

to Canada, Mexico, Colombia, and other American countries, while gold exports, totaling \$8,736,000 were consigned chiefly to Mexico, Peru, and British India. Since January 1 of the present year the country's stock of gold increased through net imports by \$187,332,000, while the gain since August 1, 1914, is \$1,056,094,000, as may be seen from the following exhibit:

(ooo's omitted.)

	Imports.	Exports.	Excess of imports over exports.
Aug. 1 to Dec. 31, 1914.....	\$23, 253	\$104, 972	<sup>1</sup> 881, 719
Jan. 1 to Dec. 31, 1915.....	451, 955	31, 426	420, 529
Jan. 1 to Dec. 31, 1916.....	685, 745	155, 793	529, 952
Jan. 1 to Nov. 16, 1917.....	549, 715	362, 383	187, 332
Total.....	1, 710, 668	654, 574	1, 056, 094

<sup>1</sup> Excess of exports over imports.

#### Erratum.

On pages 844-845 of the October Bulletin two diagrams appear which show the movement of the price of silver for the period 1882 to September, 1917. The upper curve in either diagram is intended to illustrate changes in the price of an ounce of silver, and the lower curve changes in the price of 371½ grains of silver, the pure silver contents of an American dollar. In the diagram the upper curve was erroneously marked "(1)" instead of "(2)," while the lower curve was marked "(2)" instead of "(1)." Attention is called to this error, so proper corrections may be made in the reader's copy.

#### War Savings Certificates.

On page 730 of the October Bulletin reference was made to the committee on war savings certificates, of which Mr. Frank A. Vanderlip, president of the National City Bank of New York, is chairman, appointed by the Secretary of the Treasury under provisions of the act of September 24, 1917.

An enormous amount of detail work has been required and an immense amount of printing and engraving done; but the expectation as this

issue goes to press is that the campaign for the sale of the certificates will begin on December 1 or shortly thereafter.

The act of Congress of September 24, 1917, "To authorize an additional issue of bonds to meet expenditures for the national security and defense," etc., provided, among other things, for the issuance by the Secretary of the Treasury of two billions of war savings certificates. The act provided that these certificates were to be issued in small denominations and the Secretary of the Treasury was authorized to have stamps printed to evidence payments therefor. The object of Congress was twofold: First, to secure funds to meet the needs of the Government; and, second, to make it possible for every man, woman, and child in the country to lend money to the Government at rates of interest equal to those carried by Government bonds, yet in such a way as to meet public convenience.

A committee, appointed by the Secretary of the Treasury, has been working out the details and the machinery necessary to put this law into effect, and the general plan is as follows:

Provision is made for the issuance of the "war savings certificates." The certificate takes the form of an engraved sheet bearing upon its face the name and address of the investor or owner. It is given, without cost, to anyone who is ready to make the first investment for a large "war savings certificate stamp," which sells during this December and January at \$4.12, and thereafter through the months of 1918 at 1 cent more each month. Each certificate is designed to carry 20 of these large stamps, and since the value of each stamp increases with each successive month, the certificate, which represents the combined value of the certificate stamps affixed to it, increases in value each month in equal proportion. In other words, at the end of five years from the date of issue, to wit, January 1, 1923, the Government will redeem and pay for each stamp on the certificate \$5, and will redeem and pay for a filled certificate containing 20 stamps \$100. This payment by the Government rep-

resents the original cost of the stamps, together with interest at the rate of 4 per cent each year, compounded quarterly.

It is expected to make arrangements with banks to act as custodians of certificates for investors; and as a further protection any investor may, if he chooses, register his certificates with the stamps thereto affixed, at any money-order post office.

To take care of the case of the investor who, for any reason or at any time, must ask for the refund of his money from the Government, provision is made so that on suitable notice he will receive what he paid plus 1 cent per month thereafter for each stamp on the certificate. This is slightly less than the rate of increment he would receive if the stamps were held for their full term. This provision for redemption is made necessary by the fact that certificates can not be sold and are not transferable nor payable to bearer. At the same time this privilege is not given in order to encourage redemption, for the whole purpose of the Government in borrowing these funds is to make a five-year loan, which purpose is nullified if the return of the money is demanded by the investor.

As all thoughtful people must appreciate, the Government is appealing to all its people for aid of one kind or another. From those who can fight it asks for military service; from those who can spare from their cash means (i. e., earnings or savings, or both) it demands financial assistance, and this it takes partly in the form of taxes and partly in the form of borrowing. The difference between this method of Government borrowing and that provided for in the sale of Liberty Loan bonds lies in the fact that in the latter case larger units are dealt with and the interest is paid back to the lender every six months, while in the case of the war savings certificates, which bear the same rate of interest as the last Liberty Loan bonds, a much larger number of units are dealt with and the interest, because it is necessarily small, is added to the principal and the accumulated sum paid at maturity, or at the end of five

years. Thus each \$4.12 paid in grows in value from day to day until it becomes worth \$5 at the end of five years.

To facilitate the accumulation by those of small means of the price of the certificate stamp sold at \$4.12 to \$4.23, provision is made for the sale of 25-cent stamps which may be accumulated upon a card and turned in as payment for certificate stamps. This should appeal especially to school children; hence the committee has prepared an attractive card, known as a "thrift card," upon which the 25-cent thrift stamps will be affixed. Sixteen of these thrift stamps, with the necessary small change to bring the total up to the price of the certificate stamp, can be turned in to pay for such stamps.

Although the first issue of certificates and stamps are all to be printed as of the series of 1918, provision has been made for anticipating their sale so as to enable holiday makers and Christmas givers to avail themselves of the privilege of helping the Government in its need and at the same time make worthy gifts to their friends and little ones. With this object in view, it is intended to arrange for the issuance and sale of the 1918 certificates and stamps early in the month of December.

Every post office in the land will have them on sale; all banks and many stores and other reputable agencies will also be prepared to sell them. Many employers of labor will offer their employees facilities for purchasing these war-savings certificates.

Finally, the object of the loan in this form is to give every man, woman, and child in the United States the opportunity of doing his or her bit to help win the war and aid in the great task of bearing the torch of liberty to every land and every home. It is believed that the campaign of education about to be launched will serve the country in a permanent and lasting way in developing habits of thrift in all our people.

The Treasury circular relating to war-savings certificates is as follows:

[1917. Department Circular No. 94. (War-Savings Circular No. 1.) Loans and Currency.]

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
Washington, November, 15, 1917.

The Secretary of the Treasury offers for sale to the people of the United States an issue of United States war-savings certificates, series of 1918, authorized by act of Congress, approved September 24, 1917. Payments for or on account of such war-savings certificates must be evidenced by United States war-savings certificate stamps, series of 1918, which are to be affixed thereto. The sum of such war-savings certificates outstanding shall not at any one time exceed in the aggregate \$2,000,000,000 (maturity value). The amount of war-savings certificates sold to any one person at any one time shall not exceed \$100 (maturity value), and it shall not be lawful for any one person at any one time to hold war-savings certificates to an aggregate amount exceeding \$1,000 (maturity value).

War-savings certificates, war-savings certificate stamps, and United States thrift stamps (described below) may be purchased, at the prices hereinafter mentioned, at post offices, and at numerous banks and other agencies to be appointed by the Secretary of the Treasury. Advance sales will begin December 3, 1917. All sales of war-savings certificates and war-savings certificate stamps made in December, 1917, will be at the January, 1918, price, and the date of issue of all certificates so sold will be deemed January 2, 1918.

DESCRIPTION OF WAR-SAVINGS CERTIFICATES.

A United States war-savings certificate, series of 1918, will be an obligation of the United States when, and only when, one or more United States war-savings certificate stamps, series of 1918, shall be affixed thereto. Each of such war-savings certificates will have spaces for 20 war-savings certificate stamps, series of 1918, and each of such stamps thereto affixed will have a maturity value of \$5 on January 1, 1923, which will accordingly give each such certificate, when bearing its full complement of such stamps, a maturity value of \$100 on said date. No war-savings certificate will be issued unless at the same time one or more war-savings certificate stamps shall be purchased and affixed thereto, but no additional charge will be made for the war-savings certificate itself. The name of the

owner of each war-savings certificate must be written upon such certificate at the time of the issue thereof.

War-savings certificate stamps, series of 1918, will be issued in 1918 at the following prices:

January.....	\$4.12	July.....	\$4.18
February.....	4.13	August.....	4.19
March.....	4.14	September.....	4.20
April.....	4.15	October.....	4.21
May.....	4.16	November.....	4.22
June.....	4.17	December.....	4.23

The average issue price above fixed for the year 1918 with interest at 4 per cent per annum compounded quarterly for the average period to maturity will amount to \$5 on January 1, 1923.

PAYMENT AT MATURITY.

Owners of war-savings certificates will be entitled to receive, on January 1, 1923, at the Treasury Department in Washington, or at a money-order post office, upon surrender of such certificates and upon compliance with all other provisions thereof, \$5 in respect of each war-savings certificate stamp, series of 1918, then affixed thereto; but no post office shall be required to make any such payment until 10 days after receiving written demand therefor.

PAYMENT PRIOR TO MATURITY.

Any owner of a war-savings certificate, at his option, will be entitled to receive at any time after January 2, 1918, and prior to January 1, 1923, at a money-order post office, upon surrender of his certificate and upon compliance with all other provisions thereof, in respect of each war-savings certificate stamp, series of 1918, then affixed to such certificate, the amount indicated in the following table; but no post office shall make any such payment until 10 days after receiving written demand therefor:

Month.	1918	1919	1920	1921	1922
January.....	\$4.12	\$4.24	\$4.36	\$4.48	\$4.60
February.....	4.13	4.25	4.37	4.49	4.61
March.....	4.14	4.26	4.38	4.50	4.62
April.....	4.15	4.27	4.39	4.51	4.63
May.....	4.16	4.28	4.40	4.52	4.64
June.....	4.17	4.29	4.41	4.53	4.65
July.....	4.18	4.30	4.42	4.54	4.66
August.....	4.19	4.31	4.43	4.55	4.67
September.....	4.20	4.32	4.44	4.56	4.68
October.....	4.21	4.33	4.45	4.57	4.69
November.....	4.22	4.34	4.46	4.58	4.70
December.....	4.23	4.35	4.47	4.59	4.71

Jan. 1, 1923, \$5.

## REGISTRATION.

War-savings certificates may be registered without cost to the owners at any post office of the first, second, or third class, subject to such regulations as the Postmaster General may from time to time prescribe, and payment in respect of any certificate so registered will be made only at the post office where registered. Unless registered, the United States will not be liable if payment in respect of any certificate or certificates be made to a person not the rightful owner thereof.

## WAR-SAVINGS CERTIFICATES NOT TRANSFERABLE.

War-savings certificates are not transferable and will be payable only to the respective owners named thereon, except in the case of the death or disability of any such owner.

## TAX EXEMPTION.

War-savings certificates shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized by said act of September 24, 1917, the principal of which does not exceed in the aggregate \$5,000, owned by any individual, partnership, association, or corporation, shall be exempt from the taxes provided for in clause (b) above.

## THRIFT CARDS AND THRIFT STAMPS.

Payments on account of war-savings certificates may also be evidenced by United States thrift stamps, having a face value of 25 cents each but bearing no interest. United States thrift stamps, however, must not be affixed to war-savings certificates, but only to thrift cards, which may be obtained without cost. Thrift stamps as such are not directly redeemable in cash, but each thrift card will have spaces for 16 such thrift stamps, and a thrift card, when bearing its full complement of such stamps, may be exchanged at a post office or other authorized agency, on or before December 31, 1918, for a war-savings certificate stamp,

series of 1918, and upon such exchange the owner of such thrift card must pay the difference between \$4 and the current issue price of war-savings certificate stamps during the month in which such exchange is made, as shown by the following table:

January.....	\$4. 12	July.....	\$4. 18
February.....	4. 13	August.....	4. 19
March.....	4. 14	September.....	4. 20
April.....	4. 15	October.....	4. 21
May.....	4. 16	November.....	4. 22
June.....	4. 17	December.....	4. 23

## METHOD OF DISTRIBUTION AND SALE.

## POST OFFICES AND FEDERAL RESERVE BANKS.

On or about December 3, 1917, war-savings certificate stamps and United States thrift stamps (together with thrift cards and war-savings certificates, with suitable pocket envelopes for such certificates) will be furnished (1) to post offices for sale to the public and to agents of the first class and (2) to Federal Reserve Banks, as fiscal agents of the United States, for distribution to agents of the second class and also for sale to banks which are agents of the first class; the classification of such agents being hereinafter provided for. Post offices and Federal Reserve Banks will maintain available supplies of stamps, certificates, and cards in amounts sufficient to meet the requirements for such distribution and sales.

## OTHER AGENCIES.

Banks, bankers, and trust companies; railroad and express companies; department and other retail stores; the duly authorized representatives of labor, fraternal, and other associations; and other corporations, partnerships, and individuals; who patriotically offer their services without expense, either to the United States or to purchasers, will be among those whom the Secretary of the Treasury will in his discretion appoint as agents to sell war-savings certificate stamps and the United States thrift stamps and to issue war-savings certificates and thrift cards.

Blank forms of application for appointment as agent, with necessary information as to execution and filing, may be obtained from any money-order post office, from agent banks, or from State or local representatives of the National War-Savings Committee. Appointments will be made only under authorization of the Secretary of the Treasury.

No agent shall sell any United States thrift stamp at any price other than 25 cents for each stamp, nor any war-savings certificate stamp at any price other than the current issue price of such stamp during the month in which sold, as hereinabove specified.

#### CLASSIFICATION OF AGENTS.

Two classes of agents will be appointed: First, agents of the first class, who may neither obtain nor hold at any one time in excess of \$1,000 of war-savings certificate stamps (maturity value); second, agents of the second class, who may obtain at any time or times in excess of \$1,000 of such stamps (maturity value) for sale to the public.

#### AGENTS OF THE FIRST CLASS.

Agents of the first class may obtain, for sale to the public, from post offices, agent banks, or other authorized agents, war-savings certificate stamps in any amount desired, not, however, in excess of \$1,000 (maturity value), together with an adequate supply of war-savings certificates, upon payment for such stamps at the current issue price thereof during the month in which such stamps are thus obtained. Similarly, agents of the first class may obtain, for sale to the public, United States thrift stamps, together with an adequate supply of thrift cards, in any amount desired upon payment for such stamps at 25 cents each.

#### AGENTS OF THE SECOND CLASS.

Agents of the second class will be required to deposit with the Secretary of the Treasury, or with such agencies as he may designate, United States bonds of any Liberty Loan, or United States certificates of indebtedness, the aggregate par value of which shall be at least equal to the aggregate amount of war-savings certificate stamps, at the issue price thereof during December, 1918, as specified above, plus the aggregate face value of United States thrift stamps obtained by such agents, respectively. A further Treasury Department circular will shortly be issued specifying the terms and conditions for the deposit of such securities, or of such other securities, the deposit of which may be permitted by such circular under the conditions to be therein specified, and covering other matters of detail particularly concerning such agents of the second class.

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#### OTHER DETAILS.

War-savings certificates will not be receivable as security for deposits of public money and will not bear the circulation privilege.

The Secretary of the Treasury reserves the right at any time to revoke any or all appointments of agents, to withdraw war-savings certificates, war-savings certificate stamps, or United States thrift stamps from sale, to refuse to issue or to permit to be issued any war-savings certificates or thrift cards, and to refuse to sell or to permit to be sold any war-savings certificates or war-savings certificate stamps or United States thrift stamps to any person, firm, corporation, or association.

The right is also reserved to make from time to time any supplemental or amendatory regulations which shall not modify or impair the terms and conditions of war-savings certificates issued or to be issued in pursuance of said act of September 24, 1917.

Further details may be announced by the Secretary of the Treasury from time to time, information as to which will be promptly furnished to postmasters at money-order post offices and to other agents.

#### Indorsement by Directors.

In a circular letter, dated July 24, it was suggested by the Board that in compliance with section 22 a resolution of the board of directors of a member bank might be adopted, substantially as follows:

*Resolved*, That the president, cashier, or assistant cashier of this bank be, and he is hereby, authorized to discount notes, drafts, or bills of exchange for \_\_\_\_\_, a director of this bank, on the same terms and conditions as other notes, drafts, bills of exchange, or other evidences of debt are discounted for customers of the bank: *Provided*, The aggregate amount of such notes, drafts, and bills of exchange discounted for such director and remaining unpaid shall at no time exceed the sum of \$\_\_\_\_\_: *Provided further*, That in any case in which any note, draft, or bill of exchange is discounted under authority of this resolution a report shall be made thereof at the next subsequent meeting of the executive and discount committee of the board and such report shall show the aggregate amount of liabilities of such director to this bank.

In order to remove any doubt as to whether such a resolution would cover notes discounted by a third party bearing the indorsement of directors or attorneys, it is suggested that wher-