FEDERAL RESERVE BOARD SPEAKS

Issues a "Warning" as to Foreign Government Treasury Bills

In a statement issued on Tuesday, the federal reserve board of the United States warns bankers to avoid locking up their funds by purchasing treasury bills of foreign governments, involving long-term obligations. While specifically disclaiming "any intention of reflecting upon the financial stability of any nation," the board advises all investors to proceed with caution and formally announced to member banks of the federal reserve system that with the liquid funds which should be available to United States merchants, manufacturers and farmers, in danger of being absorbed for other purposes, it "does not regard it in the interest of the country at this time that they invest in foreign treasury bills of this character."

As to Private Investors.

"The board does not consider that it is called upon to advise private investors," continues the statement, "but as the United States is fast becoming the banker of foreign countries in all parts of the world, it takes occasion to suggest that the investor should receive full and authoritative data, particularly in the case of unsecured loans—in order that he may judge the future intelligently in the light of present conditions and in conjunction with the economic developments of the past.

"The United States has now attained a position of wealth and of international financial power, which, in the natural course of events it could not have reached for a generation. We must be careful not to impair this position or strength and independence. While it is true that a slowing down in the process of credit extension may mean some curtailment of our abnormally stimulated export trade to certain countries we need not fear that our business will fall off precipitately should we become more conservative in the matter of investing in loans, because there are still hundreds of millions of our own and foreign securities held abroad which our investors would be glad to take over, and, moreover, trade can be stimulated in other directions.

To Remain Liquid.

"In the opinion of the board it is the duty of our banks to remain liquid in order that they may be able to continue to respond to our home requirements, the nature and scope of which none can foresee, and in order that our present economic and financial strength may be maintained when, at the end of the war, we shall wish to do our full share in the work of international reconstruction and development which will then lie ahead of us, and when a clearer understanding of economic conditions as they will then exist, will enable this country more safely and intelligently to do its proper part in the financial rehabilitation of the world."

United States government officials informally interpreted the warning as the reserve board's answer to the recent proposal of J. P. Morgan and Company, British fiscal agents in the United States, to have United States bankers accept British treasury bills of an indefinite total issue, secured by gold reserves held in Ottawa. Such loans would be for 90 days, with the period of renewal for five other 90-day periods.

Importations of Gold.

Mr. H. P. Davison, of the Morgan firm, was in Washington recently, and conferred with President Wilson and some members of the reserve board. It was said later that he sought to have bank of the reserve system authorized to buy British treasury bills as if they were bills of exchange to cover commercial transactions.

Danger from further importation of large amounts of gold, the board says in its statement, will arise only in case the gold is permitted to become the basis of undesirable loan expansions and of inflation. Emphasis is laid upon the necessity for caution in putting money into investments which are short term in name but which, "either by contract or through force of circumstances, may in the aggregate have to be renewed until normal conditions return."

Too Proud to Lend.

The board's warning, which will go down in financial history as a "too proud to lend" document, does not seem to have been taken very seriously in the United States.

BANK OF COMMERCE TAKES 500 SHARES

Much attention continues to be paid to the British Italian Corporation, in which, as exclusively announced in *The Monetary Times* three weeks ago, the Canadian Bank of Commerce has acquired an interest.

The Corporation was registered on July 20th, and has an authorized capital of £1,000,000, in 50,000 shares of £20 each. The Credito Italiano was one of the principal sponsors for the concern in Italy, the London County and Westminster Bank and Lloyds Bank acting in a somewhat similar capacity in Great Britain. The main object of the Corporation is to promote the joint economic interests of Great Britain and Italy and to oust German influences from the Peninsula, and the British government has recognized the great utility of the scheme by granting a subsidy of £50,000 a year.

The list of shareholders appended, and gathered by the London Financial Times, comprises allotments from July 28th to September 23rd, and is the latest obtainable. It shows that 41,509 shares, representing £830,180, were allotted between those dates for cash. The allottees of 250 shares and upwards, the Canadian Bank of Commerce taking 500 shares with a par value of $50,000, from July 28th to August 27th, were as under:—

Brown, Shipley and Company, Founders' Court, E.C.	1,000
Bank of Liverpool, Limited, 7 Water Street, Liverpool	1,250
Right Hon. Sir Ernest Cassel, Kt., 51 Green Street, Grosvenor Square, W.	2,500
Commercial Bank of Scotland, Limited, 14 George Street, Edinburgh	1,000
Clydesdale Bank, Limited, Glasgow	500
Credito Italiano, 22 Abchurch Lane, E.C.	2,500
Ellerman Lines, Limited, 12 Moorgate Street, E.C.	1,000
Glyn Mills Currie and Company, 67 Lombard Street, E.C.	1,250
Sir George L. Holford, G. H. Benson and N. H. Smith, 26 Old Broad Street, E.C.	500
Lloyds Bank, Limited, 72 Lombard Street, E.C.	5,000
London County and Westminster Bank, Limited, 41 Lothbury, E.C.	5,000
Metropolitan Carriage Wagon and Finance Company, Limited, 2 Central Buildings, S.W.	1,250
Merchants' Trust, Limited, 4 Crosby Square, E.C.	1,000
National Bank of Scotland, Limited, Edinburgh	500
Prudential Assurance Company, Limited, 142 Holborn Bars, E.C.	4,950
Union Bank of Manchester, Limited, 17 York Street, Manchester	250
A. Weir, 57 Holland Park, W.	1,000
Witan Investment Company, Limited, 28 Austin Friars, E.C.	1,250
Right Hon. Sir E. Cassel, Kt., 51 Green Street, W.	1,250
British Maritime Trust, Limited, 21 Billiter Street, E.C.	500
Canadian Bank of Commerce, 2 Lombard Street, E.C.	500
F. H. D. Man, 7 Mincing Lane, E.C.	250
J. Paull and W. S. Smee, 62½ Old Broad Street, E.C.	250
Martin's Bank, Limited, 68 Lombard Street, E.C.	500
R. T. Smith, 4 and 6 Copthall Avenue, E.C.	250
Excess Insurance Company, Limited, Birchin Lane, E.C.	1,250
Viscount Allendale, 144 Piccadilly, W.	500
Viscount Hythe, 28 Victoria Street, Westminster	500
Thos. Wilson Sons and Company, Limited, Hull	250
C. Hanbury, Kingstown House, Dorchester	1,000
C. E. Heath and M. Evans, 3 and 4 Royal Exchange Buildings, E.C.	350
C. E. Heath and H. E. Crawley, 3 and 4 Royal Exchange Buildings, E.C.	500

The office of the corporation is at 3 Lombard Street, E.C., and the secretary is Mr. C. A. Radice. The first directors are Mr. Arthur Hill, Mr. Robert H. Benson, Mr. J. W. Beaumont Pease, Sir Henry Babington Smith, Mr. Joseph Burn, Mr. Alberto Pirelli, Mr. Riccardo Bianchi and Mr. Ignatius G. Marizi-Fe. The last named is connected with the Credito Italiano, which, so long as it owns at least 2,500 shares—its present holding—is entitled to nominate one-third of the board.

The Glens Falls Insurance Company has been authorized to transact automobile insurance in addition to its present business of fire, hail and tornado insurance.