

**THIRD ANNUAL REPORT**  
**OF THE**  
**FEDERAL RESERVE BANK**  
**OF SAN FRANCISCO**

**FOR THE YEAR ENDED DECEMBER 31, 1917**



**WASHINGTON**  
**GOVERNMENT PRINTING OFFICE**  
**1918**

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LETTER OF TRANSMITTAL.

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FEDERAL RESERVE BANK,  
*San Francisco, Cal., January 15, 1918.*

SIR: I have the honor to submit the following report concerning the operations of the Federal Reserve Bank of San Francisco and the Twelfth Federal Reserve District for the year ended December 31, 1917.

Yours, very truly,

JOHN PERRIN,  
*Chairman and Federal Reserve Agent.*

Hon. W. P. G. HARDING,  
*Governor, Federal Reserve Board,  
Washington, D. C.*



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# THIRD ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO.

## FINANCIAL RESULTS OF OPERATIONS.

### COMPARATIVE STATEMENT.

The large growth of the Federal Reserve Bank of San Francisco during the past two years is shown in the following comparative statement:

	Dec. 31, 1917.	Dec. 31, 1916.	Dec. 31, 1915.
<b>RESOURCES.</b>			
Total gold reserve.....	\$94,018,470	\$35,815,250	\$20,380,960
Legal tender notes.....	408,823	78,678	4,778
<b>Total reserves.....</b>	<b>94,427,293</b>	<b>35,893,928</b>	<b>20,385,738</b>
Bills discounted, members.....	25,780,201	250,968	467,162
Bills bought in open market.....	17,082,456	12,462,266	683,840
<b>Total bills on hand.....</b>	<b>42,862,657</b>	<b>12,713,234</b>	<b>1,151,002</b>
United States Government long-term securities.....	2,455,000	2,633,750	1,000,475
United States Government short-term securities.....	1,509,000	500,000	.....
Municipal warrants.....	.....	737,376	344,978
<b>Total earning assets.....</b>	<b>46,817,657</b>	<b>16,584,360</b>	<b>2,496,455</b>
Due from other Federal reserve banks, net.....	5,908,934	4,294,110	3,924,326
Uncollected items.....	12,809,375	3,846,266	213,708
<b>Total deductions from gross deposits.....</b>	<b>18,718,309</b>	<b>8,140,376</b>	<b>4,138,034</b>
Real estate.....	120,000	.....	.....
All other resources.....	463,837	.....	92,471
<b>Total resources.....</b>	<b>160,547,066</b>	<b>60,618,664</b>	<b>27,112,098</b>
<b>LIABILITIES.</b>			
Capital paid in.....	4,162,450	\$3,929,300	\$3,941,800
Government deposits.....	12,353,939	3,643,138	427,321
Due members' reserve account.....	63,779,910	37,852,376	17,509,725
Due nonmember banks, clearing account.....	2,620,985	.....	.....
Collection items.....	9,885,477	2,030,467	21,832
<b>Total gross deposits.....</b>	<b>88,640,311</b>	<b>43,525,981</b>	<b>17,958,878</b>
Federal reserve notes in actual circulation.....	67,744,305	13,098,115	5,212,020
All other liabilities.....	.....	65,268	.....
<b>Total liabilities.....</b>	<b>160,547,066</b>	<b>60,618,664</b>	<b>27,112,698</b>

It will be observed that the amounts due to member banks have approximately doubled in each of the past two years, while the gold reserve has increased in still greater proportion. The development

of rediscounting for member banks is shown in the growth from an insignificant total at the beginning of the year to \$25,780,201 at the close. The total discounted during the year 1916 was \$1,973,355, which compares with \$102,981,205 during the year 1917. During the first five months of 1917 the discounts aggregated approximately \$1,500,000, while in the month of June alone they exceeded \$9,000,000. This large increase was, of course, occasioned by the requirements growing out of payments in connection with the first Liberty loan. The discounts during the month of November aggregated \$26,964,721, the first important payment on the second Liberty loan falling due in that month.

## EARNINGS, EXPENSES, AND DIVIDENDS.

The important increase in earnings is shown in the following comparative statement:

	1917	1916
<b>EARNINGS.</b>		
Bills discounted for members .....	\$292,981.91	\$20,682.97
Acceptances bought .....	308,595.60	133,331.07
United States securities .....	147,355.24	67,529.54
Municipal warrants .....	11,934.70	49,772.61
Profits realized on United States securities .....	11,250.00	14,487.50
Penalties for deficient reserve .....	18,221.97	.....
Transfers bought and sold, net .....	64,363.55	18,200.00
Service charges .....	31,047.40	7,660.26
Sundry profits .....	52.08	4,786.15
<b>Total .....</b>	<b>835,802.45</b>	<b>316,450.10</b>
<b>EXPENSE.</b>		
Current expense .....	267,541.28	187,902.73
Cost of Federal reserve notes .....	43,074.97	56,804.69
Total cost furniture and fixtures .....	28,142.34	12,589.59
<b>Total .....</b>	<b>338,758.59</b>	<b>257,297.01</b>
<b>Net earnings .....</b>	<b>547,043.86</b>	<b>59,153.09</b>

Balance profit and loss, Dec. 31, 1916 .....		\$15,416.87
Net earnings .....		547,043.86
<b>Total .....</b>		<b>562,460.73</b>
June 30, 1917, dividend No. 3 .....	\$108,356.51	
Dec. 31, 1917, dividend No. 4 .....	286,418.85	
Contingent reserve .....	85,000.00	
Depreciation .....	6,000.00	
		<b>485,775.37</b>
<b>Undivided profits .....</b>		<b>76,685.37</b>

The two dividends paid during the year cover the cumulative 6 per cent dividend accrued from March 31, 1915, to December 31, 1916. Dividends remaining unpaid are for the year January 1 to December 31, 1917, amounting to approximately \$240,000.

Net earnings, by months, have been as follows:

January-----	\$36,275.44	August-----	\$50,933.47
February-----	17,394.27	September-----	49,691.34
March-----	5,321.44	October-----	61,671.62
April-----	26,199.79	November-----	83,274.72
May-----	40,728.95	December-----	106,313.76
June-----	31,495.66		
July-----	37,743.40	Total-----	547,043.86

ACTIVITIES DURING THE YEAR.

DISCOUNT OPERATIONS.

Discounts, which during the year 1916 aggregated \$1,973,355, expanded to a total of \$102,981,205 during the year 1917 for 156 member banks out of a total of 553.

DISCOUNT RATES.

The discount rates in force January 1, 1917, were slightly modified on March 1, those for maturities of 60 days or less being advanced one-half per cent and the rate for agricultural and live stock paper having maturities beyond 90 days decreased one-half per cent. On April 2 the rate for maturities of 31 to 60 days was decreased one-half per cent. On December 10 the rates for maturities of 60 days and less were again advanced one-half per cent. As the year closes rates range from 4 to 5½ per cent for various maturities, except 3½ per cent for member-banks' promissory notes maturing in 15 days or less, secured by Government bonds, and 2½ to 4½ for bankers' acceptances.

As member banks have become familiar with rediscounting they have manifested a steadily growing tendency to offer shorter maturities, and have applied for considerable advances upon their own notes maturing within 15 days or less, collateraled by eligible paper, Liberty bonds, or Treasury certificates of indebtedness.

TRADE ACCEPTANCES.

There has been increasing interest in trade acceptances, and their use has gained considerable headway in the Pacific Northwest, having been adopted by the grain dealers and millers of the Northwest and by the West Coast Lumbermen's Association. It appears that chambers of commerce and associations of merchants and manufacturers and credit men are more concerned than bankers to secure their adoption. They have every good argument in their favor as against the unavailable open-ledger account, being far surer of prompt payment and providing admirable paper for discount.

## ACCEPTANCE BUSINESS.

During the year \$58,646,605 acceptances covering foreign shipments have been purchased, comparing with \$32,775,678 during the previous year. These have been chiefly those of bankers and acceptance houses, a smaller amount being those bearing bank indorsement but drawn on strong mercantile or manufacturing concerns to cover goods imported. A considerable part has been those of Pacific-coast banks for imports from the Orient. However, the embargo against the export of gold, effective September 7, 1917, has served to reduce greatly the volume of bills coming from the Orient. This country's exports of commodities to the Orient being less than its imports, there was no method of settling balances except by exports of gold. When the embargo stopped these, imports of commodities were curtailed, because payments to a certain extent could only take the form of credits which could not be withdrawn or used.

In San Francisco the same actual rates as in New York have been maintained for acceptances.

An amendment to the Federal Reserve Act approved September 7, 1916, provided for domestic acceptances. It was thought that a large volume of such bills would develop. Thus far, however, this has not proved true. The total volume of domestic acceptances bought by this bank during the period from September 7, 1916, to December 31, 1917, has been \$6,809,694.

Member bank acceptances have been purchased at rates slightly lower than those of nonmember banks.

## UNITED STATES BOND OPERATIONS.

In January \$1,000,000 United States 3 per cent conversion bonds were sold at a premium of \$11,250. This was the only transaction in obligations of the United States aside from Liberty loan bonds and Treasury certificates of indebtedness.

## MUNICIPAL WARRANTS.

The total purchases of municipal warrants during the year, almost wholly in January, aggregated \$785,394.21, comparing with \$5,962,621.14 purchased during the year 1916. The discontinuance of such purchases was with a view to conserving the banks' resources for accommodation of member banks.

## RESERVE POSITION.

Table 2 shows the reserve position of the bank at the end of each month during the year.

## THE FEDERAL RESERVE BANK AND MEMBER BANKS.

## MOVEMENT OF MEMBERSHIP WITHIN THE DISTRICT.

The number of national banks in this district increased during the year from 522 to 536. This increase consisted of 12 newly organized and 11 conversions from State banks, partially offset by the voluntary liquidation of 9. Of those liquidating, all but 4 were absorbed by other national banks.

## STATE BANKS AND TRUST COMPANIES.

The deposits of national banks in this district are approximately \$1,000,000,000 and those of State banks \$1,200,000,000. National banks presumably have a larger proportion of demand deposits, so that as members of the Federal Reserve system their required reserve with Federal Reserve Bank would be a larger percentage of their deposits. Therefore if all State banks were members it is probable that the deposits of Federal Reserve Bank would be approximately doubled and its strength likewise doubled. The stability of the financial structure, of which the State banks constitute more than half, unavoidably depends upon the sustaining power of the Federal Reserve system. In the present situation, with State banks outside of Federal Reserve system, the base beneath this huge fabric is one-half of what it might be and should be, especially in view of possible financial strains ahead.

In this district there are 1,321 State banks and trust companies, including 152 branches, of which 685 have capital and surplus such as to render them eligible for membership. In addition there are 223 which are desirable as members but have insufficient capital and surplus to meet requirements of membership. Thus far the following have become members:

Name.	Capital and surplus.	Resources.
Coffman Dobson Bank & Trust Co., Chehalis, Wash.....	\$250,000	\$1,800,000
Spokane & Eastern Trust Co., Spokane, Wash.....	1,200,000	11,250,000
Live Stock State Bank, North Portland, Oreg.....	110,000	688,000
Bank of Rosalia, Rosalia, Wash.....	30,000	334,000
First Savings & Trust Bank of Whitman County, Colfax, Wash.....	65,000	786,000
Genesee Exchange Bank, Genesee, Idaho.....	37,500	531,000
Dexter Horton Trust & Savings Bank, Seattle, Wash.....	500,000	7,907,000
Metropolitan Bank, Seattle, Wash.....	300,000	3,081,000
Ladd & Tilton Bank, Portland, Oreg.....	2,000,000	21,669,000
First State Bank, La Crosse, Wash.....	68,000	570,000
Bank of Kimberly, Kimberly, Idaho.....	48,250	292,000
State Bank of Wilbur, Wilbur, Wash.....	55,000	815,000
Northwestern State Bank, South Bellingham, Wash.....	145,000	1,474,000
Butler Banking Co., Hood River, Oreg.....	125,000	915,000
Farmers State Bank, Reardon, Wash.....	32,500	592,000
Lumberman's Bank, Hoquiam, Wash.....	112,500	610,000
Fidelity Trust Co., Tacoma, Wash.....	800,000	6,634,000
<b>Total.....</b>	<b>5,876,750</b>	<b>60,952,000</b>

In addition to these there have been filed applications of eight banks having \$2,626,500 capital and surplus and \$18,641,000 resources.

In the States of Washington, Oregon, and Idaho quite active and definite inclination for membership has been manifested. The State bank superintendents of Oregon and Idaho, by circular letters to banks under their jurisdiction, have urged all eligible banks to join the Federal Reserve system. It is probable that a good many banks in these three States would quickly make application for membership if it were possible for the officers of Federal Reserve Bank to personally point the way and explain the vital need of the country that each eligible bank add its quota of strength. The advantages of membership to the banks themselves are so great and so obvious to those understanding the workings of the system that it seems no persuasion should be required.

The provisions of the California bank act present some obstacles to membership. A State bank or trust company in becoming a member bank would not only be required to carry with the Federal Reserve Bank the reserve deposit such as required of national banks, but would also be required to carry reserve in vault not required of national banks, amounting in the case of city banks to 9 per cent of demand deposits. In addition to this, savings departments are permitted to invest in commercial, rediscountable paper to an amount equal to only 5 per cent of savings deposits.

There is earnest desire on the part of the State banks, especially of Los Angeles and San Francisco, to secure a modification of the State bank act so as to permit membership without disadvantage, a modification such as has been made in the Pennsylvania law, which in the matter of reserves provides only that State banks becoming members of the Federal Reserve system shall carry reserves as required by the Federal Reserve Act. The banks of Los Angeles, during the fall, took the initiative in having a conference with San Francisco and Oakland banks, seeking concurrent action of all in applying for membership. Banks having deposits approximating a total of \$500,000,000 were represented. A committee was appointed which visited Washington and conferred with the Federal Reserve Board with regard to possible amendments to the Federal Reserve Act. While these banks have taken no definite steps as yet toward membership, their interest presumably has not diminished.

From a patriotic viewpoint the obligation resting upon this great group of banks is so important that there seems reason to hope for favorable action.

## ACCOMMODATION OF MEMBER BANKS THROUGH DISCOUNTS.

Rediscounts, exclusive of member banks' collateral notes, by months for the year 1917 have been as follows:

January -----	\$123, 358	August -----	\$3, 393, 523
February -----	106, 785	September -----	7, 668, 213
March -----	151, 522	October -----	7, 976, 461
April -----	698, 888	November -----	10, 900, 421
May -----	450, 590	December -----	23, 582, 580
June -----	9, 058, 095		
July -----	4, 804, 568	Total -----	68, 915, 013

Classification by maturities of paper rediscounted is shown in Table 1.

## DEPOSITS FROM MEMBER BANKS.

On January 1, 1917, deposits from member banks aggregated \$35,656,826, and on December 31 had grown to \$63,779,910, while deposits from nonmember banks for clearing purposes, which were nonexistent at the beginning of the year, amounted to \$2,620,985 on December 31.

Deficiencies in required reserve deposits during 11 months averaged \$215,000, which were taxed at 6½ per cent per annum, viz, a rate 2 per cent above the 90 days' discount rate. The payments on this account during this period have aggregated \$13,966.38. It is obviously more advantageous for member banks to obtain funds by rediscounting, which is possible at a rate as low as 3½ per cent. To advance funds to member banks by rediscounting likewise impairs the resources of a Federal Reserve Bank less than withdrawal of an equal amount from its reserves.

## PERIODIC REPORTS REGARDING CONDITION OF MEMBER BANKS—EXAMINATIONS OF MEMBER BANKS.

Weekly reports are furnished by member banks showing their daily totals of demand and time deposits and required reserve deposits with Federal Reserve Bank. Those having net deposits less than \$1,000,000 give only the figures of each Friday. No occasion has arisen for any special examination of member banks during the year.

## BANK FAILURES WITHIN THE DISTRICT.

In this district no national bank has failed since the establishment of the Federal Reserve system. Failures of State banks during the year have been as follows: In Arizona, Commercial Bank of Parker; in Washington, Broadway State Bank, Northern Bank & Trust Co., German-American Mercantile Bank, and Fremont State Bank, all of Seattle.

## OVERDUE PAPER.

Some days before maturity this bank forwards rediscounted paper for collection, usually to the bank from which received, charging to that bank's account on the day of maturity. There has been no instance of overdue paper and no loss through these transactions.

## BRANCHES.

From the time of the establishment of the Federal Reserve Bank of San Francisco, bankers and business men of the Pacific Northwest urged the location of a branch in that region, the principal cities of which are two or more days by mail from San Francisco. It was deemed wise, however, to give first attention to the development and organization of the head office and to defer establishing branches until after the several successive payments on account of capital and reserve deposits had been made.

On April 3, 1917, a conference was called in San Francisco to take the matter under definite consideration, those present being the Hon. A. C. Miller, of the Federal Reserve Board, representatives of the clearing-house banks of Portland, Seattle, and Spokane. The determination reached was that, instead of a single branch serving the Pacific Northwest, it was desirable to establish, at least tentatively, three branches, one at each of the points named. It was recognized that whenever experience proved that the service required at any point was of too little importance to justify the expense of operation, a branch could readily be discontinued or modified in character.

Spokane bankers urged that the first branch be established there, in view of the impending need for rediscounting in connection with handling the maturing wheat crop, and, as evidence of cooperation of the clearing-house banks, proposed that, if the branch were established, (a) the clearing-house banks would employ the branch to conduct the clearing-house examinations, paying as compensation an amount equal to the previous cost of conducting such examinations, and (b) all clearing-house State banks and trust companies would maintain reserve deposits with the branch in the same percentages as if they were member banks, and subject to the same penalties for deficiencies. The Spokane branch was accordingly established, opening for business on July 26, 1917, its territory being eastern Washington and northern Idaho.

Upon the same basis of cooperation of clearing-house banks, the Seattle branch was established and opened for business on September 19, 1917, with western Washington as its territory, and the Portland branch on October 1, 1917, with the State of Oregon as its territory.

In importance of operations Seattle leads, with Portland and Spokane following in the order named. The great shipbuilding, lumbering, and import and export operations now centering at Seattle, largely expanded by war activities, have occasioned an exceptional volume of transactions there. Camp Lewis, near Tacoma, with 40,000 or more soldiers, adds to Seattle's pay-roll requirements. Up to December 13, 1917, the total amount of Federal reserve notes shipped to the respective branches has been as follows: Seattle, \$8,175,000; Portland, \$5,425,000; Spokane, \$2,690,000.

While it is anticipated that these branches will show reasonable earnings, it is recognized that their value can not be measured by earnings but by the service they render. It is beyond question that the important territory situated in the Pacific Northwest, more remote from a Federal reserve bank than is any other section of the country, is tremendously benefited by these branches. The financial status of the respective branches on November 30 was as follows:

Branch.	Members.	Capital paid in.	Deposits, excluding United States deposits.
Portland.....	80 national banks, 3 State banks.....	\$448,000.00	\$8,292,272.46
Seattle.....	31 national banks, 2 State banks.....	291,000.00	8,197,289.32
Spokane.....	59 national banks, 3 State banks.....	269,000.00	5,549,611.96

While capital paid in by the member banks attached to each branch is shown as a separate amount, this is only as a matter of bookkeeping, since the operations of a branch are in nowise limited or determined by the amount of capital. In other words, the accommodation and service which a branch extends are no more limited than if extended by a head office without branches.

The bankers of Salt Lake City have expressed a strong desire to have a branch located there, but have not as yet arranged for the same measure of cooperation by both State and national banks as was done at Spokane, Seattle, and Portland. Salt Lake City and tributary territory would doubtless find a branch of advantage, since the city is located approximately 24 hours from the nearest larger city. Adequate supplies of gold, Federal Reserve notes, and credit, immediately at hand, would obviously give security and stability not otherwise possible.

### THE FEDERAL RESERVE BANK AND THE PUBLIC.

#### OPEN-MARKET OPERATIONS.

In the open market a total of \$52,532,168 bankers' acceptances have been purchased during the year and \$15,733,940 bank-indorsed foreign trade acceptances. Rates have been within the limits of 2 to 4½ per cent, authorized by the Federal Reserve Board, being highest

during the latter part of the year, though not reaching the higher limit. The total held at one time has fluctuated between \$3,924,381.66 on October 31 and \$23,029,460 on December 13.

#### EFFECT OF DISCOUNT-RATE POLICY UPON GENERAL MARKET RATES.

During the previous year the discount operations of the Federal Reserve Bank had little perceptible influence upon general market rates, but during the current year, particularly the latter half, the discount operations have been of such increased volume, growing out of necessities connected with financing Government loans and crop movements, that the influence has been important in adding steadiness. Federal Reserve Bank's discount rates have remained substantially unchanged since January, 1915, there having been only fractional advances for shorter maturities. General market rates have shown a somewhat firmer tendency, but the constantly available privilege of rediscounting at exceptionally moderate rates has both enabled member banks to meet all their customers' legitimate requirements and has maintained an unexampled stability of rates. In many instances and to a degree far beyond previous experience the Federal Reserve Bank has been called upon to extend unusual accommodations in carrying member banks over peak loads.

#### PUBLICITY WORK OF THE BANK AND ATTITUDE OF THE PUBLIC TOWARD THE SYSTEM.

The absorbing attention demanded for the rapidly expanding volume and complexity of current operations has rendered it impracticable to undertake any publicity work during the year. The fact that the Federal Reserve Bank as fiscal agent of the Government has been the center from which activities have radiated in connection with the two great Liberty loan campaigns has, of course, brought it before the public in an extraordinary way.

The public generally and gratefully recognizes the vital service which the Federal Reserve System has rendered during the year as a vast sustaining power under conditions of unprecedented financial strain. The comment is frequent that without the Federal Reserve System financial convulsion could not have been avoided.

#### THE FEDERAL RESERVE BANK AND THE GOVERNMENT.

##### RELATION TO THE COMPTROLLER'S OFFICE.

Except in connection with Federal reserve notes, this bank has had little direct dealings with the office of the Comptroller of the Currency. With Mr. Claud Gatch, however, the chief national bank examiner of this district, frequent communication has been had and not infrequently also with the examiners under his direction.

A spirit of most cordial cooperation and helpfulness has been invariably shown. Copies of considerable parts of the reports of examinations of national banks have been filed with the Federal reserve agent and fuller information given upon request.

#### GOVERNMENT DEPOSITS.

On the first day of each month of the past year Government deposits with this bank have been as follows, an occasional large sum being an unexpended balance derived from payments for Liberty bonds:

January .....	\$3, 679, 633. 15	July .....	\$1, 779, 172. 07
February .....	2, 776, 722. 84	August .....	818, 570. 23
March .....	1, 715, 612. 03	September .....	2, 826, 401. 21
April .....	3, 391, 645. 88	October .....	5, 022, 190. 29
May .....	12, 258, 442. 10	November .....	18, 100, 899. 98
June .....	6, 836, 449. 51	December .....	42, 927, 205. 30

#### RELATION TO THE UNITED STATES TREASURY.

Particularly in its service as fiscal agent of the Government, this bank has had important relations with the Treasury Department. In San Francisco all Government funds hitherto deposited in national banks, except court and post-office deposits, are now deposited with the Federal Reserve Bank. A large volume of warrants drawn upon the Treasurer of the United States are presented for payment at this bank and its branches, particularly Seattle. During the month October 16 to November 15 these items averaged 1,270 per day, amounting to \$3,554,297, or more than double the amount at any other Federal reserve bank except at New York, where the average daily amount was \$6,610,037.

#### WAR LOANS.

The supreme service as fiscal agent, however, and one which has severely tested the capacity of the management of the Federal Reserve Bank, has been in connection with the sale and distribution of the Government's war securities in this district.

#### FIRST LIBERTY LOAN.

On May 15, 1917, the preliminary organization for the first Liberty loan was effected at a meeting of San Francisco bank presidents and bond dealers called by the chairman of the board of the Federal Reserve Bank, who suggested that the governor of the Federal Reserve Bank be made chairman of the general executive committee to centralize the direction in the Federal Reserve Bank. A general executive committee was chosen, having supervision of the entire twelfth Federal Reserve district.

The State was used as the larger basis of organization, and a State chairman, generally a banker of some standing, was appointed by the general chairman in each of the seven States of the district. This State chairman in turn suggested the nomination of his local committee chairmen, who were then appointed by the executive committee at San Francisco. A special representative, generally a member of some local bond house, was assigned to cooperate with each State chairman, to put into effect the definite plan of campaign of working through the banks to reach their depositors, and in general to aid in formulating an effective organization.

The general distribution committee had responsibility for the campaign initiated by it for appealing through banks to their depositors, and for following up by direct methods the work of obtaining subscriptions through the agency of appointed salesmen, etc. Besides supervising all committees in the district the general organization committee managed the sales in San Francisco.

The general publicity committee handled copy for newspaper publicity, both in San Francisco and throughout the district; arranged the distribution of posters and campaign literature; arranged addresses before conventions, organizations, etc.; encouraged subscriptions of employees; arranged parades, mass meetings, etc.

Wherever practicable, local committees were modeled after those in San Francisco. The finance committee had jurisdiction of allowances for expense of committees, of campaign budget, and of tabulation of quotas. The executive manager was the guiding spirit in the campaign, and most of the questions of policy were decided by him. He was continually in direct communication with the seven State chairmen and all local committees, and sent out to committees a daily bulletin covering department rulings and general news items of interest to the workers.

There was no precedent by which to determine the amount of energy and extent of organization required to market an issue of \$2,000,000,000 bonds, so there was great uncertainty at all stages. The period was brief in which to create an organization and secure subscriptions for the allotted quota; but an inspiring readiness to help was generally manifested, both in subscribing and in working to secure subscriptions. Apathy of farmers as a class in subscribing for the bonds was, however, quite generally reported and lack of cooperation with the Liberty loan committees. In a hastily organized campaign it was inevitable that there should be duplication of effort and occasional frictions, but total subscriptions of \$175,623,900, with a so-called minimum allotment of \$140,000,000 and maximum of \$175,000,000, prove the essential effectiveness of the work done in the first campaign. The campaign closed on June 15—one month after the first meeting.

The accounting work in connection with the first Liberty loan was conducted in the restricted quarters occupied by the Federal Reserve Bank. The lack of space enhanced extraordinary difficulties incident to handling a vast volume of unaccustomed transactions by a hastily gathered and wholly inadequate force, numbering a maximum of 66 individuals. It was inevitable that some confusion and consequent delays should result.

#### SECOND LIBERTY LOAN.

After the first Liberty loan was closed, much consideration was given to improving the organization for the second. In accordance with the request of the Secretary of the Treasury to maintain the established organization, the same general executive board was continued, with some additions, James K. Lynch serving as ex officio chairman, he having meanwhile been elected governor of the Federal Reserve Bank to succeed A. C. Kains, resigned.

A general advisory council of 104 members was chosen from the district at large and appointed by the Secretary of the Treasury. This council included the governor of each State, chairmen of the State councils of defense, and other prominent men. As in the first campaign, each State was held responsible for the success of the campaign within its own confines, each State being divided into several auxiliary sections, which in turn were subdivided into local divisions. Special representatives were again sent out to perfect State and local organization and to cooperate with the State chairman.

The first meeting of the general executive committee was held on August 20, and the campaign closed October 27. More time, more careful preparation, and valuable experience gained in the first campaign all aided in the second. In the latter there was superior organization, although the formulated plans were not rigidly followed. In the first campaign there was perhaps greater patriotic enthusiasm, with more of grim determination in the second. So vast an undertaking, carried to splendid success through volunteer effort, evidences a fine patriotism and remarkable spirit of cooperation. The total subscriptions were \$292,889,300.

To avoid the accounting difficulties experienced in the first loan, the fiscal agent department of the Federal Reserve Bank was established apart from the bank in ground-floor rooms of the Mills Building some three blocks distant. Later it became necessary to occupy space on the third floor in order to accommodate the staff, which grew to 130 members and still continues approximately at this number, new work having been added in connection with war savings certificates and thrift stamps.

This force, laboring under handicaps of hasty gathering and lack of coordination, has shown a spirit of devotion born of real patriotism. The same was true in equal degree of the accounting force in the first loan.

Even with the greatly larger force and fuller experience in the second campaign it has not been possible to avoid confusion, delay, and complaint. There has been no lack of industry but, because trained men have not been available, it has been increasingly necessary to employ many not trained for difficult work.

Subscriptions and allotments to the two loans were as follows:

<i>First Liberty loan.</i>		<i>Second Liberty loan.</i>	
Total subscriptions.....	\$175,623,900	Total number of sub- scriptions .....	582,162
Allotments:			
To individuals.....	1,559,900	By individuals.....	\$349,000
To corporations....	2,962,000	By corporations....	2,532,900
To member banks...	74,499,700	By member banks...	164,337,250
To non member banks .....	54,672,400	By non member banks .....	125,670,150
Total.....	133,694,000	Total.....	292,889,300
		Allotted .....	261,138,000

*Second Liberty loan of 1917.*

Amounts subscribed.	Number of subscri- ers in each group.	Amounts subscribed.	Number of subscri- ers in each group.
\$50.....	274,004	\$25,050 to \$50,000.....	603
\$100.....	177,162	\$50,050 to \$100,000.....	299
\$150 to \$500.....	89,817	\$100,050 to \$250,000.....	131
\$550 to \$1,000.....	27,217	\$250,050 to \$500,000.....	38
\$1,050 to \$5,000.....	9,679	\$1,000,000 and over.....	29
\$5,050 to \$10,000.....	2,193		
\$10,050 to \$25,000.....	990	Total.....	582,162

It will be noted that fewer than three in every hundred subscribers bought amounts over \$1,000.

In addition to the foregoing, there have been received by Federal Reserve Bank 2,163 subscriptions for various issues of Treasury certificates, as follows, bearing the dates indicated:

Mar. 31, 1917 <sup>1</sup> .....	\$2,500,000	Sept. 17, 1917.....	\$9,030,000
Apr. 25, 1917.....	20,000,000	Sept. 26, 1917.....	23,000,000
May 10, 1917.....	7,500,000	Oct. 18, 1917.....	20,000,000
May 25, 1917.....	4,200,000	Oct. 24, 1917.....	13,408,000
June 8, 1917.....	5,200,000	Nov. 30, 1917.....	3,762,000
Aug. 9, 1917.....	13,000,000		
Aug. 28, 1917.....	7,520,000	Total.....	129,120,000

<sup>1</sup> Subscribed by Federal Reserve Bank.

Classification by denominations of subscriptions is shown in Table 3.

The Federal Reserve Bank owns United States securities as follows:

2 per cent consols.....	\$2, 429, 000
3 per cent 1-year Treasury notes.....	1, 500, 000
3½ per cent Liberty bonds.....	26, 000
Total .....	3, 955, 000

No Treasury certificates are now owned, although the Federal Reserve Bank has at times owned considerable amounts, the maximum being \$3,793,000 on October 6, and has in every instance repurchased from member banks whenever requested.

Member banks' promissory notes collateraled by United States bonds and Treasury certificates have been discounted as follows:

July.....	\$400, 000	October.....	\$4, 562, 000
August.....	1, 261, 000	November.....	7, 059, 500
September.....	1, 494, 400	December.....	5, 127, 925

On December 31, 1917, the total held of such loans was \$1,017,688.

The number of new employees engaged, salaries paid, and expenses incurred in the conduct of operations connected with Liberty loans, Treasury certificates, war savings certificates, and thrift stamps were as follows:

	Number of employees.	Salaries.	Expenses.
First loan—May 15—Dec. 31.....	66	\$54, 013. 86	\$152, 036. 05
Second loan—Sept. 1—Dec. 31.....	130	75, 723. 62	222, 607. 05

A partial account of these expenses, amounting to \$128,614.76, has been rendered to the Secretary of the Treasury and reimbursement received. A further account is in preparation.

It was an unprecedented thing to endeavor to sell bonds in amounts so large in proportion to banking resources, a minimum for this district of \$140,000,000 in the first loan and a minimum of \$210,000,000 in the second. There were varying opinions as to the effect of successful flotations upon the banking situation and upon industries and commerce. By some it was believed that the district would be drained of its circulating medium—its actual money. By others, who saw the operation more clearly as a series of credit transactions, it was feared that those banks extending credit to customers to buy Liberty bonds would have their loanable funds so absorbed that they would be unable to meet the necessary requirements of commerce.

Many feared that, for investment in Liberty bonds, particularly if bearing a rate of 4 per cent or more, savings deposits might be withdrawn to the point of embarrassment of savings banks.

The published reports of banks give a fair indication of the actual results. In some States such reports of State banks are not compiled in sufficiently detailed form to make the desired comparisons possible; consequently only the trend can be deduced from reports of part of the banks instead of a complete exposition tabulated from the reports of all.

DATES OF IMPORTANT PAYMENTS OF THE TWO LOANS.

First loan: June 28, 1917, 18 per cent; July 30, 20 per cent; August 15, 30 per cent; August 30, 30 per cent.

Second loan: November 15, 1917, 18 per cent; December 15, 40 per cent; January 15, 1918, 40 per cent.

*Deposits.*

(1) ALL NATIONAL BANKS, TWELFTH DISTRICT.

	Total deposits, including Government deposits.	Total deposits, excluding Government deposits.
1917.		
June 20.....	\$885,647,000	\$871,390,000
Sept. 11.....	\$931,816,000	\$917,465,000
Increase.....	\$46,169,000	\$46,075,000
Per cent.....	5.21	5.20
Sept. 11.....	\$931,816,000	\$917,465,000
Nov. 20.....	\$1,017,287,000	\$952,281,000
Increase.....	\$85,471,000	\$34,816,000
Per cent.....	9.2	3.8

(2) NATIONAL BANKS IN RESERVE CITIES, TWELFTH DISTRICT.

June 20.....	\$513,681,000	\$505,412,000
Sept. 11.....	\$554,839,000	\$546,683,000
Increase.....	\$41,158,000	\$41,271,000
Per cent.....	8	8.4
Sept. 11.....	\$554,839,000	\$546,683,000
Nov. 20.....	\$606,450,000	\$569,810,000
Increase.....	\$51,611,000	\$23,127,000
Per cent.....	9.3	4.2

(3) NATIONAL BANKS OUTSIDE RESERVE CITIES, TWELFTH DISTRICT.

June 20.....	\$371,966,000	\$365,978,000
Sept. 11.....	\$376,977,000	\$370,782,000
Increase.....	\$5,011,000	\$4,804,000
Per cent.....	1.4	1.3

*Time deposits.*

(4) ALL NATIONAL BANKS, TWELFTH DISTRICT.

		Time deposits.
1917.		
May 1.....		\$160,065,000
June 20.....		162,900,000
Increase.....		2,835,000
Per cent.....		1.9
June 20.....		162,900,000
Sept. 11.....		179,275,000
Increase.....		16,375,000
Per cent.....		10.05

(5) SAVINGS DEPOSITS OF ALL CALIFORNIA STATE BANKS, SAVINGS BANKS, AND TRUST COMPANIES.

		Savings deposits.
1917.		
June 20.....		\$596,325,000
Nov. 20.....		606,205,000
Increase.....		9,880,000
Per cent.....		1.66

Between the two reports of national banks published on the Comptroller's calls June 20 and September 11, the four important payments, 98 per cent, were made upon the first Liberty loan, the total amount being \$133,694,000.

Nevertheless, between those two dates the combined deposits of all national banks of this district showed an increase of \$46,169,000, equal to 5.21 per cent. (See (1) above.) A part of these banks in making payment received back a deposit of Government funds. Such transactions would cause an increase in their Government deposits. Excluding Government deposits on both dates, the increase was \$46,075,000, equal to 5.20 per cent. Of those amounts, national banks in reserve cities (Los Angeles, Cal.; Ogden, Utah; Portland, Oreg.; Salt Lake City, Utah; San Francisco, Cal.; Seattle, Wash.; Spokane, Wash.; and Tacoma, Wash.) gained in total deposits \$41,158,000, equal to 8 per cent, and excluding Government deposits gained \$41,271,000, equal to 8.4 per cent. (See (2) above.) This shows a decrease and not an increase in Government deposits.

National banks outside reserve cities gained in total deposits \$5,011,000, equal to 1.4 per cent, and excluding Government deposits gained \$4,804,000, equal to 1.3 per cent. (See (3) above.)

It appears, therefore, that even excluding Government deposits, the combined deposits of all national banks increased during the time that \$133,694,000 of first Liberty loan bonds were bought and

paid for in this district, but that the increase was somewhat greater in reserve city banks than in banks outside reserve cities.

Time deposits, which, it might be thought, would be drawn upon for investment in Liberty bonds, increased in even greater proportion. (See (4) above.)

Between June 20 and the date of the preceding call, that is, before any important payment was made on the first Liberty loan, time deposits of all national banks increased \$2,835,000, equal to 1.9 per cent, but between June 20 and September 11, during which 98 per cent was paid on this loan, the increase in time deposits was \$16,375,000, equal to 10.05 per cent. (See (4) above.)

On November 15 the first important payment became due on the second Liberty loan, the allotments of which aggregated \$261,138,000. Payment of only 18 per cent was then required, but many subscriptions were paid in full, the total payments aggregating \$167,259,000, equal to 64 per cent of the entire allotments.

Between Comptroller's calls of September 11 and November 20, in spite of the payment of this great sum, deposits of all national banks increased \$85,471,000, equal to 9.2 per cent, but Government deposits in these banks in the same period increased \$50,655,000, equal to 355 per cent. Excluding the latter, the increase was \$34,816,000, equal to 3.8 per cent. (See (1) above.) Between the same dates, deposits of national banks in the eight reserve cities increased \$51,611,000, equal to 9.3 per cent. Excluding Government deposits, the increase was \$23,127,000, equal to 4.2 per cent. (See (2) above.) This shows that while there was a general increase in deposits, there was a greater increase in reserve cities than outside.

Between June 20 and November 20, savings deposits of all California State banks, savings banks, and trust companies combined show an increase of \$9,880,000, equal to 1.66 per cent (see (5) above), showing that savings depositors are so prospering through continuous employment at high wages that the new deposits have somewhat more than offset the withdrawals for investment in Liberty bonds.

Between June 20 and November 20, while national banks in reserve cities gained \$64,398,000, 12.7 per cent, in deposits, excluding those of the United States, their loans increased only \$27,265,000, 8 per cent. This group, which includes the larger commercial banks, would probably feel the chief pressure of any emergency demand for loans. Its resources constitute approximately 60 per cent of the total resources of all national banks in the district.

Thus in five months \$468,513,200 Liberty bonds were subscribed, of which \$394,832,000 were allotted, and payments made aggregating \$300,953,000. In spite of this deposits of both commercial and savings banks have increased, with a materially smaller proportion of increase in loans.

Money has not been shipped out of the district. The conclusion is inevitable that the general bank position is stronger than before the Liberty loans were offered. The economic explanation is of course that, in effect, this district has paid for \$300,000,000 of Liberty bonds with ships, metals, agricultural products, etc., at very high prices. It is not surprising that bank clearings should be making new records and that industry and commerce should be generally active and prosperous.

## THE FEDERAL RESERVE BANK AND NOTE ISSUES.

### GENERAL POLICY.

It has been the general policy of this bank to substitute Federal Reserve notes for gold whenever possible. This has been difficult on the Pacific coast where custom for more than half a century has made gold the ordinary medium. The use here of gold for currency has been more than a custom; it has been a pride and, it might be said, almost a religion, grounded in the discovery of gold in California in 1849, which first attracted conspicuous attention to the possibilities of this section, and fostered by the production in California and Alaska since then of hundreds of millions of gold. Gold dust, gold slugs, as well as gold coins were used as money here when a depreciated currency circulated elsewhere throughout the country. The custom and prejudice of the people favor the use of gold as currency. Purses are adapted to it. Bank tellers trained to handle gold find it bothersome to handle paper to which they are unaccustomed.

The gradual introduction of national-bank circulation made some progress toward a change. The panic of 1907 caused scrip to circulate. People were glad to get it when gold was unobtainable. The Aldrich-Vreeland issues in the fall of 1914 also found favor because of the relief they brought at a crisis. For nearly three years after the establishment of the Federal Reserve Bank it was found possible to issue only a relatively small amount of Federal Reserve notes. With the enactment of the amended reserve provisions approved June 21, 1917, a change in the situation began. gold in more important volume flowed to the Federal Reserve Bank and Federal Reserve notes issued in exchange. Army and Navy paymasters, who had hitherto made up their pay rolls with gold, received official instructions to use Federal Reserve notes, the Treasury giving gold to the Federal Reserve Bank in exchange. A good many millions of Federal Reserve notes have been shipped to the Seattle branch for use in pay rolls at Camp Lewis.

The Assistant Treasurer at San Francisco has made Federal Reserve notes his ordinary counter money, paying gold only when de-

manded. The San Francisco Mint has adopted the method of making payment by checks on the Treasury, which are paid by the Subtreasury chiefly in Federal Reserve notes. It was arranged that the Subtreasury become a member of the San Francisco Clearing House and settle its balances through the Federal Reserve Bank, again minimizing the use of gold for settlements. From Portland gold has always been shipped to points down the Columbia River to pay the fishermen. It was found that this gold never returned. Federal Reserve notes have been substituted for this service. Taxes in California, State, county, and city, are payable in gold and until recently were collected almost entirely in gold. By cooperation of treasurers, it has now been arranged that Federal Reserve notes and cashiers' checks of the Federal Reserve Bank be used for the principal part of such payments. The Federal Reserve Bank now pays express charges on gold or gold certificates shipped to it and prepays charges on Federal Reserve notes sent in exchange.

The appeal of the President, made on October 13, 1917, to State banks to join the Federal Reserve system as a patriotic duty in order to build up to the maximum its gold reserve has called important attention to the fact that the Nation is financially able to withstand strains in direct proportion to the extent of the gold reserve of the Federal Reserve system. It is perhaps not generally comprehended that a holder of a Federal Reserve note has to that extent deposited gold in the Federal Reserve Bank, and that anyone paying out a Federal Reserve note by the same act pays gold into the Federal Reserve Bank. Paying money thus offers opportunity to every bank teller to render patriotic service by aiding in the financial fortification of the country. This wave of substitution of Federal Reserve notes for gold has had a striking effect upon the volume of Federal Reserve notes issued by this bank. At the beginning of the year 1917 only \$14,000,000 were outstanding. This had expanded to less than \$25,000,000 when the amended reserve provisions became effective June 21, 1917. The amount had risen to \$41,900,000 at the end of October, to \$58,400,000 at the end of November, and to \$77,097,550 at the end of December.

Frequent reference is made in press comments to the large volume of Federal Reserve notes outstanding, as if they were additions to the currency in circulation, whereas they are largely issued in place of gold which is absorbed into Federal Reserve Bank reserves. Gold in circulation serves no purpose which paper credit currency does not adequately serve. But in a Federal Reserve Bank's reserve gold multiplies its power, every dollar constituting the potential basis for two and a half dollars of credit for the needs of commerce.

The following illustrates the fact that gold is absorbed into the Federal Reserve Bank's reserve as Federal Reserve notes are paid

out: On September 1 Federal Reserve notes outstanding were \$28,434,930 and net deposits \$53,402,231.52, amounting together to \$81,837,161.52. The combined gold reserve held against both amounted to \$57,270,522.50, or 70 per cent. On December 1 notes outstanding were \$58,402,405; net deposits, \$77,474,184.11; combined gold reserve, \$96,367,990 or 71 per cent. It will be seen that \$39,097,468 gold was added to reserve, although the increase in deposits was only \$24,071,953. At the end of December Federal Reserve notes outstanding were \$77,097,550; net deposits, \$69,922,002; and combined gold reserve, \$94,018,470, or 64 per cent.

By denominations, Federal Reserve notes issued have been as follows:

	Issued 1917.	Redeemed 1917.
Fives.....	\$11,700,000	\$1,729,430
Tens.....	17,600,000	955,690
Twenties.....	25,120,000	1,496,670
Fifties.....	4,400,000	146,150
Hundreds.....	8,000,000	175,600
Total.....	166,820,000	4,503,540

† Net amount outstanding Dec. 31, 1917, \$77,097,550.

#### INTERDISTRICT MOVEMENT OF NOTES.

Federal Reserve notes have been received from and returned to other Federal Reserve Banks as follows:

January–November, inclusive.....	\$3,783,290
Returned .....	1,502,110

Largest exchanges have been with Federal Reserve Bank of New York:

Received from Federal Reserve Bank, New York.....	\$2,254,540
Returned to Federal Reserve Bank, New York.....	331,025

That Federal Reserve notes issued in one district have relatively small circulation in other districts is shown by the fact that from January 1 to November 30 the total of the notes of this bank received by other Federal Reserve Banks amounted to only \$3,783,290. Under the provisions of the Federal Reserve Act, these were returned to the issuing bank. In the same period this bank returned notes of other Federal Reserve Banks to an amount of \$1,502,110. Of these amounts \$2,254,540 of this bank's notes were received from the Federal Reserve Bank of New York and \$331,025 of that bank's notes returned to it.

## INTERNAL MANAGEMENT OF THE BANK.

## FUNCTION AND WORK OF DIRECTORS, EXECUTIVE COMMITTEE, AND STAFF.

A list of officers and directors is given in Table 4.

Directors' meetings are held with great regularity and excellent attendance on the first and third Tuesdays of each month. Information regarding the bank's activities is furnished in considerable detail, and all matters of general policy are considered by the board. The executive committee is rarely convened. Rediscounts and loans are first authorized over the signatures of the governor or deputy governor and the chairman, the other members of the executive committee signing at their convenience and after such investigation as each desires.

Since the inauguration of the Liberty-loan campaigns the governor, as chairman of the general committee, has given his attention largely to these. In consequence the deputy governor has borne the brunt of the executive work in the bank. An assistant deputy governor was appointed to assist, but for a temporary period it became necessary to have him serve as acting manager of the Portland branch, an assistant cashier of the head office later taking this place. Another assistant cashier of the head office also served as acting manager of the Seattle branch, and was subsequently appointed manager. Three trained employees of the head office have also served as acting cashiers of the three branches, two of them subsequently being appointed cashiers. This draft upon its staff has placed a heavy pressure upon the head office during the exceptional demands of the past few months, and while both official and clerical staffs have been largely expanded, they are still inadequate.

The force of the fiscal agent department, though large, has been quickly gathered and has not as yet been properly organized for best results. The difficulty is generally recognized of obtaining skilled clerks at this time.

There has been no change during the year in the personnel of the directors of class A and of class B. Of the class C directors, the class appointed by the Federal Reserve Board, Mr. Claud Gatch, chief national bank examiner, completed the term of his appointment with end of the year 1916, and, in conformity with the policy of the Federal Reserve Board that national bank examiners shall not be directors, he was unavailable for reappointment. On January 4, 1917, Mr. E. C. Bradley, former vice president of Pacific Telephone & Telegraph Co., was appointed to succeed him. After serving a brief period he was called to Washington to act as assistant to the Secretary of the Interior, and necessarily resigned as director. On April 23, 1917, Mr. Edward Elliott, professor of international

law in the University of California, and of the law firm of Lane & Elliott, was appointed as Mr. Bradley's successor.

On July 5, 1917, Mr. A. C. Kains resigned as governor, and on August 7, 1917, Mr. J. K. Lynch, class A director, was appointed as his successor. Although it is the policy of the Federal Reserve Board that a governor of a Federal Reserve Bank shall not at the same time be a director, the Board permitted Mr. Lynch to complete his term ending with December 31, 1917. In the regular election of directors, completed in December, Mr. J. E. Fishburn, president of the Merchants' National Bank of Los Angeles, was elected to succeed him. Mr. A. B. C. Dohrmann, class B director, was reelected.

For the systematic guidance and supervision of branches Mr. John U. Calkins, deputy governor, was appointed deputy governor in charge of branches, with the purpose of his frequently visiting the branches in person.

On July 17, 1917, Mr. William A. Day, previously assistant cashier of the Savings Union Bank & Trust Co., of San Francisco, was appointed assistant deputy governor, and from September 26, 1917, to December 14, 1917, served as director and acting manager of the Portland branch. Other official appointments were as follows: June 6, 1917, Mr. Ira Clerk, as assistant cashier; December 14, 1917, Mr. W. N. Ambrose, acting manager Portland branch; Mr. C. J. Shepherd, assistant cashier, served as acting cashier Spokane branch, from July 26, 1917, to September 18, 1917, and from September 18, 1917, to December 18, 1917, served as director and acting manager Seattle branch, being appointed manager Seattle branch on December 18, 1917; December 18, 1917, Mr. J. C. Galbraith, cashier Seattle branch; December 18, 1917, Mr. C. R. Shaw, cashier Spokane branch; September 26, 1917, Mr. H. N. Mangels, acting cashier Portland branch; October 29, 1917, Mr. C. S. Loveland, examiner Portland branch; October 29, 1917, Mr. E. B. McBride, assistant examiner Spokane branch; December 18, 1917, Mr. H. S. House, auditor.

Upon inauguration of preparations for the second Liberty loan the fiscal agent department of the bank was quartered in the Mills Building, three blocks from the bank, and Mr. G. O. Bordwell, cashier, assumed entire charge of its operations.

The following is a list of the members of the bank's staff who have entered military or naval service: J. B. Watts, corporal, Three hundred and sixty-third Regiment, National Army; Nat Neal, Coast Artillery; Emmett Cashin, Aviation Corps; Donald Henderson, Ambulance Corps; F. W. Kiser, yeoman, first class, United States Navy; Homer E. Malaby, ensign, Paymaster's Department; Thomas E. Graves, first lieutenant, Aviation Section, Officers' Signal Reserve Corps; Judson Swift, Sixty-second Machine Gun Corps; Sam H. Davis, jr., Company D, United States Naval Reserve; Monroe Baer,

One hundred and sixty-sixth Depot Brigade; T. O'Connor, Seventieth Company, One hundred and sixty-sixth Depot Brigade; R. S. Paden, sergeant, Quartermaster's Department; Thomas S. Marlor, lieutenant, United States Geological Survey; Fred Robbins, Three hundred and twenty-second field battalion, Signal Corps, Ninety-first Infantry Division; Harry B. Fuller, sergeant chauffeur, Quartermaster's Department; G. J. Concannon, Company F, Fourth Battalion, Twentieth Engineer Corps.

#### OFFICE AND VAULT FACILITIES—BANK PREMISES.

The present office of this bank, occupied from the outset, grows increasingly inadequate. During the year a small additional space has been obtained, but further expansion at this location seems impracticable, and exhaustive search discloses no other available quarters. The fact that the business part of this city has been entirely rebuilt within 10 years measurably accounts for this.

The vault is approached through the quarters of the lessor bank, with which it is jointly used. The Subtreasury has courteously placed considerable vault space at the disposal of the bank, and this has given a measure of relief.

The fiscal agent department has been established for the time being in an office building a few blocks distant. Its requirements have extended beyond the available ground floor space, so that parts of the force are accommodated in various offices above.

The increasing requirements for greater space and the apparent impossibility of finding adequate quarters with proper vault facilities have led the directors to decide that the construction of a building for the bank's use is necessary. At an expense of \$120,000 an appropriate site has therefore been purchased, approximately 120 feet square, with frontage on three streets, assuring unusual provision for light. Building plans are now under consideration.

#### CHECK COLLECTIONS.

During the year the check collections of this bank have steadily increased, the total to November 30 aggregating 2,367,015 items, amounting to \$1,082,192,465, a daily average of 8,564 items, amounting to \$13,554,053.

The number of banks using the collection system has gradually increased, but approximately 80 per cent of the checks handled have been received from other districts, chiefly from New York and Chicago.

Banks in this district using the system have been largely those in reserve cities, although the smaller banks have manifested a growing disposition to benefit by the advantages as they gain information. The establishment of branches at three centers in the Northwest has served to greatly expedite collection of checks drawn on banks in

that section, which increases the value of the check-collection service. Every effort is made to reduce the time of collection to the minimum, and to give quickest returns possible, thus reducing the "float," that is, the amount of outstanding collections. Proceeds of checks deposited for collection are made available for the depositing bank on the day scheduled for arrival of checks at destination. On request, authority is given for sending checks direct to branches, the proceeds being made available as a credit with head office on the day of expected arrival at branches. By arrangement, a bank may also send checks direct to the banks upon which drawn, credit being given by Federal Reserve Bank on the day checks are scheduled to reach the drawee banks.

To cover the cost of handling, a service charge is made of  $1\frac{1}{2}$  cents for each item, but no charge is made on the first 500 checks received from any bank in one calendar month.

For a considerable time this bank collected, by express, checks drawn on nonmember banks which refused par remittance. On October 20, 1917, express collections were discontinued and thereafter a par list has been used. From this list those banks are excluded which refuse par remittance and checks drawn upon them are not accepted by Federal Reserve Banks or their branches.

At the time of discontinuance, checks upon 122 banks were being collected by express. There are now 136 banks which refuse to remit at par and checks drawn upon them are consequently refused by Federal Reserve Bank and its branches. Including 152 branches of State banks there are 1,321 State banks in this district. Approximately 90 per cent remit at par.

During the year much progress has been made in developing methods for the settlement of clearing-house balances through Federal Reserve Bank. Los Angeles clearing-house banks, all of whom are member banks, initiated the movement, arranging that after each day's clearings the clearing-house manager certifies by telegraph the balances due from and due to the clearing banks. Federal Reserve Bank then enters the proper credits and debits upon its books and telegraphs confirmation. This plan has worked smoothly since its inauguration July 16, 1917. On the same date San Francisco banks began settling clearing-house balances through Federal Reserve Bank. Although the clearing-house manager certifies to Federal Reserve Bank the amounts due to and due from the several banks, this serves as authority only for receiving and crediting the amounts due creditor banks. With one or two exceptions each debtor bank draws its draft on and sends it to Federal Reserve Bank for the amount of its debtor balance. At Spokane, Seattle, and Portland, clearing balances are settled through the respective branches of Federal Reserve Bank.

The service rendered by the check collection and clearing systems is of such fundamental advantage in reducing "float" by avoiding circuitous collection methods and in economizing the use of actual money that an increasing use will surely result. Another service of great value is that rendered by the gold-settlement fund, deposited in the Treasury at Washington subject to the order of the Federal Reserve Board. Through this device, for example, Federal Reserve Bank of San Francisco transfers for its members by telegraph gold from San Francisco to New York and from New York to San Francisco with no charge except for the telegrams. It serves for transfers between all Federal Reserve Banks or their branches.

#### GENERAL BUSINESS CONDITIONS.

Shipbuilding has probably been the most conspicuous single factor in the activities of this district during the first year of participation in the war. There has been vast expansion in the operations of established shipbuilding concerns and many new companies have organized for constructing both steel and wooden ships. San Francisco now has the largest shipbuilding plant in the United States, and this industry, confined here almost wholly to steel construction, has expanded enormously. While Seattle has had the greatest development of new concerns, in which many thousands of men are now employed, shipbuilding at Portland has likewise assumed vast proportions. At Portland and Seattle both steel and wooden ships are building. At Los Angeles too, important construction is under way.

A most interesting enterprise is the construction of a reinforced-concrete ship of some 5,000 tons, at a point near San Francisco. Vessels of this character of 200 or 300 tons have hitherto been successfully constructed, but this is the first instance of such a vessel of any considerable size. The smaller ones, at least in some instances, have been built keel up, then with hatches tight have been launched upside down, quickly righting when floated. It is proposed to launch the large vessel sidewise. If this vessel proves a success, it will be important as the cost will be little more than one-third that of steel. Furthermore, steel is now difficult to obtain, while cement is readily available, made more so by discontinuance of road construction and decrease in building operations.

The lumbering industry has been handicapped by lack of transportation and by labor troubles, menacing I. W. W. disturbances having developed at times in the Northwest, where the latest factor has been an embargo on fir to hold it for the Emergency Fleet Corporation and for aeroplane construction. Had it not been for such difficulties, the lumbering industry would have shown phenomenal results for the year. The actual results, however, have been suf-

ficiently favorable to impart substantial commercial activity to all sections in which lumbering is important, dissipating the sluggishness which has clogged them for several years. Revival in lumbering and vast development in shipbuilding have given special advantages to Seattle and Portland at this time.

Mining of all kinds has been exceedingly active in this district and for the most part profitable. It is estimated that mining dividends for 1917 in the territory known as the inland empire, of which Spokane is the center, will aggregate approximately \$100,000,000. The metals there are chiefly lead, zinc, copper, and magnesite. The United States Geological Survey estimates that, except as to zinc ore and concentrates, the production in the first six months of 1917 has equaled the entire output of 1916.

Copper mining has continued on a huge scale throughout the year, although maximum output has not been reached because of labor troubles, I. W. W. disturbances having especially affected the Arizona mines. The value of copper mined in Arizona during 1917 is estimated at \$200,000,000, other metals \$60,000,000.

The production of petroleum in California has fallen far below consumption. During 1917 production was 97,267,832 barrels and shipments were 108,853,457, reducing stored stocks from 44,036,190 barrels on December 31, 1916, to 32,450,465 barrels. Stored stocks on December 31, 1915, were 57,147,051 barrels.

In many respects the year 1917 has been unfavorable for agricultural products. The spring was cold and backward in the Northwest, with hot winds and deficient moisture in the later season. The Washington wheat crop was about 27,000,000 bushels against 45,000,000 the preceding year. The yield of barley in Oregon, Washington, Idaho, and Nevada was about 18 per cent less than in 1916, but in California there was a considerable increase.

In California the area planted in beans increased from 253,000 acres in 1916 to 395,000 acres, the yield being nearly double, an estimated total of 9,280,000 bushels.

In 1912 the acreage in rice was 1,400. This was increased yearly until in 1917, 90,000 acres were planted.

These typify the agricultural situation of the year, some crops poor, some good. There was, however, such an effort for large product, stimulated by both patriotism and extraordinary prices, that in spite of unfavorable conditions the product of foodstuffs in the entire district was exceptionally large. There were many abundant yields in California—35,000 tons more raisins than ever before; more peaches than in 1916 by 1,300,000 bushels; a record number of carloads of deciduous fruits and perishable commodities; shipments of citrus fruits, aggregating 54,361 carloads, surpassed all previous

records. The apple crop of Idaho, Oregon, and Washington was large. The salmon pack of Alaska was exceptional.

Present forecasts of next year's production of foodstuffs would be sheerest guessing, because there is ample time for any unfavorable condition to be righted. Concern is, however, being felt because of the lack of precipitation in California, there having been only about 10 to 15 per cent of the normal seasonal precipitation. In the wheat regions of the Northwest the fall planting was practically a failure. Later rains have made the conditions there such as to be promising for spring planting.

In spite of curtailment of available range, the high price of feed, and the difficulty in securing labor, live stock holdings in the Pacific Northwest, according to Government estimates, generally showed slight increase on December 31, 1917, over the same date in 1916. In Oregon, Washington, and Idaho the holdings of cattle, excluding milch cows, increased from 2,055,000 head to 2,165,000 head during this period; of milch cows from 623,000 to 633,000 head; of sheep from 6,141,000 to 6,306,000 head. Holdings of swine decreased from 890,000 to 811,000 head. Total live-stock holdings increased 206,000 head, or 2.1 per cent.

Labor is unsettled and there have been many strikes, though there are none of importance as the year closes.

Import and export trade, in spite of deficient tonnage, is at record volume. Seattle's foreign trade exceeds that of San Francisco, the totals for the two being, respectively, \$480,000,000 and \$400,000,000.

Building permits during the past five months are 17 per cent less than in 1916. Bank deposits, bank clearings, and post-office receipts are continually making new high records.

The year has been one of great agricultural, industrial, and commercial activity and prosperity in this district. This reflects the fact that it has made important contribution of products vitally necessary for winning the war.

TABLE 1.—Classification by maturities of paper rediscounted.

Month.	MATURITIES.					Total.
	15 days and less.	Over 15 to 30 days.	Over 30 to 60 days.	Over 60 to 90 days.	Over 90 days to 6 months.	
January.....	\$4,514	\$7,863	\$25,589	\$37,707	\$47,705	\$123,358
February.....	25,931	9,266	34,705	32,344	4,540	106,786
March.....		8,578	46,796	74,157	21,990	151,521
April.....	120,392	200,577	216,366	139,823	21,814	698,887
May.....	51,254	114,823	132,380	125,995	27,147	451,599
June.....	460,935	2,521,000	2,883,932	3,089,878	103,351	9,058,096
July.....	842,881	599,191	1,087,110	1,437,418	42,387	4,178,987
August.....	1,216,019	474,815	877,941	636,470	188,277	3,393,522
September.....	1,520,765	1,879,306	2,762,063	1,344,180	161,927	7,068,211
October.....	2,197,799	1,863,551	1,923,762	1,971,127	20,224	7,976,463
November.....	2,296,853	1,973,355	3,803,274	2,655,771	171,165	10,900,421
December.....	2,910,940	3,731,567	9,712,057	6,931,795	240,221	23,582,580
Total.....	11,647,196	13,382,892	23,511,975	18,526,620	1,220,748	68,289,431

TABLE 2.—Reserve position of Federal Reserve Bank of San Francisco at the end of each month during the year 1917.

Month.	Net deposits.	Federal Reserve notes outstanding.	Gold and gold certificates, gold settlement fund.	Other cash.	Gold with Federal Reserve agent.	Total gold reserve.
January.....	\$32,911,714.14	\$15,726,890	\$20,893,505.00	\$82,879.10	\$15,726,890	\$36,620,395.00
February.....	33,715,308.10	16,195,845	21,070,995.00	31,551.10	16,195,845	37,206,840.00
March.....	39,049,682.53	16,205,545	27,040,167.50	65,343.35	16,207,545	43,247,712.50
April.....	36,841,247.13	19,954,290	21,337,340.00	102,393.05	19,954,290	41,291,630.00
May.....	39,064,838.49	22,843,600	20,345,045.00	114,299.35	22,843,600	43,189,245.00
June.....	61,127,208.14	24,387,600	35,494,235.00	141,412.20	24,387,600	59,881,835.00
July.....	64,561,712.33	26,088,230	45,319,530.00	92,587.00	26,088,230	71,407,760.00
August.....	53,402,231.52	28,434,980	28,835,592.50	45,849.80	28,434,930	57,270,522.50
September.....	52,422,235.60	36,420,270	37,065,360.00	33,772.40	26,516,270	64,181,630.00
October.....	51,682,569.58	41,903,470	40,968,910.00	62,064.35	30,949,470	71,918,380.00
November.....	77,474,184.11	58,402,405	57,769,585.00	83,775.00	38,598,405	96,367,990.00
December.....	69,922,002.00	77,097,550	47,024,920.00	408,822.55	43,993,550	94,018,470.00

NOTE.—An amendment to the Federal Reserve act approved June 21, 1917, includes in reserve gold with the Federal Reserve agent. For easier comparison, this table is constructed as if this provision had been in effect throughout the year.

TABLE 3.—Report of Treasury certificates of indebtedness subscribed for through Federal Reserve Bank, San Francisco, during 1917.

Series.	\$1,000 to \$25,000.		\$25,000 to \$50,000.		\$50,000 to \$100,000.		\$100,000 to \$250,000.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
Mar. 31.....								
Apr. 25.....	143	\$1,990,000	48	\$2,220,000	30	\$2,835,000	14	\$2,740,000
May 10.....	121	1,322,000	24	1,138,000	13	1,195,000	12	2,545,000
May 25.....	132	1,237,000	14	498,000	10	635,000	6	930,000
June 8.....	71	833,000	18	792,000	15	1,425,000	7	1,350,000
Aug. 9.....	94	1,254,000	26	1,160,000	10	920,000	10	1,945,000
Aug. 28.....	100	1,268,000	23	987,000	22	1,940,000	13	2,925,000
Sept. 17.....	100	1,252,000	27	1,120,000	20	1,885,000	18	3,890,000
Sept. 26.....	227	2,910,000	60	2,750,000	54	5,145,000	35	6,637,000
Oct. 18.....	209	2,968,000	88	4,075,000	47	4,431,000	31	5,801,000
Oct. 24.....	79	1,007,000	42	1,871,000	29	2,765,000	18	3,795,000
Nov. 30.....	19	275,000	4	167,000	4	400,000	6	970,000
Total.....	1,295	16,316,000	374	16,778,000	254	23,576,000	170	33,528,000

Series.	\$250,000 to \$500,000.		\$500,000 to \$1,000,000.		\$1,000,000.		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
Mar. 31.....								
Apr. 25.....	12	\$4,835,000	3	\$2,700,000	1	\$2,500,000	1	\$2,500,000
May 10.....	3	1,309,000			1	2,680,000	251	20,000,000
May 25.....	3	900,000					173	7,500,000
June 8.....	2	800,000					165	4,200,000
Aug. 9.....	8	3,550,000	1	750,000	2	3,421,000	113	5,200,000
Aug. 28.....	1	400,000					151	13,000,000
Sept. 17.....	1	374,000	1	509,000			159	7,520,000
Sept. 26.....	9	3,530,000	1	600,000	1	1,458,000	167	9,030,000
Oct. 18.....	7	2,200,000	1	525,000			387	23,000,000
Oct. 24.....	9	3,970,000					383	23,000,000
Nov. 30.....	1	500,000	2	1,450,000			177	13,408,000
Total.....	56	22,329,000	9	6,534,000	5	10,059,000	2,163	129,120,000

TABLE 4.—Officers and directors of Federal Reserve Bank of San Francisco.

## DIRECTORS.

Class A.—Alden Anderson, term expires December 31, 1918; C. K. McIntosh, term expires December 31, 1919; J. E. Fishburn, term expires December 31, 1920.

Class B.—Elmer H. Cox, term expires December 31, 1919; A. B. C. Dohrmann, term expires December 31, 1920; John A. McGregor, term expires December 31, 1919.

Class C.—Edward Elliott, term expires December 31, 1919; Walton N. Moore, term expires December 31, 1918; John Perrin, term expires December 31, 1920.

## OFFICERS.

John Perrin, chairman of the board and Federal Reserve agent; James K. Lynch, governor; John U. Calkins, deputy governor in charge of branches; William A. Day, assistant deputy governor; George O. Bordwell, cashier; Ira Clerk, assistant cashier; W. N. Ambrose, assistant cashier and acting manager Portland branch.

## BRANCH DIRECTORS AND OFFICERS.

Portland: W. N. Ambrose, assistant cashier of head office, acting manager; A. L. Mills, president First National Bank; J. C. Ainsworth, president United States National Bank; Nathan Strauss, of Fleischner & Meyer; Judge Thomas C. Burke; H. N. Mangels,<sup>1</sup> acting cashier.

Seattle: Clifford J. Shepherd, manager; M. F. Backus, president National Bank of Commerce; N. H. Latimer, president Dexter Horton National Bank; Charles E. Peabody, capitalist; Charles H. Clarke, of Kelley-Clarke Co.; J. C. Galbraith,<sup>1</sup> acting cashier.

Spokane: Charles A. McLean, manager; D. W. Twoby, president Old National Bank; Edwin T. Coman, president Exchange National Bank; Peter McGregor, farmer; G. I. Toevs, manager Centennial Mill Co.; Clarence R. Shaw, cashier.

TABLE 5.—Comparison of deposits and of loans and discounts of national banks of the twelfth Federal Reserve district on Nov. 17, 1916, and Nov. 20, 1917.

## DEPOSITS.

	Nov. 20, 1917.	Nov. 17, 1916.	Increase.	Per cent increase.
<b>Reserve cities:</b>				
Los Angeles.....	\$100,582,000	\$73,884,000	\$26,698,000	36
San Francisco.....	292,314,000	196,227,000	96,087,000	49
Portland.....	70,666,000	42,273,000	28,393,000	40
Salt Lake City.....	23,890,000	20,451,000	3,439,000	17
Seattle.....	64,396,000	42,480,000	21,916,000	52
Spokane.....	32,639,000	20,446,000	12,193,000	37
Tacoma.....	11,970,000	7,491,000	4,479,000	60
Ogden.....	9,993,000	9,332,000	661,000	8
Total.....	606,450,000	412,584,000	193,866,000	47
<b>All national banks:</b>				
Alaska.....	182,000	188,000	\$ 6,000	2 3
Arizona.....	9,554,000	7,585,000	1,969,000	29
California.....	618,289,000	522,800,000	95,489,000	18
Idaho.....	46,842,000	37,898,000	8,944,000	23
Nevada.....	13,380,000	10,595,000	2,785,000	26
Oregon.....	114,849,000	96,852,000	17,997,000	18
Utah.....	46,527,000	33,465,000	13,022,000	39
Washington.....	166,674,000	138,466,000	28,208,000	21
Total.....	1,017,287,000	847,879,000	169,408,000	19

<sup>1</sup> Acting officers from head office.<sup>2</sup> Decrease.

TABLE 5.—Comparison of deposits and of loans and discounts of national banks of the twelfth Federal Reserve district on Nov. 17, 1916, and Nov. 20, 1917—Continued.

LOANS AND DISCOUNTS.				
Reserve cities:				
Los Angeles.....	\$89,428,000	\$58,666,000	\$10,780,000	18
San Francisco.....	179,110,000	156,557,000	22,553,000	15
Portland.....	35,368,000	31,105,000	4,263,000	14
Salt Lake City.....	14,139,000	15,350,000	11,211,000	16
Seattle.....	34,737,000	28,915,000	5,822,000	20
Spokane.....	22,149,000	17,379,000	4,770,000	24
Tacoma.....	6,052,000	5,208,000	844,000	16
Ogden.....	6,632,000	4,952,000	1,680,000	33
Total.....	367,613,000	318,132,000	49,481,000	16
All national banks:				
Alaska.....	75,000	46,000	29,000	63
Arizona.....	5,485,000	4,582,000	903,000	20
California.....	398,593,000	339,600,000	58,993,000	17
Idaho.....	30,571,000	22,950,000	7,621,000	33
Nevada.....	8,068,000	6,178,000	1,890,000	30
Oregon.....	71,737,000	58,431,000	13,306,000	23
Utah.....	30,460,000	24,067,000	6,393,000	26
Washington.....	96,599,000	82,235,000	14,364,000	17
Total.....	641,513,000	538,089,000	103,424,000	19

1 Decrease.

TABLE 6.—Comparison of loans, investments, and deposits of national banks on June 30, 1914, with those on corresponding dates in 1915, 1916, and 1917, and on November 20, 1917.

LOANS AND INVESTMENTS.				
Date of call.	Amounts.	Per cent of loans and investments to deposits.	Per cent increase over preceding figure.	Per cent increase over June 30, 1914.
June 30, 1914:				
Loans.....	\$439,092,000			
Bonds, etc.....	140,723,000			
	579,815,000	100.5		
June 23, 1915:				
Loans.....	440,555,000			
Bonds, etc.....	147,650,000			
	588,205,000	100.1	1.5	1.5
June 30, 1916:				
Loans.....	482,570,000			
Bonds, etc.....	157,255,000			
	639,825,000	91.7	8.8	10.4
June 20, 1917:				
Loans.....	584,525,000			
Bonds, etc.....	196,952,000			
	781,477,000	88.2	22.3	33.2
Nov. 20, 1917:				
Loans.....	641,513,000			
Bonds, etc.....	245,751,000			
	887,264,000	87.2	13.5	52.9

TABLE 6.—*Comparison of loans, investments, and deposits of national banks on June 30, 1914, with those on corresponding dates in 1915, 1916, and 1917, and on November 20, 1917—Continued.*

## DEPOSITS.

Date of call.	Amounts.	Per cent of deposits to loans and investments.	Per cent of increase over preceding figure.	Per cent increase over June 30, 1914.
June 30, 1914.....	\$576,852,000	99.5		
June 23, 1915.....	587,673,000	99.9	1.9	1.9
June 30, 1916.....	698,620,000	108.3	18.9	21.1
June 20, 1917.....	885,647,000	113.8	26.7	53.5
Nov. 20, 1917.....	1,017,287,000	114.7	14.9	76.3

TABLE 7.—*Federal Reserve notes issued and redeemed by Federal Reserve agent during 1917.*

	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Outstanding Dec. 31, 1916.....						\$14,781,090
Issued during 1917.....	\$11,700,000	\$17,600,000	\$25,120,000	\$4,400,000	\$3,000,000	66,820,000
Unfit notes redeemed, 1917.....	1,729,430	955,690	1,496,670	146,150	175,600	81,601,090
Outstanding Dec. 31, 1917.....						4,503,540
						77,097,550

EXHIBIT A.—Federal Reserve notes outstanding, 1917.

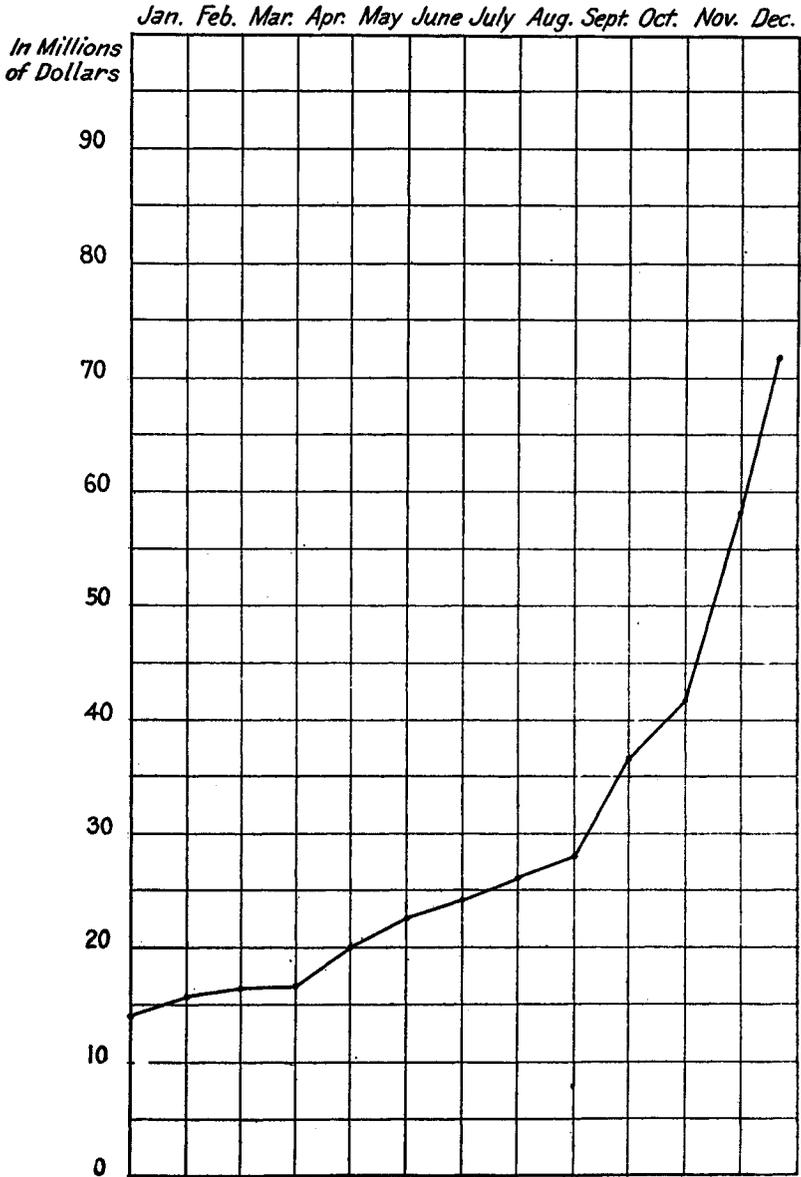


EXHIBIT B.—*Bank clearings of principal cities in twelfth district.*

(In millions; 000,000 omitted.)

	1911	1912	1913	1914	1915	1916	First 11 months, 1917
Bakersfield.....	( <sup>1</sup> )	22	24	24	20	28	33
Fresno.....	40	51	57	53	54	72	96
Long Beach.....	( <sup>2</sup> )			17	26	30	35
Los Angeles.....	943	1,169	1,211	1,145	1,043	1,284	1,381
Oakland.....	173	223	189	176	181	223	246
Pasadena.....	42	47	43	44	44	50	53
Sacramento.....	78	93	103	103	101	126	146
San Diego.....	53	132	134	103	100	112	110
San Francisco.....	2,427	2,678	2,624	2,516	2,694	3,480	4,399
San Jose.....	30	36	36	36	35	44	49
Santa Rosa.....				13	12	13	14
Stockton.....	40	45	46	47	50	72	82
Reno.....		15	15	14	15	21	28
Portland.....	557	596	628	577	554	650	794
Salt Lake City.....		369	333	315	350	513	644
Ogden.....							61
Seattle.....	553	602	665	628	612	790	1,042
Spokane.....		225	219	203	193	255	310
Tacoma.....		139	133	110	99	115	145
<b>Total.....</b>	<b>4,966</b>	<b>6,442</b>	<b>6,470</b>	<b>6,124</b>	<b>6,188</b>	<b>7,939</b>	<b>9,685</b>

<sup>1</sup> Organized 1912.<sup>2</sup> Organized 1914.EXHIBIT C.—*Banking power of twelfth Federal Reserve district.<sup>1</sup>*

(Resources and liabilities given in thousands; i. e., 000 omitted.)

	Arizona.		California.		Idaho.		Nevada.	
	National banks.	State banks.	National banks.	State banks.	National banks.	State banks.	National banks.	State banks.
Number of banks.....	7	56	270	571	64	137	10	23
Date of report.....	Nov.20	Sept.11	Nov.20	Nov.20	Nov.20	Sept. 11	Nov.20	Sept. 11
<b>RESOURCES.</b>								
Loans and discounts.....	\$5,485	\$25,949	\$398,593	\$575,072	\$30,571	\$31,098	\$8,068	\$10,512
Stocks, bonds, and other securities.....	1,842	4,515	145,917	218,233	10,234	3,639	3,457	2,130
Banking house, furniture, and fixtures, and other real estate.....	330	1,530	17,761	35,849	1,662	1,797	417	682
Cash and exchange.....	3,578	14,533	208,803	142,786	13,709	14,230	4,353	4,433
Other resources.....	62		20,094	21,261	281	262	314	216
<b>Total.....</b>	<b>11,297</b>	<b>46,527</b>	<b>791,168</b>	<b>993,201</b>	<b>56,457</b>	<b>51,026</b>	<b>16,609</b>	<b>17,973</b>
<b>LIABILITIES.</b>								
Capital.....	675	2,938	59,525	66,186	3,789	4,042	1,435	1,846
Surplus and undivided profits.....	680	2,335	48,912	47,042	2,591	1,766	599	640
Due to banks.....	462	( <sup>2</sup> )	133,943	20,594	5,139	2,138	1,726	143
Individual deposits, demand.....	8,149	41,025	394,769	210,581	32,438	31,716	8,974	7,753
Individual deposits, time.....	743	( <sup>2</sup> )	84,577	625,281	9,265	10,809	2,610	7,526
Rediscount <sup>3</sup> .....			6,620	126	349		158	
Money and bonds borrowed.....			10,332	871	140	294		
Circulation outstanding.....	544		40,813		3,021		1,215	
Other liabilities.....	44	4,229	18,247	22,520	74	103	50	65
<b>Total.....</b>	<b>11,297</b>	<b>46,527</b>	<b>791,168</b>	<b>993,201</b>	<b>56,457</b>	<b>51,026</b>	<b>16,609</b>	<b>17,973</b>

<sup>1</sup> Includes 4 counties in eleventh Federal Reserve district.<sup>2</sup> Included in demand deposits.<sup>3</sup> Subtracted from loans and discounts and not included in total liabilities for national banks.<sup>4</sup> Includes rediscounts and money borrowed.

EXHIBIT C.—Banking power of twelfth Federal Reserve district—Continued.

[Resources and liabilities given in thousands; i. e., 000 omitted.]

	Oregon.		Utah.		Washington.		Total.	
	National banks.	State banks.	National banks.	State banks.	National banks.	State banks.	National banks.	State banks.
Number of banks.....	81	178	24	102	78	284	534	1,351
Date of report.....	Nov.20	Sept.11	Nov.20	Oct. 8	Nov.20	Sept.11	Nov. 20	.....
<b>RESOURCES.</b>								
Loans and discounts.....	\$71,737	\$46,868	\$30,460	\$57,240	\$96,599	\$76,323	\$641,513	\$823,062
Stocks, bonds, and other securities.....	29,834	11,516	9,764	6,333	44,703	18,297	245,751	264,663
Banking house, furniture, and fixtures, and other real estate.....	4,526	3,246	1,816	3,413	4,665	9,970	31,177	56,487
Cash and exchange.....	32,807	23,693	15,239	15,338	47,332	31,834	325,821	246,847
Other resources.....	849	782	61	458	3,097	1,749	13,542	24,581
<b>Total.....</b>	<b>139,753</b>	<b>86,109</b>	<b>57,340</b>	<b>82,783</b>	<b>196,396</b>	<b>138,374</b>	<b>1,269,025</b>	<b>1,415,640</b>
<b>LIABILITIES.</b>								
Capital.....	9,591	8,894	3,405	7,223	11,810	15,856	90,230	106,975
Surplus and undivided profits.....	6,717	4,364	2,501	4,322	7,368	8,110	69,368	67,479
Due to banks.....	13,733	4,210	12,467	4,152	23,448	7,997	196,918	39,234
Individual deposits, demand.....	76,647	41,482	24,121	30,247	96,205	59,197	641,303	412,001
Individual deposits, time.....	24,462	24,860	9,939	30,007	47,021	54,095	178,617	742,578
Rediscout.....	1,082	492	540	.....	518	554	9,109	1,330
Money and bonds borrowed.....	1,110	1,176	1,445	.....	1,065	1,157	14,087	3,498
Circulation outstanding.....	6,142	.....	3,236	.....	6,680	.....	61,651	.....
Other liabilities.....	1,338	631	228	6,742	2,821	2,230	22,759	32,618
<b>Total.....</b>	<b>139,753</b>	<b>86,109</b>	<b>57,340</b>	<b>82,783</b>	<b>196,396</b>	<b>138,374</b>	<b>1,269,025</b>	<b>1,415,640</b>

<sup>1</sup> Includes 134 branch offices.

<sup>2</sup> Subtracted from loans and discounts and not included in total liabilities for national banks.

