

FEDERAL RESERVE BULLETIN

OCTOBER 1950



BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM
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EDITORIAL COMMITTEE

ELLIOTT THURSTON

WOODLIEF THOMAS

WINFIELD W. RIEFLER

RALPH A. YOUNG

SUSAN S. BURR

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CONTENTS

	PAGE
Recent Monetary and Credit Developments . .	1275-1281
Federal Reserve Action under the Defense Production Act of 1950 . .	1281-1286
Our Common Problem—Maintenance of a Sound Banking System . .	1287-1290
Special Offering of Series F and G Savings Bonds . .	1291-1292
Economic Development and Central Bank Policies in Western Germany . .	1293-1300
Law Department .	1301-1339
United States Government Organization Manual . .	1339
Current Events and Announcements . .	1340
National Summary of Business Conditions . .	1341-1342
Financial, Industrial, Commercial Statistics, U. S. (See p. 1343 for list of tables) .	1343-1401
International Financial Statistics (See p. 1403 for list of tables)	1403-1421
Board of Governors and Staff; Open Market Committee and Staff; Federal Advisory Council	1422
Senior Officers of Federal Reserve Banks; Managing Officers of Branches . .	1423
Federal Reserve Publications . .	1424-1425
Map of Federal Reserve Districts . .	1426

Subscription Price of Bulletin

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FEDERAL RESERVE BULLETIN

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RECENT MONETARY AND CREDIT DEVELOPMENTS

When Southern Korea was invaded late in June, output and employment in the United States were close to peacetime record levels, credit had been expanding, and prices had been rising for some weeks. Prospective increases in Government expenditures for military purposes, it was evident, would impose serious strains on both production and prices. The impact of the new defense program would be greater in magnitude and earlier in timing than was suggested by the need for adding some 10 billion dollars of defense expenditures to the Federal budget during the fiscal year 1951 and somewhat more later. The greater and more immediate impact arose from the rapid increase in expenditures of businesses and consumers in anticipation of shortages of civilian goods and of advances in prices.

The needs of the situation were indicated by the President in his Midyear Economic Report, dated July 26, 1950, in the following statement:

“First of all, for the immediate situation, we should rely in major degree upon fiscal and credit measures. These general measures can be helpful not only in restraining inflationary pressures, but also in reducing the civilian demand for some specific products, such as automobiles and housing, thus making available for necessary military use a larger proportion of an already short supply of some critical mate-

rials. The more prompt and vigorous we are with these general measures, the less need there will be for all of the comprehensive direct controls which involve the consideration of thousands of individual situations and thus involve infinitely greater administrative difficulties and much greater interference with individual choice and initiative.”

On the fiscal side, an increase in taxes has been enacted and other tax increases are being considered. The Treasury has raised the limits for purchases of Series F and G savings bonds by certain classes of institutional investors and banks in the early part of October, November, and December 1950. Further details concerning the special offering appear on pages 1291-92 of this BULLETIN. A new campaign is also being inaugurated to promote sales of Series E bonds, especially through payroll savings plans. Additional sales of savings bonds will help to absorb funds that might otherwise be available for civilian spending.

MEASURES ADOPTED BY THE FEDERAL RESERVE

On the monetary and credit side, the authorities of the Federal Reserve System—the Board of Governors and the Federal Open Market Committee—on August 18, 1950, agreed upon a policy to place curbs on overall inflationary credit expansion. In line with

this decision, the following actions have been taken by the Federal Reserve:

(1) Discount rates have been raised from $1\frac{1}{2}$ to $1\frac{3}{4}$ per cent at all Federal Reserve Banks in order to discourage borrowing by member banks of additional reserves to support further credit expansion.

(2) Open market operations have been directed toward the aim of discouraging sales to the Federal Reserve of short-term United States Government securities, including sales by banks to obtain funds for extending other types of credit.

(3) Early in August the Board of Governors joined with other Federal and State bank supervisory agencies, including the Home Loan Bank Board, in a statement requesting the voluntary cooperation of banks and other lenders in restricting their lending and investment activities.

(4) Effective September 18, under authority of the Defense Production Act, the Board of Governors again placed consumer installment credit under regulation.

(5) Effective October 12, the Board of Governors, under authority of the Defense Production Act and with the concurrence of the Housing and Home Finance Administrator, placed under regulation credit not extended, insured, or guaranteed by the Federal Government for constructing, purchasing, and financing new houses. At the same time, the Federal Housing Administration and the Veterans Administration issued new regulations designed to produce a similar tightening of credit under Federal programs. Regulation X of the Board appears on pages 1314-21, and the joint statement of the Board and the Housing and Home Finance Administrator on pages 1284-86, of this BULLETIN.

(6) Effective October 16, the Board stiffened the regulatory limits on consumer in-

stalment credit by increasing the minimum down payments and reducing the maximum maturities on certain instalment credits, and by lowering the price below which down payments are not required. The Board's statement appears on pages 1281-83, and the amendment to Regulation W on pages 1308-09, of this BULLETIN.

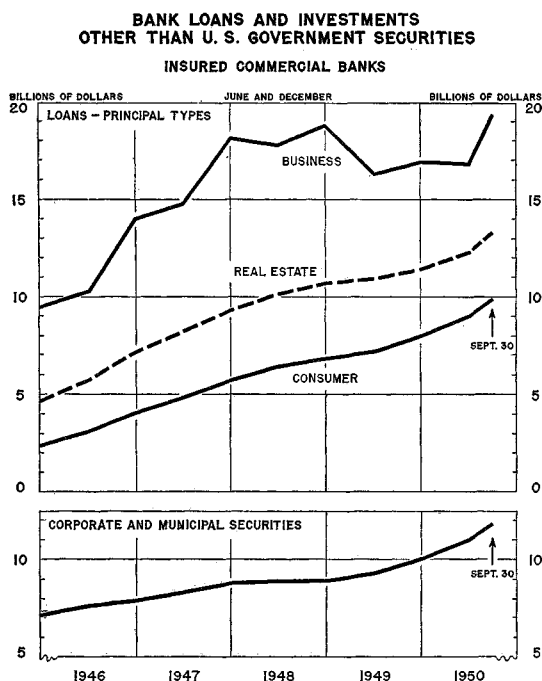
BANK CREDIT EXPANSION

Expansion of bank credit, which had begun to accelerate in May, continued at a very rapid rate after June. Commercial banks increased their total loans by an estimated 4 billion dollars in the third quarter and their holdings of State and local government and corporate securities by about 800 million dollars. The expansion since June in credit to private borrowers and to State and local governments, which has been in part seasonal, has exceeded that in any peacetime period of similar length. Much of the recent sharp expansion in loans reflects commitments made before restrictive credit policies began to be imposed. Some of the expansion may have reflected anticipation of future needs.

Businesses, as the chart shows, have been especially heavy borrowers in recent months, as they have anticipated shortages of materials and increases in prices as well as provided for seasonal needs. Bank loans to business have accounted for more than half of the over-all loan expansion in the past three months. The increase in business loans has been substantially greater than in the same period of 1946, the previous record year.

Credit extended by banks and other lenders to purchasers of houses has been a large factor in the recent expansion of private credit. New loans on small residential properties during the first nine months of 1950 are estimated at slightly less than 11 billion

RECENT MONETARY AND CREDIT DEVELOPMENTS



All insured commercial banks in the United States. Figures for June 30 and Sept. 30, 1950, are partly estimated. Business loans include commercial and industrial loans, open-market commercial paper, and acceptances. Agricultural loans and loans for purchasing or carrying securities are not shown. Municipal securities include State and local government obligations.

dollars, or an annual rate of almost 14.5 billion compared with roughly 11 billion in each of the past three years. Reflecting a more rapid expansion in new debt than in repayment of previously contracted loans, mortgage debt outstanding on 1-4 family houses increased nearly 2 billion dollars in the third quarter compared with an increase of less than 4 billion during the entire year 1949. Loans of commercial banks on homes and other real estate increased during this three-month period by about 900 million dollars, which was about as much as in the preceding six months.

Even before the Korean crisis banks and other lenders were financing a marked expansion in consumer buying, especially of durable goods through the extension of installment credit. After June consumer instal-

ment credit increased more sharply. The expansion of about 1,200 million dollars in the third quarter compared with 800 million in the same period of 1949, and the amount outstanding at the end of September exceeded 13 billion dollars, about one-third above the level 12 months earlier. Consumer loans by commercial banks increased about 900 million dollars in the third quarter, thus matching the growth during the entire last half of 1949.

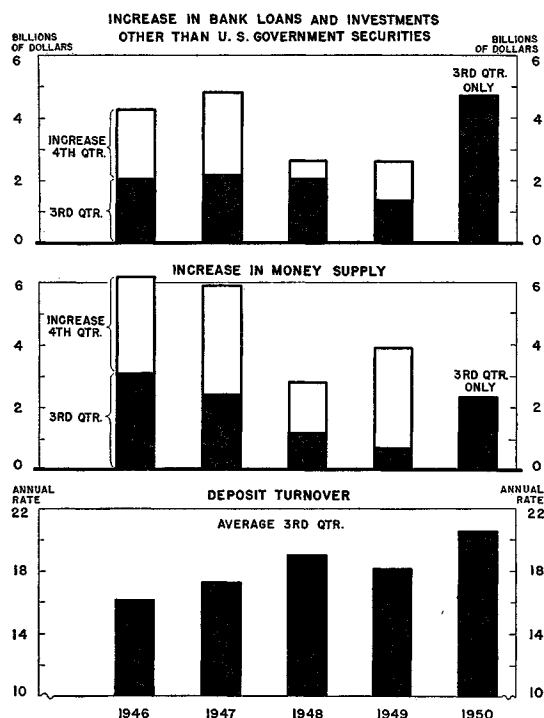
Banks have also added substantially to their investment in corporate and State and local government securities in the past three months. Commercial bank portfolios of these securities increased by an estimated 800 million dollars, which was equal to the increase in the first half of this year. The bulk of the purchases were State and local obligations.

MONEY SUPPLY

Recent growth in bank credit has added considerably to the money supply. During the third quarter of 1950 the total of currency and bank deposits held by individuals and businesses increased more than 2 billion dollars to a new peak level of about 172 billion. As shown in the chart on the next page, this rapid rate of increase almost equaled that of the third quarter of 1947—a period of substantial inflation. The increase would have been much more rapid had not nonbank investors, particularly business corporations, drawn upon growing cash balances to purchase a large volume of Government securities from the banking system during this period.

Increased spending in the economy since midyear has been financed in part by more active use or turnover of money. After rising almost steadily during the first half of the year, the turnover of demand deposits at

RECENT MONETARY AND CREDIT DEVELOPMENTS



Loans and investments other than U. S. Government securities include figures for all commercial banks in the United States; third quarter of 1950 is partly estimated. Private money supply data include total deposits adjusted at all banks and currency outside banks. Adjusted deposits are total deposits less interbank and U. S. Government deposits and cash items reported as in process of collection; third quarter of 1950 is partly estimated. Deposit turnover data are averages of monthly figures for July, August, and September of the ratio of debits to the level of demand deposits, excluding interbank and U. S. Government deposits, at weekly reporting member banks in leading cities outside New York. September 1950 is partly estimated.

banks in leading cities outside New York accelerated during the third quarter. In that period, as the chart shows, deposits were more active than in the corresponding quarters of any postwar year. The rate of use of deposits is now higher than at any time in more than a decade but is still low relative to the 1920's. The existing volume of deposits could be the basis for a considerable further increase in spending without the creation of additional money.

One factor in the recent increase in spending has been the reduction in certain types of liquid asset holdings by individuals. During the third quarter time deposits at commercial and mutual savings banks declined

by approximately one-half billion dollars, redemptions of savings bonds exceeded purchases by about one-third billion, and shareholding at savings and loan associations were also drawn down. In the same period of last year savings deposits showed little change, while purchases of savings bonds exceeded redemptions, and shareholdings at savings and loan associations showed a substantial increase. In recent weeks, however, there has been some slackening in the reduction of total liquid asset holdings by individuals.

SHIFTS IN HOLDINGS OF GOVERNMENT SECURITIES

Commercial banks acquired large aggregate amounts of United States Government securities during the war period, and the proportion of short-term securities to total bank holdings has expanded in recent years. As shown in the accompanying table, which gives the principal types of assets held by the various classes of member banks, these banks on June 30, 1950, held liquid secondary reserves amounting to about 47 per cent of total deposits, compared with ratios of about 34 per cent in 1947 and 1948. This increase has resulted primarily from a shift in the maturity distribution of bank holdings of Government securities. The outstanding amount of all marketable Government securities maturing within five years was 58 per cent of the total marketable debt on June 30, 1950, compared with about 40 per cent in June of both 1947 and 1948.

The large proportion of short-term securities held in excess of customary liquidity needs, the relatively low yields on short-term securities, and the increased availability of other loans and investments together have resulted in recent months in intensifying a tendency by banks to sell short-

RECENT MONETARY AND CREDIT DEVELOPMENTS

LIQUIDITY POSITION OF MEMBER BANKS

Balance sheet item or date	All mem- ber banks	Central reserve city banks in—		Re- serve city banks	Coun- try banks
		New York	Chi- cago		
A. Balance sheet items as of June 30, 1950 (in billions of dollars)					
<i>Assets</i>					
Cash assets other than re- quired reserves.....	14.0	1.9	0.5	5.6	5.9
U. S. Government securi- ties					
Short-term ¹	43.7	8.0	2.3	16.1	17.3
Long-term.....	12.1	2.3	0.9	4.4	4.5
Loans and other securities.	47.0	9.3	2.1	18.2	17.4
<i>Liabilities</i>					
Deposits.....	122.7	23.2	6.4	47.2	45.9
Capital.....	9.5	2.3	0.5	3.3	3.4

B. Liquidity position² as a percentage of deposits

June 30, 1950.....	47	43	44	46	51
Dec. 31, 1949.....	48	46	45	47	52
June 30, 1948.....	34	26	28	34	39
June 30, 1947.....	34	27	30	33	39
June 30, 1941.....	38	42	39	37	37

¹ Securities maturing within five years. Most of these issues were due or callable within two or three years.

² Liquidity position includes all cash assets plus short-term Government securities (maturing within 5 years), but does not include required reserves.

term Government securities, particularly Treasury certificates and short-term notes, and to shift to loans and corporate and municipal securities.

To some extent during this year corporations and other nonbank investors have purchased short-term Government securities, especially bills and savings notes. In the first seven months large amounts of long-term bonds were also purchased by a broad group of nonbank investment institutions, including particularly numerous pension and trust funds. Most of these securities were supplied from the Federal Reserve portfolio, although life insurance companies sold some bonds. Individuals added to their holdings of savings bonds. These net additions to holdings of Government securities were made while nonbank investors generally were placing large amounts of funds in mortgages and in other securities. The following table shows estimates of changes in holdings of various types of Government securities by the principal investor groups during the first

seven months of this year. During August and September, for which complete figures are not yet available, commercial banks continued to sell Government securities in substantial amounts in order to obtain funds to increase loans and other investments. There was also some net retirement of securities by the Treasury. The Federal Reserve bought a large portion of the securities sold by commercial banks. Corporations apparently continued to increase their holdings of savings notes and Treasury bills.

CHANGES IN HOLDINGS OF UNITED STATES GOVERNMENT SECURITIES, BY TYPE OF INVESTOR

DECEMBER 31, 1949—JULY 31, 1950

[In billions of dollars]

Type of security	Total outstanding	Federal agencies and trust funds	Federal Reserve Banks	Commercial banks	Non-bank investors
<i>Marketable public issues:</i>					
Bills.....	+1.3	(¹)	-0.7	-0.5	+2.5
Certificates and notes.....	+0.7	(¹)	+2.1	-0.8	-0.5
<i>Bonds:</i>					
Bank eligible.....	-2.0	(¹)	-0.2	-0.7	-1.0
Bank restricted.....	.....	+0.1	-2.1	+0.1	+1.9
<i>Nonmarketable public issues:</i>					
Savings bonds.....	+0.9	(¹)	.....	-0.1	+0.9
Savings notes.....	+1.0	.....	.....	(¹)	+1.0
All other.....	-0.2	.....	.....	-0.1	-0.1
Special issues.....	-1.4	² -1.4	.....	.....	.....
Total.....	+0.4	-1.4	-0.9	-2.1	+4.8

¹ Less than 50 million dollars.

² Reflects redemption of 2.8 billion dollars of issues to meet the National Service Life Insurance dividend and increase in other special issues.

NOTE.—Figures may not add to totals because of rounding.

FEDERAL RESERVE OPERATIONS

Bank reserves, which provide the basis for expansion in deposits and the volume of money, have been supplied principally by Federal Reserve purchases of Government securities in the open market. Since the first quarter of the year, when there was a seasonal contraction in deposits and consequently in required reserves of banks, both reserves and Federal Reserve holdings of securities have increased.

The Federal Reserve has generally purchased certificates and other issues approaching redemption. At the same time, the System has sold substantial amounts of long-term bonds to supply investment demands and has also sold some shorter term issues for which there were market demands. During the second quarter of this year net purchases supplied funds for a 300 million dollar increase in the required reserves of member banks.

MAJOR FACTORS AFFECTING MEMBER BANK RESERVES
[In billions of dollars]

Changes in	1950		
	First quarter	Second quarter	Third quarter
<i>Factors affecting bank reserves:</i>			
Federal Reserve holdings of U. S. Government securities:			
Bills.....	-0.9	-0.1	-2.4
Certificates and notes.....	+0.4	+1.6	+5.4
Bonds.....	-0.8	-0.8	-1.8
Total.....	-1.3	+0.7	+1.2
Gold stock.....	-0.2	(¹)	-0.7
Money in circulation.....	+0.6	-0.1	(¹)
Treasury deposits at Reserve Banks.....	-0.2	+0.1	-0.2
Other factors.....	+0.2	-0.4	+0.4
<i>Member bank reserves, total.....</i>	<i>-0.9</i>	<i>+0.3</i>	<i>+0.8</i>
Required reserves.....	-0.4	+0.3	+0.4
Excess reserves.....	-0.5	-0.1	+0.4

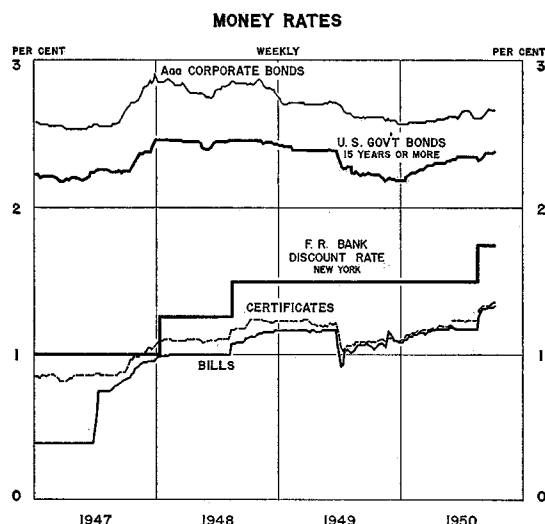
¹ Less than 50 million dollars.

NOTE.—Signs before figures indicate effect on bank reserves. Detailed figures may not add to totals because of rounding.

The net result during the third quarter of Federal Reserve operations and of other factors in the demand for Federal Reserve credit was an increase of 1.2 billion dollars in total Federal Reserve holdings of Government securities. Additions to reserves from these purchases were offset in part by a 700 million dollar outflow of gold, and there were other factors affecting reserves, largely of a temporary nature. On a net basis bank reserves were increased about 800 million dollars.

MONEY RATES

Short-term money rates have tended to stiffen during most of this year, reflecting growing credit demands. This trend was moderated by Federal Reserve purchases of short-term securities, but some rise occurred in rates on bills and certificates. Rates on three-month bills, which were about 1.10 per cent at the end of 1949, rose to about 1.17 per cent by June, while the one-year rate rose from 1.10 to 1.23 per cent. In the latter part of August and in September yields on short-term securities increased by about $\frac{1}{8}$ of 1 per cent. Yields on new Treasury bills were at 1.32 per cent by the end of September and on securities with one year to maturity about 1.35 per cent. In October these yields rose further.



Corporate bond yields, Moody's Investors Service. For Treasury bills, rate is average discount on new issues during week. Beginning in June 1950, Treasury certificate series is based on 9-12 month note issues. Latest figures are for week ending Oct. 14.

Long-term Treasury and high-grade corporate bonds have followed somewhat different courses. Yields on long-term Treasury bonds, which were at extremely low levels at the end of 1949, increased in the first half of 1950 by about $\frac{1}{8}$ of 1 per cent with the

adoption by the Federal Reserve of a program for selling Government bonds to meet the strong investor demand for these securities. In this period corporate bond yields rose only slightly. Since June yields on both high-grade corporate and long-term Treasury bonds have fluctuated moderately, but in late September and early October

they were slightly above the June level.

Average rates on business loans made by banks in leading cities in the first half of September were somewhat lower than in the same period of June. Since mid-September, however, a number of large city banks have announced increases in their rates on business loans of about $\frac{1}{4}$ of 1 per cent.

FEDERAL RESERVE ACTION UNDER THE DEFENSE PRODUCTION ACT OF 1950

REGULATION OF CONSUMER INSTALMENT CREDIT (Regulation W, effective September 18, 1950)

ISSUANCE OF REGULATION W¹

Under the authority of the Defense Production Act of 1950, the Board of Governors today re-instituted regulation of consumer instalment credit through Regulation W effective at the opening of business September 18, 1950.

The Regulation covers automobile instalment credits of \$5,000 and less and other instalment credits of \$2,500 and less. Except that home improvement credits are now covered and terms are generally tightened, the Regulation is in much the same form as the Regulation which expired June 30, 1949.

The limitations initially established are:

Down payments of at least one-third, and maximum maturities of 21 months for automobiles.

Down payments of at least 15 per cent, and maximum maturities of 18 months for appliances: refrigerators, food freezers, radio or television sets, phonographs, cooking stoves, ranges, dishwashers, ironers, washing machines, clothes driers, sewing machines, suction cleaners, air conditioners and dehumidifiers.

Down payments of at least 10 per cent, and 18

months maximum maturity for furniture and rugs.

Down payments of at least 10 per cent, and 30 months maximum maturity for home repairs, alterations or improvements.

Following the past policy of placing fewer restrictions on small credits, the new Regulation does not contain down payment requirements for articles costing less than \$100 although, unlike the former Regulation, maturities are limited.

Instalment loans for the purchase of any listed article carry the same limitations that apply to the instalment sale of the article; other instalment loans are limited to a maximum maturity of 18 months.

In establishing the initial terms the Board took into account the prevailing practices and terms in the trades affected. There has been a material relaxation of instalment credit terms during the past year or more, and the requirements of the Regulation are substantially tighter than the terms now widely offered.

In the automobile field the great majority of recent instalment sales of new cars and late model used cars are reported as having been financed on substantially easier terms, either as to down payments or maturities or both, than permitted by the new Regulation.

Similarly, many instalment sales of appliances and furniture are reported as having been made

¹ Statement to the Press on Sept. 8, 1950, for release on the following day. For complete text of the Regulation, see the Federal Reserve BULLETIN for September 1950, pp. 1177-85.

with down payments of 10 per cent or less; in many cases only token or no down payments have been required. Maturities of 24 months on instalment sales of such articles have been reported as widely prevalent with longer maturities offered in some cases.

Consumer credit has undergone an unprecedented expansion, particularly in recent months. Under present conditions continued excessive growth of consumer instalment credit adds materially to inflationary pressures.

The regulation of consumer credit is one of the fiscal, monetary and credit measures designed to restrain the inflationary pressures that result in higher prices and to facilitate diversion of critical material and manpower to production of defense needs as such diversion is required.

As the Board has frequently emphasized, the Regulation is a useful supplementary instrument to combat inflation. It applies to an important part, but only to one part, of the credit structure and therefore cannot by itself effectively control inflationary forces.

The Regulation is being published in the Federal Register and copies of the Regulation will be made available through all Federal Reserve Banks and branches as soon as possible. The Regulation will be administered in the field by the 12 Federal Reserve Banks and their 24 branches located conveniently throughout the country. Inquiries should be addressed to the nearest Federal Reserve Bank or branch.

Regulation W was first put into effect under Executive Order September 1, 1941. It expired November 1, 1947. It was reinstated September 20, 1948 under statutory authority which expired June 30, 1949. The business community and the buying public, the Board and the Federal Reserve Banks have thus had extensive experience with this type of credit regulation.

Through the 12 Federal Reserve Banks and their 24 branches, and the more than 250 directors of the Reserve Banks and branches, the Board has the advantage of immediate and close contact with all segments of commerce, trade and industry, and with the consumers affected by the Regulation. Because of this advantage, a regulation of this kind can be promptly adapted in the future, as it has in the past, to changing conditions as reported on the basis of experience in all parts of the Nation.

AMENDMENT No. 1 TO REGULATION W ²

The Board of Governors announced today amendment No. 1 to Regulation W, effective Monday, October 16, reducing the maximum maturity on instalment credits from 21 to 15 months for automobiles and from 18 to 15 months for appliances and furniture.

The minimum down payment on automobiles remains at one-third; the down payments on appliances are increased from 15 per cent to 25 per cent and on furniture from 10 per cent to 15 per cent. The maximum maturity on home improvement credits remains at 30 months and the minimum down payment at 10 per cent. Down payments will now be required on all articles costing \$50 or more instead of \$100 or more.

The terms which will be required under Regulation W are as follows:

	<i>Down payment</i>	<i>Maturity</i>
Automobiles	33 $\frac{1}{3}$ per cent	15 months
Television sets, radios and other major durables	25 per cent	15 months
Furniture	15 per cent	15 months
Home improvements	10 per cent	30 months
Unclassified loans		15 months

In commenting on today's revision of the Regulation, Chairman McCabe said:

"The Board's action was based upon consideration of reports from Federal Reserve Banks and other sources in the field in all parts of the country which reflect continued upward pressures on prices in the five weeks since the reissuance of the Regulation was announced on September 8, 1950. While the intensity of these pressures on the market varies somewhat from time to time the fact remains that the underlying inflationary forces are unabated and have been augmented by the continuing growth of bank credit as well as credit in specific areas, including instalment credit. More vigorous application of regulation of instalment credit, coincident with the imposition of the real estate credit controls, is therefore in order so that these and other credit measures may most effectively serve in the effort to hold the line until further fiscal

² Statement to the Press on Oct. 13, 1950, for release on the following day. For complete text of this amendment to Regulation W, see pp. 1308-09 of this BULLETIN.

measures, as nearly as possible on a pay-as-you-go basis, and such additional credit measures as may be necessary can be brought into play. This is in accordance with the President's Mid-Year Economic Report of July 26 in which he stated that first reliance should be placed upon fiscal and credit measures and that this would make less necessary resort to direct controls. Likewise, the action is pursuant to the statement of August 18 in which the Reserve System declared its purpose to use all the means at its command to restrain further expansion of bank credit.

"Prospective pressures on productive capacity, manpower supplies, and the price structure arising out of expanded defense and military aid programs will be increasingly heavy. Today's action was taken in the light of the System's statutory responsibilities, both under the Federal Reserve Act and under the Defense Production Act, to reduce inflationary forces particularly in various credit areas; to help maintain the purchasing power of the dollar; and to assist other agencies in assuring that the needs of the defense program are adequately met."

PROGRAM OF LOAN GUARANTEES FOR DEFENSE PRODUCTION⁸ (Regulation V, effective September 27, 1950)

In order to facilitate the defense effort, a program of guaranteed loans patterned after the so-called V-loan program of World War II has been inaugurated under authority of the Defense Production Act of 1950 and the President's Executive Order No. 10161 of September 9, 1950.

The guaranteeing agencies of the Government named in the Executive Order are the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, the Department of the Interior, the Department of Agriculture, and the General Services Administration. The program, adopted after consultations among the various guaranteeing agencies and the Board of Governors of the Federal Reserve System, will again be administered through the agency of the Federal Reserve Banks.

Under the Defense Production Act, each of the guaranteeing agencies is authorized to guarantee loans made by banks and other lending institutions to individuals and private corporations for the purpose of financing contracts and other operations which the guaranteeing agency considers necessary for the procurement of materials and the performance of services for the national defense. In the administration of this program, special attention will be given to the financing requirements of small business enterprises engaged in operations relating to the defense effort.

The 12 Federal Reserve Banks are designated in the Executive Order as fiscal agents of the United States to act on behalf of the guaranteeing agencies in the making of guarantees; and the Executive

Order authorizes the Board of Governors, after consultation with the guaranteeing agencies, to prescribe regulations governing the operations of the Federal Reserve Banks as such agents, rates and fees to be charged with respect to guaranteed loans, and the forms and procedures to be utilized in connection with the making of such guarantees.

In connection with the establishment of the new program, the Board of Governors, after consulting the guaranteeing agencies, has revised its Regulation V, effective September 27, 1950, to govern the general operation of the program. A standard form of guarantee agreement has been prescribed. Except for a few minor changes it is identical with the form of the 1944 V-Loan Guarantee Agreement which was in use at the close of World War II. Likewise, the procedures for the handling of guarantees will follow generally and to the extent applicable those which were in effect when the wartime V-loan program terminated in 1945.

The following schedule of guarantee fees has been established:

<i>Percentage of loan guaranteed</i>	<i>Guarantee fee (Per cent of interest payable by borrower on guaranteed por- tion of loan)</i>
70 or less	10
75	15
80	20
85	25
90	30
95	35
Over 95	40-50

⁸ Statement to the Press dated Sept. 26, 1950, for release on the following day. For complete text of this Regulation, see pp. 1307-08 of this BULLETIN.

The maximum rate of interest which may be charged with respect to a guaranteed loan has been set at 5 per cent.

These actions make it possible for the several guaranteeing agencies immediately to provide such guarantees as may be necessary to facilitate the financing of defense contracts. The form of guarantee agreement, the schedule of rates and fees, and the various procedures are subject to change from time to time as experience under the renewed program may make desirable.

In the formulation of policies and procedures there will be frequent consultations between the guaranteeing agencies and the Board of Governors for the purpose of achieving uniformity and coordination to the greatest extent practicable. The program for assisting in the financing of defense con-

tractors—especially the smaller manufacturers and business concerns—is expected to play an important part in carrying out the purposes of the Defense Production Act of 1950.

In any case in which there is need for a guaranteed loan to finance a contractor or subcontractor engaged in operations relating to defense production, the contractor should contact his local bank or other financing institution. If the financing institution is in agreement, it should in turn contact the Federal Reserve Bank or branch of its district and file with the Reserve Bank or branch an application for a guarantee of the loan by the appropriate guaranteeing agency. Financing institutions should direct all inquiries with respect to the program to the Federal Reserve Bank or branch of the appropriate Federal Reserve district.

RESTRICTIONS ON RESIDENTIAL REAL ESTATE CONSTRUCTION CREDIT⁴ (Regulation X, effective October 12, 1950)

Restrictions on residential real estate construction credit, under authority of the Defense Production Act of 1950 and the President's Executive Order No. 10161 of September 9, 1950, were announced today on nongovernment-aided private credit, government-aided loans, and direct government veteran and farm loans on one- and two-family houses.

Credit restrictions on housing loans not insured, guaranteed, or extended by Government agencies are covered under Regulation X issued by the Board of Governors of the Federal Reserve System, with the concurrence of the Administrator of the Housing and Home Finance Agency. Companion restrictions on government-aided housing finance, on a basis conforming to those applied to other types of private credit, were announced by the Housing and Home Finance Administrator.

The new regulations will call for down payments ranging from 10 per cent in the \$5,000 and under price range to 50 per cent at \$25,000 and over, with preference for veterans amounting in most cases to 10 percentage points. The regulations are geared to the marketing of housing production of not more than 800,000 to 850,000 new housing units next year.

The regulations on both types become effective Thursday, October 12, 1950. They are designed to

help reduce the currently high inflationary pressures by restricting the flow of funds into the mortgage market and through the reduction of new home construction activity next year, to assure that materials and labor required for the defense program will be available when needed.

The regulations apply to virtually all future loans on new construction of one- and two-family houses. The restrictions agreed upon, according to Thomas B. McCabe, Chairman of the Board, and Raymond M. Foley, HHFA Administrator, are based on an estimate that, to curb serious inflation in the housing market and to meet presently estimated defense requirements, housing production in 1951 should be reduced about one-third below the current record level of home building, or not more than 800,000 units. They are intended, however, to continue, as far as possible through control of credit, the relative preferences for veterans and the price distribution of housing sought by Congress in its legislative enactments. The situation will be kept under close review to determine whether defense or inflationary developments require later modifications.

The regulations specify maximum amounts which can be borrowed, maximum maturities, and minimum amortization requirements for extensions of credit on residential construction, including the financing of major additions and improvements where the loan amount is more than \$2,500. They do not apply to nongovernment-aided loans on construction begun before noon on August 3, 1950,

⁴ Statement to the Press by the Board of Governors of the Federal Reserve System and the Office of the Administrator of the Housing and Home Finance Agency, dated Oct. 10, 1950, for release on the following day. For complete text of this Regulation, see pp. 1314-21 of this BULLETIN.

nor to loan commitments made prior to the effective date. Credits secured by new construction as well as credits extended to finance the purchase of homes are subject to the regulations.

For those purchasing homes in the lower price brackets, the percentage down payments required are lower than for higher priced structures, and for veterans using GI loans the down payment requirements are lower at each price level than on other loans. Also, a longer period for repayment is permitted for those buying homes costing \$7,000 or less.

In determining the amount that can be loaned, the lender must take into account all credit previously extended in connection with the property and still outstanding, as well as the amount of additional credit being extended. This provision brings supplementary borrowing, as well as first mortgage loans, within the scope of the regulation. In other words, minimum down payments must be made from the borrower's own funds in connection with extensions of credit on new residential construction and not from the proceeds of supplemental mortgages or personal loans in excess of the permissible loan value.

Down payments and maximum permissible loans for nongovernment loans and FHA-insured financing are identical and are calculated on the transaction price which is defined by the regulation as the amount paid or to be paid by the purchaser, exclusive of prepaid items of expense, such as taxes or insurance. Under the regulation, maximum permissible loan amounts, maximum maturities, and minimum amortization provisions are specified.

<i>Properties having a value of:</i>	<i>May have outstanding credit of:</i>
More than \$2,500 but not more than \$5,000	90 per cent of the value
More than \$5,000 but not more than \$9,000	\$4,500 plus 65 per cent of excess of value over \$5,000
More than \$9,000 but not more than \$15,000	\$7,100 plus 60 per cent of excess of value over \$9,000
More than \$15,000 but not more than \$20,000	\$10,700 plus 20 per cent of excess of value over \$15,000
Over \$20,000	\$11,700 plus 10 per cent of excess of value over \$20,000 but not less than 50 per cent of value

To carry out the requirement that the relative credit preferences for veterans be maintained, down payment requirements on loans guaranteed or made by the Veterans Administration are 10 per cent lower than on FHA and nongovernment-aided loans in the price range between \$6,000 and \$12,000, with the preference narrowing to 5 per cent in both the higher and lower price levels. The down payments on VA-guaranteed loans, also based on transaction price, are computed as follows:

<i>Value (Transaction price)</i>	<i>Minimum down payment</i>
\$5,000 or less	5 per cent of value
More than \$5,000 but not more than \$6,000	\$250
More than \$6,000 but not more than \$9,000	\$250 plus 25 per cent of excess of value over \$6,000
More than \$9,000 but not more than \$12,000	\$1,000 plus 30 per cent of excess of value over \$9,000
More than \$12,000 but not more than \$15,000	\$1,900 plus 55 per cent of excess of value over \$12,000
More than \$15,000 but not more than \$20,000	\$3,550 plus 75 per cent of excess of value over \$15,000
More than \$20,000 but not more than \$24,250	\$7,300 plus 85 per cent of excess of value over \$20,000
Over \$24,250	45 per cent of value

All real estate construction loans are limited to a maximum term of 20 years, except those made on properties valued at \$7,000 or less under a contract which calls for complete amortization of the loan in 25 years by equal monthly, quarterly, semi-annual or annual payments to principal or to principal and interest. However, a loan may be amortized on a basis that provides for annual reduction of principal at a minimum rate of 5 per cent per year of the original amount of the balance, and such loans are exempt from further amortization when the outstanding balance has been reduced to not more than 50 per cent of the value of the property as of the time the credit was extended.

Although the regulation provides that a person must be registered to engage in the business of

extending real estate construction credit, all persons engaged in the business will automatically be deemed to be registered for present purposes and no action on their part to secure registration is now required. However, the regulation provides that the Board may later, by public announcement, require registration statements to be filed by persons affected.

During the formulation of Regulation X, and the regulations on government-aided housing credit, consultations and meetings were held with representatives of various groups affected. This includes manufacturers of and dealers in building supplies and materials, labor and veterans' and other consumer organizations, banks and trust companies, savings banks, savings and loan associations, and building associations, mortgage bankers, insurance companies, builders, real estate

dealers, and others interested in construction and mortgage finance.

The new regulations apply only to residential real estate credit on one- and two-family houses. However, consideration is being given to the early issuance of regulations applying to construction credit relating to rental-type projects, nonresidential properties, and other real estate credit.

Inquiries in regard to Regulation X should be directed to one of the 12 Federal Reserve Banks and their 24 branches, through which the regulation will be administered.

Instructions to field offices for processing government-aided housing loans under the new regulations will be issued shortly by the Federal Housing Administration, the Veterans Administration, and the Department of Agriculture in their respective fields.

OUR COMMON PROBLEM MAINTENANCE OF A SOUND BANKING SYSTEM*

Your very cordial invitation to come here today and to join with so many of my good friends was gratefully accepted because I was most anxious to share your thoughts and to enjoy the warmth of your friendship.

During the two and a half years that I have been in my present position you have always accorded me the most courteous and satisfying relationship. I want to pay particular tribute before the entire membership of your Association to the splendid work which has been done by Maury Sparling, and the members of your executive and legislative committees. Many times during the past year they have contacted me and largely through their efforts really cordial relations have been established between the Federal Reserve System and the Supervisors of State Banks.

I think it is fair to say that in our discussions we reached a basis of fine understanding and frankness. We now have a mutual appreciation of each other's problems and a healthy respect for each other's point of view. This is a source of great satisfaction to me. Not only have we found many grounds for common agreement, but I find that we share the same basic philosophy regarding the value of the dual banking system.

All of us represented here today share a responsibility for the maintenance of a sound banking system in the United States. That is our common problem. In the past 50 years there have been tremendous forward strides to make our banking system more efficient. At the turn of the century, State banking departments were relatively undeveloped in sharp contrast to their present-day organizations. There was no Federal Reserve System to provide flexibility in the provision of credit. There was no Federal Deposit Insurance Corporation to maintain confidence of depositors. The whole philosophy of banking has undergone a substantial overhaul.

When I was a boy, we had just been through the money panic of 1907-08 and Congressional investigations in the field of money and banking were the order of the day. In Delaware my father was the Banking Commissioner who inaugurated

the regular inspection and physical examination of the records and books of State-chartered banks.

It was all too common practice in the early days for banks to be organized for the private benefit of a few business and professional men, and for the officers and directors to be the largest borrowers. All too frequently, there was inadequate recognition of the credit needs of the community or of the people who lived in that vicinity. Today, I am glad to say that the vast majority of our bankers are men of vision. They pride themselves on the fact that they have been able to develop an honored profession. There is less response today to the age-old jokes about the glass-eyed bankers and the Shylocks that evoked hilarity when I was a boy. Our bankers recognize that the basic premise of their operations must be "service to the community." As a result, the banking community today stands in higher respect throughout the body politic than ever before.

Ours is still a country predominantly of independent local banks. We are coming to think of the banker as an active participant in local affairs, generous with his time for the welfare of the community. To fulfill his new role, he is inspiring the confidence of his customers to greater extent than ever before, and they are confiding in him the most intimate details of their financial affairs. More and more he is making credit services available to meet the legitimate needs of all classes and conditions. We have seen a distinct trend in recent years away from the cold marble halls that typified banking accommodations a generation ago. With the inauguration of personal loan departments, sales finance departments, and, more recently, specialized departments to facilitate small business financing, our banks are becoming more and more to be regarded as genuine "community centers" for financial affairs.

Today, the banking system—indeed the existence of our republic—is threatened by the international crisis. War and preparations for war inevitably raise credit problems that go to the foundation of our credit structure—specifically the threat of inflation. I welcome this opportunity to counsel together on how we may mutually prepare ourselves to meet that threat.

For the second time in a decade—the third time in a generation—this country faces the grim pros-

* An address by Thomas B. McCabe, Chairman, Board of Governors of the Federal Reserve System, before the National Association of Supervisors of State Banks, Boston, Mass., Sept. 21, 1950.

pect of adjusting to a program of preparedness. It is clear that the defense programs thus far announced are only a beginning. There is no escaping the need for huge defense expenditures. It is now nearly three months since the North Koreans first set foot on the wrong side of the 38th parallel, and still it is impossible to predict what the ultimate cost in either men or materials will be on the battlefield. It is impossible to foresee what sacrifices will be necessary on the home front to assure peace and security. Of cardinal importance, however, is the fact that our ultimate objective is now firmly fixed—under the banner of the United Nations we have resolved to resist by force, if necessary, a further corrosion of the foundations we have been trying to build for a free world and a peaceful world for all peoples.

Our leadership in world affairs, our military responsibilities, rest fundamentally on the rightness of our cause and the strength of our economy. We cannot meet these responsibilities without a strong, dynamic economy. It is no overstatement to say that the peace and safety of the world are dependent on a strong American economy.

The American dollar and the securities of our Government have always been symbols of the strength and integrity of our country. Our institutions, the freedoms which we cherish, not for ourselves alone but for all mankind, rest on the foundations of a strong economy. We must above all maintain the soundness of our credit institutions and our financial structure.

History shows that whenever the forces of inflation have been allowed to run rampant in a country, the faith of its citizens has been shaken and the strength of their economy and of their government itself has been put in jeopardy. We saw how a runaway inflation in Germany after World War I ushered in Hitler and how the astronomical Chinese inflation paved the way for communism in China.

We must fight with all the resources at our command in this country to eradicate the cancerous sore of inflation so that it will not eat into the vitals of the greatest economy the world has ever known.

Gentlemen—this is the most pressing internal problem before our country today, and it is ours in common. It is not around the corner. It is here right now.

It is the common problem not only of those of us in the financial community, but of every American citizen.

At every turn in the economic road there are alarming symptoms of the forces of inflation which are already at work. Let me go over with you quickly a few facts which highlight the seriousness of the problem we face.

Since Korea the loans of all commercial banks are estimated to have increased 2.5 billion dollars. This expansion is phenomenal. It is very much larger than in the same months of 1948 when the postwar inflation was sufficiently grave for Congress to meet in special session to take steps to deal with it.

Consumer indebtedness has been growing at a spectacular rate in the past few months. Credit extended to consumers, exclusive of the money they owe for the purchase of homes, is now estimated at more than 20 billion dollars. This is a record volume, but even more significant is its recent rate of growth. Adding to this amount the 40 billion dollars of home mortgages brings the total debt of consumers at the present time to more than 60 billion dollars—an increase of roughly 10 billion dollars in the past 12 months.

Prices had begun to move upward even before the outbreak of hostilities in Korea. The pace has quickened measurably since June 25. By mid-September the price index for 28 basic commodities was 25 per cent above the June level and 35 per cent higher than in March. The average levels of all wholesale commodity prices and of consumer prices have risen substantially in this same period.

You are all well aware of the snowballing tendencies of inflationary pressures. Here are a few additional factors to consider in our present situation. For one thing, attitudes of businesses and individuals are less cautious than earlier in the postwar period. Experience of a rapidly rising price level is fresh in the memories of most people. Profits are in record volume and many businesses and individuals are in a highly liquid position and therefore able to carry out extensive buying plans even without borrowing from banks or other lending agencies.

The threat of still higher prices in the months ahead results not only from the existence of a strong demand but in many cases from mounting costs of labor as well as materials. You are all familiar with the current pattern of price and wage increases.

Unless we live up to our responsibilities the outlook for a serious inflationary spiral is foreboding. Inflation would diminish incentives. It would misdirect tremendous amounts of effort into nonpro-

ductive areas. Nothing would be more disruptive to mobilization than a merry-go-round in which wages and prices chased each other. Nothing would serve more to increase the total cost of the defense program. Clearly, we must use every possible means to curb inflation. I do not need to emphasize that inflation would cause untold hardship throughout our economy, particularly to people dependent upon fixed incomes and money savings and to our great educational and religious institutions.

It will be no easy task. There is much more to the problem than merely imposing a few direct controls. If we have learned any economic lesson from our experience in World War II and the post-war period, it is the fact that direct controls will not prevent inflation. They serve mainly to retard its impact. Once we have a vigorous and effective program for fiscal, monetary, and credit actions the need for direct controls will become less urgent and their use can be limited to specific situations.

A well-designed program, in my opinion, should have as its keystone a tax system which would put the entire defense effort as far as possible on a pay-as-you-go basis. The President correctly emphasized the necessity for this in his recent broadcast and I think it imperative that there be strong public support for higher taxes all along the line. That means we must cut down the spending power of all but the lowest income group. "During World War II," the President said, "we borrowed too much and did not tax ourselves enough. We must not run our present defense effort on that kind of financial basis."

I sincerely hope we will have the political courage to levy adequate taxes across the board and to economize on nonmilitary expenditures of government and to postpone deferrable projects at every level—Federal, State, and local. Of course, it will take time for a tax program to be effective. In the meanwhile our main reliance must be on allocations, control of inventories and measures to curb the expansion of private credit. Without these we cannot hold the line.

Certain concrete anti-inflationary steps have already been taken. By themselves they are inadequate, although they are a beginning, and a good one. In mid-July, the American Bankers Association and other organizations of financial institutions cautioned their memberships against the use of bank credit to stimulate inflationary tendencies. On August 4, the 52 supervisory authorities in the

United States issued a joint statement outlining a basic policy for the lending operations of financial institutions during this period of intensified defense efforts. You will recall that this was a strong appeal for the voluntary cooperation of every financial institution in the country in restricting unnecessary credit.

This was a forthright recognition by all of us that our common problem throughout the coming months would be the maintenance of a strong and healthy economy backed up by a sound banking system. It was a clear-cut warning that bank credit for nonessential purposes would have to be curtailed if we were going to avoid a spiraling inflation and to bring our maximum productive potential into the defense effort.

Recently the Federal Reserve System has taken several specific actions designed to restrict the use of credit. Open market operations have been directed toward making bank reserves less readily available and discount rates have been raised from $1\frac{1}{2}$ to $1\frac{3}{4}$ per cent throughout the country. The System has stated that it is prepared to use all the means at its command to restrain further expansion of bank credit consistent with the policy of maintaining orderly conditions in the Government securities market.

When the Defense Production Act became law on September 8, the Board moved within the hour to reinstate consumer instalment credit controls. Starting Monday of this week credit terms on automobiles, refrigerators, television sets, and other consumer household goods were again brought under regulation. The initial terms might be considered moderate, but we have the assurance of the most responsible elements in the trade, who should know the most about it, that they are adequate to curtail instalment credit expansion. We have already instituted spot checks to observe operations and we will not hesitate to tighten the regulation promptly, almost any day, if the facts require.

The Defense Production Act also gave the President authority to regulate credit on new real estate construction and, by Executive Order, joint responsibility for this control was delegated to the Board and to the Administrator of the Housing and Home Finance Agency. Probably in no other area has credit expansion had a more inflationary effect recently than the real estate credit that has been generated by our unprecedented housing boom. This situation will soon be brought

under control. Mr. Foley, the Housing Administrator, is giving us his full and active cooperation in carrying out the President's Executive Order which applies both to conventional loans and to Government mortgage programs.

The top-notch leaders in the private mortgage financing field are working patriotically and conscientiously to help us formulate an effective control that our people can live with and that we hope will be reasonably simple to operate. I know it will be full of headaches, yet I am convinced it is vital to the over-all control of credit in this emergency. We are setting up a temporary organization which can be disbanded as soon as the need passes.

The regulations of consumer credit and real estate credit are selective types of controls in that they apply to specific credit areas. They are needed in these areas, but by themselves they cannot be expected to work miracles. They must be backed by effective general monetary and fiscal policies and by a general attitude of caution and restraint on the part of lending institutions. To make them effective, we will have to lean heavily on the support which the other Federal agencies and State supervisory authorities can give us.

We will need your aid in helping to administer these selective controls, but above all we need your initiative in helping to curb the expansion of general bank credit outside of these specific areas.

A few moments ago I referred to the joint statement issued six weeks ago in which we appealed to financial institutions to curtail unnecessary credit extension. Because we live in a democracy, all of us would like to accomplish our objectives by reliance on voluntary methods. In this case, however, I feel we must do something more. We must recognize that in a competitive system it is not always possible for an individual institution to respond to an appeal.

Let me illustrate. I recall one banker who told me recently of a case where an important customer wanted to borrow a substantial sum for the accumulation of an inventory that was about five times his normal supply. The banker talked him out of most of the loan, but nevertheless did advance enough to enable him to double his normal inventory. In this particular case, it took some courage to refuse any part of the loan because the customer maintained a substantial deposit balance and was actually in a position to transfer his account to a competing bank. At the same

time, we must recognize that the action of the banker in extending the credit added to the current inflationary picture. I cite this instance because it dramatizes vividly the complexities of the competitive problem the banker faces.

The area of general credit expansion outside of consumer, real estate, and stock market credit does not lend itself to organized selective controls. Yet the expansion that is going on in this area today is equally dangerous. Perhaps during this conference you can organize yourselves to explore further this problem and then to discuss with us your suggestions of how best to deal with it.

During such discussions I would welcome the opportunity to establish a common understanding on the subject of bank reserves. It has long been one of my cherished hopes that the laws of the several States would be broadened to give you sufficient authority to cope with this question. There is no doubt in my mind that if you were empowered to take adequate action concurrently with the Federal Reserve this source of difference would be largely eliminated. I am confident that in facing up to this and other problems which we share in common we can achieve a meeting of minds and find equitable and effective solutions which will assure the preservation of the dual banking system.

I would not want to leave the impression with you that the common problem which is on my mind today is primarily a matter of bank reserves. We are faced with general credit expansion and we are the responsible authorities who must find ways to deal with it.

As indicated to you earlier, I think the moves that have been made so far, and are now planned, are good and are in the right direction. I feel, however, that taken alone they are inadequate to meet the problem. What I want to do again, most sincerely, is to ask you what more there is that we should do—and that you can do—to meet our common problem.

I cannot impress upon you deeply enough the genuine humility with which I seek your aid, your counsel, and the best of your judgment. I am fully aware that credit restrictions alone will not prevent inflation. I am equally convinced that we will not control inflation without them.

This is a time when we—all of us—as supervisory officials have grave responsibilities to take the initiative and to make the critical decisions to preserve and protect our economy.

SPECIAL OFFERING OF SERIES F AND G SAVINGS BONDS

Given below is the text of an amendment to Treasury Department Circular No. 530 governing savings bonds, which was released by the Secretary of the Treasury on September 15, 1950. The Circular describes the special offering of Series F and G bonds open to certain classes of institutional investors and certain commercial and industrial banks during the periods from October 2 through October 10, 1950, inclusive; November 1 through Novem-

ber 10, 1950, inclusive; and December 1 through December 11, 1950, inclusive. Any applications from eligible subscribers received by a Federal Reserve Bank or Branch, or the Treasury Department, through the last day of each of the periods stated, including any mail applications postmarked up to midnight of the final day of each of those periods, will be accepted and processed under this special offering.¹

REVISED REGULATIONS GOVERNING UNITED STATES SAVINGS BONDS

To Owners of United States Savings Bonds and Others Concerned:

Pursuant to Section 22 (a) of the Second Liberty Bond Act, as amended (55 Stat. 7, 31 U.S.C. 757c), Subpart C of Department Circular No. 530, Sixth Revision, dated February 13, 1945 (31 CFR 315), as amended, is hereby further amended and revised to read as follows:

SUBPART C—LIMITATION ON HOLDINGS

Sec. 315.8. *Amount which may be held.* As provided by Section 22 of the Second Liberty Bond Act, added February 4, 1935, as amended (31 U.S.C. 757c), and by regulations prescribed by the Secretary of the Treasury pursuant to the authority of that section, as amended, the amounts of savings bonds of the several series issued during any one calendar year that may be held by any one person at any one time are limited as follows:

(a) *Series A, B, C, and D.* \$10,000 (maturity value) of each series for each calendar year.

(b) *Series E.* \$5,000 (maturity value) for each calendar year up to and including the calendar year 1947, and \$10,000 (maturity value) for each calendar year thereafter.

(c) *Series F and G.* \$50,000 (issue price) for the calendar year 1941, and \$100,000 (issue price) for each calendar year thereafter, of either series or

of the combined aggregate of both, except that, in the case of commercial banks authorized to acquire such bonds in accordance with Section 315.5, the limitation shall be such as may have been or may hereafter be provided specifically in official circulars governing the offering of other Treasury securities, but in no event in excess of \$100,000 (issue price) for any calendar year.

(d) *Special limitation for Series F and G bonds purchased by institutional investors and commercial banks from July 1 through July 15, 1948.* \$1,000,000 (issue price) of either series or of the combined aggregate of both for institutional investors holding savings, insurance and pension funds and \$100,000 (issue price) of either series or of the combined aggregate of both for commercial and industrial banks holding savings deposits or issuing time certificates of deposit in the names of individuals and of corporations, associations, and other organizations not operated for profit, subject to the following conditions:

(1) For the purposes of this subsection the classes of institutional investors will be limited to: (i) insurance companies, (ii) savings banks, (iii) savings and loan associations and building and loan associations, and cooperative banks, (iv) pension and retirement funds, including those of the Federal, State and local governments, (v) fraternal benefit associations, (vi) endowment funds, and (vii) credit unions.

(2) Any bonds of Series F-1948 and Series G-1948 purchased under this special limitation, including any bonds in excess of \$100,000 (issue price) purchased by eligible institutional investors,

¹The amendment given here is the seventh amendment, dated Sept. 12, 1950, to Treasury Department Circular No. 530, sixth revision, dated Feb. 13, 1945. Simultaneously with the release of this amendment, the Secretary of the Treasury also released a revision of Treasury Department Circular No. 654, which contains a detailed description of all Series F and G bonds.

SPECIAL OFFERING OF SERIES F AND G SAVINGS BONDS

must be purchased during the period from July 1 through July 15, 1948.

(e) *Special limitation for Series F and G bonds purchased by institutional investors and commercial banks during certain periods in the calendar year 1950:*

(1) There is hereby provided for certain classes of institutional investors, and for certain commercial and industrial banks, a special limitation on holdings for bonds of Series F and of Series G purchased on original subscription from October 2 through October 10, 1950 for bonds dated October 1, 1950; those purchased from November 1 through November 10, 1950 for bonds dated November 1, 1950; and for those purchased from December 1 through December 11, 1950 for bonds dated December 1, 1950.

(2) The classes of institutional investors to which this offering is made are limited to: (i) insurance companies (including organizations insuring the payment of hospital, medical and surgical expenses); (ii) savings banks; (iii) savings and loan associations and building and loan associations, and

cooperative banks; (iv) pension and retirement funds constituting separate legal entities, including those of the Federal, State and local governments; (v) fraternal benefit associations; (vi) endowment funds; (vii) trusts for charitable, educational, religious or other public purposes (whether or not incorporated), and State and municipal sinking funds; and (viii) credit unions. The aggregate purchases of Series F or Series G bonds, or the two series combined, made by an investor of any such class during the three periods will be limited to one million dollars (issue price) for the calendar year 1950 in excess of the existing limitation.

(3) Commercial and industrial banks holding savings deposits or issuing time certificates of deposit in the names of: (i) individuals; and (ii) corporations, associations, and other organizations not operated for profit, will be permitted to purchase bonds of either Series F or Series G, or the two series combined, up to an aggregate during the three periods of \$100,000 (issue price).

(f) The regulations set forth in this Part are hereby modified to accord with the provisions of subsections (d) and (e) of this section.

ECONOMIC DEVELOPMENT AND CENTRAL BANK POLICIES IN WESTERN GERMANY

The first Annual Report of the Bank of the German States (Bank deutscher Laender) covering the years 1948 and 1949 was published on May 16, 1950. The text of the Report is divided into three parts dealing respectively with general problems, the German currency reform in 1948, and the activities of the Bank.

A liberal translation of Chapter I of the first part of the Report is given below. This chapter describes Western Germany's progress toward financial stability in relation to the currency reform, the European Recovery Program, and the liberalization of foreign and international trade.

THE NATIONAL ECONOMY AND THE CENTRAL BANK

The opening of the Bank deutscher Laender took place only a short time before the currency reform in Western Germany on June 20, 1948, which presented the Bank with some difficult tasks. Although the currency reform was based on Allied laws and regulations, with general over-all control being exercised by the Allied Banking Commission, the details of the issuance of the new currency and the control over its circulation became the responsibility of the Bank deutscher Laender. The Bank was handicapped by the fact that selection of its administrative personnel had not been completed, and by the fact that former Reichsbank personnel could be utilized only to a small extent.

CURRENCY REFORM

The currency reform re-established the basis for an effective central bank policy. Prior to the reform the period of repressed inflation, marked by an excessive supply of money and the maintenance of strict wage and price controls, had negated the most important function of a central bank, namely, the regulation of the money supply in accordance with economic requirements. In large areas of the economy direct controls had replaced money and prices as factors regulating production and distribution. It had long been apparent that a currency reform was prerequisite to the recovery of the German economy; since all efforts to institute a reform for all Germany had failed, the Western zones finally cooperated in such a reform. The currency reform legislation, together with the establishment of the Bank deutscher Laender in March 1948, were the first important financial measures taken on a tripartite basis since the end of the war.

SUCCESS OF THE CURRENCY REFORM TO DATE

There had been much debate about the economic effects of a currency reform, and in some quarters its chances of success had been viewed with definite skepticism. The major question was whether, in an economy with scant supplies and a low level of production, any type of monetary reform would succeed in equalizing supply and demand. Today there can be no doubt concerning the success of the undertaking. The sharp rise in prices following the currency reform—which was partly a result of the removal of price controls on all but a few basic commodities—has been checked. There have been some upward and downward adjustments of prices, signifying more normal price relationships, but the general price level has declined slightly since the beginning of 1949. Price controls have been progressively relaxed as supply and demand have come closer to balance, and black markets have almost entirely disappeared. Where they still exist they deal mostly in smuggled goods, such as cigarettes and coffee, at prices which are sometimes lower than the official price, which includes excise taxes.

As the gap between demand and supply has narrowed, money has regained its rightful place in the economy. Prior to the currency reform, and even during the post-reform "boom," goods had replaced money as a store of value; at the present time, almost no hoarding of goods is noticeable. On the contrary, when given the choice, businessmen are more likely to prefer monetary reserves to large inventories. The public, too, has to a great extent regained confidence in money, even though

their liquid assets had been wiped out twice in one generation by inflation. Savings are increasing at a steadily expanding rate. Other countries are regarding the value of the mark with growing confidence, as is indicated by the strengthening of mark quotations on several free markets.

The most important effect of the currency reform was upon German industrial output. In the first six months following the reform industrial production in Western Germany increased by approximately 50 per cent, and in 1949 it increased further by 25 per cent. At the same time agricultural production and the volume of agricultural products passing through legal markets increased considerably. Nevertheless, the devastation wrought by the war, together with an influx of some 8 million refugees within the past two or three years, keeps the level of consumption and the degree of economic recovery in Western Germany far below that attained in other countries of Western Europe. This situation creates difficult problems for the economy; however, the indispensable foundation has been laid for the solution of these problems through the correct monetary policy.

THE FIRST PHASE OF THE NEW CURRENCY

Supply of money and rise in demand. When the currency reform laws were first announced, there was some fear that the reform would leave the economy with too little money. The supply of money available at the beginning of the period did, in fact, appear exceptionally small when compared with the circulation before the war. By the end of June 1948, 10 days after the currency reform, the money supply, including free bank deposits, amounted to approximately 6 billion Deutsche marks, created principally by the initial payments to individuals, corporations, and the public authorities. Even by the end of July, when the conversion of Reichsmark accounts frozen at the time of the reform had assumed greater proportions and the banks had resumed granting credit, the total of cash in circulation and free bank deposits (including savings) barely reached 10 billion Deutsche marks. This amount had to finance the production and distribution of a national product estimated at 45 billion marks annually, whereas before the war the volume of money in circulation had been equal to at least two-thirds of the national product.

It soon became apparent, however, that this amount of money was sufficient and, if anything,

too large, in view of the distribution of the initial issue of currency. A large part of this issue had gone directly to consumers. Moreover, the tax reform instituted at the time of the currency reform, together with some technical difficulties in collecting taxes under the new system, caused most public budgets to run deficits during the first few months; therefore, the amounts initially paid to public authorities also soon found their way into the spending stream.

Consumers, impelled by their long pent-up demands, spent wildly on goods which had suddenly become available. Producers and merchants, whose initial allocations of funds had purposely been kept relatively small, were forced to dispose of current production and commodities previously hoarded in order to regain a certain amount of liquidity. Money therefore circulated very rapidly and this high velocity of circulation offset the difficulties which might otherwise have been expected from an insufficient supply of money. Psychologically, confidence in the new money was quickly established by the realization of its effective purchasing power.

Temporary disequilibrium between supply and demand. In a short time it became clear that the demand for consumers' goods would continue to exceed the supply. One reason was that, because of years of shortages, virtually the entire amount of money supplied by the initial issues was concentrated on the available supply of goods. The first per capita payments made on the day of the currency reform totaled 1.9 billion Deutsche marks. During August and September 1948, as provided by the currency laws, the second per capita quota was distributed, amounting to nearly 1 billion Deutsche marks. More important than the per capita quotas, however, the gradual conversion of Reichsmark balances into Deutsche marks constantly swelled the available money supply. It may be estimated that from the time of the currency reform until the end of 1948 approximately 600 million Deutsche marks were withdrawn from converted savings accounts and spent. The so-called "blocked account decisions" of the Military Governors on October 1, 1948, which reduced the original conversion ratio from 10 per cent to 6.5 per cent, intensified this trend because it was interpreted by many as being the forerunner of other changes.

It became apparent soon after the currency

reform that supplies were inelastic. Producers and merchants, due to high demand for their goods, had regained liquidity and were no longer under such strong compulsion to reduce their inventories. Production had increased, but not sufficiently to satisfy the inflated demand. In addition, imports did not increase as much as had been expected, since up to the end of 1949 the Joint Export-Import Agency had released only a relatively small amount of foreign exchange earned by exports and since, for technical reasons, Marshall Plan deliveries were slow in getting under way. Thus the gap between supply and demand, which had been temporarily narrowed, once again widened and prices began to rise, particularly in the industrial field where price controls had been abandoned at the time of the currency reform. Price rises in some fields where controls still existed, primarily in foodstuffs, gave new impetus to black market activities, which had declined after the reform.

Some price increases were unavoidable when controls were abandoned. Price control regulations had held both prices and wages at the prewar level. However, the sharp decline in labor productivity as a result of the war made it necessary either to adjust nominal wages to the reduced productivity or to allow a corresponding increase in prices. Since it had been decided at the time of the currency reform to maintain the wage level, the adjustment had to be made through price increases. It is true that in many sectors of the economy the price adjustments went beyond those necessary to meet production costs, and some considerable profits were made. Even these profits were important to the economy, since they made possible a volume of investment which could not have been achieved through voluntary savings. Such "self-investment" did, however, represent some misdirection of available resources.

Threat of an "inflationary spiral." As time went on, the inflationary pressures became more and more serious. Not only was the available supply of money constantly being increased by the continued issue of money and conversion of balances under the provisions of the currency reform regulations, but also credit granted by commercial banks began to assume an increasing importance. The central banking authorities had no control over the first source of money, and only limited influence over the extension of credit. At the end of July 1948 short-term credits to nonbank borrowers had

amounted to only 1.3 billion Deutsche marks; by the end of October they had reached 3.8 billion. The lapsing on August 8 of the ban on granting overdraft credit had greatly facilitated this increase.

At the time of the currency reform commercial banks received relatively high initial liquid assets in the form of central bank balances; these assets were increased by the gradual spending of the balances of public authorities. Many of the commercial banks were independent of the central banking system, since they had large excess reserves from which they could expand their credit volume without calling upon the central banking system for funds.

Considering the increasing volume of economic activity, considerable expansion of credit was inevitable. Even the fact that part of the credit was used by borrowers as a substitute for long-term capital could be disregarded at first, since no other source of capital was available. The longer this expansion continued, however, the more it added to the inflationary pressure. Rising prices fed by expanding bank credit increased the tendency to hoard, which in turn brought about further price increases from the supply side. In the end the only important barrier to the inflationary trend was wages, which rose comparatively little because of the stability of prices of the more important components of the cost of living (still under control), and particularly because of the understanding and discipline showed by the labor unions. It was clear, however, that if prices continued to rise this final barrier would also give way.

Intervention of the central banking system. In the fall of 1948 the central banking authorities decided to make every effort to control the indiscriminate expansion of the money supply. This was a difficult task, particularly because the issue of money under the currency reform provisions was entirely exempt from control. This left only the control of credit, for which a drastic general restriction was considered inopportune since for many industries credits were the only source of outside financing. Use of the discount rate as a lever would have been ineffective since, as previously mentioned, most commercial banks had no need to call upon the central bank for funds and, in view of the price boom, higher credit costs would have had little or no effect in discouraging the demand for credit. As a general restrictive measure the Bank ordered an increase in the minimum reserves for demand

deposits from 10 per cent to 15 per cent, effective December 1, 1948, which tended to reduce the credit potential of the banks. In the field of selective credit controls, the Bank confined bank acceptances eligible for rediscount to those serving to finance foreign trade or for officially ordered stockpiling of goods. In addition, the banks were urged not to increase their total credit volume above the level of October 31, 1948, except for undertakings that were essential to the national economy, and then only after giving the Land Central Bank an opportunity to influence the use to which the credit was to be put.

Turning point. By the end of December 1948 the rate of credit expansion had decreased noticeably. At the same time the increase in prices came to a halt and some prices began to decline. It is certainly safe to assume that there was a definite connection between these developments and central bank action. Nevertheless, other factors doubtless contributed to the price decline, which was to have an extremely important effect on over-all business development during the following months. For one thing, the expansion of the money supply under the currency reform provisions decreased considerably after the payment of the second per capita quota; by the end of 1948 the conversion of Reichsmark accounts into Deutsche marks was from 80 to 90 per cent complete. Moreover the public budgets, due to high tax receipts in the fourth quarter of 1948, began to show surpluses rather than deficits, thus reducing rather than increasing the amount of money in circulation.

These contractive forces, which are independent of credit policy and cannot be influenced by it, have persisted up to the present time; they have been, however, more than offset by the continued credit expansion. Other factors were the international price developments, characterized toward the end of 1948 by declining raw material prices and increased imports under the Marshall Plan, both of which overcame bottlenecks caused by short supplies of raw materials and discouraged a growing tendency to hoard such materials.

Of great importance was a natural corrective measure on the part of the markets themselves. Since it had been possible to hold wage increases within narrow limits during the price rise, many prices proved to be too high in relation to the purchasing power as soon as current demand ceased to be inflated by the issue of new money.

THE SECOND PHASE

From a sellers' to a buyers' market. In early 1949 the business cycle entered a new phase. Whereas demand had obviously been excessive before, industrial enterprises and private consumers now began to restrict their purchases, waiting for more favorable prices. The sellers' markets were replaced more and more by buyers' markets, and in many instances this was a painful process. Competition increased and many lines which had found a ready market during the upswing either went out of business or adjusted themselves to new market conditions. Therefore it was not surprising that the increase in the volume of production slowed in the first months of 1949 as compared to the upswing immediately following the currency reform. At no stage, however, did the development take on the aspects of a deflation. Industrial production during the first half of 1949 continued to rise; by June 1949 it was approximately 12 per cent higher than at the beginning of the year.

Unemployment increased considerably during this same period. There had been a small increase in the number of unemployed immediately following the currency reform, but this number had declined toward the end of 1948. By the end of June 1949, however, there were almost 1.3 million unemployed, as compared with 760,000 at the end of 1948 and 450,000 shortly after the currency reform. This serious development, which became the main concern of West German economic policy next to foreign trade, was explained by the influx of new workers. The expansion of the labor force resulted mainly from the steady arrival of refugees from the East and the enrollment of persons who had not previously looked for employment. This influx could not be fully absorbed since increasing competition forced industries to rationalize productive processes which, in spite of increased production, resulted in some instances in a considerable reduction in working force. The structural difficulties in the German economy, therefore, became apparent as soon as excessive inflationary demand ceased.

It was the complete failure to recognize the dual character of this development which caused some people to refer to the phenomena of the "structural crisis" as a "deflation." The credit policy pursued never deserved this label, as is proved by the fact that even during the period of the so-

called "credit rationing" from the end of October 1948 to the end of March 1949 the volume of credit extended by commercial banks increased by almost 1.8 billion Deutsche marks. Outstanding central bank credit expanded by about 839 million Deutsche marks during the same period.

Credit relaxation. As soon as it was certain that a revival of the inflationary trend need not be feared and that the process of economic consolidation would not be interrupted, the Bank began to relax credit policy. At the end of March 1949 the directive which had in principle bound the banks to their credit status as of October 1948 was rescinded. Effective June 1, 1949, reserve requirements for demand deposits were reduced from 15 per cent to 12 per cent in major cities and from 10 per cent to 9 per cent in the rest of the area. The discount rate of Land Central Banks was reduced by $\frac{1}{2}$ percentage point in May and again in July 1949, the total reduction being from 5 per cent to 4 per cent. The expansion of credit was further facilitated by the fact that until the middle of 1949 central bank money was pumped into the commercial banks through the foreign trade accounts of the Bank deutscher Laender. This was due in part to the net purchase of foreign currencies, made possible by the balance of commercial trade being favorable until the middle of the year, and partly to the utilization of "counterpart funds" for purposes other than investments.

THE GROWING IMPORTANCE OF THE "PROBLEM OF CAPITAL SHORTAGE"

Since the end of the boom following the currency reform, industry had complained vigorously about the shortage of investment capital. This shortage was due in part to the low level of real income as compared to investment need, as is always the case when large-scale reconstruction has to be carried out. In part, however, it could be explained by disruptions in the normal flow of money. Confidence in the currency had been restored by the ending of inflationary trends in 1948 and savings had revived remarkably, but enterprises and private individuals showed a continuing aversion to any long-term commitment of funds. Stringent tax rates diverted to public authorities a considerable amount of money which would otherwise have been available for savings, and intensified the tendency to keep the remainder in liquid form. Deutsche mark deposits into the counterpart fund in payment

of Marshall Plan imports during the year were for the larger part not released for investment purposes, thus depriving the economy of the capital relief which might otherwise have been provided by these generous imports. The supply of capital remained unsatisfactory, although in fact "savings" had increased.

The sale of securities was especially disappointing throughout 1949. Even large loans issued at attractive terms by public corporations had meager success notwithstanding the release for investment purposes (beginning with the Federal Railway loan of May-June 1949) of 400 million Deutsche marks held in blocked bank accounts.

CENTRAL BANK AID FOR FINANCING INVESTMENTS

The Bank deutscher Laender could not, of course, make any great change in this situation since a central bank has little power to reduce liquidity preference and cannot replace needed investment funds with credit. To a certain extent, however, the Bank's easy money policy served to combat the tendency toward excessive liquidity, since such a policy normally promotes the shifting of funds from the money market to the capital market. The same purpose was served by the granting of special rediscount and collateral loan facilities by which the Bank attempted to promote the willingness of certain large credit institutions to make long-term investments.

Early in the summer of 1949 a number of public administrations, especially the state governments, decided to invest a large part of their liquid reserves. The purpose of this program was to increase public investment in the third quarter of 1949 to approximately 1 billion Deutsche marks. It is impossible to determine at this time whether this objective was achieved and whether the funds provided in the budgets for investment purposes were actually fully utilized in the fall of 1949; there can be little doubt, however, that this program reduced liquidity preference in some areas, at least, and increased the velocity of circulation.

Large-scale open market operations, such as were urged upon the Bank to counteract the scarcity of capital, were not undertaken during the year for a number of reasons. Quite apart from the fact that a normal market for securities did not exist in Western Germany during the year, the currency reform laws and the banking laws did not permit such operations. In addition, by the middle of 1949

it was still far from clear whether production could expand to meet increased demand or whether the balance of payments could stand an additional burden. Another factor to be taken into consideration was that direct creation of large central bank credits would have again rendered the commercial banks relatively independent of the central banking system. The international economic situation, in particular, dictated caution, especially since Western Germany was getting less foreign aid in 1949-50 than in the previous year and since (in view of Germany's obligations under the Marshall Plan) every effort had to be made to encourage the export trade. At that time the export industries were suffering from the preoccupation of industry with the domestic market.

In August 1949 the Bank deutscher Laender decided to use existing legal provisions to enable financial institutions to grant long-term production and investment credits against the future formation of capital. As a means of such "pre-financing" the purchase of compensation claims by the central banking system was provided for, the financial institutions being obligated to repurchase such claims out of future receipts.¹ One hundred million Deutsche marks were set aside for the financing of larger export orders, and an additional sum of 200 million Deutsche marks was allocated for granting investment credits. Distribution of these amounts among the various banking groups was left to the Land Central Banks.

Contrary to expectation, these funds were used very slowly. By the end of 1949 financial institutions had sold to the Land Central Banks only 65 million Deutsche marks worth of compensation claims, approximately 60 million of this sum being used for financing investments and the remainder for financing exports. This may be explained in part by the fact that after 1949, for reasons which will be discussed later, the liquidity position of most banks deteriorated considerably and many banks therefore hesitated to convert liquid assets, such as compensation claims, into more or less nonliquid investment credits or long-term export credits. The attitude of the banks was not changed to any appreciable extent by a reduction in reserve requirements, effective September 1, 1949, from 12 to 10 per cent for demand deposits in major cities and from 9 to 8 per cent for demand deposits in the rest of the area, and

from 5 to 4 per cent for time or savings deposits. This change reduced the latter two requirements to their legally permissible minimum.

THE PROBLEMS OF INTERNATIONAL ECONOMIC RELATIONS

The change in the conversion factor of the Deutsche mark. The caution exercised by the Bank with reference to the granting of excessive credit was fully justified in the second half of 1949, when Western Germany was faced with a series of difficult problems owing to international developments. The first test came in connection with the devaluation of the pound sterling in September 1949. It was clear that the only alternative to German devaluation would be an overvaluation of the German currency which would force a disastrous deflationary policy in order to adjust prices. On the other hand, Western Germany's dependence upon imports meant that any great deterioration in the real terms of trade would lead to difficulties, especially in connection with internal price policies. At the suggestion of the Central Bank Council and with the approval of the Allied High Commission, the German Federal Government decided upon a devaluation of 20.6 per cent (from \$0.30 for 1 Deutsche mark to \$0.238), while Great Britain and most of the other countries which changed their rate of exchange against the dollar undertook a devaluation of 30.5 per cent.

Despite the great sensitivity of the German public on currency questions, this measure had surprisingly little effect on the attitude of the public toward the market. The policy announced by the government of preventing a rise in the price of foodstuffs by increased subsidies may have had much to do with this. It was also important, however, that the volume of money was not excessively inflated; and that the central bank left no doubt that it was willing and able to counter any recurrence of inflationary price trends. There was a slight wave of buying, which passed quickly, although the slightly increased spending trend noticeable prior to the change in the rate for the Deutsche mark may have been somewhat intensified by the currency developments. At any rate, the withdrawals of savings which began immediately after the devaluation lasted for a very short time, and as early as October the surplus of deposits over withdrawals on saving accounts again began to increase. If the effects of the devaluation had

¹ Translator's note: Compensation claims are claims against the government arising under the currency reform laws.

coincided with those of a far-reaching expansion program, the situation would probably have been more difficult to control.

The situation with respect to foreign trade was similar. The relatively low rate of devaluation at first put Western Germany at a disadvantage and the export industries, in some instances, had to make considerable price concessions. More important, the difference between the domestic prices and those in other countries became even greater in some fields, thus causing a strong tendency to increase imports.

Liberalization of trade. The tendency to increase imports was intensified by the liberalization of European trade, which began about the same time as the currency devaluation. The government of the Federal Republic of Germany complied most willingly with a request of the Organization for European Economic Cooperation to remove existing barriers to intra-European trade, and in some instances liberalized imports to a far greater degree than other participants in the Marshall Plan. Removal of import barriers resulted in a sudden increase in imports, since it became possible to purchase many goods which had been unavailable for a long time and prices were at first not prohibitive. Exports were much less affected by the liberalization at first. This was partly because other countries did not liberalize to the same extent as did Germany, partly because German exports were largely manufactured only on order, and partly simply because Germany was at a disadvantage with many other countries because of the exchange rate differential.

Foreign trade and the balance of payments. The unfavorable balance of trade resulting from the devaluation and the trade liberalization created for Western Germany an additional balance-of-payments problem, although probably one of shorter duration than the dollar deficit problem. Up to the present, it has been possible to keep at a minimum the payment of "hard" currencies to cover import surpluses, since the Federal Republic has been able to draw upon old foreign accounts and unused credits and since the trading partners have, in some instances, agreed to a temporary suspension of the "dollar clause" contained in most of Western Germany's bilateral treaties. In some cases, however, the deficits of Western Germany *vis-à-vis* other European countries increased considerably and great effort will be required to re-

duce these deficits within the agreed period. The problem is magnified by the fact that so far it has been hardly possible to reduce the "dollar gap," although there are increased opportunities in this respect as a result of the liberalization of intra-European trade.

Effects of the liberalization of the domestic economy. Trade liberalization also had its effects on the domestic economy. The sharp increase in imports during the second half of 1949 led to a considerable expansion in credit requirements and the volume of credit outstanding increased greatly, especially in the fall months of 1949. The greater portion of funds thus created, however, found its way into the foreign trade accounts of the central banking system which, from the middle of 1949, showed a growing unfavorable balance instead of a surplus. This occurred because exports expanded at a much slower rate than did imports, resulting in smaller outpayments to exporters than in payments from importers, and because of the low level of counterpart release during the second half of 1949. This situation, together with a net inflow of funds into the central banking system from the public budgets, resulted in a considerable loss of funds to the banking system and served to reduce the liquidity of the credit institutions. In the middle of 1949 credit institutions had a net credit balance with the central banking system of approximately 58 million Deutsche marks; by the end of the year this had changed to a debit of almost 2 billion Deutsche marks which, of course, considerably reduced their credit potential.

International developments also exerted some influence upon the business situation. In the late fall a further reduction in prices took place, partly because of the necessity to adjust to foreign prices, the low level of which had diverted a portion of domestic demand to foreign products. This diversion was to some degree responsible for the fact that industrial production, after rising from 86 per cent of the 1936 level in July 1949 to 98 per cent in November, declined toward the end of 1949 and the beginning of 1950. At the same time the number of unemployed increased to almost 2 million by the end of January 1950, although this increase was mainly seasonal in nature.

THE CURRENCY SITUATION AT THE END OF 1949

The situation confronting the Bank deutscher Laender at the end of the business year was char-

acterized by two factors which are to some extent contradictory and which do not make it easy to formulate an appropriate credit policy: on the one hand there is a restricted domestic economy which does not fully use its factors of production, and on the other there is a strained balance-of-payments situation. The domestic situation doubtless requires a most liberal credit policy although the effectiveness of central bank action on the business situation is limited unless it is supported by an appropriate general economic policy on the part of the government. However, the promotion of production and employment by means of credit policy must not go too far because it must not be allowed to threaten the equilibrium of the balance of payments. Viability, which may be defined as the re-establishment of equilibrium in the balance of payments without autarkistic methods, is as much an inescapable obligation for each country participating in the Marshall Plan as is the greatest possible utilization of economic resources.

DOMESTIC AND INTERNATIONAL DEMANDS ON CREDIT POLICY

The Bank was fully aware of these possible conflicts when, under the impact of growing unemployment during the first quarter of 1950, it promised financial aid under the program of work creation drawn up by the Government of the Federal Republic. Fortunately the necessary conditions for an expansion of production in Western Germany have improved to such an extent that a properly administered expansion of credit can be encouraged by the central banking system without endangering the stability of domestic prices. This is primarily because of an increased elasticity of supply caused by the elimination of production bottlenecks and a greatly increased agricultural production. In addition, because of the changes in the liquidity situation of the commercial banks indicated above, they have become so dependent upon the central banking system that there is no need to fear an uncontrollable overexpansion. Without an inflow of central bank credit there might even be a possibility of too severe credit restrictions by commercial banks, although increased releases of European Recovery Program counterpart funds beginning in December have eliminated one factor which previously interfered with the liquidity of banks. Moreover, the central banking system, in full agreement with the German Federal Government and in anticipation of an inflow of funds in the foreseeable

future, has extended its financial aid in the form of interim advances; it will therefore be able, should the currency situation so require, to reverse the expansion in the volume of money which will at first result from the financing of the work creation program.

Under these circumstances the policy of the Bank seems to be fully compatible with the requirements of the international situation, which demands above all an increase in exports. As a matter of fact, at the beginning of 1950 an improvement in the balance of payments of Western Germany *vis-à-vis* other OEEC countries is becoming apparent, probably reflecting primarily the gradual liberalization of import regulations in other countries. When discrimination against Western Germany ends, the Federal Republic should be able to sell in Europe at least as much as it buys from European countries. Even then, however, the problem of the "dollar gap" will remain. In order to narrow this gap, in spite of high tariff barriers in the dollar countries, certain special measures have already been initiated. Moreover, the increase in intra-European trade may be helpful in reducing the dollar deficit, first because it permits the shifting of certain imports from the dollar area to Europe, and second because it may be expected to lead to a better international division of labor and to further efforts at rationalization. The Bank therefore heartily welcomes the plan of the European Payments Union, and hopes that it will become possible to extend membership in this Union over the widest possible area. The larger its framework, the more will such a union be able to help all countries eliminate the international limitations upon their domestic economic development.

It must always be remembered, however, that the solution of Western Germany's problem of integrating her unemployed into the economic process without worsening the balance-of-payments position cannot be solved in the short run by means of credit expansion, to say nothing of the domestic difficulties which would arise from such a short-term solution. We are dealing here with a structural problem created by tremendous shifts in population growing out of the war. In a country as densely populated and as dependent upon imports as Western Germany has become, this problem can only be solved gradually, as it becomes possible to reincorporate Western Germany into the world economy to a degree commensurate with the country's requirements and its desired standard of living.

LAW DEPARTMENT

*Administrative interpretations of banking laws, new regulations issued by the
Board of Governors, and other similar material*

Delegation of Functions under Defense Production Act

Executive Order No. 10161

The President on September 9, 1950, issued Executive Order No. 10161 delegating to various Federal agencies certain functions which had been vested in him by the Defense Production Act of 1950. The text of the Executive Order reads as follows:

EXECUTIVE ORDER 10161

DELEGATING CERTAIN FUNCTIONS OF THE PRESIDENT UNDER THE DEFENSE PRODUCTION ACT OF 1950

By virtue of the authority vested in me by the Constitution and statutes, including the Defense Production Act of 1950, and as President of the United States and Commander in Chief of the armed forces, it is hereby ordered as follows:

PART I. PRIORITIES AND ALLOCATIONS

Section 101. The functions conferred upon the President by Title I of the Defense Production Act of 1950 are hereby delegated as follows:

(a) To the Secretary of the Interior with respect to petroleum, gas, solid fuels, and electric power.

(b) To the Secretary of Agriculture with respect to food, and with respect to the domestic distribution of farm equipment and commercial fertilizer.

(c) To that commissioner of the Interstate Commerce Commission who is responsible for the supervision of the Bureau of Service of the Commission, with respect to domestic transportation, storage, and port facilities, or the use thereof, but excluding air transport, coastwise, intercoastal, and overseas shipping.

(d) To the Secretary of Commerce with respect to all materials and facilities except as provided in paragraphs (a), (b), and (c) of this section 101.

Section 102. Each delegate referred to in section 101 of this Executive order shall, in connection with carrying out the priorities and allocations functions

delegated to him by such section, (a) receive from appropriate agencies of the Government information relating to the direct and indirect military, other governmental, civilian, and foreign requirements for materials and facilities, (b) review and evaluate such requirements in the light of available materials and facilities, and (c) exercise his priorities and allocations powers in such manner as will in his judgment promote adequate supplies and their proper distribution.

Section 103. (a) Each delegate referred to in section 101 of this Executive order shall be a claimant before the other such delegates, respectively, in the case of materials and additional facilities deemed by the claimant delegate to be necessary for the provision of an adequate supply of the materials and facilities with respect to which delegation is made to the claimant delegate by the said section 101.

(b) Each delegate under section 101 of this Executive order may, with the approval of the Chairman of the National Security Resources Board, designate agencies and officers of the Government, additional to the claimants referred to in section 103(a) of this Executive order, to be claimants before such delegate with respect to stated materials and facilities.

PART II. REQUISITIONING

Section 201. (a) Except as provided in section 201(b) of this Executive order, the functions conferred upon the President by Title II of the Defense Production Act of 1950 are hereby delegated to the officers to whom functions are delegated by section 101 of this Executive order, respectively, according to the designations of materials and facilities set forth in paragraphs (a), (b), (c), and (d) of the said section 101.

(b) The functions conferred upon the President by sections 201(b) and 201(c) of the Defense Production Act of 1950, exclusive of determinations with respect to the termination of the need for the national defense of any property requisitioned un-

der Title II of the said Act, are hereby delegated to the Administrator of General Services.

PART III. EXPANSION OF PRODUCTIVE CAPACITY
AND SUPPLY

Section 301. The Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, the Department of the Interior, the Department of Agriculture, and the General Services Administration, in this Part referred to as guaranteeing agencies, and each delegate under section 101 of this Executive order shall develop and promote measures for the expansion of productive capacity and of production and supply of materials and facilities necessary for the national defense.

Section 302. (a) Each guaranteeing agency is hereby authorized, in accordance with section 301 of the Defense Production Act of 1950, subject to the provisions of this section, in order to expedite production and deliveries or services under Government contracts, and without regard to provisions of law relating to the making, performance, amendment, or modification of contracts, to guarantee in whole or in part any public or private financing institution (including any Federal Reserve Bank), by commitment to purchase, agreement to share losses, or otherwise, against loss of principal or interest on any loan, discount, or advance, or on any commitment in connection therewith, which may be made by such financing institution for the purpose of financing any contractor, subcontractor, or other person in connection with the performance, or in connection with or in contemplation of the termination, of any contract or other operation deemed by the guaranteeing agency to be necessary to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense.

(b) Each Federal Reserve Bank is hereby designated and authorized to act, on behalf of any guaranteeing agency, as fiscal agent of the United States in the making of such contracts of guarantee and in otherwise carrying out the purposes of the said section 301, in respect of private financing institutions.

(c) All actions and operations of Federal Reserve Banks, under authority of or pursuant to the said section 301 of the Defense Production Act of 1950, shall be subject to the supervision of the Board of

Governors of the Federal Reserve System. Said Board is hereby authorized, after consultation with the heads of the guaranteeing agencies, (1) to prescribe such regulations governing the actions and operations of fiscal agents hereunder as it may deem necessary, (2) to prescribe, either specifically or by maximum limits or otherwise, rates of interest, guarantee and commitment fees, and other charges which may be made in connection with loans, discounts, advances, or commitments, guaranteed by the guaranteeing agencies through such fiscal agents, and (3) to prescribe regulations governing the forms and procedures (which shall be uniform to the extent practicable) to be utilized in connection with such guarantees.

Section 303. Within such amounts of funds as the President shall have made available, and upon the certificate by the Secretary of the Interior in respect of metals and minerals (except as to paragraph (c) of this section), or by the Secretary of Agriculture in respect of lumber, or by the appropriate delegate referred to in section 101 of this Executive order in respect of other materials and facilities, or by such other officer or officers of the Government as the President may designate, as to the necessity for loans, purchases, or commitments, as the case may be:

(a) The Reconstruction Finance Corporation is hereby authorized and directed to make loans (including participations in, or guarantees of, loans) to private business enterprises (including research corporations not organized for profit) for the expansion of capacity, the development of technological processes, and the production of essential materials, including the exploration, development, and mining of strategic and critical metals and minerals, as authorized by and subject to section 302 of the Defense Production Act of 1950.

(b) The Administrator of General Services is hereby authorized and directed to purchase and make commitments to purchase metals, minerals, and other raw materials, including liquid fuels, for Government use or resale, as authorized by and subject to section 303 of the said Act: *Provided*, That the Secretary of Agriculture is also authorized to exercise the functions under section 303 with respect to agricultural commodities.

(c) The Secretary of the Interior is hereby authorized and directed to encourage the exploration, development, and mining of critical and strategic

minerals and metals, as authorized by and subject to the provisions of the said section 303.

Section 304. The functions conferred upon the President by section 303(d) of the Defense Production Act of 1950 with respect to the installation of additional equipment, facilities, processes, or improvements to plants, factories, and other industrial facilities owned by the United States Government, and with respect to the installation of Government-owned equipment in plants, factories, and other industrial facilities owned by private persons, are hereby delegated to the Administrator of General Services.

PART IV. ECONOMIC STABILIZATION

Section 401. (a) There is hereby created a new and independent agency to be known as the Economic Stabilization Agency, hereafter in this Part referred to as the Agency. There shall be at the head of the Agency an Economic Stabilization Administrator, hereafter in this Part referred to as the Administrator, who shall be appointed by the President by and with the advice and consent of the Senate.

(b) The Administrator shall seek to preserve and maintain the stabilization of the economy. To this end he shall:

(1) Plan and develop both short and long-range price and wage stabilization policies and measures and create the necessary organization for their administration.

(2) Inform the public, agriculture, industry and labor concerning the need for stabilization and encourage and promote voluntary action to this end.

(3) Consult and advise with the Government officials responsible for procurement, production, manpower, and rent control, and for fiscal, credit and monetary policies, concerning measures within their jurisdiction which will assist stabilization.

(4) Establish price ceilings and stabilize wages and salaries where necessary.

(c) The functions conferred upon the President by Title IV of the Defense Production Act of 1950 are hereby delegated to the Administrator.

Section 402. There shall be in the Agency a Director of Price Stabilization, who shall be appointed by the President by and with the advice and consent of the Senate, and who shall perform such

functions with respect to price stabilization as may be determined by the Administrator.

Section 403. (a) There shall be in the Agency a Wage Stabilization Board composed of nine members who shall be appointed by the President. Three of the members so appointed shall be representative of the public, three shall be representative of labor, and three shall be representative of business and industry. One of the members representing the public, to be designated by the President, shall be chairman of the Board.

(b) The Wage Stabilization Board shall make recommendations to the Administrator regarding the planning and development of wage stabilization policies and shall perform such further functions with respect to wage stabilization as may be determined by the Administrator after consultation with the Board.

Section 404. The Administrator is hereby designated to initiate such consultations and conferences with management, labor, and representatives of the Government and public as he deems appropriate and to advise the President of such action as may be called for in carrying out the provisions of Title V of the Defense Production Act of 1950.

PART V. REAL ESTATE CREDIT

Section 501. (a) Subject to the provisions of section 501(b) of this Executive order, the functions conferred upon the President by section 602 of the Defense Production Act of 1950 are hereby delegated to the Board of Governors of the Federal Reserve System.

(b) The said Board shall obtain the concurrence of the Housing and Home Finance Administrator with respect to provisions relating to real estate construction credit involving residential property before prescribing, changing, or suspending any real estate construction credit regulation pursuant to the authority of section 602 of the Defense Production Act of 1950.

Section 502. (a) The functions conferred upon the President by section 605 of the Defense Production Act of 1950, to the extent that such functions relate to loans on real estate involving residential property, are hereby delegated to the Housing and Home Finance Administrator.

(b) In carrying out the functions delegated by section 502(a) of this Executive order, and under

LAW DEPARTMENT

the authority so delegated or under authority vested in him by any applicable law, the Administrator shall from time to time issue such regulations and take such other action as may be necessary to insure (1) that the restrictions imposed on real estate construction credit by the provisions of the regulations issued from time to time by the Board of Governors of the Federal Reserve System (with the concurrence of the Housing and Home Finance Administrator in the provisions of such regulations relating to credit involving residential property) under the authority delegated by section 501 of this Executive order shall be applicable to the fullest extent practicable with respect to loans on real estate (of the types referred to in section 605 of the Defense Production Act of 1950) involving residential property, and (2) that the relative credit preferences accorded to veterans under existing law are preserved in accordance with the provisions of section 605 of the Defense Production Act of 1950.

PART VI. LABOR SUPPLY

Section 601. The Secretary of Labor shall utilize the functions vested in him so as to meet most effectively the labor needs of defense industry and essential civilian employment, and to this end he shall:

(a) Assemble and analyze information on labor requirements for defense and other activities and on the supply of workers.

(b) Consult with and advise each delegate referred to in section 101 of this Executive order and each official exercising guarantee or loan functions under Part III of this Executive order concerning (1) the effect of contemplated actions on labor supply and utilization, (2) the relation of labor supply to materials and facilities requirements, (3) such other matters as will assist in making the exercise of priority and allocations functions consistent with effective utilization and distribution of labor.

(c) Formulate plans, programs, and policies for meeting defense and essential civilian labor requirements.

(d) Utilize the public employment service system, and enlist the cooperation and assistance of management and labor to carry out these plans and programs and accomplish their objectives.

(e) Determine the occupations critical to meeting the labor requirements of defense and essential civil-

ian activities and with the Secretary of Defense, the Director of Selective Service, and such other persons as the President may designate develop policies applicable to the induction and deferment of personnel for the armed services, except for civilian personnel in the reserves.

PART VII. VOLUNTARY AGREEMENTS

Section 701. (a) The functions conferred upon the President by section 708(a) of the Defense Production Act of 1950 are hereby delegated as follows:

(1) To the Secretaries of the Interior, Agriculture, and Commerce, and to the commissioner of the Interstate Commerce Commission referred to in section 101 of this Executive order, respectively, according to the designations of materials and facilities set forth in paragraphs (a), (b), (c), and (d) of such section 101.

(2) To the Board of Governors of the Federal Reserve System with respect to financing.

(3) To the Economic Stabilization Administrator with respect to stabilization.

(b) The functions conferred upon the President by section 708(b) of the Defense Production Act of 1950 are hereby delegated as follows:

(1) To the Secretary of Commerce in respect of Title I of the Defense Production Act of 1950.

(2) In other respects to the delegates referred to in section 701(a) of this Executive order, respectively, according to the provisions of paragraphs (1), (2), and (3) thereof.

(c) The delegation of authority made by section 701(b) of this Executive order is subject to the conditions (1) that each delegate concerned shall consult with the Attorney General and the Chairman of the Federal Trade Commission not less than ten days before making any request or finding under section 708(b) of the Defense Production Act of 1950, (2) that each delegate concerned shall obtain the approval of the Attorney General to any request under said section 708(b) before making the request, and (3) that the authority delegated may not be redelegated.

PART VIII. COORDINATION

Section 801. In the interest of consistent and coordinated administration of functions delegated by this Executive order, each officer to whom func-

tions are delegated shall be guided by such policies and program directives as the President may from time to time prescribe.

Section 802. The Chairman of the National Security Resources Board shall, in the interest of assisting the President to coordinate the functions delegated by this Executive order, and on behalf of the President:

(a) Resolve interagency issues which otherwise would require the attention of the President.

(b) Prescribe policy and program directives having the approval of the President.

(c) Obtain reports and information on the status of work in the various agencies designated in this Executive order.

(d) Take such measures to obtain coordination of related policies and activities among the various agencies as he may determine.

(e) Advise the President on the progress of the defense production program and make such recommendations as he may deem proper.

Section 803. The Council of Economic Advisers shall adapt its continuing studies of employment, production and purchasing power needs and objectives so as to furnish guides to the agencies under this Executive order in promoting balance between defense and civilian needs and in avoiding inflation in a stable and growing economy. In the performance of this function, the Council shall obtain necessary information from the agencies concerned and engage in regular consultation with them.

PART IX. GENERAL PROVISIONS

Section 901. As used in this Executive order:

(a) The term "functions" includes powers, duties, authority, responsibilities, and discretion.

(b) The term "materials" includes raw materials, articles, commodities, products, supplies, components, technical information, and processes, but excludes fissionable materials as defined in the Atomic Energy Act of 1946.

(c) The term "petroleum" shall mean crude oil and synthetic liquid fuel, their products, and associated hydrocarbons, including pipelines for the movement thereof.

(d) The term "gas" shall mean natural gas and manufactured gas, including pipelines for the movement thereof.

(e) The term "solid fuels" shall mean all forms of anthracite, bituminous, sub-bituminous, and lignitic coals, and coke and its byproducts.

(f) The term "electric power" shall mean all forms of electric power and energy, *including* the generation, transmission, distribution, and utilization thereof.

(g) The term "metals and minerals" shall mean all raw materials of mineral origin, including their refining and processing but excluding their fabrication.

(h) The term "food" shall mean all commodities and products, simple, mixed, or compound, or complements to such commodities or products, that are capable of being eaten or drunk by either human beings or animals, irrespective of other uses to which such commodities or products may be put, at all stages of processing from the raw commodity to the products thereof in vendible form for immediate human or animal consumption. For the purposes of this Executive order the term "food" shall also include all starches, sugars, vegetable and animal fats and oils, cotton, tobacco, wool, mohair, hemp, flax fiber, and naval stores, but shall not include any such material after it loses its identity as an agricultural commodity or agricultural product.

(i) The term "farm equipment" shall mean equipment manufactured for use on farms in connection with the production or processing of food.

(j) The term "fertilizer" shall mean fertilizer in form for distribution to the users thereof.

(k) The term "domestic transportation, storage, and port facilities" shall include locomotives, cars, motor vehicles, watercraft used on inland waterways, in harbors, and on the Great Lakes, and other vehicles, vessels, and all instrumentalities of shipment or carriage, irrespective of ownership, and all services in or in connection with the carriage of persons or property in intrastate, interstate, or foreign commerce within the United States, except movement of petroleum and gas by pipeline; and warehouses, piers, docks, wharves, loading and unloading equipment, and all other structures and facilities used in connection with the transshipment of persons and property between domestic carriers and carriers engaged in coastwise, intercoastal, and overseas transportation.

Section 902. (a) Except as otherwise provided in section 902(c) of this Executive order, each officer or agency having functions under the Defense Production Act of 1950 delegated or assigned thereto by this Executive order may exercise and perform, with respect to such functions, the functions vested in the President by Title VII of the said Act.

(b) The functions which may be exercised and performed pursuant to the authority of section 902(a) of this Executive order shall include, but not by way of limitation, (1) except as otherwise provided in section 701(c) of this Executive order, and except as otherwise required by section 403 of the Defense Production Act of 1950, the power to redelegate functions, and to authorize the successive redelegation of functions, to agencies, officers, and employees of the Government, (2) the power to create an agency or agencies, under the jurisdiction of the officer concerned, to administer functions delegated by this Executive order, and (3) in respect of Parts I, II, IV, and V of this Executive order, the power of subpoena: *Provided*, That the subpoena power shall be utilized only after the scope and purpose of the investigation, inspection, or inquiry to which the subpoena relates have been defined either by the appropriate officer referred to in section 902(a) of this Executive order or by such other person or persons as he shall designate.

(c) There are excluded from the functions delegated by section 902(a) of this Executive order (1) the functions delegated by Part VII of this Executive order, (2) the functions of the President under sections 703(b) and 710(a) of the Defense Production Act of 1950, (3) the functions of the President with respect to regulations under sections 710(b), 710(c), and 710(d) of the said Act, and (4) the functions of the President with respect to fixing compensation under section 703(a) of the said Act.

(d) The functions conferred upon the President by section 710(a) of the Defense Production Act of 1950 are hereby delegated as follows:

(1) Each officer or agency having functions under the said Act delegated or assigned to such officer or agency by this Executive order shall submit to the Chairman of the United States Civil Service Commission such requests for classification of positions in grades 16, 17, and 18 of the General Schedule as may be necessary, and shall accompany any such request with a certificate stating that the

duties of the position are essential and appropriate for the administration of the said Act.

(2) Each requested position shall be placed in the appropriate grade of the General Schedule in accordance with the standards and procedures of the Classification Act of 1949. No person shall be employed in a position of grade 16, 17, or 18 under authority of section 710(a) of the Defense Production Act of 1950 except pursuant to notice of the Chairman of the United States Civil Service Commission of the classification of the position.

Section 903. All agencies of the Government (including departments, establishments, and corporations) shall furnish to each officer to whom functions are delegated or assigned by this Executive order such information relating to defense production or procurement, or otherwise relating to the functions delegated or assigned to such officer by this Executive order, as he may deem necessary.

Section 904. Each delegate referred to in section 101 of this Executive order shall, when and if he shall deem it necessary and appropriate, appoint a committee composed of representatives of such agencies of the Government as he may determine. Any committee so appointed shall advise and consult with the delegate concerned, as he may request, in connection with the carrying out of the functions delegated to him by sections 101, 201, and 302 of this Executive order, and shall advise the delegate concerned regarding requirements of materials and facilities.

HARRY S. TRUMAN.

The White House,
September 9, 1950.

Loan Guarantees for Defense Production

Regulation V

On September 27, 1950, announcement was made of the inauguration of a program under the Defense Production Act of 1950 and the President's Executive Order No. 10161 of September 9, 1950, for the guaranteeing of loans by private financial institutions to finance contractors and subcontractors engaged in defense production. In this connection, the Board of Governors, after consulting the guaranteeing agencies, revised its Regulation V, effective September 27, 1950, and prescribed a schedule of rates and fees and a form of guarantee agreement. A statement for the press which sets forth

the schedule of rates and fees appears on pages 1283-84 of this BULLETIN and the text of Regulation V is as follows:

REGULATION V

Revised Effective September 27, 1950

LOAN GUARANTEES FOR DEFENSE PRODUCTION

SECTION 1. AUTHORITY

This regulation is based upon and issued pursuant to the Defense Production Act of 1950 (herein referred to as the "Act"), and Executive Order No. 10161, dated September 9, 1950 (herein referred to as the "Order"), and after consultation with the heads of the guaranteeing agencies designated in the Act and the Order, namely, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, the Department of the Interior, the Department of Agriculture, and the General Services Administration. Pertinent portions of the Act and the Order are set forth in the appendix to this regulation.

SECTION 2. OBJECTIVES OF FEDERAL RESERVE SYSTEM

In carrying out its functions under the Act and the Order, it will be the objective of the Federal Reserve System to facilitate and expedite to the greatest extent possible the financing of contractors, subcontractors, and other persons having contracts or engaged in operations deemed by the guaranteeing agencies to be necessary to expedite production and deliveries or services under Government contracts for the procurement of materials or the performance of services for the national defense. The Board of Governors of the Federal Reserve System (herein referred to as the "Board") and the Federal Reserve Banks will cooperate fully with the guaranteeing agencies in order to achieve this objective and will follow in general and to the extent applicable procedures developed from experience obtained in the administration of the V-loan and T-loan programs during World War II.

SECTION 3. PROCEDURES

(a) **Applications.** Any private financing institution may submit to the Federal Reserve Bank of its district an application for a guarantee of a loan to an eligible borrower. Such application shall be in such form and contain such information as the

Board may prescribe after consultation with the guaranteeing agencies.

(b) **Eligibility of Borrower.** No loan shall be guaranteed unless it shall first be determined that the contract or other operation of the prospective borrower to be financed by such loan is one which is deemed by the guaranteeing agency involved to be necessary to expedite production and deliveries or services under a Government contract for the procurement of materials or the performance of services for the national defense. Such determination will be made in each case by a duly authorized certifying officer of the appropriate guaranteeing agency or in such other manner as the guaranteeing agency may prescribe. The determination will be made upon the basis of information contained in the application and accompanying papers filed by the applicant financing institution, unless in the circumstances of a particular case it appears that further information is necessary.

(c) **Approval of Guarantees.** Each application by a financing institution for a loan guarantee will be subject to approval by the appropriate guaranteeing agency in Washington or, to such extent as the guaranteeing agency may prescribe, by the Federal Reserve Bank to which the application is submitted. In any case in which an application is required to be submitted to Washington for approval, the Federal Reserve Bank will transmit the application, together with all necessary supporting information and the recommendation of the Federal Reserve Bank, through the Board of Governors to the guaranteeing agency involved. Subject to determination of the borrower's eligibility, if the application is approved by a duly authorized contracting officer of the guaranteeing agency, such contracting officer will authorize the Federal Reserve Bank to execute and deliver the guarantee on behalf of the guaranteeing agency. Such authorization will be transmitted to the Federal Reserve Bank through the Board of Governors; and, thereupon, the Federal Reserve Bank, acting as fiscal agent of the United States, will execute and deliver the guarantee on behalf of the guaranteeing agency in accordance with the terms of the authorization. In any case in which the Federal Reserve Bank is authorized by a guaranteeing agency to approve applications for guarantees, the Reserve Bank, if it approves the application and subject to determination of the borrower's eligibility, will execute and deliver the guarantee without submission of the application for prior

approval by any officer of the guaranteeing agency; but the Reserve Bank will promptly notify the guaranteeing agency of the execution of such guarantee.

(d) **Other Forms and Procedures.** The Board will prescribe from time to time, after consultation with the guaranteeing agencies, forms to be followed in the execution of guarantees pursuant to this regulation and such other forms as may be necessary. The Board will also prescribe, after consultation with the guaranteeing agencies, procedures with respect to such matters as the purchase of guaranteed loans by the Federal Reserve Banks as fiscal agents, the handling and disposition by the Federal Reserve Banks of guarantee fees and other fees collected, and such other procedures as may be found necessary.

SECTION 4. RESPONSIBILITY OF FEDERAL RESERVE BANKS

A Federal Reserve Bank in arranging for or making any guarantee on behalf of any guaranteeing agency will be expected to make reasonable efforts to afford such guaranteeing agency the best available protection against possible financial loss consistent with the obtaining of national defense production expeditiously. No Federal Reserve Bank, however, shall have any responsibility or accountability except as agent in taking any action pursuant to or under authority of the Act, the Order, or this regulation. Each Federal Reserve Bank will be reimbursed by each guaranteeing agency in the usual manner for all expenses and losses incurred by the Reserve Bank in acting as agent on behalf of such guaranteeing agency, including among such expenses, notwithstanding any other provision of law, attorneys' fees and expenses of litigation.

SECTION 5. RATES AND FEES

Rates of interest, guarantee fees, commitment fees, and other charges which may be made with respect to guaranteed loans and guarantees executed through the agency of any Federal Reserve Bank hereunder will from time to time be prescribed, either specifically or by maximum limits or otherwise, by the Board of Governors after consultation with the guaranteeing agencies.

SECTION 6. REPORTS

Each Federal Reserve Bank shall make such reports as the Board of Governors shall require with respect to its operations pursuant to the terms of the Act, the Order, and this regulation.

National Bank Loan Limitations

In response to a request by the Board of Governors for the opinion of the Comptroller of the Currency as to whether the form of guarantee agreement dated September 27, 1950, complies with the requirements of the Comptroller's definition of the term "unconditional" as used in Exception 10 to Section 5200 of the Revised Statutes relating to the loan limitations applicable to national banks, the Office of the Comptroller, under date of October 6, 1950, addressed the following letter to the Board:

"This is in reply to your letter of October 3, with which was enclosed a copy of the 'V-Loan Guarantee Agreement (Form of September 27, 1950)'. This form is identical with the draft form enclosed with your letter to us dated September 20, 1950, except for three minor changes. You inquire whether such changes are sufficient to modify the opinion expressed in our letter of September 21 to the effect that loans covered by Agreements in this form would come within exception 10 to section 5200 of the Revised Statutes (12 U.S.C. 84).

"The changes which you point out are not of a nature which would change the status of loans guaranteed in this manner, for the purposes of exception 10. Accordingly, it is our opinion that the V-Loan Guarantee Agreement (Form of September 27, 1950) meets the requirements of exception 10 to section 5200 and the definition of the term 'unconditional' issued by the Comptroller of the Currency on June 18, 1942."

Consumer Credit

Amendment to Regulation W

The Board of Governors of the Federal Reserve System, effective October 16, 1950, issued Amendment No. 1 to Regulation W, entitled "Consumer Credit." A press statement announcing this amendment appears on pages 1282-83 of this issue of the BULLETIN, and the text of the amendment is as follows:

AMENDMENT NO. 1 TO REGULATION W

Issued by the Board of Governors of the Federal Reserve System

Regulation W is hereby amended in the following respects, effective October 16, 1950:

1. By changing "\$100" in Part 1 of the Supplement to read "\$50".

2. By changing "15 per cent" and "85 per cent" in Part 1, Group B of the Supplement to read, respectively, "25 per cent" and "75 per cent".

3. By changing "10 per cent" and "90 per cent" in Part 1, Group C of the Supplement to read, respectively, "15 per cent" and "85 per cent".

4. By changing the maximum maturity stated in Part 2 of the Supplement for articles listed in Group A from "21 months" to "15 months".

5. By changing the maximum maturity stated in Part 2 of the Supplement for articles listed in Group B, Group C and for Unclassified Instalment Loans, respectively, from "18 months" to "15 months".

6. By changing the figure "24" to "18" in Part 3 of the Supplement.

7. By striking out that portion of section 6(a)(1) between the words "flow of income" and "; or".

Pre-effective Date Transactions

Certain questions have been received regarding the status under Regulation W of contracts or commitments made prior to September 18, 1950, to extend credit after that date. Section 8(h) of the regulation exempts "any valid contract or obligation entered into prior to" September 18. In order to clarify the application of this provision certain general principles are set out below:

1. The exemption in section 8(h) for "any valid contract or obligation" entered into before September 18 applies not only to credit actually extended before that date, but also to any valid contract or obligation to make a contract. The exemption, therefore, includes a valid commitment made in good faith before September 18 to extend credit after September 18, and includes also the credit extended pursuant to such a commitment.

2. In order for the exemption to apply there must have been a valid contract or obligation. The general test is that the party seeking the credit should, aside from the regulation, have been able to maintain a suit for damages if the credit had not been granted pursuant to the contract or commitment to extend the credit. Some of the requirements for such a contract may be briefly summarized:

(a) A contract to sell or even a contract of sale for future delivery is not necessarily an agreement to extend credit for the article involved. There must have been a valid contract *relating to the credit* for the purchase of the article.

(b) There must be considerably more than general negotiations or indefinite "understandings" that credit would be extended. There must have been an agreement to extend the credit and a reasonably exact agreement as to terms and amount.

(c) While not always essential, the case is much clearer if there is written evidence of the commitment. The time as of which the credit itself is dated is not important, the significant date being that of the prior commitment.

3. Substance and good faith rather than technicalities and formalities control in determining whether there is a valid pre-September 18 contract. The most elaborate written documents do not constitute such a contract unless they represent a *bona fide* commitment made as a part of a regular business transaction and not as a means of evading the regulation.

Calculation of Maturity for Improvement Credit

A question has been received concerning the calculation of the maximum maturity in the case of an instalment sale of an article listed in Group D of the Supplement to Regulation W.

Under section 6 (b) of the regulation the maximum maturity in the case of an instalment sale must be calculated from "the actual date of the * * * delivery of the article sold." However, where there is a *bona fide* delay in the completed delivery of a Group D article because of the time required for installation or construction, "the actual date of the * * * delivery of the listed article sold" for the purposes of this provision is any date no later than the date of completion of installation or construction. It is to be noted that the foregoing does not apply with respect to the time for obtaining the down payment required for an article listed in Group D. Under section 3(c) "in the case of an article listed in Group D, the down payment shall be obtained at or before the time of beginning the agreed upon repairs, alterations, or improvements."

Construction of or Repairs to Detached Structures

Questions have been received as to whether instalment credit (1) for the construction of a detached garage on a lot already occupied by a house, or (2) for repairs or alterations to such a garage previously built, is subject to Regulation W.

A garage so constructed would be in connection with an existing structure and would not be a struc-

ture "designed exclusively for nonresidential use" within the meaning of Group D of the Supplement. However, the Board's view is that such a garage would be an "other entire structure" within the meaning of the exemption in section 7(h)(1). Consequently, instalment credit for the construction of the garage would not be subject to the regulation.

On the other hand, instalment credit for repairs or alterations to such a garage previously built would not be affected by section 7(h)(1) and, therefore, in the Board's view would be subject to the terms applicable in the case of a Group D article.

Whether or not a garage is "detached" must depend upon the facts and circumstances of the particular case. For example, the mere fact that a concrete sidewalk or fence may connect the house with the garage normally would not prevent the garage from being a detached garage and, therefore, an "other entire structure" within the meaning of section 7(h)(1). A rigid structural connection, however, such as an enclosed passageway or breezeway would prevent the garage from being an "other entire structure."

Home Improvement "Materials and Articles"

Certain questions have been received concerning the application of Group D of the Supplement to Regulation W. The Board is of the view that Group D includes, but is not limited to, the following:

- Air conditioning systems
- Attic ventilating fans
- Garbage disposal units and garbage incinerators
- Water heaters
- Entire heating systems and heating units for furnaces (including oil burners, gas conversion burners, and stokers)
- Lighting fixtures
- Electric generating plants
- Electric wiring
- Gas or water piping
- Butane, propane, or similar automatic gas systems or containers
- Water pumps and pumping systems
- Plumbing and sanitary fixtures
- Fencing
- Landscaping
- Sidewalks and driveways
- Awnings, marquees, storm doors and windows, screens, venetian blinds and shades
- Septic tanks

In answer to other inquiries the Board is of the view that Group D does not include the following:

- Space heaters (heat generating units designed to heat directly the space in which they are located and not designed to transmit heat to other spaces by means of pipes or ducts)

- Portable window fans

Purchase or Discount of Credits Extended Pursuant to Pre-effective Date Commitment

Section 8(h) permits the performance of any valid contract or obligation entered into prior to September 18, 1950 even though such performance may result in an extension of instalment credit subsequent to that date on terms which do not conform with the regulation. The Board's ruling entitled "Pre-effective Date Transactions," which appears above, set out certain general principles regarding the application of section 8(h). The question now asked relates to what evidence a Registrant shall hold in its files to establish the fact that a nonconforming contract it has purchased from an originating Registrant was the result of a pre-effective date contract between that Registrant and the obligor.

Section 8(e) provides that the prohibitions of the regulation (including the prohibitions of section 2(a)) shall not apply to a Registrant with respect to any failure to comply with Regulation W in connection with an obligation purchased, discounted or acquired as collateral from another Registrant if when so purchased, discounted or acquired the obligation did not show on its face any failure to comply. Section 8(a) provides that every Registrant shall preserve for the life of the obligation to which they relate such records as are relevant to establishing whether or not a credit is in conformity with the requirements of the regulation.

Application of the sections mentioned above places on a Registrant holding paper which on its face does not conform with Regulation W the burden of proof that the paper does in fact conform. Accordingly, the Board feels that it is not practicable to lay down specific rules as to the evidence to be obtained in such cases. In that connection, statements from the originating Registrant that the nonconforming obligation resulted from a pre-September 18, 1950 commitment or the furnishing of dealer lists of pre-September 18, 1950 orders for listed articles may not in themselves be sufficient to satisfy the responsibility of the Registrant to have in its files evidence to show that the paper it holds subject

LAW DEPARTMENT

to Regulation W is in conformity with the terms of the regulation.

Automobile Appraisal Guides

Under Regulation W as recently issued effective September 18, 1950, the credit value of any automobile is based on the lower of either (1) the cash price or (2) the average retail value stated in one of the appraisal guides designated by the Board of Governors of the Federal Reserve System.

For the purposes of this rule, the Board has designated certain editions and issues of the appraisal guides shown on the list attached. Detailed information as to the designations may be obtained from any Federal Reserve Bank or branch. A dealer is not required to use any particular automobile appraisal guide but, for purposes of complying with Regulation W, may use quotations from any of the appraisal guides that are designated for use in his territory.

The automobile models for which designations will initially apply are limited to used cars of model years 1941 to 1950, inclusive. In the case of these cars, the maximum credit value on and after September 18, 1950, will be the specified percentage (now 66 $\frac{2}{3}$ per cent) of whichever is the lower of (1) the cash purchase price or (2) the "appraisal guide value" (as determined from any designated guide). For those automobiles which do not have an "appraisal guide value" (new automobiles, used 1951 models, and used cars of 1940 and older models) the maximum credit value will be the specified percentage of the cash purchase price.

The "appraisal guide value" to be used for the purposes of Regulation W does not include any added value for cars equipped with a radio or heater, but it may include the added value specified in the appraisal guide for cars having an overdrive or automatic transmission as extra equipment.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

AUTOMOBILE APPRAISAL GUIDES DESIGNATED FOR PURPOSES OF REGULATION W AND TERRITORIES FOR WHICH GUIDE IS DESIGNATED

<i>Name of guide, publisher, and address</i>	<i>Issues designated</i>	<i>Territory for which guide is designated</i>
AMERICAN AUTO APPRAISAL published by American Auto Appraisal 194 Grove Avenue Detroit 3, Michigan	September-October, 1950 November-December, 1950 January-February, 1951 March-April, 1951 May-June, 1951	Region A (Note 1)
BLUE BOOK-EXECUTIVES EDITION published by National Used Car Market Report, Inc. 900 South Wabash Avenue Chicago 5, Illinois	August 15-September 30, 1950 October 1-November 14, 1950 November 15-December 31, 1950 January 1-February 14, 1951 February 15-March 31, 1951 April 1-May 14, 1951 May 15-June 30, 1951	Regions A, B, and C (Note 1)
KELLEY BLUE BOOK GUIDE published by Les Kelley 1221 South Figueroa Street Los Angeles 15, California	September-October, 1950 November-December, 1950 January-February, 1951 March-April, 1951 May-June, 1951	Region C (Note 1)
MARKET ANALYSIS REPORT published by Used Car Statistical Bureau, Inc. 93 Massachusetts Avenue Boston 15, Massachusetts	September-October, 1950 November-December, 1950 January-February, 1951 March-April, 1951 May-June, 1951	The six New England States, New Jersey, New York, and Pennsylvania

LAW DEPARTMENT

<i>Name of guide, publisher, and address</i>	<i>Issues designated</i>	<i>Territory for which guide is designated</i>
N. A. D. A. OFFICIAL USED CAR GUIDE published by National Automobile Dealers Used Car Guide Co. 1026 17th Street, N. W. Washington 6, D. C.	September, 1950 October, 1950 November, 1950 December, 1950 January, 1951 February, 1951 March, 1951 April, 1951 May, 1951 June, 1951	5 Regions (Note 2)
NORTHWEST USED CAR VALUES published by Northwest Publish- ing Company 90 University Street Seattle 1, Washington	September, 1950 October, 1950 November, 1950 December, 1950 January, 1951 February, 1951 March, 1951 April, 1951 May, 1951 June, 1951	Washington, Oregon, Idaho, and Montana
OFFICIAL AUTOMOBILE GUIDE, PRICE EDITION published by Recording and Sta- tistical Corporation 222 West Adams Street Chicago 5, Illinois	September-October, 1950 November-December, 1950 January-March, 1951 April-June, 1951	Regions A, B, and C (Note 1)
OFFICIAL AUTOMOBILE GUIDE, PRICE EDITION published by the National Re- search Bureau, Inc. 415 Dearborn Street Chicago 10, Illinois	September-October, 1950 November-December, 1950 January-March, 1951 April-June, 1951	Regions A, B, and C (Note 1)
OFFICIAL USED CAR SURVEY published by Motor Vehicle Deal- ers Administration, Nebraska State House Lincoln, Nebraska	September-October, 1950 November-December, 1950 January-March, 1951 April-June, 1951	Nebraska
OFFICIAL WISCONSIN AUTOMOBILE VALUATION GUIDE published by Wisconsin Automo- tive Trades Association 119 Monona Avenue Madison 3, Wisconsin	August 15-September 30, 1950 October 1-November 14, 1950 November 15-December 31, 1950 January 1-February 14, 1951 February 15-March 31, 1951 April 1-May 14, 1951 May 15-June 30, 1951	Wisconsin

LAW DEPARTMENT

<i>Name of guide, publisher, and address</i>	<i>Issues designated</i>	<i>Territory for which guide is designated</i>
RED BOOK NATIONAL USED CAR MARKET REPORT published by National Used Car Market Report, Inc. 900 South Wabash Avenue Chicago 5, Illinois	August 15-September 30, 1950 October 1-November 14, 1950 November 15-December 31, 1950 January 1-February 14, 1951 February 15-March 31, 1951 April 1-May 14, 1951 May 15-June 30, 1951	Regions A, B, and C (Note 1)

NOTE 1.—The regions for which publication is designated comprise the following States:

Region A

Alabama	Indiana	North Carolina
Connecticut	Kentucky	Ohio
Delaware	Maine	Pennsylvania
District of Columbia	Maryland	Rhode Island
Florida	Massachusetts	South Carolina
Georgia	Michigan	Tennessee
Illinois—Except Madison, St. Clair and Rock Island Counties	Mississippi	Vermont
	New Hampshire	Virginia
	New Jersey	West Virginia
	New York	Wisconsin—Except Douglas County

Region B

Arkansas	Kansas	North Dakota
Colorado	Louisiana	Oklahoma
Illinois—Madison, St. Clair and and Rock Island Counties	Minnesota	South Dakota
Iowa	Missouri	Texas
	Montana	Wisconsin—Douglas County
	Nebraska	Wyoming
	New Mexico	

Region C

Arizona	Idaho	Oregon
California	Nevada	Utah
		Washington

NOTE 2.—The regions for which each of the five territorial editions of N.A.D.A. Official Used Car Guide is designated are as follows:

Region "A"

Connecticut	Maryland	Pennsylvania
Delaware	Massachusetts	Rhode Island
District of Columbia	New Hampshire	Tennessee—Sullivan County only
Maine	New Jersey	Vermont
	New York	Virginia

LAW DEPARTMENT

<i>Name of guide, publisher, and address</i>	<i>Issues designated</i>	<i>Territory for which guide is designated</i>
Region "B"		
Arkansas—Miller County only	Montana	Oklahoma
Colorado	New Mexico	South Dakota
Louisiana	North Dakota	Texas
		Wyoming
Region "C"		
Arizona	Idaho	Oregon
California	Nevada	Utah
		Washington
Region "D"		
Alabama	Iowa	Nebraska
Arkansas—Except Miller County	Kansas	North Carolina
Florida	Minnesota	Tennessee—Except Sullivan County
Georgia	Mississippi	South Carolina
Illinois—Madison, Rock Island, St. Clair Counties only	Missouri	Wisconsin—Douglas County only
Region "E"		
Illinois—Except Madison, Rock Is- land, St. Clair Counties	Indiana	Ohio
	Kentucky	West Virginia
	Michigan	Wisconsin—Except Douglas County

Residential Real Estate Credit

Regulation X

On October 10, 1950, the Board of Governors of the Federal Reserve System and the Housing and Home Finance Agency, under authority of the Defense Production Act of 1950 and the President's Executive Order No. 10161 of September 9, 1950, announced restrictions on residential real estate construction credit. The statement for the press appears on pages 1284-86 of this issue of the BULLETIN. In this connection the Board of Governors, with the concurrence of the Administrator of the Housing and Home Finance Agency, issued Regulation X, effective October 12, 1950, prescribing restrictions on credit not insured, guaranteed, or extended by Government agencies. The text of Regulation X is as follows:

REGULATION X

Effective October 12, 1950

RESIDENTIAL REAL ESTATE CREDIT

SECTION 1. SCOPE AND APPLICATION OF REGULATION

This regulation is issued by the Board of Governors of the Federal Reserve System (hereinafter called the "Board"), with the concurrence of the Housing and Home Finance Administrator, under authority of the "Defense Production Act of 1950", approved September 8, 1950 (hereinafter called the "Act"), and Executive Order No. 10161, dated September 9, 1950.

This regulation applies to any person who is engaged in the business of extending real estate credit, including any person who acts as agent in arranging for such credit. For the purposes of this

regulation, a person shall be deemed to be engaged in the business of extending real estate credit if, during the current calendar year or during the preceding calendar year, he extends or has extended real estate credit more than three different times and such extensions of credit, during the current calendar year or during the preceding calendar year, aggregate more than \$25,000. For the purpose of determining whether a person is engaged in extending real estate credit, real estate credit shall be deemed to include not only "real estate construction credit", as hereinafter defined, but also credit with respect to any real property whether or not there is any new construction thereon, and whether or not such credit is extended, insured, or guaranteed by the United States or any agency thereof, and whether or not such credit is exempt from this regulation.

SECTION 2. DEFINITIONS

For the purposes of this regulation, unless the context otherwise requires:

(a) "*Person*" has the meaning given it in section 702(a) of the Act.¹

(b) "*Registrant*" means a person who is registered pursuant to section 3 of this regulation.

(c) "*Credit*" has the meaning given it in section 602(d)(2) of the Act.²

(d) "*Extending credit*", "*extension of credit*" and "*extends credit*" shall include extending or

maintaining any credit, or renewing, revising, consolidating, refinancing, purchasing, selling, discounting, or lending or borrowing on, any obligation arising out of any credit, or arranging as agent for any of the foregoing, and also shall include a sale of, or other transfer of title to, real property if the vendee or transferee assumes, or takes such property subject to, indebtedness secured by a mortgage or other lien upon such property.

(e) "*Real estate construction credit*" means any credit, hereafter extended, which

- (1) is wholly or partly secured by, or
- (2) is for the purpose of purchasing or carrying, or
- (3) is for the purpose of financing, or
- (4) involves a right to acquire or use,

new construction on real property or real property on which there is new construction, if such new construction is a residence or a major addition or major improvement to a residence, whether such credit is extended before or after such new construction is begun; but the term "real estate construction credit" shall not include any loan or loans made, insured, or guaranteed, in whole or in part, by any department, independent establishment or agency in the executive branch of the United States, or by any wholly owned Government corporation, or by any mixed-ownership Government corporation as defined in the Government Corporation Control Act, as amended (including any loan evidenced by obligations of any local public agency or public housing agency which national banks may purchase pursuant to the provisions of section 602(a) of the Housing Act of 1949).

(f) "*New construction*" means any structure, or any major addition or major improvement to a structure, which is or has been begun after 12 o'clock meridian, August 3, 1950. Construction will be deemed to have been "begun" when essential materials which are to be an integral part of the structure have been affixed to or incorporated on the site in a permanent form.

(g) "*Major addition*" or "*major improvement*" means an enlargement, reconstruction, or other alteration to an existing structure, or any other addition or improvement which becomes or is to become physically attached to and a part of the structure, if the cost or estimated cost of such addition or improvement exceeds \$2,500.

¹ Section 702(a) of the Act provides: "The word 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or government agency."

² Section 602(d)(2) of the Act provides: "'Credit' means any loan, mortgage, deed of trust, advance, or discount; any conditional sale contract; any contract to sell or sale or contract of sale, of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract, or any contract for the bailment, leasing, or other use of property under which the bailee, lessee, or user has the option of becoming the owner thereof, obligates himself to pay as compensation a sum substantially equivalent to or in excess of the value thereof, or has the right to have all or part of the payments required by such contract applied to the purchase price of such property or similar property; any option, demand, lien, pledge, or similar claim against, or for the delivery of property or money; any purchase, discount, or other acquisition of, or any credit under the security of, any obligation or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect."

(h) "*Real property*" includes leaseholds and other interests in such property.

(i) The "*maximum loan value*" of any property shall be the amount which is computed in the manner prescribed in the Supplement to this regulation. In making such computations:

(1) For a major addition or major improvement to a residence, "value" shall be the cost or estimated cost of such major addition or major improvement;

(2) For residential property, other than major additions or major improvements:

(A) In the case of an extension of credit in connection with a *bona fide* sale of residential property, "value" shall be the *bona fide* sale price;

(B) In the case of any other extension of credit with respect to residential property:

(i) If the entire cost of the property to the borrower has been incurred by him not more than 12 months prior to the extension of credit or is to be incurred by him after such extension of credit, "value" shall be the *bona fide* cost of the property to the borrower, including a *bona fide* estimate of the cost of completing new construction on such property when the extension of credit is for the purpose of financing such new construction;

(ii) If any part of the cost of the property to the borrower has been incurred prior to such 12-month period, or if any part of such property has been acquired by gift, exchange, or inheritance, "value" shall be the appraised value as determined in good faith by the Registrant;

(3) For an extension of credit which is for the purpose of financing the construction of a residence on farm property, "value" shall be the total of (A) the cost or estimated cost of such new construction, and (B) 5 per cent of such cost or estimated cost.⁸

(j) "*Bona fide sale price*" means the amount paid or to be paid by the vendee in money or its equivalent. It includes, in addition to cash, (1) the value of any property accepted in part payment, (2) the

⁸ The 5 per cent is added when the extension of credit is for the purpose of financing the construction of a residence on farm property in order to take account of the value of the land upon which the residence is to be constructed.

unpaid principal amount of any indebtedness incurred or assumed by the vendee or to which the property remains subject, (3) the amount of any liens for taxes or special assessments which are in default or currently due and payable, (4) the amount of any mechanics' liens or other liens which the vendee is required to discharge, (5) the amount which the vendee agrees to pay for any alteration or other modification made or to be made to the property as an incident to the sale thereof, and (6) any amounts paid by the vendee for closing costs which are customary under local practices. It does not include any prepaid charges, or any accrued rents which will be paid to the vendee.

(k) "*Residence*" means any structure at least one-half of the floor space of which is used, serving or designed for dwelling purposes, if such structure does not include more than two family units. Houses connected by common walls and commonly known as "row houses" or "semidetached houses" shall be considered separate structures.

(l) "*Residential property*" means any real property, other than farm property, on which there is or is to be a residence or residences.

(m) "*Farm property*" means any real property, located outside of urban areas, which is principally used for the production of crops, livestock or other agricultural commodities.

SECTION 3. GENERAL REQUIREMENTS AND REGISTRATION

(a) **General Requirements.** No person engaged in the business of extending real estate credit shall extend real estate construction credit unless (1) he is registered pursuant to this section, and (2) he has no knowledge of, and has no reason to know, any fact by reason of which such credit fails to comply with any applicable provision of this regulation.

(b) **Registration.** Every person engaged in the business of extending real estate credit shall be deemed to be registered pursuant to this regulation from the effective date hereof until such time as the Board, by public announcement, may require registration statements to be filed by all, or any specified classes of, such persons. Should the Board require such registration statements, a person shall continue to be registered after the time such statements are required only if he shall have complied with the requirements of the Board's announcement. Every person who is registered in accordance with

the provisions of this subsection is referred to in this regulation as a "Registrant."

(c) **Suspension of Registration.** Any Registrant may, after reasonable notice and opportunity for a hearing, be suspended by the Board, as to all or as to particular activities or particular offices and for specified or indefinite periods, because of any willful or negligent failure to comply with any provision of this regulation.

A suspension for a specified period will terminate upon the expiration of such period. A suspension for an indefinite period may be terminated by the Board, in its discretion, if the Board is satisfied that its action would not lead to further violations of this regulation by the suspended Registrant and would not be otherwise incompatible with the public interest.

SECTION 4. EXTENSION OF CREDIT

(a) **Amount; Maturity; Amortization.** Except as otherwise permitted by this regulation, no Registrant shall, either in connection with a sale or otherwise:

(1) Extend real estate construction credit with respect to residential property (other than major additions or major improvements) if the amount of credit outstanding with respect to the property (including any credit exempt from, or not subject to the prohibitions of, this regulation) exceeds, or as a result of such extension of credit would exceed, the applicable maximum loan value of such property;

(2) Extend real estate construction credit for the purpose of financing a major addition or major improvement to a residence if the amount of credit outstanding for the purpose of financing the major addition or major improvements (including any credit exempt from, or not subject to the prohibitions of, this regulation) exceeds, or as a result of such extension of credit would exceed, the applicable maximum loan value of such major addition or major improvement;

(3) Extend real estate construction credit for the purpose of financing the construction of a residence on farm property if the amount of credit outstanding for the purpose of financing the construction of the residence (including any credit exempt from, or not subject to the prohibitions of, this regulation) exceeds, or as a result

of such extension of credit would exceed, the applicable maximum loan value of such residence;

(4) Extend real estate construction credit if such credit would have a maturity which exceeds the applicable maximum maturity provisions, or would be repaid in any manner which does not conform with the applicable amortization provisions set forth in the Supplement to this regulation;

(5) Purchase, discount or lend on any credit instrument evidencing real estate construction credit which is subject to and not exempt from this regulation, unless the terms of such credit conformed with the provisions of the Supplement to this regulation when such credit was originally extended or conform with the provisions of the Supplement at the time of such purchase, discount or loan; but for the purposes of this paragraph credit shall be considered to be subject to the regulation even though extended by a person other than a Registrant;

(6) If the Registrant is acting as principal—sell, or transfer title to, residential property on which there is new construction (which is a residence or a major addition or major improvement to a residence) and with respect to which the vendee or transferee assumes, or takes such property subject to, indebtedness secured by a mortgage or other lien upon such property, if the amount of outstanding credit (including any credit exempt from, or not subject to the prohibitions of, this regulation) which was extended after the effective date of the regulation with respect to the property exceeds, or as a result of such sale or transfer would exceed, the applicable maximum loan value of such property, or if any outstanding real estate construction credit (subject to and not exempt from this regulation) with respect to such property does not conform with the provisions of this regulation and the Supplement thereto.

(b) **Secondary Borrowing.** Except as otherwise permitted by this regulation, no Registrant shall extend real estate construction credit if he knows or has reason to know that there is, or that there is to be, any other credit extended with respect to the property (1) which, when added to the credit proposed to be extended by the Registrant, would cause the total amount of credit outstanding with respect to the property (including any credit exempt

from, or not subject to the prohibitions of, this regulation) to exceed the applicable maximum loan value of such property, or (2) which, if it is real estate construction credit subject to and not exempt from this regulation, does not or would not comply with the applicable maximum maturity and amortization provisions set forth in the Supplement to this regulation.

(c) **Statement of the Borrower.** No Registrant shall extend any credit unless he is satisfied, and maintains records which reasonably demonstrate on their face, whether such credit is or is not real estate construction credit. If the Registrant accepts in good faith a signed Statement of the Borrower stating that the credit is not wholly or partly secured by, or for the purpose of purchasing or carrying, or for the purpose of financing, or one which involves the right to acquire or use, new construction on real property or real property on which there is new construction (or that such new construction, if any, is not a residence or a major addition or major improvement to a residence), such Statement shall be deemed to be compliance with the requirements of this paragraph.

No Registrant shall extend real estate construction credit unless he has accepted in good faith a signed Statement of the Borrower (1) stating whether the credit is with respect to (A) residential property, (B) a residence on farm property, or (C) a major addition or a major improvement to a residence; and (2) stating, if the Registrant claims that such credit is exempt from this regulation, the reason for such exemption; and, if the credit is not exempt, (3) stating the amount of credit previously extended and outstanding, and the amount of any other credit to be extended, with respect to the residential property, the residence on farm property, or the major addition or major improvement to a residence, (4) stating, if the Registrant in computing "value" relies upon cost or estimated cost to the borrower (where such cost or estimated cost may be used for this purpose), the *bona fide* amount of such cost or estimated cost to the borrower, and (5) stating, if the extension of credit is in connection with a sale, the sale price, that the sale price was *bona fide*, and the value and a brief description of any property accepted in part payment. If the extension of credit is in connection with a sale, such Statement shall state that the vendor of the property has or will have no financial interest in such property or in the proceeds of any subsequent disposition thereof, except such interest as may be

fully disclosed to the Registrant. The amount of any such financial interest of the vendor retained in the property or any proceeds of the disposition thereof shall be deemed to be real estate construction credit extended with respect to such property. The Statement of the Borrower may be made, if desired, on a form obtainable at any Federal Reserve Bank or branch.

SECTION 5. EXEMPTIONS AND EXCEPTIONS

(a) **Minimum Amount.** The prohibitions of this regulation shall not apply to any extension of credit if the total amount thereof, including all outstanding credit which was granted after the effective date of this regulation with respect to the same property, is not in excess of \$2,500.

(b) **Short-Term Construction Credits.** The prohibitions of this regulation shall not apply to any credit which is for the purpose of financing the construction of a residence or residences or a major addition or major improvement, if the maturity of such credit is not more than 18 months; provided that this exemption shall not be construed to permit any renewal, revision, consolidation, or refinancing of such credit except on terms which conform with the provisions of this regulation and the Supplement thereto. If (1) the initial purpose of an extension of credit having a maturity exceeding 18 months is the financing of the construction of a residence or residences or a major addition or major improvement and (2) an agreement with respect to the credit requires that upon (A) the completion of such construction or (B) the expiration of a period of not more than 18 months after the extension of the credit, whichever shall first occur, such action must be taken by the parties as may be necessary to make the terms of the credit conform thereafter with the applicable maximum loan value and the applicable maturity and amortization provisions set forth in the Supplement to this regulation, then in such event the prohibitions of this regulation shall not apply to such credit until the occurrence of one of the events specified in (A) or (B) above; but if at any time after the date of the extension of such credit, a Registrant sells or transfers title to the property with respect to which the credit is extended, such sale or transfer of title must conform to the provisions of this regulation and the Supplement thereto.

(c) **Disaster Credits.** The prohibitions of this regulation shall not apply to any extension of real estate construction credit with respect to real prop-

erty in any area in which the Federal Reserve Bank of the district may declare that an emergency exists because of a flood, fire or other disaster affecting a substantial number of the inhabitants of the stricken area. This exemption with respect to any area so designated shall apply only to extensions of credit of such character and during such period as the Federal Reserve Bank may prescribe.

(d) **Medical Expenses, Etc.** The prohibitions of this regulation shall not apply to any extension of real estate construction credit as to which the Registrant accepts in good faith a signed Statement of the Borrower certifying that the proceeds thereof are to be used for *bona fide* medical, hospital, dental, or funeral expenses, or to pay debts incurred for such expenses, and that the proceeds of the extension are to be paid over in amounts specified in such Statement to persons whose names, addresses and occupations are stated therein.

(e) **Casualties.** The prohibitions of this regulation shall not apply to any extension of real estate construction credit as to which the Registrant accepts in good faith a signed Statement of the Borrower certifying that the proceeds thereof are to be used solely for the replacement, reconstruction or repair of a residence destroyed or substantially damaged by flood, fire or other similar casualty.

(f) **Contracts to Sell.** The prohibitions of this regulation shall not apply to any contract to sell real property (1) which does not provide for the payment of any part of the purchase price, or of any amount to be subsequently applied to such price, except a deposit of earnest money, before the transfer of title to such property, (2) which is to be performed by a transfer of title to such property within six months after the date on which the contract was entered into, and (3) which provides for the subsequent transfer of title to such property on terms which conform to the provisions of this regulation and the Supplement thereto in effect on the date the contract was entered into.

(g) **Contemplated Construction.** Any builder or other person who had made substantial commitments or undertakings before August 3, 1950, with a view to the building of new construction and who asserts that his inability to obtain credit to finance such new construction on the basis contemplated by him and by the Registrant prior to August 3, 1950, would cause him substantial hardship, may apply to the Federal Reserve Bank of the district in which the new construction is contemplated for an exemption from this regulation for such new

construction, showing all the facts and submitting all necessary supporting documents with respect to his commitments or undertakings and why compliance with the regulation would cause him substantial hardship. If such Federal Reserve Bank after consideration of the application and supporting documents determines that substantial commitments were made prior to August 3, 1950, and that substantial hardship would result from the application of this regulation in such case, it may issue to such builder or other person a certificate approving such application and thereupon any extension of credit to such builder or other person by any Registrant with respect to the new construction that may be specified in such certificate shall be exempt from the prohibitions of this regulation.

(h) **Labor and Material.** No person shall be required to register pursuant to section 3 of this regulation because of the fact that he performs labor or furnishes material for new construction on an open account, unless he shall be otherwise engaged in the business of extending real estate credit.

(i) **Credits Secured by Life Insurance Policies.** The prohibitions of this regulation shall not apply to any extension of real estate construction credit which is fully secured by the loan value or cash surrender value of a life insurance policy; and, notwithstanding any other provisions of this regulation, a Registrant in determining the amount of credit which he may extend under the provisions of section 4 of the regulation need not take into account any credit which is secured in the manner specified in this paragraph.

(j) **Farm Property.** The prohibitions of this regulation shall not apply to any extension of real estate construction credit with respect to farm property unless the extension of credit is for the purpose of financing the construction of a residence on farm property or a major addition or major improvement to a residence on farm property.

SECTION 6. MISCELLANEOUS PROVISIONS

(a) **Evasions.** No extension of real estate construction credit complies with the requirements of this regulation if at the time it is made there is any agreement, arrangement, or understanding, of which the Registrant knows or has reason to know, by which credit is or is to be extended in violation of this regulation, even though such extension of credit is or is to be made indirectly, or which would otherwise evade or circumvent, or conceal

any evasion or circumvention of, any provision of this regulation or the Supplement thereto. No Registrant extending credit subject to this regulation shall divide such credit into two or more parts, or enter into any agreement or understanding with any other person as a result of which two or more credits are extended, when the purpose or effect of such action is to circumvent or avoid the amortization or maturity provisions of this regulation or the Supplement thereto.

(b) **Outstanding Contracts and Obligations.** The provisions of this regulation shall not apply to or affect any credit extended prior to the effective date of this regulation, or pursuant to any firm commitment to extend credit made prior to such date. For this purpose, a firm commitment means either (1) a written agreement under which the Registrant is required without option or discretion on his part to extend credit upon demand by the borrower or upon compliance by the borrower with one or more conditions referred to in such agreement; or (2) any other agreement to extend credit which has been entered into in good faith by the parties and in reliance upon which the prospective borrower has taken specific action prior to the effective date of the regulation, if the Registrant within 30 days after the effective date of this regulation shall have sent to the Federal Reserve Bank of the district in which he does business a letter or other statement reciting the facts with respect to such agreement and the specific action taken by the prospective borrower prior to the effective date of the regulation.

(c) **Real Property Outside the United States.** The prohibitions of this regulation shall not apply to any extension of real estate construction credit with respect to real property in Alaska, the Panama Canal Zone, or any territory or possession outside the continental United States.

(d) **Preservation of Records; Inspections; Administrative Reports.** For the purpose of determining whether or not there has been compliance with the provisions of this regulation, every person extending real estate credit shall preserve for a period of three years after each extension of credit such accounts, correspondence, memoranda, papers, books, and other records, or photostats thereof, as are relevant to establishing whether such person is engaged in the business of extending real estate credit; whether each credit extended is or is not real estate construction credit with respect to residential property, a farm residence, or a major addition or

major improvement to a residence; and whether each extension of real estate construction credit conformed with the provisions of this regulation and the Supplement thereto. Every such person shall permit the Board or a Federal Reserve Bank, by its duly authorized representatives, to inspect such records and business operations as the Board or a Federal Reserve Bank may deem necessary or appropriate; and when ordered to do so, shall furnish, under oath or otherwise, such reports, information, or records relevant to extensions of credit as the Board or a Federal Reserve Bank may deem necessary or appropriate for the enforcement and administration of this regulation.⁴

(e) **Default and Foreclosure; Servicemen's Preinduction Debt.** Nothing in this regulation shall be construed to prevent any Registrant from taking such action as he shall deem necessary in good faith (1) with respect to any extension of credit to any member or former member of the armed forces of the United States which was made to him prior to his induction into such service and assignment to active duty, or (2) for the Registrant's own protection in connection with any credit which is in default and is the subject of a *bona fide* collection effort by the Registrant. The prohibitions of this regulation shall not apply to an extension of credit by a Registrant in connection with a sale of property acquired by him through foreclosure proceedings if such credit does not exceed the unpaid principal amount of the foreclosed credit and the costs of acquisition through foreclosure.

(f) **Right of Registrant to Impose Stricter Requirements.** Any Registrant, if he desires, may refuse to extend credit, extend less credit than the amount permitted by this regulation, or require that repayment be made within a shorter period or in larger instalments than prescribed in the Supplement to this regulation.

(g) **Reliance upon Statement of the Borrower.** The facts set forth in any signed Statement of the Borrower which a Registrant accepts and relies upon in good faith shall be deemed to be correct for the purposes of the Registrant.

(h) **False Statements.** The making or submission by any person of any false, fictitious or fraudulent statement or representation pursuant to, or which is intended to conform to, or show compliance with,

⁴ The reporting and record-keeping requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

any requirement or provision of this regulation, shall be a violation of this regulation.

(i) **Statutory Penalties.** The Act provides that "Any person who willfully violates any provision of section * * * 602 (relating to real estate construction credit) or any regulation or order issued thereunder, upon conviction thereof, shall be fined not more than \$5,000 or imprisoned not more than one year, or both."

(j) **Enforceability of Contracts.** Nothing in this regulation shall affect the enforceability of any contract.

SUPPLEMENT TO REGULATION X

Maximum Loan Value. For the purposes of Regulation X, maximum loan values for all residential property, farm residences, and major additions and major improvements are prescribed as set forth in the following table. In the case of credit extended with respect to residential property or farm residences involving more than one structure, the maximum loan value may be applied separately with respect to each such structure or with respect to the entire property or all such residences, at the election of the Registrant.

If the value (determined as provided in section 2(i) of the regulation) is	The maximum loan value is
More than \$2,500 but not more than \$5,000	90% of the value
More than \$5,000 but not more than \$9,000	\$4,500 plus 65% of excess of value over \$5,000
More than \$9,000 but not more than \$15,000	\$7,100 plus 60% of excess of value over \$9,000
More than \$15,000 but not more than \$20,000	\$10,700 plus 20% of excess of value over \$15,000
Over \$20,000	\$11,700 plus 10% of excess of value over \$20,000 but not less than 50% of value

Maturity. For the purposes of Regulation X the following maturity requirements are prescribed: No credit subject to the regulation shall have a maturity of more than 20 years from the date such credit is extended except that a credit extended with respect to property having a value (determined as

provided in section 2(i) of the regulation) of \$7,000 or less may have a maturity of not more than 25 years if it is to be fully repaid at or before the date of maturity through amortization on the basis prescribed in clause (2) of the following paragraph relating to amortization:

Amortization. For the purposes of Regulation X, the following amortization requirements are prescribed: with respect to every credit subject to the regulation, amortization payments shall be required which either (1) will annually reduce the original principal amount of such credit by not less than 5 per cent until the outstanding balance of such credit has been reduced to an amount equal to or less than 50 per cent of the value of the property with respect to which such credit was extended or (2) will fully liquidate the original principal amount of such credit not later than the date of the maturity of the credit through substantially equal monthly, quarterly, semiannual, or annual payments covering principal and interest or through substantially equal monthly, quarterly, semiannual, or annual payments of principal. The value referred to in the preceding sentence shall be determined as of the date the credit was extended in the manner provided in section 2(i) of the regulation. If the amount of the credit when extended is not more than 50 per cent of such value, such credit shall not be subject to the amortization provisions of this paragraph.

Federal Deposit Insurance Act

By Act of Congress approved September 21, 1950 (Public Law 797, 81st Congress), section 12B of the Federal Reserve Act was withdrawn as a part of that Act and, with amendments, was made a separate Act to be known as the "Federal Deposit Insurance Act." The text of the Act reads as follows:

[PUBLIC LAW 797—81ST CONGRESS]

[CHAPTER 967—2D SESSION]

[S. 2822]

AN ACT

To amend the Federal Deposit Insurance Act (U. S. C., title 12, sec. 264).

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 12B of the Federal

Reserve Act, as amended, is hereby withdrawn as a part of that Act and is made a separate Act to be known as the "Federal Deposit Insurance Act".

SEC. 2. The Federal Deposit Insurance Act is amended to read as follows:

"SEC. 1. There is hereby created a Federal Deposit Insurance Corporation (hereinafter referred to as the 'Corporation') which shall insure, as hereinafter provided, the deposits of all banks which are entitled to the benefits of insurance under this Act, and which shall have the powers hereinafter granted.

"SEC. 2. The management of the Corporation shall be vested in a Board of Directors consisting of three members, one of whom shall be the Comptroller of the Currency, and two of whom shall be citizens of the United States to be appointed by the President, by and with the advice and consent of the Senate. One of the appointive members shall be the Chairman of the Board of Directors of the Corporation and not more than two of the members of such Board of Directors shall be members of the same political party. Each such appointive member shall hold office for a term of six years. In the event of a vacancy in the office of the Comptroller of the Currency, and pending the appointment of his successor, or during the absence of the Comptroller from Washington, the Acting Comptroller of the Currency shall be a member of the Board of Directors in the place and stead of the Comptroller. In the event of a vacancy in the office of the Chairman of the Board of Directors, and pending the appointment of his successor, the Comptroller of the Currency shall act as Chairman. The members of the Board of Directors shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any insured bank, except that this restriction shall not apply to any member who has served the full term for which he was appointed. No member of the Board of Directors shall be an officer or director of any insured bank or Federal Reserve bank or hold stock in any insured bank; and before entering upon his duties as a member of the Board of Directors he shall certify under oath that he has complied with this requirement and such certification shall be filed with the secretary of the Board of Directors.

"SEC. 3. As used in this Act—

"(a) The term 'State bank' means any bank, banking association, trust company, savings bank, or other banking institution which is engaged in the business of receiving deposits, other than trust funds as herein defined, and which is incorporated under the laws of any State, any Territory of the United States, Puerto Rico, or the Virgin Islands, or which is operating under the Code of Law for the District of Columbia (except a national bank), and includes any unincorporated bank the deposits of which are insured on the effective date of this amendment.

"(b) The term 'State member bank' means any State bank which is a member of the Federal Reserve System, and the term 'State nonmember bank' means any State bank which is not a member of the Federal Reserve System.

"(c) The term 'District bank' means any State bank operating under the Code of Law for the District of Columbia.

"(d) The term 'national member bank' means any national bank located in any of the States of the United States, the District of Columbia, any Territory of the United States, Puerto Rico, or the Virgin Islands which is a member of the Federal Reserve System.

"(e) The term 'national nonmember bank' means any national bank located in any Territory of the United States, Puerto Rico, or the Virgin Islands which is not a member of the Federal Reserve System.

"(f) The term 'mutual savings bank' means a bank without capital stock transacting a savings bank business, the net earnings of which inure wholly to the benefit of its depositors after payment of obligations for any advances by its organizers.

"(g) The term 'savings bank' means a bank (other than a mutual savings bank) which transacts its ordinary banking business strictly as a savings bank under State laws imposing special requirements on such banks governing the manner of investing their funds and of conducting their business: *Provided*, That the bank maintains, until maturity date or until withdrawn, all deposits made with it (other than funds held by it in a fiduciary capacity) as time savings deposits of the specific term type or of the type where the right is reserved to the bank to require written notice before permitting withdrawal: *Provided further*, That such

bank to be considered a savings bank must elect to become subject to regulations of the Corporation with respect to the redeposit of maturing deposits and prohibiting withdrawal of deposits by checking except in cases where such withdrawal was permitted by law on August 23, 1935, from specifically designated deposit accounts totaling not more than 15 per centum of the bank's total deposits.

"(h) The term 'insured bank' means any bank the deposits of which are insured in accordance with the provisions of this Act; and the term 'non-insured bank' means any bank the deposits of which are not so insured.

"(i) The term 'new bank' means a new national banking association organized by the Corporation to assume the insured deposits of an insured bank closed on account of inability to meet the demands of its depositors and otherwise to perform temporarily the functions prescribed in this Act.

"(j) The term 'receiver' includes a receiver, liquidating agent, conservator, commission, person, or other agency charged by law with the duty of winding up the affairs of a bank.

"(k) The term 'Board of Directors' means the Board of Directors of the Corporation.

"(l) The term 'deposit' means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obligated to give credit to a commercial, checking, savings, time, or thrift account, or which is evidenced by its certificate of deposit, and trust funds held by such bank whether retained or deposited in any department of such bank or deposited in another bank, together with such other obligations of a bank as the Board of Directors shall find and shall prescribe by its regulations to be deposit liabilities by general usage: *Provided*, That any obligation of a bank which is payable only at an office of the bank located outside the States of the United States, the District of Columbia, any Territory of the United States, Puerto Rico, and the Virgin Islands, shall not be a deposit for any of the purposes of this Act or be included as a part of total deposits or of an insured deposit: *Provided further*, That any insured bank having its principal place of business in any of the States of the United States or in the District of Columbia which maintains a branch in any Territory of the United States, Puerto Rico, or the Virgin Islands may elect to exclude from insurance under this Act

its deposit obligations which are payable only at such branch, and upon so electing the insured bank with respect to such branch shall comply with the provisions of this Act applicable to the termination of insurance by nonmember banks: *Provided further*, That the bank may elect to restore the insurance to such deposits at any time its capital stock is unimpaired.

"(m) The term 'insured deposit' means the net amount due to any depositor for deposits in an insured bank (after deducting offsets) less any part thereof which is in excess of \$10,000. Such net amount shall be determined according to such regulations as the Board of Directors may prescribe, and in determining the amount due to any depositor there shall be added together all deposits in the bank maintained in the same capacity and the same right for his benefit either in his own name or in the names of others except trust funds which shall be insured as provided in subsection (i) of section 7. Each officer, employee, or agent of the United States, of any State of the United States, of the District of Columbia, of any Territory of the United States, of Puerto Rico, of the Virgin Islands, of any county, of any municipality, or of any political subdivision thereof, herein called 'public unit', having official custody of public funds and lawfully depositing the same in an insured bank shall, for the purpose of determining the amount of the insured deposits, be deemed a depositor in such custodial capacity separate and distinct from any other officer, employee, or agent of the same or any public unit having official custody of public funds and lawfully depositing the same in the same insured bank in custodial capacity.

"(n) The term 'transferred deposit' means a deposit in a new bank or other insured bank made available to a depositor by the Corporation as payment of the insured deposit of such depositor in a closed bank, and assumed by such new bank or other insured bank.

"(o) The term 'branch' includes any branch bank, branch office, branch agency, additional office, or any branch place of business located in any State of the United States or in any Territory of the United States, Puerto Rico, or the Virgin Islands at which deposits are received or checks paid or money lent.

"(p) The term 'trust funds' means funds held by an insured bank in a fiduciary capacity and

includes, without being limited to, funds held as trustee, executor, administrator, guardian, or agent.

"SEC. 4. (a) Every bank, which is an insured bank on the effective date of this amendment, shall be and continue to be, without application or approval, an insured bank and shall be subject to the provisions of this Act.

"(b) Every national member bank which is authorized to commence or resume the business of banking, and which is engaged in the business of receiving deposits other than trust funds as herein defined, and every such national nonmember bank which becomes a member of the Federal Reserve System, and every State bank which is converted into a national member bank or which becomes a member of the Federal Reserve System, and which is engaged in the business of receiving deposits, other than trust funds as herein defined, shall be an insured bank from the time it is authorized to commence or resume business or becomes a member of the Federal Reserve System. The certificate herein prescribed shall be issued to the Corporation by the Comptroller of the Currency in the case of such national member bank, or by the Board of Governors of the Federal Reserve System in the case of such State member bank: *Provided*, That in the case of an insured bank which is admitted to membership in the Federal Reserve System or an insured State bank which is converted into a national member bank, such certificate shall not be required, and the bank shall continue as an insured bank. Such certificate shall state that the bank is authorized to transact the business of banking in the case of a national member bank, or is a member of the Federal Reserve System in the case of a State member bank, and that consideration has been given to the factors enumerated in section 6. A State bank, resulting from the conversion of an insured national bank, shall continue as an insured bank. A State bank, resulting from the merger or consolidation of insured banks, or from the merger or consolidation of a noninsured bank or institution with an insured State bank, shall continue as an insured bank.

"SEC. 5. Subject to the provisions of this Act, any national nonmember bank which is engaged in the business of receiving deposits, other than trust funds as herein defined, upon application by the bank and certification by the Comptroller of the Currency in the manner prescribed in subsection

(b) of section 4 and any State nonmember bank, upon application to and examination by the Corporation and approval by the Board of Directors, may become an insured bank. Before approving the application of any such State nonmember bank, the Board of Directors shall give consideration to the factors enumerated in section 6 and shall determine, upon the basis of a thorough examination of such bank, that its assets in excess of its capital requirements are adequate to enable it to meet all of its liabilities to depositors and other creditors as shown by the books of the bank.

"SEC. 6. The factors to be enumerated in the certificate required under section 4 and to be considered by the Board of Directors under section 5 shall be the following: The financial history and condition of the bank, the adequacy of its capital structure, its future earnings prospects, the general character of its management, the convenience and needs of the community to be served by the bank, and whether or not its corporate powers are consistent with the purposes of this Act.

"SEC. 7. (a) The assessment rate shall be one-twelfth of 1 per centum per annum. The semi-annual assessment for each insured bank shall be in the amount of the product of one-half the annual assessment rate multiplied by the assessment base. The assessment base shall be the amount of the liability of the bank for deposits, according to the definition of the term 'deposit' in and pursuant to subsection (1) of section 3, without any deduction for indebtedness of depositors: *Provided*, That the bank—

"(1) may deduct (i) from the deposit balance due to an insured bank the deposit balance due from such insured bank (other than trust funds deposited by it in such bank) which is subject to immediate withdrawal; (ii) trust funds held by the bank in a fiduciary capacity and which are deposited in another insured bank; and (iii) cash items as determined by either of the following methods, at the option of the bank: (aa) By multiplying by 2 the total of the cash items forwarded for collection on the assessment base days (being the days on which the average deposits are computed) and cash items held for clearings at the close of business on said days, which are in the process of collection and which the bank has paid in the regular course of business or credited to deposit accounts; or (bb) by deducting the total of cash items forwarded for collection on the assess-

ment base days and cash items held for clearings at the close of business on said days, which are in the process of collection and which the bank has paid in the regular course of business or credited to deposit accounts, plus such uncollected items paid or credited on preceding days which are in the process of collection: *Provided*, That the Board of Directors may define the terms 'cash items', 'process of collection', and 'uncollected items' and shall fix the maximum period for which any such item may be deducted; and

"(2) may exclude from its assessment base (i) drafts drawn by it on deposit accounts in other banks which are issued in the regular course of business; and the amount of any advices or authorizations, issued by it for cash letters received, directing that its deposit account in the sending bank be charged with the amount thereof; and (ii) cash funds which are received and held solely for the purpose of securing a liability to the bank but not in an amount in excess of such liability, and which are not subject to withdrawal by the obligor and are carried in a special non-interest-bearing account designated to properly show their purpose.

Each insured bank, as a condition to the right to make any such deduction or exclusion in determining its assessment base, shall maintain such records as will readily permit verification of the correctness thereof. The semiannual assessment base for one semiannual period shall be the average of the assessment base of the bank as of the close of business on March 31 and June 30, and the semiannual assessment base for the other semiannual period shall be the average of the assessment base of the bank as of the close of business on September 30 and December 31: *Provided*, That when any of said days is a nonbusiness day or a legal holiday, either National or State, the preceding business day shall be used. The certified statements required to be filed with the Corporation under subsections (b) and (c) of this section shall be in such form and set forth such supporting information as the Board of Directors shall prescribe. The assessment payments required from insured banks under subsections (b) and (c) of this section shall be made in such manner and at such time or times as the Board of Directors shall prescribe, provided the time or times so prescribed shall not be later than sixty days after filing the certified statement setting forth the amount of assessment.

"(b) On or before the 15th day of July of each year, each insured bank shall file with the Corporation a certified statement showing for the six months ending on the preceding June 30 the amount of the assessment base and the amount of the semiannual assessment due to the Corporation for the period ending on the following December 31, determined in accordance with subsection (a) of this section, which shall contain or be verified by a written declaration that it is made under the penalties of perjury. Each insured bank shall pay to the Corporation the amount of the semiannual assessment it is required to certify. On or before the 15th day of January of each year, each insured bank shall file with the Corporation a similar certified statement for the six months ending on the preceding December 31 and shall pay to the Corporation the amount of the semiannual assessment for the period ending on the following June 30 which it is required to certify.

"(c) Each bank which becomes an insured bank shall not be required to file any certified statement or pay any assessment for the semiannual period in which it becomes an insured bank. On the expiration of such period, each such bank shall comply with the provisions of subsection (b) of this section except that the semiannual assessment base for its first certified statement shall be the assessment base of the bank as of the close of business on the preceding June 30 or December 31, whichever is applicable, determined in accordance with subsection (a) of this section. If such bank has assumed the liabilities for deposits of another bank or banks, it shall include such liabilities in its assessment base. The first certified statement shall show as the amount of the first semiannual assessment due to the Corporation, an amount equal to the product of one-half of the annual assessment rate multiplied by such assessment base.

"(d) As of December 31, 1950, and as of December 31, of each calendar year thereafter, the Corporation shall transfer 40 per centum of its net assessment income to its capital account and the balance of the net assessment income shall be credited pro rata to the insured banks based upon the assessments of each bank becoming due during said calendar year. Each year such credit shall be applied by the Corporation toward the payment of the total assessment becoming due for the semiannual assessment period beginning the next ensuing July 1 and any excess credit shall be applied

upon the assessment next becoming due. The term 'net assessment income' as used herein means the total assessments which become due during the calendar year less (1) the operating costs and expenses of the Corporation for the calendar year; (2) additions to reserve to provide for insurance losses during the calendar year, except that any adjustments to reserve which result in a reduction of such reserve shall be added; and (3) the insurance losses sustained in said calendar year plus losses from any preceding years in excess of such reserves. If the above deductions exceed in amount the total assessments which become due during the calendar year, the amount of such excess shall be restored by deduction from total assessments becoming due in subsequent years.

"(e) The Corporation (1) may refund to an insured bank any payment of assessment in excess of the amount due to the Corporation or (2) may credit such excess toward the payment of the assessment next becoming due from such bank and upon succeeding assessments until the credit is exhausted.

"(f) Any insured bank which fails to file any certified statement required to be filed by it in connection with determining the amount of any assessment payable by the bank to the Corporation may be compelled to file such statement by mandatory injunction or other appropriate remedy in a suit brought for such purpose by the Corporation against the bank and any officer or officers thereof in any court of the United States of competent jurisdiction in the District or Territory in which such bank is located.

"(g) The Corporation, in a suit brought at law or in equity in any court of competent jurisdiction, shall be entitled to recover from any insured bank the amount of any unpaid assessment lawfully payable by such insured bank to the Corporation, whether or not such bank shall have filed any such certified statement and whether or not suit shall have been brought to compel the bank to file any such statement. No action or proceeding shall be brought for the recovery of any assessment due to the Corporation, or for the recovery of any amount paid to the Corporation in excess of the amount due to it, unless such action or proceeding shall have been brought within five years after the right accrued for which the claim is made, except where the insured bank has made or filed with the Corporation a false or fraudulent

certified statement with the intent to evade, in whole or in part, the payment of assessment, in which case the claim shall not be deemed to have accrued until the discovery by the Corporation that the certified statement is false or fraudulent: *Provided, however,* That where a cause of action has already accrued, and the period herein prescribed within which an action may be brought has expired, or will expire within one year from the date this amendment becomes effective, an action may be brought on such cause of action within one year from the effective date of this amendment: *And provided further,* That no action or proceeding shall be brought for the recovery of any assessment on deposits alleged to have been omitted from the assessment base of any insured bank for any year prior to 1945 except that any claim of the Corporation for the payment of any assessment may be offset by it against any claim of the bank for the overpayment of any assessment.

"(h) Should any national member bank or any insured national nonmember bank fail to file any certified statement required to be filed by such bank under any provision of this section, or fail to pay any assessment required to be paid by such bank under any provision of this Act, and should the bank not correct such failure within thirty days after written notice has been given by the Corporation to an officer of the bank, citing this subsection, and stating that the bank has failed to file or pay as required by law, all the rights, privileges, and franchises of the bank granted to it under the National Bank Act, as amended, the Federal Reserve Act, as amended, or this Act, shall be thereby forfeited. Whether or not the penalty provided in this subsection has been incurred shall be determined and adjudged in the manner provided in the sixth paragraph of section 2 of the Federal Reserve Act, as amended. The remedies provided in this subsection and in the two preceding subsections shall not be construed as limiting any other remedies against any insured bank, but shall be in addition thereto.

"(i) Trust funds held by an insured bank in a fiduciary capacity whether held in its trust or deposited in any other department or in another bank shall be insured in an amount not to exceed \$10,000 for each trust estate, and when deposited by the fiduciary bank in another insured bank such trust funds shall be similarly insured to the fiduciary bank according to the trust estates represented.

Notwithstanding any other provision of this Act, such insurance shall be separate from and additional to that covering other deposits of the owners of such trust funds or the beneficiaries of such trust estates: *Provided*, That where the fiduciary bank deposits any of such trust funds in other insured banks, the amount so held by other insured banks on deposit shall not for the purpose of any certified statement required under subsections (b) and (c) of this section be considered to be a deposit liability of the fiduciary bank, but shall be considered to be a deposit liability of the bank in which such funds are so deposited by such fiduciary bank. The Board of Directors shall have power by regulation to prescribe the manner of reporting and of depositing such trust funds.

"SEC. 8. (a) Any insured bank (except a national member bank or State member bank) may, upon not less than ninety days' written notice to the Corporation, and to the Reconstruction Finance Corporation if it owns or holds as pledgee any preferred stock, capital notes, or debentures of such bank, terminate its status as an insured bank. Whenever the Board of Directors shall find that an insured bank or its directors or trustees have continued unsafe or unsound practices in conducting the business of such bank, or have knowingly or negligently permitted any of its officers or agents to violate any provision of any law or regulation to which the insured bank is subject, the Board of Directors shall first give to the Comptroller of the Currency in the case of a national bank or a District bank, to the authority having supervision of the bank in the case of a State bank, or to the Board of Governors of the Federal Reserve System in the case of a State member bank, a statement with respect to such practices or violations for the purpose of securing the correction thereof and shall give a copy thereof to the bank. Unless such correction shall be made within one hundred and twenty days or such shorter period of time as the Comptroller of the Currency, the State authority, or Board of Governors of the Federal Reserve System, as the case may be, shall require, the Board of Directors, if it shall determine to proceed further, shall give to the bank not less than thirty days' written notice of intention to terminate the status of the bank as an insured bank, and shall fix a time and place for a hearing before the Board of Directors or before a person designated by it to conduct such hearing, at which evidence may be produced, and

upon such evidence the Board of Directors shall make written findings which shall be conclusive. Unless the bank shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its status as an insured bank. If the Board of Directors shall find that any unsafe or unsound practice or violation specified in such notice has been established and has not been corrected within the time above prescribed in which to make such corrections, the Board of Directors may order that the insured status of the bank be terminated on a date subsequent to such finding and to the expiration of the time specified in such notice of intention. The Corporation may publish notice of such termination and the bank shall give notice of such termination to each of its depositors at his last address of record on the books of the bank, in such manner and at such time as the Board of Directors may find to be necessary and may order for the protection of depositors. After the termination of the insured status of any bank under the provisions of this subsection, the insured deposits of each depositor in the bank on the date of such termination, less all subsequent withdrawals from any deposits of such depositor, shall continue for a period of two years to be insured, and the bank shall continue to pay to the Corporation assessments as in the case of an insured bank during such period. No additions to any such deposits and no new deposits in such bank made after the date of such termination shall be insured by the Corporation, and the bank shall not advertise or hold itself out as having insured deposits unless in the same connection it shall also state with equal prominence that such additions to deposits and new deposits made after such date are not so insured. Such bank shall, in all other respects, be subject to the duties and obligations of an insured bank for the period of two years from the date of such termination, and in the event that such bank shall be closed on account of inability to meet the demands of its depositors within such period of two years, the Corporation shall have the same powers and rights with respect to such bank as in case of an insured bank.

"(b) Whenever the insured status of a State member bank shall be terminated by action of the Board of Directors, the Board of Governors of the Federal Reserve System shall terminate its membership in the Federal Reserve System in accordance with the provisions of section 9 of the Federal Re-

serve Act, and whenever the insured status of a national member bank shall be so terminated the Comptroller of the Currency shall appoint a receiver for the bank, which shall be the Corporation. Except as provided in subsection (b) of section 4, whenever a member bank shall cease to be a member of the Federal Reserve System, its status as an insured bank shall, without notice or other action by the board of directors, terminate on the date the bank shall cease to be a member of the Federal Reserve System, with like effect as if its insured status had been terminated on said date by the board of directors after proceedings under subsection (a) of this section.

"(c) Notwithstanding any other provision of law, whenever the Board of Directors shall determine that an insured banking institution is not engaged in the business of receiving deposits, other than trust funds as herein defined, the Corporation shall notify the banking institution that its insured status will terminate at the expiration of the first full semiannual assessment period following such notice. A finding by the Board of Directors that a banking institution is not engaged in the business of receiving deposits, other than such trust funds, shall be conclusive. The Board of Directors shall prescribe the notice to be given by the banking institution of such termination and the Corporation may publish notice thereof. Upon the termination of the insured status of any such banking institution, its deposits shall thereupon cease to be insured and the banking institution shall thereafter be relieved of all future obligations to the Corporation, including the obligation to pay future assessments.

"(d) Whenever the liabilities of an insured bank for deposits shall have been assumed by another insured bank or banks, the insured status of the bank whose liabilities are so assumed shall terminate on the date of receipt by the Corporation of satisfactory evidence of such assumption with like effect as if its insured status had been terminated on said date by the Board of Directors after proceedings under subsection (a) of this section: *Provided*, That if the bank whose liabilities are so assumed gives to its depositors notice of such assumption within thirty days after such assumption takes effect, by publication or by any reasonable means, in accordance with regulations to be prescribed by the Board of Directors, the insurance of its deposits shall terminate at the end of six months from the date such assumption takes effect. Such bank shall be subject to the

duties and obligations of an insured bank for the period its deposits are insured: *Provided*, That if the deposits are assumed by a newly insured bank, the bank whose deposits are assumed shall not be required to pay any assessment upon the deposits which have been so assumed after the semiannual period in which the assumption takes effect.

"SEC. 9. Upon the date of enactment of the Banking Act of 1933, the Corporation shall become a body corporate and as such shall have power—

"First. To adopt and use a corporate seal.

"Second. To have succession until dissolved by an Act of Congress.

"Third. To make contracts.

"Fourth. To sue and be sued, complain and defend, in any court of law or equity, State or Federal. All suits of a civil nature at common law or in equity to which the Corporation shall be a party shall be deemed to arise under the laws of the United States: *Provided*, That any such suit to which the Corporation is a party in its capacity as receiver of a State bank and which involves only the rights or obligations of depositors, creditors, stockholders, and such State bank under State law shall not be deemed to arise under the laws of the United States. No attachment or execution shall be issued against the Corporation or its property before final judgment in any suit, action, or proceeding in any State, county, municipal, or United States court. The Board of Directors shall designate an agent upon whom service of process may be made in any State, Territory, or jurisdiction in which any insured bank is located.

"Fifth. To appoint by its Board of Directors such officers and employees as are not otherwise provided for in this Act, to define their duties, fix their compensation, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees. Nothing in this or any other Act shall be construed to prevent the appointment and compensation as an officer or employee of the Corporation of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof.

"Sixth. To prescribe, by its Board of Directors, bylaws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

"Seventh. To exercise by its Board of Directors, or duly authorized officers or agents, all powers spe-

cifically granted by the provisions of this Act, and such incidental powers as shall be necessary to carry out the powers so granted.

"Eighth. To make examinations of and to require information and reports from banks, as provided in this Act.

"Ninth. To act as receiver.

"Tenth. To prescribe by its Board of Directors such rules and regulations as it may deem necessary to carry out the provisions of this Act.

"SEC. 10. (a) The Board of Directors shall administer the affairs of the Corporation fairly and impartially and without discrimination. The Board of Directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid. The Corporation shall be entitled to the free use of the United States mails in the same manner as the executive departments of the Government. The Corporation with the consent of any Federal Reserve bank or of any board, commission, independent establishment, or executive department of the Government, including any field service thereof, may avail itself of the use of information, services, and facilities thereof in carrying out the provisions of this Act.

"(b) The Board of Directors shall appoint examiners who shall have power, on behalf of the Corporation, to examine any insured State nonmember bank (except a District bank), any State nonmember bank making application to become an insured bank, and any closed insured bank, whenever in the judgment of the Board of Directors an examination of the bank is necessary. In addition to the examinations provided for in the preceding sentence, such examiners shall have like power to make special examination of any State member bank and any national bank or District bank, whenever in the judgment of the Board of Directors such special examination is necessary to determine the condition of any such bank for insurance purposes. Each such examiner shall have power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine and take and preserve the testimony of any of the officers and agents thereof, and shall make a full and detailed report of the condition of the bank to the Corporation. The Board of Directors in like manner shall appoint claim agents who shall have power to investigate and examine all claims for insured deposits and transferred deposits.

Each claim agent shall have power to administer oaths and to examine under oath and take and preserve the testimony of any persons relating to such claims.

"(c) For the purpose of any hearing under this Act, the Board of Directors, any member thereof or any person designated by the Board of Directors to conduct any such hearing, is empowered to administer oaths and affirmations, subpoena any officer or employee of the insured bank, compel his attendance, take evidence, take depositions and require the production of any books, records, or other papers of the insured bank which are relevant or material to the inquiry. For the purpose of any hearing, examination, or investigation under this Act, the Board of Directors may apply to any judge or clerk of any court of the United States within the jurisdiction of which such hearing, examination, or investigation is carried on, or where such person resides or carries on business, to issue a subpoena commanding each person to whom it is directed to attend and give testimony or for the taking of his deposition and to produce books, records, or other papers relevant or material to such hearing, examination, or investigation at a time and place and before a person therein specified. Such attendance of witnesses and the production of any such papers may be required from any place in any State or in any Territory or other place subject to the jurisdiction of the United States at any designated place where such a hearing is being held or such examination or investigation is being made: *Provided, however,* That the production of a person's documents at any place other than his place of business shall not be required in any case in which, prior to the return date specified in the subpoena with respect thereto, such person either has furnished as directed a copy of such documents (certified by such person under oath to be a true and correct copy) or has entered into a stipulation with any authorized representative of the Corporation as to the information contained in such documents. Witnesses subpoenaed under this section shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States.

"(d) In cases of refusal to obey a subpoena issued to, or contumacy by, any person, the Board of Directors may invoke the aid of any court of the United States within the jurisdiction of which such hearing, examination or investigation is carried on, or where such person resides or carries on business, in requir-

ing the attendance and testimony of witnesses and the production of books, records, or other papers. And such court may issue an order requiring such person to appear before the Board of Directors or member or person designated by the Board of Directors, there to produce records, if so ordered, or to give testimony touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. All process in any such case may be served in the judicial district whereof such person is an inhabitant or carries on business or wherever he may be found. No person shall be excused from attending and testifying or from producing books, records, or other papers in obedience to a subpoena issued under the authority of this Act on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to penalty or forfeiture; but no individual shall be prosecuted or subject to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled to testify or produce evidence, documentary or otherwise, after having claimed his privilege against self-incrimination, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

“(e) Each insured State nonmember bank (except a District bank) shall make to the Corporation reports of condition in such form and at such times as the Board of Directors may require. The Board of Directors may require such reports to be published in such manner, not inconsistent with any applicable law, as it may direct. Every such bank which fails to make or publish any such report within such time, not less than five days, as the Board of Directors may require, shall be subject to a penalty of not more than \$100 for each day of such failure recoverable by the Corporation for its use.

“(f) The Corporation shall have access to reports of examination made by, and reports of condition made to, the Comptroller of the Currency or any Federal Reserve bank, may accept any report made by or to any commission, board, or authority having supervision of a State nonmember bank (except a District bank), and may furnish to the Comptroller of the Currency, to any Federal Reserve bank, and to any such commission, board, or authority, reports of examinations made on behalf of, and reports of condition made to, the Corporation.

“(g) The Corporation may cause any and all records, papers, or documents kept by it or in its possession or custody to be photographed or microphotographed or otherwise reproduced upon film, which photographic film shall comply with the minimum standards of quality approved for permanent photographic records by the National Bureau of Standards. Such photographs, microphotographs, or photographic film or copies thereof shall be deemed to be an original record for all purposes, including introduction in evidence in all State and Federal courts or administrative agencies and shall be admissible to prove any act, transaction, occurrence, or event therein recorded. Such photographs, microphotographs, or reproduction shall be preserved in such manner as the Board of Directors of the Corporation shall prescribe and the original records, papers, or documents may be destroyed or otherwise disposed of as the Board shall direct.

“SEC. 11. (a) The Temporary Federal Deposit Insurance Fund and the Fund For Mutuals heretofore created pursuant to the provisions of section 12B of the Federal Reserve Act, as amended, are hereby consolidated into a Permanent Insurance Fund for insuring deposits, and the assets therein shall be held by the Corporation for the uses and purposes of the Corporation: *Provided*, That the obligations to and rights of the Corporation, depositors, banks, and other persons arising out of any event or transaction prior to the effective date of this amendment shall remain unimpaired. On and after August 23, 1935, the Corporation shall insure the deposits of all insured banks as provided in this Act: *Provided further*, That the insurance shall apply only to deposits of insured banks which have been made available since March 10, 1933, for withdrawal in the usual course of the banking business: *Provided further*, That if any insured bank shall, without the consent of the Corporation, release or modify restrictions on or deferments of deposits which had not been made available for withdrawal in the usual course of the banking business on or before August 23, 1935, such deposits shall not be insured. The maximum amount of the insured deposit of any depositor shall be \$10,000: *And provided further*, That in the case of banks closing prior to the effective date of this amendment, the maximum amount of the insured deposit of any depositor shall be \$5,000.

“(b) For the purposes of this Act an insured bank shall be deemed to have been closed on ac-

count of inability to meet the demands of its depositors in any case in which it has been closed for the purpose of liquidation without adequate provision being made for payment of its depositors.

"(c) Notwithstanding any other provision of law, whenever the Comptroller of the Currency shall appoint a receiver other than a conservator of any insured national bank or insured District bank, or of any noninsured national bank or District bank hereafter closed, he shall appoint the Corporation receiver for such closed bank.

"(d) Notwithstanding any other provision of law, it shall be the duty of the Corporation as such receiver to cause notice to be given, by advertisement in such newspapers as it may direct, to all persons having claims against such closed bank pursuant to section 5235 of the Revised Statutes (U. S. C., title 12, sec. 193); to realize upon the assets of such closed bank, having due regard to the condition of credit in the locality; to enforce the individual liability of the stockholders and directors thereof; and to wind up the affairs of such closed bank in conformity with the provisions of law relating to the liquidation of closed national banks, except as herein otherwise provided. The Corporation as such receiver shall pay to itself for its own account such portion of the amounts realized from such liquidation as it shall be entitled to receive on account of its subrogation to the claims of depositors, and it shall pay to depositors and other creditors the net amounts available for distribution to them. The Corporation as such receiver, however, may, in its discretion, pay dividends on proved claims at any time after the expiration of the period of advertisement made pursuant to the aforesaid section of the Revised Statutes, and no liability shall attach to the Corporation itself or as such receiver by reason of any such payment for failure to pay dividends to a claimant whose claim is not proved at the time of any such payment. With respect to any such closed bank, the Corporation as such receiver shall have all the rights, powers, and privileges now possessed by or hereafter granted by law to a receiver of a national bank or District bank and notwithstanding any other provision of law in the exercise of such rights, powers, and privileges the Corporation shall not be subject to the direction or supervision of the Secretary of the Treasury or the Comptroller of the Currency.

"(e) Whenever any insured State bank (except a District bank) shall have been closed by action of its

board of directors or by the authority having supervision of such bank, as the case may be, on account of inability to meet the demands of its depositors, the Corporation shall accept appointment as receiver thereof, if such appointment is tendered by the authority having supervision of such bank and is authorized or permitted by State law. With respect to any such insured State bank, the Corporation as such receiver shall possess all the rights, powers and privileges granted by State law to a receiver of a State bank.

"(f) Whenever an insured bank shall have been closed on account of inability to meet the demands of its depositors, payment of the insured deposits in such bank shall be made by the Corporation as soon as possible, subject to the provisions of subsection (g) of this section either (1) by cash or (2) by making available to each depositor a transferred deposit in a new bank in the same community or in another insured bank in an amount equal to the insured deposit of such depositor: *Provided*, That the Corporation, in its discretion, may require proof of claims to be filed before paying the insured deposits, and that in any case where the Corporation is not satisfied as to the validity of a claim for an insured deposit, it may require the final determination of a court of competent jurisdiction before paying such claim.

"(g) In the case of a closed national bank or District bank, the Corporation, upon the payment to any depositor as provided in subsection (f) of this section, shall be subrogated to all rights of the depositor against the closed bank to the extent of such payment. In the case of any other closed insured bank, the Corporation shall not make any payment to any depositor until the right of the Corporation to be subrogated to the rights of such depositor on the same basis as provided in the case of a closed national bank under this Act shall have been recognized either by express provision of State law, by allowance of claims by the authority having supervision of such bank, by assignment of claims by depositors, or by any other effective method. In the case of any closed insured bank, such subrogation shall include the right on the part of the Corporation to receive the same dividends from the proceeds of the assets of such closed bank and recoveries on account of stockholders' liability as would have been payable to the depositor on a claim for the insured deposit, but such depositor shall retain his claim for any uninsured portion of his deposit:

Provided, That, with respect to any bank which closes after May 25, 1938, the Corporation shall waive, in favor only of any person against whom stockholders' individual liability may be asserted, any claim on account of such liability in excess of the liability, if any, to the bank or its creditors, for the amount unpaid upon his stock in such bank; but any such waiver shall be effected in such manner and on such terms and conditions as will not increase recoveries or dividends on account of claims to which the Corporation is not subrogated: *Provided further*, That the rights of depositors and other creditors of any State bank shall be determined in accordance with the applicable provisions of State law.

"(h) As soon as possible after the closing of an insured bank, the Corporation, if it finds that it is advisable and in the interest of the depositors of the closed bank or the public, shall organize a new national bank to assume the insured deposits of such closed bank and otherwise to perform temporarily the functions hereinafter provided for. The new bank shall have its place of business in the same community as the closed bank.

"(i) The articles of association and the organization certificate of the new bank shall be executed by representatives designated by the Corporation. No capital stock need be paid in by the Corporation. The new bank shall not have a board of directors, but shall be managed by an executive officer appointed by the Board of Directors of the Corporation who shall be subject to its directions. In all other respects the new bank shall be organized in accordance with the then existing provisions of law relating to the organization of national banking associations. The new bank may, with the approval of the Corporation, accept new deposits which shall be subject to withdrawal on demand and which, except where the new bank is the only bank in the community, shall not exceed \$10,000 from any depositor. The new bank, without application to or approval by the Corporation, shall be an insured bank and shall maintain on deposit with the Federal Reserve bank of its district reserves in the amount required by law for member banks, but it shall not be required to subscribe for stock of the Federal Reserve bank. Funds of the new bank shall be kept on hand in cash, invested in obligations of the United States, or in obligations guaranteed as to principal and interest by the United States, or deposited with the Corporation, with a Federal Re-

serve bank, or, to the extent of the insurance coverage thereon, with an insured bank. The new bank, unless otherwise authorized by the Comptroller of the Currency, shall transact no business except that authorized by this Act and as may be incidental to its organization. Notwithstanding any other provision of law the new bank, its franchise, property, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

"(j) Upon the organization of a new bank, the Corporation shall promptly make available to it an amount equal to the estimated insured deposits of such closed bank plus the estimated amount of the expenses of operating the new bank, and shall determine as soon as possible the amount due each depositor for his insured deposit in the closed bank, and the total expenses of operation of the new bank. Upon such determination, the amounts so estimated and made available shall be adjusted to conform to the amounts so determined. Earnings of the new bank shall be paid over or credited to the Corporation in such adjustment. If any new bank, during the period it continues its status as such, sustains any losses with respect to which it is not effectively protected except by reason of being an insured bank, the Corporation shall furnish to it additional funds in the amount of such losses. The new bank shall assume as transferred deposits the payment of the insured deposits of such closed bank to each of its depositors. Of the amounts so made available, the Corporation shall transfer to the new bank, in cash, such sums as may be necessary to enable it to meet its expenses of operation and immediate cash demands on such transferred deposits, and the remainder of such amounts shall be subject to withdrawal by the new bank on demand.

"(k) Whenever in the judgment of the Board of Directors it is desirable to do so, the Corporation shall cause capital stock of the new bank to be offered for sale on such terms and conditions as the Board of Directors shall deem advisable in an amount sufficient, in the opinion of the Board of Directors, to make possible the conduct of the business of the new bank on a sound basis, but in no event less than that required by section 5138 of the Revised Statutes, as amended (U. S. C., title 12, sec. 51), for the organization of a national bank in the place where such new bank is located. The

stockholders of the closed insured bank shall be given the first opportunity to purchase any shares of common stock so offered. Upon proof that an adequate amount of capital stock in the new bank has been subscribed and paid for in cash, the Comptroller of the Currency shall require the articles of association and the organization certificate to be amended to conform to the requirements for the organization of a national bank, and thereafter, when the requirements of law with respect to the organization of a national bank have been complied with, he shall issue to the bank a certificate of authority to commence business, and thereupon the bank shall cease to have the status of a new bank, shall be managed by directors elected by its own shareholders and may exercise all the powers granted by law, and it shall be subject to all the provisions of law relating to national banks. Such bank shall thereafter be an insured national bank, without certification to or approval by the Corporation.

“(1) If the capital stock of the new bank is not offered for sale, or if an adequate amount of capital for such new bank is not subscribed and paid for, the Board of Directors may offer to transfer its business to any insured bank in the same community which will take over its assets, assume its liabilities, and pay to the Corporation for such business such amount as the Board of Directors may deem adequate; or the Board of Directors in its discretion may change the location of the new bank to the office of the Corporation or to some other place or may at any time wind up its affairs as herein provided. Unless the capital stock of the new bank is sold or its assets are taken over and its liabilities are assumed by an insured bank as above provided within two years from the date of its organization, the Corporation shall wind up the affairs of such bank, after giving such notice, if any, as the Comptroller of the Currency may require, and shall certify to the Comptroller of the Currency the termination of the new bank. Thereafter the Corporation shall be liable for the obligations of such bank and shall be the owner of its assets. The provisions of sections 5220 and 5221 of the Revised Statutes (U. S. C., title 12, secs. 181 and 182) shall not apply to such new banks.

“SEC. 12. (a) Notwithstanding any other provision of law, the Corporation as receiver of a closed national bank or District bank shall not be required to furnish bond and shall have the right to appoint

an agent or agents to assist it in its duties as such receiver, and all fees, compensation, and expenses of liquidation and administration thereof shall be fixed by the Corporation, and may be paid by it out of funds coming into its possession as such receiver.

“(b) Payment of an insured deposit to any person by the Corporation shall discharge the Corporation, and payment of a transferred deposit to any person by the new bank or by an insured bank in which a transferred deposit has been made available shall discharge the Corporation and such new bank or other insured bank, to the same extent that payment to such person by the closed bank would have discharged it from liability for the insured deposit.

“(c) Except as otherwise prescribed by the Board of Directors, neither the Corporation nor such new bank or other insured bank shall be required to recognize as the owner of any portion of a deposit appearing on the records of the closed bank under a name other than that of the claimant, any person whose name or interest as such owner is not disclosed on the records of such closed bank as part owner of said deposit, if such recognition would increase the aggregate amount of the insured deposits in such closed bank.

“(d) The Corporation may withhold payment of such portion of the insured deposit of any depositor in a closed bank as may be required to provide for the payment of any liability of such depositor as a stockholder of the closed bank, or of any liability of such depositor to the closed bank or its receiver, which is not offset against a claim due from such bank, pending the determination and payment of such liability by such depositor or any other person liable therefor.

“(e) If, after the Corporation shall have given at least three months' notice to the depositor by mailing a copy thereof to his last-known address appearing on the records of the closed bank, any depositor in the closed bank shall fail to claim his insured deposit from the Corporation within eighteen months after the appointment of the receiver for the closed bank, or shall fail within such period to claim or arrange to continue the transferred deposit with the new bank or with the other insured bank which assumes liability therefor, all rights of the depositor against the Corporation with respect to the insured deposit, and against the new bank and such other insured bank with respect to the transferred deposit, shall be barred, and all

rights of the depositor against the closed bank and its shareholders, or the receivership estate to which the Corporation may have become subrogated, shall thereupon revert to the depositor. The amount of any transferred deposits not claimed within such eighteen months' period, shall be refunded to the Corporation.

"Sec. 13. (a) Money of the Corporation not otherwise employed shall be invested in obligations of the United States or in obligations guaranteed as to principal and interest by the United States: *Provided*, That the Corporation shall not sell or purchase any such obligations for its own account and in its own right and interest, at any one time aggregating in excess of \$100,000, without the approval of the Secretary of the Treasury: *And provided further*, That the Secretary of the Treasury may waive the requirement of his approval with respect to any transaction or classes of transactions subject to the provisions of this subsection for such period of time and under such conditions as he may determine.

"(b) The banking or checking accounts of the Corporation shall be kept with the Treasurer of the United States, or, with the approval of the Secretary of the Treasury, with a Federal Reserve bank, or with a bank designated as a depository or fiscal agent of the United States: *Provided*, That the Secretary of the Treasury may waive the requirements of this subsection under such conditions as he may determine: *And provided further*, That this subsection shall not apply to the establishment and maintenance in any bank for temporary purposes of banking and checking accounts not in excess of \$50,000 in any one bank, or to the establishment and maintenance in any bank of any banking and checking accounts to facilitate the payment of insured deposits, or the making of loans to, or the purchase of assets of, insured banks. When designated for that purpose by the Secretary of the Treasury, the Corporation shall be a depository of public moneys, except receipts from customs, under such regulations as may be prescribed by the said Secretary, and may also be employed as a financial agent of the Government. It shall perform all such reasonable duties as depository of public moneys and financial agent of the Government as may be required of it.

"(c) In order to reopen a closed insured bank or, when the Corporation has determined that an insured bank is in danger of closing, in order to

prevent such closing, the Corporation, in the discretion of its Board of Directors, is authorized to make loans to, or purchase the assets of, or make deposits in, such insured bank, upon such terms and conditions as the Board of Directors may prescribe, when in the opinion of the Board of Directors the continued operation of such bank is essential to provide adequate banking service in the community. Such loans and deposits may be in subordination to the rights of depositors and other creditors.

"(d) Receivers or liquidators of insured banks closed on account of inability to meet the demands of their depositors shall be entitled to offer the assets of such banks for sale to the Corporation or as security for loans from the Corporation, upon receiving permission from the appropriate State authority in accordance with express provisions of State law in the case of insured State banks. The proceeds of every such sale or loan shall be utilized for the same purposes and in the same manner as other funds realized from the liquidation of the assets of such banks. In any case where prior to the effective date of this amendment, the Comptroller of the Currency has appointed a receiver of a closed national bank other than the Corporation, he may, in his discretion, pay dividends on proved claims at any time after the expiration of the period of advertisement made pursuant to section 5235 of the Revised Statutes (U. S. C., title 12, sec. 193), and no liability shall attach to the Comptroller of the Currency or to the receiver of any such national bank by reason of any such payment for failure to pay dividends to a claimant whose claim is not proved at the time of any such payment. The Corporation, in its discretion, may make loans on the security of or may purchase and liquidate or sell any part of the assets of an insured bank which is now or may hereafter be closed on account of inability to meet the demands of its depositors, but in any case in which the Corporation is acting as receiver of a closed insured bank, no such loan or purchase shall be made without the approval of a court of competent jurisdiction.

"(e) Whenever in the judgment of the Board of Directors such action will reduce the risk or avert a threatened loss to the Corporation and will facilitate a merger or consolidation of an insured bank with another insured bank, or will facilitate the sale of the assets of an open or closed insured bank to and assumption of its liabilities by another insured bank, the Corporation may, upon such

terms and conditions as it may determine, make loans secured in whole or in part by assets of an open or closed insured bank, which loans may be in subordination to the rights of depositors and other creditors, or the Corporation may purchase any such assets or may guarantee any other insured bank against loss by reason of its assuming the liabilities and purchasing the assets of an open or closed insured bank. Any insured national bank or District bank, or the Corporation as receiver thereof, is authorized to contract for such sales or loans and to pledge any assets of the bank to secure such loans.

"No agreement which tends to diminish or defeat the right, title or interest of the Corporation in any asset acquired by it under this section, either as security for a loan or by purchase, shall be valid against the Corporation unless such agreement (1) shall be in writing, (2) shall have been executed by the bank and the person or persons claiming an adverse interest thereunder, including the obligor, contemporaneously with the acquisition of the asset by the bank, (3) shall have been approved by the board of directors of the bank or its loan committee, which approval shall be reflected in the minutes of said board or committee, and (4) shall have been, continuously, from the time of its execution, an official record of the bank.

"(f) Prior to July 1, 1951, the Corporation shall pay out of its capital account to the Secretary of the Treasury an amount equal to 2 per centum simple interest per annum on amounts advanced to the Corporation on stock subscriptions by the Secretary of the Treasury and the Federal Reserve banks, from the time of such advances until the amounts thereof were repaid. The amount payable hereunder shall be paid in two equal installments, the first installment to be paid prior to December 31, 1950.

"SEC. 14. The Corporation is authorized to borrow from the Treasury, and the Secretary of the Treasury is authorized and directed to loan to the Corporation on such terms as may be fixed by the Corporation and the Secretary, such funds as in the judgment of the Board of Directors of the Corporation are from time to time required for insurance purposes, not exceeding in the aggregate \$3,000,000,000 outstanding at any one time: *Provided*, That the rate of interest to be charged in connection with any loan made pursuant to this section shall not be less than the current average rate on out-

standing marketable and nonmarketable obligations of the United States as of the last day of the month preceding the making of such loan. For such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include such loans. Any such loan shall be used by the Corporation solely in carrying out its functions with respect to such insurance. All loans and repayments under this section shall be treated as public-debt transactions of the United States.

"SEC. 15. All notes, debentures, bonds, or other such obligations issued by the Corporation shall be exempt, both as to principal and interest, from all taxation (except estate and inheritance taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority: *Provided*, That interest upon or any income from any such obligations and gain from the sale or other disposition of such obligations shall not have any exemption, as such, and loss from the sale or other disposition of such obligations shall not have any special treatment, as such, under the Internal Revenue Code, or laws amendatory or supplementary thereto. The Corporation, including its franchise, its capital, reserves, and surplus, and its income, shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

"SEC. 16. In order that the Corporation may be supplied with such forms of notes, debentures, bonds, or other such obligations as it may need for issuance under this Act, the Secretary of the Treasury is authorized to prepare such forms as shall be suitable and approved by the Corporation, to be held in the Treasury subject to delivery, upon order of the Corporation. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall

reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such notes, debentures, bonds, or other such obligations.

"SEC. 17. (a) The Corporation shall annually make a report of its operations to the Congress as soon as practicable after the 1st day of January in each year.

"(b) The financial transactions of the Corporation shall be audited by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. The audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representatives of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Corporation shall remain in possession and custody of the Corporation. The audit shall begin with financial transactions occurring on and after August 31, 1948.

"(c) A report of the audit for each fiscal year ending on June 30 shall be made by the Comptroller General to the Congress not later than January 15 following the close of such fiscal year. On or before December 15 following such fiscal year the Comptroller General shall furnish the Corporation a short form report showing the financial position of the Corporation at the close of the fiscal year. The report to the Congress shall set forth the scope of the audit and shall include a statement of assets and liabilities and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds and such comments and information as may be deemed necessary to inform Congress of the financial operations and condition of the Corporation, together with such recommendations with respect thereto as the Comptroller General may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course

of the audit, which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the President, to the Secretary of the Treasury, and to the Corporation at the time submitted to the Congress.

"(d) For the purpose of conducting such audit the Comptroller General is authorized in his discretion to employ by contract, without regard to section 3709 of the Revised Statutes, professional services of firms and organizations of certified public accountants, with the concurrence of the Corporation, for temporary periods or for special purposes. The Corporation shall reimburse the General Accounting Office for the cost of any such audit as billed therefor by the Comptroller General, and the General Accounting Office shall deposit the sums so reimbursed into the Treasury as miscellaneous receipts.

"SEC. 18. (a) Every insured bank shall display at each place of business maintained by it a sign or signs, and shall include a statement to the effect that its deposits are insured by the Corporation in all of its advertisements: *Provided*, That the Board of Directors may exempt from this requirement advertisements which do not relate to deposits or when it is impractical to include such statement therein. The Board of Directors shall prescribe by regulation the forms of such signs and the manner of display and the substance of such statements and the manner of use. For each day an insured bank continues to violate any provisions of this subsection or any lawful provisions of said regulations, it shall be subject to a penalty of not more than \$100, which the Corporation may recover for its use.

"(b) No insured bank shall pay any dividends on its capital stock or interest on its capital notes or debentures (if such interest is required to be paid only out of net profits) or distribute any of its capital assets while it remains in default in the payment of any assessment due to the Corporation; and any director or officer of any insured bank who participates in the declaration or payment of any such dividend or interest or in any such distribution shall, upon conviction, be fined not more than \$1,000 or imprisoned not more than one year, or both: *Provided*, That, if such default is due to a dispute between the insured bank and the Corporation over the amount of such assessment, this subsection shall not apply, if such bank shall deposit

security satisfactory to the Corporation for payment upon final determination of the issue.

“(c) Without prior written consent by the Corporation, no insured bank shall (1) merge or consolidate with any noninsured bank or institution or convert into a noninsured bank or institution or (2) assume liability to pay any deposits made in, or similar liabilities of, any noninsured bank or institution or (3) transfer assets to any noninsured bank or institution in consideration of the assumption of liabilities for any portion of the deposits made in such insured bank. No insured bank shall convert into an insured State bank if its capital stock, or its surplus will be less than the capital stock or surplus, respectively, of the converting bank at the time of the shareholders’ meeting approving such conversion, without prior written consent by the Comptroller of the Currency if the resulting bank is to be a District bank, or by the Board of Governors of the Federal Reserve System if the resulting bank is to be a State member bank (except a District bank), or by the Corporation if the resulting bank is to be a State nonmember insured bank (except a District bank). No insured bank shall (i) merge or consolidate with an insured State bank under the charter of a State bank or (ii) assume liability to pay any deposits made in another insured bank, if the capital stock or surplus of the resulting or assuming bank will be less than the aggregate capital stock or aggregate surplus, respectively, of all the merging or consolidating banks or of all the parties to the assumption of liabilities, at the time of the shareholders’ meetings which authorized the merger or consolidation or at the time of the assumption of liabilities, unless the Comptroller of the Currency shall give prior written consent if the assuming bank is to be a national bank or the assuming or resulting bank is to be a District bank; or unless the Board of Governors of the Federal Reserve System gives prior written consent if the assuming or resulting bank is to be a State member bank (except a District bank); or unless the Corporation gives prior written consent if the assuming or resulting bank is to be a nonmember insured bank (except a District bank). No insured State nonmember bank (except a District bank) shall, without the prior consent of the Corporation, reduce the amount or retire any part of its common or preferred capital stock, or retire any part of its capital notes or debentures.

“(d) No State nonmember insured bank (except a District bank) shall establish and operate any new branch unless it shall have the prior written consent of the Corporation, and no State nonmember insured bank (except a District bank) shall move its main office or any branch from one location to another without such consent. The factors to be considered in granting or withholding the consent of the Corporation under this subsection shall be those enumerated in section 6 of this Act.

“(e) The Corporation may require any insured bank to provide protection and indemnity against burglary, defalcation, and other similar insurable losses. Whenever any insured bank refuses to comply with any such requirement the Corporation may contract for such protection and indemnity and add the cost thereof to the assessment otherwise payable by such bank.

“(f) Whenever any insured bank (except a national bank or a District bank), after written notice of the recommendations of the Corporation based on a report of examination of such bank by an examiner of the Corporation, shall fail to comply with such recommendations within one hundred and twenty days after such notice, the Corporation shall have the power, and is hereby authorized, to publish only such part of such report of examination as relates to any recommendation not complied with: *Provided*, That notice of intention to make such publication shall be given to the bank at least ninety days before such publication is made.

“(g) The Board of Directors shall by regulation prohibit the payment of interest on demand deposits in insured nonmember banks and for such purpose it may define the term ‘demand deposits’; but such exceptions from this prohibition shall be made as are now or may hereafter be prescribed with respect to deposits payable on demand in member banks by section 19 of the Federal Reserve Act, as amended, or by regulation of the Board of Governors of the Federal Reserve System. The Board of Directors shall from time to time limit by regulation the rates of interest or dividends which may be paid by insured nonmember banks on time and savings deposits, but such regulations shall be consistent with the contractual obligations of such banks to their depositors. For the purpose of fixing such rates of interest or dividends, the Board of Directors shall by regulation prescribe different rates for such payment on time and savings deposits having different maturities, or subject to different con-

ditions respecting withdrawal or repayment, or subject to different conditions by reason of different locations, or according to the varying discount rates of member banks in the several Federal Reserve districts. The Board of Directors shall by regulation define what constitutes time and savings deposits in an insured nonmember bank. Such regulations shall prohibit any insured nonmember bank from paying any time deposit before its maturity except upon such conditions and in accordance with such rules and regulations as may be prescribed by the Board of Directors, and from waiving any requirement of notice before payment of any savings deposit except as to all savings deposits having the same requirement. For each violation of any provision of this subsection or any lawful provision of such regulations relating to the payment of interest or dividends on deposits or to withdrawal of deposits, the offending bank shall be subject to a penalty of not more than \$100, which the Corporation may recover for its use.

“(h) Any insured bank which willfully fails or refuses to file any certified statement or pay any assessment required under this Act shall be subject to a penalty of not more than \$100 for each day that such violations continue, which penalty the Corporation may recover for its use: *Provided*, That this subsection shall not be applicable under the circumstances stated in the proviso of subsection (b) of this section.

“SEC. 19. Except with the written consent of the Corporation, no person shall serve as a director, officer, or employee of an insured bank who has been convicted, or who is hereafter convicted, of any criminal offense involving dishonesty or a breach of trust. For each willful violation of this prohibition, the bank involved shall be subject to a penalty of not more than \$100 for each day this prohibition is violated, which the Corporation may recover for its use.

“SEC. 20. It is not the purpose of this Act to discriminate in any manner against State nonmember banks and in favor of national or member banks; but the purpose is to provide all banks with the same opportunity to obtain and enjoy the benefits of this Act. No bank shall be discriminated against because its capital stock is less than the amount required for eligibility for admission into the Federal Reserve System.

“SEC. 21. The provisions of this Act limiting the insurance of the deposits of any depositor to a max-

imum less than the full amount shall be independent and separable from each and all of the provisions of this Act.”

SEC. 3. (a) The third paragraph of section 709, title 18, United States Code, is amended to read as follows:

“Whoever, except as expressly authorized by Federal law, uses the words ‘Federal Deposit’, ‘Federal Deposit Insurance’, or ‘Federal Deposit Insurance Corporation’ or a combination of any three of these words, as the name or a part thereof under which he or it does business, or advertises or otherwise represents falsely by any device whatsoever that his or its deposit liabilities, obligations, certificates, or shares are insured or guaranteed by the Federal Deposit Insurance Corporation, or by the United States or by any instrumentality thereof, or whoever advertises that his or its deposits, shares, or accounts are federally insured, or falsely advertises or otherwise represents by any device whatsoever the extent to which or the manner in which the deposit liabilities of an insured bank or banks are insured by the Federal Deposit Insurance Corporation; or”.

(b) The amendment made by subsection (a) of this section shall become effective on January 1, 1951.

SEC. 4. Section 220, title 18, United States Code, is amended to read as follows:

“Whoever, being an officer, director, employee, agent, or attorney of any bank, the deposits of which are insured by the Federal Deposit Insurance Corporation, of a Federal intermediate credit bank, or of a National Agricultural Credit Corporation, except as provided by law, stipulates for or receives or consents or agrees to receive any fee, commission, gift, or thing of value, from any person, firm, or corporation, for procuring or endeavoring to procure for such person, firm, or corporation, or for any other person, firm, or corporation, from any such bank or corporation, any loan or extension or renewal of loan or substitution of security, or the purchase or discount or acceptance of any paper, note, draft, check, or bill of exchange by any such bank or corporation, shall be fined not more than \$5,000 or imprisoned not more than one year or both.”

SEC. 5. Subsection (b) of section 405 of Title IV of the National Housing Act, as amended, is amended to read as follows:

“(b) In the event of a default by any insured

LAW DEPARTMENT

institution, payment of each insured account in such insured institution which is surrendered and transferred to the Corporation shall be made by the Corporation as soon as possible either (1) by cash or (2) by making available to each insured member a transferred account in a new insured institution in the same community or in another insured institution in an amount equal to the insured account of such insured member: *Provided*, That the Corpora-

tion, in its discretion, may require proof of claims to be filed before paying the insured accounts, and that in any case where the Corporation is not satisfied as to the validity of a claim for an insured account, it may require the final determination of a court of competent jurisdiction before paying such claim."

Approved, September 21, 1950.

UNITED STATES GOVERNMENT ORGANIZATION MANUAL

Following is an announcement regarding the United States Government Organization Manual which is printed in the BULLETIN by request:

The 1950-51 Edition of the United States Government Organization Manual is now on sale at one dollar per copy by the Superintendent of Docu-

ments, United States Government Printing Office, Washington 25, D. C. The Manual, an official handbook edited by the Division of the Federal Register, describes the organization and functions of the legislative, executive, and judicial branches of the Government.

CURRENT EVENTS AND ANNOUNCEMENTS

Federal Reserve Meetings

The Conference of Presidents of the Federal Reserve Banks met in Boston on September 20-22, 1950, and on September 27 the Conference met in Washington with the Board of Governors of the Federal Reserve System.

Meetings of the Federal Open Market Committee were held in Washington on September 28 and October 11, 1950.

The Federal Advisory Council held a meeting in Washington on October 1-3, 1950, and met with the Board of Governors of the Federal Reserve System on October 3, 1950.

Death of Director

Mr. Charles E. Reed, President of Williams and Reed, Inc., Richmond, Virginia, who had served as a Class B director of the Federal Reserve Bank of Richmond since November 17, 1932, died on October 15, 1950.

Changes in Board's Organization

The Board of Governors on September 13 announced the establishment of an Office of Real Estate Credit pursuant to the Executive Order of the President issued under the Defense Production Act of 1950. This Office is charged with the responsibility for the administration of regulations which the Board, with the concurrence of the Administrator of the Housing and Home Finance Agency, is authorized by the Executive Order to issue with respect to credit for new construction in the real estate field.

Mr. Charles T. Fisher, Jr., President of the Na-

tional Bank of Detroit, who had been serving as a special consultant to the Board in connection with financial and credit matters, was designated by the Board as Administrator of the newly created Office. Mr. Guy E. Noyes, Assistant Director of the Board's Division of Research and Statistics, was designated as Assistant Administrator.

Further in accordance with the Defense Production Act of 1950, the Board of Governors on September 27 reimposed Regulation V which relates to the guaranteeing of loans made to contractors, subcontractors, and other persons having Government contracts for production and deliveries or services deemed to be necessary for the national defense.

In addition to their other duties, Mr. Charles T. Fisher, Jr., will serve as Administrator of the Board's activities relating to this regulation, Mr. Gardner L. Boothe, II, Assistant Director of the Board's Division of Administrative Services, will serve as Deputy Administrator and Mr. George B. Vest, the Board's General Counsel, will serve as Counsel in connection with this function. Mr. J. J. Connell, Technical Assistant in the Division of Bank Operations, will serve also as assistant to Mr. Boothe and Mr. Howard H. Hackley, Assistant Counsel in the Legal Division, will serve also as assistant to Mr. Vest and as his alternate when necessary.

Mr. Kenneth B. Williams, Chief of the National Income, Moneyflows, and Labor Section of the Board's Division of Research and Statistics, was designated as Acting Assistant Director of that Division to replace Mr. Noyes during his absence.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

[Compiled September 26 and released for publication September 28]

Industrial output has shown a further marked increase in August and September above the record peacetime level reached in June. Business and consumer demands, however, have continued to be in excess of output and additional sharp rises have occurred in prices. Numerous industrial materials have risen by about as much since March as during the six-month period following the elimination of wartime price controls in 1946. A very rapid expansion in private credit and some drawing on liquid assets have been important factors, along with increased incomes, in financing the expanded rate of buying. Consumer credit controls became effective on September 18 under authority of the Defense Production Act, enacted September 8, which also authorized additional restrictions on real estate credit.

INDUSTRIAL PRODUCTION

The Board's index of industrial production showed a marked rise in August to 207 and a further rise of about 5 points is likely in September. Output in August increased substantially in all major groups of industries except primary metals, automobiles, and foods.

Nondurable manufactures rose to a new all-time high of 191 per cent of the 1935-39 average, which was 6 per cent above the level prevailing in the first

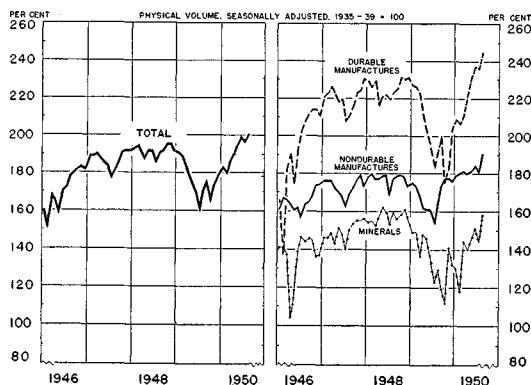
half of this year. The sharpest increases in production were at textile mills, where cotton consumption rose one-sixth above the June rate, and at paper and paperboard mills. Rubber consumption continued at a record level in August, but was apparently reduced in September by a Federal order establishing maximum limits for use in civilian output during the last four months of this year.

Production of durable goods showed a considerable increase in August, reflecting mainly marked increases in output in the furniture, machinery, and iron and steel fabricating industries. Activity at aircraft plants and shipyards also expanded rapidly. Production of primary metals, bricks, cement, and lumber continued to show little change from the advanced levels reached in the spring of the year. Demand for these materials—especially metals—has remained far in excess of market supplies. In mid-September the National Production Authority instituted regulations aimed at limiting inventory buying of most metals and various other industrial materials.

CONSTRUCTION

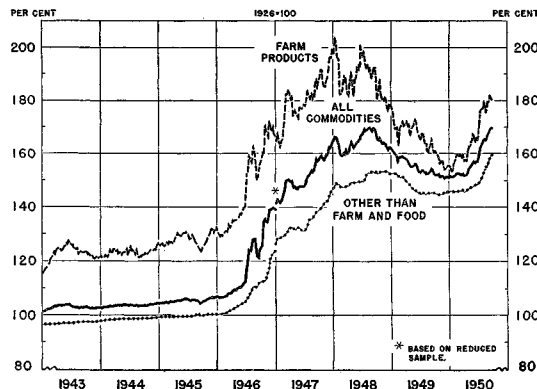
Contract awards for new construction expanded further in August to a new peak about one-tenth above the previous record reached in July and almost three-fourths higher than in August 1949. This

INDUSTRIAL PRODUCTION



Federal Reserve indexes. Monthly figures, latest shown are for August.

WHOLESALE COMMODITY PRICES



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending Sept. 26.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

expansion reflected large increases in the value of awards for most types of private construction which more than offset a small decrease in awards for publicly financed construction. The number of housing units started in August was close to earlier record levels and two-fifths greater than in August 1949.

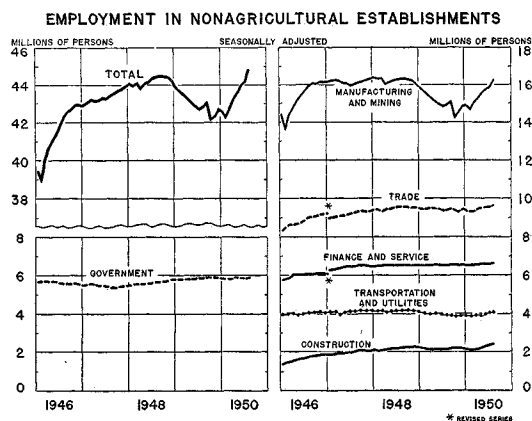
DISTRIBUTION

Buying at department stores in the four-week period ending September 9, although below the seasonally adjusted peak reached in July, was about one-tenth above year-ago levels. Sales of durable goods spurted again in mid-September reflecting in part buying in anticipation of the instalment credit controls. August sales at all retail stores were only slightly less than in July, on a seasonally adjusted basis, and 17 per cent greater than in August 1949.

COMMODITY PRICES

The rise in the average level of wholesale prices has continued through the first three weeks in September, reflecting further sharp increases in prices of commodities other than farm products and foods. These commodities, as a group, are about one-tenth higher than in March and prices of numerous materials are up 20 to 60 per cent. Since mid-September buying of these materials has been less urgent and prices have shown some decline.

Retail food prices have been maintained at the advanced levels reached in July and prices of a number of other consumer goods have been raised since that time.



Bureau of Labor Statistics' data adjusted for seasonal variation by Federal Reserve. Proprietors and domestic servants are not included. Midmonth figures, latest shown are for August.

BANK CREDIT

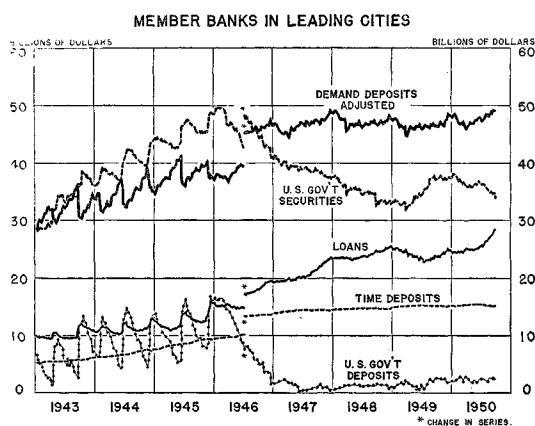
Since midyear, credit to private borrowers and State and local governments has expanded by over 2½ billion dollars at banks in leading cities, which is an exceptionally large amount for this season of the year. From mid-August to mid-September, business loan expansion accelerated and loans to real estate owners and consumers continued to show large increases.

Following mid-August the Federal Reserve System purchased from banks and other investors a substantial volume of the bonds and certificates involved in the Treasury's current refunding program. Reserves supplied through these purchases were offset by System sales of other types of Government securities, by cash redemptions of System-held maturing Treasury bills, and by currency and gold outflows. As a result, member bank reserve balances were unchanged over the five-week period, August 17—September 20. Because of the credit expansion, required reserves increased somewhat further, while excess reserves declined.

Following an increase in the Federal Reserve discount rate and a rise in short-term money rates in August, interest rates to bank customers increased somewhat.

SECURITY MARKETS

Common stock prices rose moderately during the first three weeks of September. Railroad shares continued to show pronounced strength, while public utilities issues recovered slowly. Yields on long-term Treasury bonds and high-grade corporate obligations increased slightly.



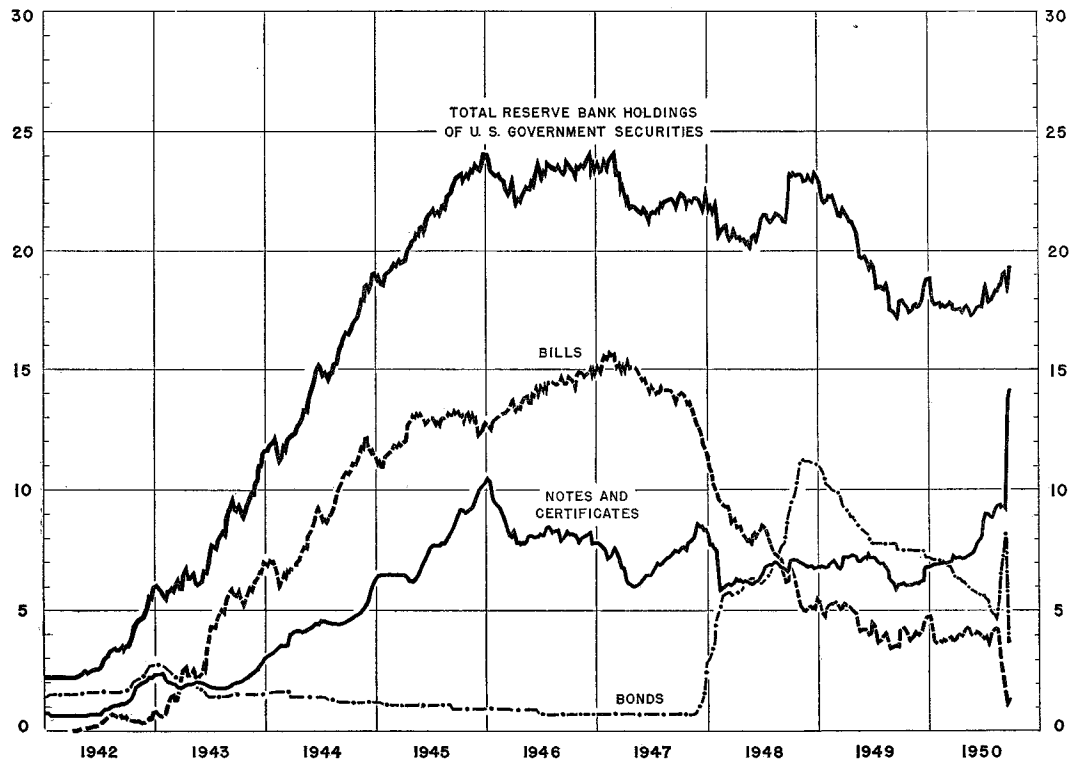
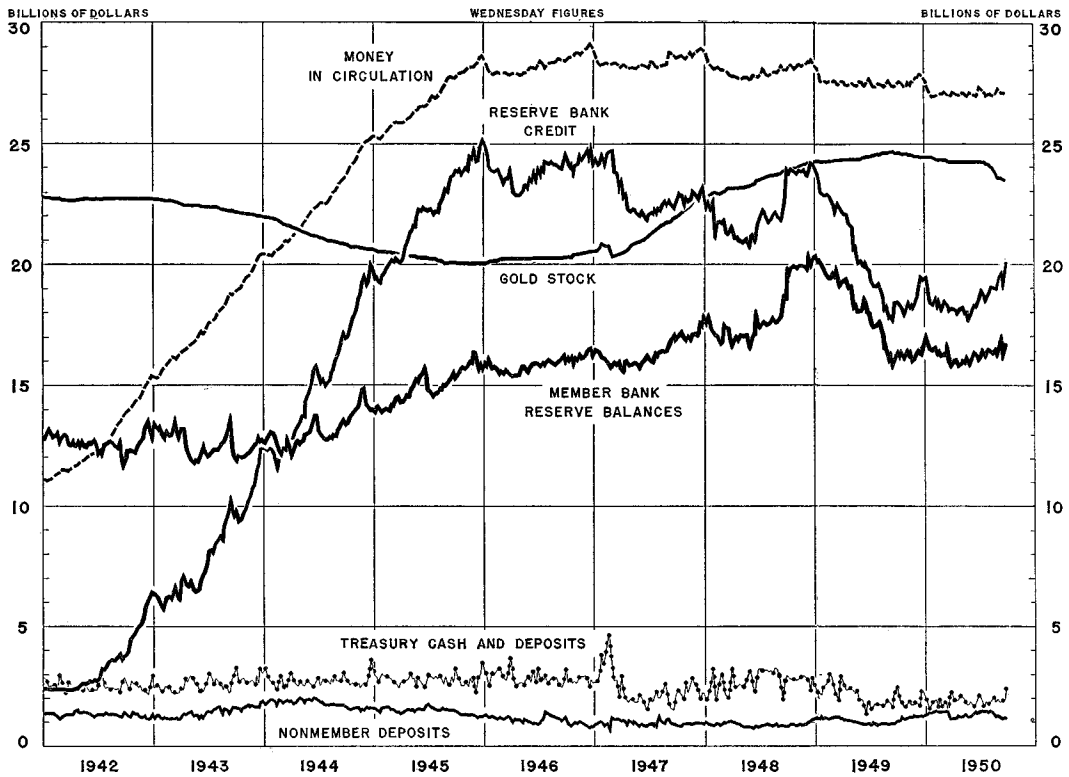
Wednesday figures, latest shown are for Sept. 27.

FINANCIAL, INDUSTRIAL, AND COMMERCIAL STATISTICS UNITED STATES

	PAGE
Member bank reserves, Reserve Bank credit, and related items.....	1345-1346
Federal Reserve Bank discount rates; rates on industrial loans; rates on time deposits; reserve requirements; margin requirements..	1346-1347
Federal Reserve Bank statistics.....	1348-1352
Deposits and reserves of member banks; bank suspensions	1352-1353
Money in circulation..	1354-1355
Bank debits and deposit turnover; Postal Savings System..	1355
All banks and the money supply..	1356
All banks in the United States, by classes.....	1357-1359
All insured commercial banks in the United States, by classes..	1360-1361
Weekly reporting member banks.....	1362-1365
Number of banking offices on Federal Reserve par list and not on par list	1366
Commercial paper, bankers' acceptances, and brokers' balances..	1367
Money rates; bank rates on business loans; bond yields..	1368
Security prices and new issues.....	1369-1370
Corporate sales, profits, and dividends..	1371-1372
Treasury finance.....	1373-1375
Government corporations and credit agencies..	1376
Business indexes..	1377-1386
Department store statistics..	1387-1390
Cost of living..	1390
Wholesale prices.....	1391
Gross national product, national income, and personal income..	1392-1393
Consumer credit statistics.....	1394-1396
Current statistics for Federal Reserve chart books..	1397-1401
September crop report, by Federal Reserve districts..	1401

Tables on the following pages include the principal available statistics of current significance relating to financial and business developments in the United States. The data relating to the Federal Reserve Banks and the member banks of the Federal Reserve System are derived from regular reports made to the Board; index numbers of production are compiled by the Board on the basis of material collected by other agencies; figures for gold stock, money in circulation, Treasury finance, and operations of Government credit agencies are obtained principally from statements of the Treasury, or of the agencies concerned; data on money and security markets and commodity prices and other series on business activity are obtained largely from other sources. Back figures for banking and monetary tables, together with descriptive text, may be obtained from the Board's publication, *Banking and Monetary Statistics*; back figures for most other tables may be obtained from earlier BULLETINS.

MEMBER BANK RESERVES, RESERVE BANK CREDIT, AND RELATED ITEMS



Wednesday figures, latest shown are for Sept. 27. See page 1345.

MEMBER BANK RESERVES, RESERVE BANK CREDIT, AND RELATED ITEMS—Continued

[In millions of dollars]

Date or period	Reserve Bank credit outstanding										Treasury currency outstanding	Money in circulation	Treasury cash holdings	Treasury deposits with Federal Reserve Banks	Non-member deposits	Other Federal Reserve accounts	Member bank reserve balances		
	Discounts and advances	U. S. Government securities			All other ¹	Total	Gold stock	Total	Re-quired ²	Ex-cess ³									
		Total	Bonds	Bills, certificates, and notes															
End of period:																			
1929—June 29...	1,037	216	71	145	147	1,400	4,037	2,019	4,459	204	36	28	374	2,356	2,333	23			
1933—June 30...	164	1,998	441	1,557	58	2,220	4,031	2,286	5,434	264	35	166	346	2,292	1,817	475			
1939—Dec. 30...	7	2,484	1,351	1,133	102	2,593	17,644	2,963	7,598	2,409	634	653	251	11,653	6,444	5,209			
1941—Dec. 31...	3	2,254	1,467	787	104	2,361	22,737	3,247	11,160	2,215	867	1,360	291	12,450	9,365	3,085			
1945—June 30...	46	21,792	1,113	20,679	466	22,304	20,213	4,145	26,746	2,279	599	1,668	450	14,920	13,335	1,585			
Dec. 31...	249	24,262	947	23,315	580	25,091	20,065	4,339	28,515	2,287	977	1,308	495	15,915	14,457	1,458			
1946—June 29...	157	23,783	755	23,028	516	24,456	20,270	4,539	28,245	2,251	833	1,250	561	16,123	15,011	1,112			
Dec. 31...	163	23,350	753	22,597	581	24,093	20,529	4,562	28,952	2,272	393	822	607	16,139	15,577	562			
1947—June 30...	70	21,872	727	21,145	228	22,170	21,266	4,552	28,297	1,314	756	881	629	16,112	15,374	738			
Dec. 31...	85	22,559	2,853	19,706	536	23,181	22,754	4,562	28,868	1,336	870	961	563	17,899	16,400	1,499			
1948—June 30...	265	21,366	6,206	15,160	268	21,900	23,532	4,565	27,903	1,327	1,928	859	592	17,389	16,647	742			
Dec. 31...	223	23,333	10,977	12,356	542	24,097	24,244	4,589	28,224	1,325	1,123	1,189	590	20,479	19,277	1,202			
1949—Aug.....	531	17,524	7,775	9,749	171	18,225	24,608	4,593	27,393	1,308	610	914	690	16,512	15,337	1,175			
Sept.....	109	18,010	7,538	10,472	297	18,415	24,602	4,593	27,412	1,311	1,176	1,051	713	15,947	15,176	771			
Oct.....	283	17,316	7,536	9,780	261	17,860	24,584	4,592	27,407	1,307	595	1,187	690	15,850	15,261	589			
Nov.....	321	17,682	7,513	10,169	263	18,267	24,479	4,596	27,543	1,317	517	1,238	689	16,038	15,367	671			
Dec.....	78	18,885	7,218	11,667	536	19,499	24,427	4,598	27,600	1,312	821	1,517	706	16,568	15,550	1,018			
1950—Jan.....	145	17,827	7,112	10,715	354	18,326	24,395	4,599	26,941	1,311	677	1,460	720	16,211	15,513	698			
Feb.....	131	17,746	6,857	10,889	349	18,226	24,345	4,602	27,068	1,310	666	1,426	730	15,973	15,390	583			
Mar.....	225	17,592	6,397	11,195	253	18,070	24,246	4,602	27,042	1,315	1,006	1,132	766	15,657	15,150	507			
Apr.....	113	17,796	6,155	11,641	392	18,301	24,247	4,603	27,048	1,308	858	1,347	712	15,878	15,202	676			
May.....	306	17,389	5,802	11,587	239	17,935	24,231	4,606	27,090	1,309	588	1,254	718	15,814	15,288	526			
June.....	43	18,331	5,618	12,713	329	18,703	24,231	4,607	27,156	1,298	950	1,431	771	15,934	15,498	436			
July.....	220	17,969	4,888	13,081	277	18,466	24,136	4,609	27,010	1,304	566	1,443	759	16,129	15,534	595			
Aug.....	83	18,356	6,768	11,588	381	18,820	23,627	4,613	27,120	1,304	733	1,190	724	15,989	15,770	219			
Sept.....	72	19,572	3,793	15,779	695	20,340	23,482	4,617	27,159	1,323	1,114	1,374	760	16,709	15,853	856			
Averages of daily figures:																			
1949—Aug.....	190	18,147	7,777	10,370	245	18,583	24,588	4,592	27,397	1,312	521	970	690	16,873	15,918	955			
Sept.....	164	17,441	7,649	9,792	352	17,957	24,637	4,592	27,451	1,310	649	990	703	16,083	15,161	922			
Oct.....	136	17,643	7,538	10,105	361	18,139	24,596	4,592	27,456	1,305	555	1,171	727	16,113	15,251	861			
Nov.....	215	17,664	7,528	10,136	347	18,226	24,533	4,593	27,477	1,311	457	1,296	691	16,119	15,308	811			
Dec.....	189	18,287	7,360	10,927	536	19,012	24,451	4,596	27,734	1,307	687	1,315	724	16,291	15,488	803			
1950—Jan.....	101	18,082	7,157	10,925	466	18,649	24,420	4,597	27,220	1,314	472	1,420	719	16,520	15,585	936			
Feb.....	178	17,705	6,948	10,757	427	18,310	24,346	4,598	27,008	1,310	585	1,478	728	16,146	15,409	737			
Mar.....	170	17,682	6,640	11,042	389	18,242	24,311	4,600	27,043	1,307	638	1,331	752	16,081	15,298	783			
Apr.....	140	17,608	6,274	11,334	388	18,136	24,247	4,601	27,062	1,313	695	1,250	764	15,898	15,204	694			
May.....	116	17,486	5,937	11,549	403	18,005	24,236	4,602	27,022	1,302	563	1,299	717	15,941	15,237	704			
June.....	84	17,800	5,683	12,117	440	18,325	24,231	4,605	27,026	1,299	512	1,372	759	16,194	15,426	767			
July.....	140	18,129	5,297	12,832	434	18,703	24,192	4,606	27,117	1,305	549	1,481	796	16,253	15,507	746			
Aug.....	172	18,328	5,171	13,157	377	18,876	23,927	4,609	27,009	1,307	668	1,404	752	16,273	15,626	647			
Sept.....	96	18,946	5,546	13,400	568	19,610	23,560	4,613	27,154	1,303	749	1,235	740	16,602	.....	.....			

For footnotes see preceding page.

MAXIMUM RATES ON TIME DEPOSITS

[Per cent per annum]

	Nov. 1, 1933- Jan. 31, 1935	Feb. 1, 1935- Dec. 31, 1935	Effective Jan. 1, 1936
Savings deposits.....	3	2½	2½
Postal Savings deposits.....	3	2½	2½
Other deposits payable:			
In 6 months or more.....	3	2½	2½
In 90 days to 6 months.....	3	2½	2
In less than 90 days.....	3	2½	1

NOTE.—Maximum rates that may be paid by member banks as established by the Board of Governors under provisions of Regulation Q. Under this Regulation the rate payable by a member bank may not in any event exceed the maximum rate payable by State banks or trust companies on like deposits under the laws of the State in which the member bank is located. Maximum rates that may be paid by insured nonmember banks as established by the F.D.I.C., effective Feb. 1, 1936, are the same as those in effect for member banks.

MARGIN REQUIREMENTS¹

[Per cent of market value]

Prescribed in accordance with Securities Exchange Act of 1934	Jan. 21, 1946- Jan. 31, 1947	Feb. 1, 1947- Mar. 29, 1949	Effective Mar. 30, 1949
Regulation T:			
For extensions of credit by brokers and dealers on listed securities.....	100	75	50
For short sales.....	100	75	50
Regulation U:			
For loans by banks on stocks.....	100	75	50

¹ Regulations T and U limit the amount of credit that may be extended on a security by prescribing a maximum loan value, which is a specified percentage of its market value at the time of the extension; the "margin requirements" shown in this table are the difference between the market value (100%) and the maximum loan value.

Back figures.—See *Banking and Monetary Statistics*, Table 145, p. 504, and BULLETIN for March 1946, p. 295.

FEDERAL RESERVE BANK DISCOUNT RATES
[Per cent per annum]

Federal Reserve Bank	Discounts for and advances to member banks						Advances to individuals, partnerships, or corporations other than member banks secured by direct obligations of the U. S. (last par. Sec. 13)		
	Advances secured by Government obligations and discounts of and advances secured by eligible paper (Secs. 13 and 13a) ¹			Other secured advances [Sec. 10(b)]					
	Rate on Sept. 30	In effect beginning—	Previous rate	Rate on Sept. 30	In effect beginning—	Previous rate	Rate on Sept. 30	In effect beginning—	Previous rate
Boston.....	1½	Aug. 21, 1950	1½	2¼	Aug. 21, 1950	2	2¼	Jan. 14, 1948	2
New York.....	1½	Aug. 21, 1950	1½	2¼	Aug. 21, 1950	2	2¼	² Oct. 30, 1942	3½
Philadelphia.....	1½	Aug. 25, 1950	1½	2¼	Aug. 25, 1950	2	2¼	Aug. 23, 1948	2
Cleveland.....	1½	Aug. 25, 1950	1½	2¼	Aug. 25, 1950	2	2¼	Aug. 25, 1950	2½
Richmond.....	1½	Aug. 25, 1950	1½	2¼	Aug. 25, 1950	2	2¼	² Oct. 28, 1942	4
Atlanta.....	1½	Aug. 24, 1950	1½	2¼	Aug. 24, 1950	2	2¼	Aug. 24, 1950	2½
Chicago.....	1½	Aug. 25, 1950	1½	2¼	Aug. 25, 1950	2	2¼	Aug. 13, 1948	2½
St. Louis.....	1½	Aug. 23, 1950	1½	2¼	Aug. 23, 1950	2	2¼	Jan. 12, 1948	2
Minneapolis.....	1½	Aug. 22, 1950	1½	2¼	Aug. 22, 1950	2	2¼	Aug. 23, 1948	2½
Kansas City.....	1½	Aug. 25, 1950	1½	2¼	Aug. 25, 1950	2	2¼	Jan. 19, 1948	2
Dallas.....	1½	Aug. 25, 1950	1½	2¼	Aug. 25, 1950	2	2¼	Feb. 14, 1948	2
San Francisco.....	1½	Aug. 24, 1950	1½	2¼	Aug. 24, 1950	2	2¼	² Oct. 28, 1942	4

¹ Rates shown also apply to advances secured by obligations of Federal intermediate credit banks maturing within 6 months.

² Certain special rates to nonmember banks were in effect during the wartime period.

Note.—Maximum maturities for discounts and advances to member banks are: 15 days for advances secured by obligations of the Federal Farm Mortgage Corporation or the Home Owners' Loan Corporation guaranteed as to principal and interest by the United States, or by obligations of Federal intermediate credit banks maturing within 6 months; 90 days for other advances and discounts made under Sections 13 and 13a of the Federal Reserve Act (except that discounts of certain bankers' acceptances and of agricultural paper may have maturities not exceeding 6 months and 9 months, respectively); and 4 months for advances under Section 10(b). The maximum maturity for advances to individuals, partnerships, or corporations made under the last paragraph of Section 13 is 90 days.

Back figures.—See *Banking and Monetary Statistics*, Tables 115–116, pp. 439–443.

FEDERAL RESERVE BANK BUYING RATES ON ACCEPTANCES
[Per cent per annum]

Maturity	Rate on Sept. 30	In effect beginning—	Previous rate
1–90 days.....	1½	Aug. 21, 1950	1½
91–120 days.....	1½	Aug. 21, 1950	1½
121–180 days.....	2	Aug. 21, 1950	1½

NOTE.—Minimum buying rates at the Federal Reserve Bank of New York on prime bankers' acceptances payable in dollars. The same rates generally apply to any purchases made by the other Federal Reserve Banks.

Back figures.—See *Banking and Monetary Statistics*, Table 117, pp. 443–445.

FEDERAL RESERVE BANK RATES ON INDUSTRIAL LOANS AND COMMITMENTS UNDER SECTION 13b OF THE FEDERAL RESERVE ACT
Maturities not exceeding five years
[In effect September 30. Per cent per annum]

Federal Reserve Bank	To industrial or commercial businesses		To financing institutions		
	On loans ¹	On commitments	On discounts or purchases		On commitments
			Portion for which institution is obligated	Remaining portion	
Boston.....	2¼–5	½–1½	(?)	(?)	½–1½
New York.....	2¼–5	½–1½	(?)	(?)	½–1½
Philadelphia.....	2¼–5	½–1½	(?)	(?)	½–1½
Cleveland.....	2¼–5	½–1½	(?)	(?)	½–1½
Richmond.....	2¼–5	½–1½	(?)	(?)	½–1½
Atlanta.....	2¼–5	½–1½	(?)	(?)	½–1½
Chicago.....	2¼–5	½–1½	2¼–5	2¼–5	½–1½
St. Louis.....	3–5	½–1½	1½–2½	(?)	½–1½
Minneapolis.....	2¼–5	½–1½	(?)	(?)	½–1½
Kansas City.....	2¼–5	½–1½	(?)	(?)	½–1½
Dallas.....	2¼–5	½–1½	(?)	(?)	½–1½
San Francisco.....	2¼–5	½–1½	(?)	(?)	½–1½

¹ Including loans made in participation with financing institutions.

² Rate charged borrower less commitment rate.

³ Rate charged borrower.

⁴ Rate charged borrower but not to exceed 1 per cent above the discount rate.

⁵ Charge of ¼ per cent is made on undisbursed portion of loan.

Back figures.—See *Banking and Monetary Statistics*, Table 118, pp. 446–447.

MEMBER BANK RESERVE REQUIREMENTS

[Per cent of deposits]

Effective date of change	Net demand deposits ¹			Time deposits (all member banks)
	Central reserve city banks	Reserve city banks	Country banks	
1917—June 21.....	13	10	7	3
1936—Aug. 16.....	19½	15	10½	4½
1937—Mar. 1.....	22½	17½	12½	5½
May 1.....	26	20	14	6
1938—Apr. 16.....	22½	17½	12	5
1941—Nov. 1.....	26	20	14	6
1942—Aug. 20.....	24	.....	.....	.....
Sept. 14.....	22	.....	.....	.....
Oct. 3.....	20	.....	.....	.....
1948—Feb. 27.....	22	.....	.....	.....
June 11.....	24	.....	.....	.....
Sept. 16.....	.....	.....	16	7½
Sept. 24.....	26	22	.....	7½
1949—May 1.....	.....	.....	15	7
May 5.....	24	21	.....	7
June 30.....	.....	20	.....	6
July 1.....	.....	.....	14	6
Aug. 1.....	.....	.....	13	.....
Aug. 11.....	23½	19½	.....	5
Aug. 16.....	.....	.....	12	5
Aug. 18.....	23	19	.....	.....
Aug. 25.....	22½	18½	.....	.....
Sept. 1.....	22	18	.....	.....
In effect Oct. 1, 1950.....	22	18	12	5

¹ Demand deposits subject to reserve requirements, which beginning Aug. 23, 1935, have been total demand deposits minus cash items in process of collection and demand balances due from domestic banks (also minus war loan and series E bond accounts during the period Apr. 13, 1943–June 30, 1947).

² Requirement became effective at country banks.

³ Requirement became effective at central reserve and reserve city banks.

PRINCIPAL ASSETS AND LIABILITIES OF ALL FEDERAL RESERVE BANKS

[In thousands of dollars]

Item	Wednesday figures							End of month		
	1950							1950		1949
	Sept. 27	Sept. 20	Sept. 13	Sept. 6	Aug. 30	Aug. 23	Aug. 16	Sept.	Aug.	Sept.
Assets										
Gold certificates.....	21,710,430	21,762,431	21,808,431	21,821,429	21,996,433	22,050,429	22,190,429	21,710,429	21,871,430	22,799,432
Redemption fund for F. R. notes.....	524,625	524,771	526,190	517,945	518,111	519,421	519,420	524,625	518,036	550,559
Total gold certificate reserves....	22,235,055	22,287,202	22,334,621	22,339,374	22,514,544	22,569,850	22,709,849	22,235,054	22,389,466	23,349,991
Other cash.....	235,548	241,445	239,896	214,775	249,424	252,792	255,943	228,676	240,188	273,193
Discounts and advances:										
For member banks....	120,491	51,274	71,154	98,856	106,720	115,190	103,648	71,704	82,390	17,075
For nonmember banks, etc.....							2,000			92,000
Total discounts and advances.....	120,491	51,274	71,154	98,856	106,720	115,190	105,648	71,704	82,390	109,075
Industrial loans.....	2,173	2,181	2,175	2,265	2,243	2,256	2,251	2,214	2,249	898
U. S. Govt. securities:										
Bills.....	1,379,254	1,017,296	1,581,416	2,298,807	2,737,725	3,735,667	4,271,167	1,512,854	2,301,507	4,341,504
Certificates:										
Special.....										
Other.....	4,953,470	4,481,474	5,185,468	5,081,886	4,776,236	3,630,636	3,033,550	4,974,970	4,847,536	5,831,900
Notes.....	9,246,998	9,296,212	4,063,628	4,277,000	4,518,950	5,770,600	6,338,000	9,290,998	4,438,800	298,100
Bonds.....	3,773,375	3,731,075	8,233,863	7,284,612	6,550,886	5,439,630	4,690,900	3,793,375	6,767,828	7,538,200
Total U. S. Govt. securities.....	19,353,097	18,526,057	19,064,375	18,942,305	18,583,797	18,576,533	18,333,617	19,572,197	18,355,671	18,009,704
Other Reserve Bank credit outstanding....	598,858	589,433	527,341	394,264	286,450	189,369	447,023	693,486	379,341	295,506
Total Reserve Bank credit outstanding....	20,074,619	19,168,945	19,665,045	19,437,690	18,979,210	18,883,348	18,888,539	20,339,601	18,819,651	18,415,183
Liabilities										
Federal Reserve notes.....	22,901,759	22,924,014	22,983,018	23,054,381	22,877,735	22,810,170	22,819,958	22,996,650	22,947,030	23,278,372
Deposits:										
Member bank — reserve account.....	16,699,093	16,298,511	16,865,152	16,610,700	16,284,709	16,442,436	16,297,890	16,709,298	15,988,562	15,947,080
U. S. Treasurer—general account.....	1,144,277	654,178	647,615	511,368	675,809	562,439	717,231	1,114,433	732,654	1,175,608
Foreign.....	909,767	892,049	872,264	928,318	1,006,345	992,896	1,105,046	897,824	915,899	533,373
Other.....	279,972	312,268	309,315	291,821	297,796	279,026	286,766	475,801	274,433	517,127
Total deposits.....	19,033,109	18,157,006	18,694,346	18,342,207	18,264,659	18,276,797	18,406,933	19,197,356	17,911,548	18,173,188
Ratio of gold certificate reserves to deposit and F. R. noteliabilities combined (per cent)....	53.0	54.3	53.6	54.0	54.7	54.9	55.1	52.7	54.8	56.3

MATURITY DISTRIBUTION OF LOANS AND U. S. GOVERNMENT SECURITIES HELD BY FEDERAL RESERVE BANKS

[In thousands of dollars]

	Total	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	91 days to 6 months	6 months to 1 year	1 year to 2 years	2 years to 5 years	Over 5 years
Discounts and advances:										
Aug. 30.....	106,720	82,822	13,872	2,592	7,423	11				
Sept. 6.....	98,856	81,148	9,998	2,241	5,463	6				
Sept. 13.....	71,154	62,360	1,715	1,668	5,410	1				
Sept. 20.....	51,274	47,640	1,524	1,740	370					
Sept. 27.....	120,491	109,367	8,966	1,348	810					
Industrial loans:										
Aug. 30.....	2,243	214	40	176	163	389	193	306	762	
Sept. 6.....	2,265	74	165	178	25	383	406	308	726	
Sept. 13.....	2,175	82	63	186	27	374	391	306	746	
Sept. 20.....	2,181	92	9	185	26	387	445	289	748	
Sept. 27.....	2,173	77	9	186	24	381	467	289	740	
U. S. Government securities:										
Aug. 30.....	18,583,797	906,454	4,079,615	4,208,253	493,375	566,200	4,134,900	73,900	1,690,200	2,430,900
Sept. 6.....	18,942,305	5,376,943	4,150,554	687,973	361,210	409,750	3,987,000		1,567,375	2,401,500
Sept. 13.....	19,064,375	6,155,786	4,297,841	410,187	219,508	215,300	3,792,428		1,474,125	2,499,200
Sept. 20.....	18,526,057	4,870,462	193,963	241,462	129,483	63,400	3,714,078	5,318,384	1,434,225	2,560,600
Sept. 27.....	19,353,097	5,134,031	347,758	418,525	378,660	53,750	3,797,278	5,190,970	1,409,225	2,622,900

DEPOSITS, RESERVES, AND BORROWINGS OF MEMBER BANKS

[Averages of daily figures.¹ In millions of dollars]

	All member banks	Central reserve city banks		Re-serve city banks	Coun-try banks	All member banks	Central reserve city banks		Re-serve city banks	Coun-try banks
		New York	Chi-cago				New York	Chi-cago		
	First half of August 1950					Second half of August 1950				
Gross demand deposits:										
Total.....	93,073	20,822	5,430	35,566	31,256	93,971	21,356	5,549	35,888	31,178
Interbank.....	10,822	3,628	1,134	5,191	869	10,544	3,610	1,100	4,993	841
Other.....	82,251	17,194	4,296	30,375	30,387	83,428	17,746	4,449	30,895	30,338
Net demand deposits ²	81,695	19,187	4,924	30,901	26,683	82,536	19,497	5,014	31,160	26,865
Demand deposits adjusted ³	73,700					74,050				
Time deposits ⁴	29,542	1,777	1,086	11,696	14,984	29,512	1,791	1,079	11,678	14,964
Demand balances due from domestic banks...	5,458	32	121	1,686	3,620	5,280	34	118	1,719	3,410
Reserves with Federal Reserve Banks:										
Total.....	16,263	4,323	1,139	6,269	4,532	16,282	4,399	1,139	6,281	4,462
Required.....	15,546	4,310	1,137	6,147	3,951	15,701	4,379	1,157	6,193	3,972
Excess.....	718	13	2	122	581	581	20	-18	89	490
Borrowings at Federal Reserve Banks.....	213	99	9	70	36	108	12	1	62	34

¹ Averages of daily closing figures for reserves and borrowings and of daily opening figures for other items, inasmuch as reserves required are based on deposits at opening of business.

² Demand deposits subject to reserve requirements, i. e., gross demand deposits minus cash items reported as in process of collection and demand balances due from domestic banks.

³ Demand deposits adjusted (demand deposits other than interbank and U. S. Government, less cash items reported as in process of collection) are estimated for all member banks, but not by class of bank.

⁴ Includes some interbank and U. S. Government time deposits; the amounts on call report dates are shown in the *Member Bank Call Report*.

DEPOSITS OF COUNTRY MEMBER BANKS IN LARGE AND SMALL CENTERS¹

[Averages of daily figures. In millions of dollars]

	In places of 15,000 and over population		In places of under 15,000 population	
	Demand deposits except inter-bank	Time deposits	Demand deposits except inter-bank	Time deposits
1949				
June.....	16,271	8,817	11,591	6,060
July.....	16,149	8,818	11,639	6,070
August.....	16,306	8,816	11,728	6,075
1950				
June.....	17,629	8,934	12,164	6,120
July.....	17,832	8,910	12,300	6,124
August.....	17,943	8,869	12,419	6,105
By district, August 1950				
Boston.....	2,154	834	368	231
New York.....	3,304	2,230	1,176	1,162
Philadelphia.....	1,349	832	988	907
Cleveland.....	1,469	911	1,056	806
Richmond.....	1,151	412	846	481
Atlanta.....	1,653	459	700	225
Chicago.....	2,520	1,630	1,764	971
St. Louis.....	706	348	982	291
Minneapolis.....	634	298	751	442
Kansas City.....	619	109	1,613	211
Dallas.....	1,115	164	1,661	81
San Francisco.....	1,268	640	514	297

¹ Includes any banks in outlying sections of reserve cities that have been given permission to carry the same reserve as country banks.

BANK SUSPENSIONS¹

	Total, all banks	Member banks		Nonmember banks	
		National	State	Insured	Non-insured
Number of banks suspended:					
1934-42.....	330	20	6	216	88
1943.....	4	2		2	
1944.....	1			1	
1945.....	0				
1946.....	0				
1947.....	1				1
1948.....	0				
1949.....	4				4
1950-Jan.-Sept.....	1				1
Deposits of suspended banks (in thousands of dollars): ²					
1934-42.....	137,362	18,016	26,548	51,567	41,231
1943.....	6,223	4,982		1,241	
1944.....	405			405	
1945.....	0				
1946.....	0				
1947.....	167				167
1948.....	0				
1949.....	2,443				2,443
1950-Jan.-Sept.....	(³)				(³)

¹ Represents banks which, during the periods shown, closed temporarily or permanently on account of financial difficulties; does not include banks whose deposit liabilities were assumed by other banks at the time of closing (in some instances with the aid of Federal Deposit Insurance Corporation loans).

² Deposits of member banks and insured nonmember banks suspended are as of dates of suspensions, and deposits of noninsured nonmember banks are based on the latest data available at the time the suspensions were reported.

³ Deposit figures not available.

Back figures.—See *Banking and Monetary Statistics*, pp. 283-292; for description, see pp. 281-282 in the same publication.

UNITED STATES MONEY IN CIRCULATION, BY DENOMINATIONS

[Outside Treasury and Federal Reserve Banks. In millions of dollars]

End of year or month	Total in circulation ¹	Coin and small denomination currency ²							Large denomination currency ²							Unassorted
		Total	Coin	\$1	\$2	\$5	\$10	\$20	Total	\$50	\$100	\$500	\$1,000	\$5,000	\$10,000	
1933	5,519	4,167	442	402	33	719	1,229	1,342	1,360	364	618	125	237	8	10	8
1934	5,536	4,292	452	423	32	771	1,288	1,326	1,254	337	577	112	216	5	7	10
1935	5,882	4,518	478	460	33	815	1,373	1,359	1,369	358	627	122	239	7	16	5
1936	6,543	5,021	517	499	35	906	1,563	1,501	1,530	399	707	135	265	7	18	8
1937	6,550	5,015	537	505	33	905	1,560	1,475	1,542	387	710	139	288	6	12	7
1938	6,856	5,147	550	524	34	946	1,611	1,481	1,714	409	770	160	327	17	32	5
1939	7,598	5,553	590	559	36	1,019	1,772	1,576	2,048	460	919	191	425	20	32	2
1940	8,732	6,247	648	610	39	1,129	2,021	1,800	2,489	538	1,112	227	523	30	60	4
1941	11,160	8,120	751	695	44	1,355	2,731	2,545	3,044	724	1,433	261	556	24	46	4
1942	15,410	11,576	880	801	55	1,693	4,051	4,096	3,837	1,019	1,910	287	586	9	25	3
1943	20,449	14,871	1,019	909	70	1,973	5,194	5,705	5,580	1,481	2,912	407	749	9	22	2
1944	25,307	17,580	1,156	987	81	2,150	5,983	7,224	7,730	1,996	4,153	555	990	10	24	3
1945	28,515	20,683	1,274	1,039	73	2,313	6,782	9,201	7,834	2,327	4,220	454	801	7	24	2
1946	28,952	20,437	1,361	1,029	67	2,173	6,497	9,310	8,518	2,492	4,771	438	783	8	26	3
1947	28,868	20,020	1,404	1,048	65	2,110	6,275	9,119	8,850	2,548	5,070	428	782	5	17	3
1948	28,224	19,529	1,464	1,049	64	2,047	6,060	8,846	8,698	2,494	5,074	400	707	5	17	3
1949—May	27,507	18,993	1,456	1,011	61	1,986	5,934	8,544	8,515	2,422	4,980	388	712	5	9	1
June	27,493	18,982	1,459	1,008	61	1,971	5,931	8,551	8,513	2,426	4,974	387	712	5	9	2
July	27,394	18,908	1,457	1,001	60	1,959	5,901	8,529	8,488	2,410	4,964	385	717	4	9	2
August	27,393	18,901	1,462	1,003	61	1,958	5,900	8,517	8,494	2,406	4,980	383	712	4	9	2
September	27,412	18,917	1,468	1,018	60	1,970	5,905	8,496	8,498	2,401	4,996	382	705	4	9	2
October	27,407	18,915	1,474	1,031	60	1,973	5,891	8,486	8,494	2,392	5,007	381	701	4	9	2
November	27,543	19,040	1,484	1,046	61	1,994	5,935	8,520	8,506	2,398	5,021	382	692	4	8	2
December	27,600	19,025	1,484	1,066	62	2,004	5,897	8,512	8,578	2,435	5,056	382	689	4	11	3
1950—January	26,941	18,475	1,457	1,008	60	1,926	5,715	8,309	8,469	2,401	5,010	380	666	4	8	3
February	27,068	18,645	1,459	1,011	60	1,949	5,817	8,348	8,426	2,385	4,988	378	661	5	9	3
March	27,042	18,651	1,468	1,013	59	1,949	5,834	8,327	8,393	2,375	4,968	384	654	5	8	1
April	27,048	18,661	1,478	1,016	60	1,945	5,830	8,333	8,389	2,380	4,961	382	650	4	11	1
May	27,090	18,730	1,490	1,033	60	1,963	5,851	8,333	8,361	2,380	4,949	380	639	4	9	1
June	27,156	18,813	1,496	1,037	61	1,966	5,891	8,363	8,344	2,386	4,940	378	628	4	9	2
July	27,010	18,696	1,498	1,029	60	1,946	5,836	8,328	8,316	2,374	4,934	375	620	4	9	2
August	27,120	18,795	1,506	1,037	61	1,955	5,881	8,355	8,328	2,374	4,950	372	617	4	9	2

¹ Total of amounts of coin and paper currency shown by denominations less unassorted currency in Treasury and Federal Reserve Banks.

² Includes unassorted currency held in Treasury and Federal Reserve Banks and currency of unknown denominations reported by the Treasury as destroyed.

³ Paper currency only; \$1 silver coins reported under coin.

Back figures.—See *Banking and Monetary Statistics*, Table 112, pp. 415-416.

UNITED STATES MONEY, OUTSTANDING AND IN CIRCULATION, BY KINDS

[On basis of circulation statement of United States money. In millions of dollars]

	Total outstanding, Aug. 31, 1950	Money held in the Treasury			Money held by Federal Reserve Banks and agents	Money in circulation ¹		
		As security against gold and silver certificates	Treasury cash	For Federal Reserve Banks and agents		Aug. 31, 1950	July 31, 1950	Aug. 31, 1949
Gold	23,627	22,430	² 1,197					
Gold certificates	22,430			19,574	2,816	41	41	42
Federal Reserve notes	23,649		46		836	22,768	22,664	23,106
Treasury currency—total	4,613	³ 2,305	61		240	4,312	4,305	4,244
Standard silver dollars	493	276	42		3	172	171	166
Silver bullion	2,030	2,030						
Silver certificates and Treasury notes of 1890	⁴ 2,305				173	2,132	2,135	2,072
Subsidiary silver coin	1,007		10		28	969	964	938
Minor coin	379		5		9	365	362	357
United States notes	347		3		24	320	316	317
Federal Reserve Bank notes	272		1		3	268	271	302
National Bank notes	86		(⁵)		1	85	86	91
Total—Aug. 31, 1950	(⁶)	24,735	1,304	19,574	3,892	27,120		
July 31, 1950	(⁶)	25,242	1,304	20,070	3,995		27,010	
Aug. 31, 1949	(⁶)	25,688	1,308	20,547	3,927			27,393

¹ Outside Treasury and Federal Reserve Banks. Includes any paper currency held outside the continental limits of the United States; totals for other end-of-month dates shown in table above, totals by weeks in table on p. 1345 and seasonally adjusted figures in table on p. 1355.

² Includes \$156,039,431 held as reserve against United States notes and Treasury notes of 1890.

³ To avoid duplication, amount of silver dollars and bullion held as security against silver certificates and Treasury notes of 1890 outstanding is not included in total Treasury currency outstanding.

⁴ Because some of the types of money shown are held as collateral or reserves against other types, a grand total of all types has no special significance and is not shown. See note for explanation of these duplications.

⁵ Less than \$500,000.

NOTE.—There are maintained in the Treasury—(i) as a reserve for United States notes and Treasury notes of 1890—\$156,039,431 in gold bullion; (ii) as security for Treasury notes of 1890—an equal dollar amount in standard silver dollars (these notes are being canceled and retired on receipt); (iii) as security for outstanding silver certificates—silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates; and (iv) as security for gold certificates—gold bullion of a value at the legal standard equal to the face amount of such gold certificates. Federal Reserve notes are obligations of the United States and a first lien on all the assets of the issuing Federal Reserve Bank. Federal Reserve notes are secured by the deposit with Federal Reserve agents of a like amount of gold certificates or of gold certificates and such discounted or purchased paper as is eligible under the terms of the Federal Reserve Act, or of direct obligations of the United States. Federal Reserve Banks must maintain a reserve in gold certificates of at least 25 per cent, including the redemption fund, which must be deposited with the Treasurer of the United States, against Federal Reserve notes in actual circulation; gold certificates pledged as collateral may be counted as reserves. "Gold certificates" as herein used includes credits with the Treasurer of the United States payable in gold certificates. Federal Reserve Bank notes and national bank notes are in process of retirement.

MONEY IN CIRCULATION WITH ADJUSTMENT FOR SEASONAL VARIATION

[Outside Treasury and Federal Reserve Banks. In millions of dollars]

Date	Amount— unadjusted for seasonal variation	Amount— adjusted for seasonal variation	Change in seasonally adjusted series ¹
End of period:			
1939.....	7,598		+742
1940.....	8,732		+1,134
1941.....	11,160		+2,428
1942.....	15,410		+4,250
1943.....	20,449		+5,039
1944.....	25,307		+4,858
1945.....	28,515		+3,208
1946.....	28,952		+437
1947.....	28,868		-84
1948.....	28,224		-644
1949.....	27,600		-624
Averages of daily figures:			
1949—August.....	27,397	27,535	+8
September.....	27,451	27,506	-29
October.....	27,456	27,456	-50
November.....	27,477	27,395	-61
December.....	27,734	27,459	+64
1950—January.....	27,220	27,139	-320
February.....	27,008	27,008	-131
March.....	27,043	27,124	+116
April.....	27,062	27,280	+156
May.....	27,022	27,212	-68
June.....	27,026	27,162	-50
July.....	27,117	27,171	+29
August.....	27,009	27,145	-26
September.....	27,154	27,208	+63

¹ For end-of-year figures, represents change computed on absolute amounts in first column.

NOTE.—For discussion of seasonal adjustment factors and for back figures on comparable basis see BULLETIN for September 1943, pp. 822-826. Because of an apparent change in the seasonal pattern around the year-end, adjustment factors have been revised somewhat for dates affected, beginning with December 1942.

POSTAL SAVINGS SYSTEM

[In millions of dollars]

End of month	Depositors' balances ¹	Assets			
		Total	Cash in depository banks	U. S. Government securities	Cash reserve funds, etc. ²
1943—December....	1,788	1,843	10	1,716	118
1944—December....	2,342	2,411	8	2,252	152
1945—December....	2,933	3,022	6	2,837	179
1946—December....	3,284	3,387	6	3,182	200
1947—December....	3,417	3,525	6	3,308	212
1948—December....	3,330	3,449	7	3,244	198
1949—April.....	3,314	3,435	7	3,239	188
May.....	3,294	3,418	7	3,212	198
June.....	3,277	3,403	7	3,188	209
July.....	3,266	3,393	6	3,187	199
August.....	3,248	3,375	6	3,172	196
September.....	3,230	3,350	6	3,152	191
October.....	3,215	3,336	7	3,127	202
November.....	3,199	3,322	7	3,118	197
December....	3,188	3,312	7	3,118	187
1950—January....	3,183	3,307	7	3,117	182
February....	3,177	3,301	7	3,107	186
March.....	3,168	3,293	8	3,107	178
April.....	3,151	3,276	8	3,092	176
May.....	3,125	3,250	8	3,068	175
June.....	3,097	3,218	10	3,038	171
July.....	3,067				
August.....	3,024				

¹ Preliminary.

² Outstanding principal, represented by certificates of deposit.

³ Includes working cash with postmasters, 5 per cent reserve fund and miscellaneous working funds with Treasurer of United States, accrued interest on bond investments, and accounts due from late postmasters.

Back figures.—See *Banking and Monetary Statistics*, p. 519; for description, see p. 508 in the same publication.

BANK DEBITS AND DEPOSIT TURNOVER

[Debits in millions of dollars]

Year or month	Debits to total deposit accounts, except interbank accounts				Annual rate of turnover of total deposits, except interbank		Debits to demand deposit accounts, except interbank and Government		Annual rate of turnover of demand deposits, except interbank and Government	
	Total, all reporting centers	New York City ¹	140 other centers ¹	Other reporting centers ²	New York City	Other reporting centers	New York City ³	Other leading cities ³	New York City ³	Other leading cities ³
1944.....	891,910	345,585	462,354	83,970	17.1	10.8	298,902	403,400	22.4	17.3
1945.....	974,102	404,543	479,760	89,799	18.2	9.7	351,602	412,800	24.2	16.1
1946—old series ⁴	1,050,021	417,475	527,336	105,210	18.9	10.0	374,365	449,414	25.5	16.9
1946—new series ⁴							407,946	522,944	25.2	16.5
1947.....	1,125,074	405,929	599,639	119,506	21.0	11.9	400,468	598,445	24.1	18.0
1948.....	1,249,630	449,002	667,934	132,695	23.6	12.9	445,221	660,155	27.2	19.2
1949.....	1,230,982	452,897	648,905	129,179	24.1	12.4	447,150	639,772	28.2	18.7
1949—August.....	99,055	36,070	52,466	10,518	21.9	11.4	34,940	51,421	25.5	17.1
September.....	101,072	37,191	53,066	10,814	24.1	12.4	36,130	52,364	28.0	18.6
October.....	101,834	36,334	54,413	11,087	22.4	12.1	36,683	54,488	27.3	18.5
November.....	99,491	35,249	53,339	10,903	23.4	12.7	34,105	52,336	27.2	19.1
December.....	118,197	45,781	60,493	11,923	27.7	13.1	45,434	60,428	32.5	20.0
1950—January.....	106,655	38,962	56,387	11,306	24.5	12.6	38,133	55,090	28.6	18.9
February.....	96,246	35,727	50,556	9,962	24.9	12.3	35,205	49,855	29.3	18.9
March.....	115,736	43,112	60,913	11,712	25.7	12.8	41,164	59,113	29.4	19.3
April.....	102,538	37,025	54,649	10,865	24.1	12.5	38,480	54,929	29.7	19.4
May.....	112,085	41,463	58,828	11,793	25.9	12.7	40,037	57,382	29.7	19.2
June.....	119,389	43,781	63,321	12,286	27.0	13.4	42,294	61,607	30.7	20.2
July.....	110,564	38,757	59,743	12,064	24.6	13.2	40,657	59,703	31.0	20.3
August.....	128,373	50,067	65,453	12,852	29.2	13.2	48,320	64,015	33.8	19.9

¹ National series for which bank debit figures are available beginning with 1919.

² Number of centers reduced from 193 to 192 beginning December 1947, when one reporting bank was absorbed by a reporting bank in another city.

³ Weekly reporting member bank series.

⁴ Statistics for banks in leading cities revised beginning July 3, 1946; for description of revision and for back figures see BULLETIN for June 1947, pp. 692-693, and July 1947, pp. 878-883, respectively; deposits and debits of the new series for first six months of 1946 are estimated.

NOTE.—Debits to total deposit accounts, except interbank accounts, have been reported for 334 centers from 1942 through November 1947 and for 333 beginning December 1947; the deposits from which rates of turnover have been computed have likewise been reported by most banks and have been estimated for others. Debits to demand deposit accounts, except interbank and U. S. Government, and the deposits from which rates of turnover have been computed have been reported by member banks in leading cities since 1935.

CONSOLIDATED CONDITION STATEMENT FOR BANKS AND THE MONETARY SYSTEM

ALL COMMERCIAL AND SAVINGS BANKS, FEDERAL RESERVE BANKS, POSTAL SAVINGS SYSTEM, AND TREASURY CURRENCY FUNDS¹

[Figures partly estimated except on call dates. In millions of dollars]

Date	Assets									Total assets, net— Total liabilities and capital, net	Liabilities and Capital	
	Gold	Treasury currency	Bank credit								Total deposits and currency	Capital and misc. accounts, net
			Total	Loans, net	U. S. Government obligations				Other securities			
					Total	Commercial and savings banks	Federal Reserve Banks	Other				
1929—June 29	4,037	2,019	58,642	41,082	5,741	5,499	216	26	11,819	64,698	55,776	8,922
1933—June 30	4,031	2,286	42,148	21,957	10,328	8,199	1,998	131	9,863	48,465	42,029	6,436
1939—Dec. 30	17,644	2,963	54,564	22,157	23,105	19,417	2,484	1,204	9,302	75,171	68,359	6,812
1941—Dec. 31	22,737	3,247	64,653	26,605	29,049	25,511	2,254	1,284	8,999	90,637	82,811	7,826
1945—June 30	20,213	4,145	153,992	27,948	118,041	93,655	21,792	2,594	8,003	178,350	168,040	10,310
Dec. 31	20,065	4,339	167,381	30,387	128,417	101,288	24,262	2,867	8,577	191,785	180,806	10,979
1946—June 29	20,270	4,539	163,485	31,570	122,740	95,911	23,783	3,046	9,175	188,294	176,215	12,079
Dec. 31	20,529	4,562	158,366	35,765	113,110	86,558	23,350	3,202	9,491	183,457	171,657	11,800
1947—June 30	21,266	4,552	156,297	38,373	107,873	82,679	21,872	3,322	10,051	182,115	169,234	12,882
Dec. 31	22,754	4,562	160,832	43,023	107,086	81,199	22,559	3,328	10,723	188,148	175,348	12,800
1948—June 30	23,532	4,565	157,958	45,299	101,451	76,774	21,366	3,311	11,208	186,055	172,857	13,200
Dec. 31	24,244	4,589	160,457	48,341	100,694	74,097	23,333	3,264	11,422	189,290	176,121	13,168
1949—June 30	24,466	4,597	156,491	47,148	97,428	74,877	19,343	3,208	11,915	185,554	171,602	13,952
1949—Sept. 28	24,600	4,600	159,800	47,900	99,300	78,300	17,900	3,200	12,600	189,000	174,400	14,500
Oct. 26	24,600	4,600	160,300	48,100	99,600	79,100	17,400	3,100	12,600	189,500	174,900	14,600
Nov. 30	24,500	4,600	160,700	49,000	99,100	78,300	17,700	3,100	12,600	189,800	175,300	14,500
Dec. 31	24,427	4,598	162,681	49,604	100,456	78,433	18,885	3,138	12,621	191,706	177,313	14,392
1950—Jan. 25 ^p	24,400	4,600	162,500	49,400	100,400	79,500	17,800	3,100	12,700	191,600	177,100	14,400
Feb. 21 ^p	24,300	4,600	161,900	49,700	99,300	78,600	17,600	3,100	12,900	190,800	176,200	14,600
Mar. 29 ^p	24,200	4,600	161,700	50,400	98,000	77,400	17,500	3,100	13,300	190,600	176,000	14,500
Apr. 26 ^p	24,200	4,600	162,000	50,600	97,900	77,100	17,600	3,100	13,500	190,800	176,300	14,500
May 31 ^p	24,200	4,600	162,600	51,000	98,200	77,700	17,400	3,100	13,500	191,500	176,900	14,500
June 28 ^p	24,200	4,600	164,300	51,800	98,900	77,600	18,200	3,100	13,600	193,200	178,200	15,000
July 26 ^p	24,200	4,600	164,500	53,100	97,500	76,500	18,000	3,000	13,900	193,300	178,300	14,900
Aug. 30 ^p	23,800	4,600	166,100	54,500	97,300	75,700	18,600	3,000	14,300	194,400	179,300	15,100
Deposits and Currency												
Date	Total	Foreign bank deposits, net	U. S. Government balances			Deposits adjusted and currency						
			Treasury cash	At commercial and savings banks	At Federal Reserve Banks	Total	Demand deposits ²	Time deposits ³				Currency outside banks
								Total	Commercial banks	Mutual savings banks ⁴	Postal Savings System	
1929—June 29	55,776	365	204	381	36	54,790	22,540	28,611	19,557	8,905	149	3,639
1933—June 30	42,029	50	264	852	35	40,828	14,411	21,656	10,849	9,621	1,186	4,761
1939—Dec. 30	68,359	1,217	2,409	846	634	63,253	29,793	27,059	15,258	10,523	1,278	6,401
1941—Dec. 31	82,811	1,498	2,215	1,895	867	76,336	38,992	27,729	15,884	10,532	1,313	9,615
1945—June 30	168,040	2,378	2,279	24,381	599	138,403	69,053	44,253	27,170	14,426	2,657	25,097
Dec. 31	180,806	2,141	2,287	24,608	977	150,793	75,851	48,452	30,135	15,385	2,932	26,490
1946—June 29	176,215	1,894	2,251	13,416	833	157,821	79,476	51,829	32,429	16,281	3,119	26,516
Dec. 31	171,657	1,885	2,272	3,103	393	164,004	83,314	53,960	33,808	16,869	3,283	26,730
1947—June 30	169,234	1,657	1,314	1,367	756	164,140	82,186	55,655	34,835	17,428	3,392	26,299
Dec. 31	175,348	1,682	1,336	1,452	870	170,008	87,121	56,411	35,249	17,746	3,416	26,476
1948—June 30	172,857	1,727	1,327	2,180	1,928	165,695	82,697	57,360	35,788	18,194	3,378	25,338
Dec. 31	176,121	2,103	1,325	2,451	1,123	169,119	85,520	57,520	35,804	18,387	3,329	26,079
1949—June 30	171,602	1,927	1,307	2,304	438	165,626	81,877	58,483	36,292	18,932	3,259	25,266
1949—Sept. 28	174,400	1,900	1,300	3,700	1,200	166,300	83,100	58,400	36,100	19,100	3,200	24,900
Oct. 26	174,900	2,000	1,300	3,600	400	167,700	84,300	58,400	36,100	19,100	3,200	24,900
Nov. 30	175,300	2,100	1,300	3,200	500	168,100	85,000	58,000	35,800	19,100	3,200	25,100
Dec. 31	177,313	2,150	1,312	3,249	821	169,781	85,750	58,616	36,146	19,273	3,197	25,415
1950—Jan. 25 ^p	177,100	2,200	1,300	3,300	500	169,700	86,400	58,700	36,100	19,400	3,200	24,500
Feb. 21 ^p	176,200	2,200	1,300	4,200	400	168,200	84,500	59,000	36,300	19,500	3,200	24,700
Mar. 29 ^p	176,000	2,300	1,300	4,300	1,000	167,100	83,300	59,300	36,500	19,700	3,200	24,600
Apr. 26 ^p	176,300	2,400	1,300	3,200	800	168,500	84,500	59,500	36,600	19,700	3,200	24,600
May 31 ^p	176,900	2,400	1,300	3,200	600	169,500	85,300	59,500	36,600	19,800	3,100	24,700
June 28 ^p	178,200	2,500	1,300	3,800	900	169,700	85,400	59,700	36,700	19,900	3,100	24,600
July 26 ^p	178,300	2,500	1,300	3,600	500	170,400	86,600	59,400	36,400	19,900	3,100	24,400
Aug. 30 ^p	179,300	2,400	1,300	3,800	700	171,100	87,500	59,100	36,200	19,800	3,000	24,500

^p Preliminary.

¹ Treasury funds included are the gold account, Treasury currency account, and Exchange Stabilization Fund.

² Demand deposits, other than interbank and U. S. Government, less cash items reported as in process of collection.

³ Excludes interbank time deposits; United States Treasurer's time deposits, open account; and deposits of Postal Savings System in banks.

⁴ Prior to June 30, 1947, includes a relatively small amount of demand deposits.

NOTE.—For description of statement and back figures, see BULLETIN for January 1948, pp. 24–32. The composition of a few items differs slightly from the description in the BULLETIN article; stock of Federal Reserve Banks held by member banks is included in "Other securities" and in "Capital accounts," and balances of the Postal Savings System and the Exchange Stabilization Fund with the U. S. Treasury are netted against miscellaneous accounts instead of against U. S. Government deposits and Treasury cash. Except on call dates, figures are rounded to nearest 100 million dollars and may not add to the totals. See *Banking and Monetary Statistics*, Table 9, pp. 34–35, for back figures for deposits and currency.

**NUMBER OF BANKING OFFICES ON FEDERAL RESERVE PAR LIST AND NOT ON PAR LIST,
BY FEDERAL RESERVE DISTRICTS AND STATES**

Federal Reserve district or State	Total banks on which checks are drawn, and their branches and offices ¹		On par list						Not on par list (nonmember)	
			Total		Member		Nonmember			
	Banks	Branches and offices ²	Banks	Branches and offices	Banks	Branches and offices	Banks	Branches and offices	Banks	Branches and offices
United States total:										
Dec. 31, 1946.....	14,043	3,981	11,957	3,654	6,894	2,913	5,063	741	2,086	327
Dec. 31, 1947.....	14,078	4,148	12,037	3,823	6,917	3,051	5,120	772	2,041	325
Dec. 31, 1948.....	14,072	4,333	12,061	4,015	6,912	3,197	5,149	818	2,011	318
Dec. 31, 1949.....	14,051	4,562	12,178	4,289	6,887	3,387	5,291	902	1,873	273
Aug. 31, 1950 ^p	14,022	4,720	12,170	4,438	6,883	3,515	5,287	923	1,852	282
By districts and by States										
Aug. 31, 1950^p										
<i>District</i>										
Boston.....	481	326	481	326	329	256	152	70		
New York.....	884	920	884	920	762	850	122	70		
Philadelphia.....	836	158	836	158	640	122	196	36		
Cleveland.....	1,118	305	1,118	305	697	263	421	42		
Richmond.....	1,007	529	805	395	477	255	328	140	202	134
Atlanta.....	1,191	214	590	175	352	152	238	23	601	39
Chicago.....	2,485	610	2,485	610	1,002	252	1,483	358		
St. Louis.....	1,471	141	1,135	82	496	44	639	38	336	59
Minneapolis.....	1,276	111	678	70	478	27	200	43	598	41
Kansas City.....	1,756	11	1,747	11	755	7	992	4	9	
Dallas.....	1,024	56	918	47	630	31	288	16	106	9
San Francisco.....	493	1,339	493	1,339	265	1,256	228	83		
<i>State</i>										
Alabama.....	225	25	129	25	93	25	36		96	
Arizona.....	9	52	9	52	5	39	4	13		
Arkansas.....	232	19	109	5	68	1	41	4	123	14
California.....	193	965	193	965	118	918	75	47		
Colorado.....	147	2	147	2	92	2	55			
Connecticut.....	108	42	108	42	63	37	45	5		
Delaware.....	38	18	38	18	17	8	21	10		
District of Columbia.....	19	45	19	45	15	35	4	10		
Florida.....	188	4	127	4	74	4	53		61	
Georgia.....	397	42	112	38	66	35	46	3	285	4
Idaho.....	43	54	43	54	24	49	19	5		
Illinois.....	885	2	883	2	505	2	378		2	
Indiana.....	487	106	487	106	237	50	250	56		
Iowa.....	661	165	661	165	161		500	165		
Kansas.....	610		608		215		393		2	
Kentucky.....	383	41	383	41	112	25	271	16		
Louisiana.....	162	76	59	53	46	46	13	7	103	23
Maine.....	63	69	63	69	38	37	25	32		
Maryland.....	164	120	164	120	77	79	87	41		
Massachusetts.....	178	170	178	170	142	154	36	16		
Michigan.....	438	236	438	236	231	181	207	55		
Minnesota.....	679	6	266	6	207	6	59		413	
Mississippi.....	201	67	40	14	31	7	9	7	161	53
Missouri.....	595		530		180		350		65	
Montana.....	110		110		84		26			
Nebraska.....	412	2	412	2	141	2	271			
Nevada.....	8	19	8	19	6	18	2	1		
New Hampshire.....	74	2	74	2	52	1	22	1		
New Jersey.....	324	160	324	160	279	145	45	15		
New Mexico.....	51	13	51	13	35	2	16	11		
New York.....	633	772	633	772	554	716	79	56		
North Carolina.....	208	206	96	78	54	45	42	33	112	128
North Dakota.....	150	22	63	6	43		20	6	87	16
Ohio.....	657	224	657	224	424	195	233	29		
Oklahoma.....	384	1	376	1	224	1	152		8	
Oregon.....	69	100	69	100	30	88	39	12		
Pennsylvania.....	969	188	969	188	739	161	230	27		
Rhode Island.....	16	46	16	46	10	34	6	12		
South Carolina.....	148	47	64	41	32	35	32	6	84	6
South Dakota.....	169	49	71	24	62	21	9	3	98	25
Tennessee.....	294	94	203	81	82	62	121	19	91	13
Texas.....	902	11	847	11	578	11	269		55	
Utah.....	55	24	55	24	31	22	24	2		
Vermont.....	69	11	69	11	40	2	29	9		
Virginia.....	313	111	308	111	203	61	105	50	5	
Washington.....	118	141	118	141	52	132	66	9		
West Virginia.....	180		179		108		71		1	
Wisconsin.....	551	151	551	151	164	21	387	130		
Wyoming.....	53		53		39		14			

^p Preliminary. ¹ Excludes mutual savings banks, on a few of which some checks are drawn.

² Branches and other additional offices at which deposits are received, checks paid, or money lent, including "banking facilities" at military reservations and other Government establishments (see BULLETIN for February 1950, p. 244, footnotes 9 and 10).

Back figures.—See *Banking and Monetary Statistics*, Table 15, pp. 54–55, and *Annual Reports*.

COMMERCIAL PAPER AND BANKERS' ACCEPTANCES OUTSTANDING

[In millions of dollars]

End of month	Commer- cial paper out- standing ¹	Dollar acceptances outstanding									
		Total out- standing	Held by				Based on				
			Accepting banks			Others	Imports into United States	Exports from United States	Dollar ex- change	Goods stored in or shipped between points in	
			Total	Own bills	Bills bought					United States	Foreign countries
1949—July	211	194	90	57	33	104	117	44	(?)	19	13
August	230	189	85	53	32	104	117	37	1	18	16
September	265	207	94	54	40	113	133	37	1	21	14
October	278	215	104	57	47	110	140	39	1	23	12
November	278	251	118	60	58	133	173	44	.....	25	9
December	257	272	128	58	70	144	184	49	.....	30	9
1950—January	258	280	134	67	68	146	190	49	(?)	32	9
February	257	256	120	69	51	136	175	45	(?)	25	11
March	258	245	100	63	37	145	165	45	(?)	23	12
April	257	237	93	62	31	144	157	47	(?)	18	15
May	250	231	93	59	34	138	142	58	(?)	15	17
June	240	279	126	82	44	154	170	66	1	21	21
July	259	335	155	87	68	180	211	80	1	22	22
August	286	374	174	103	71	200	238	87	1	26	21

¹ As reported by dealers; includes some finance company paper sold in open market.

² Less than \$500,000.

Back figures.—See *Banking and Monetary Statistics*, Table 127, pp. 465-467; for description, see p. 427.

CUSTOMERS' DEBIT BALANCES, MONEY BORROWED, AND PRINCIPAL RELATED ITEMS OF STOCK EXCHANGE FIRMS CARRYING MARGIN ACCOUNTS

[Member firms of New York Stock Exchange. Ledger balances in millions of dollars]

End of month	Debit balances				Credit balances					
	Customers' debit balances (net) ¹	Debit balances in partners' investment and trading accounts	Debit balances in firm investment and trading accounts	Cash on hand and in banks	Money borrowed ²	Customers' credit balances ¹		Other credit balances		
						Free	Other (net)	In partners' investment and trading accounts	In firm investment and trading accounts	In capital accounts (net)
1941—June	616	11	89	186	395	255	65	17	7	222
December	600	8	86	211	368	289	63	17	5	213
1942—June	496	9	86	180	309	240	56	16	4	189
December	543	7	154	160	378	270	54	15	4	182
1943—June	761	9	190	167	529	334	66	15	7	212
December	789	11	188	181	557	354	65	14	5	198
1944—June	887	5	253	196	619	424	95	15	11	216
December	1,041	7	260	209	726	472	96	18	8	227
1945—June	1,223	11	333	220	853	549	121	14	13	264
December	1,138	12	413	313	795	654	112	29	13	299
1946—June	809	7	399	370	498	651	120	24	17	314
December	540	5	312	456	218	694	120	30	10	290
1947—June	552	6	333	395	223	650	162	24	9	271
December	578	7	315	393	240	612	176	23	15	273
1948—June	619	7	326	332	283	576	145	20	11	291
December	550	10	312	349	257	586	112	28	5	278
1949—September	³ 740	.....	.....	.....	³ 418	³ 580	.....	.....	.....	.....
October	³ 783	.....	.....	.....	³ 416	³ 586	.....	.....	.....	.....
November	³ 813	.....	.....	.....	³ 445	³ 596	.....	.....	.....	.....
December	881	5	400	306	523	633	159	26	15	271
1950—January	³ 901	.....	.....	.....	³ 493	³ 669	.....	.....	.....	.....
February	³ 953	.....	.....	.....	³ 522	³ 669	.....	.....	.....	.....
March	³ 1,018	.....	.....	.....	³ 579	³ 666	.....	.....	.....	.....
April	³ 1,084	.....	.....	.....	³ 619	³ 678	.....	.....	.....	.....
May	³ 1,175	.....	.....	.....	³ 750	³ 657	.....	.....	.....	.....
June	³ 1,256	12	386	314	827	673	166	25	11	312
July	³ 1,208	.....	.....	.....	³ 755	³ 712	.....	.....	.....	.....
August	³ 1,231	.....	.....	.....	³ 752	³ 780	.....	.....	.....	.....

¹ Excluding balances with reporting firms (1) of member firms of New York Stock Exchange and other national securities exchanges and (2) of firms' own partners.

² Includes money borrowed from banks and also from other lenders (not including member firms of national securities exchanges).

³ As reported to the New York Stock Exchange. According to these reports, the part of total customers' debit balances represented by balances secured by U. S. Government securities was (in millions of dollars): June, 75; July, 103; August, 126.

NOTE.—For explanation of these figures see "Statistics on Margin Accounts" in *BULLETIN* for September 1936. The article describes the method by which the figures are derived and reported, distinguishes the table from a "statement of financial condition," and explains that the last column is not to be taken as representing the actual net capital of the reporting firms.

Back figures.—See *Banking and Monetary Statistics*, Table 143, pp. 501-502, for monthly figures prior to 1942, and Table 144, p. 503, for data in detail at semiannual dates prior to 1942.

OPEN-MARKET MONEY RATES IN NEW YORK

[Per cent per annum]

Year, month, or week	Prime commercial paper, 4- to 6-months ¹	Prime bankers' acceptances, 90 days ¹	Stock exchange call loan renewals ²	U. S. Government securities (taxable)		
				3-month bills ³	9- to 12-month issues ⁴	3- to 5-year issues ⁵
1947 average.....	1.03	.87	1.38	.594	.88	1.32
1948 average.....	1.44	1.11	1.55	1.040	1.14	1.62
1949 average.....	1.48	1.12	1.63	1.102	1.14	1.43
1949—September.....	1.38	1.06	1.63	1.061	1.08	1.34
October.....	1.38	1.06	1.63	1.043	1.09	1.38
November.....	1.38	1.06	1.63	1.061	1.09	1.37
December.....	1.31	1.06	1.63	1.102	1.10	1.37
1950—January.....	1.31	1.06	1.63	1.090	1.12	1.39
February.....	1.31	1.06	1.63	1.125	1.15	1.44
March.....	1.31	1.06	1.63	1.138	1.16	1.45
April.....	1.31	1.06	1.63	1.159	1.17	1.45
May.....	1.31	1.06	1.63	1.166	1.18	1.45
June.....	1.31	1.06	1.63	1.174	1.23	1.47
July.....	1.31	1.06	1.63	1.172	1.23	1.45
August.....	1.50	1.19	1.63	1.211	1.26	1.45
September.....	1.69	1.31	1.63	1.315	1.33	1.55
Week ending:						
Sept. 2.....	1 1/4-1 3/4	1 5/16	1 1/4-1 3/4	1.285	1.32	1.48
Sept. 9.....	1 1/4-1 3/4	1 5/16	1 1/4-1 3/4	1.308	1.33	1.51
Sept. 16.....	1 1/4-1 3/4	1 5/16	1 1/4-1 3/4	1.311	1.33	1.54
Sept. 23.....	1 1/4-1 3/4	1 5/16	1 1/4-1 3/4	1.317	1.33	1.55
Sept. 30.....	1 5/8-1 7/8	1 5/16	1 1/2-1 3/4	1.324	1.34	1.59

¹ Monthly figures are averages of weekly prevailing rates.

² The average rate on 90-day Stock Exchange time loans was 1.50 per cent, Aug. 2, 1946–Aug. 16, 1948; and 1.63 per cent beginning Aug. 17, 1948.

³ Rate on new issues within period.

⁴ Series includes certificates of indebtedness and selected note issues.

⁵ Series includes notes and selected bond issues.

Back figures.—See *Banking and Monetary Statistics*, Tables 120–121, pp. 448–459, and BULLETIN for May 1945, pp. 483–490, and October 1947, pp. 1251–1253.

BANK RATES ON BUSINESS LOANS

AVERAGE OF RATES CHARGED ON SHORT-TERM LOANS TO BUSINESSES BY BANKS IN SELECTED CITIES

[Per cent per annum]

Area and period	All loans	Size of loan			
		\$1,000- \$10,000	\$10,000- \$100,000	\$100,000- \$200,000	\$200,000 and over
Annual averages:					
19 cities:					
1940.....	2.1	4.3	3.0	2.0	1.8
1941.....	2.0	4.3	3.0	1.9	1.8
1942.....	2.2	4.4	3.2	2.2	2.0
1943.....	2.6	4.4	3.4	2.5	2.4
1944.....	2.4	4.3	3.3	2.6	2.2
1945.....	2.2	4.3	3.2	2.3	2.0
1946.....	2.1	4.2	3.1	2.2	1.7
1947.....	2.1	4.2	3.1	2.5	1.8
1948.....	2.5	4.4	3.5	2.8	2.2
1949.....	2.7	4.6	3.7	3.0	2.4
Quarterly:					
19 cities:					
1949—Dec.....	2.65	4.53	3.61	2.98	2.35
1950—Mar.....	2.60	4.45	3.54	2.94	2.31
June.....	2.68	4.50	3.65	2.94	2.39
Sept.....	2.63	4.51	3.63	2.95	2.34
New York City:					
1949—Dec.....	2.38	4.14	3.35	2.73	2.21
1950—Mar.....	2.29	3.85	3.22	2.64	2.13
June.....	2.34	3.94	3.35	2.73	2.16
Sept.....	2.32	4.06	3.33	2.72	2.15
7 Northern and East- ern cities:					
1949—Dec.....	2.67	4.63	3.65	3.00	2.41
1950—Mar.....	2.55	4.64	3.60	2.91	2.28
June.....	2.67	4.58	3.62	2.82	2.45
Sept.....	2.63	4.56	3.59	2.87	2.39
11 Southern and Western cities:					
1949—Dec.....	3.03	4.66	3.74	3.12	2.56
1950—Mar.....	3.12	4.64	3.71	3.15	2.74
June.....	3.22	4.70	3.83	3.17	2.82
Sept.....	3.13	4.71	3.83	3.15	2.67

NOTE.—For description of series see BULLETIN for March 1949, pp. 228–237.

BOND YIELDS¹

[Per cent per annum]

Year, month, or week	U. S. Government (taxable)		Municipal (high-grade) ²	Corporate (high-grade) ³	Corporate (Moody's) ⁴							
	7 to 9 years	15 years or more			Total	By ratings				By groups		
						Aaa	Aa	A	Baa	Industrial	Railroad	Public utility
Number of issues.....	1-5	1-8	15	9	120	30	30	30	30	40	40	40
1947 average.....	1.59	2.25	2.01	2.57	2.86	2.61	2.70	2.87	3.24	2.67	3.11	2.78
1948 average.....	2.00	2.44	2.40	2.81	3.08	2.82	2.90	3.12	3.47	2.87	3.34	3.03
1949 average.....	1.71	2.31	2.21	2.65	2.96	2.66	2.75	3.00	3.42	2.74	3.24	2.90
1949—September.....	1.65	2.22	2.22	2.59	2.90	2.60	2.69	2.95	3.37	2.68	3.19	2.84
October.....	1.72	2.22	2.21	2.59	2.90	2.61	2.70	2.94	3.36	2.68	3.20	2.83
November.....	1.70	2.20	2.17	2.56	2.89	2.60	2.68	2.93	3.35	2.67	3.20	2.81
December.....	1.68	2.19	2.13	2.55	2.86	2.58	2.67	2.89	3.31	2.65	3.14	2.79
1950—January.....	1.70	2.20	2.08	2.54	2.83	2.57	2.65	2.85	3.24	2.63	3.07	2.79
February.....	1.75	2.24	2.06	2.54	2.83	2.58	2.65	2.86	3.24	2.63	3.08	2.78
March.....	1.78	2.27	2.07	2.55	2.84	2.58	2.66	2.86	3.24	2.64	3.08	2.78
April.....	1.80	2.30	2.08	2.57	2.84	2.60	2.66	2.86	3.23	2.64	3.08	2.79
May.....	1.80	2.31	2.07	2.57	2.86	2.61	2.69	2.88	3.25	2.65	3.12	2.81
June.....	1.83	2.33	2.09	2.59	2.87	2.62	2.69	2.90	3.28	2.66	3.15	2.81
July.....	1.83	2.34	2.09	2.61	2.90	2.65	2.72	2.92	3.32	2.69	3.19	2.83
August.....	1.82	2.33	1.90	2.58	2.85	2.61	2.67	2.87	3.23	2.66	3.08	2.80
September.....	1.89	2.36	1.88	2.62	2.86	2.64	2.71	2.88	3.21	2.68	3.07	2.84
Week ending:												
Sept. 2.....	1.84	2.33	1.87	2.58	2.84	2.61	2.67	2.87	3.22	2.65	3.07	2.81
Sept. 9.....	1.87	2.35	1.88	2.59	2.85	2.62	2.68	2.87	3.21	2.66	3.06	2.82
Sept. 16.....	1.89	2.37	1.88	2.62	2.85	2.64	2.70	2.88	3.20	2.67	3.06	2.84
Sept. 23.....	1.89	2.37	1.88	2.64	2.88	2.67	2.72	2.89	3.22	2.70	3.07	2.85
Sept. 30.....	1.90	2.37	1.88	2.64	2.88	2.66	2.72	2.90	3.22	2.70	3.08	2.85

¹ Monthly and weekly data are averages of daily figures, except for municipal bonds, which are based on Wednesday figures.

² Standard and Poor's Corporation. ³ U. S. Treasury Department.

⁴ Moody's Investors Service, week ending Friday. Because of a limited number of suitable issues, the industrial Aaa and Aa groups have been reduced from 10 to 6 and 7 issues, respectively, and the railroad Aaa and Aa groups from 10 to 5 issues.

Back figures.—See *Banking and Monetary Statistics*, Tables 128–129, pp. 468–474, and BULLETIN for May 1945, pp. 483–490, and October 1947, pp. 1251–1253.

SALES, PROFITS, AND DIVIDENDS OF LARGE MANUFACTURING CORPORATIONS, BY INDUSTRY

[In millions of dollars]

Industry	Annual			Quarterly								
	1947	1948	1949	1948			1949				1950	
				2	3	4	1	2	3	4	1	2
Nondurable goods industries												
Total (94 corps.) ¹												
Sales.....	11,313	13,364	12,790	3,289	3,324	3,532	3,243	3,051	3,163	3,333	3,251	3,453
Profits before taxes.....	1,787	2,208	1,843	553	543	565	496	397	446	503	504	577
Profits after taxes.....	1,167	1,474	1,211	362	362	394	321	256	292	342	323	371
Dividends.....	551	656	708	157	141	225	146	166	147	249	166	175
Selected industries:												
Foods and kindred products (28 corps.)												
Sales.....	3,231	3,447	3,254	861	846	904	805	792	822	835	757	811
Profits before taxes.....	421	410	377	104	99	111	85	89	101	102	83	100
Profits after taxes.....	259	257	233	64	60	71	52	54	63	64	51	59
Dividends.....	128	135	134	32	32	42	30	31	29	44	31	33
Chemicals and allied products (26 corps.)												
Sales.....	3,108	3,563	3,562	875	904	936	896	860	896	910	952	1,050
Profits before taxes.....	547	655	673	155	166	183	170	140	174	189	205	244
Profits after taxes.....	337	408	403	95	104	119	100	83	105	115	121	149
Dividends.....	215	254	311	58	59	85	64	66	68	113	72	79
Petroleum refining (14 corps.)												
Sales.....	2,906	3,945	3,865	942	978	1,077	993	934	942	996	960	989
Profits before taxes.....	456	721	525	182	171	173	161	119	114	131	121	133
Profits after taxes.....	350	548	406	133	132	141	119	92	86	109	91	102
Dividends.....	127	172	172	45	29	66	31	47	31	63	42	42
Durable goods industries												
Total (106 corps.) ²												
Sales.....	19,831	23,818	24,152	5,714	5,991	6,673	6,149	6,397	6,322	5,284	5,963	7,301
Profits before taxes.....	2,312	3,107	3,192	688	788	958	830	799	866	697	896	1,237
Profits after taxes.....	1,355	1,836	1,888	408	470	564	487	470	508	424	527	732
Dividends.....	615	746	949	154	166	274	197	188	184	380	220	219
Selected industries:												
Primary metals and products (39 corps.)												
Sales.....	7,545	9,066	8,197	2,100	2,306	2,601	2,430	2,175	2,050	1,542	2,200	2,578
Profits before taxes.....	891	1,174	993	237	304	385	353	252	228	160	299	398
Profits after taxes.....	545	720	578	145	185	240	204	144	130	100	175	236
Dividends.....	247	270	285	60	60	90	71	64	61	89	66	73
Machinery (27 corps.)												
Sales.....	3,963	4,781	4,610	1,198	1,140	1,351	1,135	1,187	1,120	1,168	1,064	1,254
Profits before taxes.....	443	569	520	144	118	177	133	120	119	148	145	167
Profits after taxes.....	270	334	321	83	71	105	79	77	75	91	85	98
Dividends.....	113	126	136	28	28	42	33	32	31	41	49	37
Automobiles and equipment (15 corps.)												
Sales.....	6,692	8,093	9,577	1,951	2,056	2,221	2,151	2,601	2,707	2,118	2,283	2,975
Profits before taxes.....	809	1,131	1,473	251	305	327	298	376	462	337	398	596
Profits after taxes.....	445	639	861	146	175	176	177	218	267	200	234	352
Dividends.....	195	282	451	51	65	112	79	76	80	216	90	91

¹ Total includes 26 companies in nondurable goods groups not shown separately, as follows: textile mill products (10); paper and allied products (15); and miscellaneous (1).

² Total includes 25 companies in durable goods groups not shown separately, as follows: building materials (12); transportation equipment other than automobile (6); and miscellaneous (7).

CORPORATE PROFITS, TAXES, AND DIVIDENDS

(Estimates of the Department of Commerce. Quarterly data at seasonally adjusted annual rates)

[In billions of dollars]

Year	Profits before taxes	Income taxes	Profits after taxes	Cash dividends	Undistributed profits	Quarter	Profits before taxes	Income taxes	Profits after taxes	Cash dividends	Undistributed profits
1939.....	6.5	1.5	5.0	3.8	1.2	1948—3.....	35.3	13.4	21.9	7.5	14.4
1940.....	9.3	2.9	6.4	4.0	2.4	4.....	33.1	12.9	20.3	7.9	12.4
1941.....	17.2	7.8	9.4	4.5	4.9	1949—1.....	28.3	10.9	17.4	7.9	9.5
1942.....	21.1	11.7	9.4	4.3	5.1	2.....	26.4	10.0	16.4	7.7	8.7
1943.....	25.1	14.4	10.6	4.5	6.2	3.....	28.2	10.8	17.3	7.4	9.9
1944.....	24.3	13.5	10.8	4.7	6.1	4.....	27.6	10.6	16.9	8.2	8.7
1945.....	19.7	11.2	8.5	4.7	3.8	1950—1.....	29.2	11.4	17.8	8.1	9.7
1946.....	23.5	9.6	13.9	5.8	8.1	2.....	35.0	14.7	20.3	8.1	12.2
1947.....	30.5	11.9	18.5	6.6	11.9	3.....	40.0	16.8	23.2	9.1	14.1
1948.....	33.9	13.0	20.9	7.5	13.4						
1949.....	27.6	10.6	17.0	7.8	9.2						

* Revised.

¹ Estimates of Council of Economic Advisers, based on preliminary data.

Source.—Same as for national income series.

INTERNATIONAL FINANCIAL STATISTICS

	PAGE
International capital transactions of the United States.	1404-1409
Gold production .	1409
Reported gold reserves of central banks and governments.	1410
Gold movements; gold stock of the United States.	1411
International Monetary Fund and Bank.	1412
Central Banks	1412-1416
Money rates in foreign countries.	1417
Commercial banks.	1418
Foreign exchange rates	1419
Price movements:	
Wholesale prices	1420
Retail food prices and cost of living.	1421
Security prices	1421

Tables on the following pages include the principal available statistics of current significance relating to gold, international capital transactions of the United States, and financial developments abroad. The data are compiled for the most part from regularly published sources such as central and commercial bank statements and official statistical bulletins, some data are reported to the Board directly. Figures on international capital transactions of the United States are collected by the Federal Reserve Banks from banks, bankers, brokers, and dealers in the United States in accordance with the Treasury Regulation of November 12, 1934. Back figures for all except price tables, together with descriptive text, may be obtained from the Board's publication, *Banking and Monetary Statistics*.

INTERNATIONAL CAPITAL TRANSACTIONS OF THE UNITED STATES—Continued
SHORT-TERM LIABILITIES TO AND CLAIMS ON FOREIGNERS REPORTED BY BANKS IN THE UNITED STATES,
BY COUNTRIES—Continued

[Amounts outstanding, in millions of dollars]

CLAIMS ON FOREIGNERS—SUPPLEMENTARY DATA

Asia and All Other

Date	Asia	China and Manchuria	Hong Kong	India	Indonesia	Iran	Israel	Japan	Philippine Republic	Thailand	Turkey	Other Asia ¹	All other	Australia	Belgian Congo	Egypt and Anglo-Egyptian Sudan	Union of South Africa	Other ²
1944—Dec. 31..	51.4	1.5	.9	22.3	1.5	.....	.....	.5	13.8	.....	1.8	8.9	11.7	.6	.....	.2	9.7	1.2
1945—Dec. 31..	29.9	1.0	.8	7.5	1.4	.....	.....	.5	13.8	.....	2.0	2.8	9.9	1.7	.....	.3	4.7	3.3
1946—Dec. 31..	99.2	53.9	5.9	12.0	1.0	.....	.....	.2	20.2	.....	1.4	4.6	17.2	3.4	.....	.4	10.1	3.3
1947—Dec. 31..	127.0	40.8	2.6	29.6	.5	.....	.....	.9	27.4	.....	17.7	7.5	31.5	9.0	.....	.1	14.4	8.0
1948—Dec. 31..	118.8	24.2	3.4	20.4	1.9	.....	.....	15.9	37.3	.....	1.4	14.3	19.7	4.7	.....	.4	7.9	6.8
1949—Aug. 31..	136.6	17.8	3.4	19.7	.5	.....	.....	21.8	27.5	.....	14.5	31.4	16.6	4.5	.....	.2	3.6	8.3
Sept. 30..	126.7	18.0	3.4	16.8	.4	.....	.....	9.6	24.6	.....	19.4	34.4	17.9	4.6	.....	.4	4.0	8.9
Oct. 31..	133.5	16.5	3.8	18.8	.4	.....	.....	10.1	25.5	.....	14.3	44.1	17.8	4.8	.....	.5	3.8	8.8
Nov. 30..	135.2	16.3	4.2	17.0	.2	.....	.....	9.5	25.9	.....	15.7	46.5	17.6	5.4	.....	.6	3.6	8.0
Dec. 31..	139.7	16.6	3.7	17.4	.2	.....	.....	14.1	23.2	.....	14.3	50.3	20.4	7.9	.....	.2	4.5	7.7
1950—Jan. 31..	129.0	17.0	4.1	16.6	.2	13.6	11.8	18.1	22.8	2.4	10.5	12.0	30.1	10.4	3.6	.2	11.3	4.6
Feb. 28..	124.0	15.1	4.2	17.7	.1	13.8	12.5	17.9	22.4	1.9	9.9	8.5	34.8	15.5	3.5	.3	11.2	4.3
Mar. 31..	115.7	19.4	4.3	18.9	.2	13.6	13.3	7.7	22.0	1.2	5.9	9.3	38.1	18.9	3.5	.4	11.3	4.0
Apr. 30..	111.6	23.4	4.1	19.7	(³)	13.5	12.0	1.9	19.7	.9	4.8	11.7	39.6	20.1	3.7	.3	12.1	3.5
May 31..	100.7	19.2	4.1	24.0	.1	12.5	13.3	.9	14.4	.7	7	10.9	40.7	20.8	3.6	.1	12.3	3.9
June 30 ⁴	87.8	17.6	3.3	20.5	.2	13.0	7.8	.9	12.5	.6	7	10.7	61.4	40.7	3.8	.1	11.7	5.0
July 31 ²	86.2	20.1	4.1	18.7	.1	11.5	11.2	1.1	9.6	1.2	.9	7.7	55.1	36.2	3.9	.1	9.5	5.3

² Preliminary.

¹ Beginning January 1948, includes Pakistan, Burma, and Ceylon, previously included with India. Beginning January 1950, excludes Iran, Israel, and Thailand, reported separately as of that date.

³ Beginning January 1950, excludes Belgian Congo, reported separately as of that date.

⁴ Less than \$50,000.

GOLD PRODUCTION

OUTSIDE U. S. S. R.

[In millions of dollars]

Year or month	Estimated world production outside U.S.S.R. ¹	Production reported monthly												
		Total reported monthly	Africa				North and South America						Other	
			South Africa	Rhodesia	West Africa ²	Belgian Congo ³	United States ⁴	Canada	Mexico	Colombia	Chile	Nicaragua ⁵	Australia	India ⁶
\$1 = 15 ³ / ₁₆ grains of gold ⁹ / ₁₀ fine: i. e., an ounce of fine gold = \$35.														
1941.....	1,265.6	1,110.4	504.3	27.8	32.4	19.6	209.2	187.1	28.0	23.0	9.3	7.5	52.4	10.0
1942.....	1,125.7	982.1	494.4	26.6	29.2	18.0	131.0	169.4	28.0	20.9	6.4	8.6	40.4	9.1
1943.....	871.5	774.1	448.2	23.0	19.7	15.8	48.8	127.8	22.1	19.8	6.1	7.7	26.3	8.8
1944.....	784.0	701.5	429.8	20.7	18.4	12.7	35.8	102.3	17.8	19.4	7.1	7.9	23.0	6.6
1945.....	738.5	683.0	427.9	19.9	18.9	12.1	32.5	94.4	17.5	17.7	6.3	7.0	23.0	5.9
1946.....	752.5	697.0	417.6	19.1	20.5	11.6	51.2	99.1	14.7	15.3	8.1	6.4	28.9	4.6
1947.....	766.5	705.5	392.0	18.3	19.3	10.8	75.8	107.5	16.3	13.4	5.9	7.4	32.8	6.1
1948.....	791.0	728.1	405.5	18.0	23.4	11.1	70.9	123.5	12.9	11.7	5.7	7.8	31.2	6.5
1949.....		753.0	409.7	18.5	23.1	12.9	67.3	143.9	14.2	12.6	6.3	7.7	31.3	5.7
1949—July.....		62.9	35.5	1.6	1.8	1.1	5.5	11.4	1.0	1.1	.5	.6	2.3	.6
Aug.....		66.0	35.7	1.6	1.9	1.2	6.3	12.6	1.4	1.0	.6	.7	2.5	.6
Sept.....		65.2	34.8	1.5	1.9	1.1	6.0	12.7	1.6	1.0	.6	.7	2.6	.5
Oct.....		65.2	34.7	1.5	1.9	1.0	7.1	12.8	.9	1.0	.5	.6	2.7	.5
Nov.....		65.9	34.0	1.5	2.0	1.1	7.2	12.7	1.9	1.1	.6	.7	2.9	.4
Dec.....		63.5	34.0	1.5	2.0	1.1	6.4	13.1	.8	.6	.5	.6	2.6	.4
1950—Jan.....		64.0	34.2	1.5	2.0	1.1	5.9	12.4	1.5	1.4	.6	.6	2.3	.5
Feb.....			32.0	1.4	2.0	1.0	5.5	12.2	.....	1.2	.2	.7	2.3	.5
Mar.....			35.1	1.5	1.9	1.1	6.1	13.4	.....	1.2	.6	.7	2.3	.5
Apr.....			33.3	1.5	1.9	1.0	6.7	12.9	.....	1.1	.8	.7	2.1	.6
May.....			35.5	1.5	2.0	1.0	6.8	13.1	.....	.9	.....	.6	2.3	.5
June.....			34.6	.....	1.9	1.0	6.6	12.9	.....	1.0	.....	.7	3.3	.6
July.....			34.6	.....	.....	1.0	7.1	.....	.....	.....	.....	.7	.....	.....

Gold production in U. S. S. R.: No regular Government statistics on gold production in U. S. S. R. are available, but data of percentage changes irregularly given out by officials of the gold mining industry, together with certain direct figures for past years, afford a basis for estimating annual production as follows: 1934, 135 million dollars; 1935, 158 million; 1936, 187 million; 1937, 185 million; and 1938, 180 million.

¹ Estimates of United States Bureau of Mines.

² Beginning 1942, figures reported by American Bureau of Metal Statistics. Beginning 1944, they are for Gold Coast only.

³ Reported by American Bureau of Metal Statistics.

⁴ Includes Philippine production received in United States through 1945. Yearly figures are estimates of United States Mint. Monthly figures are estimates of American Bureau of Metal Statistics, those for 1949 having been revised by subtracting from each monthly figure \$217,251 so that the aggregate for the year is equal to the yearly estimate compiled by the United States Mint.

⁵ Gold exports reported by the Banco Nacional de Nicaragua, which states that they represent approximately 90 per cent of total production.

NOTE.—For explanation of table and sources, see BULLETIN for June 1948, p. 731; and *Banking and Monetary Statistics*, p. 524. For annual estimates compiled by the United States Mint for these and other countries in the period 1910–1941, see *Banking and Monetary Statistics*, pp. 542–543.

REPORTED GOLD RESERVES OF CENTRAL BANKS AND GOVERNMENTS

[In millions of dollars]

End of month	United States		Argentina ²	Belgium	Brazil	Canada ²	Chile	Colombia ⁴	Cuba	Czechoslovakia	Denmark	Egypt	France
	Treasury	Total ¹											
1945—Dec.....	20,065	20,083	1,197	716	354	361	82	127	191	61	38	52	1,090
1946—Dec.....	20,529	20,706	1,072	735	354	543	65	145	226	61	38	53	796
1947—Dec.....	22,754	22,868	322	597	354	294	45	83	279	.....	32	53	548
1948—Dec.....	24,244	24,399	.....	624	317	408	43	51	289	.....	32	53	548
1949—Sept.....	24,602	24,728	.....	715	317	460	43	49	299	.....	32	53	523
Oct.....	24,584	24,688	.....	720	317	470	43	50	299	.....	32	53	523
Nov.....	24,479	24,626	.....	709	317	484	43	51	299	.....	32	53	523
Dec.....	24,427	24,563	.....	698	317	496	40	52	299	.....	32	53	523
1950—Jan.....	24,395	24,507	.....	679	317	507	40	53	299	.....	32	53	523
Feb.....	24,345	24,456	.....	679	317	509	40	64	299	.....	32	53	523
Mar.....	24,246	24,360	.....	682	317	511	40	65	299	.....	32	53	523
Apr.....	24,247	24,350	.....	679	317	513	40	66	299	.....	32	53	523
May.....	24,231	24,340	.....	678	317	515	40	67	299	.....	31	53	523
June.....	24,231	24,331	.....	663	317	*521	40	68	.....	.....	31	53	523
July.....	24,136	24,239	.....	651	317	.....	40	69	.....	.....	31	.....	523
Aug.....	23,627	23,745	.....	*643	.....	.....	.....	.....	.....	.....	31	.....	523

End of month	Hungary	India	Iran ⁵	Italy	Java	Mexico	Netherlands	New Zealand	Norway	Peru	Portugal ⁶	Rumania	South Africa	Spain
1945—Dec.....	.....	274	131	24	.....	294	270	23	80	28	.....	269	914	110
1946—Dec.....	24	274	127	28	*201	181	265	23	91	24	245	.....	939	111
1947—Dec.....	34	274	142	58	*180	100	231	23	72	20	193	*215	762	111
1948—Dec.....	35	256	140	96	.....	.....	166	23	52	20	158	.....	183	111
1949—Sept.....	38	247	140	252	178	.....	161	26	51	20	.....	.....	121	85
Oct.....	40	247	140	252	178	.....	161	26	51	20	.....	.....	119	85
Nov.....	40	247	140	252	178	.....	195	27	51	28	.....	.....	120	85
Dec.....	41	247	140	252	178	.....	195	27	51	28	.....	.....	128	85
1950—Jan.....	41	247	140	252	178	.....	229	27	51	28	.....	.....	132	80
Feb.....	41	247	140	252	178	.....	229	27	51	28	.....	.....	146	80
Mar.....	.....	247	140	252	178	.....	229	27	50	28	.....	.....	166	80
Apr.....	.....	247	140	252	178	.....	229	27	48	28	.....	.....	173	61
May.....	.....	247	140	252	178	.....	229	28	50	28	.....	.....	178	61
June.....	.....	247	140	252	178	.....	229	28	50	28	.....	.....	177	61
July.....	.....	247	.....	252	178	.....	229	28	50	28	.....	.....	179	.....
Aug.....	.....	.....	.....	.....	178	.....	229	.....	.....	.....	.....	.....	180	.....

End of month	Sweden	Switzerland	Turkey	Uruguay	Venezuela	16 other countries ⁸	International Monetary Fund	Bank for International Settlements	Government gold reserves not included in previous figures			
									End of month	United Kingdom	France	Belgium
1945—Dec.....	482	1,342	241	195	202	192	.....	39	1945—Dec.....	12,476	*457	*17
1946—Dec.....	381	1,430	237	200	215	193	15	32	1946—Dec.....	12,696	.....	.....
1947—Dec.....	105	1,356	170	175	215	195	1,356	30	1947—Mar.....	12,380	.....	.....
1948—Dec.....	81	1,387	162	164	323	220	1,436	36	June.....	12,410	.....	.....
1949—Sept.....	70	1,485	159	177	373	239	1,450	52	Sept.....	12,383	.....	.....
Oct.....	70	1,486	154	178	373	304	1,450	47	Dec.....	12,079	.....	.....
Nov.....	70	1,495	154	178	373	304	1,451	64	1948—Mar.....	12,241	.....	.....
Dec.....	70	1,504	154	178	373	330	1,451	68	June.....	11,920	.....	.....
1950—Jan.....	70	1,508	154	183	373	332	1,459	68	Sept.....	11,777	.....	.....
Feb.....	70	1,503	154	187	373	334	1,460	69	Dec.....	11,856	.....	.....
Mar.....	69	1,527	154	190	373	333	1,460	87	1949—Mar.....	11,912	.....	.....
Apr.....	71	1,534	154	184	373	333	1,460	93	June.....	11,651	.....	.....
May.....	71	1,552	154	184	373	337	1,460	100	Sept.....	11,425	.....	.....
June.....	71	1,559	149	189	373	*336	1,460	108	Dec.....	11,688	.....	.....
July.....	71	1,550	138	196	373	*336	1,464	128	1950—Mar.....	11,984	.....	.....
Aug.....	71	.....	146	.....	373	*336	.....	125	June.....	12,422	.....	.....
									Sept.....	12,756	.....	.....

² Preliminary. ⁶ Corrected.
¹ Includes gold in Exchange Stabilization Fund. Gold in active portion of this Fund is not included in regular statistics on gold stock (Treasury gold) used in the Federal Reserve statement "Member Bank Reserves, Reserve Bank Credit, and Related Items" and in the Treasury statement "United States Money, Outstanding and in Circulation, by Kinds."
² Estimated dollar values derived by converting gold at home in amounts up to 1,224.4 million pesos at the rate of 3.0365 pesos per U. S. dollar and all other gold at the rate of 3.5447 pesos per U. S. dollar.
³ Figures as reported by Foreign Exchange Control Board and Minister of Finance.
⁴ Beginning December 1948 figures taken from last weekly statement of month.
⁵ Beginning December 1947 includes gold holdings of issue and banking departments of Bank Melli Iran; prior to that represents holdings of issue department only.
⁶ Total gold holdings are not available. Beginning April 1946, the series is new and represents gold held as reserve (25 per cent minimum) less gold in foreign currency liabilities.
⁷ Figures are for following dates: 1946—Mar. 31, and 1947—Mar. 31.
⁸ For list of countries included, see BULLETIN for January 1950, p. 114, footnote 8.

NOTE.—For description of figures, including details regarding special internal gold transfers affecting the reported data, see *Banking and Monetary Statistics*, pp. 524-535; for back figures through 1941, see Table 160, pp. 544-555, in the same publication and for those subsequent to 1941, see BULLETIN for February 1950, p. 252. For revised back figures for Argentina and Canada, see BULLETIN for January 1949, p. 86, and February 1949, p. 196, respectively.

¹ Exchange Equalization Account holdings of gold, U. S. and Canadian dollars, as reported by British Government. (Gold reserves of Bank of England have remained unchanged at \$1 million since 1939, when Bank's holdings were transferred to Exchange Equalization Account).
² France—Exchange Stabilization Fund; Belgium—Treasury.

NOTE.—For details regarding special internal gold transfers affecting the British and French institutions, see p. 1412, footnote 1, and p. 1413, footnote 8. For available back figures, see *Banking and Monetary Statistics*, p. 526, and BULLETIN for November 1947, p. 1433, and February 1945, p. 190.

NET GOLD IMPORTS TO UNITED STATES, BY COUNTRIES

[Net gold exports from United States (-). In millions of dollars]

Gold valued at approximately \$35 a fine ounce

Year or month	Total	United Kingdom	Belgium	France	Netherlands	Sweden	U.S.S.R.	Canada	Argentina	Colombia	Mexico	Nicaragua	Venezuela
1942.....	315.7	2.0					11.3	208.9	.1	10.6	40.0	8.7	4.0
1943.....	68.9	.1						66.9	-10.8		-3.3	7.5	2.2
1944.....	-845.4	-695.5						46.2	-50.3		-109.7	7.7	-55.3
1945.....	-106.3	.2						53.1			15.1	7.4	-56.1
1946.....	311.5	.5						344.1	-134.0		3.6	7.3	.2
1947.....	1,866.3	488.4		162.9		28.0	27.9	445.4	335.5	21.0	-7.1	7.6	-.8
1948.....	1,680.4	1,095.4	135.5		34.4		-4.5	-29.7	103.3	25.1	15.8	7.9	-136.1
1949.....	686.5	527.9	.1		-.1			5.8		14.2	-4.4	6.9	-4.5
1949—Aug.....	257.4	243.6						.6			.5	.7	
Sept.....	98.1	101.5						.7			-8.3	.6	
Oct.....	56.1	40.7						.6		2.1	.4	.5	-.2
Nov.....	7.6							.5		5.1	.4	.4	
Dec.....	-1.4	.2			-.1			.3			.3	.5	-.1
1950—Jan.....	39.0			.1				.7			.4	.4	-.4
Feb.....	.2							.5			.2	.5	-.1
Mar.....	-1.6			-.1				.5			.3	.5	-.1
Apr.....	53.3	31.7						.4			.2	.5	
May.....	13.1			.1				.4			.3	.3	-.2
June.....	10.0				-.1			.5			.3	.3	
July.....	-1.5							.6			.2	.3	-.1
Aug.....	-42.2							-44.2			.3	.3	-.1

NET GOLD IMPORTS TO UNITED STATES, BY COUNTRIES—Continued

[Net gold exports from United States (-). In millions of dollars]

Gold valued at approximately \$35 a fine ounce

Year or month	Other Latin American Republics	Australia	China	Philippine Republic	South Africa	All other countries
1942.....	16.3	.5		.3	4.1	8.9
1943.....	14.6	.2	-9.5		.3	.8
1944.....	-10.8	.2	-11.9		3.6	30.2
1945.....	7.0	.1	-134.0	.1	.4	.5
1946.....	-8.0		-55.8	-.2	118.6	1.3
1947.....	-17.1	.1	-14.0	-3.5	410.7	-18.6
1948.....	7.3	.6		-2.5	491.5	1-63.5
1949.....	6.4	.3	-19.1	-.1	190.7	1-37.6
1949—Aug.....	.6		-7.0		22.3	-3.9
Sept.....	.5		-1.6		9.5	-4.8
Oct.....	.5			-.1	12.7	-1.1
Nov.....	.3				3.3	-2.4
Dec.....	.4			-.3	5.8	-8.5
1950—Jan.....	.4			.2		37.1
Feb.....	.5	.1		-.2		-1.3
Mar.....	.4			.3		-3.5
Apr.....	.5	.1		-.5	16.8	3.7
May.....	.3			-.5	1.8	10.5
June.....	.7	.2			3.5	4.7
July.....	.6	.1		-.1		-3.1
Aug.....	.6	.1		-.1		.8

¹ Includes net exports of 39.2 million dollars to Switzerland, 10.7 million to Greece, 8.3 million to French Indo-China, and 5.3 million to other countries.

² Includes net exports of 18.3 million dollars to Poland, 8.6 million to French Indo-China, 6.6 million to Portuguese Asia, and 4.1 million to other countries.

³ Includes imports of 43.1 million dollars of Thailand gold from Japan and net exports of 3.0 million dollars to Poland and 3.0 million to other countries.

NOTE.—For back figures see *Banking and Monetary Statistics*, Table 158, pp. 539-541, and for description of statistics, see p. 524 in the same publication.

ANALYSIS OF CHANGES IN GOLD STOCK OF UNITED STATES

[In millions of dollars]

Period	Gold stock at end of period		Increase in total gold stock	Net gold import or export (-)	Earmarked gold: decrease or increase (-)	Domestic gold production ²
	Treasury	Total ¹				
1942.....	22,726	22,739	-23.0	315.7	-458.4	125.4
1943.....	21,938	21,981	-757.9	68.9	-803.6	48.3
1944.....	20,619	20,631	-1,349.8	-845.4	-459.8	35.8
1945.....	20,065	20,083	-547.8	-106.3	-356.7	32.0
1946.....	20,529	20,706	623.1	311.5	465.4	51.2
1947.....	22,754	22,868	2,162.1	1,866.3	210.0	75.8
1948.....	24,244	24,399	1,530.4	1,680.4	-159.2	70.9
1949.....	24,427	24,563	164.6	686.4	-495.7	67.3
1949—Sept...	24,602	24,728	-43.1	98.1	-154.8	6.0
Oct.....	24,584	24,688	-39.8	56.1	-89.1	7.1
Nov.....	24,479	24,626	-61.7	7.6	-63.9	7.2
Dec.....	24,427	24,563	-63.2	-1.4	-59.4	6.4
1950—Jan.....	24,395	24,507	-56.3	39.0	-93.2	5.9
Feb.....	24,345	24,456	-51.2	.2	-50.4	5.5
Mar.....	24,246	24,360	-96.2	-1.6	-95.4	6.1
Apr.....	24,247	24,350	-9.2	53.3	-59.2	6.7
May.....	24,231	24,340	-10.7	13.1	-29.9	6.8
June.....	24,231	24,331	-9.0	10.0	-17.6	6.6
July.....	24,136	24,239	-91.1	-1.5	-90.0	7.1
Aug.....	23,627	23,745	-494.4	-42.2	-431.4	(⁴)
Sept.....	23,482	23,591	-154.4	(⁴)	-65.9	(⁴)

¹ Preliminary.

² See footnote 1 on opposite page.

³ Yearly figures are estimates of United States Mint. For explanation of monthly figures see p. 1409, footnote 4.

⁴ Change includes transfer of 687.5 million dollars gold subscription to International Monetary Fund.

⁵ Not yet available.

⁶ Gold held under earmark at the Federal Reserve Banks for foreign account, including gold held for the account of international institutions, amounted to 5,206.3 million dollars on Sept. 30, 1950. Gold under earmark is not included in the gold stock of the United States.

NOTE.—For back figures and description of statistics, see *Banking and Monetary Statistics*, Table 156, pp. 536-538, and pp. 522-523.

INTERNATIONAL MONETARY FUND AND INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[End-of-month figures. In millions of dollars]

International Fund	1950			1949
	July	Apr.	Jan.	July
Gold.....	1,464	1,460	1,459	1,448
Currencies (balances with depositories and securities payable on demand):				
United States.....	1,306	1,299	1,300	1,340
Other.....	4,257	4,266	4,266	4,185
Unpaid balance of member subscriptions.....	989	893	1,018	1,070
Other assets.....	1	1	1	1
Member subscriptions.....	8,022	7,922	8,047	8,047
Accumulated net income.....	-4	-4	-3	-3

Net currency purchased ² (Cumulative—millions of dollars)	1950			1949
	Aug.	July	June	Aug.
Australian pounds.....	20.0	20.0	20.0	.....
Belgian francs.....	11.4	11.4	11.4	32.1
Brazilian cruzeiros.....	37.5	37.5	37.5	15.0
Chilean pesos.....	8.8	8.8	8.8	8.8
Costa Rican colones.....	-9	-9	-9	4
Czechoslovakian koruny.....	6.0	6.0	6.0	6.0
Danish kroner.....	10.2	10.2	10.2	10.2
Egyptian pounds.....	-5.5	-5.5	3.0	3.0
Ethiopian dollars.....	6	6	6	3
French francs.....	125.0	125.0	125.0	125.0
Indian rupees.....	100.0	100.0	100.0	100.0
Mexican pesos.....	22.5	22.5	22.5	22.5
Netherlands guilders.....	75.4	75.4	75.4	75.4
Nicaraguan cordobas.....	.....	.....	.....	.....
Norwegian kroner.....	9.6	9.6	9.6	9.6
South African pounds.....	10.0	10.0	10.0	10.0
Turkish liras.....	5.0	5.0	5.0	5.0
Pounds sterling.....	300.0	300.0	300.0	300.0
Yugoslav dinars.....	9.0	9.0	9.0	.....
Total.....	744.6	744.6	753.1	723.7

International Bank	1950		1949	
	June	Mar.	Dec.	June
Gold.....	.....	.....	.....	.....
Currencies (balances with depositories and securities payable on demand):				
United States.....	5	18	38	59
Other.....	924	925	923	928
Investment securities (U. S. Govt. obligations).....	449	446	448	453
Calls on subscriptions to capital stock ³	5	5	5	5
Loans (incl. undisbursed portions and incl. obligations sold under Bank's guarantee).....	738	723	727	650
Other assets.....	8	7	6	6
Bonds outstanding.....	261	261	254	254
Liability on obligations sold under guarantee.....	26	26	27	27
Loans—undisbursed.....	126	130	162	124
Other liabilities.....	5	2	4	4
Special reserve.....	14	12	11	8
Capital ³	1,670	1,670	1,670	1,670
Accumulated net income.....	27	23	20	14

¹ Includes 16 million dollars receivable for currency adjustments resulting from the devaluations in September 1949.

² As of Aug. 31, 1950, the Fund had sold 759.8 million U. S. dollars; in addition, the Fund sold to the Netherlands 1.5 million pounds sterling in May 1947 and 300 million Belgian francs in May 1948, and sold to Norway 200 million Belgian francs in June and July 1948. Repurchases amounted to 32.7 million dollars.

³ Excludes uncalled portions of capital subscriptions, amounting to 6,679 million dollars as of June 30, 1950, of which 2,540 million represents the subscription of the United States.

CENTRAL BANKS

Bank of England (Figures in millions of pounds sterling)	Assets of issue department		Assets of banking department			Note circulation ³	Liabilities of banking department				
	Gold ¹	Other assets ²	Notes and coin	Dis- counts and advances	Securi- ties		Deposits				Other liabili- ties and capital
							Bankers'	Public	ECA	Other	
1941—Dec. 31.....	.2	780.0	28.8	6.4	267.8	751.7	219.9	11.2	.....	54.1	17.9
1942—Dec. 30.....	.2	950.0	27.7	3.5	267.9	923.4	223.4	9.0	.....	48.8	17.9
1943—Dec. 29.....	.2	1,100.0	12.5	2.5	307.9	1,088.7	234.3	10.3	.....	60.4	17.9
1944—Dec. 27.....	.2	1,250.0	13.5	5.1	317.4	1,238.6	260.7	5.2	.....	52.3	17.8
1945—Dec. 26.....	.2	1,400.0	20.7	8.4	327.0	1,379.9	274.5	5.3	.....	58.5	17.8
1946—Dec. 25.....	.2	1,450.0	23.4	13.6	327.6	1,428.2	278.9	10.3	.....	57.3	18.1
1947—Dec. 31.....	.2	1,450.0	100.8	15.2	331.3	1,349.7	315.1	18.6	.....	95.5	18.1
1948—Dec. 29.....	.2	1,325.0	36.1	16.7	401.1	1,293.1	314.5	11.7	17.4	92.1	18.1
1949—Sept. 28.....	.4	1,300.0	41.4	23.6	368.7	1,264.5	295.7	9.1	16.4	93.9	18.5
Oct. 26.....	.4	1,300.0	47.3	23.3	429.7	1,258.7	298.5	14.0	62.8	107.3	17.8
Nov. 30.....	.4	1,300.0	39.9	15.3	437.8	1,265.8	295.9	8.9	58.6	111.5	18.0
Dec. 28.....	.4	1,350.0	33.7	14.8	489.6	1,321.9	299.2	11.6	97.9	111.2	18.1
1950—Jan. 25.....	.4	1,300.0	57.9	14.7	477.4	1,247.7	291.7	12.5	117.4	110.2	18.3
Feb. 22.....	.4	1,300.0	58.4	22.0	486.7	1,247.2	285.2	14.0	136.0	113.5	18.4
Mar. 29.....	.4	1,300.0	38.5	12.3	507.2	1,267.3	283.5	12.1	160.0	83.9	18.5
Apr. 26.....	.4	1,300.0	28.4	22.0	529.4	1,277.7	288.8	13.9	169.8	89.5	17.8
May 31.....	.4	1,300.0	19.9	19.1	554.9	1,286.6	281.3	12.0	188.4	94.2	18.0
June 28.....	.4	1,350.0	63.0	15.4	549.3	1,293.9	292.1	11.9	209.0	96.5	18.2
July 26.....	.4	1,350.0	37.4	18.0	599.2	1,319.7	286.8	14.5	237.1	97.9	18.3
Aug. 30.....	.4	1,350.0	53.8	23.4	575.0	1,302.0	278.8	12.8	246.5	95.7	18.5

¹ On June 9, 1945, the official buying price of the Bank of England for gold was increased from 168 shillings to 172 shillings and three pence per fine ounce, and on Sept. 19, 1949, it was raised to 248 shillings. For details regarding previous changes in the buying price of gold and for internal gold transfers during 1939, see BULLETIN for March 1950, p. 388, footnotes 1 and 4.

² Securities and silver coin held as cover for fiduciary issue, the amount of which is also shown by this figure.

³ Notes issued less amounts held in banking department.

⁴ Fiduciary issue decreased by 50 million pounds on Jan. 11 and increased by 50 million on June 28, 1950. For details on previous changes see BULLETIN for February 1950, p. 254; April 1949, p. 450; and February 1948, p. 254.

NOTE.—For back figures see *Banking and Monetary Statistics*, Table 164, pp. 638–640; for description of statistics, see pp. 560–561 in same publication.

CENTRAL BANKS—Continued

Bank of Canada (Figures in millions of Canadian dollars)	Assets					Liabilities				
	Gold	Sterling and United States dollars	Dominion and provin- cial government securities		Other assets	Note circulation ²	Deposits			Other liabilities and capital ³
			Short- term ¹	Other			Chartered banks	Dominion govern- ment	Other	
1938—Dec. 31.....	185.9	28.4	144.6	40.9	5.2	175.3	200.6	16.7	3.1	9.3
1939—Dec. 30.....	225.7	64.3	181.9	49.9	5.5	232.8	217.0	46.3	17.9	13.3
1940—Dec. 31.....	(9)	38.4	448.4	127.3	12.4	359.9	217.7	10.9	9.5	28.5
1941—Dec. 31.....		200.9	391.8	216.7	33.5	496.0	232.0	73.8	6.0	35.1
1942—Dec. 31.....		.5	807.2	209.2	31.3	693.6	259.9	51.6	19.1	24.0
1943—Dec. 31.....		.6	787.6	472.8	47.3	874.4	340.2	20.5	17.8	55.4
1944—Dec. 30.....		172.3	906.9	573.9	34.3	1,036.0	401.7	12.9	27.7	209.1
1945—Dec. 31.....		156.8	1,157.3	688.3	29.5	1,129.1	521.2	153.3	29.8	198.5
1946—Dec. 31.....		1.0	1,197.4	708.2	42.1	1,186.2	565.5	60.5	93.8	42.7
1947—Dec. 31.....		2.0	1,022.0	858.5	43.7	1,211.4	536.2	68.8	67.5	42.4
1948—Dec. 31.....		.4	1,233.7	779.1	45.4	1,289.1	547.3	98.1	81.0	43.1
1949—Sept. 30.....		60.1	1,616.8	421.2	119.1	1,290.7	611.5	141.0	64.1	109.8
Oct. 31.....		64.9	1,710.6	335.9	80.3	1,293.5	626.0	66.1	77.4	128.8
Nov. 30.....		66.1	1,713.9	221.5	54.4	1,283.0	544.7	27.2	84.1	116.8
Dec. 31.....		74.1	1,781.4	227.8	42.5	1,307.4	541.7	30.7	126.9	119.2
1950—Jan. 31.....		73.1	1,769.1	235.4	73.1	1,259.2	530.7	94.3	145.8	120.7
Feb. 28.....		76.7	1,786.2	191.1	56.2	1,250.6	554.8	24.3	176.4	104.2
Mar. 31.....		73.7	1,655.9	358.9	75.2	1,258.5	567.3	71.2	150.7	116.1
Apr. 29.....		86.0	1,668.3	371.0	56.5	1,269.8	551.6	41.3	199.8	119.4
May 31.....		73.3	1,685.7	372.6	60.1	1,275.9	534.3	68.9	202.7	109.9
June 30.....		84.1	1,436.7	622.0	58.8	1,275.8	544.5	35.3	215.8	130.1
July 31.....		89.1	1,431.0	638.7	65.7	1,294.2	552.8	19.6	228.9	129.0
Aug. 31.....		161.4	1,420.4	569.2	113.9	1,303.8	568.2	16.7	233.1	143.1

Bank of France (Figures in millions of francs)	Assets							Liabilities					
	Gold	Foreign ex- change	Domestic bills			Advances to Government ²		Other assets ³	Note circulation	Deposits ⁴			Other liabi- lities and capital
			Open market ⁵	Special	Other	Current	Other			Government	ECA	Other	
1938—Dec. 29...	87,265	821	1,892	1,797	7,880	.....	30,627	14,028	110,935	5,061	.....	25,595	2,718
1939—Dec. 28...	97,267	112	5,818	2,345	5,149	14,200	30,473	15,549	151,322	1,914	.....	14,751	2,925
1940—Dec. 26...	84,616	42	7,802	661	3,646	63,900	112,317	18,571	218,383	984	.....	27,202	744,986
1941—Dec. 31...	84,598	38	6,812	12	4,517	69,500	182,507	17,424	270,144	1,517	.....	25,272	768,474
1942—Dec. 31...	84,598	37	8,420	169	5,368	68,250	250,965	16,990	382,774	770	.....	29,935	721,318
1943—Dec. 30...	84,598	37	9,518	29	7,543	64,400	366,973	16,601	500,386	578	.....	33,137	715,596
1944—Dec. 28...	75,151	42	12,170	48	18,592	15,850	475,447	20,892	572,510	748	.....	37,855	7,078
1945—Dec. 27...	129,817	68	17,980	303	25,548	.....	445,447	24,734	570,006	12,048	.....	57,755	4,087
1946—Dec. 26...	94,817	7	37,618	3,135	76,254	67,900	480,447	33,133	721,865	765	.....	63,468	7,213
1947—Dec. 31...	65,225	12	67,395	64	117,826	147,400	558,039	59,024	920,831	733	.....	82,479	10,942
1948—Dec. 30...	65,225	30	97,447	8,577	238,576	150,900	558,039	57,622	987,621	806	.....	171,783	16,206
1949—Sept. 29...	62,274	51,504	138,787	15,092	298,005	164,200	560,990	76,261	1,210,606	201	.....	140,548	15,757
Oct. 27...	62,274	53,002	140,936	23,486	305,454	152,700	560,990	81,425	1,218,697	202	.....	142,845	18,522
Nov. 24...	62,274	58,174	143,794	28,164	306,397	152,500	560,990	85,587	1,203,768	153	.....	173,396	20,563
Dec. 29...	62,274	61,943	137,689	28,548	335,727	157,900	560,990	112,658	1,278,211	1,168	.....	158,973	19,377
1950—Jan. 26...	62,274	59,719	132,447	31,410	335,845	159,900	560,990	94,504	1,256,758	42	22,910	133,526	23,853
Feb. 23...	62,274	58,658	123,912	31,467	333,358	165,200	560,990	91,046	1,271,387	79	14,155	120,858	20,426
Mar. 30...	62,274	63,987	123,013	29,279	359,671	166,000	560,990	112,552	1,321,855	24	22,432	115,627	17,828
Apr. 27...	62,274	83,526	117,039	29,297	367,740	167,100	560,990	113,338	1,332,148	21	34,284	114,103	20,747
May 25...	62,274	98,539	115,978	27,090	341,340	167,700	560,990	107,521	1,324,533	17	21,927	110,321	24,634
June 29...	62,274	116,652	128,939	18,507	368,694	166,600	560,990	116,833	1,382,479	62	8,496	126,978	21,475
July 27...	62,274	146,146	144,523	12,709	373,930	161,600	560,990	128,695	1,413,718	80	22,806	129,954	24,309
Aug. 31...	182,785	144,242	149,702	3,590	362,358	163,600	481,039	137,978	1,455,008	75	12,778	134,709	22,722

¹ Securities maturing in two years or less.

² Includes notes held by the chartered banks, which constitute an important part of their reserves.

³ Beginning November 1944, includes a certain amount of sterling and United States dollars.

⁴ On May 1, 1940, gold transferred to Foreign Exchange Control Board in return for short-term Government securities (see BULLETIN for July 1940, pp. 677-678).

⁵ For explanation of these items, see BULLETIN for January 1950, p. 117, footnote 6.

⁶ Beginning January 1950, when the Bank of France modified the form of presentation of its statement, the figures under this heading are not strictly comparable with those shown for earlier dates.

⁷ Includes the following amounts (in millions of francs) for account of the Central Administration of the Reichskreditkassen: 1940, 41,400; 1941, 64,580; 1942, 16,857; 1943, 10,724.

⁸ On Aug. 16, 1950, gold reserve revalued on the basis of 393,396.50 francs per kilogram of fine gold compared with the former rate of 134,027.90 francs, which had been in effect since Dec. 26, 1945. For details on devaluations and other changes in the gold holdings of the Bank of France, see BULLETIN for September 1950, pp. 1132 and 1261; June 1949, p. 747; May 1948, p. 601; May 1940, pp. 406-407; January 1939, p. 29; September 1937, p. 853; and November 1936, pp. 878-880.

⁹ Includes advance to Stabilization Fund, amounting to 43.0 billion francs on Aug. 31.

NOTE.—For back figures on Bank of Canada and Bank of France, see *Banking and Monetary Statistics*, Tables 166 and 165, pp. 644-645 and pp. 641-643, respectively; for description of statistics, see pp. 562-564 in same publication. For last available report from the Reichsbank (February 1945), see BULLETIN for December 1946, p. 1424.

CENTRAL BANKS—Continued

Central Bank (Figures as of last report date of month)	1950			1949	Central Bank (Figures as of last report date of month)	1950			1949
	Aug.	July	June	Aug.		Aug.	July	June	Aug.
Central Bank of the Argentine Republic (millions of pesos):					Central Bank of Costa Rica ⁴ (thousands of colones):				
Gold reported separately.....		656	656	507	Gold.....	11,511	11,511	11,511	11,545
Other gold and foreign exchange.....	1,508	1,538	1,593	1,593	Foreign exchange.....	36,552	39,659	43,089	18,019
Government securities.....	1,858	1,860	1,714	1,714	Net claim on Intl. Fund ⁵	7,019	7,019	7,019	30,321
Rediscounts and loans to banks.....	30,645	30,313	26,253	26,253	Loans and discounts.....	78,643	81,804	85,930	84,750
Other assets.....	278	240	190	190	Securities.....	20,401	20,726	21,327	21,187
Currency circulation.....	10,845	10,592	8,405	8,405	Other assets.....	18,076	16,874	16,595	10,936
Deposits—Nationalized.....	21,592	21,561	19,619	19,619	Note circulation.....	98,165	102,081	102,080	101,344
Other sight obligations.....	477	484	650	650	Demand deposits.....	64,235	66,241	74,506	68,697
Other liabilities and capital.....	2,032	1,970	1,582	1,582	Other liabilities and capital.....	9,802	9,271	8,885	6,716
Commonwealth Bank of Australia (thousands of pounds):					National Bank of Cuba ⁵ (thousands of pesos):				
Gold and foreign exchange.....	538,423	518,799	381,915	381,915	Gold and foreign exchange (net).....	405,047	419,192		
Checks and bills of other banks.....	4,115	6,826	3,209	3,209	Silver.....	79,998	79,998		
Securities (incl. Government and Treasury bills).....	312,277	341,213	325,592	325,592	Net claim on Intl. Fund.....	12,507	12,507		
Other assets.....	56,131	66,172	47,777	47,777	Loans and discounts.....	1,003	1,005		
Note circulation.....	233,020	231,313	213,313	213,313	Credits to Government.....	51,033	34,964		
Deposits of Trading Banks:					Other assets.....	7,305	1,896		
Special.....	431,670	441,970	320,670	320,670	Note circulation.....	375,033	375,405		
Other.....	28,319	32,938	28,532	28,532	Deposits.....	172,080	116,257		
Other liabilities and capital.....	217,936	226,790	195,977	195,977	Other liabilities.....	9,780	57,900		
Austrian National Bank (millions of schillings):					National Bank of Czechoslovakia ⁶ (millions of kroner):				
Gold.....	50	50	50	50	Gold.....	69	69	69	70
Foreign exchange.....	318	188	158	165	Foreign exchange.....	307	357	349	328
Loans and discounts.....	2,561	2,436	2,346	1,476	Contributions to Intl. Fund and to Intl. Bank.....	6	6	6	65
Claim against Government.....	6,050	6,133	6,122	7,134	Loans and discounts.....	38	38	33	32
Other assets.....	35	36	37	11	Securities.....	137	122	123	92
Note circulation.....	5,877	5,857	5,783	5,957	Govt. compensation account.....	4,019	4,022	4,638	4,802
Deposits—Banks.....	282	237	204	335	Other assets.....	195	273	226	128
Other.....	932	993	1,111	888	Note circulation.....	1,508	1,529	1,580	1,432
Blocked.....	1,923	1,757	1,615	1,655	Deposits—Government.....	1,247	1,304	1,864	1,737
National Bank of Belgium (millions of francs):					Other.....	1,863	1,904	1,851	2,199
Gold.....	32,132	28,506	29,058	31,449	Other liabilities and capital.....	153	152	150	149
Foreign claims and balances (net).....	5,801	7,795	7,879	13,375	Central Bank of the Dominican Republic (thousands of dollars):				
Loans and discounts.....	7,206	5,280	4,396	2,273	Gold.....	4,045	4,045	4,045	4,012
Consolidated Government debt.....	34,939	34,939	34,939	34,991	Foreign exchange (net).....	14,590	13,927	14,210	11,581
Government securities.....	7,290	9,247	7,825	6,264	Net claim on Intl. Fund ⁵	1,250	1,250	1,250	1,250
Other assets.....	5,126	5,727	6,437	2,338	Paid-in capital—Intl. Bank.....	40	40	40	40
Note circulation.....	88,189	87,542	86,132	85,830	Loans and discounts.....	148	103	153	209
Deposits—Demand.....	1,800	1,641	2,158	2,228	Government securities.....	5,383	5,383	5,383	4,974
ECA.....	33	41	109	398	Other assets.....	972	1,556	946	792
Other liabilities and capital.....	2,472	2,271	2,135	2,233	Note circulation.....	20,669	20,658	20,260	18,327
Central Bank of Bolivia—Monetary dept. (millions of bolivianos):			(May) ²		Demand deposits.....	5,449	5,348	5,482	4,296
Gold at home and abroad.....			956	956	Other liabilities and capital.....	309	298	285	235
Foreign exchange.....			287	207	Central Bank of Ecuador (thousands of sucres):				
Loans and discounts.....			1,377	825	Gold.....			266,849	278,415
Government securities.....			740	749	Foreign exchange (net).....			-15,025	-68,594
Other assets.....			109	68	Net claim on Intl. Fund ⁵			16,881	16,881
Note circulation.....			2,700	2,350	Credits—Government.....			263,102	278,330
Deposits.....			424	221	Other.....			122,380	114,518
Other liabilities and capital.....			346	254	Other assets.....			124,382	116,535
Central Bank of Chile (millions of pesos):					Note circulation.....			380,394	371,992
Gold.....	1,241	1,240	1,228	1,374	Demand deposits—Private banks.....			113,884	113,725
Foreign exchange (net).....	167	112	72	278	Other.....			129,138	91,327
Net claim on Intl. Fund ⁵	1	1	1	1	Other liabilities and capital.....			155,152	159,041
Discounts for member banks.....	1,900	1,938	1,779	1,183	National Bank of Egypt (thousands of pounds):				
Loans to Government.....	686	686	686	692	Gold.....			6,376	6,376
Other loans and discounts.....	3,003	2,644	2,952	2,220	Foreign exchange.....			9,288	15,323
Other assets.....	1,725	1,745	1,714	1,452	Loans and discounts.....			5,049	2,655
Note circulation.....	6,124	5,729	5,783	5,152	British, Egyptian, and other Government securities.....			302,988	312,083
Deposits—Bank.....	1,248	1,347	1,301	1,321	Other assets.....			48,889	30,698
Other.....	250	232	338	226	Note circulation.....			150,455	135,799
Other liabilities and capital.....	1,101	1,058	1,010	502	Deposits—Government.....			68,836	82,507
Bank of the Republic of Colombia (thousands of pesos):					Other.....			144,222	139,203
Gold and foreign exchange.....	224,139	188,113	144,318	144,318	Other liabilities and capital.....			9,077	9,626
Net claim on Intl. Fund ⁵	24,368	24,368	24,367	24,367	Central Reserve Bank of El Salvador (thousands of colones):				
Paid-in capital—Intl. Bank.....	1,372	1,371	1,370	1,370	Gold.....	50,289	50,329	50,383	41,390
Loans and discounts.....	228,700	253,058	196,396	196,396	Foreign exchange (net).....	61,496	64,115	62,759	45,620
Government loans and securities.....	146,131	146,660	134,701	134,701	Net claim on Intl. Fund ⁵	1,565	1,565	1,565	1,564
Other assets.....	58,362	52,408	57,382	57,382	Loans and discounts.....	1,523	1,548	811	507
Note circulation.....	458,746	437,066	346,916	346,916	Government debt and securities.....	4,988	5,000	5,041	5,240
Deposits.....	177,626	172,662	164,700	164,700	Other assets.....	1,492	1,462	1,724	1,643
Other liabilities and capital.....	46,698	56,251	46,918	46,918	Note circulation.....	63,103	64,455	65,031	54,646
					Deposits.....	51,746	53,221	51,155	35,330
					Other liabilities and capital.....	6,505	6,343	6,097	5,989

¹ On Aug. 17, 1950, gold reserve revalued from .0202765 to .0177734 grams of fine gold per franc.

² Latest month available.

³ This figure represents the amount of the bank's subscription to the Fund less the bank's local currency liability to the Fund. Until such time as the Fund engages in operations in this currency, the "net claim" will equal the country's gold contribution.

⁴ The Central Bank of Costa Rica began operations on Feb. 1, 1950. Figures shown prior to this date refer to the Issue Department of the National Bank.

⁵ The National Bank of Cuba began operation on Apr. 27, 1950.

⁶ For last available report (March 1950), see BULLETIN for September 1950, p. 1262.

NOTE.—For details relating to individual items in certain bank statements, see BULLETIN for January 1950, p. 118.

CENTRAL BANKS—Continued

Central Bank (Figures as of last report date of month)	1950			1949	Central Bank (Figures as of last report date of month)	1950			1949
	Aug.	July	June	Aug.		Aug.	July	June	Aug.
State Bank of Pakistan (millions of rupees):			(May) ¹		Bank of Spain—Cont.				
Issue department:					Other assets.....			4,384	3,932
Gold at home and abroad.....			44	44	Note circulation.....			27,523	25,339
Sterling securities.....			795	831	Deposits—Government.....			882	1,011
Pakistan Govt. securities.....			361	8	Other.....			3,045	2,668
Govt. of India securities.....			154	332	Other liabilities and capital.....			533	573
India currency.....			432	431	Bank of Sweden (millions of kronor):				
Rupee coin.....			58	59	Gold.....	156	157	157	156
Notes in circulation.....			1,763	1,644	Foreign assets (net).....	1,046	1,080	1,043	533
Banking department:					Swedish Govt. securities and advances to National Debt Office ⁶	2,936	2,675	2,833	3,324
Notes of issue department.....			82	60	Other domestic bills and advances	150	136	131	82
Balances abroad.....			284	699	Other assets.....	316	318	366	355
Bills discounted.....			102	106	Note circulation.....	3,163	3,105	3,178	2,980
Loans to Government.....			.....	1	Demand deposits—Government.....	330	432	533	563
Other assets.....			376	132	Other.....	458	183	147	380
Deposits.....			760	913	Other liabilities and capital.....	654	645	671	527
Other liabilities and capital.....			83	85	Swiss National Bank (millions of francs):				
Bank of Paraguay—Monetary dept. (thousands of guaranies):					Gold.....	6,144	6,200	6,252	6,237
Gold.....	600	600	600	600	Foreign exchange.....	351	308	283	327
Foreign exchange (net).....	9,836	7,532	5,028	-662	Loans and discounts.....	108	104	97	108
Net claim on Int'l. Fund ²	2,710	2,710	2,710	2,710	Other assets.....	72	72	72	72
Paid-in capital—Int'l. Bank.....	-228	-195	-195	-92	Note circulation.....	4,290	4,282	4,283	4,313
Loans and discounts.....	127,941	124,682	124,059	96,464	Other sight liabilities.....	2,187	2,203	2,203	1,941
Government loans and securities.....	4,653	5,870	6,512	3,464	Other liabilities and capital.....	199	199	218	490
Other assets.....	28,183	26,131	22,243	8,946	Central Bank of the Republic of Turkey (millions of pounds):				
Note and coin issue.....	125,083	122,673	119,313	83,188	Gold.....	408	387	418	447
Demand deposits.....	41,492	37,710	36,124	22,771	Foreign exchange and foreign clearings.....	99	106	106	65
Other liabilities and capital.....	7,120	6,946	5,521	5,470	Loans and discounts.....	1,133	1,120	1,025	808
Central Reserve Bank of Peru (thousands of soles):					Securities.....	28	27	32	79
Gold and foreign exchange ³	337,480	320,837	275,511	275,511	Other assets.....	100	114	77	72
Net claim on Int'l. Fund ²	20,495	20,495	20,495	20,495	Note circulation.....	879	877	878	864
Contribution to Int'l. Bank.....	2,238	2,238	2,238	2,238	Deposits—Gold.....	153	153	153	153
Loans and discounts to banks.....	193,021	175,489	167,706	167,706	Other.....	583	572	460	290
Loans to Government.....	704,943	713,801	715,982	715,982	Other liabilities and capital.....	153	152	166	169
Other assets.....	258,177	251,448	60,259	60,259	Bank of the Republic of Uruguay (thousands of pesos):				
Note circulation.....	986,083	948,322	839,414	839,414	Gold.....	297,365	287,415	244,276	244,276
Deposits.....	155,402	170,380	316,251	316,251	Silver.....	11,608	11,703	12,142	12,142
Other liabilities and capital.....	374,869	365,606	86,525	86,525	Paid-in capital—Int'l. Bank.....	313	312	313	313
Central Bank of the Philippines (thousands of pesos):					Advances to State and government bodies.....	145,788	152,233	141,515	141,515
Gold.....	5,427	5,108	4,809	2,721	Other loans and discounts.....	264,811	266,787	254,601	254,601
Foreign exchange.....	441,331	434,221	436,441	567,088	Other assets.....	273,858	274,646	253,436	253,436
Net claim on Int'l. Fund ²	7,502	7,502	7,502	7,501	Note circulation.....	301,534	292,345	275,128	275,128
Loans.....	53,169	68,624	63,918	10,000	Deposits—Government.....	97,076	93,302	78,411	78,411
Domestic securities.....	137,250	132,337	125,779	18,287	Other.....	281,408	297,862	288,648	288,648
Other assets.....	150,040	147,862	146,817	149,965	Other liabilities and capital.....	313,726	309,588	264,096	264,096
Note circulation.....	556,911	545,125	531,477	502,949	Central Bank of Venezuela (millions of bolívares):				
Demand deposits—U. S. dollars ⁴.....	.....	.....	.....	11,700	Gold.....	1,041	1,041	1,041	889
Pesos.....	125,234	140,123	139,282	145,049	Foreign exchange (net).....	-46	16	72	224
Other liabilities and capital.....	112,573	110,406	114,508	95,865	Other assets.....	53	73	64	42
Bank of Portugal (millions of escudos):					Note circulation—Central Bank.....	733	729	744	729
Gold.....	3,139	3,143	3,105	3,105	National banks.....	.....	.....	1	1
Foreign exchange (net).....	8,931	8,983	7,606	7,606	Deposits.....	175	172	149	200
Loans and discounts.....	512	501	501	517	Other liabilities and capital.....	141	228	282	225
Advances to Government.....	1,241	1,247	1,248	1,248	Bank for International Settlements (thousands of Swiss gold francs):				
Other assets.....	528	476	517	517	Gold in bars.....	382,608	391,061	329,989	142,742
Note circulation.....	7,659	7,665	8,249	8,249	Cash on hand and with banks.....	55,023	28,833	21,429	45,864
Demand deposits—Government.....	362	233	203	203	Sight funds at interest.....	2,902	2,902	2,908	3,836
ECA.....	349	107	.....	.....	Rediscountable bills and acceptances (at cost).....	105,253	150,543	183,059	20,820
Other.....	3,604	4,000	3,480	3,480	Time funds at interest.....	50,123	37,910	26,770	32,208
Other liabilities and capital.....	2,376	2,345	1,045	1,045	Sundry bills and investments.....	281,693	283,927	269,215	216,474
South African Reserve Bank (thousands of pounds):					Funds invested in Germany.....	297,201	297,201	297,201	297,201
Gold ⁵	63,776	63,576	62,820	33,058	Other assets.....	1,492	1,416	1,514	1,554
Foreign bills.....	71,307	75,378	83,310	6,576	Demand deposits (gold).....	272,798	250,533	188,480	12,823
Other bills and loans.....	5,626	5,984	7,928	73,723	Short-term deposits:				
Other assets.....	33,682	31,257	36,869	15,845	Central banks—Own account.....	393,581	434,092	434,253	261,556
Note circulation.....	69,993	69,776	68,924	65,071	Other.....	19,736	20,614	21,608	1,318
Deposits.....	90,299	90,902	107,368	55,947	Long-term deposits: Special.....	228,909	228,909	228,909	228,909
Other liabilities and capital.....	14,099	15,518	14,636	8,182	Other liabilities and capital.....	261,271	259,644	258,835	256,093
Bank of Spain (millions of pesetas):									
Gold.....	.....	.....	668	934					
Silver.....	.....	.....	446	497					
Government loans and securities.....	.....	.....	15,681	15,761					
Other loans and discounts.....	.....	.....	10,804	8,467					

¹ Latest month available.

² This figure represents the amount of the bank's subscription to the Fund less the bank's local currency liability to the Fund. Until such time as the Fund engages in operations in this currency, the "net claim" will equal the country's gold contribution.

³ In November 1949, part of the gold and foreign exchange holdings of the bank were revalued.

⁴ Account of National Treasury.

⁵ On Dec. 31, 1949, gold revalued from 172 to 248 shillings per fine ounce.

⁶ Includes small amount of non-Government bonds.

NOTE.—For details relating to individual items in certain bank statements, see BULLETIN for January 1950, p. 120.

MONEY RATES IN FOREIGN COUNTRIES

DISCOUNT RATES OF CENTRAL BANKS

[Per cent per annum]

Date effective	Central bank of—							Central bank of—	Rate Aug. 31	Date effective	Central bank of—	Rate Aug. 31	Date effective
	United Kingdom	France	Germany	Belgium	Netherlands	Sweden	Switzerland						
In effect Dec. 31, 1938.....	2	2½	4	2½	2	2½	1½	Albania.....	5½	Mar. 21, 1940	Ireland.....	2½	Nov. 23, 1943
Jan. 4, 1939.....	2	2						Argentina.....	3½	Mar. 1, 1936	Italy.....	4	Apr. 6, 1950
Apr. 17.....				4				Austria.....	3½	Aug. 3, 1945	Japan.....	5.11	July 5, 1948
May 11.....				3				Belgium.....	3½	Oct. 6, 1949	Java.....	3	Jan. 14, 1937
July 6.....				2½				Bolivia.....	5	Feb. 4, 1948	Latvia.....	5	Feb. 17, 1940
Aug. 24.....	4												
Aug. 29.....					3			Canada.....	1½	Feb. 8, 1944	Lithuania...	6	July 15, 1939
Sept. 28.....	3							Chile.....	3-4½	Dec. 16, 1936	Mexico.....	4½	June 4, 1942
Oct. 26.....	2					3		Colombia.....	4	July 18, 1933	Netherlands.	2½	June 27, 1941
Dec. 15.....								Costa Rica....	4	Feb. 1, 1950	New Zealand.	1½	July 26, 1941
Jan. 25, 1940....				2							Norway.....	2½	Jan. 9, 1946
Apr. 9.....			3½					Denmark.....	4½	July 4, 1950	Peru.....	6	Nov. 13, 1947
May 17.....						3½		Ecuador.....	10	May 13, 1948	Portugal....	2½	Jan. 12, 1944
Mar. 17, 1941....		1½						El Salvador....	3	Mar. 2, 1950	South Africa.	3½	Oct. 13, 1949
May 29.....						3		Estonia.....	4½	Oct. 1, 1935	Spain.....	4	Mar. 18, 1949
June 27.....								Finland.....	5½	July 1, 1949	Sweden.....	2½	Feb. 9, 1945
Jan. 16, 1945....				1½									
Jan. 20.....		1½						France.....	2½	June 8, 1950	Switzerland..	1½	Nov. 26, 1936
Feb. 9.....						2½		Germany.....	1-4	July 14, 1949	Turkey.....	4	July 1, 1938
Nov. 7, 1946....				2½				Greece.....	12	July 12, 1948	United King- dom.....	2	Oct. 26, 1939
Dec. 19.....				3				India.....	3	Nov. 28, 1935	U. S. S. R....	4	July 1, 1936
Jan. 10, 1947....		1½ & 2½											
Aug. 27.....				3½									
Oct. 9.....		2½ & 3											
June 28, 1948....			1-1-5										
Sept. 6.....		3½ & 4											
Oct. 1.....		3											
May 27, 1949....			1-4½										
July 14.....			1-1-4										
Oct. 6.....				3½									
June 8, 1950....		2½											
In effect Aug. 31, 1950.....	2	2½	1-1-4	3½	2½	2½	1½						

¹ The lower rate applies to the Bank Deutscher Laender, and the higher rate applies to the Land Central banks.

NOTE.—Changes since Aug. 31: Belgium—Sept. 11, from 3¼ to 3½ per cent; Netherlands—Sept. 26, from 2½ to 3 per cent.

OPEN-MARKET RATES

[Per cent per annum]

Month	Canada	United Kingdom					France	Netherlands		Sweden	Switzerland
	Treasury bills 3 months	Bankers' acceptances 3 months	Treasury bills 3 months	Day-to-day money	Bankers' allowance on deposits	Day-to-day money	Day-to-day money	Treasury bills 3 months	Day-to-day money	Loans up to 3 months	Private discount rate
1942—July.....	.54	1.03	1.00	1.00	½	1.62				3-5½	1.25
1943—July.....	.50	1.03	1.00	1.04	½	1.64				3-5½	1.25
1944—July.....	.38	1.03	1.00	1.13	½	1.49				3-5½	1.25
1945—July.....	.36	1.03	1.00	1.13	½	1.25				2½-5	1.25
1946—July.....	.40	.53	.51	.63	½	1.30	1.52	1.31		2½-4½	1.25
1947—July.....	.41	.53	.51	.63	½	1.51	1.52	1.09		2½-4½	1.25
1948—July.....	.41	.56	.51	.63	½	2.04	1.56	1.35		2½-4½	1.63
1949—July.....	.51	.63	.52	.63	½	2.34	1.43	.83		2½-4½	1.50
1949—Aug.....	.51	.67	.52	.63	½	2.06	1.25	.91		2½-4½	1.50
Sept.....	.51	.69	.52	.63	½	2.03	1.15	1.01		2½-4½	1.50
Oct.....	.51	.69	.52	.63	½	2.25	1.07	.78		2½-4½	1.50
Nov.....	.51	.69	.52	.63	½	2.55	1.16	.93		2½-4½	1.50
Dec.....	.51	.69	.52	.63	½	2.55	1.32	1.03		2½-4½	1.50
1950—Jan.....	.51	.69	.52	.63	½	2.18	1.31	1.22		2½-4½	1.50
Feb.....	.51	.69	.52	.63	½	2.40	1.54	1.50		2½-4½	1.50
Mar.....	.51	.69	.52	.63	½	2.70	1.45	1.13		2½-4½	1.50
Apr.....	.51	.69	.51	.63	½	2.64	1.44	1.25		2½-4½	1.50
May.....	.51	.69	.51	.63	½	2.68	1.45	1.03		2½-4½	1.50
June.....	.51	.69	.51	.63	½	2.52	1.44	.81		2½-4½	1.50
July.....	.51	.69	.51	.63	½	2.59	1.57	1.10		2½-4½	1.50

Ⓟ Preliminary.

NOTE.—For monthly figures on money rates in these and other foreign countries through 1941, see *Banking and Monetary Statistics*, Table 172, pp. 656-661, and for description of statistics see pp. 571-572 in same publication.

COMMERCIAL BANKS

United Kingdom ¹ (11 London clearing banks. Figures in millions of pounds sterling)	Assets							Liabilities			
	Cash reserves	Money at call and short notice	Bills discounted	Treasury deposit receipts ²	Securities	Loans to customers	Other assets	Deposits			Other liabilities and capital
								Total	Demand	Time	
1943—December.....	422	151	133	1,307	1,154	761	349	4,032	2,712	1,319	245
1944—December.....	500	199	147	1,667	1,165	772	347	4,545	3,045	1,500	250
1945—December.....	536	252	369	1,523	1,234	827	374	4,850	3,262	1,588	265
1946—December.....	499	432	610	1,560	1,427	994	505	5,685	3,823	1,862	342
1947—December.....	502	480	793	1,288	1,483	1,219	567	5,935	3,962	1,972	396
1948—December.....	502	485	741	1,397	1,478	1,396	621	6,200	4,159	2,041	420
1949—August.....	492	498	797	1,088	1,511	1,438	510	5,922	3,896	2,026	412
September.....	490	518	971	903	1,516	1,477	548	6,009	3,959	2,049	413
October.....	499	556	1,162	744	1,517	1,476	511	6,050	3,997	2,053	414
November.....	497	548	1,216	688	1,517	1,483	539	6,066	3,977	2,089	422
December.....	532	571	1,109	793	1,512	1,534	579	6,202	4,161	2,041	427
1950—January.....	502	571	1,229	627	1,513	1,526	542	6,085	4,058	2,027	423
February.....	476	539	1,169	471	1,503	1,574	541	5,841	3,844	1,997	432
March.....	485	534	1,106	444	1,503	1,602	553	5,783	3,812	1,971	443
April.....	493	530	1,177	402	1,502	1,630	552	5,843	3,876	1,968	444
May.....	482	538	1,197	364	1,503	1,648	554	5,847	3,870	1,976	439
June.....	482	544	1,338	297	1,498	1,665	611	6,000	3,965	2,035	434
July.....	501	557	1,400	321	1,496	1,591	529	5,956	3,935	2,021	440

Canada (10 chartered banks. End of month figures in millions of Canadian dollars)	Assets						Liabilities				
	Entirely in Canada			Security loans abroad and net due from foreign banks	Securities	Other assets	Note circulation	Deposits payable in Canada excluding interbank deposits			Other liabilities and capital
	Cash reserves	Security loans	Other loans and discounts					Total	Demand	Time	
1943—December.....	471	48	1,156	250	2,940	744	42	4,395	2,447	1,948	1,172
1944—December.....	550	92	1,211	214	3,611	782	34	5,137	2,714	2,423	1,289
1945—December.....	694	251	1,274	227	4,038	869	26	5,941	3,076	2,865	1,386
1946—December.....	753	136	1,507	122	4,232	1,039	21	6,252	2,783	3,469	1,525
1947—December.....	731	105	1,999	106	3,874	1,159	18	6,412	2,671	3,740	1,544
1948—December.....	749	101	2,148	144	4,268	1,169	16	7,027	2,970	4,057	1,537
1949—August.....	789	78	2,174	132	4,527	1,035	14	7,298	2,926	4,372	1,407
September.....	789	103	2,304	190	4,463	1,129	14	7,474	3,062	4,412	1,490
October.....	830	137	2,336	170	4,327	1,142	14	7,441	2,988	4,453	1,488
November.....	758	119	2,356	161	4,395	1,084	14	7,388	2,941	4,447	1,471
December.....	765	133	2,271	146	4,345	1,058	14	7,227	2,794	4,433	1,477
1950—January.....	745	100	2,263	158	4,365	1,033	1	7,197	2,703	4,494	1,467
February.....	749	84	2,299	149	4,391	1,046	(³)	7,277	2,741	4,537	1,439
March.....	731	83	2,344	146	4,453	1,081	(³)	7,400	2,828	4,573	1,438
April.....	730	103	2,349	175	4,398	1,015	(³)	7,301	2,741	4,561	1,468
May.....	759	105	2,352	198	4,408	1,091	(³)	7,417	2,860	4,557	1,495
June.....	712	145	2,408	227	4,276	1,182	(³)	7,447	2,909	4,538	1,503
July.....	767	94	2,385	222	4,240	1,089	(³)	7,288	2,759	4,529	1,508

France (4 large banks. End of month figures in millions of francs)	Assets					Liabilities				
	Cash reserves	Due from banks	Bills discounted	Loans	Other assets	Deposits			Own acceptances	Other liabilities and capital
						Total	Demand	Time		
1943—December.....	8,541	4,086	90,908	14,245	1,216	112,843	111,302	1,541	428	5,725
1944—December.....	10,365	4,948	99,782	18,651	1,521	128,734	126,555	2,179	557	5,977
1945—December.....	14,733	14,128	155,472	36,621	4,783	215,615	213,592	2,023	2,904	7,218
1946—December.....	18,007	18,940	195,223	65,170	17,445	291,945	290,055	1,890	15,694	7,145
1947—December.....	22,590	19,378	219,386	86,875	27,409	341,547	338,090	3,457	25,175	8,916
1948—December.....	45,397	35,633	354,245	126,246	34,030	552,221	545,538	6,683	30,638	12,691
1949—July.....	46,205	38,626	407,822	124,098	43,852	601,745	595,063	6,682	29,700	29,157
August.....	41,276	36,888	395,351	128,804	45,310	587,137	580,010	7,127	29,105	31,387
September.....	42,358	38,392	402,754	128,343	43,074	595,353	588,687	6,666	25,645	33,922
October.....	41,534	39,301	451,597	120,353	42,724	633,092	626,211	6,881	23,537	38,881
November.....	38,343	43,810	400,043	134,779	46,063	597,316	589,900	7,416	25,032	40,690
December.....	40,937	42,311	426,690	129,501	29,843	627,266	619,204	8,062	26,355	15,662
1950—January.....	39,317	43,107	423,329	138,276	33,866	630,113	622,110	8,003	27,958	19,824
February.....	36,419	45,579	424,838	137,143	36,056	632,035	623,031	9,005	29,747	18,252
March.....	38,741	42,539	415,585	134,771	39,298	619,146	609,776	9,371	30,629	21,158
April.....	44,808	43,843	452,864	126,752	40,506	652,570	639,878	12,692	31,449	24,752
May.....	43,584	44,346	433,079	134,195	44,993	640,351	626,925	13,427	32,992	26,853
June.....	41,283	43,618	442,411	133,848	48,126	648,191	633,952	14,240	32,030	29,065

¹ From September 1939 through November 1946, this table represents aggregates of figures reported by individual banks for days, varying from bank to bank, toward the end of the month. After November 1946, figures for all banks are compiled on the third Wednesday of each month, except in June and December, when the statements give end-of-month data.

² Represent six-month loans to the Treasury at 1½ per cent through Oct. 20, 1945, and at ½ per cent thereafter.

³ Less than \$500,000.

NOTE.—For back figures and figures on German commercial banks, see *Banking and Monetary Statistics*, Tables 168-171, pp. 648-655, and for description of statistics see pp. 566-571 in same publication.

FOREIGN EXCHANGE RATES

[Averages of certified noon buying rates in New York for cable transfers. In cents per unit of foreign currency]

Year or month	Argentina ¹ (peso)					Australia (pound)		Belgium (franc)	Brazil (cruzeiro)		Canada (dollar)	
	Basic	Preferential "A"	Preferential "B"	Special	Free	Official	Free		Official	Free	Official	Free
1944.....	29.773	.....	25.125	.....	.....	322.80	.....	.....	6.0594	5.1469	90.909	89.853
1945.....	29.773	.....	25.125	.....	.....	322.80	321.17	2.2860	6.0602	5.1802	90.909	90.485
1946.....	29.773	.....	25.125	.....	.....	321.34	.....	2.2829	6.0602	.....	95.198	93.288
1947.....	29.773	.....	25.125	.....	.....	321.00	.....	2.2817	5.4403	.....	100.000	91.999
1948.....	29.773	.....	25.125	20.000	.....	321.22	.....	2.2816	5.4406	.....	100.000	91.691
1949.....	29.774	20.695	23.355	18.591	.....	293.80	.....	² 2.2009	5.4406	.....	97.491	92.881
1949—Oct...	29.778	20.695	17.456	13.896	.....	223.16	.....	1.9960	5.4406	.....	90.909	90.431
Nov...	29.778	20.695	17.456	13.896	.....	223.16	.....	1.9980	5.4406	.....	90.909	89.864
Dec...	29.778	20.695	17.456	13.896	.....	223.16	.....	1.9998	5.4406	.....	90.909	88.407
1950—Jan...	29.778	20.695	17.456	13.896	.....	223.16	.....	2.0003	5.4406	.....	90.909	89.205
Feb...	29.778	20.695	17.456	13.896	.....	223.16	.....	1.9993	5.4406	.....	90.909	89.820
Mar...	29.778	20.695	17.456	13.896	.....	223.16	.....	1.9966	5.4406	.....	90.909	90.254
Apr...	29.778	20.695	17.456	13.896	.....	223.16	.....	1.9912	5.4406	.....	90.909	90.205
May...	29.778	20.695	17.456	13.896	.....	223.16	.....	1.9921	5.4406	.....	90.909	90.110
June...	29.778	20.695	17.456	13.896	.....	223.16	.....	1.9866	5.4406	.....	90.909	90.456
July...	29.778	20.695	17.456	13.896	³ 11.100	223.16	.....	1.9835	5.4406	.....	90.909	90.766
Aug...	⁴ 29.778	⁴ 20.695	⁴ 17.456	⁴ 13.896	⁴ 11.100	223.16	.....	1.9837	5.4406	.....	90.909	90.844
Sept...	20.000	13.333	.....	.....	7.205	223.16	.....	1.9838	5.4406	.....	90.909	90.844

Year or month	Ceylon (rupee)	Colombia (peso)	Czechoslovakia (koruna)	Denmark (krone)	France (franc)		Germany (deutsche mark)	India ⁵ (rupee)	Mexico (peso)	Netherlands (guilder)	New Zealand (pound)	Norway (krone)
					Official	Free						
1944.....	.....	57.272	.....	.....	.....	1.9711	.....	30.122	20.581	.....	324.42	.....
1945.....	.....	57.014	.....	.....	.....	8409	.....	30.122	20.581	37.933	323.46	.....
1946.....	.....	57.020	2.0060	20.876	.....	8407	.....	30.155	20.581	37.813	322.63	20.176
1947.....	.....	57.001	2.0060	20.864	.....	.....	.....	30.164	20.577	37.760	322.29	20.160
1948.....	.....	57.006	2.0060	20.857	.4929	3240	.....	30.169	18.860	37.668	350.48	20.159
1949.....	27.839	.....	2.0060	19.117	.4671	3017	.....	27.706	12.620	34.528	365.07	18.481
1949—Oct...	20.804	.....	2.0060	14.494	.....	2861	.....	20.823	11.570	26.300	277.30	14.015
Nov...	20.850	.....	2.0060	14.494	.....	2862	.....	20.870	11.571	26.295	277.30	14.015
Dec...	20.850	.....	2.0060	14.494	.....	2862	.....	20.870	11.572	26.289	277.29	14.015
1950—Jan...	20.850	.....	2.0060	14.494	.....	2863	.....	20.870	11.572	26.278	277.29	14.015
Feb...	20.850	.....	2.0060	14.494	.....	2863	.....	20.870	11.572	26.257	277.29	14.015
Mar...	20.850	.....	2.0060	14.494	.....	2863	.....	20.870	11.571	26.267	277.29	14.015
Apr...	20.850	.....	2.0060	14.494	.....	2860	.....	20.870	11.564	26.262	277.29	14.015
May...	20.850	.....	2.0060	14.494	.....	2859	.....	20.870	11.564	26.264	277.29	14.015
June...	20.850	.....	2.0060	14.494	.....	2856	⁶ 23.838	20.870	11.563	26.265	277.29	14.015
July...	20.851	.....	2.0060	14.494	.....	2856	23.838	20.871	11.571	26.252	277.29	14.015
Aug...	20.850	.....	2.0060	14.494	.....	2854	23.838	20.870	11.573	26.236	277.29	14.015
Sept...	20.850	.....	2.0060	14.494	.....	2855	23.838	20.870	11.572	26.237	277.29	14.015

Year or month	Philippine Republic (peso)	Portugal (escudo)	South Africa (pound)	Spain (peseta)	Straits Settlements (dollar)	Sweden (krona)	Switzerland (franc)	United Kingdom (pound)		Uruguay (peso)		
								Official	Free			
1944.....	.....	.....	398.00	.....	.....	.....	.....	403.50	.....	65.830	53.506	.....
1945.....	.....	.....	399.05	.....	.....	.....	.....	403.50	403.02	65.830	55.159	.....
1946.....	.....	4.0501	400.50	9.132	.....	25.859	23.363	403.28	.....	65.830	56.280	.....
1947.....	.....	4.0273	400.74	9.132	.....	27.824	23.363	402.86	.....	65.830	56.239	.....
1948.....	.....	4.0183	400.75	9.132	.....	27.824	23.363	403.13	.....	65.830	56.182	.....
1949.....	49.723	3.8800	366.62	.....	42.973	25.480	23.314	408.72	.....	65.830	56.180	42.553
1949—Oct...	49.734	3.4875	278.38	.....	32.608	19.333	23.085	280.09	.....	65.830	56.180	.....
Nov...	49.738	3.4810	278.38	.....	32.547	19.333	23.176	280.08	.....	.....	.....	.....
Dec...	49.687	3.4817	278.38	.....	32.692	19.333	23.289	280.07	.....	65.833	56.180	42.553
1950—Jan...	49.617	3.4856	278.38	.....	32.717	19.333	23.281	280.07	.....	65.833	56.180	42.553
Feb...	49.615	3.4673	278.38	.....	32.713	19.333	23.264	280.07	.....	65.833	56.180	42.553
Mar...	49.613	3.4587	278.38	.....	32.722	19.333	23.269	280.07	.....	65.833	56.180	42.553
Apr...	49.613	3.4595	278.38	.....	32.734	19.333	23.286	280.07	.....	65.833	56.180	42.553
May...	49.616	3.4577	278.38	.....	32.761	19.333	23.291	280.07	.....	65.833	56.180	42.553
June...	49.625	3.4788	278.38	.....	32.807	19.333	23.138	280.07	.....	65.833	56.180	42.553
July...	49.625	3.4539	278.38	.....	32.818	19.333	23.047	280.07	.....	65.833	56.180	42.553
Aug...	49.625	3.4498	278.38	.....	32.825	19.332	23.012	280.07	.....	65.833	56.180	42.553
Sept...	49.625	3.4842	278.38	.....	32.825	19.331	22.959	280.07	.....	65.833	56.180	42.553

¹ On Aug. 29, 1950, the Argentine Finance Ministry announced a simplified exchange rate system. A rate designated "Preferential" replaced the "Preferential A" and "Preferential B" rates, and the "Special" rate was discontinued.

² An additional rate for "Bank notes" account was certified from Mar. 22 through Nov. 10, 1949. The average for this period was 2.1407 U. S. cents.

³ Based on quotations beginning July 13.

⁴ Based on quotations through Aug. 28.

⁵ Excludes Pakistan, beginning April 1948.

⁶ Based on quotations beginning June 22.

NOTE.—For back figures, see *Banking and Monetary Statistics*, Table 173, pp. 662-682. For description of statistics, see pp. 572-573 in same publication, and for further information concerning rates and averages for previous years, see BULLETIN for January 1950, p. 123; October 1949, p. 1291; January 1949, p. 101; July 1947, p. 933; and February 1944, p. 209.

PRICE MOVEMENTS IN PRINCIPAL COUNTRIES WHOLESALE PRICES—ALL COMMODITIES

[Index numbers]

Year or month	United States (1926 = 100)	Canada (1926 = 100)	Mexico (1939 = 100)	United Kingdom (1930 = 100)	France (1938 = 100)	Italy (1938 = 100)	Japan (1934-36 average = 1)	Netherlands (July 1938-June 1939 = 100)	Sweden (1935 = 100)	Switzerland (Aug. 1939 = 100) ¹
1926.....	100	100	.....	² 124	106	.....	.....	150	² 126	¹ 135
1937.....	86	85	.....	109	89	94	1	108	114	¹ 104
1938.....	79	79	.....	101	100	100	1	102	111	¹ 100
1939.....	77	75	.....	103	105	104	2	105	115	104
1940.....	79	83	103	137	139	121	2	131	146	133
1941.....	87	90	110	153	171	136	2	150	172	171
1942.....	99	96	121	159	201	153	2	157	189	195
1943.....	103	100	146	163	234	.....	2	160	196	203
1944.....	104	103	179	166	265	.....	2	164	196	207
1945.....	106	104	199	169	375	.....	4	181	194	205
1946.....	121	109	229	175	648	.....	16	251	186	200
1947.....	152	129	242	192	989	5,159	48	271	199	208
1948.....	165	153	260	219	1,712	5,443	128	281	214	217
1949.....	155	157	285	230	1,917	5,170	204	296	216	206
1949—August.....	153	155	288	230	1,918	4,889	208	293	214	205
September.....	154	155	294	231	1,958	4,910	211	295	216	203
October.....	152	157	296	237	2,002	4,841	214	297	218	200
November.....	152	157	294	240	2,005	4,826	213	306	218	200
December.....	151	157	293	241	2,002	4,747	213	306	219	199
1950—January.....	152	157	288	245	2,063	4,732	224	310	219	197
February.....	153	158	291	245	2,057	4,759	222	313	220	195
March.....	153	159	304	245	2,102	4,732	223	315	220	195
April.....	153	160	307	250	2,098	4,693	221	313	221	194
May.....	156	162	307	255	2,082	4,695	221	315	221	197
June.....	157	165	304	² 257	2,035	4,668	221	317	223	196
July.....	163	167	307	² 260	² 2,093	.....	.....	317	.....	199
August.....	166	169	312	264	² 2,206	.....	.....	.....	.....	.....

² Preliminary.

² Revised.

¹ Base changed to August 1939 = 100. Figures for 1926, 1937, and 1938 are calculated from old index (July 1914 = 100).

² Approximate figure, derived from old index (1913 = 100).

Sources.—See BULLETIN for January 1950, p. 124; June 1949, p. 754; June 1948, p. 746; July 1947, p. 934; January 1941, p. 84; April 1937, p. 372; March 1937, p. 276; and October 1935, p. 678.

WHOLESALE PRICES—GROUPS OF COMMODITIES

[Indexes for groups included in total index above]

Year or month	United States (1926 = 100)			Canada (1926 = 100)			United Kingdom (1930 = 100)		Netherlands (July 1938-June 1939 = 100)		
	Farm products	Foods	Other commodities	Farm products	Raw and partly manufactured goods	Fully and chiefly manufactured goods	Foods	Industrial products	Foods	Industrial raw products	Industrial finished products
1926.....	100	100	100	100	100	100	.....	.....	.....	.....	.....
1937.....	86	86	85	87	84	81	102	112	.....	.....	.....
1938.....	69	74	82	74	73	78	97	104	.....	.....	.....
1939.....	65	70	81	64	67	75	97	106	103	112	104
1940.....	68	71	83	68	75	82	133	138	121	163	126
1941.....	82	83	89	73	82	89	146	156	140	177	148
1942.....	106	100	96	85	90	92	158	160	157	175	154
1943.....	123	107	97	98	99	93	160	164	157	174	159
1944.....	123	105	99	107	104	94	158	170	159	179	163
1945.....	128	106	100	115	106	94	158	175	172	193	184
1946.....	149	131	110	124	110	99	158	184	200	282	261
1947.....	181	169	135	133	131	117	165	207	214	328	276
1948.....	188	179	151	150	156	140	181	242	231	342	283
1949.....	166	161	147	147	161	142	197	249	243	370	297
1949—August.....	162	161	145	147	159	142	202	244	230	364	295
September.....	163	162	145	146	159	142	201	248	235	366	298
October.....	160	160	145	146	161	143	210	252	244	376	297
November.....	157	159	145	146	161	143	213	255	265	378	303
December.....	155	156	145	145	160	143	212	257	270	372	304
1950—January.....	155	155	146	144	160	143	214	261	275	384	305
February.....	159	157	146	145	162	143	215	262	282	383	309
March.....	159	156	146	147	164	144	215	262	279	385	310
April.....	159	155	146	148	165	144	² 220	266	272	385	311
May.....	165	160	148	150	168	144	225	271	276	386	312
June.....	166	162	149	152	172	145	² 223	² 275	285	388	312
July.....	176	171	152	154	175	146	² 222	² 281	.....	.....	.....
August.....	178	175	155	142	175	150	218	291	.....	.....	.....

² Revised.

Sources.—See BULLETIN for July 1947, p. 934; May 1942, p. 451; March 1935, p. 180; and March 1931, p. 159.

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