

# Calendar No. 484.

65th CONGRESS, }  
2d Session. }

SENATE.

} REPORT  
No. 534.

## FOURTH LIBERTY-BOND AUTHORIZATION.

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JUNE 27 (calendar day, JUNE 29), 1918.—Ordered to be printed.

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Mr. SIMMONS, from the Committee on Finance, submitted the following

### REPORT.

[To accompany H. R. 12580.]

The Committee on Finance, to whom was referred the bill (H. R. 12580) to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign Governments, and for other purposes, having had the same under consideration, report it back to the Senate without amendment and recommend that the bill do pass.

The Secretary of the Treasury, in a letter to the chairman of the Ways and Means Committee, dated June 5, 1918, a copy of which is hereto appended, estimates that the total expenditures of the Government for the fiscal year 1919 will be \$24,000,000,000. He suggests that of this amount one-third, or \$8,000,000,000, be raised by taxation. This leaves \$16,000,000,000 to be raised by bonds.

Of the bonds previously authorized to be issued there will be available for future issue \$4,019,912,060. This bill authorizes the further issue of \$8,000,000,000 of bonds, which will provide a total authorization for future issue of \$12,019,912,060 of liberty loan bonds. This is still some \$4,000,000,000 short of the total sum estimated to be necessary to meet expenditures. The Secretary suggests that this authorization, however, is ample until the next session of Congress, when the full amount that may then appear to be necessary to meet the needs of the constantly changing conditions can be provided.

The first liberty bond act authorized an issue of \$5,000,000,000 of bonds, but this authorization was limited to \$2,000,000,000 by the second liberty bond act, the rate being  $3\frac{1}{2}$  per cent.

There was provided in the second liberty bond act authorization for an additional issue in the sum of \$7,538,945,460. Of this amount the sum of \$3,808,766,150 was subscribed to, the rate being 4 per cent.

The third liberty bond act provided for a further additional authorization of \$4,461,054,540, of which amount \$4,170,019,650  $4\frac{1}{2}$  per cent bonds were subscribed to.

The pending bill authorizes further issues in the sum of \$8,000,000,000.

There has been authorized, therefore, up to this time liberty bond issues in the sum of \$14,000,000,000. The pending bill will increase this sum to \$22,000,000,000.

Under the first three bond acts there have been total subscriptions as follows:

First liberty bond act.....	\$2,000,000,000
Second liberty bond act.....	3,808,766,150
Third liberty bond act.....	4,170,019,650
Total subscriptions.....	<u>9,978,785,800</u>

Including the authorization in the pending bill and subtracting from total authorization of \$22,000,000,000 the total subscribed issues of \$9,978,785,800 would apparently leave available for future issue the sum of \$12,021,214,200. It is estimated, however, that this sum will be reduced by postal savings bonds, already issued and to be issued, in the sum of \$1,302,140, and that therefore the amount available for future issue following the enactment of the pending bill will be, as stated in the foregoing, \$12,019,912,060.

These additional bonds are to be in such form and denomination and subject to such terms and conditions of issue, conversion, redemption, maturity, payment, and rate or rates of interest, not exceeding  $4\frac{1}{4}$  per cent per annum, and time of payment of interest as the Secretary of the Treasury may prescribe before the issue thereof. Principal and interest are to be payable in United States gold coin of the present standard.

A full explanation of the provisions of the bill is contained in the report of the Ways and Means Committee to the House (Report No. 709), part of which is hereto attached.

**EXTRACTS FROM HOUSE REPORT NO. 709, SIXTY-FIFTH CONGRESS, SECOND SESSION.**

**THE PROPOSED BOND BILL.**

**SECTION 1.—BOND AUTHORIZATION.**

This section amends section 1 of the second liberty bond act of September 24, 1917, as amended by the third liberty bond act of April 4, 1918, by increasing the bond authorization from \$12,000,000,000 to \$20,000,000,000, or \$8,000,000,000.

**SECTION 2.—CREDITS TO FOREIGN COUNTRIES.**

This section amends section 2 of the second liberty bond act as amended by the third liberty bond act by increasing the appropriation for loans to the allies from \$5,500,000,000 to \$7,000,000,000.

The appropriations under the war bond acts for the purpose of extending credit to our allies have been as follows:

First liberty bond act.....	\$3, 000, 000, 000
Second liberty bond act.....	4, 000, 000, 000
Third liberty bond act.....	1, 500, 000, 000
Proposed bill.....	1, 500, 000, 000
<b>Total.....</b>	<b>10, 000, 000, 000</b>

The following table shows the credits and loans made to foreign Governments to and including June 26, 1918:

*Loans to foreign governments to and including June 26, 1918.*

[Acts of Apr. 24, 1917, Sept. 24, 1917, and Apr. 4, 1918.]

Country.	Credits established.	Loans made.	Balances under established credits.
Belgium.....	\$122, 800, 000	\$114, 100, 000	\$8, 700, 000
Cuba.....	15, 000, 000	5, 000, 000	10, 000, 000
France.....	1, 665, 000, 000	1, 645, 000, 000	20, 000, 000
Great Britain.....	3, 170, 000, 000	3, 065, 000, 000	115, 000, 000
Greece.....	15, 790, 000	.....	15, 790, 000
Italy.....	650, 000, 000	580, 000, 000	70, 000, 000
Russia.....	325, 000, 000	187, 729, 750	137, 270, 250
Serbia.....	9, 000, 000	7, 605, 000	1, 395, 000
<b>Total.....</b>	<b>5, 972, 590, 000</b>	<b>5, 694, 434, 750</b>	<b>378, 155, 250</b>

**SECTION 3.—CERTAIN BONDS PAYABLE IN FOREIGN MONETIES EXEMPT FROM STATE AND FEDERAL TAXATION.**

This section provides that all bonds issued under the second liberty bond act as amended by the third liberty bond act or under the War Finance Corporation act payable in foreign money or foreign moneys and held by a nonresident alien individual or by a foreign partnership corporation or association not engaged in business in the United States, shall be exempt from all taxes 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. It is believed that this section will materially assist in the sale of liberty bonds and the bonds of the War Finance Corporation in foreign countries.

**SECTION 4.—SECRETARY OF THE TREASURY MAY REQUIRE CERTAIN BANKS AND TRUST COMPANIES TO ACT AS FISCAL AGENTS IN SELLING AND DELIVERING GOVERNMENT OBLIGATIONS.**

This section provides that incorporated banks and trust companies qualifying as depositories under the second liberty bond act as amended by the third liberty bond act and under the regulations prescribed by the Secretary of the Treasury, may act as fiscal agents of the United States in connection with the selling and delivering of bonds, certificates of indebtedness, and war-savings certificates. This section is deemed advisable in the interest of the future issue and sale of Government obligations.

**SECTION 5.—SHORT TITLE OF THE ACT.**

This section provides that the short title of the act shall be "Fourth liberty bond act."

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**APPENDIX A.**

**LETTER OF THE SECRETARY OF THE TREASURY WITH REFERENCE TO NEW REVENUE LEGISLATION.**

THE SECRETARY OF THE TREASURY,  
*Washington, June 5, 1918.*

DEAR MR. KITCHIN: Replying to your letter of June 3, and referring to our recent conferences on the question of new revenue legislation, permit me to submit the following for your consideration:

If the present rate of increase in expenditures should continue for six months, the Treasury will actually have to disburse during the fiscal year ending June 30, 1919, approximately \$24,000,000,000.

This estimate is not based merely upon appropriations, nor merely upon estimates made by other departments as to their probable expenditures, although they have been obtained and considered; it is based upon the actual experience of the Treasury during the past year, which has shown that actual expenditures, exclusive of transactions in the principal of the public debt, have increased at the average rate of \$100,000,000 per month since March, 1917.

You will observe from the inclosed statement (Exhibit A) that in March, 1917, the expenditures were, in round figures, \$100,000,000. In May, 1918, they were \$1,508,195,000. If there should be no further increase during the coming fiscal year, the cash expenditures upon the May basis would be more than \$18,000,000,000. If, as seems inevitable, the increase in expenditures should continue at the rate of \$100,000,000 per month for the next six months, or until December, 1918, and if thereafter the monthly expenditures should remain stationery until the 30th of June, 1919, the Treasury would have to finance expenditures aggregating \$24,000,000,000 during

the fiscal year ending June 30, 1919; or, to put it another way, if the average monthly expenditure should exceed that for the month of May, 1918, by 33½ per cent we shall spend \$24,000,000,000 in the fiscal year 1919.

In the fiscal year ending June 30, 1918, our cash disbursements will amount to between \$12,500,000,000 and \$13,000,000,000. Of this amount about one-third will have to be raised by taxes and two-thirds by loans, all of which will be represented by long-time obligations—that is, bonds of the first, second, and third liberty loans and war-savings certificates. We shall thus have completed 15 months of the war with a financial record unequaled, I believe, by that of any other nation.

We can not wisely contemplate nearly doubling our cash disbursements in the fiscal year 1919 without providing additional revenue. We can not afford to rely upon \$4,000,000,000 only from taxation, because we shall then have to rely on raising \$20,000,000,000 by loans. This would be a surrender to the policy of high interest rates and inflation, with all the evil consequences which would flow inevitably therefrom, and which would, I firmly believe, bring ultimate disaster to the country. We can not afford to base our future financing upon the quicksands of inflation or unhealthy credit expansion. If we are to preserve the financial strength of the Nation we must do sound and safe things, no matter whether they hurt our pockets or involve sacrifices—sacrifices of a relatively insignificant sort as compared with the sacrifices our soldiers and sailors are making to save the life of the Nation. The sound thing to do is unquestionably to increase taxation, and the increases should be determined upon promptly and made effective at the earliest possible moment.

I doubt seriously if the Government can be financed with only \$4,000,000,000 derived from taxation, because with a tax bill no larger than this, sufficient economies will not be enforced upon the people of America, and without such economies I see no way in which the great financial operations of the Government can be safely conducted.

On the basis of the present revenue laws we should have to raise in the fiscal year 1919 \$20,000,000,000 by the sale of Liberty Bonds or by loans of one sort or another. I believe that if we are to preserve the soundness and stability of our financial structure we should raise by taxation not less than one-third of the estimated expenditures for the fiscal year 1919, or \$8,000,000,000.

There are also certain general considerations bearing upon the problem of taxation which I hope I may be permitted to bring to your attention.

The existing excess-profits tax does not always reach war profits. The rates of excess-profits taxation are graduated and the maximum is 60 per cent. In Great Britain there is a flat rate of 80 per cent on all war profits. The Government departments, under great pressure as they are to get necessary war materials and supplies with the utmost expedition, can not in the nature of things fix their prices nor guard their contracts in such a way as to avoid the possibility of profiteering. The one sure way is to tax away the excessive profits when they have been realized. I do not say this in a spirit of criticism of the corporations or business men of the country, who have for the most part loyally supported the Government. In entering into war contracts they take grave risks. They are called upon to make vast expenditures of capital for purposes which may prove unproductive after the war. They are not to be blamed in these circumstances for asking for prices and terms which cover these risks. On the other hand, when the risk has been liquidated by proper allowances and the contract has proved profitable, the Government should take back in taxes all profits above a reasonable reward. Under existing law that does not happen, because the tax rates are not high enough and can not safely be made high enough, since the test now is not how much of the profits are due to the war, but what relation the profits bear to the capital invested. A company with a swollen capital and huge war profits escapes.

Of course, no one objects to reasonable profits. On the contrary, everyone should want, and I am sure does want, business and enterprise to be rewarded with reasonable or even liberal, profits. Prosperity should be preserved and can be preserved, I believe, on the basis of reasonable profits. The problem of statesmanship is to establish a just relation between necessary taxation and the earning power of the Nation.

This brings me to another consideration of great moment in the Government's financial plans. I hope that it will not be necessary further to increase the interest rate on Government bonds. The number of subscribers to the three Liberty Loans aggregated 30,000,000. The people who subscribed are impatient of those who have not. Various plans have been urged upon me for forcing the people to buy Liberty Bonds. The man of small means who buys a \$100 bond wants his neighbor to do so too. There is a popular demand also for high taxes upon war profits. There is also a popular demand that all the people should contribute to financing the war. There should, therefore, be a substantial increase in the normal income-tax rate, and a

higher tax should be levied upon so-called unearned than on earned incomes. Income derived from Liberty Bonds would be exempt from this taxation, and the relation between income from Liberty Bonds and income from other securities would be readjusted without increasing the rate of interest on Liberty Bonds. It would not tax the patriotic purchasers of Liberty Bonds on their holdings, but it would weigh heavily upon the shirkers who have not bought them. It would make the return from Liberty Bonds compare favorably with the return from other securities. It would give the Government's bonds an essential and necessary advantage over those of corporate borrowers, and would very greatly decrease the relative advantage which State and municipal bonds now enjoy through the total exemption which they carry. It would produce a gradual readjustment of the situation in the investment markets instead of an abrupt one, as would be the case if the interest rate on Liberty Bonds should be increased.

A normal tax falls upon all alike; therefore, as I pointed out in my statement before the Ways and Means Committee last summer, there is not the same objection to the exemption from normal income taxes as there is to the exemption from surtaxes. A substantial increase in the normal income tax is the soundest and surest way of stabilizing the price of Government bonds. If we have to increase the interest rate on Government bonds the increased rate may continue for 10 to 30 years, and some of the bonds which we have issued will go to great premiums not long after the war is over. If we make the bonds at the present rate more attractive by increasing the normal tax, then the decrease in taxation which will follow the close of the war will automatically adjust the situation. I believe that to stabilize the price of Government bonds by first increasing and subsequently reducing the normal income taxes, from which the holders of these bonds are exempt, is sound finance and sound economics.

There is another feature deserving of consideration. We are asking the people to finance this war, and we are offering them an investment paying 4½ per cent interest. The people have responded wonderfully to this appeal. In the last Liberty Loan campaign 17,000,000, approximately subscribed. There is a widespread feeling that many people who are able to do so, especially those who are making vast profits out of the war, are not doing their part, either in the purchase of Liberty Bonds or in the payment of taxes—that they are investing in corporate stocks and bonds producing high returns instead of in the bonds of their own Government producing reasonable returns, when the first duty of patriotism and self-protection demands that they shall buy Government bonds for the protection of the Nation in its hour of peril. There is a natural feeling among the masses of the people that taxation upon incomes and upon war profits should be high enough to bring the return from corporate investments more nearly on a parity with the return from Government bonds; that the Government should not be forced to compete for credit with war industries which are profiting abnormally and which, unless restrained by the exercise of sound and just taxation, will constantly add to the difficulties of the people of the United States in their effort to supply the Government at reasonable interest rates with the credit it needs to fight successfully this war for liberty.

If I may, without impropriety, offer a suggestion as to the proposed revenue measure, I should recommend:

(1) That one-third of the cash expenditures to be made during the fiscal year ending June 30, 1919, be provided by taxation. According to my estimates, this would involve raising \$8,000,000,000 through taxation.

(2) That a real war profits tax at a high rate be levied upon all war profits. This tax should be superimposed upon the existing excess-profits tax in such a way that the taxpayer should be required to pay whichever tax is the greater. The existing excess-profits tax should be amended in certain important particulars so as to remove inequalities.

(3) That there should be a substantial increase in the amount of normal income tax upon so-called unearned incomes. Under existing law earned incomes above certain exemptions are taxed 4 per cent as an income tax and 8 per cent as an excess-profits tax, making a total of 12 per cent, while unearned incomes, derived from securities, etc., are taxed only 4 per cent. The 8 per cent tax should be recognized as an income tax and the rate of 12 per cent (4 per cent normal and 8 per cent excess profits) should be retained in respect to earned incomes, while a higher rate than 12 per cent should be imposed on unearned incomes.

(4) That heavy taxation be imposed upon all luxuries.

Sincerely, yours,

W. G. McADOO.

HON. CLAUDE KITCHIN,  
Chairman Ways and Means Committee,  
House of Representatives.

FOURTH LIBERTY-BOND AUTHORIZATION.

EXHIBIT A.—Statement showing classified disbursements by months from March, 1917, to May, 1918, as published in daily Treasury statements.

	Ordinary.	Foreign loans.	Other special.	Total.
March, 1917.....	\$72, 773, 903. 20		\$27, 176, 896. 12	\$99, 950, 799. 32
April, 1917.....	81, 599, 598. 22	\$200, 000, 000. 00	8, 294, 354. 78	289, 893, 953. 00
May, 1917.....	114, 102, 809. 68	407, 500, 000. 00	4, 962, 746. 28	526, 565, 555. 96
June, 1917.....	134, 304, 040. 35	277, 500, 000. 00	919, 445. 78	412, 723, 486. 13
	402, 780, 351. 45	885, 000, 000. 00	41, 353, 442. 96	1, 329, 133, 794. 41
July, 1917.....	208, 299, 031. 05	452, 500, 000. 00	1, 611, 814. 92	662, 310, 845. 97
August, 1917.....	277, 438, 000. 64	478, 000, 000. 00	2, 019, 363. 50	757, 457, 364. 14
September, 1917.....	349, 013, 305. 34	396, 000, 000. 00	1, 364, 980. 35	746, 378, 285. 69
October, 1917.....	462, 045, 359. 94	480, 700, 000. 00	1, 623, 392. 58	944, 368, 752. 52
November, 1917.....	512, 952, 035. 17	471, 929, 750. 00	1, 200, 022. 36	985, 081, 807. 53
December, 1917.....	611, 297, 425. 62	492, 000, 000. 00	1, 914, 433. 70	1, 105, 211, 859. 32
January, 1918.....	715, 302, 039. 83	370, 200, 000. 00	4, 854, 005. 86	1, 090, 356, 045. 69
February, 1918.....	675, 209, 068. 43	325, 000, 000. 00	12, 477, 917. 31	1, 012, 686, 985. 74
March, 1918.....	819, 955, 367. 26	317, 500, 000. 00	18, 338, 441. 98	1, 155, 793, 809. 24
April, 1918.....	910, 756, 758. 95	287, 500, 000. 00	17, 031, 020. 28	1, 215, 287, 779. 23
May, 1918.....	1, 068, 203, 026. 82	424, 000, 000. 00	16, 992, 206. 83	1, 508, 195, 233. 65
	6, 610, 471, 419. 05	4, 495, 329, 750. 00	78, 327, 599. 67	11, 184, 128, 768. 72
Total Mar. 1, 1917, to May 31, 1918.....	7, 013, 251, 770. 50	5, 380, 329, 750. 00	119, 681, 042. 63	12, 513, 262, 563. 13

APPENDIX B.

TABLE 1.

Bonds authorized by each act.

Bond act:	Amount of bonds authorized.
First Liberty Bond act of Apr. 24, 1917, as amended by the Second Liberty Bond act of Sept. 24, 1917.....	\$2, 000, 000, 000
Second Liberty Bond act of Sept. 24, 1917.....	7, 538, 945, 460
Third Liberty Bond act of Apr. 4, 1918.....	4, 461, 054, 540
Total.....	14, 000, 000, 000
Proposed bill.....	8, 000, 000, 000
Total.....	22, 000, 000, 000

TABLE 2.

Bonds now available to be issued and that will be available to be issued if the pending bill becomes a law in the present form:

Total bonds authorized by Third Liberty Loan act.....	\$12, 000, 000, 000
Bonds issued and to be issued:	
Second Liberty Loan issue.....	\$3, 808, 766, 150
Third Liberty Loan issued and to be issued during 1918.....	3, 235, 000, 000
Third Liberty Loan to be issued during 1919 . . . . .	935, 019, 650
Total.....	7, 978, 785, 800
Bonds authorized but not yet subscribed.....	4, 021, 214, 200
Less Postal Savings Bonds:	
Issued January, 1918.....	\$302, 140
Estimated to be issued July, 1918, and January, 1919 . . . . .	1, 000, 000
	1, 302, 140
Total bonds available to be issued under existing law for other than postal savings bonds.....	4, 019, 912, 060
Pending bill.....	8, 000, 000, 000
Total bonds available to be issued if proposed bill becomes a law in present form.....	12, 019, 912, 060

## FOURTH LIBERTY-BOND AUTHORIZATION.

TABLE 3.

Estimated amount of War Savings Certificates sold and to be sold:	
Fiscal year 1918.....	\$315,000,000
Fiscal year 1919.....	1,355,000,000
Total.....	1,670,000,000

TABLE 4.

Final allotments during the three Liberty loans and the amount paid into the Treasury upon each to June 25, 1918:

Loan.	Final allotment.	Amount paid into the Treasury June 25, 1918.
First Liberty Loan bonds.....	\$2,000,000,000	\$1,988,595,200
Second Liberty Loan bonds.....	3,808,766,150	3,807,952,400
Third Liberty Loan bonds.....	4,170,019,650	3,234,327,200
Total.....	9,978,785,800	9,023,874,800

TABLE 5.

Number of purchasers of each issue of Liberty Loan bonds:

Loan:	Number of purchasers.
First Liberty Loan bonds.....	4,500,000
Second Liberty Loan bonds.....	9,500,000
Third Liberty Loan bonds.....	17,000,000

## APPENDIX C.

*Public debt of the principal belligerent countries.*

[In millions of dollars.]

[Federal Reserve Bulletin, Apr. 1, 1918.]

	Before entering war.		At most recent date.		Increase.
	Date.	Amount.	Date.	Amount.	
<b>A. ALLIED POWERS.</b>					
Great Britain.....	Aug. 1, 1914	3,458	Feb. 16, 1918	27,636	24,178
Australia.....	June 30, 1914	93	Mar. —, 1918	942	849
Canada.....	Mar. 31, 1914	336	Feb. 28, 1918	1,011	675
New Zealand.....	Mar. 31, 1914	446	Mar. 31, 1917	611	165
Union of South Africa.....	Mar. 31, 1914	579	Mar. 31, 1916	734	155
France.....	July 31, 1914	6,598	Dec. 31, 1917	22,227	15,629
Italy.....	June 30, 1914	2,792	Dec. 31, 1917	6,676	3,884
Russia.....	Jan. 1, 1914	5,092	Sept. 1, 1917	25,383	20,291
United States.....	Mar. 31, 1917	1,208	Jan. 31, 1918	7,758	6,550
Total.....		20,602		92,978	72,376
<b>B. CENTRAL POWERS.</b>					
Germany.....	Oct. 1, 1913	1,165	Dec. —, 1917	125,408	24,243
Austria.....	July 1, 1914	2,640	Dec. —, 1917	113,314	10,674
Hungary.....	July 1, 1913	1,345	Dec. —, 1917	15,704	4,359
Total.....		5,150		44,426	39,276
Grand total.....		25,752		137,404	111,652

<sup>1</sup> Partial estimates. All other statistics are official.

APPENDIX D.

Comparative table showing total note circulation, deposits, and gold and silver holdings of principal banks of issue, at the outbreak of the war and at the end of 1917.

[Federal Reserve Bulletin. Apr. 1, 1918.]

[Rates of conversion: 1 lira, franc, or peseta=19.3 cents; 1 mark=23.8 cents; 1 pound=\$4.8665; 1 ruble=51.5 cents; 1 Aust. crown=20.3 cents; 1 Dutch florin=40.2 cents; 1 Scandinavian crown=26.8 cents; 1 yen=49.85 cents.]

[In thousands of dollars.]

	At outbreak of the war.				At end of 1917.			
	Total note circulation.	Total deposits.	Gold and silver holdings.	Ratio of gold and silver to total note and deposit liabilities.	Total note circulation.	Total deposits.	Gold and silver holdings.	Ratio of gold and silver to total note and deposit liabilities.
<b>A. ALLIED POWERS.</b>				<i>Per cent.</i>				<i>Per cent.</i>
France.....	1,289,855	256,716	919,968	59.5	4,311,000	610,961	687,480	13.7
Great Britain.....	144,566	326,699	185,567	39.4	1,223,586	806,671	283,899	27.5
Japan <sup>2</sup> .....	212,342	61,367	112,296	41.0	410,816	291,841	326,982	46.6
Italy.....	324,824	37,403	232,965	64.3	1,243,574	309,579	178,188	11.5
Russia.....	841,174	592,522	863,371	60.2	9,456,516	1,780,068	758,798	6.8
Total.....	2,812,761	1,274,707	2,314,167	56.6	15,645,492	3,800,640	2,235,377	11.4
United States <sup>3</sup> .....					1,246,488	1,457,994	1,668,268	61.7
<b>B. CENTRAL POWERS.</b>								
Austria-Hungary...	432,341	59,419	311,963	63.4	3,594,156	424,004	64,657	1.1
Germany.....	692,442	299,516	363,670	36.7	2,729,324	1,915,993	615,929	13.3
Total.....	1,124,783	358,934	675,633	45.6	6,323,480	2,339,997	680,586	7.8
<b>C. NEUTRAL POWERS.</b>								
Denmark.....	39,525	5,496	24,410	54.2	90,546	14,771	46,610	44.2
Netherlands.....	124,796	1,904	68,477	54.0	357,899	21,560	283,515	74.7
Norway.....	32,859	3,859	14,405	39.2	87,524	59,269	31,214	21.3
Spain.....	370,372	96,104	245,747	52.7	537,035	185,232	516,729	71.5
Sweden.....	54,367	18,440	26,154	35.9	149,722	49,600	65,943	33.1
Switzerland.....	51,703	9,777	38,409	62.5	135,825	26,555	79,029	48.7
Total.....	673,627	135,580	417,602	51.6	1,358,591	356,987	1,023,040	59.6

<sup>1</sup> In addition, there were outstanding currency notes to the extent of £212,782,295, or \$1,035,505,039, secured by £28,500,000 in gold.

<sup>2</sup> Figures for Dec. 31, 1913 and 1917.

<sup>3</sup> These figures refer to the Bank of Italy. On Nov. 10, 1917, there were also in circulation notes of the Bank of Sicily, 274,666,650 lire; notes of the Bank of Naples, 1,413,103,400 lire, and treasury bills (Nov. 30), 1,684,000,000 lire (metallic reserve, 167,000,000 lire)—a total of 3,371,770,050 lire, or \$650,751,620, as against \$197,053,400 on July 20, 1914.

<sup>4</sup> Figures for Oct. 16/29, 1917.

<sup>5</sup> Figures for the Federal Reserve Banks, as of Dec. 28, 1917, exclusive of gold with foreign agencies.

<sup>6</sup> There were also outstanding on Dec. 31, 1917, the following issues:

	Million marks,
Treasury notes.....	350.0
Loan bank certificates.....	6,266.0
Notes of Bank of Bavaria.....	68.5
Notes of Bank of Saxony.....	44.1
Notes of Bank of Württemberg.....	24.6
Notes of Bank of Baden.....	26.0
	8,779.2

or \$1,613,450,000. On July 31, 1914, the issues of the latter four banks amounted to \$40,590,900, as against \$38,844,500 on Dec. 31, 1917.

<sup>7</sup> Figures for Dec. 22, 1917.

## APPENDIX E.

## SUCCESS OF THE THIRD LIBERTY LOAN.

Federal Reserve Bulletin, June 1, 1918.

Final figures for subscriptions to the Third Liberty Loan show an aggregate of \$4,170,019,650, the total number of subscriptions, as already announced, being not far from 17,000,000. This satisfactory result was achieved notwithstanding the fact that the country will have had to meet, since the Second Liberty Loan and to and including the month of June, income and excess-profits taxes to an estimated amount of approximately \$3,000,000,000, making a total to accrue to the Treasury, from such taxes and from the Third Liberty Loan of approximately \$7,000,000,000. In the first campaign, conducted one year ago, bonds were sold to approximately 4,500,000 people; the Second Liberty Loan was taken by about 9,500,000 people, and these figures are now again increased to 17,000,000. Detailed returns showing the actual subscriptions and the percentage of the quota assigned to each district that has been taken therein are as follows:

District.	Quota in millions.	Subscriptions.	Percentage of quota.
Minneapolis.....	105	\$180,826,350	172
Kansas City.....	130	202,301,050	156
St. Louis.....	130	199,085,900	153
Atlanta.....	90	136,653,350	151
Philadelphia.....	250	361,963,500	144
Dallas.....	80	115,395,200	144
Chicago.....	425	608,878,600	143
Richmond.....	130	185,966,950	143
Boston.....	250	354,537,250	142
San Francisco.....	210	286,577,450	136
Cleveland.....	300	404,988,200	135
New York.....	900	1,114,930,700	124
United States Treasury.....		17,915,150	
Total.....	3,000	4,170,019,650	

The foregoing figures are subject to slight modifications upon receipt of final audited figures from the several districts. Any such adjustments will not materially affect the total.

The following figures also are interesting as showing the distribution of final allotments by districts during the three loans, viz:

Federal Reserve bank.	First loan.	Second loan.	Third loan.	Total.
Boston.....	\$265,478,000	\$407,714,000	\$354,537,250	\$1,027,729,250
New York.....	593,987,000	1,151,185,000	1,114,930,700	2,860,102,700
Philadelphia.....	164,760,000	295,127,000	361,963,500	821,850,500
Cleveland.....	201,977,000	409,787,000	404,988,200	1,016,752,200
Richmond.....	88,594,000	182,582,000	185,966,950	457,142,950
Atlanta.....	46,283,000	82,943,000	136,653,350	265,879,350
Chicago.....	272,702,000	525,956,000	608,878,600	1,407,536,600
St. Louis.....	65,029,000	150,122,000	199,085,900	414,236,900
Minneapolis.....	53,759,000	131,972,000	180,826,350	366,557,350
Kansas City.....	62,183,000	136,549,000	202,301,050	401,033,050
Dallas.....	36,663,000	74,587,000	115,395,200	226,645,200
San Francisco.....	149,045,000	260,262,000	286,577,450	695,884,450
Total.....	2,000,000,000	3,808,766,000	4,170,019,650	9,978,785,650