reserve act. The Secretary said that he would deposit funds in Federal reserve banks whenever the necessity arises and it can be done with benefit to the public interest. He pointed out that public moneys had not yet been deposited merely because the banks do not need them now and have not yet found full use for their present resources, which appear to be more than adequate for the demand at this time.

Funds for Cotton Crop.

Secretary McAdoo, on August 23, issued the following statement relative to deposits of funds to care for the cotton crop:

Secretary McAdoo announced from North Haven, Me., to-day that, in view of the action of the Allies in putting cotton on the contraband list, he will, if it becomes necessary, deposit \$30,000,000 or more in gold in the Federal reserve banks at Atlanta, Dallas, and Richmond for the purpose of enabling these Federal reserve banks to rediscount loans made on cotton secured by warehouse receipts by national banks and those State banks that are members of the Federal reserve system.

The Secretary said that in the exercise of the discretion given to him by law the Government will for the time being charge no interest on these deposits in Federal reserve banks; that such action is justified by the unusual situation respecting cotton caused by the European war; that he considers it his duty to use every available means in his power to help the cotton producer of the South in the circumstances; that it is a matter of economic importance to the entire Nation that those who have produced the cotton crop shall have a fair opportunity to dispose of it gradually and in an orderly manner so they may not be forced, through inability to market their cotton gradually, to sell it at sacrifice prices.

Secretary McAdoo said that one of his chief objects was to create a basis for such enlarged credit in the South that the banks will have ample resources to extend to producers such accommodations that they will be able to carry cotton in warehouses for a reasonable length of time until it can be marketed advantageously. In order to accomplish this, he said that the national and State banks which are members of the Federal reserve system should make loans on warehouse receipts for insured cotton at low rates of interest; that the banks can well afford to carry cotton for producers at 6 per cent especially if they are able to rediscount cotton paper at the Federal reserve banks at a much lower rate than 6 per cent; that the credit resources of the banks of the country are greater than ever before in our history and that there is no reason why the banks should not, in cooperation with the merchants of the South, help the cotton producers with loans at low rates in the present peculiar situation.

The Secretary said that the Federal Reserve Board had a right to determine the rate of interest which the Federal reserve banks can

charge member banks on notes or loans secured by insured and warehouse cotton rediscounted with Federal reserve banks. He has been unable to consult his colleagues of the Federal Reserve Board on account of his absence from Washington but feels confident of their cooperation in every reasonable way.

Secretary McAdoo said that if it should appear, however, that the object in view can be accomplished with greater efficiency to the cotton producers, the merchants and the banks of the South by depositing Government funds in the national banks direct instead of in the Federal reserve banks he would take that course and make deposits in such national banks as would give him the assurance that the money so deposited or the credit based thereon would be loaned on cotton insured or warehoused and at a rate of interest not to exceed 6 per cent.

The Secretary said he believed that there was no occasion for alarm about the future of cotton and that if the bankers and merchants would cooperate with each other and with the cotton producers of the South in a spirit of patriotism and mutual regard for each other's welfare the situation could be handled with happy results to all concerned. He expressed the earnest hope that this would be done.

Digest of Warehouse Laws.

There has been prepared by the Federal Reserve Board a digest of the laws affecting warehouse receipts in the Southern States. This is particularly interesting in connection with the handling of the cotton crop and is given below.

Alabama.—Warehouse receipts not stamped "not negotiable" may be transferred by indorsement and any person to whom they are transferred must be deemed and taken to be the owner of the things or property therein mentioned as far as to give validity to any pledge, lien, or transfer, made or created by any person, with exception of following:

- (1) Lien of landlord for rent or advances.
- (2) Lien created by contract, of which notice is given by registration as prescribed by law.

Arizona.—Warehouse receipts are made negotiable by law and the holder is deemed the owner and in actual possession of property covered by receipt. Hence, he is protected against subsequent liens.

Arkansas.—The holder of a negotiable receipt acquires such title to the goods as the person

negotiating the receipt to him had, or had the ability to convey, to a purchaser in good faith and for value, and, also such title to the goods as the depositor or person to whose order the goods were to be delivered by the terms of the receipt had, or had the ability to convey to a purchaser in good faith for value and the direct obligation of the warehouseman to hold possession of the goods for him according to the terms of the receipt. Title subject to lien of landlord or laborer with or without notice on part of purchaser that crop was grown on leased premises. Transferee of receipt gets no greater right than purchaser of cotton where it is actually delivered.

Florida.—Warehouse receipt negotiable by indorsement, which shall transfer to indorsee title, right of possession, and remedies of each indorser. Such receipt may be deposited as collateral security. Does not make bailee warrantor of title.

Georgia.—Title to cotton in bonded public warehouses passes to purchaser or pledgee of warehouse receipt by delivery of receipt properly indorsed.

NOTE.—Bill pending before present legislature with a reasonable prospect of early passage.

Illinois and Missouri.—The holder of a negotiable receipt acquires such title to the goods as the person negotiating the receipt to him had, or had the ability to convey, to a purchaser in good faith and for value, and also such title to the goods as the depositor or person to whose order the goods were to be delivered by the terms of the receipt had, or had the ability to convey to a purchaser in good faith for value and the direct obligation of the warehouseman to hold possession of the goods for him according to the terms of the receipt. Transferee of receipt has no greater rights than purchaser where cotton actually delivered. Landlord's lien is good against transferee if he had knowledge that crop was grown on leased premises or if he had information which, if followed, would have furnished him such knowledge.

Indiana and Kentucky.—Warehouse receipts are negotiable and transferable by indorsement, in blank or by special indorsement, and with like liability as bills of exchange now are and with like remedy thereon. Transferee of receipt has no greater rights than purchaser of cotton where actual delivery is made. Landlord's lien is good against transferee if he had knowledge that crop was grown on leased premises or if he had information which, if followed, would have furnished him such knowledge.

Louisiana.—Public warehouse receipts are negotiable and transferable by indorsement in blank or by special indorsement and delivery in the same manner and to same extent as bills of exchange and promissory notes without other formality, and transferee or holder has such right and title therein and to property represented thereby as transferrer or depositor of the goods had, subject to lien of warehouseman for storage or other warehouse charges. Holder of negotiable receipt would therefore hold product as against any subsequent lien holder. Unlawful to levy on warehouse goods after negotiable receipt issued against same.

Mississippi.—Warehouse receipt shall be conclusive evidence in the hands of a bona fide holder for value, whether by assignment, pledge, or otherwise, as against the person or corporation issuing the same that the property has been so received, and shall entitle such bona fide holder for value of such receipt to a delivery of the property so stored or deposited or to the value thereof. Landlord's lien is good against purchaser of crop grown on leased premises with or without notice on part of purchaser that crop was so grown.

North Carolina.—All warehouse receipts are valid and binding in the hands of all bona fide holders for value without registration, and when receipt is negotiable—i. e., has not word "nonnegotiable" on face—title to commodity shall pass to a purchaser or pledgee by indorsement and delivery to him of receipt. Pledgee of warehouse receipt obtains a first lien on commodity, subject to be displaced by following causes:

- (1) Depositor did not have good title.
- (2) Valid lien on goods existing at time of deposit.
- (3) General creditor of original depositor who has acquired statutory or contract lien against such depositor prior to date of deposit.
- (4) Nonexistence of commodity in warehouse, for which, however, warehouseman is liable.

Oklahoma.—Public warehouse receipts are negotiable and transferable by indorsement in blank, or by special indorsement and delivery, in the same manner and to the same extent as bills of exchange and promissory notes, without other formality; and the transferee or holder of receipt shall be considered and held as the actual and exclusive owner to all intents and purposes, subject only to the charges of warehouseman for storage, etc. Transferee holds product as against subsequent lien holder, and products covered by receipt are not subject to attachment, garnishment, or execution.

South Carolina.—Negotiable warehouse receipts—i. e., those not having word “non-negotiable” on face—may be transferred by indorsement and delivery to person or pledgee who shall be deemed owner of commodities so far as to give validity to any pledge, lien, or transfer made or created by such person or persons. Pledgee of warehouse receipt obtains a first lien on the commodity which can not be displaced except by following:

(1) Want of title in depositor at time of deposit.

(2) Valid lien upon commodity obtained prior to deposit.

(3) Nonexistence of commodity in warehouse for which, however, warehouseman is liable.

Tennessee.—Warehouse receipts are negotiable by written indorsements thereon and delivery in the same manner and to the same extent as bills of exchange and promissory notes and no clause condition or limitation, whether written or printed in said receipt shall be held to limit negotiability or affect the right of holder. The holder of a negotiable receipt acquires such title to the goods as the person negotiating the receipt to him had, or had the ability to convey, to a purchaser in good faith and for value, and, also such title to the goods as the depositor or person to whose order the goods were to be delivered by the terms of the receipt had, or had the ability to convey to a purchaser in good faith for value and the direct obligation of the warehouseman to hold possession of the goods for him according to the terms of the receipt. Title subject to lien of landlord or laborer with or without notice on part of purchaser that crop was grown on leased premises. Transferee of receipt gets no greater right than purchaser of cotton where it is actually delivered.

Texas.—If negotiable warehouse receipt is asked, party placing products in warehouse shall advise warehouseman of any liens on products and if so warehouseman must state nature and amount of lien in blank space on receipt. Holder of warehouse receipt is deemed the owner of the product and in possession of the property and therefore subsequent liens placed on the product do not affect the rights of the holder of a negotiable receipt and product would not be subject to attachment. Transferee's rights subject to landlord's lien, and warehouseman's lien for charges and insurance. Holder protected unless party taking out receipt committed fraud in concealing liens on products at time placed in warehouse.

Virginia.—The holder of a negotiable receipt acquires such title to the goods as the person negotiating the receipt to him had, or had the ability to convey, to a purchaser in good faith and for value, and also such title to the goods as the depositor or person to whose order the goods were to be delivered by the terms of the receipt had, or had the ability to convey to a purchaser in good faith for value and the direct obligation of the warehouseman to hold possession of the goods for him according to the terms of the receipt. Where goods delivered to warehouseman and negotiable receipt issued they can not thereafter while in possession of warehouseman be attached by garnishment or otherwise or be levied upon under an execution, unless the receipt be first surrendered to the warehouseman or its negotiation enjoined. Pledgee of negotiable warehouse receipt obtains a first lien on the commodity which can not be displaced except by following:

(1) Want of title or authority to bind owner in person delivering goods to warehouse.

(2) Valid lien on commodity obtained prior to deposit.

(3) Nonexistence of commodity in warehouse for which, however, warehouseman is liable.

(4) Amount of advances made and liability incurred for which warehouseman claims a lien which, in case of negotiable receipt, must be enumerated on face of receipt.

(5) Charges of warehouseman for storage occurring subsequent to date of receipt.

Conditions for State Banks and Trust Companies.

After careful consideration, the Federal Reserve Board has adopted the following conditions to be made a part of certificates of approval of applications of State banks and trust companies. They cover matters about which inquiry has been made by Federal reserve banks. The conditions are simply precautionary and are not to be construed as indicating opposition on the part of the Federal Reserve Board to branches of these institutions.

(1) The following condition will be inserted in all certificates of approval:

“That, except with the approval of the Federal Reserve Board, there shall be no change in the general character of the assets of, or broadening in the functions now exercised by the ——— such as will tend to affect materially the standard now maintained and required as a condition of membership.”

(2) The following condition will be inserted in all cases where the applying bank or trust company is authorized by its charter or laws of the State in which it is located to accept domestic drafts:

"That the ——— shall in no case accept a domestic draft or bill of exchange unless it is based on a transaction covering the shipment of goods, such transaction to be evidenced at the time of acceptance by accompanying shipping documents, or unless it is secured by a warehouse receipt covering readily marketable staples and issued by a warehouse independent of the borrower or by the pledge of goods actually sold: *And provided further*, That such bank shall not accept drafts or bills of exchange of any kind, domestic or foreign, to an amount which exceeds at any time in the aggregate more than one-half of its paid-up and unimpaired capital stock and surplus, except that the Federal Reserve Board may authorize such bank to accept such drafts and bills to an amount not to exceed its capital stock and surplus."

(3) The following condition will be inserted in all cases where the applying bank or trust company is authorized by its charter or the laws of the State in which it is located to establish branches:

"That the establishment of additional branches, domestic or foreign, be subject to the approval of the Federal Reserve Board."

Conditions (2) and (3) will not be inserted unless the applying bank has the legal right to accept domestic drafts or to establish branches at the time of admission. If, however, the State law subsequently authorizes either domestic acceptances or branch banks, the member bank could not at that time under the provisions of condition (1) avail itself of either privilege except with the approval of the Federal Reserve Board. Condition similar to (2) and (3) will be imposed when that subsequent approval is given.

State Bank Membership.

The last issue of the Bulletin included California among the list of States which have passed no law expressly authorizing State banks to become member banks. That was an error. The California bank act provides in section 56 that:

Any bank organized and existing under the laws of this State is hereby authorized and empowered to join or associate itself with any

"national reserve association of the United States" or branch thereof, or any plan now or hereafter created or established by act of Congress, whether such banking or currency association or plan be created by Congress under the above or any other name. Nothing in this act shall prohibit any such bank from joining or associating itself with any such association or plan or branch thereof nor from investing any part of its capital or surplus in the stock of such association, plan, or branch thereof in accordance with the terms and provisions of such act of Congress: *Provided, however*, That such investment shall in no case exceed the minimum amount required to join or associate itself with such association, plan, or branch thereof. Any bank joining or associating itself with such association, plan, or branch thereof shall have and exercise all powers not in conflict with the laws of this State, which are conferred upon any member bank in any such "national reserve association of the United States" or branch thereof. 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 law of this State and to all the provisions of the "bank act."

Word has been received recently from the State authorities of New Mexico stating that a law was passed by the legislature of that State, effective as of June 11, 1915, providing that—

Any incorporated State bank may apply to the Federal Reserve Board for the right to subscribe to the stock of the Federal reserve bank organized within the Federal reserve district where the applicant bank is located and may become a stockholder of such bank and exercise all of the powers of member banks in accordance with the provisions of the act of Congress entitled "Federal Reserve Act," approved December 23, 1913.

A revised list of those States which have enacted laws expressly authorizing any State bank to become a member bank follows:¹ California, Idaho, Iowa, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, North Dakota, Ohio, Oregon, South Carolina, South Dakota, Texas, Utah, Virginia, and Washington.

¹ See page 150 of the July BULLETIN for extracts from these laws and page 218 of the August BULLETIN for a list of those States in which the State authorities have ruled that any State bank may become a member bank.

GOLD SETTLEMENT FUND.

There has been continued increase in the gold settlement fund during the past month, the total amount held as of August 26 being \$55,930,000. The amount of clearings for each settlement since the report published in the August issue of the Bulletin is shown in the following table, the total, to and including August 26, being \$333,729,000, and the total balances \$68,955,000, or 20.66 per cent of the total clearings. The net change in ownership of the gold held in the fund has amounted to \$14,487,000, or 4.34 per cent of the total clearings.

Amount of clearings.

	Total clearings.	Balances.
Previously reported.....	\$231,996,000	\$50,496,000
Settlement of—		
July 29.....	20,021,000	3,211,000
Aug. 5.....	25,275,000	4,594,000
Aug. 12.....	18,711,000	3,549,000
Aug. 19.....	20,027,000	3,290,000
Aug. 26.....	17,699,000	3,815,000
Total.....	333,729,000	68,955,000

Changes in ownership of gold.

Federal reserve bank.	Total net deposits.	Balance, Aug. 26, 1915.	Increase.	Decrease.
Boston.....	\$3,230,000	\$4,831,000	\$1,601,000	.....
New York.....	15,000,000	15,736,000	736,000	.....
Philadelphia.....	9,000,000	1,244,000	.....	\$8,756,000
Cleveland.....	2,470,000	3,995,000	1,525,000	.....
Richmond.....	3,320,000	4,370,000	900,000	.....
Atlanta.....	260,000	1,415,000	1,155,000	.....
Chicago.....	5,770,000	12,326,000	6,556,000	.....
St. Louis.....	3,220,000	2,512,000	.....	708,000
Minneapolis.....	1,400,000	1,047,000	.....	353,000
Kansas City.....	3,480,000	3,523,000	43,000	.....
Dallas.....	1,650,000	3,621,000	1,971,000	.....
San Francisco.....	5,680,000	1,310,000	.....	4,370,000
Total.....	54,480,000	55,930,000	14,487,000	14,487,000

The fund was audited on July 26 by a representative of the Federal Reserve Board and a representative of the Federal reserve banks, and a report submitted to the Board and to the reserve banks, as follows:

JULY 26, 1915.

The FEDERAL RESERVE BOARD,

Washington, D. C.

SIRS: An audit of the money and accounts of the gold settlement fund was made by the undersigned on July 26, 1915, as of the close of business July 24, 1915. All accounts were reconciled and found to agree with the records.

STATEMENT.

Assets:

Gold order certificates.....	\$46,180,000
Gold order certificates held by the cashier of the Treasury Department for account of the gold settlement fund.....	3,320,000
	\$49,500,000

Liabilities:

Credit balances of the Federal reserve banks as shown by the books were as follows—

Federal Reserve Bank of Boston.....	7,707,000
Federal Reserve Bank of New York.....	11,501,000
Federal Reserve Bank of Philadelphia.....	1,671,000
Federal Reserve Bank of Cleveland.....	4,256,000
Federal Reserve Bank of Richmond.....	3,212,000
Federal Reserve Bank of Atlanta.....	1,304,000
Federal Reserve Bank of Chicago.....	9,329,000
Federal Reserve Bank of St. Louis.....	1,657,000
Federal Reserve Bank of Minneapolis.....	1,187,000
Federal Reserve Bank of Kansas City.....	3,611,000
Federal Reserve Bank of Dallas.....	3,698,000
Federal Reserve Bank of San Francisco.....	367,000
	49,500,000

The gold order certificates were counted.

A certificate was obtained from the cashier of the Treasury Department setting forth that he held for the account of the gold settlement fund \$3,320,000 in gold order certificates.

Statements were prepared of the accounts of the 12 Federal reserve banks, and signed verifications were later obtained.

The records show all transactions in detail, and were found to be in excellent condition.

Proper safeguards have been provided for the care and custody of the gold order certificates.

Respectfully submitted.

(Signed)

J. A. BRODERICK,

Representative Designated by the Federal Reserve Board.

H. M. JEFFERSON,

Representative Appointed by the Federal Reserve Banks.

Gold settlement fund—Summary of transactions July 22, 1915, to August 26, 1915.

Federal Reserve Bank of—	Balance last statement, July 22, 1915.	Gold.		Transfers.		Settlement of July 29, 1915.				July 29, 1915, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$7,707,000					\$1,531,000	\$4,810,000	\$3,279,000		\$6,176,000
New York.....	9,651,000				\$3,363,000		3,958,000	5,677,000	\$1,719,000	14,733,000
Philadelphia.....	171,000		\$3,000,000	\$1,000,000		679,000	2,561,000	1,882,000		1,492,000
Cleveland.....	4,256,000	\$210,000					358,000	439,000	81,000	4,127,000
Richmond.....	2,812,000		700,000			93,000	997,000	904,000		3,419,000
Atlanta.....	1,304,000			111,000			261,000	493,000	232,000	1,425,000
Chicago.....	9,329,000						3,410,000	3,985,000	575,000	9,904,000
St. Louis.....	1,657,000			87,000		557,000	2,022,000	1,465,000		1,013,000
Minneapolis.....	1,187,000					216,000	296,000	80,000		971,000
Kansas City.....	3,611,000					135,000	794,000	659,000		3,476,000
Dallas.....	3,698,000	500,000					547,000	703,000	156,000	3,354,000
San Francisco.....	1,017,000		1,700,000	2,165,000			7,000	455,000	448,000	1,000,000
Total.....	46,400,000	710,000	5,400,000	3,363,000	3,363,000	3,211,000	20,021,000	20,021,000	3,211,000	51,090,000

Federal Reserve Bank of—	Balance last statement, July 29, 1915.	Gold.		Transfers.		Settlement of Aug. 5, 1915.				Aug. 5, 1915, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$6,176,000				\$1,000,000	\$4,173,000	\$3,339,000	\$3,712,000	\$373,000	\$7,549,000
New York.....	14,733,000			\$1,000,000	1,355,000	31,000	10,110,000	5,937,000		10,915,000
Philadelphia.....	1,492,000						3,804,000	3,773,000		1,461,000
Cleveland.....	4,127,000		\$50,000				276,000	382,000	106,000	4,283,000
Richmond.....	3,419,000		300,000			371,000	920,000	549,000		3,348,000
Atlanta.....	1,425,000			30,000		19,000	461,000	442,000		1,376,000
Chicago.....	9,904,000						3,647,000	6,066,000	2,419,000	12,323,000
St. Louis.....	1,013,000						1,423,000	2,213,000	790,000	1,803,000
Minneapolis.....	971,000		400,000			115,000	115,000	133,000	18,000	1,389,000
Kansas City.....	3,476,000						771,000	844,000	73,000	3,549,000
Dallas.....	3,354,000	\$500,000					402,000	742,000	340,000	3,194,000
San Francisco.....	1,000,000		350,000	1,325,000			7,000	482,000	475,000	500,000
Total.....	51,090,000	500,000	1,100,000	2,355,000	2,355,000	4,504,000	25,275,000	25,275,000	4,594,000	51,690,000

Federal Reserve Bank of—	Balance last statement, Aug. 5, 1915.	Gold.		Transfers.		Settlement of Aug. 12, 1915.				Aug. 12, 1915, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$7,549,000					\$1,197,000	\$4,676,000	\$3,479,000		\$6,352,000
New York.....	10,915,000				\$1,027,000		4,783,000	5,660,000	\$877,000	12,819,000
Philadelphia.....	1,461,000		\$1,500,000			1,748,000	3,516,000	1,768,000		1,213,000
Cleveland.....	4,283,000						203,000	215,000	12,000	4,295,000
Richmond.....	3,348,000						656,000	524,000		3,216,000
Atlanta.....	1,376,000			\$27,000		132,000	393,000	462,000	69,000	1,418,000
Chicago.....	12,323,000						2,425,000	1,977,000		11,875,000
St. Louis.....	1,803,000						1,122,000	1,361,000	239,000	2,042,000
Minneapolis.....	1,389,000						63,000	39,000		1,365,000
Kansas City.....	3,549,000					24,000	250,000	1,037,000	787,000	4,336,000
Dallas.....	3,194,000	\$500,000					611,000	1,174,000	563,000	3,257,000
San Francisco.....	500,000		500,000	1,000,000			13,000	1,015,000	1,002,000	1,002,000
Total.....	51,690,000	500,000	2,000,000	1,027,000	1,027,000	3,549,000	18,711,000	18,711,000	3,549,000	53,190,000

Federal Reserve Bank of—	Balance last statement Aug. 12, 1915.	Gold.		Transfers.		Settlement of Aug. 19, 1915.				Aug. 19, 1915, balance in fund after clearing.
		With-drawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$6,352,000					\$1,598,000	\$2,908,000	\$3,236,000	\$328,000	\$6,680,000
New York.....	12,819,000				\$1,397,000		6,566,000	4,968,000		12,618,000
Philadelphia.....	1,213,000		\$1,000,000			916,000	2,760,000	1,844,000		1,297,000
Cleveland.....	4,295,000					99,000	137,000	38,000		4,196,000
Richmond.....	3,216,000						946,000	1,878,000	932,000	4,148,000
Atlanta.....	1,418,000			\$57,000		3,000	449,000	446,000		1,358,000
Chicago.....	11,875,000						2,152,000	3,172,000	1,020,000	12,895,000
St. Louis.....	2,042,000						2,356,000	2,044,000		1,730,000
Minneapolis.....	1,365,000						78,000	115,000	37,000	1,402,000
Kansas City.....	4,336,000						362,000	865,000		3,974,000
Dallas.....	3,257,000	\$10,000					799,000	1,039,000	240,000	3,487,000
San Francisco.....	1,002,000		300,000	1,340,000			11,000	744,000	733,000	695,000
Total.....	53,190,000	10,000	1,300,000	1,397,000	1,397,000	3,290,000	20,027,000	20,027,000	3,290,000	54,480,000

Gold settlement fund—Summary of transactions July 22, 1915, to August 26, 1915—Continued.

Federal Reserve Bank of—	Balance last statement, Aug. 19, 1915.	Gold.		Transfers.		Settlement of Aug. 26, 1915.				Aug. 26, 1915, balance in fund after clearing.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$6,680,000			\$10,000		\$1,839,000	\$3,577,000	\$1,738,000		\$4,631,000
New York.....	12,618,000			5,000	\$1,542,000		3,820,000	5,401,000	\$1,581,000	15,736,000
Philadelphia.....	1,297,000		\$1,000,000			1,053,000	3,193,000	2,140,000		1,244,000
Cleveland.....	4,190,000				100,000	301,000	940,000	645,000		3,995,000
Richmond.....	4,148,000		150,000				894,000	966,000	72,000	4,370,000
Atlanta.....	1,358,000			55,000			384,000	496,000	112,000	1,415,000
Chicago.....	12,895,000			100,000	10,000	479,000	2,506,000	2,087,000		12,326,000
St. Louis.....	1,730,000						1,280,000	2,062,000	782,000	2,512,000
Minneapolis.....	1,402,000			300,000		55,000	98,000	43,000		1,047,000
Kansas City.....	3,974,000			400,000	37,000	88,000	386,000	288,000		3,523,000
Dallas.....	3,487,000			37,000			553,000	724,000	171,000	3,621,000
San Francisco.....	695,000		300,000	787,000	5,000		2 000	1,099,000	1,097,000	1,310,000
Total.....	54,450,000		1,450,000	1,694,000	1,694,000	3,815,000	17,699,000	17,699,000	3,815,000	55,930,000

DISCOUNT RATES.*Discount rates of each Federal reserve bank in effect August 26, 1915.*

	Date of last change of rate.	Maturities of 10 days and less.	Maturities of over 10 to 30 days, inclusive.	Maturities of over 30 to 60 days, inclusive.	Maturities of over 60 to 90 days, inclusive.	Agricultural and live-stock paper over 90 days.	Trade acceptances.	
							To 60 days, inclusive.	Over 60 to 90 days, inclusive.
Boston.....	Aug. 9	3	4	4	4	5		
New York.....	July 22	3	4	4	4	5	3½	3½
Philadelphia.....	June 25	3	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.....	June 25	3	4	4	4½	5		
Minneapolis.....	May 18		4	4	5	5		
Kansas City.....	Aug. 13		4	4	4	5	3½	3½
Dallas.....	Aug. 5		4	4	4½	5	3½	4
San Francisco.....	do....	3	3½	4	4½	5	3	3½

Authorized rate for acceptances, 2 to 4 per cent.

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 or less; 4 per cent for maturities of over 30 days to 90 days, inclusive.

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:

Stock Subscription of Insolvent Bank.

Your letter of July 3, with respect to the assessment of your bank for expenses, has been referred to counsel of the Board for opinion of the legal status of the matter. He has now filed a memorandum in which he states:

"It appears that two banks, both of which are members of the Federal reserve bank, are in the hands of a receiver; that these banks have subscribed to 690 shares of the stock of the Federal reserve bank, but have only paid in their first installment, amounting to \$11,500.

"It is assumed from the letter of the Federal reserve agent that no repayments have been made to these insolvent banks, so that the books of the Federal reserve bank will show the subscription of these banks as a part of the subscribed capital of the Federal reserve bank.

"It further appears that those banks which were transferred from one district to the other will subscribe to 319 shares of stock of the Federal reserve bank. The transfer of the membership of these banks was under an order of the Federal Reserve Board made effective as of July 1, 1915. Section 10 of the Federal reserve act provides in part as follows: 'That the Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses,' etc.

"As the Federal reserve bank is liable to the insolvent banks for their cash-paid subscriptions, and will not have the benefit of their subscriptions during the period the assessment is intended to cover, I can see no legal objection to permitting the Federal reserve bank to deduct from their subscribed capital stock the 690 shares subscribed to by the two banks. In such case the Federal reserve bank of Richmond should be permitted to deduct the 319 shares subscribed by the banks transferred to your district, and this should be added to the

subscribed capital stock of the Federal reserve bank."

I think this covers the points raised in your letter, but if there are others on which you wish to be informed, please advise me.

JULY 28, 1915.

Dividends to Insolvent Banks.

Section 6 of the Federal reserve act provides in part that—

"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 one 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."

You are advised that there seems to be no authority vested in any Federal reserve bank to pay interest on cash-paid subscriptions refunded to any member bank which has been declared insolvent except under the provision "one-half of one per centum per month from the period of last dividend." The intent of this provision appears to be clearly that the insolvent member bank shall have its proportion of any dividends which may have been actually earned from the declaration of the last dividend to the date of the cancellation of the stock held by it in the Federal reserve bank.

As the Federal reserve bank of your city has not declared any dividends nor earned any at this date it seems that you are entitled to receive only an amount equivalent to the actual cash-paid subscriptions, provided, of course, all debts of the insolvent member bank to the Federal reserve bank have been paid.

As the stock held by the insolvent member bank in the Federal reserve bank has been canceled it is not seen how you as receiver are entitled to participate in the future earnings of the bank.

AUGUST 20, 1915.

Purchase of Municipal Bonds.

Your letter of July 19, in which you ask for authority to take all or any part of an issue of municipal bonds up to \$100,000, was presented to the Federal Reserve Board at its meeting yesterday. I was directed to say to you that, in the judgment of the Board, each such case should be separately presented, and passed upon on its own merits.

JULY 29, 1915.

State Bank Branches.

Your letter of July 22 regarding the policy of the Board as to branches established by State member banks was presented to the Board at its meeting yesterday morning, and I was instructed to say that the Board feels that its recent letter to you on that subject probably covers the situation sufficiently.

Answering your letter specifically, it would not be the intent of the Federal Reserve Board, should you accept the proposed conditions, to deny to you or any other institution the right to add additional branches, except for reasons similar to those set forth by you which might influence your State banking department to withhold consent.

Trusting that this makes the position of the Board sufficiently clear.

JULY 29, 1915.

When Applicant Bank is Member.

Your letter of July 28, asking a ruling as to the step which consummates the admittance of a member bank into the Federal reserve system, has had consideration.

The date of the application and of its approval by the Board would seem to be immaterial, and it is felt that a member bank becomes actively identified with the Federal reserve system when its stock in the Federal reserve bank has been issued and paid for and the required reserve deposited.

AUGUST 11, 1915.

Crosstie and Lumber Exports.

I have received your letter of August 5, inclosing a communication relating to the discount of bills drawn for the purpose of providing funds with which to export certain crossties and lumber to Cuba.

As I understand the proposed transaction, the paper to be presented to you would be a draft drawn by certain brokers in Florida on some New York firm, the proceeds to be used for the purchase and shipment of goods to Cuba. The draft would be indorsed and presented to you for rediscount by your member bank before acceptance, and therefore would seem clearly within the provisions of section 13, relating to the discount of commercial paper, and regulation B, series 1915, if properly certified to by the member bank as required in paragraph III of that regulation.

I do not understand how the question of foreign acceptances presents itself to your bank in this case, because at the time you receive the draft for discount it is not accepted and would come within the regulation quoted above. Even after acceptance it would seem to be eligible for rediscount as an acceptance based on the exportation of goods as required by the act.

Under the facts as presented you would, of course, charge the prevailing rate for 90-day commercial paper and not that for acceptances.

AUGUST 12, 1915.

Notes Used for Purchase of Merchandise.

I wish to acknowledge receipt of your letter of August 12, submitting a question referred to you by one of your member banks relating to the eligibility of notes secured by collateral the proceeds of which were used for the purchase of merchandise in the due course of business.

You are advised that the counsel for the Board is of the opinion that any notes the proceeds of which have been used or are to be used for commercial purposes and which otherwise comply with the terms of regulation B, series 1915, are eligible for rediscount by your bank.

The fact that commercial paper has the additional security of collateral in no way affects the eligibility of such paper, providing it complies otherwise with the provisions of the act and the regulations of the Board.

AUGUST 13, 1915.

Purchase of Government Bonds in Open Market.

Receipt is acknowledged of your letter of August 10, and in reply you are advised that

Federal reserve banks may, under the provisions of section 14, purchase Government bonds in the open market, but the provisions of section 18, specifying that a Federal reserve bank may be required to purchase such bonds when offered for sale through the Treasurer of the United States by a member bank, do not become effective until December 23, 1915.

AUGUST 11, 1915.

No Authority to Act as Guardian.

The Federal reserve act authorizes the Board to grant permits to national banks to act only as trustee, executor, administrator, and registrar of stocks and bonds, and not as guardian. Consequently, it is impossible for the Board to give any national bank authority to act as guardian. Incidentally, under the laws of New York, permits can be granted to national banks to act only as registrar of stocks and bonds.

JULY 21, 1915.

Agreements for Acceptance Credits.

The Federal Reserve Board and the Comptroller of the Currency, at the instance of the Federal Reserve Bank of New York, have considered the question whether a national bank can enter into an agreement under which a line of acceptance credit may be given by such bank, the credit extending for a period of nine months but the individual drafts drawn upon the accepting bank to be payable at 90 days' sight and not to exceed the total amount specified in the letter of credit, and after referring the question to counsel of the Board for an opinion issued a ruling in substance to the effect that a national bank is authorized to enter into an agreement having more than six months to run, by the terms of which it obligates itself for a period of time specified in the agreement to accept drafts drawn upon it, provided such drafts grow out of transactions involving the importation or exportation of goods and that the individual drafts have not more than six months' sight to run.

The restrictions of section 13 of the Federal reserve act would, of course, limit the total amount of acceptances made by any one bank, including those described, to an amount equal in the aggregate to not more than one-half of the paid-up and unimpaired capital stock and surplus of the member bank, except that by authority of the Federal Reserve Board, under general regulation of the Board, a member bank may accept for an amount not to exceed the amount of its capital stock and surplus.

It should be understood, of course, that the 10 per cent limitation imposed by section 5200 of the United States Revised Statutes is not intended to apply to the mere acceptance of a bill of exchange, but that the provisions of section 5200 of the United States Revised Statutes would apply to the indebtedness arising between the drawer of the bill and the accepting bank in case the drawer fails, to furnish funds with which to meet the acceptance at maturity.

It should also be understood that the limitation of six months specified under section 13 of the Federal reserve act applies to the draft but is not construed as applying to the agreement or letter of credit under which the draft is drawn. This limitation of six months does, however, apply to specific drafts drawn under such agreements or letters of credit, and consequently, if the terms of the agreement or letter of credit imposed upon the holder for value of the draft any obligation to renew such draft at maturity so that the original draft with the renewal thereof would remain an obligation of the accepting bank for a period exceeding six months, such agreement would be *ultra vires*.

The distinction emphasized in connection with this ruling is this: While a letter of credit or credit agreement may lawfully be made by a national bank which will extend by its terms for a period exceeding six months, the agreement must not be of such a character as will impose upon the holders of drafts accepted thereunder any obligation to renew such drafts so that the period of acceptance shall exceed six months in duration as to any specified draft.

Intradistrict Clearing System.

There have been 149 additions and 14 withdrawals from the intradistrict clearing system since the publication of the list of banks in the system in the August Bulletin.

Additions and withdrawals are shown in the following table:

District.	Additions.	Withdrawals.
No. 1. Boston	0	1
No. 2. New York	2	1
No. 3. Philadelphia	1	2
No. 4. Cleveland	2	1
No. 5. Richmond	0	1
No. 6. Atlanta	10	0
No. 7. Chicago	15	5
No. 8. St. Louis	2	0
No. 9. Minneapolis	17	1
No. 10. Kansas City	0	0
No. 11. Dallas	1	2
No. 12. San Francisco	99	0

The net gain of the system is 135 banks. The list by districts is as follows:

DISTRICT No. 1.**Withdrawn:**

Merchants National Bank, St. Johnsbury, Vt.

DISTRICT No. 2.**Additions:**

Broadway Trust Co., New York City.
First National Bank, Dunellen, N. J.

Withdrawn:

Manufacturers National Bank, Newark, N. J.

DISTRICT No. 3.**Additions:**

First National Bank, Canton, Pa.

Withdrawn:

First National Bank, Ralston, Pa.
First National Bank, Wellsboro, Pa.

DISTRICT No. 4.**Additions:**

First National Bank, Paris, Ky.
Lebanon National Bank, Lebanon, Ohio.

Withdrawn:

First National Bank, Plumville, Pa.

DISTRICT No. 5.**Withdrawn:**

National Bank of Fairfax, Fairfax, Va.

DISTRICT No. 6.**Additions:**

First National Bank, Ozark, Ala.
First National Bank, Midland City, Ala.
Ben Hill National Bank, Fitzgerald, Ga.
National Bank of Tifton, Tifton, Ga.

Additions—Continued.

Citizens National Bank, Washington, Ga.
First National Bank, Adel, Ga.
Commercial National Bank, New Orleans, La.
Whitney-Central National Bank, New Orleans, La.
First National Bank, Meridian, Miss.
Manufacturers National Bank, Harriman, Tenn.

DISTRICT No. 7.**Additions:**

Second National Bank, Belvidere, Ill.
First National Bank, Chadwick, Ill.
Inter-State National Bank (Hegewisch), Chicago, Ill.
First National Bank, Dolton, Ill.
German-American National Bank, Pekin, Ill.
Ridgely National Bank, Springfield, Ill.
Citizens National Bank, Sycamore, Ill.
First National Bank, Tipton, Ind.
City National Bank, Clinton, Iowa.
Leavitt & Johnson National Bank, Waterloo, Iowa.
First National Bank, Traverse City, Mich.
First National Bank, Columbus, Wis.
Commercial National Bank, Madison, Wis.
First National Bank, Madison, Wis.
Germania National Bank, Milwaukee, Wis.

Withdrawn:

Commercial German National Bank, Peoria, Ill.
National Exchange Bank, Anderson, Ind.
First National Bank, Hammond, Ind.
First National Bank, Boswell, Ind.
First National Bank, Newton, Iowa.

DISTRICT No. 8.**Additions:**

American National Bank, Rogers, Ark.
Farmers National Bank, Danville, Ky.

DISTRICT No. 9.**Additions:**

First National Bank, Little Falls, Minn.
Merchants National Bank, Sauk Center, Minn.
First National Bank, Slayton, Minn.
Commercial National Bank, Bozeman, Mont.
Silver Bow National Bank, Butte, Mont.
First National Bank, Cut Bank, Mont.
State National Bank, Miles City, Mont.
First National Bank, Roundup, Mont.
First National Bank, White Sulphur Springs, Mont.
Merchants National Bank, Dickinson, N. Dak.
First National Bank, Hillsboro, N. Dak.
First National Bank, Lisbon, N. Dak.
First National Bank, Rolla, N. Dak.
The National Bank of Wahpeton, Wahpeton, N. Dak.
First National Bank, Bristol, S. Dak.
First National Bank, Fairfax, S. Dak.
First National Bank, Gary, S. Dak.

Withdrawn:

First National Bank, Le Roy, Minn.

DISTRICT No. 11.

Additions:

First National Bank, Nogales, Ariz.

Withdrawn:

Citizens National Bank, Arlington, Tex.

Western National Bank, Fort Worth, Tex.

DISTRICT No. 12.

CALIFORNIA.

Additions:

Anaheim National Bank, Anaheim.

First National Bank, Banning.

First National Bank, Burbank.

First National Bank, Chico.

First National Bank, Clovis.

First National Bank, Coalinga.

National Bank of Coalinga, Coalinga.

First National Bank, Compton.

First National Bank, El Centro.

First National Bank, Escondido.

First National Bank, Eureka.

Citrus National Bank, Exeter.

First National Bank, Exeter.

First National Bank, Fort Bragg.

Farmers' & Merchants' National Bank, Fullerton.

First National Bank, Fullerton.

Farmers' & Merchants' National Bank, Hanford.

Healdsburg National Bank, Healdsburg.

First National Bank, Hollywood.

First National Bank, Imperial.

Farmers' & Merchants' National Bank, Livermore.

First National Bank, Lodi.

Exchange National Bank, Long Beach.

National Bank of Long Beach, Long Beach.

Continental National Bank, Los Angeles.

First National Bank, Los Banos.

Farmers & Merchants National Bank, Merced.

First National Bank, Merced.

First National Bank, Oakdale.

First National Bank, Ocean Park.

First National Bank, Orland.

First National Bank, Oroville.

First National Bank, Palo Alto.

First National Bank, Paso Robles.

Sonoma County National Bank, Petaluma.

First National Bank, Pleasanton.

Red Bluff National Bank, Red Bluff.

Redding National Bank, Redding.

First National Bank, Riverbank.

First National Bank, Salinas.

San Bernardino National Bank, San Bernardino.

American National Bank, San Francisco.

Anglo & London Paris National Bank, San Francisco.

First National Bank, San Francisco.

Crocker National Bank, San Francisco.

Merchants National Bank, San Francisco.

Mercantile National Bank, San Francisco.

First National Bank, San Jacinto.

Marin County National Bank, San Rafael.

California National Bank, Santa Ana.

First National Bank, Santa Ana.

First National Bank, Santa Barbara.

Additions—Continued.

Farmers' & Merchants' National Bank, Santa Cruz.

Merchants' National Bank, Santa Monica.

Santa Rosa National Bank, Santa Rosa.

Sonora National Bank, Sonora.

National Bank of Tulare, Tulare.

Pajaro Valley National Bank, Watsonville.

Whittier National Bank, Whittier.

First National Bank, Willows.

First National Bank, Winters.

First National Bank, Woodland.

ARIZONA.

Additions:

First National Bank, Yuma.

IDAHO.

Additions:

First National Bank, American Falls.

First National Bank, Ashton.

First National Bank, Briggs.

First National Bank, Burley.

First National Bank, Cottonwood.

First National Bank, Mountain Home.

OREGON.

Additions:

Astoria National Bank, Astoria.

First National Bank, Baker City.

Harney County National Bank, Burns.

Benton County National Bank, Corvallis.

First National Bank of Southern Oregon, Grants Pass.

First National Bank, Hermiston.

Hillsboro National Bank, Hillsboro.

First National Bank, Klamath Falls.

La Grande National Bank, La Grande.

First National Bank, Lebanon.

McMinnville National Bank, McMinnville.

First National Bank, Merrill.

First National Bank, Milton.

Ontario National Bank, Ontario.

First National Bank, Portland.

Roseburg National Bank, Roseburg.

First National Bank, St. Johns.

First National Bank, Tillamook.

UTAH.

Additions:

First National Bank, Nephi.

Utah National Bank, Ogden.

WASHINGTON.

Additions:

First National Bank, Auburn.

Bellingham National Bank, Bellingham.

First National Bank, Burlington.

Farmers National Bank, Colfax.

Montesano National Bank, Montesano.

First National Bank, North Yakima.

Yakima National Bank, North Yakima.

National Bank of Palouse, Palouse.

United States National Bank, Vancouver.

Baker-Boyer National Bank, Walla Walla.

First National Bank, White Salmon.

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 August Bulletin, as follows:

DISTRICT No. 1.

Trustee and registrar of stocks and bonds:

Amoskeag National Bank, Manchester, N. H.

Trustee, executor, administrator and registrar of stocks and bonds:

Pittsfield National Bank, Pittsfield, Mass.

First National Bank, Marlboro, Mass.

City National Bank, Bridgeport, Conn.

City National Bank, South Norwalk, Conn.

DISTRICT No. 2.

Registrar of stocks and bonds:

Harriman National Bank, New York City.

DISTRICT No. 3.

Trustee, executor, administrator, and registrar of stocks and bonds:

First National Bank, Pen Argyle, Pa.

First National Bank, Princeton, N. J.

DISTRICT No. 4.

Trustee, executor, administrator, and registrar of stocks and bonds:

Mt. Sterling National Bank, Mt. Sterling, Ky.

Trustee and registrar of stocks and bonds:

National City Bank, Akron, Ohio.

First National Bank, Hamilton, Ohio.

Trustee:

First National Bank, Oakmont, Pa.

DISTRICT No. 5.

Trustee, executor, administrator, and registrar of stocks and bonds:

Merchants-Mechanics National Bank, Baltimore, Md.

Farmers and Merchants National Bank, Frederick, Md.

First National Bank, Oxford, N. C.

Central National Bank, Spartanburg, S. C.

Empire National Bank, Clarksburg, W. Va.

First National Bank, Fairview, W. Va.

First National Bank, Grafton, W. Va.

Parkersburg National Bank, Parkersburg, W. Va.

Fauquier National Bank, Warrenton, Va.

Trustee, executor and administrator:

Montgomery County National Bank, Rockville, Md.

Madison National Bank, Madison, W. Va.

DISTRICT No. 6.

Trustee, executor, administrator, and registrar of stocks and bonds:

Exchange National Bank, Fitzgerald, Ga.

Trustee, executor and administrator:

First National Bank, Piedmont, Ala.

First National Bank, Gadsden, Ala.

DISTRICT No. 7.

Trustee, executor, administrator, and registrar of stocks and bonds:

National City Bank, Chicago, Ill.

First National Bank, Marion, Ind.

Howard National Bank, Kokomo, Ind.

First National Bank, Independence, Iowa.

First National Bank, Stanton, Iowa.

Commercial National Bank, Waterloo, Iowa.

DISTRICT No. 9.

Trustee, executor, administrator, and registrar of stocks and bonds:

First National Bank, Ellendale, N. Dak.

First National Bank, Colman, S. Dak.

Security National Bank, Sioux Falls, S. Dak.

Ashland National Bank, Ashland, Wis.

Commercial National Bank, Appleton, Wis.

Trustee, executor, and administrator:

Negaunee National Bank, Negaunee, Mich.

First National Bank, Webster, S. Dak.

DISTRICT No. 10.

Trustee, executor, administrator, and registrar of stocks and bonds:

First National Bank, Kemmerer, Wyo.

Trustee, executor, and administrator:

First National Bank, Jewell City, Kans.

First National Bank, Utica, Nebr.

DISTRICT No. 11.

Trustee, executor, administrator, and registrar of stocks and bonds:

Consolidated National Bank, Tucson, Ariz.

Trustee, executor, and register of stocks and bonds:

First National Bank, Fort Worth, Tex.

DISTRICT No. 12.

Trustee, executor, administrator, and registrar of stocks and bonds:

Bank of California, N. A., San Francisco, Cal. (Registrar only in California).

Bellingham National Bank, Bellingham, Wash.

National Bank of Commerce, Seattle, Wash.

LAW DEPARTMENT.

The following opinions of counsel have been authorized for publication by the Board since the last edition of the Bulletin:

Liability of Stockholders of State Banks Which Have Become Member Banks.

There is no provision in the Federal reserve act imposing double liability on the stockholders of State banks or trust companies which become members of a Federal reserve bank.

JUNE 5, 1915.

SIR: The question has been raised whether or not the stockholders of a State bank or trust company which becomes a member of the Federal reserve system are, by reason of such membership, subject to the double liability provided for national banks in section 5151, Revised Statutes.

This section reads in part as follows:

The shareholders of every national banking association shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such association, to the extent of the amount of their stock therein, at the par value thereof, in addition to the amount invested in such shares * * *.

Section 9 of the Federal reserve act, relating to State banks and trust companies which are members of the Federal reserve system, provides that such banks shall be subject to the provisions of sections 5188, 5200, 5201, 5208, 5209 and to certain other Federal laws. Neither section 9 nor any other section of the Federal reserve act provides that such bank shall be subject to the provisions of section 5151 above referred to. In the absence, therefore, of any affirmative enactment to this effect, it is clear that State banks or trust companies located in a State the laws of which do not provide that the stockholders shall be subject to double liability, may become members of the Federal reserve system without subjecting their stockholders to this liability.

In this connection, however, it may be proper to call attention to the fact that section 2 of the Federal reserve act provides that—

"The shareholders of every Federal reserve bank shall be held individually responsible * * * for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed."

This provision subjects the State bank or trust company which becomes a member to liability double the amount of their subscription to the stock of the Federal reserve bank, but this imposes no individual liability on the shareholders of such State bank or trust company.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. C. S. HAMLIN,

Governor Federal Reserve Board.

Deposits of Gold or Lawful Money by a Federal Reserve Agent with the Federal Reserve Board.

Gold, gold certificates, or lawful money deposited by the Federal reserve bank with its Federal reserve agent for the purpose of reducing its liability for outstanding notes may legally be deposited by such agent with the Federal Reserve Board.

JUNE 23, 1915.

SIR: The question has been raised whether gold, gold certificates, or lawful money deposited by a Federal reserve bank with its Federal reserve agent for the purpose of reducing its liability for outstanding Federal reserve notes, may legally be deposited by such agent to his credit with the Federal Reserve Board; or whether a Federal reserve bank may legally reduce its liability for outstanding notes by transferring funds held in its name in the gold settlement fund to the credit of the Federal reserve agent.

Section 16 provides that "The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the Federal reserve bank of which he is a director."

This section indicates that Congress intended the funds deposited with the Federal reserve agent in this manner to be held "available"

exclusively for the exchange of outstanding Federal reserve notes when offered by the Federal reserve bank. The main question for consideration is, therefore, whether funds deposited with the Federal Reserve Board to the credit of the Federal reserve agent—whether by transfer of credit by the Federal reserve bank or by actual deposit of the Federal reserve agent—are funds held by the agent “available” for the exchange specified in this section.

The wording of the act does not indicate that Congress intended to require the Federal reserve agent to hold these funds actually in his own possession or in a vault under his charge. If the funds are “available” when required by the agent to effect the transfer for which they are intended by the act, it would seem that both the spirit and letter of the law are complied with.

Under the proposed plan each Federal reserve agent will open an account with the Federal Reserve Board and, instead of keeping the gold or gold certificates in his own possession, will make a deposit to his credit with the Board. Telegraphic directions will be sufficient to make a transfer of the credit to the Federal reserve bank in any case where notes are offered to the Federal reserve agent by such Federal reserve bank for the purpose of exchange.

This plan, like the act, presupposes that the bank will itself redeem the notes when presented over its counter for redemption. When such notes are then offered to the agent by the bank for exchange, he will, instead of returning the gold or gold certificates deposited with him, telegraph instructions to the board to make the transfer to the Federal reserve bank on the books of the gold settlement fund.

There would seem, therefore, to be no legal objection to the proposed plan. As previously stated, the funds are “available” for the exchange, and that is all that is required by law, no provision being made as to how and where they shall be kept.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. CHARLES S. HAMLIN,

Governor Federal Reserve Board.

Government Depositories.

There is nothing in the Federal reserve act which authorizes the Secretary of the Treasury to use State banks which have become member banks as depositories for public monies generally, though they may be made depositories for postal savings funds.

JULY 8, 1915.

SIR: This office has been requested to give an opinion on the question of whether or not State banks upon joining the Federal reserve system become eligible to act as Government depositories for any Government funds other than postal savings deposits.

In order to determine this question it is necessary to review those acts of Congress which relate specifically to the deposit and custody of public monies. The act of June 3, 1864, as amended, the act of March 4, 1907 (see Revised Statutes, section 5153) provides in part as follows:

All national banking associations shall be depositories of public money under such regulations as may be prescribed by the Secretary.

The act of June 25, 1910, Chapter 386, 36 Statutes, 814, prescribes that the funds received at postal savings depository offices in each city, town, village, or other locality, shall be deposited in solvent banks located therein, whether organized under national or State laws, which are willing to receive such deposits under the terms of the act and the regulations made by authority thereof. The word “bank” as used in the law includes savings banks and trust companies doing a banking business. (*See Regulations for the guidance of qualified banks and others concerned issued by the Board of Trustees, Postal Savings System, effective July 1, 1913.*)

The Federal reserve act, section 15, provides in part that—

The moneys held in the general fund of the Treasury * * * may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks; * * * and the revenues of the Government or any part thereof may be deposited in such banks. * * * No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United

States in any bank not belonging to the system established by this act: *Provided, however, That nothing in this act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.*

It has been suggested that the proviso last above quoted gives to the Secretary of the Treasury the right to designate State banks which become members of the Federal reserve system as Government depositories. It is clear, however, from an examination of the acts in force prior to the passage of the Federal reserve act, that the Secretary of the Treasury was without power to designate any bank, other than a national bank, as a Government depository, and while the use of the word "member bank" in the proviso quoted would seem to indicate that Congress intended to include State bank members, it failed to affirmatively vest the power to designate State banks in the Secretary of the Treasury.

In order, therefore, to reach the conclusion that State banks may be designated under the law, it is necessary to interpret this proviso as an affirmative enactment vesting this right in the Secretary. Such an interpretation would be clearly contrary to the rules of construction laid down by the Supreme Court of the United States. In the case of *Minis v. United States* (15 Peters, 423-445), Justice Story, in delivering the opinion of the court, says—

"It would be somewhat unusual to find engrafted upon an act making special and temporary appropriations any provision which was to have a general and permanent application to all future appropriations. Nor ought such an intention on the part of the legislature to be presumed, unless it is expressed in the most clear and positive terms, and where the language admits of no other reasonable interpretation. The office of a proviso generally is either to except something from the enacting clause, or to qualify or restrain its generality, or to exclude some possible ground of misinterpretation of it, as extending to cases not intended by the legislature to be brought within its purview. A general rule, applicable to all future cases, would most naturally be expected to find its proper place in some distinct and independent enactment."

This case is cited with approval in the later case of *Austin v. United States* (155 U. S., 431).

In the absence, therefore, of any specific provision in the Federal reserve act vesting in the Secretary of the Treasury the right to deposit Government funds in State banks which are members of the Federal reserve system, it seems clear that he has no greater right to designate such banks as depositories than he had prior to the passage of the Federal reserve act.

This conclusion is further borne out by an examination of the bill as it passed the House and as it was amended by the Senate and adopted in conference. Under the provisions of the House bill the Secretary was required to deposit in Federal reserve banks all funds except funds held for the redemption of circulating notes. By the Senate amendment the Secretary is permitted to deposit such funds in Federal reserve banks, and the proviso referred to, read in connection with the context of this section, was clearly intended merely to authorize the Secretary to continue to use national banks as Government depositories if in his discretion he finds this necessary or advisable.

I am, therefore, of the opinion that while the use of the words "member bank," instead of national bank, in the provision above quoted, would seem to indicate an intention on the part of Congress to broaden the powers of the Secretary of the Treasury in this regard, such an interpretation is not consistent with the rules of construction laid down by our courts, and that member banks can accordingly be used as depositories to no greater extent than they were used prior to the passage of the act. In other words, State banks becoming members of the Federal reserve system may continue to be designated as depositories for postal savings funds, and national banks may continue to be designated as depositories for such funds and for public moneys generally.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. CHARLES S. HAMLIN,

Governor Federal Reserve Board.

Transactions Involving the Importation or Exportation of Goods.

A transaction in order to be the basis of a draft or bill eligible for acceptance by a member bank must itself involve the importation or exportation of goods. A transaction, wholly independent of the transaction covering the importation or exportation of goods, is not sufficient basis for an acceptance under the terms of section 13.

JUNE 11, 1915.

SIR: The following inquiry has been submitted to this office for an opinion: A domestic corporation, which for convenience will be designated "Company A," enters into a contract with another domestic corporation, designated "Company B," to furnish material to be used by Company B in the manufacture of products which Company B is under contract with a foreign purchaser to export. Query: Can a national bank accept a draft or bill of exchange drawn by Company A and accompanied by the necessary documents?

In other words, assuming that such an acceptance complies with the other necessary provisions of law and the regulations of the Board made pursuant thereto, can such an acceptance be said to be based upon the importation or exportation of goods?

The exact language of that part of section 13 which is involved is as follows:

Any member bank may accept drafts or bills of exchange drawn upon it and growing out of transactions involving the importation or exportation of goods.

From the facts stated it does not appear that Company A, which draws the draft, has any contract or is under any obligation to deliver the material supplied by it elsewhere than in the United States. There is no privity of contract as between the foreign purchaser and Company A; on the contrary, Company A has an independent contract with Company B, both being domestic corporations, and when delivery of the material in question is made to Company B and the purchase price paid, the transaction is completed whether the goods in question were exported or not. The mere fact that the material furnished is ultimately intended for export in some form can not be said

to merge the two transactions into one and the transaction between Company A and Company B, which is wholly independent of the transaction between Company B and the foreign purchaser, could not be said to involve the exportation of the goods in question.

While the language used in section 13, and above quoted, is broad enough to justify a member bank accepting a draft or bill of exchange for goods or other articles purchased or produced in connection with a definite contract for export, even though the shipment may not be a continuous or immediate one, it seems clear that the transaction on account of which the draft or bill of exchange is drawn must itself involve the exportation of the goods in question. By analogy the same principles must be applied to import transactions.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To HON. CHARLES S. HAMLIN,

Governor Federal Reserve Board.

Deposit of Federal Reserve Notes for Credit or Redemption.

A Federal reserve bank receiving Federal reserve notes issued by another Federal reserve bank may return such notes to the issuing bank either for redemption or for credit.

JULY 30, 1915.

SIR: The question has been asked whether a Federal reserve bank receiving Federal reserve notes issued by another Federal reserve bank has the option, on returning such notes to the issuing bank, to demand redemption in gold or lawful money or to demand a credit for such notes.

Section 16 provides in part as follows:

Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank, they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued.

Inasmuch as this section provides that Federal reserve notes are redeemable in gold or

lawful money by the Federal reserve bank through which they were issued, it is clear that the option to accept a credit in lieu of gold or lawful money is vested in the holder of such notes—that is to say, in the Federal reserve bank returning them to the bank of issue. The returning bank may therefore elect to have them credited to its account or may require the Federal reserve bank to which they are sent to redeem them in gold or lawful money.

Respectfully,

M. C. ELLIOTT, *Counsel.*

TO HON. CHARLES S. HAMLIN,
Governor Federal Reserve Board.

Waiver of Demand, Notice and Protest.

The acceptor of a bill of exchange is the principal debtor. The law requires that notice of demand and protest be given to parties secondarily liable in case of dishonor. This right to receive notice is a personal one which may be waived by the parties entitled thereto—that is, the drawer and indorsers; but such waiver has no effect on the acceptor, or principal debtor.

FEBRUARY 13, 1915.

SIR: The attached letter raises a question as to the effect of waiver of demand, notice, and protest upon the obligation of an acceptor of a domestic draft or bill of exchange discounted by a member bank under the provisions of section 13 of the Federal reserve act.

An acceptor of a draft or bill is the party primarily liable, and the drawer and endorsers are merely sureties. (4 Am. & Eng. Encl., 470, 2d ed., and cases cited.) In other words, his liability is the same as that of the maker of a note. He is the principal and not a collateral debtor. (Blair v. Bank of Tennessee, 11 Humph. (Tenn.), 88.)

The requirement that the holder make demand on the acceptor at maturity and give notice of dishonor is provided for the benefit of

persons secondarily liable, such as the drawer or endorser, and is intended to protect such secondary party from the risk of loss which may occur because of delay in demanding payment from the party primarily liable or because of the fact that he has no notice that his principal has failed to pay. (Stanley v. McElrath, 86 Calif. Rep., 457.)

In other words, the law provides that the holder must demand payment at maturity and that in case the bill is not paid by the acceptor on demand other parties subsequently liable must be given notice, in order that they may take any necessary steps to protect themselves. If they are not notified of demand and dishonor, they are entitled, as sureties, to conclude that the bill has been paid and that they are released. The acceptor, or primary debtor, on the other hand, is not entitled to notice, and, unlike the drawer or endorser, is not released on failure of presentment and demand at maturity. (Daniel on Negotiable Instruments, 4th ed., vol. 2, p. 52; Hayes v. Northwestern Bank of Virginia, 9 Gratt (Va.), 127.)

The right of other parties than the acceptor to receive notice is a personal one, and if it is not desired may be waived, but such waiver can in no way affect any one other than the person making it. Such person merely surrenders a right afforded him by the law for his own protection.

It seems, therefore, that a waiver of demand, notice, and protest on a bill discounted by a member bank under the provisions of section 13 can have no effect on the acceptor of such bill. He remains liable just as though the formality due the person making the waiver had been complied with.

Respectfully,

M. C. ELLIOTT, *Counsel.*

TO HON. CHARLES S. HAMLIN,
Governor Federal Reserve Board.

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.

Outside of increased emergency orders, which are being felt directly or indirectly in all lines of trade, there is practically no change over conditions as reported a month ago. While a comparison of the clearing-house statement of the Boston banks shows a slight reduction from that of the same period last month, the surplus is still so large and the demand from borrowers so slight that there are no material changes in the money rates. Money is accumulating in the country banks, and they not only have been less frequent borrowers of their city correspondents, but have been in the market for outside paper.

While early in the month a slight hardening tendency was noticeable in the money market, the month is ending with conditions much the same as previously reported. Call money to brokers is freely offered at 3 per cent; six months commercial paper, $3\frac{1}{2}$ to 4 per cent; loans to country banks, 3 to 4 per cent; town notes, $2\frac{1}{2}$ per cent; bank acceptances, $2\frac{1}{2}$ to $2\frac{1}{4}$ per cent; excess reserve in Boston banks \$41,411,000, a decrease of \$4,563,000 from the same date last month. Exports and imports for the month of July compare with a year ago as follows: Exports for July, 1915, \$9,104,337; imports for July, 1915, \$12,891,505. Exports for July, 1914, \$5,246,599; imports for July, 1914, \$14,886,723.

Unsettled conditions of labor in the large manufacturing centers is causing much concern to the manufacturers. Attracted by the higher wages paid by certain firms, operatives are changing and some manufacturers are finding it difficult to keep up their forces.

The retail dealers and the department stores report their business below normal, largely due

to the cold and rainy weather which prevailed throughout New England during the first half of the month. This is the season of the year when the tourist trade is an important factor with them, and this is much smaller than in previous years. The shore and mountain resorts are also rather quiet for midsummer.

The farmers and produce men throughout New England have had their crops damaged to a considerable extent by the elements, especially hay and corn, and potato rot has appeared in many sections. The farmers in Aroostook County, Me., however, where the potato yield is the important crop, report this to be satisfactory.

The reports of the shoe and leather trade, while showing a spotty condition, on the whole indicate a slight improvement, but outside of war orders, business is little better than 60 per cent of normal.

The reports from New Bedford and other fine-goods centers continue favorable, and although coarse goods mills are not up to normal, still they are reasonably well employed. The dye situation and the uncertainty of the new cotton crop are important factors. The reports from the woolen-mill centers are quite satisfactory. Even the general line of goods is reported to be in better demand.

Building operations in New England show contracts for the year up to August 4 of \$108,767,000, the largest amount shown at any time during the past 15 years, with the exception of the year 1912.

DISTRICT NO. 2—NEW YORK.

Wet weather has continued during July. In some sections the rainfall was 6 inches against $1\frac{1}{2}$ inches in July, 1914. Hay was considerably damaged, but in most places other crops are reported in excellent condition. Retail trade reflected the seasonal quietness, but wholesale houses reported good business and satisfactory collections.

Industry was more active, particularly in iron, steel, machinery, wool, and leather. Foreign orders are still the leading stimulus. Labor unrest appeared in various places but

the differences were adjusted in most cases and some long standing strikes were settled. Suburban real estate is dull; in New York City a slow improvement continues.

The New York bank clearings in July totaled \$8,695,413,567, an increase of \$514,928,945 over July, 1914. Other statistics compared for the same periods show: Building permits issued, 50 for structures to cost \$4,097,080, a gain of 7 in number but a decrease of \$508,270 in amount; new incorporations, 84 with authorized capital \$27,400,000, an increase of 28 in number and \$12,330,000 in amount; New York State failures, 207 with liabilities of \$2,479,510, a decrease of 37 in number and \$5,276,715 in liabilities; transactions on stock exchange, bonds \$56,489,500, an increase of \$4,792,500; stocks 14,326,813 shares, an increase of 6,436,214 shares and of 3,426,000 shares over June.

A noteworthy volume of business was also transacted on other exchanges and some extraordinary price movements occurred in a number of listed and unlisted stocks.

On July 31 the combined figures of the members of the New York Clearing House show, loans \$2,577,944,000, deposits \$2,695,302,000, and excess reserves \$180,384,050. Compared with June 26, loans increased \$101,647,000, and deposits \$112,738,000, but excess reserves decreased \$12,868,000. Money rates remained practically unchanged; bankers' acceptances $2\frac{1}{8}$ to $2\frac{3}{8}$ per cent, and prime commercial paper $3\frac{1}{4}$ to 4 per cent with occasional sales at 3 per cent. Recent noteworthy happenings are the Canadian loan of \$45,000,000 taken in New York, the movement of \$19,534,000 gold and an unstated amount of securities from London to New York via Halifax, and the extreme decline in rates of exchange on sterling and continental bills. The quotations for checks touched: Sterling, 4.64 $\frac{1}{2}$; francs, 6.02 $\frac{1}{2}$; marks, 80 $\frac{1}{8}$; lire, 6.55.

DISTRICT NO. 3—PHILADELPHIA.

There has been little change in business conditions in this district. The expected general improvement has not appeared and the out-

look is uncertain. Emergency business continues to give employment to iron and steel concerns and some wool and worsted mills up to almost full capacity, and it is hoped that this will soon create activity in other lines of business.

Rates for money remain very low; funds continue to accumulate in the banks and excess reserves are higher than ever before. There is little demand for time or call money, the rates for both being $3\frac{1}{2}$ to 4 per cent. Commercial paper is scarce, with the rates ranging from 3 to 4 per cent.

Crops are generally reported to be satisfactory, but heavy rains and continued wet weather have done considerable damage in some sections. The prices of fruits and vegetables are in many instances low, due apparently to underconsumption. As we understand the production of these has not been above the average. Through certain channels of distribution not over 50 per cent of goods are being sold as compared with former years.

Railroad freight traffic is increasing and the roads are employing more men in their shops. Considerable improvement is noted in the cement business, due to some extent to exports to South America.

Apart from emergency orders, textile mills are operating at 60 to 70 per cent capacity. Hosiery mills are doing a little better than other lines. The lack of dyestuffs continues to be a serious factor.

Although a slight increase is reported in coal mining, the mines are only working on half time. Petroleum refiners and manufacturers of oil products are working full time; business is reported good and the prices are advancing.

Shoe manufacturers report business as sluggish and disappointing. Leather is high and prices are advancing. The grocery trade is dull; canned goods are selling at very low prices, in some cases below cost. Large tobacco dealers and cigar manufacturers are busy. Drugs and chemicals continue to advance in price.

The prices of lumber continue low. New municipal work and some increase in the construction of factories and dwellings will probably mean a greater consumption of lumber this year than last year, and the outlook seems better. Hotels and amusement companies at seashore and mountain resorts report business below the average.

Stocks of almost all kinds in dealers' hands are low. Orders for goods are for small quantities, suggesting that business is being conducted most conservatively. Financial conditions everywhere seem to be sound, and the country is ready to take advantage of any improvement in general trade conditions.

DISTRICT NO. 4—CLEVELAND.

Gains indicated in last month's report are being held in this district, although there has been no decided advance in conditions of 30 days ago. Exceptions are the cloak and knitting industry, where pay rolls in a number of instances are highest in the history of the business; the glass trade, especially in pressed ware, and the coal business in Pennsylvania, West Virginia, and Kentucky. The coal situation in Ohio still remains unsatisfactory. Prices and volume in the other three States are better. Pig iron and billets are slightly stronger, both in price and demand. Domestic trade has not reached normal. Purchasing by railroads and other sources is only intermittent. A shifting in the placing of business is noted, due to concerns being filled with urgent orders and placing their business in new channels, and corporations which have refused foreign orders expect to benefit by this shifting to a considerable degree.

Deposits show an increase, averaging about 4 per cent over the June 23 call of the Comptroller. Loanable funds are plentiful, but bankers as a rule are not investing in outside paper at the low prevailing rates. Paper offered by note brokers ranges from $3\frac{1}{4}$ to 4 per cent. Banks' over the counter rate varies from $4\frac{1}{2}$ to 6 per cent. Large banks in reserve cities are meeting the reserve bank rate in lending their correspondents.

Pay rolls are larger due to increased production noted last month.

The crops are suffering somewhat from too much moisture, but the falling off is from the anticipated crop. It is likely that the yield in this district will equal last year's with the average price of all farm products 1 per cent higher than a year ago and 11 per cent higher than two years ago.

Jobbing and retail trade is spotty, but generally a better feeling prevails. Down trade on the lakes is good on account of demand for ore by reason of resumption of many furnaces. The lake carriers' estimate of 40,000,000 tons which navigation down the lakes would receive, has been increased to 43,000,000 tons through this new demand from additional furnaces. Difficulty is experienced in getting return cargoes owing to accumulation of coal on docks not yet entirely absorbed.

Collections in the wholesale and jobbing, trade are slower, due to the late harvest. Retail collections in the city show improvement.

DISTRICT NO. 5—RICHMOND.

Readjustments compelled or induced by changed conditions have reached a stage in this district at which their effect upon its general trade is beginning to be evident. Labor of all classes seems to be very well employed, while there is a strong demand for skilled mechanics. In the increasing number of cities within this district in which manufacturing is developing, pay rolls are much heavier than was the case sixty days ago. The retail trade is just beginning to feel the effect, as wages received to date have in large measure been used in liquidating indebtedness incurred during a preceding period of idleness. August is always a quiet month in many retail lines, and the fact that some little improvement is noticeable in comparison with July possibly reflects a change of conditions which will be gradually accentuated.

The larger jobbing distributing centers in the district are almost as greatly dependent upon cotton as is the territory in which the

staple is actually grown. In consequence, general trade collections, while comparatively light as is usual in midsummer, are not disappointingly small.

In the Carolinas it seems to be very widely appreciated that this year there can be no excuse for a repetition of the experiences of last fall. The knowledge that there are now at hand well organized agencies competent to assist in the gradual liquidation of cotton, free from undue pressure upon the farmers, has had a most steadying influence and will make for the marketing of the staple at prices subject only to the universal law of supply and demand, and freed from artificial or hysterical conditions. Banking facilities now available as a matter of routine will, in permitting the generous use of cotton as collateral when desired, enable the growers rapidly to liquidate seasonal indebtedness to mature in the fall, and such a condition should make for the advantage not only of the banks and merchants immediately identified with the farmers, but in turn with distributors of all kinds who have done business with the cotton section.

Cotton milling has been somewhat uneven in that while many properties have been doing well, the minority has not fully met its expectations.

Some of the more southern of our tobacco markets have opened at prices which seem to be satisfactory to all concerned, and better than have been expected in view of a very generous stock carried over from last year. The quality is better than was the case last season.

From both the Carolinas come reports of satisfaction with the result of experiment in greater diversification than heretofore practiced. Well-distributed rains insure the promise of a generous corn crop of excellent quality, while for the same reason abundant grass and hay crops will insure to those raising live stock very much better return for their labor than was the case last year.

Lumber is least responsive to change for the better in all of the larger lines. The trade is

still in a depressed condition, which, while no worse than has been the case for some time in the past, does not show any improvement. Building trades and woodworkers generally, such as furniture manufacturers, show no special improvement.

Sections largely given over to white potatoes and vegetable truck have been disappointed in prices, and in consequence liquidation in such sections has not met expectations.

Coal is working into a better position. While the tonnage has greatly increased, to the benefit of labor, the increased profits in the business have been limited largely to those operating on a generous scale. Continued export demands in connection with the gradual but sure increase from domestic manufacturers, promise well for the immediate future.

Money is easy, with little demand for credit excepting in continuance of indebtedness outstanding since the planting season. There should be some further demand during the next 30 days from the cotton territory for use in connection with saving the crop, but the total amount of such credit should not be great and can be easily supplied.

Viewing the situation in the district as a whole, favorable facts and promises, both actually and comparatively with the recent past, so outweigh single unfavorable situations as to inspire a feeling of confidence.

DISTRICT NO. 6—ATLANTA.

The most prominent feature in the business movement in the sixth Federal reserve district is the strong revival of the iron industry of the Birmingham district. The increased operations, due to a steady advance in the price of pig iron and finished products, have necessitated the blowing-in of a number of additional furnaces, some of which have been idle for many months. With this renewed activity labor is fully employed and the effect is being reflected in the general lines of trade.

Jobbers and merchants are looking forward to a good fall trade, though their advance buy-

ing is very conservative. With the coming of September and some definite disposition of the cotton situation the mercantile lines will assume a more normal condition.

Rains have been general throughout the district, crops are reported in good condition, and the outlook very gratifying.

New Orleans has under construction a modern storage warehouse with a capacity of 1,000,000 bales; Atlanta an additional warehouse capacity of 200,000 bales. Reports indicate a storage capacity in the district of 3,500,000 to 4,000,000 bales, and no fear is felt as to the ability to take care of the cotton crop from the viewpoint of storage; nor from a standpoint of finance, in view of the assurance that the cotton in the district can be easily financed through the Federal reserve bank of Atlanta.

Savannah and Jacksonville report large stocks of naval stores on hand, with slight movement in the trade. While the domestic lumber market is dull, there has been an increased demand for exportation within the past 30 days. Plans are under way to organize a \$3,000,000 shipbuilding plant, to be located at Savannah or Brunswick, Ga.

Passenger and freight traffic do not appear to keep pace with the general improvement, but a more optimistic feeling prevails with the railroads in view of the brightening up of the industrial situation and the movement of the incoming cotton crop.

DISTRICT NO. 7—CHICAGO.

August developments in the seventh district show the general business advance. Weather conditions have not been entirely seasonable and retarded harvesting and retail activity at a few points. Good pasturage is general. Better than average crops prevail over the district, but the quality will not average as high as usual. Grains are being marketed in increasing volume.

In iron and steel the leading interests have all of their furnaces and rolling mills running to full capacity. Other manufacturing lines are making a good showing, particularly in

railroad equipment, hardware, machinery, and building lumber.

Reports from Detroit, Indianapolis, and other automobile centers indicate unusual demand for new models and enlargement of factory facilities.

The large orders placed throughout the district, together with the general increased manufacturing and building activity, have made a good demand for labor at fair wages. Skilled labor is especially in demand.

General merchandise markets have been largely attended by active buyers who are anticipating good fall and winter business.

Easy money conditions favor conservative expansion in business. Discount rates remain about the same, the minimum for commercial paper being $3\frac{1}{4}$; over the counter loans range from 4 to 5 per cent. Banks are carrying heavy reserves and collections are good.

DISTRICT NO. 8—ST. LOUIS.

Business conditions in this district remain approximately as outlined in the report for the month of June. Changes noted have been for the better, and there seems to be a still more clearly defined feeling of confidence, especially among wholesale interests. The volume of unfilled orders on hand apparently is more satisfactory than shipments, although early buyers are reported to be liberal in their purchases. This increased demand would seem to indicate an increase of activity in the manufacturing interests, which should be noticeable in the next few months. Manufacturers in this district whose product is available for export continue to feel the demand from foreign sources.

Climatic conditions during July were in the main favorable for the development of agricultural products. The temperature was below the normal throughout the district with more than the average rain fall in the northern sections and less than the normal in the southern sections. Reports from the cotton producing sections indicate an excellent crop with the percentage of condition well above that of 1914 and of the 10-year average. Reports

on the tobacco crop indicate a normal development to this date. Reports on the wheat crop indicate a satisfactory harvest. Wheat in Missouri seems to have been damaged more than in any other State of this district, but in Missouri as well as the other States, the crop will be considerable above the five-year average. Corn reports indicate that the crop will be considerably larger than in 1914 and will show a really large gain over the five-year average. The same may be said of the oats and fodder crops. Reports on the small-fruit crops and truck-farm products indicate that the supply is plentiful, with the prices moderate.

The live-stock market continues to show the activity which was noted in the last few reports.

Banking conditions show little or no change during the past 30 days. The rate of discount in St. Louis seems to be stationary at from 4½ to 5 per cent. There is an active demand for good commercial paper, but little of this class in the market at a rate to tempt the bankers.

Changes noted in general conditions during the past month seem to be for the better. An increase of activity is noted in general business, and with the promise of an excellent harvest conditions should continue to improve.

DISTRICT NO. 9—MINNEAPOLIS.

Clear weather during August has been of the greatest benefit over the ninth district in permitting farmers to proceed with the harvest of a very large small-grain crop. Over the entire territory the harvest is practically completed and thrashing is in progress in many localities. The first new wheat reached the Minneapolis market about the middle of the month and was of fine quality and good color. Grain shipments are now beginning to move in larger volume and during the first half of September will become very heavy.

The favorable weather during August, with many clear, warm days, has made a remarkable improvement in the corn crop throughout the entire district. The southern half of Wisconsin, the southern half of Minnesota, and the

corn-growing portion of South Dakota report that soil conditions were such that the warm weather brought a substantial growth of the crop and a period of very rapid development. In these districts corn will not be far below an average crop. In the more northerly sections of Wisconsin, Minnesota, and North Dakota there is yet some doubt as to whether corn will mature, but it is making good progress and will have an opportunity to make a fair crop in case it is not injured by early fall frosts.

It is early to determine the accuracy of the reports that are now coming in with reference to the yields of small grains, but there is dependable evidence that the small-grain totals in the Northwest this year will be very large and that the crop will average with the best crops of former years. There is no further apprehension on the score of yield, or quality, and attention is now turning to the market conditions and particularly to the export situation.

Wholesale and retail business is responding promptly to the favorable influence of the large crop and a brisk fall business in all lines is anticipated.

DISTRICT NO. 10—KANSAS CITY.

There have been no important changes in general conditions prevailing throughout District No. 10 during the past 30 days, except a slightly increased demand for money on account of the harvests and general crop moving, although the thrashing season has been very much retarded on account of continued rains and storms.

Fluctuations in the price of wheat have rather discouraged the marketing of that cereal, which, together with the unseasonable weather preventing thrashing of the grain, has made the movement of that commodity slow. This likely will cause an increased demand for money for carrying purposes. Deposits in banks throughout the district are probably greater than they were at this time last year, the direct result of the sale of live stock, agricultural and mineral products to supply foreign demands therefor.

In the southern portion of the district corn is made and has proven a record crop, and the general condition of that crop throughout the district will show at least 80 per cent average stand and yield. The milling industry is thriving and shows continued activity.

The unusually wet summer has produced an exceptionally fine pasturage for stock, and grass cattle are moving to the markets. Sheep and lambs are beginning to move from the ranges to the Missouri River markets, and are bringing the highest prices ever known for this season of the year. The horse and mule market continues active, and at one small town in Missouri not long since over 25,000 of these animals had been collected for shipment.

The greatest fruit crop ever raised in the southern portion of this district has been largely lost because of lack of canning facilities, and much of the peach crop will go to waste. Orchardists in some parts of the territory are feeding the fruit to hogs and are giving it away to all comers.

Coal mining shows an increased activity by reason of the demand for early storage coal and in anticipation of the thrashing season, while lead and zinc mining shows unusual life on account of prevailing high prices. An added impetus has been given the oil industry on account of a 20 cents per barrel increase in price, and if present prices continue the output of this commodity will become normal at an early date.

The district is practically free of labor disturbances and all classes of skilled and unskilled labor are generally employed.

DISTRICT NO. 11—DALLAS.

August has proven a most unfavorable month for this district. Almost the entire territory has suffered from drought and blistering weather. This served to cut short the corn crop over very considerable areas, particularly in north and northeast Texas and Oklahoma. It has tended materially to reduce the yield of cotton. The chief sufferers are the central and north central belts, which pro-

duce the great bulk of the staple. No rain fell here for almost six weeks. Rain has, however, recently fallen, averaging from 3 to 7 inches over almost the entire district. Open cotton has been heavily damaged in the southern end of our territory. By way of compensation it may serve to produce a fall crop, provided frost does not come too early.

Only a few days have passed since the hurricane and it is accordingly impossible to estimate the losses incurred by the railroads, the cities, and the country lying in its path. Rather heavy totals are certain.

It is believed that the warehouse discussion has worked most beneficially throughout this district and that cotton will be held in storage until the demand reaches the point of actually calling it out, and that it will not be sacrificed.

The mining interests of the State have been very much stimulated through the high prices current for copper and lead. Great activity prevails in our western section on this account. The price of oil has risen from 5 to 10 cents during the past month. The lumber interests are still complaining, although a reasonable volume of sales seems to indicate that even here there is a wave of improvement. Some lumber concerns have been cutting prices.

There has been no change in the demand for funds. The reserve city banks are easy and are experiencing only a light demand from their country correspondents. Prevailing rates are from 5 to 6 per cent.

General business conditions have been steadily improving, as the bankruptcy records show, and the retail merchant is reporting better volume while buying a little more freely. Jobbers in this district are beginning to feel the improved conditions. Much depends on the working out of our cotton crop. In hardly any other part of the country is liquidation of debts so wholly dependent on a single product.

DISTRICT NO. 12—SAN FRANCISCO.

In its foreign trade this district is suffering from the unsettled condition of the exchange

markets and from the lack of ships, which latter will be accentuated by the impending transfer of the Pacific mail steamers from trans-Pacific to Atlantic service. While the total export and import business has been practically double that for like periods last year, there seems good ground for believing that this may suffer important curtailment.

Lumber is in slightly better demand, but prices are the lowest in the history of the industry on the Pacific coast. Sales are reported at less than the cost of production. Production of petroleum in the California fields is now at a rate of approximately 250,000 barrels per day. Although consumption is slightly greater, the amount in storage is so large and competition so keen that prices are depressed. Copper mining is very active and prices high.

New building is at a low ebb, and a good deal of unemployment is reported. Railroads are busy and have increased their shop forces. Increased earnings are shown, but in this district are chiefly due to the passenger department.

The Valencia orange crop has largely been gathered and is being marketed at very satisfactory prices. Lemons, however, have accumulated in warehouses and have moved very slowly at low prices. Hot weather in the East would stimulate the demand. In deciduous fruits the raisin industry is reported as flourishing and the situation as to prunes reasonably satisfactory; but conditions are unsatisfactory

as to other fruits, including apples in Oregon and Washington.

The yield of wheat in California has probably not been more than 40 per cent of expectation, but in other parts of the district the yield has been good and the acreage large, resulting in a large exportable surplus. Transportation difficulties are causing slow marketing and much warehousing. The barley crop is reported good. Hops are selling at prices as high as 15 cents. Cattle, mules, horses, sheep, wool, are all commanding good prices.

Credit demands are light, and there are considerable excess reserves throughout the district. The deposits of the clearing house banks in San Francisco (member and nonmember) are at a record point and some \$30,000,000 in excess of the corresponding time last year. Exposition attendance is heavy, and hotel bookings are reported increasingly heavy into October. Retail trade has undoubtedly been stimulated in San Francisco by the presence of a large number of visitors, but jobbers report business as rather halting. Bank deposits in San Francisco have undoubtedly been increased, directly or indirectly, because of the exposition; but it seems a fair inference that the distribution of such temporary deposits after the close of the exposition will not cause important disturbance, inasmuch as these funds, for the most part, have not been employed in industry or trade.

GOLD IMPORTS AND EXPORTS.

Imports of gold, by customs districts, Jan. 1 to Aug. 20, 1915.

[In thousands of dollars.]

	Maine and New Hampshire.	Maryland.	New York.	Porto Rico.	Florida.	New Orleans.	Arizona.	El Paso.	Laredo.	Alaska.	San Francisco.	Southern California.	Washington.	Buffalo.	Dakota.	Michigan.	St. Lawrence.	Vermont.	Total.
<i>For week ending July 30.</i>																			
Ore and base bullion.....			20			1				7	95		121	236		31			511
Bullion, refined.....			127				8	12					123						270
United States coin.....											1								1
Foreign coin.....			2								2,467								2,469
Total.....			149			1	8	12		7	2,563		244	236		31			3,251
<i>For week ending Aug. 6.</i>																			
Ore and base bullion.....			5				3	2		23	78		62	143		32			348
United States mint or assay office bars.....																	1,168		1,168
Bullion, refined.....			161					1		133			115						460
United States coin.....			1,637																1,637
Foreign coin.....			3								973								976
Total.....			1,806				3	3		206	1,051		177	143		32	1,168		4,589
<i>For week ending Aug. 13.</i>																			
Ore and base bullion.....			28				1	13			30		84	58		32			246
United States mint or assay office bars.....																	1,913		1,913
Bullion, refined.....			149				13	4		207									373
United States coin.....	21,000		16																21,016
Foreign coin.....			10								873								883
Total.....	21,000		203				14	17		207	903		84	58		32	1,913		24,431
<i>For week ending Aug. 20.</i>																			
Ore and base bullion.....			1				32	5		7	15		67	230		26			383
United States mint or assay office bars.....																	178		178
Bullion, refined.....			215				1	5					109						330
United States coin.....			496									1							497
Foreign coin.....			49								2,518						4,632		7,199
Total.....			761				33	10		7	2,533	1	176	230		26	4,810		8,587
<i>Jan. 1 to Aug. 20.</i>																			
Ore and base bullion.....	1		323			253	264	95	4	236	433	7	2,616	3,624	67	1,053			8,976
United States mint or assay office bars.....														2			6,365		6,367
Bullion, refined.....			7,043		10		419	1,298		1,505	7,183		1,293				8,131		26,882
United States coin.....	21,000		19,764	1	8	1					22	1	6	49			86,556		127,408
Foreign coin.....		50	4,066		25			8			18,590		408				5,254	3	28,494
Total.....	21,001	50	31,196	1	43	254	683	1,401	4	1,741	26,228	8	4,413	3,675	67	1,053	106,306	3	198,127

Exports of gold, by customs districts, Jan. 1 to Aug. 20, 1915.

[In thousands of dollars.]

	Maine and New Hamp- shire.	New York.	Hawaii.	Alaska.	San Fran- cisco.	Wash- ington.	Buffalo.	Dakota.	Mich- igan.	Du- luth and Su- perior.	St. Law- rence.	Ver- mont.	Total.
<i>For week ending July 30.</i>													
United States mint or assay office bars.....							5						5
Bullion, refined, domestic.....						5	2						7
United States coin.....		1,002				3							1,005
Foreign coin.....		365											365
Total.....		1,367				8	7						1,382
<i>For week ending Aug. 6.</i>													
Ore and base bullion.....				3		24							27
United States mint or assay office bars.....							13						13
Bullion, refined, domestic.....							2		2				4
United States coin.....						17							17
Total.....				3		41	15		2				61
<i>For week ending Aug. 13.</i>													
Ore and base bullion.....							1						1
Bullion, refined, domestic.....											1	1	2
United States coin.....		2											2
Foreign coin.....		250											250
Total.....		252					1				1	1	255
<i>For week ending Aug. 20.</i>													
Ore and base bullion.....													
United States mint or assay office bars.....													
Bullion, refined:													
Domestic.....													
Foreign.....													
United States coin.....		1,000			8	3							1,012
Foreign coin.....		250											250
Total.....		1,250			8	3							1,262
<i>Jan. 1 to Aug. 20.</i>													
Ore and base bullion.....				7		190	1				1		199
United States mint or assay office bars.....							31				5		36
Bullion, refined:													
Domestic.....	2					13	6	4	6	1	5	11	48
Foreign.....							20						20
United States coin.....		5,380	23		61	67	7		1		3		5,543
Foreign coin.....		3,439					9				3		3,451
Total.....	2	8,819	23	7	61	270	74	4	7	1	17	11	9,297

¹ Includes \$1,000 for Montana and Idaho.

DISTRIBUTION OF REDISCOUNTS.

The total amount of commercial paper, exclusive of acceptances, rediscounted during the month of July was \$13,238,200, compared with \$13,404,000 in June and \$12,145,700 in May. The number of notes rediscounted was 10,155 in July, as against 10,734 in June and 9,558 in May.

The three southern banks handled about 70 per cent of the entire number and about 64 per cent of the entire amount of the commercial paper rediscounted during the month. The average size of all notes discounted by the Federal reserve banks during July was \$1,304, as against \$1,249 in June and \$1,271 in May. This average varied between \$867 for the Kansas City bank and \$2,277 for the San Francisco bank. Of the total number of notes rediscounted in July about 26.7 per cent, and of the total amount about 52.3 per cent, were notes in amounts of \$1,000 to \$5,000. Small notes (in amounts up to \$250) constituted about 30 per cent of the total number, though only 3.3 per cent of the total amount of notes rediscounted during the month. Over 79 per cent of the number of small notes (up to \$250) was discounted by the three southern banks.

Of the total amount of notes rediscounted during the month, 0.8 per cent was reported as 10-day paper, 12.2 per cent as 30-day paper, 34.1 per cent as 60-day paper, 40 per cent as 90-day paper, and 12.9 per cent as paper maturing after 90 days from the date of rediscount. These percentages vary for the individual banks, the average maturity of the

paper offered for rediscount being as a rule higher in the South than in the other sections of the country. Thus the proportion of 30-day paper rediscounted by the three southern banks was less than 45 per cent of the combined amount of 10-day and 30-day paper rediscounted by all the banks, as against 64 per cent shown as their share of total rediscounts. Dallas, whose proportion of total rediscounts for the month is 16.1 per cent, is credited with the discount of less than 1 per cent of the 30-day paper.

The four eastern banks report about 32 per cent of the combined amount of 10-day and 30-day paper rediscounted, as against 10.5 per cent of the total rediscounts for the month. Of the total amount of paper rediscounted during the month by the three southern banks, about 45 per cent was 90-day paper, as against 21 and 32 per cent in the case of the eastern banks, and the western banks except San Francisco, respectively. Of the total amount of agricultural and live-stock paper with maturities exceeding 90 days, about 60 per cent was rediscounted by the three southern banks and about 24 per cent by the Chicago and Minneapolis banks.

The rediscount of 10-day paper at the special 3 per cent rate is reported only by the Boston, New York, and Philadelphia banks, though the lower rate was also in force during the month in the St. Louis and San Francisco districts. The number of banks accommodated increased from 785 in June to 796 in July, and now stands at 10.5 per cent of the total number of member banks.

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

NUMBER OF PIECES AND AMOUNTS.

[In thousands of dollars.]

Bank.	To \$100.		\$100 to \$250.		\$250 to \$500.		\$500 to \$1,000.		\$1,000 to \$2,500.		\$2,500 to \$5,000.		\$5,000 to \$10,000.		Over \$10,000.		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.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Boston.....	5	0.5	11	2.0	32	13.1	39	29.8	28	46.4	20	89.8	2	20.0	.....	.....	137	201.6	1.5
New York.....	7	.5	50	8.0	63	23.4	53	38.4	53	87.1	23	86.6	8	58.0	2	32.0	259	334.0	2.5
Philadelphia...	17	2.3	32	5.2	53	20.7	66	51.5	58	104.6	39	152.8	11	104.0	3	42.0	279	483.1	3.7
Cleveland.....	7	.4	21	4.1	28	10.1	31	20.6	34	55.2	29	118.7	20	123.9	2	40.0	172	373.0	2.8
Richmond.....	333	25.7	609	109.6	694	277.7	616	501.6	481	848.0	370	1,507.5	90	736.4	19	347.8	3,212	4,354.3	32.9
Atlanta.....	277	18.6	424	73.1	369	141.8	335	266.8	257	441.3	165	662.3	40	293.5	7	93.6	1,874	1,991.0	15.0
Chicago.....	9	.7	22	4.4	59	23.6	76	62.2	96	159.9	50	201.6	19	174.7	2	35.0	333	662.1	5.0
St. Louis.....	24	2.2	52	8.4	54	20.6	66	50.2	63	109.4	32	122.0	18	134.0	1	20.0	310	466.8	3.5
Minneapolis...	3	.2	50	8.4	84	30.9	114	79.0	110	168.7	78	282.2	26	169.6	4	61.3	469	800.3	6.1
Kansas City...	49	4.4	225	39.1	182	66.4	131	93.4	96	156.5	38	131.5	19	141.7	1	10.3	742	643.3	4.9
Dallas.....	188	13.7	567	92.1	403	150.3	339	245.3	310	488.9	151	552.7	47	338.6	15	254.6	2,020	2,136.2	16.1
San Francisco..	4	.3	41	7.2	59	22.4	68	48.9	75	125.5	56	222.2	35	227.3	10	138.7	348	792.5	6.0
Total.....	923	69.5	2,104	361.6	2,081	801.0	1,934	1,487.7	1,661	2,791.5	1,051	4,129.9	335	2,521.7	66	1,075.3	10,155	13,238.2	100.0

PERCENTAGES OF AMOUNTS OF EACH CLASS TO TOTAL.

	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.....	0.3	1.0	6.5	14.8	23.0	44.5	9.9	.....	100.0
New York.....	.1	2.4	7.0	11.5	26.1	25.9	17.4	9.6	100.0
Philadelphia...	.5	1.1	4.3	10.7	21.6	31.6	21.5	8.7	100.0
Cleveland.....	.1	1.1	2.7	5.5	14.8	31.9	33.2	10.7	100.0
Richmond.....	.6	2.5	6.4	11.5	19.5	34.6	16.9	8.0	100.0
Atlanta.....	.9	3.7	7.1	13.4	22.2	33.3	14.7	4.7	100.0
Chicago.....	.1	.7	3.6	9.4	24.1	30.4	26.4	5.3	100.0
St. Louis.....	.5	1.8	4.4	10.8	23.4	26.1	28.7	4.3	100.0
Minneapolis...	.....	1.1	3.9	9.9	21.1	35.2	21.2	7.6	100.0
Kansas City...	.7	6.1	10.3	14.5	24.3	20.5	22.0	1.6	100.0
Dallas.....	.6	4.3	7.0	11.5	22.9	25.9	15.9	11.9	100.0
San Francisco..	.....	.9	2.8	6.2	15.9	28.0	28.7	17.5	100.0
Total.....	.5	2.7	6.1	11.2	21.1	31.2	19.1	8.1	100.0

Commercial paper rediscounted during July 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 10 days.	Paper maturing after 10 days but 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.
District No. 1—Boston:								
Connecticut.....	74	.....	.....	2.0	16.8	19.7	4.8	43.3
Maine.....	70	3	.....	.....	.....	.....	.....	.....
Massachusetts.....	170	2	10.0	22.0	35.0	.....	.....	67.0
New Hampshire.....	56	2	.....	.....	4.0	4.5	.....	8.5
Rhode Island.....	18	.....	.....	.....	.....	.....	.....	.....
Vermont.....	48	5	2.5	23.2	49.0	8.1	.....	82.8
Total.....	436	12	12.5	47.2	104.8	32.3	4.8	201.6
District No. 2—New York:								
New Jersey.....	131	4	23.1	13.2	5.8	39.7	.....	81.8
New York.....	481	16	2.0	30.4	151.8	66.6	1.4	252.2
Total.....	612	20	25.1	43.6	157.6	106.3	1.4	334.0

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

Districts and States.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but 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 re-discounted.
District No. 3—Philadelphia:								
Delaware.....	24							
New Jersey.....	70	7	14.3	28.9	60.3	31.9		135.4
Pennsylvania.....	533	17	51.5	130.9	108.1	57.2		347.7
Total.....	627	24	65.8	159.8	168.4	89.1		483.1
District No. 4—Cleveland:								
Kentucky.....	72	5		135.7	61.3	13.3		110.3
Ohio.....	377	7		9.1	25.2	22.4	12.6	69.3
Pennsylvania.....	302	12		147.2	16.9	28.3	1.0	193.4
West Virginia.....	14							
Total.....	765	24		192.0	103.4	64.0	13.6	373.0
District No. 5—Richmond:								
District of Columbia.....	13	0						
Maryland.....	100	6		13.7	34.8	17.9	.5	66.9
North Carolina.....	80	45		337.7	418.1	677.9	84.8	1,518.5
South Carolina.....	71	46		98.5	727.4	430.7	102.0	1,408.6
Virginia.....	136	56		115.7	523.0	466.6	29.8	1,135.1
West Virginia.....	103	11		14.7	59.0	150.8	.7	225.2
Total.....	503	164		580.3	1,762.3	1,793.9	217.8	4,354.3
District No. 6—Atlanta:								
Alabama.....	92	28		13.8	138.9	254.5	40.8	448.0
Florida.....	55	18		32.6	101.9	193.9	5.2	333.6
Georgia.....	115	46		35.7	178.9	233.6	86.3	534.5
Louisiana.....	5	1			44.6	10.0		54.6
Mississippi.....	18	1		2.0	8.8	38.1		48.9
Tennessee.....	97	33		91.2	282.0	179.9	18.3	571.4
Total.....	382	127		175.3	755.1	910.0	150.6	1,991.0
District No. 7—Chicago:								
Illinois.....	312	10		8.0	12.0	20.6	7.4	48.0
Indiana.....	197	10		10.0	64.7	107.2	21.4	203.3
Iowa.....	348	28		70.2	149.1	72.3	94.4	386.0
Michigan.....	74	2		5.0	19.8			24.8
Wisconsin.....	49							
Total.....	980	50		93.2	245.6	200.1	123.2	662.1
District No. 8—St. Louis:								
Arkansas.....	60	14		38.8	61.9	30.8	39.2	170.7
Illinois.....	156	21		5.8	7.1	21.6	22.2	56.7
Indiana.....	61	2			6.0	33.7		39.7
Kentucky.....	69	4		.2	.2	.8		1.2
Mississippi.....	17	3			3.7	21.6	2.1	27.4
Missouri.....	79	9		1.5	8.2	11.8	5.5	27.0
Tennessee.....	20	6		18.3	39.7	85.1	1.0	144.1
Total.....	462	59		64.6	126.8	205.4	70.0	466.8
District No. 9—Minneapolis:								
Michigan.....	31	3		18.0	28.9	7.1		54.0
Minnesota.....	277	18		.1	187.3	20.9	88.3	296.6
Montana.....	64	6				11.9	26.0	37.9
North Dakota.....	152	12		1.5	28.8	82.1	138.5	250.9
South Dakota.....	112	7			10.1	26.0	24.4	60.5
Wisconsin.....	87	5		9.9	32.5	49.7	8.3	100.4
Total.....	723	51		29.5	287.6	197.7	285.5	800.3
District No. 10—Kansas City:								
Colorado.....	121	5		5.2	2.9	1.9	11.9	21.9
Kansas.....	216	19		61.3	88.7	69.7	5.2	224.9
Missouri.....	52	3		1.5	5.8	.5	.5	8.3
Nebraska.....	211	12		5.2	20.0	19.6	16.6	61.4
New Mexico.....	9	1					1.6	1.6
Oklahoma.....	309	32		34.1	90.9	122.6	77.6	325.2
Wyoming.....	33							
Total.....	951	72		107.3	208.3	214.3	113.4	643.3

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

Districts and States.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but 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 re-discounted.
District No. 11—Dallas:								
Arizona.....	6							
Louisiana.....	25	9			106.5	181.2	164.2	451.9
New Mexico.....	28	6			6.0	13.9	22.4	42.3
Oklahoma.....	42	12		1.4	15.5	80.2	21.3	118.4
Texas.....	537	109		13.4	230.9	838.1	441.2	1,523.6
Total.....	638	136		14.8	358.9	1,113.4	649.1	2,136.2
District No. 12—San Francisco:								
Alaska.....	1							
Arizona.....	7							
California.....	265	37		65.9	114.7	251.1	55.2	486.9
Idaho.....	57	8		11.8	13.4	35.0	13.4	73.6
Nevada.....	10							
Oregon.....	86	7			66.1	36.5	11.9	114.5
Utah.....	23							
Washington.....	78	5		27.0	39.7	45.3	5.5	117.5
Total.....	527	57		104.7	233.9	367.9	86.0	792.5

RECAPITULATION.

Districts and cities.	Number of member banks.	Number of banks accommodated.	Paper maturing within 10 days.	Paper maturing after 10 days but 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 re-discounted.	Per cent.
Districts:									
No. 1—Boston.....	436	12	12.5	47.2	104.8	32.3	4.8	201.6	1.5
No. 2—New York.....	612	20	25.1	43.6	157.6	106.3	1.4	334.0	2.5
No. 3—Philadelphia.....	627	24	65.8	158.8	168.4	89.1		483.1	3.7
No. 4—Cleveland.....	765	24		192.0	103.4	64.0	13.6	373.0	2.8
No. 5—Richmond.....	503	164		580.3	1,762.3	1,793.9	217.8	4,354.3	32.9
No. 6—Atlanta.....	382	127		175.3	755.1	910.0	150.6	1,991.0	15.0
No. 7—Chicago.....	980	50		93.2	245.6	200.1	123.2	662.1	5.0
No. 8—St. Louis.....	462	59		64.6	126.8	205.4	70.0	466.8	3.5
No. 9—Minneapolis.....	723	51		29.5	287.6	197.7	285.5	800.3	6.1
No. 10—Kansas City.....	951	72		107.3	208.3	214.3	113.4	643.3	4.9
No. 11—Dallas.....	638	136		14.8	358.9	1,113.4	649.1	2,136.2	16.1
No. 12—San Francisco.....	527	57		104.7	233.9	367.9	86.0	792.5	6.0
Total.....	7,606	796	103.4	1,612.3	4,512.7	5,294.4	1,715.4	13,238.2	100.0
Per cent.....		10.5	.8	12.2	34.1	40.0	12.9	100.0	

Amounts of commercial paper held by each of the Federal reserve banks on the last Friday of the month of July, distributed by maturities.

[In thousands of dollars.]

Federal reserve bank.	Paper maturing within 10 days.	Paper maturing after 10 days but 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.
Boston.....		167.5	98.3	36.2	3.8	305.8
New York.....	107.0	184.1	196.0	97.7	2.6	587.4
Philadelphia.....	126.2	214.3	215.6	35.1		591.2
Cleveland.....	125.1	324.7	132.0	79.6	19.4	680.8
Richmond.....	1,116.3	1,894.0	3,267.9	1,625.1	457.9	8,361.2
Atlanta.....	651.9	943.7	1,702.8	1,161.0	346.5	4,805.9
Chicago.....	145.9	370.9	484.3	219.4	264.2	1,484.7
St. Louis.....		297.3	341.9	207.9	145.0	992.1
Minneapolis.....	109.0	144.6	484.0	397.5	578.5	1,713.6
Kansas City.....	92.3	354.5	365.2	236.2	111.9	1,160.1
Dallas.....	724.2	882.1	1,637.2	2,267.2	1,137.3	6,648.0
San Francisco.....	314.1	383.2	532.7	358.7	182.7	1,771.4
Total.....	3,512.0	6,160.9	9,457.9	6,721.6	3,248.8	29,102.2
Per cent.....	12.1	21.2	32.5	23.1	11.1	100.0

ACCEPTANCES.

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

Date.	Member banks.	Nonmember banks.		Private banks.	Total.
		Trust companies.	State banks.		
1915.					
July 26.....	\$5,165,000	\$4,832,000	\$20,000	\$367,000	\$10,384,000
Aug. 2.....	5,350,000	5,407,000	20,000	352,000	11,129,000
Aug. 9.....	5,499,000	5,869,000	20,000	417,000	11,805,000
Aug. 16.....	5,713,000	6,200,000	20,000	461,000	12,394,000
Aug. 23.....	5,868,000	6,181,000	20,000	457,000	12,526,000

Acceptances indorsed by member banks: Trust companies' acceptances, \$176,000; private banks' acceptances, \$8,000; total, \$184,000.

Distribution of acceptances held by Federal reserve banks according to schedules on hand Aug. 16, 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.	
Member banks.....	85	\$232,624	94	\$758,869	74	\$1,236,625	47	\$1,817,971	13	\$1,078,785	3	\$588,000	316	\$5,712,874	46.2
Trust companies.....	102	247,554	64	461,399	92	1,862,825	27	990,611	16	1,222,047	11	1,415,605	312	6,200,041	50.2
State banks.....					1	20,000							1	20,000	.1
Private banks.....	4	20,000	10	87,032	14	227,782	3	101,065					31	435,879	3.5
Total.....	191	500,178	168	1,307,300	181	3,347,232	77	2,909,647	29	2,300,832	14	2,003,605	660	12,368,794	100.0
Per cent.....		4.0		10.5		27.0		23.5		18.6		16.4		100.0	

Amounts of acceptances held by the several Federal reserve banks at close of business on Fridays from July 30 to Aug. 20, 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 10 days:													
July 30.....		286	78	48			74		13	28		24	551
Aug. 6.....	264	270	10						9	174		100	827
Aug. 13.....	67	191	3				18						279
Aug. 20.....	121	714	119				42	29	6	17		36	1,084
Acceptances maturing after 10 days but within 30 days:													
July 30.....	667	692	113				18	47	15	162		125	1,839
Aug. 6.....	267	1,358	194	37			42	65	17	31		134	2,145
Aug. 13.....	385	2,027	297	106			51	80	58	59		139	3,202
Aug. 20.....	307	1,654	581	86			45	75	43	42		191	3,024
Acceptances maturing after 30 days but within 60 days:													
July 30.....	520	2,454	721	69			89	46	35	15		232	4,181
Aug. 6.....	505	2,167	998	94			90	71	69	45		123	4,162
Aug. 13.....	527	1,719	993	193			198	126	90	93		184	4,123
Aug. 20.....	989	1,966	598	163			246	163	152	156		150	4,583
Acceptances maturing after 60 days but within 90 days:													
July 30.....	1,036	2,105	505	245			426	269	158	190		120	5,054
Aug. 6.....	1,235	2,047	272	220			485	244	113	145		178	4,939
Aug. 13.....	1,217	2,113	234	102			450	174	88	97		130	4,605
Aug. 20.....	941	1,744	217	165			412	150	55	180		176	4,040
Total:													
July 30.....	2,223	5,537	1,417	362			607	362	221	395		501	11,625
Aug. 6.....	2,271	5,842	1,474	351			617	380	208	395		535	12,073
Aug. 13.....	2,196	6,050	1,527	401			717	380	236	249		453	12,209
Aug. 20.....	2,358	6,078	1,515	414			745	417	256	395		553	12,731

¹ Includes \$58,000 of acceptances maturing after 90 days but within 3 months.

Total amount of acceptances purchased by each of the Federal reserve banks from Feb. 19 (date of first purchase) to June 30, 1915, and for the month of July, distributed by maturities.

[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:													
Feb. 19 to June 30.....		539	109	64			141	67	10	41		61	1,032
July.....			43										43
Total.....		539	152	64			141	67	10	41		61	1,075
Acceptances maturing after 30 days but within 60 days:													
Feb. 19 to June 30.....	235	1,543	368	598			310	226	119	61		633	4,093
July.....	17	276	237	33			71	24	13	4		23	698
Total.....	252	1,819	605	631			381	250	132	65		656	4,791
Acceptances maturing after 60 days but within 3 months:													
Feb. 19 to June 30.....	2,899	8,145	1,876	732			1,524	162	397	634		1,112	17,481
July.....	1,046	1,977	521	265			426	276	178	190		120	4,999
Total.....	3,945	10,122	2,397	997			1,950	438	575	824		1,232	22,480
Grand total.....	4,197	12,480	3,154	1,692			2,472	755	717	930		1,949	28,346

FEDERAL RESERVE BANK STATEMENTS.

Resources and liabilities of each of the Federal reserve banks and of the Federal reserve system at close of business on Fridays, July 30 to Aug. 20.

[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 coin and certificates in vault:													
July 30.....	\$8,885	\$114,326	\$12,416	\$13,470	\$3,832	\$3,482	\$24,838	\$7,651	\$5,785	\$6,405	\$3,464	\$8,434	\$212,988
August 6.....	9,036	112,441	11,606	13,217	3,879	3,491	23,006	7,689	5,814	6,206	3,417	8,020	207,822
August 13.....	8,935	113,219	12,500	13,256	3,883	3,506	23,150	7,650	5,795	5,896	3,234	8,293	209,697
August 20.....	9,064	113,521	9,090	13,302	4,109	3,469	24,316	7,650	5,827	5,397	3,056	7,150	205,951
Gold settlement fund:													
July 30.....	7,176	13,733	1,492	4,127	3,719	1,425	9,904	1,013	1,371	3,476	3,354	1,350	52,140
August 6.....	7,549	10,915	1,461	4,283	3,318	1,376	12,323	1,803	1,389	3,549	3,294	1,000	52,290
August 13.....	6,352	12,819	1,213	4,295	3,216	1,418	11,875	2,042	1,365	4,336	3,557	1,002	53,490
August 20.....	6,680	12,618	1,297	4,196	4,298	1,358	12,895	1,730	1,402	3,974	3,487	995	54,930
Gold redemption fund:													
July 30.....	6	55	37	-----	305	225	-----	35	30	37	313	21	1,064
August 6.....	6	55	37	-----	325	225	-----	35	30	37	313	21	1,084
August 13.....	6	55	37	-----	325	225	-----	35	30	37	313	21	1,084
August 20.....	6	55	37	-----	345	225	-----	35	30	37	313	21	1,104
Legal tender notes, silver, etc.:													
July 30.....	298	12,736	3,291	1,033	110	405	2,407	752	3	488	556	13	22,092
August 6.....	485	15,726	2,934	1,053	109	458	2,403	723	5	477	538	5	24,916
August 13.....	829	11,020	3,110	1,056	141	449	2,685	601	4	477	572	5	20,949
August 20.....	715	17,573	3,324	1,076	120	502	2,365	423	4	460	549	6	27,117
Total reserve:													
July 30.....	16,365	140,850	17,236	18,630	7,966	5,537	37,149	9,451	7,189	10,406	7,687	9,818	288,284
August 6.....	17,076	139,137	16,038	18,553	7,661	5,550	37,732	10,250	7,238	10,269	7,562	9,046	286,112
August 13.....	16,122	137,113	16,940	18,607	7,565	5,598	38,010	10,328	7,194	10,746	7,676	9,321	285,220
August 20.....	16,465	143,767	13,748	18,574	8,872	5,554	39,576	9,838	7,263	9,868	7,405	8,172	289,102
Commercial paper:													
July 30.....	306	587	591	681	8,361	4,805	1,485	992	1,714	1,161	6,648	1,771	29,102
Aug. 6.....	266	496	637	633	8,608	4,644	1,448	1,041	1,747	1,112	6,541	1,620	28,853
Aug. 13.....	252	466	509	589	8,622	4,633	1,337	1,042	1,826	1,190	6,634	1,509	28,609
Aug. 20.....	211	486	572	480	8,694	4,676	1,236	1,090	1,894	1,334	6,776	1,571	29,020
Bank acceptances:													
July 30.....	2,223	5,537	1,417	362	-----	-----	607	362	221	395	-----	501	11,625
Aug. 6.....	2,271	5,842	1,474	351	-----	-----	617	380	208	395	-----	535	12,073
Aug. 13.....	2,196	6,050	1,527	401	-----	-----	717	380	236	249	-----	453	12,209
Aug. 20.....	2,358	6,078	1,515	414	-----	-----	745	417	256	395	-----	553	12,731
United States bonds:													
July 30.....	-----	-----	340	660	-----	-----	3,725	242	1,025	930	-----	1,001	7,923
Aug. 6.....	491	-----	340	696	-----	-----	3,778	242	1,025	930	-----	1,001	8,503
Aug. 13.....	491	-----	340	753	-----	-----	3,826	242	1,025	930	-----	1,000	8,607
Aug. 20.....	491	-----	340	805	-----	-----	3,903	242	1,027	931	-----	1,001	8,740
Municipal warrants:													
July 30.....	2,494	5,688	1,843	1,512	-----	-----	1,873	638	488	446	-----	1,125	16,107
Aug. 6.....	2,367	7,161	1,909	1,767	-----	-----	2,043	622	549	557	-----	1,125	18,100
Aug. 13.....	2,457	7,211	1,972	1,803	-----	-----	2,123	652	569	613	-----	1,158	18,558
Aug. 20.....	2,647	7,056	1,981	1,782	-----	-----	2,107	696	551	602	-----	1,131	18,553
Federal reserve notes, net assets:													
July 30.....	419	6,263	90	72	-----	-----	2,370	110	534	-----	-----	1,171	11,029
Aug. 6.....	357	7,659	115	331	-----	-----	2,384	106	424	-----	-----	1,172	12,578
Aug. 13.....	448	6,537	104	267	-----	-----	2,405	115	353	-----	-----	1,037	11,266
Aug. 20.....	430	7,191	387	183	-----	-----	2,418	75	137	-----	-----	1,919	12,740
Due from other Federal reserve banks, net:													
July 30.....	1,311	-----	1,195	696	651	-----	5,543	421	177	491	254	856	7,078
Aug. 6.....	352	-----	1,517	609	679	230	2,741	648	108	848	340	1,681	5,987
Aug. 13.....	941	-----	1,098	357	1,290	245	3,784	-----	138	116	317	1,753	4,028
Aug. 20.....	-----	-----	4,367	759	240	193	2,800	1,347	156	394	120	2,027	6,805
All other resources:													
July 30.....	905	327	396	468	178	149	185	2,653	58	452	54	79	5,904
Aug. 6.....	873	322	572	297	228	106	156	2,099	61	394	73	82	5,263
Aug. 13.....	957	349	664	386	146	111	134	2,178	60	480	74	84	5,623
Aug. 20.....	931	363	671	227	127	131	165	1,550	61	358	124	69	4,777
Total resources:													
July 30.....	24,023	150,252	23,108	23,081	17,156	10,491	52,937	14,869	11,406	14,281	14,643	16,322	377,053
Aug. 6.....	24,053	160,647	22,602	23,237	17,236	10,530	50,902	15,388	11,360	14,505	14,516	16,262	377,469
Aug. 13.....	23,864	157,726	23,154	23,163	17,623	10,587	52,336	14,937	11,401	14,324	14,701	16,315	374,120
Aug. 20.....	23,533	164,941	23,581	23,224	17,933	10,554	52,950	15,255	11,345	13,882	14,425	16,443	382,468

¹Items in transit, i. e., total amounts due from less total amounts due to other Federal reserve banks.

Resources and liabilities of each of the Federal reserve banks and of the Federal reserve system at close of business on Fridays, July 30 to Aug. 20—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:													
July 30.....	\$4,802	\$10,824	\$5,365	\$5,951	\$3,362	\$2,416	\$6,606	\$2,795	\$2,427	\$2,952	\$2,757	\$3,924	\$54,181
Aug. 6.....	4,802	10,982	5,275	5,943	3,364	2,417	6,615	2,795	2,425	3,014	2,759	3,924	54,315
Aug. 13.....	4,802	10,982	5,274	5,944	3,365	2,418	6,615	2,796	2,430	3,017	2,756	3,932	54,331
Aug. 20.....	4,802	10,982	5,274	5,944	3,364	2,418	6,616	2,796	2,430	3,017	2,755	3,931	54,329
Reserve deposits, net:													
July 30.....	19,221	142,411	17,743	17,130	7,839	5,164	46,331	12,074	8,979	10,779	6,114	12,398	306,183
Aug. 6.....	19,251	144,355	17,327	17,294	7,738	5,272	44,287	12,593	8,935	10,803	5,804	12,338	306,002
Aug. 13.....	19,062	138,900	17,880	17,219	5,018	5,202	45,721	12,034	8,971	10,521	6,015	12,383	301,926
Aug. 20.....	18,404	146,697	18,307	17,280	7,811	5,172	46,334	12,459	8,915	10,168	6,036	12,512	310,095
Federal reserve notes, net liability:													
July 30.....					5,855	2,828				550	5,732		14,965
Aug. 6.....					6,027	2,795				683	5,915		15,420
Aug. 13.....					6,128	2,910				786	5,890		15,723
Aug. 20.....					6,640	2,917				697	5,593		15,847
Due to other Federal reserve banks, net:													
July 30.....		4,490				27							
Aug. 6.....		3,789											
Aug. 13.....		5,904						107					
Aug. 20.....	327	5,271											
All other liabilities:													
July 30.....		1,527			100	56					40		1,723
Aug. 6.....		1,541			107	46					38		1,732
Aug. 13.....		1,940			112	48					40		2,140
Aug. 20.....		1,991			118	47					41		2,197
Total liabilities:													
July 30.....	24,023	159,252	23,108	23,081	17,156	10,491	52,937	14,869	11,406	14,281	14,643	16,322	377,052
Aug. 6.....	24,053	160,647	22,602	23,237	17,236	10,530	50,902	15,388	11,360	14,305	14,516	16,262	377,469
Aug. 13.....	23,864	157,726	23,154	23,163	17,623	10,587	52,336	14,937	11,401	14,324	14,701	16,315	374,120
Aug. 20.....	23,533	164,941	23,581	23,224	17,933	10,554	52,950	15,255	11,345	13,882	14,425	16,443	382,468

CIRCULATION OF FEDERAL RESERVE NOTES.

Federal reserve notes issued to the banks:													
July 30.....	\$4,420	\$47,720	\$2,930	\$4,700	\$8,400	\$5,500	\$4,380	\$626	\$4,400	\$4,100	\$8,615	\$2,040	\$97,831
Aug. 6.....	4,420	50,120	3,030	4,800	8,800	5,500	4,380	626	4,400	4,400	9,215	2,040	101,731
Aug. 13.....	4,620	50,120	3,130	4,800	8,800	5,500	4,380	626	4,400	4,700	9,455	2,040	102,571
Aug. 20.....	4,620	51,720	3,650	4,900	8,800	5,600	4,380	626	5,000	5,400	9,955	3,040	107,691
Federal reserve notes in the hands of the banks:													
July 30.....	419	6,463	90	307	245	522	2,370	110	534	140	333	1,171	12,704
Aug. 6.....	357	7,889	115	331	473	555	2,384	106	424	107	300	1,172	14,213
Aug. 13.....	448	6,707	104	267	372	431	2,405	115	353	4	65	1,037	12,308
Aug. 20.....	430	7,361	387	183	260	433	2,418	75	737	293	362	1,919	14,858
Federal reserve notes in circulation:													
July 30.....	4,001	41,257	2,840	4,393	8,155	4,978	2,010	516	3,866	3,960	8,282	869	85,127
Aug. 6.....	4,063	42,231	2,915	4,469	8,327	4,945	1,996	520	3,976	4,293	8,915	868	87,518
Aug. 13.....	4,172	43,413	3,026	4,533	8,428	5,069	1,975	511	4,047	4,696	9,390	1,003	90,263
Aug. 20.....	4,190	44,359	3,263	4,717	8,540	5,167	1,962	551	4,263	5,107	9,593	1,121	92,833
Gold and lawful money deposited with Federal reserve agents:													
July 30.....	4,420	47,520	2,930	4,700	2,300	2,150	4,380	626	4,400	3,410	2,550	2,040	81,191
Aug. 6.....	4,420	49,920	3,030	4,800	2,300	2,150	4,380	626	4,400	3,610	3,000	2,040	84,676
Aug. 13.....	4,620	49,950	3,130	4,800	2,300	2,150	4,380	626	4,400	3,910	3,500	2,040	85,806
Aug. 20.....	4,620	51,550	3,650	4,900	1,900	2,250	4,380	626	4,400	4,410	4,000	3,040	89,726
Carried to net liabilities:													
July 30.....					5,855	2,828				550	5,732		14,965
Aug. 6.....					6,027	2,795				683	5,915		15,420
Aug. 13.....					6,128	2,919				786	5,890		15,723
Aug. 20.....					6,640	2,917				697	5,593		15,847
Carried to net assets:													
July 30.....	419	6,263	90	72			2,370	110	534			1,171	11,029
Aug. 6.....	357	7,689	115	331			2,384	106	424			1,172	12,574
Aug. 13.....	448	6,537	104	267			2,405	115	353			1,037	11,266
Aug. 20.....	430	7,191	387	183			2,418	75	137			1,919	12,740

Statement of Federal reserve agents' accounts at close of business on Fridays, July 30 to Aug. 20.

[In thousands of dollars.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal reserve notes received from the Comptroller:													
July 30.....	\$11,800	\$49,840	\$5,340	\$6,400	\$9,160	\$8,500	\$9,380	\$3,400	\$5,000	\$6,000	\$11,895	\$10,000	\$136,715
Aug. 6.....	11,800	51,840	5,480	6,400	9,160	8,500	9,380	3,400	5,000	6,000	11,900	10,000	138,860
Aug. 13.....	11,800	54,800	5,480	6,400	9,800	8,500	9,380	3,400	5,000	6,800	11,900	10,000	143,260
Aug. 20.....	11,800	54,800	5,480	6,400	10,000	8,500	9,380	3,400	5,000	6,800	13,900	10,000	148,460
Federal reserve notes returned to the Comptroller:													
July 30.....	100	-----	30	-----	-----	-----	120	-----	-----	-----	-----	-----	250
Aug. 6.....	100	-----	170	-----	-----	-----	120	-----	-----	-----	5	-----	395
Aug. 13.....	100	-----	170	-----	-----	-----	120	-----	-----	-----	5	-----	395
Aug. 20.....	100	-----	170	-----	-----	-----	120	-----	-----	-----	5	-----	395
Amount of Federal reserve notes chargeable to Federal reserve agent:													
July 30.....	11,700	49,840	5,310	6,400	9,160	8,500	9,260	3,400	5,000	6,000	11,895	10,000	136,465
Aug. 6.....	11,700	51,840	5,310	6,400	9,160	8,500	9,260	3,400	5,000	6,000	11,895	10,000	138,465
Aug. 13.....	11,700	54,800	5,310	6,400	9,800	8,500	9,260	3,400	5,000	6,800	11,895	10,000	142,865
Aug. 20.....	11,700	54,800	5,310	6,400	10,000	8,500	9,260	3,400	5,000	6,800	13,895	10,000	148,065
Federal reserve notes in the hands of the agent at close of business Friday:													
July 30.....	7,280	2,120	2,380	1,700	760	3,000	4,880	2,774	600	1,900	3,280	7,960	38,634
Aug. 6.....	7,280	1,720	2,280	1,600	360	3,000	4,880	2,774	600	1,600	2,680	7,960	36,734
Aug. 13.....	7,080	4,680	2,180	1,600	1,000	3,000	4,880	2,774	600	2,100	2,440	7,960	40,294
Aug. 20.....	7,080	3,080	4,660	1,500	1,200	2,900	4,880	2,774	-----	1,400	3,940	6,960	40,374
Federal reserve notes issued to the Federal reserve bank, less notes returned to the agent for redemption and cancellation:													
July 30.....	4,420	47,720	2,930	4,700	8,400	5,500	4,380	626	4,400	4,100	8,615	2,040	97,831
Aug. 6.....	4,420	50,120	3,030	4,800	8,800	5,500	4,380	626	4,400	4,400	9,215	2,040	101,731
Aug. 13.....	4,620	50,120	3,130	4,800	8,800	5,500	4,380	626	4,400	4,700	9,455	2,040	102,571
Aug. 20.....	4,620	51,720	3,650	4,900	8,800	5,600	4,380	626	5,000	5,400	9,955	3,040	107,691
Held by the Federal reserve agent:													
In reduction of liability on outstanding notes—													
Gold coin and certificates—													
July 30.....	4,420	47,520	2,930	4,465	2,300	2,150	4,260	626	4,400	3,410	2,550	2,040	81,071
Aug. 6.....	4,420	49,920	3,030	4,560	2,300	2,150	4,260	626	4,400	3,610	3,000	2,040	84,316
Aug. 13.....	4,620	49,950	3,130	4,560	2,300	2,150	4,260	626	4,400	3,910	3,500	2,040	85,446
Aug. 20.....	4,620	51,550	3,650	4,655	1,900	2,250	4,260	626	4,400	4,410	4,000	3,040	89,361
Lawful money—													
July 30.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Aug. 6.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Aug. 13.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Aug. 20.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
As security for outstanding notes—													
Commercial paper¹—													
July 30.....	-----	200	-----	-----	6,100	3,350	-----	-----	-----	690	5,752	-----	16,092
Aug. 6.....	-----	200	-----	-----	6,500	3,350	-----	-----	-----	790	5,902	-----	16,742
Aug. 13.....	-----	170	-----	-----	6,500	3,350	-----	-----	-----	790	5,955	-----	16,765
Aug. 20.....	-----	170	-----	-----	6,900	3,350	-----	-----	600	990	5,955	-----	17,965
Held by the Treasurer of the United States:													
Gold redemption fund—													
July 30.....	-----	-----	-----	235	-----	-----	120	-----	-----	-----	313	-----	668
Aug. 6.....	-----	-----	-----	240	-----	-----	120	-----	-----	-----	313	-----	673
Aug. 13.....	-----	-----	-----	240	-----	-----	120	-----	-----	-----	-----	-----	360
Aug. 20.....	-----	-----	-----	245	-----	-----	120	-----	-----	-----	-----	-----	365
Total:													
July 30.....	4,420	47,720	2,930	4,700	8,400	5,500	4,380	626	4,400	4,100	8,615	2,040	97,831
Aug. 6.....	4,420	50,120	3,030	4,800	8,800	5,500	4,380	626	4,400	4,400	9,215	2,040	101,731
Aug. 13.....	4,620	50,120	3,130	4,800	8,800	5,550	4,380	626	4,400	4,700	9,455	2,040	102,571
Aug. 20.....	4,620	51,720	3,650	4,900	8,800	5,600	4,380	626	5,000	5,400	9,955	3,040	107,691
¹Amount of commercial paper turned over to the Federal reserve agent:													
July 30.....	-----	200	-----	-----	6,739	3,351	-----	-----	-----	691	5,836	-----	16,817
Aug. 6.....	-----	200	-----	-----	7,101	3,350	-----	-----	-----	790	5,990	-----	17,431
Aug. 13.....	-----	170	-----	-----	7,272	3,357	-----	-----	-----	791	6,012	-----	17,602
Aug. 20.....	-----	170	-----	-----	7,561	3,352	-----	-----	602	990	6,177	-----	18,552

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