

AGRICULTURAL AND INDUSTRIAL LIQUIDATION

March 4, 1920 to April 28, 1921.

St.2225.

The following tables give an analysis of reports to the Comptroller of the Currency and the Federal Reserve Board from about 9,500 banks throughout the country which are members of the Federal Reserve system. The purpose of the analysis was to ascertain what changes took place during the year ended April 28, 1921 in the loans of banks in agricultural communities as compared with the loans of banks in non-agricultural communities. While loans by country banks are often made for uses other than to finance farmers, and many loans by city banks are made to move crops and for other purposes intimately connected with agriculture, it is felt that the figures compare with fair accuracy the liquidation of industrial and agricultural loans.

All counties in the country were grouped in three classes, agricultural, semi-agricultural and non-agricultural. Counties were classified as agricultural, when the value of their products according to data obtained from the 1920 census reports, the Geological Survey, the Bureau of Soils, and all other available sources was estimated to be not less than 80 per cent agricultural; as semi-agricultural when their products were between 50 and 80 per cent agricultural; and as non-agricultural, when their products were less than 50 per cent agricultural.

The summary table below shows that between May 4, 1920 and April 28, 1921 the loans and discounts of banks in agricultural counties throughout the country declined \$36,500,000 or slightly more than 1.2 per cent; the loans and discounts of banks in semi-agricultural counties declined \$18,700,000 or 1.3 per cent; and the loans and discounts of banks in non-agricultural counties declined \$827,100,000 or 5.6 per cent. The borrowings from the Federal Reserve Banks by banks in agricultural counties increased \$127,600,000 or 56.5 per cent; borrowings by banks in semi-agricultural counties remained practically stationary; and borrowings by banks in non-agricultural counties declined \$629,100,000 or 28.5 per cent.

INCREASE OR DECREASE IN LOANS, BORROWINGS (a) AND
DEPOSITS OF MEMBER BANKS (1920-1921).

(Amounts in millions of dollars)

	: Agricultural : : counties :		: Semi-agricul- : : tural counties:		: Non-agricultur- : : al counties :		: Total	
	: Amount :	: Per : : cent :	: Amount :	: Per : : cent :	: Amount :	: Per : : cent :	: Amount :	: Per : : cent :
Loans and discounts	-36.5	-1.2	-18.7	-1.3	-827.1	-5.6	-882.3	-4.5
Borrowings from F. R. Banks -	+127.6	+56.5	-0.3	-0.2	-629.1	-28.5	-501.8	-19.5
Borrowings from other banks -	+45.2	+65.7	+6.1	+19.0	+0.5	+0.6	+51.8	+27.3
Total deposits	-411.8	-11.1	-87.7	-5.2	-665.7	-4.4	-1165.2	-5.7

(a) Bills payable and rediscounts.

In partial explanation of the relatively heavy demands upon the Federal Reserve system by banks in agricultural counties, it appears that their loss in total deposits was 11.1 per cent. as against a loss of 4.4 per cent. by banks in non-agricultural counties.

Between May 4, 1920, and April 28, 1921, member banks show a total liquidation of loans amounting to \$882,000,000 of which \$827,000,000, or 94 per cent, is shown for banks in non-agricultural counties, while the liquidation in agricultural and semi-agricultural counties amounted to only about \$55,000,000. An analysis of the changes in loans by Federal Reserve districts shows few important reductions for banks in agricultural counties, the largest reduction being reported for banks in the Kansas City district, where loans were reduced by about \$53,000,000. On the other hand, banks in the Richmond and Atlanta districts showed somewhat larger loans this year than a year ago. In the semi-agricultural counties, no important changes are reported for any of the Federal Reserve districts. In the non-agricultural counties the volume of liquidation has been material in every Federal Reserve district, except Cleveland, which reports a 10 per cent increase in loans.

The contrast between the banks in agricultural and non-agricultural counties is even more pronounced when borrowings from the Federal Reserve banks are compared. These borrowings increased for banks in agricultural counties by about 128 millions, or 57 per cent, particularly heavy relative increases being shown for the Atlanta, Dallas and Minneapolis districts. In the semi-agricultural counties, the amount of loans from Federal Reserve Banks shows practically no changes for the year, substantial increases in the Richmond and Atlanta districts being offset by a reduction of 10 millions in the Cleveland district. In non-agricultural counties the reduction of borrowings from Federal Reserve Banks is universal for all the districts, except Cleveland. For the system as a whole, the reduction in borrowings from Federal Reserve Banks amounted to about 502 millions; for banks in non-agricultural counties the reduction was 629 millions, which was offset in part by an increase of 128 millions in the borrowings of banks in agricultural counties.

Figures for the several Federal Reserve districts are shown in the table below:

INCREASE OR DECREASE IN LOANS AND IN BORROWINGS^(a)
FROM FEDERAL RESERVE BANK BY DISTRICTS (1920-1921)

(Amounts in millions of dollars)

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Federal Reserve District	LOANS AND DISCOUNTS						Total	
	Agricultural counties		Semi-agricultural counties		Non-agricultural counties		Amount	Per cent
	Amount	Per cent	Amount	Per cent	Amount	Per cent		
Boston	-0.7	-2.0	+1.6	+7.7	-36.2	-2.7	-35.3	-2.5
New York	+15.0	+10.2	+5.4	+7.1	-426.1	-7.8	-405.7	-7.1
Philadelphia	+9.6	+11.0	+1.5	+4.5	-27.8	-2.8	-16.7	-1.5
Cleveland	-1.6	-1.0	+7.5	+2.0	+100.8	+9.5	+106.7	+6.7
Richmond	+4.7	+2.4	-0.5	-0.3	-9.3	-1.7	-5.1	-.6
Atlanta	+4.4	+2.9	+5.1	+4.5	-58.7	-12.1	-49.2	-6.6
Dallas	-22.8	-6.3	-2.3	-2.2	-29.9	-12.6	-55.0	-7.8
Chicago	-16.4	-2.4	-17.4	-6.0	-132.3	-6.3	-166.1	-5.4
St. Louis	-3.8	-1.9	-0.6	-1.6	-73.7	-11.8	-78.1	-9.1
Minneapolis	-19.1	-4.8	-4.6	-6.1	-40.7	-12.0	-64.4	-8.0
Kansas City	-52.9	-13.0	-9.0	-10.4	-75.4	-13.3	-137.3	-13.0
San Francisco	+47.1	+13.2	-5.4	-4.2	-17.7	-1.8	+24.0	+1.6
Total	-36.5	-1.1	-18.7	-1.3	-827.0	-5.6	-882.2	-4.5

Federal Reserve District	BORROWINGS FROM FEDERAL RESERVE BANKS ^(a)						Total	
	Agricultural counties		Semi-agricultural counties		Non-agricultural counties		Amount	Per cent
	Amount	Per cent	Amount	Per cent	Amount	Per cent		
Boston	+0.3	+11.8	+0.5	+61.6	-29.3	-23.5	-28.5	-22.3
New York	+0.7	+9.2	+0.3	+4.5	-206.9	-26.5	-205.9	-25.9
Philadelphia	-1.9	-17.9	-0.2	-6.3	-73.3	-35.0	-75.4	-33.7
Cleveland	-1.0	-13.7	-10.0	-34.0	+15.0	+15.0	+4.0	+2.9
Richmond	+6.9	+39.4	+4.7	+26.9	-8.6	-9.8	+3.0	+2.5
Atlanta	+16.2	+120.2	+9.6	+96.6	-29.9	-31.9	-4.1	-3.5
Dallas	+22.0	+93.0	-3.8	-25.3	-24.0	-60.5	-5.8	-7.4
Chicago	+25.9	+45.1	-0.2	-0.6	-117.9	-32.0	-92.2	-20.1
St. Louis	+6.8	+42.0	-1.8	-46.9	-80.5	-59.1	-75.5	-48.3
Minneapolis	+18.3	+102.2	-0.4	-7.4	-30.5	-46.9	-12.6	-14.3
Kansas City	+11.3	+51.4	-1.8	-23.9	-41.6	-42.6	-32.1	-25.2
San Francisco	+22.0	+75.3	+2.8	+50.0	-1.6	-1.5	+23.2	+16.6
Total	+127.5	+56.5	-.3	-0.2	-629.1	-28.5	-501.9	-19.5

(a) Bills payable and rediscounts.

A comparison of borrowings with the so-called basic line is presented in the next table. On April 28, 1921, the borrowings of member banks from Federal reserve banks in agricultural counties were in excess of the so-called basic line in the Southern and Middle and Far Western districts, with the exception of Kansas City. In semi-agricultural counties borrowings were below the basic line in all the districts except those of Richmond, Atlanta, and Chicago; while in the non-agricultural counties, all the districts, except Richmond and Atlanta, reported borrowings below the basic line.

BORROWINGS^(a) FROM FEDERAL RESERVE BANKS, COMPARED WITH
"BASIC LINE" ON APRIL 28, 1921.

(Amounts in millions of dollars)

Federal Reserve District	Agricultural counties			Semi-agricultural counties			Non-agricultural counties		
	Borrowings	Basic line	Ratio of borrowings to basic line	Borrowings	Basic line	Ratio of borrowings to basic line	Borrowings	Basic line	Ratio of borrowings to basic line
	Amount	Amount	Percent	Amount	Amount	Percent	Amount	Amount	Percent
Boston	2.5	4.6	53.5	1.5	2.9	50.0	95.3	184.1	51.7
New York	8.8	24.6	35.7	6.4	10.7	59.4	574.1	1083.0	53.0
Philadelphia	8.6	15.7	54.8	3.6	6.3	56.7	136.2	171.0	79.6
Cleveland	6.4	21.6	29.4	19.3	57.6	33.5	114.5	180.7	63.3
Richmond	24.3	19.9	122.3	22.1	12.7	173.9	78.2	68.8	113.7
Atlanta	29.7	15.9	186.8	19.4	12.4	156.9	63.6	55.0	115.6
Dallas	45.8	39.3	116.4	11.2	15.7	71.6	15.7	28.7	54.7
Chicago	83.4	72.2	115.5	33.1	31.6	104.7	250.3	300.1	83.4
St. Louis	23.0	22.2	103.7	2.0	4.2	48.1	55.7	88.8	62.7
Minneapolis	36.1	33.3	108.6	4.7	7.7	61.7	34.5	39.6	87.0
Kansas City	33.3	45.1	74.0	5.8	11.0	53.0	56.1	72.9	77.0
San Francisco	51.2	41.4	123.6	8.5	18.6	45.7	103.8	145.4	71.3
Total	353.1	355.8	99.2	137.6	191.4	71.9	1,577.8	2418.1	65.2

(a) Bills payable and rediscounts.