

and local financial men, in many localities the banks have taken the initiative in their organization, the reason for this probably being that while the banks themselves are only permitted to rediscount with the Federal Intermediate Credit Banks up to twice their paid up capital and surplus, these institutions are permitted to re-discount up to ten times their paid up capital and surplus. The debentures issued by these corporations are not free from taxation, but are subject to the laws of the state in which they operate.

There has not yet been time to determine to what extent these institutions will function as practical institutions. So far as I know the only ones operating were organized through the agency of the banks for the purpose above mentioned.

The twelve Federal Intermediate Credit Banks were promptly organized after the passage of the Act, March, 1923. The following figures will show how far they have functioned as business organizations. The statements are as at February 29, 1924.

Direct loans and discounts have been made to the amount of.	\$41,409,368.00
This amount was loaned out at the banking centres as follows:—	
Springfield . . . . .	\$ 627,950.00
Baltimore . . . . .	6,511,150.00
Columbia . . . . .	4,683,355.00
Louisville . . . . .	2,210,406.00
New Orleans . . . . .	6,164,816.00
St. Louis . . . . .	1,176,607.00
St. Paul . . . . .	2,659,620.00
Omaha . . . . .	3,262,258.00
Wichita . . . . .	4,465,676.00
Houston . . . . .	3,433,177.00
Berkeley . . . . .	5,061,240.00
Spokane . . . . .	1,163,107.00
These banks had outstanding on the same date debentures amounting to . . . . .	31,750,000.00

These debentures are short term debentures and are sold generally to banks for short time investments. The price so far has been good, as the Government capitalization of \$60,000,000 gives them special security. No one can foretell what would happen should their sale greatly exceed that amount. It is difficult to say what the future has in store for them, as the lengthening of the Federal Reserve discount time to nine months may greatly interfere with their development.

#### War Finance Corporation

In the foregoing I have not discussed the operation of the War Finance Corporation, which, by assisting the small banks, and co-operative organizations and Live Stock Loan Companies, has co-operated in carrying agriculture for the past few years. It is not part of the permanent financial system of the country. It was intended to close its operations on the 1st of February, 1924, but because of agricultural conditions in the Northwestern States, Congress recently extended its life until 31st December, 1924. The figures in connection with its work will, however, be of significance as during its existence it has been a very great assistance in financing agriculture.

From the time authority to make loans to agriculture was granted in August, 1921 to November 20, 1923, advances in the interest of agriculture were made as follows:

To banking and financial liabilities . . . . .	\$169,708,000
To Live Stock Loan Companies . . . . .	80,096,000
To Co-operative Marketing Associations . . . . .	37,936,000
Making a total of . . . . .	287,740,000
Of this there has been repaid . . . . .	211,345,000
Outstanding . . . . .	76,395,000