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How much currency is held by the public is a question often asked in recent years, but not easily answered, for no monthly estimates have been available for 1935-42.¹ Currency in public circulation has a continuing interest as a component, albeit the lesser one, of the means of payment, which, of course, consist chiefly of deposits subject to check. Monthly statistics are desirable not only to lend precision to any discussion of the public's currency holdings but also as a step toward the monthly measurement of the means of payment.²

The main purpose of this Paper is to present new monthly estimates of the public's holdings of currency from December 1917 to December 1944. Before currency in public circulation could be estimated, however, a series of vault cash held by all banks had to be derived. To give a complete view of the amounts of United States currency in the possession of different classes of holders, it seemed worth while to assemble also series on the currency holdings of the Federal Reserve Banks and of the Treasury. While the latter were compiled directly from official sources, currency holdings of the public and of all banks are entirely new estimates, as it was not considered desirable to continue computing either of the two earlier monthly estimates of vault cash by methods hitherto used (see Note 1 and App. C). The earlier series are unsatisfactory in our view for various reasons. Most serious is that the intra-weekly movement of vault cash is disregarded. We not only take this movement into account and try to correct other defects in these series but also fill the gap between December 1934 and December 1942, which no series covers.

Section 1 defines the chief terms used; Section 2 describes the derivation of the estimates and the series of Federal Reserve Bank and Treasury currency holdings; Section 3, the character of these four series and their fluctuations during the 27 years covered.

1 DEFINITIONS

Currency in the United States comprises all kinds of bank or Treasury issues of coin or paper money, including gold coin, gold certificates, standard silver dollars, silver certificates, Treasury notes of 1890, subsidiary silver, minor coin, United States notes, Federal

¹In February 1944 the *Federal Reserve Bulletin* began to publish a monthly series of the public's currency holdings back to December 1942. For the period before 1935 two monthly series have been compiled, one by Y. S. Leong, for January 1914-January 1927 (first of month): *Money in Circulation in the United States, Journal of Political Economy* (XXXVIII), April 1930, pp. 184-7; the other by J. W. Angell, for January 1919-December 1934 (end of month): *Behavior of Money*, pp. 180-1 (see App. C for comment on these series).

²To supplement the estimates of the public's currency holdings, we hope in the future to present monthly estimates of deposits subject to check (minus duplications and interbank deposits).

Reserve notes, Federal Reserve bank notes, and national bank notes. *All* banks, unless otherwise qualified, are all member and non-member banks combined.

Non-national banks are member and non-member banks without national charters, including commercial banks, loan and trust companies, savings banks, and private banks.

Vault cash includes all kinds of United States currency, metallic and paper, issued by all banks, Federal Reserve Banks, and by the Treasury, whether or not considered part of legal reserves, either held on the premises of member and non-member banks or in transit to or from a Federal Reserve Bank.

Currency in public circulation, i.e., outside all banks, Federal Reserve Banks, and both the Treasury Department in Washington, D. C. and the mints and assay offices in the country, includes currency in active use or in hoards held by individuals, business firms, municipalities, states, and non-excluded federal government agencies; also such United States currency as may have been carried abroad, lost, or destroyed.

2 DERIVATION OF THE SERIES

CURRENCY HOLDINGS OF ALL BANKS

Monthly estimates of currency in the hands of the public are the difference between a published monthly series of 'Currency outside the Treasury and the Federal Reserve Banks' (i.e., currency held by the public and by all banks) and estimates of all bank vault cash.³ The monthly series on vault cash in all banks was constructed from data on vault cash holdings reported by the first five groups of banks listed in Table 1.

The weekly reporting member bank series, for Wednesdays (Fridays before May 1921) closest to the end of each month and to call dates (Chart 1), and the member bank call date series (Chart 2) are familiar data. Call date figures on vault cash in non-member banks, however, have not previously been published. Many state banking departments report on the condition of non-national commercial banks and trust companies, savings banks, loan companies, and private banks—member and non-member. Each state banking department regulates the frequency with which each class of bank within its jurisdiction must report, as well as the form of the condition statement. Many, however, require condition statements as

³End-of-month data, published in the Treasury Circulation Statement, are reprinted in the *Federal Reserve Bulletin* under the heading Money (or Currency) in Circulation (App. A). 'Currency in public circulation' is used here to describe currency in the hands only of the public, and should not be confused with the Treasury term, which includes currency in the vaults of all banks.