

X-3166

C O P Y

July 11, 1921.

My dear Senator:

Referring again to our telephone conversation on Saturday, I would state that some of the charges which have been made against the Federal Reserve Board and against its members personally, which have appeared in certain papers and in some public speeches, do not appear to me to be susceptible to argumentative reply. They are made without giving any facts to support them and show either total ignorance of the subject on the part of the proponents or else wanton disregard of actual facts. Some, such as those made in the newspaper which I am enclosing with this letter, are libelous and the best reply to them is to brand them with the short and ugly word.

I enclose copy of an address which I made before the Cleveland (Ohio) Chamber of Commerce on the 16th of September last, which explains fully the Board's attitude at that time. Perhaps you may not have time to read all of this address but I hope that you will find time to read pages 5 to A4.

Owing to the exigencies of Treasury financing, the war time Federal Reserve rate of 4% was not advanced until December, 1919, although after the first of July, 1919, there was a rapid advance in the market rate for money and the best grades of commercial paper sold in the open market at from 7% to 8%. The customers of the member banks were willing to pay full rates for accommodation and urged upon the banks as a reason for easy credits that they were willing to pay high rates and the banks in turn could rediscount with the Federal Reserve Banks at a very substantial profit. On or about September 15, 1919, the total amount of invested assets of the Federal Reserve Banks, including bills rediscounted for member banks, acceptances bought in the open market and Government obligations held, amounted to about \$2,350,000,000. An expansion of bank credits was going on all the time at a rate which has never been equaled in the history of the country and far in excess of any war time expansion. Federal Reserve Bank rates were advanced to 4½% early in December, 1919, but the advance was negligible and had no effect. The latter part of January, 1920, rates were advanced to 6%. On the 23rd of January, 1920, the total rediscounts and earning assets of the Federal Reserve Banks amounted to about \$3,300,000,000, an increase since September 15, 1919, of \$950,000,000. The rate of expansion for that period was nearly 50%. At the same time the reserves of the Federal Reserve Banks had declined to about \$2,000,000,000, of which only about \$1,920,000,000, were gold reserves.

The pyramiding of credits was proceeding at an alarming degree and it was evident that if expansion should continue to proceed at such a rapid rate, it would be merely a question of time until the credit structure of the country would explode.

It should be noted that even after the rates were increased and after the statement of May, 1920 was made, which statement appears in my Cleveland speech and is the basis for most of the attacks which are made upon the Board, although it is rarely quoted, the expansion of loans and currency continued in a more moderate degree. On the 15th of January, 1920, the total loans and earning assets of the Federal Reserve Banks amounted to about \$3,000,000,000. These increased gradually and steadily until the 5th of November, when they amounted to \$3,400,000,000. On January 15th, 1920, the volume of Federal Reserve notes outstanding was about \$2,800,000,000 and this note issue also increased steadily until it reached the peak on December 24, 1920 of \$3,400,000,000. You will remember that the great price reactions which took place all occurred before the 5th of November or the 24th of December. Wholesale prices reached their peak about the middle of May, 1920, being at that time about 272 as against 100 for the year 1913. After the middle of May wholesale prices declined steadily, although the loans of the Federal Reserve Banks and Federal Reserve note issues increased until November 5th and December 24th respectively.

Since the close of the year 1920 there has been a marked reduction in the loans and note issues of the Federal Reserve Banks combined, although this reduction has been by no means uniform at all the banks. As a matter of fact the liquidation in the New York district has been about equal to that in all other districts combined. The rediscounts and advances of the Federal Reserve Bank of New York, at the close of business on June 30th, 1921, were lower than they had been since July 10, 1918. I enclose herewith copies of the weekly statement of condition of all Federal Reserve Banks for July 9th, 1920 and July 6th, 1921 and would call your attention to the fact that on the earlier date the Federal Reserve Bank of New York had total bills discounted and bought amounting to \$1,001,864,000, while on July 6th, 1921, total bills held at the Federal Reserve Bank of New York were \$461,535,000, a reduction of \$540,279,000. If comparison should be made a week earlier in each case, it would be seen that a reduction took place of \$535,330,000. Bills held at the Federal Reserve Bank of New York increased from June 29th, 1921 to July 6th, 1921 from \$423,169,000 to \$461,535,000, a net increase for the week of \$38,416,000. The detail is as follows:

	<u>July 9, 1920</u>	<u>July 6, 1921</u>
Secured by U. S. Bonds and certificates	\$544,229,000	\$212,999,000
Commercial paper, etc.	303,454,000	236,970,000
Bills bought in open market	<u>154,181,000</u>	<u>11,616,000</u>
	\$1,001,864,000	\$461,535,000

Some of those who have complained of the curtailment of credit live in the Richmond and Atlanta districts and it may be interesting, therefore, to ascertain just what the Federal Reserve Banks in those districts are doing. The enclosed statements show that on July 6th, 1921, the Federal Reserve Bank of Richmond had total bills on hand amounting to \$105,974,000, against \$110,052,000 on July 9th, 1920, but there was a reduction between these dates of \$15,830,000 in the amount of notes secured by Government obligations, which probably represents sales of bonds and certificates, while loans on commercial and agricultural paper increased from \$58,344,000 on July 9th, 1920 to \$74,280,000 on July 6th, 1921.

The Federal Reserve Bank of Atlanta shows between July 9th, 1920 and July 6th, 1921, an apparent reduction in total loans of about \$17,000,000, but you will notice that commercial and agricultural paper increased from \$61,611,000 on July 9th, 1920 to \$65,754,000 on July 6th, 1921. When the difference in the value of cotton is considered it is evident that the real amount of accommodation given is considerably greater now than was the case a year ago. It should be noted, however, that the decrease in the total loans of the Federal Reserve Bank of Atlanta is not as great as it appears, for the bank on July 6th, 1921 reports United States Bonds and Notes owned amounting to \$10,142,000 against \$117,000 on July 9th, 1920. This increase represents bonds and notes purchased under resale agreement from certain member banks which had previously been using the bonds as collateral for loans with the Federal Reserve Bank of Atlanta, so the actual reduction in the amount of the Bank's total loans is only about \$7,000,000 instead of \$17,000,000.

As your state is in the San Francisco district some figures relating to the Federal Reserve Bank of San Francisco may be of interest to you. The total loans of the Federal Reserve Bank of San Francisco on July 6th, 1921 amounted to \$161,203,000 as against \$199,003,000 on July 9th, 1920. This reduction, however, is made up as follows: a decrease of \$4,446,000 in the amount of paper secured by Government obligations and a decrease of \$44,687,000 in the amount of bills and acceptances bought in the open market. Commercial and agricultural paper under rediscount for member banks amounted on July 6, 1921 to \$114,623,000 against \$103,290,000 on July 9th, 1920, an increase in commercial, agricultural and livestock loans of \$11,333,000.

Let us now consider the figures for the system as a whole. On July 9th, 1920 the total bills on hand at all Federal Reserve Banks amounted to \$2,934,184,000. On July 6th, 1921 this total amounted to \$1,832,499,000, a decrease of \$1,101,685,000. The detail of this decrease is as follows: On paper secured by Government obligations, \$621,973,000 (which can be accounted for in part by Government redemptions of bonds and Treasury certificates and private purchases for investment account); in bills bought in the open market, \$341,455,000. (While the volume of the acceptance business has declined during the past twelve months, this decrease is accounted for principally by the greater demand for first class acceptances on the part of member and non-member banks and trust companies). The total

of agricultural, commercial and livestock paper on hand, rediscounted for member banks, on July 6th, 1921 was \$1,126,986,000, as against a total of \$1,265,243,000 on July 9th, 1920, a decrease of only \$138,257,000, which is more than accounted for by the decrease in the holdings of paper of this kind by the Federal Reserve Banks of Boston, New York and Chicago.

The Federal Reserve Board has made no suggestion whatever that any Federal Reserve Bank should undertake to force farmers to sell their cotton before the new crop comes in and telegraphic inquiry made of the Federal Reserve Banks in the cotton producing districts shows that no such restrictions have been made by the Federal Reserve Banks. I enclose copy of a statement by the Board which appeared in the papers on the morning of June 6th, 1921 and would call your attention to the last paragraph of that statement. This is the only statement which the Board has given out which relates in any way to loans on cotton or other farm products.

I also enclose mimeographed copy of recent correspondence between the Federal Reserve Bank of Atlanta and one of its member banks, from which you will see that the Governor of the Federal Reserve Bank calls the attention of his correspondent bank, which writes that it has notified its customers who are borrowing on cotton to sell it and pay their notes by July 1st, to the fact that this is a matter which the Federal Reserve Bank has nothing to do with and that it has made no such demands. I also enclose copy of a letter written by the Governor of the Federal Reserve Bank of Atlanta to the Commissioner of Agriculture of the State of Georgia, dated September 17, 1920, in which he states what the Bank's policy will be regarding loans on cotton.

The Comptroller's abstract No. 130, made up from reports rendered as of April 28, 1921, shows that the total rediscounts with the Federal Reserve Bank of Richmond by national banks in South Carolina on that date were \$12,506,000, while total loans and discounts of the South Carolina national banks on the same date, exclusive of the amounts rediscounted, amounted to \$75,208,000. Adding these two items together, we find that the South Carolina national banks had total loans and discounts on April 28, 1921 of \$87,714,000 and of this amount they had rediscounted with the Federal Reserve Bank \$12,506,000, or 14.3% of their total loans. At the same time the total reserves carried by all national banks in South Carolina with the Federal Reserve Bank of Richmond amounted to \$3,829,000. Deducting the loans to state member banks, \$2,285,000, the loans of the Federal Reserve Bank of Richmond to national banks in South Carolina on June 30th, 1921, amounted to \$18,820,000, an increase of \$6,314,000 since April 29th, and the total loans to all member banks in South Carolina on June 30th, 1921 by the Federal Reserve Bank of Richmond amounted to \$21,105,000, against \$17,316,000 on June 30th, 1920, and yet the Federal Reserve Bank of Richmond is charged with restricting loans in South Carolina. I may add that the Federal Reserve Banks of Richmond and Atlanta were both heavy borrowers during the latter half of 1920 from other Federal Reserve Banks and the Federal Reserve Bank of Richmond has recently shown loans as high as \$25,000,000 from the Federal Reserve Bank of New York. It is worthy of note also that the Federal Reserve Bank of

Richmond has never had the progressive rate and has never had a higher rate than 6%. The legal rate of interest in South Carolina is 8%. So you can see that there is a margin of profit to member banks in that state of two full points or 33 1/3 per cent in their rediscount transactions with the Federal Reserve Bank.

In conclusion I wish to say that the attitude of the Federal Reserve Board toward agriculture has been greatly misunderstood and grossly misrepresented. The Board has always advocated as liberal a policy as possible, consistent with the terms of the Federal Reserve Act and with reasonable banking prudence toward agriculture, which it recognizes as the basic industry of the country and the foundation upon which all other industries necessarily rest. The trouble is that the loans made by the member and non-member banks throughout the country are not well distributed and in a number of cases have not been judiciously made. Something over a third of all member banks are not borrowing from the Federal Reserve Banks at all and of the two-thirds which are borrowing, more than one-half are borrowing very large amounts. Many of these banks have extended themselves so far that they do not feel warranted in making any new loans, regardless of the disposition of the Federal Reserve Banks to rediscount the paper. They do not want their names on any more paper than they already have. They do not like the idea of increasing their contingent liability. In view of the fact that the twelve Federal Reserve Banks are independent bodies corporate and are controlled and directed each by its own board of directors, subject only to the general supervision of the Federal Reserve Board, whose authority with respect to discount is confined principally to defining eligible paper in accordance with the terms of Section 13 of the Federal Reserve Act, it seems to me that the statement which many, both in Congress and on the outside, urge be issued by the Federal Reserve Board, stating that the Federal Reserve Banks will adopt certain policies in connection with the rediscounting of agricultural paper, would have to be made by the Federal Reserve Banks themselves. The Federal Reserve Board has no power to interfere with the discretion given or the responsibility imposed by law upon the directors of a Federal Reserve Bank with respect to passing upon the merits of eligible paper offered for discount.

Congress did not establish a central bank in this country. It established twelve banks under the general supervision of the Federal Reserve Board, which does not exercise banking functions. These functions are exercised exclusively by the Federal Reserve Banks. The Board has taken up repeatedly with the various Federal Reserve Banks complaints of a general nature regarding the restriction of agricultural credits and the banks have always made a good showing of what they have done for agriculture. Very few specific cases have been brought to the attention of the Board where eligible agricultural

paper has been refused for rediscount and in those cases it seems that the management of the Federal Reserve Banks have justified themselves in the refusal.

In some agricultural states there was two years ago unfortunately great speculation in farm lands and member and non-member banks in those localities loaded themselves up with a large volume of real estate mortgages, which paper is not eligible for discount under the terms of the Federal Reserve Act, and many of them have sustained losses in deposits. In the present circumstances, they are endeavoring to work out from under the tremendous load which they ought never to have taken on and do not feel able or else are indisposed to extend accommodations for agricultural purposes which ordinarily they would be glad to do. In almost every state, however, there are a number of ultra-conservative banks which have strong reserves which are not borrowing and which ought to do their part in assisting agriculture at the present time.

In the present condition of the country it seems to me that the strong position of the Federal Reserve Banks should be a source of comfort rather than the cause of so much reckless criticism. The Federal Reserve Banks cannot be expected to encourage their member banks to make loans to the public on the basis of values which obtained eighteen months ago. The inability of any banking system to maintain values in the face of a world-wide decline is evidenced by the plight of the banks in Cuba which were heavily loaded up with loans on sugar at high prices. Surely, the return of better conditions in this country would not be expedited by having American banks in the same condition that Cuban banks are in today.

By way of summary, let me state that while the Federal Reserve Act imposes a general limitation upon the maturity of paper eligible for discount of three months, it is provided in Section 13 "That notes, drafts and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months, exclusive of days of grace, may be discounted in an amount to be limited to a percentage of the assets of the Federal Reserve Bank, to be ascertained and fixed by the Federal Reserve Board". Had the Board been unfriendly to agriculture, as many of its critics claim it has been, it could easily have limited the amount of six months agricultural paper which could be discounted by a Federal Reserve Bank to a very small percentage of its total assets. But in order to offer the fullest possible accommodations to agriculture, the Board more than five years ago fixed this percentage at 99% and has never changed it. It has already been pointed out that the decrease of more than \$1,100,000,000 which has taken place in the loans and earning assets of the Federal Reserve Banks is represented mainly by a reduction in loans secured by Government obligations and by bills and acceptances bought on the open market.

The actual reduction in commercial, agricultural and live stock paper, rediscounted for member banks, from July 9th, 1920 to July 6th, 1921, was \$138,257,000. This reduction is more than accounted for by the decrease of paper rediscounted by banks in Boston, New York and Chicago. The bank liquidation which has taken place has been mainly in financial and industrial centers and the figures of the Federal Reserve Banks do not indicate that there has during the past twelve months been any decrease in Federal Reserve accommodations to banks in the agricultural and live stock districts, but on the contrary there has been a considerable increase, as you will see from the official statements enclosed herewith.

I enclose editorial from the Memphis Commercial Appeal, which I received this morning, which takes issue with some of the statements which have recently been made on the floor of the Senate.

Very truly yours,

W. P. G. HARDING

G o v e r n o r .

(Copy)

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RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS AT CLOSE OF BUSINESS JULY 9, 1920.

RESOURCES (In thousands of dollars)

	Boston	New York	Phila.	Clevel.	Richm.	Atlanta	Chicago	St. Louis	Minn.	Kans. Cy.	Dallas	San Fran.	Total
Federal Reserve Bank of													
Gold and gold certificates	11,600	82,217	1,156	10,117	2,398	8,067	24,250	3,488	7,207	498	5,311	12,620	168,929
Gold Settlement Fund - F. R. Board	36,716	83,980	45,320	60,057	19,940	4,220	62,924	8,951	4,812	25,832	5,971	44,037	402,760
Gold with foreign agencies	8,142	40,932	8,922	9,146	5,465	4,015	13,272	5,242	3,011	5,353	2,900	5,131	111,531
Total gold held by banks	56,458	207,129	55,398	79,320	27,803	16,302	100,446	17,681	15,030	31,683	14,182	61,788	683,220
Gold with F. R. Agents	119,620	281,827	91,790	149,550	43,029	50,566	167,547	46,374	32,278	36,795	25,555	100,171	1,145,102
Gold redemption fund	17,285	35,979	15,452	1,921	5,963	6,278	32,629	5,217	22	4,248	8,589	9,411	142,994
Total gold reserves	193,363	524,935	162,640	230,791	76,795	73,146	300,622	69,272	47,330	72,726	48,326	171,370	1,971,316
Legal tender notes, silver, etc.	6,900	106,846	222	1,580	101	1,366	8,632	7,331	170	1,630	1,342	757	136,877
Total reserves	200,263	631,781	162,862	232,371	76,896	74,512	309,254	76,603	47,500	74,356	49,668	172,127	2,108,193
Bills discounted: (a)													
Secured by Govt. war obligations	93,045	544,229	146,759	114,910	45,488	52,959	118,917	49,243	8,031	47,092	26,110	49,567	1,296,350
All other	73,123	303,454	39,662	63,432	58,344	61,611	319,503	59,053	70,418	62,590	50,763	103,290	1,265,243
Bills bought in open market (b)	35,910	154,181	11,429	50,800	6,220	4,297	54,457	3,268	2,612	2,616	655	46,146	372,591
Total bills on hand	202,078	1,001,864	197,850	229,142	110,052	118,867	492,877	111,564	81,061	112,298	77,528	199,003	2,934,184
U. S. Government bonds	560	1,457	1,386	833	1,233	114	4,477	1,153	116	8,866	3,966	2,632	26,793
U. S. Victory notes	5	50	-	10	-	3	-	-	-	1	-	-	69
U. S. Certificates of indebtedness	21,695	79,214	31,776	23,322	12,260	15,664	39,642	17,239	8,492	12,940	8,365	11,333	281,942
Total earning assets	224,338	1,082,585	231,012	253,307	123,545	134,648	536,996	129,956	89,669	134,105	89,859	212,968	3,242,988
Bank premises	1,476	3,763	592	1,155	752	590	2,116	866	556	730	906	232	13,734
Uncollected items and other deductions from gross deposits	68,718	161,762	64,658	81,273	60,554	29,481	113,467	46,256	24,402	61,825	44,650	40,301	797,347
5% Redemption fund against F. R.													
Bank notes	1,072	3,100	1,300	871	451	573	1,820	523	416	916	586	665	12,293
All other resources	282	1,422	194	145	187	100	461	282	51	201	171	326	3,822
TOTAL RESOURCES	496,149	1,884,413	460,618	569,122	262,385	239,904	964,114	254,486	162,594	272,133	185,840	426,619	6,178,377
(a) Includes bills discounted for other F. R. Banks, viz:	35,994	36,096	-	54,494	-	-	-	-	-	-	-	-	126,584
(b) Includes bankers' acceptances bought from other F. R. Banks: Without their endorsement	4,918	-	10,014	-	-	-	-	-	-	-	-	10,008	24,940

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RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS AT CLOSE OF BUSINESS JULY 9, 1920.

(In thousands of dollars)

LIABILITIES

Federal Reserve Bank	Boston	New York	Phila.	Clevel.	Richm.	Atlanta	Chicago	St.-Louis	Minn.	Kans.	Cal.	Dallas	San Fran.	Total
Capital paid-in	7,532	24,675	8,326	10,161	4,873	3,788	13,290	4,257	3,279	4,312	3,757	6,389	94,639	
Surplus	12,351	51,308	13,069	13,712	8,067	7,050	23,917	5,884	5,178	8,395	4,152	11,662	164,745	
Government deposits	52	612	3,691	295	3,404	882	750	1,011	410	1,281	1,060	2,471	15,919	
Due to members - Reserve account	118,186	738,232	106,197	143,114	59,876	49,837	261,308	63,598	46,169	82,481	57,343	113,363	1,839,704	
Deferred availability items	52,560	113,276	52,646	59,395	47,219	23,334	73,863	39,233	18,599	58,143	27,986	28,180	594,434	
Other deposits, including foreign government credits	2,658	23,974	3,434	2,949	1,673	1,265	5,799	1,841	1,212	2,229	1,132	6,993	55,159	
Total gross deposits	173,456	876,094	165,968	205,753	112,172	75,318	341,720	105,683	66,390	144,134	87,521	151,007	2,505,216	
F. R. notes in actual circulation	287,332	871,467	252,418	320,621	126,380	141,362	547,917	128,639	79,116	98,651	82,074	244,971	3,180,948	
F. R. Bank notes in circulation - net liability	13,784	37,487	19,409	17,108	9,987	11,359	32,031	8,820	7,512	15,088	7,121	10,581	190,287	
All other liabilities	1,694	23,382	1,428	1,767	906	1,027	5,239	1,203	1,119	1,553	1,215	2,009	42,542	
TOTAL LIABILITIES	496,149	1,884,413	460,618	569,122	262,385	239,904	964,114	254,486	162,594	272,133	185,840	426,619	6,178,377	

Ratio of total reserves to net deposit and F.R.note liabilities combined, per cent	51.1	39.8	46.0	52.2	43.2	39.8	39.8	40.7	39.2	41.1	39.8	48.4	43.1
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MEMORANDA

Contingent liability as endorser on - Discounted paper rediscounted with other F. R. Banks	-	-	-	-	24,972	5,507	31,672	25,013	15,653	12,767	11,000	-	126,584
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Contingent liability on bills purchased for foreign correspondents	1,168	6,089	1,280	1,312	784	576	1,904	752	432	768	416	736	16,217
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FEDERAL RESERVE NOTES OUTSTANDING AND IN ACTUAL CIRCULATION

F. R. notes outstanding	297,607	993,186	265,498	332,587	132,009	145,770	594,622	146,458	80,249	103,682	86,125	276,695	3,454,488
F. R. notes held by banks	10,275	121,719	13,080	11,966	5,629	4,408	46,705	17,819	1,133	5,031	4,051	31,724	273,540
F. R. notes in actual circulation	287,332	871,467	252,418	320,621	126,380	141,362	547,917	128,639	79,116	98,651	82,074	244,971	3,180,948

DISTRIBUTION OF BILLS AND U. S. CERTIFICATES OF INDEBTEDNESS BY MATURITIES

	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Bills discounted	1,437,411	285,693	486,603	272,743	79,143	2,561,593
Bills bought in open market	105,303	67,968	163,173	36,147	-	372,591
U. S. Certificates of indebtedness	26,705	6,600	19,400	36,533	192,704	281,942

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RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS AT CLOSE OF BUSINESS JULY 6, 1921. St. 2107b.

Federal Reserve Bank of	R E S O U R C E S												Total
	Boston	New York	Phila.	Clevel.	Richm.	Atlanta	Chicago	St.Louis	Minn.	Kans.Cy.	Dallas	San Fran.	
Gold and gold certificates	7,821	253,815	1,793	6,029	2,703	4,586	20,578	2,798	8,377	2,110	8,674	19,673	338,957
Gold settlement fund - F.R.Board	55,552	32,943	57,397	58,446	20,046	9,471	71,395	17,192	7,734	35,693	3,312	33,965	403,146
Total gold held by banks	63,373	286,758	59,190	64,475	22,749	14,057	91,973	19,990	16,111	37,803	11,986	53,638	742,103
Gold with F. R. Agents	181,044	509,298	134,428	185,604	38,023	59,832	230,213	48,572	20,031	33,607	14,751	142,862	1,598,265
Gold redemption fund	15,655	36,000	9,631	4,514	8,253	5,589	35,292	3,820	3,258	3,317	2,691	9,418	137,438
Total gold reserves	260,072	832,056	203,249	254,593	69,025	79,478	357,478	72,382	39,400	74,727	29,428	205,918	2,477,806
Legal tender notes, silver, etc.	16,525	72,921	3,118	6,233	4,424	7,008	16,803	12,699	903	3,967	5,772	3,032	153,405
Total reserves	276,597	904,977	206,367	260,826	73,449	86,486	374,281	85,081	40,303	78,694	35,200	208,950	2,631,211
Bills discounted: (a)													
Secured by U.S.Gov't. obligations	31,904	212,999	84,043	54,259	29,658	35,063	106,366	32,556	7,757	24,181	10,470	45,121	674,377
All other	53,935	236,970	39,317	98,005	74,280	65,754	218,535	54,597	65,977	55,319	49,674	114,623	1,126,986
Bills bought in open market	7,905	11,616	3,390	1,228	2,036	962	2,306	104	-	20	110	1,459	31,136
Total bills on hand	93,744	461,585	126,750	153,492	105,974	101,779	327,207	87,257	73,734	79,520	60,254	161,203	1,832,499
U. S. bonds and notes	555	3,270	1,627	843	1,233	10,142	4,490	1,153	145	8,868	3,979	305	36,610
U. S. Certificates of indebtedness:													
One-year certificates (Pittman Act)	18,936	52,776	26,780	21,799	7,260	14,564	36,112	11,568	5,480	8,320	2,400	9,880	215,875
All other	36	9,531	612	13	-	1	55	225	51	26	-	1	10,551
Total earning assets	113,271	527,162	155,769	176,147	114,467	126,486	367,864	100,203	79,410	96,734	66,633	171,389	2,095,535
Bank premises	3,716	5,375	529	2,174	2,051	752	3,878	627	657	2,659	1,883	560	24,861
5% Redemption fund against													
F. R. Bank notes	772	1,864	700	1,239	363	511	1,786	523	275	916	236	494	9,679
Uncollected items	50,190	141,927	45,878	50,808	43,379	19,280	66,642	28,978	15,119	38,728	21,848	34,385	557,162
All other resources	377	2,587	259	777	447	680	1,890	495	111	491	2,554	2,420	13,088
<b>TOTAL RESOURCES</b>	<b>444,923</b>	<b>1,583,892</b>	<b>409,502</b>	<b>491,971</b>	<b>234,156</b>	<b>234,195</b>	<b>816,341</b>	<b>215,907</b>	<b>135,875</b>	<b>218,222</b>	<b>128,354</b>	<b>418,198</b>	<b>5,331,536</b>
(a) Includes bills discounted for other F. R. Banks, viz:	10,450	31,015	-	-	-	-	-	-	-	-	-	-	41,465

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## RESOURCES AND LIABILITIES OF THE FEDERAL RESERVE BANKS AT CLOSE OF BUSINESS JULY 6, 1921.

St.2107c.

(In thousands of dollars)

Federal Reserve Bank	L I A B I L I T I E S												Total
	Boston	New York	Phila.	Clevel.	Richm.	Atlanta	Chicago	St. Louis	Minn.	Kans. Cy.	Dallas	San Fran.	
Capital paid in	7,911	26,896	8,613	11,047	5,322	4,097	14,259	4,512	3,553	4,346	4,222	7,325	102,103
Surplus	16,342	59,318	17,564	22,263	11,026	8,708	30,536	9,114	7,303	9,330	7,113	15,207	213,824
Reserved for Govt. franchise tax	2,272	17,100	2,737	1,633	1,679	2,584	8,011	982	1,335	1,587	-	2,145	42,065
Deposits:													
Government	2,006	7,409	1,923	3,652	856	1,873	6,622	1,623	1,844	2,615	1,867	1,734	34,024
Member bank - reserve account	109,740	651,727	100,065	136,991	54,176	43,807	229,515	60,952	41,929	71,455	42,312	109,088	1,651,757
All other	1,122	11,907	1,230	775	469	355	2,253	783	605	529	378	6,965	27,371
Total deposits	112,868	671,043	103,218	141,418	55,501	46,035	238,390	63,358	44,378	74,599	44,557	117,787	1,713,152
F. R. notes in actual circulation	254,169	684,615	224,513	254,854	120,202	149,636	454,379	104,739	59,613	78,633	45,398	241,165	2,671,916
F. R. Bank notes in circulation - net liability	9,509	28,096	9,827	16,133	5,606	9,438	17,450	6,370	5,364	14,518	4,362	6,630	133,303
Deferred availability items	40,901	93,662	42,370	43,711	33,828	12,977	50,190	25,975	13,087	33,956	21,569	26,229	438,455
All other liabilities	951	3,162	660	912	992	720	3,126	857	1,242	1,253	1,133	1,710	16,718
<b>TOTAL LIABILITIES</b>	<b>444,923</b>	<b>1,583,892</b>	<b>409,502</b>	<b>491,971</b>	<b>234,156</b>	<b>234,195</b>	<b>816,341</b>	<b>215,907</b>	<b>135,875</b>	<b>218,222</b>	<b>128,354</b>	<b>418,198</b>	<b>5,331,536</b>

## M E M O R A N D A

Ratio of total reserves to deposit and F. R. note liabilities combined, per cent	75.4	66.8	63.0	65.8	41.8	44.2	54.0	50.6	38.8	51.4	39.1	58.2	60.0
Contingent liability as endorser on discounted paper rediscounted with other F. R. Banks	-	-	-	-	19,875	-	-	-	11,140	-	10,450	-	41,465
Contingent liability on bills purchased for foreign correspondents	2,336	40,658	2,560	2,624	1,568	1,152	3,808	1,504	864	1,536	832	1,472	60,914

## FEDERAL RESERVE NOTES OUTSTANDING AND IN ACTUAL CIRCULATION

F. R. notes outstanding	268,401	833,937	242,295	275,821	126,748	158,577	491,648	125,056	61,392	86,144	49,079	295,726	3,014,824
F. R. notes held by banks	14,232	149,322	17,782	20,967	6,546	8,941	37,269	20,317	1,779	7,511	3,681	54,561	342,908
F. R. notes in actual circulation	254,169	684,615	224,513	254,854	120,202	149,636	454,379	104,739	59,613	78,633	45,398	241,165	2,671,916

## DISTRIBUTION OF BILLS AND U. S. CERTIFICATES OF INDEBTEDNESS BY MATURITIES

	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Bills discounted	1,049,879	169,610	280,130	223,550	78,194	1,801,363
Bills bought in open market	19,311	6,708	3,434	1,683	-	31,136
U. S. Certificates of indebtedness	4,228	4,700	20,959	39,482	157,057	226,426