

# UNION TRUST COMPANY OF MARYLAND

MEMBER FEDERAL RESERVE SYSTEM

BALTIMORE

THOMAS B. McADAMS  
PRESIDENT

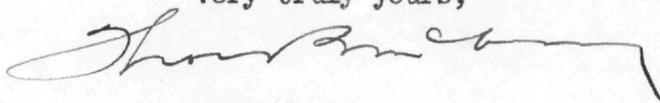
December 3rd, 1935.

Governor Marriner S. Eccles,  
Federal Reserve Board,  
Washington, D.C.

My dear Governor Eccles:

Referring to the current newspaper references to the possibility of increasing bank reserves, will you be good enough to advise me if, in estimating the \$3,000,000,000.00 excess reserves, the large portion of excess reserves which are kept by one bank with another and thereby may be counted twice or more, are deducted ?

Very truly yours,



President.

TBMcA.C.

December 9, 1935

Mr. Thomas B. McAdams  
President  
Union Trust Company of Maryland  
Baltimore, Maryland

Dear Mr. McAdams:

Your inquiry of December 3 about excess reserves has been received.

Excess reserves of member banks include only balances maintained by member banks with Federal Reserve banks and not those maintained with other banks. The figure for excess reserves is the difference between reserve balances actually carried by member banks with Federal Reserve banks and the reserves which member banks are required to maintain. Consequently it includes no duplication.

Changes in the amount of interbank deposits or shifts from one member bank to another result in changes in the reserves of individual member banks but not in the total held by all member banks. At present city banks hold a large volume of excess reserves and a large volume of balances for country banks which can be withdrawn on demand. In effect, therefore, these excess reserves, though held for account of city banks, belong largely to the country banks. Withdrawal of these balances by country banks, however, would not change the total amount of reserves of member banks.

Very truly yours,

M. S. Eccles  
Chairman

WT HAG DD

W.S. Eccles