

SEVENTH ANNUAL REPORT  
OF THE  
**FEDERAL RESERVE  
BOARD**

COVERING OPERATIONS  
FOR THE YEAR 1920



WASHINGTON  
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# PART I.

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## REPORT OF THE FEDERAL RESERVE BOARD, WITH EXHIBITS.

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## THE FEDERAL RESERVE BOARD.

DECEMBER 31, 1920.

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DAVID F. HOUSTON, *ex officio*,  
*Secretary of the Treasury, Chairman.*

JOHN SKELTON WILLIAMS, *ex officio*,  
*Comptroller of the Currency.*

W. P. G. HARDING, *Governor.*  
EDMUND PLATT, *Vice Governor.*  
ADOLPH C. MILLER.  
CHARLES S. HAMLIN.  
D. C. WILLS.

# ANNUAL REPORT OF THE FEDERAL RESERVE BOARD.

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FEDERAL RESERVE BOARD,  
*Washington, February 16, 1921.*

SIR: The Federal Reserve Board has the honor to submit its seventh annual report, which relates to operations for the calendar year ended December 31, 1920.

The past year has been essentially a period of reaction. The year immediately preceding was characterized by an unprecedented orgy of extravagance, a mania for speculation, overextended business in nearly all lines and in every section of the country, and general demoralization of the agencies of production and distribution.

Beginning with abnormally large importations of gold in 1915, the course of world events forced upon this country during a period of five years the greatest expansion it has ever known. It was universally realized that there would be sooner or later reaction and readjustments, and those who recalled the effects of readjustment after former periods of great expansion and abnormal activity regarded the future with grave apprehension.

While indications that the country was approaching a readjustment period were not lacking during the closing months of the year 1919, it was not until the spring of 1920 that it became generally recognized that reaction had set in and that the country was passing through the most acute stage of transition from wartime delirium to the more normal conditions of peace. This process of readjustment began almost simultaneously throughout the world, and its effects have been more far-reaching and drastic in other countries where the inflation of bank credit and currency was more pronounced than in the United States. The process necessarily has been painful, but it was inevitable and unavoidable, and in view of world-wide conditions could not have been long deferred in this country by any artificial means or temporary expedients which might have been adopted.

In meeting the strain to which our domestic banking system has been subjected, a strain which always accompanies the economic and financial changes which follow a period of great expansion, no resort was made to credit curtailment or to contraction of the currency. The precautionary steps which were taken during the year

did not produce deflation, but they checked the expansion which had been proceeding at a dangerous rate and prevented a larger measure of distress than has actually occurred.

As the year closed there were many indications that business generally was beginning to adjust itself to new conditions and was preparing to proceed on a sounder and saner basis. The most trying and critical stage of readjustment was passed before the end of the year and the situation at its close was intrinsically better than at its beginning. Then it was foreseen that the developments which have occurred were impending and the future was regarded with uneasiness and apprehension. Now it is generally recognized that the crisis has been passed and that the country has regained a more normal state of mind, which is of first importance in working back toward normal conditions; and looking to the future, a spirit of greater confidence prevails.

Because of the universal and sweeping changes which took place during the year and of the rapidity with which they occurred, the year 1920 will be ranked as one of the most eventful in economic history. It does not appear inappropriate, therefore, in making a report of the operations of the Federal Reserve System during the year and in discussing the policies controlling those operations, to review the underlying causes and immediate effects of the reaction which has taken place.

Hitherto periods of rapid readjustment, such as were witnessed during the past year, have invariably been accompanied by severe financial disturbances or money panics. The absence of such developments in the United States during the past year must therefore be regarded as the strongest proof of the efficiency and stability of our present banking system, and of its ability to absorb the shock and avert the disaster which in other times has overtaken the country. In previous periods of abnormal activity, industry and commerce, although dependent upon credit conditions, generally have been more nearly self-sustaining than was the case when the recent wave of expansion was at its crest. At such times no doubt commercial and industrial activities were less affected by those influences which bear directly upon the credit situation. Differences of opinion have always existed among economists as to the extent to which credit modifications have been the cause, and as to the measure in which they are to be regarded as the effect of industrial changes. Relationships between credit and business have always been complex and often justify differences of opinion. During the past year, however, the course of events presents a picture of world-wide change proceeding from profound economic causes in which credit appears as only one of a group of major factors.

It is, however, true that in periods of transition, when marked changes in business conditions are taking place, there is a disposition to shift responsibility for disappointment or misfortune upon the credit system, thus magnifying its true function as a regulator of commerce and business into the rôle of a savior or else a destroyer of industrial prosperity. Such conclusions proceed from a superficial and inadequate view of the general economic situation and its resultant problems. No thorough analysis of the causes of present conditions in the field of banking and finance can be made without a clear understanding of basic facts relating to commerce and industry. With these first surveyed and with the facts regarding extension of credit, both by the member banks and by the Federal Reserve Banks, briefly outlined, it will be possible to obtain a more accurate idea of the influences affecting the general course of business and finance in the United States during the year 1920 and of the effect of these influences.

The developments during the year 1920 all over the world have been along lines of industrial and commercial readjustments. There are several measures or tests which may be applied in order to ascertain the character and scope of these readjustments. Of these, one of the most obvious and familiar is the volume of production. Viewed from the standpoint of the volume of commodities made available for consumption, the year 1920 was one of plenty. As is well known, the outturn of primary wealth—farm products and raw materials in general—has been of more than average volume. According to the figures of the Department of Agriculture, the corn crop of 1920 was the largest ever produced; the production of cotton larger than that of any year since 1914, while that of wheat was surpassed only five times in the history of the country. The production of other staples was almost without exception beyond the average.

While figures approximately accurate are available as to agricultural production, the record of the year with respect to manufactured products is not so clear. Some investigators, however, have reached the conclusion that the output of the mills and factories was probably near the maximum about May 1. Indications are that in distinctive manufacturing and industrial lines there had been, following the cessation of heavy production for war purposes, a decrease in output and a readjustment of its character, which continued for several months following the armistice. During this time the requirements of buyers did not conform to market conditions, but there subsequently developed shortages in various lines, which were followed by a considerable increase in productive activity, while in some lines, such as textiles, a sellers' market eventually developed. This period



of greater production reached its peak during the early months of the year, since which time a decline in production has been in evidence, as is shown by the following table:

	Decem- ber, 1919.	March, 1920.	October, 1920.	Decem- ber, 1920.
Live stock receipts at 15 western markets (in thousands of head).....	6,992	5,072	5,355	4,992
Grain receipts at 17 interior centers (in thousands of bushels)....	76,805	67,941	95,955	75,058
Cotton sight receipts (in thousands of bales).....	2,219	797	1,467	1,580
Lumber shipments reported by 3 associations (in millions of feet).....	633	910	699	515
Anthracite coal production (in thousands of short tons).....	8,089	7,857	8,069	8,321
Bituminous coal production (in thousands of short tons).....	36,612	46,792	50,744	52,565
Crude petroleum production (in thousands of barrels).....	32,508	35,831	39,592	38,961
Pig-iron production (in thousands of long tons).....	2,633	3,376	3,293	2,704
Steel-ingot production (in thousands of long tons).....		3,299	3,016	2,340
Cotton consumption (in thousands of bales).....	512	576	400	295
Wool consumption (in thousands of pounds).....	55,566	58,345	33,704	.....

All industries have not been affected alike, however, the decline having been most marked in leather and textiles, while steel industries have only recently shown that they are affected by the same influences. The decrease in unfilled orders on the books of large iron and steel industries which has been in progress since August indicates not only a relative decline in the activity of these basic industries, but also of other industries dependent upon them for material. How far the actual shrinkage in production has gone in the aggregate can be estimated only, but some light on the situation is given by the Board's index of production which follows.

In order to show the changes in productive activity, there are presented below four tables showing relative figures of the movement of live stock, grain, and cotton during the year 1920; of the production of anthracite and bituminous coal and crude petroleum; and of the output of pig iron and steel ingots; also absolute quantities of cotton and wool consumed.

*Movement of agricultural products.*

[X. nthly average, 1911-1913=100.]

	Live-stock receipts at 15 western markets.	Grain re- ceipts at 17 interior centers.	Cotton sight receipts.
Average for year 1918.....	127	129	74
Average for year 1919.....	129	106	84
Average for year 1920.....	111	97	72
1920.			
January.....	139	100	126
February.....	102	94	87
March.....	110	87	64
April.....	90	57	44
May.....	112	72	29
June.....	110	88	21
July.....	100	96	29
August.....	109	115	25
September.....	114	141	62
October.....	116	123	117
November.....	129	98	144
December.....	105	96	126

*Coal and petroleum production.*

[Monthly average, 1911-1913=100.]

	Anthracite coal pro- duction.	Bituminous coal pro- duction.	Crude petroleum production.
Average for year 1918.....	111	130	155
Average for year 1919.....	99	103	164
Average for year 1920.....	100	125	193
1920.			
January.....	103	131	176
February.....	91	112	177
March.....	106	126	187
April.....	84	102	186
May.....	108	107	190
June.....	110	118	193
July.....	112	123	199
August.....	108	131	204
September.....	63	138	196
October.....	109	137	207
November.....	101	138	202
December.....	112	142	203

*Iron and steel production.*

[Monthly average, 1911-1913=100.]

	Pig-iron produc- tion.	Steel-ingot produc- tion.
Average for year 1918.....	138	129
Average for year 1919.....	110	.....
Average for year 1920.....	131	123
1920.		
January.....	130	127
February.....	133	127
March.....	146	141
April.....	118	113
May.....	129	123
June.....	131	127
July.....	132	120
August.....	136	128
September.....	135	128
October.....	142	129
November.....	127	113
December.....	117	100

*Cotton and woolen consumption.*

[Pounds.]

	Cotton con- sumption.	Wool con- sumption.
Average for year 1918.....	257,356,000	50,429,835
Average for year 1919.....	246,646,500	45,257,215
Average for year 1920.....	243,330,500	.....
1920.		
January.....	295,960,500	63,059,862
February.....	257,849,500	55,247,652
March.....	287,894,500	58,344,602
April.....	283,457,000	57,837,832
May.....	270,688,500	50,649,381
June.....	277,577,500	40,679,920
July.....	262,744,500	32,372,064
August.....	241,596,500	32,849,956
September.....	228,823,500	30,928,337
October.....	198,918,500	33,703,522
November.....	162,922,500	24,150,141
December.....	147,428,500	.....

Summarizing the facts thus reviewed, it will be seen that after the peak of war production had been reached by speeding up all available energies during the closing months of the war, there was a sharp decline in activity, which continued during the uncertain months following the armistice and well into the year 1919 until the flotation of the Victory loan. A gradual expansion then developed, which culminated in much higher production early in the year 1920, and during this time the inability of the railroads to provide adequate transportation facilities brought about an unusual and serious congestion at initial points. This circumstance was due partly to an unusually severe winter, and partly to the renewed increase of production and a larger volume of goods to be shipped. All the factors of the situation taken together brought about an accumulation of commodities until the late spring and early summer, when, as the result of more favorable weather and better transportation facilities, delayed consignments began to reach the markets in volume, but too late for sales on terms as advantageous as probably would have been obtainable had they reached distributors earlier and in a normal way.

#### INDUSTRY AND PRICES.

The course of prices during the year 1920 has been extraordinary and the effects far-reaching. About the time when production reached its postarmistice peak—that is, in the early spring—a tendency toward reaction in prices became evident in several countries. Among the first indications of this tendency may be noted the collapse of the silk market in Japan and the public protest against current prices for clothing, which had as one of its manifestations the short-lived movement to wear overalls. These events were followed later by depression in Cuba and other Latin-American countries, due to rapid declines in sugar, coffee, and other staples produced in those countries. There are presented in the table following the index numbers of prices compiled by the Board from American data and obtained from information supplied by foreign correspondents.

## Wholesale price indexes.

[Average prices, 1913=100.]

	Nov. 1918.	Mar. 1919.	1920											
			Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
United States: Federal Reserve Board Index.....		191	242	242	248	263	264	258	250	234	226	208	190	171
Bureau of Labor Statistics.....	206	201	248	249	253	265	272	269	262	250	242	225	207	189
United Kingdom, Statist Index.....	229	217	288	306	307	313	305	300	299	298	292	282	263	243
France.....	358	337	487	522	555	588	550	493	496	501	526	502	469	434
Italy.....	437	324	504	556	619	679	659	615	613	632	600	602	658	635
Sweden.....	367	354	319	342	354	354	361	366	363	365	302	346	331	299
Canada.....	215	205	248	254	258	261	263	258	256	244	241	234	225	214
Japan.....	219	202	361	313	321	309	271	247	239	235	230	226	221	206
India.....			218	209	198	200	210	206	209	209	208	206	194	180
Australia <sup>1</sup> .....	172	169	203	206	209	217	225	233	234	236	230	215	208	197

<sup>1</sup> Prices, July, 1914=100.

During the year the country as a whole experienced a very serious economic dislocation, the ultimate and inevitable outcome being a general suspension of buying which eventually resulted in greatly reducing the demand for commodities, thus making it impossible for producers and manufacturers to dispose of their goods on the market in the same volume as before. Had manufacturing industries been able to continue to export their entire surplus as had been the case during the years of war financing both before and after the armistice, this situation might not, perhaps, have immediately affected the marketing power of these enterprises, although eventually it was certain to do so. However, changes in foreign trade conditions contributed directly to the creation of a surplus which could not be disposed of abroad and which was therefore entirely dependent upon the home market.

On previous occasions of business readjustment or transition it usually has been possible to locate some definite point at which the break in prices and decline in speculation in commodities had taken place. In the present readjustment the beginning undoubtedly must be noted in the Japanese silk market. Almost simultaneously with the collapse of the silk market in Japan there was a radical revision of prices in Germany. The situation in that country had from the beginning of the year been precarious, being characterized by great disparities between domestic and foreign prices of German goods. These disparities taken in conjunction with the unsettled state of foreign exchange led to unwholesome and extensive exportations of German goods, especially to France and England. The conditions were so artificial that attention was speedily directed to them, resulting in radical price revisions and the abnormal activity rapidly settled down to a state of depression. It is difficult to determine exactly how far this condition of business in Germany reacted upon

conditions in other countries, but it undoubtedly produced a profound effect. Not only in the Far East, therefore, but also in that country which perhaps felt most keenly the financial and economic consequences of war was a severe shock administered to the growth of postwar inflation and overtrading. This reaction setting in almost simultaneously, both in Europe and in the Orient, came at a time when production during the postarmistice period had probably reached its height and when also prices in most countries were at the peak. It was a situation which made readjustment inevitable—a readjustment which must take effect not merely in prices but in every division of economic life.

As production had been increasing during the summer and fall of 1919 and the spring of 1920, there was at least a tendency in some lines to what may be termed "overproduction" in a relative rather than an absolute sense, as excessive supply was due mainly to reduced consumption. In these circumstances the equilibrium of prices could have been maintained only through an increased or at least sustained buying power, as well as disposition to buy on the part of the public, which, however, was not existent. Consequently, it became evident after the end of the first quarter of the year that the buying or consumptive power was not sufficient in volume to absorb the greater quantities of goods which were being steadily produced and offered to the public. The practical question accordingly arose whether reductions in prices would not be necessary in order to move the current output of manufactured goods. In some lines an effort was made to solve the problem through a voluntary restriction of production, but it soon became evident that such measures were inadequate, and accordingly substantial reductions in prices of some articles which had reached a high level were announced by producers. Striking examples of these tendencies were seen in textiles, automobiles, shoes and leather goods of all kinds, and in a variety of other manufactures.

The decline in wheat and breadstuffs generally has been ascribed by some to the relinquishment of the Government control of wheat prices on June 11, 1920, followed by the reestablishment of open-market trading. The Federal Trade Commission has recently made a report in which economic causes which have led to the decline are clearly set forth. As a matter of fact, the decline has been more marked in many commodities which have never been the objects of price control. In metals, rubber, oils, cotton, and fabrics of all descriptions and throughout a large range of other commodities, the prices of some of which had been fixed, while the others were sold without restrictions, the downward movement of prices has been even more marked than in grain and flour and represents a combination of influences.

In the following table the prices of some of the more important staples are compared at their postarmistice peak with the lower levels established during the downward movement which extended over the last half of the year 1920.

*Prices of leading commodities (averages for the month).*

	Peak since armistice.	1920								
		May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	
Wheat, No. 2 red winter, cash, Chicago, bushel.	May, 1920. \$2.98	\$2.98	\$2.90	\$2.81	\$2.47	\$2.49	\$2.20	\$2.06	\$2.01	
Cotton, upland middling, New Orleans, pound.	Apr., 1920. .41	.40	.41	.40	.35	.29	.21	.18	.15	
Wool:										
Ohio fine unwashed delaine, Boston, pound.	Mar., 1920. 1.00	.80	.70	.63	.63	.65	.60	.51	.50	
Ohio $\frac{1}{4}$ blood unwashed, Boston, pound.	Dec., 1918. .79	.55	.47	.43	.40	.40	.48	.28	.30	
Hides:										
Packer, heavy native steers, Chicago, pound.	Oct., 1919. .48	.36	.36	.30	.28	.29	.26	.22	.20	
Calif. selected 7-9 pounds, New York.	Nov., 1919. 10.13	5.75	4.06	3.65	3.25	2.69	2.42	1.85	1.75	
Silk, Japanese flature Shinshu, No. 1, 13-15, New York, pound.	Feb., 1920. 16.85	11.35	8.35	7.40	5.60	6.80	6.53	6.50	5.93	
Rubber, first Patex crepe, New York, pound.	Feb., 1919. .57	.39	.38	.32	.31	.26	.24	.19	.17	
Sugar, raw, 93° centrifugal, net cash, New York, pound.	May, 1920. .21	.21	.20	.18	.13	.11	.08	.07	.05	
Pig iron, basic, Mah ning and Shenango Valley furnace, pound.	Sept., 1920. 48.50	43.25	44.00	45.75	48.10	48.50	43.75	36.50	33.00	
Copper, electric, New York, pound.	Nov., 1918. .26	.18	.18	.19	.18	.18	.16	.14	.13	
Petroleum, crude mid-continent at wells, barrel.	Mar.-Oct., 1920. 3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	

In considering the trend of prices, crop yields of the year should not be overlooked. The final estimate of production of farm products for the year which the Department of Agriculture issued on December 9, 1920, is as follows:

	1914-1918, 5-year average.	1920 production, final estimate.
Corn..... bushels.....	2,760,484,600	3,232,367,000
Winter wheat..... do.....	563,498,000	577,763,000
Spring wheat..... do.....	258,748,000	239,365,000
All wheat..... do.....	822,246,000	787,128,000
Oats..... do.....	1,414,558,600	1,526,055,000
Barley..... do.....	214,819,000	202,624,000
Rye..... do.....	59,933,000	69,318,000
Buckwheat..... do.....	15,305,000	13,789,000
Potatoes..... do.....	382,113,000	430,458,000
Sweet potatoes..... do.....	74,983,600	112,368,000
Flaxseed..... do.....	12,322,000	10,990,000
Rice..... do.....	33,260,000	53,710,000
Tobacco..... pounds.....	1,187,708,000	1,508,064,000
Hay, tame..... tons.....	81,430,000	91,193,000
Hay, wild..... do.....	17,874,000	17,040,000
All hay..... do.....	99,304,000	108,233,000
Cotton..... bales.....	12,424,000	12,987,000
Apples, total crop..... bushels.....	202,688,000	240,442,000
Apples, commercial..... barrels.....		36,272,000
Peaches..... bushels.....	47,514,000	43,697,000
Pears..... do.....	12,324,000	17,279,000
Beans, dry, 3 States..... do.....	13,213,000	9,675,000
Grain sorghums, 7 States..... do.....		143,639,000
Peanuts..... do.....		35,960,000
Sugar beets..... tons.....	6,051,000	8,545,000
Broom corn..... do.....		33,900
Sorghum (sirup)..... gallons.....		43,876,000
Hops..... pounds.....		38,918,000

## READJUSTMENT—A WORLD-WIDE PROCESS.

From the data already submitted it is clear that a downward movement of commodity prices had developed in all countries during the spring and summer of 1920 and that this reaction was due to faulty or failing distribution, and this in turn was mainly the result of lessened ability or greater reluctance on the part of wage earners and those with fixed incomes to buy as freely as in the past, together with increased productive capacity, although in some cases goods produced were not of the kind and quality which were most salable. This phase of the situation can be understood better when it is remembered that during the war industry had been thoroughly reorganized and that consumption had, through the application of wholesale governmental requirements, been shifted from its ordinary or normal channels into those of war demands. Owing to changes in the productive situation the course of business activity assumed a direction entirely different from that which normally it would have taken, and as governmental regulations were relaxed or rescinded demand and consumption were gradually relieved of the control exercised through these means. Thus there was unavoidably a more and more serious lack of adjustment between the activities of producers and the demand of consumers as exhibited in the use of their buying power.

“Overproduction” in the sense of badly adjusted production—excess production in some lines as contrasted with others in which production had been insufficient—was consequently characteristic of the industrial situation in the various countries, including the United States, at the beginning of the summer of 1920. These conditions might gradually have righted themselves without very serious effects or without the necessity for drastic readjustment but for the fact that practically all countries were passing through the same change, and they were therefore unable to assist one another by purchasing. At the same time the credit mechanism of the world had already been strained almost to the limit.

The removal during the year 1920 of many of the governmental restrictions upon prices and the movement of commodities also had its effect. On June 11, 1920, Government control of grain prices was abrogated and unrestricted transactions in grain were again permitted. In June the British Government terminated its control of the wool market in Australia and modified its policy of intervention in other directions. Thus the midyear of 1920 was a striking industrial turning point for the reason that at this time important governmental restrictions involving financial control and support of various markets were withdrawn. As these changes in governmental policies were coincident with overstrained credit conditions and with relative overproduction in many lines, a situation was created which

initiated readjustment in prices and in business practically everywhere. It is worthy of note that these conditions did not originate in the United States, but that this country was one of the last to feel them acutely, and that so far it has felt them only in a much more moderate degree than has been the case elsewhere.

#### THE CONTROL AND REGULATION OF CREDIT.

The determination of the policy pursued by the Federal Reserve System in the face of conditions described was necessarily from the outset a matter of profound importance. The development of such conditions had long been foreseen by the Board and its policy was shaped with a view of meeting them, and, as far as possible, of minimizing injurious effects.

Up to the time the United States entered the European war, there was no general appreciation of the ability of the Federal Reserve System to meet the requirements of such a great emergency. The question was whether it or any other system could raise and distribute the enormous loans necessary and could care for the vast public financial operations which were the inevitable concomitants of a great war. It required only a short time, however, to convince even the most dubious of the credit capacity of the Federal Reserve System and to demonstrate the smoothness and efficiency of its operating mechanism. In fact, so readily did the new banking system respond to the demands made upon it during the early months of the war that there were many who were alarmed at its power to expand credit. The system was looked upon by many as an engine of inflation and doubts of its ability to restrain undue expansion at the proper time were frequently expressed. The Federal Reserve Board, however, has always been mindful of the credit and banking conditions which were developing in the United States and has never failed to take account of the consequences of its discount policies. From the outset, it recognized its duty to cooperate unreservedly with the Government to provide funds needed for the war and freely conceded that the great national emergency made it necessary to suspend the application of well-recognized principles of economics and finance which usually govern banking operations in times of peace. War is the most uneconomic of all processes. But, as soon as the armistice put an end to the war, the Board made a new survey of the situation in order to determine what could and should be done to check undue and unnecessary expansion of credit. During the year 1919 this question was under constant consideration and it was hoped that the banks of the country would themselves see the wisdom of working back toward a more normal condition. From time to time the Board issued statements in which its view of the situation was given and banks were warned of the



consequences to be expected from a policy of constant overexpansion which could be continued only by resorting to the rediscount facilities of the Federal Reserve Banks. These warnings, however, were only a transitory expedient and were given only momentary attention by many banks. The Board was prepared, as soon as Treasury exigencies permitted, to resort to the well-known method of advancing the rate of discount.

The effects of the first advance of the rate of discount were reviewed in the Board's annual report for the year 1919, but it was only during the year 1920 that the necessity for the development of this policy and the application of sound principles governing banking credit have been most clearly reflected. In the situation which existed ordinary prudence dictated plainly that not only should speculation in corporate stocks and securities be restricted but that further expansion of banking credits made against goods and commodities in storage should be checked. The loans and advances of a Federal Reserve Bank should be as nearly as possible of a self-liquidating character. Continued advances against unsold goods in storage would tend inevitably to involve the banking system in the needless risks and difficulties growing out of general changes in business conditions without improving in any respect the situation as a whole or relieving those obliged to reduce prices or curtail production in order to stimulate the demand necessary to move commodities from producer to consumer. The Board's purpose was to maintain the strength of the Federal Reserve Banks, which are the custodians of the lawful reserves of the member banks. It was not the Board's intention to deny proper accommodation to agriculture, commerce, and industry, for any such limitation would defeat the very object of its policy.

Rates were advanced at all Federal Reserve Banks during the latter part of January, several months before the slowing down in industry took place and several weeks before ground was broken for the new crops. Toward the end of May, in order to discourage applications for rediscounts for nonessential purposes, the Board deemed it expedient to approve an advance in the discount rates of some of the Federal Reserve Banks to 7 per cent for paper of 90 days' maturity. Since the early part of June there have been no changes in discount rates, except the discontinuance of the progressive rate and the coincident establishment of a 7 per cent rate on commercial paper by one of the banks.

The action taken by the Secretary of the Treasury in advancing the rate on Treasury certificates of indebtedness to  $5\frac{3}{4}$  per cent for 6 months' maturity and to 6 per cent for 12 months' maturity has placed Treasury borrowings more nearly upon a basis of parity with

current market rates and has made it possible to place these obligations in large volume with private investors, thus relieving the banks of a substantial part of the burden formerly carried by them. Much attention has been directed in current discussions of the Federal Reserve System to discount rates and to the changes in the investment market that have occurred during the past year. These changes have often been represented as the outcome of policies of the Federal Reserve Board. So generally does a misunderstanding of the facts appear to exist, that it is deemed proper to outline briefly the situation as it developed. In the table appearing below are given the discount rates of the Federal Reserve Banks as approved by the Board and in effect on December 31, 1920, and December 31, 1919.

*Discount rates of each Federal Reserve Bank in effect on December 31, 1920 and 1919.*

Federal Reserve Bank.	Paper maturing within 90 days.								Bankers' acceptances maturing within 3 months.		Agricultural and live-stock paper maturing after 90 days but within 6 months.	
	Secured by—				Trade acceptances.		All other. <sup>1</sup>					
	Treasury certificates of indebtedness.		Liberty bonds and Victory notes.									
	1920	1919	1920	1919	1920	1919	1920	1919	1920	1919	1920	1919
Boston.....	5½	4½	6	4½	7	4½	7	4½	-----	-----	7	5
New York.....	5½	4½	6	4½	7	4½	7	4½	-----	4½	7	5
Philadelphia.....	6	4½	5½	4½	6	4½	6	4½	6	-----	6	5
Cleveland.....	6	4½	5½	4½	5½	4½	6	4½	5½	4½	6	5½
Richmond.....	6	4½	6	4½	6	4½	6	4½	6	-----	6	5
Atlanta.....	6	4½	5½	4½	7	4½	7	4½	6	-----	7	5½
Chicago.....	6	4½	6	4½	7	4½	7	4½	6	-----	7	5½
St. Louis.....	5½	4½	5½	4½	6	4½	6	4½	5½	-----	6	5½
Minneapolis.....	5½	4½	6	4½	6½	4½	7	4½	6	-----	7	5½
Kansas City.....	6	4½	6	5	6	5	6	5	5½	-----	6	5½
Dallas.....	6	4½	5½	5	6	5	6	5	5½	-----	6	5½
San Francisco.....	6	4½	6	4½	6	4½	6	4½	6	-----	6	5½

<sup>1</sup> Rates on paper secured by War Finance Corporation bonds, established in April, 1919, at 1 per cent in excess of the discount rates on commercial paper of corresponding maturities, were discontinued effective Apr. 1, 1920.

<sup>2</sup> Rate of 4½ per cent on paper secured by 4½ per cent certificates.

<sup>3</sup> Discount rate corresponds to interest rate borne by certificates pledged as collateral with minimum of 5 per cent in the case of Philadelphia, Atlanta, Kansas City, and Dallas, and 5½ per cent in the case of Cleveland, Richmond, Chicago, and San Francisco.

<sup>4</sup> Rate of 4½ per cent on member banks' collateral notes secured by 4½ per cent certificates.

<sup>5</sup> Rate of 5½ per cent on paper secured by 5½ per cent certificates, and 5 per cent on paper secured by 4½ and 5 per cent certificates.

<sup>6</sup> Rate of 5 per cent for maturities 61-90 days.

It will be seen that advances have been made of from ½ per cent to 2½ per cent, varying with the maturity and character of the paper offered for discount. It has been stated frequently, but erroneously, that the effect of these advances was to reduce the total volume of credit available and to contract the amount of currency in circulation. That these statements are unwarranted will be shown by a glance at the following table, in which the principal items of assets and liabilities of the Federal Reserve Banks are presented.

*Principal asset and liability items of the 12 Federal Reserve Banks,*

[In millions of dollars.]

	Jan. 30.	Feb. 27.	Mar. 26.	Apr. 30.	May 28.	June 28.
<b>Reserves:</b>						
Total .....	2,074	2,083	2,057	2,071	2,092	2,109
Gold .....	2,013	1,907	1,935	1,937	1,953	1,969
<b>Bills discounted:</b>						
Total .....	2,171	2,454	2,449	2,535	2,519	2,432
Secured by Government war obligations.....	1,458	1,573	1,441	1,465	1,448	1,278
All other .....	713	881	1,008	1,070	1,071	1,154
Bills bought in open market .....	561	531	452	407	419	399
Certificates of indebtedness.....	276	268	263	267	280	325
Total earning assets .....	3,639	3,279	3,191	3,236	3,244	3,183
Government deposits.....	73	131	28	33	36	14
Members' reserve deposits.....	1,851	1,872	1,867	1,860	1,853	1,832
Net deposits.....	1,807	1,884	1,773	1,813	1,795	1,723
Federal Reserve notes in circulation.....	2,851	3,020	3,048	3,075	3,107	3,117
Federal Reserve Bank notes in circulation.....	251	237	201	178	179	186
Reserve percentage.....	44.5	42.5	42.7	42.4	42.7	43.6
	July 30.	Aug. 27.	Sept. 24.	Oct. 29.	Nov. 23.	Dec. 30.
<b>Reserves:</b>						
Total .....	2,129	2,128	2,152	2,168	2,195	2,249
Gold .....	1,978	1,972	1,990	2,003	2,024	2,059
<b>Bills discounted:</b>						
Total .....	2,492	2,667	2,704	2,801	2,735	2,719
Secured by Government war obligations.....	1,241	1,315	1,220	1,204	1,192	1,141
All other .....	1,251	1,352	1,484	1,597	1,543	1,578
Bills bought in open market .....	345	322	308	298	248	256
Certificates of indebtedness.....	299	274	271	269	294	261
Total earning assets .....	3,162	3,290	3,310	3,396	3,304	3,263
Government deposits.....	12	44	46	19	16	28
Members' reserve deposits.....	1,808	1,819	1,801	1,806	1,712	1,749
Net deposits.....	1,697	1,718	1,658	1,675	1,624	1,604
Federal Reserve notes in circulation.....	3,120	3,204	3,280	3,351	3,326	3,345
Federal Reserve Bank notes in circulation.....	192	201	214	215	215	217
Reserve percentage.....	44.2	43.2	43.6	43.1	44.4	45.4

A study of the foregoing figures will show that, as far as the resources and liabilities of the Federal Reserve Banks are concerned, the effect of the Board's action in authorizing increases in discount rates, even assuming that this action was a direct influence tending to affect the gross volume of transactions, was merely to slow down the immediate tendency toward expansion. From the end of February until they reached the peak for the year on November 5, except for the temporary and usual fluctuations which result from the quarterly income and excess profits tax payments made to the Government, the loans of Federal Reserve Banks have continued substantially at their present level. On December 30, 1920, the loans had declined by \$108,000,000 from their high point and Federal Reserve note issues outstanding had declined by \$30,000,000, but the percentage of reduction is so slight as to represent only a negligible fraction of the total amount of credits extended.

The member banks of the Federal Reserve System, which have direct dealings with the public, and whose transactions may be regarded as reflecting in some degree changes of policy of the Federal

Reserve Banks, have during the year extended very full lines of credit to their customers. The statistics presented in the following table, which are compiled from figures furnished by the member banks in the larger cities, show the volume of credit furnished by these institutions and the amounts borrowed by them from the Federal Reserve Banks.

[In millions of dollars.]

	Number of banks reporting.	United States securities.	Loans (including rediscounts) and investments (excluding United States securities).	Rediscounts and bills payable with Federal Reserve Banks.	Net demand deposits.
Jan. 30.....	804	1,845	14,777	1,834	11,481
Feb. 27.....	807	1,747	14,924	2,143	11,463
Mar. 26.....	811	1,548	15,271	2,114	11,496
Apr. 30.....	812	1,681	15,249	2,136	11,464
May 28.....	814	1,684	15,262	2,060	11,561
June 25.....	814	1,561	15,371	1,946	11,347
July 30.....	814	1,503	15,355	1,973	11,491
Aug. 27.....	820	1,501	15,429	2,128	11,252
Sept. 24.....	818	1,448	15,692	2,151	11,161
Oct. 29.....	823	1,355	15,652	2,244	11,172
Nov. 26.....	824	1,391	15,341	2,174	10,892
Dec. 31.....	821	1,391	15,359	2,698	10,942

#### AGRICULTURAL CREDITS.

The impression has prevailed in some quarters that agricultural credits in particular have been greatly curtailed during the past year. On December 14 the Board received a letter from the chairman of the Senate Committee on Agriculture and Forestry requesting information as to the amount of actual agricultural paper rediscounted during the years 1919 and 1920, based on agricultural production and sales of the respective years. Section 13 of the Federal Reserve Act provides that notes, drafts, and bills of exchange drawn or issued for agricultural purposes, or based on live stock, having a maturity of not longer than six months, are eligible for rediscount by a Federal Reserve Bank, the limit of maturity in all other cases being 90 days. The Federal Reserve Banks also rediscount large amounts of agricultural paper which has a maturity of not exceeding 90 days. In response to the inquiry made by the Senate committee the Board called for reports from the Federal Reserve Banks, and the figures which are submitted in the subjoined table, while necessarily based on estimates, show conclusively that instead of there having been curtailment in agricultural credits extended by the Federal Reserve Banks during the year 1920, the volume of such credits was nearly three times as great as the volume so extended during the year 1919. The figures given below do not include any estimate from the Federal Reserve Bank of New York, which has occasion to rediscount only a negligible amount of

farmers' paper. It is known, however, that member banks in New York City have made large loans to their correspondent banks throughout the country, and it is reasonable to suppose that part of the proceeds of such loans has been applied by the borrowing banks for agricultural purposes, but, of course, the exact amount can not be stated. The same observation is true with respect to loans made by member banks in Chicago, St. Louis, Minneapolis, Kansas City, New Orleans, San Francisco, and other financial centers throughout the country. Nonmember State banks loaned large sums in the aggregate for agricultural purposes, but as they have no dealings with the Federal Reserve Banks their loans to farmers are not reflected in the figures furnished by the Federal Reserve Banks, although it is a fact that all Federal Reserve Banks have been lending large amounts to member banks which have in turn rediscounted paper for nonmember banks. It should be borne in mind also that the total amount of farmers' notes rediscounted by Federal Reserve Banks gives no indication of the amounts advanced by the Federal Reserve Banks to finance the production and sale of farm products since large amounts advanced to member banks in the agricultural districts on commercial and industrial paper are used by these banks for loans to agricultural interests. Purchases of bankers' acceptances by Federal Reserve Banks are not included in the table, although acceptances play an important part in the movement of crops to ultimate markets.

*Estimated amounts of paper rediscounted with Federal Reserve Banks based on production and sales of farm products.*

Federal Reserve Bank.	1919	1920	Remarks.
Boston.....	\$2,642,000	\$4,979,000	These figures are confined to farm and dairy loans and do not include large amounts advanced on cotton, wool, and similar lines.
New York.....	( <sup>1</sup> )	( <sup>1</sup> )	Figures are confined to strictly agricultural paper, omitting the paper of wool dealers, cotton merchants, produce dealers, packers, agricultural implement, and fertilizer concerns.
Philadelphia.....	2,971,000	3,580,000	
Cleveland.....	612,000	2,175,000	Total agricultural and live-stock paper discounted. These figures do not reflect total accommodation granted to agricultural interests, as many members borrow on U. S. securities to afford accommodation to agricultural borrowers.
Richmond.....	102,000,000	325,000,000	Figures include estimated amount of commercial and industrial paper discounted the proceeds of which were used for agricultural purposes.
Atlanta.....	31,300,000	2,230,000,000	Do.
Chicago.....	47,263,000	128,408,000	Figures represent amounts of farmers' notes discounted. Actual amounts loaned for production and sale of farm products are much in excess of amounts given, as sales of farm products are largely financed by commercial paper, also large amounts are loaned to banks on commercial paper or on notes secured by U. S. obligations, the proceeds of which are loaned for agricultural purposes either directly or through correspondent banks.
St. Louis.....	220,000,000	2,655,000,000	In addition a large part of loans on commercial and Government-secured paper was unquestionably for benefit of farmers.

<sup>1</sup>No data.

<sup>2</sup>Eleven months.

*Estimated amounts of paper rediscounted with Federal Reserve Banks based on production and sales of farm products—Continued.*

Federal Reserve Bank.	1919	1920	Remarks.
Minneapolis .....	\$75,000,000	\$225,000,000	Figures do not include member banks' collateral notes the proceeds of which were used for loans to agricultural interests.
Kansas City .....	123,481,000	229,432,000	
Dallas .....	23,937,000	44,911,000	
San Francisco .....	35,000,000	122,000,000	Figures include total amounts of paper rediscounted during the two years based upon production and sales of farm products, excluding notes secured by Government obligations. The bank is unable to estimate the amounts of paper rediscounted which represents borrowings on account of production and sales during the preceding year.
Total for 11 banks.	729,265,000	1,980,063,000	

There is also submitted below a table prepared from figures which have been published monthly in the Federal Reserve Bulletin, showing the holdings of each Federal Reserve Bank on the last Friday in each month during the years 1919 and 1920 of paper classed by the Federal Reserve Banks as "Agricultural and live-stock paper." It will be noted that there has been a steady increase in these holdings since the beginning of the year and that this increase has continued after October, 1920, while in 1919 normal reductions from the high September figures are shown during the months of October, November, and December.

*Total amount of agricultural and live stock paper combined, held by each Federal Reserve Bank on the last Friday of each month since January, 1919.*

[In thousands of dollars.]

Date.	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.
1919.							
January .....		158	173	117	2,344	2,229	9,367
February .....		159	124	75	3,014	2,632	9,346
March .....	1	191	53	151	3,252	2,699	10,385
April .....		170	52	152	3,394	2,789	10,264
May .....		223	78	152	3,143	3,011	2,344
June .....		305	96	129	3,086	3,471	2,376
July .....	2	288	266	105	2,826	3,836	1,439
August .....		159	104	52	3,039	4,836	4,479
September .....		148	37	36	3,225	5,273	5,885
October .....	22	217	66	69	1,568	3,068	9,890
November .....	48	199	72	269	553	1,438	13,144
December .....	61	283	138	269	449	841	12,788
1920.							
January .....	46	237	177	190	369	693	11,603
February .....	29	274	155	162	533	667	12,010
March .....	36	302	130	186	689	1,171	15,059
April .....	3	326	136	303	1,317	2,127	21,562
May .....		314	252	429	2,616	4,330	25,840
June .....	13	624	281	499	4,581	7,130	27,706
July .....	15,691	459	323	583	7,887	13,319	25,312
August .....	12,240	224	265	765	9,273	18,051	21,968
September .....		140	261	806	10,691	18,465	21,060
October .....		76	272	862	9,392	19,235	33,735
November .....	119	103	297	777	8,481	18,979	41,439
December <sup>2</sup> .....		257	388	893	9,251	16,831	52,695

<sup>1</sup> Practically entire amount represents paper held under rediscount for other Federal Reserve Banks.

<sup>2</sup> Figures as of Thursday, December 30.

*Total amount of agricultural and live stock paper combined, held by each Federal Reserve Bank on the last Friday of each month since January, 1919—Continued.*

[In thousands of dollars.]

Date.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
1919.						
January.....	185	1,870	19,584	15,373	7,601	59,601
February.....	224	1,276	20,817	17,915	8,335	63,917
March.....	438	1,659	23,016	18,008	8,120	67,373
April.....	455	1,371	21,613	18,831	7,880	66,851
May.....	615	2,836	19,430	18,694	8,465	58,991
June.....	759	3,336	27,532	18,149	8,717	68,256
July.....	806	3,332	26,539	15,850	8,225	63,604
August.....	713	3,228	17,938	14,298	9,055	57,961
September.....	749	3,111	19,454	15,124	7,193	60,205
October.....	625	5,227	19,132	10,404	5,067	35,475
November.....	562	5,867	20,498	5,794	4,101	32,550
December.....	294	6,855	20,022	4,450	4,620	31,068
1920.						
January.....	295	9,503	21,878	4,637	7,227	36,905
February.....	389	12,327	26,091	4,833	9,725	47,135
March.....	676	10,738	27,746	6,165	11,697	57,022
April.....	2,559	15,284	35,398	11,587	15,644	79,472
May.....	3,384	26,348	38,396	16,242	22,250	106,620
June.....	4,255	30,370	42,697	22,098	27,874	127,694
July.....	5,818	43,134	36,353	28,552	35,179	148,036
August.....	5,738	55,815	34,019	29,502	38,478	163,552
September.....	6,618	61,472	37,858	31,711	35,942	173,599
October.....	8,063	61,036	46,026	30,331	31,580	177,036
November.....	5,864	67,831	43,953	28,647	29,122	175,417
December <sup>1</sup> .....	4,896	53,896	46,840	31,251	29,740	166,623

<sup>1</sup> Figures of Thursday December 30.

#### CHANGES NOT DUE TO CONTRACTION.

That the changes in business conditions and readjustment of prices have not been brought about by contraction or drastic restrictions is demonstrated by the fact that while the total volume of bank credit in the United States declined but slightly from the first to the last day of the year, the velocity or rate of turnover of credit has slackened materially, as indicated by the reduction during the latter part of the year in the sum total of debits to individual deposit accounts reported to the Board by the principal clearing houses of the country.

The following table shows for each month in 1920 and 1919 the total volume of debits for all reporting centers combined, also for New York City and for all other centers separately:

*Bank transactions as shown by debits to individual account, as reported by banks in about 150 of the country's leading clearing-house centers.*

[Amounts in millions of dollars.]

	All reporting banks.			New York City.			All other reporting centers.		
	Amount.		Increase (+) or decrease (-), per cent.	Amount.		Increase (+) or decrease (-), per cent.	Amount.		Increase (+) or decrease (-), per cent.
	1920	1919		1920	1919		1920	1919	
January.....	45,184	34,792	+30.0	23,636	18,119	+30.4	21,548	16,673	+29.2
February.....	35,706	28,086	+27.1	18,653	14,493	+24.6	17,633	13,593	+29.9
March.....	43,364	32,014	+35.3	22,285	16,090	+33.5	21,070	15,345	+37.4
April.....	41,598	32,642	+27.4	21,319	17,324	+23.1	20,279	15,318	+32.4
May.....	41,375	37,896	+9.2	19,859	20,223	-4.7	21,516	17,068	+26.1
June.....	39,779	38,194	+4.1	19,528	21,072	-7.3	20,251	17,122	+18.3
July.....	39,910	49,918	-2.5	19,063	22,426	-15.0	20,847	18,492	+12.7
August.....	36,334	37,236	-2.4	17,371	19,932	-12.8	18,953	17,394	+9.6
September.....	37,195	39,243	-5.2	17,599	20,789	-15.3	19,556	18,454	+6.2
October.....	40,593	44,525	-9.0	20,136	24,226	-16.9	23,367	20,299	+ .3
November.....	39,877	43,483	-8.3	20,308	23,856	-6.7	19,569	19,627	- .3
December.....	41,024	45,493	-9.8	21,888	24,357	-10.1	19,156	21,136	-9.5
Total.....	481,849	454,552	+6.0	241,045	244,121	-1.3	240,804	210,431	+14.4

From 45 billions in January the volume of transactions declined to 36 billions in August and then increased to 41 billions in December. For the first six months of the year the volume of debits was larger in 1920 than in 1919, while for the last six months the figures declined to an increasing extent below the 1919 figures. In New York City the 1920 totals were smaller than the corresponding 1919 totals as early as May, the reduction in the volume of debits being due in part to curtailment of speculation and to the general dullness of the stock exchange, in part also to the organization of a stock-exchange clearing house, whose operation reduced the volume of checks required to effect settlements in stock-exchange transactions. The aggregate volume of debits in New York City for the year was about 3 billions less than for the preceding year, a decline of 1.3 per cent. Outside of New York the total of debits was 30 billions, or 14.4 per cent larger in 1920 than in 1919, monthly totals being larger in 1920 for each month, except November and December, though the excesses were much greater in the earlier than in the later months of the year. The largest monthly excess of these debits is shown for March. Since then a gradual decline may be noted, corresponding to the lessened volume of trade and since June also to the decline in the price level. Debits for October are barely in excess of the 1919 total, those for November are slightly below the corresponding total for the earlier year, while the total for December, 1920, was about 10 per cent below the total for the last month in 1919.

#### FOREIGN TRADE FINANCING.

Changes in production and prices, however, have only a partial significance, unless considered in their relation to foreign trade. Our



trade relations with other countries have been of increasing importance ever since the outbreak of the European war, but at no time have questions relating to our foreign trade been of such vital importance as has been the case since the armistice. During the course of the war our trade with other countries passed through several stages of evolution, the last being the period when our exports to Europe were financed through credits extended by the Government of the United States. This stage necessarily continued long after actual hostilities were concluded by the armistice, for there was still standing on the books of the Treasury a large unused balance of the credits which had been opened in favor of various allied Governments, and pending the return of our troops from abroad their pay and maintenance by the Government sustained export operations. Subsequent to the armistice export trade amounting to about \$2,500,000,000 was financed through credits extended by the Treasury Department. These credits were an important factor in the maintenance of our foreign trade during the first half of the year 1919, but it was recognized that methods of financing adopted under the stress of war should not be continued as a permanent peace policy, for the funds necessary to make such credits available must be raised either by taxation or through loans. Thus upon the exhaustion of the Government credits it became necessary for American exporters to find other means of financing their transactions.

Evolution in banking has always grown out of necessities arising from current conditions. For example, a material change was made in the banking system of the United States during the Civil War in order to meet the requirements of that period, and the National Bank Act was the outcome. Many years later the changes in the character of our exports from a preponderance of foodstuffs and raw materials readily sold, to a larger proportion of manufactured articles, which require greater selling effort and greater banking efficiency in order to meet competition successfully, led to the incorporation in the Federal Reserve Act of sections giving to member banks the authority to establish branches in foreign countries and to accept bills of exchange drawn upon them payable at a future time not to exceed six months after sight.

During the World War a new condition developed, and it was found that the usual credits of from 60 to 90 days designed to cover the financing of exports from the United States while goods were in transit, or even for a period of six months, were not sufficiently long to maintain the continuance of trade. The cause of this development was simple. There were no longer seasonal periods in each year during which the excess of imports over exports or exports over imports was continually reversed, so that the resulting trade balance could be readily settled by flow of gold to or from the United

States in connection with the other normal operations which affect foreign exchange, such as tourists' requirements, foreign remittances, freights, sales of securities, etc. On the contrary, a condition existed where exports from European countries failed not only to meet balances in favor of the United States during the period of heavy seasonal exports such as those of wheat and cotton, but where they were far from offsetting favorable balances during any part of the year.

The causes of such a condition were due entirely to the war. Before the armistice, Europe called upon us for material for war purposes and food for its armies and peoples far beyond the ability of its civilian population to supply (this resulted in very heavy imports and lack of exportable commodities with which to pay for them). Since the armistice Europe has needed raw materials in great quantities in order to reestablish her industries, together with an immense amount of imported foodstuffs, while political and economic disturbances have prevented a resumption of normal production. These circumstances have continued the constant and overwhelming balance of European imports over exports that first developed during the war. In order to coordinate American capital and banking facilities in these transactions Congress enacted what is commonly known as the Edge Act. The object of this law is to provide a means by which long-time credits can be extended legitimately wherever necessary in order to complement the ordinary bank financing of our foreign trade. Banks having demand deposits may not safely extend the long-time credits required, but it was felt that they might properly be authorized to participate with merchants, manufacturers, and producers in the formation of other corporations authorized to extend the necessary long-time credits, and national banks have accordingly been authorized to invest not exceeding 10 per cent of their capital and surplus in the capital stock of such corporations. It is believed that, while not jeopardizing the position of the banks, this plan has the distinct advantage of keeping practical bankers in touch with what is in reality a banker's business, and at the same time that it will result in closer cooperation between those handling short-time and long-time credits for exports, thus working toward greater security for all concerned. But the commercial and financial world is confronted with a unique and difficult situation identified in the public mind with the depreciated exchanges of other countries but fundamentally to be explained only by the causes for such depreciation.

In order to find means of correcting these causes it is necessary to study the effect of the deranged foreign exchanges. The outstanding and most disturbing fact lies in the brake put upon the distribution of the world's products, for it is this stagnation of distribution which

throws commodities upon markets that can not absorb them, resulting in a rapid fall of prices and consequent enforced unemployment of those engaged in production. Many countries which before the war had been in the habit of shipping their products to European countries are unable to do so to-day, as they can not sell on long-time credit; therefore they naturally turn to the United States, where they can sell for cash. In the course of time such commodities have accumulated here but there is no market for them, and countries which have been sending us their surplus products find that they have at present nothing marketable to send us with which to pay for their imports from us. We find ourselves therefore with a large export trade which is being paid for only in part by a great portion of the world, and this trade is fast approaching a point where it may be cut drastically to the most vital essentials unless the normal credit and buying power of Europe can be restored. This restoration can be accomplished only over an extended period of time if our raw materials go forward in a steady stream against long-time credits. Foodstuffs must be furnished also, and except where shipped by relief organizations they should in the main be paid for promptly as they go into immediate consumption. We are therefore brought face to face with the problems of how we can best extend long-time credits to European countries in order to enable them to reconstruct their industries and how we can extend credit to other countries in order to enable them also to make shipments to Europe which otherwise would be made to the United States and glut our domestic markets.

It is now possible to organize under our laws a form of corporation which has powers designed to meet this situation. By means of corporations organized under the Edge Act, long-time credits may be granted to finance exports not only from the United States, but from foreign countries as well. All of these operations are necessary for the solution of the present world problem. Should we proceed with only our present facilities for foreign trade, we may expect a damming up of our exports, with resultant competition in domestic markets affecting all kinds of commodities and manufactures. The congestion of commodities now existing would continue and the bottom would be reached only after large losses had been sustained and great hardship endured. Even in ordinary times when prices fall after a long rise and the decline is not drastic, the readjustment process is often very difficult. But to-day when goods valued at \$1,000,000 a few months ago can be sold for not more than \$250,000 to \$500,000, the problem becomes a much more serious one. This constant and drastic decline in prices is not due to any lack of world requirement for the things themselves, but to the inability of those needing the things to pay for them in the foreign countries

where they are obtainable. There is the need and potential demand for the commodities, but an effective and economic demand is lacking because of absence of immediate purchasing power. For these reasons it is desirable that appropriate means be devised in order to assist the distribution of those commodities which are normally dependent upon foreign markets. It is the opinion of the Board that the opportunity afforded by the Edge Act for the organization, under Federal charter, of companies engaged in international trade and finance offers a practical means of effecting better distribution of goods and commodities in world trade.

#### SUPERVISION OF CORPORATIONS FORMED UNDER THE EDGE ACT.

Section 25 of the Federal Reserve Act, as amended by the acts of September 7, 1916, and September 17, 1919, authorized a national bank having a capital and surplus of \$1,000,000 or more to invest, under certain circumstances, in the stock of corporations chartered or incorporated under the laws of the United States or of any State thereof and principally engaged in international or foreign banking, and authorized any national bank, until January 1, 1921, without regard to the amount of its capital and surplus, to invest under certain circumstances in the stock of one or more corporations incorporated under the laws of the United States or of any State thereof and principally engaged in such phases of international or foreign financial operations as might be necessary to facilitate exports from the United States or any of its dependencies. At that time, however, Congress had not provided any means for the Federal incorporation of foreign banking corporations or other foreign financial corporations in whose stock national banks were authorized to invest. In the enactment of section 25 (*a*) of the Federal Reserve Act, approved December 24, 1919, Congress provided a means for the incorporation of institutions under Federal law for the purpose of engaging in international or foreign banking or other international or foreign financial operations in whose stock national banks, as well as individuals, firms, and other corporations, may invest.

It should be noted that the provisions of section 25 (*a*), which confer upon national banks authority to invest in the stock of corporations organized under that section, are more liberal than the related provisions of section 25 permitting national banks to invest in the stock of corporations organized under State laws. Under the provisions of section 25 a national bank which possesses a capital and surplus of \$1,000,000 or more may invest in the stock of international or foreign banking corporations organized under State laws to the extent of 10 per cent of the subscribing bank's capital and surplus, and a national bank, irrespective of the amount of its capital and surplus, may, until January 1, 1921, invest in the stock of corporations or-

ganized under State laws and engaged in foreign financial operations (as distinct from foreign banking corporations), provided that its investment is limited to an amount not in excess of 5 per cent of its capital and surplus. On the other hand, the provisions of section 25 (a) permit a national bank, irrespective of the amount of its capital stock, to invest to the extent of 10 per cent of its capital and surplus in the stock of corporations organized under the provisions of that section and engaged either in foreign banking operations or in the foreign investment business, provided, only, that the aggregate of all investments made by the national bank under the terms of section 25 and section 25 (a) does not exceed 10 per cent of its capital and surplus. So far as investments by national banks are concerned, therefore, a corporation organized under section 25 (a) enjoys certain advantages which a corporation organized under the laws of a State does not enjoy.

While, as has been pointed out in the earlier part of this report, corporations organized under section 25 (a) may be used as a means of assisting in the reconstruction of Europe at a time when such assistance is most vitally needed, nevertheless, the real purpose of this section is a broader one—that is, to provide for the establishment of a Federal system of international banking or financial corporations operating under Federal supervision with powers sufficiently broad to enable them effectively to compete with similar foreign institutions and to afford to the American exporter and importer at all times a possible means of financing his foreign business. Although it is true that the immediate effect of the operation of corporations under the terms of this section may be greatly to aid in the extension of much-needed credits to Europe, that effect is in reality only one incident to the permanent development of the American export market.

Congress, being mindful of the unusual powers conferred by this section, placed upon the Federal Reserve Board the responsibility of making such regulations and restrictions as may be necessary to insure the conservative and prudent management of corporations chartered under its provisions and to safeguard as far as possible the interests of the public with whom they may do business. The Federal Reserve Board, therefore, while realizing the importance of making its regulations sufficiently liberal to enable corporations operating under them effectively to compete with foreign institutions or State institutions doing a foreign business, has been impelled by the ordinary principles of banking prudence to impose restrictions which it believes will ultimately do much to command the prestige and public confidence, upon which must depend the success of every corporation of this character.

The Federal Reserve Board on March 23, 1920, issued its Regulation K, Series of 1920, governing the organization and operation of corporations under the provisions of section 25 (a). This regulation prescribed the formalities necessary for the organization of corporations under this section. Specific provision was made for the transfer of stock of such a corporation to insure compliance with the provisions of the act, and it was expressly provided that the by-laws of the corporation must contain appropriate regulations for the registration of the shares of stock in accordance with the terms of the law and the Board's regulations, and that such by-laws must also provide that the stock certificates shall contain sufficient provisions to put the holder on notice of the terms of the law and the regulations of the Board. Under this regulation agencies may be established in the United States with the Board's approval, but for specific purposes only and not generally to carry on the business of the corporation. Branches may under no circumstances be established in the United States and may be established abroad only with the approval of the Board. The regulation authorized the acceptance of drafts and bills of exchange growing out of transactions involving the importation or exportation of goods, provided, however, that the maturity of such drafts and bills is not in excess of six months, and provided that, except with the approval of the Federal Reserve Board, no corporation may accept drafts or bills of exchange if at the time such drafts or bills are presented for acceptance it has debentures outstanding. The aggregate of any corporation's liabilities outstanding at any one time was restricted to ten times the amount of the corporation's capital and surplus. The regulation further provided that each corporation shall make at least two reports annually to the Board in such form as it may require and that an examination shall be made at least once a year by examiners appointed by the Board. Regulation K of the Board's new regulations, Series of 1920, which supersedes the Board's original Regulation K, issued March 23, 1920, makes only one substantial change. The paragraph entitled "Acceptances" has been amended so as to permit corporations organized under the provisions of section 25 (a) to accept, subject to substantially the same conditions as are imposed by law upon member banks, drafts drawn by banks or bankers located in foreign countries or dependencies or insular possessions of the United States, for the purpose of furnishing dollar exchange as required by the usages of trade in those countries, dependencies, or possessions.

It is realized by the Federal Reserve Board that the organization and operation of these corporations involve new principles and new fields of effort, and that experience may demonstrate that the regulations which it has promulgated may be in some respects too re-

strictive and in other respects too liberal. The Federal Reserve Board, therefore, in order to permit of the development of operations under the terms of this section in the manner contemplated by Congress, has reserved the right to amend its regulations from time to time in such manner as experience and changing conditions may dictate.

Since the passage of the so-called Edge Act, two international financial corporations have been incorporated under the provisions of that act, one with a capital stock of \$2,100,000 and the other with a capital stock of \$7,000,000. Plans are now well under way for the organization of another corporation with a capital stock of \$100,000,000. Requests are being constantly received by the Board for information concerning the organization of corporations under section 25 (a) and it is not unlikely that other corporations will be organized within the next year.

#### STATE FOREIGN BANKING CORPORATIONS.

During the year one American banking corporation, organized under State laws, principally engaged in foreign banking, has entered into the necessary agreement with the Board to enable national banks to purchase its stock under the provisions of section 25 of the Federal Reserve Act. The number of such corporations in operation has thus been increased to 10.

The Equitable Eastern Banking Corporation, of New York, was organized in December, 1920, with a paid-in capital of \$2,000,000, and has entered into the usual agreement with the Board for the regulation of its operations. This corporation is controlled by the Equitable Trust Co., of New York City.

The scope of operations of the other American foreign banking corporations doing business under agreement with the Board (listed below in the table) has been extended considerably during the past year. Combined capital and surplus accounts of the head offices of these corporations have increased \$9,870,000. The American Foreign Banking Corporation has increased its foreign branches from 9 to 19, the new branches being located at San Pedro Sula, Honduras, Central America; Buenos Aires, Argentine Republic; La Vega, Santo Domingo; San Francisco de Macoris, Santo Domingo; Santo Domingo, Santo Domingo; San Pedro de Macoris, Santo Domingo; Sanchez, Santo Domingo; Santiago, Santo Domingo; Puerta Plata, Santo Domingo; Mexico City, Mexico.

The Mercantile Bank of the Americas has established a branch at Hamburg, the International Banking Corporation has added branches at Barahona, Dominican Republic; Madrid, Spain; Barcelona, Spain;

and the Equitable Eastern Banking Corporation has established a branch at Shanghai, China.

Name of corporation.	Organized under laws of State of—	As of Dec. 31, 1920.				
		Capital and surplus.	Resources (head office).	Subsidiary or affiliated institutions.	Foreign branches.	Domestic branches.
American Foreign Banking Corporation, New York City.	New York....	\$6,504,635	\$40,608,352	1	16	.....
Mercantile Bank of the Americas, New York City.	Connecticut...	10,570,000	87,786,228	12	4	1
Asia Banking Corporation, New York City.	New York....	5,100,000	24,652,299	.....	9	.....
International Banking Corporation, New York City.	Connecticut...	10,000,000	76,427,505	1	31	1
Park-Union Foreign Banking Corporation, New York City.	New York....	4,621,004	16,297,406	.....	4	2
French American Banking Corporation, New York City.	.....do.....	2,500,000	17,534,560	.....	.....	.....
Foreign Credit Corporation, New York City.	.....do.....	6,629,736	26,894,304	.....	.....	.....
First National Corporation, Boston, Mass.	Massachusetts.	1,950,000	9,443,675	.....	.....	1
Shawmut Corporation, Boston, Mass.	.....do.....	2,500,000	11,334,078	.....	.....	1
Equitable Eastern Banking Corporation, New York City.	New York....	2,500,000	2,500,000	.....	1	.....

#### FOREIGN BRANCHES OF NATIONAL BANKS.

The Federal Reserve Board during the year 1920 authorized the establishment of foreign branches and subbranches of national banks as follows:

National City Bank, New York City: Branch in London, England, February 2; subbranch in same city June 8.

First National Bank, Boston, Mass.: Branch in Rio de Janeiro, Brazil, September 21.

The branches operated by the National City Bank in the cities of Madrid and Barcelona, Spain, were transferred to the International Banking Corporation, of New York City, on September 21.

#### FOREIGN EXCHANGE DURING 1920.

It should be understood that during the past 18 months our foreign trade has been conducted under peculiar and difficult conditions. The banking systems of the principal European countries which were obliged to bear heavy burdens during the war on account of the enormous drafts made upon them by their Governments found it impossible to conduct their business in a normal way, not only because of the great issues of paper currency which have been emitted, but also because of changes in the credit standing of great numbers of their clientele. The efficient banking machinery which



had existed in Europe prior to 1913 has been destroyed in some cases and in others has been crippled. This would in any case have been a serious barrier to resumption of normal trade relations with foreign countries by the United States, but the situation has been further aggravated because of the fact that the standards of value throughout Europe have so extensively and seriously broken down. Consequently foreign exchanges have become unstable and the usual methods of collecting indebtedness abroad are no longer effective. Furthermore, the embargoes upon movements of gold which still prevail in many countries have prevented stabilization of exchanges. It is not, therefore, remarkable that in many cases exporters finding their banks unable or indisposed to extend accommodation which would involve the carrying of large balances in foreign banks should themselves have assumed the financial risks and have continued their transactions by accepting payments in the currencies of the countries to which the goods were shipped or in some cases by accepting credits on the books of the European importers.

In order to point out some of the problems and difficulties which have been attendant upon foreign trade transactions because of the violent fluctuations and the erratic course of foreign exchanges, it seems proper to give a detailed review of these fluctuations and their causes.

During the month of December, 1919, European exchanges showed a downward tendency, sterling falling from \$4 a pound to \$3.76, francs from 9.90 francs to the dollar to 10.90, guilders from \$0.33 each to \$0.37 $\frac{3}{4}$ , Swiss francs from 5.48 to the dollar to 5.62, lire from 12.34 to the dollar to 13.25, Danish crowns from 20 cents to 19 cents each, Swedish crowns from 22.35 cents to 21 $\frac{1}{2}$  cents. The rates named last in each case prevailed at the opening of the year 1920 and represented the depreciated exchanges in the New York market, those of the allied nations in particular showing large percentages of depreciation.

Throughout the year 1920 all of these exchanges together with Norwegian crowns and German marks (with certain exceptions which will be mentioned later) followed substantially the same course. In a general way they all continued to fall until about the 1st of March, rising until the first part of April, and, after fluctuations during April and May, returning during the first part of June to practically the same general level which had prevailed during the first part of April. Then followed a marked rise in sterling, French francs, Belgian francs, and Swedish crowns until the high point of the year was reached in these exchanges just before the middle of

July. In the meantime guilders, Norwegian and Danish crowns, marks and lire had all been working a little lower. From the middle of July all of the European exchanges steadily eased off during the rest of the year, except for short rises over occasional periods of a day or a week, until in the early part of November they had all fallen to about the lowest point of the year. Sterling exchange, which was at \$3.80 to the pound at the beginning of the year, reached \$3.35 in November. It had fallen to \$3.19 early in February, but this was a temporary break based upon rumors that England might establish an embargo on the importation of cotton. It recovered sharply to \$3.31, after which it dropped again to \$3.19 $\frac{1}{4}$ . Many banks dealing in foreign exchange discontinued at this time making advances on dollar drafts drawn against exports to foreign countries and began taking them for collection only. Announcement some days later that England was planning to export gold to the United States to meet the Anglo-French loan which matured October 15, 1920, caused a sharp rise in sterling which continued to advance until it reached \$4.03 a pound in April. During the remainder of the year sterling followed the general tendency.

The arbitrage of the exchanges through London was so free and constant throughout the year 1920 that, except for special conditions which applied to certain local currencies, sterling exchange was closely followed by all the other exchanges. In the case of French and Belgian francs some very marked fluctuations came about in both 1919 and 1920, which were due entirely to speculation based upon the possible outcome of negotiations being held, or expected to be held, between the Allies. During each one of these conferences—or usually in anticipation of them—sterling exchange in Paris and Brussels fell rapidly, which forced up the rates of these exchanges as quoted in dollars. The rumors which were at the bottom of these movements of sterling exchange in France and Belgium were that further loans might be arranged in England for the use of these two countries, particularly of France. British and French newspapers during these periods printed articles thought to be officially inspired, which gave such force to the rumors that very large speculative operations were immediately undertaken in anticipation of the effect that such loans would have. After it developed at each one of these meetings of the Allies that no loans had been effected in England for account of France, sterling exchange in Paris again advanced, with the resultant fall of the price for francs in the United States. As France exports less to Belgium than it imports, the rates for these two exchanges have been affected proportionately the same, with a slight difference in favor of Belgium.

In April the belief was prevalent in the markets that Great Britain would not join with France in any extension of the Anglo-French loan and that France would have to take care of its own obligations. This led to a sharp rise of sterling in both Paris and Brussels and a corresponding fall in the value of French and Belgian francs, which continued throughout the month of April. From that time until the high point of the exchanges was reached in July, the movement of exports from the United States to France and Belgium was proportionately less than during the rest of the year. At the same time importers in France were not placing orders for further imports, and they stopped the purchase of dollars for spot and future delivery. Coincidentally it became known that the French Government was taking positive action to meet payment of its part of the Anglo-French loan. French francs advanced from the low point of about 17 francs to the dollar in April to 11.80 francs to the dollar early in July, and Belgian francs from 16.30 to the dollar in April to 11.10 in July. Marks, which opened the year at about 2 cents each, dropped violently during January and reached the low point close to 1 cent in February. About the middle of March and April there were violent fluctuations in marks, but the fall after each rise left the rate a trifle higher than before the rise, until the high point was reached in the latter part of May, when marks sold at 3.04 cents each. The operations which appeared to have brought about this rise were the purchase in the United States, Great Britain, and Holland of German municipal bonds and other securities. As soon as this speculative buying had run its course the German mark began to fall rapidly, until on November 1 the mark was quoted at 1.14 cents.

It is interesting to note that the sharp rise in the value of the mark during the month of May caused serious losses to German manufacturers and for a time stopped their export trade. These manufacturers had purchased raw materials in foreign markets when the foreign exchanges were up and were obliged to take payment for finished products when foreign moneys were down. The low current value of the mark was also making it extremely difficult for manufacturing interests in neutral countries, as it was cheaper for these countries to export raw materials direct to Germany, have them made up into finished goods and reimport them from Germany, paying freight both ways, than to import raw materials direct and to manufacture the goods themselves.

From the middle of July through the remainder of the year, except for minor fluctuations, the steady downward trend of all European currencies was due to the fact that these months covered the period

of our exports of cotton and other agricultural products. The immediate turn in the latter part of July was due partly to the crisis in Poland occasioned by the advance of the Russian armies. Early in August, when it appeared that Warsaw might be taken, all of the European exchanges dropped suddenly, but as the Polish armies drove the Russians back, the exchanges recovered part of the loss.

In September labor troubles in Italy began to take a serious turn, and certain manufacturing concerns were taken over by the labor employed therein. Lira exchange then began to fall and continued its downward course from its high point of 15.8 lire to the dollar, which it reached the latter part of June, to the low point for the year in the first part of November, of 30.3 lire to the dollar. While the British coal strike was reflected in the exchanges in October, to a certain extent the general feeling seemed to be that it would be settled and its effect was noticeable only for a few days.

Investments have been made by those who have absorbed foreign exchange, as bills for export have been offered during the year, because they expected to make a profit over a long or short period, and it is only because of purchases of exchange so made that foreign exchanges have been maintained at all. During normal periods when gold, arbitrage, or temporary borrowings can be used to offset temporary exchange balances, fluctuations of exchange between the principal industrial countries of the world which are on a gold basis are generally governed by the gold points—that is, the exporting or importing points. When, however, the balance of trade is constantly one way and the time when a turn may be expected is an indeterminate future, which is made more uncertain because of unlimited inflation, the gold points lose all force. Then the fluctuations of exchange during each day and each period come to depend upon the proportionate simultaneous presentation of export bills and demands to pay for exports, and any other operations which create or require exchange, together with the opinions of those who are looking for investment in any one of the ways previously mentioned because such rates as prevail offer opportunities for possible profit. Extreme fluctuations of the exchanges covering large percentages are certain to occur under such conditions. The support of the exchanges being subject to such sentimental buying, they are more subject to the influence of political or other events which would seem to have an effect upon them than might otherwise be true.

During the year 1920 these elements resulted in percentages of differences between high and low points of the principal European exchanges, which were as follows:

	Per cent.
Sterling.....	19.8
French francs.....	38.5
Belgian francs.....	35.3
Lire.....	55.8
Swedish crowns.....	20.7
Norwegian crowns.....	35.3
Danish crowns.....	31.7
German marks.....	65.7

Some of the sharpest fluctuations covering a period of a comparatively few hours, or over a day or so, were, in sterling, a drop of 7.5 per cent in two business days, with a recovery of 2.8 per cent in 24 hours, a total recovery in 10 days during the first half of February, and a sudden drop the first and second of August of 4 per cent, with a recovery of 2.4 per cent in the two succeeding days; in French francs a fall of 10.4 per cent in three days during the first half of April, a rise of 9.4 per cent in three days at the end of May, and a fall of 7.3 per cent in two days just after the middle of July. The sharpest movements in Belgian francs were practically the same.

In Dutch guilders there was a sudden rise the latter part of January of 4 per cent, followed immediately by an approximately equal fall. Italian lire had a perpendicular drop over a few days from the latter part of January to the first few days of February of 19 per cent, a further rapid fall the first part of April over the course of a few days of 22.8 per cent, which was followed by a sudden rise in two days of 21.4 per cent. The latter part of May there was another sharp rise for a few days of 19 per cent. From the first of July until the first week in November there were constant sharp falls, with five sudden temporary recoveries for a day or so of about 4 per cent each.

Marks fell 50.5 per cent between the 1st of January and the 24th, rose sharply over the course of a day or two 26.4 per cent, and immediately dropped to the original low point. At the end of the first week of March, over two days they rose 55 per cent, and lost practically all of the advance in the succeeding four days. Early in April they had again risen 80 per cent, practically all after the second of the month, dropped by the middle of April 19 per cent, went up during the third week in May 46 per cent, and almost immediately fell 25 per cent. The fluctuations during the remainder of the year were in similar large percentages, but always with a downward tendency, until the end of the first week in November.

Attention is called to these percentages in order to show under what tremendous difficulties bankers and exporters and importers had to trade. In order to make it possible for our exporters to sell their goods, bankers were obliged to buy bills on markets which might drop out from under them while they were at telephones making purchases, and while there were occasional sharp rises in their favor, yet on the whole during the year the tendency was downward, and the rates of all the European exchanges the first week in November were far below the prices at which they had ruled at the beginning of the year.

The far eastern exchanges, with the exception of exchange on Japan, showed a constant downward tendency throughout the year. The greatest drop was in Shanghai taels. Hongkong dollars followed next, and rupees also showed a great decline. The depreciation of the Manila peso was not so great; during the latter part of the year it ruled at a discount of from 4 to 8 per cent. The Japanese yen, which opened the year at a premium, fell below par during the first few months of the year, after which it went back to a premium, where it remained throughout the balance of the year, except one day. The premium on the yen the first week of November was, however, very small. The same difficulty in paying for imports from the United States that prevailed in all of the far eastern countries, except Japan, has been met with in Australasia. The Canadian dollar was at a discount throughout the year, and reached its greatest depreciation in November, together with all of the other foreign currencies.

Without having their figures available it would seem, judging from their relations with the United States, that other foreign countries were not able to trade with the European countries even proportionately as well as the United States. This was undoubtedly due to the fact that they could not find buyers to any extent of favorable balances that might have been created. Their trade naturally, therefore, tended more toward the United States than was normal, particularly as Europe could not supply them with their requirements to the same extent as before the war. Having to pay for imports from the United States, they naturally exported more to this country, and again, because they were able to receive in effect payment in cash. This resulted in the import into the United States of commodities in vast quantities, for which we suddenly found we had no market, as their true markets were European countries. With the sudden fall in prices of the things which many of the South American and far eastern countries had to sell, and the development in the United States of stagnant markets at any price, their opportunity to buy further from the United States was sharply cut off.

The world trade of the United States, therefore, is being menaced by the circumstances which have produced demoralization of world exchanges, and until the causes of this demoralization have been removed through the resumption of general distribution of goods among the nations, our foreign trade is going to be extremely difficult to carry on, and we must expect violent fluctuations, which will be entirely at the mercy of political events, relationships between daily offerings of exchange and demand for it, and money markets.

#### EXCHANGE TRANSACTIONS WITH SOVIET RUSSIA.

As stated in the Board's Annual Report for the year 1919, the President, on June 26, 1919, issued a proclamation which revoked and canceled all previous proclamations prohibiting the exportation of coin, bullion, and currency and controlling transactions in foreign exchanges, and the power and authority for those purposes vested in the Secretary of the Treasury and the Federal Reserve Board, and all orders, rules, and regulations issued or prescribed in connection therewith, except that such proclamations, orders, rules, and regulations were continued in force and effect in so far as they were necessary to enable the Secretary of the Treasury and the Federal Reserve Board effectively to control: (1) All exportations of coin, bullion, and currency to that part of Russia now (then) under the control of the so-called bolshevik government; (2) any and all dealings or exchange transactions in Russian rubles; (3) the transfer of credit or exchange transactions with that part of Russia now (then) under the control of the so-called bolshevik government; (4) any and all transfers of credit or exchange transactions with territories in respect of which such transactions were then permitted only through the American Relief Administration. On June 30, 1919, the Federal Reserve Board announced that remittances to the countries referred to in the fourth exception mentioned above were not thereafter subject to any restrictions. On August 12, 1919, the Federal Reserve Board announced the issue of a general license permitting the exportation from the United States of Russian rubles, provided that notice of exportation be given to the customs division of the Treasury and to the division of foreign exchange of the Federal Reserve Board.

On December 18, 1920, with the approval of the Department of State, all supervision and control of the above-named transactions were suspended, until further notice, in order to give force and effect to the action of that department in removing restrictions in the way of trade and communication with soviet Russia, as announced by the Department of State on July 7, 1920,

## RELATIVE POSITION OF AMERICAN BUSINESS AND FINANCE.

Some of the principal factors in the situation which contrast our position with that of foreign countries may be outlined as follows:

(1) The expansion in the total volume of currency has been much less in the United States than in other countries and the increase in the total circulation, while greater than that which has taken place in Spain, Japan, Sweden, the Netherlands, Denmark, and Switzerland, has been far less than in other countries as is shown by the following tables.

*Comparative table showing total note circulation, deposits, and gold and silver holdings of the principal banks of issue, at the outbreak of the war, about the time of the armistice, and at latest available dates.*

(In thousands of dollars.)

	At outbreak of the war.				
	Total note circulation.	Total deposits.	Note and deposit liabilities combined.	Gold and silver holdings.	Per cent of gold and silver holdings to note and deposit liabilities combined.
<b>ALLIED POWERS.</b>					
Belgium.....	311,665	20,409	332,074	56,619	17.1
France.....	1,289,855	256,716	1,546,571	919,968	59.5
Great Britain:					
Bank of England.....	144,566	326,699	471,265	185,567	39.4
Exchequer.....	187,253		187,253	90,030	48.1
Total.....	331,819	326,699	658,518	275,597	41.9
Japan <sup>1</sup> .....	189,411	74,944	255,355	110,521	43.3
Italy:					
Bank of Italy, Bank of Naples, Bank of Sicily.....	449,718	145,330	596,048	287,825	49.1
Treasury.....	96,321		96,321	22,581	23.4
Total.....	537,039	145,330	682,369	310,406	45.5
Russia.....	841,174	592,522	1,433,696	863,371	60.2
Total, including Russia.....	3,491,963	1,416,620	4,908,583	2,536,482	51.7
Total, excluding Russia.....	2,650,789	824,998	3,474,887	1,673,111	48.1
United States <sup>2</sup> .....	1,097,353		1,097,353	445,671	40.6
<b>CENTRAL POWERS.</b>					
Austria-Hungary.....	431,489	59,012	490,501	399,825	63.2
Germany.....	692,442	299,515	991,957	363,670	36.7
Total.....	1,123,931	358,527	1,482,458	673,495	45.4
<b>NEUTRAL POWERS.</b>					
Argentina <sup>3</sup> .....	349,485		349,485	313,497	89.7
Denmark.....	39,525	5,496	45,021	24,410	54.2
Netherlands.....	124,796	1,993	126,790	68,447	54.0
Norway.....	32,859	3,859	36,718	14,405	39.2
Spain.....	373,537	96,031	470,488	248,861	52.9
Sweden.....	54,367	18,449	72,807	26,154	35.9
Switzerland.....	51,708	9,777	61,485	38,499	62.5
Total.....	1,026,297	136,497	1,162,794	734,183	63.1

<sup>1</sup> Includes gold held abroad.

<sup>2</sup> The circulation represents greenbacks and national bank notes. The gold and silver holdings represent gold and silver held by the national banks, 60 per cent of the clearing house certificates, the reserve against greenbacks, and the available gold and silver coin in the Treasury.

<sup>3</sup> Figures for the Caja de Conversión.



Comparative table showing total note circulation, deposits, and gold and silver holdings of the principal banks of issue, at the outbreak of the war, about the time of the armistice, and at latest available dates—Continued.

(In thousands of dollars.)

	About the time of the armistice.				
	Total note circulation.	Total deposits.	Note and deposit liabilities combined.	Gold and silver holdings.	Per cent of gold and silver holdings to note and deposit liabilities combined.
<b>ALLIED POWERS.</b>					
Belgium <sup>4</sup> .....	904,583	484,234	1,288,817	56,917	4.1
France.....	5,900,147	620,483	6,320,630	5,719,818	11.0
Great Britain:					
Bank of England.....	316,016	821,037	1,137,053	362,968	31.9
Exchequer.....	1,429,734		1,429,734	138,695	9.7
Total.....	1,745,750	821,037	2,566,787	501,663	19.5
Japan <sup>1</sup> .....	412,001	504,175	916,176	339,532	37.1
Italy:					
Bank of Italy, Bank of Naples, Bank of Sicily.....	2,218,689	374,555	2,593,244	224,285	8.6
Treasury.....	403,274		403,274	31,826	7.9
Total.....	2,621,963	374,555	2,996,518	256,111	8.5
Russia.....					
Total, excluding Russia.....	11,584,444	2,804,484	14,388,928	1,874,041	13.0
United States: <sup>2</sup> .....	3,675,296	1,655,677	5,340,883	2,305,456	43.2
<b>CENTRAL POWERS.</b>					
Austria-Hungary.....	7,210,253	1,446,806	8,657,059	64,598	.8
Germany.....	8,652,430	2,454,370	8,978,720	612,564	6.8
Total.....	13,734,683	3,901,176	17,635,779	677,162	3.8
<b>NEUTRAL POWERS.</b>					
Argentina <sup>3</sup> .....	490,644		490,644	269,628	55.0
Denmark.....	117,974	22,485	140,459	59,986	36.3
Netherlands.....	446,218	35,343	481,561	284,840	59.1
Norway.....	116,905	34,306	151,211	32,691	21.6
Spain.....	620,630	219,920	840,550	553,350	65.8
Sweden.....	210,109	37,920	248,029	75,940	30.6
Switzerland.....	183,886	31,616	215,502	83,993	39.0
Total.....	2,186,366	381,590	2,567,956	1,351,428	52.6

<sup>1</sup> Includes gold held abroad.

<sup>2</sup> Figures for the Caja de Conversion.

<sup>3</sup> July 10, 1919.

<sup>4</sup> Exclusive of \$393,162,000 held abroad.

<sup>5</sup> The circulation represents Federal Reserve notes in actual circulation, Federal Reserve bank notes in actual circulation, national bank notes and greenbacks. Deposits are net deposits of the Federal Reserve Banks. Gold and silver holdings comprise those shown by the Federal Reserve Banks, exclusive of gold with foreign agencies, also the Treasury reserve against greenbacks, and the available gold and silver in the Treasury.

<sup>6</sup> Does not include "scrip" (Kassenscheine.)

<sup>7</sup> Includes notes of the War Loan Banks (Darlehenskassenscheine).

Comparative table showing total note circulation, deposits, and gold and silver holdings of the principal banks of issue, at the outbreak of the war, about the time of the armistice, and at latest available dates—Continued.

(In thousands of dollars.)

	Date.	At latest available date.				Per cent of gold and silver holdings to note and deposit liabilities combined.
		Total note circulation.	Total deposits.	Note and deposit liabilities combined.	Gold and silver holdings.	
<b>ALLIED POWERS.</b>						
Belgium.....	Dec. 16, 1920	1,159,067	220,973	1,380,040	56,812	4.1
France.....	Dec. 23, 1920	7,226,762	694,916	7,921,678	<sup>9</sup> 736,754	9.3
Great Britain.....	Dec. 15, 1920					
Bank of England.....		547,413	707,935	1,255,348	617,131	49.2
Exchequer.....		1,747,930		1,747,930	138,695	7.9
Total.....		2,295,343	707,935	3,003,278	755,826	25.2
Japan <sup>1</sup> .....	Dec. 11, 1920	558,481	600,743	1,159,224	586,882	50.6
Italy.....	June 30, 1920					
Bank of Italy, Bank of Naples, Bank of Sicily.....		3,438,670	595,854	4,034,524	222,381	5.5
Treasury.....		489,641		489,641	42,344	8.6
Total.....		3,928,311	595,854	4,524,165	264,725	5.9
Russia.....						
Total excluding Russia.....		15,167,964	2,820,421	17,988,385	2,400,909	13.3
United States <sup>6</sup> .....	Dec. 30, 1920	4,616,086	1,604,190	6,220,276	2,420,392	39.1
<b>CENTRAL POWERS.</b>						
Austria-Hungary.....	Nov. 23, 1920	<sup>1</sup> 15,278,256	2,052,052	17,330,308	56,591	.3
Germany.....	Nov. 30, 1920	<sup>2</sup> 18,259,178	4,130,371	22,389,549	261,528	1.2
Total.....		33,537,434	6,182,423	39,719,857	318,119	.8
<b>NEUTRAL POWERS.</b>						
Argentina <sup>3</sup> .....	Oct. 15, 1920	579,089		579,089	447,217	77.2
Denmark.....	Nov. 30, 1920	148,769	47,708	196,507	61,632	31.4
Netherlands.....	Dec. 6, 1920	434,588	30,499	465,087	263,900	56.7
Norway.....	Oct. 31, 1920	128,225	29,077	157,302	39,433	25.1
Spain.....	Dec. 11, 1920	817,576	231,885	1,049,461	586,398	55.9
Sweden.....	Oct. 31, 1920	207,113	50,149	257,262	75,686	29.4
Switzerland.....	Dec. 15, 1920	178,667	26,216	204,883	127,809	62.6
Total.....		2,493,457	415,534	2,908,991	1,602,185	55.1

<sup>1</sup> Includes gold held abroad.

<sup>2</sup> Figures for the Caja de Conversion.

<sup>3</sup> The circulation represents Federal Reserve notes in actual circulation, Federal Reserve bank notes in actual circulation, national bank notes and greenbacks. Deposits are net deposits of the Federal Reserve Banks. Gold and silver holdings comprise those shown by the Federal Reserve Banks, exclusive of gold with foreign agencies, also the Treasury reserve against greenbacks, and the available gold and silver in the Treasury.

<sup>4</sup> Does not include "scrip" (Kassenscheine.)

<sup>5</sup> Includes notes of the War Loan Banks (Darlehnskassenscheine).

<sup>6</sup> Exclusive of \$376,035,000 held abroad.

*Comparative table showing total note circulation, deposits, and gold and silver holdings of the principal banks of issue, at the outbreak of the war, about the time of the armistice, and at latest available dates—Continued.*

RECAPITULATION.

(In thousands of dollars.)

	Total note circulation.	Total deposits.	Note and deposit liabilities combined.	Gold and silver holdings.	Per cent of gold and silver holdings to note and deposit liabilities combined.
At outbreak of the war.					
Allied powers:					
Including Russia.....	3,491,963	1,416,620	4,908,583	2,536,482	51.7
Excluding Russia.....	2,650,789	824,098	3,474,887	1,673,111	48.1
United States.....	1,097,353	.....	1,097,353	445,671	40.6
Central powers.....	1,123,931	358,527	1,482,458	673,495	45.4
Neutral powers.....	1,026,297	135,407	1,162,704	734,183	63.1
Total, including Russia.....	6,739,544	1,911,554	8,651,098	4,389,831	50.7
Total, excluding Russia.....	5,898,370	1,319,032	7,217,402	3,526,460	48.9
About the time of the armistice.					
Allied powers.....	11,584,444	2,804,484	14,388,928	1,874,041	13.0
United States.....	3,675,206	1,665,677	5,340,883	2,305,456	43.2
Central powers.....	13,734,603	3,901,176	17,635,779	677,162	3.8
Neutral powers.....	2,186,366	381,590	2,567,956	1,351,428	52.6
Total.....	31,180,619	8,752,927	39,933,546	6,208,087	15.5
At latest available dates.					
Allied powers.....	15,167,964	2,820,421	17,988,385	2,400,999	13.3
United States.....	4,616,086	1,604,190	6,220,276	2,429,392	39.1
Central powers.....	33,537,434	6,182,423	39,719,857	318,119	8
Neutral powers.....	2,493,457	415,534	2,908,991	1,602,185	55.1
Total.....	55,814,941	11,022,568	66,837,509	6,750,695	10.1

(2) The foreign trade of the United States has been maintained on a higher and more stable level than that of any other country. In the subjoined table figures are given showing the volume of exports during the past two years from five of the principal countries engaged in world trade.

*Exports of the United States, United Kingdom, France, Italy, and Japan.*

[In millions of dollars at gold parity.]

Date.	United States. <sup>1</sup>	United Kingdom. <sup>1</sup>	France. <sup>2</sup>	Italy.	Japan.
1919.					
January.....	623	253	67	44	56
February.....	585	302	68	51	62
March.....	603	350	93	60	67
April.....	715	369	82	59	71
May.....	604	372	98	57	78
June.....	923	375	110	79	75
July.....	569	438	.....	72	90
August.....	646	400	.....	88	98
September.....	595	480	134	110	86
October.....	631	523	139	124	112
November.....	741	570	134	113	109
December.....	682	639	.....	147	138
1920.					
January.....	733	528	139	83	88
February.....	646	636	255	103	87
March.....	820	616	259	115	98
April.....	685	679	266	131	109
May.....	746	664	233	128	96
June.....	631	664	349	145	91
July.....	651	756	.....	191	77
August.....	579	624	464	103	87
September.....	605	637	415	.....	77
October.....	752	625	450	.....	67
November.....	677	645	363	.....	52
December.....	721	532	321	.....	43

<sup>1</sup> Including reexports.<sup>2</sup> French foreign trade figures for 1919, and January through June, 1920, are expressed in 1918 value units. August, September, and October, 1920, figures are calculated at 1919 rates. A change in the methods of calculating the values for July, August, and December, 1919, and for July, 1920, makes them incomparable with other months.

(3) Prices in the United States have been relatively lower than those of other countries and the recent declines have been less drastic. This is demonstrated by the comparative index number table which appears on page 7 of this report. From the foregoing facts, the conclusion is justified that while the year 1920 was a period of commercial upheaval and financial stringency throughout the world and of serious disturbances in many countries, it has been far less distressing in the United States than in any other country. These conclusions are, however, of only secondary significance when the fact is considered that the United States is much stronger in financial resources and much more self-contained than any other country. But, however great the economic strength of the United States may be, it should be remembered that the country's expenditures during the war and the very profound modifications which have occurred in its economic system have had such far-reaching results as to make it imperative that the utmost care be taken to conserve our credit and protect the basis of our prosperity if we are to avoid the extreme conditions which prevail in other countries. Upon the United States in large measure the solvency and financial stability of many other countries depend. This fact greatly increases the responsibility which rests upon the American banking system and calls

for the exercise of sound judgment and the strict observance of sound financial and economic principles. The present is not a time for resorting to empirical remedies which merely deaden unpleasant sensations temporarily and which, instead of restoring the patient to health, undermine his strength and destroy his vitality.

MOVEMENT OF THE PRINCIPAL ASSETS AND LIABILITIES OF ALL FEDERAL RESERVE BANKS DURING THE YEAR 1920.

The holdings of discounted paper by Federal Reserve Banks showed a pronounced upward trend throughout the year 1920. The banks held 2,231 millions on January 2 and 2,719 millions on December 30, an increase of 488 millions for the period. From the relatively large total shown on January 2, when discounts were heavy in connection with annual dividend and interest payments, the banks' holdings of discounted paper receded to 2,080 millions on January 9. Subsequent to that date there is to be noted a succession of increases, with high points on February 27, June 4, September 3, and November 5, and recessions, with low points on March 19, June 18, September 17, November 19, and December 17, all of the low points being reported for Fridays following large operations of the Treasury in redeeming certificates of indebtedness and paying interest on United States bonds of the various issues. The volume of Government securities issued and redeemed through the Federal Reserve Banks during the year, while smaller than during preceding years when the Liberty and Victory loans were floated, was still very considerable, the aggregate of Treasury tax and loan certificates allotted by the Reserve Banks being about 3,851 millions and the total redeemed about 4,960 millions.

While the course of discounts in the Federal Reserve Bank statements has been a series of upward and downward movements, each successive high and low point has been considerably higher than the preceding one. In fact, the September 17 low point is only 55 millions below the high point in the first half of the year, June 4, while the more recent low points on November 19 and December 17 are higher than the level reached at any date previous to August 20. Not only is a general upward movement of discounts shown throughout the year, but the growth has been more rapid during the second half, when the heavy credit demands of the crop-moving season are reflected in larger borrowings by members from the Federal Reserve Banks. Thus, while the increase in discounted bills held by the Reserve Banks between the low point on January 9 and the high point on June 4 amounted to 484 millions, the increase between the low point on June 18 and the high point on November 5 was 531 millions.

Another feature of the discount transactions of the Federal Reserve Banks during the year is the decrease in the proportion of paper secured by Government war obligations. Preferential rates on paper secured by Liberty bonds and Victory notes were abrogated by some Federal Reserve Banks and raised by others to a level more nearly approximating the rate level for ordinary commercial paper. In the case of paper secured by Treasury certificates the rates adopted were in most cases identical with the higher coupon rates fixed by the Government, thus holding out no inducement to the member banks to carry these securities among their own investments and use them as collateral for loans at the Federal Reserve Banks, but rather providing a stimulus to place them in the hands of ultimate investors. The results are seen in the gradual decrease of the amounts of war paper held during the year by the Reserve Banks. From nearly 1,500 millions at the opening of the year the holdings of paper secured by Government war obligations declined to 1,141 millions on December 30. Of the latter total 188 millions, or 16.5 per cent, were secured by Treasury certificates, compared with 462 millions, or over 31 per cent, held at the opening of the year—this decrease corresponding in a general way to the reduction in the amount of certificates held by the member banks. Much smaller reductions are shown in the Reserve Banks' holdings of paper secured by Liberty bonds and Victory notes, the December 30 total, 953 millions, being only 70 millions less than the amount reported at the beginning of the year. On the other hand, holdings of other discounted paper, which at the opening of the year totaled 747 millions, show an almost steady growth, being in excess of 1,500 millions at the end of September, and fluctuating between about 1,500 and 1,600 millions during the last three months of the year. At the end of the year, out of a total of 2,719 millions of discounted bills, about 42 per cent was composed of paper secured by United States war obligations, against 67 per cent of a total of 2,231 millions held on the first Friday of the year.

Acceptance holdings of the Federal Reserve Banks show an almost uninterrupted reduction for the period under review. From a total of 575 millions at the beginning of the year, a decline to 256 millions on December 30 is reported, the decrease of 319 millions being due largely to the increased demand for acceptances by savings banks, trust companies, and by corporate and individual investors.

Fluctuations in Federal Reserve Bank holdings of Treasury certificates of indebtedness during the year are mainly the result of the issue and redemption by the Government from time to time of

temporary certificates in anticipation of the actual collection of income tax checks and the withdrawal of funds from depository institutions. The highest Friday night figures for the year are shown for March 19 (410 millions) and September 17 (393 millions), both these days immediately following dates on which installments of income and excess profits taxes were due. Exclusive of these temporary certificates and of certificates bought under repurchase agreements, the Federal Reserve Banks' holdings of Treasury certificates consist chiefly of certificates deposited as security for Federal Reserve Bank notes outstanding.

Total earning assets of the Federal Reserve Banks, which were 3,182 millions on January 2, and 2,984 millions on January 9, increased to 3,422 millions on October 15, and on December 30 were 3,263 millions.

Government balances with Federal Reserve Banks were considerably smaller than during the previous year, partly because of a smaller volume of Government expenditures but also because of the development of a better system of handling Government funds. The daily average of Government deposits during 1920 was 36 millions, compared with 99 millions the year before. The lowest amount of Government deposits is shown for August 10, when the total was only 7 millions, while on September 17, subsequent to the payment of the September 15 installment of income and excess profits taxes, the highest figure of the year—135 millions—was reached. Member banks' reserve deposits fluctuated within comparatively narrow limits, the largest total—1,944 millions—being held on January 16 and the lowest—1,712 millions—on November 26. Other deposits, including foreign Government credits, declined from 116 millions on January 2 to 22 millions on December 30, mainly as the result of withdrawals by the Argentine Government of deposits made during the war. Net deposits held by the Federal Reserve Banks showed a general downward tendency for the year, the total on December 30—1,604 millions—being 280 millions below the maximum amount held on February 27. Reductions in reserve deposits of Federal Reserve Banks correspond to reductions in deposit liabilities of member banks, especially during the latter portion of the year. The larger borrowings from Reserve Banks in recent months have led to increased Federal Reserve note circulation rather than to increased deposit liabilities of the Reserve Banks.

Federal Reserve note circulation, after the usual contraction at the beginning of the year, when a return flow of notes used during the holiday season occurs, shows an almost uninterrupted expansion. The minimum amount of 2,844 millions appears on the statement for

January 23 and the maximum of 3,405 millions on December 23. The amount outstanding on December 30 marks a reduction of 60 millions from the high point on December 23, but an expansion of 345 millions from January 2. The circulation of Federal Reserve Bank notes declined from 259 millions on January 2 to 177 millions on May 14, but since that date an increase to 217 millions on December 30 is noted.



Movement of principal assets and liabilities of all Federal Reserve Banks, by weeks, during 1920.

[Amounts in thousands of dollars.]

Date.	Resources.						Liabilities.			
	1	2	3	4	5	6	7	8	9	10
	Discounted paper.			Per cent (1+3).	Bills bought in open market.	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circulation.	Ratio of cash reserves to net deposit and Federal Reserve note liabilities combined.	Federal Reserve Bank notes. in cir- culation, net liability.
	Secured by Government war obligations.	Otherwise secured and unsecured.	Total.							
Jan. 2.....	1,484,262	746,925	2,231,187	66.5	574,631	2,121,272	1,851,133	2,998,092	43.7	258,561
9.....	1,352,035	727,670	2,079,705	65.0	574,722	2,102,099	1,715,892	2,914,303	45.4	239,099
16.....	1,351,454	748,611	2,100,065	64.4	575,675	2,104,281	1,819,061	2,849,879	45.1	258,482
23.....	1,386,348	707,110	2,153,458	64.4	573,789	2,087,836	1,817,843	2,814,227	44.8	251,843
30.....	1,437,892	716,465	2,174,357	67.0	561,313	2,073,933	1,806,496	2,850,944	44.5	250,536
Feb. 6.....	1,451,557	751,982	2,203,539	65.9	551,750	2,054,656	1,765,245	2,891,775	44.1	248,780
13.....	1,469,562	823,873	2,293,435	64.1	542,600	2,052,513	1,787,245	2,959,087	43.2	249,810
20.....	1,525,203	833,321	2,358,524	64.7	531,703	2,035,440	1,785,797	2,977,124	42.7	246,853
27.....	1,572,980	880,581	2,453,561	64.1	531,367	2,083,215	1,884,576	3,019,981	42.5	237,131
Mar. 5.....	1,520,494	888,194	2,408,688	63.1	513,854	2,034,630	1,792,333	3,030,019	42.6	229,187
12.....	1,515,959	907,487	2,423,446	62.6	504,172	2,056,730	1,798,110	3,039,750	42.5	220,733
19.....	1,353,509	854,172	2,207,681	61.3	463,232	2,030,223	1,688,662	3,047,133	43.6	211,132
26.....	1,441,015	1,098,215	2,449,230	58.8	451,879	2,067,155	1,772,904	3,048,939	42.7	231,392
Apr. 2.....	1,400,664	959,849	2,400,513	58.3	424,041	2,030,428	1,774,269	3,077,323	42.9	196,594
9.....	1,410,069	937,469	2,367,538	59.6	422,241	2,067,366	1,742,139	3,089,217	43.3	190,157
16.....	1,430,888	980,363	2,411,191	59.3	416,784	2,087,731	1,752,675	3,073,693	43.3	158,501
23.....	1,448,804	1,029,378	2,478,182	58.5	404,672	2,063,568	1,773,587	3,068,367	43.0	180,631
30.....	1,465,320	1,069,751	2,535,071	57.8	407,247	2,070,765	1,812,732	3,074,555	42.4	177,881
May 7.....	1,444,175	1,060,447	2,504,622	57.7	409,834	2,076,087	1,774,297	3,092,344	42.7	177,972
14.....	1,538,164	1,043,188	2,581,352	59.1	413,292	2,078,353	1,830,355	3,083,291	42.2	176,895
21.....	1,446,723	1,053,663	2,500,386	57.9	417,368	2,079,538	1,784,379	3,085,265	42.7	177,371
28.....	1,447,962	1,071,469	2,519,431	57.5	413,000	2,092,496	1,794,440	3,107,621	42.7	179,185
June 4.....	1,433,415	1,130,843	2,564,258	55.9	410,088	2,098,940	1,807,175	3,127,291	42.5	181,292
11.....	1,440,931	1,082,019	2,522,950	57.1	402,896	2,162,591	1,779,133	3,112,265	43.0	182,382
18.....	1,231,841	1,064,236	2,296,137	53.6	398,591	2,160,960	1,617,693	3,103,510	44.5	183,904
25.....	1,277,980	1,158,814	2,431,794	52.6	399,185	2,108,605	1,722,223	3,116,718	43.6	185,604

July	2	1,294,892	1,250,302	2,545,194	50.9	390,085	2,169,501	1,755,696	3,168,814	42.8	189,222
	9	1,296,350	1,285,243	2,561,593	50.8	372,591	2,108,193	1,707,869	3,189,948	43.1	190,287
	16	1,296,258	1,233,890	2,490,148	50.4	356,471	2,119,047	1,686,941	3,135,863	43.9	189,375
	23	1,247,371	1,222,536	2,469,907	50.5	353,543	2,134,012	1,685,644	3,118,205	44.4	190,067
	30	1,241,017	1,250,613	2,491,630	49.8	345,305	2,128,640	1,697,245	3,129,138	44.2	192,168
Aug.	6	1,285,398	1,264,435	2,549,833	50.4	399,390	2,131,744	1,698,480	3,141,861	44.0	194,834
	13	1,296,981	1,292,025	2,589,006	50.1	320,618	2,132,885	1,692,450	3,169,181	43.9	196,912
	20	1,301,609	1,320,820	2,622,429	49.6	320,597	2,121,837	1,702,316	3,174,725	43.5	198,563
	27	1,314,830	1,352,297	2,667,127	49.3	321,965	2,127,827	1,717,867	3,203,637	43.2	200,793
Sept.	3	1,332,892	1,412,635	2,744,927	48.6	313,501	2,117,357	1,735,688	3,215,270	42.5	205,423
	10	1,299,123	1,376,076	2,675,199	48.6	316,982	2,131,247	1,679,417	3,295,157	42.8	209,673
	17	1,202,593	1,366,610	2,569,203	47.9	321,805	2,135,145	1,578,287	3,289,881	43.8	212,219
	24	1,220,423	1,484,641	2,704,464	45.1	397,624	2,151,594	1,658,464	3,279,996	43.6	214,180
Oct.	1	1,183,617	1,526,584	2,709,601	43.7	301,510	2,165,195	1,645,826	3,304,690	43.7	213,412
	8	1,217,698	1,578,573	2,795,671	43.5	305,690	2,158,268	1,710,176	3,322,123	42.9	213,154
	15	1,192,810	1,581,060	2,773,870	43.0	319,520	2,154,911	1,684,136	3,353,271	42.7	213,533
	22	1,199,139	1,550,143	2,749,282	43.6	300,666	2,157,270	1,624,646	3,356,199	43.3	213,553
	29	1,203,965	1,597,362	2,801,297	43.0	298,375	2,168,638	1,674,553	3,351,303	43.1	214,961
Nov.	5	1,215,161	1,611,724	2,826,825	43.0	299,769	2,169,729	1,694,923	3,354,180	43.0	214,533
	12	1,180,977	1,603,773	2,784,750	42.4	287,854	2,180,611	1,674,764	3,328,985	43.6	215,080
	19	1,158,967	1,514,467	2,673,374	43.3	275,227	2,180,228	1,632,740	3,367,455	44.1	213,881
	26	1,192,425	1,542,975	2,735,460	43.6	247,763	2,135,310	1,623,641	3,325,538	44.4	214,610
Dec.	3	1,160,685	1,616,116	2,776,801	41.8	243,655	2,198,195	1,667,258	3,312,039	44.1	214,939
	10	1,169,244	1,547,595	2,716,839	43.0	244,690	2,212,407	1,682,301	3,311,842	44.5	214,523
	17	1,158,974	1,437,775	2,596,749	44.6	234,609	2,222,468	1,542,564	3,344,332	45.5	217,434
	23	1,177,263	1,554,428	2,731,691	43.1	241,167	2,236,754	1,549,348	3,404,931	45.1	218,832
	30	1,141,036	1,578,098	2,719,134	42.0	255,762	2,249,163	1,604,190	3,344,686	45.4	216,960

## MOVEMENT OF RESERVES AND RESERVE RATIO.

During the early part of the year the Federal Reserve Banks lost gold, largely through export to South America and the Orient, and on March 26 total gold holdings were 1,935 millions, a reduction of 128 millions from January 2. Since that time, chiefly as the result of gold shipments from England in anticipation of the maturity of the Anglo-French bonds on October 15, there has been an increase in gold reserves, the total of 2,059 millions on December 30 being only 4 millions below the total of 2,063 millions shown at the beginning of the year. During the year the amount of gold held with foreign agencies was reduced from 131 to 3 millions. All of the gold received in payment for food supplies sold to Germany, which was placed in custody with the Bank of England during the fall of 1919, has been withdrawn and brought to this country. As this gold was counted as part of the banks' reserves, its transfer from London to this country has had no effect on their reserve position. The 3.3 millions of gold now held abroad is in custody of the Bank of France, pending shipment. Total cash reserves show an increase of 128 millions, or from 2,121 millions on January 2, to 2,249 millions on December 30, a larger gain in other cash reserves arising chiefly from deposits of silver dollars by the Treasury being partially offset by the loss of 4 millions of gold.

The reserve ratio of the Federal Reserve Banks, as a consequence of the changes detailed above, is somewhat higher at the end of the year than at its beginning, the percentages being 45.4 on December 30, as compared with 43.7 on January 2. A rise of 1.7 points for the week ending January 9, due partly to the return flow of Federal Reserve notes following the Christmas holidays, was followed by a slow but steady decline, with some fluctuations, to 42.2 per cent on May 14. A sharp rise brought the ratio up to 44.5 on June 18, the Friday following large redemptions of tax certificates by the Treasury. Since June 18 the reserve ratio has fluctuated within lower ranges, falling as low as 42.5 per cent on September 3, but rising to 45.5 per cent on December 17, due mainly to gains in gold and reduction in net deposits.

Eight of the Federal Reserve Banks at times during the year showed slight temporary deficiencies in their reserve against deposits, and by direction of the Board paid to the United States Treasurer as a penalty, under provisions of paragraph (c) of section 11 of the Federal Reserve Act, total amounts as follows:

Boston .....	\$238. 56
New York .....	23, 301. 10
Atlanta .....	181. 08
Chicago .....	147. 15
Minneapolis .....	78. 48

Kansas City -----	\$95. 91
Dallas -----	74. 33
San Francisco -----	547. 44
Total -----	24, 664. 05

It may be of interest to note that at the Bank of England the ratio of reserves to note and deposit liability combined, if calculated on a basis similar to our own, has been maintained during the year on a level approximately the same as that of the Federal Reserve Banks, though the English ratio is subject to wider and more rapid fluctuations caused chiefly by Government operations in selling Treasury bills and obtaining ways and means advances, on the one hand, and by redemptions of these short-term obligations, on the other. In general, the ratio of the Bank of England, if figured on our basis, has fluctuated during the year between 40 and 50 per cent. On December 29 it stood at 39.7 per cent, comparable with a ratio of 45.4 per cent, shown on December 30 for the Federal Reserve Banks.

#### INTERBANK PURCHASES OF ACCEPTANCES AND REDISCOUNT OPERATIONS.

During the past year, as in 1919, the rediscounting between Federal Reserve Banks of discounted paper and sales of purchased bills, in order that Federal Reserve Banks having low reserves might extend further accommodations to their member banks and still maintain their minimum reserve requirements, has been continuous. In the early months of the year these operations were occasioned by the need of funds in the eastern Federal Reserve districts for the purpose of financing industrial activities and purchasing raw materials, as well as to aid the fiscal operations of the Government; and, from early spring throughout the balance of the year, by the demands in the western and southern agricultural districts for funds and credits to be used in financing the growing, harvesting and marketing of crops, and in feeding and marketing live stock.

The volume of these transactions, which increased steadily during the year, reached the peak in October when the Federal Reserve Banks of New York, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and Dallas had under rediscount, including bankers' acceptances sold, with the Federal Reserve Banks of Boston, Philadelphia, Cleveland, and San Francisco, a total of \$267,378,000.

From early spring throughout the remainder of the year the demand for funds in the eastern industrial centers abated, resulting in continued reduction in the demands by member banks for accommodations at Federal Reserve Banks. In consequence, since early in May no eastern Federal Reserve Bank, other than that of New York as noted below, has been a borrower from other Reserve Banks. Member banks in New York City have experienced heavy withdrawals of funds by their interior and southern correspondents in the

agricultural sections, with the result that it has been necessary for New York member banks to rediscount heavily with their Federal Reserve Bank. These withdrawals, evidenced by almost continuous losses through the gold settlement fund, have caused the Federal Reserve Bank of New York to rediscount with other Federal Reserve Banks from time to time since July in substantial amounts.

All of the Federal Reserve Banks, with the exception of those of Cleveland and Richmond, have both extended accommodation to and received accommodation from other Federal Reserve Banks during the year. While the Federal Reserve Bank of Cleveland has discounted continuously for several of the other Federal Reserve Banks, the Federal Reserve Bank of Richmond has been a continuous borrower from other Federal Reserve Banks except for a short period in February and March.

The same spontaneous spirit of cooperation between the Federal Reserve Banks in entering into these transactions, referred to in the last annual report of the Board, has continued throughout the year, and it has been unnecessary, therefore, for the Federal Reserve Board, in any case, to exercise its statutory power to require such operations. The same efficient methods of consummating these transactions, with the employment of the leased telegraph-wire system and the settlement of all payments through the gold-settlement fund without any physical transfer of gold, described more completely in the last annual report of the Board, have been continued.

In the following table is shown the amount of inter-Federal Reserve Bank accommodation and the actual and adjusted reserve percentages of each Federal Reserve Bank as of December 26, 1919, and December 30, 1920:

[Amounts in thousands of dollars.]

Federal Reserve Bank.	Bills rediscounted with or sold to other Federal Reserve Banks.		Bills discounted for or purchased from other Federal Reserve Banks.		Ratio of total reserves to combined net deposit and Federal Reserve note liabilities.			
					Actual.		Adjusted. <sup>1</sup>	
	Dec. 26, 1919.	Dec. 30, 1920.	Dec. 26, 1919.	Dec. 30, 1920.	Dec. 26, 1919.	Dec. 30, 1920.	Dec. 26, 1919.	Dec. 30, 1920.
					<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Boston.....	69,899			16,575	44.0	55.3	24.3	59.5
New York.....	58,201	6,917			40.0	40.0	36.2	39.5
Philadelphia.....	27,615			17,109	40.8	54.2	32.7	58.7
Cleveland.....			12,265		46.3	59.1	49.4	75.9
Richmond.....		10,060	5,080		40.9	45.4	43.5	40.3
Atlanta.....		33,659	5,065		52.8	40.7	55.2	24.8
Chicago.....			60,090		50.6	40.4	58.8	40.4
St. Louis.....			29,022		46.5	44.5	60.5	44.5
Minneapolis.....		14,801			39.4	39.8	39.4	27.7
Kansas City.....		29,086	9,805		43.1	41.4	41.3	25.2
Dallas.....	13,000	27,711	32,123		49.4	41.8	77.0	17.5
San Francisco.....			15,265	6,917	54.9	49.3	59.3	51.1
Total.....	168,715	122,174	108,715	122,174	44.8	45.4	44.8	45.4

<sup>1</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.

As has been stated elsewhere in this report, there has been a continuous growth and development in the acceptance market in New York, which is the principal acceptance market of the country, and the Federal Reserve Bank of New York, in support of this market, has been a daily purchaser of bills.

Under an agreement approved by the Federal Reserve Board, for the purpose of distributing the load in connection with the development and support of the open market in New York, the Federal Reserve Banks of Cleveland, Chicago, and San Francisco have participated daily in the open-market purchases of the Federal Reserve Bank of New York. The Federal Reserve Bank of San Francisco also purchased additional bills from the Federal Reserve Bank of New York from time to time as it had surplus funds available for investment.

In order to maintain the open market for bankers' acceptances it has been necessary for the Federal Reserve Bank of New York, as already stated, to make daily purchases of bankers' acceptances, and, very often, to make heavy purchases at times when its own reserves were at their minimum legal limits. Accordingly, at such times, other Federal Reserve Banks having surplus funds, with the approval of the Federal Reserve Board, have made large purchases of bankers' acceptances from the New York Reserve Bank. In cases where Federal Reserve Banks have of their own initiative purchased acceptances from other Federal Reserve Banks with the approval of the Board the indorsement of the selling bank usually has not been given, but where the Board has requested a Reserve Bank to rediscount bankers' acceptances for another, the selling bank has been required to indorse the bills sold.

The total open-market purchases of acceptances by the Federal Reserve Bank of New York amounted to \$2,429,982,000, of which \$732,652,000 were immediately allotted to other Federal Reserve Banks in the amounts indicated in the table below.

Rediscount operations between Federal Reserve Banks including bills purchased from other Federal Reserve Banks during the year have amounted to \$3,672,792,000, as compared with \$2,658,254,000 during the year 1919, and \$660,638,000 during the year 1918. Adding to these transactions the bills purchased and allotted to other Federal Reserve Banks by the Federal Reserve Bank of New York, the total interdistrict movement of bills during the year aggregated \$4,405,444,000, as compared with \$3,397,753,000 for 1919, and \$835,498,000 for 1918. The figures in detail appear in the following table:

*Interdistrict movement of discounted and purchased paper between Federal Reserve Banks during the period from Jan. 1 to Dec. 31, 1920.*

[In thousands of dollars.]

	Inter-Reserve Bank rediscounts and sales of—				Acceptances purchased in open market for account of other Federal Reserve Banks.		Net interdistrict movement of discounted and purchased paper.	
	Discounted paper.		Purchased paper.					
	Rediscounted by—	Discounted for—	Sold by—	Purchased by—	By—	For account of—	Excess movement from—	Excess movement to—
<b>Federal Reserve Bank of—</b>								
Boston.....		969,884	20,846	30,673		6,569		986,260
New York.....	375,000	479,581	147,215	11,067	732,652		764,219	
Philadelphia.....	371,600	144,579		35,149			191,872	
Cleveland.....		1,406,172	50	72,710		242,000		1,120,832
Richmond.....	700,000					325	699,675	
Atlanta.....	307,997	52,000		5,087		400	290,510	
Chicago.....	255,000	168,500	28,178	5,090		217,642		108,654
St. Louis.....	309,499	13,000	6,000			250	302,249	
Minneapolis.....	293,500	40,029				375	253,096	
Kansas City.....	411,636	20,000		5,049		450	386,137	
Dallas.....	436,013	143,000				500	292,513	
San Francisco.....		23,500	10,258	47,722		264,141		325,105
<b>Total.....</b>	<b>3,460,245</b>	<b>3,460,245</b>	<b>212,547</b>	<b>212,547</b>	<b>732,652</b>	<b>732,652</b>	<b>3,140,271</b>	<b>3,140,271</b>

DEVELOPMENT OF THE ACCEPTANCE MARKET.

Appreciable progress has been made during the past year in the development and broadening of the market for bankers' acceptances. While the Federal Reserve Banks have continued to be the greatest influences in this market, the higher rates commanded by credit throughout the world have resulted in a substantial broadening of the market for prime dollar acceptances. As commercial and Reserve Bank rates have advanced, bankers' acceptances have been offered on a relatively higher basis and this fact, coupled with the better understanding of their liquidity and desirability as secondary reserves, has gradually added to the list of those who are accustomed to invest surplus or idle funds in this form of security. While in former years only a comparatively small number of the larger and better-informed banks made a practice of buying acceptances, the bill dealers now have as their customers many corporations, firms, and individuals, in addition to an increased number of banks, large and small. Several State legislatures have amended banking laws by specifying bankers' acceptances as eligible investments for savings banks, thus opening a new channel for the distribution of acceptances. During a greater part of the year dealers have reported an improved demand, especially for bills accepted by the best-known banks, and have offered such bills unindorsed at a discount rate of from 6 to 6½ per cent for various maturities. While the market

has been characterized by a more rapid turnover than formerly, the Federal Reserve Banks in some of the larger centers have found it essential to lend active support to the market and have continued the practice of carrying for dealers a part of their holdings for 15-day periods under a repurchase agreement, pending distribution. The purchases of bankers' acceptances by all the Federal Reserve Banks were larger during 1920 by approximately \$300,000,000 than in 1919. This increase is not excessive or remarkable, however, when consideration is given to the large volume of business transacted which called for acceptance credits by banks and bankers. The principal market into which bankers' acceptances flow from the entire country is New York and it follows, therefore, that the Federal Reserve Bank of New York must bear the brunt of the burden of sustaining and developing the market. This bank during 1920 purchased bankers' acceptances for its own account and for the account of other Federal Reserve Banks in value about \$479,084,000 greater than in 1919, this increase for the New York bank being largely offset by decreases in amounts of open-market purchases by other Federal Reserve Banks within their own districts. The pressure upon the Federal Reserve Bank of New York, caused by these purchases, has been relieved and distribution of bills effected by sales to member banks and by allotments to other Federal Reserve Banks. The development of the acceptance market in New York has been aided also by the special acceptance service offered to its member banks by the Federal Reserve Bank of New York. The bank purchases for its member banks indorsed bills of the kinds and maturities which it is accustomed to purchase for its own account, carries them in custody, sells them when desired and collects them at maturity. This service is rendered without charge and has made it easy for any member bank to keep excess funds employed constantly and profitably through continued or occasional investments in prime bills. During the year the Federal Reserve Banks of New York, Philadelphia, Cleveland, Chicago, and San Francisco purchased acceptances in a larger amount than in 1919, while the Federal Reserve Banks of Boston, Richmond, Atlanta, St. Louis, Minneapolis, Kansas City, and Dallas purchased smaller amounts than in the preceding year.

Although decreases are noted in the volume of purchases made by the Federal Reserve Banks of Boston and Richmond, these two institutions have accomplished good results in popularizing acceptances as investments for their member banks. The result of these influences combined has been apparent in the increase during the year by over 100 per cent in the number of bill buyers in the Boston Reserve Bank district. The Federal Reserve Bank of Richmond continued the practice of buying unindorsed bills direct from the acceptors at commercial paper rates, feeling that this policy is warranted as it



keeps the bank well informed as to the methods used in giving acceptance credits by its member banks. This bank also purchases acceptances for member banks, the names of the acceptors being specified by the bank for whose account purchase is made. It is believed that the reduced volume of bills offered this bank during the past year is the result of efforts which have been made to induce member banks to sell their acceptances to dealers rather than to the Federal Reserve Bank.

As a rule, member banks of the South, Southwest, and some portions of the West have used their acceptance powers to a limited extent only, and the Federal Reserve Banks of Atlanta, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco report that acceptances are being bought almost exclusively by banks in the larger centers.

The Federal Reserve Bank of Philadelphia purchased approximately \$27,183,000 more of bills in 1920 than in 1919, and has succeeded during recent months in developing a broader market for bills in its district. Reports from the Federal Reserve Banks of Cleveland and Chicago indicate that their markets have been enlarged during the past year, mainly through the efforts of their member bank relations departments. In Chicago the volume of sales and distribution, according to dealers' reports, is showing steady increase, comparative sales in the Chicago district made month by month during 1919 and 1920 showing an increase of over 100 per cent in volume of sales and of 150 per cent in the number of purchasers.

When consideration is given to the important part played by bankers' acceptances in the movement of farm products and manufactured goods to market, the Board feels that the efforts being made to broaden the bill market will meet with general approval.

Below are shown the amounts of acceptances bought in the open market by, or for the account of, each Federal Reserve Bank during the past four years:

*Bills bought in open market.*

[Amounts in thousands of dollars.]

Federal Reserve Bank.	1917	1918	1919	1920
Boston.....	86,481	194,153	360,784	394,445
New York.....	445,207	945,493	1,211,399	1,697,330
Philadelphia.....	70,710	77,686	14,049	41,232
Cleveland.....	51,007	122,860	291,750	294,602
Richmond.....	54,759	70,766	52,977	51,712
Atlanta.....	25,388	45,477	51,661	39,576
Chicago.....	61,142	122,787	292,012	345,621
St. Louis.....	22,788	26,096	87,503	36,029
Minneapolis.....	16,397	13,993	108,714	13,060
Kansas City.....	17,561	14,691	26,086	17,173
Dallas.....	9,743	25,024	12,415	8,348
San Francisco.....	48,018	150,663	345,827	364,845
Total.....	909,301	1,809,539	2,825,177	3,218,364

## CANCELLATIONS.

To some extent throughout the entire year 1920, but with an increasing degree of importance during the latter part of the year, the matter of cancellation of contracts has assumed a sinister significance in American foreign trade. The practice is one which has affected both the commercial and banking aspects of the situation. Cancellations have been numerous in important exporting lines, while the action of some American importers in cancelling orders for textiles which they had placed in England caused so much inconvenience and aroused such criticism as to lead to an appeal in November last by organized textile trades of the United Kingdom to the United States Chamber of Commerce. Certain phases of the practices which have developed within the past few weeks especially have raised at least two serious questions:

1. How far have cancellations resulted in leaving considerable quantities of American goods without actual buyers in the countries to which the goods have been shipped? and
2. How far have cancellations affected the status of drafts drawn against letters of credit issued by American bankers?

The facts relating to cancellations have been reviewed in a report filed with the Chamber of Commerce of the State of New York on December 3, reading as follows:

The wave of cancellations of buying orders and repudiations of contracts of sale by buyers which at present is sweeping the world and is menacing also the United States, has called forth a great concern in business and banking circles. The dangers of the situation have been called to the attention of your committee on finance and currency, and a request made that an investigation into the situation be made. Accordingly, data were collected from large trade associations, covering the United States in various lines of business, upon the volume and character of cancellations and their comparison with previous years.

The result of this investigation, which has been printed in the November issue of the Chamber's Bulletin, showed that, in many lines, cancellations were of a very important and menacing volume.

It seems obvious that loose business methods which enable purchasers to reject goods when prices decline and to insist upon prompt shipments according to contract when prices are rising, will cause a perilous business derangement at every downward turn. The uncertainty created by the sway of such vicious practices extends far beyond the two parties immediately affected. It spreads like a contagious disease and ultimately undermines and menaces the safety of all branches of production, trade, and finance of the country; for our whole economic structure rests upon a contractual basis and upon a clear recognition of the sanctity of business obligations. Steps should be taken to remedy this evil. The discipline of a written contract enforceable at law should be more generally applied, together with a nation-wide vigorous condemnation of those indulging in such objectionable business practices.

Your committee, therefore, offers the following resolutions:

*Resolved*, That the Chamber of Commerce of the State of New York deprecates the present tendency among many buyers of goods to cancel their orders or repudiate their contracts; and be it further

*Resolved*, That an effort should be made on the part of the business community to incorporate into written contracts a frank stipulation respecting cancellations, in order that business may be established on a clear and definite contractual basis, and that the possibilities of misunderstanding and disagreement may be lessened and an element of dangerous uncertainty be removed; and be it further

*Resolved*, That the chamber of commerce urge upon the business and banking communities that buyers who disregard their written agreements shall be considered as being lacking in business morality and as undeserving of confidence, and that business and banking leave no doubt that attempts willfully to violate contracts shall be frowned upon as violating the code of business ethics on which rests the entire structure of American industry, commerce, and trade.

Exact figures as to the probable scope of the cancellation evil can not be secured at this time, but it may be stated that the practice has become so common as to affect seriously the ability of American exporters to collect against their shipments to foreign ports. The most acute aspects of the situation are seen in those countries which have found it practically impossible to ship their goods at profitable rates to the United States or which have had so unfavorable a domestic credit position that they have felt it necessary to establish moratoria—with or without legal sanction. This situation has affected particularly our trade with South America and the Orient. At some ports a large volume of American goods has accumulated which consignees have declined to receive. For such shipments, therefore, there is available neither dollar exchange nor local bank credit. Reports from Brazil, Argentina, Paraguay, and Cuba emphasize this aspect of the situation and show that important exportations have brought no returns, the goods being practically thrown back upon the hands of shippers who have been obliged to finance themselves as best they might at their own banks. One result of this condition has been a certain amount of mortality among exporting houses, while others have been obliged to lean more heavily upon the banks than they would otherwise have found it necessary to do.

While such conditions are of grave consequence from the banking standpoint at a time when world finance and trade conditions are seriously disturbed, and when the maintenance of the export trade is so vital, the resultant situation has peculiar significance to the banks because of the influence it exerts upon acceptance conditions.

It will be remembered that prior to the enactment of the Federal Reserve Act, American banks in foreign transactions had always relied mainly upon credits furnished by British banks and stated in terms of sterling. As the result of the growth of the number of accepting banks under the Federal Reserve Act and the effort to convert

our foreign credit as far as possible into terms of dollars there has devolved upon our institutions a new responsibility in connection with financing of foreign trade. This was recognized from the first as one of the advantages of a revision of the banking system. American banks have not only been encouraged to enter the acceptance field, but the argument has frequently been made that they ought to do so in order that the financing of American business might not rest so largely in the hands of foreigners. Owing to the great changes brought about by the war it has also been asserted that the adoption of this method of financing was really necessary in order to meet the emergencies which the contest had created. In undertaking such financing American bankers have in many instances issued letters of credit covering importations into the United States. The terms and conditions of the credits thus opened have, of course, varied considerably, since there is no uniform practice among the banks of the country with respect to the wording of documents used in their foreign trade operations. The letters of credit which have been issued are in many cases, however, irrevocable, and provide for the acceptance of drafts drawn on time or the payment of drafts drawn at sight, with such conditions and requirements regarding the character of the documents to be attached as are usual in the movement of consignments in international trade.

The sudden fall of prices which has occurred in many lines has, however, caused many importations to show very material decreases in value between the time of their shipment from the foreign port and their arrival in the United States or between the time they were contracted for under agreements that letters of credit be furnished and their arrival. In some instances the presentation of drafts with the documents attached to the banks which had issued the letters of credit obviously meant that these banks were asked to make payments against the goods covered by the invoice, which, as already explained, may have fallen seriously below their value at the time they were shipped or contracted for. Many of these credits had been opened by large banks at seaports at the request not of their own depositors but of interior banks. As these institutions usually operated no foreign-exchange departments of their own it was customary for them to ask some correspondent bank, located at a port of entry, to issue letters of credit for account of their own customers. The question, consequently, arose in the minds of many bankers whether the engagements undertaken in letters of credit could be avoided, and this idea has had a color of justice in those cases where goods and documents forwarded by exporters in foreign countries did not technically comply with the conditions set forth in the terms of the letters of credit. At the solicitation of their country correspondents some bankers have declined to accept drafts drawn

under letters of credit already outstanding, while in other cases, importers themselves, desirous of avoiding loss or feeling that some breach of contract had occurred, have obtained injunctions against the banks which had issued the letters of credit directing the banks not to pay out funds under the terms of such letters. Several injunction cases of this kind are now pending in the Federal courts. Twenty-four injunctions were vacated on December 15 in the Supreme Court of the State of New York.

This situation is most unfortunate and is reflecting very seriously upon American bankers' acceptances. It makes plain that many American bankers, including, of course, their legal advisers, are not well informed as to the obligations assumed when irrevocable or confirmed letters of credit are issued.

In the financing of an importation there are several possible combinations of parties at interest. Although a shipment is made direct by the exporter in a foreign country to the importer in the United States, the seller does not usually rely upon the unsupported credit of the foreign buyer and generally requires a bank guaranty. The importer, therefore, calls upon his bank to lend its credit to the transaction and thus the exporter is given the right to draw upon a banking institution instead of a commercial house. But even this added responsibility does not always satisfy the exporter, who may prefer funds in his own country, and, in this event, the American bank requests a correspondent foreign bank to notify the exporter that it will negotiate his drafts. He may, therefore, sell his bills of exchange either to the notifier or to his own local bank. Hence, a letter of credit may involve such different parties as the importer, credit issuer, notifier, negotiator, any indorser of the completed drafts, and lastly the exporter.

The legal relations between these parties have been quite definitely settled by certain British and Colonial cases rendered during the last half century, when Great Britain was extending her trade all over the world. The decisions in these cases involving commercial letters of credit established the following principles:

- (1) A letter of credit is not a negotiable instrument.
- (2) It does not create a trust fund in favor of the beneficiary.
- (3) An issuer of a letter of credit may not dishonor drafts presented by a negotiating bank under a clean, irrevocable letter of credit if all the terms of the credit are fulfilled.
- (4) An issuer may dishonor bills drawn in violation of the conditions specified in a documentary letter of credit.
- (5) The negotiator is not liable for the genuineness either of goods or documents.
- (6) The issuer is responsible to the party requesting the credit for the observance of the conditions by the beneficiary.

The further principle is established also by the British cases and confirmed by two decisions recently made by New York courts:

(7) The contract between the issuer and the beneficiary is entirely independent of the contract of sale between the buyer and seller, and the issuer can not, because of the seller's breach of the contract of sale, refuse to honor drafts which comply with the terms of the letter of credit.

Only recently have American courts had occasion to pass upon cases relating to commercial letters of credit where the issues involved have been fully presented. Upon principle, however, and judging from the few decisions which have been rendered by our courts within the last year, there appears to be no reasonable doubt that the practices which have evolved under British law will be found to govern in our own transactions. Such a development will be necessary if American credits are to command the respect abroad necessary to compete with those given by foreign banks which engage in financing international trade. Otherwise buyers of bills in foreign countries would decline to purchase drafts on American bankers.

The Federal Reserve Bulletin for February, 1921, will contain fuller discussion of the legal relations between the parties to commercial letters of credit as established by the cases which have been cited by the British courts, and will contain also a review of the leading British cases upon this subject and of the few important decisions which have recently been rendered by American courts.

#### CHANGES IN DISCOUNT RATES DURING 1920.

During the latter part of 1919 the Federal Reserve Banks had, with the approval of the Federal Reserve Board, abolished preferential rates formerly obtaining on paper secured by Liberty bonds and Victory notes and in January, 1920, shortly after the Treasury raised its rate on certificates to  $4\frac{3}{4}$  per cent, the Board approved a like increase in the rate of discount on paper secured by certificates of indebtedness as well as, in the case of most of the banks, on trade acceptances offered for discount. Thus for a time the rates on commercial paper proper and on paper secured by all classes of Government war obligations were practically on a parity. Toward the end of January, however, the rate on paper secured by Liberty bonds and Victory notes was advanced to  $5\frac{1}{2}$  per cent and the rates on all classes of commercial paper, including trade acceptances and agricultural and live-stock paper, to 6 per cent. A preferential rate of 5 per cent was established on bankers' acceptances, to apply, however, only where the acceptances were offered to the Federal Reserve Bank for rediscount by a bank other than the accepting institution.

Eight of the Reserve Banks advanced this rate to  $5\frac{1}{2}$  per cent in April and May, while five banks, including two of those which had advanced the rates in April and May, raised it to 6 per cent in June and July. Rates on commercial paper and on agricultural and live-stock paper were advanced in June to 7 per cent by four banks, and the trade acceptance rate to the same level by three of the same banks, the fourth bank advancing it to  $6\frac{1}{2}$  per cent. Rates on paper secured by Treasury certificates of indebtedness have been raised frequently during the year in keeping with the Board's policy to have such rates correspond with the rates borne by the certificates themselves, thus enabling the banks to carry the certificates without loss pending their distribution to customers, but offering them no inducement through a spread in rates to retain the certificates as an investment instead of passing them on to the public.

Following the amendment of section 14 of the Federal Reserve Act, approved April 13, 1920, permitting the Federal Reserve Banks, with the approval of the Board, to establish graduated rates of discount, the banks located at Kansas City, Dallas, St. Louis, and Atlanta established progressive rates of discount, effective April 19, May 21, May 26, and May 31, respectively. The progressive rates are assessed against amounts discounted for member banks in excess of their "basic" or "normal" lines, the latter being determined by the Federal Reserve Bank uniformly for each member bank in the district. In the case of the Atlanta, St. Louis, and Kansas City banks the basic line adopted was  $2\frac{1}{2}$  times a sum equal to 65 per cent of the reserve balance maintained or required to be maintained by the member bank, plus its paid-in subscription to the capital stock of the Federal Reserve Bank, while in the case of the Dallas bank the basic line was fixed at an amount equal to the combined capital and surplus of each member bank. Under the progressive rate plan, discounts granted in excess of the basic lines are subject to one-half per cent progressive rate, in addition to the normal rate, for each 25 per cent by which the amount of accommodation extended to the bank exceeds its basic line, although certain exemptions in the case of paper secured by Government obligations are allowed.

In order that the discount policy of the banks might not adversely affect the market prices of Government securities, or work a hardship on those still carrying a large part of the Liberty bonds representing original subscriptions, none of the four banks applied the progressive rates to paper secured by United States Government war obligations. Since the progressive rates apply only to excess borrowings—that is, to borrowings in excess of the normal or basic line—a bank obtaining accommodation to the extent of twice its basic line would be subject to a maximum penalty of 2 per cent. This 2 per cent, however, would apply only to the last increment of

25 per cent of the basic line, so that the average penalty calculated on its entire borrowings would be about 0.625 per cent. Likewise not until a bank has borrowed an amount equal to  $2\frac{1}{2}$  times its basic line will the average excess of the charge over the basic rate amount to 1 per cent on its total borrowings, thereby imposing a surcharge equal to the difference between the normal 6 per cent rate prevailing at those banks which have adopted the graduated rates, and the uniform 7 per cent rate adopted at about the same time by four other Federal Reserve Banks.

In the case of the Kansas City bank, superrates are applied to excess borrowings at the time the loan is granted to the member bank, while in the case of the other Federal Reserve Banks the progressive rate is applied only to the average borrowings in excess of the basic line over a fixed period.

Only in isolated cases, especially where a bank has allowed its reserve balance with the Federal Reserve Bank to fall materially below legal requirements, thus reducing substantially its basic line, have excessively high graduated rates been applied, the usual surcharge ranging generally from  $\frac{1}{2}$  to  $2\frac{1}{2}$  per cent.

While beneficial results have been obtained through the application of progressive discount rates, it is not expected that their application will prove a more efficient means of credit control than is the flat 7 per cent rate on commercial paper adopted by some of the Federal Reserve Banks, at least not until such time as it is deemed advisable to withdraw the exemption on loans secured by Government war obligations, or until the volume of such paper presented for rediscount at the Federal Reserve Banks is materially reduced.

It may be noted here that the Atlanta bank on November 1, with the approval of the Federal Reserve Board, discontinued the application of graduated or progressive rates, and adopted the 7 per cent rate on all paper other than that secured by Government war obligations and on discounted bankers' acceptances.

The following table shows the amount of discount earned by the Federal Reserve Banks through the application of progressive rates during each month in 1920:

	Atlanta.	St. Louis.	Kansas City.	Dallas.
April.....			\$4,711	
May.....		\$1,427	29,710	\$476
June.....	\$5,831	21,174	27,516	3,193
July.....	19,488	13,174	41,296	6,837
August.....	33,911	30,551	37,721	9,909
September.....	35,113	31,044	41,980	13,407
October.....	65,666	38,296	69,267	16,295
November.....	36,419	98,571	72,627	12,510
December.....		156,940	61,944	13,962
Total.....	196,428	391,177	386,772	76,489



Discount rates obtaining on January 1, 1920, at the Federal Reserve Banks on the several classes of paper, and the changes made during the year 1920, are shown in the following tables:

*Commercial and industrial paper maturing within 90 days.*

Federal Reserve Bank.	In effect Jan. 1, 1920.	Changes effective.									
		Jan. 3.	Jan. 12.	Jan. 23.	Jan. 24.	Jan. 26.	Jan. 28.	Feb. 2.	June 1.	June 4.	Nov. 1
Boston	4 1/2			6						7	7
New York	4 1/2			6						7	
Philadelphia	4 1/2			6							
Cleveland	4 1/2		5					6			
Richmond	4 1/2			6							
Atlanta	4 1/2					6					7
Chicago	4 1/2				6					7	
St. Louis	4 1/2				6					7	
Minneapolis	1 1/2					6				7	
Kansas City	5	5 1/2		6							
Dallas	5							6			
San Francisco	4 1/2							6			

<sup>1</sup> Rate of 5 per cent for maturities 61 to 90 days.

*Agricultural and live-stock paper maturing after 90 days but within 6 months.*

Federal Reserve Bank.	In effect Jan. 1, 1920.	Changes effective.									
		Jan. 3.	Jan. 12.	Jan. 23.	Jan. 24.	Jan. 26.	Jan. 28.	Feb. 2.	June 1.	June 4.	Nov. 1
Boston	5			6						7	7
New York	5			6						7	
Philadelphia	5			6							
Cleveland	5 1/2		5 1/2					6			
Richmond	5			6							
Atlanta	5 1/2					6					7
Chicago	5 1/2				6						
St. Louis	5 1/2				6						
Minneapolis	5 1/2					6					
Kansas City	5 1/2	6									
Dallas	5 1/2							6			
San Francisco	5 1/2							6			

*Paper secured by Liberty bonds and Victory notes—maturing within 90 days.*

Federal Reserve Bank.	In effect Jan. 1, 1920.	Changes effective.													
		Jan. 3.	Jan. 12.	Jan. 23.	Jan. 24.	Jan. 26.	Jan. 28.	Feb. 2.	May 1.	May 3.	May 13.	June 1.	June 4.	June 7.	Sept. 28.
Boston	4 1/2			5 1/2									6		
New York	4 1/2			5 1/2									6		
Philadelphia	4 1/2			5 1/2											
Cleveland	4 1/2		5					5 1/2				5 1/2			
Richmond	4 1/2			5 1/2								6			
Atlanta	4 1/2					5 1/2		5 1/2							
Chicago	4 1/2					5 1/2									
St. Louis	4 1/2					5 1/2									
Minneapolis	1 1/2					5 1/2									
Kansas City	5	5 1/2													6
Dallas	5							5 1/2							
San Francisco	4 1/2							5 1/2		5 1/2				6	

<sup>1</sup> Rate of 5 per cent for maturities 61 to 90 days.

Paper secured by United States Treasury certificates of indebtedness—maturing within 90 days.

Federal Reserve Bank.	In effect Jan. 1, 1920.	Changes effective.												
		Jan. 2.	Jan. 3.	Jan. 5.	Jan. 6.	Jan. 10.	Jan. 12.	Jan. 24.	Jan. 26.	Feb. 2.	Feb. 26.	Feb. 27.	Feb. 28.	
Boston	4½-4¾		4¼											
New York	4¾												5	
Philadelphia	4¾												5	
Cleveland	2 4¾	4¼						4¾					5	
Richmond	4¾			4¾									5	
Atlanta	4¾				4¾									
Chicago	4¾					4¾								
St. Louis	4¾								4¾					5
Minneapolis	4¾	3 4¼								4¾				
Kansas City	4¾		4¾										5	
Dallas	4¾										4¼		5	
San Francisco	4¾							4¼						

Federal Reserve Bank.	Changes effective.												
	Mar. 1.	Mar. 4.	Mar. 10.	Apr. 20.	Apr. 21.	Apr. 22.	Apr. 23.	Apr. 25.	May 1.	May 17.	May 20.	May 21.	May 27.
Boston													
New York							5-5½						
Philadelphia												5-5½	
Cleveland	5							5-5½					5-5½
Richmond				5-5½									5-5½
Atlanta					5-5½								5-5½
Chicago				5-5½						5-5½			
St. Louis		5					5-5½				5-5½		
Minneapolis							5-5½						
Kansas City													
Dallas													
San Francisco			5						5½				

Federal Reserve Bank.	Changes effective.												
	June 1.	June 4.	June 7.	June 10.	June 18.	July 1.	July 2.	July 3.	July 10.	July 12.	July 13.	July 19.	Oct. 1.
Boston													
New York		5½											
Philadelphia							5-6						
Cleveland						5½							5½-6
Richmond												5½-6	
Atlanta								5-6					
Chicago		5½								5½-6			
St. Louis		5½											
Minneapolis		5½											
Kansas City									5-6				
Dallas					5-5½							5-6	
San Francisco				5½							5½-6		

<sup>1</sup> Discount rate corresponds to interest rate borne by certificates pledged as collateral with maximum and minimum limits shown.

<sup>2</sup> Rate of 4½ per cent on member banks' collateral notes secured by certificates bearing interest at 4½ per cent.

<sup>3</sup> Rate of 5 per cent for maturities 61 to 90 days.

*Bankers' acceptances, discounted for member banks, maturing within three months.*

Federal Reserve Bank.	In effect Jan. 1, 1920.	Changes effective.																			
		Jan. 12.	Jan. 23.	Jan. 24.	Jan. 26.	Jan. 27.	Feb. 2.	Mar. 1.	Apr. 1.	Apr. 5.	Apr. 8.	Apr. 12.	Apr. 23.	May 15.	June 1.	June 4.	July 12.	Oct. 1.	Oct. 21.	Nov. 1.	
Boston	(1)		5													(1)					
New York	(1)		5																		
Philadelphia	(1)		5								5½										
Cleveland	(1)	5											5½								
Richmond	(1)		5																		
Atlanta	(1)				5																
Chicago	(1)					5			5½	5½											6
St. Louis	(1)			5										5½							
Minneapolis	(1)				5																
Kansas City	(1)		5							5½											
Dallas	(1)									5½											
San Francisco	(1)											5½									

1 No special rate. Bankers' acceptances presented for discount subject to regular commercial paper rate. NOTE.—The rates established during 1920 on bankers' acceptances presented for discount applied only to such bills as had been accepted and sold to banks other than the accepting bank or to other holders, and which were offered to the Federal Reserve Bank for rediscount by some bank other than the accepting bank. Acceptances presented for rediscount by the accepting bank were subject to the regular commercial paper rate.

*Trade acceptances discounted for member banks, maturing within 90 days.*

Federal Reserve Bank.	In effect Jan. 1, 1920.	Changes effective.																		
		Jan. 3.	Jan. 5.	Jan. 6.	Jan. 10.	Jan. 12.	Jan. 23.	Jan. 24.	Jan. 26.	Jan. 27.	Jan. 28.	Feb. 2.	Apr. 20.	June 1.	June 4.	Nov. 1.				
Boston	4½						6										7			
New York	4½						6										7			
Philadelphia	4½						6													
Cleveland	4½								5								5½			
Richmond	4½		4½				6						6							
Atlanta	4½			4½																
Chicago	4½				4½					6	6								7	7
St. Louis	4½									5			6							
Minneapolis	4½										5½								6½	
Kansas City	5		5½							6										
Dallas	5																		6	6
San Francisco	4½																			

*Minimum rates on acceptances bought in open market, maturing within three months.*

Federal Reserve Bank.	In effect Jan. 1, 1920.	Changes effective.											
		Jan. 23.	Jan. 24.	Jan. 26.	Jan. 28.	Feb. 2.	Feb. 6.	June 1.	Oct. 1.				
Boston	4	5½								5			
New York	4	5½								5			
Philadelphia	4	5½								5			
Cleveland	4					5½				5			5½
Richmond	4	5½								5		6	
Atlanta	4				5½					5			
Chicago	4		5½							5			
St. Louis	4		5½							5			
Minneapolis	4				5½					5			
Kansas City	4									5			
Dallas	4	5½								5			
San Francisco	4									5½	5		

NOTE.—On Feb. 26, 1920, the Board ruled that thereafter, when acceptances were purchased from the accepting institution, the rate charged was to be not less than the discount rate on commercial paper effective at that time.

*Paper secured by War Finance Corporation bonds.*

Discount rates on paper secured by War Finance Corporation bonds, established during 1919 at 1 per cent in excess of rates on commercial paper of corresponding maturities, were discontinued on April 1, 1920, all outstanding War Finance Corporation bonds having matured on that date.

*Graduated discount rates.*

(Authorized by Apr. 13, 1920, amendment to Sec. 14 of the Federal Reserve Act.)

Established by Federal Reserve Bank of—	Date established.	Date discontinued.
Atlanta.....	May 31, 1920	Nov. 1, 1920
St. Louis.....	May 26, 1920	
Kansas City.....	Apr. 19, 1920	
Dallas.....	May 21, 1920	

## CHECK CLEARING AND COLLECTION.

Substantial progress has been made during the year in the development of the Federal Reserve check clearing and collection system. During the year 11 States—Virginia, West Virginia, Kentucky, North Carolina, Arkansas, Arizona, Wisconsin, Minnesota, South Dakota, Washington, and Oregon—have been added to the number of States in which all banks are on the par lists of the Federal Reserve Banks. On January 1, 1920, checks on all but 3,996 of the 29,557 banks in the United States could be collected at par through the Federal Reserve Banks. On January 1, 1921, checks on all but 1,755 of the 30,523 banks in the United States could be thus collected. These 1,755 banks are all located in the following seven States of the Southeast: Tennessee, South Carolina, Louisiana, Mississippi, Alabama, Georgia, and Florida. Consequently, every bank in 9 of the 12 Federal Reserve districts is on the par lists, the three districts in which there remain any nonpar banks being those of Richmond, Atlanta, and St. Louis.

This development in the check clearing and collection system has been accomplished in the face of continuous opposition on the part of some member and nonmember banks. It is evident that as the merits of par collection are becoming more widely known fewer banks are participating in the opposition, but the banks which continue to oppose par collection are well organized and their opposition appears to be as vigorous as ever.

In order to present clearly the issue involved in the controversy over par collection, it is necessary to review the history of the development of the check-collection system under the Federal Reserve Act. That history is given at some length in the letter of the Governor of the Federal Reserve Board, dated January 26, 1920, to the President of the Senate in response to Senate resolution No. 284 of January 19, 1920. This letter was printed as Senate Document No. 184.

The provisions of the Federal Reserve Act which relate to check clearing and collection were last amended by the act of June 21, 1917. Section 16 provides that the Federal Reserve Board may act as a clearing house for the Federal Reserve Banks and may require those banks to act as clearing houses for their member banks. Section 13 as amended by the so-called "Hardwick amendment" of June 21, 1917, provides that Federal Reserve Banks may receive on deposit "checks and drafts payable upon presentation," the checks which those banks are authorized to receive on deposit not being limited, as they were prior to the amendment, to checks on "solvent member banks." The proviso at the end of the first paragraph of section 13 reads:

That nothing in this or any other section of this act shall be construed as prohibiting a member or nonmember bank from making reasonable charges, to be determined and regulated by the Federal Reserve Board, but in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts and remission therefor by exchange or otherwise; *but no such charges shall be made against the Federal Reserve Banks.*

As construed by the Attorney General, and as recently held by the United States Circuit Court of Appeals, Fifth Circuit, these provisions prohibit the Federal Reserve Banks from paying exchange charges to member or nonmember banks.

It is apparent that if Federal Reserve Banks in their capacities as clearing houses are to render full service to their member banks, they must clear checks drawn on all banks including those nonmember banks, now few in number, which decline to remit at par. Consequently, the Board has approved the action of the Federal Reserve Banks not only in soliciting nonmember banks to agree to remit at par but also in collecting by presentation at the counter checks drawn on nonmember banks which decline to remit at par.

Opposition on the part of the banks against par collection has taken various concrete forms. Since Federal Reserve Banks can not pay exchange charges, when nonmember banks refuse to remit at par the Federal Reserve Banks have no choice, if they are to collect the checks drawn on those nonmember banks, but to make presentation of such checks at the counters through selected agents. These agents may be employees of the Federal Reserve Banks or may be banks, express companies, or any other suitable agents located in the same town. The employees and agents of the Federal Reserve Banks have encountered various obstacles in making presentation of checks, such as the tender of payment in a manner calculated to take as much time as possible, or the refusal of payment in reliance on the inability of the agent to find a notary public willing to make protest. The Board has been advised of one instance where a duly appointed agent has

within a few days after appointment given notice to the Federal Reserve Bank that he would no longer act as agent for fear of injury to his business.

Other banks, including some member banks, have resorted to the device of stamping legends on their blank checks to the effect that the check is not valid if presentation is made through the Federal Reserve Banks.

On January 22, 1920, a number of nonmember banks filed a petition in the Superior Court of Fulton County, Ga., for an injunction restraining the Federal Reserve Bank of Atlanta from collecting checks drawn on the plaintiff banks in any manner other than through the mails. The suit was transferred to the United States District Court for the Northern District of Georgia, which dismissed the complaint upon the merits. The decision of the district court was affirmed by the United States Circuit Court of Appeals for the Fifth Circuit on November 19, 1920, and the case has now been appealed to the Supreme Court of the United States. The restraining order, obtained by the plaintiff banks at the commencement of the suit, has been continued pending the appeals to the Circuit Court of Appeals and the Supreme Court of the United States; and this accounts in large part for the fact that no material progress has been made by the Federal Reserve Bank of Atlanta in adding to the number of banks whose checks it can collect at par.

The legislatures of five States, namely, Mississippi, Louisiana, South Dakota, Georgia, and Alabama, have enacted laws for the express purpose of preventing the Federal Reserve Banks from collecting, at par, checks drawn on the banks located in those States. The Mississippi law purports to require all banks within the State, including national banks, member banks, and nonmember banks, to make charges "for collecting and remitting" cash items which "are presented to the payer bank for payment through or by any bank, banker, trust company, Federal Reserve Bank, post office, express company, or any collection agency, or by any other agency whatsoever." The laws of the four other States are not mandatory, but merely purport to give to all banks within the respective State the right to make similar charges. The laws of Mississippi, Louisiana, South Dakota, and Alabama prohibit any officer of the respective State from protesting any check for nonpayment, when such nonpayment is on account of the refusal of any such agency to pay exchange, and the laws of Mississippi, Louisiana, and South Dakota further provide in terms that "there shall be no right of action, either at law or in equity, against any bank in this State for a refusal to pay such cash item, when such refusal is based alone on the ground of the nonpayment of such exchange." The Federal Re-

serve Board has taken the position that these laws are clearly unconstitutional in so far as they purport to require national banks, and State banks which have joined the Federal Reserve System, to make exchange charges against Federal Reserve Banks.

The Board has obtained no opinion as to the constitutionality of the laws in so far as they purport to affect nonmember State banks, believing that this is a question which can be settled only by the courts. Prior to the enactment of the South Dakota and Louisiana laws, all banks in South Dakota, and in that part of Louisiana which is located in the Eleventh Federal Reserve District, had been placed upon the Federal Reserve Bank par lists, and the Federal Reserve Banks of Minneapolis and Dallas have since the enactment of those laws continued to receive for collection at par all checks drawn on those banks.

In February the Board's attention was called to certain charges made by State bankers in Nebraska that employees of the Omaha branch of the Federal Reserve Bank of Kansas City had acted in an unseemly manner and had used oppressive methods in the presentation of checks on nonmember banks. The Board held hearings on February 24, 25, and May 5 to inquire into these alleged acts and methods, at which hearings the Federal Reserve Bank officials and employees involved were examined under oath and denied the charges in every particular. The hearings were attended by a delegation of Congressmen from Nebraska, and the State bankers making the charges and their witnesses were also invited to be present. For the convenience of the latter the Board offered to have a committee of its members hold a hearing in Nebraska. No witnesses on behalf of the State bankers were produced, however, and the only evidence submitted in support of the charges consisted of a series of affidavits. In no instance, in the Board's opinion, was any specific charge of improper conduct on the part of an employee of the Omaha branch substantiated.

In view of all the circumstances, and at the request of some of the opponents of par collection, the Board concluded to present the facts to Congress for such action as that body might care to take. In accordance with this determination the Board on May 5, 1920, addressed a letter to the chairman of the Banking and Currency Committee of the House of Representatives. In this letter the Board called attention to the persistent opposition to par collection and to the obstacles which the Federal Reserve Banks were encountering, and suggested that the committee might deem it advisable to consider whether the par collection of checks should continue to be a function of Federal Reserve Banks, with a view to recommending a further amendment to the law which would either remove the obstacles standing in the

way of par collection at the present time or permit both member and nonmember banks to make exchange charges against the Federal Reserve Banks, such charges, of course, to be reimbursed to the Federal Reserve Banks by the banks sending the checks for collection.

The Board is thoroughly convinced of the advantages of a universal system for the par collection of checks, and it brought the matter to the attention of Congress, not because of any doubt on its part as to the effect of the law, but because the issue involved the propriety of the legislation itself. The Board has frequently had occasion to point out that in their origin exchange charges were justified on account of the necessity for, and the high cost of, actually transporting currency, but that under existing conditions those charges can be justified upon no scientific or economic principle, since the payment of checks at places other than where the drawee banks are located involves little expense and that is borne by the Federal Reserve Banks. Even the banks which decline to remit at par to the Federal Reserve Banks receive the benefits of the Federal Reserve check-clearing facilities by having the checks which they receive collected through a correspondent bank which is a member of the Federal Reserve System although they contribute nothing to the strength of the system. To the extent that the practice of charging exchange is continued under the operation of the Federal Reserve System, it is an anachronism which permits the charging banks to impose a charge upon commerce and industry after they have ceased to perform the service which in former times justified the imposition of such a charge. In this connection the following is quoted from a letter dated April 1, 1920, addressed by the Board to a United States Senator:

Since the establishment of the Federal Reserve Banks the cost of transferring balances from one section of the country to another has been almost entirely eliminated. Each Federal Reserve Bank carries a portion of its gold reserve in a gold settlement fund which is kept in the Treasury at Washington, and there is a daily telegraphic clearing conducted by the Federal Reserve Board for all 12 banks and for their branches. The amount of gold in the fund is practically a stable quantity, but its ownership varies from day to day according to the debits and credits to the different banks. Transfers are made by the Federal Reserve Banks for member banks, and also for nonmember banks through the medium of member banks, by telegraph without any charge whatever to the member bank or its client, all costs being borne by the Federal Reserve Banks. Thus a bank in Wisconsin or California, Maine or Texas, can secure an instantaneous transfer to any one of the 12 Federal Reserve cities or to the 20 cities where there are branch Federal Reserve Banks without any expense whatsoever, and the sum total of these transfers is settled daily through the gold settlement fund above referred to. The Federal Reserve Banks pay all costs of transporting currency to or from their member banks as well as transportation charges on currency sent them by nonmember banks in payment of checks.

The total volume of transactions through the gold settlement fund in the year 1919 was approximately \$74,000,000,000, and the total cost, including the ex-



pense of the leased wires, was about \$250,000. This cost was borne by the Federal Reserve Banks and does not represent any expense whatever to the member banks or their customers. Thus it will be seen that the basic cost of making domestic exchange in the year 1919 was 0.3 of a cent for each \$1,000 transferred. A charge of 10 cents per \$100 on the amount cleared through the gold settlement fund would have involved an expense of \$1 for each \$1,000 transferred, or about \$74,000,000 for the entire amount.

The intradistrict clearings made by the Federal Reserve Banks, eliminating duplications, amounted to about \$135,000,000,000, and the total expense of these transfers was borne by the Federal Reserve Banks. Had the Federal Reserve Banks been obliged to pay for these transfers at the rate of 10 cents per \$100, it will be seen that the total expense would have been \$135,000,000, which amount is far in excess of the total earnings of the Federal Reserve Banks and therefore could not have been absorbed by them. If not absorbed, the charge would have had to have been transferred to the depositors of the checks, so it will be seen that a charge of 10 cents per \$100 upon the business handled by the Federal Reserve Banks would have involved last year a cost to the commerce and industry of this country of at least \$125,000,000.

The Federal Reserve Board believes that the present terms of the Federal Reserve Act impose upon it the duty of developing and maintaining the Federal Reserve par collection system, while the opponents of par collection vigorously urge the contrary view. The opinion of the United States Circuit Court of Appeals, previously referred to, decisively upholds the Board's point of view, and, Congress having taken no action in the matter of further legislation on the subject, the Board will, of course, regard as binding upon all parties the final interpretation of section 13 of the Federal Reserve Act by the Supreme Court of the United States. Consequently, unless that court reverses the decision of the United States Circuit Court of Appeals, the Board will assume that Congress desires the Federal Reserve Board and the Federal Reserve Banks to continue, as heretofore, to develop and perfect the Federal Reserve par collection system.

Until the United States Supreme Court renders its decision in the appeal now pending before it, the opinion of the United States Circuit Court of Appeals must, of course, be regarded as conclusive as to the construction of the law. The following extract from that opinion sustains in every respect the position which the Board has always taken that its duty under the law as it now stands is to develop and perfect the Federal Reserve par collection system.

The principle that one must so use his property as not to unnecessarily and maliciously injure his neighbor, even though his act is otherwise lawful, is also invoked. Conceding that the accumulating of checks, and their presentation, when accumulated, with the intent to embarrass and injure the drawee bank, might constitute an actionable wrong and one that might be prevented by injunction, we do not think the amended bill presents any such case. There is no specific charge in the bill of any threat to present the checks in any accumulated or oppressive manner, on which a court of equity would be justified in acting. Nor does the bill charge the appellee bank with acting from

a merely malicious motive, if that is material. It does aver that the purpose of the appellee was to compel the appellants to accept the lesser of two evils and to remit at par for checks drawn upon it. If this charge was borne out by the exhibits, which it is not, it would not constitute legal duress, on which a legal complaint could be predicated. The exhibits show that the adoption of a system of universal par clearance was advocated in good faith by the appellee bank as a proper banking policy, and as well by Congress and the Federal Reserve Board. The adoption of appropriate means of the appellee bank to accomplish this end can not with any propriety be attributed to malice on its part against appellants and other banks in like condition. Nor does the adoption of the method of presenting checks over the counters of the drawee bank imply an attempt to coerce them into becoming member or depositing banks. The Federal Reserve Bank was interested to supply a universal clearance at par for its member and depositing banks. It could accomplish this only by accepting from its member and depositing banks all checks tendered it by them upon whatever banks drawn. If drawn upon a nonmember and nondepositing bank, which refused to remit at par, it was disabled under the statute from handling such checks through the method of transmission of the checks and remittance of the proceeds through the mails. It could only collect such checks by presentation in person to the drawee bank. It is therefore, reasonable to suppose that its declared purpose of making such presentations was in furtherance of its policy of furnishing complete clearing facilities to its member banks, and was not for the purpose of injuring or destroying the drawee banks, or of coercing them into becoming member or depositing banks with it. It constituted an essential step without which universal par clearance was not possible of accomplishment.

In the following table are given the number and amount of checks and drafts handled by the Federal Reserve Banks during monthly periods in 1920:

*Items handled by all Federal Reserve Banks combined.*

[Exclusive of duplications on account of items being handled by more than one Federal Reserve Bank or Branch.]

Month ending—	Total items handled.		Items drawn on banks in district of reporting F. R. bank or branch.		Items drawn on United States Treasurer.		Items forwarded direct to members and nonmembers in other F. R. districts.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
		<i>Thousand dollars.</i>		<i>Thousand dollars.</i>		<i>Thousand dollars.</i>		<i>Thousand dollars.</i>
Jan. 15, 1920.....	33,208,287	14,044,656	31,212,530	13,298,384	1,990,362	743,821	5,395	2,451
Feb. 15, 1920.....	30,867,486	12,519,612	29,165,181	11,958,671	1,697,090	558,926	5,215	2,015
Mar. 15, 1920.....	33,568,251	13,156,260	31,996,561	12,645,019	1,565,995	509,415	3,665	1,826
Apr. 15, 1920.....	38,406,451	14,451,902	36,207,429	13,567,468	2,192,547	882,565	6,475	1,869
May 15, 1920.....	37,176,038	12,820,472	34,480,874	12,339,063	2,689,238	479,638	5,926	1,741
June 15, 1920.....	36,459,470	12,843,671	34,487,372	12,331,819	1,965,436	509,821	6,662	2,021
July 15, 1920.....	37,553,352	13,618,865	35,127,057	12,689,571	2,418,982	927,221	7,313	2,073
Aug. 15, 1920.....	37,052,060	12,303,370	35,045,843	11,918,337	1,999,664	383,068	6,553	1,965
Sept. 15, 1920.....	38,541,139	12,880,327	36,541,102	12,313,878	1,982,827	564,354	7,210	2,115
Oct. 15, 1920.....	40,674,502	13,677,098	38,156,780	13,247,060	2,510,644	427,398	7,078	2,640
Nov. 15, 1920.....	41,399,208	13,090,293	38,402,450	12,673,791	2,989,653	414,296	7,100	2,206
Dec. 15, 1920.....	41,764,941	12,093,079	39,082,305	11,604,936	2,675,292	486,043	7,344	2,100
Total.....	446,671,185	157,499,605	419,905,484	150,588,027	26,687,735	6,886,556	77,966	25,022
Monthly average.....	37,222,598	13,124,967	34,992,124	12,549,002	2,223,978	573,880	6,497	2,085

## GOLD SETTLEMENT FUND.

The volume of transactions through the gold settlement fund has shown a continued and steady increase during the year, occasioned, in part, by the increased use of the check clearing and collection facilities of the Federal Reserve Banks by member banks, and, in part, by the increased volume of inter-Federal Reserve Bank rediscounts. During the past year, as during the previous three years, the gold settlement fund operations have been affected to a large extent by the fiscal operations of the Treasury. Large amounts of transfers have continued to be made on account of transactions incident to the collection and distribution of funds from the sale of Treasury certificates of indebtedness, and the payment and distribution of funds on account of income and excess profits taxes.

The only important change during the past year in the method of operation of the gold settlement fund, which has been explained fully in previous reports, was the arrangement made effective March 1, whereby each Federal Reserve Bank and direct settling branch began telegraphing the Board the gross amount collected for the account of each other Federal Reserve Bank and direct settling branch before the final closing of the books for the day. Under the new arrangement the settlement is now effected by the Board the same day, telegrams are dispatched to each bank and direct settling branch so as to reach them in advance of the opening for business the following morning, when the necessary entries are made and their books finally closed for the preceding day. Under the original plan, settlements were made each morning of the credits wired to the Board as of the previous day. The new plan has resulted in the elimination of inter-Federal Reserve Bank "float" which had previously been carried by some Reserve Banks for other Reserve Banks on account of payments received by the correspondent Federal Reserve Bank one day in advance of payment through the gold settlement fund.

On April 10 the Board authorized payments through the gold settlement fund by Federal Reserve Banks to the Treasurer of the United States for account of member national banks for credit to their 5 per cent redemption fund against national bank notes to be made in any amount, instead of in even dollars which had previously been the rule. This resulted immediately in a substantial increase in the number and volume of such transactions, which have been further increased since the discontinuance of the subtreasuries with which the bulk of such deposits had previously been made.

The Los Angeles branch of the Federal Reserve Bank of San Francisco and the Detroit branch of the Federal Reserve Bank of Chicago were authorized, effective January 2 and February 2, re-

spectively, to settle direct with other Federal Reserve Banks and direct settling branches through the gold settlement fund under arrangements described in previous reports, whereby branches of Federal Reserve Banks were authorized to settle direct with other Federal Reserve Banks and direct settling branches through the gold settlement fund in order to facilitate the development of branch bank service and to simplify interoffice accounting.

Combined clearings and transfers through the fund during the year aggregated \$92,625,805,000, as compared with \$73,984,252,000 in 1919, \$50,251,592,000 in 1918, \$27,154,704,000 in 1917, \$5,533,966,000 in 1916, and \$1,052,649,000 in 1915, making a grand total of \$250,602,968,000 since the operation of the fund was begun on May 20, 1915. A comparison of the amounts of the average weekly settlements shows clearly the growth of the volume of transactions.

*Average weekly volume of clearings and transfers.*

1920 -----	\$1, 793, 584, 000
1919 -----	1, 422, 774, 000
1918 -----	1, 015, 399, 500
1917 -----	522, 206, 000
1916 -----	106, 422, 000
1915 -----	31, 898, 000

For the week October 15-21 the record figure of \$2,271,555,831.55 for combined clearings and transfers was established. Extraordinary transactions of that week affecting the gold settlement fund operations include transfers of funds in connection with payments covering the sale and redemption of Treasury certificates on October 15, transfers incident to the payment of interest on approximately \$6,000,000,000 Liberty loan issues due October 15, and transfers incident to the redemption of Anglo-French bonds maturing on October 15, 1920.

When it is considered that these enormous transfers of gold credits were made almost instantaneously by means of the leased telegraph wire system without the physical movement of a dollar of gold, it will be seen that the gold settlement fund operations have been of incalculable value to the Government, the banks, and the public.

The total expense of operation, including the entire cost of the leased wires and salaries of accountants, was approximately \$370,000.

This represents the basic cost of effecting the domestic exchanges between the several Federal Reserve districts. A charge of 10 cents per \$100, if generally imposed, would have involved an expense to the Treasury and the commerce of the country of \$92,625,000.

## FISCAL AGENCY OPERATIONS.

During the past year the duties of the Federal Reserve Banks as fiscal agents of the United States, as described in previous reports, have been enlarged as the result of an act of Congress approved May 29, 1920, which provided for the discontinuance of the nine subtreasuries located in the cities of Boston, New York, Philadelphia, Cincinnati, Baltimore, New Orleans, Chicago, St. Louis, and San Francisco on or before July 1, 1921, and authorized the Secretary of the Treasury to transfer any or all of their duties to the Treasurer of the United States, the mints, assay offices, or Federal Reserve Banks.

The intent of the act of August 6, 1846, under which the subtreasuries were established as a part of the independent Treasury system, was that the Government finances should be entirely separated from the banks of the country. Government moneys were no longer deposited in the banks, but in the Treasury or subtreasuries. The necessity for the continuance of the subtreasuries, however, became less obvious as the relations between the Government and the banks of the country became closer. Due to the establishment of the national banking system in 1863 and the then unprecedented fiscal operations of the Treasury incident to the Civil War, the independence of the separate Treasury system began to relax and national banks became depositaries of public moneys and fiscal agents of the Government. This change in the relationship between the Government and the banks developed in the intervening years and culminated with the passage of the Federal Reserve Act in 1913, which authorized the Federal Reserve Banks to act as depositaries and fiscal agents of the United States. With the establishment of the Federal Reserve System and the growth in the fiscal agency operations of the Federal Reserve Banks for the Government, especially during the past four years in connection with the financing of the war, the necessity for the continuance of the subtreasuries has finally disappeared.

Under regulations prescribed by the Secretary of the Treasury all of the functions and duties heretofore performed by the subtreasuries, which are enumerated below, will devolve upon the Federal Reserve Banks, with the exception of the last named, which will be performed for the present only by the Treasurer of the United States, the mints, and assay offices, and the issue of gold order certificates on gold deposits, which will be performed for the present only by the Treasurer of the United States.

The receipt of gold coin and standard silver dollars for exchange.

The receipt of United States notes, Treasury notes, gold and silver certificates, and subsidiary and minor silver coins for redemption.

The exchange of various forms and issues of money.

The cancellation and shipment to Washington of currency unfit for circulation and the laundering of soiled currency which permits of this process.

The receipt from United States depository banks of their surplus deposits of internal revenue, customs, money order, postal, and other Government funds.

The receipt of deposits of postal savings funds, post-office funds, money-order funds, deposits on account of the 5 per cent fund for the redemption of national bank notes, deposits of interest on public deposits, and deposits of funds by Government disbursing officers.

The payment of United States coupons.

The payment of checks and warrants drawn against the Treasurer of the United States.

The receipt of funds for transfer to other points through Federal Reserve Banks or branches located therein.

The keeping in custody of reserve and trust funds consisting of gold coin and bullion and standard silver dollars securing gold and silver certificates respectively and held as reserve against United States notes.

Under instructions of the Secretary of the Treasury the sub-treasuries at Boston, Chicago, New York, and San Francisco were discontinued on October 25, November 3, December 6, and December 20, respectively, and the functions described above (except the last named) will be performed hereafter by the Federal Reserve Banks in those cities.

Special separate instructions were issued by the Secretary of the Treasury on August 30, under the provisions of the act of May 29, 1920, authorizing all Federal Reserve Banks immediately to make exchanges, replacements, and redemptions of United States paper currency, which operations had previously been performed by sub-treasuries, and up to December 31 the following Federal Reserve Banks and branches have undertaken these functions on dates as specified:

Boston	Oct. 1
New York	Nov. 1
Buffalo branch	Nov. 22
Philadelphia	Nov. 18
Chicago	Nov. 1
Detroit branch	Nov. 13
St. Louis	Nov. 1
Little Rock	Dec. 23
Louisville	Dec. 23
Memphis	Dec. 23
Minneapolis	Dec. 1
Kansas City	Nov. 1
San Francisco	Dec. 21

Also, the Secretary, on October 19, under the provisions of the act of May 29, 1920, authorized all Federal Reserve Banks to make exchanges and redemptions of United States coin, which functions were previously performed by the subtreasuries, and up to December 31 the following Federal Reserve Banks have undertaken these operations on dates as specified:

Boston.....	Oct. 26
Chicago.....	Nov. 4
New York.....	Dec. 7
San Francisco.....	Dec. 21

It is expected that all the subtreasuries will be discontinued shortly after January 1, 1921, and that all Federal Reserve Banks will make replacements, exchanges, and redemptions of United States paper currency and coin.

The closing of the subtreasuries and the assumption of their duties and functions by Federal Reserve Banks is being effected without interruption to business and without interference with the financial operations of the Government, and it is believed that the change will result in a considerable advantage to the banks and the general public.

In addition to the assumption of the above-described fiscal agency functions the Federal Reserve Banks have continued to act as fiscal agents of the Government during the past year in handling all details incident to the sale, allotment, distribution, and redemption of Treasury certificates of indebtedness among member and nonmember banks in their respective districts, including the collection of funds received from the sale of the certificates and the depositing of funds with depository banks and withdrawing same as required by the Treasury. Federal Reserve Banks have also made denominational exchanges and exchanges of temporary for permanent Liberty bonds, received collections on account of income and excess profits taxes, redeemed coupons covering interest payments on Government bond, Victory note, and certificate issues, and have handled the sale and exchange of thrift stamps and other Government savings securities.

As fiscal agents of the Treasury the Federal Reserve Banks have placed \$1,231,837,000 of Treasury loan certificates of indebtedness and \$2,619,534,500 of tax certificates during 1920, and have also handled all details incident to the redemption of \$4,960,000,000 of Treasury certificates. They have also paid for the Treasury \$87,357,000, covering 584,600 interest coupons on outstanding certificates.

The following table shows the amount of allotments of Treasury certificates during the calendar year 1920 by issues and Federal Reserve districts:

*Allotments of Treasury certificates issued during 1920 in anticipation of tax payments.*

Federal Reserve Bank.	In anticipation of tax payments during 1920.		In anticipation of tax payments during 1921.								Total.
	Series T D.	Series T M 4.	Series T M.	Series T J.	Series T M 2.	Series T M 3.	Series T S.	Series T M 4.	Series T J 2.	Series T D.	
Boston.....	\$52,782,500	\$17,695,500	\$10,202,000	\$18,475,000	\$3,786,500	\$5,424,000	\$21,329,500	\$10,059,000	\$10,455,000	\$35,035,000	\$185,244,000
New York.....	324,189,000	107,732,500	59,982,000	93,629,500	34,583,000	60,233,500	131,370,500	40,566,500	93,616,000	173,291,000	1,169,193,500
Philadelphia.....	48,300,000	10,416,000	5,131,500	23,209,000	4,503,000	6,138,500	26,936,000	13,822,500	6,681,500	38,466,500	183,600,500
Cleveland.....	46,119,500	28,043,500	17,420,500	25,132,500	6,164,500	9,831,000	29,205,000	14,393,000	28,550,000	39,700,000	244,559,500
Richmond.....	11,858,000	7,093,500	5,981,500	7,064,000	2,195,000	1,884,000	9,138,500	4,204,000	3,849,500	14,044,500	67,312,500
Atlanta.....	14,600,500	9,276,000	2,582,500	4,498,000	1,726,000	1,092,500	4,537,500	2,227,500	2,570,500	3,757,000	46,868,000
Chicago.....	77,484,500	50,110,500	21,926,000	27,433,000	8,177,000	9,330,500	24,459,500	15,234,000	16,522,000	37,645,000	288,322,000
St. Louis.....	23,234,000	9,421,500	6,806,000	9,793,500	2,309,000	1,046,500	9,900,500	4,621,000	6,153,000	14,703,500	87,979,500
Minneapolis.....	15,515,000	8,969,500	3,257,500	2,278,500	1,032,500	1,864,500	3,986,500	2,050,000	2,600,000	6,625,000	48,179,000
Kansas City.....	13,056,500	16,000,000	7,235,500	11,412,500	2,210,500	1,686,500	9,313,500	4,744,500	3,499,500	11,303,500	80,442,500
Dallas.....	8,506,500	14,868,500	4,719,500	4,000,500	495,000	1,945,000	2,692,500	3,008,500	1,426,000	3,606,500	45,268,500
San Francisco.....	38,400,000	25,250,000	16,063,000	15,600,000	7,100,000	6,150,000	19,100,000	9,322,000	12,200,000	23,380,000	172,565,000
<b>Total.....</b>	<b>674,026,000</b>	<b>304,877,000</b>	<b>161,307,500</b>	<b>242,517,000</b>	<b>74,278,000</b>	<b>106,626,500</b>	<b>341,969,500</b>	<b>124,252,500</b>	<b>188,123,000</b>	<b>401,557,500</b>	<b>2,619,534,500</b>
Rate of interest.....	4½ per cent.	4½ per cent.	4½ per cent.	6 per cent.	5½ per cent.	5½ per cent.	6 per cent.	5½ per cent.	5½ per cent.	6 per cent.	.....
Date issued.....	Jan. 2, 1920	Feb. 2, 1920	Mar. 15, 1920	June 15, 1920	July 15, 1920	Sept. 15, 1920	Sept. 15, 1920	Oct. 15, 1920	Dec. 15, 1920	Dec. 15, 1920	.....
Maturity date.....	Dec. 15, 1920	Mar. 15, 1920	Mar. 15, 1921	June 15, 1921	Mar. 15, 1921	Mar. 15, 1921	Sept. 15, 1921	Mar. 15, 1921	June 15, 1921	Dec. 15, 1921	.....



Allocments of Treasury loan certificates during 1920.

Federal Reserve Bank.	Maturing in 1920.				Maturing in 1921.				Total.
	Series E.	Series F.	Series G.	Series H.	Series A.	Series B.	Series C.	Series D.	
Boston.....	\$11,253,500	\$6,615,500	\$15,496,500	\$3,718,000	\$12,470,000	\$8,852,000	\$14,042,000	\$18,851,000	\$96,298,500
New York.....	104,682,000	33,039,500	94,127,500	37,239,000	81,370,500	55,808,500	57,704,500	83,515,500	547,487,000
Philadelphia.....	13,500,000	3,744,000	9,756,000	7,248,000	5,300,000	9,742,000	12,426,000	19,006,500	80,722,500
Cleveland.....	13,348,500	5,500,000	7,100,000	10,814,000	14,624,000	7,990,000	15,057,500	31,350,000	105,784,000
Richmond.....	3,127,000	1,650,000	4,693,000	2,965,500	2,382,000	1,550,000	5,567,000	7,106,500	29,041,000
Atlanta.....	4,101,000	2,271,000	5,123,000	2,063,000	2,981,500	1,485,000	4,282,500	2,363,500	24,650,500
Chicago.....	18,359,000	6,313,500	11,086,000	14,080,000	25,132,000	10,044,500	20,250,500	27,264,500	132,530,000
St. Louis.....	4,277,500	3,135,500	4,115,500	4,237,000	5,625,000	3,702,500	6,285,500	9,576,500	40,955,000
Minneapolis.....	6,265,000	3,979,500	2,413,500	1,341,000	2,214,500	721,500	2,093,000	4,875,000	23,903,000
Kansas City.....	5,929,000	1,948,000	3,451,000	4,309,000	5,187,500	5,795,000	6,000,000	7,118,000	39,737,500
Dallas.....	4,986,000	3,092,000	1,836,000	2,014,500	2,567,000	1,192,500	2,544,000	3,492,000	21,724,000
San Francisco.....	9,841,000	6,214,500	11,435,500	7,836,000	16,750,000	7,900,000	11,422,000	17,605,000	89,004,000
Total.....	199,669,500	77,503,000	170,633,500	102,865,000	176,604,000	114,783,500	157,654,500	232,124,000	1,231,837,000
Rate of interest.....	4½ per cent.	5 per cent.	5½ per cent.	5½ per cent.	5½ per cent.	5½ per cent.	6 per cent.	5½ per cent.	.....
Date issued.....	Apr. 1, 1920	Apr. 15, 1920	Apr. 15, 1920	May 17, 1920	June 15, 1920	July 15, 1920	Aug. 16, 1920	Nov. 15, 1920	.....
Maturity date.....	July 1, 1920	July 15, 1920	Oct. 15, 1920	Nov. 15, 1920	Jan. 3, 1921	Jan. 15, 1921	Aug. 16, 1921	May 16, 1921	.....

During the year, as fiscal agents of the Treasury, the Federal Reserve Banks redeemed 110,366,000 of interest coupons on Liberty and Victory loan bond issues aggregating \$623,843,000.

With the exception of the first Liberty 3½ per cent permanent bonds and the Victory loan 3¾ and 4¾ per cent notes, all Government coupon war bonds, amounting to a total of \$13,538,515,900 were issued in temporary form, each bond having four coupons attached covering semiannual interest payments for two years. This policy was adopted mainly to get the bonds more quickly into the hands of subscribers, since the work of preparing permanent bonds with all interest coupons attached required a great deal of time; also to avoid waste in effecting subsequent conversions and exchanges.

Under regulations issued by the Secretary of the Treasury in December, 1919, the Federal Reserve Banks were authorized to make exchanges of permanent bonds, when ready, for temporary bonds, and to make special arrangements with any incorporated bank or trust company to receive advance deliveries of permanent bonds upon pledging collateral security with the Federal Reserve Banks. During 1920 the Federal Reserve Banks made exchanges of 27,913,000 of temporary bonds, aggregating \$6,745,085,000, and also made 13,009,000 exchanges and conversions of permanent Liberty bonds and Victory notes, aggregating \$1,986,297,000.

The Federal Reserve Banks also continued the sale of Government savings securities through their savings divisions with the view of encouraging the people of the country to save and invest in Government securities, and of developing a secondary market for the war loan issues of the Government. War savings securities issued during the year 1920 by the Treasury, through the Federal Reserve Banks, included, as in 1919, thrift stamps, war savings stamps, and Treasury savings certificates. Government savings associations have been organized in various industries and in schools throughout the country to encourage saving.

During 1920 the following number and amount of the various classes of war savings securities were sold by Federal Reserve Banks:

	Number.	Amount (maturity value).
Treasury savings certificates.....	35,683	\$7,146,700
War savings certificate stamps.....	599,817	2,999,805
Thrift stamps.....	1,762,593	440,649

The Federal Reserve Banks, as fiscal agents and depositaries of the Treasury, received during 1920 deposits of over 90 per cent of the \$6,435,000,000 paid to the Government on account of income and excess profits taxes and other ordinary receipts. Treasury balances carried with the Federal Reserve Banks have been subject to wide

fluctuations owing to the seasonal character of the collections made for the Government. The maximum, minimum, and daily average balances of the Government with all Federal Reserve Banks during the past year have been as follows:

*Government deposits held by Federal Reserve Banks during 1920.*

[In thousands of dollars.]

Month.	Maximum.	Minimum.	Daily average.	Month.	Maximum.	Minimum.	Daily average.
January.....	91,195	16,831	46,678	August.....	58,414	7,479	32,032
February.....	133,913	9,445	49,749	September.....	135,178	27,833	57,341
March.....	108,251	14,323	56,752	October.....	60,560	8,358	25,946
April.....	42,310	8,777	22,219	November.....	53,397	11,896	21,062
May.....	76,699	18,303	31,257	December.....	67,254	17,860	38,661
June.....	77,477	10,754	34,086	Year.....	135,178	7,479	35,829
July.....	29,358	7,921	14,801				

On December 31 there was a total of 8,609 special bank depositaries for Government funds which had been designated by the Secretary of the Treasury, through the Federal Reserve Banks. The average daily Government balances with these depositaries during 1920 was \$191,618,000, and as security for these deposits the Federal Reserve Banks approved and held collateral of an average face value, based on end of month figures, of approximately \$508,576,000.

CHANGES IN CONDITION OF MEMBER BANKS IN LEADING CITIES DURING  
1920.

During 1920 the Board continued the publication of weekly figures of principal assets and liabilities of member banks in about 100 of the larger cities. The representative character of these reports is proved by a comparison of certain common items shown in the condition reports on call dates of all member banks and in the consolidated weekly statements on the same or nearest dates of "reporting" member banks. Thus on June 30, 1920, the "reporting" banks are shown to have held over one-half of all Government securities owned by all member banks, about 70 per cent of their total loans and investments (exclusive of fixed investments), about 70 per cent of their total net demand deposits, and about 45 per cent of their time deposits. On the same date "reporting" member banks show about the same amount of net demand deposits as all national banks and larger borrowings from and larger reserve balances with the Federal Reserve Banks. Practically the same proportions are found on earlier call dates. It is evident therefore that the following review of the development during 1920 of the "reporting" member banks may be taken as a fair indication of general banking development in the country during the past year. Owing to the increase in membership in the selected cities the number of reporting banks has grown from 798 on January 2 to 821 on the last Friday of the year

and this increase in the number of institutions affects somewhat the comparability of the figures in the appended table, though not enough to invalidate any general conclusions that may be drawn from an analysis of the data.

One of the salient features of banking development during the past year is the large and practically continuous reduction in the total of Government war obligations held, also of the loans supported by these obligations carried by the reporting banks. Since January 2, the first Friday in the year, the total holdings of United States bonds other than circulation bonds, Victory notes, and Treasury certificates, as well as paper secured by such obligations, declined from 3,026.6 to 2,033.4 millions, or from 18.1 to 12.1 per cent of the banks' total loans and investments. This considerable decrease is due in the first place to the practically continuous reduction in the amount of Treasury certificates held among the investments of reporting member banks. Reduction of the amount of Treasury certificates outstanding, the fixing of higher interest rates on these securities, and changes in discount rates of the Reserve Banks, discussed in another part of the report, are the main factors responsible for the gradual decrease in the holdings of certificates by the reporting banks from 857 millions on January 2 to less than 500 millions by the middle of March. Subsequent issues of tax and loan certificates caused substantial increases in bank holdings, and until the latter part of June the amount held by the reporting banks and largely used by them as collateral for loans at the Federal Reserve Banks was in excess of the low figure shown. On June 25 the total had again declined below the 500-million mark, by September 24 it fell below 400 millions, and by the end of October below 300 millions. About the close of the year total certificate holdings are shown as 271.6 millions, a decline of 585.8 millions since the beginning of the year.

As compared with the large reductions in certificates, the amount of United States bonds held by the reporting institutions shows a small increase from 636.4 to 643.9 millions. These totals are exclusive of the amounts of circulation bonds (held largely on deposit with the Treasury to secure national-bank note circulation) which continued practically constant at about 269 millions. Victory note holdings during the first three months of the year show a decline from 238 to slightly below 200 millions, the decrease representing apparently to a large extent the amount of securities acquired by customers on the part-payment plan. Since then but little change in the holdings is seen, the amount reported about the close of the year, 209.1 millions, being 18.9 millions larger than the low figure for the year shown on October 8. Loans secured by Government obligations—by far the larger part secured by Liberty bonds and Victory

notes—which stood at 1,294.4 millions at the beginning of the year declined steadily to about 1 billion about the middle of the year. A further reduction, though not so large, took place since the end of June, the total at the close of the year, 908.9 millions, showing a decline of 385.5 millions for the year.

In connection with the shrinkage in the volume of stock-exchange operations in the New York market, loans secured by stocks and bonds show a practically continuous decline from 3,390.6 millions to less than 3 billions about the middle of August. Since then a slight rise in this item is noted, especially during October, when street loans carried by the fiscal agents of the British and French Governments were called preparatory to the redemption on October 15 of the outstanding bonds of the loan of 1915, and reporting member banks in New York and Boston assumed the greater part of these loans. At the close of the year these loans stood at 3,175.9 millions, or 177.6 millions above the low point reported about the middle of August. All other loans and investments, composed largely of commercial loans and discounts, show a practically unchecked upward trend until October 8, when the peak for the year, 11,773.6 millions, was reached, an increase of 1,764.4 millions since the beginning of the year. Since then the banks report net liquidation under this head of over 500 millions, the end-of-year total of 11,274.3 millions differing but little from the total reported six months earlier.

Total loans and investments of the reporting banks follow a practically parallel course, reaching a high of 17,284 millions on October 15, a total almost 600 millions in excess of the corresponding January 2 figure. Since then considerable liquidation may be noted, reducing the end-of-year total to nearly the January level. While but little change is seen in the total volume of the banks' earning assets, there has been an almost steady growth of other loans and investments at the expense of the less liquid investments in Government war securities and of loans secured by such obligations. Thus at the opening of the year about 60 per cent of the total loans and investments consisted of "other loans and investments," i. e., largely commercial loans and discounts, and slightly over 18 per cent of United States war securities and loans secured by such obligations, while at the close of the year the respective proportions were about 67, and slightly over 12 per cent. The figures of total loans and investments uniformly include amounts rediscounted with the Federal Reserve Banks. A comparison of these figures with the amounts of total borrowings by the reporting banks at the Federal Reserve Banks indicates therefore the approximate extent to which the loan burden of the member banks was shifted to the Reserve Banks. In January the "ratio of accommodation" stood at 11.2 per cent. By the end of February, in consequence of largely increased borrowings from the

Reserve Banks, the ratio had gone up to 12.8 per cent. On November 5, when the peak of borrowings from the Reserve Banks is shown, viz, 2,278.4 millions, the ratio of accommodation stood at 13.4 per cent, while on December 31, notwithstanding the substantially smaller loans and investments, the ratio works out at slightly above 12.5 per cent. On the whole the member banks, during the more recent months, have come to lean more heavily upon the Reserve Banks, notwithstanding the substantial liquidation of their own loans to customers and of their investments in Government and corporate securities. In keeping with the changes in their own loans and investments the member banks show a gradual reduction in the amount of paper secured by Government war obligations, including Treasury certificates, so-called war paper, pledged with the Federal Reserve Banks and a more than corresponding increase in borrowings on commercial paper proper. On January 2 out of a total of 1,870.5 millions of loans from the Federal Reserve Banks, loans secured by Government war obligations constituted nearly 65 per cent, while at the close of the year, out of total loans at the Federal Reserve Banks of 2,098.1 millions, the proportion of "war paper" was about 42 per cent.

Government deposits at the reporting banks show wide fluctuations, in connection with the fiscal operations of the Treasury, mainly the flotation of the several series of loan and tax certificates, the high points after the early part of the year coinciding with or following the dates of the quarterly tax installments and the payment by credit to Government account for Treasury certificates allotted to the banks.

Other demand deposits (net), largely because of the substantial withdrawals of balances by the country banks from their central reserve and reserve city correspondents, show a decided downward movement, especially during the latter part of the year. On December 31 the demand deposits of reporting banks aggregated 10,941.8 millions, or 653.7 millions less than on the first Friday of the year.

Time deposits, on the other hand, continued their upward course with but few and unimportant recessions, reaching a high point of 2,852.3 millions at the close of the year, or about 519 millions higher than on the first Friday in January.

Reserve balances of the reporting banks with the Federal Reserve Banks, on the whole, followed a parallel course with demand deposits, declining during the year from 1,444.3 to 1,357.6 millions. Cash in vault after the first two weeks in January continued below 400 millions, or at less than 4 per cent of the net demand deposits, fluctuating within a maximum of 394 millions on July 9 and a minimum of 347.2 millions on the first Friday in February.

Principal resources and liabilities of member banks in leading cities, by weeks, during 1920.

[Amounts in thousands of dollars.]

Date	Number of reporting banks.	United States securities.				Loans <sup>1</sup> and investments, exclusive of U. S. securities.			Reserve balances with Federal Reserve Bank.	Cash in vault.	Deposits.			Accommodation at Federal Reserve Banks.			
		Total.	Bonds.	Victory notes.	Certificates of indebtedness.	Total.	Loans secured by United States war obligations.	Loans secured by stocks and bonds other than United States bonds.			All other.	Net demand on which reserve is computed.	Time.	Government.	Total.	Paper secured by United States war obligations.	Paper otherwise secured and unsecured.
Jan. 2...	798	2,000,983	905,243	238,385	857,355	14,694,235	1,294,409	3,390,646	10,009,180	1,444,285	431,436	11,595,451	2,333,783	629,201	1,870,500	1,209,877	660,623
9...	802	2,036,353	905,030	236,674	894,649	14,692,944	1,274,424	3,378,586	10,039,934	1,406,535	410,707	11,535,788	2,409,728	633,745	1,729,312	1,088,715	640,597
16...	803	1,934,316	892,074	226,391	815,851	14,783,939	1,274,507	3,370,053	10,139,379	1,473,974	377,307	11,726,214	2,460,279	423,121	1,757,376	1,095,489	661,887
23...	804	1,875,834	882,180	222,167	771,487	14,798,570	1,267,850	3,352,829	10,177,891	1,424,790	372,811	11,539,933	2,477,547	343,710	1,824,069	1,139,552	684,517
30...	804	1,844,650	869,426	216,731	758,493	14,776,928	1,226,679	3,325,222	10,225,027	1,406,496	357,509	11,481,050	2,471,569	308,823	1,834,180	1,197,366	636,814
Feb. 6...	804	1,810,590	866,878	212,644	731,068	14,797,975	1,196,200	3,301,979	10,299,796	1,417,159	347,218	11,482,867	2,494,912	205,168	1,894,745	1,225,998	668,747
13...	804	1,771,705	863,416	212,394	695,895	14,882,689	1,178,844	3,292,398	10,471,447	1,398,371	383,279	11,557,091	2,500,862	156,814	1,982,914	1,242,491	740,423
20...	806	1,764,078	866,997	211,064	686,017	14,810,721	1,163,364	3,178,040	10,469,317	1,399,334	369,959	11,423,157	2,514,725	59,387	2,057,396	1,301,329	756,067
27...	807	1,747,161	865,507	208,823	672,831	14,924,151	1,167,675	3,185,281	10,571,195	1,408,792	370,431	11,463,252	2,524,393	42,097	2,142,857	1,341,450	801,407
Mar. 5...	808	1,711,610	864,475	205,925	641,210	15,029,342	1,188,602	3,174,210	10,666,530	1,404,038	373,899	11,553,616	2,557,180	39,078	2,094,129	1,284,141	809,988
12...	809	1,695,562	860,094	204,458	631,010	15,214,634	1,166,415	3,184,987	10,863,232	1,436,601	368,749	11,716,721	2,565,076	39,175	2,106,254	1,277,966	828,258
19...	809	1,560,431	861,481	201,612	497,338	15,220,994	1,162,465	3,175,231	10,883,298	1,390,213	368,911	11,635,029	2,574,140	104,451	1,899,093	1,132,294	766,799
26...	811	1,648,036	860,181	200,212	487,643	15,271,234	1,160,141	3,193,212	10,917,881	1,413,918	359,854	11,495,549	2,584,959	54,176	2,114,273	1,202,123	912,150
Apr. 2...	811	1,605,890	861,096	203,988	540,806	15,309,103	1,154,228	3,158,943	10,995,932	1,436,756	360,002	11,600,788	2,586,610	120,939	2,048,219	1,144,808	903,411
9...	812	1,613,361	860,258	203,368	551,735	15,259,184	1,137,188	3,142,455	10,979,541	1,397,590	374,004	11,569,204	2,608,756	125,188	2,008,874	1,164,706	844,166
16...	811	1,748,357	863,126	203,325	631,908	15,295,079	1,129,259	3,179,452	10,986,968	1,437,118	370,467	11,683,551	2,608,587	186,849	2,053,404	1,190,299	863,105
23...	811	1,683,529	855,178	207,879	630,472	15,217,587	1,160,814	3,147,591	10,969,182	1,413,648	367,831	11,424,887	2,621,640	170,822	2,100,532	1,194,560	905,972
30...	812	1,680,646	868,280	204,003	608,303	15,249,689	1,089,871	3,170,316	10,989,502	1,415,145	355,372	11,463,745	2,619,027	150,136	2,136,347	1,206,765	929,582
May 7...	810	1,673,828	874,924	203,247	595,657	15,219,965	1,077,164	3,139,528	11,003,273	1,373,730	373,651	11,390,817	2,637,736	144,761	2,091,558	1,177,480	914,078
14...	814	1,675,457	873,212	203,952	598,313	15,308,359	1,090,554	3,104,178	11,113,627	1,423,402	371,216	11,563,867	2,655,286	59,200	2,127,673	1,235,868	891,805
21...	814	1,712,304	873,932	203,102	635,270	15,226,949	1,056,016	3,123,514	11,047,419	1,394,556	368,332	11,506,283	2,643,342	115,113	2,059,213	1,166,875	892,338
28...	814	1,684,364	871,723	203,465	609,186	15,261,748	1,061,590	3,115,544	11,084,704	1,415,397	362,749	11,561,381	2,645,705	75,899	2,060,138	1,159,436	900,702
June 4...	812	1,680,154	873,414	203,299	603,441	15,246,036	1,043,804	3,111,038	11,091,194	1,419,343	384,894	11,536,371	2,667,977	52,582	2,091,833	1,149,077	942,756
11...	813	1,658,312	874,136	202,987	581,189	15,267,965	1,039,981	3,095,502	11,132,482	1,428,233	373,541	11,597,508	2,670,708	52,021	2,053,653	1,155,702	897,951
18...	814	1,587,992	876,867	200,472	510,653	15,332,911	1,025,945	3,113,141	11,138,825	1,368,251	366,091	11,514,285	2,684,497	267,613	1,833,270	956,335	876,935
25...	814	1,560,929	879,115	198,690	483,124	15,371,519	1,026,011	3,107,025	11,238,483	1,393,709	358,060	11,347,041	2,691,880	262,861	1,945,977	996,347	949,630

July	2 ...	814	1,497,540	878,711	108,875	419,954	15,388,414	1,022,917	3,119,466	11,246,031	1,445,713	358,252 <sup>1</sup>	11,487,857	2,700,371	107,790	2,056,430	1,020,463	1,035,967
	9 ...	814	1,474,146	878,733	166,462	398,951	15,387,359	1,011,771	3,079,793	11,295,795	1,402,700	394,048	11,462,965	2,698,969	44,104	2,051,187	1,010,632	1,040,555
	16 ...	814	1,544,080	876,344	194,931	472,805	15,349,070	999,790	3,046,794	11,302,477	1,421,006	367,853	11,553,677	2,698,479	121,561	1,080,863	984,077	1,005,786
	23 ...	814	1,530,183	873,818	194,266	462,099	15,346,562	981,184	3,059,798	11,305,580	1,388,021	360,887	11,426,887	2,715,428	142,276	1,953,430	971,935	981,495
30 ...	814	1,503,039	875,398	193,683	433,958	15,354,477	980,942	3,060,319	11,313,216	1,368,659	354,749	11,401,032	2,705,852	115,287	1,973,034	965,675	1,007,359	
Aug.	6 ...	815	1,468,361	882,539	184,597	401,225	15,339,290	973,159	3,011,063	11,355,068	1,374,806	360,179	11,313,530	2,721,624	74,146	2,021,641	1,002,815	1,018,826
	13 ...	818	1,460,488	875,610	191,234	393,644	15,367,790	964,008	2,998,313	11,405,469	1,392,231	354,506	11,382,363	2,727,482	66,733	2,050,014	1,018,138	1,031,876
	20 ...	818	1,508,559	875,297	189,809	443,453	15,373,339	959,409	3,006,445	11,407,485	1,362,501	352,058	11,246,938	2,723,825	145,274	2,086,496	1,024,585	1,061,911
	27 ...	820	1,501,482	875,385	196,326	420,771	15,428,936	966,288	3,037,144	11,425,504	1,372,075	357,872	11,252,428	2,745,231	123,875	2,128,399	1,041,055	1,087,344
Sept.	3 ...	819	1,487,839	872,846	192,943	422,050	15,440,132	957,380	3,044,846	11,437,906	1,394,957	340,505	11,242,044	2,767,782	61,755	2,201,943	1,048,817	1,153,126
	10 ...	818	1,418,525	878,859	189,282	350,384	15,504,996	958,861	3,048,133	11,498,002	1,389,478	375,094	11,389,551	2,771,208	30,054	2,142,252	1,025,632	1,116,600
	17 ...	818	1,485,989	878,953	191,171	415,860	15,571,385	955,843	3,040,073	11,575,469	1,390,096	369,711	11,381,204	2,780,662	331,376	1,972,160	937,428	1,034,732
	24 ...	818	1,447,757	872,865	191,472	383,420	15,692,489	950,324	3,055,942	11,686,223	1,361,800	358,383	11,160,537	2,786,811	315,364	2,150,910	949,265	1,201,645
Oct.	1 ...	820	1,388,932	872,459	190,769	325,704	15,755,454	949,015	3,100,173	11,706,266	1,343,551	351,157	11,230,074	2,793,861	275,037	2,165,449	914,309	1,251,140
	8 ...	822	1,336,963	878,874	190,240	317,849	15,801,641	936,934	3,091,151	11,773,556	1,384,680	376,470	11,212,230	2,796,176	247,136	2,249,962	946,067	1,303,895
	15 ...	822	1,429,897	876,726	191,418	361,753	15,834,099	923,722	3,162,257	11,768,120	1,422,082	381,114	11,472,924	2,808,303	188,401	2,248,970	927,824	1,321,146
	22 ...	823	1,385,238	877,872	193,494	313,872	15,717,622	914,407	3,105,903	11,697,312	1,333,215	377,491	11,240,588	2,814,559	151,849	2,203,696	929,567	1,274,129
29 ...	823	1,364,616	876,237	193,386	294,993	15,652,800	911,548	3,141,976	11,599,276	1,365,222	366,997	11,172,001	2,805,247	80,731	2,244,262	929,344	1,314,918	
Nov.	5 ...	823	1,358,134	879,284	193,627	285,223	15,577,202	911,168	3,087,514	11,578,520	1,335,235	387,411	11,094,304	2,816,595	45,412	2,278,435	941,978	1,336,457
	12 ...	825	1,353,310	880,039	195,217	278,054	15,478,362	908,792	3,049,018	11,520,642	1,369,928	383,538	11,121,945	2,809,940	29,525	2,228,275	905,353	1,322,922
	19 ...	824	1,425,347	884,449	195,496	345,402	15,368,227	893,912	3,044,011	11,430,304	1,343,951	378,224	10,992,273	2,786,045	173,216	2,119,254	883,838	1,235,416
	26 ...	824	1,391,420	884,160	194,081	313,179	15,340,592	905,677	3,054,789	11,380,126	1,286,946	388,105	10,892,122	2,811,123	87,799	2,174,026	913,910	1,260,116
Dec.	3 ...	823	1,355,458	883,034	196,279	276,145	15,274,727	900,878	3,050,082	11,323,767	1,332,081	375,887	10,837,478	2,822,240	17,503	2,209,839	876,929	1,382,910
	10 ...	823	1,337,615	886,469	197,569	253,577	15,243,930	896,565	3,064,266	11,283,099	1,330,267	376,196	10,865,582	2,809,474	17,298	2,144,165	882,815	1,261,350
	17 ...	824	1,462,844	891,505	197,853	373,486	15,340,332	901,217	3,103,600	11,335,565	1,297,231	381,191	10,814,454	2,790,197	399,968	2,031,979	887,769	1,144,210
	24 ...	824	1,416,388	903,474	202,093	310,821	15,275,764	888,648	3,126,572	11,290,544	1,333,808	356,110	10,653,558	2,788,649	344,013	2,174,323	899,004	1,275,319
	31 ...	821	1,391,368	910,699	209,079	271,599	15,359,120	908,908	3,175,906	11,274,306	1,357,669	354,535	10,941,847	2,852,257	262,264	2,098,053	878,260	1,219,793

<sup>1</sup> Including rediscounts with Federal Reserve Banks.



## STATE BANK MEMBERSHIP.

On December 31, 1920, there were 1,487 State bank and trust company members of the Federal Reserve System, with aggregate capital and surplus of \$1,033,894,000 and aggregate resources of \$10,370,253,000, as compared with 1,181 State bank and trust company members on December 31, 1919, with aggregate capital and surplus of \$891,201,000 and aggregate resources of \$9,913,707,000. In the following table are shown, by Federal Reserve districts, the number of State bank and trust company members, their capital and surplus, and total resources on December 31, 1919, and on December 31, 1920:

[Amounts in thousands of dollars.]

Federal Reserve district.	Dec. 31, 1919.			Dec. 31, 1920. <sup>1</sup>		
	Number.	Capital and surplus.	Total resources.	Number.	Capital and surplus.	Total resources.
Boston.....	36	64,385	719,918	39	72,575	779,598
New York.....	122	320,123	4,283,636	134	357,276	4,150,695
Philadelphia.....	38	70,455	370,462	46	72,367	388,931
Cleveland.....	97	101,871	803,439	110	128,832	1,042,935
Richmond.....	46	19,285	166,007	56	23,761	169,404
Atlanta.....	64	35,553	389,854	84	40,860	360,730
Chicago.....	326	157,046	1,751,177	358	176,231	1,850,931
St. Louis.....	68	44,354	409,086	91	48,359	402,598
Minneapolis.....	86	10,455	107,139	121	13,271	128,287
Kansas City.....	47	8,353	119,953	63	12,057	128,337
Dallas.....	114	10,391	97,103	187	20,054	142,135
San Francisco.....	137	48,930	695,933	198	68,251	825,672
Total.....	1,181	891,201	9,913,707	1,487	1,033,894	10,370,253

<sup>1</sup> Figures for Dec. 31, 1920, partly estimated.

The subjoined tabular statement shows a comparison between the number, capital and surplus, and total resources of member banks; member banks, and nonmember banks eligible for membership; and all banks in the United States, exclusive of mutual savings and private banks. Figures are as of June 30, 1920, the latest date on which figures are available for comparative purposes.

[Amounts in thousands of dollars.]

	Number.	Per cent of total.	Capital and surplus.		Aggregate resources.	
			Amount.	Per cent of total.	Amount.	Per cent of total.
<b>1. Member banks:</b>						
National.....	8,025	85.4	2,209,277	69.1	22,187,459	68.9
State banks and trust companies.....	1,374	14.6	988,196	30.9	10,006,842	31.1
Total.....	9,399	100.0	3,197,473	100.0	32,194,301	100.0
<b>2. Member banks, and nonmember banks eligible for membership:</b>						
Member banks.....	9,399	51.3	3,197,473	73.9	32,194,301	77.5
Eligible nonmember banks.....	8,910	48.7	1,128,554	26.1	9,342,860	22.5
Total.....	18,309	100.0	4,326,027	100.0	41,537,161	100.0
<b>3. All banks in the United States, exclusive of mutual savings and private banks:</b>						
Member banks.....	9,399	32.7	3,197,473	67.3	32,194,301	69.9
Nonmember banks.....	19,316	67.3	1,553,313	32.7	13,829,370	30.0
Total.....	28,715	100.0	4,750,786	100.0	46,023,671	100.0

The number of State banks and trust companies, members, and nonmembers eligible for membership, classified according to (a) institutions with combined capital and surplus of \$1,000,000 and over, and (b) institutions with combined capital and surplus of less than \$1,000,000, as of June 30, 1920, are shown in the following statements:

[Amounts in thousands of dollars.]

(a) BANKS AND TRUST COMPANIES WITH COMBINED CAPITAL AND SURPLUS OF \$1,000,000 AND OVER.

Federal Reserve district.	Members.			Nonmembers.		
	Number.	Capital and surplus.	Total resources.	Number.	Capital and surplus.	Total resources.
Boston.....	14	57,300	613,132	10	19,800	162,069
New York.....	53	333,208	3,854,147	24	72,432	582,269
Philadelphia.....	12	62,048	309,805	29	63,396	287,685
Cleveland.....	18	88,409	656,880	19	41,740	259,269
Richmond.....	10	15,645	109,711	17	39,450	189,043
Atlanta.....	13	29,650	277,907	2	2,050	41,051
Chicago.....	31	128,550	1,306,960	10	23,235	171,416
St. Louis.....	12	33,350	261,808	3	8,300	57,433
Minneapolis.....				3	4,400	16,360
Kansas City.....	2	3,000	57,985	1	1,250	1,463
Dallas.....	2	2,100	10,203	1	1,140	9,339
San Francisco.....	15	40,966	585,809	15	24,243	278,467
Total:						
June 30, 1920.....	182	794,226	8,044,347	134	301,436	2,055,864
June 30, 1919.....	142	634,436	6,827,182	136	318,548	2,271,880

(b) BANKS AND TRUST COMPANIES WITH COMBINED CAPITAL AND SURPLUS OF LESS THAN \$1,000,000.

Boston.....	22	11,650	130,258	169	39,084	405,065
New York.....	79	20,416	262,420	244	48,033	510,395
Philadelphia.....	28	9,049	70,048	385	79,864	606,484
Cleveland.....	91	19,993	194,507	578	77,484	646,210
Richmond.....	43	6,714	53,974	625	65,255	515,634
Atlanta.....	59	10,276	83,699	734	54,213	453,118
Chicago.....	308	46,544	536,622	2,101	171,888	1,710,200
St. Louis.....	74	14,291	135,098	1,017	71,704	552,169
Minneapolis.....	107	12,112	117,383	767	45,732	480,209
Kansas City.....	54	6,533	65,029	1,047	67,535	550,230
Dallas.....	158	14,330	105,330	487	34,539	227,720
San Francisco.....	169	22,062	208,127	622	71,787	629,562
Total:						
June 30, 1920.....	1,192	193,970	1,962,495	8,776	827,118	7,286,996
June 30, 1919.....	900	158,475	1,625,400	8,024	755,817	6,275,743

The total number, capital and surplus, and resources of State banks and trust companies, both members, and nonmember institutions reported as eligible for membership on the basis of capital requirements; also ratios of number, capital and surplus, and resources of State bank and trust company members to total number, capital and surplus, and resources of all State banks and trust companies other than those not eligible for membership on the basis of capital requirements, as of June 30, 1920, are set forth in the following table:

[Amounts in thousands of dollars.]

Federal Reserve district.	Number of banks.			Capital and surplus.			Total resources.		
	1. Member, and non-member eligible banks.	2. Members.	3. Per cent (2÷1).	4. Member, and non-member eligible banks.	5. Member banks.	6. Per cent (5÷4).	7. Member, and non-member eligible banks.	8. Member banks.	9. Per cent (8÷7).
Boston.....	215	36	16.7	127,834	68,950	53.9	1,310,524	743,390	56.7
New York.....	400	132	33.0	474,089	353,624	74.6	5,209,231	4,116,567	79.0
Philadelphia.....	454	40	8.8	214,357	71,097	33.2	1,274,022	379,853	29.8
Cleveland.....	706	109	15.4	227,626	108,402	47.6	1,756,866	851,387	48.5
Richmond.....	695	53	7.6	127,064	22,359	17.6	868,362	163,685	18.9
Atlanta.....	808	72	8.9	96,189	39,926	41.5	855,775	361,606	42.3
Chicago.....	2,450	339	13.8	370,217	175,094	47.3	3,725,198	1,843,582	49.5
St. Louis.....	1,106	86	7.8	127,645	47,641	37.3	1,006,508	396,906	39.4
Minneapolis.....	877	107	12.2	62,244	12,112	19.5	613,952	117,383	19.1
Kansas City.....	1,104	56	5.1	78,318	9,533	12.2	674,707	123,014	18.2
Dallas.....	648	160	24.7	52,109	16,430	31.5	352,592	115,533	32.8
San Francisco.....	821	184	22.4	159,058	63,028	39.1	1,701,965	793,936	46.6
<b>Total:</b>									
June 30, 19..	10,284	1,374	13.4	2,116,750	988,196	46.7	19,349,702	10,006,842	51.7
June 30, 19..	9,202	1,042	11.3	1,867,276	792,911	42.4	17,000,205	8,452,582	49.7

In the table which follows are shown the total resources as of June 30, 1920, and June 30, 1919, of (1) all member banks, both National and State institutions; (2) nonmember banks and trust companies reported as eligible for membership in the Federal Reserve System; (3) all banks in the United States, exclusive of mutual savings and private banks, and (4) the ratio of total resources of all member banks to total resources of nonmember banks reported eligible for membership, and the ratio of total resources of all member banks to total resources of all banks in the United States, exclusive of mutual savings and private banks. It will be noted that the resources of State banks and trust companies which are members of the system are greater by \$664,000,000 than those of nonmember banks reported as eligible for membership, a reversal of the situation on June 30, 1919, when the resources of State bank and trust company members were \$95,000,000 less than those of nonmember banks reported as eligible for membership.

	Total resources.	
	June 30, 1920.	June 30, 1919.
(1) Member banks:		
National	\$22,187,459,000	\$20,791,147,000
State banks and trust companies	10,006,842,000	8,452,582,000
Total	32,194,301,000	29,243,729,000
(2) Nonmember State banks and trust companies reported as eligible for membership in the Federal Reserve System	9,342,860,000	8,547,623,000
(3) All banks in the United States, exclusive of mutual savings and private banks:		
National	22,187,459,000	20,791,147,000
State banks and trust companies	23,896,212,000	20,942,856,000
Total	46,023,671,000	41,734,993,000
(4) Ratio of total resources of all member banks to total resources of nonmember banks reported eligible for membership (per cent)	344.6	342.1
Ratio of total resources of member banks to total resources of all banks in the United States, exclusive of mutual savings and private banks (per cent)	70.0	70.1

## EARNINGS AND OPERATING EXPENSES OF FEDERAL RESERVE BANKS.

In meeting the credit demands of their customers during the year member banks have found it necessary to ask for an increasing amount of rediscount accommodation at the Federal Reserve Banks (taking proceeds to a large extent in the form of Federal Reserve notes), and this fact, together with the higher discount rates approved by the Federal Reserve Board during the early part of the year as a part of its protective credit policy, has resulted in increasing the gross earnings of all Federal Reserve Banks combined from 102 millions in 1919 to 181 millions in 1920. Over 82 per cent of these earnings came from paper discounted for member banks, the average daily holdings of which aggregated 2,530 millions during 1920, as compared with 1,908 millions during 1919.

The Board takes this opportunity again to point out that the Federal Reserve Banks are not operated primarily for profit and that the large earnings are the result of abnormal demands on their credit resources growing out of postwar conditions. Now that prices have declined from the high level reached in 1919, it may be expected that credit requirements, both for reserve balances at the Federal Reserve Banks and for Federal Reserve notes, will, after conditions have become stabilized, be less heavy.

Operating expenses of the Federal Reserve Banks have continued to advance during the year, chiefly because of the increased volume of business transacted, especially by the discount and clearing and collection departments. The number of bills discounted increased from 587,000 in 1919 to over 1,000,000 in 1920, and the number of checks collected for the account of member and clearing nonmember banks from 305,159,000 in 1919 to 446,671,000 in 1920.

Besides adding to the number of their officers and employees in order to transact the increased volume of business, the banks have enlarged materially the staffs of their examination departments in order to enable them to participate in the examinations made by State authorities of State bank and trust company members, and to make independent examinations where necessary. The following table shows the number of officers and employees of each Federal Reserve Bank at the close of the years 1919 and 1920:

Federal Reserve Bank.	Number of officers and employees.	
	Dec. 31, 1919.	Dec. 31, 1920.
Boston.....	755	776
New York.....	2,962	2,936
Philadelphia.....	647	842
Cleveland.....	626	969
Richmond.....	401	667
Atlanta.....	386	446
Chicago.....	1,199	1,731
St. Louis.....	541	851
Minneapolis.....	287	459
Kansas City.....	583	863
Dallas.....	505	613
San Francisco.....	567	1,132
Total.....	9,459	12,285

Because of the trend of living expenses, and in order to meet the competition of banks and corporations, moderate increases in salaries have been approved for both officers and employees of the Reserve Banks. In no case, however, are the salaries paid bank officers as high as those paid officers of corresponding rank in the larger commercial banks. Average salaries paid by each Federal Reserve Bank to officers and employees as of December 31, 1920, are as follows:

Federal Reserve Bank.	Average salary of officers.	Average salary of employees.
Boston.....	\$9,269	\$1,271
New York.....	11,275	1,460
Philadelphia.....	10,182	1,259
Cleveland.....	7,738	1,360
Richmond.....	7,014	1,189
Atlanta.....	5,426	1,149
Chicago.....	6,304	1,310
St. Louis.....	6,486	1,209
Minneapolis.....	7,240	1,262
Kansas City.....	5,158	1,209
Dallas.....	5,895	1,271
San Francisco.....	5,581	1,366

As the result of the large increase in the net earnings available for dividends, surplus, and franchise taxes, all but three of the Federal Reserve Banks have accumulated surplus accounts in excess of 100 per cent of their subscribed capital stock as authorized by the amendment of March 3, 1919, to section 7 of the Federal Reserve

Act, which provides that after dividend requirements have been fully met the net earnings of each bank shall be paid to the United States as a franchise tax, except that the whole of such net earnings shall be paid into a surplus fund until it shall amount to 100 per cent of the subscribed capital stock of such bank and that thereafter 10 per cent of such earnings shall be paid into the surplus. In the table given below are shown the normal surplus, the supersurplus, or the surplus created by carrying to surplus account 10 per cent of the net earnings available after the normal surplus equals 100 per cent of subscribed capital, and the percentage relationship between the total surplus and the subscribed capital stock of each Federal Reserve Bank on January 1, 1921.

[Amounts in thousands of dollars.]

Federal Reserve Bank.	Surplus, Jan. 1, 1921.			Subscribed capital, Jan. 1, 1921.	Ratio of surplus to subscribed capital, Jan. 1, 1921.
	Normal surplus.	Super-surplus.	Total.		
Boston.....	15,436	275	15,711	15,436	101.8
New York.....	52,745	13,669	56,414	52,745	107.0
Philadelphia.....	16,970	40	17,010	16,970	100.2
Cleveland.....	20,305	.....	20,305	21,406	94.9
Richmond.....	10,538	23	10,561	10,538	100.2
Atlanta.....	8,106	237	8,343	8,106	102.9
Chicago.....	27,825	1,155	28,980	27,825	104.2
St. Louis.....	8,346	.....	8,346	8,730	95.6
Minneapolis.....	6,922	58	6,980	6,922	100.8
Kansas City*.....	8,910	249	9,159	8,910	102.8
Dallas.....	6,033	.....	6,033	8,197	73.6
San Francisco.....	13,853	341	14,194	13,853	102.5
Total.....	195,989	6,047	202,036	199,638	101.2

\* After deduction of \$1,000,000 charged to supersurplus account and credited to general reserve account after closing of books on Dec. 31, 1920.

The Board has ruled that any contingent reserves which a Federal Reserve Bank may desire to set up must be deducted from its supersurplus and not from current earnings.

Besides increasing their surplus accounts to over 100 per cent of their subscribed capital, nine of the Federal Reserve Banks paid franchise taxes to the United States aggregating \$60,725,000.

At the end of 1919 the available net earnings of the New York Federal Reserve Bank were sufficient to enable it to increase its surplus to \$45,082,000, or \$300,000 in excess of 100 per cent of its subscribed capital stock, and normally the bank would have carried only 10 per cent of its net earnings at the close of 1920 to surplus. Owing, however, to the increase in the capital stock and surplus of existing member banks and to the admission to membership of eligible State banks and trust companies, the subscribed capital stock of the New York bank shows an increase of \$7,964,000 for the year 1920. Therefore, the bank was authorized to transfer an equivalent amount to its normal surplus account out of its net earn-

ings for 1920. Of the balance of its net earnings 10 per cent was transferred to supersurplus account and 90 per cent paid to the United States Government as a franchise tax.

The table below shows the gross and net earnings of each Federal Reserve Bank for the year 1920, the dividends paid, the amounts transferred to surplus account, and the amounts paid to the United States Government as franchise taxes.

[Amounts in thousands of dollars.]

Federal Reserve Bank.	Gross earnings.	Current net earnings.	Net debits to current net earnings.	Net earnings available for dividends, surplus, and franchise tax.	Dividend payments.	Transferred to surplus account.	Franchise tax paid to U. S. Government.
Boston.....	12,273	10,235	138	10,273	447	7,352	2,474
New York.....	60,525	53,526	398	53,128	1,477	12,333	36,318
Philadelphia.....	11,849	9,671	606	9,065	497	8,204	364
Cleveland.....	14,459	11,988	168	11,820	604	11,216	.....
Richmond.....	6,903	5,387	149	5,238	293	4,740	205
Atlanta.....	7,476	6,091	81	6,010	225	3,648	2,137
Chicago.....	30,303	25,850	126	25,876	793	14,689	10,394
St. Louis.....	7,180	5,256	380	4,876	254	4,622	.....
Minneapolis.....	5,307	4,292	161	4,131	196	3,411	524
Kansas City.....	7,410	5,552	11	5,541	258	3,043	2,240
Dallas.....	4,905	3,355	127	3,228	225	3,003	.....
San Francisco.....	12,737	10,204	95	10,109	385	6,655	3,069
Total.....	181,297	151,407	2,112	149,295	5,654	82,916	60,725

<sup>1</sup> Credit.

#### CHANGES IN RATES OF EARNINGS DURING 1920.

During the year the rates of earnings on discounted bills, which account for over 82 per cent of the total annual gross earnings of the Federal Reserve Banks, show a steady advance from 4.71 in January to 6.42 in December. Upward revision of discount rates on all classes of paper in January and the further advances by four of the Federal Reserve Banks of the rates on commercial paper in June, together with the adoption during April and May of graduated or progressive rates by four Federal Reserve Banks, account for the more striking increases in the rates of earnings on discounted bills shown during those months. Another factor which had a noticeable effect throughout the year is the gradually decreasing proportion of advances against Treasury certificates, on which as a rule the banks charge lower rates, due both to a steady decrease in the actual amount of such paper and to the more than proportionate increase in the volume of paper rediscounted at the higher ordinary rates. The operation of this factor is more apparent during the second half of the year, during which the rates on all other classes of discounts continued without change, and account chiefly for the gradual rise in the rate of earnings on all discounts from 6.12 per cent in July to 6.42 in December. For the entire year the average rate of earnings

from discounted paper is given as 5.88 per cent, compared with 4.23 per cent for the calendar year 1919 and 4.24 per cent for the war year of 1918.

Average rates of earnings on acceptances bought in open market during the first half of the year increased in about the same proportion as the rates on discounted paper. Since July the average monthly rates on acceptances have shown a slight downward tendency, apparently in connection with the increasing investment demand for this class of paper by country banks, savings banks, and industrial corporations.

Monthly changes in the rates earned on United States securities are much more moderate, depending to a large extent upon the average amount of special 2 per cent certificates held during each month by the Federal Reserve Banks. These holdings were particularly large and prolonged during March and April, when the lowest monthly rates of earnings are shown and were sufficiently large to depress the average rate in July. The higher rates in September and December are due to the substantial amounts of tax certificates acquired early in the month by the Federal Reserve Bank of New York from New York City members and carried to maturity by the Federal Reserve Banks. Temporary purchases of certificates and other Government securities from nonmember banks under repurchase agreements have likewise had an uplifting effect upon the average rates of earnings on United States Government securities.

On the whole, monthly rates of earnings on all classes of earning assets were higher and steadier during the second part of the year than during the first part. The average rate received by the Federal Reserve Banks on all classes of earning assets during the year under review was 5.50 per cent, compared with 4.04 per cent in 1919 and 4.12 per cent in 1918.

*Annual rates of earnings from each class of earning assets, by months, during 1920.*

	All classes.	Bills discounted.	Bills bought in open market.	United States securities.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
January.....	4.46	4.71	4.79	2.18
February.....	4.88	5.20	5.06	2.18
March.....	5.12	5.49	5.47	2.10
April.....	5.23	5.58	5.70	2.10
May.....	5.36	5.66	5.77	2.22
June.....	5.51	5.89	5.98	2.24
July.....	5.72	6.12	6.07	2.15
August.....	5.81	6.19	6.07	2.22
September.....	5.81	6.22	6.06	2.27
October.....	5.94	6.34	6.07	2.20
November.....	5.98	6.41	6.03	2.17
December.....	5.98	6.42	6.05	2.43
Average for year.....	5.50	5.88	5.66	2.21



## BRANCHES OF FEDERAL RESERVE BANKS AND THEIR OPERATIONS.

On December 31, 1920, there were 22 branches of Federal Reserve Banks in actual operation, those at Los Angeles, Calif., and Oklahoma City, Okla, authorized by the Federal Reserve Board during 1919 to be established by the Federal Reserve Banks of San Francisco and Kansas City, having been opened for business on January 2 and August 2, 1920, respectively. It is expected that the Helena (Mont.) branch of the Federal Reserve Bank of Minneapolis, also authorized during 1919, will be opened for business February 1, 1921. No new branches were authorized by the Board during the year, nor are any applications for the establishment of branches now pending.

Experience gained in the operation of the branches has led to their development along two main lines: The branches located at Cincinnati, Pittsburgh, Birmingham, Jacksonville, Nashville, and Oklahoma City confine their operations largely to clearing and collection of checks, and to supplying currency, both paper and coin, to member banks in branch territories; while the remaining 16 branches render practically the same services to member banks in the branch territories as the parent banks render to member banks in other parts of the districts.

While the first-mentioned branches do not engage in discount operations, they receive and transmit to the parent bank applications of their member banks for discounts and advances, and when necessary arrange by telegraph for immediate credit for such paper on the books of the head office. Branches in the second group carry the reserve balances of member banks on their own books, and, with the exception of the Buffalo branch, which carries the reserve balances of Buffalo City members only, participate in the daily clearing through the gold settlement fund maintained by the Federal Reserve Board at Washington. These branches telegraph the Federal Reserve Board each day the gross amount of items collected for the account of each other Federal Reserve Bank and direct-settling branch. After the settlement has been made by the Board, the branches are notified of the amounts credited to them by each other Federal Reserve Bank and direct-settling branch. As the branches do not, however, maintain separate balances in the gold settlement fund, the net debit or credit of each branch is settled through the balance maintained by the parent bank.

The following table shows the volume of business handled by each branch and by the Savannah agency during the year 1920:

## Operations of Federal Reserve Branch Banks during the calendar year 1920.

	Items handled. <sup>1</sup>		Currency (coin and paper).		Volume of paper discounted and bought.	Average daily bill holdings.	Member banks' reserve balances Dec. 31, 1920.
	Number.	Amount.	Received.	Paid out.			
	<i>Thousand items.</i>	<i>Thousand dollars.</i>	<i>Thousand dollars.</i>	<i>Thousand dollars.</i>	<i>Thousand dollars.</i>	<i>Thousand dollars.</i>	<i>Thousand dollars.</i>
Buffalo.....	7,980	2,657,913	151,723	172,495	<sup>2</sup> 560,767		<sup>2</sup> 18,725
Cincinnati.....	11,085	3,330,662	93,791	86,516			
Pittsburgh.....	14,183	5,952,400	307,117	365,214			
Baltimore.....	12,344	4,810,793	89,861	132,668	924,665		19,219
Birmingham.....	2,907	1,139,355	47,891	36,691			
Jacksonville.....	2,507	696,091	45,480	33,856			
Nashville.....	3,471	897,591	27,449	21,862			
New Orleans.....	2,793	1,215,294	93,909	76,224	709,825	42,104	15,735
Detroit.....	6,337	2,902,206	295,753	335,215	1,618,206	63,955	33,057
Little Rock.....	3,957	698,233	27,431	24,540	151,485	9,293	3,585
Louisville.....	5,320	1,278,526	64,686	51,934	436,511	16,430	9,796
Memphis.....	2,852	722,128	61,204	54,802	264,346	17,805	5,828
Denver.....	6,373	1,580,919	33,219	24,199	232,616	11,832	13,886
Oklahoma City <sup>3</sup> .....	4,537	908,230	<sup>4</sup> 1,597	<sup>4</sup> 692			
Omaha.....	7,976	1,702,921	23,547	29,654	382,598	33,182	14,088
El Paso.....	2,629	509,737	28,806	19,929	72,963	6,819	4,100
Houston.....	5,566	1,382,258	34,250	34,928	260,786	15,062	11,266
Los Angeles <sup>5</sup> .....	8,016	1,716,810	80,703	89,089	186,215	14,186	29,203
Portland.....	2,947	748,856	30,429	31,233	214,395	8,939	13,972
Salt Lake City.....	5,489	1,258,938	13,696	17,210	479,719	34,363	8,334
Seattle.....	3,724	1,011,875	50,384	43,459	217,624	6,458	12,281
Spokane.....	2,562	588,951	8,782	13,677	123,957	10,201	5,461
Total.....	125,435	37,560,687	1,616,708	1,696,087	6,836,678	290,630	218,536
Savannah agency.....			11,663	9,388			

<sup>1</sup> From Dec. 16, 1919, to Dec. 15, 1920, except that in the case of Oklahoma City and Los Angeles, the period covered dates from opening of branch.

<sup>2</sup> Buffalo city banks only.

<sup>3</sup> Opened for business Aug. 2, 1920.

<sup>4</sup> For the month of December, 1920.

<sup>5</sup> Opened for business Jan. 2, 1920.

## BUILDING OPERATIONS.

In most of the Federal Reserve Banks the question of securing adequate and permanent quarters has assumed a larger importance during the past year. Additional activities and a greatly increased volume of work has in some banks produced a congestion which has created great discomfort and necessitated the scattering of departments into several buildings. Working conditions have developed which impair efficiency and are not without hazard to the proper custody and handling of money and securities.

Early in the year the Federal Reserve Board determined that building operations on the part of the banks should be deferred as long as possible in order not to divert the labor and material which was then so urgently needed for business structures and homes. At the close of business on December 31, 1920, the real estate and build-

ing account of each Federal Reserve Bank stood upon its books as follows:

Boston.....	\$2, 699, 623
New York.....	4, 092, 497
Philadelphia.....	500, 000
Cleveland.....	1, 519, 662
Richmond.....	1, 277, 388
Atlanta.....	541, 273
Chicago.....	2, 350, 916
St. Louis.....	541, 414
Minneapolis.....	590, 000
Kansas City.....	1, 041, 326
Dallas.....	1, 638, 536
San Francisco.....	253, 004
Total.....	17, 045, 639

In 1919 it became evident to the Board that the quarters occupied by the Federal Reserve Bank of Boston were strikingly inadequate and the bank was authorized to proceed with the construction of a new building upon land previously acquired. The work of tearing down old buildings on the property was finished May 21, 1920, and excavations began on May 29, 1920. The end of 1920 finds the new building entirely inclosed, with progress being made toward finishing the interior. Delays have been encountered in procuring steel and limestone, but it is expected that the building will be finished and ready for occupancy by the end of 1921.

Actual construction has not begun upon the proposed new building for the Federal Reserve Bank of New York, although land has been acquired, the architects have been selected, and preliminary plans have been given careful attention by the officers and directors of the bank. During the year 1920, the Board approved the purchase of additional land by the Federal Reserve Bank of New York, and the erection thereon of a fireproof storage building for the safe-keeping of the bank's files of correspondence and records. This storage building will also provide working space for a number of the bank's employees pending completion of the bank building proper. The building occupied by the Buffalo branch of the Federal Reserve Bank of New York is leased.

The Federal Reserve Bank of Philadelphia owns the building which it occupies and which it purchased prior to the current year. The bank also rents additional space for storage purposes. The building has been remodeled to fit it for bank purposes, and a new and adequate vault is now under construction. It is expected that this vault will be ready for use early in 1921.

The Federal Reserve Bank of Cleveland has purchased suitable ground but has not begun actual construction. Architects, however,

have been selected and tentative plans and drawings have been submitted to the Federal Reserve Board and approved. The proposed building is carefully planned, with a view to practical utility. Demolition of old buildings preliminary to new construction will probably begin early in 1921. The Pittsburgh branch of the Federal Reserve Bank of Cleveland occupies a building which, during the past year, has been purchased by the bank. Necessary modifications in this building have been authorized, including a provision for additional vault space. The Cincinnati branch of the Federal Reserve Bank of Cleveland occupies leased quarters, but the bank was authorized in October to purchase certain property for the permanent quarters of the branch.

The new building of the Federal Reserve Bank of Richmond was authorized in May, 1919, and the work of construction began shortly afterwards. Many delays have been occasioned by inability to secure material, and the building is yet far from finished. In order to provide for additional space, the need for which was not foreseen at the time the building was planned, it has been necessary during the past year to provide an additional story on the original building, and to acquire additional ground for the erection of an annex. The bank, during 1920, also purchased property in Baltimore, upon which it is intended to erect a permanent home for the Baltimore branch.

The Federal Reserve Bank of Atlanta is occupying permanent quarters, including the annex authorized in 1919 and completed in 1920; and no further additions or alterations have been found necessary, except that some additional equipment for the vault has been authorized. The branches at Birmingham, Nashville, Jacksonville, and New Orleans are occupying leased quarters. A bank building was purchased in 1919 for the New Orleans branch, but under the terms of the deed possession has not yet been given by the former owners.

The Federal Reserve Bank of Chicago, during 1920, razed the buildings upon the ground previously acquired, secured the Federal Reserve Board's approval of all plans and contracts, and commenced actual building operations on November 1, 1920. It is estimated that the total cost of the new building, including vaults, will be approximately \$7,500,000. The contract calls for completion on April 1, 1922. The bank leases the quarters occupied by its Detroit branch.

The Federal Reserve Bank of St. Louis occupies leased quarters, and while it has purchased a site for a permanent home it has submitted to the Board no definite plans, and immediate operations are not contemplated. The bank leases quarters for its Memphis and

Little Rock branches, and owns the building in Louisville occupied by the Louisville branch. A lot has been acquired for the Little Rock branch, upon which a new building will be erected in 1921.

The Federal Reserve Bank of Minneapolis in 1919 purchased a site for a permanent building and selected an architect. Construction, however, has been deferred, and no plans have been submitted for approval. It is the intention of this bank to proceed with the foundation work in 1921, and to finish the building in 1922. The Helena branch of the Federal Reserve Bank of Minneapolis will occupy a building purchased by the bank in 1919 and which is being remodeled for bank purposes.

The Federal Reserve Bank of Kansas City acquired a building site in 1918. On April 16, 1920, a contract was let to construct a building having 16 working floors and basement, burglar-proof vaults, etc., for the sum of \$3,604,000. Construction was begun June 1, 1920. Excavations, foundation walls, and piers have been finished, and the erection of the steel has been commenced. Serious delays have been experienced in the matter of transportation of steel, but much of the material necessary to complete the building is now on the ground. The contract calls for the building completed for occupancy on October 1, 1921.

The Denver and Oklahoma City branches of the Federal Reserve Bank of Kansas City are housed in rented quarters, but the Omaha branch occupies a building purchased by the bank during 1920 at a cost of \$165,000.

The new building of the Federal Reserve Bank of Dallas is near completion, and should be available for occupancy by some of the departments of the bank early in 1921. Upon the approval of the Federal Reserve Board, contracts were let June 17, 1919, and the work of construction was begun July 5, 1919. It is estimated that the total cost of the building and vaults complete will be approximately \$1,575,000. The Federal Reserve Bank of Dallas has recently constructed a new building for its El Paso branch at a total cost of \$150,000. The Houston branch is occupying leased quarters, but the bank was authorized by the Board, on October 15, 1920, to purchase a lot in Houston at a cost not to exceed \$67,500. This lot was subsequently purchased for \$65,000, but plans for a new building have not yet been prepared.

The Federal Reserve Bank of San Francisco was authorized by the Board on August 17, 1920, to begin immediately the construction of a new building upon land previously acquired. The estimated cost of this building is \$2,376,000, exclusive of commission of architect and superintendent of building construction, which together will be 9 per cent. Old structures which stood upon the site for the new building have for the most part been razed, and during the latter

part of 1920 the erection of the new building was begun. All branches of the Federal Reserve Bank of San Francisco occupy leased quarters.

## AMENDMENTS TO THE FEDERAL RESERVE ACT.

During the past year the Federal Reserve Act has been amended but once. Certain laws, however, have been passed and others amended relating to the Federal Reserve System and to the operation of national banks, which in effect modify the provisions of the Federal Reserve Act. These laws will be taken up in order.

By act approved April 13, 1920, section 14 of the Federal Reserve Act was amended so as to authorize Federal Reserve Banks, subject to the approval, review, and determination of the Federal Reserve Board to establish discount rates graduated or progressed on the basis of the amount of the advances and discount accommodations extended by the Federal Reserve Bank to the borrowing bank. The purpose of this amendment was to check excessive borrowing from Federal Reserve Banks by any one member bank by making it possible for the Federal Reserve Banks to charge higher rates against a member bank which is overborrowing than against one which limits its borrowings to a reasonable amount. Pursuant to this amendment the Federal Reserve Banks of Atlanta, St. Louis, Kansas City, and Dallas have established graduated discount rates which have been approved by the Board. These rates were subsequently discontinued by the Atlanta bank.

Section 5182 of the Revised Statutes was amended by an act approved January 13, 1920, so as to authorize the issue of national bank notes attested by the written or engraved signatures of the president or vice president and the cashier of the national bank issuing such notes, and to provide that such signatures may be attached either before or after the receipt of such notes by the association. In view of the fact that under section 18 of the Federal Reserve Act, Federal Reserve Banks are authorized to issue Federal Reserve Bank notes under the same terms and conditions that national banks may issue notes, this amendment relates to the Federal Reserve Banks as well as to national banks. Much inconvenience and expense incident to the issue of bank notes will be avoided by reason of the provision in this amendment permitting the signatures of the officers signing such notes to be engraved on the notes before they are delivered to the issuing bank.

Section 210(*d*) of the Transportation Act of 1920, approved February 28, 1920, provides in part that the Interstate Commerce Commission or the Secretary of the Treasury may call upon the Federal Reserve Board for advice and assistance with respect to any loan or

application for any loan made by the United States to any railroad under the authority of section 210 of the act. As mentioned on pages 166 and 167 of the annual report of the Secretary of the Treasury for the fiscal year 1920, the Federal Reserve Board has been called upon by the Secretary of the Treasury for such advice and assistance, and for this purpose created a committee known as the Railway Loan Advisory Committee to the Federal Reserve Board. This committee has been, since its organization on April 1, 1920, actively engaged in assisting the Secretary of the Treasury in the performance of the duties imposed upon him by the Transportation Act of 1920.

By the act approved May 26, 1920, the so-called Kern amendment to section 8 of the Clayton Anti-trust Act, relating to interlocking directorates, was amended so as to authorize the Federal Reserve Board to grant permits to private bankers to serve not more than two banks, banking associations, or trust companies organized under the laws of the United States or any State of the United States when those banks are not in substantial competition with the applying banker or with each other. Prior to this amendment the Board had no authority, under the terms of the Kern amendment, to grant permits to private bankers to serve banks when they were prohibited from serving such banks by the terms of the Clayton Act, although the Board did have such power with respect to directors, officers, and employees of member banks.

The appropriation act approved May 29, 1920, in certain sections thereof, provides for the discontinuance of the subtreasuries of the United States from and after July 1, 1921, or at such earlier date or dates as the Secretary of the Treasury may deem advisable, and authorizes the Secretary of the Treasury in his discretion to transfer any and all of the duties and functions of the assistant treasurers or the subtreasuries to the Treasurer of the United States, or the mints or assay offices, or to utilize any of the Federal Reserve Banks acting as depositaries or fiscal agents of the United States for the purpose of performing any or all of these duties and functions. The Secretary of the Treasury is further authorized to assign any and all of the rooms, vaults, equipment and safes or space in the buildings used by the subtreasuries to any Federal Reserve Bank acting as fiscal agent of the United States. As stated on page 73, the subtreasuries at Boston, Chicago, New York, and San Francisco have already been discontinued and their functions taken over by the Federal Reserve Bank located in the respective city, and it is planned to close the remaining subtreasuries and transfer their functions to the Federal Reserve Banks as rapidly as possible.

The Board has no further amendments to suggest to Congress at this time. It desires, however, to express its opposition to any legislation which would impair the ability of the Federal Reserve Banks to exercise the proper control over their credit transactions as well as to legislation tending to remove the wise limitations now imposed by the Federal Reserve Act upon the character of paper eligible for discount. The Board would point out that the power of the Federal Reserve System to expand credits in amounts sufficient to meet great emergencies has been demonstrated repeatedly during the past five years, and it is not believed that any greater latitude is necessary or desirable.

#### LAW DIVISION.

There has been no substantial change during the past year in the work of the Law Division, and a reference to pages 56-58 of the last annual report of the Board will show the general character of that work and the scope of the duties of the Law Division. It is not necessary to add anything to what was said in that report as to the work of the Law Division under the subheadings State laws, Membership of State banks and trust companies, Clayton Antitrust Act, and Opinions and rulings, except to state that during the past year the Board has approved, after examination and report by the Law Division, 360 applications made by State banking institutions for membership, and has received and considered, after similar examination and report, 259 applications filed with it under the provisions of the so-called Kern amendment to section 8 of the Clayton Antitrust Act relating to interlocking bank directorates. Certain special features of the work of the Law Division during the past year are, however, of sufficient importance to be mentioned in this report.

*Regulations.*—The Board's regulations which have been issued from time to time in the past were recently added to, revised, and reissued in a new series, series of 1920. A revision of the earlier regulations was necessary in order to bring the regulations up to date and to incorporate in them the amendments to the law and rulings of the Board made since the last series of the regulations, series of 1917, was issued. New regulations were added covering the organization and operation of corporations under the provisions of section 25(a) of the Federal Reserve Act, which section was added by the amendment approved December 24, 1919, and is commonly known as the Edge Act, and covering interlocking bank directorates under the Clayton Act as amended. In connection with the preparation of the new series, the Law Division has been called upon to draft the new regulations and to revise the earlier ones and to render advice and assistance covering the legal aspects of the matters involved.



*Trust powers of national banks.*—During the past year 272 national banks have been granted permits under the terms of section 11 (k) of the Federal Reserve Act, of which 247 were original applications and 25 were supplementary applications. Recently the legal effect of this section as amended has been clarified and the Board's interpretation thereof confirmed by a number of decisions rendered by the courts of various States. It will be recalled that the Supreme Court of the United States, in an opinion<sup>1</sup> rendered June 11, 1917, upheld the constitutionality of section 11(k) as originally enacted. By the act of September 26, 1918, the section was amended so as to permit national banks to compete for trust business with State banks and trust companies upon more equal terms. Since that amendment the State courts of New York,<sup>2</sup> Connecticut,<sup>3</sup> and Wisconsin<sup>4</sup> have rendered decisions substantially to the effect that it is now beyond the constitutional power of a State to withhold from national banks located within its borders the authority to exercise trust powers when competing State institutions are permitted to exercise those powers, irrespective of whether the discrimination attempted to be made by the State against the national banks takes the form of an express statutory prohibition or is to be implied from the mere absence of permissive legislation. The opinions in these cases have all been published in the Bulletin.

*Edge Act.*—Throughout the year the Law Division has been called upon frequently to prepare opinions with reference to the interpretation of sections 25 and 25(a) of the Federal Reserve Act, which sections deal with foreign financial corporations and the rights of national banks to invest in the stock thereof, and to advise as to the requirements of the law in connection with the organization of corporations under the terms of section 25 (a), the so-called Edge Act. Recently the Board has received numerous applications by national banks for permission to invest in the stock of the two international financial corporations which have been in process of organization under that act, and these applications have all been referred to the Law Division before being acted upon by the Board.

*Summary of amendments.*—The Law Division during the year compiled a summary of the various acts amending the Federal Reserve Act, including those laws which specifically amend the text of that act and those which amend it in substance without effecting a change of text.

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<sup>1</sup> First National Bank of Bay City v. Fellows, Attorney General, and others, 244 U. S., 416.

<sup>2</sup> In the matter of Mollineaux, 179 New York Supplement, 90.

<sup>3</sup> In re Hamilton, 110 Atl., 54.

<sup>4</sup> In re Stanchfield, 178 N. W., 310.

## FEDERAL ADVISORY COUNCIL.

The Federal Advisory Council held its four statutory meetings in Washington during 1920 on the following dates: February 17, May 17, September 20, and November 15. No other meetings of the council were held during the year.

## CONFERENCES HELD BY THE BOARD.

The Federal Reserve Board conferred with the Federal Advisory Council on the occasion of each of its meetings, and while the council was in session in Washington on May 18 a joint conference was held with members of the council and the Class A directors of the Federal Reserve Banks for the purpose of discussing the credit situation as it then existed.

On April 7 the Board held a conference with the governors of the Federal Reserve Banks, and on October 15 a joint conference was held with the Federal Reserve agents and the governors of the Federal Reserve Banks. At these conferences matters relating to the operations of the Federal Reserve System were discussed.

## BOARD'S ORGANIZATION, STAFF, AND EXPENDITURES.

There have been numerous changes in the Board's organization and staff during the past year.

On February 2, Hon. David F. Houston, previously Secretary of Agriculture, took the oath of office as Secretary of the Treasury, succeeding Hon. Carter Glass, and thereby became ex-officio member and chairman of the Federal Reserve Board.

The resignation of Albert Strauss, vice governor of the Board, was accepted by the President March 15. Mr. Strauss had been a member of the Board since September 18, 1919, and vice governor of the Board throughout his period of office. Mr. Strauss resigned to reenter private business.

Hon. Edmund Platt, chairman of the House Banking and Currency Committee, was appointed by the President to fill the unexpired term of Mr. Strauss, and took office on June 8. At the time of his nomination Mr. Platt was a Member of Congress, having represented the twenty-sixth New York district since 1913. Throughout the term of his service in Congress Mr. Platt was a member of the Committee on Banking and Currency, and served as chairman from March 4, 1919, to the date of his resignation.

In May, Edward L. Smead was appointed chief of the Board's Division of Reports and Statistics, succeeding M. Jacobson, who previously held the dual title of statistician and chief, Division of Reports and Statistics. Mr. Smead was appointed to the Board's staff on April 19, 1915.

On June 30 George L. Harrison, general counsel of the Board, resigned to become deputy governor of the Federal Reserve Bank of New York, and Walter S. Logan, assistant counsel, was appointed general counsel.

The President, on July 23, redesignated W. P. G. Harding as Governor of the Federal Reserve Board for the period ending August 10, 1922, and Edmund Platt was designated as vice governor of the Board for the period July 23, 1920, to August 10, 1922.

The term of office of Henry A. Moehlenpah, who was appointed on September 5 and took office on November 10, 1919, to fill the unexpired term of Frederic A. Delano, expired August 9, 1920. The President, on September 29, during a recess of the Senate, appointed David C. Wills, since 1914 chairman of the board of directors and Federal reserve agent of the Federal Reserve Bank of Cleveland, a member of the Board to serve until the end of the next session of the Senate.

William W. Paddock, chief of Division of Examination, resigned on September 30 to become deputy governor of the Federal Reserve Bank of Boston, and effective October 6 James F. Herson, chief Federal reserve examiner, was appointed chief of the Division of Examination in addition to his other duties.

On October 16 Robert G. Emerson, assistant secretary, was appointed assistant to the governor, and Walter L. Eddy was appointed assistant secretary.

William W. Hoxton, executive secretary, was appointed secretary of the Board November 1, upon the resignation of Webb T. Chapman, who had been secretary of the Board since September 1, 1919, and who had been connected with the Board since its organization in 1914.

The total cost of conducting the work of the Board during the year 1920, including salaries of members and expense of printing and circulating the Federal Reserve Bulletin, was \$712,043.63. Two assessments were levied against the Federal Reserve Banks during the year, aggregating \$700,766.52, or approximately 296 thousandths of 1 per cent of their average paid-in capital and surplus for the year.

Further details relative to the operation of the Federal Reserve Board and the annual reports of Federal reserve agents appear as exhibits in the Appendix.

By direction of the Federal Reserve Board:

W. P. G. HARDING,  
*Governor.*

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

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# EXHIBITS.

# DISCOUNT RATES.

No. 1.—Discount rates (high and low for each year) in force since organization of Federal Reserve Banks.

Federal Reserve Bank.	Character of paper and maturities.																									
	Commercial paper, n. e. s.												Agricultural and live-stock paper over 90 days.	Paper secured by United States Government war obligations.		Trade acceptances within 60 days (see note 1).	Trade acceptances 61 to 90 days.	Bankers' acceptances within 3 months.	Commodity paper within 90 days. <sup>1</sup>							
	Within 10 days.		11 to 30 days.		Within 15 days.		16 to 30 days.		31 to 60 days.		61 to 90 days.			Within 15 days.	16 to 90 days.				High.	Low.	High.	Low.				
	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.		High.	Low.				High.	Low.	High.	Low.	High.	Low.		
<b>Boston:</b>																										
1914-15 <sup>2</sup> .....	6	3	6	4	.....	.....	.....	.....	6	4	6	4	6	5	.....	.....	.....	.....	3½	3½	3½	3½	.....	.....	3½	3½
1916.....	3½	3	4	3½	.....	.....	.....	.....	4	4	4	4	5	5	.....	.....	.....	.....	3½	3	3½	3	.....	.....	4	3½
1917.....	.....	.....	.....	.....	4	3½	5	4	5	4	5	4	5	5	3½	3½	4	3½	4	3½	4	3½	.....	.....	4	4
1918.....	.....	.....	4	4	5	4½	5	4½	5	4½	5	4½	5	5	4	3½	4½	4	4½	4	4½	4	.....	.....	.....	.....
1919.....	.....	.....	4½	4	4½	4½	4½	4½	4½	4½	4½	4½	4½	5	5	4½	4	4½	4	4½	4½	4½	.....	.....	.....	.....
1920.....	.....	.....	.....	.....	7	4½	7	4½	7	4½	7	4½	7	5	6	4½	6	4½	7	4½	7	4½	5	5	.....	.....
<b>New York:</b>																										
1914-15 <sup>2</sup> .....	5½	3	5½	4	.....	.....	.....	.....	6	4	6	4	6	5	.....	.....	.....	.....	3½	3½	3½	3½	.....	.....	.....	.....
1916.....	3	3	4	4	.....	.....	.....	.....	4	4	4	4	5	5	.....	.....	.....	.....	3½	3½	3½	3½	.....	.....	.....	.....
1917.....	.....	.....	.....	.....	3½	3	4½	4	4½	4	4½	4	5	5	3½	3	4	3½	4	3½	4	3½	.....	.....	.....	.....
1918.....	.....	.....	4	3½	4½	4½	4½	4½	4½	4½	4½	4½	5	5	4	3½	4½	4	4½	4	4½	4	4½	4	4½	4
1919.....	.....	.....	4½	4	4½	4½	4½	4½	4½	4½	4½	4½	5	5	4½	4	4½	4½	4½	4½	4½	4½	4½	4½	4½	4
1920.....	.....	.....	.....	.....	7	4½	7	4½	7	4½	7	4½	7	5	6	4½	6	4½	7	4½	7	4½	6	4½	.....	.....
<b>Philadelphia:</b>																										
1914-15 <sup>2</sup> .....	5½	3	5½	4	.....	.....	.....	.....	6	4	6	4	6	4½	.....	.....	.....	.....	3	3	3	3	.....	.....	3	3
1916.....	3½	3	4	4	.....	.....	.....	.....	4	4	4	4	4½	4½	.....	.....	.....	.....	3½	3	3½	3	.....	.....	3½	3



Federal Reserve Bank.	Character of paper and maturities.																								
	Commercial paper, n. e. s.												Agricultural and live-stock paper over 90 days.	Paper secured by United States Government war obligations.		Trade acceptances within 60 days (see note 1).		Trade acceptances 61 to 90 days.		Bankers' acceptances within 3 months.		Commodity paper within 90 days. <sup>1</sup>			
	Within 10 days.		11 to 30 days.		Within 15 days.		16 to 30 days.		31 to 60 days.		61 to 90 days.			Within 15 days.		16 to 90 days.		High. Low.		High. Low.		High. Low.			
	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.		High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.		
<b>St. Louis:</b>																									
1914-15 <sup>2</sup> .....	6	3	6	4					6	4	6	4	6	5					3½	3½	3½	3½		3	3
1916.....	3	3	4	4					4	4	4	4	5	4½					3½	3	3½	3½		3½	3
1917.....					4	3½	4½	4	4½	4	4½	4	5½	4½	3½	3½	4	3½	4	3	4	3½		3½	3½
1918.....					4	4	4½	4½	4½	4½	4½	4½	5½	5½	4	3½	4½	4	4½	4	4½	4			
1919.....					4½	4	4½	4½	4½	4½	4½	4½	5½	5½	4½	4	4½	4	4½	4½	4½	4½			
1920.....					6	4½	6	4½	6	4½	6	4½	6	5½	5½	4½	5½	4½	6	4½	6	4½	5½	5	
<b>Minneapolis:</b>																									
1914-15 <sup>2</sup> .....	6	4	6	4					6½	4	6½	4½	6½	5										3	3
1916.....	4	4	4	4					4	4	4½	4½	5	5					3½	3½	3½	3½		3½	3
1917.....					4	4	4½	4	4½	4	5	4½	5½	5	3½	3	4	3½	3½	3½	4	3½		4½	3½
1918.....					4½	4	4½	4½	4½	4½	4½	5	5	5½	5½	4	3½	4½	4	4½	3½	4½	4		
1919.....					4½	4½	4½	4½	4½	4½	5	5	5½	5½	4½	4	5	4½	4½	4½	4½	4½			
1920.....					7	4½	7	4½	7	4½	7	5	7	5½	6	4½	6	4½	6½	4½	6½	4½	6	5	
<b>Kansas City:</b>																									
1914-15 <sup>2</sup> .....	6	3½	6	4					6½	4	6½	4	6½	5					3½	3½	3½	3½		3	3
1916.....	4½	3½	4½	4					4½	4	4½	4	5	5					4	3½	4	3½		4	3
1917.....					4	4	4½	4½	4½	4½	4½	4½	5	5	3½	3	4	3½	4	4	4	4		4	4





## FEDERAL RESERVE NOTES.

No. 2.—Federal Reserve notes outstanding, held by each bank, and in actual circulation, also gold and eligible paper pledged as collateral for outstanding notes.

MONTHLY FIGURES FOR 1920.

[In thousands of dollars.]

	Total.	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.
Federal Reserve notes:													
Outstanding <sup>1</sup> —													
Jan. 30.....	3,130,783	246,496	898,612	232,709	268,746	135,555	146,338	512,616	153,298	83,511	106,247	75,091	270,964
Feb. 27.....	3,254,806	265,445	920,264	256,018	295,692	134,335	151,476	543,157	155,071	83,387	108,094	80,377	261,490
Mar. 26.....	3,289,312	275,494	934,878	255,000	306,967	131,677	150,133	547,135	154,188	83,245	107,693	81,261	261,641
Apr. 30.....	3,326,186	275,059	943,954	256,831	320,470	130,503	152,646	566,730	149,423	82,518	104,333	83,485	260,234
May 28.....	3,359,493	281,140	963,366	257,911	323,186	124,700	149,413	579,961	146,447	81,115	102,736	86,048	263,470
June 25.....	3,396,168	288,796	980,049	260,479	328,508	126,717	144,589	583,923	144,320	79,410	103,582	85,910	269,885
July 30.....	3,425,788	295,953	981,658	265,305	331,711	131,481	143,037	592,052	144,923	78,095	105,409	82,729	273,435
Aug. 27.....	3,471,731	305,679	972,767	277,707	349,866	137,773	146,693	593,521	145,481	77,013	109,295	82,826	273,110
Sept. 24.....	3,586,497	314,210	975,636	287,329	365,045	145,847	150,914	619,886	151,631	82,912	113,244	92,764	287,079
Oct. 29.....	3,666,170	312,492	986,339	284,386	370,252	151,479	183,492	632,736	156,370	84,377	117,457	95,369	291,421
Nov. 26.....	3,653,281	303,243	990,447	284,598	371,065	151,585	177,209	632,175	155,382	83,756	113,777	89,261	294,783
Dec. 30.....	3,738,880	305,503	1,030,354	293,624	379,751	161,252	179,946	634,429	155,722	81,836	118,605	84,714	313,144
Held by bank—													
Jan. 30.....	279,839	11,505	129,442	9,907	12,190	4,778	4,245	31,507	19,089	1,876	6,682	4,014	44,601
Feb. 27.....	234,822	5,743	93,977	13,478	11,857	4,800	5,698	34,232	16,293	1,600	5,880	3,288	37,976
Mar. 26.....	241,737	13,797	100,690	10,421	10,923	5,335	4,354	27,070	18,184	1,339	6,080	3,894	39,136
Apr. 30.....	251,631	8,491	105,354	11,388	14,595	5,859	5,180	39,097	18,336	1,564	5,483	3,579	32,705
May 28.....	252,472	7,196	108,539	8,820	12,222	3,948	4,333	44,731	17,363	1,932	5,164	4,040	34,184
June 25.....	279,450	8,179	120,817	11,694	12,719	4,608	3,997	52,474	18,031	1,682	5,960	3,559	35,730
July 30.....	305,650	11,111	132,069	10,860	16,185	6,267	3,760	58,463	18,406	1,721	6,522	3,537	36,749

<sup>1</sup> Net amount received by Federal Reserve Bank from Federal Reserve Agent.

Aug. 27.....	268,094	9,548	117,842	9,679	14,982	3,804	4,267	49,592	17,165	1,112	5,515	3,411	31,177
Sept. 24.....	306,501	15,961	119,935	14,982	14,398	5,702	3,911	64,698	18,348	1,244	5,623	3,982	37,717
Oct. 29.....	314,867	16,324	109,633	11,120	18,129	5,363	5,758	78,550	18,472	1,663	5,882	4,298	39,675
Nov. 26.....	327,743	13,127	120,126	11,404	18,192	5,093	4,811	87,416	19,215	1,619	5,441	4,797	36,502
Dec. 30.....	394,194	14,307	165,838	12,664	29,026	6,090	4,780	86,238	19,112	1,769	6,731	5,240	42,399
In actual circulation—													
Jan. 30.....	2,850,944	234,991	769,170	222,802	256,556	130,777	142,090	481,109	134,209	81,635	99,565	71,677	226,363
Feb. 27.....	3,019,984	259,702	826,287	242,540	283,835	129,535	145,778	508,925	138,778	81,787	102,214	77,089	223,514
Mar. 26.....	3,048,039	261,697	834,188	244,579	296,044	126,342	145,779	520,065	136,004	81,906	101,613	77,367	222,455
Apr. 30.....	3,074,555	266,568	838,600	245,443	305,875	124,644	147,466	527,633	131,087	80,954	98,850	79,906	227,529
May 28.....	3,107,021	273,944	854,827	249,091	310,964	120,752	145,080	535,230	129,084	79,183	97,572	82,008	229,286
June 25.....	3,116,718	280,617	859,232	248,785	315,789	122,109	140,592	531,449	126,289	77,728	97,622	82,351	234,155
July 30.....	3,120,138	284,842	849,589	254,445	315,526	125,214	139,277	533,589	126,517	76,374	98,887	79,192	236,686
Aug. 27.....	3,203,637	296,131	854,925	268,028	334,884	133,969	142,426	543,929	128,316	75,901	103,780	79,415	241,933
Sept. 24.....	3,279,996	298,249	855,701	272,347	350,647	140,145	147,003	555,188	133,283	81,668	107,621	88,782	249,362
Oct. 29.....	3,351,303	296,168	876,706	273,266	352,123	146,116	177,734	554,186	137,898	82,714	111,575	91,071	251,746
Nov. 26.....	3,325,538	290,116	876,321	273,194	352,873	146,492	172,398	544,759	136,167	82,137	108,336	84,464	258,281
Dec. 30.....	3,344,686	291,196	864,516	280,960	350,725	155,162	175,166	548,191	136,610	80,067	111,874	79,474	270,745
Collateral pledged as security for out- standing Federal Reserve notes:													
Gold and gold certificates—													
Jan. 30.....	1,119,426	72,129	281,778	81,721	122,298	39,204	59,938	217,271	57,703	33,755	39,430	32,369	81,830
Feb. 27.....	1,145,479	89,259	308,402	86,210	124,045	32,135	54,541	204,693	52,617	33,581	38,017	32,182	89,797
Mar. 26.....	1,186,829	100,107	312,568	87,592	132,459	39,067	54,839	197,160	47,594	33,939	37,106	35,991	108,407
Apr. 30.....	1,137,928	119,072	317,217	87,503	142,813	40,914	54,521	160,315	44,399	33,487	34,646	27,541	75,500
May 28.....	1,112,040	118,453	285,599	87,384	146,898	36,960	50,934	169,826	44,583	32,834	34,190	26,403	77,976
June 25.....	1,150,175	116,509	283,547	86,652	149,321	40,797	49,034	174,208	45,416	32,329	36,265	25,186	110,911
July 30.....	1,153,712	136,866	279,139	105,697	151,473	37,561	47,218	157,137	44,719	31,309	35,202	27,160	100,231
Aug. 27.....	1,154,684	128,392	275,950	116,899	150,744	42,768	48,109	166,067	45,537	31,057	38,078	25,997	85,086
Sept. 24.....	1,211,619	156,823	267,490	124,322	141,583	45,972	52,624	190,791	47,307	27,671	39,817	30,584	86,635
Oct. 29.....	1,175,118	130,705	262,733	116,778	142,065	41,604	64,668	176,381	48,816	26,851	41,320	28,560	94,637
Nov. 26.....	1,197,681	123,356	249,032	122,191	161,358	46,980	61,184	188,100	48,068	26,290	39,921	22,982	108,219
Dec. 30.....	1,276,214	135,357	254,575	132,916	177,694	53,917	60,836	198,554	49,668	25,905	41,248	26,484	119,000

**No. 2.**—Federal Reserve notes outstanding, held by each bank, and in actual circulation, also gold and eligible paper pledged as collateral for outstanding notes—Continued.

MONTHLY FIGURES FOR 1920—Continued.  
[In thousands of dollars.]

	Total.	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.
Collateral pledged as security for out- standing Federal Reserve notes—Con. Eligible paper—													
Jan. 30.....	2,647,947	212,529	951,245	155,901	210,819	101,972	108,953	385,610	104,222	60,075	95,847	63,548	197,226
Feb. 27.....	2,930,572	196,503	1,082,151	193,620	242,582	111,999	119,230	442,176	116,519	60,356	105,375	73,598	186,463
Mar. 26.....	2,837,877	213,654	1,010,206	188,671	240,252	106,883	107,317	466,833	118,832	58,873	107,193	57,134	162,029
Apr. 30.....	2,856,705	185,668	1,014,607	176,719	228,303	100,619	121,533	479,036	113,683	64,284	111,086	75,520	185,647
May 28.....	2,865,104	204,576	981,794	184,213	223,725	105,945	122,202	482,837	113,540	67,154	113,253	75,046	190,819
June 25.....	2,788,397	179,399	968,861	175,059	225,563	104,064	118,673	481,513	110,311	68,367	112,218	73,880	170,489
July 30.....	2,777,081	178,482	962,514	161,189	208,023	108,845	117,655	484,125	110,228	72,614	112,212	72,733	188,461
Aug. 27.....	2,893,442	205,662	988,671	165,319	258,073	106,077	121,068	479,553	114,519	64,609	113,603	74,203	202,085
Sept. 24.....	2,932,892	214,111	916,037	182,213	269,189	117,130	124,369	512,459	117,961	69,003	110,041	77,161	223,218
Oct. 29.....	3,000,646	223,102	992,700	173,166	252,870	116,270	142,894	508,005	121,883	69,856	117,816	78,708	203,376
Nov. 26.....	2,889,634	195,221	942,464	170,083	233,970	115,830	139,416	506,506	121,287	64,438	115,445	77,355	207,619
Dec. 30.....	2,893,005	198,075	983,486	168,369	224,550	117,175	135,373	501,419	115,206	69,233	112,931	69,132	198,056

**No. 3.—Collateral (gold and eligible paper) pledged with Federal Reserve Agents as security for Federal Reserve notes outstanding and gold available as reserve against notes in circulation.**

**WEEKLY FIGURES FOR 1920.**

[In thousands of dollars.]

Date.	Federal Reserve notes outstanding.									Federal Reserve notes held by issuing bank.	Federal Reserve notes in circulation.		
	Amount.	Collateral pledged as security.									Amount.	Gold available as reserve against notes after setting aside a reserve of 35 per cent against net deposits.	
		Total.	Gold and gold certificates.				Eligible paper.					Amount.	Per cent.
			Total.	In vault.	In redemption fund—United States Treasury.	In settlement fund—Federal Reserve Board.	Total.	Amount required.	Excess amount pledged.				
1920.													
Jan. 2	3,291,342	3,936,258	1,205,596	244,148	101,120	860,328	2,730,662	2,085,746	644,916	292,350	2,998,992	1,473,376	49.1
9	3,244,314	3,800,057	1,209,508	248,148	105,786	855,574	2,590,549	2,034,806	555,743	329,946	2,914,368	1,501,537	51.5
16	3,177,290	3,750,985	1,136,326	242,148	96,105	798,073	2,614,659	2,040,964	573,695	327,411	2,849,879	1,467,610	51.5
23	3,146,156	3,794,071	1,126,261	246,148	91,979	788,134	2,667,810	2,019,895	647,915	301,929	2,844,227	1,451,651	51.0
30	3,130,783	3,767,373	1,119,426	240,148	93,167	786,111	2,647,947	2,011,357	636,590	279,839	2,850,944	1,441,659	50.6
Feb. 6	3,139,652	3,806,688	1,116,427	240,148	102,742	773,537	2,690,261	2,023,225	667,036	247,877	2,891,775	1,436,723	49.7
13	3,187,974	3,882,933	1,121,757	244,148	97,579	780,030	2,761,176	2,066,217	694,959	228,887	2,959,087	1,426,977	48.2
20	3,221,789	3,984,956	1,150,798	241,148	102,890	806,760	2,834,158	2,070,991	763,167	244,665	2,977,124	1,410,411	47.4
27	3,254,806	4,076,051	1,145,479	246,148	97,804	801,527	2,930,572	2,109,327	821,245	234,822	3,019,984	1,423,613	47.1
Mar. 5	3,270,721	3,999,144	1,138,690	255,151	97,788	785,751	2,860,454	2,132,031	728,423	240,711	3,030,010	1,427,292	47.1
12	3,281,343	4,015,970	1,142,576	250,151	99,672	792,753	2,873,394	2,138,767	734,627	241,593	3,039,750	1,427,391	47.0
19	3,292,819	3,773,138	1,161,695	251,051	98,662	811,982	2,611,443	2,131,124	480,319	245,686	3,047,133	1,469,515	48.2
26	3,289,312	4,024,706	1,186,829	254,621	104,227	827,981	2,837,877	2,102,483	735,394	241,273	3,048,039	1,436,639	47.1

FEDERAL RESERVE NOTES.

**No. 3.—Collateral (gold and eligible paper) pledged with Federal Reserve Agents as security for Federal Reserve notes outstanding and gold available as reserve against notes in circulation—Continued.**

WEEKLY FIGURES FOR 1920—Continued.

[In thousands of dollars.]

Date.	Federal Reserve notes outstanding.									Federal Reserve notes held by issuing banks.	Federal Reserve notes in circulation.		
	Amount.	Collateral pledged as security.							Amount.		Gold available as reserve against notes after setting aside a reserve of 35 per cent against net deposits.		
		Total.	Gold and gold certificates.				Eligible paper.				Amount.	Per cent.	
			Total.	In vault.	In redemption fund—United States Treasury.	In settlement fund—Federal Reserve Board.	Total.	Amount required.					Excess amount pledged.
1920.													
Apr. 2.....	3,307,064	3,917,208	1,169,137	254,901	97,766	816,470	2,748,071	2,137,927	610,144	229,741	3,077,323	1,459,434	47.4
9.....	3,327,614	3,889,090	1,173,125	254,531	112,194	806,400	2,715,965	2,154,489	561,476	247,397	3,080,217	1,477,557	48.0
16.....	3,326,948	3,919,089	1,170,313	253,031	110,884	806,398	2,748,776	2,156,635	592,141	253,255	3,073,693	1,474,295	48.0
23.....	3,335,140	3,965,752	1,150,658	253,931	102,190	794,532	2,815,094	2,184,482	630,612	266,833	3,068,307	1,462,813	47.7
30.....	3,326,186	3,994,633	1,137,928	255,032	97,417	785,479	2,856,705	2,188,258	668,447	251,631	3,074,555	1,436,309	46.7
May 7.....	3,340,477	3,975,383	1,121,311	257,692	92,979	770,640	2,854,072	2,219,166	634,906	248,133	3,092,344	1,455,082	47.1
14.....	3,344,705	4,012,767	1,115,902	257,793	97,369	760,740	2,896,865	2,228,803	668,062	261,471	3,083,234	1,434,619	46.5
21.....	3,354,194	3,959,944	1,098,823	257,802	107,846	733,175	2,861,121	2,255,371	605,750	268,992	3,085,202	1,455,005	47.2
28.....	3,359,493	3,977,144	1,112,040	258,352	106,675	747,013	2,865,104	2,247,453	617,651	252,472	3,107,021	1,464,442	47.1
June 4.....	3,377,189	4,019,537	1,110,804	258,552	108,698	743,614	2,908,673	2,266,325	642,348	249,898	3,127,291	1,466,429	46.9
11.....	3,376,028	3,966,687	1,103,751	258,552	108,897	736,302	2,862,936	2,272,277	590,659	263,823	3,112,205	1,479,894	47.6
18.....	3,375,826	3,802,636	1,161,784	261,227	113,987	786,570	2,640,852	2,214,042	426,810	271,016	3,104,810	1,534,739	49.4
25.....	3,396,168	3,938,572	1,150,175	259,226	113,081	777,868	2,788,397	2,245,993	542,404	279,450	3,116,718	1,505,827	48.3

July	2	3,419,457	4,031,234	1,146,944	259,226	110,637	777,081	2,884,290	2,272,513	611,777	250,643	3,168,814	1,494,902	47.2
	9	3,454,488	4,000,694	1,145,102	259,226	116,285	769,591	2,855,592	2,309,386	546,206	273,540	3,180,948	1,510,437	47.5
	16	3,450,964	3,918,568	1,152,875	259,226	111,695	781,954	2,765,693	2,298,089	467,604	315,071	3,135,893	1,528,617	48.7
	23	3,434,186	3,897,225	1,160,215	259,226	107,700	793,289	2,737,010	2,273,971	463,039	315,981	3,118,205	1,544,036	49.5
	30	3,425,788	3,930,793	1,153,712	259,226	111,633	782,853	2,777,081	2,272,076	505,005	305,650	3,120,138	1,534,604	49.2
Aug.	6	3,438,500	3,968,829	1,150,343	259,226	117,784	773,333	2,818,486	2,288,157	530,329	296,639	3,141,861	1,537,273	48.9
	13	3,450,969	3,970,513	1,164,562	260,226	117,943	786,393	2,805,951	2,286,407	519,544	281,788	3,169,181	1,540,528	48.6
	20	3,462,875	4,024,752	1,164,264	260,226	118,254	785,784	2,860,488	2,298,611	561,877	288,150	3,174,725	1,526,026	48.1
	27	3,471,731	4,048,126	1,154,684	260,226	114,531	779,927	2,893,442	2,317,047	576,395	268,094	3,203,637	1,526,576	47.7
Sept.	3	3,501,897	4,094,622	1,132,219	274,225	112,797	745,197	2,962,403	2,369,678	592,725	258,627	3,243,270	1,510,676	46.6
	10	3,549,041	4,046,711	1,147,239	274,225	117,269	755,745	2,899,472	2,401,802	497,670	253,856	3,295,185	1,543,451	46.8
	17	3,581,625	3,970,603	1,237,942	279,226	115,600	843,116	2,732,661	2,343,683	388,978	291,944	3,289,681	1,580,745	48.1
	24	3,586,497	4,144,511	1,211,619	279,226	113,543	818,850	2,932,892	2,374,878	558,014	306,501	3,279,996	1,571,132	47.9
Oct.	1	3,603,149	4,101,512	1,180,393	279,225	107,198	793,970	2,921,119	2,422,756	498,363	298,459	3,304,690	1,589,152	48.1
	8	3,625,726	4,169,552	1,142,412	279,276	115,081	748,055	3,027,140	2,483,314	543,826	303,603	3,322,123	1,559,705	46.9
	15	3,642,707	4,165,650	1,169,088	280,276	108,629	780,133	2,996,612	2,473,669	522,943	289,436	3,353,271	1,561,965	46.6
	22	3,663,725	4,174,146	1,203,246	279,776	113,271	810,193	2,970,906	2,460,485	510,421	307,526	3,356,199	1,588,644	47.3
	29	3,666,170	4,175,704	1,175,118	277,776	107,222	790,120	3,000,646	2,491,052	509,594	314,867	3,351,303	1,581,943	47.2
Nov.	5	3,659,448	4,200,892	1,152,346	277,776	119,101	755,469	3,048,546	2,507,102	541,444	305,208	3,354,180	1,576,505	47.0
	12	3,660,033	4,151,952	1,177,689	276,776	118,103	782,810	2,974,263	2,482,344	491,919	331,048	3,328,985	1,593,844	47.9
	19	3,657,488	4,065,647	1,205,746	276,756	119,624	809,366	2,859,901	2,451,742	408,159	350,053	3,307,435	1,608,769	48.6
	26	3,653,281	4,087,315	1,197,681	276,256	109,357	812,068	2,889,634	2,455,600	434,034	327,743	3,325,538	1,627,036	48.9
Dec.	3	3,664,949	4,124,046	1,194,204	267,726	123,884	802,594	2,929,842	2,470,745	459,097	352,910	3,312,039	1,614,655	48.8
	10	3,677,562	4,109,167	1,210,563	267,426	116,821	826,316	2,898,604	2,466,999	431,605	365,720	3,311,842	1,630,602	49.2
	17	3,682,755	4,016,391	1,269,725	266,426	118,075	885,224	2,746,666	2,413,030	333,626	338,423	3,344,332	1,682,559	50.3
	23	3,755,246	4,145,500	1,253,492	266,426	109,356	877,720	2,892,008	2,501,754	390,254	350,315	3,404,931	1,694,481	49.8
	30	3,738,880	4,169,219	1,276,214	264,926	118,596	892,692	2,893,005	2,462,666	430,339	394,194	3,344,686	1,687,696	50.5

**No. 4.**—Federal Reserve notes of each denomination printed, shipped to Federal Reserve Agents and United States subtreasuries since organization of banks, and on hand in Washington on Dec. 31, 1920.

[In thousands of dollars.]

PRINTED.

Federal Reserve Bank.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Five hundreds.	Thousands.	Five thousands.	Ten thousands.	Total.
Boston.....	154,620	302,760	247,440	47,800	34,000	8,800	39,200	14,000	20,000	868,620
New York.....	507,640	835,120	654,160	170,600	244,000	44,800	121,600	26,000	56,000	2,659,920
Philadelphia.....	144,720	217,520	288,800	57,400	46,400	11,600	14,800	10,000	24,000	815,240
Cleveland.....	106,500	171,680	325,120	134,200	39,600	5,400	6,000	4,000	8,000	800,500
Richmond.....	88,900	126,680	146,080	41,800	31,600	11,600	13,200	8,000	8,000	475,860
Atlanta.....	95,500	136,640	180,960	25,600	29,600	6,800	14,800	2,000	4,000	495,900
Chicago.....	230,040	411,160	525,520	109,600	69,600	15,000	22,400	10,000	8,000	1,401,320
St. Louis.....	118,200	146,520	147,920	21,800	11,600	5,000	6,000	4,000	8,000	469,040
Minneapolis.....	66,040	74,800	69,360	4,600	6,400	1,600	7,200	.....	.....	230,000
Kansas City.....	97,820	91,920	107,280	11,200	12,000	4,000	4,000	.....	.....	328,220
Dallas.....	59,940	81,960	82,400	9,800	9,600	3,000	6,000	6,000	12,000	270,700
San Francisco.....	127,120	134,680	246,560	36,400	50,000	11,000	17,200	12,000	12,000	646,960
<b>Total.....</b>	<b>1,797,040</b>	<b>2,731,440</b>	<b>3,021,600</b>	<b>670,800</b>	<b>584,400</b>	<b>128,600</b>	<b>272,400</b>	<b>96,000</b>	<b>160,000</b>	<b>9,462,280</b>

SHIPPED.

Boston.....	147,000	285,000	233,600	32,200	32,800	2,800	15,600	4,000	8,000	761,000
New York.....	490,800	809,520	617,360	160,000	209,600	28,000	82,800	6,000	16,000	2,420,080
Philadelphia.....	138,260	202,000	273,920	51,400	36,800	1,600	4,800	.....	.....	708,780
Cleveland.....	94,620	156,800	300,880	128,800	38,800	3,600	4,400	2,000	4,000	733,900
Richmond.....	85,560	113,680	137,440	39,200	24,000	1,600	3,200	2,000	4,000	410,680
Atlanta.....	87,140	125,280	165,440	20,200	23,600	6,800	8,800	.....	.....	437,260
Chicago.....	213,820	388,240	495,600	99,000	56,800	7,800	13,200	4,000	.....	1,278,460

St. Louis.....	104,840	128,840	130,720	18,400	11,200	1,800	3,200	2,000	4,000	405,000
Minneapolis.....	55,200	63,880	58,640	3,000	5,200	600	1,600	.....	.....	188,120
Kansas City.....	88,700	84,080	94,480	9,200	10,400	1,000	1,200	.....	.....	289,060
Dallas.....	48,180	72,880	70,720	7,200	6,800	800	2,000	.....	.....	208,580
San Francisco.....	118,360	128,040	238,720	34,800	49,200	7,000	12,800	6,000	8,000	602,920
<b>Total.....</b>	<b>1,672,480</b>	<b>2,558,240</b>	<b>2,817,520</b>	<b>603,400</b>	<b>505,200</b>	<b>63,400</b>	<b>153,600</b>	<b>26,000</b>	<b>44,000</b>	<b>8,443,840</b>

ON HAND.

Boston.....	7,620	17,760	13,840	15,600	1,200	6,000	23,600	10,000	12,000	107,620
New York.....	16,840	25,600	36,800	10,600	34,400	16,800	38,800	20,000	40,000	239,840
Philadelphia.....	6,460	15,520	14,880	6,000	9,600	10,000	10,000	10,000	24,000	106,460
Cleveland.....	11,880	14,880	24,240	5,400	800	1,800	1,600	2,000	4,000	66,600
Richmond.....	3,340	13,000	8,640	2,600	7,600	10,000	10,000	6,000	4,000	65,180
Atlanta.....	8,360	11,360	15,520	5,400	6,000	.....	6,000	2,000	4,000	58,640
Chicago.....	16,220	22,920	29,920	10,600	12,800	7,200	9,200	6,000	8,000	122,860
St. Louis.....	13,360	17,680	17,200	3,400	400	3,200	2,800	2,000	4,000	64,040
Minneapolis.....	10,840	10,920	10,720	1,600	1,200	1,000	5,600	.....	.....	41,880
Kansas City.....	9,120	7,840	12,800	2,000	1,600	3,000	2,800	.....	.....	39,160
Dallas.....	11,760	9,080	11,680	2,600	2,800	2,200	4,000	6,000	12,000	62,120
San Francisco.....	8,760	6,640	7,840	1,600	800	4,000	4,400	6,000	4,000	44,040
<b>Total.....</b>	<b>124,560</b>	<b>173,200</b>	<b>204,080</b>	<b>67,400</b>	<b>79,200</b>	<b>65,200</b>	<b>118,800</b>	<b>70,000</b>	<b>116,000</b>	<b>1,018,440</b>

RECAPITULATION.

Total printed.....	1,797,040	2,731,440	3,021,600	670,800	584,400	128,600	272,400	96,000	160,000	9,462,280
Total shipped.....	1,672,480	2,558,240	2,817,520	603,400	505,200	63,400	153,600	26,000	44,000	8,443,840
<b>Total on hand.....</b>	<b>124,560</b>	<b>173,200</b>	<b>204,080</b>	<b>67,400</b>	<b>79,200</b>	<b>65,200</b>	<b>118,800</b>	<b>70,000</b>	<b>116,000</b>	<b>1,018,440</b>



**No. 5.**—Federal Reserve notes of each denomination issued by Federal Reserve Agents to Federal Reserve Banks, and amounts retired by Federal Reserve Agents since organization of banks, also amounts outstanding Dec. 31, 1920.

[In thousands of dollars.]

ISSUED.

Federal Reserve Bank.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Five hundreds.	Thousands.	Five thousands.	Ten thousands.	Total.
Boston.....	135,007	267,006	201,008	28,002	27,602	1,400	15,000	900	2,000	677,925
New York.....	477,890	777,608	604,198	154,003	197,614	23,000	72,800	2,000	8,000	2,317,113
Philadelphia.....	130,183	195,815	276,860	45,290	29,550	800	3,600	.....	.....	682,098
Cleveland.....	93,185	155,850	300,760	126,800	35,450	1,800	2,600	400	600	717,445
Richmond.....	111,184	155,147	189,740	52,287	34,222	882	4,750	550	1,170	549,932
Atlanta.....	119,283	167,383	227,795	23,689	30,047	8,920	13,850	.....	.....	590,967
Chicago.....	206,110	364,500	462,801	78,600	40,400	6,000	11,200	4,000	.....	1,173,611
St. Louis.....	108,533	134,423	140,672	19,250	12,400	1,100	2,240	300	450	419,368
Minneapolis.....	58,067	71,890	63,235	2,955	4,500	340	1,705	.....	.....	202,692
Kansas City.....	86,584	85,090	100,354	11,700	8,570	700	800	.....	.....	293,798
Dallas.....	48,705	88,201	83,929	9,445	11,590	430	1,815	.....	.....	244,115
San Francisco.....	120,780	128,480	244,060	32,200	48,700	4,600	12,500	11,550	17,230	620,100
Total.....	1,695,511	2,591,393	2,895,412	584,221	480,645	49,972	142,860	19,700	29,450	8,489,164

RETIRED.

Boston.....	92,690	161,461	87,459	12,260	11,225	432	9,289	515	1,040	376,371
New York.....	332,350	489,306	300,419	66,656	83,464	1,868	6,251	15	430	1,280,759
Philadelphia.....	87,445	128,449	151,892	13,324	8,990	81	618	.....	.....	390,799
Cleveland.....	56,861	90,832	139,761	43,024	8,123	57	89	5	.....	338,752
Richmond.....	81,417	114,292	130,939	33,086	23,418	632	3,504	500	1,110	388,898
Atlanta.....	88,541	125,088	156,513	13,206	14,395	5,457	8,007	.....	.....	411,207
Chicago.....	125,436	186,220	191,748	28,216	7,331	167	256	.....	.....	539,374

St. Louis.....	75,798	89,755	81,656	9,594	6,105	192	517	150	210	263,977
Minneapolis.....	41,269	46,733	30,309	1,105	1,359	11	520			121,306
Kansas City.....	60,010	53,730	52,389	7,520	1,990	19	15			175,673
Dallas.....	32,962	62,214	51,427	4,979	6,818	41	920			159,361
San Francisco.....	75,360	71,808	112,177	10,212	13,146	857	2,611	7,555	13,230	306,956
<b>Total.....</b>	<b>1,150,139</b>	<b>1,619,888</b>	<b>1,486,689</b>	<b>243,182</b>	<b>186,364</b>	<b>9,814</b>	<b>32,597</b>	<b>8,740</b>	<b>16,020</b>	<b>4,753,433</b>

OUTSTANDING.

Boston.....	42,317	105,545	113,549	15,742	16,377	968	5,711	385	960	301,554
New York.....	145,540	288,302	303,779	87,347	114,150	21,132	66,549	1,985	7,570	1,036,354
Philadelphia.....	42,738	67,366	124,968	31,966	20,560	719	2,982			291,299
Cleveland.....	36,324	65,018	160,999	83,776	27,327	1,743	2,511	395	600	378,693
Richmond.....	29,767	40,855	58,801	19,201	10,804	250	1,246	50	60	161,034
Atlanta.....	30,742	42,295	71,282	10,483	15,652	3,463	5,843			179,760
Chicago.....	80,674	178,280	271,053	50,384	33,069	5,833	10,944	4,000		634,237
St. Louis.....	32,735	44,668	59,016	9,656	6,295	908	1,723	150	240	155,391
Minneapolis.....	16,798	25,157	32,926	1,850	3,141	329	1,185			81,386
Kansas City.....	26,574	31,360	47,965	4,180	6,580	681	785			118,125
Dallas.....	15,743	25,987	32,502	4,466	4,772	389	895			84,754
San Francisco.....	45,420	56,672	131,883	21,988	35,554	3,743	9,889	3,995	4,000	313,144
<b>Total.....</b>	<b>545,372</b>	<b>971,505</b>	<b>1,408,723</b>	<b>341,039</b>	<b>294,281</b>	<b>40,158</b>	<b>110,263</b>	<b>10,960</b>	<b>13,430</b>	<b>3,735,731</b>

RECAPITULATION.

<b>Total issued.....</b>	<b>1,695,511</b>	<b>2,591,393</b>	<b>2,895,412</b>	<b>584,221</b>	<b>480,645</b>	<b>49,972</b>	<b>142,860</b>	<b>19,700</b>	<b>29,450</b>	<b>8,499,164</b>
<b>Total retired.....</b>	<b>1,150,139</b>	<b>1,619,888</b>	<b>1,486,689</b>	<b>243,182</b>	<b>186,364</b>	<b>9,814</b>	<b>32,597</b>	<b>8,740</b>	<b>16,020</b>	<b>4,753,433</b>
<b>Total outstanding.....</b>	<b>545,372</b>	<b>971,505</b>	<b>1,408,723</b>	<b>341,039</b>	<b>294,281</b>	<b>40,158</b>	<b>110,263</b>	<b>10,960</b>	<b>13,430</b>	<b>3,735,731</b>

No. 6.—Federal Reserve notes issued and redeemed by each Federal Reserve Agent, by months during 1920.

[In thousands of dollars.]

Month.	Total outstanding at beginning of each month in 1920.	Total.		Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.	
		Issued.	Re-deemed.	Issued.	Re-deemed.	Issued.	Re-deemed.	Issued.	Re-deemed.	Issued.	Re-deemed.	Issued.	Re-deemed.	Issued.	Re-deemed.
January.....	3,295,789	100,359	270,263	8,160	16,913	16,480	57,858	9,700	25,423	9,940	24,729	2,479	19,400	8,045	21,805
February.....	3,125,885	258,110	128,782	27,820	8,792	47,620	23,734	34,320	10,826	36,700	10,276	9,910	10,436	15,330	9,933
March.....	3,255,213	168,740	124,888	21,600	10,040	32,100	13,673	11,020	8,593	21,560	10,842	8,070	11,851	15,090	16,312
April.....	3,299,065	165,415	138,292	11,100	12,594	25,280	21,977	8,500	9,763	27,650	13,333	14,500	14,473	16,350	14,227
May.....	3,326,188	146,710	115,110	18,200	10,784	34,160	15,126	8,200	7,254	12,630	10,124	6,860	13,284	10,770	14,467
June.....	3,357,788	179,290	131,201	24,600	13,862	36,760	16,700	11,080	9,786	17,500	12,427	16,360	11,294	11,330	15,664
July.....	3,405,877	158,525	141,102	15,300	12,845	26,560	28,429	14,500	8,882	16,450	12,866	15,800	13,467	10,010	11,316
August.....	3,423,300	195,835	133,870	23,300	11,242	12,800	22,203	26,200	8,956	27,885	10,893	22,815	14,498	16,615	13,662
September.....	3,485,265	220,505	111,861	28,300	12,097	19,280	16,965	12,200	9,330	27,865	8,452	20,500	13,405	16,635	12,190
October.....	3,593,909	195,825	126,217	6,000	17,593	31,260	19,303	9,600	10,127	12,700	10,685	18,100	13,549	43,075	10,313
November.....	3,663,517	155,875	155,862	17,400	22,460	35,000	17,746	13,800	10,442	12,300	12,677	13,700	14,222	13,560	20,352
December.....	3,663,530	270,065	197,864	23,900	29,622	55,780	22,728	18,300	14,635	25,820	16,805	29,910	19,796	19,225	16,142
Total, 1920.....		2,215,254	1,775,312	225,680	178,844	373,080	276,442	177,420	134,017	249,000	154,109	179,004	169,675	196,035	176,383
1919.....		2,482,515	2,046,570	225,500	139,768	753,120	632,420	195,660	189,635	163,565	146,283	162,777	162,070	183,598	147,110
Outstanding Jan. 1, 1921.....		3,735,731		301,554		1,036,354		291,299		378,693		161,034		179,760	
Jan. 1, 1920.....		3,295,789		254,718		939,716		247,896		283,802		151,705		160,108	
Jan. 1, 1919.....		2,859,844		168,986		819,016		241,871		266,520		150,998		123,620	

No. 6.—Federal Reserve notes issued and redeemed by each Federal Reserve Agent, by months, during 1920—Continued.

[In thousands of dollars.]

45525°-21-9

Month.	Chicago.		St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.	
	Issued.	Re-deemed.	Issued.	Re-deemed.	Issued.	Re-deemed.	Issued.	Re-deemed.	Issued.	Re-deemed.	Issued.	Re-deemed.
January.....	23,600	47,246	3,650	15,211	1,360	6,318	3,730	8,028	3,255	6,365	9,960	20,967
February.....	53,120	22,769	11,660	8,947	3,200	3,298	7,160	5,699	7,710	2,964	3,560	11,108
March.....	27,670	20,579	7,020	9,643	3,400	3,581	4,610	5,114	5,520	4,066	11,080	10,594
April.....	33,280	15,804	6,540	10,365	2,875	3,563	3,100	5,982	6,580	4,829	9,660	11,382
May.....	26,720	13,777	6,260	9,436	1,600	3,081	2,860	4,551	7,690	5,511	10,760	7,765
June.....	24,500	18,351	8,060	9,896	1,200	3,422	5,170	4,755	5,500	5,424	17,230	9,620
July.....	20,280	14,619	9,180	8,842	3,130	4,265	7,490	5,287	2,865	5,920	16,960	14,364
August.....	21,620	16,378	13,500	9,856	3,420	3,617	9,260	5,170	5,760	5,120	12,660	12,275
September.....	33,280	10,957	11,320	7,476	8,135	2,416	8,060	4,279	13,050	3,798	21,880	10,496
October.....	26,540	12,983	12,080	9,056	4,435	3,310	8,810	4,625	7,305	4,658	15,920	10,015
November.....	17,720	20,475	7,580	8,006	2,595	3,311	2,670	5,804	170	7,460	19,380	12,907
December.....	37,000	32,614	9,620	9,064	4,100	6,375	9,650	5,706	3,840	7,020	32,920	17,357
Total, 1920.....	345,330	246,552	106,470	115,798	39,450	46,507	72,570	65,000	69,245	63,135	181,970	148,850
1919.....	324,320	239,799	134,025	98,426	39,990	50,272	57,900	67,662	55,730	37,581	186,330	135,544
Outstanding Jan. 1, 1921.....	634,237		155,391		81,386		118,125		84,754		313,144	
Jan. 1, 1920.....	535,459		164,719		88,443		110,555		78,644		280,024	
Jan. 1, 1919.....	450,938		129,120		98,725		120,317		60,495		229,238	

FEDERAL RESERVE NOTES.

**No. 7.**—*Mutilated Federal Reserve notes of each denomination received, and destroyed by the Comptroller of the Currency from organization of banks to Dec. 31, 1920.*

[In thousands of dollars.]

Federal Reserve Bank.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Five hundreds.	Thousands.	Five thousands.	Ten thousands.	Total.
Boston.....	88,258	152,645	78,494	8,083	7,250	135	2,794	15	40	337,714
New York.....	322,290	483,274	289,585	62,651	55,468	1,871	6,272	15	430	1,221,856
Philadelphia.....	83,301	121,290	136,948	13,237	8,643	81	618	.....	.....	364,118
Cleveland.....	55,081	85,405	133,250	38,078	5,472	58	90	5	.....	317,439
Richmond.....	54,466	70,917	75,205	16,948	6,393	33	256	.....	10	224,228
Atlanta.....	47,655	63,034	62,555	3,250	1,938	7	63	.....	.....	178,502
Chicago.....	121,319	179,156	182,146	27,873	7,290	167	258	.....	.....	518,209
St. Louis.....	68,083	80,216	68,833	5,729	2,105	91	177	.....	10	225,244
Minneapolis.....	35,872	36,620	22,533	717	851	6	25	.....	.....	96,624
Kansas City.....	56,085	46,962	40,822	1,576	1,502	19	15	.....	.....	146,981
Dallas.....	26,906	37,028	30,637	2,068	1,182	21	186	.....	.....	98,028
San Francisco.....	70,716	67,836	100,424	6,797	6,837	58	111	5	.....	252,784
Total received.....	1,030,032	1,424,383	1,221,432	187,007	104,931	2,547	10,865	40	490	3,981,727
Total destroyed.....	1,021,770	1,413,186	1,211,867	184,789	103,451	2,516	10,748	40	480	3,948,847
Balance on hand.....	8,262	11,197	9,565	2,218	1,480	31	117	.....	10	32,880

NOTE.—During 1920 burned, badly mutilated, and fractional parts of Federal Reserve notes, amounting to \$36,815, have been identified and valued and the bank of issue determined.

**No. 8.—Federal Reserve notes of each denomination issued and redeemed by Federal Reserve Agents during 1920 and 1919, and amounts outstanding Dec. 31, 1920, 1919, 1918, and 1917.**

[In thousands of dollars.]

Denomination.	1920		1919		Outstanding Dec. 31.			
	Issued.	Redeemed.	Issued.	Redeemed.	1920	1919	1918	1917
\$5.....	431,450	401,856	527,665	452,728	545,372	515,778	440,841	220,086
\$10.....	568,800	566,580	807,561	708,838	971,505	969,285	870,562	467,945
\$20.....	779,060	590,996	796,030	690,313	1,408,723	1,220,659	1,114,942	461,837
\$50.....	184,240	101,432	155,588	107,802	341,039	258,231	210,445	91,532
\$100.....	120,755	61,606	92,639	72,561	294,281	235,132	215,054	109,274
\$500.....	27,214	8,211	22,758	1,603	40,158	21,155	.....	.....
\$1,000.....	78,905	26,976	55,955	5,621	110,263	58,334	8,000	.....
\$5,000.....	10,700	6,335	9,000	2,405	10,960	6,595	.....	.....
\$10,000.....	14,130	11,320	15,320	4,700	13,430	10,620	.....	.....
Total.....	2,215,254	1,775,312	2,482,516	2,046,571	3,735,731	3,295,789	2,859,844	1,350,624

**No. 9.—Federal Reserve Agents' statements of Federal Reserve notes for 1920.**

[In thousands of dollars.]

RECEIVED BY FEDERAL RESERVE AGENTS FROM COMPTROLLER OF THE CURRENCY.

Federal Reserve agent at—	Total.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Five hundreds.	Thousands.	Five thousands.	Ten thousands.
Boston.....	284,700	49,500	86,000	105,600	13,200	14,800	400	9,200	2,000	4,000
New York.....	419,080	67,600	122,960	109,920	37,000	32,000	9,200	36,400	.....	4,000
Philadelphia.....	169,800	41,560	41,720	59,520	17,200	6,800	600	2,400	.....	.....
Cleveland.....	243,900	34,260	48,520	97,920	46,200	15,200	600	1,200	.....	.....
Richmond.....	104,820	27,500	27,640	33,680	10,800	4,400	.....	800	.....	.....

No. 9.—Federal Reserve Agents' statements of Federal Reserve notes for 1920—Continued.

[In thousands of dollars.]

RECEIVED BY FEDERAL RESERVE AGENTS FROM COMPTROLLER OF THE CURRENCY—Continued.

Federal Reserve agent at—	Total.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Five hundreds.	Thousands.	Five thousands.	Ten thousands.
Atlanta.....	120,680	22,840	22,560	44,080	7,400	9,200	6,600	8,000	.....	.....
Chicago.....	443,740	63,900	115,960	173,280	45,800	30,000	5,600	7,200	2,000	.....
St. Louis.....	105,400	33,960	32,640	29,600	4,400	2,800	800	1,200	.....	.....
Minneapolis.....	36,040	11,320	8,480	13,440	600	1,600	200	400	.....	.....
Kansas City.....	66,240	21,120	16,640	25,280	800	2,000	400	.....	.....	.....
Dallas.....	53,260	10,500	21,960	16,000	1,200	2,000	400	1,200	.....	.....
San Francisco.....	193,000	40,920	37,120	66,160	13,200	15,600	4,800	7,200	4,000	4,000
Total.....	2,240,660	424,980	582,200	774,480	197,800	136,400	29,600	75,200	8,000	12,000

RETURNED BY FEDERAL RESERVE AGENTS TO THE COMPTROLLER OF THE CURRENCY FOR DESTRUCTION.

Boston.....	144,364	33,391	63,663	36,991	4,001	3,407	122	2,734	15	40
New York.....	276,442	61,215	99,256	68,241	22,419	19,499	1,519	3,898	15	380
Philadelphia.....	122,157	28,524	38,828	44,242	5,721	4,201	77	564	.....	.....
Cleveland.....	143,409	25,478	37,448	58,997	18,595	2,764	52	70	5	.....
Richmond.....	94,300	21,955	29,419	32,125	7,463	3,100	26	202	.....	10
Atlanta.....	85,493	21,292	29,052	32,168	1,873	1,039	7	62	.....	.....
Chicago.....	231,442	53,604	73,905	84,221	15,282	4,060	151	219	.....	.....
St. Louis.....	112,448	35,371	37,611	34,864	3,131	1,201	89	171	.....	10
Minneapolis.....	40,767	14,116	14,960	10,889	342	422	11	27	.....	.....
Kansas City.....	60,640	20,334	19,885	18,858	725	808	16	14	.....	.....
Dallas.....	49,311	12,009	18,289	16,553	1,373	882	20	185	.....	.....
San Francisco.....	124,490	34,066	32,921	50,337	3,519	3,493	54	100	.....	.....
Total.....	1,485,263	361,355	495,237	488,486	84,444	44,876	2,144	8,246	35	440

ISSUED BY FEDERAL RESERVE AGENTS TO FEDERAL RESERVE BANKS.

Boston.....	225,680	41,500	76,760	78,120	9,000	8,400	700	9,700	500	1,000
New York.....	373,080	61,600	88,960	105,920	37,000	32,000	9,200	36,400	.....	2,000
Philadelphia.....	177,420	42,780	44,380	66,460	17,200	4,800	200	1,600	.....	.....
Cleveland.....	249,000	34,540	49,940	96,720	49,000	15,700	1,000	1,600	200	300
Richmond.....	179,004	40,860	46,375	60,770	18,630	9,940	179	2,250	.....	.....
Atlanta.....	196,085	35,530	39,700	74,190	9,480	15,800	8,710	12,625	.....	.....
Chicago.....	345,330	56,070	93,740	140,720	27,800	16,000	3,800	5,200	2,000	.....
St. Louis.....	106,470	32,560	34,560	31,400	4,150	2,100	600	900	100	100
Minneapolis.....	39,450	10,685	13,095	13,310	565	980	110	705	.....	.....
Kansas City.....	72,570	21,680	18,760	27,480	1,850	2,100	400	300	.....	.....
Dallas.....	69,245	14,125	28,210	21,170	1,565	2,535	215	1,425	.....	.....
San Francisco.....	181,970	39,520	34,320	62,800	8,000	10,400	2,100	6,200	7,900	10,730
Total.....	2,215,254	431,450	568,800	779,060	184,240	120,755	27,214	78,965	10,700	14,130

RETURNED TO FEDERAL RESERVE AGENTS BY OR FOR THE ACCOUNT OF FEDERAL RESERVE BANKS.

Boston.....	178,844	37,891	72,663	46,071	6,001	5,007	422	9,234	515	1,040
New York.....	276,442	61,215	99,257	68,241	22,419	19,499	1,518	3,898	15	380
Philadelphia.....	134,017	31,584	42,528	49,342	5,721	4,201	77	564	.....	.....
Cleveland.....	154,109	26,859	40,108	62,357	20,795	3,863	52	70	5	.....
Richmond.....	169,675	35,045	46,864	58,715	16,463	10,300	26	2,202	.....	60
Atlanta.....	176,383	33,992	48,143	72,128	4,123	5,584	5,256	7,157	.....	.....
Chicago.....	246,552	56,454	80,086	90,301	15,282	4,060	150	219	.....	.....
St. Louis.....	115,798	35,851	38,531	35,964	3,531	1,301	89	371	50	110
Minneapolis.....	46,507	14,711	17,255	12,939	462	612	11	517	.....	.....
Kansas City.....	65,000	20,694	21,726	20,978	724	848	16	14	.....	.....
Dallas.....	63,135	12,794	25,898	20,743	1,592	1,238	40	830	.....	.....
San Francisco.....	148,850	34,766	33,521	53,217	4,319	5,093	554	1,900	5,750	9,730
Total.....	1,775,312	401,856	566,580	590,996	101,432	61,606	8,211	26,976	6,335	11,320



No. 9.—Federal Reserve Agents' statements of Federal Reserve notes for 1920—Continued.

[In thousands of dollars.]

SUMMARY.

Federal Reserve notes.	Total.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Five hundreds.	Thousands.	Five thousands.	Ten thousands.
Received from Comptroller.....	2,240,660	424,980	582,200	774,480	197,800	136,400	29,600	75,200	8,000	12,000
Returned to Comptroller.....	1,485,263	361,355	495,237	488,486	84,444	44,876	2,144	8,246	35	440
Excess receipts.....	755,397	63,625	86,963	285,994	113,356	91,524	27,456	66,954	7,965	11,560
Issued to banks.....	2,215,254	431,450	568,800	779,060	184,240	120,755	27,214	78,905	10,700	14,130
Returned by banks.....	1,775,312	401,856	566,580	590,996	101,432	61,606	8,211	26,976	6,335	11,320
Excess issues.....	439,942	29,594	2,220	188,064	82,808	59,149	19,003	51,929	4,365	2,810
Outstanding at beginning of year.....	3,295,789	515,778	969,285	1,220,659	258,231	235,132	21,155	58,334	6,595	10,620
Outstanding at end of year.....	3,735,731	545,372	971,505	1,408,723	341,039	294,281	40,158	110,263	10,960	13,430

No. 10.—Federal Reserve Agents' accounts at close of business, Dec. 31, 1920.

[In thousands of dollars.]

	Total.	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.
<b>RESOURCES.</b>													
Federal Reserve notes on hand.....	638,189	122,180	162,000	25,580	31,080	25,579	60,450	123,160	23,780	9,890	3,820	14,130	36,540
Federal Reserve notes outstanding (issued to bank—net).....	3,735,731	301,554	1,036,354	291,299	378,693	161,034	179,760	634,237	155,391	81,386	118,125	84,754	313,144
Collateral security for Federal Reserve notes outstanding:													
Gold and gold certificates.....	264,926	5,600	209,608	.....	22,775	.....	3,500	.....	6,060	13,052	.....	4,331	.....
Gold redemption fund.....	116,257	19,147	9,968	17,402	19,860	2,699	3,210	10,018	3,746	1,653	3,409	5,919	19,226
Gold settlement fund—F. R. Board.....	896,692	110,000	35,000	121,389	135,000	51,000	54,000	188,144	39,531	11,200	37,360	14,234	99,834
Eligible paper—													
Amount required.....	2,457,856	166,807	781,778	152,508	201,058	107,335	119,050	436,075	106,054	55,481	77,356	60,270	194,084
Excess amount held.....	397,124	27,239	171,388	9,517	25,738	11,600	14,849	64,834	10,026	10,783	34,891	10,673	5,586
Total.....	8,506,775	752,527	2,406,096	617,695	814,204	359,247	434,819	1,456,468	344,588	183,445	274,961	194,311	668,414
<b>LIABILITIES.</b>													
Federal Reserve notes received from Comptroller of the Currency—net amount (liability to Comptroller)...	4,373,920	423,734	1,198,354	316,879	409,773	186,613	240,210	757,397	179,171	91,276	121,945	98,884	349,684
Collateral received from Federal Reserve Bank (liability to bank):													
Gold.....	1,277,875	134,747	254,576	138,791	177,635	53,699	60,710	198,162	49,337	25,905	40,769	24,484	119,060
Eligible paper.....	2,854,980	194,046	953,166	162,025	226,796	118,935	133,899	500,909	116,080	66,264	112,247	70,943	199,670
Total.....	8,506,775	752,527	2,406,096	617,695	814,204	359,247	434,819	1,456,468	344,588	183,445	274,961	194,311	668,414

FEDERAL RESERVE NOTES.

No. 11.—Interdistrict movement of Federal Reserve notes during 1920.

[In thousands of dollars.]

Federal Reserve Bank from which received or to which returned.	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.	
	Re-ceived.	Re-turned.	Re-ceived.	Re-turned.	Re-ceived.	Re-turned.	Re-ceived.	Re-turned.	Re-ceived.	Re-turned.	Re-ceived.	Re-turned.
Boston.....			59,214	72,684	6,893	6,453	4,026	2,298	3,484	3,690	2,925	2,220
New York.....	72,012	59,550			71,720	63,405	54,278	20,088	29,574	16,768	19,780	14,005
Philadelphia.....	6,208	7,049	56,467	77,548			14,117	11,229	11,355	12,487	4,152	3,031
Cleveland.....	2,777	3,996	23,655	54,227	14,319	14,623			8,007	8,818	3,946	6,050
Richmond.....	3,741	3,474	16,953	29,436	12,144	11,809	8,946	6,340			13,037	8,184
Atlanta.....	2,313	2,944	14,149	19,925	3,218	4,159	6,271	3,330	8,621	12,847		
Chicago.....	5,581	6,609	28,409	58,505	6,331	7,433	25,079	19,573	4,333	6,387	6,408	8,280
St. Louis.....	1,478	1,066	8,609	7,963	2,008	1,551	9,269	2,468	2,298	2,161	9,420	12,320
Minneapolis.....	505	807	2,598	5,954	501	639	1,211	1,160	348	644	479	759
Kansas City.....	803	1,126	4,963	7,046	1,010	1,388	2,377	1,873	998	2,444	1,843	1,870
Dallas.....	597	1,466	4,826	7,408	903	1,527	1,505	1,522	825	3,052	4,890	5,401
San Francisco.....	2,277	1,497	12,048	17,908	2,162	1,455	3,487	1,151	1,610	696	2,835	1,217
Total: 1920.....	98,292	89,584	231,891	358,604	121,209	114,442	130,566	71,032	71,453	69,994	69,715	63,337
1919.....	62,719	90,291	235,408	282,083	78,300	94,525	96,675	64,564	70,806	72,911	58,397	54,621
1918.....	21,660	37,932	118,050	118,629	39,531	62,355	40,366	21,249	31,114	26,603	21,108	20,439
1917.....	4,279	12,013	29,997	24,800	8,067	14,961	5,176	2,534	6,450	2,080	6,211	4,650

Federal Reserve Bank from which received or to which returned.	Chicago.		St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.		Total.	
	Re-ceived.	Re-turned.	Re-ceived.	Re-turned.	Re-ceived.	Re-turned.	Re-ceived.	Re-turned.	Re-ceived.	Re-turned.	Re-ceived.	Re-turned.	Re-ceived.	Re-turned.
Boston.....	6,631	5,571	1,070	1,473	805	490	1,162	796	1,467	589	1,579	2,460	89,256	98,724
New York.....	58,740	28,264	8,004	8,641	5,954	2,605	7,040	4,940	7,267	4,424	17,799	12,639	352,168	235,329
Philadelphia.....	7,164	6,529	1,377	2,168	634	504	1,392	1,021	1,627	739	1,338	2,321	105,831	124,626

Cleveland.....	21,777	25,263	3,092	9,380	1,466	1,222	2,390	2,407	1,696	1,393	1,306	3,616	84,431	130,995
Richmond.....	6,530	4,293	2,229	2,276	648	347	2,441	877	3,061	769	712	1,637	70,442	69,442
Atlanta.....	8,976	6,363	12,207	9,451	752	488	1,947	1,873	5,290	4,671	1,247	2,872	64,991	68,923
Chicago.....			14,977	37,721	21,853	10,397	12,458	15,043	3,847	4,431	10,341	14,534	139,617	194,913
St. Louis.....	37,458	14,926			1,899	939	11,463	8,204	8,273	4,559	2,878	2,879	95,053	59,036
Minneapolis.....	16,411	21,833	933	1,907			2,362	3,206	404	591	3,849	5,001	29,601	42,501
Kansas City.....	14,836	12,367	8,109	11,355	3,191	2,396			6,974	6,007	5,933	7,282	51,037	55,154
Dallas.....	4,760	3,832	4,762	8,418	634	439	6,741	7,101			5,645	4,351	36,088	44,517
San Francisco.....	14,288	9,989	2,834	2,880	4,949	3,447	7,247	5,997	4,299	4,610			58,036	50,847
Total: 1920.....	197,571	139,230	59,594	95,670	42,785	29,274	56,643	51,465	44,205	32,783	52,627	59,592	1,176,551	1,175,007
1919.....	149,978	129,606	50,470	75,559	39,607	29,704	51,607	39,802	24,765	18,174	42,391	35,267	961,123	987,107
1918.....	49,708	51,456	15,020	37,558	14,296	9,115	33,604	6,321	11,084	11,855	15,583	5,095	411,124	408,607
1917.....	5,129	15,268	3,345	7,980	5,538	1,351	7,783	1,119	5,765	3,507	4,356	1,843	92,096	92,106

## FEDERAL RESERVE BANK NOTES.

**No. 12.**—*Federal Reserve Bank notes printed, issued, and redeemed by the Comptroller of the Currency since organization of banks, and amounts outstanding and on hand on Dec. 31, 1920.*

[In thousands of dollars.]

### PRINTED.

Federal Reserve Bank.	Ones.	Twos.	Fives.	Tens.	Twenties.	Fifties.	Total.
Boston.....	34,040	18,376	2,200				54,616
New York.....	91,140	24,840	32,000	2,000			149,980
Philadelphia.....	44,308	12,624	8,320	440	240		65,932
Cleveland.....	35,544	8,000	11,780	2,000	2,000		59,324
Richmond.....	23,744	5,008	3,500	400	400		33,052
Atlanta.....	27,712	3,600	6,640	2,320	2,400	2,400	45,072
Chicago.....	56,464	15,976	16,600	3,800	1,600		94,440
St. Louis.....	22,572	5,688	7,620	1,000	480	200	37,560
Minneapolis.....	12,848	2,944	5,460	2,680			23,932
Kansas City.....	18,092	4,136	14,360	5,040	3,600		45,228
Dallas.....	15,872	3,080	4,140	2,400	2,000		27,492
San Francisco.....	17,892	4,768	7,660	1,960	1,360		33,640
Total.....	400,228	109,040	120,280	24,040	14,080	2,600	670,268

### ISSUED.

Boston.....	33,796	17,624	2,180				53,600
New York.....	90,700	21,216	13,840	1,440			127,196
Philadelphia.....	44,224	12,032	7,000				63,256
Cleveland.....	34,028	7,680	10,640				52,348
Richmond.....	23,300	4,800					28,100
Atlanta.....	27,372	3,600	4,740	360	160		36,232
Chicago.....	56,184	15,480	16,600	3,800	1,600		93,664

St. Louis.....	20,640	5,136	7,200	1,000	480	200	34,656
Minneapolis.....	12,464	2,312	3,320				18,096
Kansas City.....	17,156	3,952	14,360	5,040	3,600		44,108
Dallas.....	14,256	2,040	2,140	2,400	2,000		22,836
San Francisco.....	17,892	4,768	4,280				26,940
<b>Total.....</b>	<b>392,012</b>	<b>100,640</b>	<b>86,300</b>	<b>14,040</b>	<b>7,840</b>	<b>200</b>	<b>601,032</b>

**ON HAND.**

Boston.....	244	752	20				1,016
New York.....	440	3,624	18,160	560			22,784
Philadelphia.....	84	592	1,320	440	240		2,676
Cleveland.....	1,516	320	1,140	2,000	2,000		6,976
Richmond.....	444	208	3,500	400	400		4,952
Atlanta.....	340		1,900	1,960	2,240	2,400	8,840
Chicago.....	280	496					776
St. Louis.....	1,932	552	420				2,904
Minneapolis.....	384	632	2,140	2,680			5,836
Kansas City.....	936	184					1,120
Dallas.....	1,616	1,040	2,000				4,656
San Francisco.....			3,380	1,960	1,360		6,700
<b>Total.....</b>	<b>8,216</b>	<b>8,400</b>	<b>33,980</b>	<b>10,000</b>	<b>6,240</b>	<b>2,400</b>	<b>69,236</b>

**REDEEMED.**

Boston.....	19,867	10,486	1,941				32,294
New York.....	45,356	11,891	12,699	1,203			71,149
Philadelphia.....	26,651	6,404	6,407				39,462
Cleveland.....	18,952	4,531	5,502				28,985
Richmond.....	13,415	2,631					16,046
Atlanta.....	15,063	2,094	2,547	230	60		19,994
Chicago.....	32,752	8,812	7,682	2,227	745		52,218
St. Louis.....	15,588	3,362	4,517	838	194	7	24,506

**No. 12.**—Federal Reserve Bank notes printed, issued, and redeemed by the Comptroller of the Currency since organization of banks, and amounts outstanding and on hand on Dec. 31, 1920—Continued.

[In thousands of dollars.]

REDEEMED—Continued.

Federal Reserve Bank.	Ones.	Twos.	Fives.	Tens.	Twenties.	Fifties	Total.
Minneapolis.....	7,468	1,515	990				9,973
Kansas City.....	10,286	1,902	9,442	4,386	2,586		28,602
Dallas.....	7,998	1,322	1,494	1,627	1,273		13,714
San Francisco.....	8,629	2,298	3,695				14,622
Total.....	222,025	57,248	56,916	10,511	4,858	7	351,565

OUTSTANDING.

Boston.....	13,929	7,138	239				21,306
New York.....	45,344	9,325	1,141	237			56,047
Philadelphia.....	17,573	5,628	593				23,794
Cleveland.....	15,076	3,149	5,138				23,363
Richmond.....	9,885	2,169					12,054
Atlanta.....	12,309	1,506	2,193	130	100		16,238
Chicago.....	23,432	6,668	8,918	1,573	855		41,446
St. Louis.....	5,052	1,774	2,683	162	286	193	10,150
Minneapolis.....	4,996	797	2,330				8,123
Kansas City.....	6,870	2,050	4,918	654	1,014		15,506
Dallas.....	6,258	718	646	773	727		9,122
San Francisco.....	9,263	2,470	585				12,318
Total.....	169,987	43,392	29,384	3,529	2,982	193	249,467

**RECAPITULATION.**

Total printed.....	400,228	109,040	120,280	24,040	14,080	2,600	670,268
Total on hand Dec. 31, 1920.....	8,216	8,400	33,980	10,000	6,240	2,400	69,236
Total issued.....	392,012	100,640	86,300	14,040	7,840	200	601,032
Total redeemed.....	222,025	57,248	56,916	10,511	4,858	7	351,565
Total outstanding Dec. 31, 1920.....	169,987	43,392	29,384	3,529	2,982	193	249,467

**No. 13.**—*Federal Reserve Bank notes issued to Federal Reserve Banks under the provisions of the "Pittman Act" to Dec. 31, 1920.*

[In thousands of dollars.]

Federal Reserve Bank.	Ones.	Twos.	Fives.	Tens.	Total.	Federal Reserve Bank.	Ones.	Twos.	Fives.	Tens.	Total.
Boston.....	12,788	6,728	1,920		21,436	St. Louis.....	9,056	2,512	4,500	1,000	17,068
New York.....	33,944	13,272	10,620	1,440	59,276	Minneapolis.....	6,012	1,648	820		8,480
Philadelphia.....	19,196	4,664	6,420		30,280	Kansas City.....	6,688	1,792	4,340		12,820
Cleveland.....	14,296	4,184	5,319		23,799	Dallas.....	6,432	1,368	500		8,300
Richmond.....	10,524	1,736			12,260	San Francisco.....	8,076	2,304	500		10,880
Atlanta.....	13,388	1,656	1,620		16,664	Total.....	168,008	49,208	40,259	3,400	260,875
Chicago.....	27,608	7,344	3,700	960	39,612						

NOTE.—In December, 1920, the Federal Reserve Bank of St. Louis deposited \$1,500,000 in lawful money to retire a like amount of its circulation. The securities released were transferred and currency issued to banks included in the above as follows: Federal Reserve Bank of Cleveland, \$500,000; Federal Reserve Bank of Atlanta, \$1,000,000.



## CURRENCY RECEIPTS AND PAYMENTS.

No. 14.—*Currency (paper and coin) received from and paid to member and nonmember banks, by months during 1920.*

[In thousands of dollars.]

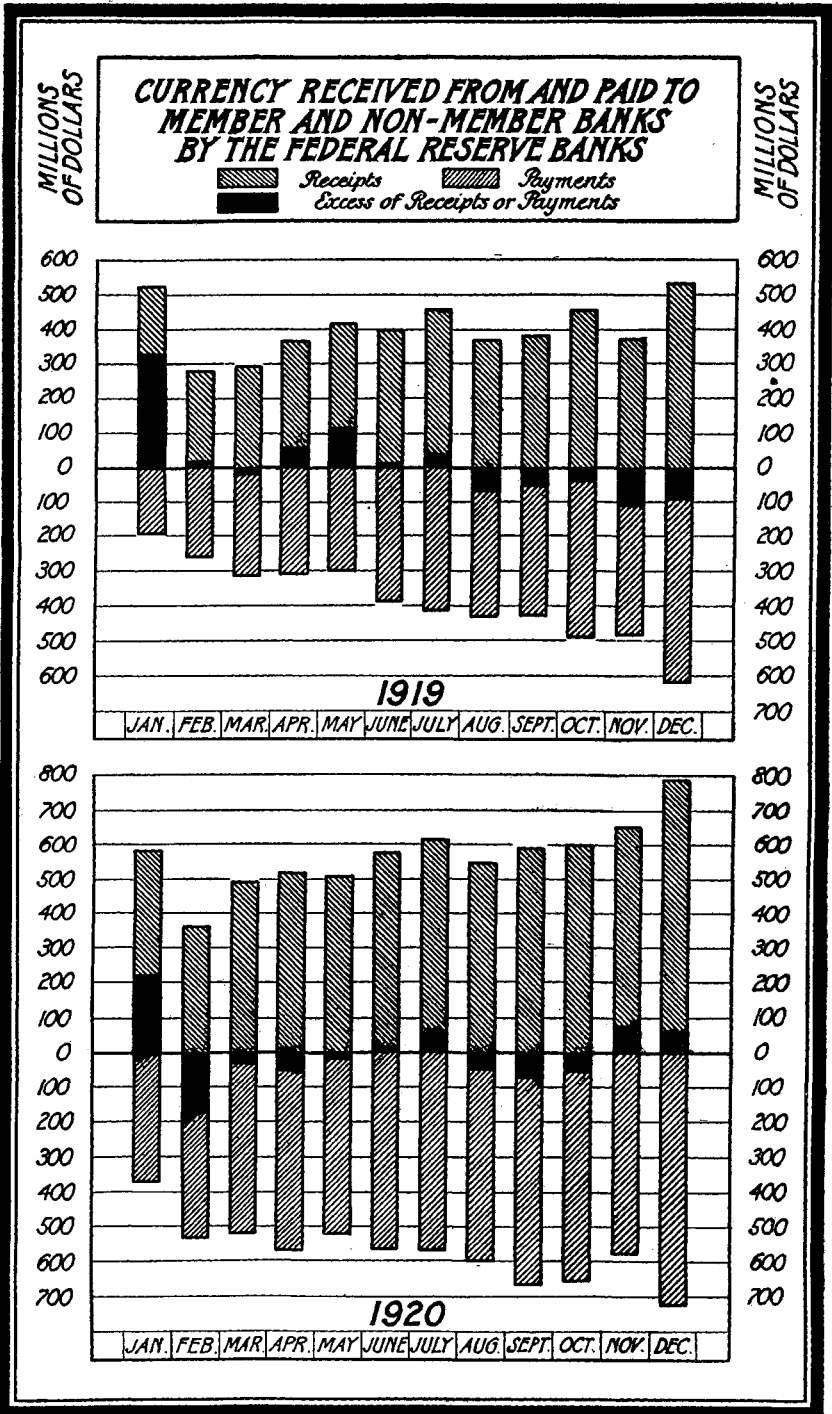
Month.	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.		Chicago.	
	Receipts.	Pay-ments.	Receipts.	Pay-ments.	Receipts.	Pay-ments.	Receipts.	Pay-ments.	Receipts.	Pay-ments.	Receipts.	Pay-ments.	Receipts.	Pay-ments.
January.....	54,612	38,496	196,055	118,442	47,238	33,690	44,351	34,702	21,049	9,649	36,057	16,183	78,772	60,803
February.....	31,523	50,323	120,604	182,254	23,133	60,277	28,654	54,559	12,055	13,789	23,050	20,201	46,843	80,483
March.....	47,497	50,773	155,126	179,913	39,996	48,045	44,009	49,094	13,824	15,536	28,071	19,300	72,454	84,662
April.....	52,936	44,812	158,582	197,173	46,698	46,796	42,047	56,434	16,575	18,450	28,943	24,901	77,540	90,469
May.....	52,579	55,069	155,582	169,633	39,590	48,879	44,476	44,997	16,191	16,824	27,604	19,439	78,195	85,765
June.....	64,916	63,583	179,931	175,813	48,536	47,084	54,121	53,220	16,014	19,957	27,214	18,517	88,870	87,358
July.....	64,221	60,149	205,987	164,702	51,624	53,279	50,866	52,455	14,754	21,186	27,547	21,780	91,847	89,494
August.....	61,088	73,509	187,350	155,665	48,801	60,712	43,016	64,376	13,968	23,221	23,736	19,398	74,836	91,567
September.....	64,130	74,090	206,474	182,272	51,910	57,511	48,419	65,611	13,256	26,902	23,351	24,773	83,192	94,936
October.....	68,030	55,688	188,844	181,530	53,258	64,210	52,161	60,306	15,048	28,186	27,677	53,031	86,204	89,562
November.....	62,671	55,530	221,590	172,926	53,670	55,338	54,735	54,778	18,511	23,541	30,726	19,501	89,864	79,215
December.....	74,776	66,602	260,017	213,422	59,640	67,444	72,193	67,450	23,255	26,738	31,509	31,952	103,067	102,781
Total, 1920.....	698,979	688,624	2,236,142	2,093,745	570,094	643,265	579,048	657,982	194,500	243,979	335,485	288,976	971,684	1,037,095
1919.....	505,853	402,341	1,654,157	1,834,471	444,475	389,269	383,296	362,123	169,276	177,321	219,365	175,453	648,102	614,188

Month.	St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.		Total, 1920.		Total, 1919.	
	Receipts.	Pay-ments.	Receipts.	Pay-ments.	Receipts.	Pay-ments.	Receipts.	Pay-ments.	Receipts.	Pay-ments.	Receipts.	Pay-ments.	Receipts.	Pay-ments.
January.....	34,529	22,337	6,431	3,316	16,115	9,199	11,206	7,009	36,250	13,518	582,665	367,344	520,506	195,056
February.....	26,148	26,988	3,129	5,385	9,984	12,115	6,755	8,883	20,714	18,883	358,592	534,140	279,180	260,334
March.....	35,633	24,643	3,843	5,870	13,658	12,235	10,934	10,059	24,788	24,953	489,833	525,083	295,602	312,392
April.....	36,193	27,121	3,967	5,126	16,167	11,163	11,854	9,372	24,884	38,388	516,386	570,205	364,492	305,264

May.....	33,904	27,359	4,075	5,314	13,252	11,413	12,126	8,618	25,310	30,531	502,884	523,841	412,864	299,258
June.....	38,340	28,566	4,611	6,184	16,087	12,544	10,914	9,811	27,933	44,271	577,487	566,908	397,900	388,270
July.....	36,945	32,284	5,177	5,725	14,948	14,275	12,822	9,591	38,471	45,032	615,209	569,952	452,286	413,099
August.....	35,261	32,753	4,527	6,606	13,190	17,553	12,395	12,567	28,343	50,626	546,511	608,553	362,698	430,352
September.....	38,137	37,432	4,900	11,355	16,445	17,373	11,724	17,500	30,899	57,917	592,837	667,672	376,763	430,104
October.....	40,083	40,642	4,845	7,433	17,466	15,046	16,159	13,816	31,454	49,918	601,229	659,368	447,985	491,117
November.....	42,066	31,586	7,535	7,380	16,792	13,417	21,621	8,294	31,482	57,104	651,263	578,610	368,015	481,922
December.....	46,188	38,624	11,820	9,301	19,994	19,516	20,872	11,221	58,222	67,678	781,553	722,729	526,434	619,738
Total, 1920.....	443,427	370,335	64,860	78,995	184,098	165,849	159,382	126,741	378,750	498,819	6,816,449	6,894,405	.....	.....
1919.....	288,738	205,447	57,347	52,826	133,234	103,168	75,788	94,718	225,094	215,581	.....	.....	4,804,725	4,626,906

CURRENCY RECEIPTS AND PAYMENTS.

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No. 15.—Currency (paper and coin) received from and paid to member and to nonmember banks by each Federal Reserve Bank and branch during 1920.

[In thousands of dollars.]

Federal Reserve Bank or branch.	Receipts.			Payments.			Excess.	
	From member banks.	From non-member banks.	Total.	To member banks.	To non-member banks.	Total.	Receipts.	Payments.
Boston.....	643,782	55,197	698,979	683,881	4,743	688,624	10,355	.....
New York.....	1,935,651	148,768	2,084,419	1,875,270	45,980	1,921,250	163,169	.....
Buffalo.....	150,027	1,696	151,723	163,711	8,784	172,495	.....	20,772
Philadelphia.....	548,123	21,971	570,094	643,265	.....	643,265	.....	73,171
Cleveland.....	169,959	3,181	173,140	205,075	1,177	206,252	.....	33,112
Cincinnati.....	97,022	1,769	98,791	85,302	1,214	86,516	12,275	.....
Pittsburgh.....	305,854	1,263	307,117	364,955	259	365,214	.....	58,097
Richmond.....	96,798	7,841	104,639	111,122	190	111,312	.....	6,673
Baltimore.....	86,889	2,972	89,861	132,600	67	132,667	.....	42,806
Atlanta.....	106,363	2,730	109,093	71,561	39,393	110,954	.....	1,861
Birmingham.....	37,612	10,279	47,891	36,041	650	36,691	11,200	.....
Jacksonville.....	44,696	784	45,480	33,856	.....	33,856	11,624	.....
Nashville.....	27,449	.....	27,449	21,331	531	21,862	5,587	.....
New Orleans.....	93,529	380	93,909	75,708	517	76,225	17,684	.....
Savannah (agency).....	11,663	.....	11,663	9,388	.....	9,388	2,275	.....
Chicago.....	657,295	18,636	675,931	699,866	2,014	701,880	.....	25,949
Detroit.....	295,753	.....	295,753	335,215	.....	335,215	.....	39,462
St. Louis.....	273,537	16,569	290,106	224,313	14,744	239,057	51,049	.....
Little Rock.....	20,647	6,784	27,431	22,205	2,336	24,541	2,890	.....
Louisville.....	63,413	1,273	64,686	51,092	843	51,935	12,751	.....
Memphis.....	54,544	6,660	61,204	46,847	7,955	54,802	6,402	.....
Minneapolis.....	64,333	527	64,860	78,616	379	78,995	.....	14,135

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CURRENCY RECEIPTS AND PAYMENTS.

**No. 15.**—Currency (paper and coin) received from and paid to member and to nonmember banks by each Federal Reserve Bank and branch during 1920—Continued.

[In thousands of dollars.]

Federal Reserve Bank or branch.	Receipts.			Payments.			Excess.	
	From member banks.	From non-member banks.	Total.	To member banks.	To non-member banks.	Total.	Receipts.	Payments.
Kansas City.....	125,205	530	125,735	111,239	67	111,306	14,429	.....
Denver.....	32,696	523	33,219	23,782	417	24,199	9,020	.....
Oklahoma City.....	1,557	40	1,597	691	.....	691	906	.....
Omaha.....	23,282	265	23,547	29,651	2	29,653	.....	6,106
Dallas.....	93,813	2,512	96,325	71,382	502	71,884	24,441	.....
El Paso.....	26,426	2,381	28,807	17,486	2,443	19,929	8,878	.....
Houston.....	32,457	1,793	34,250	32,083	2,845	34,928	.....	678
San Francisco.....	177,636	17,120	194,756	192,741	111,412	304,153	.....	109,397
Los Angeles.....	78,321	2,382	80,703	88,153	936	89,089	.....	8,386
Portland.....	30,297	132	30,429	30,949	284	31,233	.....	804
Salt Lake City.....	13,647	49	13,696	16,526	684	17,210	.....	3,514
Seattle.....	48,231	2,153	50,384	40,548	2,910	43,458	6,926	.....
Spokane.....	8,692	90	8,782	13,324	352	13,676	.....	4,894
Total, 1920.....	6,477,199	339,250	6,816,449	6,639,775	254,630	6,894,405	.....	77,956
1919.....	4,492,379	312,346	4,804,725	4,533,100	93,806	4,626,906	177,819	.....

## CONDITION OF FEDERAL RESERVE BANKS.

**No. 16.**—*Resources and liabilities of all Federal Reserve Banks combined at close of business on each Friday from Jan. 2 to Dec. 30, 1920.*

[In thousands of dollars.]

Date.	Cash reserves.								Earning assets.						
	Gold.						Legal tender notes, silver, etc.	Total.	Bills discounted.		Bills bought in open market.	United States securities.			Total.
	Gold and gold certificates.	Gold settlement fund—Federal Reserve Board.	Gold with foreign agencies.	Gold with Federal Reserve agents.	Gold redemption fund.	Total.			Secured by Government war obligations.	All other.		Bonds.	Victory notes.	Certificates of indebtedness.	
1920.															
Jan. 2.....	239,609	363,723	131,320	1,205,596	122,367	2,062,615	58,657	2,121,272	1,484,262	746,025	574,631	26,836	64	349,090	3,181,808
9.....	220,301	380,263	123,322	1,209,508	107,977	2,041,371	60,728	2,102,099	1,352,085	727,670	574,722	26,836	264	302,406	2,983,983
16.....	212,119	456,260	120,323	1,136,326	118,850	2,043,878	60,403	2,104,281	1,351,454	748,611	575,675	27,036	64	319,684	3,022,524
23.....	220,347	441,499	117,322	1,126,261	121,221	2,026,650	61,246	2,087,896	1,386,348	767,110	575,789	27,036	64	276,765	3,033,112
30.....	225,156	439,524	114,321	1,119,426	114,229	2,012,656	61,277	2,073,933	1,457,892	716,465	561,313	27,036	64	276,421	3,039,191
Feb. 6.....	205,393	434,160	114,321	1,116,427	121,259	1,991,560	63,096	2,054,656	1,451,557	751,982	554,750	26,776	63	276,064	3,061,192
13.....	202,425	424,832	112,822	1,121,757	126,544	1,988,380	64,133	2,052,513	1,469,562	823,873	542,600	26,775	63	290,317	3,153,190
20.....	200,973	396,138	112,822	1,150,798	109,083	1,969,814	65,626	2,035,440	1,525,203	833,321	531,703	26,775	63	268,610	3,185,675
27.....	206,877	385,594	112,822	1,145,470	116,064	1,966,836	116,379	2,083,215	1,572,980	880,531	531,367	26,775	68	267,511	3,279,232
Mar. 5.....	180,162	389,332	112,822	1,138,690	116,071	1,937,077	117,553	2,054,630	1,520,494	888,194	513,854	26,775	68	266,567	3,215,952
12.....	169,978	391,649	112,822	1,142,576	119,380	1,936,364	120,366	2,056,730	1,515,959	907,487	504,172	26,775	68	267,461	3,221,922
19.....	159,660	388,271	112,781	1,161,695	112,174	1,934,581	125,745	2,060,326	1,353,509	854,172	463,232	26,797	68	40,119	3,107,897
26.....	154,237	363,132	112,781	1,186,829	117,776	1,934,755	122,400	2,057,155	1,441,015	1,008,215	451,879	26,798	68	263,056	3,191,031
Apr. 2.....	171,585	379,558	112,781	1,169,137	117,198	1,950,259	130,169	2,080,428	1,400,664	999,849	424,041	26,798	68	345,550	3,196,970
9.....	183,117	368,724	112,781	1,173,125	119,743	1,957,490	129,816	2,087,306	1,410,069	957,469	422,241	26,798	68	339,919	3,156,564
16.....	189,229	360,088	112,781	1,170,313	122,883	1,955,294	132,437	2,087,731	1,430,888	980,303	416,784	26,799	68	303,728	3,153,570
23.....	185,654	374,380	112,781	1,150,658	126,220	1,949,693	133,875	2,083,568	1,448,804	1,029,378	404,672	26,797	68	267,066	3,176,785
30.....	174,561	376,003	112,781	1,137,928	135,447	1,936,720	134,045	2,070,765	1,465,320	1,069,751	407,247	26,797	68	266,649	3,235,832

CONDITION OF FEDERAL RESERVE BANKS.

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No. 16.—Resources and liabilities of all Federal Reserve Banks combined at close of business on each Friday from Jan. 2 to Dec. 30, 1920—Continued.

[In thousands of dollars.]

Date.	Cash reserves.								Earning assets.						
	Gold.						Legal tender notes, silver, etc.	Total.	Bills discounted.		Bills bought in open market.	United States securities.			Total.
	Gold and gold certificates.	Gold settlement fund—Federal Reserve Board.	Gold with foreign agencies.	Gold with Federal Reserve agents.	Gold redemption fund.	Total.			Secured by Government war obligations.	All other.		Bonds.	Victory notes.	Certificates of indebtedness.	
1920															
May 7.....	172,683	392,751	112,781	1,121,311	142,054	1,941,580	134,507	2,076,087	1,444,175	1,060,447	409,834	26,796	68	273,037	3,214,357
14.....	171,208	389,149	112,781	1,115,902	150,101	1,939,141	139,252	2,078,393	1,508,104	1,043,186	413,292	26,796	69	279,463	3,270,910
21.....	169,735	399,889	112,781	1,098,823	158,489	1,939,717	139,821	2,079,538	1,446,723	1,053,663	417,368	26,796	69	276,761	3,221,380
28.....	167,135	424,452	111,530	1,112,040	137,946	1,953,103	139,393	2,092,496	1,447,962	1,071,469	418,600	26,794	69	279,531	3,244,425
June 4.....	164,519	431,227	111,531	1,110,864	142,712	1,960,853	138,087	2,098,940	1,433,415	1,130,843	410,688	26,795	69	274,816	3,276,626
11.....	168,193	431,905	111,531	1,103,751	149,678	1,965,058	137,533	2,102,591	1,440,931	1,082,019	403,896	26,796	69	280,108	3,233,819
18.....	162,878	400,833	111,531	1,161,784	125,295	1,962,321	138,579	2,100,900	1,231,841	1,064,296	398,591	26,795	69	347,091	3,068,683
25.....	171,120	402,628	111,531	1,150,175	133,921	1,969,375	139,230	2,108,605	1,277,980	1,153,814	399,185	26,793	69	325,434	3,183,275
July 2.....	171,176	402,760	111,531	1,146,944	139,285	1,971,696	137,805	2,109,501	1,294,892	1,250,302	390,085	26,792	69	311,379	3,273,519
9.....	168,929	402,760	111,531	1,145,102	142,994	1,971,316	136,877	2,108,193	1,296,350	1,265,243	372,591	26,793	69	281,942	3,242,988
16.....	168,767	393,905	111,531	1,152,875	144,343	1,971,421	147,626	2,119,047	1,256,258	1,233,890	356,471	26,791	69	294,182	3,167,661
23.....	160,529	387,345	111,531	1,160,215	143,651	1,983,271	150,741	2,134,012	1,247,371	1,222,536	353,543	26,791	68	287,909	3,138,218
30.....	174,179	389,389	111,531	1,153,712	148,893	1,977,704	150,936	2,128,640	1,241,017	1,250,613	345,305	26,791	69	298,520	3,162,315
Aug. 6.....	185,165	381,259	111,531	1,150,343	152,307	1,980,605	151,139	2,131,744	1,285,398	1,264,435	339,390	26,810	69	271,490	3,137,592
13.....	179,630	389,927	111,531	1,164,562	131,708	1,977,358	155,527	2,132,885	1,296,981	1,292,025	320,618	26,810	69	277,836	3,214,339
20.....	183,125	366,892	111,455	1,164,264	140,615	1,966,351	155,486	2,121,837	1,301,609	1,320,820	320,597	26,809	69	277,158	3,247,062
27.....	186,139	373,272	111,455	1,154,684	146,275	1,971,825	156,002	2,127,827	1,314,830	1,352,297	321,965	26,810	69	273,701	3,289,672
Sept. 3.....	165,070	410,507	111,455	1,132,219	143,059	1,962,310	155,647	2,117,957	1,332,892	1,412,035	313,501	26,806	69	279,633	3,364,936
10.....	150,990	428,768	111,455	1,147,239	137,774	1,976,226	155,021	2,131,247	1,299,123	1,376,076	316,982	26,807	69	332,426	3,351,483
17.....	164,529	331,308	111,455	1,237,942	127,893	1,973,127	160,018	2,133,145	1,202,593	1,306,610	321,605	26,805	69	393,479	3,251,161
24.....	183,826	341,303	111,455	1,211,619	141,632	1,989,836	161,759	2,151,594	1,220,423	1,484,041	307,624	26,808	69	270,623	3,369,588

Oct. 1	201,046	362,468	111,455	1,180,393	147,710	2,003,072	162,123	2,165,195	1,183,017	1,526,584	301,510	26,855	69	271,482	3,309,517
8	216,763	391,974	90,409	1,142,412	154,766	1,996,324	161,944	2,158,268	1,217,098	1,578,573	305,690	26,856	69	273,951	3,402,237
15	192,499	381,753	87,021	1,169,038	161,790	1,992,101	162,810	2,154,911	1,192,810	1,581,060	319,520	26,856	69	301,661	3,421,976
22	161,438	389,069	80,441	1,203,240	160,423	1,994,611	162,659	2,157,270	1,199,139	1,550,143	300,666	26,856	69	280,807	3,357,660
29	164,849	416,163	74,686	1,175,118	172,504	2,003,320	164,718	2,168,038	1,203,905	1,597,392	298,375	26,868	69	269,434	3,396,043
Nov. 5	174,702	417,984	77,514	1,152,346	179,127	2,001,673	168,056	2,169,729	1,215,101	1,611,724	299,769	26,865	69	268,047	3,421,575
12	169,814	409,075	77,244	1,177,689	174,856	2,008,678	171,333	2,180,011	1,180,977	1,603,773	287,854	26,863	69	269,310	3,368,846
19	170,266	400,678	74,303	1,205,746	157,117	2,008,110	172,118	2,180,228	1,158,907	1,514,467	275,227	26,871	69	331,154	3,306,695
26	182,647	411,227	70,210	1,197,681	162,181	2,023,946	171,364	2,195,310	1,192,425	1,542,975	247,703	26,869	69	293,676	3,303,717
Dec. 3	201,131	388,743	67,864	1,194,204	170,733	2,022,675	175,520	2,198,195	1,160,685	1,460,116	243,055	26,857	69	257,010	3,333,792
10	194,869	410,917	67,745	1,210,563	151,177	2,035,271	177,136	2,212,407	1,169,244	1,547,595	244,690	26,857	69	328,294	3,316,749
17	200,494	353,866	67,745	1,269,725	150,538	2,042,368	180,100	2,222,468	1,158,974	1,437,775	234,609	26,859	69	365,555	3,223,841
23	273,749	363,723	3,300	1,253,492	161,538	2,055,862	180,952	2,236,754	1,177,263	1,554,428	241,167	26,859	69	281,253	3,281,039
30	263,952	356,244	3,300	1,276,214	159,623	2,059,333	189,830	2,249,163	1,141,036	1,578,098	255,702	26,859	69	261,263	3,263,027

Date.	Bank premises.	Uncollected items and other deductions from gross deposits.	Five per cent redemption fund against Federal Reserve Bank notes.	All other resources.	Total resources and liabilities.	Capital paid in.	Surplus.	Deposits.					Note circulation.		All other liabilities.
								Government.	Members' reserve.	Deferred availability.	All other, including foreign Government credits.	Total gross.	Federal Reserve notes.	Federal Reserve Bank notes—net liability.	
1920.															
Jan. 2	10,369	1,171,778	13,130	5,733	6,504,090	87,433	120,120	38,920	1,922,800	944,884	116,307	3,022,911	2,998,992	258,561	16,073
9	10,410	1,019,140	13,254	5,241	6,134,127	87,451	120,120	27,798	1,850,219	760,590	96,425	2,735,032	2,914,368	259,099	18,057
16	10,461	1,116,852	12,865	5,463	6,272,446	87,529	120,120	34,698	1,943,561	849,854	107,800	2,935,913	2,849,879	258,482	20,523
23	10,493	1,022,633	12,130	5,483	6,171,747	87,589	120,120	90,448	1,859,149	795,782	95,097	2,840,476	2,844,227	254,843	24,492
30	10,559	933,128	12,260	5,341	6,074,412	87,892	120,120	72,974	1,850,712	720,520	95,418	2,739,624	2,850,944	250,530	25,302
Feb. 6	10,586	896,971	12,232	5,048	6,040,685	89,119	120,120	42,446	1,869,438	654,735	95,876	2,662,495	2,891,775	248,780	28,396
13	11,103	1,052,333	12,114	4,122	6,285,375	89,674	120,120	24,218	1,837,865	880,451	97,044	2,839,578	2,959,087	245,810	31,106
20	11,144	1,029,653	12,724	3,851	6,278,487	90,531	120,120	75,587	1,828,891	815,606	95,366	2,815,450	2,977,124	240,858	34,404
27	11,226	1,026,726	12,276	3,681	6,416,356	90,702	120,120	133,913	1,871,961	810,402	95,026	2,911,302	3,019,984	237,131	37,117



[In thousands of dollars.]

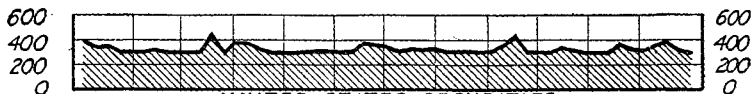
Date.	Bank premises.	Uncollected items and other deductions from gross deposits.	Five per cent redemption fund against Federal Reserve Bank notes.	All other resources.	Total resources and liabilities.	Capital paid in.	Surplus.	Deposits.					Note circulation.		All other liabilities.	
								Government.	Members' reserve.	Deferred availability.	All other, including foreign Government credits.	Total gross.	Federal Reserve notes.	Federal Reserve Bank notes—net liability.		
<b>1920.</b>																
Mar. 5.....	11,771	865,850	16,226	4,174	6,168,603	90,966	120,120	83,879	1,858,184	624,655	91,525	2,658,243	3,030,010	229,167	40,097	
12.....	11,791	849,752	13,851	5,485	6,159,531	90,871	120,120	55,324	1,886,929	608,600	97,009	2,647,862	3,039,750	220,738	40,190	
19.....	11,793	956,381	14,387	5,121	6,155,905	90,958	120,120	60,503	1,850,106	632,835	100,969	2,644,413	3,047,133	211,132	42,149	
26.....	11,990	768,788	13,900	4,907	6,047,771	91,059	120,120	27,711	1,867,125	546,696	100,160	2,541,692	3,048,039	201,392	45,469	
Apr. 2.....	12,009	833,023	13,689	4,474	6,140,593	91,284	120,120	10,416	1,899,063	565,880	131,933	2,607,292	3,077,323	196,594	47,980	
9.....	12,104	793,615	12,481	5,802	6,067,872	91,160	120,120	8,777	1,850,960	575,412	100,605	2,535,754	3,080,217	190,157	50,464	
16.....	12,123	957,678	14,015	5,305	6,235,422	91,272	120,120	30,595	1,898,810	677,282	103,666	2,710,353	3,073,693	186,501	53,483	
23.....	12,328	817,028	13,438	5,178	6,108,325	91,364	120,120	42,810	1,856,092	595,125	96,588	2,590,615	3,068,307	180,631	57,288	
30.....	12,369	713,353	12,091	6,057	6,050,467	91,639	120,120	37,592	1,859,844	529,855	98,794	2,526,085	3,074,555	177,881	60,187	
May 7.....	12,433	705,603	12,128	5,621	6,026,229	92,536	120,120	22,437	1,818,615	544,564	94,284	2,479,900	3,092,344	177,972	63,357	
14.....	12,530	807,445	11,787	5,006	6,186,071	93,107	120,120	44,153	1,874,145	634,813	93,689	2,646,800	3,083,234	176,805	66,005	
21.....	12,658	755,476	12,081	5,028	6,086,161	93,786	120,120	24,368	1,833,665	585,517	96,305	2,539,855	3,085,202	177,371	69,827	
28.....	12,668	747,190	11,862	5,699	6,114,340	94,000	120,120	36,433	1,852,916	561,244	91,037	2,541,630	3,107,021	179,185	72,384	
June 4.....	12,942	789,616	11,745	5,640	6,195,509	94,108	120,120	36,745	1,858,774	609,396	91,876	2,596,791	3,127,291	181,252	75,947	
11.....	13,111	772,903	11,794	5,751	6,139,969	94,284	120,120	21,830	1,869,240	579,466	81,500	2,552,036	3,112,205	182,382	78,942	
18.....	13,254	949,977	12,110	8,053	6,152,977	94,462	120,120	56,256	1,800,117	633,722	77,485	2,567,580	3,104,810	183,904	82,101	
25.....	13,492	750,486	12,148	6,707	6,074,713	94,506	120,120	14,189	1,831,916	556,623	69,981	2,472,709	3,116,718	185,604	85,056	
July 2.....	13,658	785,059	12,424	4,296	6,198,457	94,594	164,745	22,809	1,874,161	581,610	62,475	2,541,055	3,168,814	189,232	40,017	
9.....	13,734	797,347	12,293	3,822	6,178,377	94,639	164,745	15,919	1,839,704	594,434	55,159	2,505,216	3,180,948	190,287	42,542	
16.....	14,084	890,554	12,400	4,271	6,208,017	94,730	164,745	11,700	1,868,428	646,782	50,585	2,577,495	3,135,893	189,375	45,779	

	23.....	14, 243	772, 333	12, 742	3, 576	6, 075, 124	95, 008	164, 745	11, 972	1, 825, 564	572, 109	48, 332	2, 457, 977	3, 118, 205	190, 067	49, 122
	30.....	14, 289	711, 064	12, 684	3, 777	6, 032, 769	95, 225	164, 745	12, 167	1, 808, 156	536, 690	51, 296	2, 408, 309	3, 120, 138	192, 168	52, 184
Aug.	6.....	14, 444	733, 688	13, 002	3, 500	6, 083, 970	95, 341	164, 745	20, 780	1, 816, 798	549, 778	44, 821	2, 432, 177	3, 141, 861	194, 834	55, 012
	13.....	14, 604	799, 202	11, 947	3, 859	6, 176, 836	96, 551	164, 745	11, 623	1, 834, 542	599, 397	46, 090	2, 491, 652	3, 169, 181	196, 912	57, 795
	20.....	14, 654	782, 240	11, 600	3, 827	6, 181, 220	96, 759	164, 745	54, 959	1, 793, 675	591, 094	44, 828	2, 484, 556	3, 174, 725	198, 563	61, 872
	27.....	14, 869	729, 889	11, 956	4, 558	6, 173, 771	97, 055	164, 745	43, 510	1, 818, 502	542, 564	43, 180	2, 447, 756	3, 203, 637	200, 793	64, 785
Sept.	3.....	14, 921	753, 707	11, 695	3, 875	6, 267, 091	97, 133	164, 745	65, 387	1, 829, 832	554, 475	39, 123	2, 488, 817	3, 243, 270	205, 423	67, 703
	10.....	15, 086	837, 060	11, 788	6, 569	6, 353, 233	97, 191	164, 745	30, 975	1, 828, 924	617, 785	38, 793	2, 516, 477	3, 295, 185	209, 073	70, 562
	17.....	15, 263	1, 097, 408	12, 024	4, 660	6, 513, 661	97, 366	164, 745	135, 178	1, 821, 843	676, 265	42, 409	2, 675, 695	3, 289, 681	212, 219	73, 955
	24.....	15, 370	818, 958	11, 824	4, 941	6, 312, 275	97, 401	164, 745	46, 493	1, 800, 677	595, 342	34, 910	2, 477, 422	3, 279, 996	214, 180	78, 531
Oct.	1.....	15, 455	820, 280	11, 856	5, 414	6, 327, 717	97, 358	164, 745	46, 454	1, 776, 243	608, 056	35, 363	2, 466, 116	3, 304, 690	213, 412	81, 396
	8.....	15, 634	796, 723	11, 666	4, 833	6, 389, 361	97, 519	164, 745	43, 365	1, 825, 906	609, 980	27, 648	2, 506, 899	3, 322, 123	213, 154	84, 921
	15.....	15, 766	998, 488	12, 158	6, 951	6, 610, 250	97, 594	164, 745	13, 975	1, 868, 016	776, 887	33, 740	2, 692, 618	3, 353, 271	213, 533	88, 489
	22.....	15, 864	825, 740	12, 953	5, 401	6, 374, 908	97, 692	164, 745	15, 015	1, 779, 345	634, 097	21, 929	2, 450, 386	3, 356, 199	213, 838	92, 048
	29.....	15, 993	742, 976	12, 854	5, 703	6, 341, 607	97, 753	164, 745	18, 754	1, 805, 661	571, 807	21, 307	2, 417, 529	3, 351, 303	214, 961	95, 316
Nov.	5.....	16, 081	787, 960	12, 059	6, 032	6, 413, 436	97, 824	164, 745	47, 378	1, 777, 256	631, 326	26, 923	2, 482, 883	3, 354, 180	214, 533	99, 271
	12.....	16, 577	772, 277	12, 090	6, 790	6, 356, 591	98, 847	164, 745	17, 845	1, 801, 864	601, 624	25, 708	2, 447, 041	3, 328, 985	215, 080	101, 893
	19.....	17, 047	804, 424	12, 376	6, 030	6, 326, 800	98, 929	164, 745	12, 259	1, 781, 806	616, 871	26, 228	2, 437, 164	3, 307, 435	213, 881	104, 646
	26.....	17, 333	709, 401	11, 541	7, 187	6, 244, 489	99, 020	164, 745	15, 909	1, 711, 774	582, 432	22, 927	2, 333, 042	3, 325, 538	214, 610	107, 534
Dec.	3.....	17, 456	734, 523	12, 197	7, 716	6, 303, 879	99, 140	164, 745	60, 688	1, 763, 822	551, 529	25, 742	2, 401, 781	3, 312, 039	214, 939	111, 235
	10.....	17, 658	666, 505	11, 387	8, 332	6, 233, 038	99, 174	164, 745	28, 394	1, 758, 967	516, 934	24, 511	2, 328, 806	3, 311, 842	214, 523	113, 948
	17.....	17, 952	902, 042	12, 530	8, 430	6, 387, 263	99, 275	164, 745	53, 173	1, 738, 826	614, 166	38, 471	2, 444, 636	3, 344, 332	217, 434	116, 841
	23.....	18, 168	761, 005	12, 652	8, 417	6, 318, 035	99, 458	164, 745	26, 049	1, 721, 391	539, 261	23, 652	2, 310, 353	3, 404, 931	213, 832	119, 716
	30.....	18, 450	717, 227	12, 752	8, 898	6, 269, 517	99, 770	164, 745	27, 639	1, 748, 979	522, 638	22, 161	2, 321, 417	3, 344, 686	216, 960	121, 939

**MOVEMENT OF EARNING ASSETS  
OF ALL FEDERAL RESERVE BANKS COMBINED  
DURING 1920**

MILLIONS  
OF  
DOLLARS

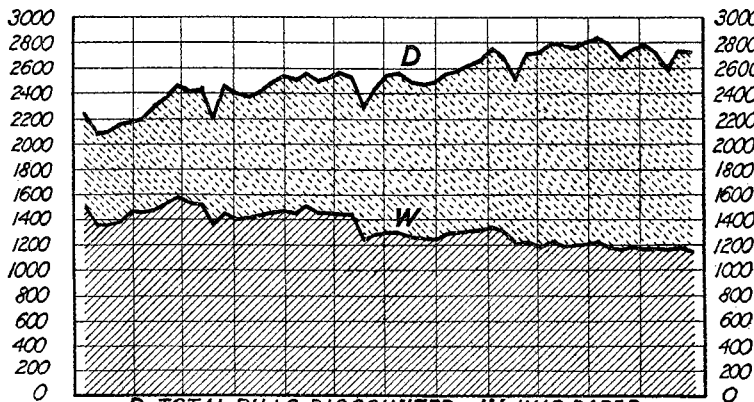
MILLIONS  
OF  
DOLLARS



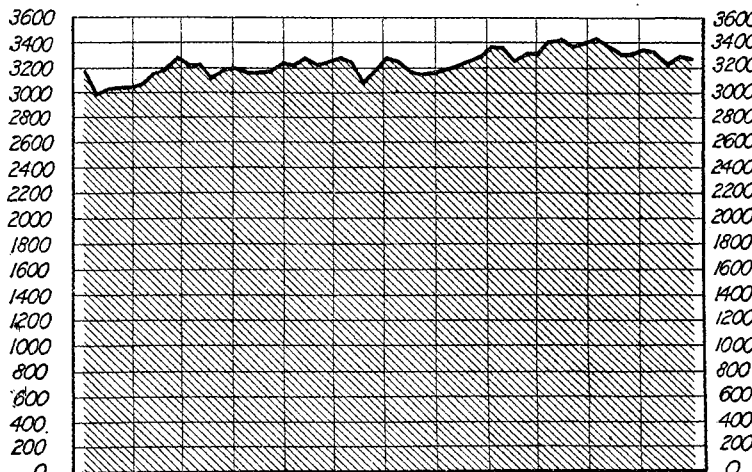
UNITED STATES SECURITIES.



ACCEPTANCES BOUGHT.



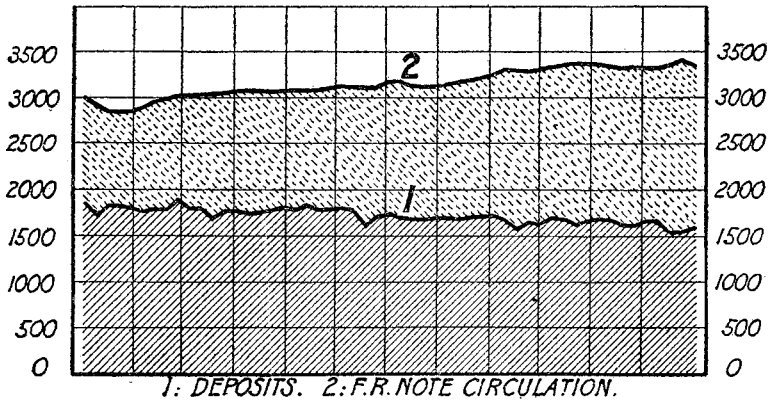
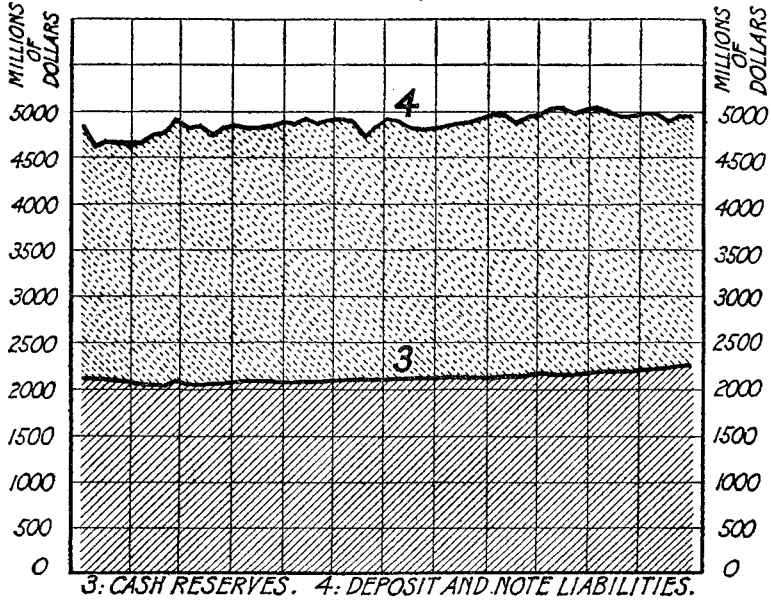
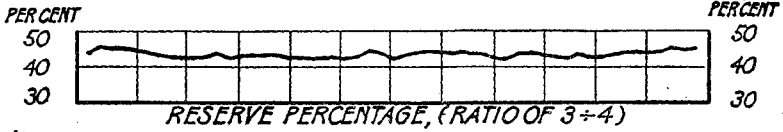
D: TOTAL BILLS DISCOUNTED. W: WAR PAPER.



TOTAL EARNING ASSETS.

JAN. FEB. MAR. APR. MAY JUNE JULY AUG. SEPT. OCT. NOV. DEC.

**NET DEPOSITS, F.R. NOTE CIRCULATION,  
TOTAL RESERVES, AND RESERVE PERCENTAGE  
OF ALL FEDERAL RESERVE BANKS COMBINED  
DURING 1920**



JAN. FEB. MAR. APR. MAY JUNE JULY AUG. SEPT. OCT. NOV. DEC

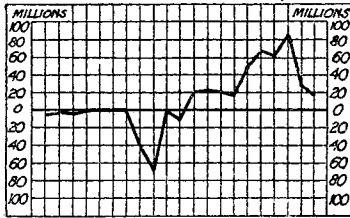
No. 17.—*Net amount of accommodation received from or extended to other Federal Reserve Banks.*

[End-of-month holdings in thousands of dollars. Plus sign indicates net accommodation extended; minus sign, net accommodation received.]

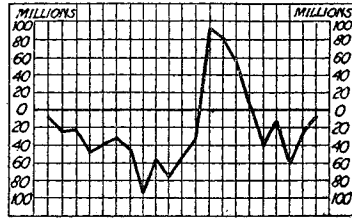
Date.	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total.
1919.													
Apr. 25.....	- 7,159	- 9,662	-29,496	+ 20,254	-25,000	.....	+54,670	+ 187	+18,071	-10,000	-26,468	+14,603	107,788
May 29.....	- 858	-25,571	-35,533	+ 35,533	-45,000	.....	+52,332	+10,000	+15,000	.....	-32,332	+26,429	139,294
June 27.....	- 5,062	-22,394	-57,967	+ 23,750	-55,000	.....	+64,122	+ 9,735	+25,000	.....	- 9,640	+27,456	150,063
July 25.....	.....	-48,579	-34,900	+ 10,012	-50,000	.....	+54,900	+ 5,000	+25,000	.....	.....	+38,567	133,479
Aug. 29.....	.....	-39,432	-20,930	+ 419	-29,725	.....	+33,930	+ 8,250	+11,475	+10,013	- 3,000	+29,000	93,087
Sept. 26.....	.....	-31,702	-18,295	.....	-25,000	- 8,900	+60,195	.....	+10,000	+14,725	-18,000	+16,977	101,897
Oct. 31.....	.....	-45,864	-23,448	+ 10,042	.....	- 5,500	+48,980	+ 5,014	.....	.....	.....	+10,776	74,812
Nov. 28.....	-40,474	-96,440	-23,500	+ 23,269	+ 5,080	.....	+67,871	+32,564	.....	+10,005	+10,078	+11,547	160,414
Dec. 26.....	-69,899	-58,201	-27,615	+ 12,265	+ 5,080	+ 5,065	+60,090	+29,022	.....	- 3,195	+32,123	+15,265	158,910
1920.													
Jan. 30.....	- 1,021	-75,649	-32,790	+ 27,521	- 5,000	+15,000	+51,918	+ 1,663	.....	.....	+14,950	+ 3,408	114,460
Feb. 27.....	-11,923	-55,308	-38,925	+ 15,601	.....	+16,187	+33,410	.....	+ 4,000	+10,050	+23,500	+ 3,408	106,156
Mar. 26.....	+20,414	-34,096	-35,555	+ 38,304	-15,000	+ 3,351	+ 7,605	-11,829	+10,029	+ 1,871	+ 7,825	+ 7,081	96,480
Apr. 30.....	+22,126	+92,683	-20,709	+ 48,275	-24,850	.....	-38,471	-41,385	-11,111	-15,871	- 3,000	- 7,687	163,084
May 28.....	+20,366	+82,054	.....	+ 43,761	-25,000	- 8,500	-18,995	-50,060	-19,132	-13,865	-13,000	+ 2,371	148,552
June 25.....	+17,130	+56,567	.....	+ 52,078	-24,904	- 7,960	-24,950	-26,723	-23,672	-12,958	- 5,000	+ 392	126,167
July 30.....	+48,368	+ 6,474	+10,014	+ 64,756	-23,133	-21,607	-10,001	-30,607	-13,738	-22,902	-26,716	+19,092	148,704
Aug. 27.....	+66,911	-40,923	+11,812	+121,060	-25,000	-31,963	- 8,001	-32,434	-20,347	-22,247	-34,540	+15,672	215,455
Sept. 24.....	+60,655	-13,404	+35,812	+145,620	-24,620	-45,533	-29,800	-36,996	-21,349	-41,175	-37,419	+ 8,209	250,296
Oct. 29.....	+84,396	-61,362	+37,201	+138,750	-14,275	-38,122	- 7,050	-37,305	-26,603	-44,895	-32,828	+ 93	260,440
Nov. 26.....	+27,654	-24,502	+21,758	+112,106	-10,000	-40,216	.....	-12,793	-25,860	-28,464	-26,600	+ 6,917	168,435
Dec. 30.....	+16,575	- 6,917	+17,109	+ 81,578	-10,000	-33,659	.....	.....	-14,801	-29,086	-27,711	+ 6,917	122,174

# INTERDISTRICT ACCOMMODATION

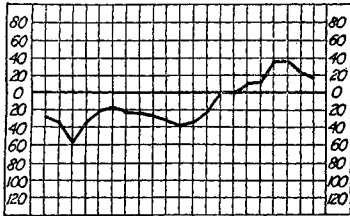
NET AMOUNT OF ACCOMMODATION RECEIVED FROM OR EXTENDED TO OTHER FEDERAL RESERVE BANKS;  
 APRIL 1919 TO DECEMBER 1920  
 END-OF-MONTH HOLDINGS, IN MILLIONS OF DOLLARS.  
*Above Base Lines: Accommodation Extended.*  
*Below Base Lines: Accommodation Received.*



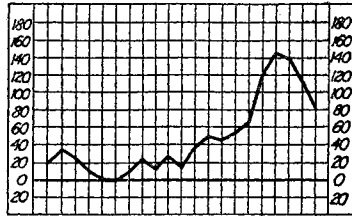
BOSTON



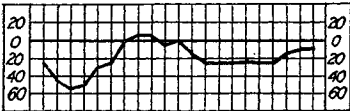
NEW YORK



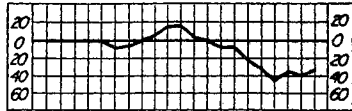
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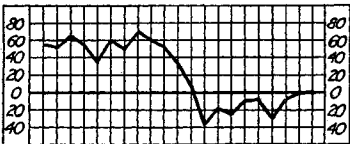
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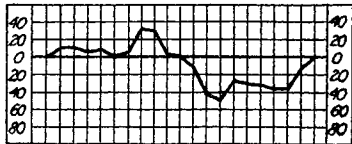
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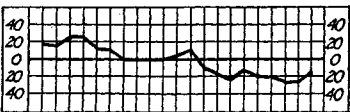
ATLANTA



CHICAGO



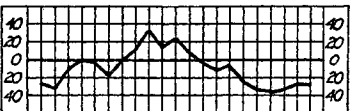
ST. LOUIS



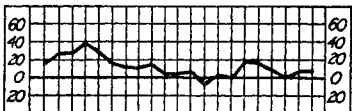
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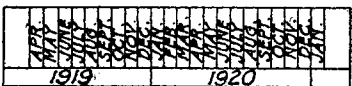
KANSAS CITY



DALLAS



SAN FRANCISCO



**No. 18.**—*Condition of each Federal Reserve Bank on Dec. 31, 1920.*

[Detailed figures in roman type represent items shown on the balance sheets of the banks before closing of books on Dec. 31, 1920; figures in bold face indicate results of consolidation according to methods used in the compilation of the Board's weekly statement.]

[In thousands of dollars.]

RESOURCES.

	Total.	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.
Gold bullion and coin.....	137,045	9,602	50,765	5,212	8,179	3,619	1,725	17,280	3,037	2,814	3,286	5,634	25,892
Gold certificates.....	124,855	2,199	81,958	875	2,729	2,083	7,019	11,736	2,092	6,316	739	4,373	2,736
Gold and gold certificates.....	<b>261,900</b>	<b>11,801</b>	<b>132,723</b>	<b>6,087</b>	<b>10,908</b>	<b>5,702</b>	<b>8,744</b>	<b>29,016</b>	<b>5,129</b>	<b>9,130</b>	<b>4,025</b>	<b>10,007</b>	<b>28,628</b>
<b>Gold settlement fund—Federal Reserve Board.....</b>	<b>357,278</b>	<b>40,116</b>	<b>45,902</b>	<b>50,352</b>	<b>77,015</b>	<b>20,429</b>	<b>7,442</b>	<b>36,048</b>	<b>21,763</b>	<b>8,456</b>	<b>23,957</b>	<b>2,074</b>	<b>23,724</b>
Gold with foreign agencies.....	3,309	241	1,211	264	270	162	119	393	155	89	158	86	152
<b>Total gold held by banks.....</b>	<b>622,478</b>	<b>52,158</b>	<b>179,836</b>	<b>56,703</b>	<b>88,193</b>	<b>26,293</b>	<b>16,305</b>	<b>65,457</b>	<b>27,047</b>	<b>17,675</b>	<b>28,140</b>	<b>12,167</b>	<b>52,504</b>
Gold with Federal Reserve agent.....	1,277,875	134,747	254,576	138,791	177,635	53,699	60,710	198,162	49,337	25,905	40,769	24,484	119,060
Gold redemption fund.....	162,433	18,796	39,000	8,902	15,622	6,797	10,298	33,461	6,404	3,098	5,255	4,431	10,369
<b>Total gold reserves.....</b>	<b>2,062,786</b>	<b>205,701</b>	<b>473,412</b>	<b>204,396</b>	<b>281,450</b>	<b>86,789</b>	<b>87,313</b>	<b>297,080</b>	<b>82,788</b>	<b>46,678</b>	<b>74,164</b>	<b>41,082</b>	<b>181,933</b>
Legal-tender notes.....	76,891	9,190	51,998	776	2,185	354	454	6,432	1,911	126	1,756	1,317	392
Silver certificates.....	80,355	46	71,309	117	5	1	43	6,381	1,586	12	60	526	269
Silver coin.....	33,668	2,579	21,452	100	38	8	1,530	1,627	2,591	112	517	2,613	501
Legal-tender notes, silver, etc.....	190,914	11,815	144,759	993	2,228	363	2,027	14,440	6,088	250	2,333	4,456	1,162
<b>Total cash reserves.....</b>	<b>2,253,700</b>	<b>217,516</b>	<b>618,171</b>	<b>205,389</b>	<b>283,678</b>	<b>87,152</b>	<b>89,340</b>	<b>311,520</b>	<b>88,876</b>	<b>46,928</b>	<b>76,497</b>	<b>45,538</b>	<b>183,095</b>
Member banks' collateral notes, secured by Government war obligations.....	878,015	54,166	329,174	75,782	88,079	40,490	48,442	116,300	36,308	11,384	21,928	12,914	43,048
Other discounted bills, secured by Government war obligations.....	276,468	24,059	125,578	39,865	11,931	5,465	12,998	24,128	7,469	5,709	7,778	2,990	8,498
<b>Bills discounted, secured by Government war obligations.....</b>	<b>1,154,483</b>	<b>78,225</b>	<b>454,752</b>	<b>115,647</b>	<b>100,010</b>	<b>45,955</b>	<b>61,440</b>	<b>140,428</b>	<b>43,777</b>	<b>17,093</b>	<b>29,706</b>	<b>15,904</b>	<b>51,546</b>
Member banks' collateral notes, secured otherwise than by Government war obligations.....	17,692			50	292	850	264	3,299	45	9,346	749	873	1,924

Other discounted bills, secured otherwise than by Government war obligations.....	1,515,218	95,143	416,687	56,686	101,041	68,668	70,897	331,836	71,111	55,215	79,886	53,920	114,128
<b>Bills discounted—All other.....</b>	<b>1,532,910</b>	<b>95,143</b>	<b>416,687</b>	<b>56,736</b>	<b>101,333</b>	<b>69,518</b>	<b>71,161</b>	<b>335,135</b>	<b>71,156</b>	<b>64,561</b>	<b>80,635</b>	<b>54,793</b>	<b>116,052</b>
<b>Bills bought in open market.....</b>	<b>260,406</b>	<b>20,678</b>	<b>113,740</b>	<b>12,689</b>	<b>27,211</b>	<b>5,048</b>	<b>3,571</b>	<b>25,741</b>	<b>1,199</b>	<b>1,313</b>	<b>2,171</b>	<b>247</b>	<b>46,798</b>
<b>Total bills on hand.....</b>	<b>2,947,799</b>	<b>194,046</b>	<b>985,179</b>	<b>185,072</b>	<b>228,554</b>	<b>120,521</b>	<b>136,172</b>	<b>501,304</b>	<b>116,132</b>	<b>82,967</b>	<b>112,512</b>	<b>70,944</b>	<b>214,396</b>
Liberty bonds.....	2,009	10	213	885	419	82	103	64			29		204
Other United States bonds.....	24,306	529	1,255	549	415	1,152	10	4,426	1,153	116	8,838	3,979	1,884
<b>United States Government bonds.....</b>	<b>26,311</b>	<b>539</b>	<b>1,468</b>	<b>1,434</b>	<b>834</b>	<b>1,234</b>	<b>113</b>	<b>4,490</b>	<b>1,153</b>	<b>116</b>	<b>8,867</b>	<b>3,975</b>	<b>2,088</b>
<b>United States Victory notes.....</b>	<b>73</b>	<b>5</b>	<b>50</b>		<b>10</b>		<b>3</b>				<b>1</b>	<b>4</b>	
One-year certificates of indebtedness (Pittman Act).....	259,375	21,436	59,276	30,280	23,799	12,260	16,664	39,612	15,568	8,480	12,820	8,300	10,880
Other certificates of indebtedness.....	1,270	83	390	181		2	8		455		1		150
<b>United States certificates of indebtedness.....</b>	<b>260,645</b>	<b>21,519</b>	<b>59,666</b>	<b>30,461</b>	<b>23,799</b>	<b>12,262</b>	<b>16,672</b>	<b>39,612</b>	<b>16,023</b>	<b>8,480</b>	<b>12,821</b>	<b>8,300</b>	<b>11,030</b>
<b>Total earning assets.....</b>	<b>3,234,828</b>	<b>216,109</b>	<b>1,046,363</b>	<b>216,967</b>	<b>253,197</b>	<b>134,017</b>	<b>152,960</b>	<b>545,406</b>	<b>133,308</b>	<b>91,563</b>	<b>134,201</b>	<b>83,223</b>	<b>227,514</b>
<b>Bank premises.....</b>	<b>17,860</b>	<b>2,700</b>	<b>4,378</b>	<b>500</b>	<b>1,649</b>	<b>1,447</b>	<b>541</b>	<b>2,379</b>	<b>541</b>	<b>668</b>	<b>1,041</b>	<b>1,639</b>	<b>377</b>
Due from foreign banks.....	1,120		1,120										
National bank notes.....	6,049	831			1,725	6	937	1,068	572	233	234	144	299
Bank notes of other Federal Reserve Banks.....	1,302				5	( <sup>1</sup> )	11	1,219		11			56
Federal Reserve notes of other Federal Reserve Banks.....	31,131	645	14,308	85	1,450		1,723	6,515	704	422	248	1,001	4,030
Unassorted currency.....	51,352	8,503		9,240	4,219	7,329	7,323	15	3,064	358	4,426	3,024	2,851
Transit items.....	543,785	44,436	101,147	46,675	53,073	50,003	20,270	62,803	33,775	17,145	50,213	29,778	34,467
Checks and other cash items.....	23,343	211	14,656	5,263	16	269	78	549	71	439	157	628	1,006
Deferred items—Treasurer United States.....	2		2										
Unmatured Government coupons.....							1			1			
Exchanges for clearing house.....	46,006	2,997	10,113	6,486	8,418	2,268	1,063	6,843	1,038	1,122	375	646	4,637
Domestic transfers purchased.....	23,649				4,723			9,985		1,875		7,066	
<b>Uncollected items and other deductions from gross deposits.....</b>	<b>727,741</b>	<b>57,623</b>	<b>141,346</b>	<b>67,749</b>	<b>73,629</b>	<b>59,875</b>	<b>31,406</b>	<b>88,997</b>	<b>39,225</b>	<b>21,605</b>	<b>55,653</b>	<b>42,287</b>	<b>48,346</b>
<b>Five per cent redemption fund against Federal Reserve bank notes.....</b>	<b>12,588</b>	<b>1,072</b>	<b>2,766</b>	<b>1,300</b>	<b>1,240</b>	<b>601</b>	<b>561</b>	<b>1,779</b>	<b>623</b>	<b>480</b>	<b>915</b>	<b>586</b>	<b>665</b>

<sup>1</sup> Less than \$500.



No. 18.—Condition of each Federal Reserve Bank on Dec. 31, 1920—Continued.

[Detailed figures in roman type represent items shown on the balance sheets of the banks before closing of books on Dec. 31, 1920; figures in bold face indicate results of consolidation according to methods used in the compilation of the Board's weekly statement.]

[In thousands of dollars.]

RESOURCES—Continued.

	Total.	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.
Other resources:													
War-loan expenses.....	910	87	225	38	82	36	40	85	71	11	112	24	99
Fiscal agency—general expenses.....	32									32			
Certificates of indebtedness—disburse- ments.....	11									11			
Treasury Department special account.....	(1)		(1)										
Cost of Federal Reserve currency.....	104												104
Furniture and equipment.....	59									(1)			89
Deferred charges.....	489	8	49	3	(1)	9	4	230	52	11		71	52
Difference account.....	5	1	1	(1)	(1)	(1)	3			(1)			
United States Liberty bonds held against participation certificates.....	36		34					2					
Real estate mortgage.....	37		37										
Cafeteria future supplies.....	4			4									
Claims recoverable.....	1											1	
Loans and discounts—suspense ac- count.....	237											237	
Sundry losses.....	8											8	
Nickels and cents.....	1,244	155	481	(1)	1	(1)	30	246	220	(1)	61	41	9
Overdrafts—													
United States Government.....	28,021		28,021										
All other.....	2,040			(1)	61	393	149	1	2	98		237	1,099
Interest accrued on United States securities.....	2,770	219	606	314	240	128	159	425	185	86	177	106	125
<b>All other resources</b> .....	<b>36,038</b>	<b>470</b>	<b>29,454</b>	<b>359</b>	<b>384</b>	<b>566</b>	<b>385</b>	<b>989</b>	<b>530</b>	<b>249</b>	<b>350</b>	<b>725</b>	<b>1,577</b>
<b>Total resources</b> .....	<b>6,282,755</b>	<b>495,490</b>	<b>1,842,478</b>	<b>492,264</b>	<b>613,777</b>	<b>283,658</b>	<b>275,193</b>	<b>951,070</b>	<b>263,103</b>	<b>161,493</b>	<b>268,657</b>	<b>173,998</b>	<b>461,574</b>

LIABILITIES.

Capital paid in by members.....	99,761	7,718	26,373	8,485	10,703	5,269	4,051	13,913	4,365	3,461	4,455	4,099	6,869
Capital paid in by applicants for membership.....	60						2						58
<b>Capital paid in.....</b>	<b>99,821</b>	<b>7,718</b>	<b>26,373</b>	<b>8,485</b>	<b>10,703</b>	<b>5,269</b>	<b>4,053</b>	<b>13,913</b>	<b>4,365</b>	<b>3,461</b>	<b>4,455</b>	<b>4,099</b>	<b>6,927</b>
<b>Surplus.....</b>	<b>164,745</b>	<b>12,351</b>	<b>51,308</b>	<b>13,069</b>	<b>13,712</b>	<b>8,067</b>	<b>7,050</b>	<b>23,917</b>	<b>5,884</b>	<b>5,178</b>	<b>8,395</b>	<b>4,152</b>	<b>11,662</b>
<b>Government deposits.....</b>	<b>24,712</b>	<b>2,088</b>		<b>858</b>	<b>4,562</b>	<b>2,695</b>	<b>1,579</b>	<b>2,138</b>	<b>2,618</b>	<b>1,031</b>	<b>2,669</b>	<b>1,660</b>	<b>2,814</b>
<b>Due to members—reserve account.....</b>	<b>1,780,449</b>	<b>114,441</b>	<b>702,431</b>	<b>111,014</b>	<b>150,347</b>	<b>57,065</b>	<b>49,172</b>	<b>249,771</b>	<b>66,903</b>	<b>43,520</b>	<b>74,318</b>	<b>46,995</b>	<b>114,452</b>
Government transit items.....	16,919		703	5,372	643	1,257	1,133	4,267	1,135	839			1,570
United States Treasurer—suspense account.....	80		80										
Coin deposited for redemption.....	14	14											
Currency deposited for redemption.....	37	37											
All other transit items.....	500,651	41,712	92,536	45,552	53,910	38,945	19,227	51,644	32,897	16,653	47,630	27,559	32,386
Domestic transfers sold.....	401			400									1
<b>Deferred availability items.....</b>	<b>518,102</b>	<b>41,763</b>	<b>93,319</b>	<b>51,324</b>	<b>54,553</b>	<b>40,202</b>	<b>20,360</b>	<b>55,911</b>	<b>34,032</b>	<b>17,492</b>	<b>47,630</b>	<b>27,559</b>	<b>33,957</b>
Foreign Government credits.....	( <sup>1</sup> )		( <sup>1</sup> )										
Foreign banks.....	5,494	292	2,962	320	328	196	144	476	188	108	192	104	184
Nonmembers—clearing accounts.....	9,220	1	5,569				17	637	466	134	1		2,395
Cashiers' checks.....	7,870	306	3,602	869	115	87	142	707	62	290	486	142	1,062
Federal Reserve exchange drafts.....	207	38		83	11	5		22	( <sup>1</sup> )		( <sup>1</sup> )		48
Federal Reserve transfer drafts.....	82	46						26					10
Suspense account—5 per cent redemption fund, national banks.....	374	149		175									
Suspense credits.....	3	3											
<b>Other deposits, including foreign Government credits.....</b>	<b>23,200</b>	<b>835</b>	<b>12,133</b>	<b>1,447</b>	<b>454</b>	<b>288</b>	<b>303</b>	<b>1,868</b>	<b>716</b>	<b>532</b>	<b>679</b>	<b>246</b>	<b>3,699</b>
<b>Total gross deposits.....</b>	<b>2,346,463</b>	<b>159,127</b>	<b>807,883</b>	<b>164,643</b>	<b>209,916</b>	<b>100,270</b>	<b>71,414</b>	<b>309,688</b>	<b>104,269</b>	<b>62,575</b>	<b>125,296</b>	<b>76,460</b>	<b>154,922</b>
Federal Reserve notes outstanding.....	3,735,731	301,554	1,036,354	291,299	378,693	161,034	179,760	634,237	155,391	81,386	118,125	81,754	313,144
Less:													
Held by bank and branches.....	374,865	9,824	167,855	11,521	27,145	4,908	5,844	82,189	18,021	744	5,634	4,269	36,911
Forwarded for redemption.....	24,585	2,950	1,018	1,456	2,597	957	510	6,653	1,585	1,144	913	1,032	3,770
Total deductions.....	399,450	12,774	168,873	12,977	29,742	5,865	6,354	88,842	19,606	1,888	6,547	5,301	40,681

<sup>1</sup> Less than \$500.

<sup>2</sup> Credit balance after closing of books, \$11,298,000.

No. 18.—Condition of each Federal Reserve Bank on Dec. 31, 1920—Continued.

[Detailed figures in roman type represent items shown on the balance sheets of the banks before closing of books on Dec. 31, 1920; figures in bold face indicate results of consolidation according to methods used in the compilation of the Board's weekly statement.]

[In thousands of dollars.]

LIABILITIES—Continued.

	Total.	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.
<b>Federal Reserve notes in actual circu- lation</b> .....	<b>3,336,281</b>	<b>288,780</b>	<b>867,481</b>	<b>278,322</b>	<b>348,951</b>	<b>155,169</b>	<b>173,406</b>	<b>545,395</b>	<b>135,785</b>	<b>79,498</b>	<b>111,578</b>	<b>79,453</b>	<b>272,463</b>
Federal Reserve bank notes outstanding.....	239,989	20,623	55,327	22,792	23,209	11,938	16,170	39,804	9,609	7,829	14,855	8,745	9,088
Less: Held by bank and branches.....	23,348	269	16,494	191	474	472	995	948	122	174	634	1,644	931
<b>Federal Reserve bank notes in actual circulation—net liability</b> .....	<b>216,641</b>	<b>20,354</b>	<b>38,833</b>	<b>22,601</b>	<b>22,735</b>	<b>11,466</b>	<b>15,175</b>	<b>38,856</b>	<b>9,487</b>	<b>7,655</b>	<b>14,221</b>	<b>7,101</b>	<b>8,157</b>
Other liabilities:													
Profit and loss.....	6,518	456	2,354	573	531	251	165	1,063	240	179	242	6	458
Earnings—													
Discount on bills discounted.....	84,730	5,565	28,718	5,002	6,203	3,230	3,824	15,170	3,561	2,776	3,495	2,227	4,959
Discount on bills purchased.....	9,297	855	3,226	454	1,370	189	85	1,234	60	54	89	20	1,661
Interest on United States secu- rities.....	3,621	316	994	391	325	138	161	491	197	87	232	131	158
Interest earned on bill of lading drafts.....	3									3			
Deficient reserve penalties (in- cluding interest).....	930	20	64	35	54	117	59	103	59	67	153	123	76
Domestic transfers bought and sold—net.....	540				59			213		47		219	2
Commissions.....	( <sup>1</sup> )												( <sup>1</sup> )
Profit on United States securities.....	15	12						1					2
Income and expense—real estate.....	107		107										
Rental account.....	12									12			
Miscellaneous.....	270	16	80	30	18	16	13	39	17	7	14	6	14
Gross earnings.....	99,525	6,784	33,189	5,912	8,029	3,690	4,142	17,251	3,894	3,053	3,983	2,726	6,872
Less current expenses.....	17,486	1,149	3,750	1,823	1,444	913	756	2,413	1,508	628	1,088	842	1,172
Current net earnings.....	82,039	5,635	29,439	4,089	6,585	2,777	3,386	14,838	2,386	2,425	2,895	1,884	5,700

Deduct—dividends paid in current period.....	2,362	( <sup>1</sup> )	763	252	308	154	118	410	129	100	133	( <sup>1</sup> )	25
Net earnings available for dividends, surplus, and franchise tax.....	79,677	5,635	28,676	3,837	6,277	2,623	3,268	14,428	2,257	2,325	2,762	1,884	5,705
Reserved for franchise tax.....	14,962		14,962										
Reserved for taxes other than franchise tax.....	210	41			71	28			29	19		22	
Reserved for taxes on Federal Reserve Bank notes.....	94		94										
Reserved for sundry expenses.....	918		430	52		30	53	155	130	1	43	1	23
Reserved against undetermined liabilities.....	293		200									93	
Reserved for adjustments.....	368										368		
Depreciation reserve on United States bonds.....	1,279	85	201	145	89	5	14	103	173	54	84	241	85
Self-insurance reserve.....	262		262										
Gold in transit or in custody—withheld for expense account.....	326		326										
Suspense account.....	230		230										
Deficient reserve penalties—suspense.....	4			4									
Participation certificates—Liberty loan bonds.....	16		14					2			( <sup>1</sup> )		
Proceeds of sale of war loan office equipment.....	( <sup>1</sup> )			( <sup>1</sup> )									
Victory Liberty Loan Association.....	3					3							
Difference account.....	26							26		( <sup>1</sup> )		( <sup>1</sup> )	( <sup>1</sup> )
Accrued dividends unpaid.....	( <sup>1</sup> )											( <sup>1</sup> )	
Unearned discount.....	13,618	943	2,851	533	792	477	595	3,524	484	548	1,213	486	1,172
<b>All other liabilities.....</b>	<b>118,804</b>	<b>7,160</b>	<b>50,600</b>	<b>5,144</b>	<b>7,760</b>	<b>3,417</b>	<b>4,095</b>	<b>19,301</b>	<b>3,313</b>	<b>3,126</b>	<b>4,712</b>	<b>2,733</b>	<b>7,443</b>
<b>Total liabilities.....</b>	<b>6,282,755</b>	<b>495,490</b>	<b>1,842,478</b>	<b>492,264</b>	<b>613,777</b>	<b>283,658</b>	<b>275,193</b>	<b>951,070</b>	<b>263,103</b>	<b>161,493</b>	<b>268,657</b>	<b>173,998</b>	<b>461,574</b>

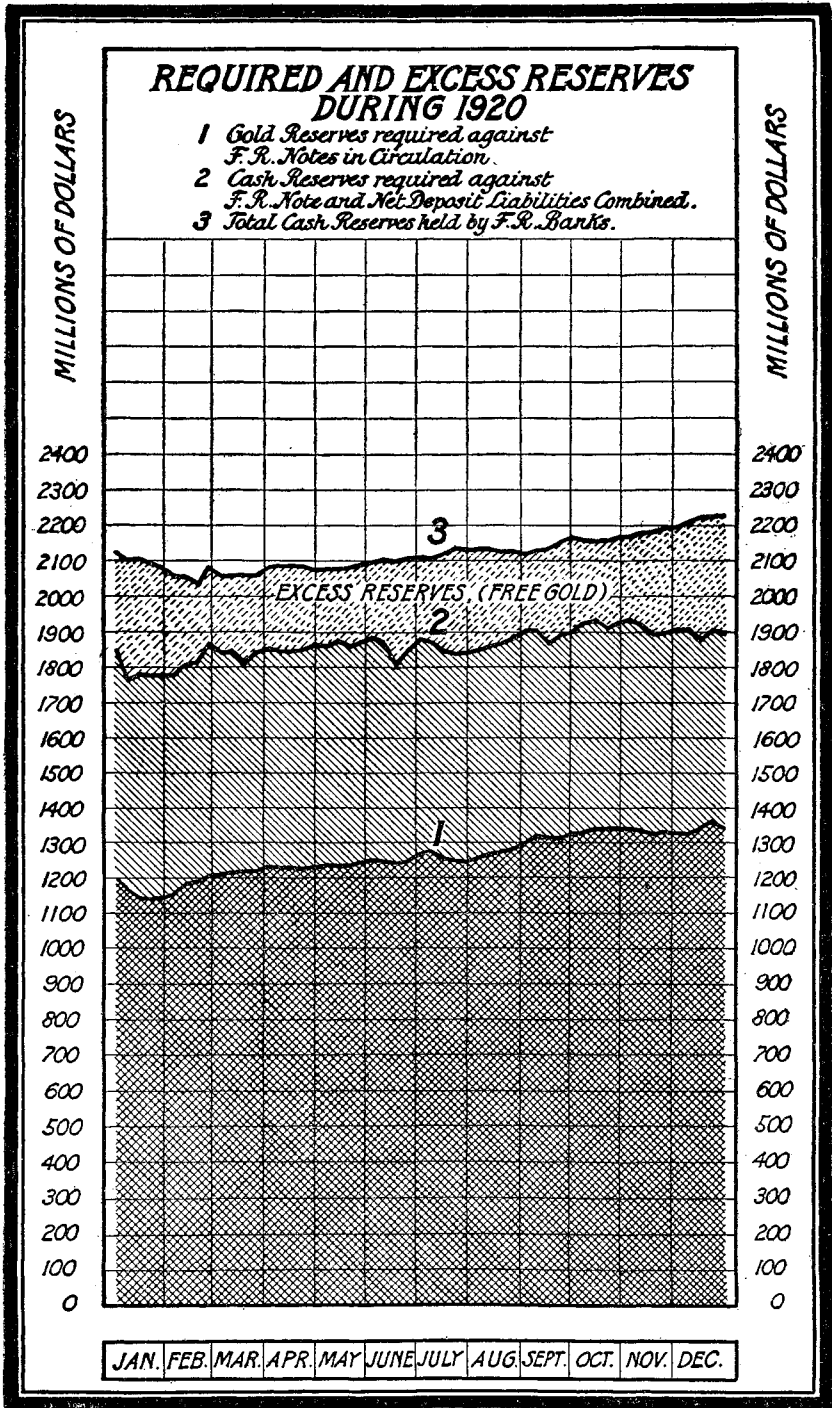
<sup>1</sup> Less than \$500.<sup>2</sup> Interest received.

No. 19.—*Net deposits, Federal Reserve note circulation, required reserves, excess reserves, and reserve percentages for each Friday in 1920.*

[In thousands of dollars.]

Date.	Liability on—			Reserves required.			Total cash reserve held.	Gold in excess of required reserves (free gold).	Ratio of total cash reserves to net deposit and Federal Reserve note liabilities combined.
	Net deposits.	Federal Reserve notes in circulation.	Deposits and notes combined.	On net deposits (35 per cent).	On Federal Reserve notes (40 per cent).	Total.			
1920.									
Jan. 2	1,851,133	2,998,992	4,850,125	647,896	1,199,597	1,847,493	2,121,272	273,779	<i>Per cent.</i> 43.7
9	1,715,892	2,914,368	4,630,260	600,562	1,165,747	1,766,309	2,102,099	335,790	45.4
16	1,819,061	2,849,879	4,668,940	636,671	1,139,952	1,776,623	2,104,281	327,658	45.1
23	1,817,843	2,844,227	4,662,070	636,245	1,137,691	1,773,936	2,087,896	313,960	44.8
30	1,806,496	2,850,944	4,657,440	632,274	1,140,378	1,772,652	2,073,933	301,281	44.5
Feb. 6	1,765,524	2,891,775	4,657,299	617,933	1,156,710	1,774,643	2,054,656	280,013	44.1
13	1,787,245	2,959,087	4,746,332	625,536	1,183,635	1,809,171	2,052,513	243,342	43.2
20	1,785,797	2,977,124	4,762,921	625,029	1,190,848	1,815,877	2,035,440	219,563	42.7
27	1,884,576	3,019,984	4,904,560	659,602	1,207,994	1,867,596	2,083,215	215,619	42.5
Mar. 5	1,792,393	3,030,010	4,822,403	627,338	1,212,004	1,839,342	2,054,630	215,288	42.6
12	1,798,110	3,039,750	4,837,860	629,339	1,215,000	1,845,239	2,056,730	211,491	42.5
19	1,688,032	3,047,133	4,735,165	590,811	1,218,853	1,809,664	2,060,326	250,662	43.5
26	1,772,904	3,048,039	4,820,943	620,516	1,219,216	1,839,732	2,057,155	217,423	42.7
Apr. 2	1,774,269	3,077,323	4,851,592	620,994	1,230,929	1,851,923	2,080,428	228,505	42.9
9	1,742,139	3,080,217	4,822,356	609,749	1,232,087	1,841,836	2,087,306	245,470	43.3
16	1,752,675	3,073,693	4,826,368	613,436	1,229,477	1,842,913	2,087,731	244,818	43.3
23	1,773,587	3,068,307	4,841,894	620,755	1,227,323	1,848,078	2,083,568	235,490	43.0
30	1,812,732	3,074,555	4,887,287	634,456	1,229,822	1,864,278	2,070,765	206,487	42.4
May 7	1,774,297	3,092,344	4,866,641	621,005	1,236,938	1,857,943	2,076,087	218,144	42.7
14	1,839,355	3,083,234	4,922,589	643,774	1,233,294	1,877,068	2,078,393	201,325	42.2
21	1,784,379	3,085,202	4,869,581	624,533	1,234,081	1,858,614	2,079,538	220,924	42.7
28	1,794,440	3,107,021	4,901,461	628,054	1,242,808	1,870,862	2,092,496	221,634	42.7

June	4	1,807,175	3,127,291	4,934,466	632,511	1,250,916	1,883,427	2,098,940	215,513	42.5
	11	1,779,133	3,112,205	4,891,338	622,697	1,244,882	1,867,579	2,102,591	235,012	43.0
	18	1,617,603	3,104,810	4,722,413	566,161	1,241,924	1,808,085	2,100,900	292,815	44.5
	25	1,722,223	3,116,718	4,838,941	602,778	1,246,687	1,849,465	2,108,605	259,140	43.6
July	2	1,755,996	3,168,814	4,924,810	614,599	1,267,525	1,882,124	2,109,501	227,377	42.8
	9	1,707,869	3,180,948	4,888,817	597,756	1,272,379	1,870,135	2,108,193	238,058	43.1
	16	1,686,941	3,135,893	4,822,834	590,430	1,254,357	1,844,787	2,119,047	274,260	43.9
	23	1,685,644	3,118,205	4,803,849	589,976	1,247,281	1,837,257	2,134,012	296,755	44.4
	30	1,697,245	3,120,138	4,817,383	594,036	1,248,057	1,842,093	2,128,640	286,547	44.2
Aug.	6	1,698,489	3,141,861	4,840,350	594,471	1,256,746	1,851,217	2,131,744	280,527	44.0
	13	1,692,450	3,169,181	4,861,631	592,357	1,267,675	1,860,032	2,132,885	272,853	43.9
	20	1,702,316	3,174,725	4,877,041	595,811	1,269,892	1,865,703	2,121,837	256,134	43.5
	27	1,717,867	3,203,637	4,921,504	601,251	1,281,454	1,882,705	2,127,827	245,122	43.2
Sept.	3	1,735,088	3,243,270	4,978,358	607,281	1,297,308	1,904,589	2,117,957	213,368	42.5
	10	1,679,417	3,295,185	4,974,602	587,796	1,318,074	1,905,870	2,131,247	225,377	42.8
	17	1,578,287	3,289,681	4,867,968	552,400	1,315,872	1,868,272	2,133,145	264,873	43.8
	24	1,658,464	3,279,996	4,938,460	580,462	1,311,998	1,892,460	2,151,594	259,134	43.6
Oct.	1	1,645,836	3,304,690	4,950,526	576,043	1,321,876	1,897,919	2,165,195	267,276	43.7
	8	1,710,176	3,322,123	5,032,299	598,563	1,328,849	1,927,412	2,158,268	230,856	42.9
	15	1,694,130	3,353,271	5,047,401	592,946	1,341,308	1,934,254	2,154,911	220,657	42.7
	22	1,624,646	3,356,199	4,980,845	568,626	1,342,480	1,911,106	2,157,270	246,164	43.3
	29	1,674,553	3,351,303	5,025,856	586,095	1,340,519	1,926,614	2,168,038	241,424	43.1
Nov.	5	1,694,923	3,354,180	5,049,103	593,224	1,341,672	1,934,896	2,169,729	234,833	43.0
	12	1,674,764	3,328,985	5,003,749	586,167	1,331,594	1,917,761	2,180,011	262,250	43.6
	19	1,632,740	3,307,435	4,940,175	571,459	1,322,974	1,894,433	2,180,228	285,795	44.1
	26	1,623,641	3,325,538	4,949,179	568,274	1,330,215	1,898,489	2,195,310	296,821	44.4
Dec.	3	1,667,258	3,312,039	4,979,297	583,540	1,324,814	1,908,354	2,198,195	289,841	44.1
	10	1,662,301	3,311,842	4,974,143	581,805	1,324,736	1,906,541	2,212,407	305,866	44.5
	17	1,542,594	3,344,332	4,886,926	539,909	1,337,733	1,877,642	2,222,468	344,826	45.5
	23	1,549,348	3,404,931	4,954,279	542,273	1,361,972	1,904,245	2,236,754	332,509	45.1
	30	1,604,190	3,344,686	4,948,876	561,467	1,337,874	1,899,341	2,249,163	349,822	45.4



**No. 20.**—Cash reserves, total earning assets, net deposits, Federal Reserve note circulation, and reserve percentages, by months during 1920 and 1919.

[Average daily figures; amounts in thousands of dollars.]

Month.	1		2		3		4		5	
	Cash reserves.		Total earning assets.		Net deposits.		Federal Reserve notes in circulation.		Reserve percentages 1÷(3+4).	
	1920	1919	1920	1919	1920	1919	1920	1919	1920	1919
January.....	2,098,498	2,164,167	3,043,952	2,213,511	1,789,516	1,618,024	2,887,846	2,540,642	44.9	52.0
February.....	2,053,422	2,183,641	3,154,054	2,225,686	1,796,754	1,692,770	2,946,863	2,462,941	43.3	52.5
March.....	2,058,293	2,202,368	3,211,936	2,318,422	1,782,977	1,768,256	3,040,440	2,503,350	42.7	51.6
April.....	2,084,077	2,224,948	3,191,945	2,341,724	1,770,042	1,734,281	3,071,754	2,547,535	43.0	52.0
May.....	2,078,822	2,246,087	3,255,859	2,391,774	1,810,591	1,803,508	3,089,737	2,534,112	42.4	51.8
June.....	2,102,985	2,248,265	3,209,650	2,323,992	1,747,713	1,770,114	3,113,949	2,500,969	43.3	52.6
July.....	2,118,899	2,176,779	3,290,973	2,478,863	1,706,109	1,795,100	3,143,465	2,523,960	43.7	50.4
August.....	2,127,305	2,146,003	3,233,862	2,442,627	1,699,476	1,748,254	3,165,222	2,544,357	43.7	50.0
September.....	2,139,280	2,157,932	3,329,481	2,471,515	1,664,864	1,657,678	3,275,535	2,627,295	43.3	50.4
October.....	2,162,178	2,207,386	3,390,089	2,709,330	1,681,047	1,810,312	3,336,765	2,738,394	43.1	48.5
November.....	2,182,795	2,185,149	3,375,395	2,907,803	1,667,885	1,853,702	3,327,632	2,812,247	43.7	46.8
December.....	2,221,573	2,149,653	3,313,502	3,034,224	1,622,267	1,744,217	3,342,520	2,955,476	44.7	45.7
Year.....	2,119,278	2,190,949	3,242,684	2,487,483	1,728,067	1,750,106	3,145,659	2,608,638	43.5	50.3



No. 21.—Average daily holdings of discounted paper, by months during 1920.

[In thousands of dollars.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	Septem-ber.	October.	Novem-ber.	Decem-ber.	Year 1920.	Year 1919.	Year 1918.	Year 1917.
Boston.....	158,891	176,057	183,619	168,211	164,505	158,915	155,961	173,312	181,126	172,630	174,366	171,516	169,800	142,386	76,415	12,813
New York.....	769,899	796,204	786,551	788,359	834,779	788,273	836,176	887,809	869,682	950,582	938,688	917,872	847,434	726,895	439,076	78,622
Philadelphia...	200,182	203,427	208,398	206,740	212,325	205,215	180,393	175,459	178,134	174,146	171,018	166,911	190,122	193,195	75,556	9,924
Cleveland.....	143,939	155,771	168,331	173,477	172,014	161,771	169,113	177,957	211,611	218,433	209,429	195,513	179,810	126,649	73,080	9,531
Richmond.....	102,045	101,482	104,593	94,259	95,947	97,384	101,631	103,775	109,407	110,778	114,444	113,387	104,111	94,546	54,300	10,720
Atlanta.....	95,344	95,394	104,432	104,878	117,322	114,709	115,109	117,059	121,760	124,813	143,172	136,636	115,940	87,910	41,159	5,812
Chicago.....	282,590	344,155	383,483	418,929	419,420	427,021	439,987	436,806	451,341	468,594	466,219	466,072	417,189	209,114	150,018	24,407
St. Louis.....	87,466	100,777	107,452	108,473	113,035	106,641	109,391	112,398	114,561	117,730	118,933	116,889	109,497	68,688	51,755	9,314
Minneapolis....	67,067	69,221	63,017	69,886	75,560	73,248	77,561	81,019	83,596	85,402	84,373	82,807	76,082	41,759	33,464	7,371
Kansas City....	90,496	89,796	100,973	109,548	110,515	109,516	108,956	107,119	110,206	110,926	114,200	114,113	106,405	83,003	55,733	10,636
Dallas.....	57,878	65,040	61,713	70,813	74,924	73,807	73,590	73,306	76,237	77,082	77,466	73,473	71,276	52,666	32,084	4,667
San Francisco..	86,991	101,653	113,975	126,803	147,205	144,522	151,176	159,094	169,391	170,939	164,149	175,171	142,718	81,387	57,413	6,468
Total: 1920.	2,142,788	2,298,977	2,386,537	2,440,376	2,537,551	2,461,022	2,519,044	2,605,113	2,677,052	2,782,055	2,776,457	2,730,360	2,530,384	.....	.....	.....
1919.	1,734,655	1,763,226	1,861,532	1,919,461	1,973,926	1,842,112	1,867,920	1,801,887	1,777,334	2,073,416	2,145,631	2,157,021	.....	1,908,198	.....	.....
1918.	611,235	531,541	567,475	769,259	902,102	938,442	1,105,649	1,337,701	1,603,153	1,709,766	1,768,746	1,749,156	.....	.....	1,140,053	.....
1917.	20,877	17,900	18,191	24,903	42,710	151,234	147,797	134,988	182,439	313,771	568,352	664,154	.....	.....	.....	190,285

No. 22.—Holdings of discounted bills on Dec. 30, 1920, distributed by maturities.

[In thousands of dollars.]

Federal Reserve Bank.	Total.	Maturity.				
		Within 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.	After 90 days.
Boston.....	178,543	96,985	22,964	33,010	25,584	.....
New York.....	904,239	732,257	50,036	89,242	32,704	.....
Philadelphia.....	173,563	135,107	8,633	20,011	9,805	7
Cleveland.....	199,333	123,644	33,404	30,371	11,702	212
Richmond.....	112,886	58,009	16,777	25,592	12,206	302
Atlanta.....	134,149	77,421	14,825	22,946	15,463	3,494
Chicago.....	475,869	177,338	53,565	97,762	133,434	13,770
St. Louis.....	114,218	58,790	18,154	25,470	10,465	1,339
Minneapolis.....	81,669	34,687	12,877	18,416	11,746	3,943
Kansas City.....	111,094	43,549	15,183	16,602	14,502	21,258
Dallas.....	68,885	29,221	9,019	12,138	7,927	10,580
San Francisco.....	164,686	65,877	24,969	39,116	26,081	8,643
Total.....	2,719,134	1,632,885	280,406	430,676	311,619	63,548

CONDITION OF FEDERAL RESERVE BANKS.

No. 23.—Holdings of discounted bills on the last Friday of each month during 1920, distributed by maturities.

[In thousands of dollars.]

Date.	Total.	Maturity.				
		Within 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.	Over 90 days.
1920.						
Jan. 30.....	2,174,357	1,385,117	206,267	309,576	255,093	18,304
Feb. 27.....	2,453,511	1,570,405	205,442	433,705	228,496	15,463
Mar. 26.....	2,449,230	1,425,695	294,355	464,333	245,221	19,626
Apr. 30.....	2,535,071	1,496,952	262,992	423,922	312,610	38,595
May 28.....	2,519,431	1,460,744	259,574	473,116	264,006	61,991
June 25.....	2,431,794	1,283,470	335,105	469,460	259,993	83,766
July 30.....	2,491,630	1,464,290	225,623	426,928	304,257	70,532
Aug. 27.....	2,667,127	1,581,792	247,986	491,886	301,240	44,223
Sept. 24.....	2,704,464	1,483,052	352,199	506,078	336,732	26,403
Oct. 29.....	2,801,297	1,591,408	300,671	512,062	368,446	28,710
Nov. 26.....	2,735,400	1,650,801	296,096	501,627	235,181	51,695
Dec. 30.....	2,719,134	1,632,885	280,406	430,676	311,619	63,548
Dec. 26, 1919.....	2,194,878	1,484,790	244,890	292,715	152,125	20,358
Dec. 27, 1918.....	1,702,941	1,149,955	266,108	166,877	93,062	26,940
Dec. 28, 1917.....	680,706	355,373	57,367	175,006	83,974	8,986

**No. 24.**—Holdings of discounted bills secured by Liberty bonds, Victory notes, and certificates of indebtedness on the last Friday of each month during 1920.

[In thousands of dollars.]

Date.	Total (all classes).	Secured by—								
		Liberty bonds.			Victory notes.			Certificates of indebtedness.		
		Total.	Member bank collateral notes.	Customers' bills and notes.	Total.	Member bank collateral notes.	Customers' bills and notes.	Total.	Member bank collateral notes.	Customers' bills and notes.
Jan. 30.....	1,457,892	667,886	438,081	229,805	216,119	130,937	85,182	573,887	571,185	2,702
Feb. 27.....	1,572,980	756,833	466,555	290,278	247,450	187,966	59,484	568,697	564,956	3,741
Mar. 26.....	1,441,015	742,864	481,832	261,032	276,954	184,631	92,323	421,197	415,448	5,749
Apr. 30.....	1,465,320	690,875	455,133	235,742	295,575	187,959	107,616	478,870	470,384	8,486
May 28.....	1,447,962	674,100	438,992	235,108	275,828	190,809	85,019	498,034	491,655	6,379
June 25.....	1,277,980	617,503	381,804	235,699	292,536	213,351	79,185	367,941	364,127	3,814
July 30.....	1,241,017	591,964	390,197	201,767	302,255	226,904	75,351	346,798	341,858	4,940
Aug. 27.....	1,314,830	666,684	451,701	214,983	301,458	224,963	76,495	346,688	340,863	5,825
Sept. 24.....	1,220,423	647,251	429,082	218,169	304,973	232,962	72,011	268,199	263,029	5,170
Oct. 29.....	1,203,905	641,552	446,307	195,245	322,474	243,674	78,800	239,879	231,193	8,686
Nov. 26.....	1,192,425	630,254	442,897	187,357	318,233	234,009	84,224	243,938	236,571	7,367
Dec. 30.....	1,141,036	648,352	460,376	187,976	304,686	227,669	77,017	187,998	181,465	6,533

No. 25.—Holdings of discounted bills on December 30, 1920, distributed by classes.

[In thousands of dollars.]

Federal Reserve Bank.	Total (all classes).	Customers' paper secured by Government war obligations.	Member bank collateral notes.		Commercial paper n. e. s.	Agricultural paper.	Live-stock paper.	Trade acceptances.	Bankers' acceptances.
			Secured by Government war obligations.	Otherwise secured.					
Boston.....	178,543	23,996	54,745	.....	99,620	.....	.....	128	54
New York.....	904,239	123,662	322,264	.....	444,845	.....	.....	1,800	11,411
Philadelphia.....	173,563	39,597	76,080	50	57,069	257	.....	229	150
Cleveland.....	199,333	8,094	87,330	242	97,744	388	158	3,522	1,508
Richmond.....	112,886	5,414	37,874	935	57,350	735	87	2,062	.....
Atlanta.....	134,149	13,714	48,258	294	52,567	15,497	1,335	2,256	228
Chicago.....	475,869	24,998	117,625	4,704	270,377	52,695	.....	4,534	936
St. Louis.....	114,218	7,517	37,190	45	62,169	3,259	1,637	1,518	883
Minneapolis.....	81,669	5,709	12,297	8,272	1,277	14,527	39,370	217	.....
Kansas City.....	111,094	7,808	22,204	749	31,355	14,285	32,555	2,109	29
Dallas.....	68,885	3,029	12,008	764	21,506	14,632	16,619	268	59
San Francisco.....	164,686	7,988	41,635	1,852	78,727	17,706	12,034	2,784	1,960
<b>Total.....</b>	<b>2,719,134</b>	<b>271,526</b>	<b>869,510</b>	<b>17,907</b>	<b>1,274,606</b>	<b>143,145</b>	<b>103,795</b>	<b>21,427</b>	<b>17,218</b>

No. 26.—Holdings of discounted bills on the last Friday of each month during 1920, distributed by classes.

[In thousands of dollars.]

Last Friday in—	Total (all classes).	Customers' paper secured by Government war obligations.	Member bank collateral notes.		Commercial paper n. e. s.	Agricultural paper.	Live-stock paper.	Trade acceptances.	Bankers' acceptances.
			Secured by Government war obligations.	Otherwise secured.					
1920.									
January.....	2,174,357	317,688	1,140,204	6,427	608,283	23,212	33,693	24,886	19,964
February.....	2,453,511	353,504	1,219,476	3,744	752,006	30,125	37,070	18,508	39,078
March.....	2,449,230	359,106	1,081,909	6,248	855,600	29,321	45,344	20,813	50,889
April.....	2,535,071	351,845	1,113,475	4,130	887,051	44,389	61,993	23,937	48,251
May.....	2,519,431	326,473	1,121,489	3,154	863,804	63,537	77,154	21,979	41,841
June.....	2,431,794	315,835	962,145	2,923	937,645	83,193	84,845	20,034	25,174
July.....	2,491,630	281,766	959,251	3,166	1,015,599	106,611	95,909	19,498	9,830
August.....	2,667,127	297,442	1,017,388	3,819	1,103,711	117,050	99,228	19,476	9,013
September.....	2,704,464	295,373	925,050	8,877	1,220,588	120,998	103,426	22,080	8,072
October.....	2,801,297	282,733	921,172	3,649	1,318,400	131,528	109,121	23,155	11,539
November.....	2,735,400	278,946	913,479	7,299	1,260,326	136,315	105,246	20,961	12,828
December.....	2,719,134	271,526	869,510	17,907	1,274,606	143,145	103,795	21,427	17,218
December, 1919.....	2,194,878	352,589	1,157,765	8,255	576,025	24,825	26,243	33,697	15,479
December, 1918.....	1,702,938	362,840	1,037,348	21,615	208,431	29,384	27,335	15,985	.....

No. 27.—Average daily holdings of purchased bills, by months during 1920.

[In thousands of dollars.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Year 1920.	Year 1919.	Year 1918.	Year 1917.
Boston.....	32,170	28,548	16,283	23,399	33,174	31,900	34,004	21,682	27,779	35,836	27,605	19,977	27,692	25,350	22,217	15,464
New York.....	201,306	208,504	210,929	154,852	167,366	183,359	150,513	116,083	96,822	85,859	88,757	94,124	146,371	78,282	133,096	55,315
Philadelphia.....	6,673	7,330	5,704	3,670	2,572	1,965	9,428	12,891	15,319	17,715	20,890	13,487	9,810	1,581	18,375	14,917
Cleveland.....	64,168	73,589	65,402	58,926	60,582	55,713	53,823	59,878	47,820	45,563	36,992	27,068	54,067	44,148	27,175	15,348
Richmond.....	11,782	10,213	10,142	11,358	10,603	8,865	5,740	6,977	7,401	5,923	5,542	5,408	8,320	7,687	6,411	6,235
Atlanta.....	11,462	15,257	11,398	7,792	6,142	4,982	3,875	3,065	1,624	2,377	2,277	2,914	6,093	8,038	7,200	3,068
Chicago.....	85,060	72,782	65,029	60,448	54,448	54,610	48,959	43,029	46,144	45,930	35,540	24,842	53,003	49,457	29,575	12,691
St. Louis.....	18,602	10,060	10,458	4,659	2,801	3,637	3,046	2,452	1,759	1,378	1,596	1,430	5,154	12,939	5,407	5,384
Minneapolis.....	8,921	4,246	5,438	5,824	4,827	4,039	3,400	1,747	1,159	1,351	1,431	1,363	3,648	20,683	4,851	4,703
Kansas City.....	13,210	9,333	3,999	766	649	1,773	2,665	3,927	3,613	2,781	2,179	1,885	3,888	7,811	3,707	5,346
Dallas.....	5,839	1,532	1,380	1,269	1,604	708	575	729	626	897	557	223	1,334	2,366	4,289	4,074
San Francisco.....	116,474	105,064	75,076	86,783	71,752	49,633	47,593	53,001	63,798	58,371	55,155	51,280	69,366	66,889	26,119	9,501
<b>Total: 1920.....</b>	<b>575,667</b>	<b>546,458</b>	<b>481,238</b>	<b>419,746</b>	<b>416,520</b>	<b>401,184</b>	<b>363,621</b>	<b>325,461</b>	<b>313,864</b>	<b>303,981</b>	<b>278,521</b>	<b>244,001</b>	<b>388,746</b>	.....	.....	.....
1919.....	280,732	276,087	262,787	208,905	189,768	246,158	362,298	371,091	353,936	340,189	455,057	549,959	.....	325,231	.....	.....
1918.....	265,590	289,072	318,778	311,984	278,464	238,507	209,174	217,109	249,751	360,451	378,036	344,329	.....	.....	288,422	.....
1917.....	111,575	117,865	99,026	78,812	99,517	164,355	198,703	162,252	167,403	178,680	195,635	250,438	.....	.....	.....	152,046

**No. 28.—Holdings of purchased bills on Dec. 30, 1920, distributed by maturities.**

[In thousands of dollars.]

Federal Reserve Bank.	Total.	Maturity.				Federal Reserve Bank.	Total.	Maturity.			
		Within 15 days.	16 to 30 days.	31 to 60 days.	61 days to 3 months.			Within 15 days.	16 to 30 days.	31 to 60 days.	61 days to 3 months.
Boston.....	19,532	8,729	4,836	5,045	922	St. Louis.....	1,146	560	191	325	70
New York.....	109,902	39,372	29,869	32,745	7,916	Minneapolis.....	1,413	166	414	364	469
Philadelphia.....	12,893	3,863	972	5,293	2,765	Kansas City.....	2,017	352	202	1,395	68
Cleveland.....	26,581	8,748	7,355	7,875	2,603	Dallas.....	247	60	65	83	39
Richmond.....	5,252	970	1,948	1,509	825	San Francisco.....	47,266	17,310	10,152	13,829	5,975
Atlanta.....	3,492	715	668	1,172	937	Total.....	255,702	87,030	64,745	76,805	27,122
Chicago.....	25,961	6,185	8,073	7,170	4,533						

**No. 29.—Holdings of purchased bills on the last Friday in each month during 1920, distributed by maturities.**

[In thousands of dollars.]

	Total.	Maturity.					Total.	Maturity.			
		Within 15 days.	16 to 30 days.	31 to 60 days.	61 days to 3 months.			Within 15 days.	16 to 30 days.	31 to 60 days.	61 days to 3 months.
1920.						1920.					
Jan. 30.....	561,313	115,267	127,669	249,208	69,169	Sept. 24.....	307,624	95,041	77,418	106,047	29,118
Feb. 27.....	531,367	135,779	113,915	197,400	84,273	Oct. 29.....	298,375	115,046	73,439	82,560	27,330
Mar. 26.....	451,879	127,119	88,629	171,711	64,420	Nov. 26.....	247,703	78,663	62,111	90,601	16,328
Apr. 30.....	407,247	90,738	82,962	171,583	61,964	Dec. 30.....	255,702	87,030	64,745	76,805	27,122
May 28.....	418,600	117,630	72,806	182,153	46,011	Dec. 26, 1919.....	585,212	123,723	100,061	209,280	152,148
June 25.....	399,185	120,799	83,588	152,918	41,880	Dec. 27, 1918.....	303,673	104,435	73,914	104,880	20,444
July 30.....	345,305	99,100	86,034	129,544	30,627	Dec. 28, 1917.....	275,366	40,321	61,177	105,132	68,736
Aug. 27.....	321,965	110,768	79,865	105,240	26,092						



No. 30.—Holdings of purchased bills on Dec. 31, 1920, distributed by classes of accepting institutions.

[In thousands of dollars.]

Federal Reserve Bank.	Total.	Bank acceptances.					Trade acceptances.		
		Total.	Member bank.	Nonmember bank and banking corporations.	Private banks.	Foreign bank branches and agencies.	Total.	Domestic.	Foreign.
Boston.....	20,678	20,678	17,736	1,512	453	977			
New York.....	113,740	112,456	67,622	19,481	12,288	13,065	1,284	505	779
Philadelphia.....	12,689	12,689	8,320	2,406	1,572	391			
Cleveland.....	27,211	27,147	14,602	4,719	3,551	4,275	64		64
Richmond.....	5,048	5,048	5,048						
Atlanta.....	3,571	3,571	3,557	14					
Chicago.....	25,741	25,741	22,488	1,614	989	650			
St. Louis.....	1,199	1,199	814	323	62				
Minneapolis.....	1,313	1,313	1,113	50		150			
Kansas City.....	2,171	2,171	2,171						
Dallas.....	247	247	175			72			
San Francisco.....	46,798	46,618	25,741	8,255	5,990	6,632	180		180
<b>Total--</b>									
Dec. 31, 1920.....	260,406	258,878	169,387	38,374	24,905	26,212	1,528	505	1,023
Dec. 31, 1919.....	574,103	566,369	405,339	65,334	55,537	40,159	7,734	2,540	5,194
Dec. 31, 1918.....	292,197	285,273	238,257	13,187	20,385	13,444	6,924	2,536	4,388
Dec. 31, 1917.....	273,236	266,853	227,717	11,342	20,137	7,657	6,383		
Dec. 31, 1916.....	125,739	121,154	66,803	36,127	18,224		4,585		

**No. 31.**—*Holdings of purchased bills at the end of each month in 1920, distributed by classes of accepting institutions.*

[In thousands of dollars.]

Month ending—	Total.	Bank acceptances.					Trade acceptances.		
		Total.	Member bank.	Nonmember bank and banking corporations.	Private bank.	Foreign bank branches and agencies.	Total.	Domestic.	Foreign.
1920.									
January.....	562,010	555,522	383,375	74,726	61,218	36,203	6,488	1,893	4,595
February.....	536,205	530,825	364,940	72,227	60,218	33,440	5,380	580	4,800
March.....	419,922	413,784	282,339	56,779	51,012	23,654	6,138	572	5,566
April.....	407,247	396,859	270,808	46,292	48,549	31,210	10,388	600	9,788
May.....	420,192	411,427	275,369	59,141	47,448	29,469	8,765	1,542	7,223
June.....	384,551	372,541	255,564	56,474	38,647	21,856	12,010	1,939	10,071
July.....	346,408	339,646	234,368	47,112	36,087	22,079	6,762	1,638	5,124
August.....	307,104	299,960	202,868	44,130	31,225	21,737	7,144	1,334	5,810
September.....	301,211	298,223	200,976	41,948	29,788	25,511	2,988	207	2,781
October.....	299,487	296,070	194,908	39,636	33,662	27,864	3,417	644	2,773
November.....	240,622	238,516	153,302	33,502	26,010	25,702	2,106	515	1,591
December.....	260,406	258,878	169,387	38,374	24,905	26,212	1,528	505	1,023

No. 32.—Average daily holdings of United States securities, by months during 1920.

[In thousands of dollars.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Year 1920.	Year 1919.	Year 1918.	Year 1917.
Boston.....	23,249	23,419	22,398	25,551	22,390	24,002	23,655	23,344	30,315	24,098	25,853	33,546	25,152	18,217	3,648	3,378
New York.....	74,704	69,926	86,722	95,358	74,767	104,414	83,049	71,683	93,642	73,603	73,838	83,208	82,036	74,104	50,390	14,374
Philadelphia.....	32,430	32,857	32,128	33,092	32,217	34,525	35,916	35,328	34,289	33,287	38,450	33,022	33,956	23,263	7,135	4,268
Cleveland.....	27,722	25,197	30,527	26,150	24,203	27,222	24,619	24,277	31,546	24,244	27,643	35,420	27,401	20,389	17,722	11,315
Richmond.....	14,204	13,805	13,914	14,528	13,494	13,494	13,945	13,526	13,494	13,624	13,761	13,495	13,773	9,206	3,392	3,672
Atlanta.....	16,099	15,428	16,420	15,782	15,783	15,883	15,910	15,781	15,782	15,306	16,309	16,399	15,909	11,289	3,746	4,511
Chicago.....	56,585	46,776	52,173	44,120	44,121	45,218	44,351	44,196	44,156	44,908	46,386	49,139	46,865	35,003	11,560	15,894
St. Louis.....	18,546	18,588	18,806	18,917	18,426	19,213	18,486	18,464	18,673	18,488	18,519	17,708	18,566	15,288	3,627	4,267
Minneapolis.....	9,147	8,667	11,219	9,343	8,606	9,457	8,636	8,599	8,669	8,613	8,604	8,727	9,026	8,677	3,814	3,833
Kansas City.....	25,337	26,400	24,875	22,203	21,928	22,247	21,774	21,714	21,700	21,791	21,692	21,728	22,772	17,960	12,069	11,079
Dallas.....	12,612	12,611	16,492	12,633	12,266	13,420	12,486	12,268	12,299	12,269	12,313	12,376	12,840	10,133	6,040	6,045
San Francisco.....	14,862	14,945	18,487	14,147	13,588	18,290	15,482	14,108	14,000	13,822	17,049	14,372	15,258	10,524	5,089	5,717
Total: 1920.....	325,497	308,619	344,161	331,824	301,789	347,445	318,300	303,288	338,565	304,053	320,417	339,140	323,554	.....	.....	.....
1919.....	198,123	186,372	194,103	213,358	228,080	235,722	248,045	269,648	340,246	295,725	307,115	327,244	.....	254,053	.....	.....
1918.....	148,256	180,516	235,961	155,588	84,646	97,696	64,402	52,165	67,085	124,443	126,789	204,807	.....	.....	128,232	.....
1917.....	55,093	45,273	49,247	111,029	118,387	112,036	73,529	73,866	88,697	110,808	117,941	100,683	.....	.....	.....	88,353

No. 33.—Holdings of each class of United States securities on Dec. 31, 1920.

45525°—21—12

Federal Reserve Bank.	Total United States securities held.	United States bonds.									Victory notes.	United States certificates of indebtedness.		
		Total.	2 per cent consols of 1930.	2 per cent Panamas of 1936-1938.	4 per cent loan of 1925.	3 per cent loan of 1961.	3 per cent conversion bonds of 1946-47.	3½ per cent Liberty loan.	4 per cent Liberty loan.	4½ per cent Liberty loan.		Total.	2 per cent to secure circulation of Federal Reserve Bank notes.	All other.
Boston.....	\$22,063,000	\$538,500					\$529,000			\$9,500	\$5,000	\$21,519,500	\$21,436,000	\$83,500
New York.....	61,184,300	1,468,300				1,255,400				212,900	50,000	59,666,000	59,276,000	390,000
Philadelphia.....	31,895,300	1,433,800	\$100			549,200	\$48,100			836,400		30,461,500	30,280,000	181,500
Cleveland.....	24,642,650	833,400				414,800	16,200			402,400	10,250	23,799,000	23,799,000	
Richmond.....	13,495,300	1,233,300	\$915,100	237,000			42,400			38,800		12,262,000	12,260,000	2,000
Atlanta.....	16,787,450	113,650				10,300	49,600			53,750	2,800	16,671,000	16,664,000	7,000
Chicago.....	44,101,600	4,489,600	1,862,500	367,300	\$1,768,000	\$400	427,400	13,750		50,250		39,612,000	39,612,000	
St. Louis.....	17,175,900	1,153,400	100				1,153,300					16,022,500	15,568,000	454,500
Minneapolis.....	8,595,560	115,560		260		500	114,800					8,480,000	8,480,000	
Kansas City.....	21,688,350	8,867,250	7,155,000	20,000	825,000		838,500	20,350		8,400	600	12,820,500	12,820,000	500
Dallas.....	12,279,250	3,975,100	2,450,900	281,500			1,233,600	600	\$1,100	7,400	4,150	8,300,000	8,300,000	
San Francisco.....	13,117,950	2,087,450	1,883,750					6,050		197,650		11,030,500	10,880,000	150,500
<b>Total: 1920.....</b>	<b>287,023,610</b>	<b>26,309,310</b>	<b>14,267,350</b>	<b>906,160</b>	<b>2,593,000</b>	<b>900</b>	<b>6,526,300</b>	<b>197,050</b>	<b>1,100</b>	<b>1,817,450</b>	<b>72,800</b>	<b>260,644,500</b>	<b>259,375,000</b>	<b>1,269,500</b>
1919.....	300,106,685	26,836,110	15,053,700	927,160	2,593,000	900	6,526,300	114,900	1,007,050	613,100	67,575	273,203,000	259,375,000	<sup>2</sup> 13,828,000
1918.....	238,562,510	27,859,010	15,053,700	927,160	2,593,000	900	6,526,300	503,600	1,136,500	1,117,850		210,703,500	<sup>3</sup> 114,008,000	96,695,500
1917.....	121,689,682	451,847,182	15,784,050	1,412,650	5,177,450	900	6,526,400	3,612,650	11,769,292			69,842,500	<sup>6</sup> 26,792,000	43,050,500

Amount of United States bonds with circulation privilege:

2 per cent consols and Panamas.....	\$15,173,510
4 per cent loan of 1925.....	2,593,000
<b>Total.....</b>	<b>17,766,510</b>

Amount of United States securities without circulation privilege:

3 per cent loan of 1961.....	\$900
3 per cent conversion bonds.....	6,526,300
3½ per cent Liberty loan.....	197,050
4 per cent Liberty loan.....	1,100
4½ per cent Liberty loan.....	1,817,450
3¾ per cent Victory notes.....	10,100
4¾ per cent Victory notes.....	62,700
2 per cent certificates of indebtedness <sup>6</sup> .....	259,375,000
Other Treasury certificates of indebtedness.....	1,269,500
<b>Total.....</b>	<b>269,280,190</b>

<sup>1</sup> Exclusive of a \$1,000 Treasury Savings Certificate of value of \$870 on Dec. 31, 1920.  
<sup>2</sup> Exclusive of a \$1,000 Treasury Savings Certificate of value of \$846 on Dec. 31, 1919.  
<sup>3</sup> Includes \$9,301,000 of 3 per cent 1-year Treasury notes.

<sup>4</sup> Includes \$7,563,840 of 3 per cent loan of 1918.  
<sup>5</sup> Three per cent 1-year Treasury notes.  
<sup>6</sup> Circulation privilege for Federal Reserve Bank notes only.

No. 34.—Average daily holdings of each class of earning assets, earnings thereon, and annual rates of earnings during 1920 and 1919.

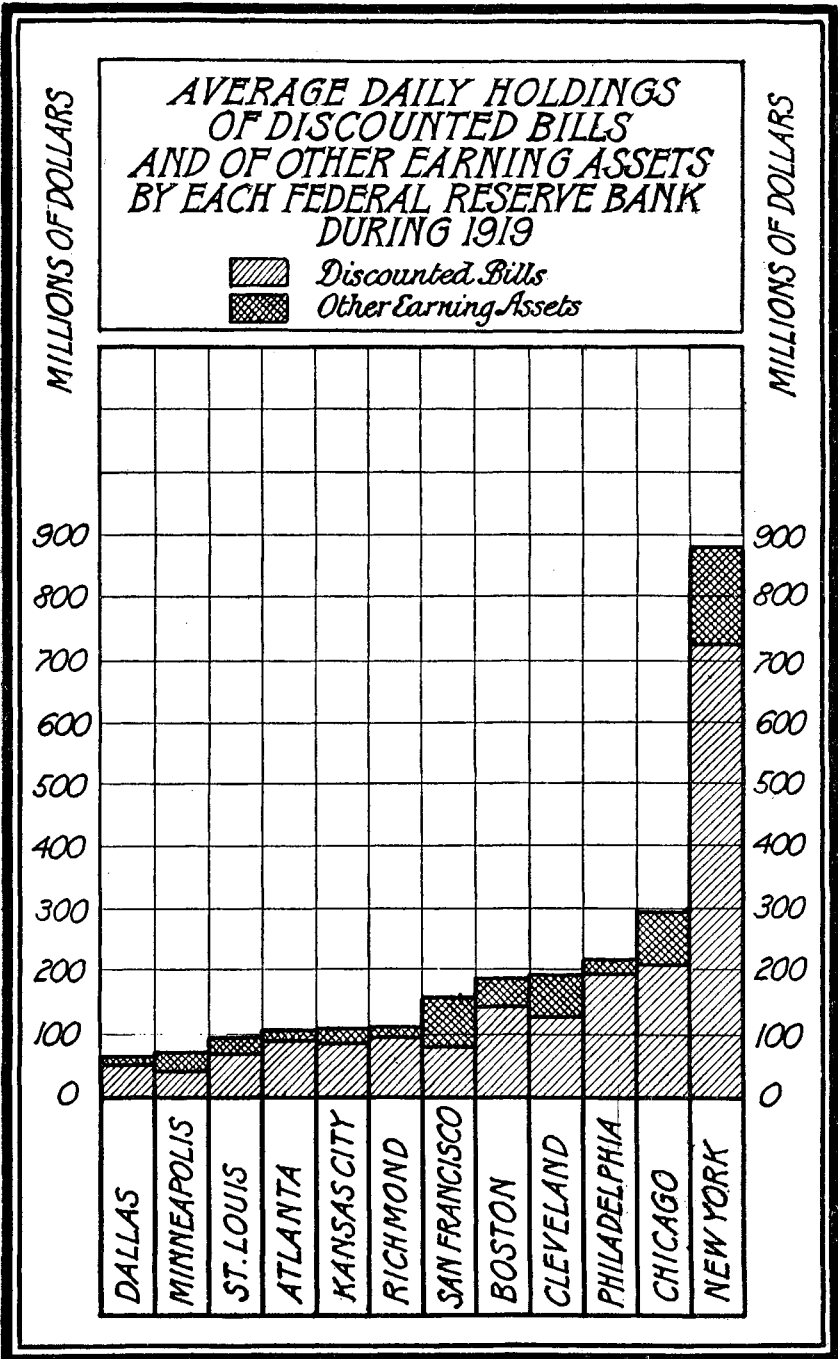
[Amounts in thousands of dollars.]

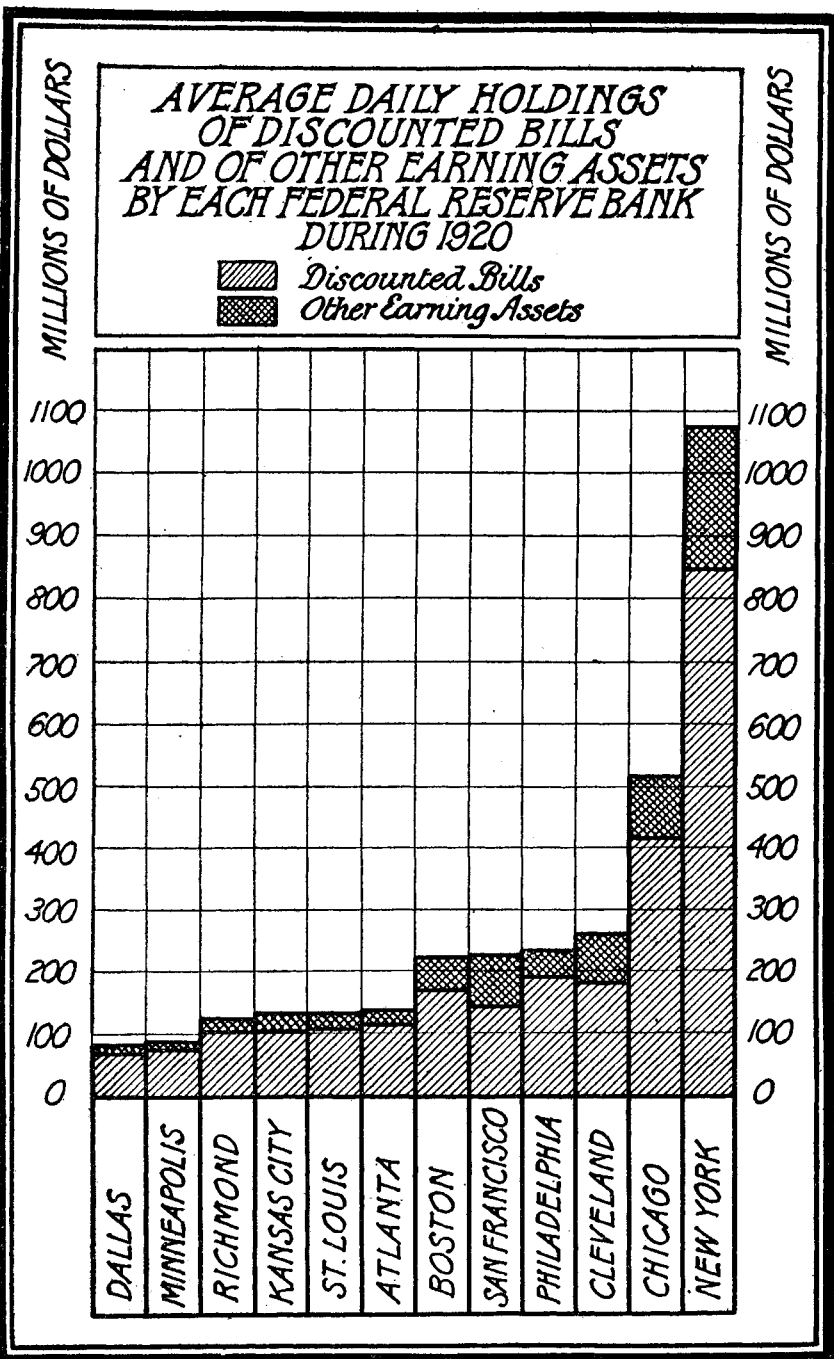
Federal Reserve Bank.	Average daily holdings of—								Earnings on—			
	All classes of earning assets.		Discounted bills.		Purchased bills.		United States securities.		All classes of earning assets.		Discounted bills.	
	1920	1919	1920	1919	1920	1919	1920	1919	1920	1919	1920	1919
Boston.....	222,644	185,953	169,800	142,386	27,692	25,350	25,152	18,217	12,199	7,450	10,032	6,003
New York.....	1,075,841	879,281	847,434	726,895	146,371	78,282	82,036	74,104	60,138	35,151	49,839	29,936
Philadelphia.....	233,888	218,039	190,122	193,195	9,810	1,581	33,956	23,263	11,737	8,551	10,420	7,988
Cleveland.....	261,278	191,186	179,810	126,649	54,067	44,148	27,401	20,389	14,238	7,675	10,571	5,342
Richmond.....	126,204	111,439	104,111	94,546	8,320	7,687	13,773	9,206	6,675	4,637	5,921	4,100
Atlanta.....	137,942	<sup>1</sup> 107,238	115,940	87,910	6,093	8,038	15,909	11,289	7,347	<sup>2</sup> 4,331	6,688	3,735
Chicago.....	517,057	293,574	417,189	209,114	53,003	49,457	46,865	35,003	29,711	11,794	25,727	8,916
St. Louis.....	133,217	96,915	109,497	68,688	5,154	12,939	18,566	15,288	7,047	3,803	6,382	2,918
Minneapolis.....	88,756	71,119	76,082	41,759	3,648	20,683	9,026	8,677	5,108	2,926	4,734	1,829
Kansas City.....	133,065	108,774	106,405	83,003	3,888	7,811	22,772	17,960	7,159	4,635	6,441	3,889
Dallas.....	85,450	65,165	71,276	52,666	1,334	2,366	12,840	10,133	4,389	2,786	4,045	2,444
San Francisco.....	227,342	158,800	142,718	81,387	69,366	66,889	15,258	10,524	12,473	6,777	8,260	3,668
Total.....	3,242,684	2,487,483	2,530,384	1,908,198	388,746	325,231	323,554	254,053	178,221	100,516	149,060	80,768

Federal Reserve Bank.	Earnings on—				Annual rates of earnings on—							
	Purchased bills.		United States securities.		All classes of earning assets.		Discounted bills.		Purchased bills.		United States securities.	
	1920	1919	1920	1919	1920	1919	1920	1919	1920	1919	1920	1919
					<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Boston.....	1,613	1,078	554	369	5.48	4.01	5.91	4.21	5.81	4.25	2.20	2.03
New York.....	8,323	3,327	1,976	1,888	5.59	4.00	5.88	4.12	5.09	4.25	2.41	2.55
Philadelphia.....	574	67	743	496	5.02	3.92	5.48	4.13	5.85	4.24	2.19	2.13
Cleveland.....	3,064	1,883	603	450	5.45	4.02	5.88	4.22	5.67	4.27	2.20	2.21
Richmond.....	477	352	277	185	5.29	4.16	5.69	4.34	5.74	4.57	2.01	2.01
Atlanta.....	338	367	321	229	5.33	4.03	5.77	4.25	5.55	4.57	2.01	2.03
Chicago.....	2,989	2,142	995	735	5.75	4.02	6.17	4.26	5.64	4.33	2.12	2.10
St. Louis.....	274	564	391	321	5.29	3.92	5.83	4.25	5.30	4.33	2.11	2.10
Minneapolis.....	192	883	182	214	5.76	4.11	6.22	4.33	5.26	4.27	2.02	2.46
Kansas City.....	212	341	506	405	5.38	4.23	6.05	4.68	5.45	4.36	2.22	2.26
Dallas.....	73	113	271	229	5.14	4.28	5.67	4.64	5.49	4.79	2.11	2.26
San Francisco.....	3,891	2,870	322	239	5.49	4.23	5.79	5.41	5.61	4.29	2.12	2.27
Total.....	22,020	13,987	7,141	5,761	5.50	4.04	5.88	4.23	5.66	4.30	2.21	2.26

<sup>1</sup> Including \$1,410 average daily holdings of municipal warrants.

<sup>2</sup> Including \$85 earnings on municipal warrants.







No. 35.—Annual rates (per cent) of earnings on total earning assets, by months during 1920.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Year 1920.	Year 1919.	Year 1918.	Year 1917.
Boston.....	4.30	4.79	5.11	5.16	5.28	5.44	5.73	5.76	5.91	6.11	6.06	5.98	5.48	4.01	4.02	3.69
New York.....	4.49	4.95	5.17	5.16	5.35	5.62	5.85	5.99	5.97	6.12	6.14	6.14	5.59	4.00	3.97	3.15
Philadelphia.....	4.36	4.78	4.90	5.01	5.03	5.04	5.05	5.07	5.20	5.32	5.20	5.24	5.02	3.92	4.19	3.32
Cleveland.....	4.48	4.88	5.07	5.23	5.22	5.36	5.50	5.56	5.82	6.07	5.93	5.87	5.45	4.02	4.14	3.29
Richmond.....	4.43	4.91	5.13	5.22	5.28	5.46	5.51	5.56	5.44	5.45	5.51	5.52	5.29	4.16	4.29	3.47
Atlanta.....	4.39	4.88	5.09	5.18	5.28	5.33	5.42	5.62	5.26	5.73	5.74	5.69	5.33	4.03	4.17	3.55
Chicago.....	4.40	4.89	5.16	5.43	5.56	5.73	6.03	6.13	6.20	6.24	6.24	6.42	5.75	4.02	4.19	3.35
St. Louis.....	4.33	4.76	5.03	5.19	5.20	5.10	5.50	5.49	5.24	5.35	6.15	5.92	5.29	3.92	4.17	3.36
Minneapolis.....	4.57	4.86	5.14	5.37	5.47	5.78	6.23	6.31	6.25	6.26	6.17	6.22	5.76	4.11	4.45	3.50
Kansas City.....	4.62	4.84	5.07	5.29	5.53	5.50	5.76	5.33	5.39	5.71	5.65	5.75	5.38	4.26	4.35	3.20
Dallas.....	4.43	4.50	4.68	5.04	5.29	5.17	5.51	5.28	5.16	5.24	5.57	5.39	5.14	4.28	4.30	3.41
San Francisco.....	4.64	4.89	5.10	5.42	5.58	5.57	5.68	5.74	5.77	5.78	5.72	5.78	5.49	4.26	4.41	3.44
All banks—																
1920.....	4.46	4.88	5.12	5.23	5.36	5.51	5.72	5.81	5.81	5.94	5.98	5.98	5.50			
1919.....	4.04	4.03	4.02	4.01	3.99	4.01	3.98	3.93	3.91	3.95	4.16	4.29		4.04		
1918.....	3.75	3.81	3.86	4.07	4.29	4.20	4.31	4.27	4.21	4.13	4.19	4.14			4.12	
1917.....	2.90	3.03	3.14	2.83	2.93	3.08	3.34	3.37	3.41	3.37	3.37	3.59				3.31

## DISCOUNT AND OPEN-MARKET OPERATIONS OF FEDERAL RESERVE BANKS.

No. 36.—Volume of discount and open-market operations of each Federal Reserve Bank during 1920, distributed by classes.

[In thousands of dollars.]

Federal Reserve Bank.	Total (all classes).	Bills discounted for member banks.					Acceptances bought in open market.			United States securities.			
		Total.	Member bank collateral notes.	Commercial n. e. s., agricultural and live-stock paper.	Bankers' acceptances.	Trade acceptances.	Total.	Bankers'.	Trade.	Total.	Bonds.	Victory notes.	Certificates of indebtedness.
Boston.....	5,734,164	4,876,556	3,878,390	971,373	22,129	4,664	304,445	304,445	.....	553,163	22	5	553,136
New York.....	56,518,320	50,539,429	31,160,071	19,262,449	70,654	46,255	1,697,330	1,637,061	60,269	4,281,561	231	.....	4,281,330
Philadelphia.....	6,218,922	5,820,258	4,093,358	1,717,982	4,127	4,791	41,232	41,232	.....	357,432	49	.....	357,383
Cleveland.....	4,068,861	2,895,670	2,279,675	579,003	10,015	23,377	294,602	293,811	791	878,589	.....	.....	878,589
Richmond.....	3,482,036	3,346,322	2,907,460	426,186	.....	12,676	51,712	51,712	.....	84,002	.....	.....	84,002
Atlanta.....	2,290,420	2,231,946	1,513,774	697,951	6,338	13,883	39,577	39,577	.....	18,897	.....	.....	18,897
Chicago.....	7,498,467	6,305,492	3,697,008	2,550,099	32,095	26,290	345,021	345,021	.....	847,954	12	.....	847,942
St. Louis.....	2,548,548	2,438,041	1,349,766	1,067,680	7,124	13,471	36,019	36,019	.....	74,488	.....	.....	74,488
Minneapolis.....	1,113,147	953,392	495,587	454,667	.....	3,138	18,059	18,059	.....	141,696	.....	.....	141,696
Kansas City.....	1,813,196	1,667,943	1,097,144	560,289	368	10,142	17,174	17,174	.....	128,079	.....	.....	128,079
Dallas.....	1,465,230	1,280,178	995,935	277,869	704	5,670	8,348	8,348	.....	176,704	9	4	176,691
San Francisco.....	3,776,237	2,965,647	2,097,279	809,960	33,608	24,800	364,845	351,278	13,567	445,745	.....	.....	445,745
Total—1920.....	96,527,548	85,320,874	55,565,447	29,376,108	187,162	192,157	3,218,364	3,143,737	74,627	7,988,310	323	9	7,987,978
1919.....	86,737,067	79,173,970	72,548,008	6,415,899	71,643	138,420	2,825,177	2,788,619	36,558	4,737,920	1,329	428	4,736,163
1918.....	47,414,531	39,752,934	33,007,788	6,537,833	19,940	187,373	1,809,539	1,748,503	61,036	5,850,348	73,990	.....	5,776,352

<sup>1</sup> Including \$1,710,000 of municipal warrants.

DISCOUNT AND OPEN-MARKET OPERATIONS.

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No. 37.—Volume of discount and open-market operations, by months during 1920, distributed by classes.

[In thousands of dollars.]

Month.	Total (all classes).	Bills discounted for member banks.					Acceptances bought in open market.			United States securities.			
		Total.	Member bank collateral notes.	Commercial n. e. s. agricultural and live-stock paper.	Bankers' acceptances.	Trade acceptances.	Total.	Bankers'.	Trade.	Total.	Bonds.	Victory notes.	Certificates of indebtedness.
January .....	7,186,317	6,241,271	5,259,617	947,908	17,226	16,520	302,452	299,746	2,706	642,594	218	.....	642,376
February .....	7,122,048	6,517,439	5,352,127	1,125,700	28,611	11,001	300,308	296,959	3,349	304,301	.....	5	304,296
March .....	8,770,099	6,970,331	5,120,822	1,791,592	34,534	23,383	303,360	298,459	4,901	1,496,408	21	.....	1,496,387
April .....	7,474,478	6,229,740	4,567,215	1,619,057	28,172	15,296	247,594	240,704	6,890	997,144	1	.....	997,143
May .....	6,452,944	6,135,984	4,352,059	1,752,130	15,254	16,541	274,237	270,498	3,739	42,723	.....	.....	42,723
June .....	7,800,839	6,336,642	4,412,943	1,900,330	9,431	13,938	285,752	261,333	24,419	1,178,445	.....	.....	1,178,445
July .....	7,518,907	6,714,924	4,392,077	2,302,321	7,069	13,457	219,464	209,296	10,168	584,519	.....	.....	584,519
August .....	8,366,572	7,982,524	4,764,202	3,198,821	5,490	14,011	259,708	247,438	12,270	124,340	19	.....	124,321
September .....	8,447,267	7,298,972	4,055,539	3,218,170	8,103	17,160	257,989	255,858	2,131	890,306	.....	.....	890,306
October .....	8,013,276	7,548,456	4,158,198	3,360,515	10,354	19,389	281,832	280,162	1,670	182,988	57	4	182,927
November .....	8,715,061	7,882,933	4,205,752	3,648,763	13,275	15,143	231,840	230,832	1,008	600,288	6	.....	600,282
December .....	10,659,740	9,461,658	4,924,896	4,510,801	9,643	16,318	253,828	252,452	1,376	944,254	1	.....	944,253
Total .....	96,527,548	85,320,874	55,565,447	29,376,108	187,162	192,157	3,218,364	3,143,737	74,627	7,988,310	323	9	7,987,978

No. 38.—Volume of total discount and open-market operations of each Federal Reserve Bank, by months during 1920.

[In thousands of dollars.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.		
													1920	1919	1918
Boston.....	405,784	489,235	493,475	458,459	451,325	494,121	371,816	468,251	477,281	413,248	553,670	657,499	5,734,164	5,096,885	2,039,592
New York.....	3,763,552	4,072,539	4,574,324	4,013,612	3,375,928	4,348,461	4,543,008	5,280,564	5,194,087	5,136,230	5,384,388	6,831,626	56,518,319	46,793,873	30,509,110
Philadelphia.....	656,620	571,917	544,619	596,705	461,997	525,833	551,630	558,633	429,038	407,303	502,465	412,162	6,218,922	10,803,405	1,973,467
Cleveland.....	357,782	329,990	484,519	333,466	266,231	338,070	231,866	224,380	323,431	199,583	335,978	643,565	4,068,861	3,672,224	1,766,465
Richmond.....	323,244	277,407	351,353	327,562	296,817	290,865	262,500	271,093	284,902	248,615	252,647	295,030	3,482,035	4,224,360	2,263,334
Atlanta.....	157,947	148,445	163,918	160,846	177,269	168,730	185,617	209,481	209,773	230,844	241,007	236,543	2,290,420	2,086,263	1,016,113
Chicago.....	739,687	562,065	911,115	553,987	541,478	630,783	527,059	547,984	636,961	535,298	592,147	699,903	7,498,467	5,696,847	3,536,026
St. Louis.....	203,600	177,183	288,700	277,723	208,541	208,560	195,462	207,494	212,634	210,673	180,062	177,916	2,548,548	2,206,922	1,117,801
Minneapolis.....	74,713	68,294	145,260	110,890	89,921	121,504	76,082	81,749	76,386	83,998	83,331	101,019	1,113,147	872,450	543,785
Kansas City.....	148,413	135,647	178,502	145,170	134,584	153,692	151,738	150,307	161,254	169,348	141,650	142,890	1,813,195	1,613,475	859,342
Dallas.....	83,947	85,350	210,928	117,952	111,446	148,720	115,487	111,638	125,574	114,961	125,347	113,882	1,465,232	1,256,774	635,747
San Francisco.....	271,028	203,976	423,387	378,106	337,407	371,500	306,642	254,997	295,946	263,175	322,369	347,705	3,776,238	2,413,589	1,148,749
Total: 1920..	7,186,317	7,122,048	8,770,100	7,474,478	6,452,944	7,800,839	7,518,907	8,366,571	8,447,267	8,013,276	8,715,061	10,659,740	96,527,548	.....	.....
1919..	7,025,336	5,454,819	5,706,085	6,125,884	7,620,107	6,771,913	7,992,825	6,808,747	8,801,292	8,468,032	7,812,081	8,449,946	.....	86,737,067	.....
1918..	1,525,985	1,443,795	1,993,080	2,605,720	3,309,207	3,655,664	3,490,037	3,955,612	4,953,969	6,793,019	5,569,709	8,118,734	.....	.....	47,414,531

DISCOUNT AND OPEN-MARKET OPERATIONS.

No. 39.—Volume of bills discounted by each Federal Reserve Bank during 1920, by months and maturities.

[In thousands of dollars.]

Federal Reserve Bank and maturity.	Total.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
<b>All Federal Reserve Banks combined:</b>													
Within 15 days .....	75,914,215	5,609,280	5,899,599	6,103,801	5,461,473	5,410,584	5,606,915	6,020,225	7,138,998	6,348,625	6,662,084	7,062,538	8,530,143
16 to 30 days .....	1,327,285	83,110	70,826	103,157	102,613	99,399	92,351	76,712	116,105	133,053	132,437	150,374	167,148
31 to 60 days .....	2,774,388	178,345	190,537	263,616	231,635	204,132	207,479	190,306	254,421	270,715	268,243	253,087	261,812
61 to 90 days .....	4,953,099	359,201	346,148	419,826	403,718	380,371	378,216	387,033	453,918	525,017	456,231	382,097	460,723
91 to 180 days .....	351,887	11,334	10,330	19,931	30,301	41,498	51,681	39,088	19,081	21,561	29,512	34,838	41,832
<b>Total.....</b>	<b>85,320,874</b>	<b>6,241,270</b>	<b>6,517,440</b>	<b>6,970,331</b>	<b>6,229,740</b>	<b>6,135,984</b>	<b>6,336,642</b>	<b>6,714,924</b>	<b>7,982,523</b>	<b>7,298,971</b>	<b>7,548,457</b>	<b>7,882,934</b>	<b>9,461,658</b>
<b>Boston:</b>													
Within 15 days .....	4,059,551	316,772	357,502	368,215	297,500	359,677	344,125	237,447	344,443	310,300	282,415	373,546	467,540
16 to 30 days .....	153,606	4,764	12,634	13,762	7,574	15,349	15,752	8,672	21,311	21,891	9,511	13,934	8,452
31 to 60 days .....	328,773	13,960	27,396	28,384	15,274	15,379	33,938	20,298	29,497	34,855	27,904	49,978	31,910
61 to 90 days .....	334,301	27,809	39,074	50,761	25,687	30,723	22,848	20,003	21,526	18,081	17,531	18,701	41,497
91 to 180 days .....	325			291	4	2	22	4		1	1		
<b>Total.....</b>	<b>4,876,556</b>	<b>363,305</b>	<b>436,606</b>	<b>461,413</b>	<b>346,039</b>	<b>421,130</b>	<b>416,685</b>	<b>286,484</b>	<b>416,777</b>	<b>385,188</b>	<b>337,362</b>	<b>456,159</b>	<b>549,408</b>
<b>New York:</b>													
Within 15 days .....	48,698,427	3,233,984	3,653,118	3,604,540	3,022,889	3,033,398	3,345,215	3,966,736	4,888,026	4,238,096	4,726,503	4,946,722	6,037,400
16 to 30 days .....	300,214	15,768	11,787	17,639	16,875	11,215	10,209	9,357	29,372	27,821	45,710	45,545	59,516
31 to 60 days .....	413,386	51,317	33,795	52,174	23,252	33,592	20,458	22,450	37,192	25,006	58,011	17,517	37,722
61 to 90 days .....	1,127,003	152,950	99,592	82,017	102,792	102,809	49,229	45,924	136,122	119,656	84,056	78,592	73,264
91 to 180 days .....	399	32	27	190	50	30	12	3	35	14	6		
<b>Total.....</b>	<b>50,539,429</b>	<b>3,454,051</b>	<b>3,798,319</b>	<b>3,755,960</b>	<b>3,165,858</b>	<b>3,181,044</b>	<b>3,425,123</b>	<b>4,044,470</b>	<b>5,691,647</b>	<b>4,412,363</b>	<b>4,914,286</b>	<b>5,088,376</b>	<b>6,207,902</b>

<b>Philadelphia:</b>													
Within 15 days.....	5,400,979	577,191	516,683	517,425	514,405	428,929	466,357	450,177	498,450	402,939	336,807	337,258	354,358
16 to 30 days.....	65,650	5,374	5,214	5,401	4,408	4,988	7,324	5,495	4,550	3,612	6,865	2,941	9,484
31 to 60 days.....	64,747	5,123	5,562	5,160	3,965	6,540	5,980	4,605	3,686	3,678	5,265	4,231	10,952
61 to 90 days.....	288,800	59,968	30,805	14,851	46,413	19,540	16,623	29,439	14,192	8,241	25,974	10,231	12,523
91 to 180 days.....	76	2	5	6	8	3	5	11	4	2	3	10	17
<b>Total.....</b>	<b>5,820,258</b>	<b>647,658</b>	<b>558,269</b>	<b>542,843</b>	<b>569,199</b>	<b>460,000</b>	<b>496,289</b>	<b>489,727</b>	<b>520,882</b>	<b>418,472</b>	<b>374,914</b>	<b>354,671</b>	<b>387,334</b>
<b>Cleveland:</b>													
Within 15 days.....	2,520,438	216,786	246,663	241,368	223,465	211,432	195,254	160,702	173,820	142,272	134,931	203,036	370,709
16 to 30 days.....	59,871	4,705	4,410	6,831	6,098	5,586	4,284	4,289	2,572	4,280	8,183	1,788	6,845
31 to 60 days.....	114,531	9,786	10,406	10,326	14,428	8,823	10,359	7,552	5,783	6,528	9,028	9,293	12,219
61 to 90 days.....	193,605	12,502	15,488	13,978	19,150	13,247	14,391	24,300	15,289	11,107	18,228	18,107	23,818
91 to 180 days.....	1,225	.....	5	100	102	131	10	134	104	190	167	129	153
<b>Total.....</b>	<b>2,895,670</b>	<b>243,779</b>	<b>276,972</b>	<b>272,603</b>	<b>263,243</b>	<b>233,219</b>	<b>224,288</b>	<b>196,977</b>	<b>197,568</b>	<b>164,377</b>	<b>170,537</b>	<b>232,353</b>	<b>413,744</b>
<b>Richmond:</b>													
Within 15 days.....	2,942,280	286,555	243,001	297,441	269,440	266,783	243,526	213,898	232,692	236,887	203,047	203,583	244,827
16 to 30 days.....	78,365	4,380	3,738	8,923	4,719	4,736	9,266	5,701	4,247	7,602	6,932	8,792	9,329
31 to 60 days.....	162,247	7,353	8,660	14,564	11,546	11,352	16,579	14,033	11,933	18,064	16,068	13,866	18,229
61 to 90 days.....	157,316	6,578	8,275	10,546	9,034	8,178	16,224	16,275	16,167	18,309	14,656	14,650	18,424
91 to 180 days.....	6,114	21	48	101	338	871	1,768	1,510	347	150	168	368	424
<b>Total.....</b>	<b>3,346,322</b>	<b>304,887</b>	<b>264,322</b>	<b>331,575</b>	<b>295,077</b>	<b>291,920</b>	<b>287,363</b>	<b>251,417</b>	<b>265,386</b>	<b>281,012</b>	<b>240,871</b>	<b>241,259</b>	<b>291,233</b>
<b>Atlanta:</b>													
Within 15 days.....	1,732,501	129,417	114,000	119,968	119,040	131,441	128,245	131,577	155,499	153,498	173,428	195,505	180,883
16 to 30 days.....	68,394	3,874	3,645	4,705	5,170	5,457	5,327	4,704	8,042	6,232	8,115	5,898	7,025
31 to 60 days.....	144,953	7,467	7,707	11,870	11,924	12,188	8,182	11,994	15,979	15,789	14,546	11,904	15,403
61 to 90 days.....	266,302	9,625	11,335	19,069	19,819	22,651	17,232	27,147	26,551	31,695	30,026	23,956	27,196
91 to 180 days.....	19,796	38	22	404	683	2,436	3,565	4,765	2,212	520	769	2,033	2,349
<b>Total.....</b>	<b>2,231,946</b>	<b>150,421</b>	<b>136,709</b>	<b>156,016</b>	<b>156,636</b>	<b>174,173</b>	<b>162,751</b>	<b>180,187</b>	<b>208,283</b>	<b>207,734</b>	<b>226,884</b>	<b>239,296</b>	<b>232,856</b>

No. 39.—Volume of bills discounted by each Federal Reserve Bank during 1920, by months and maturities—Continued,

[In thousands of dollars.]

Federal Reserve Bank and maturity.	Total.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
<b>Chicago:</b>													
Within 15 days.....	3,816,927	305,691	314,497	377,362	343,997	339,596	345,965	307,511	299,938	325,911	270,460	282,809	303,190
16 to 30 days.....	277,235	19,105	14,484	21,251	26,513	24,737	15,659	16,869	18,584	32,139	17,985	41,076	28,803
31 to 60 days.....	745,940	43,125	57,645	87,145	61,027	43,646	52,051	60,381	80,089	78,766	62,129	64,568	55,368
61 to 90 days.....	1,386,270	39,189	84,157	142,262	91,886	92,169	139,463	105,635	107,884	175,986	127,907	119,974	159,758
91 to 180 days.....	79,120	1,467	1,907	8,336	6,572	5,829	7,788	5,906	4,451	8,876	8,953	9,436	9,590
Total.....	6,305,492	408,577	472,600	636,386	529,995	505,977	560,926	496,302	510,946	621,678	487,434	517,863	556,718
<b>St. Louis:</b>													
Within 15 days.....	1,721,480	149,812	132,477	219,733	181,238	135,297	126,141	126,975	137,425	135,340	141,488	124,796	110,758
16 to 30 days.....	101,217	13,261	6,626	10,024	11,722	6,824	5,452	4,733	6,050	8,971	7,753	7,628	12,173
31 to 60 days.....	290,160	17,884	15,213	15,178	46,102	34,504	19,426	18,969	24,518	24,995	22,505	24,242	26,624
61 to 90 days.....	314,503	14,328	12,421	24,269	22,156	27,847	25,701	39,719	36,942	37,142	35,511	20,856	17,611
91 to 180 days.....	10,681	105	40	192	1,387	1,007	1,456	2,165	786	845	906	657	1,135
Total.....	2,438,041	195,390	166,777	269,396	262,605	205,479	178,176	192,561	205,721	207,293	208,163	178,179	168,301
<b>Minneapolis:</b>													
Within 15 days.....	515,854	44,375	42,574	37,266	48,132	47,663	49,097	36,933	37,321	33,501	36,252	42,157	60,583
16 to 30 days.....	61,657	2,564	1,443	2,824	4,917	7,966	7,970	6,412	9,242	2,399	4,761	5,903	5,256
31 to 60 days.....	118,106	6,501	5,516	10,242	11,413	8,242	6,665	5,309	9,497	13,727	13,005	16,484	11,505
61 to 90 days.....	222,706	6,604	12,214	16,980	21,358	17,859	23,180	18,741	23,265	22,621	26,654	16,916	16,314
91 to 180 days.....	35,069	1,139	1,089	1,149	3,532	5,873	7,846	4,896	1,858	1,457	2,359	1,229	2,642
Total.....	933,392	61,183	62,836	68,461	89,352	87,603	94,758	72,291	81,183	73,705	83,031	82,689	96,300

<b>Kansas City:</b>													
Within 15 days.....	1,121,468	92,446	71,778	90,256	92,566	89,244	100,336	106,930	103,337	99,310	96,475	91,107	87,683
16 to 30 days.....	58,612	2,451	2,410	4,663	5,747	4,302	3,336	4,284	4,673	7,464	7,517	5,742	6,023
31 to 60 days.....	146,235	6,053	9,235	11,942	13,906	9,607	9,099	9,198	13,310	19,405	18,088	13,587	12,805
61 to 90 days.....	238,605	12,694	17,360	18,737	18,993	16,497	17,406	19,778	21,134	26,826	30,862	18,628	19,690
91 to 180 days.....	103,023	5,135	4,623	4,665	10,861	13,828	12,531	7,663	3,096	5,100	11,027	11,509	12,985
<b>Total.....</b>	<b>1,667,943</b>	<b>118,779</b>	<b>105,406</b>	<b>130,263</b>	<b>142,073</b>	<b>133,478</b>	<b>142,708</b>	<b>147,853</b>	<b>145,550</b>	<b>158,105</b>	<b>163,969</b>	<b>140,573</b>	<b>139,186</b>
<b>Dallas:</b>													
Within 15 days.....	1,002,957	77,569	69,276	79,785	87,743	91,901	90,734	75,810	82,094	90,826	84,993	93,045	79,181
16 to 30 days.....	27,312	1,114	579	1,197	1,966	1,375	1,597	2,772	2,485	4,004	3,541	3,428	3,254
31 to 60 days.....	82,187	1,159	1,505	4,358	5,709	4,384	7,892	8,708	10,015	10,693	7,960	10,315	9,489
61 to 90 days.....	122,785	2,860	2,567	6,381	8,735	8,569	9,642	16,447	13,402	15,951	14,452	12,238	11,541
91 to 180 days.....	44,937	827	793	1,771	3,042	4,951	7,425	5,797	2,787	2,566	2,607	5,026	7,345
<b>Total.....</b>	<b>1,280,178</b>	<b>83,529</b>	<b>74,720</b>	<b>93,492</b>	<b>107,195</b>	<b>111,180</b>	<b>117,230</b>	<b>109,534</b>	<b>110,783</b>	<b>124,040</b>	<b>113,553</b>	<b>124,052</b>	<b>110,810</b>
<b>San Francisco:</b>													
Within 15 days.....	2,381,353	178,682	137,430	210,442	261,058	275,223	171,920	205,529	185,053	178,785	175,235	168,974	233,022
16 to 30 days.....	75,146	5,750	3,856	6,507	6,904	6,864	5,975	3,424	4,977	6,638	5,564	7,699	10,988
31 to 60 days.....	163,123	8,617	7,897	12,273	13,089	15,875	16,850	6,869	12,922	18,309	13,734	17,102	19,586
61 to 90 days.....	294,903	14,094	12,860	19,975	17,695	20,282	26,277	24,165	21,444	39,402	30,374	29,248	39,087
91 to 180 days.....	51,122	2,508	1,771	2,726	3,722	6,537	9,253	7,134	3,401	1,840	2,546	4,441	5,183
<b>Total.....</b>	<b>2,965,647</b>	<b>209,711</b>	<b>163,814</b>	<b>251,923</b>	<b>302,468</b>	<b>324,781</b>	<b>230,275</b>	<b>247,121</b>	<b>227,797</b>	<b>244,974</b>	<b>227,453</b>	<b>227,464</b>	<b>307,866</b>



No. 40.—Volume of bills discounted during 1920, distributed by classes, also average rates and maturities.

[In thousands of dollars.]

Federal Reserve Bank.	Customers' paper secured by Government war obligations.	Member banks' collateral notes.		Commercial, n. e. s., agricultural, and live-stock paper.	Trade acceptances.	Bankers' acceptances.	Total.	Average maturity.	Average rate (365-day basis).
		Secured by Government war obligations.	Otherwise secured.						
								<i>Days.</i>	<i>Per cent</i>
Boston.....	196,056	3,877,974	416	775,317	4,664	22,129	4,876,556	13.14	6.03
New York.....	941,191	31,159,778	293	18,321,258	46,255	70,654	50,539,429	7.34	5.97
Philadelphia.....	322,351	4,093,104	254	1,395,631	4,791	4,127	5,820,258	13.24	5.44
Cleveland.....	94,628	2,274,415	5,260	484,975	26,377	10,015	2,895,670	16.45	5.66
Richmond.....	48,794	2,889,355	18,105	377,392	12,676	.....	3,346,322	13.71	5.78
Atlanta.....	65,293	1,506,098	7,676	632,658	13,883	6,338	2,231,946	25.26	5.97
Chicago.....	141,848	3,674,533	22,475	2,408,251	26,290	32,095	6,305,492	34.74	6.32
St. Louis.....	94,417	1,346,814	2,952	973,263	13,471	7,124	2,438,041	24.77	5.98
Minneapolis.....	23,193	455,581	40,006	431,474	3,138	.....	953,392	38.85	6.40
Kansas City.....	48,617	1,065,410	31,734	511,672	10,142	368	1,667,943	34.54	6.65
Dallas.....	15,793	984,150	11,785	262,076	5,670	704	1,280,178	27.42	5.80
San Francisco.....	36,961	2,083,664	13,615	772,999	24,800	33,608	2,965,647	21.13	5.82
Total.....	2,029,142	55,410,876	154,571	27,346,966	192,157	187,162	85,320,874	13.29	6.02

No. 41.—Volume of bills discounted, by States; number of member banks in each State, and number accommodated through discount operations; 1919 and 1920.

[Amounts in thousands of dollars.]

State.	Number of member banks in each State on Dec. 31—		Number accommodated during—		Total amount of paper discounted—		State.	Number of member banks in each State on Dec. 31—		Number accommodated during—		Total amount of paper discounted—	
	1919	1920	1919	1920	1919	1920		1919	1920	1919	1920	1919	1920
Maine.....	65	66	42	38	77,747	50,294	Ohio.....	439	459	226	260	1,324,416	1,062,757
New Hampshire.....	55	55	46	45	99,425	49,932	Kentucky:						
Vermont.....	48	49	41	40	53,315	30,252	District No. 4.....	74	75	29	35	59,146	49,709
Massachusetts.....	187	189	165	160	4,108,984	4,554,281	District No. 8.....	67	69	36	45	461,520	426,245
Rhode Island.....	20	20	14	16	133,014	41,954	Total.....	141	144	65	80	520,666	475,954
Connecticut:							West Virginia:						
District No. 1.....	57	57	40	43	202,913	149,843	District No. 4.....	16	16	10	9	29,353	30,086
District No. 2.....	15	14	12	12	110,454	83,856	District No. 5.....	110	116	46	36	46,838	45,886
Total.....	72	71	52	55	313,367	233,699	Total.....	156	132	56	45	76,191	75,972
New York.....	574	595	419	404	41,223,867	49,805,621	District of Columbia.....	15	16	10	10	105,261	124,372
New Jersey:							Maryland.....	102	98	68	70	1,000,475	830,265
District No. 2.....	164	174	115	120	1,115,170	649,952	Virginia.....	170	185	124	140	2,195,063	1,737,528
District No. 3.....	81	86	63	62	212,881	238,518	North Carolina.....	92	97	74	85	356,506	303,320
Total.....	245	260	178	182	1,328,051	888,470	South Carolina.....	56	98	92	96	427,100	304,961
Delaware.....	23	22	14	20	41,370	43,016	Tennessee:						
Pennsylvania:							District No. 6.....	85	86	54	51	578,661	770,004
District No. 3.....	574	590	417	402	10,482,185	5,538,724	District No. 8.....	23	25	16	21	256,579	216,786
District No. 4.....	314	321	144	146	1,712,941	1,753,118	Total.....	108	111	70	72	835,240	966,790
Total.....	888	911	561	548	12,195,126	7,291,842	Georgia.....	120	139	119	134	568,548	540,167
							Florida.....	61	65	46	46	106,733	100,324

DISCOUNT AND OPEN-MARKET OPERATIONS.

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No. 41.—Volume of bills discounted, by States; number of member banks in each State, and number accommodated through discount operations; 1919 and 1920—Continued.

[Amounts in thousands of dollars.]

State.	Number of member banks in each State on Dec. 31—		Number accommodated during—		Total amount of paper discounted—		State.	Number of member banks in each State on Dec. 31—		Number accommodated during—		Total amount of paper discounted—	
	1919	1920	1919	1920	1919	1920		1919	1920	1919	1920	1919	1920
Alabama.....	109	121	86	95	167,699	144,048	Illinois:						
Mississippi:							District No. 7.....	380	390	208	277	2,254,682	2,982,798
District No. 6.....	19	18	18	15	32,536	31,274	District No. 8.....	169	176	93	103	71,574	122,459
District No. 8.....	15	15	7	11	12,231	18,706	Total.....	549	566	301	380	2,326,256	3,105,257
Total.....	34	33	25	26	44,767	49,980	Indiana:						
Louisiana:							District No. 7.....	216	214	153	155	273,937	370,334
District No. 6.....	32	33	24	31	551,600	646,129	District No. 8.....	63	61	23	30	45,962	41,544
District No. 11.....	15	20	11	14	37,425	26,232	Total.....	279	275	176	185	319,899	411,878
Total.....	47	53	35	45	589,025	672,361	Missouri:						
Michigan:							District No. 8.....	100	111	65	82	1,100,475	1,407,879
District No. 7.....	215	226	161	171	1,216,159	1,743,005	District No. 10.....	61	58	35	45	632,952	687,211
District No. 9.....	41	46	12	17	6,909	6,906	Total.....	161	169	100	127	1,733,427	2,095,090
Total.....	256	272	173	188	1,223,068	1,749,911	Arkansas.....	101	114	65	94	152,290	204,422
Wisconsin:							Minnesota.....	335	368	174	242	570,420	734,318
District No. 7.....	129	132	88	97	263,943	385,750	North Dakota.....	179	187	80	144	18,412	55,649
District No. 9.....	53	56	20	20	5,557	21,189	South Dakota.....	144	152	88	130	45,963	82,986
Total.....	182	188	108	117	269,500	406,939	Montana.....	168	200	101	151	14,260	52,344
Iowa.....	434	459	341	424	547,591	823,605	Wyoming.....	46	50	26	35	5,042	25,666
							Nebraska.....	207	210	173	192	436,359	356,931
							Colorado.....	135	145	79	114	89,304	222,453

Kansas.....	255	271	124	171	98,169	125,537
<b>Oklahoma:</b>						
District No. 10.....	320	340	235	257	286,724	239,982
District No. 11.....	36	40	35	37	19,836	27,757
<b>Total.....</b>	<b>356</b>	<b>380</b>	<b>270</b>	<b>294</b>	<b>306,560</b>	<b>267,739</b>
<b>New Mexico:</b>						
District No. 10.....	14	13	7	12	7,046	10,163
District No. 11.....	40	43	35	38	17,511	20,560
<b>Total.....</b>	<b>54</b>	<b>56</b>	<b>42</b>	<b>50</b>	<b>24,557</b>	<b>30,723</b>
Texas.....	655	737	518	604	1,144,804	1,201,012

<b>Arizona:</b>						
District No. 11.....	10	10	8	9	5,371	4,617
District No. 12.....	12	15	6	13	6,029	16,790
<b>Total.....</b>	<b>22</b>	<b>25</b>	<b>14</b>	<b>22</b>	<b>11,400</b>	<b>21,407</b>
Utah.....	54	64	42	61	334,276	295,679
Nevada.....	10	11	1	4	20	1,946
California.....	311	346	151	202	1,034,429	1,911,319
Oregon.....	101	119	50	79	74,143	214,358
Idaho.....	111	129	86	112	142,507	186,543
Washington.....	123	146	82	107	359,658	339,012
Alaska.....	1	1				
<b>Total, all States.....</b>	<b>9,066</b>	<b>9,629</b>	<b>5,993</b>	<b>6,941</b>	<b>79,173,970</b>	<b>85,320,874</b>

**No. 42.—**Volume of bills discounted for national banks and for State bank and trust company members of the Federal Reserve System during 1920 and 1919.

[In thousands of dollars.]

Federal Reserve Bank.	Total.		National banks.		State bank and trust company members.		Federal Reserve Bank.	Total.		National banks.		State bank and trust company members.	
	1920	1919	1920	1919	1920	1919		1920	1919	1920	1919	1920	1919
Boston.....	4, 876, 556	4, 675, 398	3, 903, 570	4, 003, 489	972, 986	671, 909	St. Louis.....	2, 438, 041	2, 100, 631	1, 689, 278	1, 065, 560	748, 763	1, 035, 071
New York.....	50, 539, 429	42, 449, 491	42, 514, 279	34, 131, 313	8, 025, 150	8, 318, 178	Minneapolis.....	953, 392	661, 520	887, 148	614, 780	66, 244	46, 740
Philadelphia.....	5, 820, 258	10, 736, 435	4, 985, 343	9, 021, 397	834, 915	1, 715, 038	Kansas City.....	1, 667, 943	1, 555, 597	1, 474, 277	1, 471, 579	193, 666	84, 018
Cleveland.....	2, 895, 670	3, 125, 857	1, 759, 446	2, 169, 280	1, 136, 224	956, 577	Dallas.....	1, 280, 178	1, 224, 946	1, 150, 000	1, 123, 343	130, 178	101, 603
Richmond.....	3, 346, 322	4, 130, 943	3, 119, 260	3, 818, 758	227, 062	312, 185	San Francisco.....	2, 965, 647	1, 951, 062	1, 949, 150	1, 692, 939	1, 016, 497	258, 123
Atlanta.....	2, 231, 946	2, 005, 778	1, 520, 311	1, 478, 777	711, 635	527, 001	Total.....	85, 320, 874	79, 173, 970	69, 287, 352	63, 518, 673	16, 034, 522	15, 655, 297
Chicago.....	6, 305, 492	4, 556, 312	4, 335, 290	2, 927, 458	1, 970, 202	1, 628, 854							

**No. 43.—**Volume of bills discounted secured by Government war obligations, by months during 1920.

[In thousands of dollars.]

Federal Reserve Bank.	Year.			January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
	Total.	Member banks' collateral notes.	Customers' paper.												
Boston.....	4, 074, 030	3, 877, 974	196, 056	343, 955	374, 375	381, 400	304, 880	372, 969	349, 388	250, 501	343, 463	304, 670	270, 306	350, 984	427, 140
New York.....	32, 100, 969	31, 159, 778	941, 191	3, 066, 097	3, 369, 072	2, 895, 562	2, 452, 346	2, 227, 110	2, 419, 799	2, 676, 440	2, 940, 516	2, 271, 608	2, 535, 542	2, 453, 927	2, 792, 950
Philadelphia.....	4, 415, 455	4, 093, 104	322, 351	594, 744	461, 021	451, 064	404, 752	393, 587	375, 112	323, 533	315, 287	273, 440	252, 626	242, 002	268, 287
Cleveland.....	2, 369, 043	2, 274, 415	94, 628	210, 493	242, 728	229, 306	213, 342	199, 399	186, 901	152, 020	163, 543	124, 496	119, 815	178, 832	348, 168
Richmond.....	2, 938, 149	2, 889, 355	48, 794	289, 386	247, 362	297, 124	270, 845	267, 175	242, 023	212, 479	232, 952	231, 648	202, 974	202, 170	242, 011
Atlanta.....	1, 571, 391	1, 506, 098	65, 293	128, 038	115, 157	118, 203	117, 470	126, 653	118, 113	122, 330	148, 851	140, 911	145, 344	156, 019	134, 302
Chicago.....	3, 816, 381	3, 674, 533	141, 848	305, 562	321, 057	380, 020	342, 224	335, 253	346, 111	305, 394	309, 582	316, 386	271, 360	284, 828	208, 604

St. Louis.....	1,441,231	1,346,814	94,417	147,548	102,499	152,082	144,183	116,071	110,505	106,085	112,987	117,163	123,247	109,742	99,179
Minneapolis.....	478,774	455,581	23,133	45,075	42,444	39,075	47,242	45,824	46,704	34,463	33,814	32,258	35,218	34,476	42,181
Kansas City.....	1,114,027	1,035,410	48,617	84,353	69,706	84,991	90,553	91,462	103,360	108,277	107,032	100,775	97,505	89,541	86,532
Dallas.....	999,943	984,150	15,793	76,922	69,033	80,006	88,554	91,475	91,503	75,913	82,734	90,241	83,891	92,211	77,370
San Francisco.....	2,120,625	2,083,664	33,961	164,171	129,766	190,051	234,651	241,548	155,317	166,071	143,222	100,526	167,442	154,991	212,869
Total: 1920.....	57,440,018	55,410,876	2,029,142	5,456,344	5,544,280	5,298,884	4,771,072	4,508,465	4,544,836	4,533,566	4,933,983	4,164,062	4,305,269	4,349,723	5,029,593
1919.....	74,187,280	72,289,835	1,897,445	5,713,903	4,755,629	5,271,540	5,033,811	7,169,367	6,036,278	6,824,988	6,170,782	6,238,301	7,348,942	6,761,542	6,202,197
1918.....	33,390,080	32,142,406	1,247,674	378,507	400,037	315,116	1,806,669	2,523,506	2,621,132	2,469,385	3,127,333	4,077,897	5,308,281	4,601,248	5,760,969

No. 44.—Volume of trade acceptances discounted, by months during 1920.

[In thousands of dollars.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Year 1920.	Year 1919.	Year 1918.	Year 1917.
Boston.....	583	257	1,704	288	383	415	146	193	170	156	174	195	4,664	10,821	10,287	6,115
New York.....	6,335	4,456	7,364	3,155	4,261	2,143	2,113	4,215	3,989	3,673	2,793	1,758	46,255	57,133	70,677	6,864
Philadelphia.....	286	837	488	233	518	355	541	316	231	351	88	547	4,791	3,753	5,650	726
Cleveland.....	1,757	1,033	4,286	3,299	2,217	1,217	2,422	2,200	2,138	2,220	1,671	1,917	26,377	14,091	24,894	4,401
Richmond.....	557	505	1,818	908	682	1,798	870	675	1,207	1,248	1,071	1,337	12,676	9,083	13,389	3,160
Atlanta.....	755	311	1,802	1,460	1,212	1,925	642	745	758	1,808	1,056	1,409	13,883	8,234	11,697	4,562
Chicago.....	1,266	896	2,455	2,644	1,628	1,245	1,885	1,994	2,279	2,968	3,389	3,641	26,290	6,581	9,033	430
St. Louis.....	1,652	1,030	1,246	1,288	1,122	744	937	656	823	1,708	913	1,352	13,471	7,946	15,681	3,115
Minneapolis.....	165	73	174	179	401	375	336	289	166	539	221	220	3,138	505	799	364
Kansas City.....	253	318	578	449	828	1,002	1,023	623	1,001	1,122	1,050	1,295	10,142	7,486	10,401	2,646
Dallas.....	157	7	149	573	140	729	346	436	691	1,111	778	553	5,670	1,887	2,057	178
San Francisco.....	2,754	1,278	1,319	820	3,149	1,960	2,196	1,669	3,107	2,485	1,939	2,094	24,800	10,840	12,807	5,210
Total: 1920.....	16,520	11,001	23,383	15,296	16,541	13,938	13,457	14,011	17,100	19,389	15,143	16,318	192,157	.....	.....	.....
1919.....	10,904	8,880	8,561	8,071	7,062	7,946	8,505	6,428	10,008	16,064	21,924	23,467	.....	138,420	.....	.....
1918.....	13,998	19,217	16,231	11,121	13,166	14,811	13,822	12,762	20,917	23,519	16,191	11,617	.....	.....	187,372	.....
1917.....	574	856	763	678	1,768	2,521	1,077	1,668	1,126	4,355	6,960	15,425	.....	.....	.....	37,771

No. 45.— *Volume of bankers' acceptances discounted, by months during 1920.*

[In thousands of dollars.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total, 1920.	Total, 1919.
Boston.....	1,534	9,874	7,312	1,032	1,757	490	.....	10	23	.....	.....	77	22,129	4,985
New York.....	10,701	3,586	10,994	13,220	4,967	2,065	3,535	1,831	2,244	5,684	6,019	5,808	70,654	61,771
Philadelphia.....	.....	1,830	812	32	18	292	118	.....	225	475	200	125	4,127	19
Cleveland.....	.....	32	102	493	230	178	85	452	1,568	1,003	4,116	1,686	10,015	.....
Richmond.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Atlanta.....	271	279	1,613	2,247	545	253	115	332	125	160	262	136	6,338	.....
Chicago.....	2,413	11,815	7,509	4,100	1,703	461	655	615	585	222	932	1,085	32,095	.....
St. Louis.....	321	80	808	553	482	727	827	734	855	930	346	461	7,124	4,146
Minneapolis.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Kansas City.....	.....	.....	.....	145	30	30	31	14	46	49	11	12	368	357
Dallas.....	.....	.....	135	100	135	153	.....	.....	181	.....	.....	.....	704	.....
San Francisco.....	1,966	1,115	5,249	6,250	5,387	4,782	1,703	1,502	2,251	1,831	1,319	253	33,608	365
Total: 1920.....	17,226	28,611	34,534	28,172	15,254	9,431	7,069	5,490	8,103	10,354	13,275	9,643	187,162	.....
1919.....	1,577	737	780	420	1,112	496	361	182	388	1,271	2,053	62,246	.....	71,643

No. 46.— *Volume of bills discounted during 1920, by normal rates of discount charged.*

[In thousands of dollars.]

Federal Reserve Bank.	4½ per cent.	4½ per cent.	4½ per cent.	5 per cent.	5½ per cent.	5½ per cent.	5½ per cent.	6 per cent.	6½ per cent.	7 per cent.	Total.
Boston.....	712	6,246	439,151	555,159	.....	1,722,816	.....	1,619,999	.....	532,473	4,876,556
New York.....	.....	.....	4,845,083	5,470,246	.....	14,756,459	.....	10,406,461	.....	15,061,180	50,539,429
Philadelphia.....	30	571	666,285	740,370	13,282	2,981,356	27,514	1,390,822	.....	28	5,820,258
Cleveland.....	1,360	29,345	223,518	283,335	1,562	807,434	1,071,849	476,508	.....	759	2,895,670
Richmond.....	.....	11,544	286,202	167,176	823	1,089,030	13,899	1,777,648	.....	.....	3,346,322
Atlanta.....	.....	13,094	133,055	223,334	6,182	1,133,790	6,795	500,010	.....	195,686	2,231,946

Chicago.....		54,586	490,347	483,277	9,679	1,147,867	114,224	2,397,837		1,607,675	6,305,492
St. Louis.....		49,862	172,575	238,007	2,463	1,013,017		962,077		40	2,438,041
Minneapolis.....		158	107,579	37,682	183	160,018	10	322,270	2,141	323,351	953,392
Kansas City.....		4,092	39,691	156,554	1,101	644,281	30,873	791,351			1,667,943
Dallas.....		52,473	35,896	248,603	2,497	651,292	8,471	280,933		13	1,280,178
San Francisco.....	16	30,883	278,442	247,640	189,555	443,021	197,384	1,578,706			2,965,647
<b>Total.....</b>	<b>2,118</b>	<b>252,854</b>	<b>7,737,824</b>	<b>8,851,383</b>	<b>227,327</b>	<b>26,550,381</b>	<b>1,471,019</b>	<b>22,504,622</b>	<b>2,141</b>	<b>17,721,205</b>	<b>85,320,874</b>

No. 47.—Number of banks in each district accommodated through discount operations, by months during 1920.

Federal Reserve district.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total, 1920.	Total, 1919.	Total, 1918.	Total, 1917.
Boston.....	307	227	239	254	252	246	231	201	219	217	219	256	342	348	269	218
New York.....	375	343	373	390	389	365	347	323	323	306	316	345	536	546	522	322
Philadelphia.....	393	374	361	364	374	378	357	365	348	310	325	341	484	494	457	201
Cleveland.....	238	226	239	291	307	296	298	282	258	248	239	272	450	409	320	160
Richmond.....	264	243	282	317	353	377	390	371	356	340	343	373	437	414	373	246
Atlanta.....	159	153	177	207	254	267	288	294	310	323	335	310	372	347	327	228
Chicago.....	530	588	625	709	735	739	751	742	772	848	1,026	959	1,124	951	850	541
St. Louis.....	204	209	241	271	301	297	287	285	303	310	299	318	386	305	278	149
Minneapolis.....	228	221	275	345	441	495	502	488	410	508	587	664	704	475	580	284
Kansas City.....	297	276	314	394	471	494	508	488	547	614	658	671	826	679	554	364
Dallas.....	210	217	252	317	404	610	519	527	521	542	524	600	702	607	548	258
San Francisco.....	256	261	292	316	361	384	380	414	391	386	404	442	578	418	415	156
<b>Total—1920.....</b>	<b>3,461</b>	<b>3,338</b>	<b>3,670</b>	<b>4,175</b>	<b>4,642</b>	<b>4,948</b>	<b>4,858</b>	<b>4,780</b>	<b>4,758</b>	<b>4,952</b>	<b>5,275</b>	<b>5,551</b>	<b>6,941</b>			
1919.....	3,316	3,091	3,575	3,875	4,035	4,047	3,685	3,460	3,722	3,839	3,649	3,659		5,993		
1918.....	1,432	1,353	1,568	2,100	2,793	3,021	3,462	3,671	3,464	3,610	3,667	3,288			5,493	
1917.....	309	262	315	384	590	900	960	990	953	1,140	1,574	1,701				3,127



Minneapolis.....	27.82	31.58	36.95	39.94	40.95	43.62	42.24	40.42	42.99	45.80	36.47	33.33	38.85	22.27	32.78
Kansas City.....	28.02	32.33	31.09	36.31	39.32	35.02	31.01	28.76	33.72	39.87	37.67	39.39	34.54	23.41	30.76
Dallas.....	18.29	18.74	22.88	25.54	26.98	29.11	33.55	28.59	28.43	28.59	28.94	33.22	27.42	20.25	27.00
San Francisco.....	17.57	20.28	17.76	15.72	17.16	26.22	21.57	21.41	26.00	23.38	25.26	23.47	21.13	16.42	25.31
All banks—1920.	13.21	12.26	13.77	15.08	14.74	14.48	13.63	12.38	14.27	13.26	12.17	11.55	13.29	.....	.....
1919.	10.34	10.74	10.15	11.07	9.13	9.79	9.41	9.33	9.44	9.54	11.36	11.52	.....	10.13	.....
1918.	18.90	27.73	22.25	11.25	12.59	10.09	12.85	12.70	10.38	11.17	12.37	8.54	.....	.....	11.81

**No. 50.**—*Volume of bankers' and trade acceptances bought in open market, by months during 1920.*

[In thousands of dollars.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Year.			
													1920	1919	1918	1917
Boston.....	18,686	18,279	25,547	29,156	29,302	23,961	22,569	24,852	31,990	29,069	27,200	23,834	304,445	360,784	194,158	91,528
New York.....	153,067	176,215	164,496	93,744	159,109	160,569	115,740	132,506	111,730	145,283	142,999	141,872	1,697,330	1,211,399	945,498	464,966
Philadelphia.....	3,723	2,250	1,388	992	504	1,034	616	8,058	1,503	8,765	2,742	9,657	41,232	14,049	77,686	85,914
Cleveland.....	28,926	30,993	28,417	23,207	27,011	29,245	21,539	24,937	24,535	24,046	13,625	18,121	294,602	261,750	122,800	91,109
Richmond.....	4,357	4,085	6,778	5,485	4,897	3,502	3,083	4,706	3,888	3,745	3,388	3,797	51,711	52,977	70,766	58,116
Atlanta.....	6,636	6,737	3,901	4,209	3,096	2,979	1,430	1,198	2,040	2,960	1,711	2,680	39,577	51,661	45,477	26,393
Chicago.....	24,486	35,733	33,096	23,266	32,154	35,420	27,608	34,657	32,332	27,336	14,136	24,797	345,021	292,012	122,787	66,714
St. Louis.....	4,820	5,749	6,118	4,159	2,596	3,216	2,041	985	1,345	2,102	573	2,316	36,020	87,503	26,096	29,732
Minneapolis.....	450	3,395	2,488	2,451	2,307	1,425	2,774	525	553	483	538	670	18,059	108,714	13,903	33,072
Kansas City.....	100	450	330	131	948	1,757	2,064	3,515	2,857	2,079	970	1,973	17,174	26,086	14,691	26,826
Dallas.....	417	1,630	436	1,757	267	60	682	805	532	1,395	295	72	8,348	12,415	25,024	35,077
San Francisco.....	56,784	14,791	30,364	59,037	12,046	22,585	19,318	22,964	44,684	34,570	23,663	24,039	364,845	345,827	150,653	68,266
Total—1920.....	302,452	300,307	303,359	247,594	274,237	285,753	219,464	259,708	257,989	281,833	231,840	253,828	3,218,364	.....	.....	.....
1919.....	201,492	147,410	143,662	140,639	147,650	291,915	276,485	194,211	205,048	335,262	340,695	400,708	.....	2,825,177	.....	.....
1918.....	130,620	148,275	138,996	108,516	115,914	89,580	123,574	162,796	183,132	256,705	195,698	155,733	.....	.....	1,809,539	.....
1917.....	20,617	70,641	28,153	41,313	82,544	135,230	66,864	72,123	109,046	86,894	186,219	178,069	.....	.....	.....	1,077,713

<sup>1</sup> Includes \$168,411,520 of acceptances purchased from the Federal Reserve Banks of Boston and New York by other Federal Reserve Banks.

**No. 51.**— *Volume of bankers' and trade acceptances bought in open market during 1920, by banks and maturities.*

[In thousands of dollars.]

Federal Reserve Bank.	Total.	Maturity.			
		Within 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.
Boston.....	304,445	137,140	46,682	82,264	38,359
New York.....	1,697,330	801,737	251,093	298,073	346,427
Philadelphia.....	41,232	2,172	3,852	12,734	22,474
Cleveland.....	294,602	21,575	37,070	118,160	117,797
Richmond.....	51,711	2,859	12,214	16,831	19,807
Atlanta.....	39,577	1,839	8,403	12,885	16,450
Chicago.....	345,021	64,195	29,802	123,751	127,273
St. Louis.....	36,020	13,948	1,198	5,362	15,512
Minneapolis.....	18,059	97	1,173	5,220	11,569
Kansas City.....	17,174	504	1,444	11,494	3,732
Dallas.....	8,348	269	1,683	4,402	1,994
San Francisco.....	364,845	13,816	54,810	157,714	138,505
Total.....	3,218,364	1,060,151	449,424	848,890	859,899

**No. 52.**— *Volume of bankers' and trade acceptances bought in open market during 1920, by months and maturities.*

[In thousands of dollars.]

Month.	Total.	Maturity.			
		Within 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.
January.....	302,452	98,755	37,904	52,913	112,880
February.....	300,308	79,909	27,993	75,441	116,965
March.....	303,359	93,209	34,902	59,018	116,230
April.....	247,594	53,757	28,330	75,653	89,854
May.....	274,237	80,924	40,572	85,852	66,889
June.....	285,753	81,130	38,646	87,620	78,357
July.....	219,464	52,692	32,381	68,603	65,788
August.....	259,708	104,343	46,168	68,456	40,741
September.....	257,989	84,968	37,313	81,672	54,036
October.....	281,832	132,689	41,261	60,596	47,286
November.....	231,840	103,271	41,422	57,176	29,971
December.....	253,828	94,504	42,532	75,890	40,902
Total—1920.....	3,218,364	1,060,151	449,424	848,890	859,899
1919.....	2,825,177	578,751	455,779	807,326	1,983,311

<sup>1</sup> Includes \$434,000 maturing after 90 days but within three months.

## No. 53.—Volume of acceptances bought in open market during each month in 1920, by classes.

[In thousands of dollars.]

Month.	All classes.	Bankers' acceptances.				Trade acceptances.		
		Total.	In the foreign trade.	In the domestic trade.	Dollar exchange bills.	Total.	In the foreign trade.	In the domestic trade.
January.....	302,452	296,965	236,180	60,785	2,781	2,706	2,404	302
February.....	300,308	294,009	228,091	65,918	2,950	3,349	3,320	29
March.....	303,359	294,301	236,951	57,350	4,157	4,901	4,089	812
April.....	247,594	238,951	182,762	56,189	1,753	6,890	6,502	388
May.....	274,237	268,003	195,295	72,768	2,435	3,739	2,724	1,015
June.....	285,753	256,184	193,373	62,811	5,150	24,419	22,872	1,547
July.....	219,404	207,272	158,499	48,773	2,024	10,168	9,954	214
August.....	259,708	242,012	190,985	51,027	5,426	12,270	12,270	.....
September.....	257,989	249,268	166,325	52,943	6,590	2,131	1,927	204
October.....	281,832	239,284	203,021	66,263	10,878	1,670	935	735
November.....	231,840	221,671	168,742	52,929	9,161	1,008	758	250
December.....	273,828	241,212	177,657	63,555	11,240	1,376	1,121	255
Total—1920.....	3,218,344	3,079,192	2,367,881	711,311	64,545	74,627	68,876	5,751
1919.....	2,825,177	2,777,313	2,020,888	756,425	11,306	36,558	27,289	9,269

## No. 54.—Volume of bills purchased during 1920, by rates of discount charged.

[In thousands of dollars.]

Federal Reserve Bank.	Total.	4 $\frac{1}{8}$ per cent.	4 $\frac{1}{2}$ per cent.	4 $\frac{3}{4}$ per cent.	4 $\frac{11}{16}$ per cent.	4 $\frac{7}{8}$ per cent.	4 $\frac{15}{16}$ per cent.	4 $\frac{7}{8}$ per cent.	4 $\frac{15}{16}$ per cent.	5 per cent.	5 $\frac{1}{16}$ per cent.	5 $\frac{1}{8}$ per cent.	5 $\frac{1}{4}$ per cent.	5 $\frac{1}{2}$ per cent.	5 $\frac{3}{8}$ per cent.	5 $\frac{1}{2}$ per cent.	5 $\frac{3}{4}$ per cent.	5 $\frac{7}{8}$ per cent.	5 $\frac{15}{16}$ per cent.	
Boston.....	304,415	.....	.....	.....	.....	606	.....	1,839	.....	2,808	.....	1,754	.....	14,191	4,728	4,690	1,999	5,931	45	16,858
New York.....	1,697,330	.....	49	.....	.....	62,936	75	10,737	231	21,279	1,082	4,960	100	287,980	1,189	34,237	1,797	91,716	2,591	46,240
Philadelphia.....	41,232	.....	.....	341	.....	1,572	.....	1,317	.....	224	.....	.....	.....	520	.....	735	329	569	201	653

Cleveland.....	294,602				243	3,286	155	3,192	125	11,345	253	2,472	187	5,822	175	12,547	260	17,982	376	18,314
Richmond.....	51,711					3,181												5,105		
Atlanta.....	39,577		272			3,555				1,313				7,832				400		
Chicago.....	345,021					3,095	4	5,627	40	8,775		1,330		7,572	126	12,485	135	17,092		22,034
St. Louis.....	36,020	50				30		100	475	5,160	404	846	200	3,939	16	425	500	1,673		324
Minneapolis.....	18,059					250		200		10,117					225			375		
Kansas City.....	17,174									100								881		
Dallas.....	8,348									355				62				1,435		
San Francisco.....	364,845		23	150		9,127	281	9,351	1,151	22,559	1,040	6,048	120	5,600	787	7,238	308	17,508	155	31,688
Total.....	3,218,364	50	344	491	243	87,638	515	32,363	2,022	84,035	2,779	17,410	607	333,578	7,021	72,582	5,328	160,667	3,338	136,111

Federal Reserve Bank.	5½ per cent.	5½ per cent.	5½ per cent.	5½ per cent.	5½ per cent.	6 per cent.	6½ per cent.	6½ per cent.	6½ per cent.	6½ per cent.	6½ per cent.	6½ per cent.	6½ per cent.	6½ per cent.	6½ per cent.	6½ per cent.	6½ per cent.	7 per cent.	7½ per cent.
Boston.....	188	33,259	216	51,761	673	42,377	38,071		23,362		51,141	6,636	987	325					
New York.....	380	640,845	803	226,002		152,383	39,678		16,503		3,208	1,085	100	76				48,902	166
Philadelphia.....		9,341	200	6,576	670	16,418	1,316		150		100								
Cleveland.....		42,637	30	90,646		66,338	8,995		3,149		4,100	1,691	20	108	154				
Richmond.....		2,178				41,247													
Atlanta.....						21,814												4,391	
Chicago.....		53,549	225	120,374		34,725	10,344	210	10,714	130	26,993	8,479	702		60			200	
St. Louis.....	310	3,201	100	2,271		4,932	655		1,862		1,936	3,284	1,177	2,150					
Minneapolis.....						6,778	40				50	24							
Kansas City.....						11,002						2,549						2,642	
Dallas.....		110				5,706			680										
San Francisco.....		61,987	35	97,478	80	73,317	14,653		3,586		480	35							
Total.....	878	847,107	1,609	595,108	1,423	477,038	113,752	210	60,006	130	88,008	23,783	2,986	2,659	214			56,135	166

No. 55.—Average rate charged on bankers' and trade acceptances purchased, by months during 1920.

[Per cent.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Year 1920.	Year 1919.
Boston.....	5.23	5.48	5.88	5.90	6.02	6.15	6.09	6.13	6.16	6.22	6.52	6.09	5.98	4.36
New York.....	5.11	5.53	5.75	5.77	5.92	6.06	6.04	6.01	5.97	5.96	6.41	5.99	5.81	4.37
Philadelphia.....	4.93	5.55	5.89	5.94	6.01	5.99	5.88	5.87	6.13	6.10	5.61	6.04	5.89	4.38
Cleveland.....	5.13	5.55	5.82	5.81	6.00	6.03	6.01	6.00	6.03	6.05	5.87	6.03	5.83	4.32
Richmond.....	5.00	5.59	6.07	6.03	6.06	6.08	6.08	6.08	6.08	6.08	5.98	6.08	5.93	4.60
Atlanta.....	5.00	5.29	6.08	6.08	6.08	6.08	6.08	6.08	6.08	6.08	6.65	7.10	5.85	4.57
Chicago.....	5.11	5.60	5.87	5.87	6.04	6.12	6.13	6.09	6.08	6.11	6.71	6.17	5.93	4.38
St. Louis.....	5.06	5.33	5.62	5.69	6.03	6.20	6.17	6.18	6.29	6.16	6.60	6.25	5.68	4.31
Minneapolis.....	4.89	5.13	5.10	5.07	5.07	6.06	6.08	6.11	6.08	6.08	6.78	6.12	5.50	4.25
Kansas City.....	5.07	5.57	5.58	5.69	6.08	6.08	6.08	6.08	6.12	6.59	7.41	7.10	6.27	4.51
Dallas.....	5.09	5.61	6.08	6.08	6.25	6.08	6.08	6.25	6.08	6.08	5.98	6.08	5.97	4.68
San Francisco.....	5.08	5.53	5.80	5.82	6.00	6.00	6.03	6.01	6.05	6.05	5.98	6.06	5.79	4.40
All banks—1920.....	5.10	5.53	5.80	5.82	5.96	6.07	6.06	6.04	6.04	6.05	6.45	6.08	5.85	.....
1919.....	4.28	4.24	4.24	4.24	4.24	4.24	4.25	4.25	4.25	4.26	4.47	4.84	.....	4.36

No. 56.—Average maturity of bankers' and trade acceptances purchased, by months during 1920.

[Days.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Year 1920.	Year 1919.
Boston.....	36.18	25.93	36.12	37.87	39.15	32.91	33.78	34.54	35.63	24.03	31.15	27.64	33.10	43.10
New York.....	34.07	45.11	40.72	44.98	38.06	39.49	42.20	26.15	31.31	24.03	27.67	30.65	35.42	42.64
Philadelphia.....	64.60	58.47	78.37	63.79	74.03	50.27	43.96	42.82	54.66	67.51	65.25	59.85	59.09	57.00
Cleveland.....	61.51	62.38	65.03	57.02	58.83	56.02	55.18	48.81	51.88	49.76	49.47	48.50	56.13	59.82
Richmond.....	63.31	62.84	60.09	62.11	60.04	47.72	71.68	51.25	46.07	50.77	41.82	47.46	55.98	56.41
Atlanta.....	58.61	70.34	62.48	58.43	46.03	66.83	63.30	44.95	41.24	45.69	57.76	59.94	58.55	62.38
Chicago.....	69.65	67.15	68.02	63.03	58.91	64.58	61.80	56.19	58.98	60.12	67.18	57.46	62.55	64.43
St. Louis.....	58.48	50.16	57.70	58.66	42.18	37.21	49.25	39.15	28.64	42.00	48.02	27.70	48.69	42.16
Minneapolis.....	54.77	71.12	59.21	65.30	49.34	57.32	70.80	78.80	78.50	69.79	78.15	67.84	64.83	60.14
Kansas City.....	75.96	76.00	73.40	78.56	44.59	66.43	60.44	49.29	52.44	60.17	51.85	53.88	56.18	61.24
Dallas.....	47.24	50.86	50.23	60.27	60.11	38.00	59.58	55.36	34.20	37.82	44.81	64.71	50.64	47.38
San Francisco.....	63.71	61.07	63.87	59.15	57.03	56.33	59.69	49.09	52.54	50.96	40.03	55.04	56.97	61.93
All banks—1920.....	47.05	50.50	49.33	51.59	44.22	45.72	47.82	36.78	41.71	35.51	35.11	33.43	43.83	.....
1919.....	55.51	45.67	42.69	42.00	45.80	45.60	51.21	50.73	46.15	48.36	55.55	57.11	.....	50.45

DISCOUNT AND OPEN-MARKET OPERATIONS.

No. 57.—*Rediscounts and sales of bills between Federal Reserve Banks during 1920.*

## CHRONOLOGICAL TABLE.

[In thousands of dollars.]

Discounted or purchased by Federal Reserve Bank of—	Date.	Rediscounted or sold by Federal Reserve Bank of—							
		Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Chicago.	Kansas City.	San Fran- cisco.
Dallas	Jan 2			9,000					
Chicago	do			3,000					
Do	Jan 3								
Cleveland	Jan 6		1 10,006					5,000	
Atlanta	Jan 8								
Dallas	do			4,500					
St. Louis	do			4,500			5,000		
Dallas	Jan 9			5,000					
Atlanta	do			2,000					
Cleveland	do		1 1,100						
New York	Jan 12						1 20		1 200
Dallas	Jan 13			5,000					
Chicago	Jan 14		60,000	2,500					
Atlanta	do		15,000						
San Francisco	do		10,000						
Cleveland	do		10,000						
St. Louis	do		5,000						
Do	Jan 15			3,500					
Chicago	do							5,000	
Atlanta	Jan 16						5,000		
Dallas	Jan 19			8,000					
Chicago	Jan 20			5,000			5,000		
Do	Jan 21			4,000					
Cleveland	do		1 7,014						
Chicago	Jan 22			5,000					
San Francisco	do		1 3,408						
Dallas	Jan 23			5,000					
New York	do						1 5		
Cleveland	Jan 26			4,000					
Do	Jan 27		1 501						
Dallas	Jan 29			5,000					
Atlanta	do			5,000					
Chicago	Jan 30		30,000	5,000			5,000		
Atlanta	do		10,000						
Cleveland	do		5,000						
Dallas	do		5,000						
Boston	do		1 3,579						
New York	Feb 2	1 579							
Chicago	do			9,000					
Dallas	do			5,000					
Do	Feb 5			5,000					
Chicago	do			6,500					
Cleveland	Feb 6			3,600					
Atlanta	Feb 9			5,000					
Dallas	do			5,000					
Chicago	do			6,000					
Do	do	1 5,090							
Cleveland	do	1 5,036							
Atlanta	do	1 5,087							
Kansas City	do	1 5,049							
Do	Feb 13			5,000					
Dallas	do			7,000					
Minneapolis	do			5,000					
Chicago	Feb 16			7,500					
Dallas	do			6,500					
New York	do						1 15		
Atlanta	Feb 19			2,000					
Chicago	do			7,000					
Kansas City	do			5,000					
Dallas	do			5,000					
Do	Feb 24			4,500					
Minneapolis	do			3,000					
Dallas	Feb 26			9,000					
Cleveland	do			5,000					
Minneapolis	Feb 27			1,000					
Dallas	Mar 1			2,500					
Kansas City	do			5,000					
Minneapolis	do			4,500					
New York	Mar 3								
Boston	Mar 5		20,000			1 50			
Minneapolis	do			3,500					
Cleveland	Mar 8			6,500					
Dallas	do			5,000					
Minneapolis	Mar 9			3,000					
New York	do						1 25		

a Amounts represent bills rediscounted unless marked with footnote 1.

1 Acceptances sold.



## No. 57.—Rediscunts and sales of bills between Federal Reserve Banks during 1920—Con.

## CHRONOLOGICAL TABLE—Continued.

[In thousands of dollars.]

Discounted or purchased by Federal Reserve Bank of—	Date.	Rediscouted or sold by Federal Reserve Bank of a—									
		New York.	Phila- del- phia.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Min- neap- olis.	Kan- sas City.	Dallas.	San Fran- cisco.
Dallas	Mar. 11		4,000								
Minneapolis	do.		5,000								
Kansas City	do.		5,000								
Cleveland	Mar. 12	15,000									
Boston	do.	10,000									
Do	Mar. 18		10,000								
Cleveland	do.		6,000								
Dallas	do.		3,000								
New York	do.					14					
Boston	Mar. 19		5,000								
Cleveland	Mar. 22	10,000	5,000	5,000							
Minneapolis	do.		7,500								
Boston	do.	10,000									
Cleveland	Mar. 23			5,000							
Minneapolis	do.						2,529				
Cleveland	Mar. 24						5,000				
Dallas	do.			5,000							
San Francisco	Mar. 26						5,000				
Boston	Mar. 29		12,000								
Atlanta	do.		3,000								
Cleveland	do.		5,000				5,000				
Dallas	Mar. 31			5,000							
New York	do.					5,000					
Cleveland	Apr. 1		5,000	10,000							
Minneapolis	do.		5,000								
Dallas	do.			5,000							
Cleveland	Apr. 2					3,000					
San Francisco	do.	12,571					7,500				
New York	Apr. 3					5,000	5,000				
Do	Apr. 5					7,500	5,000				
Boston	Apr. 8		13,000								
Do	Apr. 9						5,000				
Dallas	do.			10,000							
Cleveland	Apr. 10						16,000				
Boston	Apr. 12		4,000				7,000				
Cleveland	do.			10,000			5,000				
Boston	Apr. 13		3,000								
Cleveland	do.						5,000				
Boston	Apr. 15		4,500								
New York	Apr. 16		5,000	5,000		10,000	5,000	5,000	6,000		
Cleveland	do.					5,000					
Dallas	do.			5,000							
New York	Apr. 19			5,000		5,000					
Cleveland	do.			5,000		5,000					
Boston	Apr. 20		5,000				5,000				
Cleveland	do.						5,000				
Do	Apr. 21					10,000					
New York	Apr. 22		6,000						6,000		
Cleveland	do.			10,000				5,000			
New York	Apr. 23		3,500			10,000		3,500			
Do	Apr. 24					3,000					
San Francisco	do.									1,000	
Boston	Apr. 26								6,000		
New York	do.		4,000	10,000				5,000			
Boston	Apr. 27						5,000				
New York	Apr. 28					5,000					
Do	Apr. 29		3,500				5,000			3,000	
Cleveland	do.			5,000							
New York	Apr. 30		5,500			5,000	3,000		4,000		10,058
Boston	May 3						5,000				
New York	do.							3,000	6,000		
Cleveland	do.			10,000							
Do	May 5					8,000					
Boston	May 6			10,000							
New York	do.					10,000					
Cleveland	do.		3,500								
Boston	May 7							3,000			
Cleveland	do.			5,000				2,000	5,000		
New York	May 10						5,000				
Do	May 12							3,000		1,000	
Do	May 13				2,000			2,000		4,000	
Cleveland	do.			10,000							
New York	May 14						5,000		7,000		

a Amounts represent bills rediscouted unless marked with footnote 1.

1 Acceptances sold.

## No. 57.—Rediscunts and sales of bills between Federal Reserve Banks during 1920—Con.

## CHRONOLOGICAL TABLE—Continued.

[In thousands of dollars.]

Discounted or purchased by Federal Reserve Bank of—	Date.	Rediscouted or sold by Federal Reserve Bank of—							
		New York.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.
Boston	May 17		10,000						
New York	do.					5,000			
Cleveland	do.						5,000		
Do	May 18					5,000			
Do	May 19				7,000		7,500		
New York	May 20			3,000	6,000			8,000	5,000
Cleveland	do.		5,000						
New York	May 21				13,000	5,000	2,000		
Cleveland	May 22		10,000						
New York	May 24						2,500		5,000
Boston	May 25							3,000	
New York	do.			300		5,000			
Do	May 26			3,000					
Cleveland	do.						3,500		
Boston	May 27		10,000						
New York	do.			2,500					3,000
Cleveland	do.						2,500		
New York	May 28				4,000			3,000	
Cleveland	do.		5,000				2,500		
New York	May 29				5,000				
Cleveland	do.			3,000			1,500		
New York	do.			2					
Do	June 1				111	5,000		7,000	
Cleveland	do.						2,000		
Do	June 2		10,000						
New York	June 3				10,000				
Do	June 4			5,000				4,000	5,000
Boston	June 5		10,000						
New York	do.				3,000		3,000		3,000
Cleveland	June 7		5,000						
Do	June 8		5,000	2,750					
Boston	June 9								1,500
New York	do.			200					
Cleveland	do.			100			4,000		
Boston	June 10								4,000
Cleveland	do.		10,000						
Boston	June 11							7,000	2,000
Cleveland	do.						4,000		
New York	June 12			50					
Cleveland	do.			4,000					
Do	June 14						2,500		
Boston	June 15		10,000						
New York	do.			400			3,500		
Cleveland	do.						5,000		
New York	June 16							5,000	
Cleveland	do.		5,000				2,500		
New York	June 17								2,000
Do	June 18						5,000		
Do	June 19							7,000	
Do	June 21						2,500		
Cleveland	do.		10,000						
New York	June 22			4,250					
Boston	June 23	15,003	10,000	600	15,000		2,000		
New York	do.						2,500		
Cleveland	do.						4,000	3,000	3,000
Do	June 25				10,000				
New York	June 26			3,502					
Boston	June 28						1,500		
Cleveland	do.		5,000		8,000			3,000	
Boston	June 29		10,000					6,000	1,500
Cleveland	do.								
Boston	June 30					3,000			
Do	July 1		10,000		6,000				5,000
San Francisco	do.	10,008							
Cleveland	do.				12,000				
New York	July 2				8,000				
Cleveland	do.					2,000	2,000	4,007	
Boston	July 6		10,000					6,010	
Cleveland	do.			740		5,000	2,500		
Philadelphia	July 7	10,014							
Cleveland	do.		5,000		9,000		1,500	3,025	
Boston	July 8						2,500		
Cleveland	do.		10,000	1,262					2,000
Boston	do.			1,619	3,500				4,000
New York	July 9								
Do	July 10			3,578					

\* Amounts represent bills rediscouted unless marked with footnote 1.

1 Acceptances sold.

## No. 57.—Rediscunts and sales of bills between Federal Reserve Banks during 1920—Con.

## CHRONOLOGICAL TABLE—Continued.

[In thousands of dollars.]

Discounted or purchased by Federal Reserve Bank of—	Date.	Rediscouted or sold by Federal Reserve Bank of—								
		Boston.	New York.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.
Boston.....	July 12			10,000						4,500
do.....	do.						3,000	2,500		
Boston.....	July 14				1,269					1,500
Cleveland.....	do.							1,500		
Boston.....	July 15				2,000					5,500
Cleveland.....	do.		5,000				4,000		3,000	
New York.....	July 16					175				
Do.....	do.				1,250	9,000	3,000		4,012	
Cleveland.....	do.							1,500		
Boston.....	July 19						5,000			
Cleveland.....	do.		10,000			10,001				1,250
Boston.....	July 20		10,000							
New York.....	do.				3,058		4,000			2,000
Cleveland.....	July 21							2,500		4,000
San Francisco.....	do.	10,001								
New York.....	July 22				3,512					7,000
Boston.....	July 23						5,000			
New York.....	do.				1,562					1,000
Cleveland.....	do.		5,000					1,500		
New York.....	July 24				1,662			2,500		
Boston.....	July 26				762				2,000	5,000
San Francisco.....	do.	15,003								
Cleveland.....	July 27				3,550					2,500
Boston.....	July 28				1,055			3,000		
Cleveland.....	do.		10,000						2,010	
New York.....	July 29								3,010	3,000
Cleveland.....	do.				2,000					4,000
Boston.....	July 30						4,999			
New York.....	do.							1,500		3,511
Cleveland.....	do.				1,428					
Boston.....	July 31		10,000							
Cleveland.....	do.				3,000			1,000		
New York.....	Aug. 2									4,000
Cleveland.....	do.		5,000		1,899				6,004	
Boston.....	Aug. 3							1,000		
Cleveland.....	do.				3,992					
Boston.....	Aug. 4						4,000	1,500		
Do.....	Aug. 5								2,500	4,000
Cleveland.....	do.		10,000		1,048					2,000
Boston.....	Aug. 6						4,979	1,000		6,000
Cleveland.....	do.				2,625					
Boston.....	Aug. 7				2,064					
Cleveland.....	do.							2,000		
Boston.....	Aug. 9		10,000					1,000		5,000
Cleveland.....	Aug. 10									4,002
Boston.....	Aug. 11				867					
Cleveland.....	do.							1,000		
Do.....	Aug. 12	15,050	5,000	3,000						
Boston.....	Aug. 13									4,000
Cleveland.....	do.									1,500
San Francisco.....	do.	15,012								
Boston.....	Aug. 14		10,000							
Cleveland.....	do.				2,250					
Boston.....	Aug. 16						5,000	3,500		5,000
Cleveland.....	do.				4,796					
Boston.....	Aug. 17		10,000					2,000		
Cleveland.....	do.				2,500					7,000
Boston.....	Aug. 18						2,999	2,500		
Do.....	Aug. 19						5,000	1,000		
Cleveland.....	do.				5,000					3,500
Boston.....	Aug. 20						3,000	3,000		
Cleveland.....	do.				3,009			2,000	3,003	2,000
Do.....	Aug. 21				3,510					1,500
Boston.....	Aug. 23						3,000	1,500		
New York.....	do.	15								
Cleveland.....	do.		5,000		702			1,500		
San Francisco.....	do.	15,002								
Cleveland.....	Aug. 24				3,000					
Boston.....	Aug. 25		10,000					2,000	1,399	
Cleveland.....	do.					18,001		3,000	1,702	2,000
Philadelphia.....	Aug. 25	10,051								
Cleveland.....	do.									5,500

a Amounts represent bills rediscouted unless marked with footnote 1.

1 Acceptances sold.

## No. 57.—Rediscunts and sales of bills between Federal Reserve Banks during 1920—Con.

## CHRONOLOGICAL TABLE—Continued.

[In thousands of dollars.]

Discounted or purchased by Federal Reserve Bank of—	Date.	Rediscouted or sold by Federal Reserve Bank of a—							
		New York.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.
Boston.....	Aug. 27		10,000			10,000	3,000		
Cleveland.....	do.			1,758				5,002	5,000
Boston.....	Aug. 30					5,000	1,000	7,000	
Cleveland.....	do.						2,000		
Boston.....	Aug. 31					4,999			
Cleveland.....	do.		5,000	2,030					3,500
Boston.....	Sept. 1	10,000	10,000						
Cleveland.....	do.	15,000					2,000		4,000
Do.....	Sept. 2			2,750		3,000			3,000
Boston.....	Sept. 3	20,000				4,999	2,000		
Cleveland.....	do.	10,000							2,750
Do.....	Sept. 4						3,000		
Boston.....	Sept. 7		20,000						
Philadelphia.....	do.						4,000		
Cleveland.....	do.			2,052		3,999			7,000
Do.....	Sept. 8			797					
Boston.....	Sept. 9							4,000	
Cleveland.....	do.							5,008	7,000
New York.....	Sept. 10				111				
Cleveland.....	do.			2,754				4,000	4,500
Do.....	Sept. 11			2,002					
Boston.....	Sept. 13		5,000						
Philadelphia.....	do.		5,000						
Cleveland.....	do.			2,146		5,000	5,000		
Philadelphia.....	Sept. 14			3,000					
Boston.....	Sept. 15		10,000			5,000			
Cleveland.....	do.					5,000			6,000
Boston.....	Sept. 16			2,266					6,000
Cleveland.....	do.								5,000
Boston.....	Sept. 17							5,000	
Philadelphia.....	do.			1,725		5,000			
Cleveland.....	do.								5,000
Boston.....	Sept. 18						5,000		
Philadelphia.....	do.			3,750		5,000			
Cleveland.....	do.							3,000	
Boston.....	Sept. 20					4,999			
Philadelphia.....	do.			3,002		3,000			
Cleveland.....	do.						3,000	11,009	
Boston.....	Sept. 21		10,000						
Philadelphia.....	do.		5,000						
Cleveland.....	do.			5,000	10,000				
Philadelphia.....	Sept. 22			1,800					
Cleveland.....	do.				10,001		1,000	5,046	3,500
Boston.....	Sept. 23		10,000	1,707					
Cleveland.....	do.			2,693					
Boston.....	Sept. 24					3,000	1,500	5,000	7,000
Cleveland.....	do.						1,000		3,500
Philadelphia.....	Sept. 25			2,800	10,000				
Cleveland.....	do.						2,500		
New York.....	Sept. 27							4,000	12,000
Cleveland.....	do.			4,250			3,000		
Boston.....	Sept. 28		10,000					3,160	
Cleveland.....	do.			3,284				5,004	
Boston.....	Sept. 29		5,000						
New York.....	do.							3,003	
Philadelphia.....	do.		5,000						
Cleveland.....	do.			3,000					3,500
Boston.....	Sept. 30		5,000						
Cleveland.....	do.			1,300		4,998			
Do.....	Oct. 2					2,000	1,000		
Boston.....	Oct. 4		10,000				4,000		
Cleveland.....	do.			2,016		4,000			9,000
Philadelphia.....	Oct. 5	10,072							
Cleveland.....	do.			2,200					
Boston.....	Oct. 6		5,000					6,000	7,500
Philadelphia.....	do.		5,000						
Cleveland.....	do.			1,608					4,500
Boston.....	Oct. 7							3,062	
Cleveland.....	do.			4,000			1,000	6,010	
Boston.....	Oct. 8					3,000			
Philadelphia.....	do.						2,000		
Cleveland.....	do.			1,009					
Do.....	Oct. 9			500			2,500		
Boston.....	Oct. 11						4,000		
Cleveland.....	do.							4,010	

a Amounts represent bills rediscouted unless marked with footnote 1.

1 Acceptances sold.

## No. 57.—Rediscunts and sales of bills between Federal Reserve Banks during 1920—Con.

## CHRONOLOGICAL TABLE—Continued.

[In thousands of dollars.]

Discounted or purchased by Federal Reserve Bank of—	Date.	Rediscouted or sold by Federal Reserve Bank of—							
		New York.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.
Boston.....	Oct. 13.....		15,000					5,001	
Cleveland.....	do.....			7,048			5,500		
Do.....	Oct. 14.....							5,005	13,000
Boston.....	Oct. 15.....	15,074						4,006	
Philadelphia.....	do.....		5,000			4,000			
Cleveland.....	do.....			1,976				5,000	6,500
Do.....	Oct. 16.....						1,500		3,500
Boston.....	Oct. 18.....					5,000		2,088	
Cleveland.....	do.....			1,500		3,500			
Boston.....	Oct. 19.....		5,000			3,000		1,000	
Cleveland.....	do.....			3,125	5,000				
Boston.....	Oct. 20.....					3,999	4,000	4,584	
Cleveland.....	do.....				5,000			3,500	
Do.....	Oct. 21.....			636					4,000
Boston.....	Oct. 22.....	10,000	10,000				1,500	2,292	
Philadelphia.....	do.....	5,000							
Cleveland.....	do.....	10,000		804			1,000		
Boston.....	Oct. 25.....						3,000	3,003	
Philadelphia.....	do.....		5,000			4,000			
Cleveland.....	do.....			4,020					13,000
Do.....	Oct. 26.....			1,655					
Boston.....	Oct. 27.....						2,500	4,001	
Cleveland.....	do.....							5,049	6,000
Boston.....	Oct. 28.....					3,000			
Cleveland.....	do.....			2,504				5,003	
Boston.....	Oct. 29.....	15,000					2,000	2,000	
Cleveland.....	do.....	10,000							7,000
Do.....	Oct. 30.....			2,587		5,000		2,002	
Boston.....	Nov. 1.....		10,000					5,000	
Philadelphia.....	do.....						2,000		
Cleveland.....	do.....			3,148					
Boston.....	Nov. 3.....							4,507	
Philadelphia.....	do.....					4,000			
Cleveland.....	do.....			1,414			2,000		
Philadelphia.....	Nov. 4.....	10,000							
Cleveland.....	do.....	15,000							5,000
Boston.....	Nov. 5.....						2,000		
Philadelphia.....	do.....	15,012							
Cleveland.....	do.....			3,031					2,500
Do.....	Nov. 6.....			3,253					2,000
Boston.....	Nov. 8.....		10,000				4,000		
Cleveland.....	do.....			3,507					
Boston.....	Nov. 9.....						2,000		
Cleveland.....	do.....			2,050				5,000	6,000
Boston.....	Nov. 10.....						1,000		
Cleveland.....	do.....							5,000	1,500
Boston.....	Nov. 11.....	15,000							
Cleveland.....	do.....	15,000							
Boston.....	Nov. 12.....	17,017					2,000	3,343	
Cleveland.....	do.....			1,528				5,003	
Do.....	Nov. 13.....			700					2,000
Boston.....	Nov. 15.....							2,024	
Cleveland.....	do.....			5,000			2,000		5,000
Boston.....	Nov. 16.....			1,008					
Cleveland.....	do.....							2,003	
Philadelphia.....	Nov. 17.....			800					2,500
Cleveland.....	do.....						1,500		
Boston.....	Nov. 18.....		10,000						
Cleveland.....	do.....			4,200					
Do.....	Nov. 19.....			2,077			4,000		2,500
Do.....	Nov. 20.....			2,200			1,500		
Do.....	Nov. 22.....			4,850			3,000	8,000	
Do.....	Nov. 23.....			3,000					5,000
Do.....	Nov. 24.....			2,422					8,000
San Francisco.....	do.....	16,917							
Boston.....	Nov. 26.....		10,000				2,000		
Cleveland.....	do.....			1,800				8,112	3,000
Do.....	Nov. 27.....			3,000				2,009	3,000
Do.....	Nov. 29.....						2,000		1,500
Do.....	Nov. 30.....			4,059				7,014	3,500

\* Amounts represent bills rediscouted unless marked with footnote 1.

1 Acceptances sold.

## No. 57.—Rediscounts and sales of bills between Federal Reserve Banks during 1920—Con.

## CHRONOLOGICAL TABLE—Continued.

[In thousands of dollars.]

Discounted or purchased by Federal Reserve Bank of—	Date.	Rediscounted or sold by Federal Reserve Bank of a—					
		Richmond.	Atlanta.	Chicago.	Minneapolis.	Kansas City.	Dallas.
Philadelphia	Dec. 1				4,500		
Cleveland	do		3,000			8,012	3,500
Philadelphia	Dec. 2		1,000				
Boston	Dec. 3	10,000	1,500				
Philadelphia	do					3,041	
Cleveland	do						1,000
Philadelphia	Dec. 4					3,000	
Cleveland	do		2,002				
Philadelphia	Dec. 6				1,000		
Cleveland	do		3,800			2,001	11,000
Do	Dec. 7		2,752			3,009	
New York	Dec. 8			18			
Philadelphia	do					2,010	
Cleveland	do		1,680				
Do	Dec. 9		1,600				1,500
Philadelphia	Dec. 10					3,001	
Cleveland	do		200				4,500
Philadelphia	Dec. 11					5,013	
New York	do			11			
Cleveland	do		1,312				
Boston	Dec. 13	10,000					
Cleveland	do		7,000		4,000		3,000
Philadelphia	Dec. 14					4,033	
Cleveland	do						2,500
Philadelphia	Dec. 15				3,000	3,003	
Cleveland	do		3,800				7,500
Do	Dec. 16		500				
Do	Dec. 17		1,200			2,013	
Boston	Dec. 20					5,009	
Philadelphia	do				2,500		
Cleveland	do		4,506				
Philadelphia	Dec. 21		1,500				
Cleveland	do					2,001	
Philadelphia	Dec. 22		4,000				
Cleveland	do				3,000		
Boston	Dec. 23	10,000					
Philadelphia	do		3,000				
Cleveland	do				3,500	9,041	6,000
Do	Dec. 24					4,001	5,000
Do	Dec. 27		1,800			4,000	8,000
Philadelphia	Dec. 28		3,600				
Cleveland	do				2,000		
Do	Dec. 29				1,000		1,500
Boston	Dec. 30	10,000	3,000				
Cleveland	do					4,002	4,000
Boston	Dec. 31		1,500				
Cleveland	do				2,500		5,000

a Amounts represent bills rediscounted unless marked with footnote 1.

1 Acceptances sold.

## No. 48.—Average rate charged on bills discounted, by months during 1920.

[Per cent.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Year 1920.	Year 1919.	Year 1918.
Boston.....	4.89	5.54	5.68	5.60	5.60	6.24	6.31	6.47	6.50	6.44	6.52	6.60	6.03	4.25	4.17
New York.....	4.86	5.42	5.53	5.48	5.56	6.19	6.25	6.25	6.47	6.47	6.41	6.51	5.97	4.14	4.06
Philadelphia.....	4.83	5.46	5.44	5.46	5.43	5.51	5.54	5.57	5.58	5.59	5.61	5.67	5.44	4.13	4.09
Cleveland.....	4.92	5.46	5.58	5.71	5.64	5.75	5.84	5.81	5.82	5.88	5.87	5.87	5.66	4.24	4.21
Richmond.....	4.96	5.50	5.63	5.59	5.58	5.95	5.96	5.96	5.98	5.98	5.98	5.99	5.78	4.32	4.38
Atlanta.....	4.92	5.55	5.67	5.68	5.72	5.82	5.94	6.04	6.04	6.22	6.65	6.46	5.97	4.25	4.06
Chicago.....	4.86	5.63	5.79	5.77	5.85	6.64	6.65	6.65	6.76	6.72	6.71	6.75	6.32	4.35	4.24
St. Louis.....	4.88	5.62	5.67	5.78	5.78	5.94	6.04	5.84	6.06	6.10	6.60	7.08	5.98	4.26	4.27
Minneapolis.....	5.05	5.70	5.77	5.81	5.89	6.78	6.77	6.80	6.81	6.81	6.78	6.77	6.40	4.54	4.72
Kansas City.....	5.52	5.79	5.80	6.55	6.81	6.72	6.62	6.45	6.78	7.13	7.41	7.15	6.65	4.74	4.80
Dallas.....	4.78	5.32	5.59	5.66	5.73	5.95	5.87	5.76	5.88	5.91	5.98	5.96	5.78	4.46	4.55
San Francisco.....	4.81	5.55	5.70	5.70	5.84	5.93	5.95	5.96	5.97	5.98	5.98	5.98	5.82	4.50	4.54
All banks—1920.....	4.90	5.52	5.64	5.67	5.74	6.20	6.21	6.19	6.39	6.40	6.45	6.49	6.02	.....	.....
1919.....	4.18	4.14	4.15	4.18	4.16	4.19	4.14	4.12	4.18	4.19	4.53	4.67	.....	4.26	.....
1918.....	4.02	4.02	4.08	4.23	4.35	4.42	4.37	4.25	4.24	4.21	4.20	4.18	.....	.....	4.26

## No. 49.—Average maturity of bills discounted, by months during 1920.

[Days.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Year 1920.	Year 1919.	Year 1918.
Boston.....	12.59	14.36	15.95	12.88	12.27	12.99	14.26	11.73	12.81	12.37	12.18	13.12	13.14	13.12	18.93
New York.....	9.63	7.32	7.11	8.93	8.66	7.10	6.76	7.37	7.63	6.95	6.30	5.79	7.34	7.20	7.31
Philadelphia.....	14.87	12.56	11.66	16.39	13.54	12.32	13.98	10.00	10.93	15.82	12.92	13.66	13.24	7.29	16.51
Cleveland.....	17.20	17.71	7.79	17.56	16.20	17.31	21.86	16.42	15.93	19.43	14.57	11.18	16.45	14.66	17.51
Richmond.....	10.93	11.26	11.83	12.25	12.40	15.74	16.76	14.37	15.29	15.42	15.25	14.74	13.75	10.00	10.40
Atlanta.....	20.80	21.91	25.40	26.68	27.85	25.59	28.91	25.17	26.21	25.20	22.97	25.75	25.26	17.83	19.01
Chicago.....	25.14	30.90	35.15	32.18	31.23	35.75	34.36	34.76	39.39	38.42	36.78	39.24	34.74	19.33	18.59
St. Louis.....	19.44	19.32	18.29	23.47	28.86	26.38	30.13	27.25	27.59	26.40	25.29	26.88	24.77	13.12	19.89

## No. 57.—Rediscunts and sales of bills between Federal Reserve Banks during 1920—Con.

## SUMMARY, BY MONTHS DURING 1920.

[In thousands of dollars.]

Month.	Total.		Rediscouted or sold by Federal Reserve Bank of—						
			Boston.	New York.		Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.
	Dis- counted bills.	Pur- chased bills.	Pur- chased bills.	Dis- counted bills.	Pur- chased bills.	Dis- counted bills.	Pur- chased bills.	Dis- counted bills.	Dis- counted bills.
January.....	270,000	25,833	.....	150,000	25,608	85,000	.....	25,000	.....
February.....	115,600	20,856	20,841	.....	.....	115,600	.....	.....	.....
March.....	208,029	79	.....	65,000	.....	100,500	50	20,000	.....
April.....	327,500	18,429	.....	.....	2,371	67,000	.....	75,000	.....
May.....	270,302	.....	.....	.....	.....	3,500	.....	75,000	13,802
June.....	272,852	5,014	.....	.....	5,003	.....	.....	90,000	20,852
July.....	320,641	45,102	.....	.....	35,026	.....	.....	95,000	33,307
August.....	297,561	43,121	5	.....	35,115	.....	.....	80,000	42,071
September.....	440,155	10,012	.....	55,000	.....	.....	.....	95,000	52,178
October.....	393,101	25,146	.....	50,000	25,146	.....	.....	65,000	38,488
November.....	293,062	18,946	.....	55,000	18,946	.....	.....	40,000	53,047
December.....	251,442	9	.....	.....	.....	.....	.....	40,000	54,252
Total.....	3,460,245	212,547	20,846	375,000	147,215	371,600	50	700,000	307,997

Month.	Rediscouted or sold by Federal Reserve Bank of—							
	Chicago.		St. Louis.		Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.
	Dis- counted bills.	Pur- chased bills.	Dis- counted bills.	Pur- chased bills.	Dis- counted bills.	Dis- counted bills.	Dis- counted bills.	Pur- chased bills.
January.....	.....	25	.....	.....	.....	10,000	.....	200
February.....	.....	15	.....	.....	.....	.....	.....	.....
March.....	5,000	29	17,529	.....	.....	.....	.....	.....
April.....	73,500	.....	67,500	6,000	18,500	22,000	4,000	10,058
May.....	53,000	.....	35,000	.....	40,000	32,000	18,000	.....
June.....	46,000	11	8,000	.....	44,000	42,000	22,000	.....
July.....	47,500	10,076	35,999	.....	26,000	27,074	55,761	.....
August.....	.....	8,001	47,977	.....	35,500	26,511	65,502	.....
September.....	20,000	10,012	47,997	.....	33,000	57,230	79,750	.....
October.....	10,000	.....	45,497	.....	38,500	71,616	74,000	.....
November.....	.....	.....	4,000	.....	31,000	57,015	53,000	.....
December.....	.....	9	.....	.....	27,000	66,190	64,000	.....
Total.....	255,000	28,178	309,499	6,000	293,500	411,636	436,013	10,258



## No. 57.—Rediscunts and sales of bills between Federal Reserve Banks during 1920—Con.

## SUMMARY FOR THE YEAR, BY FEDERAL RESERVE BANKS.

[In thousands of dollars.]

Discounted or purchased by Federal Reserve Bank of—	Rediscouted or sold by all Federal Reserve Banks combined.			Rediscouted or sold by Federal Reserve Bank of—					
	Total.	Dis-counted bills.	Pur-chased bills.	Boston.	New York.		Phila-delphia.	Cleve-land.	Rich-mond.
				Pur-chased bills.	Dis-counted bills.	Pur-chased bills.	Dis-counted bills.	Pur-chased bills.	Dis-counted bills.
Boston.....	1,000,557	969,884	30,673	.....	110,000	30,673	58,500	.....	370,000
New York.....	490,648	479,581	11,067	584	.....	.....	31,000	50	15,000
Philadelphia.....	179,728	144,579	35,149	.....	15,000	35,149	.....	.....	30,000
Cleveland.....	1,478,882	1,406,172	72,710	5,036	115,000	33,671	40,100	.....	230,000
Richmond.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Atlanta.....	57,087	52,000	5,087	5,087	25,000	.....	17,000	.....	10,000
Chicago.....	173,590	168,500	5,090	5,090	90,000	.....	58,500	.....	10,000
St. Louis.....	13,000	13,000	.....	.....	5,000	.....	8,000	.....	.....
Minneapolis.....	40,029	40,029	.....	.....	.....	.....	37,500	.....	.....
Kansas City.....	25,049	20,000	5,049	5,049	.....	.....	20,000	.....	.....
Dallas.....	143,000	143,000	.....	.....	5,000	.....	103,000	.....	35,000
San Francisco.....	71,222	23,500	47,722	.....	10,000	47,722	.....	.....	.....
Total.....	3,672,792	3,460,245	212,547	20,846	375,000	147,215	371,600	50	700,000

Discounted or purchased by Federal Reserve Bank of—	Rediscouted or sold by Federal Reserve Bank of—								
	Atlanta.	Chicago.		St. Louis.		Minne-apolis.	Kansas City.	Dallas.	San Fran-cisco.
	Dis-counted bills.	Dis-counted bills.	Pur-chased bills.	Dis-counted bills.	Pur-chased bills.	Dis-counted bills.	Dis-counted bills.	Dis-counted bills.	Pur-chased bills.
Boston.....	18,999	6,000	.....	133,971	.....	77,500	121,914	75,000	.....
New York.....	41,045	142,000	175	60,000	.....	46,000	77,025	67,511	10,258
Philadelphia.....	29,977	.....	.....	25,000	.....	19,000	23,102	2,500	.....
Cleveland.....	217,976	107,000	28,003	75,499	6,000	151,000	179,595	290,002	.....
Richmond.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Atlanta.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Chicago.....	.....	.....	.....	.....	.....	.....	10,000	.....	.....
St. Louis.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Minneapolis.....	.....	.....	.....	2,529	.....	.....	.....	.....	.....
Kansas City.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Dallas.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
San Francisco.....	.....	.....	.....	12,500	.....	.....	.....	1,000	.....
Total.....	307,997	255,000	28,178	309,499	6,000	293,500	411,636	436,013	10,258

No. 58.—Volume of United States certificates of indebtedness purchased, by months during 1920.

[In thousands of dollars.]

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Distribution by classes.		
													Total.	Temporary certificates purchased from U. S. Treasurer.	All other.
Boston.....	23,793	34,345	6,493	83,264	894	53,476	62,763	26,621	60,103	46,817	70,310	84,257	553,136	471,000	82,136
New York.....	156,217	98,005	653,869	754,010	35,775	762,769	382,799	56,404	669,964	76,660	153,007	481,851	4,281,330	3,836,000	445,330
Philadelphia.....	5,238	11,398	388	26,513	1,494	28,510	61,286	29,694	9,063	23,576	145,052	15,171	357,383	311,000	46,383
Cleveland.....	85,077	22,025	183,500	47,016	.....	84,528	13,350	1,875	134,518	5,000	90,000	211,700	878,589	831,000	47,589
Richmond.....	14,000	9,000	13,000	27,000	.....	.....	8,000	1,000	1	4,000	8,000	1	84,002	84,000	2
Atlanta.....	889	5,000	4,000	1	.....	3,000	4,000	.....	.....	1,000	.....	1,007	18,897	17,000	1,897
Chicago.....	306,625	53,642	241,632	727	3,347	34,437	3,150	2,369	2,951	20,528	60,147	118,387	847,942	800,000	47,942
St. Louis.....	3,390	4,657	13,186	10,958	464	27,168	861	788	3,997	408	1,311	7,300	74,488	59,000	15,488
Minneapolis.....	13,980	2,063	74,310	19,087	11	25,321	1,016	40	2,128	485	106	4,049	141,696	140,000	1,696
Kansas City.....	29,534	29,791	47,909	2,966	158	9,226	1,821	1,243	292	3,301	107	1,731	128,079	112,000	16,079
Dallas.....	1	9,000	117,000	9,000	.....	31,370	5,270	50	1,000	.....	1,000	3,000	176,691	176,000	691
San Francisco.....	4,532	25,370	141,100	16,601	580	118,640	40,203	4,237	6,289	1,152	71,242	15,799	445,745	425,000	20,745
<b>Total—1920.....</b>	<b>642,376</b>	<b>304,296</b>	<b>1,496,387</b>	<b>997,143</b>	<b>42,723</b>	<b>1,178,445</b>	<b>584,519</b>	<b>124,321</b>	<b>890,306</b>	<b>182,927</b>	<b>600,282</b>	<b>944,253</b>	<b>7,987,978</b>	<b>7,262,000</b>	<b>725,978</b>
1919.....	828,447	326,327	88,694	83,842	86,537	150,808	232,945	180,874	1,870,088	72,453	56,887	758,361	4,736,163	.....	.....
1918.....	511,542	518,192	1,089,232	321,326	184,426	415,800	21,797	30,222	85,582	631,044	219,309	1,747,880	5,776,352	.....	.....
<b>Distribution by classes of certificates purchased in 1920:</b>															
Temporary certificates purchased from U. S. Treasurer.....	599,000	279,000	1,482,000	982,000	.....	1,093,000	533,000	61,000	726,000	135,000	555,000	817,000	.....	7,262,000	.....
All other.....	43,376	25,296	14,387	15,143	42,723	85,445	51,519	63,321	164,306	47,927	45,282	127,253	.....	.....	725,978

DISCOUNT AND OPEN-MARKET OPERATIONS.

## GOLD SETTLEMENT FUND.

No. 59.—Summary of transactions, Jan. 1 to Dec. 31, 1920.

## FEDERAL RESERVE BANKS' FUND.

[In thousands of dollars.]

Federal Reserve Bank.	Balance Dec. 31, 1919.	Gold with- draws.	Gold deposits.	Aggregate withdrawals and transfers to agents' fund.	Aggregate deposits and transfers from agents' fund.	Interbank transfers.	
						Debits.	Credits.
Boston.....	34,351	7,434	40,514	177,434	110,514	1,290,726	798,946
New York.....	5,957	115,371	454,544	245,371	602,544	1,008,316	1,255,627
Philadelphia.....	31,679	8,984	106,382	193,484	127,382	659,311	687,526
Cleveland.....	43,848	84,905	29,389	156,905	23,389	1,671,017	991,508
Richmond.....	25,201	11,949	91,432	85,449	91,432	749,060	844,222
Atlanta.....	19,333	3,486	89,637	96,286	100,737	219,409	393,307
Chicago.....	76,479	7,085	79,997	97,085	154,997	431,080	554,108
St. Louis.....	17,898	34,617	61,096	92,617	89,596	110,787	365,262
Minneapolis.....	4,872	6,319	15,946	10,319	21,046	274,027	363,610
Kansas City.....	25,933	7,042	18,299	31,042	20,299	456,133	469,080
Dallas.....	17,077	25,858	44,099	43,358	50,099	574,760	688,293
San Francisco.....	27,109	226,634	155,605	428,634	287,490	106,959	140,096
Total.....	329,737	539,684	1,186,940	1,657,984	1,685,525	7,551,585	7,551,585

Federal Reserve Bank.	Settlements from Jan. 1, 1920, to Dec. 31, 1920, inclusive.				Balance in fund at close of business Dec. 31, 1920.	Net changes in ownership of gold through transfers and settlements.	
	Net debits.	Total debits.	Total credits	Net credits.		Decrease.	Increase.
Boston.....		6,630,498	7,194,963	564,465	40,116		72,685
New York.....	564,539	23,162,832	22,598,293		45,902	317,228	
Philadelphia.....		8,078,222	8,134,782	56,560	50,352		84,775

Cleveland.....		7,005,731	7,845,923	840,192	77,015		160,683
Richmond.....	105,917	7,246,874	7,140,957		20,429	10,755	
Atlanta.....	190,240	2,851,506	2,661,266		7,442	16,342	
Chicago.....	221,371	11,349,455	11,128,084		36,048	98,343	
St. Louis.....	247,589	6,342,105	6,094,516		21,763		6,885
Minneapolis.....	96,726	1,920,682	1,823,956		8,456	7,143	
Kansas City.....	4,180	4,728,472	4,724,292		23,957		8,767
Dallas.....	135,277	2,939,973	2,804,696		2,074	21,744	
San Francisco.....		2,817,870	2,922,492	104,622	23,724		137,759
Total.....	1,535,839	85,074,220	85,074,220	1,535,839	357,278	471,555	471,555

FEDERAL RESERVE AGENTS' FUND.

[In thousands of dollars.]

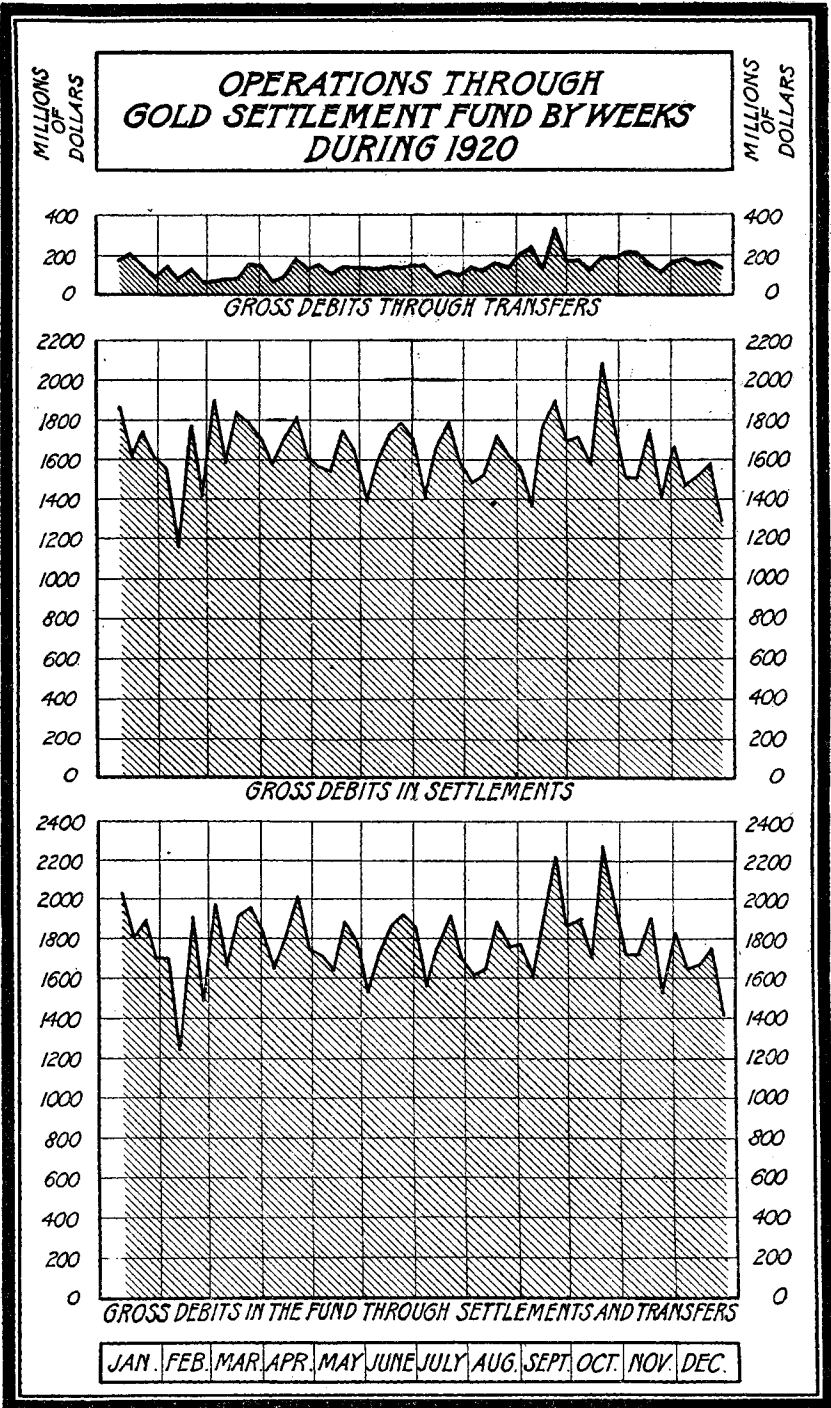
Federal Reserve Agent at—	Balance Dec. 31, 1919.	Gold withdrawals.	Gold deposits.	Gold transfers to bank.	Gold transfers from bank.	Total withdrawals, including transfers to bank.	Total deposits, including transfers from bank.	Balance at close of business Dec. 31, 1920.
Boston.....	60,000	150,000	100,000	70,000	170,000	220,000	270,000	110,000
New York.....	110,000	57,000		148,000	130,000	205,000	130,000	35,000
Philadelphia.....	74,389	125,000	8,500	21,000	184,500	146,000	193,000	121,389
Cleveland.....	75,000	12,000			72,000	12,000	72,000	135,000
Richmond.....	38,000	95,000	34,500		73,500	95,000	108,000	51,000
Atlanta.....	58,000	85,700		11,100	92,800	96,800	92,800	54,000
Chicago.....	235,144	233,000	171,000	75,000	90,000	308,000	261,000	188,144
St. Louis.....	53,931	106,000	62,100	28,500	58,000	134,500	120,100	39,531
Minneapolis.....	19,800	7,500		5,100	4,000	12,600	4,000	11,200
Kansas City.....	37,360	62,000	40,000	2,000	24,000	64,000	64,000	37,360
Dallas.....	14,484	47,000	35,250	6,000	17,500	53,000	52,750	14,234
San Francisco.....	110,219	80,500		131,885	202,000	212,385	202,000	99,834
Total.....	886,327	1,090,700	451,350	498,585	1,118,300	1,559,285	1,509,650	896,692

No. 60.—Weekly operations through the banks' gold settlement fund during 1920.

[In thousands of dollars.]

Week ending—	All Federal Reserve Banks.			Federal Reserve Bank of New York.											
	Total clearings.	Total transfers.	Total combined clearings and transfers.	Clearings.				Transfers.				Clearings and transfers combined.			
				Gross debits.	Gross credits.	Net debit.	Net credit.	Transfers to other Federal Reserve Banks.	Transfers from other Federal Reserve Banks.	Net debit.	Net credit.	Net debit.	Net credit.		
1920.															
Jan. 8.....	1,859,179	175,869	2,035,048	547,547	474,000	73,547	.....	5,064	49,950	.....	44,886	28,661	.....	.....	.....
15.....	1,602,250	201,746	1,803,996	454,572	420,039	34,533	.....	26,938	110,202	.....	83,264	.....	48,731	.....	.....
22.....	1,735,829	149,681	1,885,510	455,579	469,832	.....	14,253	57,884	11,003	46,881	.....	32,628	.....	.....	.....
29.....	1,610,742	86,756	1,697,498	452,106	442,118	9,988	.....	25,478	301	25,177	.....	35,165	.....	.....	.....
Feb. 5.....	1,546,782	147,774	1,694,556	406,699	402,290	4,409	.....	199	55,000	.....	54,801	.....	50,392	.....	.....
11.....	1,156,246	76,516	1,232,762	312,505	313,701	.....	1,196	3,014	9,558	.....	6,544	.....	7,740	.....	.....
19.....	1,766,208	128,143	1,894,351	467,738	472,113	.....	4,375	20,779	50	20,729	.....	16,354	.....	.....	.....
26.....	1,418,059	63,791	1,481,850	394,391	370,687	23,704	.....	.....	601	.....	601	.....	23,103	.....	.....
Mar. 4.....	1,895,534	68,241	1,963,775	500,354	497,318	3,036	.....	8,242	.....	8,242	.....	11,278	.....	.....	.....
11.....	1,586,348	76,648	1,662,996	421,064	402,686	18,378	.....	.....	3,600	.....	3,600	.....	14,778	.....	.....
18.....	1,837,500	79,444	1,916,944	491,556	501,077	.....	9,521	27	31,000	.....	30,973	.....	40,494	.....	.....
25.....	1,788,766	157,916	1,946,682	515,473	461,321	54,152	.....	9,991	42,000	.....	32,009	.....	22,143	.....	.....
Apr. 1.....	1,704,038	148,170	1,852,208	440,909	502,670	.....	61,761	20,700	5,296	15,404	.....	.....	46,357	.....	.....
8.....	1,575,107	70,507	1,645,614	447,462	417,055	30,407	.....	24,500	.....	24,500	.....	54,907	.....	.....	.....
15.....	1,705,829	93,081	1,798,910	433,962	491,110	.....	57,148	.....	.....	.....	.....	.....	57,148	.....	.....
22.....	1,810,490	191,596	2,002,086	471,969	508,401	.....	36,432	53,000	26,328	26,672	.....	.....	9,760	.....	.....
29.....	1,607,170	127,195	1,734,365	416,031	445,051	.....	29,020	65,500	22,330	43,170	.....	14,150	.....	.....	.....
May 6.....	1,556,395	154,428	1,710,823	413,324	406,553	6,771	.....	56,000	31,649	24,351	.....	31,122	.....	.....	.....
13.....	1,532,104	104,808	1,636,912	418,126	422,279	.....	4,153	24,000	27,492	.....	3,492	.....	7,645	.....	.....
20.....	1,738,934	136,344	1,875,278	428,080	480,039	.....	51,959	44,000	17,599	26,401	.....	25,558	.....	.....	.....

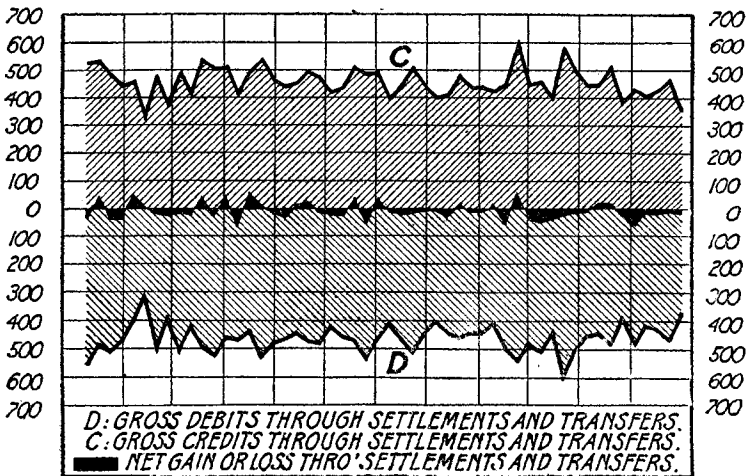
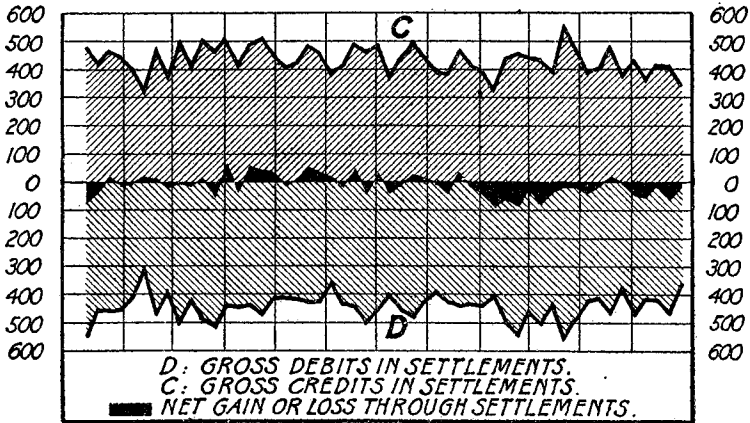
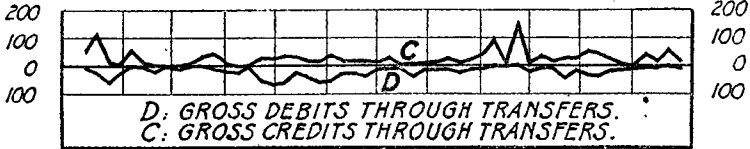
	27.....	1,647,567	136,578	1,784,145	425,347	454,556	.....	29,209	57,791	14,278	43,513	.....	14,304	.....
June	3.....	1,388,728	137,525	1,526,253	369,487	383,004	.....	13,517	51,860	35,248	16,612	.....	3,095	.....
	10.....	1,597,292	130,382	1,727,674	430,126	415,912	14,214	.....	23,000	16,925	11,075	.....	25,289	.....
	17.....	1,728,943	138,293	1,867,236	445,449	489,601	.....	44,152	26,500	14,895	11,605	.....	32,547	.....
	24.....	1,784,299	136,070	1,920,369	498,885	464,795	34,090	.....	36,350	17,351	18,999	.....	53,089	.....
July	1.....	1,706,102	151,148	1,857,250	455,160	481,939	.....	26,779	7,502	13,474	5,972	.....	32,751	.....
	8.....	1,413,372	150,390	1,563,762	400,475	370,738	29,737	.....	8,300	27,277	18,977	.....	10,760	.....
	15.....	1,668,738	84,399	1,753,137	452,933	444,189	8,744	.....	13,197	.....	13,197	.....	21,941	.....
	22.....	1,791,988	114,827	1,906,815	477,583	499,013	.....	21,430	36,832	4,000	32,832	.....	11,402	.....
	29.....	1,593,253	97,715	1,690,968	426,924	433,789	.....	6,865	15,735	5,295	10,440	.....	3,575	.....
Aug.	5.....	1,480,494	130,909	1,611,403	390,823	391,429	.....	606	12,500	8,641	3,859	.....	3,253	.....
	12.....	1,518,094	121,447	1,639,541	424,438	382,451	41,987	.....	13,500	25,302	11,802	.....	30,185	.....
	19.....	1,717,123	158,325	1,875,448	438,681	469,137	.....	30,456	23,046	6,420	16,626	.....	13,830	.....
	26.....	1,617,172	139,172	1,756,344	431,516	412,382	19,134	.....	10,000	17,470	7,470	.....	11,664	.....
Sept.	2.....	1,564,299	205,861	1,770,160	435,916	393,773	42,143	.....	5,500	39,516	34,016	.....	8,127	.....
	9.....	1,371,559	236,973	1,608,532	406,068	324,394	81,674	.....	.....	95,876	95,876	.....	14,202	.....
	16.....	1,773,084	130,589	1,903,673	496,859	439,081	57,778	.....	2,203	5,101	2,898	.....	54,880	.....
	23.....	1,891,753	324,163	2,215,916	540,739	455,767	84,972	.....	.....	143,093	143,093	.....	58,121	.....
	30.....	1,692,035	174,049	1,866,084	459,126	441,013	18,113	.....	21,002	6,501	14,501	.....	32,614	.....
Oct.	7.....	1,712,017	178,958	1,890,975	503,001	428,261	74,740	.....	3,000	28,980	25,980	.....	48,760	.....
	14.....	1,574,179	126,683	1,700,862	430,248	398,576	31,672	.....	7,000	1,400	5,600	.....	37,272	.....
	21.....	2,076,163	195,393	2,271,556	554,616	553,389	1,227	.....	45,000	25,000	20,000	.....	21,227	.....
	28.....	1,798,435	191,889	1,990,324	489,399	476,552	12,847	.....	15,500	25,000	9,500	.....	3,347	.....
Nov.	4.....	1,503,858	213,869	1,717,727	421,507	391,468	30,129	.....	30,290	52,000	21,710	.....	8,419	.....
	11.....	1,503,183	213,370	1,716,553	411,716	404,232	7,484	.....	32,695	42,000	9,305	.....	1,821	.....
	18.....	1,743,831	156,155	1,899,986	464,068	479,325	.....	15,257	17,646	22,000	4,354	.....	19,611	.....
	24.....	1,408,534	116,705	1,525,239	378,933	379,449	.....	516	14,898	500	14,398	.....	13,882	.....
Dec.	2.....	1,662,757	165,084	1,827,841	469,979	425,781	44,198	.....	11,711	.....	11,711	.....	55,909	.....
	9.....	1,468,259	178,940	1,647,199	416,044	364,792	51,252	.....	1,299	39,826	.....	33,527	12,725	.....
	16.....	1,514,672	155,273	1,669,945	419,379	412,123	7,256	.....	7,574	13,299	5,725	.....	1,531	.....
	23.....	1,578,782	168,784	1,747,566	467,296	407,427	59,899	.....	.....	56,000	56,000	.....	3,869	.....
	30.....	1,284,060	133,890	1,417,950	364,521	347,188	17,333	.....	6,569	9,000	2,431	.....	14,902	.....
	31 (1 day only)	266,085	19,123	285,208	76,053	82,427	.....	6,374	.....	.....	.....	.....	6,374	.....
	Total.....	85,074,220	7,551,585	92,625,805	23,162,832	22,598,293	1,029,518	464,979	1,008,316	1,255,627	506,495	753,806	790,310	473,082



**OPERATIONS OF THE NEW YORK BANK  
THROUGH THE GOLD SETTLEMENT FUND  
BY WEEKS DURING 1920**

MILLIONS  
OF  
DOLLARS

MILLIONS  
OF  
DOLLARS



JAN. FEB. MAR. APR. MAY JUNE JULY AUG. SEPT. OCT. NOV. DEC.



**No. 61.**—*Net changes in ownership of gold through transfers and settlements, by weeks during 1920.*

[In thousands of dollars.]

Week ending—	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.	
	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.
Jan. 8.....	1,607		28,661		7,266		7,442		3,108			6,679
15.....		12,712		48,731	2,033		12,267		1,250		10,256	
22.....		4,094	32,628			6,286		15,494	2,095		294	
29.....	938		35,165		3,125		4,462		2,726			9,426
Feb. 5.....	27,294			50,392		2,401	4,570		7,332		8,466	
11.....	1,900			7,740		4,354		280	8,012		5,045	
19.....		22,978	16,354		1,457	1,160			1,774			3,337
27.....		21,057	23,103		3,687		6,888		845		6,526	
Mar. 4.....		10,348	11,278		3,066		9,426	4,382				5,114
11.....	20,110		14,778		117		10,418		1,233			5,217
18.....		12,515		40,494	1,030		3,508		3,112		5,765	
25.....	16,334		22,143			1,720	7,258			7,885		3,914
Apr. 1.....	7,360			46,357		7,497	513		592		188	
8.....		33,634	54,907		2,014		28,542		7,676			4,215
15.....	13,886			57,148	6,310		5,823		3,990			173
22.....		6,310		9,760		5,021	9,576			3,403	7,596	
29.....		3,241	14,150			1,442	13,442	1,192			5,159	
May 6.....		1,437	31,122		385		11,780	2,952			2,789	
13.....	12,314			7,645	383		8,647			290	502	
20.....		3,241		25,558		2,382	11,806		1,809			685
27.....	484		14,304		2,579		7,706	114				732
June 3.....		7,831	3,095			3,187	11,093	539			2,032	
10.....		6,572	25,289		4,475		1,843			841	3,578	
17.....	1,913			32,547	8,266		2,843		724		615	
24.....		13,850	53,089			20,832		8,747	1,817		1,045	

July 1.....	30,318			32,751		6,982	1,236		861		693	
8.....		7,759	10,760			1,419	8,766			362	4,282	
15.....		21,914	21,941			5,759		11,743	3,781		928	
22.....		10,710	11,402		896			9,893	988		2,013	
29.....		9,042	3,575		4,125			3,537	6,432		1,517	
Aug. 5.....	6,626		3,253			9,562	3,451			2,970		555
12.....	1,373		30,185			7,968	3,535			1,169	26	
19.....	12,579			13,830		5,039		3,803		3,039	1,119	
26.....		12,834	11,664		5,666		6,171			6,507		2,456
Sept. 2.....	8,273		8,127		922		1,533			7,107	808	
9.....	27,228			14,202		3,695	3,974		5,652			634
16.....		35,343	54,880			1,815		13,931	5,783			1,309
23.....		6,743		58,121	5,092		3,332					338
30.....	1,139		32,614			6,752		20,391		3,169	2,101	
Oct. 7.....	478		48,760			13,779	7,684			7,259		2,443
14.....		11,733	37,272			827		1,956	2,029			6,117
21.....	2,239		21,227			6,502		15,065		1,388		1,968
28.....	3,881		3,347		3,526			12,336	3,050			1,419
Nov. 4.....	675		8,419		2,810		17,008		832		1,664	
11.....	9,053			1,821	7,580			29,243		244		102
18.....	26,515			19,611		1,011	3,102		7,925		4,403	
24.....		31,380	13,882		1,639			1,729		2,864		2,719
Dec. 2.....		4,255	55,909			25,308		5,391	178		158	
9.....	14,677		12,725			3,871	1,465			2,869		717
16.....		8,573	1,531		16,746			8,957		670	2,524	
23.....		3,699	3,869			3,327		21,646	6,642			4,761
30.....	894		14,902			1,220	12,068			7,439	1,484	
31 (1 day only).....	1,032			6,374		3,358	3,575		3,261			2,204
Total.....	251,120	323,805	790,310	473,082	86,868	171,643	140,686	301,369	87,896	77,141	83,576	67,234
Net increase for year.....		72,685				84,775		160,683		10,755		
Net decrease for year.....			317,228								16,342	

No. 61.—*Net changes in ownership of gold through transfers and settlements, by weeks during 1920—Continued.*

[In thousands of dollars.]

Week ending—	Chicago.		St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.		Total.
	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	
Jan. 8.	675			4,953		7,585	1,967			6,866		3,543	40,176
15.	31,601		6,399			2,953		4,944	1,306		6,728		70,590
22.	10,940			3,958		4,071		11,293	1,456		1,973		47,291
29.		51,063	1,547		3,368			3,052		2,161	14,371		65,702
Feb. 5.	41,058			186		2,682		7,230	1,626				83,014
11.		3,334		4,652		37	7,830			2,001			22,787
19.	18,063		8,311		2,736		4,827			719		21,186	51,451
27.	10,314			1,271		217		3,430		2,422		1,816	40,788
Mar. 4.	1,513		6,453			4,822	7,664		1,288		198		32,776
11.		1,119		8,928	4,087			803		140			38,975
18.	22,577		8,749			3,729	3,064		3,591		5,342		56,738
25.		6,972	4,596		2,509		1,998			7,238		27,109	54,838
Apr. 1.	21,996		1,057		1,220		7,511		4,626		8,791		53,854
8.		8,665		388	1,480			9,022	2,055		16,404		84,536
15.		3,349	289		9,437		12,399		8,113		423		60,670
22.	8,927			970	1,565			4,115		4,383	6,298		33,962
29.		7,827		49		3,631		340	4,319		5,152		29,972
May 6.	98			1,219		350		8,328		806		13,426	37,346
13.		1,762	600		811		5,637		887			2,790	21,134
20.	15,155		3,336		1,291			2,935	56		1,348		34,801
27.		8,836		3,207	89		2,005		1,647			741	21,222
June 3.		33		45		1,284		2,536	1,825		18,518		26,009
10.		13,712		2,262	2,214		4,492			2,775		12,043	40,048
17.	24,335		3,785		1,182			2,799	407			8,724	44,070
24.		3,853	70		1,075		691		1,814		12,319		59,601
July 1.	693		2,546			2,072	3,749			1,408	3,117		43,213
8.		8,046		3,537	1,154			5,566	1,467		260		26,689

	15.	4,534	3,973	1,414	5,065	2,960	5,180	44,596						
	22.	11,288	2,967	2,390	1,933	4,348	8,820	33,824						
	29.	84	4,376	707	1,186	503	1,246	18,165						
Aug.	5.	6,428	1,282	1,639	4,196	1,687	5,773	23,711						
	12.	9,202	5,812	692	1,366	39	11,681	36,524						
	19.	7,270	6,176	2,129	1,442	1,751	3,871	31,024						
	26.	10,506	170	1,426	5,504	42	4,852	33,899						
Sept.	2.	2,462	612	323	5,501	838	8,393	22,451						
	9.	1,320	5,260	3,399	1,048	955	8,437	37,902						
	16.	8,268	2,600	1,047	2,255	326	6,225	66,891						
	23.	45,588	1,577	400	1,407	2,153	9,681	67,653						
	30.	135	710	706	4,250	1,746	827	37,270						
Oct.	7.	7,268	5,617	541	1,477	3,491	18,001	58,399						
	14.	2,857	1,814	612	682	38	19,743	42,840						
	21.	2,358	2,341	363	3,954	3,742	5,893	33,520						
	28.	1,992	1,107	156	3,948	568	6,274	20,802						
Nov.	4.	526	5,198	751	10,167	1,525	13,241	31,408						
	11.	2,606	8,712	698	13,002	3,314	5,531	40,953						
	18.	915	2,722	2,147	7,950	5,735	19,448	50,742						
	24.	13,396	1,225	1,832	2,240	285	10,307	41,749						
Dec.	2.	12,799	1,554	4,324	1,885	1,338	6,249	59,684						
	9.	10,166	114	24	2,703	72	8,751	29,077						
	16.	3,925	2,961	2,063	1,018	709	7,355	28,516						
	23.	13,364	2,750	5,199	1,195	2,852	5,452	37,378						
	30.	7,466	3,560	430	3,538	595	7,150	30,373						
	31 (1 day only)	3,025	15	1,633	1,404	2,084	4,766	16,366						
	Total	307,304	208,961	75,841	82,727	55,921	48,778	105,923	114,690	66,431	44,687	146,094	283,853	2,197,970
	Net increase for year			6,886					8,767			137,759	471,555	
	Net decrease for year	98,343				7,143				21,744			471,555	

## CLEARING OPERATIONS.

No. 62.—Operations of the Federal Reserve clearing system during 1920.

[Numbers in thousands; amounts in thousands of dollars.]

Federal Reserve Bank.	Items drawn on banks in—								Items drawn on United States Treasurer.	Total items handled (exclusive of duplications).				
	Federal Reserve Bank cities.		Federal Reserve branch city.		District outside Federal Reserve Bank and branch city.		Other Federal Reserve districts (forwarded direct to drawee bank).			Number.		Amount.		
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.		Number.	Amount.	1920	1919	1920
Boston.....	7,804	8,055,207			33,258	5,362,447			1,456	345,998	42,518	35,573	13,763,652	12,128,604
New York.....	11,906	26,029,644	1,845	1,278,262	49,178	17,905,065			10,852	2,465,929	73,781	63,171	47,678,900	50,530,050
Philadelphia.....	16,593	10,466,187			21,679	3,123,073			1,919	528,704	40,191	29,547	14,117,964	11,960,067
Cleveland.....	3,662	3,246,092	5,482	5,822,630	30,313	4,729,053	71	20,771	1,476	226,714	41,004	28,008	14,045,260	10,812,166
Richmond.....	1,158	2,088,418	2,309	2,189,189	25,528	4,505,282			1,074	208,088	30,069	18,608	8,990,977	7,239,629
Atlanta.....	1,165	968,195	2,152	1,761,041	10,633	1,718,197			880	161,752	14,830	11,844	4,609,185	3,932,333
Chicago.....	9,086	9,584,711	2,356	2,218,048	41,932	5,765,273			3,447	471,349	56,821	35,427	18,039,381	13,491,520
St. Louis.....	2,824	3,333,713	2,260	1,675,450	23,823	2,120,383			1,644	223,604	30,551	18,826	7,353,150	5,862,399
Minneapolis.....	2,902	1,914,838			17,240	1,438,117			373	63,953	20,515	10,246	3,416,908	2,363,583
Kansas City.....	3,887	4,334,715	2,184	1,974,774	40,278	4,158,600	3	2,567	1,578	148,295	47,930	27,251	10,618,951	7,911,056
Dallas.....	1,151	1,161,879	1,143	709,634	23,021	4,303,030			1,145	107,661	26,460	12,007	6,282,204	3,999,123
San Francisco.....	1,461	1,311,021	3,714	2,599,793	20,278	1,908,843	2	255	1,523	1,726,996	26,978	14,651	7,546,908	6,262,913
Total: 1920...	63,599	72,494,620	23,445	20,228,821	337,161	57,037,363	76	23,593	27,367	6,679,043	451,648		156,463,440	
1919...	43,206	62,481,093	14,833	13,115,715	214,177	46,340,904	43	37,240	32,900	14,518,471		305,159		136,493,423

Federal Reserve Bank.	Items forwarded to--						Total items handled (including duplications).			
	Branches in own district.		Head office, by branches.		Other Federal Reserve Banks and branches.		Number.		Amount.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	1920	1919	1920	1919
Boston.....					1,303	963,694	43,821	36,234	14,727,346	13,054,799
New York.....	307	118,323	384	285,579	13,255	7,646,211	87,727	74,464	55,729,013	56,540,748
Philadelphia.....					9,026	2,737,940	49,217	37,004	16,855,904	14,766,937
Cleveland.....	600	244,841	378	116,803	1,231	1,110,215	43,213	29,789	15,517,119	12,456,799
Richmond.....	165	96,611	232	130,863	3,266	2,287,494	33,732	20,934	11,505,945	9,304,180
Atlanta.....	937	212,246	374	538,118	1,743	772,111	17,884	14,256	6,131,660	5,487,105
Chicago.....	124	80,783	85	36,959	3,490	636,337	60,520	37,592	18,793,460	14,125,543
St. Louis.....	330	51,786	290	56,917	520	182,747	31,691	19,414	7,644,600	6,110,660
Minneapolis.....					1,074	491,950	21,589	10,748	3,908,858	2,770,009
Kansas City.....	1,682	394,060	372	294,507	4,772	1,362,017	54,756	30,801	12,669,535	10,112,923
Dallas.....	784	157,913	285	80,041	1,831	787,183	29,360	14,149	7,307,341	4,865,992
San Francisco.....	1,741	443,245	294	104,988	1,205	573,429	30,218	16,209	8,668,570	7,305,321
Total: 1920.....	6,670	1,799,808	2,694	1,644,775	42,716	19,551,328	503,728	.....	179,459,351	.....
1919.....	4,844	2,056,827	1,326	1,119,942	30,265	17,230,824	.....	341,594	.....	156,901,016

CLEARING OPERATIONS.

**No. 63.**—Number of member banks, and of nonmember banks on par list, in each Federal Reserve District as of the 15th of each month in 1920.

Date.	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.	
	Member banks.	Non-member banks on par list.	Member banks.	Non-member banks on par list.	Member banks.	Non-member banks on par list.	Member banks.	Non-member banks on par list.	Member banks.	Non-member banks on par list.	Member banks.	Non-member banks on par list.
Jan. 15.....	431	247	758	325	681	415	843	1,085	536	508	428	425
Feb. 15.....	431	248	761	326	682	416	846	1,084	591	568	431	470
Mar. 15.....	432	248	767	322	682	419	855	1,077	594	563	433	453
Apr. 15.....	432	253	770	320	684	419	856	1,079	595	763	426	445
May 15.....	432	254	772	321	687	422	858	1,078	598	766	435	444
June 15.....	432	254	771	322	688	423	859	1,078	601	766	437	437
July 15.....	432	256	774	324	688	427	860	1,077	606	762	440	433
Aug. 15.....	432	257	775	324	691	432	864	1,077	608	764	444	433
Sept. 15.....	434	257	777	327	694	433	866	1,076	610	766	445	421
Oct. 15.....	434	258	782	322	696	434	867	1,072	610	778	448	416
Nov. 15.....	434	258	782	323	700	437	871	1,077	611	1,264	454	412
Dec. 15.....	436	258	780	328	698	439	871	1,080	611	1,267	460	414
Dec. 31.....	436	255	783	329	698	439	871	1,079	610	1,266	462	408

Date.	Chicago.		St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.		Total.	
	Member banks.	Non-member banks on par list.	Member banks.	Non-member banks on par list.	Member banks.	Non-member banks on par list.	Member banks.	Non-member banks on par list.	Member banks.	Non-member banks on par list.	Member banks.	Non-member banks on par list.	Member banks.	Non-member banks on par list.
Jan. 15.....	1,375	3,897	538	2,357	923	2,212	1,040	3,350	759	1,225	727	939	9,089	16,985
Feb. 15.....	1,374	3,899	543	2,540	926	2,361	1,050	3,350	762	1,229	743	938	9,140	17,429
Mar. 15.....	1,381	4,194	547	2,574	930	2,925	1,050	3,363	761	1,243	764	927	9,196	18,308
Apr. 15.....	1,385	4,231	555	2,514	943	2,913	1,055	3,368	773	1,248	772	939	9,246	18,492
May 15.....	1,386	4,235	559	2,513	954	2,913	1,057	3,374	786	1,241	779	941	9,303	18,502
June 15.....	1,391	4,239	563	2,511	967	2,906	1,060	3,390	804	1,250	793	1,038	9,366	18,614
July 15.....	1,395	4,238	562	2,517	976	2,903	1,065	3,388	822	1,238	801	1,042	9,421	18,605
Aug. 15.....	1,396	4,241	567	2,512	985	2,901	1,071	3,388	831	1,239	808	1,037	9,472	18,605
Sept. 15.....	1,401	4,240	567	2,512	985	2,913	1,076	3,395	838	1,254	813	1,026	9,506	18,620
Oct. 15.....	1,403	4,278	568	2,516	992	2,920	1,083	3,395	842	1,258	819	1,028	9,544	18,675
Nov. 15.....	1,404	4,278	569	2,526	996	2,925	1,083	3,398	846	1,261	824	1,029	9,574	19,188
Dec. 15.....	1,417	4,270	571	2,526	1,000	2,895	1,088	3,402	848	1,265	832	1,028	9,612	19,172
Dec. 31.....	1,421	4,266	571	2,514	1,009	2,891	1,087	3,391	850	1,274	831	1,027	9,629	19,139



## EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS.

No. 64.—Earnings and expenses of each Federal Reserve Bank during 1920.

## EARNINGS.

	Boston.	New York.	Philadel- phia.	Clevo- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total.
Discounted bills.....	\$10,031,301	\$49,839,183	\$10,420,161	\$10,570,827	\$5,920,893	\$6,688,342	\$25,726,750	\$6,382,357	\$4,734,259	\$6,441,476	\$4,044,612	\$8,259,664	\$149,059,825
Purchased bills.....	1,613,012	8,323,050	574,074	3,064,409	477,557	337,901	2,989,035	273,425	191,862	211,975	73,212	3,896,556	22,020,158
United States securities.....	554,172	1,975,649	742,235	602,939	276,991	320,451	995,377	391,611	181,990	505,539	270,874	322,787	7,140,615
Transfers, net earnings.....				99,391			374,000		77,245	a 1,750	350,969	87,707	987,562
Deficient reserve penalties (includ- ing interest).....	41,783	141,664	69,150	102,804	216,559	102,846	174,470	104,164	92,744	238,425	158,569	130,157	1,573,335
Sundry profits.....	32,985	245,775	42,931	18,249	11,270	26,801	43,586	28,560	29,281	14,322	6,286	15,797	515,843
<b>Total earnings.....</b>	<b>12,273,253</b>	<b>60,525,321</b>	<b>11,848,551</b>	<b>14,458,619</b>	<b>6,903,270</b>	<b>7,476,431</b>	<b>30,303,218</b>	<b>7,180,117</b>	<b>5,307,381</b>	<b>7,409,987</b>	<b>4,904,522</b>	<b>12,706,668</b>	<b>181,297,338</b>

## CURRENT EXPENSES.

Expenses of operation:													
Assessments, account expenses of Federal Reserve Board....	\$52,584	\$221,868	\$56,804	\$63,246	\$34,555	\$27,882	\$101,568	\$26,618	\$22,520	\$34,221	\$21,695	\$45,964	\$709,525
Federal advisory council (fees and traveling expenses).....	408	1,200	378	1,047	546	1,092	1,046	1,200	893	330	400	1,417	9,957
Governors' conferences (in- cluding traveling expenses) ..	315	270	272	237	401	504	474	277	452	626	651	1,272	5,751
Federal agents' conferences (including traveling expen- ses).....	400	88	64	100	125	175	559	282	27	121	64	1,683	3,688
Salaries—													
Bank officers.....	116,600	383,760	123,338	143,171	105,945	156,996	216,541	126,916	77,637	116,274	117,768	188,017	1,872,963
Clerical staff.....	781,904	3,479,270	799,385	872,339	617,525	433,196	1,672,550	747,312	363,724	794,286	649,100	1,018,812	12,229,403
Special officers and watch- men.....	20,988	166,449	70,921	35,149	15,066	15,631	94,494	22,984	10,766	25,275	20,177	33,150	531,050
All other.....	7,207	199,213	80,412	112,492	34,749	24,502	123,324	30,693	23,686	35,694	39,456	38,691	750,119
Life insurance premiums (em- ployees group insurance)....	480	19,296	7,391	6,267	4,008	2,576	7,712	6,984	3,661	8,043	6,395	9,789	82,602
Directors fees, per diem allow- ance, and traveling expenses.	9,529	32,175	6,569	6,702	6,318	17,427	9,591	11,849	6,705	19,532	6,530	11,099	144,026
Officers and clerks traveling expenses.....	9,046	23,743	9,885	15,046	26,248	15,495	39,667	25,525	15,227	28,085	30,851	32,193	271,011
Legal fees.....	3,723	9,324	2,530	2,000	1,070	8,068	7,500	1,505	3,100	2,543	2,622	4,545	48,530

Rent.....	63,844	301,797	18,020	78,717	10,139	19,433	145,751	48,746	21,760	41,326	14,904	21,163	785,600
Taxes and fire insurance.....	1,180	3,328	20,063	3,183	9,699	10,774	4,535	3,220	1,186	4,217	3,476	8,222	73,083
Telephone.....	12,292	32,934	15,492	8,603	3,415	3,589	10,283	6,629	2,832	5,627	3,938	10,415	124,949
Telegraph.....	10,314	49,045	10,565	27,153	27,604	50,746	63,875	44,800	13,780	37,310	56,900	70,615	462,707
Postage.....	66,915	114,779	56,721	76,212	63,415	57,541	117,389	80,219	69,406	115,506	65,507	67,341	950,951
Expressage.....	951	3,956	437	1,521	948	1,466	8,381	1,319	11,938	2,144	36,365	7,653	77,079
Insurance and premiums on fidelity bonds.....	23,007	26,283	37,213	31,710	11,724	13,744	37,898	20,123	18,592	21,164	24,672	26,408	292,538
Light, heat and power.....	14,443	3,077	22,651	5,376	7,460	6,095	18,199	7,139	.....	5,720	6,896	9,246	106,302
Printing and stationery.....	63,667	270,383	113,644	120,652	84,345	80,240	219,420	76,743	62,488	94,787	67,998	178,489	1,432,856
Repairs and alterations.....	288	55,623	26,988	38,149	12,395	9,340	136,292	38,159	22,523	18,147	13,797	70,296	441,997
Currency shipments to and from member and nonmem- ber banks and between Fed- eral Reserve Banks and their branches.....	93,127	111,522	81,370	48,710	28,432	42,609	87,623	27,143	11,392	32,447	30,863	37,921	633,159
Currency shipments (other than Federal Reserve and Federal Reserve Bank notes) to and from Washington or a subtreasury.....	26,898	87,956	20,982	27,418	14,674	13,478	27,144	30,540	9,420	24,979	12,123	17,190	312,802
All other.....	65,609	184,865	38,072	67,891	23,688	34,010	100,685	32,390	25,288	45,712	78,080	81,963	778,253
Total expenses of operation.....	1,445,719	5,782,204	1,620,167	1,792,991	1,144,494	1,046,609	3,261,501	1,419,315	799,003	1,514,116	1,311,228	1,993,554	23,130,901
Federal Reserve currency (original cost including shipping charges). Miscellaneous charges account note issues.....	345,151	648,392	292,540	334,679	170,101	126,009	550,291	238,051	62,627	97,477	86,514	219,398	3,171,230
Taxes on Federal Reserve Bank note circulation.....	112,162	159,767	77,508	63,519	45,749	72,808	102,672	32,988	15,959	33,905	22,825	40,600	780,462
Furniture and equipment.....	82,000	207,401	110,904	93,322	52,605	63,958	174,252	58,000	36,792	83,422	46,397	46,283	1,055,336
Bank premises.....	24,585	201,491	75,065	141,008	103,126	76,057	289,064	176,102	100,817	126,707	82,883	202,751	1,599,656
	28,673		90	45,166			75,460			2,333			151,722
Total current expenses.....	2,038,290	6,999,255	2,176,274	2,470,685	1,516,075	1,385,441	4,453,240	1,924,456	1,015,198	1,857,960	1,549,847	2,502,586	29,889,307
Current net earnings.....	10,234,963	53,526,066	9,672,277	11,987,934	5,387,195	6,090,990	25,849,978	5,255,661	4,292,183	5,552,027	3,354,675	10,204,082	151,408,031

α Debit.

EARNINGS AND EXPENSES.

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No. 64.—Earnings and expenses of each Federal Reserve Bank during 1920—Continued.

PROFIT AND LOSS ACCOUNT.

	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Earnings.....	\$12,273,253	\$60,525,321	\$11,848,551	\$14,458,619	\$6,903,270	\$7,476,431	\$30,303,218	\$7,180,117	\$5,307,381	\$7,409,987	\$4,904,522	\$12,706,668	\$181,297,338
Current expenses.....	2,038,290	6,999,255	2,176,274	2,470,635	1,516,075	1,385,441	4,453,240	1,924,456	1,015,198	1,857,960	1,549,847	2,502,586	29,889,307
Current net earnings.....	10,234,963	53,526,066	9,672,277	11,987,984	5,387,195	6,090,990	25,849,978	5,255,661	4,292,183	5,552,027	3,354,675	10,204,082	151,408,031
Additions to current net earnings on account of:													
Amount previously deducted from current net earnings for—													
Assessment account ex- penses Federal Reserve Board.....	38,666	168,682	41,828	63,246	25,531	20,302	66,764	19,520	16,607	.....	16,167	45,964	523,277
Special reserve.....	.....	200,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	200,000
All other.....	29,248	6,050	104,366	522	5,859	17	2,543	.....	.....	1,040	43	417	150,105
Total additions.....	67,914	374,732	146,194	63,768	31,390	20,319	69,307	19,520	16,607	1,040	16,210	46,381	873,382
Deductions from current net earnings on account of:													
Bank premises.....	.....	785,677	646,620	129,551	170,000	87,267	29,062	365,000	77,737	.....	.....	123,570	1,914,484
Assessment account expenses Federal Reserve Board.....	.....	.....	.....	53,900	.....	.....	.....	.....	.....	.....	.....	12,658	66,558
Reserve for depreciation, United States bonds.....	28,162	25,299	105,396	48,220	5,865	9,506	9,984	34,615	.....	11,579	.....	.....	278,626
Special reserves.....	37	456,165	.....	.....	.....	.....	.....	.....	100,000	.....	130,963	.....	687,165
All other.....	2,114	5,527	1,339	.....	4,214	4,212	4,490	.....	.....	807	11,691	5,412	39,806
Total deductions.....	30,313	772,663	753,355	231,671	180,079	100,985	43,536	399,615	177,737	12,386	142,654	141,640	2,986,639
Net deductions from current net earnings.....	137,601	397,936	607,161	167,903	148,689	80,666	125,771	380,095	161,130	11,346	126,444	95,259	2,113,257
Net earnings available for divi- dends, surplus and franchise tax, Dec. 31, 1920.....	10,272,564	53,128,130	9,065,116	11,820,081	5,238,506	6,010,324	25,875,749	4,875,566	4,131,053	5,540,661	3,228,231	10,108,823	149,294,774
Dividends paid.....	447,266	1,477,096	496,679	604,194	263,052	225,371	792,769	253,711	195,871	257,672	225,424	384,713	5,654,018
Transferred to surplus fund.....	7,351,799	212,332,523	8,204,775	11,215,837	4,740,869	3,648,465	14,688,500	4,621,855	3,410,948	3,042,781	3,002,807	6,654,855	82,916,014
Franchise tax paid United States Government.....	2,473,499	39,318,511	363,662	.....	204,585	2,136,288	10,391,480	.....	524,234	2,240,228	.....	3,069,255	60,724,742

<sup>1</sup> Net additions.

<sup>2</sup> Includes \$1,000,000 deducted from super-surplus account and credited to general reserve account after closing of books Dec. 31, 1920.

## FISCAL AGENCY DEPARTMENT EXPENSES.

**No. 65.**—*Expenses of fiscal agency department, amounts reimbursed by Treasury Department, and balances reimbursable at end of 1920.*

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Total expenses during 1920.....	\$447, 243	\$1, 516, 455	\$374, 163	\$465, 662	\$345, 541	\$233, 985	\$1, 005, 377	\$318, 396	\$251, 719	\$472, 737	\$239, 029	\$545, 049	\$6, 215, 356
Amounts reimbursable Jan. 1, 1920.....	185, 777	977, 835	117, 817	330, 356	252, 823	121, 787	532, 481	106, 457	129, 285	407, 176	213, 594	211, 749	3, 587, 167
<b>Total</b> .....	<b>633, 020</b>	<b>2, 494, 290</b>	<b>491, 980</b>	<b>796, 048</b>	<b>598, 364</b>	<b>355, 772</b>	<b>1, 537, 858</b>	<b>424, 853</b>	<b>381, 004</b>	<b>879, 913</b>	<b>452, 623</b>	<b>756, 798</b>	<b>9, 802, 523</b>
Reimbursements received during 1920.....	546, 031	2, 269, 643	454, 125	714, 028	574, 476	315, 852	1, 453, 615	354, 436	326, 697	767, 880	428, 965	657, 466	8, 863, 214
Balance reimbursable Jan. 1, 1921.....	86, 989	224, 647	37, 855	82, 020	23, 888	39, 920	84, 243	70, 417	54, 307	112, 033	23, 658	99, 332	939, 309

FISCAL AGENCY.

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# RECEIPTS AND DISBURSEMENTS OF THE FEDERAL RESERVE BOARD FOR THE YEAR 1920.

Balance, January 1, 1920:		
Available for general expenses of the Board.....		\$39,930.02
Available for expenses chargeable to the Federal Reserve Banks.....		779.14
Total.....		\$40,709.16

## RECEIPTS.

Available for general expenses of the Board:		
Assessments on Federal Reserve Banks for estimated general expenses of the Board.....	\$700,766.52	
Refunds of expenditures during 1919.....	19,413.40	
Subscriptions to Federal Reserve Bulletin.....	5,461.03	
Refund by Treasury Department of salaries of money counters.....	76,117.04	
Miscellaneous receipts and reimbursements.....	2,716.50	
Total receipts available for general expenses of the Board.....		804,474.49
Available for expenses chargeable to Federal Reserve Banks:		
Assessments on Federal Reserve Banks—		
For cost of preparing Federal Reserve notes, including cost of additional equipment.....	2,782,156.54	
For expenses of gold shipments between Treasury offices and Federal Reserve Banks under the provisions of section 16 of the Federal Reserve Act.....	254,050.00	
For expenses of leased wire system.....	84,939.50	
For miscellaneous expenses.....	9,603.98	
Total receipts available for expenses chargeable to Federal Reserve Banks.....		3,130,750.02
Total receipts.....		3,935,224.51
Total available for disbursements.....		3,975,933.67

## DISBURSEMENTS.

For general expenses of the Board:		
Expenses for 1919, paid in 1920.....		\$26,327.73
Expenses for 1920 (per detailed statement).....	\$712,043.63	
Less accounts unpaid December 31, 1920.....	36,520.44	
		<hr/>
Salaries of money counters reimbursable by Treasury Department.....		675,523.19
Miscellaneous expenses reimbursable.....		84,574.46
		<hr/>
Total disbursements for general expenses of the Board.....		788,424.98
For expenses chargeable to Federal Reserve Banks:		
Cost of preparing Federal Reserve notes, including cost of additional equipment.....		971,155.56
Expenses of gold shipments between Treasury offices and Federal Reserve Banks under the provisions of section 16 of the Federal Reserve Act.....		192,800.00
Expense of leased wire system.....		84,947.16
Miscellaneous expenses.....		10,274.26
		<hr/>
Total disbursements for expenses chargeable to Federal Reserve Banks.....		1,259,176.98
		<hr/>
Total disbursements.....		2,047,601.96
		<hr/>
Balance, December 31, 1920:		
Available for accounts unpaid, December 31, 1920.....		36,520.44
Available for general expenses of the Board.....		19,459.06
Available for expenses chargeable to Federal Reserve Banks unpaid, December 31, 1920.....		1,872,352.16
		<hr/>
Total.....		1,928,331.71
		<hr/> <hr/>

Detailed statement of expenses.

	January.	February.	March.	April.	May.	June.	July.	August.	Septem-ber.	October.	Novem-ber.	Decem-ber.	Total.
<b>PERSONAL SERVICES.</b>													
Board members and their staff	\$7,523.73	\$7,280.41	\$6,698.78	\$6,144.83	\$6,207.07	\$6,942.18	\$7,022.06	\$6,332.06	\$6,066.29	\$7,092.98	\$6,905.82	\$6,905.86	\$81,122.07
Office of secretary.....	5,091.62	5,166.11	5,296.16	5,604.95	5,555.00	5,697.71	5,832.20	5,668.41	5,853.14	3,836.25	1,358.33	1,333.34	56,343.22
Office of assistant to governor.....										736.44	1,477.92	1,277.93	3,492.29
Office of general counsel.....	2,744.98	2,328.33	2,745.02	2,744.98	2,745.00	2,745.02	2,272.49	2,272.50	2,272.51	2,452.49	2,680.83	2,680.85	30,685.00
Office of statistician.....	1,769.99	1,770.00	1,770.01	1,769.99	1,770.00	1,770.01	1,825.82	1,825.84	1,825.84	1,835.82	1,900.84	1,965.84	21,800.00
Office of fiscal agent.....	470.00	470.00	470.00	470.00	470.00	470.00	470.00	470.00	470.00	478.33	478.33	478.34	5,665.00
Division of examination.....	6,653.32	6,881.66	6,973.35	6,973.32	6,973.33	6,973.35	7,243.30	7,296.66	7,067.12	6,524.55	6,524.58	6,366.29	82,450.83
Division of reports and statistics.....	4,378.32	4,461.67	4,571.69	4,639.14	4,634.67	4,751.69	5,045.78	5,107.50	5,251.22	5,131.62	5,362.65	5,594.84	58,930.79
Division of chief clerk.....										1,029.14	1,967.34	2,006.69	5,003.17
Division of gold settlement.....	952.48	816.94	1,040.93	1,042.41	1,036.41	1,027.51	1,137.16	1,159.91	1,161.93	1,112.69	1,127.84	1,216.85	12,833.06
Division of supply agent.....										212.50	425.00	425.00	1,062.50
Division of currency.....										241.45	482.92	557.92	1,282.29
Division of printing.....										196.03	392.08	392.09	980.20
Division of analysis and research.....	2,574.97	2,725.70	2,790.40	2,742.88	2,815.05	2,841.69	3,349.15	3,132.68	3,291.69	3,459.65	3,496.92	3,637.52	36,858.30
Division of architecture.....	888.88	888.89	888.89	888.89	888.88	888.90	888.88	888.89	888.89	888.89	888.88	888.90	10,666.66
Division of issue and redemption.....	6,132.50	6,132.50	5,930.84	5,859.16	5,819.67	5,612.51	5,973.89	5,931.72	6,111.67	6,074.79	6,060.71	5,983.06	71,623.02
Messengers.....	858.32	905.01	941.67	948.32	948.34	903.34	921.28	896.96	993.36	993.28	1,000.03	1,000.03	11,309.94
Charwomen.....	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	95.00	92.80	96.00	1,148.80
Total.....	40,135.11	39,923.22	40,213.74	39,924.87	39,959.42	40,719.91	42,078.01	41,079.13	41,349.66	42,442.90	42,623.82	42,807.35	493,257.14
Railway loan advisory committee to the Federal Reserve Board.....				296.83	511.67	511.67	631.22	668.97	650.00	650.00	650.00	695.56	5,265.92
Total personal services..	40,135.11	39,923.22	40,213.74	40,221.70	40,471.09	41,231.58	42,709.23	41,748.10	41,999.66	43,092.90	43,273.82	43,502.91	498,523.06

NONPERSONAL SERVICES.													
Transportation and subsistence:													
Board members and their staff.....	90.03	248.94	48.83	100.65	70.93	22.40	57.30	145.07	204.17	382.22	481.13	620.21	2,471.88
Office of secretary.....	77.78	120.38	68.26		121.90	91.26		22.45					502.03
Office of assistant to governor.....											68.50		68.50
Office of general counsel.....		33.06	116.66										149.72
Division of examination..	2,542.16	3,631.32	2,577.94	2,934.61	5,779.11	4,210.34	3,201.43	1,433.04	3,495.46	2,930.86	2,725.96	2,668.66	38,130.89
Division of analysis and research.....	77.25	35.34	33.54	138.92	58.02	229.20		23.03	11.89	56.17	44.55	205.03	912.94
Division of architecture..	24.71	22.58	22.35	24.22	48.55	53.06	43.96		293.45		177.65		710.53
Total all other divisions, including local car fare.....		12.50	12.50	137.50	176.56	15.00		15.00	129.01	45.16	37.50	96.86	677.59
Communication service:													
Telephone.....	246.59	240.37	257.49	235.16	223.72	221.52	256.89	251.73	313.66	267.37	314.04	310.56	3,139.10
Telegraph.....	413.89	263.12	574.46	896.40	424.99	429.91	474.00	474.38	407.09	453.51	435.56	500.50	5,747.61
Postage.....	26.50	25.50	28.00		22.50	25.00	27.00	27.50	22.00	68.00			317.26
Printing, binding, etc.....	5,186.69	3,387.00	3,157.63	3,283.62	3,688.89	2,540.86	3,500.92	6,798.92	3,359.28	2,052.71	5,402.51	4,506.90	46,865.93
Repairs.....	24.64	30.03	59.60	59.68	33.65	28.59	29.18	94.74	10.45	18.05	74.15	9.10	471.86
Electricity (light and power)..	35.20	35.20	35.20	35.20	35.20	35.20	35.20	35.20	35.20	35.20	35.20	35.20	422.40
Steam (heat).....	32.80	32.80	32.80	32.80	16.40					32.80	32.80	32.80	246.00
Miscellaneous unclassified.....	48.57	126.92	68.74	156.39	236.40	149.60	134.30	131.38	62.32	497.84	140.65	37.00	1,790.11
Equipment rental.....	186.80	186.80	189.80	186.80	186.80	189.80	186.80	186.80	189.80	231.80	291.80	199.80	2,413.60
Supplies:													
Stationery and office.....	1,740.83	626.77	804.79	611.02	597.75	1,412.07	269.66	685.66	1,213.12	2,050.49	896.13	692.81	11,601.10
Periodicals.....	78.68	82.85	63.11	85.05	403.18	212.50		30.05	5.00	72.71	17.50	30.65	1,081.28
Equipment:													
Furniture and office.....	\$558.32	\$1,130.86	\$325.11	\$472.05	\$207.26	\$560.47	\$310.25	\$89.99	\$144.76	\$520.24	\$1,271.04	\$696.10	\$6,486.45
Books.....	33.29	198.05	94.30	106.57	59.00	262.26	570.00	19.25	16.00	43.95	39.00	210.02	1,651.69
Rent.....	814.56	807.14	939.56	939.56	1,014.56	1,014.56	1,014.56	1,019.56	1,024.56	1,024.56	1,024.56	2,024.56	12,662.10
Vault construction tests.....					5,904.07	14,792.00	23,630.80	16,791.17			874.70	13,007.26	75,000.00
Total.....	12,239.09	11,277.53	9,710.67	10,436.20	19,369.44	26,495.60	33,742.25	28,274.92	10,937.22	10,783.64	14,384.93	25,929.08	213,520.57
Grand total.....	52,374.20	51,200.75	49,924.41	50,657.90	59,780.53	67,727.18	76,431.48	70,023.02	52,936.88	53,876.54	57,658.75	69,431.99	712,043.63



## STATE BANKS AND TRUST COMPANIES ADMITTED.

The following is a list of State banks and trust companies members of the Federal Reserve System on December 31, 1920, showing the capital, surplus, and total resources as compiled from the latest available figures.

One thousand four hundred and eighty-seven State institutions are now members of the system, having a total capital of \$535,177,019, total surplus of \$516,522,394, and total resources of \$10,338,692,127.

	Capital. <sup>1</sup>	Surplus. <sup>1</sup>	Total resources. <sup>1</sup>
<b>DISTRICT NO. 1.</b>			
CONNECTICUT.			
(See also District No. 2.)			
New Britain—New Britain Trust Co.....	\$400,000	\$200,000	\$4,543,655
New Haven—Union & New Haven Trust Co.....	650,000	650,000	5,503,151
South Manchester—Manchester Trust Co.....	200,000	100,000	2,102,387
Waterbury—Colonial Trust Co.....	400,000	500,000	7,603,021
MAINE.			
Portland—Fidelity Trust Co.....	400,000	400,000	15,433,578
Bangor—Merrill Trust Co.....	400,000	400,000	8,598,877
Sanford—Sanford Trust Co.....	100,000	25,000	1,196,439
MASSACHUSETTS.			
Arlington—Menotomy Trust Co.....	200,000	62,500	2,727,372
Boston—			
American Trust Co.....	1,500,000	2,000,000	28,490,445
Beacon Trust Co.....	600,000	1,400,000	22,378,733
Commonwealth Trust Co.....	1,500,000	1,000,000	31,957,972
Exchange Trust Co.....	1,000,000	1,000,000	18,375,927
International Trust Co.....	2,000,000	2,000,000	32,315,018
Liberty Trust Co.....	500,000	500,000	8,056,568
Market Trust Co.....	400,000	100,000	4,599,290
Massachusetts Trust Co.....	1,000,000	500,000	16,712,551
Metropolitan Trust Co.....	500,000	400,000	9,225,364
New England Trust Co.....	1,000,000	2,000,000	30,064,314
Old Colony Trust Co.....	7,000,000	9,000,000	159,901,831
State Street Trust Co.....	2,000,000	2,500,000	42,384,814
United States Trust Co.....	1,000,000	1,000,000	19,861,065
Cambridge—			
Charles River Trust Co.....	200,000	200,000	4,557,315
Harvard Trust Co.....	200,000	200,000	5,783,744
Fitchburg—Fitchburg Bank & Trust Co.....	500,000	400,000	5,880,093
Gloucester—Gloucester Safe Deposit & Trust Co.....	200,000	201,400	4,933,897
Greenfield—Franklin County Trust Co.....	200,000	100,000	3,161,411
Holyoke—Hadley Falls Trust Co.....	500,000	250,000	5,913,865
Lawrence—Merchants Trust Co.....	300,000	150,000	7,798,085
Lynn—Security Trust Co.....	200,000	200,000	7,670,759
New Bedford—The New Bedford Safe Deposit & Trust Co.....	300,000	400,000	5,565,835
Newton—Newton Trust Co.....	551,900	551,900	8,437,853
Norwood—Norwood Trust Co.....	200,000	12,000	3,175,263
Salem—Naumkeag Trust Co.....	250,000	150,000	5,855,346
Waltham—Waltham Trust Co.....	300,000	200,000	5,625,483
Winchester—Winchester Trust Co.....	100,000	25,000	1,163,452
Worcester—Worcester Bank & Trust Co.....	1,500,000	1,000,000	31,572,867
RHODE ISLAND.			
Providence—			
Industrial Trust Co.....	3,000,000	4,000,000	85,629,756
Rhode Island Hospital Trust Co.....	3,000,000	4,000,000	70,454,573
Union Trust Co.....	1,000,000	500,000	15,788,646
Total.....	35,251,900	38,277,800	751,000,615

<sup>1</sup> Amounts shown represent capital, surplus, and total resources as of Nov. 15, 1920, except in the case of banks admitted since that date, for which figures as of the date of admission were used.

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 2.</b>			
CONNECTICUT.			
(See also District No. 1.)			
Bridgeport—Bridgeport Trust Co.....	\$1,000,000	\$300,000	\$10,573,685
NEW JERSEY.			
(See also District No. 3.)			
Asbury Park—Seacoast Trust Co.....	100,000	75,000	2,938,878
Bayonne—Bayonne Trust Co.....	200,000	150,000	5,782,160
Bloomfield—Bloomfield Trust Co.....	200,000	100,000	3,873,824
Bogota—Bank of Bogota.....	50,000	10,000	470,167
Boonton—Farmers & Merchants Bank.....	75,000	25,000	942,751
Cranford—Cranford Trust Co.....	100,000	20,000	1,907,311
East Orange—			
East Orange Bank.....	150,000	30,000	2,304,226
Savings Investment & Trust Co.....	500,000	300,000	9,586,305
Elizabeth—Elizabethport Banking Co.....	250,000	100,000	5,088,960
Franklin—Sussex County Trust Co.....	100,000	20,000	719,033
Glen Ridge—Glen Ridge Trust Co.....	100,000	20,000	1,252,915
Hackensack—Peoples Trust & Guaranty Co.....	500,000	300,000	7,503,014
Hasbrouck Heights—Bank of Hasbrouck Heights.....	50,000	10,000	283,459
Hoboken—Jefferson Trust Co.....	346,075	50,000	5,342,505
Jersey City—			
Commercial Trust Co. of New Jersey.....	1,000,000	1,500,000	37,718,054
The New Jersey Title Guarantee & Trust Co.....	1,000,000	1,000,000	18,133,668
Montclair—			
Bank of Montclair.....	100,000	80,000	3,286,302
Montclair Trust Co.....	300,000	100,000	4,997,854
Morristown—Morristown Trust Co.....	600,000	300,000	9,229,449
Newark—			
City Trust Co.....	200,000	100,000	3,183,342
Federal Trust Co.....	1,000,000	500,000	14,828,225
Fidelity Trust Co.....	3,000,000	630,634	31,818,766
Ironbound Trust Co.....	200,000	100,000	11,344,605
Nutley—Bank of Nutley.....	100,000	35,000	1,670,064
Orange—Trust Co. of Orange.....	100,000	25,000	1,289,545
Passaic—			
The Passaic Trust & Safe Deposit Co.....	400,000	200,000	10,695,132
Peoples Bank & Trust Co.....	400,000	400,000	7,542,676
Paterson—The Hamilton Trust Co.....	500,000	500,000	8,860,654
Plainfield—The Plainfield Trust Co.....	300,000	400,000	9,528,231
Rahway—Rahway Trust Co.....	100,000	25,000	1,065,260
Ridgefield Park—Ridgefield Park Trust Co.....	100,000	25,000	1,771,190
Ridgewood—Ridgewood Trust Co.....	150,000	40,000	2,426,239
Rutherford—Rutherford Trust Co.....	100,000	50,000	1,581,797
Westfield—			
Peoples Bank & Trust Co.....	100,000	80,000	2,331,150
Westfield Trust Co.....	100,000	100,000	2,813,321
West Hoboken—Hudson Trust Co.....	1,000,000	1,000,000	27,166,466
NEW YORK.			
Adams—Citizens Trust Co.....	150,000	75,000	1,673,384
Albion—The Orleans County Trust Co.....	100,000	50,000	867,359
Amityville—Bank of Amityville.....	25,000	50,000	706,808
Amsterdam—Montgomery County Trust Co.....	200,000	100,000	3,472,127
Batavia—The Bank of Genesee.....	100,000	125,000	1,654,444
Belmont—State Bank of Belmont.....	50,000	50,000	555,302
Binghamton—Peoples Trust Co.....	500,000	100,000	6,107,579
Blasdell—Bank of Blasdell.....	30,000	10,500	173,661
Brooklyn—			
Brooklyn Trust Co.....	1,500,000	2,741,478	49,382,737
Manufacturers Trust Co.....	2,000,000		38,462,839
Mechanics Bank.....	1,600,000	800,000	41,758,319
North Side Bank of Brooklyn.....	200,000	150,000	8,467,986
Peoples Trust Co.....	1,500,000	1,500,000	40,650,526
Buffalo—			
Buffalo Trust Co.....	500,000	500,000	17,374,017
Citizens Commercial Trust Co.....	1,250,000	1,250,000	29,145,662
Fidelity Trust Co.....	1,000,000	1,000,000	20,994,990
Liberty Bank of Buffalo.....	1,500,000	1,000,000	39,706,495
Marine Trust Co.....	10,000,000	7,000,000	135,813,891
Peoples Bank of Buffalo.....	1,000,000	601,000	19,424,660
Canisteo—First State Bank.....	50,000	26,000	701,800
Cape Vincent—Citizens Bank of Cape Vincent.....	50,000	10,000	326,718
Chatham—State Bank of Chatham.....	50,000	50,000	1,789,365
Coney Island—Bank of Coney Island.....	200,000	100,000	4,241,171
Dunkirk—Dunkirk Trust Co.....	250,000	125,000	1,029,043

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 2—Continued.</b>			
NEW YORK—continued.			
East Aurora—			
Bank of East Aurora.....	\$100,000	\$25,000	\$1,805,528
Erie County Trust Co.....	100,000	37,500	1,544,059
Elmira—Chemung Canal Trust Co.....	600,000	400,000	10,193,608
Endicott—State Bank of Endicott.....	50,000	10,000	1,721,428
Floral Park—Floral Park Bank.....	50,000	50,000	1,349,161
Geneva—Geneva Trust Co.....	250,000	225,000	4,193,808
Gloversville—Trust Company of Fulton County.....	250,000	150,000	1,312,395
Hamburg—The Peoples Bank of Hamburg.....	30,000	30,000	1,655,245
Hammondsport—The Bank of Hammondsport.....	50,000	50,000	1,469,939
Hicksville—Bank of Hicksville.....	25,000	100,000	1,706,776
Ithaca—Ithaca Trust Co.....	200,000	100,000	3,638,156
Johnson City—Workers Trust Co.....	100,000	50,000	4,034,017
Katonah—Northern Westchester Bank.....	50,000	25,000	520,682
Kingston—Kingston Trust Co.....	250,000	75,000	2,016,309
Lackawanna—The American Bank of Lackawanna.....	100,000	25,000	781,079
Little Falls—Herkimer County Trust Co.....	350,000	350,000	5,690,389
Lowville—Lewis County Trust Co.....	100,000	50,000	1,064,607
Malone—Peoples Trust Co.....	300,000	100,000	3,161,067
Millbrook—Bank of Millbrook.....	50,000	50,000	833,002
Mineola—Nassau County Trust Co.....	100,000	75,000	2,623,841
New York—			
Bank of America.....	5,500,000	5,500,000	105,414,450
Bankers Trust Co.....	20,000,000	11,250,000	388,034,406
Bank of United States.....	1,500,000	300,000	35,695,043
Central Union Trust Co.....	12,500,000	15,000,000	256,265,566
Columbia Bank.....	2,000,000	1,000,000	32,954,918
Columbia Trust Co.....	5,000,000	6,000,000	110,412,837
Commercial Exchange Bank.....	200,000	700,000	10,918,634
The Commonwealth Bank of the City of New York.....	400,000	600,000	11,931,091
The Continental Bank.....	1,000,000	500,000	18,722,752
Corn Exchange Bank.....	6,000,000	7,500,000	215,665,049
Equitable Trust Co.....	12,000,000	14,500,000	271,634,635
Farmers Loan & Trust Co.....	5,000,000	10,000,000	157,217,958
Fidelity International Trust Co.....	1,500,000	1,250,000	25,211,452
Fifth Avenue Bank.....	500,000	2,000,000	27,317,366
Fulton Trust Co.....	500,000	250,000	11,157,871
Guaranty Trust Co.....	25,000,000	25,000,000	667,377,908
Industrial Bank of New York.....	1,000,000	500,000	7,604,269
Lincoln Trust Co.....	2,000,000	850,000	35,644,993
Manhattan Co.....	5,000,000	12,500,000	253,035,636
Mercantile Trust Co.....	1,000,000	500,000	20,950,664
Metropolitan Bank.....	2,000,000	2,000,000	57,845,125
Metropolitan Trust Co. of the City of New York.....	2,000,000	3,000,000	38,627,827
Mutual Bank.....	200,000	500,000	14,533,718
New Netherland Bank.....	600,000	600,000	10,904,022
New York Trust Co.....	3,000,000	10,000,000	98,468,319
Pacific Bank.....	1,000,000	1,500,000	34,851,234
United States Mortgage & Trust Co.....	2,000,000	4,000,000	84,103,653
United States Trust Co.....	2,000,000	12,000,000	64,966,808
W. R. Grace & Co's. Bank.....	500,000	800,000	6,841,122
Yorkville Bank.....	200,000	500,000	17,270,047
Niagara Falls—Power City Bank.....			
Nyack—Rockland County Trust Co.....	500,000	412,500	10,266,682
Ogdensburg—St. Lawrence Trust Co.....	100,000	25,000	2,539,401
Olean—Olean Trust Co.....	100,000	20,000	1,186,771
Oneida—Madison County Trust & Deposit Co.....	200,000	120,000	3,676,532
Orchard Park—Bank of Orchard Park.....	30,000	6,000	609,991
Perry—Citizens Bank.....	50,000	40,000	1,263,058
Port Chester—Mutual Trust Co. of Westchester County.....	300,000	75,000	3,277,130
Rochester—Lincoln-Alliance Bank.....	1,000,000	500,000	19,871,971
Rome—Rome Trust Co.....	300,000	60,000	4,045,512
Schenectady—Schenectady Trust Co.....	300,000	62,500	9,619,281
Shortsville—State Bank of Shortsville.....	30,000	6,000	370,594
Stony Brook—Bank of Suffolk County.....	25,000	15,000	447,109
Syracuse—			
City Bank Trust Co.....	1,970,800	973,477	22,772,531
First Trust and Deposit Co.....	2,500,000	1,000,000	40,718,916
Syracuse Trust Co.....	1,500,000	750,000	28,018,008
Utica—			
Citizens Trust Co. of Utica.....	500,000	500,000	16,399,700
Oneida County Trust Co.....	250,000	250,000	3,457,705
Utica Trust & Deposit Co.....	800,000	500,000	13,648,734
Warsaw—Trust Co. of Wyoming County.....			
Watertown—Northern New York Trust Co.....	400,000	400,000	8,734,864
Westbury—Bank of Westbury.....	25,000	5,000	605,915
White Plains—County Trust Co.....	150,000	50,000	4,962,227
<b>Total.....</b>	<b>173,811,875</b>	<b>186,006,589</b>	<b>4,078,077,234</b>

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 3.</b>			
DELAWARE.			
Milford—Milford Trust Co. ....	\$50,000	\$87,500	\$1,249,576
Wilmington—			
Equitable Trust Co. ....	500,000	500,000	5,391,279
Security Trust & Safe Deposit Co. ....	600,000	700,000	7,066,302
Wilmington Trust Co. ....	1,000,000	500,000	16,411,167
NEW JERSEY.			
(See also District No. 2.)			
Atlantic City—			
Bankers Trust Co. ....	100,000	-----	729,960
Equitable Trust Co. ....	200,000	150,000	3,021,069
Burlington—Burlington City Loan & Trust Co. ....	100,000	100,000	1,883,559
Camden—Camden Safe Deposit & Trust Co. ....	500,000	800,000	12,490,487
Gloucester—Gloucester City Trust Co. ....	100,000	45,000	1,247,710
Princeton—Princeton Bank & Trust Co. ....	100,000	150,000	2,460,164
Riverside—Riverside Trust Co. ....	100,000	100,000	1,855,906
Swedesboro—Swedesboro Trust Co. ....	100,000	20,000	886,201
PENNSYLVANIA.			
(See also District No. 4.)			
Allentown—Penn Trust Co. ....	300,000	100,000	2,613,228
Chester—Cambridge Trust Co. ....	250,000	250,000	6,300,643
Du Bois—The Union Banking & Trust Co. ....	250,000	426,200	2,961,903
Harrisburg—Dauphin Deposit Trust Co. ....	300,000	300,000	4,541,002
Hazleton—			
Markle Banking & Trust Co. ....	100,000	600,000	5,374,604
Peoples Savings & Trust Co. ....	125,000	100,000	2,852,191
Honesdale—Wayne County Savings Bank. ....	200,000	325,000	4,292,882
Huntington—Grange Trust Co. ....	125,000	17,500	806,623
Lewistown—Lewistown Trust Co. ....	125,000	95,000	830,033
Lykens—Miners Deposit Bank. ....	50,000	110,000	897,637
Mill Hall—The Mill Hall State Bank. ....	35,000	15,000	453,322
New Oxford—Farmers' & Merchants' Bank. ....	50,000	50,000	723,475
Philadelphia—			
Colonial Trust Co. ....	500,000	500,000	7,157,600
Commercial Trust Co. ....	2,000,000	2,750,000	33,855,910
Federal Trust Co. ....	200,000	100,000	4,092,513
Fidelity Trust Co. ....	5,200,000	16,000,000	64,359,615
Girard Trust Co. ....	2,500,000	7,500,000	62,360,547
Oxford Bank of Frankford. ....	250,000	55,000	2,240,294
Pennsylvania Co. for Insurance on Lives and Granting Annuities. ....	2,000,000	5,000,000	44,760,688
Peoples Bank of Philadelphia. ....	200,000	30,000	3,874,325
Philadelphia Trust Co. ....	1,000,000	4,000,000	26,318,577
Provident Life & Trust Co. of Philadelphia. ....	2,000,000	5,000,000	120,419,200
Rittenhouse Trust Co. ....	500,000	100,000	3,355,174
West Philadelphia Title & Trust Co. ....	500,000	500,000	8,296,331
Reading—			
Berks County Trust Co. ....	250,000	155,000	5,106,514
Northeastern Trust Co. ....	250,000	25,000	867,161
Schuylkill Haven—The Schuylkill Haven Trust Co. ....	125,000	55,000	1,474,701
Scranton—American Bank of Commerce. ....	300,000	60,000	1,608,483
Shamokin—Dime Trust & Safe Deposit Co. ....	125,000	125,000	1,895,306
Tamaqua—The Peoples Trust Co. ....	125,000	40,000	1,055,342
Wilkes-Barre—Dime Bank Title & Trust Co. ....	200,000	150,000	2,050,907
Williamsport—			
Northern Central Trust Co. ....	500,000	250,000	4,823,578
Susquehanna Trust & Safe Deposit Co. ....	400,000	300,000	3,213,739
Williamstown—Williams Valley Bank. ....	50,000	49,000	533,212
Total. ....	24,535,000	48,215,200	391,166,640
<b>DISTRICT NO. 4.</b>			
KENTUCKY.			
(See also District No. 8.)			
Brooksville—Farmers Equity Bank. ....	25,000	17,000	294,090
Georgetown—Farmers Bank & Trust Co. ....	105,000	70,000	1,078,992
Independence—Bank of Independence. ....	40,000	8,000	611,273
Lexington—			
Guaranty Bank & Trust Co. ....	150,000	50,000	2,092,217
Security Trust Co. ....	500,000	150,000	2,270,524
Richmond—State Bank & Trust Co. ....	150,000	50,000	1,023,113

<sup>1</sup> Exclusive of insurance assets of \$104,960,131.

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 4—Continued.</b>			
<b>OHIO.</b>			
Adena—The Adena Commercial & Savings Bank .....	\$60,000		\$152,945
Akron—			
Central Savings & Trust Co.....	500,000	\$500,000	14,178,323
Depositors Savings & Trust Co.....	300,000	300,000	8,091,069
Firestone Park Trust & Savings Bank.....	200,000	75,000	3,794,009
The Peoples Savings & Trust Co.....	200,000	160,000	7,440,185
Alliance—			
Alliance Bank Co.....	150,000	150,000	3,902,580
City Savings Bank & Trust Co.....	100,000	100,000	3,070,010
Antwerp—Antwerp Exchange Bank Co.....	25,000	5,000	393,150
Apple Creek—Apple Creek Banking Co.....	25,000	15,000	286,304
Atwater—Atwater Savings Bank Co.....	25,000	10,000	365,524
Barberton—Peoples Savings & Banking Co.....	100,000	30,000	2,016,767
Bellaire—Dollar Savings Bank & Trust Co.....	125,000	50,000	1,632,698
Bowling Green—The State Bank of Bowling Green.....	50,000	7,000	557,282
Bridgeport—Bridgeport Bank & Trust Co.....	75,000	40,000	840,906
Buckeye City—Commercial & Savings Bank Co.....	25,000	5,000	246,090
Canton—The Dime Savings Bank Co.....	500,000	175,000	5,809,552
Chagrin Falls—Chagrin Falls Banking Co.....	100,000	65,000	1,368,597
Cincinnati—			
Brighton Bank & Trust Co.....	215,000	215,000	9,504,464
Provident Savings Bank & Trust Co.....	1,400,000	1,000,000	18,828,471
Union Savings Bank & Trust Co.....	1,000,000	2,500,000	24,378,846
Western Bank & Trust Co.....	1,000,000	500,000	15,416,494
Cleveland—			
The Union Trust Co.....	13,233,333	16,666,666	284,769,818
Cleveland Trust Co.....	4,500,000	4,625,000	116,071,804
Guardian Savings & Trust Co.....	3,000,000	3,000,000	82,335,907
Pearl Street Savings & Trust Co.....	600,000	400,000	15,957,912
United Banking & Savings Co.....	1,000,000	500,000	20,513,165
Columbiana—Union Banking Co.....	50,000	35,000	823,125
Columbus—Citizens Trust & Savings Bank.....	700,000	150,000	9,038,014
Conneaut—Conneaut Mutual Loan & Trust Co.....	100,000	70,000	2,153,715
Cuyahoga Falls—			
Citizens Bank.....	50,000	15,000	1,043,109
The Falls Banking & Trust Co.....	150,000	70,000	2,070,334
Dayton—Dayton Savings & Trust Co.....	600,000	533,540	17,374,099
Delphos—The Peoples Bank of Delphos.....	50,000	10,000	551,181
Eldorado—Farmers State Bank.....	35,000	5,000	441,254
Frazesburg—Peoples Bank Co.....	25,000	41,000	658,103
Geneva—Geneva Savings Bank Co.....	100,000	81,000	1,381,327
Gibsonburg—			
Gibsonburg Banking Co.....	50,000	28,000	900,252
Home Banking Co.....	25,000	12,000	745,217
Hillsboro—Hillsboro Bank & Savings Co.....	50,000	20,000	535,838
Hubbard—Hubbard Banking Co.....	50,000	50,000	1,034,473
Lodi—Lodi State Bank.....	40,000	60,000	886,727
McCutchenville—Farmers Bank.....	30,000	1,800	147,662
Mansfield—Farmers Savings & Trust Co.....	200,000	200,000	1,963,999
Massillon—Ohio Banking & Trust Co.....	150,000	50,000	2,324,295
Metamora—Farmers & Merchants Bank Co.....	25,000	5,800	352,050
Middlefield—Middlefield Banking Co.....	25,000	27,500	526,643
Middletown—American Trust & Savings Bank.....	100,000	20,000	2,603,603
Milan—The Farmers & Citizens Banking Co.....	25,000	12,500	537,891
Minerva—Minerva Savings & Trust Co.....	100,000	50,000	1,761,216
Minster—Minster State Bank.....	25,000	25,000	495,717
Napoleon—Napoleon State Bank.....	50,000	25,000	928,168
Newark—The Newark Trust Co.....	200,000	125,000	3,294,783
New Philadelphia—			
Merchants State Bank.....	100,000	50,000	989,454
Ohio Savings & Trust Co.....	100,000	50,000	2,025,680
Orrville—Orrville Savings Bank.....	50,000	50,000	987,092
Pandora—Farmers Bank Co.....	25,000	8,500	215,794
Pemberville—Pemberville Savings Bank Co.....	25,000	10,000	522,620
Peninsula—Peninsula Banking Co.....	25,000	6,000	274,327
Portsmouth—Security Bank.....	150,000	300,000	2,735,805
Rittman—Rittman Savings Bank.....	60,000	15,000	535,437
Rossford—Rossford Savings Bank.....	50,000	10,000	555,312
St. Marys—			
The American State Bank.....	50,000	11,500	564,812
Home Banking Co.....	100,000	24,000	1,085,426
Shadyside—Shadyside Bank.....	35,000	5,000	388,508
Shelby—Citizens Bank.....	100,000	50,000	1,136,901
Shiloh—Shiloh Savings Bank Co.....	25,000	32,000	410,931
Spencer—Spencer State Bank.....	40,000	2,000	299,032
Steubenville—			
The Steubenville Bank & Trust Co.....	546,700	315,045	5,177,787
Union Savings Bank & Trust Co.....	350,000	350,000	4,357,364
Toledo—			
The Commercial Savings Bank & Trust Co.....	200,000	150,000	8,755,293
Commerce Guardian Trust & Savings Bank.....	200,000	200,000	7,270,275

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 4—Continued.</b>			
OHIO—continued.			
Upper Sandusky—			
Citizens Savings Bank.....	\$50,000	\$35,000	\$795,024
The Lewis Bank & Trust Co.....	150,000	75,000	922,480
Vermillion—Erie County Banking Co.....	50,000	11,000	676,862
Wakeman—Wakeman Bank Co.....	25,000	15,000	327,124
Warren—Union Savings & Trust Co.....	300,000	300,000	5,439,075
Wellington—First Wellington Bank.....	85,000	95,000	1,454,201
West Lafayette—West Lafayette Bank Co.....	100,000	50,000	1,209,487
West Milton—Citizens State Bank Co.....	30,000	8,000	288,738
Wooster—Commercial Banking & Trust Co.....	150,000	35,000	1,075,639
Youngstown—			
City Trust & Savings Bank.....	300,000	300,000	6,499,759
Dollar Savings & Trust Co.....	1,500,000	1,000,000	21,895,146
PENNSYLVANIA.			
(See also District No. 3.)			
Ambridge—Ambridge Savings & Trust Co.....	125,000	50,000	2,571,938
Beaver—Beaver Trust Co.....	300,000	100,000	1,650,720
Beaver Falls—Federal Title & Trust Co.....	200,000	40,000	1,579,459
Bellevue—Bellevue Realty, Savings & Trust Co.....	125,000	50,000	1,412,088
Butler—Guaranty Trust Co. of Butler.....	500,000	600,000	4,871,101
Erie—Security Savings & Trust Co.....	200,000	400,000	6,195,792
Greensburg—Merchants Trust Co.....	188,600	188,600	2,201,077
Meadville—Crawford County Trust Co.....	125,000	25,000	1,999,027
New Castle—Lawrence Savings & Trust Co.....	300,000	300,000	4,742,098
Pittsburgh—			
Allegheny Trust Co.....	700,000	600,000	5,874,175
City Deposit Bank.....	200,000	800,000	12,524,284
Colonial Trust Co.....	2,600,000	2,600,000	30,372,446
Commonwealth Trust Co.....	1,500,000	1,000,000	13,249,536 <sup>1</sup>
Oakland Savings & Trust Co.....	200,000	200,000	5,266,556
Pittsburgh Trust Co.....	2,000,000	1,000,000	21,672,419
Potter Title & Trust Co.....	500,000	80,000	5,345,328
Union Trust Co.....	1,500,000	35,500,000	144,678,271
Washington—Real Estate Trust Co.....	200,000	300,000	2,809,783
Woodlawn—Woodlawn Trust Co.....	125,000	100,000	2,082,169
WEST VIRGINIA.			
(See also District No. 5.)			
Moundsville—Marshall County Bank.....	150,000	45,000	1,376,096
Wheeling—			
Security Trust Co.....	300,000	200,000	3,321,786
Wheeling Bank & Trust Co.....	300,000	300,000	5,295,063
Total.....	49,893,633	81,203,451	1,064,026,453 <sup>2</sup>
<b>DISTRICT NO. 5.</b>			
DISTRICT OF COLUMBIA.			
Washington—Continental Trust Co.....	1,000,000	100,000	5,236,696
MARYLAND.			
Baltimore—			
Baltimore Commercial Bank.....	750,000	150,000	7,511,949
Baltimore Trust Co.....	1,000,000	2,000,000	18,629,053
Maryland Trust Co.....	1,000,000		9,380,032
Gwynn Oak Junction—The Liberty Bank of Baltimore County	25,000	7,000	630,398
Hamilton—Hamilton Bank.....	30,000	12,500	659,807
Overlea—Overlea Bank.....	50,000	20,000	948,806
NORTH CAROLINA.			
Asheville—Battery Park Bank.....	100,000	100,000	3,342,129 <sup>3</sup>
Charlotte—			
American Trust Co.....	1,220,000	477,400	13,171,510
Independence Trust Co.....	1,000,000	500,000	5,388,315
Forest City—The Farmers Bank & Trust Co.....	100,000	75,000	1,347,778
Moorehead City—Bank of Moorehead City.....	50,000	2,500	449,868
New Bern—			
New Bern Banking & Trust Co.....	100,000	25,000	1,557,611
The Peoples Bank.....	100,000	50,000	1,819,506
Tarboro—Farmers Banking & Trust Co.....	100,000	50,000	1,488,055
Wilson—The Planters Bank.....	100,000	25,000	751,622
Winston-Salem—Wachovia Bank & Trust Co.....	1,333,100	750,000	29,179,843

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 5—Continued.</b>			
SOUTH CAROLINA.			
Charleston—Carolina Savings Bank.....	\$200,000	\$200,000	\$3,484,469
Cheraw—			
Bank of Cheraw.....	110,000	50,000	786,018
Merchants & Farmers Bank.....	190,000	20,000	556,103
Chester—Commercial Bank.....	100,000	90,000	1,295,977
Darlington—Bank of Darlington.....	100,000	100,000	1,525,117
Florence—Commercial & Savings Bank.....	250,000	80,000	1,206,988
Georgetown—			
Bank of Georgetown.....	100,000	100,000	1,103,936
Peoples Bank of Georgetown.....	100,000	40,000	626,265
Hartsville—Bank of Hartsville.....	75,000	42,500	1,196,019
Rock Hill—Citizens Bank & Trust Co.....	100,000	10,000	964,674
St. George—The Farmers Bank.....	25,000	9,000	329,958
St. Matthews—The Home Bank.....	50,000	30,000	450,638
Sumter—Peoples Bank.....	100,000	30,000	650,306
Union—Nicholson Bank & Trust Co.....	75,000	50,000	951,679
Westminster—Westminster Bank.....	100,000	25,000	846,437
Woodruff—Bank of Woodruff.....	77,800	30,050	561,716
VIRGINIA.			
Blackstone—Citizens Bank & Trust Co.....	100,000	60,000	682,758
Cambria—Cambria Bank, (Inc.).....	30,000	6,000	272,778
Charlottesville—Commerce Bank & Trust Co.....	100,000	5,000	222,156
Chase City—Peoples Bank & Trust Co.....	100,000	15,000	544,082
Christiansburg—Bank of Christiansburg.....	34,000	100,000	1,280,548
Emporia—			
Greensville Bank.....	100,000	135,000	1,050,423
Merchants & Farmers Bank.....	80,000	85,000	732,633
Floyd—Peoples Bank of Floyd County.....	35,000	25,000	286,703
Galax—The Peoples State Bank (Inc.) of Galax.....	25,000	18,700	346,132
Kenbridge—State Bank of Kenbridge.....	36,800	9,225	213,097
Lynchburg—United Loan & Trust Co.....	300,000	200,000	1,680,470
Norfolk—			
Citizens Bank of Norfolk.....	1,000,000	500,000	8,377,607
Marine Bank of Norfolk.....	220,000	110,000	2,552,417
Petersburg—Petersburg Savings & Trust Co.....	1,000,000	100,000	4,785,016
Richmond—			
Bank of Commerce & Trusts.....	500,000	500,000	5,201,779
Savings Bank of Richmond.....	200,000	300,000	2,580,718
Union Bank of Richmond.....	500,000	750,000	3,971,413
Rural Retreat—Peoples Bank of Rural Retreat.....	35,000	.....	182,425
WEST VIRGINIA.			
(See also District No. 4.)			
Berwind—The Berwind Bank.....	50,000	50,000	1,122,069
Charleston—Kanawha Valley Bank.....	400,000	1,200,000	12,702,505
Franklin—Franklin Bank.....	40,000	12,000	308,614
Grafton—Grafton Banking & Trust Co.....	100,000	50,000	1,287,838
Hurricane—Putnam County Bank.....	50,000	40,000	411,189
Total.....	14,756,800	9,521,875	168,803,678
<b>DISTRICT NO. 6.</b>			
ALABAMA.			
Birmingham—			
American Trust & Savings Bank.....	500,000	250,000	10,867,203
Birmingham Trust & Savings Bank.....	500,000	700,000	15,554,427
Carrollton—Pickens County State Bank.....	60,000	1,000	171,544
Clayton—Bank of Commerce.....	50,000	4,000	191,112
Cullman—Alabama Bank & Trust Co.....	50,000	5,000	304,210
Eufaula—Bank of Eufaula.....	250,000	5,000	658,298
Hartselle—Farmers & Merchants Bank.....	50,000	.....	181,009
Huntsville—Farmers State Bank.....	100,000	35,000	594,498
Marion—Marion Central Bank.....	50,000	100,000	534,122
Mobile—			
Merchants Bank.....	200,000	350,000	7,392,307
Peoples Bank.....	200,000	300,000	7,787,019
Montgomery—Merchants Bank of Montgomery.....	100,000	25,000	1,403,405
Pittsview—Bank of Pittsview.....	25,000	2,500	117,160
Talladega—Bank & Trust Co.....	100,000	16,000	497,812
Union Springs—American Bank.....	50,000	10,000	294,313
FLORIDA.			
Deland—Volusia County Bank.....	100,000	125,000	1,027,903
Jacksonville—American Trust Co.....	200,000	25,000	1,028,324
Lakeland—Central State Bank of Lakeland.....	100,000	.....	352,440

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 6—Continued.</b>			
FLORIDA—continued.			
Leesburg—Leesburg State Bank.....	\$30,000	\$15,000	\$622,223
Miami—The Southern Bank & Trust Co.....	100,000	.....	1,434,709
Ocoee—Bank of Ocoee.....	25,000	2,500	97,521
Orlando—Bank of Orange & Trust Co.....	200,000	50,000	1,282,309
Tallahassee—The Exchange Bank.....	50,000	12,500	418,430
Tampa—The Citizens American Bank & Trust Co.....	1,000,000	300,000	9,204,683
Winter Park—Union State Bank.....	30,000	4,000	354,925
GEORGIA.			
Athens—			
American State Bank.....	100,000	20,000	767,661
Commercial Bank of Athens.....	100,000	20,000	924,881
Atlanta—			
Atlanta Trust Co.....	1,000,000	125,000	2,970,197
Central Bank & Trust Corporation.....	1,000,000	500,000	12,647,490
Georgia Savings Bank & Trust Co.....	500,000	150,000	2,480,580
Trust Co. of Georgia.....	1,000,000	1,500,000	4,528,494
Bowersville—Bank of Bowersville.....	25,000	5,000	124,212
Brunswick—			
Brunswick Bank & Trust Co.....	150,000	100,000	1,608,491
Glynn County Bank.....	100,000	20,000	914,795
Calhoun—Peoples Bank of Calhoun.....	55,000	11,000	539,958
Camilla—Bank of Camilla.....	50,000	50,000	467,746
Canon—			
The Canon Bank.....	25,000	12,500	108,986
The Farmers Bank.....	25,000	.....	83,850
Carrollton—Peoples Bank.....	60,000	27,000	513,856
Cave Spring—Bank of Cave Spring.....	25,000	25,000	266,829
Chipley—Farmers & Merchants Bank.....	25,000	15,000	215,870
Commerce—			
Commerce Bank & Trust Co.....	100,000	.....	301,264
Northeastern Banking Co.....	100,000	60,000	739,231
Donaldsonville—Bank of Donaldsonville.....	100,000	50,000	660,571
Forsyth—Monroe County Bank.....	25,000	25,000	278,123
Grayson—Bank of Grayson.....	40,000	10,000	145,194
Hartwell—			
The Farmers & Merchants Bank of Hartwell.....	100,000	12,000	494,262
Hartwell Bank.....	60,000	30,000	531,754
Jackson—Jackson Banking Co.....	100,000	20,000	395,055
La Grange—The La Grange Banking & Trust Co.....	250,000	650,000	3,738,471
Lexington—Oglethorpe County Bank.....	25,000	25,000	337,130
Louisville—Bank of Louisville.....	25,000	25,000	491,323
Monroe—Bank of Monroe.....	300,000	75,000	1,085,669
Metter—Citizens Bank.....	30,000	20,000	206,444
Plains—Plains Bank.....	50,000	35,000	562,223
Sardis—Peoples Bank.....	25,000	6,000	96,516
Sasser—Bank of Sasser.....	25,000	25,000	163,641
Savannah—			
American Bank & Trust Co.....	200,000	12,500	1,215,518
Citizens & Southern Bank.....	2,000,000	2,500,000	45,334,640
Citizens Trust Co.....	200,000	50,000	1,414,194
The Hibernia Bank of Savannah.....	200,000	300,000	6,531,119
Mercantile Bank & Trust Co.....	300,000	35,000	1,802,608
Savannah Bank & Trust Co.....	700,000	700,000	7,939,943
Swainsboro—The Central Bank.....	25,000	.....	25,000
Valdosta—Exchange Bank of Valdosta.....	100,000	14,800	316,880
Wadley—Bank of Wadley.....	25,000	10,000	200,791
West Point—Citizens Bank.....	100,000	16,500	438,556
Winder—			
Farmers Bank.....	50,000	8,000	387,582
North Georgia Trust & Banking Co.....	200,000	24,000	1,050,498
Winterville—Pittard Banking Co.....	25,000	11,000	141,582
LOUISIANA.			
(See also District No. 11.)			
Baton Rouge—Union Bank & Trust Co.....	150,000	50,000	3,008,081
Gretna—Jefferson Trust & Savings Bank.....	50,000	5,000	635,276
Iota—Bank of Iota.....	25,000	10,000	328,444
New Orleans—			
American Bank & Trust Co.....	200,000	23,000	910,031
Canal-Commercial Trust & Savings Bank.....	4,000,000	2,000,000	60,739,149
Citizens Bank & Trust Co. of Louisiana.....	1,000,000	250,000	8,719,370
Hibernia Bank & Trust Co.....	2,000,000	2,500,000	55,991,477
Interstate Trust & Banking Co.....	750,000	575,000	13,717,237
Liberty Bank & Trust Co.....	500,000	115,000	2,893,766
Marine Bank & Trust Co.....	1,500,000	800,000	19,273,782
New Roads—Pointe Coupee Trust & Savings Bank.....	60,000	6,600	373,615



	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 6—Continued.</b>			
<b>TENNESSEE.</b>			
(See also District No. 8.)			
Chattanooga—Chattanooga Savings Bank.....	\$750,000	\$250,000	\$6,821,697
Nashville—Bank of Tennessee.....	200,000	50,000	3,232,776
Wartrace—Wartrace Bank & Trust Co.....	25,000		106,257
<b>Total.....</b>	<b>25,050,000</b>	<b>16,332,400</b>	<b>346,052,743</b>
<b>DISTRICT NO. 7.</b>			
<b>ILLINOIS.</b>			
(See also District No. 8.)			
Auburn—Auburn State Bank.....	25,000	25,000	544,319
Barrington—First State Bank.....	50,000	15,000	458,961
Blandisville—Huston Banking Co.....	60,000	40,000	1,382,267
Bloomington—State Bank of Bloomington.....	100,000	150,000	2,276,677
Chicago—			
Austin State Bank.....	200,000	65,000	5,127,520
Capital State Savings Bank.....	200,000	30,000	2,517,957
Central Trust Co. of Illinois.....	6,000,000	1,000,000	73,576,618
Chicago Trust Co.....	1,000,000	400,000	13,772,449
Depositors State Bank.....	300,000	150,000	6,213,627
First Trust & Savings Bank.....	6,250,000	5,500,000	104,147,473
Foreman Bros. Banking Co.....	1,500,000	1,500,000	36,677,141
Great Lakes Trust Co.....	3,000,000	600,000	11,737,372
Harris Trust & Savings Bank.....	2,000,000	3,000,000	41,747,258
Home Bank & Trust Co.....	300,000	200,000	8,603,402
Hyde Park State Bank.....	200,000	100,000	3,716,205
Illinois Trust & Savings Bank.....	5,000,000	10,000,000	142,251,228
Independence State Bank.....	200,000	27,000	3,430,585
Kaspar State Bank.....	500,000	300,000	13,501,064
Madison & Keokuk State Bank.....	500,000	150,000	5,701,080
Mechanics & Traders State Bank.....	200,000	50,000	2,784,919
Mercantile Trust & Savings Bank.....	400,000	112,500	6,134,748
Merchants Loan & Trust Co.....	5,000,000	9,000,000	126,112,318
Noel State Bank.....	500,000	100,000	6,330,039
Northern Trust Co.....	2,000,000	3,000,000	48,821,820
Northwestern Trust & Savings Bank.....	750,000	150,000	20,981,826
Second Security Bank.....	200,000	100,000	4,649,946
Security Bank of Chicago.....	400,000	250,000	7,644,109
Standard Trust & Savings Bank.....	1,000,000	500,000	11,366,416
State Bank of Chicago.....	2,500,000	3,500,000	48,836,679
Union Trust Co.....	2,000,000	2,700,000	52,759,927
United States Bank of Chicago.....	200,000	40,000	1,668,701
Woodlawn Trust & Savings Bank.....	250,000	100,000	5,831,567
Cicero—			
Morton Park State Bank.....	100,000	20,000	1,382,936
Western State Bank.....	200,000	25,000	2,290,359
Cowden—State Bank of Cowden.....	25,000	10,000	257,227
Des Plaines—Des Plaines State Bank.....	50,000	35,000	1,078,490
Divernon—First State Bank.....	50,000	2,500	624,461
Eureka—Farmers State Bank.....	100,000	10,000	676,748
Evanson—			
Evanston Trust & Savings Bank.....	100,000	12,000	1,448,319
State Bank & Trust Co.....	300,000	300,000	6,632,787
Fulton—Whiteside County State Bank.....	50,000	6,000	578,255
Geneva—State Bank of Geneva.....	50,000	10,000	758,536
Hinsdale—Hinsdale State Bank.....	50,000	25,000	753,951
Joliet—			
Commercial Trust & Savings Bank.....	100,000	5,000	1,291,355
Joliet Trust & Savings Bank.....	100,000	35,000	1,108,840
Kewanee—Union State Savings Bank & Trust Co.....	150,000	25,000	1,533,600
La Grange—La Grange State Bank.....	50,000	25,000	1,592,291
Magnolia—First State Bank.....	25,000	6,000	291,196
Marshall—Marshall State Bank.....	60,000	6,000	335,939
Martinsville—Martinsville State Bank.....	50,000	20,000	484,303
Matteson—First State Bank of Matteson.....	25,000	10,000	176,642
Mattoon—Central Illinois Trust & Savings Bank.....	100,000	75,000	1,130,815
Moline—			
Moline Trust & Savings Bank.....	300,000	150,000	4,403,501
Peoples Savings Bank & Trust Co.....	250,000	250,000	6,283,101
State Savings Bank & Trust Co.....	300,000	165,000	5,108,000
Mount Carroll—			
Carroll County State Bank.....	50,000	50,000	1,221,968
First State Savings Bank.....	50,000	50,000	1,017,128
Oak Park—			
Oak Park Trust & Savings Bank.....	200,000	50,000	3,155,180
Suburban Trust & Savings Bank.....	100,000	10,000	1,059,436

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 7—Continued.</b>			
ILLINOIS—continued.			
Oswego—Oswego State Bank.....	\$50,000	\$10,000	\$396,755
Rock Island—First Trust & Savings Bank.....	100,000	25,000	616,396
St. Charles—Stewart State Bank.....	100,000	50,000	1,290,242
Shannon—State Bank of Shannon.....	50,000	.....	335,555
Springfield—Ridgeley Farmers State Bank.....	600,000	150,000	7,109,615
Wenona—First State Bank of Wenona.....	50,000	40,000	671,633
INDIANA.			
(See also District No. 8.)			
Angola—Steuben County State Bank.....	40,000	10,000	287,706
Bargersville—Farmers State Bank.....	25,000	21,000	327,557
Colfax—Farmers State Bank.....	25,000	3,000	209,419
Connorsville—Fayette Bank & Trust Co.....	400,000	60,000	3,007,239
Cromwell—Sparta State Bank.....	27,500	.....	211,893
Elkhart—St. Joseph Valley Bank.....	250,000	100,000	4,751,945
Hillsboro—Hillsboro State Bank.....	25,000	7,000	274,121
Jamestown—Citizens State Bank.....	30,000	20,000	439,239
Kentland—			
Discount & Deposit State Bank.....	70,000	50,000	688,941
Kent State Bank.....	50,000	40,500	424,261
Lafontaine—Farmers State Bank.....	35,000	1,000	167,722
Marion—Grant Trust & Savings Bank.....	100,000	160,000	2,182,268
North Liberty—North Liberty State Bank.....	50,000	11,000	419,362
Richmond—Dickinson Trust Co.....	200,000	125,000	3,318,192
Rochester—United States Bank & Trust Co.....	75,000	25,000	887,061
South Bend—			
American Trust Co.....	200,000	128,000	4,427,544
St. Joseph Loan & Trust Co.....	800,000	150,000	4,475,597
South Whitley—Gandy State Bank.....	25,000	15,500	317,950
Terre Haute—The Terre Haute Trust Co.....	500,000	500,000	8,112,766
Tipton—Farmers Loan & Trust Co.....	50,000	50,000	737,868
IOWA.			
Algona—County Savings Bank.....	100,000	60,000	2,301,656
Alta Vista—Alta Vista Savings Bank.....	30,000	13,000	611,660
Ames—Story County Trust & Savings Bank.....	50,000	14,000	847,328
Audubon—Iowa Savings Bank.....	50,000	1,000	324,127
Avoca—Avoca State Bank.....	50,000	20,000	848,750
Barnes City—Farmers Savings Bank.....	50,000	15,000	630,880
Battle Creek—Battle Creek Savings Bank.....	100,000	.....	893,651
Bellevue—Bellevue State Bank.....	30,000	30,000	1,282,446
Bennett—Bennett Savings Bank.....	50,000	10,000	483,838
Blairsburg—State Bank of Blairsburg.....	25,000	10,000	292,549
Brighton—Brighton State Bank.....	50,000	25,000	538,611
Britt—Commercial State Bank.....	60,000	70,000	1,242,510
Cedar Falls—Security Trust & Savings Bank.....	50,000	10,000	440,063
Cedar Rapids—Iowa State Savings Bank.....	200,000	65,000	2,865,659
Chariton—State Savings Bank.....	50,000	50,000	950,747
Charter Oak—Farmers State Bank.....	40,000	8,000	424,022
Cherokee—Cherokee State Bank.....	75,000	75,000	1,303,381
Clearfield—Taylor County State Bank.....	25,000	5,000	155,320
Clinton—Peoples Trust & Savings Bank.....	300,000	300,000	5,697,330
Corwith—Peoples State Bank.....	40,000	10,000	182,428
Davenport—American Commercial & Savings Bank.....	700,000	700,000	17,837,832
Decorah—			
Citizens Savings Bank.....	50,000	50,000	765,019
Winnesiek County State Bank.....	150,000	75,000	2,474,325
Des Moines—			
Bankers Trust Co.....	1,000,000	200,000	4,163,018
Central State Bank.....	250,000	250,000	6,704,018
First Trust & Savings Bank.....	200,000	7,500	1,449,414
Iowa Loan & Trust Co.....	500,000	250,000	9,309,328
Dexter—Iowa State Bank.....	25,000	15,000	242,491
Early—			
Citizens State Bank.....	30,000	33,000	421,149
State Bank of Early.....	40,000	20,000	388,288
Elberon—Farmers State Bank.....	40,000	20,000	673,016
Eldora—Citizens Savings Bank.....	50,000	15,000	250,120
Elkader—Elkader State Bank.....	50,000	25,000	1,062,330
Ellsworth—			
Farmers State Bank.....	25,000	5,000	192,029
State Bank of Ellsworth.....	35,000	15,000	348,222
Fairbank—Fairbank State Bank.....	26,000	24,000	596,518
Fairfield—Iowa State Savings Bank.....	200,000	75,000	2,041,378
Farragut—Commercial Savings Bank.....	40,000	10,000	247,393
Fort Madison—			
Americau State Bank.....	100,000	10,000	1,324,765
Fort Madison Savings Bank.....	100,000	50,000	1,913,592

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 7—Continued.</b>			
IOWA—continued.			
Fostoria—Citizens Savings Bank.....	\$25,000	\$5,000	\$158,960
Garwin—Garwin State Bank.....	50,000	25,000	548,050
Gilbert—Gilbert Savings Bank.....	50,000	5,000	340,049
Gilman—Citizen Savings Bank.....	50,000	6,000	519,073
Grand River State Bank.....	25,000	15,000	364,848
Grant—Farmers Savings Bank.....	25,000	16,000	285,991
Greenfield—Greenfield Savings Bank.....	30,000	5,000	322,881
Hudson—Hudson Savings Bank.....	50,000	20,000	648,994
Humboldt—Peoples State Bank.....	100,000	35,000	880,208
Jefferson—Jefferson Savings Bank.....	50,000	9,000	567,817
Knoxville—Guaranty State Bank.....	50,000	15,000	555,999
Lakota—Farmers & Drovers State Bank.....	30,000	10,000	276,435
Leon—Farmers & Traders State Bank.....	100,000	10,000	981,874
Lockridge—Lockridge Savings Bank.....	25,000	17,500	433,701
Logan—State Savings Bank.....	50,000	11,000	461,299
Lowden—Lowden Savings Bank.....	25,000	16,000	385,993
Lytton—Farmers Savings Bank.....	30,000	17,500	498,903
Magnolia—Magnolia Savings Bank.....	25,000	10,000	228,701
Malcom—Malcom Savings Bank.....	50,000	30,000	484,678
Mapleton—Mapleton Trust & Savings Bank.....	75,000	11,000	718,740
Marshalltown—Marshalltown State Bank.....	100,000	50,000	2,091,426
Mason City—Commercial Savings Bank.....	200,000	30,000	1,864,100
Mechanicsville—Mechanicsville Trust & Savings Bank.....	50,000	50,000	694,268
Medapolis—Commercial State Bank.....	100,000	40,000	581,478
Missouri Valley—State Savings Bank.....	50,000	10,000	599,315
Mondamin—Mondamin Savings Bank.....	35,000	15,000	374,818
Monticello—			
Lovell State Bank.....	200,000	100,000	1,198,110
Monticello State Bank.....	200,000	200,000	2,436,160
Moville—Moville State Bank.....	35,000	23,000	405,835
New Hampton—State Bank of New Hampton.....	50,000	45,000	903,698
Newton—			
Citizens State Bank.....	60,000	15,000	604,634
Jasper County Savings Bank.....	190,000	50,000	1,367,376
Ogden—City State Bank.....	50,000	20,000	659,174
Osage—Home Trust & Savings Bank.....	50,000	25,000	668,796
Osceola—Iowa State Bank.....	50,000	7,000	405,035
Ottumwa—Ottumwa Savings Bank.....	100,000	30,000	1,535,981
Perry—Peoples Trust & Savings Bank.....	50,000	2,300	544,348
Remsen—Farmers Savings Bank.....	50,000	22,000	511,981
Riceville—Riceville State Bank.....	25,000	15,000	252,224
Royal—Farmers Savings Bank.....	35,000	25,000	504,108
Royal—Home State Bank.....	25,000	3,500	225,034
Sac City—			
Farmers Savings Bank.....	100,000	30,000	778,640
Sac County State Bank.....	75,000	100,000	1,251,137
Schaller—Schaller Savings Bank.....	25,000	25,000	390,188
Shenandoah—Security Trust & Savings Bank.....	60,000	6,000	395,254
Sibley—Sibley State Bank.....	50,000	15,000	613,116
Sioux Center—Sioux Center State Bank.....	25,000	35,000	337,592
Sioux City—Union Trust & Savings Bank.....	100,000	10,000	1,081,237
Storm Lake—Security Trust & Savings Bank.....	75,000	3,453	419,072
Sutherland—First Savings Bank.....	50,000	10,000	403,937
Terril—Terril Savings Bank.....	25,000	2,000	209,264
Thompson—State Bank of Thompson.....	30,000	8,000	277,011
Tipton—Farmers & Merchants Savings Bank.....	50,000	20,000	495,059
Ute—			
Farmers Savings Bank.....	25,000	.....	139,255
State Savings Bank.....	50,000	15,000	342,657
Vail—Farmers State Bank.....	50,000	12,500	377,034
Van Wert—Van Wert State Bank.....	25,000	25,000	341,992
Wapello—Wapello State Savings Bank.....	30,000	10,000	544,821
Waterloo—Waterloo Bank & Trust Co.....	200,000	50,000	1,666,133
Winterset—Madison County State Bank.....	125,000	125,000	1,336,618
Webster City—The Hamilton County State Bank.....	100,000	30,000	1,663,582
<b>MICHIGAN.</b>			
(See also District No. 9.)			
Adrian—			
Adrian State Savings Bank.....	120,000	120,000	2,288,978
Commercial Savings Bank.....	110,000	30,000	1,741,391
Lenawee County Savings Bank.....	150,000	50,000	2,298,796
Albion—			
Albion State Bank.....	50,000	40,000	1,184,222
Commercial & Savings Bank.....	75,000	40,000	1,191,171
Alpena—Alpena County Savings Bank.....	100,000	200,000	3,910,334
Ann Arbor—			
Farmers & Mechanics Bank.....	200,000	75,000	2,712,362
State Savings Bank.....	300,000	250,000	4,035,210

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 7—Continued.</b>			
MICHIGAN—continued.			
<b>Armada—</b>			
Armada State Bank .....	\$25,000	\$20,000	\$506,081
Farmers State Bank .....	25,000	10,000	363,455
<b>Bay City—</b>			
Bay City Bank .....	250,000	250,000	5,413,024
Farmers State Savings Bank .....	100,000	25,000	1,898,101
Peoples Commercial & Savings Bank .....	400,000	500,000	11,057,967
Bellevue—Farmers State Bank .....	25,000	5,000	195,588
Benton Harbor—Benton Harbor State Bank .....	100,000	40,000	2,113,459
<b>Big Rapids—</b>			
Big Rapids Savings Bank .....	50,000	12,500	912,012
Citizens State Bank .....	50,000	25,000	1,535,491
Birmingham—First State Savings Bank .....	100,000	20,000	1,482,411
Britton—Peoples State Savings Bank .....	25,000	5,000	371,241
Caledonia—State Bank of Caledonia .....	50,000	10,000	525,835
Caro—State Savings Bank .....	112,500	87,500	1,733,065
Carson City—Farmers & Merchants State Bank .....	25,000	5,000	314,925
Carsonville—The First State Bank .....	25,000	5,000	548,198
Cassopolis—Cass County State Bank .....	40,000	3,800	463,680
Charlotte—Eaton County Savings Bank .....	100,000	20,000	1,359,996
<b>Chelsea—</b>			
Kempf Commercial & Savings Bank .....	40,000	40,000	853,986
Farmers & Merchants Bank .....	25,000	25,000	772,970
Coloma—State Bank of Coloma .....	25,000	15,000	881,017
Constantine—Commercial State Bank .....	25,000	5,000	348,061
Coopersville—Peoples Savings Bank .....	25,000	3,000	458,661
Croswell—First State Savings Bank .....	31,000	6,000	662,725
Davidson—Davidson State Bank .....	50,000	8,000	568,765
Dearborn—Dearborn State Bank .....	100,000	165,000	2,313,864
<b>Detroit—</b>			
American State Bank .....	1,000,000	400,000	19,189,629
Bank of Detroit .....	1,000,000	350,000	21,368,444
Central Savings Bank .....	1,000,000	200,000	19,898,034
Detroit Savings Bank .....	1,500,000	1,500,000	29,788,030
Dime Savings Bank .....	1,500,000	2,100,000	41,006,723
First State Bank .....	1,000,000	400,000	15,264,277
Peninsular State Bank .....	2,500,000	1,250,000	40,899,293
Peoples State Bank .....	5,000,000	7,500,000	129,533,847
United Savings Bank .....	500,000	225,000	7,729,715
Wayne County & Home Savings Bank .....	4,000,000	5,000,000	91,949,520
Edmore—Edmore State Bank .....	30,000	9,000	517,256
Elk Rapids—Elk Rapids State Bank .....	35,000	15,000	387,239
Evert—First State Savings Bank .....	50,000	10,000	803,333
Farmington—Farmington State Savings Bank .....	40,000	20,000	735,455
<b>Fenton—</b>			
Commercial Savings Bank .....	50,000	30,000	685,977
Fenton State Savings Bank .....	25,000	17,500	834,739
<b>Flint—</b>			
Citizens Commercial & Savings Bank .....	443,000	250,000	5,418,361
Genesee County Savings Bank .....	500,000	500,000	8,801,978
Industrial Savings Bank .....	500,000	300,000	10,515,738
Union Trust & Savings Bank .....	400,000	200,000	6,180,815
Flushing—Peoples State Bank .....	25,000	15,000	347,709
Fountain—Bank of Fountain .....	25,000	5,000	224,471
Frankenmuth—Frankenmuth State Bank .....	50,000	30,000	997,476
<b>Fremont—</b>			
Fremont State Bank .....	25,000	25,000	734,012
Old State Bank .....	50,000	25,000	1,178,784
<b>Grand Haven—</b>			
Grand Haven State Bank .....	100,000	75,000	2,300,111
Peoples Savings Bank .....	50,000	25,000	1,078,302
<b>Grand Rapids—</b>			
City Trust & Savings Bank .....	200,000	40,000	3,171,008
Commercial Savings Bank .....	300,000	60,000	3,617,916
Grand Rapids Savings Bank .....	400,000	250,000	12,222,657
Kent State Bank .....	500,000	500,000	13,118,132
Peoples Savings Bank .....	200,000	100,000	2,468,028
Greenville—Commercial State Savings Bank .....	50,000	30,000	1,114,222
Hart—Oceana County Savings Bank .....	40,000	13,000	689,964
Highland Park—Highland Park State Bank .....	1,000,000	800,000	18,001,094
Hillsdale—Hillsdale Savings Bank .....	100,000	25,000	1,157,011
<b>Holland—</b>			
First State Bank .....	100,000	25,000	2,715,153
Holland City State Bank .....	100,000	50,000	2,036,793
Holly—First State & Savings Bank .....	100,000	50,000	1,633,531
Hopkins—Hopkins State Savings Bank .....	25,000	5,000	524,891
Howell—First State & Savings Bank .....	75,000	17,000	618,761
Hudson—Thompson Savings Bank .....	100,000	50,000	1,580,309
<b>Inlay City—</b>			
Lapeer County Bank .....	50,000	10,000	1,174,234
Peoples State Bank .....	50,000	10,000	938,042
Ionia—State Savings Bank .....	100,000	100,000	1,668,622

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 7—Continued.</b>			
MICHIGAN—continued.			
Jackson—			
Central State Bank.....	\$100,000	\$26,000	\$2,099,072
Jackson State Savings Bank.....	300,000	125,000	2,756,264
Jonesville—Grosvenor Savings Bank.....	50,000	25,000	615,112
Lake Odessa—Lake Odessa State Savings Bank.....	25,000	12,500	524,997
Lakeview—			
Commercial State Savings Bank.....	25,000	4,500	300,137
Farmers & Merchants State Bank.....	25,000	10,000	315,000
Lansing—Lansing State Savings Bank.....	150,000	100,000	4,536,464
Lapeer—Lapeer Savings Bank.....	75,000	15,000	903,766
Lenox and Richmond—The Macomb County Savings Bank.....	50,000	10,000	1,112,457
Lowell—City State Bank.....	25,000	10,000	642,142
Ludington—Ludington State Bank.....	100,000	25,000	1,915,994
Manchester—			
Peoples Bank.....	25,000	15,000	561,703
Union Savings Bank.....	25,000	50,000	830,359
Manistee—Manistee County Savings Bank.....	100,000	100,000	2,814,938
Marcellus—G. W. Jones Exchange Bank.....	40,000	25,000	567,281
Marshall—Commercial Savings Bank.....	100,000	20,000	1,301,501
Marysville—Marysville Savings Bank.....	100,000	50,000	473,933
Mason—			
Farmers Bank.....	50,000	10,000	652,098
First State & Savings Bank.....	25,000	15,000	722,841
Midland—Chemical State Savings Bank.....	50,000	15,000	917,827
Milan—Milan State Savings Bank.....	25,000	10,000	387,580
Milford—First State Bank.....	25,000	12,500	698,52
Monroe—B. Dansard & Sons State Bank.....	200,000	30,000	3,318,979
Montague—Farmers State Bank.....	25,000	5,000	427,479
Morenci—Wakefield State Bank.....	50,000	30,000	1,028,805
Mount Clemens—Ulrich Savings Bank.....	100,000	100,000	1,973,015
Mount Pleasant—			
Exchange Savings Bank.....	50,000	30,000	1,532,569
Isabella County State Bank.....	60,000	15,000	1,533,853
Nashville—			
Farmers & Merchants Bank.....	35,000	35,000	920,365
State Savings Bank.....	25,000	6,000	461,323
New Haven—New Haven Savings Bank.....	25,000	25,000	670,877
Niles City—Niles City Bank.....	100,000	25,000	1,033,567
Northville—Lapham State Savings Bank.....	50,000	15,000	905,689
Onsted—Onsted State Bank.....	25,000	10,000	335,421
Paw Paw—Paw Paw Savings Bank.....	40,000	10,000	707,084
Petersburg—H. C. McLachlin & Co. State Bank.....	25,000	5,000	532,749
Petoskey—First State Bank.....	60,000	15,000	1,080,967
Pinconning—The Pinconning State Bank.....	30,000	6,000	703,143
Pontiac—			
American Savings Bank.....	400,000	53,000	2,480,446
Oakland County Savings Bank.....	250,000	75,000	3,927,571
Pontiac Commercial & Savings Bank.....	750,000	150,000	10,632,955
Port Huron—Federal Commercial & Savings Bank.....	300,000	125,000	5,857,519
Redford—Redford State Savings Bank.....	100,000	41,250	893,373
Rochester—Rochester Savings Bank.....	50,000	10,000	808,793
Rogers City—Presque Isle County Savings Bank.....	35,000	15,000	962,204
Romeo—Romeo Savings Bank.....	100,000	25,000	1,494,964
Royal Oak—			
First State Bank of Royal Oak.....	50,000	20,000	1,384,549
Royal Oak Savings Bank.....	74,300	64,300	1,337,490
Saginaw—			
American State Bank.....	200,000	100,000	4,241,819
Bank of Saginaw.....	1,000,000	250,000	19,771,535
Sparta—Sparta State Bank.....	30,000	8,000	525,284
St. Charles—St. Charles State Bank.....	25,000	6,000	625,920
St. Clair—Commercial & Savings Bank.....	50,000	10,000	1,247,641
Saline—Saline Savings Bank.....	25,000	25,000	554,155
Saugatuck—Fruit Growers State Bank.....	100,000	15,000	951,701
South Haven—Citizens State Bank.....	100,000	50,000	1,350,575
Spring Lake—Spring Lake State Bank.....	25,000	7,000	409,645
Suttons Bay—Leelanau County Savings Bank.....	25,000	10,000	444,981
Tecumseh—			
Lilley State Bank.....	40,000	20,000	872,994
Tecumseh State Savings Bank.....	26,000	26,000	909,349
Traverse City—Traverse City State Bank.....	200,000	100,000	3,417,082
Vicksburg—			
Farmers State Bank.....	25,000	5,000	554,002
First State Bank.....	30,000	7,000	506,459
Warren—State Savings Bank of Warren.....	25,000	25,000	790,444
Washington—Washington Savings Bank.....	25,000	12,500	354,228
Wayne—Wayne Savings Bank.....	50,000	50,000	1,307,547
Williamston—			
Crossman & Williams State Bank.....	40,000	14,000	496,699
Williamston State Bank.....	50,000	10,000	563,946

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 7—Continued.</b>			
WISCONSIN.			
(See also District No. 9.)			
Baraboo—Bank of Baraboo.....	\$100,000	\$50,000	\$2,212,658
Burlington—Bank of Burlington.....	125,000	25,000	1,838,888
Clinton—Citizens Bank of Clinton.....	50,000	10,000	587,596
Delavan—Citizens Bank of Delavan.....	50,000	25,000	984,342
Green Lake—Green Lake State Bank.....	39,600	20,000	475,488
Janesville—Bank of Southern Wisconsin.....	100,000	10,000	398,574
Kenosha—Merchants & Savings Bank.....	100,000	17,000	2,284,479
Kewaunee—State Bank of Kewaunee.....	60,000	15,000	1,041,919
Madison—Bank of Wisconsin.....	300,000	60,000	3,416,473
Milwaukee—			
American Exchange Bank.....	1,000,000	200,000	10,395,098
Badger State Bank.....	200,000	25,000	3,831,428
Marshall & Ilsley Bank.....	1,000,000	1,000,000	25,988,282
Second Ward Savings Bank.....	1,000,000	1,000,000	37,089,491
Mineral Point—Iowa County Bank.....	100,000	50,000	1,512,857
Mosinee—State Bank of Mosinee.....	45,000	25,000	765,588
Oakfield—Bank of Oakfield.....	50,000	10,000	322,075
Platteville—State Bank of Platteville.....	50,000	10,000	1,222,430
Plymouth—			
Plymouth Exchange Bank.....	100,000	50,000	1,087,387
State Bank of Plymouth.....	125,000	32,500	1,387,539
Seneca—Farmers & Merchants State Bank.....	25,000	15,000	523,858
Sheboygan—Citizens State Bank.....	200,000	125,000	3,184,501
Stratford—Stratford State Bank.....	50,000	10,000	459,396
Sturgeon Bay—Bank of Sturgeon Bay.....	100,000	20,000	2,161,846
Waupun—State Bank of Waupun.....	50,000	8,000	801,368
Wausau—Marathon County Bank.....	100,000	40,000	1,694,860
Winneconne—Union Bank of Winneconne.....	25,000	10,500	492,246
Total.....	98,083,900	80,300,103	1,827,068,885
<b>DISTRICT NO. 8.</b>			
ARKANSAS.			
Arkansas City—Desha Bank & Trust Co.....	100,000	150,000	1,473,212
Batesville—			
Citizens Bank & Trust Co.....	50,000	20,000	590,837
Union Bank & Trust Co.....	100,000	15,000	1,051,526
Blytheville—Farmers Bank & Trust Co.....	50,000	50,000	1,065,496
Brinkley—Monroe County Bank.....	50,000	5,000	311,079
Cabot—Peoples State Bank.....	25,000	2,500	104,652
Dardanelle—Dardanelle Bank & Trust Co.....	50,000	10,000	448,994
Dumas—Merchants & Farmers Bank.....	50,000	17,000	497,258
El Dorado—Bank of Commerce.....	50,000	5,000	233,880
England—Citizens Bank & Trust Co.....	100,000	15,000	625,032
Fort Smith—Arkansas Valley Bank.....	100,000	20,000	1,255,132
Helena—Security Bank & Trust Co.....	250,000	50,000	2,180,636
Jonesboro—			
Bank of Jonesboro.....	200,000	250,000	2,988,520
Jonesboro Trust Co.....	100,000	50,000	1,497,404
Lake Village—Chicot Bank & Trust Co.....	150,000	37,500	1,034,877
Little Rock—			
American Bank of Commerce & Trust Co.....	750,000	150,000	11,335,896
Bankers Trust Co.....	300,000	60,000	4,535,950
Southern Trust Co.....	500,000	100,000	5,374,132
Union & Mercantile Trust Co.....	400,000	200,000	6,777,871
W. B. Worthen Co., Bankers.....	200,000	275,000	2,663,122
Magnolia—			
Columbia County Bank.....	50,000	16,500	643,446
Farmers Bank & Trust Co.....	50,000	32,000	876,508
Marion—Crittenden County Bank & Trust Co.....	275,000	75,000	2,439,438
Paris—American Bank & Trust Co.....	50,000	8,000	423,722
Pine Bluff—Cotton Belt Savings & Trust Co.....	100,000	60,000	1,470,932
Prescott—First State Bank.....	50,000	2,500	365,834
Russellville—Bank of Russellville.....	75,000	37,750	536,136
Texarkana—Merchants & Planters Bank.....	200,000	20,000	1,172,016
Warren—Warren Bank.....	75,000	22,000	580,761
ILLINOIS.			
(See also District No. 7.)			
Belleville—Belleville Savings Bank.....	150,000	400,000	4,577,673
East St. Louis—Union Trust & Savings Bank.....	200,000	100,000	3,563,166
Edwardsville—Citizens State & Trust Bank.....	80,000	40,000	991,441
Effingham—Effingham State Bank.....	110,000	25,000	900,870

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 8—Continued.</b>			
ILLINOIS—continued.			
Gillespie—Gillespie Trust & Savings Bank.....	550,000	\$15,000	\$689,109
Greenville—State Bank of Hoiles & Sons.....	120,000	40,000	1,280,980
Harrisburg—Saline Trust & Savings Bank.....	100,000	50,000	837,840
Lebanon—State Bank of Lebanon.....	50,000	5,000	497,505
Litchfield—Litchfield Bank & Trust Co.....	100,000	10,000	831,670
Louisville—Clay County State Bank.....	25,000	7,500	200,913
Madison—Union Trust Co.....	50,000	5,000	297,586
Mount Carmel—First State Bank.....	100,000	17,500	525,580
Mount Olive—Mount Olive State Bank.....	50,000	5,000	369,039
Quincy—State Savings Loan & Trust Co.....	1,000,000	200,000	8,745,132
INDIANA.			
(See also District No. 7.)			
Evansville—Mercantile Commercial Bank.....	200,000	100,000	3,293,138
Paoli—Paoli State Bank.....	40,000	10,000	398,053
KENTUCKY.			
(See also District No. 4.)			
Harrodsburg—State Bank & Trust Co.....	100,000	21,000	655,966
Louisville—			
Kentucky Title Savings Bank & Trust Co.....	350,000	100,000	9,089,605
Liberty Insurance Bank.....	500,000	750,000	17,435,003
Lincoln Savings Bank & Trust Co.....	500,000	100,000	3,613,377
Owensboro—Central Trust Co.....	200,000	50,000	1,582,482
MISSISSIPPI.			
Rosedale—Bolivar County Bank.....	150,000		547,273
MISSOURI.			
(See also District No. 10.)			
Bertrand—Commercial Bank of Bertrand.....	30,000	2,000	96,086
Bowling Green—Pike County Bank.....	25,000	8,750	357,262
Clayton—Farmers & Commercial Savings Bank.....	75,000	7,500	298,907
Iberia—Farmers & Traders Bank of Iberia.....	25,000	10,000	251,136
Jefferson City—Exchange Bank of Jefferson City.....	100,000	25,000	1,397,572
Lexington—Lafayette County Trust Co.....	75,000	15,000	379,676
Linn Creek—Camden County Bank.....	25,000	35,000	293,290
Macon—State Exchange Bank of Macon.....	100,000	20,000	1,016,546
Maplewood—Bank of Maplewood.....	50,000	10,000	828,359
Marshall—Wood & Huston Bank.....	100,000	200,000	1,806,464
St. Louis—			
American Trust Co.....	1,000,000	200,000	10,505,118
Cass Avenue Bank.....	200,000	50,000	3,666,957
Farmers & Merchants Trust Co.....	200,000	50,000	4,261,512
Franklin Bank.....	600,000	900,000	11,292,557
Grand Avenue Bank.....	200,000	50,000	2,959,665
Gravois Bank of St. Louis County.....	25,000	5,000	611,378
International Bank.....	500,000	500,000	8,916,821
Jefferson-Gravois Bank.....	200,000	70,000	2,301,913
Lafayette South Side Bank.....	1,000,000	800,000	19,488,120
Liberty Central Trust Co.....	3,000,000	1,000,000	51,733,861
Manchester Bank of St. Louis.....	250,000	100,000	4,345,811
Mercantile Trust Co.....	3,000,000	7,000,000	63,155,075
Mississippi Valley Trust Co.....	3,000,000	3,500,000	36,774,740
Mound City Trust Co.....	200,000	25,000	940,553
South Side Trust Co.....	200,000	50,000	2,680,372
Tower Grove Bank.....	200,000	50,000	4,396,884
United States Bank.....	1,000,000	700,000	10,548,526
West St. Louis Trust Co.....	200,000	25,000	2,112,332
Versailles—Bank of Versailles.....	75,000	9,000	535,989
Waynesville—Bank of Waynesville.....	50,000	6,000	655,404
TENNESSEE.			
(See also District No. 6.)			
Alamo—Bank of Alamo.....	25,000	2,500	397,803
Bells—Bank of Crockett.....	25,000	1,250	329,561
Brownsville—First State Bank.....	200,000	25,000	1,307,493
Dyer—Farmers & Merchants Bank of Dyer.....	40,000	21,441	354,782
Dyersburg—Citizens Bank.....	50,000	50,000	1,147,661
Halls—Peoples Savings Bank & Trust Co.....	25,000	10,000	229,883

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 8.—Continued.</b>			
TENNESSEE—continued.			
Memphis—			
Bank of Commerce & Trust Co. ....	\$1, 500, 000	\$1, 500, 000	\$22, 228, 389
Commercial Trust & Savings Bank .....	600, 000	100, 000	7, 344, 227
Guaranty Bank & Trust Co. ....	500, 000	50, 000	5, 475, 680
Union & Planters Bank & Trust Co .....	1, 800, 000	500, 000	26, 554, 813
Total .....	29, 175, 000	21, 496, 191	429, 489, 428
<b>DISTRICT NO. 9.</b>			
MICHIGAN.			
(See also District No. 7.)			
Gladstone—Gladstone State Savings Bank .....	50, 000	15, 000	1, 455, 219
Gwinn—Gwinn State Savings Bank .....	25, 000	20, 000	432, 268
Iron Mountain—Commercial Bank .....	100, 000	50, 000	2, 006, 471
Ironwood—Merchants & Miners State Bank .....	100, 000	12, 500	743, 798
Laurium—State Savings Bank .....	100, 000	125, 000	1, 260, 256
Manistique—The Manistique Bank .....	50, 000	35, 000	995, 101
Menominee—The Commercial Bank .....	100, 000	20, 000	980, 507
Sault Ste. Marie—			
Central Savings Bank .....	100, 000	20, 000	1, 209, 896
Sault Savings Bank .....	100, 000	35, 000	1, 743, 667
South Range—South Range State Bank .....	30, 000	30, 000	692, 120
MINNESOTA.			
Benson—Swift County Bank .....	50, 000	50, 000	1, 501, 810
Clarkfield—Clarkfield State Bank .....	50, 000	10, 000	905, 426
Clinton—Clinton State Bank .....	25, 000	6, 000	299, 883
Hayfield—Farmers State Bank of Hayfield .....	25, 000	14, 000	638, 418
Jeffers—State Bank of Jeffers .....	25, 000	20, 000	366, 021
Lake City—Lake City Bank of Minnesota .....	50, 000	50, 000	952, 209
Lewiston—Security State Bank .....	75, 000	30, 000	917, 603
Laverne—Rock County Bank .....	50, 000	15, 000	685, 507
Madelia—State Bank of Madelia .....	50, 000	10, 000	773, 267
Minneapolis—			
North American Bank .....	200, 000	200, 000	6, 665, 792
St. Anthony Falls Bank .....	300, 000	100, 000	6, 463, 757
Wells-Dickey Trust Co. ....	500, 000	70, 000	3, 232, 512
New Richland—State Bank of New Richland .....	50, 000	15, 000	696, 416
Red Wing—First Security State Bank .....	125, 000	65, 000	1, 479, 013
Revere—State Bank of Revere .....	30, 000	30, 000	197, 603
St. Paul—			
Central Bank .....	200, 000	40, 000	2, 298, 963
Peoples Bank .....	500, 000	100, 000	2, 850, 769
South St. Paul—			
Drovers State Bank of South St. Paul .....	100, 000	50, 000	2, 096, 631
Exchange State Bank .....	125, 000	25, 000	520, 231
St. Peter—The Citizens State Bank of St. Peter .....	50, 000	20, 000	705, 949
Spring Valley—			
Farmers State Bank .....	25, 000	6, 000	304, 881
First State Bank .....	30, 000	30, 000	727, 777
Waconia—Farmers State Bank of Waconia .....	25, 000	10, 000	407, 900
Walnut Grove—First State Bank .....	50, 000	2, 500	356, 332
Westbrook—Citizens State Bank .....	25, 000	10, 000	301, 163
Willmar—Kandiyohi County Bank .....	100, 000	25, 000	1, 893, 377
Winona—			
Deposit Bank .....	300, 000	200, 000	4, 061, 873
Merchants Bank .....	200, 000	50, 000	3, 763, 277
MONTANA.			
Belgrade—Belgrade State Bank .....	50, 000	50, 000	568, 402
Belt—			
Farmers & Miners State Bank .....	50, 000	11, 000	381, 929
State Bank of Belt .....	50, 000	.....	412, 484
Billings—Security Trust & Savings Bank .....	100, 000	5, 000	991, 999
Boulder—Bank of Boulder .....	50, 000	25, 000	649, 005
Bozeman—			
Gallatin Trust & Savings Bank .....	100, 000	25, 000	899, 492
Security Bank & Trust Co. ....	100, 000	.....	355, 574
Broadus—Powder River County Bank .....	25, 000	.....	158, 089
Browning—Stockmens State Bank .....	35, 000	15, 000	164, 689
Butte—			
Miners Savings Bank & Trust Co. ....	200, 000	50, 000	1, 654, 339
Metals Bank & Trust Co. ....	300, 000	200, 000	6, 566, 581
Culbertson—The Citizens' State Bank .....	25, 000	10, 000	352, 029
Denton—Denton State Bank .....	25, 000	5, 000	250, 413



	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 9—Continued.</b>			
MONTANA—continued.			
Dillon—			
Beaverhead State Bank.....	\$50,000	\$1,500	\$198,927
Security State Bank.....	50,000	5,000	201,256
East Helena—East Helena State Bank.....	50,000	11,300	205,021
Edgar—Edgar State Bank.....	30,000	1,500	154,631
Ennis—Southern Montana Bank.....	25,000	25,000	405,889
Eureka—Farmers & Merchants State Bank.....	25,000	14,000	493,077
Forsyth—Bank of Commerce.....	75,000	37,500	944,324
Fromberg—Clarks Fork Valley Bank.....	25,000	1,000	220,098
Hamilton—Ravalli County Bank.....	50,000	12,500	575,579
Hardin—Hardin State Bank.....	50,000	35,000	372,269
Helena—			
Banking Corporation of Montana.....	500,000	17,500	2,471,885
Conrad Trust & Savings Bank.....	200,000	100,000	2,313,658
Montana Trust & Savings Bank.....	150,000	75,000	1,969,591
Union Bank & Trust Co.....	250,000	150,000	4,432,063
Hingham—Hingham State Bank.....	35,000	7,000	312,411
Hinsdale—Valley County Bank.....	25,000	8,000	210,077
Huntley—Huntley State Bank.....	25,000	10,000	209,575
Inverness—Inverness State Bank.....	25,000	3,000	171,007
Joliet—Joliet State Bank.....	25,000	10,000	338,814
Kalispell—Bank of Commerce of Kalispell.....	100,000	18,000	738,467
Laurel—American Bank of Laurel.....	25,000	2,500	220,434
Lewistown—			
Bank of Fergus County.....	250,000	250,000	3,227,896
Empire Bank & Trust Co.....	100,000	35,000	926,983
Lewistown State Bank.....	100,000	25,000	516,394
Missoula—American Bank & Trust Co.....	100,000	14,000	1,866,088
Nashua—State Bank of Nashua.....	25,000	3,500	277,107
Ophelm—First State Bank.....	25,000	5,000	205,100
Park City—Park City State Bank.....	40,000	2,000	412,516
Philipsburg—Philipsburg State Bank.....	40,000	15,000	491,471
Plentywood—State Bank of Plentywood.....	25,000	10,000	366,741
Reed Point—The Reed Point State Bank.....	25,000	6,500	133,977
Richey—First State Bank of Richey.....	25,000	5,000	138,827
Roundup—Citizens State Bank.....	50,000	35,000	907,604
Saco—Farmers & Merchants State Bank.....	25,000	1,000	237,247
Sidney—Yellowstone Valley Bank & Trust Co.....	100,000	12,500	569,170
Stevensville—First State Bank of Stevensville.....	40,000	10,000	386,048
White Sulphur Springs—The Central State Bank.....	60,000	15,000	309,141
Willow Creek—Willow Creek State Bank.....	25,000	15,000	323,626
Wolfe Point—First State Bank.....	30,000	12,000	506,000
Worden—The Farmers State Bank.....	25,000	5,000	248,080
Wyola—Little Horn State Bank.....	25,000	6,750	117,364
NORTH DAKOTA.			
Enderlin—Enderlin State Bank.....	50,000	10,000	559,329
Golden Valley—First State Bank.....	25,000	2,500	204,064
Jamestown—Security Savings Bank.....	50,000	10,000	157,615
Noonan—Security State Bank.....	25,000	5,000	453,118
SOUTH DAKOTA.			
Bellefourche—Butte County Bank.....	75,000	25,000	1,124,468
Brookings—Bank of Brookings.....	150,000	40,000	2,534,765
Camp Crook—Little Missouri Bank.....	25,000	10,000	393,787
Chamberlain—Brule State Bank.....	50,000	10,000	846,990
Groton—Brown County Banking Co.....	25,000	10,000	687,171
Hecla—Farmers & Merchants State Bank.....	25,000	10,000	353,858
Mitchell—Commercial Trust & Savings Bank.....	100,000	15,000	1,143,458
Newell—Reclamation State Bank.....	25,000	5,000	235,970
Rapid City—Citizens' Bank & Trust Co.....	50,000	10,000	632,638
Sioux Falls—			
Commercial & Savings Bank.....	500,000		1,833,607
Sioux Falls Savings Bank.....	300,000	50,000	5,794,227
South Shore—South Shore Bank.....	25,000	5,000	287,753
Stratford—First State Bank.....	30,000	2,000	393,169
Timber Lake—Stock Growers State Bank.....	25,000	5,000	298,514
Webster—Security Bank & Trust Co.....	60,000	30,000	1,590,912
WISCONSIN.			
(See also District No. 7.)			
Arcadia—Bank of Arcadia.....	50,000	10,000	699,984
Balsam Lake—Polk County Bank.....	25,000	5,000	296,449
Boyceville—Bank of Boyceville.....	30,000	5,600	549,600
Ellsworth—Bank of Ellsworth.....	50,000	25,000	1,315,927
Glenwood City—First State Bank.....	2,000	1,000	419,927
Grantsburg—First Bank of Grantsburg.....	50,000	4,500	789,862

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 9—Continued.</b>			
WISCONSIN—continued.			
Hurley—Iron Exchange Bank.....	\$50,000	\$30,000	\$980,208
New Richmond—Bank of New Richmond.....	75,000	37,500	1,558,285
West Salem—La Crosse County Bank.....	50,000	27,500	621,114
Whitehall—Peoples State Bank.....	30,000	6,000	579,379
Total.....	10,192,000	3,447,150	127,651,479
<b>DISTRICT NO. 10.</b>			
COLORADO.			
Denver—			
American Bank & Trust Co.....	500,000	225,000	9,030,526
International Trust Co.....	500,000	500,000	12,981,659
Fort Lupton—Fort Lupton State Bank.....	25,000	15,000	547,461
KANSAS.			
Anthony—Home State Bank.....	25,000	2,500	260,409
Fairview—Fairview State Bank.....	30,000	17,000	266,079
Fort Scott—Fort Scott State Bank.....	100,000	40,000	1,410,374
Hiawatha—The Morrill & James Bank.....	100,000	50,000	1,046,357
Liberal—Citizens State Bank.....	50,000	20,000	548,809
Topeka—Kansas Reserve State Bank.....	200,000	59,000	1,941,314
Wichita—			
Southwest State Bank.....	200,000	60,000	1,612,508
The State Savings & Mercantile Bank.....	200,000	35,000	2,170,504
Winfield—State Bank.....	100,000	50,000	1,623,087
MISSOURI.			
(See also District No. 8.)			
Joplin—Conqueror Trust Co.....	200,000	125,000	3,041,204
Kansas City—			
Commerce Trust Co.....	1,000,000	1,000,000	44,240,472
Live Stock State Bank.....	200,000	37,500	1,758,716
Midwest Reserve Trust Co.....	2,000,000	200,000	18,310,019
Savannah—The Wells-Hine Trust Co.....	100,000	4,800	796,568
South St. Joseph—St. Joseph Stock Yards Bank.....	350,000	150,000	4,157,679
NEBRASKA.			
Allen—Farmers State Bank.....	30,000	7,000	304,561
Aurora—The Fidelity State Bank.....	50,000	15,000	907,888
Broken Bow—Custer State Bank.....	35,000	15,000	346,446
Chappell—Chappell State Bank.....	50,000	25,000	645,084
Cozad—Farmers State Bank.....	50,000	10,000	583,553
David City—Butler County State Bank.....	50,000	15,000	384,139
Elgin—Elgin State Bank.....	100,000	20,000	863,598
Genoa—Farmers State Bank.....	25,000	1,250	206,416
Kilgore—Kilgore State Bank.....	25,000	11,000	209,168
Lewellen—Bank of Lewellen.....	50,000	2,722	331,649
Lincoln—American State Bank.....	100,000	10,000	945,345
Meadow Grove—			
Meadow Grove State Bank.....	25,000	5,000	311,644
Security Bank.....	25,000	2,500	291,750
Neligh—Security State Bank.....	30,000	8,000	306,266
North Bend—First State Bank.....	25,000	17,500	579,025
Oakland—The Oakland State Bank.....	25,000	10,000	319,664
Ord—Nebraska State Bank.....	35,000	12,000	479,278
Pender—Pender State Bank.....	85,000	19,000	585,478
St. Edward—Farmers State Bank.....	25,000	2,000	257,741
Sidney—American Bank.....	100,000	25,000	1,133,638
Wayne—State Bank of Wayne.....	50,000	15,000	983,610
Western—Saline County Bank.....	30,000	30,000	263,853
NEW MEXICO.			
(See also District No. 11.)			
Aztec—The Citizens Bank.....	40,000	10,000	272,323
Santa Fe—Capital City Bank.....	50,000	10,000	542,929
OKLAHOMA.			
(See also District No. 11.)			
Ardmore—Guaranty State Bank.....	200,000	67,500	3,634,840
Billings—Citizens Bank of Billings.....	40,000	200	410,794
Bixby—The Bixby State Bank.....	25,000	6,100	299,893

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 10—Continued.</b>			
OKLAHOMA—continued.			
Chelsea—Bank of Chelsea.....	\$50,000	\$8,500	\$804,875
Clinton—			
Clinton State Bank.....	50,000	5,250	220,193
The First State Bank.....	50,000	6,500	721,508
Cordell—			
Cordell State Bank.....	30,000	4,100	409,696
Oklahoma State Bank.....	30,000	3,000	427,866
Goltry—Bank of Goltry.....	25,000	5,000	222,634
Kingfisher—Citizens State Bank.....	50,000	2,800	710,643
Locust Grove—First State Bank.....	25,000	10,000	261,185
Okarche—First Bank of Okarche.....	50,000	15,000	494,635
Oklahoma City—First State Bank.....	200,000	30,000	3,428,723
Oklmulgee—			
American State Bank.....	200,000	20,000	1,318,605
Guaranty State Bank.....	300,000	100,000	2,877,490
Pawhuska—Stockgrowers State Bank.....	60,000	6,000	560,345
Ponca City—Security State Bank.....	300,000	50,000	2,244,186
Stigler—First State Bank of Stigler.....	30,000	7,500	461,422
WYOMING.			
Cheyenne—Cheyenne State Bank.....	100,000	20,000	765,427
Evanson—Stockgrowers Bank.....	50,000	35,000	651,011
Mountain View—Uinta County State Bank.....	40,000	4,000	111,043
Total.....	8,895,000	3,295,222	138,835,805
<b>DISTRICT NO. 11.</b>			
ARIZONA.			
(See also District No. 12.)			
Safford—Bank of Safford.....	33,000	42,000	672,841
Tombstone—Cochise County State Bank.....	30,000	10,000	398,916
LOUISIANA.			
(See also District No. 6.)			
Monroe—Central Savings Bank & Trust Co.....	375,000	125,000	2,195,222
Shreveport—Continental Bank & Trust Co.....	300,000	100,000	4,715,214
NEW MEXICO.			
(See also District No. 10.)			
Albuquerque—The State Trust & Savings Bank.....	100,000	65,000	1,053,745
Cloudcroft—First State Bank.....	25,000	3,000	104,115
Corona—Stockmen's State Bank.....	30,000	5,700	150,908
Lovington—The First Territorial Bank.....	60,000	25,000	234,026
Mountainair—Mountainair State Bank.....	25,000	10,000	247,865
Portales—Security State Bank.....	25,000	5,000	347,594
OKLAHOMA.			
(See also District No. 10.)			
Broken Bow—The McCurtin County Bank.....	40,000	10,000	249,445
Coleman—The Coleman State Bank.....	25,000	1,250	159,640
Fort Towson—First State Bank.....	50,000	20,000	344,912
Valliant—Farmers State Guaranty Bank.....	50,000	22,500	482,544
TEXAS.			
Alice—Citizens State Bank.....	60,000	20,000	571,946
Alpine—Alpine State Bank.....	30,000	35,000	384,806
Alto—Alto State Bank.....	25,000	12,000	236,415
Anson—Anson State Bank.....	50,000	55,000	635,941
Avery—Avery State Bank.....	25,000	10,000	131,470
Ballinger—Ballinger State Bank & Trust Co.....	60,000	12,000	414,393
Bay City—			
Bay City Bank & Trust Co.....	65,600	20,000	679,483
First State Bank.....	100,000	10,000	415,967
Beaumont—			
Guaranty Bank & Trust Co.....	100,000	20,000	2,177,422
Texas Bank & Trust Co.....	250,000	130,000	3,117,170
Beeville—Beeville Bank & Trust Co.....	50,000	30,000	543,321
Bishop—First State Bank of Bishop.....	25,000	10,000	391,820
Bomarton—First State Bank.....	25,000	4,000	338,540

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 11—Continued.</b>			
TEXAS—continued.			
<b>Bonham—</b>			
Fannin County Bank .....	\$100,000	\$50,000	\$1,336,133
First State Bank .....	200,000	100,000	1,439,723
Bremond—First State Bank .....	50,000	12,000	498,203
Bridgeport—Bridgeport State Bank .....	25,000	2,000	139,819
Brownfield—Brownfield State Bank .....	25,000	25,000	392,831
Bryan—First State Bank & Trust Co. of Bryan .....	100,000	50,000	830,791
Canton—Texas State Bank .....	50,000	25,000	264,426
Canyon—First State Bank .....	40,000	1,500	326,333
<b>Celina—</b>			
The Celina State Bank .....	35,000	7,500	268,712
First State Bank .....	50,000	40,000	472,602
Childress—Farmers & Mechanics State Bank .....	50,000	50,000	911,473
Clarendon—Farmers State Bank .....	50,000	3,030	335,026
<b>Clifton—</b>			
Farmers Guaranty State Bank .....	30,000	20,000	393,865
First Guaranty State Bank .....	40,000	20,000	323,497
Collinsville—First Guaranty State Bank .....	25,000	8,000	269,509
Colorado—First State Bank .....	30,000	3,000	316,307
Commerce—Citizens State Bank .....	25,000	7,500	210,085
Copperas Cove—First State Bank .....	25,000	12,500	339,652
Corsicana—First State Bank .....	200,000	40,000	1,318,429
Cross Plains—First Guaranty State Bank .....	30,000	.....	256,165
Crowell—First State Bank .....	30,000	26,500	440,085
Cuero—First State Bank & Trust Co. ....	100,000	46,000	748,355
<b>Dallas—</b>			
Central State Bank of Dallas .....	1,000,000	500,000	7,843,803
Dallas County State Bank .....	250,000	110,000	1,970,460
Guaranty Bank & Trust Co. ....	1,000,000	100,000	5,864,413
DeKalb—First State Bank .....	50,000	50,000	400,244
Del Rio—Del Rio Bank & Trust Co. ....	100,000	80,000	777,621
Denison—Denison Bank & Trust Co. ....	160,000	57,500	3,158,164
Denton—First Guaranty State Bank .....	50,000	6,000	460,004
East Bernard—Union State Bank .....	50,000	10,000	239,991
Edgewood—Farmers & Merchants State Bank .....	35,000	10,000	211,736
<b>El Paso—</b>			
American Trust & Savings Bank .....	350,000	50,000	2,857,145
El Paso Bank & Trust Co. ....	200,000	20,000	2,851,286
Security Bank & Trust Co. ....	200,000	20,000	2,293,340
Falfurrias—Falfurrias State Bank .....	75,000	.....	414,327
Ferris—Farmers & Merchants State Bank .....	50,000	13,000	268,227
Flatonía—Flatonía State Bank .....	50,000	2,500	639,458
Floydada—First State Bank of Floydada .....	50,000	5,000	778,928
Forney—Forney State Bank .....	25,000	15,000	244,594
Franklin—First State Bank .....	30,000	15,000	352,292
Frost—The Citizens State Bank .....	25,000	50,000	330,590
<b>Galveston—</b>			
South Texas State Bank .....	200,000	100,000	4,144,918
Texas Bank & Trust Co. ....	400,000	600,000	7,812,791
Ganado—The Farmers State Bank .....	35,000	5,000	124,570
Gatesville—Guaranty State Bank & Trust Co. ....	50,000	10,000	543,363
Georgetown—Farmers State Bank .....	50,000	50,000	858,836
George West—First State Bank .....	50,000	16,500	345,398
Gilmer—Gilmer State Bank .....	50,000	15,000	239,681
Goldthwaite—Trent State Bank .....	50,000	25,000	853,952
Gonzales—Gonzales State Bank & Trust Co. ....	75,000	25,000	639,072
Grafton—First State Bank .....	50,000	20,000	266,993
<b>Grand Prairie—</b>			
First State Bank .....	40,000	20,200	318,442
Guaranty State Bank .....	25,000	.....	127,323
Hallsville—Farmers State Bank of Hallsville .....	25,000	.....	129,730
Hamlin—First State Bank .....	40,000	20,000	429,430
Hedley—Guaranty State Bank .....	25,000	12,500	137,272
Henderson—First State Bank of Henderson .....	25,000	25,000	146,281
Hereford—First State Bank & Trust Co. ....	50,000	50,000	675,729
Hillsboro—First State Bank .....	150,000	15,000	992,189
Houston—State Bank & Trust Co. ....	200,000	10,000	2,905,961
Italy—Farmers State Bank .....	50,000	20,000	398,910
<b>Jacksonville—</b>			
Farmers Guaranty State Bank .....	50,000	14,000	333,296
First Guaranty State Bank .....	62,500	22,875	586,466
Junction—Junction State Bank .....	100,000	110,000	688,002
Kaufman—First State Bank .....	100,000	80,000	667,887
<b>Kenedy—</b>			
Farmers & Merchants State Bank .....	50,000	60,000	449,856
First State Bank & Trust Co. ....	60,000	80,000	710,829
Kerens—First State Bank .....	50,000	40,000	352,591
Kilgore—Kilgore State Bank .....	25,000	12,500	191,748
Killeen—First State Bank .....	25,000	13,000	589,491
Kirkland—First State Bank .....	50,000	.....	321,493

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 11—Continued.</b>			
TEXAS—continued.			
Ladonia—First State Bank.....	\$35,000	\$15,000	\$474,352
La Feria—Cameron County Bank of La Feria.....	25,000	3,000	161,827
Lamesa—First State Bank.....	30,000	40,000	560,872
Leakey—First State Bank.....	25,000	500	63,494
Leonard—First State Bank.....	50,000	10,000	397,974
Liberty—Liberty State Bank of Liberty.....	35,000	3,500	352,988
Lockney—Lockney State Bank.....	50,000	2,500	402,457
Longview—Commercial Guaranty State Bank of Longview.....	50,000	.....	269,896
Loraine—The First State Bank.....	30,000	30,000	443,223
Lorenzo—First State Bank.....	25,000	25,000	314,170
Lubbock—			
Lubbock State Bank.....	100,000	50,000	1,075,554
Security State Bank & Trust Co.....	100,000	6,000	453,948
Lufkin—Citizens Guaranty State Bank.....	75,000	5,000	509,344
Luling—			
Citizens State Bank.....	25,000	6,000	235,232
Liscomb Bank & Trust Co.....	75,000	55,000	413,820
McAllen—First State Bank & Trust Co.....	100,000	15,000	951,147
McGregor—First State Bank.....	50,000	5,000	429,202
McKinney—Central State Bank.....	75,000	7,000	692,138
Madisonville—Farmers State Bank of Madisonville.....	25,000	25,000	430,004
Malone—First State Bank of Malone.....	25,000	8,000	165,911
Matador—First State Bank.....	25,000	12,500	392,717
Mathis—First State Bank.....	30,000	16,000	199,517
Maypearl—			
Citizens State Bank.....	25,000	25,000	231,528
Farmers & Merchants State Bank of Maypearl.....	25,000	25,000	247,542
Memphis—Citizens State Bank.....	75,000	50,000	636,647
Mercedes—Bank of Commerce & Trust Co.....	50,000	5,000	230,318
Mertens—First Guaranty State Bank.....	25,000	5,000	144,688
Moran—Moran State Bank.....	30,000	6,000	306,493
Mount Calm—First State Bank.....	40,000	8,000	211,397
Mount Pleasant—Guaranty State Bank.....	60,000	30,000	639,436
Munday—The First State Bank.....	35,000	5,000	330,801
Nacogdoches—Commercial Guaranty State Bank.....	100,000	50,000	1,997,780
Normangee—First State Bank.....	25,000	25,000	240,803
North Zulch—Farmers Guaranty State Bank.....	25,000	.....	184,327
Orange—The Guaranty Bank & Trust Co.....	100,000	10,000	367,637
Paducah—First State Bank.....	50,000	50,000	462,855
Palmer—First Guaranty State Bank.....	25,000	17,500	210,928
Pampa—Gray County State Bank.....	25,000	10,000	252,915
Paris—			
First State Bank.....	150,000	100,000	1,969,042
Lamar State Bank & Trust Co.....	150,000	50,000	1,937,634
Pecos—Pecos Valley State Bank.....	110,000	37,000	648,377
Port Arthur—Merchants State Bank.....	100,000	42,000	1,855,257
Post City—First State Bank.....	25,000	1,875	156,975
Quanah—First Guaranty State Bank.....	100,000	50,000	1,180,193
Ralls—			
First State Bank.....	25,000	15,000	242,684
Guaranty State Bank & Trust Co.....	60,000	4,000	440,599
Reagan—First State Bank.....	25,000	15,000	185,301
Rice—First State Bank of Rice.....	50,000	10,000	270,568
Richardson—Citizens State Bank.....	35,000	3,500	205,885
Roaring Springs—First State Bank.....	25,000	15,000	192,604
Robstown—First State Bank of Robstown.....	25,000	8,000	278,041
Rockwall—Guaranty State Bank.....	45,000	7,700	738,763
Royse—First State Bank.....	50,000	25,000	315,949
Rusk—Farmers & Merchants State Bank & Trust Co.....	100,000	1,000	577,775
Sabinal—First State Bank.....	80,000	.....	454,939
San Antonio—Central Trust Co.....	1,000,000	160,000	9,231,114
San Augustine—Commercial Guaranty State Bank.....	50,000	6,000	589,623
Santa Anna—First State Bank.....	35,000	16,000	548,890
Savoy—First State Bank.....	25,000	7,500	207,968
Seminole—The First State Bank of Seminole.....	40,000	30,000	202,378
Seymour—First Guaranty State Bank.....	35,000	3,850	167,069
Shamrock—Farmers & Merchants State Bank.....	50,000	50,000	475,855
Shiro—Farmers State Bank of Shiro.....	25,000	20,000	156,959
Silverton—Briscoe County State Bank.....	25,000	.....	86,671
Sinton—Bank of Commerce.....	25,000	25,000	465,809
Slaton—The First State Bank.....	40,000	2,000	322,678
Snyder—First State Bank & Trust Co.....	50,000	25,000	339,048
Spearman—Guaranty State Bank.....	25,000	3,000	97,283
Stamford—First State Bank.....	55,000	18,500	871,063
Sweetwater—Texas Bank & Trust Co.....	100,000	85,000	776,084
Terrell—First State Bank.....	200,000	165,000	1,455,606
Tioga—First Guaranty State Bank.....	30,000	15,000	250,501
Trenton—Guaranty State Bank.....	25,000	7,500	147,333
Troup—Guaranty State Bank.....	25,000	20,000	300,116

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 11—Continued.</b>			
TEXAS—continued.			
Tyler—Peoples Guaranty State Bank.....	\$100,000	\$31,700	\$1,347,528
Valley Mills—Citizens State Bank.....	39,000	3,000	158,859
Valley View—First Guaranty State Bank.....	25,000	10,400	124,060
Waco—First State Bank & Trust Co. of Waco.....	200,000	30,000	2,117,104
Waxahachie—Guaranty State Bank & Trust Co.....	200,000	20,000	1,333,034
Weatherford—First State Bank.....	125,000	20,000	1,078,020
Wellington—Wellington State Bank.....	50,000	75,000	622,796
Wharton—Security Bank & Trust Co.....	50,000	15,000	385,900
White Deer—First State Bank.....	25,000	1,500	290,678
Wills Point—First State Bank.....	100,000	35,000	591,386
Winnabow—Merchants & Planters State Bank.....	30,000	30,000	520,747
Wolfe City—First State Bank.....	50,000	25,000	435,912
Woodville—Woodville State Bank.....	30,000	.....	128,586
Wortham—First State Bank.....	50,000	2,500	283,567
Wylie—First State Bank.....	50,000	40,000	345,893
Total.....	15,210,500	5,992,880	146,635,594
<b>DISTRICT NO. 12.</b>			
ARIZONA.			
(See also District No. 11.)			
Buckeye—Buckeye Valley Bank.....	25,000	4,500	167,804
Phoenix—The Valley Bank.....	500,000	100,000	7,184,626
CALIFORNIA.			
Alameda—Alameda Savings Bank.....	236,300	160,000	4,892,550
Bakersfield—Security Trust Co.....	500,000	235,000	7,676,487
Brawley—Imperial Valley Bank.....	100,000	55,950	1,132,569
Cedarville—Surprise Valley Bank.....	25,000	30,000	402,406
Chico—Peoples Savings & Commercial Bank.....	100,000	4,500	810,174
Downey—Los Nietos Valley Bank.....	50,000	20,000	746,335
Fresno—Fidelity Trust & Savings Bank.....	1,000,000	456,000	14,532,966
Fullerton—Standard Bank of Orange County.....	50,000	1,500	298,640
Holtville—The Holtville Bank.....	75,000	2,500	492,714
Kingsburg—Kingsburg Bank.....	100,000	40,000	1,448,857
Lemoore—Bank of Lemoore.....	100,000	40,000	1,379,597
Los Angeles—			
Guaranty Trust & Savings Bank.....	2,000,000	1,300,000	36,449,844
Los Angeles Trust & Savings Bank.....	3,000,000	1,750,000	53,294,610
Security Trust & Savings Bank.....	3,150,000	1,850,000	101,051,545
Union Bank & Trust Co.....	1,000,000	128,000	7,584,628
Marysville—Rideout Bank.....	250,000	310,930	5,931,260
Norwalk—Bank of Norwalk.....	25,000	15,000	489,199
Placerville—Eldorado County Bank.....	65,000	102,000	1,822,461
Sacramento—The Peoples Bank.....	800,000	103,000	8,305,647
St. Helena—Bank of St. Helena.....	85,000	29,500	963,331
San Bruno—California Bank of San Mateo County.....	25,000	150	131,558
San Fernando—The San Fernando Valley Savings Bank.....	25,000	3,500	262,062
San Francisco—			
Anglo-California Trust Co.....	1,500,000	850,000	31,100,700
Bank of Italy.....	9,000,000	2,000,000	162,930,763
British American Bank.....	1,000,000	15,000	3,713,801
French-American Bank of Savings.....	1,000,000	275,000	15,318,221
Italian-American Bank.....	1,250,000	215,000	12,648,294
Mercantile Trust Co.....	4,000,000	3,000,000	71,702,871
The Mission Bank.....	200,000	120,000	3,430,430
San Francisco Savings & Loan Society.....	1,000,000	2,400,000	68,522,221
San Jose—			
Garden City Bank & Trust Co.....	500,000	625,000	10,287,133
The Growers Bank.....	300,000	30,000	817,376
Santa Ana—Orange County Trust & Savings Bank.....	300,000	90,000	2,316,200
Santa Barbara—Commercial Trust & Savings Bank.....	1,000,000	370,000	10,104,851
Santa Maria—Bank of Santa Maria.....	400,000	325,000	5,351,759
Santa Monica—			
Bank of Santa Monica.....	140,000	71,000	3,387,992
Ocean Park Bank.....	147,300	23,060	2,410,792
Sausalito—Bank of Sausalito.....	60,000	12,000	763,483
Turlock—Commercial Bank of Turlock.....	75,000	37,000	1,235,600
IDAHO.			
Arco—Butte County Bank.....	25,000	.....	107,468
Ashton—Security State Bank.....	50,000	25,000	444,896
Bellevue—Bellevue State Bank.....	30,000	16,443	267,435
Blackfoot—Blackfoot City Bank.....	50,000	10,000	608,632

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 12—Continued.</b>			
IDAHO—Continued.			
Blackfoot—D. W. Standrod & Co.....	\$100,000	\$85,000	\$1,995,665
Burley—Burley State Bank.....	89,400	17,880	958,242
Castleford—Bank of Castleford.....	25,000	1,250	62,160
Cambridge—Peoples Bank.....	40,000	6,000	326,320
Drummond—First State Bank.....	25,000	.....	66,294
Eagle—Bank of Eagle.....	25,000	2,100	275,078
Emmett—Bank of Emmett.....	60,000	25,000	879,458
Filer—Farmers & Merchants Bank.....	25,000	2,500	215,240
Genesee—Genesee Exchange Bank.....	25,000	12,500	638,682
Gooding—Citizens State Bank.....	25,000	15,000	398,832
Grangeville—Bank of Camas Prairie.....	50,000	50,000	729,438
Hansen—Bank of Hansen.....	25,000	5,000	232,931
Homedale—First Bank of Homedale.....	25,000	.....	140,642
Idaho Falls—			
Anderson Brothers Bank.....	100,000	120,000	2,650,779
Farmers & Merchants Bank.....	150,000	30,000	1,501,721
Kimberly—Bank of Kimberly.....	35,000	13,500	368,631
Kuna—The Kuna State Bank.....	25,000	1,250	153,318
Malad City—J. N. Ireland & Co., Bankers.....	40,000	12,500	612,913
May—Union Central Bank.....	30,000	2,500	111,082
Menan—Jefferson State Bank.....	25,000	2,500	191,872
Meridian—Meridian State Bank.....	25,000	3,000	240,316
Montour—Farmers & Stockgrowers Bank.....	25,000	850	156,465
Murtaugh—Bank of Murtaugh.....	25,000	3,500	123,395
Nezperce—Union State Bank.....	50,000	10,000	394,085
Oakley—Farmers Commercial & Savings Bank.....	25,000	15,000	251,687
Orofino—Bank of Orofino.....	25,000	5,000	499,906
Picabo—Picabo State Bank.....	25,000	5,000	206,755
Pocatello—Citizens Bank.....	300,000	60,000	1,580,042
Pottlatch—Pottlatch State Bank.....	50,000	10,000	1,276,877
Rexburg—Farmers & Merchants Bank.....	50,000	10,000	465,663
Rupert—Farmers & Merchants Bank.....	35,000	.....	198,072
St. Anthony—St. Anthony Bank & Trust Co.....	30,000	30,000	593,297
Star—The Farmers Bank.....	25,000	10,000	317,523
Sugar City—Fremont County Bank.....	25,000	5,000	408,673
Teton City—First State Bank.....	30,000	.....	115,291
Tetonia—Farmers State Bank.....	25,000	2,500	102,061
Twin Falls—Twin Falls Bank & Trust Co.....	100,000	75,000	2,146,838
Victor—Victor State Bank.....	25,000	8,000	174,952
OREGON.			
Athens—Athens State Bank.....	25,000	.....	74,046
Aurora—Aurora State Bank.....	25,000	15,000	399,372
Central Point—Central Point State Bank.....	25,000	5,000	356,941
Dallas—Dallas City Bank.....	50,000	15,000	649,139
Enterprise—Enterprise State Bank.....	50,000	20,000	430,323
Gresham—First State Bank.....	30,000	25,000	700,807
Haines—Bank of Haines.....	25,000	5,000	283,232
Helix—Bank of Helix.....	50,000	12,000	269,303
Hood River—Butler Banking Co.....	100,000	30,000	1,476,148
Joseph—First Bank of Joseph.....	50,000	12,500	327,774
Lakeview—Lake County Loan & Savings Bank.....	40,000	10,000	352,674
Madras—Madras State Bank.....	25,000	18,000	297,104
Marshfield—			
Bank of Southwestern Oregon.....	100,000	16,000	1,044,983
Scandinavian American Bank.....	25,000	7,500	451,510
Medford—Jackson County Bank.....	100,000	20,000	1,296,464
Moro—Farmers State Bank.....	25,000	5,000	275,445
Myrtle Point—Bank of Myrtle Point.....	50,000	15,000	490,663
North Portland—Live Stock State Bank.....	100,000	25,000	1,337,175
Oregon City—Bank of Oregon City.....	100,000	50,000	2,068,467
Pendleton—The Inland-Empire Bank.....	250,000	.....	1,226,399
Pilot Rock—First Bank of Pilot Rock.....	30,000	30,000	463,324
Portland—			
Hibernia Commercial & Savings Bank.....	200,000	100,000	5,932,836
Ladd & Tilton Bank.....	1,000,000	1,000,000	27,368,239
Reedsport—First Bank of Reedsport.....	25,000	1,250	171,907
The Dalles—Wasco County Bank.....	100,000	5,371	397,187
Tillamook—Tillamook County Bank.....	40,000	10,000	759,755
Woodburn—The Bank of Woodburn.....	50,000	15,000	839,069
UTAH.			
Bingham Canyon—Bingham State Bank.....	50,000	1,000	373,950
Brigham City—Security Savings Bank.....	50,000	20,000	758,665
Cedar City—			
Bank of Southern Utah.....	75,000	70,000	671,109
Iron Commercial & Savings Bank.....	50,000	5,000	297,283

	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 12—Continued.</b>			
UTAH—continued.			
Delta—Delta State Bank .....	\$25,000	\$10,000	\$489,414
Duchesno—Bank of Duchesno .....	25,000	3,500	174,809
Ephraim—Bank of Ephraim .....	50,000	25,000	564,382
Fillmore—Fillmore Commercial & Savings Bank .....	50,000	10,000	239,996
Fountain Green—Bank of Fountain Green .....	25,000	13,000	270,444
Gunnison—Gunnison Valley Bank .....	50,000	10,000	337,155
Helper—Helper State Bank .....	50,000	30,000	593,714
Kaysville—Barnes Banking Co. ....	50,000	75,000	522,437
Logan—			
Cache Valley Banking Co. ....	100,000	25,000	1,174,592
Farmers & Merchants Savings Bank .....	100,000	18,000	668,882
Thatcher Bros. Banking Co. ....	150,000	50,000	2,152,892
Magna—Magna Banking Co. ....	25,000	3,000	264,866
Monticello—Monticello State Bank .....	50,000	6,000	207,533
Myton—Myton State Bank .....	38,311	14,000	175,340
Ogden—Ogden Savings Bank .....	150,000	150,000	2,207,080
Parowan—Bank of Iron County .....	35,000	21,000	316,187
Payson—			
Payson Exchange Savings Bank .....	50,000	30,000	778,492
State Bank of Payson .....	50,000	13,000	460,478
Price—			
Carbon County Bank .....	100,000	10,000	433,190
Price Commercial & Savings Bank .....	50,000	70,000	906,450
Provo—			
Farmers & Merchants Bank .....	100,000	12,000	1,035,693
Knight Trust & Savings Bank .....	300,000	31,500	2,308,766
Richfield—			
James M. Peterson Bank .....	50,000	50,000	767,534
State Bank of Sevier .....	45,000	45,000	708,727
Salt Lake City—			
Columbia Trust Co. ....	250,000	25,000	1,339,020
Deseret Savings Bank .....	500,000	300,000	5,793,820
McCormick & Co., Bankers .....	1,000,000	120,000	12,993,221
Tracy Loan & Trust Co. ....	222,660	128,250	909,657
Utah Savings & Trust Co. ....	300,000	29,644	1,854,205
Walker Bros., Bankers .....	500,000	100,000	12,249,485
Spanish Fork—Commercial Bank of Spanish Fork .....	50,000	10,000	585,658
Vernal—Bank of Vernal .....	60,000	15,000	510,765
WASHINGTON.			
Albion—Albion State Bank .....	25,000	6,000	122,285
Almira—			
Almira State Bank .....	50,000	13,000	474,253
Farmers State Bank .....	25,000	6,500	234,737
Bellingham—Northwestern State Bank .....	100,000	80,000	1,619,848
Buena—Buena State Bank .....	25,000	1,000	204,723
Centralia—Centralia State Bank .....	100,000	11,000	786,863
Chehalis—Coffman-Dobson Bank & Trust Co. ....	150,000	100,000	3,323,219
Colfax—First Savings & Trust Bank of Whitman County .....	75,000	17,500	487,667
Davenport—Lincoln County State Bank .....	50,000	10,000	463,489
Ellensburg—The Farmers Bank .....	100,000	25,000	1,465,345
Enumelaw—			
Peoples State Bank .....	25,000	7,250	545,354
State Bank of Enumelaw .....	30,000	16,000	746,873
Everett—Bank of Commerce .....	100,000	25,000	1,778,494
Farmington—Bank of Farmington .....	25,000	7,500	313,316
Garfield—First State Bank .....	50,000	15,000	487,813
Goldendale—State Bank of Goldendale .....	75,000	7,500	564,319
Hoquiam—Lumbermen's Bank .....	100,000	25,000	1,135,035
La Crosse—			
First State Bank .....	60,000	40,000	608,217
Security State Bank .....	30,000	6,405	148,319
Molson—Molson State Bank .....	25,000	10,000	237,281
Odessa—Farmers & Merchants Bank .....	25,000	5,000	361,528
Okanogan—Commercial Bank .....	50,000	10,000	503,632
Pine City—Pine City State Bank .....	25,000	1,000	172,476
Port Townsend—Merchants Bank .....	75,000	25,000	1,063,271
Pullman—Pullman State Bank .....	37,500	10,000	765,504
Puyallup—			
Citizens State Bank .....	50,000	10,000	963,823
Puyallup State Bank .....	50,000	1,000	916,773
Reardan—Farmers State Bank .....	50,000	20,000	618,400
Renton—			
Citizens Bank of Renton .....	25,000	5,000	706,208
Renton State Bank .....	25,000	2,500	207,299
Rockford—Farmers & Merchants Bank .....	25,000	5,000	291,393
Rosalia—Bank of Rosalia .....	25,000	5,000	378,087
St. John—Farmers State Bank .....	40,000	8,000	339,853



	Capital.	Surplus.	Total resources.
<b>DISTRICT NO. 12—Continued.</b>			
WASHINGTON—continued.			
Seattle—			
Dexter Horton Trust & Savings Bank .....	\$400,000	\$100,000	\$6,403,816
Guaranty Bank & Trust Co. ....	250,000	49,500	1,209,574
Scandinavian American Bank .....	1,000,000	200,000	18,596,059
South Bend—Pacific State Bank .....	100,000	50,000	1,483,298
Spokane—			
Spokane & Eastern Trust Co. ....	1,000,000	250,000	12,801,738
Washington Trust Co. ....	200,000	40,000	1,542,281
Sprague—The Farmers State Bank .....	25,000	3,000	168,151
Stanwood—			
Bank of Stanwood .....	25,000	25,000	680,155
Citizens State Bank .....	25,000	2,500	232,456
Tacoma—Puget Sound Bank & Trust Co. ....	300,000	40,000	3,667,495
Tekoa—			
Citizens State Bank .....	25,000	15,000	480,130
Tekoa State Bank .....	30,000	15,000	479,535
Toppenish—			
Central Bank of Toppenish .....	50,000	25,000	754,541
Traders Bank .....	25,000	15,000	787,758
Uniontown—Farmers State Bank .....	25,000	3,000	336,728
Walla Walla—			
The Farmers & Merchants Bank of Walla Walla .....	200,000	40,000	2,017,892
Peoples State Bank .....	100,000	50,000	2,034,670
Wilbur—The State Bank of Wilbur .....	50,000	10,000	550,675
Yakima—Yakima Valley Bank .....	100,000	40,000	1,990,272
Total .....	50,321,411	22,433,533	869,883,573

*Statement showing membership of State banks and trust companies in the Federal Reserve System based upon reports of condition as of Dec. 29, 1920, classified by districts as to number of banks, capital, surplus, and resources.*

[In thousands of dollars.]

District.	Number of banks.	Capital.	Surplus.	Total resources.
No. 1—Boston .....	39	\$35,255	\$38,282	\$724,063
No. 2—New York .....	134	175,368	187,442	3,929,629
No. 3—Philadelphia .....	46	24,835	48,216	852,301
No. 4—Cleveland .....	111	41,884	69,596	879,621
No. 5—Richmond .....	56	14,758	9,523	158,937
No. 6—Atlanta .....	84	25,050	16,339	352,480
No. 7—Chicago .....	358	98,331	81,401	1,774,753
No. 8—St. Louis .....	91	27,675	21,571	386,546
No. 9—Minneapolis .....	116	9,957	3,402	122,785
No. 10—Kansas City .....	63	8,695	3,308	136,221
No. 11—Dallas .....	185	15,188	5,924	137,530
No. 12—San Francisco .....	198	50,526	22,499	841,928
Total .....	1,481	527,520	507,508	9,826,794

Abstract of condition reports of State bank and trust company members of the Federal Reserve System as of Dec. 31, 1919, May 4, June 30, Nov. 15, and Dec. 29, 1920.

[In thousands of dollars.]

	Dec. 31, 1919—1,181 banks.	May 4, 1920—1,306 banks.	June 30, 1920—1,374 banks.	Nov. 15, 1920—1,449 banks. <sup>1</sup>	Dec. 29, 1920—1,481 banks. <sup>2</sup>
<b>RESOURCES.</b>					
Loans and discounts.....	5,249,833	5,508,993	5,682,754	5,713,301	5,640,043
Overdrafts.....	5,362	5,702	6,133	5,695	5,708
Customers' liability on account of letters of credit.....	1,016	1,723	1,797	1,933	603
Customers' liability on account of acceptances.....	231,019	230,015	235,587	234,758	212,494
Liberty bonds (exclusive of Liberty bonds borrowed).....	335,752	339,777	360,042	360,198	381,453
Other United States bonds (exclusive of United States bonds borrowed).....	9,851	13,455	11,238	7,598	6,731
United States Victory notes.....	131,057	103,663	104,451	101,997	105,774
United States certificates of indebtedness.....	307,026	249,226	197,263	164,861	135,232
War savings and thrift stamps and Treasury savings certificates actually owned.....	1,327	1,217	1,052	955	765
Stock of Federal Reserve Bank.....	25,850	28,282	29,198	30,471	30,887
Other bonds, stocks, etc. (exclusive of securities borrowed).....	1,300,952	1,292,924	1,273,900	1,283,226	1,340,247
Banking house.....	132,434	142,296	148,988	157,676	161,070
Furniture and fixtures.....	11,164	12,845	13,522	18,051	16,882
Other real estate owned.....	25,748	26,859	24,117	26,520	26,957
Lawful reserve with Federal Reserve Bank.....	591,702	599,429	593,415	609,443	578,688
Gold coin and certificates.....	17,692	17,426	20,322	15,306	13,858
All other cash in vault.....	165,756	148,040	152,034	148,412	170,682
Items with Federal Reserve Bank in process of collection.....	122,640	125,337	133,007	143,515	122,213
Due from banks, bankers, and trust companies.....	676,704	436,855	431,583	401,221	381,113
Exchanges for clearing house, also checks on other banks in same place.....	446,317	246,512	384,338	398,516	289,333
Outside checks and other cash items.....	64,653	37,916	47,204	44,426	34,368
Approximate interest earned but not collected.....	24,257	20,406	25,738	24,343	26,219
Other assets.....	35,595	129,439	129,159	148,787	145,474
<b>Total.....</b>	<b>9,913,707</b>	<b>9,718,337</b>	<b>10,006,842</b>	<b>10,041,209</b>	<b>9,826,794</b>
<b>LIABILITIES.</b>					
Capital stock paid in.....	436,324	481,536	493,628	517,980	527,520
Surplus fund.....	454,877	486,840	494,568	502,961	507,503
Undivided profits, less expenses and taxes paid.....	115,300	151,142	150,043	175,918	183,445
Approximate interest and discount collected but not earned.....	15,803	17,746	19,632	21,898	22,406
Amount reserved for taxes accrued.....	15,681	18,863	21,346	23,617	25,118
Amount reserved for interest accrued.....	10,592	19,643	11,104	23,453	21,734
Due to Federal Reserve Bank.....	1,324	2,508	5,521	4,316	4,053
Due to banks, bankers, and trust companies.....	755,303	604,365	636,346	577,575	534,767
Certified and cashiers' or treasurers' checks outstanding.....	303,064	182,685	218,108	268,840	210,728
Demand deposits.....	4,834,830	4,713,460	4,851,597	4,685,330	4,519,602
Time deposits.....	2,165,786	2,337,635	2,426,035	2,523,695	2,556,818
United States deposits.....	201,710	76,521	86,498	74,381	106,166
Bills payable with Federal Reserve Bank.....	309,197	294,097	245,972	280,506	267,245
Bills payable other than with Federal Reserve Bank.....	14,311	35,216	39,986	58,048	56,665
Cash letters of credit and travelers' checks outstanding.....	8,087	9,374	17,756	12,002	12,339
Acceptances.....	233,379	235,422	242,369	241,276	218,292
Other liabilities.....	38,139	51,284	46,333	49,413	52,393
<b>Total.....</b>	<b>9,913,707</b>	<b>9,718,337</b>	<b>10,006,842</b>	<b>10,041,209</b>	<b>9,826,794</b>
Liability for rediscounts with Federal Reserve Bank.....	318,261	326,108	327,513	436,092	433,514
Liability for rediscounts with other banks.....	8,028	10,765	16,763	28,690	29,663
Ratio of reserve with Federal Reserve Bank to net deposit liability (per cent).....	10.4	10.5	10.1	10.7	10.4

<sup>1</sup> One bank not reporting.

<sup>2</sup> Three banks not reporting.

Abstract of condition reports of all member banks (both national and State) of the Federal Reserve System as of Dec. 31, 1919, May 4, June 30, Nov. 15, and Dec. 29, 1920.

[In thousands of dollars.]

	Dec. 31, 1919— 9,066 banks.	May 4, 1920— 9,291 banks.	June 30, 1920— 9,399 banks.	Nov. 15, 1920— 9,567 banks. <sup>1</sup>	Dec. 29, 1920— 9,606 banks. <sup>2</sup>
<b>RESOURCES.</b>					
Loans and discounts.....	17,032,747	17,794,164	18,076,141	18,022,660	17,731,760
Overdrafts.....	22,403	22,080	22,560	24,887	22,676
Customers' liability on account of letters of credit.....	8,706	7,482	11,016	( <sup>3</sup> )	( <sup>3</sup> )
Customers' liability on account of acceptances.....	624,571	655,405	651,997	619,377	566,678
United States Government securities owned <sup>4</sup> .....	3,506,426	3,081,156	2,941,655	2,786,109	2,759,428
Stock of Federal Reserve Bank.....	87,434	92,435	94,485	98,744	99,392
Other bonds, stocks, and securities <sup>5</sup> .....	3,224,007	3,175,951	3,124,897	3,168,147	3,261,556
Banking house.....	432,780	453,922	464,634	489,770	497,882
Furniture and fixtures.....	50,405	55,808	57,763	67,279	67,685
Other real estate owned.....	69,177	70,819	69,066	72,420	73,901
Lawful reserve with Federal Reserve Bank.....	1,903,814	1,865,638	1,838,648	1,827,450	1,763,424
Cash in vault.....	691,173	620,897	621,817	611,067	677,925
Items with Federal Reserve Bank in process of collection.....	579,235	580,063	615,116	674,005	544,815
Due from banks, bankers, and trust companies.....	2,518,709	1,874,173	1,824,041	1,774,326	1,576,622
Exchanges for clearing house, also checks on other banks in same place.....	1,509,006	867,427	1,228,799	1,272,584	963,881
Outside checks and other cash items.....	147,276	102,996	126,269	120,864	91,222
Redemption fund and due from United States Treasurer.....	41,489	38,187	38,505	39,433	38,350
Approximate interest earned but not collected.....	69,354	66,070	73,728	72,576	77,449
Other assets.....	97,544	323,899	313,164	371,735	369,552
<b>Total.....</b>	<b>32,616,256</b>	<b>31,748,572</b>	<b>32,194,301</b>	<b>32,113,433</b>	<b>31,184,198</b>
<b>LIABILITIES.</b>					
Capital stock paid in.....	1,593,833	1,695,555	1,717,014	1,787,160	1,799,061
Surplus fund.....	1,375,727	1,446,915	1,480,456	1,518,953	1,526,901
Undivided profits, less expenses and taxes paid.....	491,872	588,697	561,427	659,515	678,933
Approximate interest and discount collected but not earned.....	76,576	88,786	93,174	96,450	95,472
Amount reserved for taxes accrued.....	55,808	62,560	67,689	74,683	71,634
Amount reserved for interest accrued.....	24,843	39,404	26,474	45,603	43,678
Due to Federal Reserve Bank.....	14,189	21,547	24,682	28,402	21,953
Due to banks, bankers, and trust companies.....	4,091,400	3,524,359	3,461,016	3,201,791	3,062,304
Certified and cashiers' or treasurers' checks outstanding.....	906,515	518,717	648,361	714,709	593,389
Demand deposits.....	15,156,169	14,833,215	15,067,172	14,779,480	14,019,901
Time deposits.....	5,304,793	5,747,532	5,910,926	6,144,064	6,187,921
United States deposits.....	648,555	190,168	260,179	219,831	316,191
Bills payable with Federal Reserve Bank.....	1,190,741	1,246,721	1,122,067	1,063,748	1,026,492
Bills payable other than with Federal Reserve Bank.....	71,488	133,497	155,443	212,232	208,440
Cash letters of credit and travelers' checks outstanding.....	17,173	36,109	28,896	18,365	17,901
Acceptances.....	641,018	673,852	673,565	647,801	593,708
National-bank notes outstanding.....	685,237	687,931	687,653	697,391	693,415
United States Government securities borrowed.....	182,665	123,143	130,860	131,209	140,451
Other bonds and securities borrowed.....	5,578	6,119	4,582	4,844	4,377
Other liabilities.....	82,486	83,945	72,665	67,202	82,076
<b>Total.....</b>	<b>32,616,256</b>	<b>31,748,572</b>	<b>32,194,301</b>	<b>32,113,433</b>	<b>31,184,198</b>
Liability for rediscounts, including those with Federal Reserve Bank <sup>6</sup> .....	1,299,788	1,551,047	1,558,792	1,917,989	1,894,818
Ratio of reserve with Federal Reserve Bank to net deposit liability (per cent.).....	10.3	10.1	9.9	10.1	10.0

<sup>1</sup> One bank not reporting.

<sup>2</sup> Three banks not reporting.

<sup>3</sup> Includes with loans and discounts.

<sup>4</sup> Includes United States Government securities borrowed by National Banks.

<sup>5</sup> Includes other bonds and securities borrowed by National Banks.

<sup>6</sup> Includes acceptances of other banks and foreign bills of exchange sold with indorsement or other guaranty by National Banks.

**FIDUCIARY POWERS GRANTED TO NATIONAL BANKS.**

The following is a complete list of national banks which have been granted fiduciary powers to December 31, 1920. For a description of the powers granted see footnotes on page 266.

The Federal Reserve Act, as amended September 26, 1918, after naming certain powers which may be granted to national banks, when not in contravention of State or local law, authorizes the Federal Reserve Board under such circumstances to grant permission to act in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which located. Where this general power has been granted in addition to certain specific powers, the footnote describing the powers is followed by an asterisk.

**DISTRICT NO. 1.**

**CONNECTICUT.**

(See also District No. 2.)

Ansonia.....	Ansonia National Bank. <sup>1</sup>
Bristol.....	Bristol National Bank. <sup>2</sup>
Hartford.....	Colonial National Bank. <sup>3*</sup>
	First National Bank. <sup>1</sup>
	Hartford-Aetna National Bank. <sup>4</sup>
	Phoenix National Bank. <sup>1</sup>
Middletown.....	Middletown National Bank. <sup>3</sup>
Naugatuck.....	Naugatuck National Bank. <sup>3</sup>
New Britain.....	New Britain National Bank. <sup>1</sup>
New Haven.....	First National Bank. <sup>2</sup>
	Merchants National Bank. <sup>2</sup>
	National Tradersmens Bank. <sup>3</sup>
	Second National Bank. <sup>1</sup>
	The New Haven Bank, N. B. A. <sup>1</sup>
New London.....	National Bank of Commerce. <sup>2*</sup>
	New London City National Bank. <sup>2</sup>
Norwich.....	Thames National Bank. <sup>1</sup>
Torrington.....	Torrington National Bank. <sup>1*</sup>
Wallingford.....	First National Bank. <sup>1</sup>
Waterbury.....	Citizens National Bank. <sup>11</sup>
	Manufacturers National Bank. <sup>1</sup>
	Waterbury National Bank. <sup>1</sup>

**MAINE.**

Bangor.....	First National Bank. <sup>12</sup>
Bar Harbor.....	First National Bank. <sup>3</sup>
Bath.....	Bath National Bank. <sup>2</sup>
Bellast.....	City National Bank. <sup>2</sup>
Lewiston.....	Manufacturers National Bank. <sup>12</sup>
Norway.....	Norway National Bank. <sup>2</sup>
Portland.....	Canal National Bank. <sup>1</sup>
	First National Bank. <sup>12</sup>
	Portland National Bank. <sup>12</sup>
Waterville.....	Ticonic National Bank. <sup>3</sup>

**MASSACHUSETTS.**

Adams.....	First National Bank. <sup>2</sup>
	Graylock National Bank. <sup>11</sup>
Amherst.....	First National Bank. <sup>1</sup>
Beverly.....	Beverly National Bank. <sup>3</sup>
Boston.....	Boylston National Bank. <sup>1</sup>
	Citizens National Bank. <sup>1</sup>
	First National Bank. <sup>11</sup>
	Fourth-Atlantic National Bank. <sup>1</sup>
	Merchants National Bank. <sup>1</sup>
	National Shawmut Bank. <sup>1</sup>
	National Union Bank. <sup>3</sup>
	Peoples National Bank of Roxbury. <sup>11</sup>
	Second National Bank. <sup>1</sup>

**DISTRICT NO. 1—Continued.**

**MASSACHUSETTS—continued.**

Boston.....	Webster & Atlas National Bank. <sup>1</sup>
Brockton.....	Brockton National Bank. <sup>1</sup>
	Home National Bank. <sup>3</sup>
Edgartown.....	Edgartown National Bank. <sup>4</sup>
Fall River.....	Massosoit Pocasset National Bank. <sup>1</sup>
	Metacomb National Bank. <sup>1</sup>
Fitchburg.....	Safety Fund National Bank. <sup>1</sup>
Foxboro.....	Foxboro National Bank. <sup>1</sup>
Gardner.....	First National Bank. <sup>1</sup>
Gloucester.....	Cape Ann National Bank. <sup>1</sup>
Great Barrington.....	National Mahaive Bank. <sup>1</sup>
Haverhill.....	Essex National Bank. <sup>5</sup>
	First National Bank. <sup>3</sup>
	Merrimack National Bank. <sup>3</sup>
Holyoke.....	City National Bank. <sup>3</sup>
	Holyoke National Bank. <sup>3</sup>
Lawrence.....	Bay State National Bank. <sup>1</sup>
Leominster.....	Leominster National Bank. <sup>3</sup>
	Merchants National Bank. <sup>1*</sup>
	Old Lowell National Bank. <sup>1*</sup>
Lowell.....	Central National Bank. <sup>2</sup>
Lynn.....	Manufacturers National Bank. <sup>1</sup>
	National City Bank. <sup>13</sup>
Marlboro.....	First National Bank. <sup>3</sup>
	Peoples National Bank of Marlborough. <sup>1</sup>
Methuen.....	National Bank of Methuen. <sup>2</sup>
New Bedford.....	First National Bank. <sup>1</sup>
	Merchants National Bank. <sup>1</sup>
Newburyport.....	Merchants National Bank. <sup>2</sup>
North Adams.....	North Adams National Bank. <sup>1</sup>
Northampton.....	Northampton National Bank. <sup>1</sup>
Pittsfield.....	Agricultural National Bank. <sup>2</sup>
	Pittsfield National Bank. <sup>3</sup>
Plymouth.....	Plymouth National Bank. <sup>3</sup>
Provincetown.....	First National Bank. <sup>1</sup>
Reading.....	First National Bank. <sup>3</sup>
Salem.....	Merchants National Bank. <sup>1</sup>
Southbridge.....	Southbridge National Bank. <sup>1</sup>
Springfield.....	Chapin National Bank. <sup>1</sup>
	Chicopee National Bank. <sup>1</sup>
	Springfield National Bank. <sup>2</sup>
	The Third National Bank of Springfield. <sup>1</sup>
Tisbury.....	Martha's Vineyard National Bank. <sup>2</sup>
Turner Falls.....	Crocker National Bank. <sup>11</sup>
Uxbridge.....	Blackstone National Bank. <sup>1</sup>
Wareham.....	National Bank of Wareham. <sup>3</sup>
Watertown.....	Union Market National Bank. <sup>3</sup>
Webster.....	First National Bank. <sup>3</sup>
Woburn.....	Woburn National Bank. <sup>14</sup>
Worcester.....	Mechanics National Bank. <sup>3</sup>
	Merchants National Bank. <sup>1</sup>
Yarmouthport.....	The First National Bank of Yarmouth. <sup>1</sup>

For footnotes see page 266.

## DISTRICT NO. 1—continued.

## NEW HAMPSHIRE.

Berlin.....	City National Bank. <sup>6</sup>
Claremont.....	Claremont National Bank. <sup>3</sup>
Concord.....	First National Bank. <sup>1</sup>
	Mechanics National Bank. <sup>13</sup>
	National State Capital Bank. <sup>15</sup>
Dover.....	Merchants National Bank. <sup>4</sup>
	Strafford National Bank. <sup>3</sup>
Keene.....	Ashuelot National Bank. <sup>15</sup>
	Keene National Bank. <sup>3</sup>
Manchester.....	Amoskeag National Bank. <sup>15</sup>
	Manchester National Bank. <sup>6</sup>
	Merchants National Bank. <sup>15</sup>
Nashua.....	Indian Head National Bank. <sup>4</sup>
	Second National Bank. <sup>15</sup>
Newport.....	Citizens National Bank. <sup>15</sup>
Wolfeboro.....	Wolfeboro National Bank. <sup>15</sup>

## RHODE ISLAND.

Newport.....	Aquidneck National Bank. <sup>3</sup>
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## VERMONT.

Barre.....	Peoples National Bank. <sup>1</sup>
Bellows Falls.....	National Bank of Bellows Falls. <sup>4</sup>
Bennington.....	County National Bank. <sup>1</sup>
	First National Bank of Bennington. <sup>1</sup>
Brandon.....	First National Bank. <sup>3</sup>
Brattleboro.....	Peoples National Bank. <sup>1</sup>
	Vermont National Bank. <sup>2</sup>
Montpelier.....	First National Bank. <sup>3</sup>
Poultney.....	Citizens National Bank. <sup>3</sup>
Rutland.....	The Baxter National Bank of Rutland. <sup>5</sup>
Springfield.....	First National Bank. <sup>3</sup>
St. Albans.....	Welden National Bank. <sup>4</sup>
Windsor.....	State National Bank. <sup>4</sup>

## DISTRICT NO. 2.

## CONNECTICUT.

(See also District No. 1.)

Bridgeport.....	City National Bank. <sup>1</sup>
	Connecticut National Bank. <sup>1</sup>
	First-Bridgeport National Bank. <sup>1</sup>
Danbury.....	City National Bank. <sup>1</sup>
	Danbury National Bank. <sup>1</sup>
Greenwich.....	Greenwich National Bank. <sup>1</sup>
Norwalk.....	National Bank of Norwalk. <sup>3</sup>
Ridgefield.....	First National Bank. <sup>1</sup>
South Norwalk.....	City National Bank. <sup>3</sup>
Stamford.....	First National Bank. <sup>1</sup>

## NEW JERSEY.

(See also District No. 3.)

Arlington.....	The First National Bank of Arlington. <sup>1</sup>
Asbury Park.....	Merchants National Bank. <sup>1</sup>
Atlantic Highlands.....	Atlantic Highlands National Bank. <sup>4</sup>
Belvidere.....	Belvidere National Bank. <sup>2</sup>
Bloomfield.....	Bloomfield National Bank. <sup>3</sup>
Boonton.....	Boonton National Bank. <sup>1</sup>
Boundbrook.....	First National Bank. <sup>3</sup>
Cranbury.....	First National Bank. <sup>3</sup>
Dover.....	National Union Bank. <sup>3</sup>
Elizabeth.....	National State Bank. <sup>11</sup>
	The Peoples National Bank of Elizabeth. <sup>1</sup>
Frenchtown.....	Union National Bank. <sup>15</sup>
Garfield.....	The First National Bank of Garfield. <sup>1</sup>
Hoboken.....	First National Bank. <sup>3</sup>
	The Second National Bank of Hoboken. <sup>1</sup>
Jersey City.....	First National Bank. <sup>1</sup>
Lambertville.....	Lambertville National Bank.

## DISTRICT NO. 2—Continued.

## NEW JERSEY—continued.

Long Branch.....	Citizens National Bank. <sup>1</sup>
Montclair.....	First National Bank. <sup>1</sup>
Morristown.....	First National Bank. <sup>1</sup>
	National Iron Bank. <sup>1</sup>
Newark.....	Merchants & Manufacturers National Bank. <sup>3</sup>
	National Newark & Essex Banking Co. <sup>1</sup>
	National State Bank. <sup>1</sup>
	North Ward National Bank. <sup>3</sup>
New Brunswick.....	National Bank of New Jersey. <sup>1</sup>
	The Peoples National Bank of New Brunswick. <sup>1</sup>
Orange.....	Orange National Bank. <sup>2</sup>
	Second National Bank. <sup>1</sup>
Passaic.....	Passaic National Bank. <sup>1</sup>
Paterson.....	First National Bank. <sup>15</sup>
	Paterson National Bank. <sup>1</sup>
	Second National Bank. <sup>1</sup>
Perth Amboy.....	City National Bank. <sup>1</sup>
	First National Bank. <sup>1</sup>
Phillipsburg.....	Phillipsburg National Bank. <sup>2</sup>
Plainfield.....	City National Bank. <sup>3</sup>
Red Bank.....	The Broad Street National Bank of Red Bank. <sup>1</sup>
	Second National Bank. <sup>1</sup>
Ridgewood.....	The Citizens National Bank of Ridgewood. <sup>1</sup>
	The First National Bank of Ridgewood. <sup>1</sup>
Rutherford.....	Rutherford National Bank. <sup>3</sup>
Somerville.....	Second National Bank. <sup>3</sup>
South Amboy.....	First National Bank. <sup>1</sup>
South River.....	First National Bank. <sup>1</sup>
Sussex.....	Farmers National Bank. <sup>3</sup>

## NEW YORK.

Adams.....	Farmers National Bank. <sup>1</sup>
Albany.....	First National Bank. <sup>5</sup>
	National Commercial Bank & Trust Co. <sup>2</sup>
	New York State National Bank. <sup>7</sup>
Amsterdam.....	First National Bank. <sup>1</sup>
Auburn.....	Cayuga County National Bank. <sup>2</sup>
	The National Bank of Auburn. <sup>1</sup>
Brooklyn.....	First National Bank. <sup>1</sup>
	Nassau National Bank. <sup>1</sup>
Buffalo.....	Manufacturers & Traders National Bank. <sup>1</sup>
Canandaigua.....	Canandaigua National Bank. <sup>1</sup>
Canton.....	First National Bank. <sup>1</sup>
	St. Lawrence County National Bank. <sup>17</sup>
Carthage.....	Carthage National Bank. <sup>1</sup>
Catskill.....	Catskill National Bank. <sup>2</sup>
Clayton.....	National Exchange Bank. <sup>5</sup>
Cooperstown.....	First National Bank. <sup>1</sup>
	Second National Bank. <sup>2</sup>
Corning.....	First National Bank & Trust Co. of Corning. <sup>2</sup>
Cuba.....	Cuba National Bank. <sup>1</sup>
Dunkirk.....	Lake Shore National Bank. <sup>1</sup>
	Merchants National Bank. <sup>1</sup>
Edwards.....	Edwards National Bank. <sup>5</sup>
Elmira.....	Merchants National Bank. <sup>10</sup>
	Second National Bank. <sup>1</sup>
Far Rockaway.....	National Bank of Far Rockaway. <sup>5</sup>
Fredonia.....	National Bank of Fredonia. <sup>1</sup>
Freeport.....	Citizens National Bank of Freeport. <sup>1</sup>
Fulton.....	Citizens National Bank of Fulton. <sup>1</sup>
Geneva.....	Geneva National Bank. <sup>5</sup>
Glens Falls.....	Merchants National Bank. <sup>2</sup>
Gloversville.....	City National Bank. <sup>1</sup>
	Fulton County National Bank. <sup>1</sup>
Goshen.....	National Bank of Orange County. <sup>1</sup>

For footnotes see page 266.

DISTRICT NO. 2—Continued.

NEW YORK—continued.

Granville.....	Farmers National Bank. <sup>5</sup> Washington County National Bank. <sup>5</sup>
Hempstead.....	First National Bank. <sup>1</sup>
Herkimer.....	Herkimer National Bank. <sup>2</sup>
Hoosick Falls.....	Peoples National Bank. <sup>2</sup>
Hornell.....	Citizens National Bank. <sup>1</sup>
Hudson.....	Farmers National Bank. <sup>1</sup> First National Bank. <sup>1</sup>
Hudson Falls.....	The Peoples National Bank of Hudson Falls. <sup>1</sup> The Sandy Hill National Bank of Hudson Falls. <sup>1</sup>
Ilion.....	Ilion National Bank. <sup>1</sup>
Ithaca.....	First National Bank. <sup>1</sup>
Jamestown.....	American National Bank of Jamestown. <sup>1</sup> National Chautauqua County Bank. <sup>2</sup>
Kingston.....	Rondout National Bank. <sup>1</sup> The First National Bank of Rondout. <sup>1</sup>
Lackawanna.....	Lackawanna National Bank. <sup>1</sup>
Little Falls.....	Little Falls National Bank. <sup>1</sup>
Lockport.....	National Exchange Bank. <sup>1</sup> Niagara County National Bank. <sup>1</sup>
Lowville.....	The Black River National Bank. <sup>1</sup>
Middletown.....	Merchants National Bank. <sup>1</sup>
Mineola.....	First National Bank. <sup>5</sup>
Morristown.....	Frontier National Bank. <sup>5</sup>
Mount Vernon.....	First National Bank. <sup>1</sup>
Newburgh.....	Highland National Bank. <sup>1</sup>
New York City.....	American Exchange National Bank. <sup>1</sup> Atlantic National Bank. <sup>1</sup> Bank of New York N.B.A. <sup>1</sup> Bronx National Bank. <sup>5</sup> Chase National Bank. <sup>1</sup> Chatham & Phenix National Bank. <sup>1</sup> Chemical National Bank of New York. <sup>1</sup> Coal & Iron National Bank. <sup>1</sup> First National Bank. <sup>1</sup> Garfield National Bank. <sup>1</sup> Gotham National Bank. <sup>1</sup> Hanover National Bank. <sup>2</sup> Harriman National Bank. <sup>1</sup> Irving National Bank. <sup>1</sup> Liberty National Bank. <sup>1</sup> Mechanics & Metals National Bank. <sup>2</sup> Merchants National Bank. <sup>1</sup> National American Bank of New York. <sup>1</sup> National Bank of Commerce. <sup>2</sup> National City Bank. <sup>1</sup> National Park Bank. <sup>1</sup> Seaboard National Bank. <sup>1</sup> State National Bank. <sup>1</sup>
North Tonawanda.....	Chenango National Bank. <sup>2</sup>
Norwich.....	National Bank of Norwich. <sup>1</sup>
Nyack.....	Nyack National Bank. <sup>1</sup>
Ogdensburg.....	National Bank of Ogdensburg. <sup>2</sup>
Olean.....	The Exchange National Bank of Olean. <sup>1</sup>
Oneida.....	Oneida Valley National Bank. <sup>1</sup>
Oneonta.....	Citizens National Bank. <sup>1</sup> Wilber National Bank. <sup>1</sup>
Oswego.....	Second National Bank. <sup>1</sup>
Ovid.....	First National Bank. <sup>5</sup>
Peekskill.....	Peekskill National Bank. <sup>1</sup> Westchester County National Bank. <sup>1</sup>
Plattsburg.....	Plattsburg National Bank & Trust Co. <sup>1</sup>
Port Chester.....	First National Bank. <sup>1</sup>
Port Jervis.....	First National Bank. <sup>1</sup> National Bank of Port Jervis. <sup>1</sup>

For footnotes see page 266.

DISTRICT NO. 2—Continued.

NEW YORK—continued.

Poughkeepsie.....	Falkkill National Bank. <sup>1</sup> Farmers & Manufacturers National Bank. <sup>1</sup>
Richfield Springs.....	First National Bank. <sup>5</sup>
Riverhead.....	Suffolk County National Bank. <sup>5</sup>
Rome.....	Farmers National Bank. <sup>1</sup>
Saratoga Springs.....	First National Bank. <sup>5</sup>
Southampton.....	First National Bank. <sup>2</sup>
Stapleton.....	Richmond Borough National Bank. <sup>5</sup>
Suffern.....	Suffern National Bank. <sup>1</sup>
Tarrytown.....	Tarrytown National Bank. <sup>7</sup>
Troy.....	The Manufacturers National Bank of Troy. <sup>1</sup> Union National Bank. <sup>1</sup>
Utica.....	Oneida National Bank. <sup>1</sup> Utica City National Bank. <sup>1</sup>
Vernon.....	National Bank of Vernon. <sup>18</sup>
Walton.....	First National Bank. <sup>1</sup>
Warsaw.....	The Wyoming County National Bank of Warsaw. <sup>1</sup>
Watertown.....	Jefferson County National Bank. <sup>1</sup> Watertown National Bank. <sup>2</sup>
Westfield.....	National Bank of Westfield. <sup>5</sup>
Yonkers.....	First National Bank of Yonkers. <sup>1</sup>

DISTRICT NO. 3.

DELAWARE.

Laurel.....	Peoples National Bank. <sup>2</sup>
Milford.....	First National Bank. <sup>1</sup>
Seaford.....	First National Bank. <sup>3</sup>
Wilmington.....	Central National Bank of Wilmington. <sup>1</sup>

NEW JERSEY.

(See also District No. 2.)

Atlantic City.....	The Chelsea National Bank of Atlantic City. <sup>1</sup> Union National Bank. <sup>1</sup> Atlantic City National Bank. <sup>3</sup>
Burlington.....	Mechanics National Bank. <sup>1</sup>
Camden.....	The First National Bank of Camden. <sup>1</sup> National State Bank. <sup>1</sup>
Cape May.....	Merchants National Bank. <sup>5</sup>
Elmer.....	First National Bank. <sup>1</sup>
Glassboro.....	First National Bank of Glassboro. <sup>1</sup>
Haddonfield.....	Haddonfield National Bank. <sup>1</sup>
Medford.....	Burlington County National Bank of Medford. <sup>1</sup>
Merchantville.....	The First National Bank of Merchantville. <sup>1</sup>
Princeton.....	First National Bank. <sup>3</sup>
Salem.....	Salem National Banking Co. <sup>1</sup>
Swedesboro.....	Swedesboro National Bank. <sup>1</sup>
Trenton.....	Broad Street National Bank. <sup>3</sup> First National Bank. <sup>1</sup> Mechanics National Bank. <sup>1</sup>
Ventnor City.....	Ventnor City National Bank. <sup>1</sup>
Woodbury.....	First National Bank. <sup>1</sup>
Woodstown.....	Woodstown National Bank of Woodstown. <sup>1</sup>

PENNSYLVANIA.

(See also District No. 4.)

Allentown.....	Allentown National Bank. <sup>1</sup> Merchants National Bank. <sup>2</sup>
Ambler.....	First National Bank of Ambler. <sup>1</sup>
Annville.....	Annville National Bank. <sup>3</sup>
Atglen.....	Atglen National Bank. <sup>4</sup>
Belleville.....	Belleville National Bank. <sup>4</sup>
Bethlehem.....	Bethlehem National Bank. <sup>1</sup> Lehigh Valley National Bank. <sup>2</sup>

## DISTRICT NO. 3—Continued.

## PENNSYLVANIA—continued.

Bloomsburg.....	Bloomsburg National Bank. <sup>1</sup>
Blossburg.....	Miners National Bank. <sup>3</sup>
Boyerstown.....	The National Bank of Boyer- town. <sup>1</sup>
Catasauqua.....	National Bank of Cata- sauqua. <sup>1</sup>
Clearfield.....	Clearfield National Bank. <sup>1</sup> County National Bank. <sup>1</sup>
Danville.....	First National Bank. <sup>4</sup>
DuBois.....	Deposit National Bank. <sup>1</sup> DuBois National Bank. <sup>3</sup>
Emaus.....	Emaus National Bank. <sup>1</sup>
Emporium.....	First National Bank. <sup>1</sup>
Ephrata.....	The Ephrata National Bank. <sup>1</sup> Farmers National Bank. <sup>4</sup>
Greencastle.....	First National Bank. <sup>4</sup>
Harrisburg.....	Merchants National Bank. <sup>3</sup>
Hazleton.....	The First National Bank of Hazleton. <sup>1</sup> Hazleton National Bank. <sup>3</sup>
Huntingdon.....	First National Bank. <sup>1</sup> Union National Bank. <sup>2</sup>
Jenkintown.....	The Jenkintown National Bank. <sup>7</sup>
Johnstown.....	First National Bank. <sup>2</sup>
Lancaster.....	Conestoga National Bank. <sup>4</sup> Fulton National Bank. <sup>1</sup> Lancaster County National Bank. <sup>1</sup>
Lansdale.....	The First National Bank of Lansdale. <sup>1</sup>
Lebanon.....	First National Bank of Lebanon. <sup>1</sup>
Lititz.....	Farmers National Bank. <sup>3</sup>
Lock Haven.....	The County National Bank of Lock Haven. <sup>1</sup>
Mahanoy City.....	Union National Bank. <sup>2</sup>
Manheim.....	Keystone National Bank. <sup>1</sup>
Marietta.....	Exchange National Bank. <sup>3</sup>
Maytown.....	Maytown National Bank. <sup>3</sup>
Mount Carmel.....	Union National Bank. <sup>1</sup>
Mount Joy.....	The First National Bank of Mount Joy. <sup>1</sup> Union National Mount Joy Bank. <sup>1</sup>
Mountville.....	Mountville National Bank. <sup>3</sup>
Myerstown.....	Myerstown National Bank. <sup>3</sup>
Nanticoke.....	First National Bank. <sup>3</sup>
Nazareth.....	Nazareth National Bank. <sup>1</sup>
New Holland.....	New Holland National Bank. <sup>3</sup>
Newville.....	First National Bank. <sup>3</sup>
Oxford.....	National Bank of Oxford. <sup>1</sup>
Patton.....	First National Bank. <sup>3</sup>
Pen Argyl.....	First National Bank. <sup>3</sup>
Philadelphia.....	The Broad Street National Bank of Philadelphia. <sup>10</sup> Corn Exchange National Bank. <sup>1</sup> Eighth National Bank. <sup>3</sup> Fourth Street National Bank. <sup>5</sup> National Bank of German- town. <sup>2</sup> Ninth National Bank. <sup>1</sup> Penn National Bank. <sup>1</sup> Philadelphia National Bank. <sup>1</sup> Quaker City National Bank. <sup>1</sup> Southwark National Bank. <sup>2</sup> Textile National Bank. <sup>1</sup> Union National Bank. <sup>2</sup>
Philipsburg.....	Moshannon National Bank. <sup>1</sup>
Pittston.....	First National Bank. <sup>1</sup>
Port Allegany.....	The First National Bank of Port Allegany. <sup>1</sup>
Pottstown.....	National Bank of Pottstown. <sup>1</sup> National Iron Bank. <sup>1</sup>
Reading.....	Reading National Bank. <sup>1</sup> Penn National Bank. <sup>3</sup>
Red Lion.....	Red Lion First National Bank. <sup>1</sup>
Scranton.....	Third National Bank. <sup>1</sup>
Shickshinny.....	The First National Bank of Shickshinny. <sup>17</sup>
Spring City.....	National Bank of Spring City. <sup>1</sup>

For footnotes see page 266.

## DISTRICT NO. 3—Continued.

## PENNSYLVANIA—continued.

Stroudsburg.....	First National Bank. <sup>3</sup>
Sunbury.....	First National Bank. <sup>1</sup>
Tamaqua.....	Tamaqua National Bank. <sup>1</sup>
Tioga.....	Grange National Bank. <sup>3</sup>
Topton.....	National Bank of Topton. <sup>3</sup>
Towanda.....	Citizens National Bank. <sup>1</sup>
Tyrone.....	Farmers & Merchants Na- tional Bank of Tyrone. <sup>1</sup>
West Chester.....	First National Bank. <sup>1</sup> National Bank of Chester County. <sup>1</sup>
West Grove.....	National Bank of West Grove. <sup>3</sup>
Wilkes-Barre.....	Second National Bank. <sup>1</sup> Wyoming National Bank. <sup>1</sup>
Williamsport.....	First National Bank. <sup>1</sup> The Lycoming National Bank. <sup>1</sup> West Branch National Bank. <sup>3</sup> Williamsport National Bank. <sup>1</sup>
Wrightsville.....	First National Bank. <sup>1</sup>
York.....	First National Bank of York. <sup>1</sup> Industrial National Bank of West York. <sup>3</sup> Western National Bank. <sup>1</sup>

## DISTRICT NO. 4.

## KENTUCKY.

(See also District No. 8.)

Ashland.....	The Ashland National Bank. <sup>19</sup>
Brooksville.....	First National Bank. <sup>3</sup>
Mount Sterling.....	Mount Sterling National Bank. <sup>3</sup> Traders National Bank. <sup>19</sup>
Newport.....	American National Bank. <sup>19</sup> Newport National Bank. <sup>19</sup>
Paris.....	First National Bank. <sup>1</sup>
Pineville.....	Bell National Bank of Pine- ville. <sup>1</sup>
Somerset.....	The Farmers' National Bank of Somerset. <sup>19</sup>
Williamsburg.....	First National Bank. <sup>3</sup>

## OHIO.

Akron.....	First-Second National Bank. <sup>20</sup> National City Bank. <sup>20</sup>
Ashtabula.....	National Bank of Ashtabula. <sup>11</sup>
Athens.....	Bank of Athens, N. B. A. <sup>11</sup>
Bellaire.....	First National Bank. <sup>20</sup>
Bucyrus.....	First National Bank. <sup>20</sup>
Canton.....	The City National Bank of Canton. <sup>15</sup> First National Bank. <sup>5</sup>
Cadiz.....	The Fourth National Bank of Cadiz. <sup>11</sup>
Cincinnati.....	Atlas National Bank. <sup>20</sup> Citizens National Bank. <sup>11</sup> Fifth-Third National Bank. <sup>20</sup> First National Bank. <sup>11</sup> Second National Bank. <sup>11</sup>
Cleveland.....	Brotherhood of Locomotive Engineers Cooperative Na- tional Bank of Cleveland. <sup>1</sup> The Central National Bank Savings & Trust Co. <sup>11</sup> National City Bank. <sup>11</sup> Northern National Bank of Cleveland. <sup>11</sup> Union Commerce National Bank. <sup>11</sup>
Columbus.....	City National Bank. <sup>15</sup> Commercial National Bank. <sup>5</sup> Huntington National Bank. <sup>15</sup> The Ohio National Bank. <sup>11</sup>
Coshocton.....	Commercial National Bank. <sup>20</sup>
Dayton.....	Merchants National Bank. <sup>20</sup> Winters National Bank. <sup>20</sup>
Defiance.....	First National Bank. <sup>20</sup> Merchants National Bank. <sup>20</sup>
Fostoria.....	Union National Bank. <sup>11</sup>
Galion.....	Citizens National Bank. <sup>20</sup>

DISTRICT NO. 4—Continued.

OHIO—continued.

Hamilton	First National Bank. <sup>20</sup>
Hillsboro	Merchants National Bank. <sup>11</sup>
Kent	Kent National Bank. <sup>11</sup>
Lebanon	Lebanon National Bank. <sup>20</sup>
Lorain	National Bank of Commerce. <sup>11</sup>
Mansfield	Citizens National Bank. <sup>5</sup>
Marietta	Central National Bank. <sup>20</sup>
Marion	First National Bank. <sup>20</sup>
Massillon	The National City Bank & Trust Co. of Marion. <sup>11</sup>
Painesville	Merchants National Bank. <sup>20</sup>
Piqua	Painesville National Bank. <sup>15</sup>
Ravenna	Citizens National Bank of Piqua. <sup>1</sup>
Sidney	Piqua National Bank. <sup>11</sup>
Steubenville	Second National Bank. <sup>20</sup>
Tiffin	Citizens National Bank. <sup>6</sup>
Toledo	National Exchange Bank. <sup>11</sup>
Troy	Commercial National Bank. <sup>11</sup>
Urbana	Tiffin National Bank. <sup>11</sup>
Wilmington	Northern National Bank. <sup>5</sup>
Youngstown	First National Bank. <sup>11</sup>
Zanesville	Citizens National Bank. <sup>6</sup>
	Clinton County National Bank. <sup>20</sup>
	Commercial National Bank of Youngstown. <sup>11</sup>
	First National Bank. <sup>5</sup>
	First National Bank. <sup>20</sup>
	Old Citizens National Bank. <sup>11</sup>

PENNSYLVANIA.

(See also District No. 3.)

Ellwood City	First National Bank. <sup>1</sup>
Franklin	Lamberton National Bank. <sup>1</sup>
Greensburg	First National Bank. <sup>1</sup>
Greenville	First National Bank. <sup>3</sup>
Grove City	The Grove City National Bank. <sup>1</sup>
Meadville	The First National Bank of Grove City. <sup>1</sup>
New Brighton	New First National Bank. <sup>10</sup>
New Castle	Union National Bank of New Brighton. <sup>1</sup>
Oakmont	First National Bank. <sup>1</sup>
Oil City	First National Bank. <sup>6</sup>
Pittsburgh	Oil City National Bank. <sup>1</sup>
	Bank of Pittsburgh N. A. <sup>1</sup>
	The Diamond National Bank of Pittsburgh. <sup>1</sup>
	Duquesne National Bank. <sup>1</sup>
	The First National Bank. <sup>1</sup>
	Monongahela National Bank. <sup>5</sup>
	National Bank of America. <sup>3</sup>
	Peoples National Bank. <sup>5</sup>
	Second National Bank of Allegheny. <sup>1</sup>
	Third National Bank. <sup>1</sup>
	Union National Bank. <sup>1</sup>
	Western National Bank. <sup>1</sup>
Punxsutawney	Punxsutawney National Bank. <sup>1</sup>
Sharon	The First National Bank of Sharon. <sup>1</sup>
Titusville	McDowell National Bank. <sup>3</sup>
Warren	Second National Bank. <sup>1</sup>
Washington	Warren National Bank. <sup>1</sup>
Zelienople	Citizens National Bank. <sup>18</sup>
	First National Bank. <sup>1</sup>
	Peoples National Bank. <sup>3</sup>

WEST VIRGINIA.

(See also District No. 5.)

Elm Grove	First National Bank of Elm Grove. <sup>1</sup>
New Cumberland	First National Bank. <sup>6</sup>
Sisterville	Farmers & Producers National Bank. <sup>1</sup>
Wheeling	National Bank of West Virginia. <sup>1</sup>

DISTRICT NO. 5.

DISTRICT OF COLUMBIA.

Washington	Commercial National Bank. <sup>6</sup>
	National Bank of Washington. <sup>3</sup>
	National Metropolitan Bank. <sup>2</sup>

MARYLAND.

Baltimore	Merchants-Mechanics First National Bank. <sup>1</sup>
	Second National Bank. <sup>2</sup>
	Western National Bank of Baltimore. <sup>1</sup>
Cumberland	Second National Bank. <sup>1</sup>
Frederick	Farmers & Mechanics National Bank. <sup>3</sup>
Hagerstown	Second National Bank. <sup>1</sup>
Hyattsville	First National Bank. <sup>3</sup>
New Windsor	First National Bank. <sup>3</sup>
Pocomoke City	Citizens National Bank. <sup>1</sup>
Rising Sun	National Bank of Rising Sun. <sup>3</sup>
Rockville	Montgomery County National Bank. <sup>1</sup>
Salisbury	Salisbury National Bank. <sup>1</sup>

NORTH CAROLINA.

Charlotte	Commercial National Bank. <sup>1</sup>
	Merchants & Farmers National Bank. <sup>1</sup>
	Union National Bank. <sup>1</sup>
Elizabeth City	First & Citizens National Bank. <sup>1</sup>
Goldsboro	Wayne National Bank. <sup>1</sup>
High Point	Commercial National Bank. <sup>3</sup>
New Bern	National Bank of New Bern. <sup>3</sup>
Oxford	First National Bank. <sup>3</sup>

SOUTH CAROLINA.

Charleston	Atlantic National Bank. <sup>1</sup>
	Commercial National Bank of Charleston. <sup>3</sup>
	Peoples National Bank. <sup>3</sup>
Columbia	National Loan & Exchange Bank. <sup>1</sup>
Greenville	First National Bank. <sup>1</sup>
	Peoples National Bank. <sup>5</sup>
Lake City	Farmers & Merchants National Bank. <sup>3</sup>
Orangeburg	Edisto National Bank. <sup>1</sup>
Rock Hill	National Union Bank. <sup>1</sup>
Spartanburg	Central National Bank. <sup>3</sup>

VIRGINIA.

Abingdon	First National Bank. <sup>1</sup>
Alexandria	Citizens National Bank. <sup>3</sup>
	First National Bank. <sup>3</sup>
Appalachia	First National Bank. <sup>6</sup>
Charlottesville	National Bank of Charlottesville. <sup>3</sup>
	Peoples National Bank. <sup>1</sup>
Chase City	The First National Bank of Chase City. <sup>1</sup>
Chatham	First National Bank. <sup>4</sup>
Clifton Forge	Clifton Forge National Bank. <sup>3</sup>
	First National Bank. <sup>1</sup>
Covington	Citizens National Bank. <sup>3</sup>
	Covington National Bank. <sup>3</sup>
Danville	First National Bank. <sup>1</sup>
Harrisonburg	First National Bank. <sup>4</sup>
Lexington	Rockbridge National Bank. <sup>1</sup>
Martinsville	Peoples National Bank. <sup>3</sup>
Newport News	First National Bank. <sup>5</sup>
Norfolk	National Bank of Commerce. <sup>3</sup>
	Seaboard National Bank. <sup>1</sup>
Petersburg	Virginia National Bank. <sup>4</sup>
Reedville	Commonwealth National Bank. <sup>4</sup>
Richmond	American National Bank. <sup>3</sup>
	First National Bank. <sup>1</sup>
	Merchants National Bank. <sup>1</sup>
Roanoke	American National Bank. <sup>3</sup>
	National Exchange Bank. <sup>1</sup>

For footnotes see page 266.



## DISTRICT NO. 5—Continued.

## VIRGINIA—continued.

Rocky Mount.....	Peoples National Bank. <sup>3</sup>
South Boston.....	Planters & Merchants National Bank. <sup>3</sup>
	Boston National Bank. <sup>1</sup>
Staunton.....	Augusta National Bank. <sup>1</sup>
	National Valley Bank. <sup>1</sup>
Warrenton.....	Fauquier National Bank. <sup>1</sup>
Winchester.....	Shenandoah Valley National Bank. <sup>3</sup>

## WEST VIRGINIA.

(See also District No. 4.)

Clarksburg.....	Empire National Bank. <sup>3</sup>
	Union National Bank. <sup>3</sup>
Fairmont.....	National Bank of Fairmont. <sup>1</sup>
Fairview.....	First National Bank. <sup>3</sup>
Grafton.....	First National Bank. <sup>1</sup>
Huntington.....	First National Bank. <sup>1</sup>
	The Huntington National Bank. <sup>1</sup>
Madison.....	Madison National Bank. <sup>3</sup>
Martinsburg.....	Old National Bank. <sup>1</sup>
Parkersburg.....	Parkersburg National Bank. <sup>1</sup>

## DISTRICT NO. 6.

## ALABAMA.

Anniston.....	Anniston National Bank. <sup>11</sup>
	First National Bank. <sup>2</sup>
Athens.....	First National Bank. <sup>6</sup>
Bessemer.....	First National Bank in Bessemer. <sup>2</sup>
Birmingham.....	First National Bank. <sup>1</sup>
Cullman.....	Leeth National Bank. <sup>3</sup>
Florence.....	First National Bank. <sup>2</sup>
Gadsden.....	First National Bank. <sup>4</sup>
Mobile.....	First National Bank. <sup>2</sup>
Montgomery.....	First National Bank. <sup>15</sup>
Oxford.....	First National Bank of Oxford. <sup>2</sup>
Piedmont.....	First National Bank. <sup>4</sup>
Selma.....	City National Bank. <sup>2</sup>
Talladega.....	Talladega National Bank. <sup>3</sup>
Tuscaloosa.....	City National Bank. <sup>2</sup>
	First National Bank. <sup>2</sup>

## FLORIDA.

Bartow.....	Polk County National Bank of Bartow. <sup>1</sup>
Bradentown.....	First National Bank. <sup>3</sup>
DeFuniak Springs.....	First National Bank. <sup>3</sup>
Jacksonville.....	Barnett National Bank. <sup>3</sup>
Panama City.....	First National Bank. <sup>6</sup>
St. Augustine.....	St. Augustine National Bank. <sup>1</sup>
St. Petersburg.....	Central National Bank. <sup>4</sup>
	First National Bank. <sup>3</sup>
Tampa.....	First National Bank. <sup>2</sup>
West Palm Beach.....	First National Bank. <sup>1</sup>

## GEORGIA.

Athens.....	Georgia National Bank. <sup>2</sup>
	National Bank of Athens. <sup>3</sup>
Atlanta.....	Atlanta National Bank. <sup>2</sup>
	Fourth National Bank. <sup>1</sup>
	Fulton National Bank. <sup>1</sup>
	Lowry National Bank. <sup>3</sup>
Brunswick.....	National Bank of Brunswick. <sup>1</sup>
Carrollton.....	First National Bank of Carrollton. <sup>1</sup>
Dawson.....	Dawson National Bank. <sup>7</sup>
Fitzgerald.....	Exchange National Bank. <sup>3</sup>
	First National Bank of Fitzgerald. <sup>26</sup>
LaGrange.....	LaGrange National Bank. <sup>2</sup>
Macon.....	Fourth National Bank. <sup>3</sup>
Quitman.....	First National Bank. <sup>17</sup>
Winder.....	Winder National Bank. <sup>1</sup>

For footnotes see page 266.

## DISTRICT NO. 6—Continued.

## LOUISIANA.

(See also District No. 11.)

Alexandria.....	First National Bank. <sup>2</sup>
Crowley.....	First National Bank of Acadia Parish. <sup>10</sup>
Lake Charles.....	Calcasieu National Bank of Southwest Louisiana. <sup>21</sup>
New Orleans.....	The Whitney-Central National Bank of New Orleans. <sup>1</sup>
Opelousas.....	The Opelousas National Bank. <sup>1</sup>

## MISSISSIPPI.

(See also District No. 8.)

Biloxi.....	First National Bank. <sup>3</sup>
Canton.....	First National Bank. <sup>3</sup>
Laurel.....	The Commercial National Bank & Trust Co. <sup>1</sup>
	First National Bank. <sup>1</sup>
Meridian.....	First National Bank. <sup>2</sup>

## TENNESSEE.

(See also District No. 8.)

Dickson.....	Citizens National Bank. <sup>10</sup>
Fayetteville.....	Elk National Bank. <sup>22</sup>
Kingsport.....	First National Bank. <sup>11</sup>
Knoxville.....	City National Bank. <sup>6</sup>
McMinnville.....	Peoples National Bank. <sup>17</sup>
Nashville.....	American National Bank. <sup>1</sup>
	Broadway National Bank. <sup>3</sup>
	Cumberland Valley National Bank. <sup>3</sup>
	Fourth & First National Bank. <sup>2</sup>
	Tennessee-Hermitage National Bank. <sup>3</sup>

## DISTRICT NO. 7.

## ILLINOIS.

(See also District No. 8.)

Aurora.....	First National Bank. <sup>1</sup>
	Old Second National Bank. <sup>1</sup>
Belyvidere.....	Second National Bank. <sup>3</sup>
Bushnell.....	First National Bank. <sup>1</sup>
Cambridge.....	Farmers National Bank. <sup>1</sup>
Canton.....	Canton National Bank. <sup>1</sup>
	The First National Bank of Canton. <sup>1</sup>
Casey.....	First National Bank. <sup>3</sup>
Charleston.....	National Trust Bank. <sup>1</sup>
Chicago.....	Corn Exchange National Bank. <sup>5</sup>
	First National Bank of Englewood. <sup>3</sup>
	Calumet National Bank of Chicago. <sup>1</sup>
	Live Stock Exchange National Bank of Chicago. <sup>1</sup>
	National Bank of the Republic. <sup>1</sup>
	National City Bank. <sup>1</sup>
Chillicothe.....	First National Bank. <sup>1</sup>
Danville.....	First National Bank. <sup>1</sup>
	Second National Bank of Danville. <sup>2</sup>
Decatur.....	Citizens National Bank. <sup>1</sup>
	Milliken National Bank. <sup>3</sup>
	National Bank of Decatur. <sup>3</sup>
Dixon.....	Dixon National Bank. <sup>1</sup>
Elmhurst.....	First National Bank of Elmhurst. <sup>1</sup>
El Paso.....	Woodford County National Bank. <sup>1</sup>
	The First National Bank of El Paso. <sup>1</sup>

DISTRICT NO. 7—Continued.

ILLINOIS—continued.

Freeport.....	First National Bank. <sup>1</sup>
Galesburg.....	First National Bank. <sup>1</sup>
Henry.....	First National Bank of Henry. <sup>10</sup>
Joliet.....	First National Bank. <sup>3</sup> Joliet National Bank. <sup>1</sup>
Kankakee.....	City National Bank. <sup>3</sup>
Kewanee.....	First National Bank. <sup>1</sup>
LaSalle.....	LaSalle National Bank. <sup>3</sup>
Macomb.....	Union National Bank. <sup>1</sup>
Marseilles.....	First National Bank. <sup>3</sup>
Mattoon.....	National Bank of Mattoon. <sup>4</sup> State National Bank. <sup>1</sup>
Monticello.....	First National Bank. <sup>1</sup>
Moweaqua.....	First National Bank. <sup>4</sup>
Ottawa.....	National City Bank of Ottawa. <sup>1</sup>
Peoria.....	Central National Bank. <sup>1</sup> The Commercial National Bank of Peoria. <sup>2</sup>
Rockford.....	Manufacturers National Bank. <sup>1</sup> Rockford National Bank. <sup>3</sup> The Swedish-American National Bank of Rockford. <sup>1</sup> Third National Bank. <sup>2</sup>
Waukegan.....	The Waukegan National Bank. <sup>1</sup>

INDIANA.

(See also District No. 8.)

Batesville.....	First National Bank. <sup>3</sup>
Brazil.....	Citizens National Bank. <sup>10</sup> First National Bank. <sup>3</sup> Riddell National Bank. <sup>3</sup>
Brookville.....	Franklin County National Bank. <sup>3</sup> National Brookville Bank. <sup>3</sup>
Cambridge City.....	First National Bank. <sup>2</sup>
Clay City.....	First National Bank of Clay City. <sup>1</sup>
Crawfordsville.....	Citizens National Bank. <sup>3</sup> Elston National Bank. <sup>2</sup>
Dana.....	First National Bank. <sup>4</sup>
Dublin.....	First National Bank. <sup>4</sup>
Dyer.....	First National Bank. <sup>3</sup>
Edinburg.....	Farmers National Bank. <sup>3</sup>
Elkhart.....	First National Bank. <sup>1</sup>
Fort Wayne.....	The First & Hamilton National Bank of Fort Wayne. <sup>3</sup> Old National Bank. <sup>1</sup>
Franklin.....	Franklin National Bank. <sup>3</sup>
Goshen.....	City National Bank. <sup>1</sup>
Greencastle.....	The First National Bank of Greencastle. <sup>1</sup>
Hammond.....	First National Bank. <sup>3</sup>
Indianapolis.....	Fletcher-American National Bank. <sup>11</sup>
Kokomo.....	Citizens National Bank. <sup>3</sup> Howard National Bank. <sup>1</sup>
LaPorte.....	First National Bank. <sup>3</sup>
Liberty.....	Union County National Bank. <sup>4</sup>
Logansport.....	City National Bank. <sup>2</sup> First National Bank. <sup>2</sup>
Lowell.....	State National Bank of Lowell. <sup>10</sup>
Marion.....	First National Bank. <sup>3</sup> Marion National Bank. <sup>1</sup>
Michigan City.....	Merchants National Bank. <sup>1</sup>
Mishawaka.....	First National Bank. <sup>3</sup>
Monrovia.....	First National Bank. <sup>3</sup>
Muncie.....	Delaware County National Bank. <sup>1</sup>
New Carlisle.....	First National Bank. <sup>4</sup>
New Castle.....	First National Bank. <sup>1</sup>
Peru.....	First National Bank. <sup>1</sup>
Richmond.....	First National Bank. <sup>1</sup> Second National Bank. <sup>3</sup>
Rochester.....	First National Bank. <sup>24</sup>
Rockville.....	Rockville National Bank. <sup>3</sup>
Rushville.....	Rush County National Bank. <sup>3</sup> Rushville National Bank. <sup>3</sup>

DISTRICT NO. 7—Continued.

INDIANA—continued.

Russiaville.....	First National Bank. <sup>4</sup>
Shelbyville.....	The Farmers National Bank of Shelbyville. <sup>1</sup>
Sheridan.....	Farmers National Bank. <sup>2</sup> First National Bank. <sup>3</sup>
South Bend.....	First National Bank. <sup>3</sup>
Swayzee.....	The First National Bank. <sup>1</sup>
Thorntown.....	Home National Bank. <sup>4</sup>
Tipton.....	Citizens National Bank. <sup>3</sup>
Wabash.....	Farmers & Merchants National Bank. <sup>2</sup>
Whiteland.....	Whiteland National Bank. <sup>3</sup>
Wilkinson.....	Farmers National Bank. <sup>4</sup>
Winamac.....	First National Bank. <sup>2</sup>

IOWA.

Aurelia.....	The First National Bank of Aurelia. <sup>1</sup>
Arlington.....	American National Bank. <sup>4</sup>
Bancroft.....	First National Bank of Bancroft. <sup>3</sup>
Boone.....	First National Bank. <sup>3</sup>
Burlington.....	Merchants National Bank. <sup>1</sup>
Cedar Rapids.....	Cedar Rapids National Bank. <sup>1</sup> Merchants National Bank. <sup>3</sup>
Charter Oak.....	First National Bank. <sup>1</sup>
Cherokee.....	First National Bank. <sup>1</sup>
Clarence.....	First National Bank. <sup>3</sup>
Clinton.....	City National Bank. <sup>3</sup> Merchants National Bank. <sup>16</sup>
Coon Rapids.....	First National Bank. <sup>1</sup>
Council Bluffs.....	City National Bank. <sup>1</sup> First National Bank. <sup>1</sup>
Decorah.....	National Bank of Decorah. <sup>3</sup>
Des Moines.....	Des Moines National Bank. <sup>2</sup>
Dubuque.....	First National Bank. <sup>1</sup>
Elkader.....	First National Bank. <sup>1</sup>
Emmetsburg.....	Emmetsburg National Bank. <sup>3</sup>
Every.....	First National Bank. <sup>10</sup>
Fairfield.....	First National Bank. <sup>2</sup>
Fonda.....	First National Bank. <sup>3</sup>
Fontanelle.....	First National Bank of Fontanelle. <sup>1</sup>
Gladbrook.....	First National Bank. <sup>4</sup>
Greenfield.....	First National Bank. <sup>10</sup>
Grinnell.....	Merchants National Bank of Grinnell. <sup>12</sup>
Hawarden.....	First National Bank. <sup>17</sup>
Humboldt.....	First National Bank. <sup>3</sup>
Independence.....	First National Bank. <sup>3</sup>
Indianola.....	First National Bank. <sup>4</sup>
Kauwaha.....	First National Bank. <sup>4</sup>
Le Mars.....	First National Bank. <sup>4</sup>
Linn Grove.....	First National Bank. <sup>1</sup>
Manchester.....	First National Bank. <sup>3</sup>
Marengo.....	First National Bank. <sup>3</sup>
Marshalltown.....	First National Bank. <sup>4</sup>
Milford.....	First National Bank. <sup>4</sup>
Montezuma.....	First National Bank. <sup>3</sup>
Muscatine.....	First National Bank. <sup>1</sup>
Newell.....	First National Bank. <sup>1</sup>
New Sharon.....	First National Bank. <sup>10</sup>
Newton.....	Clark National Bank of Newton. <sup>1</sup>
Odebolt.....	First National Bank. <sup>3</sup>
Oskaloosa.....	Oskaloosa National Bank. <sup>4</sup>
Paullina.....	The First National Bank of Paullina. <sup>11</sup>
Perry.....	The Perry National Bank. <sup>1</sup>
Peterson.....	First National Bank. <sup>1</sup>
Red Oak.....	First National Bank. <sup>3</sup>
Ripley.....	First National Bank. <sup>17</sup>
Rockwell City.....	Rockwell City National Bank. <sup>1</sup>
Royal.....	Citizens National Bank. <sup>4</sup>
Sibley.....	First National Bank. <sup>4</sup>
Sioux City.....	Continental National Bank. <sup>10</sup> Sioux National Bank in Sioux City. <sup>1</sup>
Sioux Rapids.....	First National Bank. <sup>4</sup>
Spencer.....	First National Bank of Spencer. <sup>1</sup>
Stanton.....	First National Bank. <sup>3</sup>

For footnotes see page 266.

## DISTRICT NO. 7—Continued.

## IOWA—continued.

Storm Lake.....	Citizens National Bank. <sup>1</sup>
Story City.....	First National Bank. <sup>2</sup>
Washington.....	Washington National Bank. <sup>3</sup>
Waterloo.....	Commercial National Bank. <sup>3</sup> Leavitt & Johnson National Bank. <sup>3</sup>
Waverly.....	First National Bank. <sup>3</sup>
Webster City.....	Farmers National Bank. <sup>3</sup> First National Bank. <sup>1</sup>

## MICHIGAN.

(See also District No. 9.)

Battle Creek.....	The City National Bank of Battle Creek. <sup>2</sup> Central National Bank. <sup>3</sup> Old National Bank. <sup>1</sup>
Bay City.....	First National Bank. <sup>3</sup>
Benton Harbor.....	Farmers & Merchants National Bank. <sup>1</sup>
Birmingham.....	First National Bank. <sup>3</sup>
Boyer City.....	First National Bank. <sup>4</sup>
Detroit.....	National Bank of Commerce. <sup>2</sup>
Flint.....	First National Bank. <sup>3</sup>
Grand Rapids.....	Grand Rapids National City Bank. <sup>1</sup> Old National Bank. <sup>15</sup> First National Bank. <sup>3</sup>
Hillsdale.....	First National Bank. <sup>3</sup>
Jackson.....	National Union Bank. <sup>1</sup> Peoples National Bank. <sup>1</sup>
Kalamazoo.....	First National Bank of Kalamazoo. <sup>1</sup>
LaSaug.....	Capital National Bank. <sup>3</sup> The City National Bank. <sup>5</sup>
Muskegon.....	Hackley National Bank. <sup>11</sup> Union National Bank. <sup>1</sup>
Petoskey.....	First National Bank. <sup>3</sup>
Pontiac.....	The National Bank of Pontiac. <sup>1</sup>
Port Huron.....	First National Exchange Bank of Port Huron. <sup>3</sup>
Rochester.....	First National Bank. <sup>3</sup>
Saginaw.....	Second National Bank. <sup>3</sup>
Traverse City.....	First National Bank. <sup>4</sup>

## WISCONSIN.

(See also District No. 9.)

Antigo.....	First National Bank of Antigo. <sup>2</sup> Langlade National Bank. <sup>17</sup>
Appleton.....	Citizens National Bank. <sup>1</sup>
Beaver Dam.....	Old National Bank. <sup>3</sup>
Clintonville.....	First National Bank. <sup>2</sup>
Edgerton.....	First National Bank of Edgerton. <sup>2</sup>
Fond du Lac.....	Commercial National Bank. <sup>1</sup> First Fond du Lac National Bank. <sup>2</sup>
Hartford.....	First National Bank. <sup>11</sup>
Janesville.....	First National Bank. <sup>3</sup>
Manitowoc.....	National Bank of Manitowoc. <sup>1</sup>
Marinette.....	First National Bank. <sup>1</sup>
Milwaukee.....	Marine National Bank of Milwaukee. <sup>1</sup> The National Exchange Bank of Milwaukee. <sup>1</sup>
Monroe.....	First National Bank. <sup>3</sup>
Neenah.....	National Manufacturers Bank. <sup>1</sup>
Oshkosh.....	City National Bank. <sup>3</sup>
Racine.....	The Manufacturers' National Bank of Racine. <sup>1</sup>
Ripon.....	American National Bank. <sup>1</sup> The First National Bank of Ripon. <sup>1</sup>
Shawano.....	The Wisconsin National Bank of Shawano. <sup>2</sup>
Viroqua.....	First National Bank of Viroqua. <sup>1</sup>
Waukesha.....	National Exchange Bank. <sup>3</sup>
West Bend.....	First National Bank. <sup>1</sup>

For footnotes see page 266.

## DISTRICT NO. 8.

## ARKANSAS.

Batesville.....	First National Bank. <sup>11</sup>
Eldorado.....	Citizens National Bank. <sup>1</sup>
Fordyce.....	First National Bank. <sup>5</sup>
Fort Smith.....	Merchants National Bank. <sup>1</sup>
Hot Springs.....	Arkansas National Bank. <sup>1</sup> Citizens National Bank. <sup>7</sup>
Jonesboro.....	First National Bank. <sup>1</sup>
Lake Village.....	First National Bank of Lake Village. <sup>1</sup>
Little Rock.....	England National Bank. <sup>1</sup>
Mariana.....	Lee County National Bank. <sup>3</sup>
Mena.....	The First National Bank of Mena. <sup>6</sup>
Newport.....	First National Bank. <sup>2</sup>
Texarkana.....	State National Bank. <sup>1</sup>

## ILLINOIS.

(See also District No. 7.)

Anna.....	First National Bank. <sup>3</sup>
Belleville.....	First National Bank. <sup>2</sup> The St. Clair National Bank of Belleville. <sup>1</sup>
Cairo.....	Cairo National Bank. <sup>1</sup>
Edwardsville.....	Edwardsville National Bank. <sup>18</sup>
Jacksonville.....	Ayers National Bank. <sup>3</sup>
Marion.....	The First National Bank of Marion. <sup>1</sup>
Metropolis.....	City National Bank. <sup>3</sup>
Mount Sterling.....	First National Bank. <sup>3</sup>
Murphysboro.....	First National Bank. <sup>2</sup>
Nashville.....	Farmers & Merchants National Bank. <sup>1</sup> First National Bank. <sup>1</sup>
Nokomis.....	Nokomis National Bank. <sup>4</sup>
O'Fallon.....	First National Bank. <sup>1</sup>
Pittsfield.....	First National Banks. <sup>1</sup>
Quincy.....	Ricker National Bank. <sup>1</sup>
Sparta.....	First National Bank. <sup>25</sup>
Vandalia.....	First National Bank. <sup>2</sup>

## INDIANA.

(See also District No. 7.)

Bedford.....	Bedford National Bank. <sup>7</sup>
Evansville.....	City National Bank. <sup>3</sup> Old State National Bank. <sup>1</sup>
Farmersburg.....	First National Bank. <sup>27</sup>
Jeffersonville.....	First National Bank. <sup>1</sup>
Mitchell.....	First National Bank. <sup>3</sup>
Mt. Vernon.....	First National Bank. <sup>3</sup>
New Albany.....	New Albany National Bank. <sup>1</sup>
Orleans.....	The National Bank of Orleans. <sup>6</sup>
Princeton.....	Farmers National Bank. <sup>18</sup> Peoples American National Bank. <sup>2</sup>
Seymour.....	First National Bank. <sup>1</sup> Seymour National Bank. <sup>1</sup>
Sullivan.....	National Bank of Sullivan. <sup>11</sup>
Tell City.....	Citizens National Bank. <sup>3</sup>

## KENTUCKY.

(See also District No. 4.)

Bowling Green.....	American National Bank. <sup>15</sup>
Danville.....	Citizens National Bank. <sup>1</sup> Farmers National Bank. <sup>2</sup>
Elizabethtown.....	First-Hardin National Bank. <sup>1</sup>
Glasgow.....	Farmers National Bank. <sup>3</sup>
Harrodsburg.....	First National Bank. <sup>1</sup>
Henderson.....	Henderson National Bank. <sup>3</sup>
Hopkinsville.....	First National Bank. <sup>1</sup>
Lawrenceburg.....	Anderson National Bank. <sup>7</sup> Lawrenceburg National Bank. <sup>2</sup>
Lebanon.....	Citizens National Bank. <sup>3</sup> Marion National Bank. <sup>3</sup>
Louisville.....	Louisville National Banking Company. <sup>5</sup>

**DISTRICT NO. 8—Continued.**

**KENTUCKY—continued.**

Louisville.....	First National Bank of Louisville. <sup>1</sup>
	National Bank of Kentucky. <sup>1</sup>
Morganfield.....	Morganfield National Bank. <sup>2</sup>
Owensboro.....	United States National Bank. <sup>1</sup>
Paducah.....	City National Bank. <sup>1</sup>
	First National Bank. <sup>4</sup>

**MISSISSIPPI.**

(See also District No. 6.)

Greenville.....	First National Bank. <sup>3</sup>
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**MISSOURI.**

(See also District No. 10.)

Carrollton.....	First National Bank. <sup>2</sup>
Chillicothe.....	First National Bank. <sup>1</sup>
Columbia.....	Boone County National Bank. <sup>3</sup>
	Exchange National Bank. <sup>3</sup>
Hannibal.....	Hannibal National Bank. <sup>1</sup>
Jefferson City.....	First National Bank of Jefferson City. <sup>1</sup>
Kirksville.....	Citizens National Bank. <sup>2</sup>
Ridgeway.....	First National Bank. <sup>1</sup>
St. Louis.....	Merchants-Laclede National Bank. <sup>3</sup>
	National Bank of Commerce. <sup>1</sup>
	State National Bank. <sup>1</sup>
	First National Bank. <sup>3</sup>
Sedalia.....	Citizens National Bank. <sup>3</sup>
Springfield.....	Union National Bank. <sup>3</sup>
Versailles.....	First National Bank. <sup>4</sup>

**TENNESSEE.**

(See also District No. 6.)

Memphis.....	Central State National Bank. <sup>1</sup>
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**DISTRICT NO. 9.**

**MICHIGAN.**

(See also District No. 7.)

Manistique.....	First National Bank. <sup>3</sup>
Negaunee.....	Negaunee National Bank. <sup>4</sup>

**MINNESOTA.**

Albert Lea.....	First National Bank. <sup>2</sup>
Argyle.....	First National Bank of Argyle. <sup>13</sup>
Austin.....	Austin National Bank. <sup>1</sup>
	First National Bank. <sup>2</sup>
Bremidji.....	First National Bank. <sup>1</sup>
Chatfield.....	First National Bank. <sup>25</sup>
Crookston.....	Merchants National Bank. <sup>2</sup>
Duluth.....	American National Bank. <sup>2</sup>
	City National Bank. <sup>1</sup>
	First National Bank. <sup>2</sup>
Fergus Falls.....	Fergus Falls National Bank. <sup>2</sup>
Lanesboro.....	First National Bank. <sup>4</sup>
Little Falls.....	First National Bank of Little Falls. <sup>35</sup>
Minneapolis.....	Metropolitan National Bank. <sup>1</sup>
	Midland National Bank. <sup>2</sup>
	Minneapolis National Bank. <sup>1</sup>
	Northwestern National Bank. <sup>5</sup>
Northfield.....	Northfield National Bank. <sup>1</sup>
Owatonna.....	First National Bank. <sup>1</sup>
	National Farmers Bank. <sup>7</sup>
Red Wing.....	Goodhue County National Bank. <sup>1</sup>
St. Peter.....	First National Bank. <sup>3</sup>
Stillwater.....	First National Bank. <sup>1</sup>
Waseca.....	Farmers National Bank. <sup>1</sup>
Wells.....	First National Bank. <sup>1</sup>
Windom.....	First National Bank of Windom. <sup>1</sup>
Winona.....	Winona National Bank. <sup>1</sup>

For footnotes see page 266.

**DISTRICT NO. 9—Continued.**

**MONTANA.**

Billings.....	Merchants National Bank. <sup>3</sup>
	Montana National Bank. <sup>1</sup>
	Yellowstone National Bank. <sup>1</sup>
Bozeman.....	Commercial National Bank. <sup>3</sup>
Great Falls.....	Great Falls National Bank. <sup>3</sup>
Kalispell.....	First National Bank. <sup>3</sup>
Lewistown.....	First National Bank. <sup>10</sup>
Miles City.....	First National Bank. <sup>1</sup>
Missoula.....	Western Montana National Bank. <sup>2</sup>

**NORTH DAKOTA.**

Ellendale.....	First National Bank. <sup>3</sup>
Fargo.....	Merchants National Bank. <sup>1</sup>
Forman.....	First National Bank. <sup>4</sup>
Grand Forks.....	First National Bank. <sup>1</sup>
Minot.....	Union National Bank of Minot. <sup>10</sup>

**SOUTH DAKOTA.**

Aberdeen.....	Aberdeen National Bank. <sup>2</sup>
Arlington.....	First National Bank. <sup>3</sup>
Brookings.....	First National Bank. <sup>1</sup>
Colman.....	First National Bank. <sup>3</sup>
Flandreau.....	First National Bank. <sup>4</sup>
Lake Preston.....	First National Bank. <sup>3</sup>
Rapid City.....	First National Bank. <sup>11</sup>
Sioux Falls.....	Minnehaha National Bank. <sup>3</sup>
	Security National Bank. <sup>3</sup>
	Sioux Falls National Bank. <sup>2</sup>
Spearfish.....	American National Bank. <sup>4</sup>
Vermillion.....	First National Bank. <sup>65</sup>
Watertown.....	First National Bank. <sup>1</sup>
Webster.....	First National Bank. <sup>4</sup>

**WISCONSIN.**

(See also District No. 7.)

Ashland.....	Ashland National Bank. <sup>1</sup>
	Northern National Bank. <sup>11</sup>
Barron.....	First National Bank. <sup>4</sup>
Superior.....	First National Bank. <sup>10</sup>
	United States National Bank of Superior. <sup>1</sup>

**DISTRICT NO. 10.**

**COLORADO.**

Akron.....	First National Bank of Akron. <sup>3</sup>
Boulder.....	Boulder National Bank. <sup>3</sup>
	Citizens National Bank. <sup>10</sup>
Canon City.....	Freemont County National Bank. <sup>2</sup>
Center.....	First National Bank. <sup>3</sup>
Colorado Springs.....	Colorado Springs National Bank. <sup>1</sup>
	Exchange National Bank. <sup>1</sup>
	First National Bank. <sup>1</sup>
Denver.....	Colorado National Bank. <sup>1</sup>
	Denver National Bank. <sup>1</sup>
	First National Bank. <sup>1</sup>
	Hamilton National Bank. <sup>1</sup>
	Stock Yards National Bank of Denver. <sup>1</sup>
	United States National Bank. <sup>1</sup>
Eagle.....	First National Bank of Eagle County. <sup>8</sup>
Englewood.....	First National Bank. <sup>3</sup>
Fort Collins.....	First National Bank. <sup>3</sup>
	Fort Collins National Bank. <sup>1</sup>
	Poudre Valley National Bank. <sup>11</sup>
Fort Morgan.....	First National Bank. <sup>3</sup>
Grand Junction.....	Grand Valley National Bank. <sup>1</sup>
Greeley.....	First National Bank. <sup>1</sup>
	Greeley National Bank. <sup>1</sup>
	Union National Bank. <sup>3</sup>
Gunnison.....	First National Bank of Gunnison. <sup>1</sup>

## DISTRICT NO. 10—Continued.

## COLORADO—continued.

Hugo.....	First National Bank. <sup>4</sup>
Idaho Springs.....	First National Bank. <sup>9</sup>
Lamar.....	The Lamar National Bank. <sup>1</sup>
Las Animas.....	First National Bank. <sup>3</sup>
Longmont.....	American National Bank. <sup>1</sup>
Loveland.....	First National Bank. <sup>16</sup>
	Loveland National Bank. <sup>10</sup>
Montrose.....	Montrose National Bank. <sup>1</sup>
Sterling.....	Farmers National Bank. <sup>1</sup>
	Logan County National Bank. <sup>1</sup>
Telluride.....	First National Bank. <sup>2</sup>
Trinidad.....	First National Bank. <sup>4</sup>
	Trinidad National Bank. <sup>1</sup>
Walsenburg.....	First National Bank. <sup>1</sup>

## KANSAS.

Anthony.....	First National Bank. <sup>3</sup>
Coffeyville.....	First National Bank. <sup>22</sup>
Emporia.....	Citizens National Bank. <sup>1</sup>
	Commercial National Bank & Trust Co. <sup>1</sup>
Fort Scott.....	Citizens National Bank. <sup>11</sup>
Goodland.....	Farmers National Bank. <sup>3</sup>
Horton.....	First National Bank. <sup>3</sup>
Hutchinson.....	First National Bank. <sup>3</sup>
Independence.....	Commercial National Bank. <sup>1</sup>
Jewell City.....	First National Bank. <sup>4</sup>
Lawrence.....	Lawrence National Bank. <sup>2</sup>
Luray.....	First National Bank. <sup>4</sup>
Ottawa.....	Peoples National Bank. <sup>3</sup>
Pratt.....	First National Bank in Pratt, Kansas. <sup>1</sup>
Pittsburg.....	National Bank of Commerce. <sup>1</sup>
Sabetha.....	National Bank of Sabetha. <sup>3</sup>
Salina.....	Farmers National Bank. <sup>2</sup>
	National Bank of America. <sup>1</sup>
Topeka.....	Farmers National Bank. <sup>3</sup>
Troy.....	First National Bank. <sup>4</sup>
Wichita.....	First National Bank in Wichita. <sup>1</sup>
Winfield.....	First National Bank. <sup>1</sup>

## MISSOURI.

(See also District No. 8.)

Cameron.....	First National Bank. <sup>4</sup>
Carthage.....	Central National Bank. <sup>4</sup>
Kansas City.....	Commonwealth National Bank. <sup>11</sup>
	Continental National Bank of Jackson County. <sup>1</sup>
	Drovers National Bank. <sup>3</sup>
	Fidelity National Bank & Trust Co. <sup>1</sup>
	First National Bank. <sup>3</sup>
	Interstate National Bank. <sup>1</sup>
	New England National Bank. <sup>1</sup>
King City.....	First National Bank. <sup>1</sup>
Maryville.....	The First National Bank of Maryville. <sup>25</sup>
Neesho.....	First National Bank. <sup>1</sup>
St. Joseph.....	American National Bank. <sup>3</sup>
	Burns National Bank. <sup>3</sup>
	Tootie-Lacy National Bank. <sup>2</sup>

## NEBRASKA.

Butte.....	First National Bank. <sup>4</sup>
Columbus.....	First National Bank. <sup>1</sup>
Decatur.....	First National Bank. <sup>4</sup>
Emerson.....	The First National Bank of Emerson. <sup>2</sup>
Lyons.....	First National Bank. <sup>4</sup>
Nebraska City.....	The Nebraska City National Bank. <sup>1</sup>
Norfolk.....	Norfolk National Bank. <sup>4</sup>
Omaha.....	First National Bank. <sup>3</sup>
	Merchants National Bank. <sup>3</sup>
	United States National Bank.

## DISTRICT NO. 10—Continued.

## NEBRASKA—continued.

Ord.....	First National Bank. <sup>3</sup>
Randolph.....	The First National Bank of Randolph. <sup>1</sup>
South Omaha.....	Stock Yards National Bank. <sup>5</sup>
Utica.....	First National Bank. <sup>20</sup>

## NEW MEXICO.

(See also District No. 11.)

Las Vegas.....	First National Bank of Las Vegas. <sup>1</sup>
Raton.....	First National Bank. <sup>11</sup>
Santa Fe.....	First National Bank. <sup>1</sup>

## OKLAHOMA.

Ada.....	First National Bank. <sup>10</sup>
Enid.....	American National Bank. <sup>1</sup>
Hominy.....	The National Bank of Commerce of Hominy. <sup>1</sup>
Lawton.....	City National Bank. <sup>18</sup>
	First National Bank of Lawton. <sup>1</sup>
McAlester.....	American National Bank. <sup>6</sup>
	First National Bank of McAlester. <sup>29</sup>
Muskogee.....	First National Bank. <sup>1</sup>
Oklahoma City.....	American National Bank. <sup>30</sup>
	Farmers National Bank. <sup>3</sup>
	First National Bank of Oklahoma City. <sup>1</sup>
	Liberty National Bank. <sup>1</sup>
	Security National Bank. <sup>2</sup>
	The Southwest National Bank of Oklahoma City. <sup>1</sup>
Pond Creek.....	Farmers National Bank. <sup>3</sup>
Sallisaw.....	First National Bank in Sallisaw. <sup>28</sup>
Shawnee.....	National Bank of Commerce. <sup>4</sup>
	Shawnee National Bank. <sup>1</sup>
Tulsa.....	Central National Bank. <sup>1</sup>
	Exchange National Bank. <sup>15</sup>
	First National Bank. <sup>12</sup>
Woodward.....	First National Bank. <sup>4</sup>

## WYOMING.

Basin.....	First National Bank. <sup>10</sup>
Buffalo.....	First National Bank. <sup>9</sup>
Casper.....	Casper National Bank. <sup>3</sup>
	National Bank of Commerce of Casper. <sup>10</sup>
	Wyoming National Bank. <sup>3</sup>
Cheyenne.....	American National Bank. <sup>1</sup>
	Citizens National Bank. <sup>3</sup>
	First National Bank. <sup>1</sup>
	Stock Growers National Bank. <sup>1</sup>
Cody.....	Shoshone National Bank. <sup>15</sup>
Evanston.....	First National Bank. <sup>4</sup>
Kemmerer.....	First National Bank. <sup>3</sup>
Laramie.....	First National Bank. <sup>4</sup>
Powell.....	First National Bank. <sup>2</sup>
	Powell National Bank. <sup>3</sup>
Rawlins.....	First National Bank. <sup>1</sup>
	Rawlins National Bank. <sup>4</sup>
Rock Springs.....	First National Bank. <sup>2</sup>
	Rock Springs National Bank. <sup>1</sup>
Sheridan.....	First National Bank. <sup>1</sup>
Shoshoni.....	First National Bank. <sup>2</sup>
Thermopolis.....	The First National Bank of Thermopolis. <sup>1</sup>

## DISTRICT NO. 11.

## ARIZONA.

Nogales.....	First National Bank. <sup>2</sup>
Tucson.....	Arizona National Bank. <sup>1</sup>
	Consolidated National Bank. <sup>3</sup>

For footnotes see pag. 266.

**DISTRICT NO. 11—Continued.**

LOUISIANA.

(See also District No. 6.)

Shreveport.....Commercial National Bank.<sup>3</sup>  
First National Bank.<sup>3</sup>

NEW MEXICO.

(See also District No. 10.)

Albuquerque.....State National Bank.<sup>3</sup>  
The First National Bank of  
Albuquerque.<sup>11</sup>  
Carlsbad.....First National Bank.<sup>1</sup>  
Roswell.....Citizens National Bank.<sup>4</sup>  
First National Bank.<sup>4</sup>  
Silver City.....Silver City National Bank.<sup>11</sup>

TEXAS.

Abilene.....Citizens National Bank.<sup>32</sup>  
Amarillo.....First National Bank.<sup>3</sup>  
Austin.....American National Bank.<sup>4</sup>  
Beaumont.....First National Bank.<sup>3</sup>  
Bonham.....First National Bank.<sup>4</sup>  
Brenham.....The First National Bank of  
Brenham.<sup>11</sup>  
Brownwood.....Citizens National Bank.<sup>1</sup>  
Colorado.....City National Bank.<sup>3</sup>  
Corsicana.....Corsicana National Bank.<sup>3</sup>  
Dallas.....American Exchange National  
Bank.<sup>1</sup>  
City National Bank.<sup>1</sup>  
Dallas National Bank.<sup>1</sup>  
National Bank of Commerce.<sup>3</sup>  
Denison.....State National Bank.<sup>1</sup>  
El Paso.....City National Bank.<sup>1</sup>  
First National Bank of El  
Paso.<sup>11</sup>  
The State National Bank of  
El Paso.<sup>1</sup>  
Fort Worth.....Farmers & Mechanics National  
Bank.<sup>35</sup>  
First National Bank.<sup>12</sup>  
Fort Worth National Bank.<sup>3</sup>  
Stock Yards National Bank.<sup>3</sup>  
Galveston.....First National Bank.<sup>3</sup>  
Granger.....First National Bank.<sup>32</sup>  
Greenville.....Greenville National Exchange  
Bank.<sup>3</sup>  
Houston.....National Bank of Commerce.<sup>11</sup>  
McKinney.....First National Bank.<sup>3</sup>  
Marshall.....First National Bank.<sup>4</sup>  
Marshall National Bank.<sup>3</sup>  
Orange.....First National Bank.<sup>1</sup>  
Palestine.....Royal National Bank.<sup>3</sup>  
Port Arthur.....First National Bank.<sup>3</sup>  
San Angelo.....Central National Bank.<sup>3</sup>  
First National Bank.<sup>1</sup>  
San Angelo National Bank.<sup>4</sup>  
San Antonio.....Lockwood National Bank.<sup>1</sup>  
National Bank of Commerce.<sup>1</sup>  
Sealy.....Sealy National Bank.<sup>3</sup>  
Sherman.....Commercial National Bank.<sup>17</sup>  
Merchants & Planters National  
Bank.<sup>1</sup>  
Stanton.....First National Bank.<sup>4</sup>  
Texarkana.....Texarkana National Bank.<sup>1</sup>  
Troup.....First National Bank.<sup>6</sup>  
Tyler.....Citizens National Bank.<sup>4</sup>  
Victoria.....Victoria National Bank.<sup>3</sup>  
First National Bank.<sup>3</sup>  
Waxahachie.....The Citizens National Bank of  
Waxahachie.<sup>1</sup>  
Wichita Falls.....City National Bank.<sup>1</sup>  
First National Bank.<sup>1</sup>

**DISTRICT NO. 12.**

ALASKA.

Fairbanks.....First National Bank.<sup>1</sup>

For footnotes see page 266.

**DISTRICT NO. 12—Continued.**

CALIFORNIA.

Bakersfield.....First National Bank.<sup>1</sup>  
Calxico.....First National Bank.<sup>3</sup>  
Chico.....Butte County National Bank.<sup>1</sup>  
Fullerton.....Farmers & Merchants National  
Bank.<sup>5</sup>  
Los Angeles.....Continental National Bank.<sup>5</sup>  
Farmers & Merchants National  
Bank.<sup>1</sup>  
Mountain View.....First National Bank.<sup>5</sup>  
Oakland.....Central National Bank.<sup>1</sup>  
Orland.....First National Bank.<sup>3</sup>  
Pasadena.....National Bank & Trust Co.<sup>1</sup>  
Pleasanton.....First National Bank.<sup>3</sup>  
Redwood City.....First National Bank of Mateo  
County.<sup>30</sup>  
Sacramento.....Capital National Bank.<sup>1</sup>  
National Bank of D. O. Mills  
& Co.<sup>11</sup>  
San Francisco.....American National Bank.<sup>5</sup>  
Bank of California, N. A.<sup>1</sup>  
Santa Barbara.....First National Bank.<sup>1</sup>  
County National Bank &  
Trust Co. of Santa Barbara.<sup>1</sup>  
Santa Paula.....First National Bank of Santa  
Paula.<sup>1</sup>  
Visalia.....First National Bank.<sup>5</sup>  
Wilmingon.....First National Bank.<sup>5</sup>

IDAHO.

Boise.....Boise City National Bank.<sup>1</sup>  
First National Bank of Ida-  
ho.<sup>25</sup>  
Hagerman.....First National Bank.<sup>6</sup>  
Hailey.....Hailey National Bank.<sup>4</sup>  
Moscow.....First National Bank.<sup>3</sup>  
Payette.....First National Bank.<sup>1</sup>  
Weiser.....First National Bank.<sup>1</sup>

NEVADA.

Tonopah.....Nevada First National Bank.<sup>5</sup>

OREGON.

Ashland.....First National Bank.<sup>1</sup>  
Corvallis.....First National Bank.<sup>3</sup>  
Eugene.....First National Bank.<sup>3</sup>  
Grants Pass.....First National Bank of South-  
ern Oregon.<sup>13</sup>  
Harrisburg.....First National Bank.<sup>4</sup>  
Junction City.....First National Bank.<sup>13</sup>  
Marshfield.....First National Bank of Coos  
Bay.<sup>1</sup>  
Medford.....Medford National Bank.<sup>1</sup>  
Milton.....First National Bank.<sup>3</sup>  
Ontario.....First National Bank.<sup>29</sup>  
Pendleton.....American National Bank.<sup>3</sup>  
First National Bank.<sup>3</sup>  
Portland.....First National Bank.<sup>3</sup>  
United States National Bank.<sup>1</sup>  
Salem.....Capital National Bank.<sup>1</sup>

UTAH.

Salt Lake City.....Continental National Bank.<sup>3</sup>  
Deseret National Bank.<sup>3</sup>

WASHINGTON.

Bellingham.....Bellingham National Bank.<sup>3</sup>  
First National Bank.<sup>32</sup>  
Clarkston.....First National Bank.<sup>1</sup>  
Coifax.....Farmers National Bank.<sup>3</sup>  
Ellensburg.....Washington National Bank.<sup>4</sup>  
Everett.....First National Bank.<sup>1</sup>  
Hoquiam.....The First National Bank of  
Hoquiam.<sup>1</sup>  
Mount Vernon.....First National Bank.<sup>4</sup>  
Oroville.....First National Bank.<sup>1</sup>  
Pasco.....First National Bank of Pasco.<sup>1</sup>  
Port Angeles.....The First National Bank.<sup>1</sup>  
Pullman.....First National Bank.<sup>10</sup>

## DISTRICT NO. 12—Continued.

## WASHINGTON—continued.

Seattle.....	Dexter Horton National Bank. <sup>1</sup>
	First National Bank. <sup>3</sup>
	The Metropolitan National Bank. <sup>11</sup>
	National Bank of Commerce. <sup>1</sup>
	National City Bank. <sup>1</sup>
	Seattle National Bank. <sup>16</sup>
	Union National Bank. <sup>1</sup>
Spokane.....	Exchange National Bank. <sup>1</sup>
	Fidelity National Bank. <sup>1</sup>
	Old National Bank of Spokane. <sup>1</sup>

## DISTRICT NO. 12—Continued.

## WASHINGTON—continued.

Tacoma.....	National Bank of Tacoma. <sup>1</sup>
Toppenish.....	First National Bank of Toppenish. <sup>1</sup>
Vancouver.....	Vancouver National Bank. <sup>3</sup>
Walla Walla.....	Baker Boyer National Bank. <sup>1</sup>
	First National Bank. <sup>1</sup>
	Third National Bank. <sup>23</sup>
Yakima.....	Yakima National Bank. <sup>1</sup>

## HAWAII.

Honolulu.....	First National Bank of Hawaii at Honolulu. <sup>2</sup>
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- <sup>1</sup> Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, and committee of estates of lunatics.\*
- <sup>2</sup> Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, and committee of estates of lunatics.
- <sup>3</sup> Trustee, executor, administrator, and registrar of stocks and bonds.
- <sup>4</sup> Trustee, executor, and administrator.
- <sup>5</sup> Registrar of stocks and bonds.
- <sup>6</sup> Trustee.
- <sup>7</sup> Trustee, executor, administrator, guardian of estates, assignee, receiver, and committee of estates of lunatics.\*
- <sup>8</sup> Trustee, executor, administrator, and guardian of estates.\*
- <sup>9</sup> Trustee, executor, administrator, guardian of estates, and receiver.\*
- <sup>10</sup> Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and receiver.
- <sup>11</sup> Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and receiver.\*
- <sup>12</sup> Trustee, executor, and registrar of stocks and bonds.
- <sup>13</sup> Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, and receiver.
- <sup>14</sup> Trustee, executor, administrator, assignee, and receiver.\*
- <sup>15</sup> Trustee and registrar of stocks and bonds.
- <sup>16</sup> Trustee, executor, administrator, registrar of stocks and bonds, assignee, and receiver.
- <sup>17</sup> Trustee, executor, administrator, guardian of estates, assignee, receiver, and committee of estates of lunatics.
- <sup>18</sup> Trustee, executor, administrator, guardian of estates, assignee, and receiver.\*
- <sup>19</sup> Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, receiver, and committee of estates of lunatics.\*
- <sup>20</sup> Trustee, and registrar of stocks and bonds.\*
- <sup>21</sup> Trustee, executor, administrator, guardian of estates, assignee, receiver, and committee of estates of lunatics.\*
- <sup>22</sup> Trustee, executor, administrator, and guardian of estates.
- <sup>23</sup> Trustee, administrator, and registrar of stocks and bonds.
- <sup>24</sup> Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, and receiver.\*
- <sup>25</sup> Trustee, executor, administrator, registrar of stocks and bonds, and guardian of estates.
- <sup>26</sup> Trustee, executor, administrator, guardian of estates, assignee, and receiver.
- <sup>27</sup> Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and committee of estates of lunatics.
- <sup>28</sup> Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, and assignee.
- <sup>29</sup> Executor and administrator.
- <sup>30</sup> Trustee, executor, administrator, guardian of estates, receiver, and committee of estates of lunatics.\*
- <sup>31</sup> Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and committee of estates of lunatics.\*
- <sup>32</sup> Trustee and executor.
- <sup>33</sup> Trustee, executor, administrator, registrar of stocks and bonds, and guardian of estates.\*
- <sup>34</sup> Trustee, executor, administrator, registrar of stocks and bonds.\*
- <sup>35</sup> Executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, and committee of estates of lunatics.\*
- <sup>36</sup> Trustee, executor, administrator, registrar of stocks and bonds, assignee, receiver.\*
- <sup>37</sup> Executor, administrator, guardian, assignee, and receiver.
- <sup>38</sup> Trustee, executor, administrator, guardian of estates, assignee, committee of estates of lunatics.\*

**ACCEPTANCES TO 100 PER CENT.**

The following banks have been granted authority by the Federal Reserve Board to accept drafts and bills of exchange up to 100 per cent of their capital stock and surplus:

## DISTRICT No. 1.

Connecticut:	
Hartford.....	Hartford Aetna National Bank. Phoenix National Bank.
New Haven.....	First National Bank.
Norwich.....	Thames National Bank.
Maine:	
Portland.....	Canal National Bank. Portland National Bank.
Massachusetts:	
Boston.....	Beacon Trust Co. Commonwealth Trust Co. First National Bank. Fourth-Atlantic National Bank. International Trust Co. Merchants National Bank. National Shawmut Bank. National Union Bank. Old Colony Trust Co. Second National Bank. State Street Trust Co. Webster & Atlas National Bank.
Dedham.....	Dedham National Bank.
Fall River.....	Massasoit-Pocasset National Bank.
Fitchburg.....	Safety Fund National Bank.
New Bedford.....	First National Bank. New Bedford Safe Deposit & Trust Co.
Springfield.....	Springfield National Bank.
Worcester.....	Merchants National Bank.
Rhode Island:	
Providence.....	Blackstone Canal National Bank. Merchants National Bank. National Bank of Commerce. Providence National Bank.

## DISTRICT No. 2.

Connecticut:	
Bridgeport.....	City National Bank.
New Jersey:	
Hoboken.....	First National Bank.
Newark.....	National Newark & Essex Banking Co.
New Brunswick.....	National Bank of New Jersey.
Paterson.....	Hamilton Trust Co. Paterson National Bank.
New York:	
Buffalo.....	Citizens Commercial Trust Co. Manufacturers & Traders National Bank.
New York.....	American Exchange National Bank. Atlantic National Bank. Bankers Trust Co. Bank of America. Bank of Manhattan Co. Bank of New York, N. B. A. Central Union Trust Co. Chase National Bank Chemical National Bank. Columbia Trust Co. Corn Exchange Bank. Equitable Trust Co. Farmers Loan & Trust Co.



## New York—Continued.

New York .....	Fifth Avenue Bank. First National Bank. Garfield National Bank. Guaranty Trust Co. Harriman National Bank. Importers & Traders National Bank. Irving National Bank. Liberty National Bank. Lincoln Trust Co. Mechanics & Metals National Bank. Mercantile Bank of the Americas. Mercantile Trust & Deposit Co. National Bank of Commerce. National City Bank. National Park Bank. New Netherlands Bank. Pacific Bank. Seaboard National Bank. Second National Bank. U. S. Mortgage & Trust Co. W. R. Grace & Co.'s Bank.
Utica .....	First National Bank. Utica Trust & Deposit Co.

## DISTRICT No. 3.

## Pennsylvania:

Philadelphia.....	Bank of North America. Corn Exchange National Bank. First National Bank. Fourth Street National Bank. Girard National Bank. Market Street National Bank. Philadelphia National Bank. Tradesmen's National Bank.
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## DISTRICT No. 4.

## Kentucky:

Lexington.....	Phoenix & Third National Bank.
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## Ohio:

Akron.....	First-Second National Bank.
Cincinnati.....	Fifth-Third National Bank. Union Savings & Trust Co.
Cleveland.....	Central National Bank. Cleveland Trust Co. Guardian Savings & Trust Co.
Toledo.....	Commerce Guardian Trust & Savings Bank.

## Pennsylvania:

Greensburg.....	First National Bank.
Pittsburgh.....	Bank of Pittsburgh, N. A. First National Bank. Mellon National Bank. Peoples National Bank. Pittsburgh Trust Co. Union National Bank. Union Trust Co.

## DISTRICT No. 5.

## Maryland:

Baltimore.....	Baltimore Commercial Bank. Baltimore Trust Co. Drovers & Mechanics National Bank. Citizens National Bank. Farmers & Merchants National Bank. Maryland Trust Co. Merchants-Mechanics First National Bank.
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## Maryland—Continued.

Baltimore.....	National Bank of Baltimore. National Bank of Commerce. National Exchange Bank. National Marine Bank. National Union Bank of Maryland. Second National Bank. Western National Bank.
North Carolina:	
Wilmington.....	Murchison National Bank.
South Carolina:	
Charleston.....	Bank of Charleston, N. B. A. Peoples National Bank.
Orangeburg.....	Edisto National Bank.
Rock Hill.....	Peoples National Bank.
Virginia:	
Danville.....	First National Bank.
Hampton.....	Merchants National Bank.
Norfolk.....	Citizens Bank. Marine Bank. National Bank of Commerce. Norfolk National Bank. Seaboard National Bank. Virginia National Bank.
Richmond.....	American National Bank. Bank of Commerce & Trusts. First National Bank. Merchants National Bank. National State and City Bank. Planters National Bank.

## DISTRICT No. 6.

## Alabama:

Albany.....	Central National Bank.
Decatur.....	City National Bank.
Huntsville.....	Henderson National Bank.
Troy.....	Farmers & Merchants National Bank.

## Florida:

Jacksonville.....	Atlantic National Bank.
Pensacola.....	Citizens & People's National Bank.

## Georgia:

Atlanta.....	Atlanta National Bank. Fourth National Bank. Lowry National Bank.
Macon.....	Fourth National Bank. Macon National Bank.
Savannah.....	Citizens Trust Co. Citizens & Southern Bank. Hibernia Bank. Savannah Bank & Trust Co.
Valdosta.....	First National Bank.
Louisiana:	
Jennings.....	Jennings National Bank.
New Orleans.....	Canal Commercial Trust & Savings Bank. Hibernia Bank & Trust Co. Interstate Trust & Banking Co. Liberty Bank & Trust Co. Marine Bank & Trust Co. Whitney-Central National Bank.
New Roads.....	The Pointe Coupée Trust & Savings Bank.

## Mississippi:

Vicksburg.....	Merchants National Bank.
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## Tennessee:

Chatanooga.....	Hamilton National Bank. First National Bank.
Clarksville.....	First National Bank.

## DISTRICT No. 7.

Illinois:	
Chicago.....	Chicago Trust Co. Continental & Commercial National Bank. Corn Exchange National Bank. Drovers National Bank. First National Bank. Fort Dearborn National Bank. Harris Trust & Savings Bank. Illinois Trust & Savings Bank. Live Stock Exchange National Bank. Merchants Loan & Trust Co. National Bank of the Republic. National City Bank. Union Trust Co.
Indiana:	
Indianapolis.....	Fletcher American National Bank.
Michigan:	
Detroit.....	First & Old Detroit National Bank. National Bank of Commerce.
Wisconsin:	
Milwaukee.....	First National Bank.

## DISTRICT No. 8.

Mississippi:	
Canton.....	First National Bank.
Missouri:	
St. Louis.....	First National Bank. Liberty Central National Bank. Mercantile Trust Co. Merchants-Laclede National Bank. Mississippi Valley Trust Co. National Bank of Commerce.
Tennessee:	
Memphis.....	Union & Planters Bank & Trust Co. Central State National Bank.

## DISTRICT No. 9.

Minnesota:	
Minneapolis.....	First & Security National Bank. Northwestern National Bank.
St. Paul.....	Capital National Bank. First National Bank.

## DISTRICT No. 10.

Colorado:	
Denver.....	Denver National Bank.
Kansas:	
Hutchinson.....	First National Bank.
Lawrence.....	Lawrence National Bank.
Missouri:	
Kansas City.....	Commerce Trust Co. Continental National Bank. Fidelity National Bank & Trust Co. First National Bank. National Bank of Commerce.
St. Joseph.....	First National Bank.
Oklahoma:	
Oklahoma City.....	Security National Bank.

## DISTRICT No. 11.

Arizona:	
Nogales.....	First National Bank.
Texas:	
Austin.....	American National Bank.
Brownwood.....	Brownwood National Bank.

## Texas—Continued.

Dallas	American Exchange National Bank. City National Bank. Dallas National Bank.
El Paso	First National Bank.
Fort Worth	Farmers & Mechanics National Bank. Fort Worth National Bank. National Bank of Commerce. Stockyards National Bank.
Gainesville	First National Bank.
Hillsboro	Citizens National Bank.
Honey Grove	State National Bank.
Houston	First National Bank. Houston National Exchange Bank. Lumbermans National Bank. National Bank of Commerce. South Texas Commercial National Bank. Union National Bank.
Navasota	First National Bank.
Paris	Lamar State Bank & Trust Co.
San Angelo	First National Bank.
Sherman	Commercial National Bank.
Terrell	First National Bank. American National Bank.
Waco	First National Bank.
Waxahachie	Waxahachie National Bank.

## DISTRICT No. 12.

## California:

Los Angeles	First National Bank. Merchants National Bank.
San Francisco	American National Bank. Anglo & London-Paris National Bank. Bank of California, N. A. Crocker National Bank. First National Bank. Wells Fargo-Nevada National Bank.
Santa Barbara	First National Bank.

## Oregon:

Portland	First National Bank. Ladd & Tilton Bank. Northwestern National Bank. United States National Bank.
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## Washington:

Seattle	Dexter Horton National Bank. First National Bank. National Bank of Commerce of Seattle. Seaboard National Bank. Seattle National Bank. Union National Bank.
Spokane	Spokane & Eastern Trust Co. Old National Bank. Exchange National Bank.
Tacoma	National Bank of Tacoma

## PERSONNEL AND SALARIES.

*Salaries of officers and employees of Federal Reserve Banks as of Dec. 31, 1920.*

## FEDERAL RESERVE BANK OF BOSTON.

Departments.	Number of officers and employees		Salaries.	
	1919	1920	1919	1920
Chairman and Federal Reserve agent.....	1	1	\$15,000	\$18,000
Governor.....	1	1	25,000	25,000
Deputy governor.....	2	2	24,000	27,000
Other officers.....	8	9	38,500	50,500
Banking department.....	223	241	265,200	299,600
Bookkeeping department.....	32	40	33,240	50,000
Transit department.....	187	214	188,240	248,240
Federal Reserve agent's department.....	14	22	21,780	46,180
Auditing department.....		18		34,200
Fiscal agency department.....	262	179	347,980	227,100
General.....	25	49	23,460	64,500
<b>Total.....</b>	<b>755</b>	<b>776</b>	<b>982,400</b>	<b>1,090,320</b>

## FEDERAL RESERVE BANK OF NEW YORK (INCLUDING BUFFALO BRANCH).

Chairman and Federal Reserve agent.....	1	1	\$30,000	\$30,000
Governor.....	1	1	50,000	25,000
Deputy governor.....	2	4	51,000	95,000
Other officers.....	27	30	195,700	255,900
Banking department.....	1,297	1,075	1,608,220	1,609,610
Bookkeeping department.....	79	126	101,766	202,320
Transit department.....	614	522	580,700	590,700
Federal Reserve agent's department.....	30	75	54,804	157,620
Auditing department.....		109		210,650
Fiscal agency department.....	741	461	989,656	723,680
General.....	170	532	200,118	738,793
<b>Total.....</b>	<b>2,962</b>	<b>2,936</b>	<b>3,861,964</b>	<b>4,639,273</b>

## FEDERAL RESERVE BANK OF PHILADELPHIA.

Chairman and Federal Reserve agent.....	1	1	\$15,000	\$15,000
Governor.....	1	1	25,000	25,000
Deputy governor.....		1		15,000
Comptroller.....		1		6,000
Other officers.....	9	6	51,500	51,000
Banking department.....	134	126	173,060	176,420
Bookkeeping department.....	26	25	29,700	34,520
Transit department.....	186	211	176,904	244,240
Federal Reserve agent's department.....	11	22	27,130	47,900
Auditing department.....		26		48,190
Fiscal agency department.....	63	105	76,640	132,950
General.....	216	316	237,440	361,868
<b>Total.....</b>	<b>647</b>	<b>841</b>	<b>812,374</b>	<b>1,158,083</b>

## FEDERAL RESERVE BANK OF CLEVELAND (INCLUDING PITTSBURGH AND CINCINNATI BRANCHES).

Chairman and Federal Reserve agent.....	1	1	\$20,000	\$23,250
Governor.....	1	1	25,000	30,000
Other officers.....	13	18	65,199	101,500
Banking department.....	175	262	232,819	404,288
Bookkeeping department.....	38	50	41,580	74,772
Transit department.....	211	353	179,620	386,532
Federal Reserve agent's department.....	17	22	32,480	43,992
Auditing department.....		30		60,872
Fiscal agency department.....	105	141	184,589	200,156
General.....	65	91	66,045	120,447
<b>Total.....</b>	<b>626</b>	<b>969</b>	<b>847,332</b>	<b>1,445,789</b>

*Salaries of officers and employees of Federal Reserve Banks as of Dec. 31, 1920—Contd.*

## FEDERAL RESERVE BANK OF RICHMOND (INCLUDING BALTIMORE BRANCH).

Departments.	Number of officers and employees.		Salaries.	
	1919	1920	1919	1920
Chairman and Federal Reserve agent.....	1	1	\$12,000	\$15,000
Governor.....	1	1	18,000	18,000
Other officers.....	11	16	50,800	93,250
Banking department.....	82	146	93,410	185,900
Bookkeeping department.....	13	30	14,540	37,410
Transit department.....	157	276	125,228	266,848
Federal Reserve agent's department.....	9	15	19,900	38,860
Auditing department.....		24		46,050
Fiscal agency department.....	54	71	63,330	85,726
General..... department.....	73	87	83,560	110,932
Total.....	401	667	480,768	897,976

## FEDERAL RESERVE BANK OF ATLANTA (INCLUDING BIRMINGHAM, JACKSONVILLE, NASHVILLE, AND NEW ORLEANS BRANCHES AND SAVANNAH AGENCY).

Chairman and Federal Reserve agent.....	1	1	\$10,000	\$12,000
Governor.....	1	1	15,000	18,000
Other officers.....	18	21	76,600	94,800
Banking department.....	98	112	113,850	125,568
Bookkeeping department.....	32	44	33,000	45,600
Transit department.....	109	104	98,400	106,010
Federal Reserve agent's department.....	10	17	21,250	30,277
Auditing department.....		22		34,080
Fiscal agency department.....	71	60	82,980	79,820
General..... department.....	46	64	36,288	64,568
Total.....	386	446	487,363	610,723

## FEDERAL RESERVE BANK OF CHICAGO (INCLUDING DETROIT BRANCH).

Chairman and Federal Reserve agent.....	1	1	\$18,000	\$24,000
Governor.....	1	1	30,000	35,000
Other officers.....	25	34	132,000	167,950
Banking department.....	274	370	352,782	561,180
Bookkeeping department.....	31	40	38,580	54,620
Transit department.....	299	458	207,236	510,460
Federal Reserve agent's department.....	17	37	33,460	72,560
Auditing department.....	27	32	34,960	48,080
Fiscal agency department.....	277	300	365,538	432,200
General..... department.....	247	458	274,091	541,400
Total.....	1,199	1,731	1,586,587	2,447,450

## FEDERAL RESERVE BANK OF ST. LOUIS (INCLUDING LOUISVILLE, MEMPHIS AND LITTLE ROCK BRANCHES).

Chairman and Federal Reserve agent.....	1	1	\$15,000	\$16,000
Governor.....	1	1	20,000	20,000
Other officers.....	14	19	66,300	100,200
Banking department.....	225	284	261,850	423,270
Bookkeeping department.....	23	54	25,650	67,420
Transit department.....	114	265	72,350	227,230
Federal Reserve agent's department.....	8	9	10,950	19,980
Auditing department.....		30		48,560
Fiscal agency department.....	104	136	156,700	163,380
General..... department.....	51	52	24,100	53,380
Total.....	541	851	652,900	1,139,420

## Salaries of officers and employees of Federal Reserve Banks as of Dec. 31, 1920—Contd.

## FEDERAL RESERVE BANK OF MINNEAPOLIS.

Departments.	Number of officers and employees.		Salaries.	
	1919	1920	1919	1920
Chairman and Federal Reserve agent.....	1	1	\$12,000	\$15,000
Governor.....	1	1	12,000	16,000
Deputy governor.....		2		17,500
Other officers.....	5	6	17,900	23,900
Banking department.....	88	128	104,380	166,880
Bookkeeping department.....	13	13	14,560	18,600
Transit department.....	101	192	85,860	202,836
Federal Reserve agent's department.....	14	18	28,300	40,320
Auditing department.....		11		16,020
Fiscal agency department.....	64	87	72,360	121,816
Total.....	287	459	347,360	638,872

## FEDERAL RESERVE BANK OF KANSAS CITY (INCLUDING DENVER, OMAHA, AND OKLAHOMA CITY BRANCHES).

Chairman and Federal Reserve agent.....	1	1	\$12,000	\$15,000
Governor.....	1	1	18,000	20,000
Other officers.....	15	20	64,400	78,473
Bookkeeping department.....	18	33	26,860	44,321
Transit department.....	199	315	206,160	330,153
Federal Reserve agent's department.....	6	13	9,100	28,140
Auditing department.....		33		46,442
Fiscal agency department.....	157	206	194,800	277,140
General.....	186	241	239,060	290,318
Total.....	583	863	770,470	1,129,987

## FEDERAL RESERVE BANK OF DALLAS (INCLUDING EL PASO AND HOUSTON BRANCHES).

Chairman and Federal Reserve agent.....	1	1	\$14,000	\$18,000
Governor.....	1	1	15,000	18,000
Other officers.....	15	17	62,800	76,000
Banking department.....	165	120	202,460	151,018
Bookkeeping department.....	23	32	24,780	36,370
Transit department.....	173	189	178,000	226,973
Federal Reserve agent's department.....	16	20	25,260	50,342
Auditing department.....		36		45,908
Fiscal agency department.....	89	78	118,260	120,475
General.....	22	119	21,000	123,704
Total.....	505	613	661,560	866,790

## FEDERAL RESERVE BANK OF SAN FRANCISCO (INCLUDING SPOKANE, PORTLAND, SEATTLE, SALT LAKE CITY, AND LOS ANGELES BRANCHES).

Chairman and Federal Reserve agent.....	1	1	\$18,000	\$24,000
Governor.....	1	1	18,000	24,000
Other officers.....	23	29	108,000	125,020
Banking department.....	176	429	237,380	581,592
Bookkeeping department.....	33	54	40,740	71,340
Transit department.....	100	250	108,720	305,760
Federal Reserve agent's department.....	18	23	43,460	59,780
Auditing department.....	33	53	49,900	88,380
Fiscal agency department.....	129	183	128,340	245,280
General.....	53	109	79,000	152,100
Total.....	567	1,132	831,540	1,677,252

**SALARIES OF OFFICERS AND EMPLOYEES OF THE FEDERAL RESERVE  
BOARD AS OF DEC. 31, 1920.**

OFFICE OF THE SECRETARY.

W. W. Hoxton, secretary.....	\$10,000.00	
W. L. Eddy, assistant secretary.....	4,200.00	
Staff:		
1 at \$1,800.....	1,800.00	
		<u>\$16,000.00</u>

OFFICE OF THE ASSISTANT TO GOVERNOR.

R. G. Emerson, assistant to governor.....	6,500.00	
Staff:		
1 at \$4,000.....	4,000.00	
1 at \$3,600.....	3,600.00	
1 at \$2,930.....	2,930.00	
1 at \$2,800.....	2,800.00	
1 at \$2,565.....	2,565.00	
1 at \$2,330.....	2,330.00	
1 at \$2,200.....	2,200.00	
1 at \$2,040.....	2,040.00	
1 at \$2,080.....	2,080.00	
1 at \$2,000.....	2,000.00	
4 at \$1,905.....	7,620.00	
6 at \$1,730.....	10,380.00	
6 at \$1,500.....	9,000.00	
1 at \$1,465.....	1,465.00	
1 at \$1,440.....	1,440.00	
1 at \$1,260.....	1,260.00	
1 at \$1,200.....	1,200.00	
2 at \$720.....	1,440.00	
1 at \$360 (part-time employee).....	360.00	
1 at \$120 (part-time employee).....	120.00	
		<u>67,330.00</u>

OFFICE OF GENERAL COUNSEL.

W. S. Logan, general counsel.....	10,000.00	
W. B. Angell, assistant counsel.....	6,000.00	
Walter Wyatt, assistant counsel.....	4,800.00	
Staff:		
1 at \$2,750.....	2,750.00	
1 at \$2,500.....	2,500.00	
1 at \$2,400.....	2,400.00	
1 at \$1,920.....	1,920.00	
1 at \$1,800.....	1,800.00	
		<u>32,170.00</u>

FISCAL AGENT.

W. M. Imlay.....	4,200.00	
Staff:		
1 at \$1,540.....	1,540.00	
		<u>5,740.00</u>

ARCHITECTS.

A. B. Trowbridge, consulting architect.....	6,666.66	
O. W. Ten Eyck, assistant architect.....	4,000.00	
		<u>10,666.66</u>



## OFFICES OF MEMBERS OF THE BOARD.

## Staff:

1 at \$2,740.....	\$2,740.00
2 at \$2,500.....	5,000.00
1 at \$2,400.....	2,400.00
1 at \$2,250.....	2,250.00
1 at \$2,000.....	2,000.00
1 at \$1,800.....	1,800.00
1 at \$1,680.....	1,680.00
	<hr/>
	\$17,870.00

## DIVISION OF REPORTS AND STATISTICS.

E. L. Smead, chief of division..... 4,800.00

## Staff:

1 at \$3,300.....	3,300.00
1 at \$2,800.....	2,800.00
1 at \$2,665.....	2,665.00
1 at \$2,400.....	2,400.00
1 at \$2,240.....	2,240.00
7 at \$1,905.....	13,335.00
1 at \$1,760.....	1,760.00
2 at \$1,665.....	3,330.00
3 at \$1,600.....	4,800.00
4 at \$1,560.....	6,240.00
1 at \$1,465.....	1,465.00
4 at \$1,440.....	5,760.00
1 at \$1,400.....	1,400.00
1 at \$1,340.....	1,340.00
1 at \$1,320.....	1,320.00
5 at \$1,200.....	6,000.00
1 at \$1,165.....	1,165.00
1 at \$1,160.....	1,160.00
2 at \$1,080.....	2,160.00
	<hr/>
	69,440.00

## STATISTICIAN.

Morris Jacobson, statistician..... 7,500.00

E. A. Goldenweiser, assistant statistician..... 4,200.00

## Staff:

1 at \$2,400.....	2,400.00
2 at \$1,800.....	3,600.00
1 at \$1,730.....	1,730.00
1 at \$1,680.....	1,680.00
1 at \$1,560.....	1,560.00
1 at \$920.....	920.00
	<hr/>
	23,590.00

## DIVISION OF EXAMINATION.

James F. Herson, chief of division and chief Federal Reserve  
examiner..... 9,000.00

## Examiners:

W. J. Donald.....	5,500.00
James Buchanan, jr.....	5,000.00
G. A. Augherton.....	4,000.00
R. M. Chapman.....	3,600.00
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	27,100.00

## Assistant examiners:

1 at \$3,800.....	3,800.00
2 at \$3,600.....	7,200.00
1 at \$3,300.....	3,300.00
5 at \$3,000.....	15,000.00
4 at \$2,700.....	10,800.00
1 at \$2,200.....	2,200.00
	<hr/>
	42,300.00

## Office staff:

1 at \$1,730 .....	\$1, 730. 00	
1 at \$1,500 .....	1, 500. 00	
1 at \$1,465 .....	1, 465. 00	
1 at \$1,080 .....	1, 080. 00	
		<u>\$5, 775. 00</u>
		<u>75, 175. 00</u>

## DIVISION OF ANALYSIS AND RESEARCH.

H. Parker Willis, director.....	6, 000. 00	
W. H. Steiner, assistant director.....	4, 000. 00	
Staff:		
3 at \$3,000 .....	9, 000. 00	
1 at \$2,750 .....	2, 750. 00	
1 at \$2,500 .....	2, 500. 00	
1 at \$2,400 .....	2, 400. 00	
1 at \$2,100 .....	2, 100. 00	
1 at \$1,800 .....	1, 800. 00	
1 at \$1,680 .....	1, 680. 00	
1 at \$1,600 .....	1, 600. 00	
4 at \$1,560 .....	6, 240. 00	
3 at \$1,500 .....	4, 500. 00	
2 at \$1,440 .....	2, 880. 00	
2 at \$1,200 .....	2, 400. 00	
		<u>49, 850. 00</u>

## DIVISION OF FEDERAL RESERVE ISSUE AND REDEMPTION.

Willard E. Buell, chief of division .....	3, 500. 00	
Staff:		
1 at \$2,500 .....	2, 500. 00	
1 at \$2,040 .....	2, 040. 00	
1 at \$1,880 .....	1, 880. 00	
1 at \$1,740 .....	1, 740. 00	
1 at \$1,620 .....	1, 620. 00	
8 at \$1,500 .....	12, 000. 00	
15 at \$1,400 .....	21, 000. 00	
3 at \$1,380 .....	4, 140. 00	
9 at \$1,320 .....	11, 880. 00	
3 at \$1,260 .....	3, 780. 00	
8 at \$1,200 .....	9, 600. 00	
1 at \$360 .....	360. 00	
		<u>76, 040. 00</u>

## RAILWAY LOAN ADVISORY COMMITTEE.

S. M. Stellwagen, secretary.....	6, 000. 00	
Staff:		
1 at \$1,800 .....	1, 800. 00	
1 at \$1,640 .....	1, 640. 00	
		<u>9, 440. 00</u>

## EMPLOYEES DETAILED.

Detailed to National Bank Redemption Division, office of  
the Comptroller of the Currency:

32 at \$1,040 (currency counters).....	33, 280. 00	
2 at \$1,020 (laborers).....	2, 040. 00	
		<u>35, 320. 00</u>

## MESSENGERS.

2 at \$1,340 .....	\$2,680.00	
1 at \$1,200 .....	1,200.00	
7 at \$1,160 .....	8,120.00	
		<u>\$12,000.00</u>

## CHARWOMEN.

3 at \$240 .....		720.00
Total .....		<u>501,351.66</u>

## SALARIES OF NATIONAL BANK EXAMINERS AS OF DEC. 31, 1929.

Henry B. Davenport, assigned as Chief, Examining Division, Comptroller's Office .....	\$3,500
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## SUPERVISING EXAMINERS.

Districts Nos. 1 and 2—E. Willey Stearns .....	\$5,500	
Districts Nos. 3 and 4—Oliver W. Birckhead .....	4,200	
Districts Nos. 5 and 6—R. Gordon Finney .....	6,000	
Districts Nos. 7 and 9—J. L. Kennedy .....	5,000	
Districts Nos. 8 and 10—E. H. Gough .....	5,500	
District No. 11—David Murphy .....	5,000	
District No. 12—Harry L. Machen .....	6,500	
		<u>37,700</u>

## DISTRICT No. 1—BOSTON.

(400 national member banks.)

Daniel C. Mulloney, chief examiner .....	10,000	
1 examiner, at \$5,000; 3 examiners, at \$4,200; 1 examiner, at \$3,900; 1 examiner, at \$3,000; 1 examiner, at \$2,400 .....	26,900	
		<u>36,900</u>

## DISTRICT No. 2—NEW YORK.

(651 national member banks.)

Sherrill Smith, chief examiner .....	16,000	
2 examiners, at \$6,000; 2 examiners, at \$3,900; 2 examiners, at \$3,600; 1 examiner, at \$3,300; 2 examiners, at \$3,000; 2 examiners, at \$2,700; 2 examiners, at \$2,400 .....	46,500	
		<u>62,500</u>

## DISTRICT No. 3—PHILADELPHIA.

(653 national member banks.)

Stephen L. Newnham, chief examiner .....	10,000	
1 examiner, at \$5,000; 1 examiner, at \$4,500; 1 examiner, at \$4,000; 1 examiner, at \$3,900; 1 examiner, at \$3,600; 3 examiners, at \$3,300; 1 examiner, at \$3,000; 1 examiner, at \$2,700 .....	36,600	
		<u>46,600</u>

## DISTRICT No. 4—CLEVELAND.

(765 national member banks.)

William J. Schechter, chief examiner .....	7,500	
1 examiner, at \$5,000; 2 examiners, at \$4,800; 2 examiners, at \$4,500; 2 examiners, at \$3,900; 1 examiner, at \$3,300; 3 examiners, at \$3,000; 1 examiner at \$2,700; 1 examiner at \$2,400 .....	48,800	
		<u>56,300</u>

## DISTRICT No. 5—RICHMOND.

(555 national member banks.)

J. K. Doughton, chief examiner.....	\$8, 500	
1 examiner, at \$6,500; 1 examiner, at \$4,500; 1 examiner, at \$3,900; 4 examiners, at \$3,600; 1 examiner, at \$3,300; 2 examiners, at \$3,000; 2 examiners, at \$2,400.....	43, 400	\$51, 900

## DISTRICT No. 6—ATLANTA.

(376 national member banks.)

J. William Pole, chief examiner.....	7, 500	
1 examiner, at \$5,000; 2 examiners at \$4,500; 1 examiner, at \$4,200; 1 examiner, at \$3,900; 2 examiners, at \$3,300; 2 examiners, at \$3,000.....	34, 700	42, 200

## DISTRICT No. 7—CHICAGO.

(1,065 national member banks.)

Silas H. L. Cooper, chief examiner.....	12, 000	
1 examiner, at \$5,000; 7 examiners, at \$4,200; 2 examiners, at \$3,300; 2 examiners, at \$2,700; 3 examiners, at \$2,400.....	53, 600	65, 600

## DISTRICT No. 8—ST. LOUIS.

(481 national member banks.)

John S. Wood, chief examiner.....	7, 000	
2 examiners, at \$5, 000; 1 examiner, at \$3,900; 1 examiner, at \$3,600; 1 examiner, at \$3,000; 1 examiner, at \$2,700; 3 examiners, at \$2,400	30, 400	37, 400

## DISTRICT No. 9—MINNEAPOLIS.

(885 national member banks.)

Fred Brown, chief examiner.....	8, 500	
1 examiner, at \$5,000; 1 examiner, at \$4,800; 1 examiner, at \$4,200; 1 examiner, at \$4,000; 1 examiner, at \$3,500; 2 examiners, at \$3,300; 1 examiner, at \$3,000; 2 examiners, at \$2,700; 2 exami- ners, at \$2,400.....	41, 400	49, 900

## DISTRICT No. 10—KANSAS CITY.

(1,032 national member banks.)

Luther K. Roberts, chief examiner.....	7, 000	
1 examiner, at \$5,000; 1 examiner, at \$4,800; 2 examiners, at \$4,500; 1 examiner at \$3,900; 3 examiners, at \$3,300; 2 examiners, at \$3,000; 2 examiners, at \$2,700; 1 examiner, at \$2,400.....	46, 400	53, 400

## DISTRICT No. 11—DALLAS.

(663 national member banks.)

Richard H. Collier, chief examiner.....	8, 500	
3 examiners at \$4,000; 2 examiners at \$3,900; 1 examiner at \$3,000; 2 examiners at \$2,400.....	27, 600	36, 100

## DISTRICT No. 12—SAN FRANCISCO.

(647 national member banks.<sup>1</sup>)

Horace R. Gaither, chief examiner.....	\$9,000	
1 examiner at \$6,000; 1 examiner at \$5,100; 1 examiner at \$4,500; 3 examiners at \$4,200; 2 examiners at \$3,900; 1 examiner at \$3,600; 2 examiners at \$3,300; 1 examiner at \$2,700.....	48,900	\$57,900
Grand total of annual salaries of all examiners on Dec. 31, 1920.....		637,900

## RECAPITULATION.

## Examining staff:

## Chief examiners and supervising examiners—

At \$16,000 per annum.....	1
At \$12,000 per annum.....	1
At \$10,000 per annum.....	2
At \$9,000 per annum.....	1
At \$8,500 per annum.....	3
At \$7,500 per annum.....	2
At \$7,000 per annum.....	2
At \$6,500 per annum.....	1
At \$6,000 per annum.....	1
At \$5,500 per annum.....	2
At \$5,000 per annum.....	2
At \$4,200 per annum.....	1

Total chief examiners (12) and supervising examiners (7).... 19

Salaries, chief examiners and supervising examiners..... 149,200

## Other examiners:

At \$6,500 per annum.....	1
At \$6,000 per annum.....	3
At \$5,100 per annum.....	1
At \$5,000 per annum.....	9
At \$4,800 per annum.....	4
At \$4,500 per annum.....	9
At \$4,200 per annum.....	15
At \$4,000 per annum.....	5
At \$3,900 per annum.....	14
At \$3,600 per annum.....	10
At \$3,500 per annum.....	1
At \$3,300 per annum.....	17
At \$3,000 per annum.....	16
At \$2,700 per annum.....	12
At \$2,400 per annum.....	17

Total other examiners..... 134

Salaries, other examiners..... 488,700

Total examining staff..... 153

Total salaries..... 637,900

<sup>1</sup>Includes the 2 national nonmember banks in the Hawaiian Territory and the 2 national nonmember and 1 national member banks in Alaska.

**DIRECTORY OF THE FEDERAL RESERVE BOARD AND FEDERAL RESERVE BANKS.**

**FEDERAL RESERVE BOARD.**

EX OFFICIO MEMBERS.

DAVID F. HOUSTON,  
*Secretary of the Treasury, Chairman.*

JOHN SKELTON WILLIAMS,  
*Comptroller of the Currency.*

W. P. G. HARDING, *Governor.*  
EDMUND PLATT, *Vice Governor.*  
ADOLPH C. MILLER.  
CHARLES S. HAMLIN.  
D. C. WILLS.

W. W. HOXTON, *Secretary.*  
W. L. EDDY, *Assistant Secretary.*  
W. M. IMLAY, *Fiscal Agent.*  
J. F. HERSON,  
*Chief, Division of Examination and Chief Federal Reserve Examiner.*  
J. E. CRANE,  
*Acting Director, Division of Foreign Exchange.*

WALTER S. LOGAN, *General Counsel.*  
R. G. EMERSON, *Assistant to Governor.*  
H. PARKER WILLIS,  
*Director, Division of Analysis and Research.*  
M. JACOBSON, *Statistician.*  
E. L. SHAD,  
*Chief, Division of Reports and Statistics.*

**OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS.<sup>1</sup>**

**DISTRICT NO 1.—FEDERAL RESERVE BANK OF BOSTON.**

Frederic H. Curtiss, chairman and Federal Reserve agent. Allen Hollis, deputy chairman. Chas. A. Morss, governor.

Director.	Residence.	Term expires.
Class A:		
Edward S. Kennard .....	Rumford, Me. ....	Dec. 31, 1921
F. S. Chamberlain .....	New Britain, Conn. ....	Dec. 31, 1922
Thomas P. Beal .....	Boston, Mass. ....	Dec. 31, 1923
Class B:		
Chas. G. Washburn .....	Worcester, Mass. ....	Dec. 31, 1921
Edmund R. Morse .....	Proctor, Vt. ....	Dec. 31, 1922
Philip R. Allen .....	East Walpole, Mass. ....	Dec. 31, 1923
Class C:		
Allen Hollis .....	Concord, N. H. ....	Dec. 31, 1921
Jesse H. Metcalf .....	Providence, R. I. ....	Dec. 31, 1922
Frederic H. Curtiss .....	Boston, Mass. ....	Dec. 31, 1923

<sup>1</sup> Includes directors elected in December, 1920, for the 3-year term beginning Jan. 1, 1921.

**DISTRICT NO. 2.—FEDERAL RESERVE BANK OF NEW YORK.**

Pierre Jay, chairman and Federal Reserve agent. George Foster Peabody, deputy chairman. Benjamin Strong, governor.

Class A:		
Charles Smith .....	Oneonta, N. Y. ....	Dec. 31, 1921
James S. Alexander .....	New York, N. Y. ....	Dec. 31, 1922
R. H. Treman .....	Ithaca, N. Y. ....	Dec. 31, 1923
Class B:		
L. R. Palmer .....	Croton-on-Hudson, N. Y. ....	Dec. 31, 1921
Charles A. Stone .....	New York, N. Y. ....	Dec. 31, 1922
Richard H. Williams .....	Madison, N. J. ....	Dec. 31, 1923
Class C:		
George Foster Peabody .....	Lake George, N. Y. ....	Dec. 31, 1921
Pierre Jay .....	New York, N. Y. ....	Dec. 31, 1922
W. L. Saunders .....	do .....	Dec. 31, 1923

## OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS—Continued.

## DISTRICT NO. 2—FEDERAL RESERVE BANK OF NEW YORK—Continued.

## BUFFALO BRANCH OF THE FEDERAL RESERVE BANK OF NEW YORK.

R. M. Gidney, manager.

Director.	Residence.	Term expires.
Frank L. Bartlett.....	Olean, N. Y.....	Dec. 31, 1921
Clifford Hubbell.....	Buffalo, N. Y.....	Do.
E. J. Barcalo.....	do.....	Do.
Elliott C. McDougal.....	do.....	Do.
Harry T. Ramsdell.....	do.....	Do.
Thomas E. Lannin.....	Rochester, N. Y.....	Do.

## DISTRICT NO. 3—FEDERAL RESERVE BANK OF PHILADELPHIA.

Richard L. Austin, chairman and Federal Reserve agent. H. B. Thompson, deputy chairman. George W. Norris, governor.

Class A:		
Francis Douglas.....	Wilkes-Barre, Pa.....	Dec. 31, 1921
M. J. Murphy.....	Clarks Green, Pa.....	Dec. 31, 1922
Joseph Wayne, jr.....	Philadelphia, Pa.....	Dec. 31, 1923
Class B:		
Chas. K. Haddon.....	Camden, N. J.....	Dec. 31, 1921
Alba B. Johnson.....	Philadelphia, Pa.....	Dec. 31, 1922
Edwin S. Stuart.....	do.....	Dec. 31, 1923
Class C:		
Charles C. Harrison.....	Philadelphia, Pa.....	Dec. 31, 1921
H. B. Thompson.....	Wilmington, Del.....	Dec. 31, 1922
Richard L. Austin.....	Philadelphia, Pa.....	Dec. 31, 1923

## DISTRICT NO. 4—FEDERAL RESERVE BANK OF CLEVELAND.

Lewis B. Williams, deputy chairman and acting Federal Reserve agent. E. R. Fancher, governor.

Class A:		
O. N. Sams.....	Hillsboro, Ohio.....	Dec. 31, 1921
Chess Lamberton.....	Franklin, Pa.....	Dec. 31, 1922
Robert Wardrop.....	Pittsburgh, Pa.....	Dec. 31, 1923
Class B:		
John Stambaugh.....	Youngstown, Ohio.....	Dec. 31, 1921
R. P. Wright.....	Erie, Pa.....	Dec. 31, 1922
T. A. Combs.....	Lexington, Ky.....	Dec. 31, 1923
Class C:		
H. P. Wolfe.....	Columbus, Ohio.....	Dec. 31, 1921
Lewis B. Williams.....	Cleveland, Ohio.....	Dec. 31, 1922

## PITTSBURGH BRANCH OF THE FEDERAL RESERVE BANK OF CLEVELAND.

Geo. DeCamp, manager.

Chas. W. Brown.....	Pittsburgh, Pa.....	Dec. 31, 1921
James D. Gallery.....	do.....	Do.
Harrison Nesbitt.....	do.....	Do.
R. B. Mellon.....	do.....	Do.
Geo. DeCamp.....	do.....	Do.

## CINCINNATI BRANCH OF THE FEDERAL RESERVE BANK OF CLEVELAND.

L. W. Manning, manager.

Judson Harmon.....	Cincinnati, Ohio.....	Dec. 31, 1921
Charles A. Hirsch.....	do.....	Do.
L. W. Manning.....	do.....	Do.
W. S. Rowe.....	do.....	Do.
George D. Crabbs.....	do.....	Do.

**OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS—Continued.**

**DISTRICT NO. 5—FEDERAL RESERVE BANK OF RICHMOND.**

Caldwell Hardy, chairman and Federal Reserve agent. James A. Moncure, deputy chairman. George J. Seay, governor.

Director.	Residence.	Term expires.
Class A:		
Chas. E. Rieman.....	Baltimore, Md.....	Dec. 31, 1921
J. F. Bruton.....	Wilson, N. C.....	Dec. 31, 1922
L. E. Johnson.....	Alderson, W. Va.....	Dec. 31, 1923
Class B:		
Edmund Strudwick.....	Richmond, Va.....	Dec. 31, 1921
James F. Oyster.....	Washington, D. C.....	Dec. 31, 1922
D. R. Coker.....	Hartsville, S. C.....	Dec. 31, 1923
Class C:		
Howard Bruce.....	Baltimore, Md.....	Dec. 31, 1921
James A. Moncure.....	Richmond, Va.....	Dec. 31, 1922
Caldwell Hardy.....	do.....	Dec. 31, 1923

**BALTIMORE BRANCH OF THE FEDERAL RESERVE BANK OF RICHMOND.**

M. M. Prentis, manager.

M. M. Prentis.....	Baltimore, Md.....	Dec. 31, 1921
Chas. C. Homer, jr.....	do.....	Do.
William Ingle.....	do.....	Do.
Waldo Newcomer.....	do.....	Do.
H. B. Wilcox.....	do.....	Do.

**DISTRICT NO. 6—FEDERAL RESERVE BANK OF ATLANTA.**

Jos. A. McCord, chairman and Federal Reserve agent. Edw. T. Brown, deputy chairman. M. B. Wellborn, governor.

Class A:		
John K. Ottley.....	Atlanta, Ga.....	Dec. 31, 1921
Oscar Newton.....	Jackson, Miss.....	Dec. 31, 1922
F. R. Kittles.....	Sylvania, Ga.....	Dec. 31, 1923
Class B:		
J. A. McCrary.....	Decatur, Ga.....	Dec. 31, 1921
W. H. Hartford.....	Nashville, Tenn.....	Dec. 31, 1922
Leon C. Simon.....	New Orleans, La.....	Dec. 31, 1923
Class C:		
Edw. T. Brown.....	Atlanta, Ga.....	Dec. 31, 1921
W. H. Kettig.....	Birmingham, Ala.....	Dec. 31, 1922
Jos. A. McCord.....	Atlanta, Ga.....	Dec. 31, 1923

**NEW ORLEANS BRANCH OF THE FEDERAL RESERVE BANK OF ATLANTA.**

P. H. Saunders, chairman. Marcus Walker, manager.

P. H. Saunders.....	New Orleans, La.....	Dec. 31, 1921
Albert P. Bush.....	Mobile, Ala.....	Do.
F. W. Foote.....	Hattiesburg, Miss.....	Do.
J. E. Bouden, jr.....	New Orleans, La.....	Do.
R. S. Hecht.....	do.....	Do.
H. B. Lightcap.....	Jackson, Miss.....	Do.
Leon C. Simon.....	New Orleans, La.....	Do.

**BIRMINGHAM BRANCH OF THE FEDERAL RESERVE BANK OF ATLANTA.**

W. H. Kettig, chairman. A. E. Walker, manager.

W. H. Kettig.....	Birmingham, Ala.....	Dec. 31, 1921
Oscar Wells.....	do.....	Do.
T. O. Smith.....	do.....	Do.
W. W. Crawford.....	do.....	Do.
John H. Frye.....	do.....	Do.



**OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS—Continued.****DISTRICT NO. 6—FEDERAL RESERVE BANK OF ATLANTA—Continued.****JACKSONVILLE BRANCH OF THE FEDERAL RESERVE BANK OF ATLANTA.**

John C. Cooper, chairman. Geo. R. De Saussure, manager.

Director.	Residence.	Term expires.
John C. Cooper.....	Jacksonville, Fla.....	Dec. 31, 1921
Fulton Saussy.....	do.....	Do.
E. W. Lane.....	do.....	Do.
Giles L. Wilson.....	do.....	Do.
Bion H. Barnett.....	do.....	Do.

**NASHVILLE BRANCH OF THE FEDERAL RESERVE BANK OF ATLANTA.**

W. H. Hartford, chairman. J. B. McNamara, manager.

Director.	Residence.	Term expires.
W. H. Hartford.....	Nashville, Tenn.....	Dec. 31, 1921
P. N. Davis.....	do.....	Do.
J. E. Caldwell.....	do.....	Do.
T. A. Embry.....	Winchester, Tenn.....	Do.
E. A. Lindsey.....	Nashville, Tenn.....	Do.

**SAVANNAH AGENCY OF THE FEDERAL RESERVE BANK OF ATLANTA.**

R. J. Taylor, manager.

**DISTRICT NO. 7—FEDERAL RESERVE BANK OF CHICAGO.**

William A. Heath, chairman and Federal Reserve agent. James Simpson, deputy chairman. James B. McDougal, governor.

<b>Class A:</b>		
George M. Reynolds.....	Chicago, Ill.....	Dec. 31, 1921
Charles H. McNider.....	Mason City, Iowa.....	Dec. 31, 1922
E. L. Johnson.....	Waterloo, Iowa.....	Dec. 31, 1923
<b>Class B:</b>		
A. H. Vogel.....	Milwaukee, Wis.....	Dec. 31, 1921
John W. Blodgett.....	Grand Rapids, Mich.....	Dec. 31, 1922
Albert R. Erskine.....	South Bend, Ind.....	Dec. 31, 1923
<b>Class C:</b>		
William A. Heath.....	Evanston, Ill.....	Dec. 31, 1921
Frank C. Ball.....	Muncie, Ind.....	Dec. 31, 1922
James Simpson.....	Chicago, Ill.....	Dec. 31, 1923

**DETROIT BRANCH OF THE FEDERAL RESERVE BANK OF CHICAGO.**

R. B. Locke, manager.

John Ballantyne.....	Detroit, Mich.....	Dec. 31, 1921
Emory W. Clark.....	do.....	Do.
Julius H. Haas.....	do.....	Do.
Charles H. Hodges.....	do.....	Do.
R. B. Locke.....	do.....	Do.

**DISTRICT NO. 8—FEDERAL RESERVE BANK OF ST. LOUIS.**

William McC. Martin, chairman and Federal Reserve agent. John W. Boehne, deputy chairman. David C. Biggs, governor.

<b>Class A:</b>		
J. C. Utterback.....	Paducah, Ky.....	Dec. 31, 1921
Sam A. Ziegler.....	Albion, Ill.....	Dec. 31, 1922
John G. Lonsdale.....	St. Louis, Mo.....	Dec. 31, 1923
<b>Class B:</b>		
Rolla Wells.....	do.....	Dec. 31, 1921
W. B. Plunkett.....	Little Rock, Ark.....	Dec. 31, 1922
Le Roy Percy.....	Greenville, Miss.....	Dec. 31, 1923
<b>Class C:</b>		
Wm. McC. Martin.....	St. Louis, Mo.....	Dec. 31, 1921
C. P. J. Mooney.....	Memphis, Tenn.....	Dec. 31, 1922
John W. Boehne.....	Evansville, Ind.....	Dec. 31, 1923

**OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS—Continued.**

**DISTRICT NO. 8—FEDERAL RESERVE BANK OF ST. LOUIS—Continued.**

**LOUISVILLE BRANCH OF THE FEDERAL RESERVE BANK OF ST. LOUIS.**

W. P. Kincheloe, manager.

Director.	Residence.	Term expires.
Geo. W. Norton.....	Louisville, Ky.....	Dec. 31, 1921
W. C. Montgomery.....	Elizabethtown, Ky.....	Do.
W. P. Kincheloe.....	Louisville, Ky.....	Do.
F. M. Sackett.....	do.....	Do.
Embry L. Swearingen.....	do.....	Do.

**MEMPHIS BRANCH OF THE FEDERAL RESERVE BANK OF ST. LOUIS.**

John J. Heffin, manager.

R. Brinkley Snowden.....	Memphis, Tenn.....	Dec. 31, 1921
John D. McDowell.....	do.....	Do.
John J. Heffin.....	do.....	Do.
T. K. Riddick.....	do.....	Do.
S. E. Ragland.....	do.....	Do.

**LITTLE ROCK BRANCH OF THE FEDERAL RESERVE BANK OF ST. LOUIS.**

A. F. Bailey, manager.

C. A. Pratt.....	Little Rock, Ark.....	Dec. 31, 1921
J. E. England, jr.....	do.....	Do.
A. F. Bailey.....	do.....	Do.
Moorhead Wright.....	do.....	Do.
G. W. Rogers.....	do.....	Do.

**DISTRICT NO. 9—FEDERAL RESERVE BANK OF MINNEAPOLIS.**

John H. Rich, chairman and Federal Reserve agent. Wm. H. Lightner, deputy chairman. R. A. Young, governor.

Class A:		
W. C. McDowell.....	Marion, N. Dak.....	Dec. 31, 1921
Theodore Wold.....	Minneapolis, Minn.....	Dec. 31, 1922
J. C. Bassett.....	Aberdeen, S. Dak.....	Dec. 31, 1923
Class B:		
F. P. Hixon.....	La Crosse, Wis.....	Dec. 31, 1921
F. R. Bigelow.....	St. Paul, Minn.....	Dec. 31, 1922
N. B. Holter.....	Helena, Mont.....	Dec. 31, 1923
Class C:		
W. H. Lightner.....	St. Paul, Minn.....	Dec. 31, 1921
C. H. Benedict.....	Lake Linden, Mich.....	Dec. 31, 1922
John H. Rich.....	Minneapolis, Minn.....	Dec. 31, 1923

**DISTRICT NO. 10—FEDERAL RESERVE BANK OF KANSAS CITY.**

Asa E. Ramsay, chairman and Federal Reserve agent. F. W. Fleming, deputy chairman. J. Z. Miller, jr., governor.

Class A:		
J. C. Mitchell.....	Denver, Colo.....	Dec. 31, 1921
W. J. Bailey.....	Atchison, Kans.....	Dec. 31, 1922
E. E. Mullaney.....	Hill City, Kans.....	Dec. 21, 1923
Class B:		
T. C. Byrne.....	Omaha, Nebr.....	Dec. 31, 1921
M. L. McClure.....	Kansas City, Mo.....	Dec. 31, 1922
Harry W. Gibson.....	Muskogee, Okla.....	Dec. 31, 1923
Class C:		
R. H. Malone.....	Denver, Colo.....	Dec. 31, 1921
F. W. Fleming.....	Kansas City, Mo.....	Dec. 31, 1922
Asa E. Ramsay.....	do.....	Dec. 31, 1923

## OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS—Continued.

## DISTRICT NO. 10—FEDERAL RESERVE BANK OF KANSAS CITY—Continued.

## DENVER BRANCH OF THE FEDERAL RESERVE BANK OF KANSAS CITY.

C. A. Burkhardt, manager.

Director.	Residence.	Term expires.
C. C. Parks.....	Denver, Colo.....	Dec. 31, 1921
A. C. Foster.....	.....do.....	Do.
C. A. Burkhardt.....	.....do.....	Do.
John Evans.....	.....do.....	Do.
Alva B. Adams.....	Pueblo, Colo.....	Do.

## OMAHA BRANCH OF THE FEDERAL RESERVE BANK OF KANSAS CITY.

L. H. Earhart, manager.

Luther Drake.....	Omaha, Nebr.....	Dec. 31, 1921
George E. Abbott.....	Cheyenne, Wyo.....	Do.
L. H. Earhart.....	Omaha, Nebr.....	Do.
P. L. Hall.....	Lincoln, Nebr.....	Do.
R. O. Marnell.....	Nebraska City, Nebr.....	Do.

## OKLAHOMA CITY BRANCH OF THE FEDERAL RESERVE BANK OF KANSAS CITY.

C. E. Daniel, manager.

Wm. Mee.....	Oklahoma City, Okla.....	Dec. 31, 1921
E. K. Thurmond.....	.....do.....	Do.
Dorset Carter.....	.....do.....	Do.
T. F. Martin, jr.....	.....do.....	Do.
C. E. Daniel.....	.....do.....	Do.

## DISTRICT NO. 11—FEDERAL RESERVE BANK OF DALLAS.

W. F. Ramsey, chairman and Federal Reserve agent. W. B. Newsome, deputy chairman. R. L. Van Zandt, governor.

Class A:		
John T. Scott.....	Houston, Tex.....	Dec. 31, 1921
B. A. McKinney.....	Dallas, Tex.....	Dec. 31, 1922
Ed. Hall.....	Bryan, Tex.....	Dec. 31, 1923
Class B:		
Frank Kell.....	Wichita Falls, Tex.....	Dec. 31, 1921
Marion Sansom.....	Fort Worth, Tex.....	Dec. 31, 1922
J. J. Culbertson.....	Paris, Tex.....	Dec. 31, 1923
Class C:		
W. B. Newsome.....	Dallas, Tex.....	Dec. 31, 1921
H. O. Wooten.....	Abilene, Tex.....	Dec. 31, 1922
W. F. Ramsey.....	Dallas, Tex.....	Dec. 31, 1923

## EL PASO BRANCH OF THE FEDERAL RESERVE BANK OF DALLAS.

W. C. Weiss, manager.

U. S. Stewart.....	El Paso, Tex.....	Dec. 31, 1921
A. F. Kerr.....	.....do.....	Do.
W. C. Weiss.....	.....do.....	Do.
W. W. Turney.....	.....do.....	Do.
A. P. Coles.....	.....do.....	Do.

## HOUSTON BRANCH OF THE FEDERAL RESERVE BANK OF DALLAS.

E. F. Gossett, manager.

Frank Andrews.....	Houston, Tex.....	Dec. 31, 1921
Guy M. Bryan.....	.....do.....	Do.
E. F. Gossett.....	.....do.....	Do.
R. M. Farrar.....	.....do.....	Do.
J. J. Davis.....	Galveston, Tex.....	Do.

**OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS—Continued.**

**DISTRICT NO. 12—FEDERAL RESERVE BANK OF SAN FRANCISCO.**

John Perrin, chairman and Federal Reserve agent. Walton N. Moore, deputy chairman. John U. Calkins, governor.

Director.	Residence.	Term expires.
Class A:		
M. A. Buchan.....	Palo Alto, Calif.....	Dec. 31, 1921
C. K. McIntosh.....	San Francisco, Calif.....	Dec. 31, 1922
John Willis Baer.....	Pasadena, Calif.....	Dec. 31, 1923
Class B:		
Jno. A. McGregor.....	San Francisco, Calif.....	Dec. 31, 1921
Elmer H. Cox.....	Madera, Calif.....	Dec. 31, 1922
A. B. C. Dohrmann.....	San Francisco, Calif.....	Dec. 31, 1923
Class C:		
Walton N. Moore.....	.....do.....	Dec. 31, 1921
Wm. Sproule.....	.....do.....	Dec. 31, 1922
John Perrin.....	.....do.....	Dec. 31, 1923

**SPOKANE BRANCH OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO.**

W. L. Partner, manager.

D. W. Twohy.....	Spokane, Wash.....	Dec. 31, 1921
R. L. Rutter.....	.....do.....	Do.
W. L. Partner.....	.....do.....	Do.
Peter McGregor.....	Hooper, Wash.....	Do.
G. I. Toevs.....	Spokane, Wash.....	Do.

**SEATTLE BRANCH OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO.**

C. R. Shaw, manager.

M. F. Backus.....	Seattle, Wash.....	Dec. 31, 1921
M. A. Arnold.....	.....do.....	Do.
C. R. Shaw.....	.....do.....	Do.
C. H. Clarke.....	.....do.....	Do.
Charles E. Peabody.....	.....do.....	Do.

**PORTLAND BRANCH OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO.**

Frederick Greenwood, manager.

Edward Cookingham.....	Portland, Oreg.....	Dec. 31, 1921
J. C. Ainsworth.....	.....do.....	Do.
Frederick Greenwood.....	.....do.....	Do.
Nathan Strauss.....	.....do.....	Do.

**SALT LAKE CITY BRANCH OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO.**

R. B. Motherwell, manager.

L. H. Farnsworth.....	Salt Lake City, Utah.....	Dec. 31, 1921
R. B. Motherwell.....	.....do.....	Do.
Chapin A. Day.....	Ogden, Utah.....	Do.
G. G. Wright.....	Salt Lake City, Utah.....	Do.
Lafayette Hanchett.....	.....do.....	Do.

**LOS ANGELES BRANCH OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO.**

C. J. Shepherd, manager.

A. J. Waters.....	Los Angeles, Calif.....	Dec. 31, 1921
J. F. Sartori.....	.....do.....	Do.
C. J. Shepherd.....	.....do.....	Do.
I. B. Newton.....	.....do.....	Do.
Henry M. Robinson.....	.....do.....	Do.

**FEDERAL ADVISORY COUNCIL.**

[Elected for year 1921.]

- District No. 1.—Philip Stockton, president Old Colony Trust Co., Boston, Mass.  
 District No. 2.—Paul M. Warburg, president American Acceptance Council, New York City.  
 District No. 3.—L. L. Rue, president Philadelphia National Bank, Philadelphia, Pa.  
 District No. 4.—Corliss E. Sullivan, vice president Central National Bank Savings & Trust Co., Cleveland, Ohio.  
 District No. 5.—Joseph G. Brown, president Citizens National Bank, Raleigh, N. C.  
 District No. 6.—Edward W. Lane, president Atlantic National Bank, Jacksonville, Fla.  
 District No. 7.—John J. Mitchell, chairman Illinois Trust & Savings Bank, Chicago, Ill.  
 District No. 8.—F. O. Watts, president First National Bank, St. Louis, Mo.  
 District No. 9.—C. T. Jaffray, president First National Bank, Minneapolis, Minn.  
 District No. 10.—E. F. Swinney, president First National Bank, Kansas City, Mo.  
 District No. 11.—R. L. Ball, chairman National Bank of Commerce, San Antonio, Tex.  
 District No. 12.—A. L. Mills, president First National Bank, Portland, Oreg.

**REGULATIONS OF THE FEDERAL RESERVE BOARD.**WASHINGTON, *October 6, 1920.*

The Federal Reserve Board transmits herewith a new issue of all its regulations of 1917 applicable to member banks. Regulation L, relating to "Interlocking bank directorates under the Clayton Act," is entirely new. Regulation F of the new series supersedes Regulation F, Series of 1919, and Regulation K of the new series supersedes Regulation K, Series of 1920, issued in March of the present year. The other regulations of the new series supersede the corresponding regulations of the 1917 series.

Regulations A, B, and I have been materially amended. Regulation C has been amended only by the insertion of two sentences in the first paragraph with reference to the question of when trust receipts and bills of lading drafts may be considered "actual security" within the meaning of section 13 of the Federal Reserve Act. There have been no amendments to Regulation D with the exception of two changes intended to make clear that in the case of "time deposits, open accounts," the 30 days' written notice of withdrawal must be actually required by the bank, whereas in the case of "savings accounts" and "time certificates of deposit" the requirement of notice will be complied with if the bank reserves the right to demand 30 days' written notice of withdrawals. The only substantial change in Regulation K is an amendment to the paragraph entitled "Acceptances," which permits corporations organized under the provisions of section 25a of the Federal Reserve Act to accept, subject to substantially the same conditions as are imposed by law upon member banks, drafts drawn by banks or bankers located in foreign countries, or dependencies or insular possessions of the United States, for the purpose of furnishing dollar exchange as required by the usages of trade in those countries, dependencies, or possessions. There have been no substantial changes in Regulations F and H, and Regulations E and G are identically the same as in the 1917 series.

Regulation J, relating to "Check clearing and collection," has not been changed in substance except that certain provisions have been struck out which are no longer applicable. Nothing has been added to this regulation and it contains only very general provisions. At the present time conditions vary so much in the different districts that it is impracticable to formulate detailed regulations on this subject to be applied in all districts. The Federal Reserve Board will consider a revision of this regulation if and when future developments make it seem practicable and advisable to issue a more comprehensive regulation.

Instructions which concern only Federal Reserve Agents or Federal Reserve Banks will be covered in separate letters or regulations, as in the past.

W. P. G. HARDING, *Governor.*W. T. CHAPMAN, *Secretary.*

## REGULATION A, SERIES OF 1920.

(Superseding Regulation A of 1917.)

## REDISCOUNTS UNDER SECTION 13.

## A. NOTES, DRAFTS, AND BILLS OF EXCHANGE.

I. *General statutory provisions.*

Any Federal Reserve Bank may discount for any of its member banks any note, draft, or bill of exchange, provided—

(a) It has a maturity at the time of discount of not more than 90 days, exclusive of days of grace; but if drawn or issued for agricultural purposes or based on live stock, it may have a maturity at the time of discount of not more than six months, exclusive of days of grace.

(b) It arose out of actual commercial transactions; that is, it must be a note, draft, or bill of exchange which has been issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used or are to be used for such purposes.

(c) It was not issued for carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States.

(d) The aggregate of notes, drafts, and bills bearing the signature or indorsement of any one borrower, whether a person, company, firm, or corporation, rediscounted for any one member bank, whether State or National, shall at no time exceed 10 per cent<sup>1</sup> of the unimpaired capital and surplus of such bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

(e) It is indorsed by a member bank.

(f) It conforms to all applicable provisions of this regulation.

No Federal Reserve Bank may discount for any member State bank or trust company any of the notes, drafts, or bills of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than 10 per cent<sup>2</sup> of the capital and surplus of that State bank or trust company, but in determining the amount of money borrowed from such State bank or trust company the discount of bills of exchange drawn in good faith against actually existing value and the discount of commercial or business paper actually owned by the person negotiating the same shall not be included.

Any Federal Reserve Bank may make advances to its member banks on their promissory notes for a period not exceeding 15 days, provided that they are secured by notes, drafts, bills of exchange, or bankers' acceptances which are eligible for rediscount or for purchase by Federal Reserve Banks, or by the deposit or pledge of bonds or notes of the United States, or bonds of the War Finance Corporation.

II. *General character of notes, drafts, and bills of exchange eligible.*

The Federal Reserve Board, exercising its statutory right to define the character of a note, draft, or bill of exchange eligible for rediscount at a Federal Reserve Bank, has determined that—

(a) It must be a note, draft, or bill of exchange which has been issued or drawn, or the proceeds of which have been used or are to be used in the first instance, in producing, purchasing, carrying, or marketing goods<sup>3</sup> in one or more of the steps of the

<sup>1</sup> Under the terms of section 11 (*m*) as amended by the act of Mar. 3, 1919, a Federal Reserve Bank may, until Dec. 31, 1920, rediscount for any member bank, whether State or National, notes, drafts, and bills bearing the signature or indorsement of any one borrower in an amount not to exceed 20 per cent of the member bank's capital and surplus, provided that the excess over and above 10 per cent be secured by not less than a like face amount of bonds or notes of the United States issued since Apr. 24, 1917, or certificates of indebtedness of the United States.

<sup>2</sup> Under the terms of section 11 (*m*) as amended by the act of Mar. 3, 1919, a Federal Reserve Bank may, until Dec. 31, 1920, rediscount for any member State bank or trust company paper of any one borrower secured by not less than a like face amount of bonds or notes of the United States issued since Apr. 24, 1917, or certificates of indebtedness of the United States, even though such State bank or trust company may already have loaned to the borrower under his regular line of credit in excess of the 10 per cent limit defined above. If, however, the member State bank or trust company has loaned to one borrower in excess of that 10 per cent limit under his regular line of credit the Federal Reserve Bank can not rediscount for that State bank or trust company any of the paper of that borrower taken under that regular line of credit, but may rediscount any paper so secured by Government obligations of the kinds specified up to an amount not in excess of 20 per cent of the capital and surplus of such State bank or trust company.

<sup>3</sup> When used in this regulation the word "goods" shall be construed to include goods, wares, merchandise, or agricultural products, including live stock.

process of production, manufacture, or distribution, or for the purpose of carrying or trading in bonds or notes of the United States.

(b) It must not be a note, draft, or bill of exchange the proceeds of which have been used or are to be used for permanent or fixed investments of any kind, such as land, buildings, or machinery, or for any other capital purpose.

(c) It must not be a note, draft, or bill of exchange the proceeds of which have been used or are to be used for investments of a purely speculative character or for the purpose of lending to some other borrower.

(d) It may be secured by the pledge of goods or collateral of any nature, including paper, which is ineligible for rediscount, provided it (the note, draft, or bill of exchange) is otherwise eligible.

### III. *Applications for rediscount.*

All applications for the rediscount of notes, drafts, or bills of exchange must contain a certificate of the member bank, in form to be prescribed by the Federal Reserve Bank, that, to the best of its knowledge and belief, such notes, drafts, or bills of exchange have been issued for one or more of the purposes mentioned in II (a), and, in the case of a member State bank or trust company, all applications must contain a certificate or guaranty to the effect that the borrower is not liable, and will not be permitted to become liable during the time his paper is held by the Federal Reserve Bank, to such bank or trust company for borrowed money in an amount greater than that specified in I above.

### IV. *Promissory notes.*

(a) *Definition.*—A promissory note, within the meaning of this regulation, is defined as an unconditional promise, in writing, signed by the maker, to pay, in the United States, at a fixed or determinable future time, a sum certain in dollars to order or to bearer.

(b) *Evidence of eligibility and requirement of statements.*—A Federal Reserve Bank must be satisfied by reference to the note or otherwise that it is eligible for rediscount. The member bank shall certify in its application whether the note offered for rediscount has been discounted for a depositor other than a bank or for a nondepositor and, if discounted for a bank, whether for a member or a nonmember bank. The member bank must also certify whether a financial statement of the borrower is on file with it.

A recent financial statement of the borrower must be on file with the member bank in all cases, except with respect to any note discounted by a member bank for a depositor other than a bank or another member bank if—

(1) It is secured by a warehouse, terminal, or other similar receipt covering goods in storage, or by bonds or notes of the United States; or

(2) The aggregate of obligations of the borrower rediscounted and offered for rediscount at the Federal Reserve Bank by the member bank is less than a sum equal to 10 per cent of the paid-in capital of the member bank and is less than \$5,000.

The Federal Reserve Bank shall use its discretion in taking the steps necessary to satisfy itself as to eligibility. Compliance of a note with II (b) may be evidenced by a statement of the borrower showing a reasonable excess of quick assets over current liabilities. A Federal Reserve Bank may, in all cases, require the financial statement of the borrower to be filed with it.

### V. *Drafts, bills of exchange, and trade acceptances.*

(a) *Definition.*—A draft or bill of exchange, within the meaning of this regulation, is defined as an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay in the United States, at a fixed or determinable future time, a sum certain in dollars to the order of a specified person; and a trade acceptance is defined as a draft or bill of exchange, drawn by the seller on the purchaser of goods sold,<sup>4</sup> and accepted by such purchaser.

(b) *Evidence of eligibility and requirement of statements.*—A Federal Reserve Bank shall take such steps as it deems necessary to satisfy itself as to the eligibility of the draft, bill, or trade acceptance offered for rediscount and may require a recent financial statement of one or more parties to the instrument. The draft, bill, or trade acceptance should be drawn so as to evidence the character of the underlying transaction, but if it is not so drawn evidence of eligibility may consist of a stamp or certificate affixed by the acceptor or drawer in a form satisfactory to the Federal Reserve Bank.

<sup>4</sup> A consignment of goods or a conditional sale of goods can not be considered "goods sold" within the meaning of this clause. The purchase price of goods plus the cost of labor in effecting their installation may be included in the amount for which the trade acceptance is drawn.

VI. *Six months' agricultural paper.*

(a) *Definition.*—Six months' agricultural paper, within the meaning of this regulation, is defined as a note, draft, bill of exchange, or trade acceptance drawn or issued for agricultural purposes, or based on live stock; that is, a note, draft, bill of exchange, or trade acceptance the proceeds of which have been used, or are to be used, for agricultural purposes, including the breeding, raising, fattening, or marketing of live stock, and which has a maturity at the time of discount of not more than six months, exclusive of days of grace.

(b) *Eligibility.*—To be eligible for rediscount, six months' agricultural paper, whether a note, draft, bill of exchange, or trade acceptance, must comply with the respective sections of this regulation which would apply to it if its maturity were 90 days or less.

## B. BANKERS' ACCEPTANCES.

(a) *Definition.*—A banker's acceptance within the meaning of this regulation is defined as a draft or bill of exchange, whether payable in the United States or abroad and whether payable in dollars or some other money, of which the acceptor is a bank or trust company, or a firm, person, company, or corporation engaged generally in the business of granting bankers' acceptance credits.

(b) *Eligibility.*—A Federal Reserve Bank may rediscount any such bill having a maturity at time of discount of not more than three months, exclusive of days of grace, which has been drawn under a credit opened for the purpose of conducting or settling accounts resulting from a transaction or transactions involving any one of the following:

(1) The shipment of goods between the United States and any foreign country, or between the United States and any of its dependencies or insular possessions, or between foreign countries. While it is not necessary that shipping documents covering goods in the process of shipment be attached to drafts drawn for the purpose of financing the exportation or importation of goods, and while it is not essential, therefore, that each such draft cover specific goods actually in existence at the time of acceptance, nevertheless it is essential as a prerequisite to eligibility either (a) that shipping documents or a documentary export draft be attached at the time the draft is presented for acceptance, or (b) if the goods covered by the credit have not been actually shipped, that there be in existence a specific and bona fide contract providing for the exportation or importation of such goods at or within a specified and reasonable time and that the customer agree that the accepting bank will be furnished in due course with shipping documents covering such goods or with exchange arising out of the transaction being financed by the credit. A contract between principal and agent will not be considered a bona fide contract of the kind required above, nor is it enough that there be a contract providing merely that the proceeds of the acceptance will be used only to finance the purchase or shipment of goods to be exported or imported.

(2) The shipment of goods within the United States, provided shipping documents conveying security title are attached at the time of acceptance, or

(3) The storage of readily marketable staples,<sup>5</sup> provided that the bill is secured at the time of acceptance by a warehouse, terminal, or other similar receipt, conveying security title to such staples, issued by a party independent of the customer, and provided further that the acceptor remains secured throughout the life of the acceptance. In the event that the goods must be withdrawn from storage prior to the maturity of the acceptance or the retirement of the credit, a trust receipt or other similar document covering the goods, may be substituted in lieu of the original document, provided that such substitution is conditioned upon a reasonably prompt liquidation of the credit. In order to insure compliance with this condition it should be required, when the original document is released, either (a) that the proceeds of the goods will be applied within a specified time toward a liquidation of the acceptance credit or (b) that a new document, similar to the original one, will be reconstituted within a specified time, and a Federal Reserve Bank may also rediscount any bill drawn by a bank or banker in a foreign country or dependency or insular possession of the United States for the purpose of furnishing dollar exchange, as provided in regulation C, provided that it has a maturity at the time of discount of not more than three months, exclusive of days of grace.

<sup>5</sup> A readily marketable staple within the meaning of these regulations may be defined as an article of commerce, agriculture, or industry of such uses as to make it the subject of constant dealings in ready markets with such frequent quotations of price as to make (a) the price easily and definitely ascertainable and (b) the staple itself easy to realize upon by sale at any time.



(c) *General conditions.*—(1) Acceptances in excess of 10 per cent: In order to be eligible, acceptances for any one customer in excess of 10 per cent of the capital and surplus of the accepting bank must remain actually secured throughout the life of the acceptance. In the case of acceptances of member banks this security must consist of shipping documents, warehouse receipts or other such documents, or some other actual security growing out of the same transaction as the acceptance, such as documentary drafts, trade acceptances, terminal receipts, or trust receipts which cover goods of such a character as to insure at all times a continuance of an effective and lawful lien in favor of the accepting bank. Other trust receipts are not security within the meaning of this paragraph if they permit the customer to have access to or control over the goods.

(2) *Maturity:* Although a Federal Reserve Bank may legally rediscount an acceptance having a maturity at the time of discount of not more than three months, exclusive of days of grace, it may decline to rediscount any acceptance the maturity of which is in excess of the usual or customary period of credit required to finance the underlying transaction or which is in excess of that period reasonably necessary to finance such transaction. Since the purpose of permitting the acceptance of drafts secured by warehouse receipts or other such documents is to permit of the temporary holding of readily marketable staples in storage pending a reasonably prompt sale, shipment, or distribution, no such acceptance should have a maturity in excess of the time ordinarily necessary to effect a reasonably prompt sale, shipment, or distribution into the process of manufacture or consumption.

(3) *Renewals:* While a national bank may properly enter into an agreement having more than six months to run by which it obligates itself to accept drafts of the kinds described in Regulation C, each individual draft accepted under the terms of that agreement must, in order to be eligible, conform in all respects to the provisions of the law and these regulations. Inasmuch as each individual acceptance must itself conform to the terms of the law, no renewal draft, whether or not contracted for in advance, can be eligible if at the time of its acceptance the period required for the conclusion of the transaction out of which the original draft was drawn shall have elapsed. The question of the eligibility of renewal drafts, therefore, must necessarily depend upon the stage of the transaction at the time the renewal drafts are drawn.

(d) *Evidence of eligibility.*—A Federal Reserve Bank must be satisfied, either by reference to the acceptance itself, or otherwise, that it is eligible for rediscount. The bill itself should be drawn so as to evidence the character of the underlying transaction, but if it is not so drawn evidence of eligibility may consist of a stamp or certificate affixed by the acceptor in form satisfactory to the Federal Reserve Bank.

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## REGULATION B, SERIES OF 1920.

(Superseding Regulation B of 1917.)

### OPEN-MARKET PURCHASES OF BILLS OF EXCHANGE, TRADE ACCEPTANCES, AND BANKERS' ACCEPTANCES UNDER SECTION 14.

#### I. *General statutory provisions.*

Section 14 of the Federal Reserve Act provides that Federal Reserve Banks under rules and regulations to be prescribed by the Federal Reserve Board may purchase and sell in the open market, at home or abroad, from or to domestic or foreign banks, firms, corporations, or individuals, bankers' acceptances and bills of exchange of the kinds and maturities made eligible by the act for rediscount, with or without the indorsement of a member bank.

#### II. *General character of bills and acceptances eligible.*

The Federal Reserve Board, exercising its statutory right to regulate the purchase of bills of exchange and acceptances, has determined that a bill of exchange or acceptance to be eligible for purchase by Federal Reserve Banks under this provision of section 14—

(a) Must conform to the relative requirements of Regulation A, except that a banker's acceptance growing out of a transaction involving the storage within the United States of goods which have been actually sold, may be purchased, provided that the acceptor is secured by the pledge of such goods and, provided further, that the bill conforms in other respects to the relative requirements of Regulation A.

(b) Must have a maturity at the time of purchase of not more than 90 days, exclusive of days of grace, unless it is a bill drawn on a banker, when it may have a maturity of three months, exclusive of days of grace.

(c) Must have been accepted by the drawee prior to purchase by a Federal Reserve Bank unless it is either accompanied and secured by shipping documents or by a warehouse, terminal, or other similar receipt conveying security title or bears a satisfactory banking indorsement.

### III. *Statements.*

A bill of exchange, unless indorsed by a member bank, is not eligible for purchase until a satisfactory statement has been furnished of the financial condition of one or more of the parties thereto.

A bankers' acceptance, unless accepted or indorsed by a member bank, is not eligible for purchase until the acceptor has furnished a satisfactory statement of its financial condition in form to be approved by the Federal Reserve Bank and has agreed in writing with a Federal Reserve Bank to inform it upon request concerning the transaction underlying the acceptance.

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## REGULATION C, SERIES OF 1920.

(Superseding Regulation C of 1917.)

### ACCEPTANCE BY MEMBER BANKS OF DRAFTS AND BILLS OF EXCHANGE.

A. ACCEPTANCE OF DRAFTS OR BILLS OF EXCHANGE DRAWN AGAINST DOMESTIC OR FOREIGN SHIPMENTS OF GOODS OR SECURED BY WAREHOUSE RECEIPTS COVERING READILY MARKETABLE STAPLES.

#### I. *Statutory provisions.*

Under the provisions of the fifth paragraph of section 13 of the Federal Reserve Act, as amended by the acts of September 7, 1916, and June 21, 1917, any member bank may accept drafts or bills of exchange drawn upon it, having not more than six months' sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods, provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples.<sup>1</sup> This paragraph limits the amount which any bank shall accept for any one person, company, firm, or corporation, whether in a foreign or domestic transaction, to an amount not exceeding at any time, in the aggregate, more than 10 per centum of its paid-up and unimpaired capital stock and surplus. This limit, however, does not apply in any case where the accepting bank remains secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance. A trust receipt which permits the customer to have access to or control over the goods will not be considered by Federal Reserve Banks to be "actual security" within the meaning of section 13. A bill of lading draft, however, is "actual security" even after the documents have been released, provided that the draft is accepted by the drawee upon or before the surrender of the documents. The law also provides that any bank may accept such bills up to an amount not exceeding at any time, in the aggregate, more than one-half of its paid-up and unimpaired capital stock and surplus; or, with the approval of the Federal Reserve Board, up to an amount not exceeding at any time, in the aggregate, more than 100 per centum of its paid-up and unimpaired capital stock and surplus. In no event, however, shall the aggregate amount of acceptances growing out of domestic transactions exceed 50 per centum of such capital stock and surplus.

#### II. *Regulations.*

1. Under the provisions of the law referred to above the Federal Reserve Board has determined that any member bank, having an unimpaired surplus equal to at least 20 per centum of its paid-up capital, which desires to accept drafts or bills of exchange drawn for the purposes described above, up to an amount not exceeding at any time, in

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<sup>1</sup> A readily marketable staple within the meaning of these regulations may be defined as an article of commerce, agriculture, or industry of such uses as to make it the subject of constant dealings in ready markets with such frequent quotations of price as to make (a) the price easily and definitely ascertainable and (b) the staple itself easy to realize upon by sale at any time.

the aggregate, 100 per centum of its paid-up and unimpaired capital stock and surplus, may file an application for that purpose with the Federal Reserve Board. Such application must be forwarded through the Federal Reserve Bank of the district in which the applying bank is located.

2. The Federal Reserve Bank shall report to the Federal Reserve Board upon the standing of the applying bank, stating whether the business and banking conditions prevailing in its district warrant the granting of such applications.

3. The approval of any such application may be rescinded upon 90 days' notice to the bank affected.

#### B. ACCEPTANCE OF DRAFTS OR BILLS OF EXCHANGE DRAWN FOR THE PURPOSE OF CREATING DOLLAR EXCHANGE.

##### I. *Statutory provisions.*

Section 13 of the Federal Reserve Act also provides that any member bank may accept drafts or bills of exchange drawn upon it having not more than three months' time to run, exclusive of days of grace, drawn, under regulations to be prescribed by the Federal Reserve Board, by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions.

No member bank shall accept such drafts or bills of exchange for any one bank to an amount exceeding in the aggregate 10 per centum of the paid-up and unimpaired capital and surplus of the accepting bank unless the draft or bill of exchange is accompanied by documents conveying or securing title or by some other adequate security. No member bank shall accept such drafts or bills in an amount exceeding at any time in the aggregate one-half of its paid-up and unimpaired capital and surplus. This 50 per cent limit is separate and distinct from and not included in the limits placed upon the acceptance of drafts and bills of exchange as described under section A of this regulation.

##### II. *Regulations.*

Any member bank desiring to accept drafts drawn by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange shall first make an application to the Federal Reserve Board setting forth the usages of trade in the respective countries, dependencies, or insular possessions in which such banks or bankers are located.

If the Federal Reserve Board should determine that the usages of trade in such countries, dependencies, or possessions require the granting of the acceptance facilities applied for, it will notify the applying bank of its approval and will also publish in the Federal Reserve Bulletin the name or names of those countries, dependencies, or possessions in which banks or bankers are authorized to draw on member banks whose applications have been approved for the purpose of furnishing dollar exchange.

The Federal Reserve Board reserves the right to modify or on 90 days' notice to revoke its approval either as to any particular member bank or as to any foreign country or dependency or insular possession of the United States in which it has authorized banks or bankers to draw on member banks for the purpose of furnishing dollar exchange.

### REGULATION D, SERIES OF 1920.

(Superseding Regulation D of 1917.)

#### TIME DEPOSITS AND SAVINGS ACCOUNTS.

Section 19 of the Federal Reserve Act provides, in part, as follows:

Demand deposits, within the meaning of this act, shall comprise all deposits payable within 30 days, and time deposits shall comprise all deposits payable after 30 days, and all savings accounts and certificates of deposit which are subject to not less than 30 days' notice before payment, and all postal savings deposits.

#### TIME DEPOSITS, OPEN ACCOUNTS.

The term "time deposits, open accounts" shall be held to include all accounts, not evidenced by certificates of deposit or savings pass books, in respect to which a written contract is entered into with the depositor at the time the deposit is made that neither the whole nor any part of such deposit may be withdrawn by check or otherwise, except on a given date or on written notice, which must be given by the depositor, a certain specified number of days in advance, in no case less than 30 days.

## SAVINGS ACCOUNTS.

The term "savings accounts" shall be held to include those accounts of the bank in respect to which, by its printed regulations, accepted by the depositor at the time the account is opened—

- (a) The pass book, certificate, or other similar form of receipt must be presented to the bank whenever a deposit or withdrawal is made, and
- (b) The depositor may at any time be required by the bank to give notice of an intended withdrawal, not less than 30 days before a withdrawal is made.

## TIME CERTIFICATES OF DEPOSIT.

A "time certificate of deposit" is defined as an instrument evidencing the deposit with a bank, either with or without interest, of a certain sum specified on the face of the certificate payable in whole or in part to the depositor or on his order—

- (a) On a certain date, specified on the certificate, not less than 30 days after the date of the deposit, or
- (b) After the lapse of a certain specified time subsequent to the date of the certificate, in no case less than 30 days, or
- (c) Upon written notice, which the bank may at its option require to be given a certain specified number of days, not less than 30 days, before the date of repayment, and
- (d) In all cases only upon presentation of the certificate at each withdrawal for proper indorsement or surrender.

## REGULATION E, SERIES OF 1920.

(Superseding Regulation E of 1917.)

## PURCHASE OF WARRANTS.

## STATUTORY REQUIREMENTS.

Section 14 of the Federal Reserve Act reads, in part, as follows:

Every Federal Reserve Bank shall have power—

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase, of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board.

For brevity's sake, the term "warrant" when used in this regulation shall be construed to mean "bills, notes, revenue bonds, and warrants, with a maturity from date of purchase of not exceeding six months," and the term "municipality" shall be construed to mean "State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage, and reclamation districts."

## REGULATION.

I. Any Federal Reserve Bank may purchase warrants issued by a municipality in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues, provided—

- (a) They are the general obligations of the entire municipality; it being intended to exclude as ineligible for purchase all such obligations as are payable from "local benefit" and "special assessment" taxes when the municipality at large is not directly or ultimately liable;
- (b) They are issued in anticipation of taxes or revenues which are due and payable on or before the date of maturity of such warrants; but the Federal Reserve Board may waive this condition in specific cases. For the purposes of this regulation, taxes shall be considered as due and payable on the last day on which they may be paid without penalty;
- (c) They are issued by a municipality—
  - (1) Which has been in existence<sup>1</sup> for a period of 10 years;
  - (2) Which for a period of 10 years previous to the purchase has not defaulted<sup>1</sup> for longer than 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it;
  - (3) Whose net funded indebtedness<sup>1</sup> does not exceed 10 per centum of the valuation of its taxable property, to be ascertained by the last preceding valuation of property for the assessment of taxes.

<sup>1</sup> See appendix, p. 296.

II. Except with the approval of the Federal Reserve Board, no Federal Reserve Bank shall purchase and hold an amount in excess of 25 per centum of the total amount of warrants outstanding at any time and issued in conformity with provisions of section 14 (b), above quoted, and actually sold by a municipality.

III. Except with the approval of the Federal Reserve Board, the aggregate amount invested by any Federal Reserve Bank in warrants of all kinds shall not exceed at the time of purchase a sum equal to 10 per centum of the deposits kept by its member banks with such Federal Reserve Bank.

IV. Except with the approval of the Federal Reserve Board, the maximum amount which may be invested at the time of purchase by any Federal Reserve Bank in warrants of any single municipality shall be limited to the following percentages of the deposits kept in such Federal Reserve Bank by its member banks:

Five per centum of such deposits in warrants of a municipality of 50,000 population or over;

Three per centum of such deposits in warrants of a municipality of over 30,000 population, but less than 50,000;

One per centum of such deposits in warrants of a municipality of over 10,000 population, but less than 30,000.

V. Warrants of a municipality of 10,000 population or less shall be purchased only with the special approval of the Board.

The population of a municipality shall be determined by the last, Federal or State census. Where it can not be exactly determined the Board will make special rulings.

VI. Opinion of recognized counsel on municipal issues or of the regularly appointed counsel of the municipality as to the legality of the issue shall be secured and approved in each case by counsel for the Federal Reserve Bank.

VII. Any Federal Reserve Bank may purchase from any of its member banks warrants of any municipality, indorsed by such member bank, with waiver of demand, notice, and protest, up to an amount not to exceed 10 per centum of the aggregate capital and surplus of such member bank: *Provided, however,* That such warrants comply with provisions I and III of these regulations, except that where a period of 10 years is mentioned in I (c) hereof a period of 5 years shall be substituted for the purposes of this clause.

#### APPENDIX TO REGULATION E.

##### "NET FUNDED INDEBTEDNESS."

The term "net funded indebtedness" is hereby defined to mean the legal gross indebtedness of the municipality (including the amount of any school district or other bonds which depend for their redemption upon taxes levied upon property within the municipality) less the aggregate of the following items:

- (1) The amount of outstanding bonds or other debt obligations made payable from current revenues;
- (2) The amount of outstanding bonds issued for the purpose of providing the inhabitants of a municipality with public utilities, such as waterworks, docks, electric plants, transportation facilities, etc.: *Provided,* That evidence is submitted showing that the income from such utilities is sufficient for maintenance, for payment of interest on such bonds, and for the accumulation of a sinking fund for their redemption;
- (3) The amount of outstanding improvement bonds, issued under laws which provide for the levying of special assessments against abutting property in amounts sufficient to insure the payment of interest on the bonds and the redemption thereof: *Provided,* That such bonds are direct obligations of the municipality and included in the gross indebtedness of the municipality;
- (4) The total of all sinking funds accumulated for the redemption of the gross indebtedness of the municipality, except sinking funds applicable to bonds just described in (1), (2), and (3) above.

##### "EXISTENCE" AND "NONDEFAULT."

Warrants will be construed to comply with that part of I (c) of Regulation E relative to term of existence and nondefault, under the following conditions:

(1) Warrants issued by or in behalf of any municipality which was, subsequent to the issuance of such warrants, consolidated with or merged into an existing political division which meets the requirements of these regulations, will be deemed to be the warrants of such political division: *Provided,* That such warrants were assumed

by such political division under statutes and appropriate proceedings the effect of which is to make such warrants general obligations of such assuming political division and payable, either directly or ultimately, without limitation to a special fund from the proceeds of taxes levied upon all the taxable real and personal property within its territorial limits.

(2) Warrants issued by or in behalf of any municipality which was, subsequent to the issuance of such warrants, wholly succeeded by a newly organized political division whose term of existence, added to that of such original political division or of any other political division so succeeded, is equal to a period of 10 years will be deemed to be warrants of such succeeding political division: *Provided*, That during such period none of such political divisions shall have defaulted for a period exceeding 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it: *And provided further*, That such warrants were assumed by such new political division under statutes and appropriate proceedings the effect of which is to make such warrants general obligations of such assuming political division and payable, either directly or ultimately, without limitation to a special fund from the proceeds of taxes levied upon all the taxable real and personal property within its territorial limits.

(3) Warrants issued by or in behalf of any municipality which, prior to such issuance, became the successor of one or more, or was formed by the consolidation or merger of two or more, preexisting political divisions, the term of existence of one or more of which, added to that of such succeeding or consolidated political division, is equal to a period of 10 years, will be deemed to be warrants of a political division which has been in existence for a period of 10 years: *Provided*, That during such period none of such original, succeeding, or consolidated political divisions shall have defaulted for a period exceeding 15 days in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it.

## REGULATION F, SERIES OF 1920.

(Superseding Regulation F of 1919.)

### TRUST POWERS OF NATIONAL BANKS.

#### I. *Statutory provisions.*

The Federal Reserve Act as amended by the act of September 26, 1918, provides in part:

SEC. 11. The Federal Reserve Board shall be authorized and empowered:

(k) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

Whenever the laws of such State authorize or permit the exercise of any or all of the foregoing powers by State banks, trust companies, or other corporations which compete with national banks, the granting to and the exercise of such powers by national banks shall not be deemed to be in contravention of State or local law within the meaning of this act.

National banks exercising any or all of the powers enumerated in this subsection shall segregate all assets held in any fiduciary capacity from the general assets of the bank and shall keep a separate set of books and records showing in proper detail all transactions engaged in under authority of this subsection. Such books and records shall be open to inspection by the State authorities to the same extent as the books and records of corporations organized under State law which exercise fiduciary powers, but nothing in this act shall be construed as authorizing the State authorities to examine the books, records, and assets of the national bank which are not held in trust under authority of this subsection.

No national bank shall receive in its trust department deposits of current funds subject to check or the deposit of checks, drafts, bills of exchange, or other items for collection or exchange purposes. Funds deposited or held in trust by the bank awaiting investment shall be carried in a separate account and shall not be used by the bank in the conduct of its business unless it shall first set aside in the trust department United States bonds or other securities approved by the Federal Reserve Board.

In the event of the failure of such bank the owners of the funds held in trust for investment shall have a lien on the bonds or other securities so set apart in addition to their claim against the estate of the bank.

Whenever the laws of a State require corporations acting in a fiduciary capacity to deposit securities with the State authorities for the protection of private or court trusts, national banks so acting shall be required to make similar deposits and securities so deposited shall be held for the protection of private or court trusts, as provided by the State law.

National banks in such cases shall not be required to execute the bond usually required of individuals if State corporations under similar circumstances are exempt from this requirement.

National banks shall have power to execute such bond when so required by the laws of the State.

In any case in which the laws of a State require that a corporation acting as trustee, executor, administrator, or in any capacity specified in this section, shall take an oath or make an affidavit, the president, vice president, cashier, or trust officer of such national bank may take the necessary oath or execute the necessary affidavit.

It shall be unlawful for any national banking association to lend any officer, director, or employee any funds held in trust under the powers conferred by this section. Any officer, director, or employee making

such loan, or to whom such loan is made, may be fined not more than \$5,000 or imprisoned not more than five years, or may be both fined and imprisoned, in the discretion of the court.

In passing upon applications for permission to exercise the powers enumerated in this subsection, the Federal Reserve Board may take into consideration the amount of capital and surplus of the applying bank whether or not such capital and surplus is sufficient under the circumstances of the case, the needs of the community to be served, any and other facts and circumstances that seem to it proper, and may grant or refuse the application accordingly: *Provided*, That no permit shall be issued to any national banking association having a capital and surplus less than the capital and surplus required by State law of State banks, trust companies, and corporations exercising such powers.

## II. *Applications.*

A national bank desiring to exercise any or all of the powers authorized by section 11 (k) of the Federal Reserve Act, as amended by the Act of September 26, 1918, shall make application to the Federal Reserve Board, on a form approved by said Board, for a special permit authorizing it to exercise such powers. In the case of an original application—that is, where the applying bank has never been granted the right to exercise any of the powers authorized by section 11 (k)—the application should be made on F. R. B. Form 61. In the case of a supplemental application—that is, where the applying bank has already been granted the right to exercise one or more of the powers authorized by section 11 (k)—the application should be made on F. R. B. Form 61-b. Both forms are made a part of this regulation and may be obtained from the Federal Reserve Board or any Federal Reserve Bank.

## III. *Separate departments.*

Every national bank permitted to act under this section shall establish a separate trust department, and shall place such department under the management of an officer or officers, whose duties shall be prescribed by the board of directors of the bank.

## IV. *Custody of trust securities and investments.*

The securities and investments held in each trust shall be kept separate and distinct from the securities owned by the bank and separate and distinct one from another. Trust securities and investments shall be placed in the joint custody of two or more officers or other employees designated by the board of directors of the bank and all such officers and employees shall be bonded.

## V. *Deposit of funds awaiting investment or distribution.*

Funds received or held in the trust department of a national bank awaiting investment or distribution may be deposited in the commercial department of the bank to the credit of the trust department, provided that the bank first delivers to the trust department, as collateral security, United States bonds, or other readily marketable securities owned by the bank, which collateral security shall at all times be equal in market value to the amount of the funds so deposited.

## VI. *Investment of trust funds.*

(a) *Private trusts.*—Funds held in trust must be invested in strict accordance with the terms of the will, deed, or other instrument creating the trust. Where the instrument creating the trust contains provisions authorizing the bank, its officers, or its directors to exercise their discretion in the matter of investments, funds held in trust may be invested only in those classes of securities which are approved by the directors of the bank. Where the instrument creating the trust does not specify the character or class of investments to be made and does not expressly vest in the bank, its officers, or its directors a discretion in the matter of investments, funds held in trust shall be invested in any securities in which corporate or individual fiduciaries in the State in which the bank is located may lawfully invest.

(b) *Court trusts.*—Except as hereinafter provided, a national bank acting as executor, administrator, or in any other fiduciary capacity, under appointment by a court of competent jurisdiction, shall make all investments under an order of that court, and copies of all such orders shall be filed and preserved with the records of the trust department of the bank. If the court by general order vests a discretion in the national bank to invest funds held in trust, or if under the laws of the State in which the bank is located corporate fiduciaries appointed by the court are permitted to exercise such discretion, the national bank so appointed may invest such funds in any securities in which corporate or individual fiduciaries in the State in which the bank is located may lawfully invest.

VII. *Books and accounts.*

All books and records of the trust department shall be kept separate and distinct from other books and records of the bank. All accounts opened shall be so kept as to enable the national bank at any time to furnish information or reports required by the Federal or State authorities, and such books and records shall be open to the inspection of such authorities.

VIII. *Examinations.*

Examiners appointed by the Comptroller of the Currency or designated by the Federal Reserve Board will be instructed to make thorough and complete audits of the cash, securities, accounts, and investments of the trust department of the bank at the same time that examination is made of the banking department.

IX. *Conformity with State laws.*

Nothing in these regulations shall be construed to give a national bank exercising the powers permitted under the provisions of section 11 (k) of the Federal Reserve Act, as amended, any rights or privileges in contravention of the laws of the State in which the bank is located within the meaning of that Act.

X. *Revocation of permits.*

The Federal Reserve Board reserves the right to revoke permits granted under the provisions of section 11 (k), as amended, in any case where in the opinion of the Board a bank has willfully violated the provisions of the Federal Reserve Act or of these regulations or the laws of any State relating to the operations of such bank when acting in any of the capacities permitted under the provisions of section 11 (k), as amended.

XI. *Changes in regulations.*

These regulations are subject to change by the Federal Reserve Board; provided, however, that no such change shall prejudice any obligation undertaken in good faith under regulations in effect at the time the obligation was assumed.

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**REGULATION G, SERIES OF 1920.**

(Superseding Regulation G of 1917.)

**LOANS ON FARM LAND AND OTHER REAL ESTATE.**

Section 24 of the Federal Reserve Act provides in part that—

Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land situated within its Federal reserve district or within a radius of one hundred miles of the place in which such bank is located, irrespective of district lines, and may also make loans secured by improved and unencumbered real estate located within one hundred miles of the place in which such bank is located, irrespective of district lines; but no loan made upon the security of such farm land shall be made for a longer time than five years, and no loan made upon the security of such real estate as distinguished from farm land shall be made for a longer time than one year nor shall the amount of any such loan, whether upon such farm land or upon such real estate, exceed fifty per centum of the actual value of the property offered as security. Any such bank may make such loans, whether secured by such farm land or such real estate, in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

National banks not located in central reserve cities may, therefore, legally make loans secured by improved and unencumbered farm land or other real estate as provided by this section.

Certain conditions and restrictions must, however, be observed—

(a) There must be no prior lien on the land; that is, the lending bank must hold an absolute first mortgage or deed of trust.

(b) The amount of the loan must not exceed 50 per cent of the actual value of the land by which it is secured.

(c) The maximum amount of loans which a national bank may make on real estate, whether on farm land or on other real estate as distinguished from farm land, is limited under the terms of the Act to an amount not in excess of one-third of its time deposits at the time of the making of the loan, and not in excess of one-third of its average time deposits during the preceding calendar year: *Provided, however, That if one-third of such time deposits as of the date of making the loan or one-third of the average time*



deposits for the preceding calendar year, is less than one-fourth of the capital and surplus of the bank as of the date of making the loan, the bank in such event shall have authority to make loans upon real estate under the terms of the Act to the extent of one-fourth of the bank's capital and surplus as of that date.

(d) Farm land to be eligible as security for a loan by a national bank must be situated within the Federal reserve district in which such bank is located or within a radius of 100 miles of such bank irrespective of district lines.

(e) Real estate as distinguished from farm land to be eligible as security for a loan by a national bank must be located within a radius of 100 miles of such bank irrespective of district lines.

(f) The right of a national bank to "make loans" under section 24 includes the right to purchase or discount loans already made as well as the right to make such loans in the first instance: *Provided, however*, That no loan secured by farm land shall have a maturity of more than five years from the date on which it was purchased or made by the national bank and that no loan secured by other real estate shall have a maturity of more than one year from such date.

(g) Though no national bank is authorized under the provisions of section 24 to make a loan on the security of real estate, other than farm land, for a period exceeding one year, nevertheless, at the end of the year, it may properly make a new loan upon the same security for a period not exceeding one year. The maturing note must be canceled and a new note taken in its place, but in order to obviate the necessity of making a new mortgage or deed of trust for each renewal, the original mortgage or deed of trust may be so drawn in the first instance as to cover possible future renewals of the original note. Under no circumstances, however, must the bank obligate itself in advance to make such a renewal. It must, in all cases, preserve the right to require payment at the end of the year and to foreclose the mortgage should that action become necessary. The same principles apply to loans of longer maturities secured by farm lands.

(h) In order that real estate loans held by bank may be readily classified, a statement signed by the officers making a loan and having knowledge of the facts upon which it is based must be attached to each note secured by a first mortgage on the land by which the loan is secured, certifying in detail as of the date of the loan that all of the requirements of law have been duly observed.

## REGULATION H, SERIES OF 1920.

(Superseding Regulation H of 1917.)

### MEMBERSHIP OF STATE BANKS AND TRUST COMPANIES.

#### I. *Statutory requirements.*

Section 9 of the Federal Reserve Act, as amended by the act approved June 21, 1917, which authorizes State banks and trust companies to become members of the Federal Reserve System, is quoted in the appendix to this regulation on page 302.

#### II. *Banks eligible for membership.*

A State bank or a trust company to be eligible for membership in a Federal Reserve Bank must comply with the following conditions:

1. It must have been incorporated under a special or general law of the State or district in which it is located.

2. It must have a minimum paid-up unimpaired capital stock as follows:

In cities or towns not exceeding 3,000 inhabitants, \$25,000.

In cities or towns exceeding 3,000 but not exceeding 6,000 inhabitants, \$50,000.

In cities or towns exceeding 6,000 but not exceeding 50,000 inhabitants, \$100,000.

In cities exceeding 50,000 inhabitants, \$200,000.

#### III. *Application for membership.*

Any eligible State bank or trust company may make application on F. R. B. Form 83a, made a part of this regulation, to the Federal Reserve Board for an amount of capital stock in the Federal Reserve Bank of its district equal to 6 per cent of the paid-up capital stock and surplus of such State bank or trust company. This application must be forwarded direct to the Federal Reserve Agent of the district in which the applying bank or trust company is located and must be accompanied by Exhibits I, II, and III, referred to on page 1 of the application blank.

*IV. Approval of application.*

In passing upon an application the Federal Reserve Board will consider especially—

1. The financial condition of the applying bank or trust company and the general character of its management.

2. Whether the corporate powers exercised by the applying bank or trust company are consistent with the purposes of the Federal Reserve Act.

3. Whether the laws of the State or district in which the applying bank or trust company is located contain provisions likely to prevent proper compliance with the provisions of the Federal Reserve Act and the regulations of the Federal Reserve Board made in conformity therewith.

If, in the judgement of the Federal Reserve Board, an applying bank or trust company conforms to all the requirements of the Federal Reserve Act and these regulations, and is otherwise qualified for membership, the Board will issue a certificate of approval subject to such conditions as it may deem necessary to insure compliance with the act and these regulations. When the conditions imposed by the Board have been accepted by the applying bank or trust company the Board will issue a certificate of approval, whereupon the applying bank or trust company shall make a payment to the Federal Reserve Bank of its district of one-half of the amount of its subscription, i. e., 3 per cent of the amount of its paid-up capital and surplus, and upon receipt of this payment the appropriate certificate of stock will be issued by the Federal Reserve Bank. The remaining half of the subscription of the applying bank or trust company shall be subject to call when deemed necessary by the Federal Reserve Board.

*V. Powers and restrictions.*

Every State bank or trust company while a member of the Federal Reserve System—

1. Shall retain its full charter and statutory rights as a State bank or trust company, subject to the provisions of the Federal Reserve Act and to the regulations of the Federal Reserve Board, including any conditions embodied in the certificate of approval.

2. Shall maintain such improvements and changes in its banking practice as may have been specifically required of it by the Federal Reserve Board as a condition of its admission and shall not lower the standard of banking then required of it; and

3. Shall enjoy all the privileges and observe all those requirements of the Federal Reserve Act and of the regulations of the Federal Reserve Board made in conformity therewith which are applicable to State banks and trust companies which have become member banks.

*VI. Examinations and reports.*

Every State bank or trust company, while a member of the Federal Reserve System, shall be subject to examinations made by direction of the Federal Reserve Board or of the Federal Reserve Bank by examiners selected or approved by the Federal Reserve Board.

In order to avoid duplication, examinations of State banks and trust companies made by State authorities will be accepted in lieu of examinations by examiners selected or approved by the Board wherever these are satisfactory to the directors of the Federal Reserve Bank and where, in addition, satisfactory arrangements for cooperation in the matter of examination between the designated examiners of the Board and those of the States already exist or can be effected with State authorities. Examiners from the staff of the Board or of the Federal Reserve Banks will, whenever desirable, be designated by the Board to act with the examination staff of the State in order that uniformity in the standard of examination may be assured.

Every State bank or trust company, while a member of the Federal Reserve System, shall be required to make in each year not less than three reports of condition on F. R. B. Form 105. Such reports shall be made to the Federal Reserve Bank of its district on call of such bank, on dates to be fixed by the Federal Reserve Board. They shall also make semiannual reports of earnings and dividends on F. R. B. Form 107. As dividends may be declared from time to time, each State bank or trust company member shall also furnish to the Federal Reserve Bank of its district a special notification of dividend declared on F. R. B. Form 107a. F. R. B. Forms 105, 107, and 107a are made a part of this regulation.

## APPENDIX TO REGULATION H.

Section 9 of the Federal Reserve Act as amended by the act approved June 21, 1917, provides that:

Any bank incorporated by special law of any State, or organized under the general laws of any State, or of the United States, desiring to become a member of the Federal Reserve System, may make application to the Federal Reserve Board, under such rules and regulations as it may prescribe, for the right to subscribe to the stock of the Federal reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. The Federal Reserve Board, subject to such conditions as it may prescribe, may permit the applying bank to become a stockholder of such Federal reserve bank.

In acting upon such applications the Federal Reserve Board shall consider the financial condition of the applying bank, the general character of its management, and whether or not the corporate powers exercised are consistent with the purposes of this act.

Whenever the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district its stock subscription shall be payable on call of the Federal Reserve Board, and stock issued to it shall be held subject to the provisions of this act.

All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this act and to conform to those provisions of law imposed on national banks which prohibit such banks from lending on or purchasing their own stock, which relate to the withdrawal or impairment of their capital stock, and which relate to the payment of unearned dividends. Such banks and the officers, agents, and employees thereof shall also be subject to the provisions of and to the penalties prescribed by section fifty-two hundred and nine of the Revised Statutes, and shall be required to make reports of condition and of the payment of dividends to the Federal reserve bank of which they become a member. Not less than three of such reports shall be made annually on call of the Federal reserve bank on dates to be fixed by the Federal Reserve Board. Failure to make such reports within ten days after the date they are called for shall subject the offending bank to a penalty of \$100 a day for each day that it fails to transmit such report; such penalty to be collected by the Federal reserve bank by suit or otherwise.

As a condition of membership such banks shall likewise be subject to examinations made by direction of the Federal Reserve Board or of the Federal reserve bank by examiners selected or approved by the Federal Reserve Board.

Whenever the directors of the Federal reserve bank shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Federal Reserve Board: *Provided, however,* That when it deems it necessary the board may order special examinations by examiners of its own selection and shall in all cases approve the form of report. The expenses of all examinations, other than those made by State authorities, shall be assessed against and paid by the banks examined.

If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board made pursuant thereto, it shall be within the power of the board after hearing to require such bank to surrender its stock in the Federal reserve bank and to forfeit all rights and privileges of membership. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

Any State bank or trust company desiring to withdraw from membership in a Federal reserve bank may do so, after six months' written notice shall have been filed with the Federal Reserve Board, upon the surrender and cancellation of all of its holdings of capital stock in the Federal reserve bank: *Provided, however,* That no Federal reserve bank shall, except under express authority of the Federal Reserve Board, cancel within the same calendar year more than twenty-five per centum of its capital stock for the purpose of effecting voluntary withdrawals during that year. All such applications shall be dealt with in the order in which they are filed with the board.

Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Federal Reserve Board, under authority of law, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal reserve bank it shall be entitled to a refund of its cash paid subscription with interest at the rate of one-half of one per centum per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the national bank act.

Banks becoming members of the Federal Reserve System under authority of this section shall be subject to the provisions of this section and to those of this act which relate specifically to member banks, but shall not be subject to examination under the provisions of the first two paragraphs of section fifty-two hundred and forty of the Revised Statutes as amended by section twenty-one of this act. Subject to the provisions of this act and to the regulations of the board made pursuant thereto, any bank becoming a member of the Federal Reserve System shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise all corporate powers granted it by the State in which it was created, and shall be entitled to all privileges of member banks: *Provided, however,* That no Federal reserve bank shall be permitted to discount for any State bank or trust company notes, drafts, or bills of exchange of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than ten per centum of the capital and surplus of such State bank or trust company, but the discount of bills of exchange drawn against actually existing value and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as borrowed money within the meaning of this section. The Federal reserve bank, as a condition of the discount of notes, drafts, and bills of exchange for such State bank or trust company, shall require a certificate or guaranty to the effect that the borrower is not liable to such bank in excess of the amount provided by this section, and will not be permitted to become liable in excess of this amount while such notes, drafts, or bills of exchange are under discount with the Federal reserve bank.

It shall be unlawful for any officer, clerk, or agent of any bank admitted to membership under authority of this section to certify any check drawn upon such bank unless the person or company drawing the check has on deposit therewith at the time such check is certified an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against such bank, but the act of any such officer, clerk, or agent in violation of this section may subject such bank to a forfeiture of its membership in the Federal Reserve System upon hearing by the Federal Reserve Board.

## REGULATION I, SERIES OF 1920.

(Superseding Regulation I of 1917.)

## INCREASE OR DECREASE OF CAPITAL STOCK OF FEDERAL RESERVE BANKS AND CANCELLATION OF OLD AND ISSUE OF NEW STOCK CERTIFICATES.

I. *Increase of capital stock.*

1. *New national banks.*—Each newly organized national bank (including any nonmember State bank which shall have converted into a national bank<sup>1</sup>) shall file with the Federal Reserve Bank of its district an application on F. R. B. Form 30, made a part of this regulation, for an amount of capital stock of the Federal Reserve Bank of its district equal to 6 per cent of the paid-up capital stock and surplus of such national bank. When such application has been approved by the Federal Reserve Agent and by the Federal Reserve Board, the applying national bank shall make a payment to the Federal Reserve Bank of its district of one-half of the amount of its subscription, i. e., 3 per cent of the amount of its paid-up capital and surplus, and upon receipt of this payment the appropriate certificate of stock shall be issued by the Federal Reserve Bank. The remaining half of the subscription of the applying bank shall be subject to call when deemed necessary by the Federal Reserve Board.

2. *State banks becoming members.*—Any State bank or trust company desiring to become a member of the Federal Reserve System shall make application as provided in Regulation H, and when such application has been approved by the Federal Reserve Board and all requirements of Regulation H have been complied with the Federal Reserve Bank shall issue an appropriate certificate of stock as provided in Regulation H.

3. *Increase of capital or surplus by member banks.*—Whenever any member bank shall increase the aggregate amount of its paid-up capital stock and surplus, it shall file with the Federal Reserve Bank of which it is a member an application on F. R. B. Form 56, made a part of this regulation, for an additional amount of the capital stock of the Federal Reserve Bank of its district equal to 6 per cent of such increase. After such application has been approved by the Federal Reserve Agent and by the Federal Reserve Board, the applying member bank shall pay to the Federal Reserve Bank of its district one-half of the amount of its additional subscription, and when this amount has been paid the appropriate certificate of stock shall be issued by the Federal Reserve Bank. The remaining half of such additional subscription shall be subject to call when deemed necessary by the Federal Reserve Board.

4. *Consolidation of member banks.*—Whenever two or more member banks consolidate and such consolidation results in the consolidated bank acquiring by operation of law<sup>2</sup> the Federal Reserve Bank stock owned by the other consolidating bank or banks, and which also results in the consolidated bank having an aggregate capital and surplus in excess of the aggregate capital and surplus of the consolidating member banks, such consolidated bank shall file an application for additional stock, as provided in the preceding paragraph.

<sup>1</sup> Whenever any State member bank is converted into a national bank under section 5154 of the Revised Statutes as amended by section 8 of the Federal Reserve Act, it may continue to hold as a national bank its shares of Federal Reserve Bank stock previously held as a State bank, and need not file any application for Federal Reserve Bank stock, unless the aggregate amount of its capital and surplus is increased, in which event it should file an application for additional stock, as provided in Paragraph III. The certificate of stock issued in the old name of the member bank, however, should be surrendered and cancelled, and a new certificate should be issued in lieu thereof, in the new name of the member bank, as provided in the last paragraph of this regulation.

<sup>2</sup> Section 5 of the Federal Reserve Act provides that "Shares of the capital stock of Federal Reserve Banks owned by member banks shall not be transferred or hypothecated." This provision prevents a transfer of Federal Reserve Bank stock by purchase, but does not prevent a transfer by operation of law. When there is a merger of member banks involving the liquidation of one of such banks and the purchasing of the assets of the liquidating bank by the bank continuing in existence, it is necessary for the liquidating bank to surrender its Federal Reserve Bank stock and for the purchasing bank to apply for new stock. On the other hand, if member banks consolidate, under a statute which does not require the liquidation of any of the consolidating banks, and the consolidated bank continues the corporate identity of one of the consolidating banks, and the assets and obligations of the other consolidating banks are transferred to the consolidated bank by operation of law, the consolidated bank becomes the owner of the Federal Reserve Bank stock of the other consolidating banks as soon as the consolidation takes effect and such stock technically need not be surrendered. The certificates of stock issued in the names of the consolidating banks, however, should be surrendered and cancelled, and a new certificate should be issued in lieu thereof, in the new name of the consolidated bank, as provided in the last paragraph of this regulation. A consolidation of national banks under the Act of Congress entitled "An Act to provide for the consolidation of national banking associations," approved November 7, 1918, meets all of these conditions.

5. *Certifying increases of Federal Reserve Bank stock.*—Whenever the capital stock of any Federal Reserve Bank shall be increased the board of directors of such Federal Reserve Bank shall certify such increase to the Comptroller of the Currency on F. R. B. Form 58, which is made a part of this regulation. Such certifications shall be made quarterly as of the last days of December, March, June, and September of each year. A duplicate copy of each certificate shall be forwarded to the Federal Reserve Board.

## II. *Decrease of capital stock.*

1. *Reduction of capital or surplus by member bank.*—Whenever a member bank reduces the aggregate amount of its paid-up capital stock and surplus and, in the case of reduction of the paid-up capital of a national bank, such reduction has been approved by the Comptroller of the Currency and by the Federal Reserve Board in accordance with the provisions of section 28 of the Federal Reserve Act, it shall file with the Federal Reserve Bank of which it is a member an application for the surrender and cancellation of stock on F. R. B. Form 60, which is made a part of this regulation. When this application has been approved by the Federal Reserve Agent and the Federal Reserve Board, the Federal Reserve Bank shall accept and cancel the stock which the applying bank is entitled to surrender and shall refund to the member bank the proportionate amount due such bank on account of the stock canceled.

2. *Insolvency of member bank.*—Whenever a member bank shall be declared insolvent and a receiver appointed by the proper authorities, such receiver shall file with the Federal Reserve Bank of which the insolvent bank is a member an application on F. R. B. Form 87, which is made a part of this regulation, for the surrender and cancellation of the stock held by such insolvent member bank, and for the refund of all balances due to it. Upon approval of this application by the Federal Reserve Agent and the Federal Reserve Board, the Federal Reserve Bank shall accept and cancel the stock surrendered, and shall adjust accounts between the member bank and the Federal Reserve Bank by applying to any indebtedness of the insolvent member bank to such Federal Reserve Bank all cash-paid subscriptions made by it on the stock canceled with one-half of 1 per centum per month from the period of last dividend if earned, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized receiver of such insolvent member bank.

3. *Voluntary liquidation of member bank.*—Whenever a member bank goes into voluntary liquidation and a liquidating agent is appointed, such agent shall file with the Federal Reserve Bank of which it is a member an application on F. R. B. Form 86, which is made a part of this regulation, for the surrender and cancellation of the stock held by and for the refund of all balances due to such liquidating member bank. Upon approval of this application by the Federal Reserve Agent and the Federal Reserve Board the Federal Reserve Bank shall accept and cancel the stock surrendered, and shall adjust accounts between the liquidating member bank and the Federal Reserve Bank by applying to the indebtedness of the liquidating member bank to such Federal Reserve Bank all cash-paid subscriptions made by it on the stock canceled with one-half of 1 per centum per month from the period of last dividend, if earned, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized liquidating agent of such liquidating member bank.

4. *Consolidation of member bank.*—Whenever there is a consolidation of two or more member banks which results in the consolidated bank acquiring by operation of law (see note 2 on p. 21) the Federal Reserve Bank stock owned by the other consolidating banks, and which also results in the consolidated bank having a paid-up capital and surplus less than the aggregate paid-up capital and surplus of the consolidating member banks, the consolidated bank shall file with the Federal Reserve Bank of which it is a member an application for the surrender and cancellation of stock on F. R. B. Form 60a, which is made a part of this regulation. Upon the approval of this application by the Federal Reserve Agent and the Federal Reserve Board, the Federal Reserve Bank shall accept and cancel the stock which the applying bank is entitled to surrender, and shall refund to the applying bank the proportionate amount due such bank on account of the stock canceled.

5. *Certifying reductions of Federal Reserve Bank stock.*—All reductions of the capital stock of a Federal Reserve Bank shall, in accordance with the provisions of section 6 of the Federal Reserve Act, be certified to the Comptroller of the Currency by the board of directors of such Federal Reserve Bank on F. R. B. Form 59, which is made a part of this regulation. Such certifications shall be made quarterly as of the last day of December, March, June, and September of each year. A duplicate copy of each certificate shall be forwarded to the Federal Reserve Board.

### III *Cancellation of old and issue of new stock certificates.*

Whenever a member bank changes its name or, by consolidation with another member bank acquires by operation of law (see note 2 on p. 306) the Federal Reserve Bank stock previously held by such other member bank, it shall surrender to the Federal Reserve Bank the certificate of Federal Reserve Bank stock which was issued to it under its old name, or which was issued to such other member bank. The certificate so surrendered shall be indorsed by the member bank surrendering it or by the member bank to which it was originally issued and shall be accompanied by proper proof of the change of name or consolidation. Upon receipt of such certificate of stock so indorsed, together with such proof, the Federal Reserve Bank shall cancel the certificate so surrendered, and shall issue in lieu thereof to and in the name of the member bank surrendering it a new certificate for the number of shares represented by the certificate so surrendered, or if the member bank is entitled to surrender some of the stock which is represented by the surrendered certificate, and an application for the surrender and cancellation of such stock is at the same time made in accordance with this regulation, the new certificate shall be for the number of shares represented by the surrendered certificate less the number of shares canceled pursuant to such application. All cases where certificates of stock are surrendered and new certificates issued in lieu thereof and in a different name shall be reported to the Federal Reserve Board by the Federal Reserve Agent.

## REGULATION J, SERIES OF 1920.

(Superseding Regulation J of 1917.)

### CHECK CLEARING AND COLLECTION.

Section 16 of the Federal Reserve Act authorizes the Federal Reserve Board to require each Federal Reserve Bank to exercise the function of a clearing house for its member banks, and section 13 of the Federal Reserve Act, as amended by the act approved June 21, 1917, authorizes each Federal Reserve Bank to receive from any nonmember bank or trust company, solely for the purposes of exchange or of collection, deposits of current funds in lawful money, national-bank notes, Federal Reserve notes, checks, and drafts payable upon presentation, or maturing notes and bills, provided such nonmember bank or trust company maintains with its Federal Reserve Bank a balance sufficient to offset the items in transit held for its account by the Federal Reserve Bank.

In pursuance of the authority vested in it under these provisions of law, the Federal Reserve Board, desiring to afford both to the public and to the various banks of the country a direct, expeditious, and economical system of check collection and settlement of balances, has arranged to have each Federal Reserve Bank exercise the functions of a clearing house for such of its member banks as desire to avail themselves of its privileges and for such nonmember State banks and trust companies as may maintain with the Federal Reserve Bank balances sufficient to qualify them under the provisions of section 13 to send items to Federal Reserve Banks for purposes of exchange or of collection. Such nonmember State banks and trust companies will hereinafter be referred to in this regulation as nonmember clearing banks.

Each Federal Reserve Bank shall exercise the functions of a clearing house under the following general terms and conditions:

(1) Each Federal Reserve Bank will receive at par from its member banks and from nonmember clearing banks in its district, checks<sup>1</sup> drawn on all member and nonmember clearing banks and on all other nonmember banks which agree to remit at par through the Federal Reserve Bank of their district.

(2) Each Federal Reserve Bank will receive at par from other Federal Reserve Banks, and from all member and nonmember clearing banks, regardless of their location, for the credit of their accounts with their respective Federal Reserve Banks, checks drawn upon all member and nonmember clearing banks of its district and upon all other nonmember banks of its district whose checks are collected at par by the Federal Reserve Bank.

<sup>1</sup> A check is generally defined as a draft or order upon a bank or banking house, purporting to be drawn upon a deposit of funds, for the payment at all events of a certain sum of money to a certain person therein named, or to him or his order, or to bearer, and payable instantly on demand.

(3) Immediate credit entry upon receipt subject to final payment will be made for all such items upon the books of the Federal Reserve Bank at full face value, but the proceeds will not be counted as part of the minimum reserve nor become available to meet checks drawn until such time as may be specified in the appropriate time schedule referred to in subdivision 7.

(4) Checks received by a Federal Reserve Bank on its member or nonmember clearing banks will be forwarded direct to such banks and will not be charged to their accounts until sufficient time has elapsed within which to receive advice of payment, as shown by the appropriate time schedule referred to in subdivision 7.

(5) Under this plan each Federal Reserve Bank will receive at par from its member and nonmember clearing banks checks on all member and nonmember clearing banks and on all other nonmember banks whose checks can be collected at par by any Federal Reserve Bank. Member and nonmember clearing banks will be required by the Federal Reserve Board to provide funds to cover at par all checks received from or for the account of their Federal Reserve Banks: *Provided, however,* That a member or nonmember clearing bank may ship currency or specie from its own vaults at the expense of its Federal Reserve Bank to cover any deficiency which may arise because of and only in the case of inability to provide items to offset checks received from or for the account of its Federal Reserve Bank.<sup>2</sup>

(6) Section 19 of the Federal Reserve Act provides that--

The required balance carried by a member bank with a Federal Reserve Bank may, under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total balance required by law is fully restored.

Items can not be counted as part of the minimum reserve balance to be carried by a member bank with its Federal Reserve Bank until such time as may be specified in the appropriate time schedule referred to in subdivision 7. Therefore, should a member bank draw against items before such time, the draft would be charged against its reserve balance if such balance were sufficient in amount to pay it; but any resulting impairment of reserve balances would be subject to all the penalties provided by the Act.

Inasmuch as it is essential that the law in respect to the maintenance by member banks of the required minimum reserve balance shall be strictly complied with, the Federal Reserve Board, under authority vested in it by section 19 of the Act, has prescribed as the basic penalty for any deficiency in reserves a sum equivalent to an interest charge on the amount of the deficiency of 2 per cent per annum above the ninety-day discount rate of the Federal Reserve Bank of the district in which the member bank is located, and has announced that it will prescribe for any Federal Reserve district, upon the application of the Federal Reserve Bank of that district, as an additional progressive penalty for any subsequent deficiency by the same member bank during the same calendar year a sum equivalent to an interest charge on the amount of the subsequent deficiency at a rate increasing one-half of 1 per cent for each such subsequent deficiency.

(7) Each Federal Reserve Bank will determine by analysis the amounts of uncollected funds appearing on its books to the credit of each member bank. Such analysis will show the true status of the reserve held by the Federal Reserve Bank for each member bank and will enable it to apply the penalty for impairment of reserve.

Each Federal Reserve Bank will publish time schedules showing the time at which any item sent to it will be counted as reserve and become available to meet any checks drawn.

(8) In handling items for member and nonmember clearing banks, a Federal Reserve Bank will act as agent only. The Board will require that each member and nonmember clearing bank authorize its Federal Reserve Bank to send checks for collection to banks on which checks are drawn, and, except for negligence, such Federal Reserve Bank will assume no liability. Any further requirements that the Board may deem necessary will be set forth by the Federal Reserve Banks in their letters of instruction to their member and nonmember clearing banks. Each Federal Reserve Bank will also promulgate rules and regulations governing the details of its operations as a clearing house, such rules and regulations to be binding upon all member and nonmember banks which are clearing through the Federal Reserve Bank.

<sup>2</sup> In accordance with instructions issued by the Federal Reserve Board on April 24, 1917, the various Federal Reserve Banks have issued circulars setting forth the conditions under which their respective member banks may draw drafts on their Reserve Bank accounts payable with or through any other Federal Reserve Bank.

## REGULATION K, SERIES OF 1920.

(Superseding Regulation K of 1920, issued in March, 1920.)

## BANKING CORPORATIONS AUTHORIZED TO DO FOREIGN BANKING BUSINESS UNDER THE TERMS OF SECTION 25 (A) OF THE FEDERAL RESERVE ACT.

I. *Organization.*

Any number of natural persons, not less in any case than five, may form a Corporation<sup>1</sup> under the provisions of section 25 (a) for the purpose of engaging in international or foreign banking or other international or foreign financial operations or in banking or other financial operations in a dependency or insular possession of the United States either directly or through the agency, ownership, or control of local institutions in foreign countries or in such dependencies or insular possessions.

II. *Articles of association.*

Any person desiring to organize a corporation for any of the purposes defined in section 25 (a) shall enter into articles of association (see F. R. B. Form 151 which is suggested as a satisfactory form of articles of association) which shall specify in general terms the objects for which the Corporation is formed, and may contain any other provisions not inconsistent with law which the Corporation may see fit to adopt for the regulation of its business and the conduct of its affairs. The articles of association shall be signed by each person intending to participate in the organization of the Corporation and when signed shall be forwarded to the Federal Reserve Board in whose office they shall be filed.

III. *Organization certificate.*

All of the persons signing the articles of association shall under their hands make an organization certificate on F. R. B. Form 152, which is made a part of this regulation, and which shall state specifically:

First. The name assumed by the Corporation.

Second. The place or places where its operations are to be carried on.

Third. The place in the United States where its home office is to be located.

Fourth. The amount of its capital stock and the number of shares into which it shall be divided.

Fifth. The names and places of business or residences of persons executing the organization certificate and the number of shares to which each has subscribed.

Sixth. The fact that the certificate is made to enable the persons subscribing the same and all other persons, firms, companies, and corporations who or which may thereafter subscribe to or purchase shares of the capital stock of such Corporation to avail themselves of the advantages of this section.

The persons signing the organization certificate shall acknowledge the execution thereof before a judge of some court of record or notary public who shall certify thereto under the seal of such court or notary. Thereafter the certificate shall be forwarded to the Federal Reserve Board to be filed in its office.

IV. *Title.*

Inasmuch as the name of the Corporation is subject to the approval of the Federal Reserve Board, a preliminary application for that approval should be filed with the Federal Reserve Board on F. R. B. Form 150, which is made a part of this regulation. This application should state merely that the organization of a Corporation under the proposed name is contemplated and may request the approval of that name and its reservation for a period of 30 days. No Corporation which issues its own bonds, debentures, or other such obligations will be permitted to have the word "bank" as a part of its title. No Corporation which has the word "Federal" in its title will be permitted also to have the word "bank" as a part of its title. So far as possible the title of the Corporation should indicate the nature or reason of the business contemplated and should in no case resemble the name of any other corporation to the extent that it might result in misleading or deceiving the public as to its identity, purpose, connections, or affiliations.

<sup>1</sup> Whenever these regulations refer to a Corporation spelled with a capital C, they relate to a corporation organized under section 25 (a) of the Federal Reserve Act.



V. *Authority to commence business.*

After the articles of association and organization certificate have been made and filed with the Federal Reserve Board, and after they have been approved by the Federal Reserve Board and a preliminary permit to begin business has been issued by the Federal Reserve Board, the association shall become and be a body corporate, but none of its powers except such as are incidental and preliminary to its organization shall be exercised until it has been formally authorized by the Federal Reserve Board by a final permit generally to commence business.

Before the Federal Reserve Board will issue its final permit to commence business, the president or cashier, together with at least three of the directors, must certify (a) that each director elected is a citizen of the United States; (b) that a majority of the shares of stock is owned by citizens of the United States, by corporations the controlling interest in which is owned by citizens of the United States, chartered under the laws of the United States, or by firms or companies the controlling interest in which is owned by citizens of the United States; and (c) that of the authorized capital stock specified in the articles of association at least 25 per cent has been paid in in cash and that each shareholder has individually paid in in cash at least 25 per cent of his stock subscription. Thereafter the cashier shall certify to the payment of the remaining installments as and when each is paid in, in accordance with law.

VI. *Capital stock.*

No Corporation may be organized under the terms of section 25 (a) with a capital stock of less than \$2,000,000. The par value of each share of stock shall be specified in the articles of association, and no Corporation will be permitted to issue stock of no par value. If there is more than one class of stock, the name and amount of each class and the obligations, rights, and privileges attaching thereto shall be set forth fully in the articles of association. Each class of stock shall be so named as to indicate to the investor as nearly as possible what is its character and to put him on notice of any unusual attributes.

VII. *Transfers of stock.*

Section 25 (a) provides in part that—

A majority of the shares of the capital stock of any such corporation shall at all times be held and owned by the citizens of the United States, by corporations the controlling interest in which is owned by citizens of the United States, chartered under the laws of the United States or of a State of the United States, or by firms or companies the controlling interest in which is owned by citizens of the United States.

In order to insure compliance at all times with the requirements of this provision after the organization of the Corporation, shares of stock shall be issuable and transferable only on the books of the Corporation. Every application for the issue or transfer of stock shall be accompanied by an affidavit of the party to whom it is desired to issue or transfer stock, or by his or its duly authorized agent, stating—

*In the case of an individual.*—(a) Whether he is or is not a citizen of the United States and if a citizen of the United States, whether he is a natural born citizen or a citizen by naturalization, and if naturalized, whether he remains for any purpose in the allegiance of any foreign sovereign or state; (b) Whether there is or is not any arrangement under which he is to hold the shares or any of the shares which he desires to have issued or transferred to him, in trust for or in any way under the control of any foreign state or any foreigner, foreign corporation, or any corporation under foreign control, and if so, the nature thereof.

*In the case of a corporation.*—(a) Whether such corporation is or is not chartered under the laws of the United States or of a State of the United States. If it is not, no further declaration is necessary, but if it is, it must also be stated (b) whether the controlling interest in such corporation is or is not owned by citizens of the United States, and (c) whether there is or is not any arrangement under which such corporation will hold the shares or any of the shares if issued or transferred to such corporation, in trust for or in any way under the control of any foreign state or any foreigner or foreign corporation or any corporation under foreign control, and if so, the nature thereof.

*In the case of a firm or company.*—(a) Whether the controlling interest in such firm or company is or is not owned by citizens of the United States and, if so, (b) whether there is or is not any arrangement under which such firm or company will hold the shares or any of the shares if issued or transferred to such firm or company in trust for or in any way under the control of any foreign state or any foreigner or foreign corporation or any corporation under foreign control and if so, the nature thereof.

The board of directors of the Corporation, whether acting directly or through an agent, may, before making any issue or transfer of stock, require such further evidence as in their discretion they may think necessary in order to determine whether or not

the issue or transfer of the stock would result in a violation of the law. No issue or transfer of stock which would cause 50 per cent or more of the total amount of stock issued or outstanding to be held contrary to the provisions of the law or these regulations shall be made upon the books of the Corporation. The decision of the board of directors in each case shall be final and conclusive and not subject to any question by any person, firm, or corporation on any ground whatsoever.

If at any time by reason of the fact that the holder of any shares of the Corporation ceases to be a citizen of the United States, or, in the opinion of the board of directors, becomes subject to the control of any foreign state or foreigner or foreign corporation or corporation under foreign control, 50 per cent or more of the total amount of capital stock issued or outstanding is held contrary to the provisions of the law or these regulations, the board of directors may, when apprised of that fact, forthwith serve on the holder of the shares in question a notice in writing requiring such holder within two months to transfer such shares to a citizen of the United States, or to a firm, company, or corporation approved by the board of directors as an eligible stockholder. When such notice has been given by the board of directors the shares of stock so held shall cease to confer any vote until they have been transferred as required above and if on the expiration of two months after such notice the shares shall not have been so transferred, the shares shall be forfeited to the Corporation.

The board of directors shall prescribe in the by-laws of the Corporation appropriate regulations for the registration of the shares of stock in accordance with the terms of the law and these regulations. The by-laws must also provide that the certificates of stock issued by the Corporation shall contain provisions sufficient to put the holder on notice of the terms of the law and the regulations of the Federal Reserve Board defining the limitations upon the rights of transfer.

#### VIII. *Operations in the United States.*

No Corporation shall carry on any part of its business in the United States except such as shall be incidental to its international or foreign business. Agencies may be established in the United States with the approval of the Federal Reserve Board for specific purposes, but not generally to carry on the business of the Corporation.

#### IX. *Investments in the stock of other corporations.*

It is contemplated by the law that a Corporation shall conduct its business abroad either directly or indirectly through the ownership or control of corporations, and it is accordingly provided that a Corporation may invest in the stock, or other certificates of ownership, of any other corporation organized—

- (a) Under the provisions of section 25 (a) of the Federal Reserve Act;
- (b) Under the laws of any foreign country or a colony or dependency thereof;
- (c) Under the laws of any State, dependency, or insular possession of the United States;

provided, first, that such other corporation is not engaged in the general business of buying or selling goods, wares, merchandise, or commodities in the United States; and second, that it is not transacting any business in the United States except such as is incidental to its international or foreign business.

Except with the approval of the Federal Reserve Board, no Corporation shall invest an amount in excess of 15 per cent of its capital and surplus in the stock of any corporation engaged in the business of banking, or an amount in excess of 10 per cent of its capital and surplus in the stock of any other kind of corporation.

No Corporation shall purchase any stock in any other corporation organized under the terms of section 25 (a) or under the laws of any State, which is in substantial competition therewith, or which holds stock or certificates of ownership in corporations which are in substantial competition with the purchasing Corporation. This restriction, however, does not apply to corporations organized under foreign laws.

#### X. *Branches.*

No Corporation shall establish any branches except with the approval of the Federal Reserve Board, and in no case shall any branch be established in the United States.

#### XI. *Issue of debentures, bonds, and promissory notes.*

*Approval of the Federal Reserve Board.*—No Corporation shall make any public or private issue of its debentures, bonds, notes, or other such obligations without the approval of the Federal Reserve Board, but this restriction shall not apply to notes issued by the Corporation in borrowing from banks or bankers for temporary purposes not to exceed one year. The approval of the Federal Reserve Board will be based

solely upon the right of the Corporation to make the issue under the terms of this regulation and shall not be understood in any way to imply that the Federal Reserve Board has approved or passed upon the merits of such obligations as an investment. The Federal Reserve Board will consider the general character and scope of the business of the Corporation in determining the amount of debentures, bonds, notes, or other such obligations of the Corporation which may be issued by it.

*Application.*—Every application for the approval of any such issue by a Corporation shall be accompanied by (1) a statement of the condition of the Corporation in such form and as of such date as the Federal Reserve Board may require; (2) a detailed list of the securities by which it is proposed to secure such issue, stating their maturities, indorsements, guaranties, or collateral, if any, and in general terms the nature of the transaction or transactions upon which they were based; and (3) such other data as the Federal Reserve Board may from time to time require.

*Advertisements.*—No circular, letter, or other document advertising the issue of the obligations of a Corporation shall state or contain any reference to the fact that the Federal Reserve Board has granted its approval of the issue to which the advertisement relates. This requirement will be enforced strictly in order that there may be no possibility of the public's misconstruing such a reference to be an approval by the Federal Reserve Board of the merits or desirability of the obligations as an investment.

### XII. Sale of foreign securities.

*Approval of the Federal Reserve Board.*—No Corporation shall offer for sale any foreign securities with its indorsement or guaranty, except with the approval of the Federal Reserve Board, but such approval will be based solely upon the right of the Corporation to make such a sale under the terms of this regulation and shall not be understood in any way to imply that the Federal Reserve Board has approved or passed upon the merits of such securities as an investment.

*Application.*—Every application for the approval of such sale shall be accompanied by a statement of the character and amount of the securities proposed to be sold, their indorsements, guaranties, or collateral, if any, and such other data as the Federal Reserve Board may from time to time require.

*Advertisements.*—No circular, letter, or other document advertising the sale of foreign securities by a Corporation with its indorsement or guaranty shall state or contain any reference to the fact that the Federal Reserve Board has granted its approval of the sale of the securities to which the advertisement relates.

### XIII. Acceptances.

*Kinds.*—Any Corporation may accept (1) drafts and bills of exchange drawn upon it which grow out of transactions involving the importation or exportation of goods, and (2) drafts and bills of exchange which are drawn by banks or bankers located in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in such countries, dependencies, and possessions, provided, however, that, except with the approval of the Federal Reserve Board and subject to such limitations as it may prescribe, no Corporation shall exercise its power to accept drafts or bills of exchange if at the time such drafts or bills are presented for acceptance it has outstanding any debentures, bonds, notes, or other such obligations issued by it.

*Maturity.*—Except with the approval of the Federal Reserve Board, no Corporation shall accept any draft or bill of exchange which grows out of a transaction involving the importation or exportation of goods with a maturity in excess of six months, or shall accept any draft or bill of exchange drawn for the purpose of furnishing dollar exchange with a maturity in excess of three months.

*Limitations.*—(1) Individual drawers: No acceptances shall be made for the account of any one drawer in an amount aggregating at any time in excess of 10 per cent of the subscribed capital and surplus of the Corporation, unless the transaction be fully secured or represents an exportation or importation of commodities and is guaranteed by a bank or banker of undoubted solvency. (2) Aggregates: Whenever the aggregate of acceptances outstanding at any time (a) exceeds the amount of the subscribed capital and surplus, 50 per cent of all the acceptances in excess of the amount shall be fully secured; or (b) exceeds twice the amount of the subscribed capital and surplus, all the acceptances outstanding in excess of such amount shall be full secured. (The Corporation shall elect whichever requirement (a) or (b) calls for the smaller amount of secured acceptances.) In no event shall any Corporation have outstanding at any one time acceptances drawn for the purpose of furnishing dollar exchange in an amount aggregating more than 50 per cent of its subscribed capital and surplus.

*Reserves.*—Against all acceptances outstanding which mature in 30 days or less a reserve of at least 15 per cent shall be maintained, and against all acceptances outstanding which mature in more than 30 days a reserve of at least 3 per cent shall be maintained. Reserves against acceptances must be in liquid assets of any or all of the following kinds: (1) cash; (2) balances with other banks; (3) bankers' acceptances; and (4) such securities as the Federal Reserve Board may from time to time permit.

#### XIV. *Deposits.*

*In the United States.*—No Corporation shall receive in the United States any deposits except such as are incidental to or for the purpose of carrying out transactions in foreign countries or dependencies of the United States where the Corporation has established agencies, branches, correspondents, or where it operates through the ownership or control of subsidiary corporations. Deposits of this character may be made by individuals, firms, banks, or other corporations, whether foreign or domestic, and may be time deposits or on demand.

*Outside the United States.*—Outside the United States a Corporation may receive deposits of any kind from individuals, firms, banks, or other corporations, provided, however, that if such corporation has any of its bonds, debentures, or other such obligations outstanding it may receive abroad only such deposits as are incidental to the conduct of its exchange, discount, or loan operations.

*Reserves.*—Against all deposits received in the United States a reserve of not less than 13 per cent must be maintained. This reserve may consist of cash in vault, a balance with the Federal Reserve Bank of the district in which the head office of the Corporation is located, or a balance with any member bank. Against all deposits received abroad the Corporation shall maintain such reserves as may be required by local laws and by the dictates of sound business judgment and banking principles.

#### XV. *General limitations and restrictions.*

*Liabilities of one borrower.*—The total liabilities to a Corporation of any person, company, firm, or corporation for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed 10 per cent of the amount of its subscribed capital and surplus, except with the approval of the Federal Reserve Board: *Provided, however,* That the discount of bills of exchange drawn in good faith against actually existing values and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed within the meaning of this paragraph. The liability of a customer on account of an acceptance made by the Corporation for his account is not a liability for money borrowed within the meaning of this paragraph unless and until he fails to place the Corporation in funds to cover the payment of the acceptance at maturity or unless the Corporation itself holds the acceptance.

*Aggregate liabilities of the Corporation.*—The aggregate of the Corporation's liabilities outstanding on account of acceptances, average domestic and foreign deposits, debentures, bonds, notes, guaranties, indorsements, and other such obligations shall not exceed at any one time ten times the amount of the Corporation's subscribed capital and surplus except with the approval of the Federal Reserve Board. In determining the amount of the liabilities within the meaning of this paragraph, indorsements of bills of exchange having not more than six months to run, drawn and accepted by others than the Corporation, shall not be included.

*Operations abroad.*—Except as otherwise provided in the law and these regulations, a Corporation may exercise abroad not only the powers specifically set forth in the law but also such incidental powers as may be usual in the determination of the Federal Reserve Board in connection with the transaction of the business of banking or other financial operations in the countries in which it shall transact business. In the exercise of any of these powers abroad a Corporation must be guided by the laws of the country in which it is operating and by sound business judgment and banking principles.

#### XVI. *Management.*

The directors, officers, or employees of a Corporation shall exercise their rights and perform their duties as directors, officers, or employees, with due regard to both the letter and the spirit of the law and these regulations. For the purpose of these regulations the Corporation shall, of course, be responsible for all acts of omission or commission of any of its directors, officers, employees, or representatives in the conduct of their official duties. The character of the management of a Corporation and its general attitude toward the purpose and spirit of the law and these regulations will be considered by the Federal Reserve Board in acting upon any application made under the terms of these regulations.

XVII. *Reports and examinations.*

*Reports.*—Each Corporation shall make at least two reports annually to the Federal Reserve Board at such times and in such form as it may require.

*Examinations.*—Each Corporation shall be examined at least once a year by examiners appointed by the Federal Reserve Board. The cost of examinations shall be paid by the Corporation examined.

XVIII. *Amendments to regulations.*

These regulations are subject to amendment by the Federal Reserve Board from time to time, provided, however, that no such amendment shall prejudice obligations undertaken in good faith under regulations in effect at the time they were assumed.

## REGULATION L, SERIES OF 1920.

## INTERLOCKING BANK DIRECTORATES UNDER THE CLAYTON ACT.

I. *Definitions*

Within the meaning of this regulation—

The term “member bank” shall apply to any national bank and any State bank or trust company which is a member of the Federal Reserve System.

The term “national bank” shall be construed to apply not only to national banking associations, but also to all banks and trust companies doing business in the District of Columbia, regardless of the sources of their charter.

The term “resources” shall be construed to mean an amount equal to the sum of the deposits, capital, surplus, and undivided profits.

The term “State bank” shall include any bank, banking association, or trust company incorporated under State law.

The term “private banker” shall apply to any unincorporated individual engaging in one or more phases of the banking business as that term is generally understood and to any member of an unincorporated firm engaging in such business.

The term “Edge Act” shall mean section 25 (a) of the Federal Reserve Act, as amended December 24, 1919.

The term “Edge Corporation” shall mean any corporation organized under the provisions of the Edge Act.

The term “city of over 200,000 inhabitants” includes any city, incorporated town, or village of more than 200,000 inhabitants, as shown by the last preceding decennial census of the United States. Any bank located anywhere within the corporate limits of such city is located in a city of over 200,000 inhabitants within the meaning of the Clayton Act, even though it is located in a suburb or an outlying district at some distance from the principal part of the city.

II. *Prohibitions of Clayton Act.*

Under sections 8 of the Clayton Antitrust Act—

(1) No person who is a director or other officer or employee of a national bank or Edge Corporation having resources aggregating more than \$5,000,000 can legally serve at the same time as director, officer, or employee of any other national bank or Edge Corporation, regardless of its location.

(2) No person who is a director in a State bank or trust company having resources aggregating more than \$5,000,000 or who is a private banker having resources aggregating more than \$5,000,000 can legally serve at the same time as director of any national bank or Edge Corporation, regardless of its location.

(3) No person can legally be a director, officer, or employee of a national bank or Edge Corporation located in a city of more than 200,000 inhabitants who is at the same time a private banker in the same city or a director, officer or employee of any other bank (State or national) located in the same city, regardless of the size of such bank.

The eligibility of a director, officer, or employee under the foregoing provisions is determined by the average amount of deposits, capital, surplus, and undivided profits as shown in the official statements of such bank, banking association, or trust company filed, as provided by law, during the fiscal year next preceding the date set for the annual election of directors, and when a director, officer, or employee has been elected or selected in accordance with the provisions of the Clayton Act, it is lawful for him to continue as such for one year thereafter under said election or employment.

When any person elected or chosen as a director, officer, or employee of any bank is eligible at the time of his election or selection to act for such bank in such capacity, his eligibility to act in such capacity is not affected by reason of any change in the affairs of such bank from whatsoever cause until the expiration of one year from the date of his election or employment.

### III. *Exceptions.*

The provisions of section 8 of the Clayton Act—

(1) Do not apply to mutual savings banks not having a capital stock represented by shares.

(2) Do not prohibit a person from being at the same time a director, officer, or employee of a national bank or Edge Corporation and not more than one other national bank, Edge Corporation, State bank, or trust company, where the entire capital stock of one is owned by the stockholders of the other.

(3) Do not prohibit a person from being at the same time a class A director of a Federal Reserve Bank and also an officer or director, or both an officer and a director, in one member bank.

(4) Do not prohibit a person who is serving as director of a national bank or Edge Corporation, even though it has resources aggregating over \$5,000,000, from serving at the same time as director of any number of State banks and trust companies, provided such State institutions are not located in the same city of over 200,000 inhabitants as the national bank or Edge Corporation, and do not have resources aggregating in the case of any one bank more than \$5,000,000.

(5) Do not prohibit a person from serving at the same time as director, officer, or employee of any number of national banks, provided no two of them are located in the same city of over 200,000 inhabitants, and no one of them has resources aggregating over \$5,000,000.

(6) Do not prohibit a person who is not a director, officer, or employee of any national bank or Edge Corporation from serving at the same time as officer, director, or employee of any number of State banks or trust companies, regardless of their locations and resources.

(7) Do not prohibit a person who is an officer or employee, but not a director, of a State bank from serving as director, officer, or employee of a national bank or Edge Corporation, even though such State bank has resources aggregating over \$5,000,000, provided both banks are not located in the same city of over 200,000 inhabitants.

(8) Do not prohibit a person who is an officer or employee, but not a director, of a national bank or Edge Corporation from serving at the same time as director, officer, or employee of a State bank, even though such State bank has resources aggregating over \$5,000,000, provided both banks are not located in the same city of over 200,000 inhabitants.

(9) Do not apply to persons who have obtained the consent or approval of the Federal Reserve Board under the provisions of the Kern amendment, section 25 of the Federal Reserve Act, or the Edge Act, as hereinafter provided.

*Exceptions cumulative.*—The above exceptions are cumulative.

### IV. *Permission of the Federal Reserve Board under Kern amendment.*

By the Kern amendment, approved May 15, 1916, as amended May 26, 1920, the Clayton Act was amended so as to authorize the Federal Reserve Board to permit any private banker or any officer, director, or employee of any member bank or class A director of a Federal Reserve Bank to serve as director, officer, or employee of not more than two other banks, banking associations, or trust companies coming within the prohibitions of the Clayton Act, provided such other banks are not in substantial competition with such private banker or member bank.

*Substantial competition.*—If the institutions involved are not in substantial competition, the Board is authorized, in its discretion, to grant, withhold, or revoke such consent; but if they are in substantial competition, the Board has no discretion in the matter, and must refuse such consent.

*When obtained.*—Inasmuch as the Kern amendment excepts from the prohibitions of the Clayton Act only those "who shall first procure the consent of the Federal Reserve Board," it is a violation of the law to serve two or more institutions in the prohibited classes before such consent has been obtained. Such consent should be obtained, therefore, before becoming an officer, director, or employee of more than one bank in the prohibited classes. Such consent may be procured before the person applying therefor has been elected as a class A director of a Federal Reserve Bank, or as a director of any member bank.

*Applications for permission.*—A person wishing to obtain the permission of the Federal Reserve Board to serve banks coming within the prohibitions of the Clayton Act should:

(1) Make formal application on F. R. B. Form 94, or, if a private banker, on F. R. B. Form 94d. Each of these forms is made a part of this regulation.

(2) Obtain from each of the banks involved a statement on F. R. B. Form 94a, which is made a part of this regulation, showing the character of its business, together with a copy of its last published statement of condition, and, if a private banker, make a statement on F. R. B. Form 94a showing the character of his or his firm's business.

(3) Forward all these papers to the Federal Reserve Agent of his district, who will attach his recommendation on F. R. B. Form 94b, which is made a part of this regulation, and forward them in due course to the Federal Reserve Board.

*Approval or disapproval.*—As soon as an application is acted upon by the Board, the applicant will be advised of the action taken.

If the Board approves the application, a formal certificate of permission to serve on the banks involved will be issued to the applicant.

*Rehearing.*—If the Board decides that the banks are in substantial competition, and that it can not approve the application, it will, upon petition of the applicant, reconsider its decision and afford him every opportunity to present any additional facts or arguments bearing on the subject.

*Effect of permits.*—Permission once granted is continuing until revoked and need not be renewed.

*Revocation.*—All permits, however, are subject to revocation at any time in the discretion of the Federal Reserve Board. The issuance of a permit to any person shall have the effect of revoking any or all permits which may have been issued previously to that person.

#### V. Permits under section 25 of the Federal Reserve Act.

With the approval of the Federal Reserve Board, any director, officer, or employee of a member bank which has invested in the stock of any corporation principally engaged in international or foreign banking or financial operations or banking in a dependency or insular possession of the United States, under the provisions of section 25 of the Federal Reserve Act, may serve as director, officer, or employee of any such foreign bank or financial corporation.

*Applications for approval.*—The approval of the Federal Reserve Board for such interlocking directorates may be obtained through an informal application in the form of a letter addressed to the Federal Reserve Board either by the officer, director, or employee involved, or in his behalf by one of the banks which he is serving. Such application should be sent directly to the Federal Reserve Board.

#### VI. Permits to serve Edge corporations.

With the approval of the Federal Reserve Board—

(1) Any officer, director, or employee of any member bank may serve at the same time as director, officer, or employee of any Edge Corporation in whose capital stock the member bank shall have invested.

(2) Any officer, director, or employee of any Edge Corporation may serve at the same time as officer, director, or employee of any other corporation in whose capital stock such Edge Corporation shall have invested under the provisions of the Edge Act.

*Applications for approval.*—Such approval may be obtained through an informal application in the form of a letter addressed to the Federal Reserve Board either by the director, officer, or employee involved, or in his behalf by one of the banks or corporations involved. Such applications should be sent directly to the Federal Reserve Board.

## AMENDMENTS TO FEDERAL RESERVE ACT AND CLAYTON ANTITRUST ACT.

[PUBLIC—No. 170—66TH CONGRESS.]

[H. R. 12711.]

An Act To amend the Act approved December 23, 1913, known as the Federal Reserve Act.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 14 of the Federal Reserve Act as amended by the Acts approved September 7, 1916, and June 21, 1917, be further amended by striking out the semicolon after the word "business" at the end of subparagraph (d) and insert in lieu thereof the following: "and which, subject to the approval, review, and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of the advances and discount accommodations extended by the Federal reserve bank to the borrowing bank."

Approved, April 13, 1920.

[PUBLIC—No. 225—66TH CONGRESS.]

[H. R. 13138.]

An Act To amend section 8 of an Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, as amended May 15, 1916.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 8 of an Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," approved October 15, 1914, as amended by the Act of May 15, 1916, be further amended by inserting in the proviso at the end of the second clause of said section after the word "prohibit" the words "any private banker or," so that the proviso as amended shall read:

"And provided further, That nothing in this Act shall prohibit any private banker or any officer, director, or employee of any member bank or class A director of a Federal reserve bank, who shall first procure the consent of the Federal Reserve Board, which board is hereby authorized, at its discretion, to grant, withhold, or revoke such consent, from being an officer, director, or employee of not more than two other banks, banking associations, or trust companies, whether organized under the laws of the United States or any State, if such other bank, banking association, or trust company is not in substantial competition with such banker or member bank.

"The consent of the Federal Reserve Board may be procured before the person applying therefore has been elected as a class A director of a Federal reserve bank or as a director of any member bank."

Approved, May 26, 1920.



## SUMMARY OF ALL AMENDMENTS TO THE FEDERAL RESERVE ACT.

The following is a brief explanation of the various amendments to the Federal Reserve Act. It consists of two parts: Part 1, which contains a discussion of the various acts which specifically amended the text of the Federal Reserve Act; and Part 2, which contains a discussion of those acts which did not change the text of the Federal Reserve Act but which in effect amended the substance of the act.

### PART I. ACTS SPECIFICALLY AMENDING THE FEDERAL RESERVE ACT.

The following acts specifically amended the Federal Reserve Act:

#### ACT OF AUGUST 4, 1914.

Section 27 of the Federal Reserve Act as originally enacted amended section 9 of the Aldrich-Vreeland Act of May 30, 1908, by reenacting that part relating to the tax rates on national bank notes secured otherwise than by bonds of the United States. The act of August 4, 1914, amended section 27 of the Federal Reserve Act so as to add to the above named section of the Aldrich-Vreeland Act, a proviso authorizing the Secretary of the Treasury to suspend the limitations imposed by Sections 1, 3, and 5 of the Aldrich-Vreeland Act on the issue of such additional national bank notes and to extend the privileges of the Aldrich-Vreeland Act to all qualified State banks and trust companies which had joined the Federal Reserve System or might contract to do so within a limited time. This amendment has become inoperative by reason of the expiration by limitation on June 30, 1915, of the Aldrich-Vreeland Act.

#### ACT OF AUGUST 15, 1914.

*Reserves.*—This act amended section 19 of the Federal Reserve Act so as to permit State banks or trust companies which were then coming into the system to continue to keep their reserves with other State banks or trust companies during three years within which the change was to be made from the old system to the Federal Reserve System.

#### ACT OF MARCH 3, 1915.

*Acceptances.*—This act amended section 13 (paragraphs 3, 4, and 5) so as to authorize the Federal Reserve Board, in its discretion, to increase the amount of acceptances based on the importation or exportation of goods which a member bank of the system may discount and which a Federal Reserve Bank may rediscount.

#### ACT OF SEPTEMBER 7, 1916.

*Reserves.*—Section 11 was amended by the addition of a new subsection (m) which authorized the Federal Reserve Board, upon an affirmative vote of not less than five, to permit member banks to carry in the Federal Reserve Banks any portion of their reserves then required to be held in their own vaults.

*Deposits with Federal Reserve Banks.*—Section 13 was amended so as to authorize Federal Reserve Banks to receive on deposit from member banks all checks and drafts payable on presentation, and also for collection maturing bills. Prior to the amendment the Federal Reserve Banks were authorized to receive on deposit only those checks and drafts which were drawn upon solvent member banks and other Federal Reserve Banks. The amendment also authorized any Federal Reserve Bank to receive for purposes of collection as well as exchange checks and drafts payable upon presentation within its district and maturing bills payable within its district.

*Rediscounts.*—Section 13 was further amended so as to provide that the indorsement by a member bank of notes, drafts, and bills of exchange discounted with its Federal Reserve Bank should be deemed to constitute a waiver of demand notice and protest by the member bank as to its own indorsement exclusively. Prior to the amendment member banks were required to execute waivers of demand, notice, and protest.

Section 13 was further amended so as to specifically provide that certain notes, drafts, and bills of exchange having a maturity of 90 days, *exclusive of days of grace*, might be admitted to discount. Prior to this amendment the statute was silent on the question as to whether the maturity included days of grace.

Section 13 was further amended so as to provide that the discount of notes, drafts, and bills of exchange drawn for agricultural purposes or based on live stock and having a maturity not exceeding six months shall be limited to a certain percentage of the *total assets* of the Federal Reserve Bank. Prior to this amendment such paper was limited to a certain percentage of the *capital* of a Federal Reserve Bank instead of its total assets.

By another amendment to section 13 the aggregate of notes, drafts, and bills bearing the signature of any one *borrower* (other than bills of exchange drawn against actually existing values) which may be discounted for a member bank is limited to 10 per cent of the unimpaired capital and surplus of the member bank. Prior to this amendment Federal Reserve Banks were not permitted to discount notes or bills bearing the signature or indorsement of any one person, company, firm, or corporation to an amount in excess of 10 per cent of the capital and surplus of the member bank, *whether such person, firm, or corporation was the borrower or not*.

*Acceptances.*—Prior to this amendment member banks were permitted to accept only such drafts or bills of exchange as grew out of transactions involving the importation or exportation of goods. This act amended section 13 so as to greatly broaden the powers of member banks with regard to acceptances. Under section 13, as so amended, member banks are permitted to accept drafts or bills of exchange under certain conditions:

(a) Which grow out of transactions involving the importation or exportation of goods.

(b) Which grow out of transactions involving the domestic shipment of goods, provided shipping documents conveying or securing title are attached at the time of acceptance.

(c) Which are secured at the time of acceptance by warehouse receipts or other such documents conveying or securing title covering readily marketable staples.

(d) Drawn (under regulations to be prescribed by the Federal Reserve Board) by banks or bankers in foreign countries or dependencies or insular possessions of the United States for the purpose of furnishing dollar exchange as required by the usages of trade in the respective countries, dependencies, or insular possessions.

In enacting this amendment Congress inadvertently omitted from section 13 that provision which permitted national banks with the approval of the Federal Reserve Board to accept up to 100 per cent of their capital and surplus in transactions involving imports or exports.

*Advances to member banks.*—This act further amends section 13 so as to authorize Federal Reserve Banks to make advances to member banks on promissory notes of such member banks for a period not exceeding 15 days, such notes being secured by notes, drafts, bills of exchange, or bankers' acceptances eligible for rediscount or for purchase by Federal Reserve Banks, or by bonds or notes of the United States.

*Member banks as insurance agents and real estate brokers.*—Section 13 was further amended so as to permit national banks located and doing business in places with a population not exceeding 5,000 inhabitants to act as agents for fire, life, or other insurance companies, and also to act as brokers or agents for others in making or procuring loans on real estate located within 100 miles of the place in which the bank is located.

*Banking accounts for foreign correspondents.*—Section 14, subsection (e), was amended so as to permit Federal Reserve Banks, with the consent of the Federal Reserve Board, to open and maintain banking accounts for foreign correspondents or agencies.

*Security for Federal Reserve notes.*—Prior to this amendment Federal Reserve notes could be secured only by notes and bills of exchange accepted for rediscount under section 13. This act amended section 16 so as to permit Federal Reserve notes to be secured also by drafts, bills of exchange or acceptances rediscounted under the provisions of section 13 or bills of exchange indorsed by member banks of any Federal Reserve district and purchased under the provisions of section 14.

*Loans on real estate.*—Section 24, relative to loans on farm lands, was amended so as to permit banks lying contiguous to the lines of a Federal Reserve district to make loans on farm lands within a radius of 100 miles, regardless of district lines, and to make loans on other improved and unincumbered real estate within the same district but for not exceeding a period of one year.

*Foreign banking business.*—Prior to this amendment national banks were authorized to establish branches in foreign countries or dependencies or insular possessions of the United States. This act amended section 25 so as to permit them to either establish such branches or to invest an amount not exceeding 10 per cent of their paid-in capital stock and surplus in one or more corporations incorporated under the laws of the United States or of any State, and principally engaged in international or foreign banking.

## ACT OF JUNE 21, 1917.

*Branches of Federal Reserve Banks.*—Section 3 was amended so as to authorize the Federal Reserve Board to permit or require any Federal Reserve Bank to establish branch banks within its district. As so amended, it provides that the number of directors of such branches shall at the option of the Board be not more than seven nor less than three.

*Assistants to Federal Reserve agents.*—Section 4 was amended so as to provide for the appointment of assistants to the Federal Reserve agents, who shall have power to act in the agent's name and stead during his absence or disability. The office of the deputy reserve agent, formerly held by one of the Class C directors, was abolished.

*Membership of State banks and trust companies.*—Section 9 relating to the admission of State banks and trust companies to the Federal Reserve System was amended so as to provide that, subject to the provisions of the Federal Reserve Act and to the regulations of the Federal Reserve Board made pursuant thereto, any State bank or trust company which becomes a member of the Federal Reserve System shall retain its full charter and statutory rights and may continue to exercise all corporate powers granted to it by the State in which it was created and shall be entitled to all the privileges of member banks; provided, however, that no Federal Reserve Bank may discount for such member bank any note, draft, or bill of exchange of any one borrower who is liable to the member bank for more than 10 per cent of its capital and surplus.

The amendment took away from the Comptroller of the Currency the power granted by section 21 to examine State banks and trust companies which are member banks, but provided that such banks shall be subject to examinations by direction of the Federal Reserve Board or of the Federal Reserve Bank by examiners selected or approved by the Federal Reserve Board. Examinations by State authorities, when approved by the directors of the Federal Reserve Bank, may be accepted in lieu of examinations by examiners approved by the Federal Reserve Board. Reports of condition and of payments of dividends must be made to the Federal Reserve Bank instead of to the Comptroller of the Currency as in the past. State banks and trust companies which have become members are authorized to withdraw from the Federal Reserve System after six months' written notice.

*Clearing and collection for nonmember banks.*—Section 13 was amended so as to authorize Federal Reserve Banks solely for purposes of collection or exchange to receive deposits of currency, checks, drafts, and maturing notes or bills from any nonmember bank or trust company which maintains with the Federal Reserve Bank a balance sufficient to offset the items in transit held for its account by the Federal Reserve Bank. Section 13 as amended also authorizes any member bank to make reasonable charges, to be determined and regulated by the Federal Reserve Board but in no case to exceed 16 cents per \$100 or fraction thereof, for the collection or payment of checks and drafts and remission thereof by exchange or otherwise. Federal Reserve Banks, however, are not subject to these charges.

*Acceptances by member banks.*—Section 13 was further amended so as to restore that provision authorizing the Federal Reserve Board to permit member banks to accept drafts and bills of exchange drawn against shipments of goods or against warehouse receipts covering readily marketable staples up to 100 per cent of the capital and surplus of the accepting bank. This provision has been inadvertently omitted from section 13 by the amendment of September 7, 1916.

*Foreign agencies of Federal Reserve Banks.*—Section 14, subsection (e), was amended so as to authorize the Federal Reserve Board to permit or require reserve banks to open and maintain accounts in foreign countries, etc., and also to provide for participation accounts.

*Issue of Federal Reserve notes against gold.*—Section 16 was amended so as to authorize the issue of Federal Reserve notes upon the security of gold or gold certificates and so as to provide that gold or gold certificates held by the Federal Reserve Agent as collateral security shall be counted as part of the gold reserve which the Federal Reserve Bank is required to maintain against its notes in actual circulation. As so amended, this section also authorizes the issue of Federal Reserve notes upon the security of 15-day notes of member banks secured by eligible commercial paper or by bonds or notes of the United States.

*Deposits of gold with the Treasurer or Assistant Treasurer.*—Section 16 was further amended so as to authorize the Treasurer or any Assistant Treasurer of the United States to receive deposits of gold or gold certificates when tendered by any Federal Reserve Bank or Federal Reserve Agent for credit to its or his account with the Federal Reserve Board.

*Deposits of Government bonds with the Treasurer.*—Section 17 was amended so as to repeal any provision of law requiring any national bank to maintain a minimum deposit of bonds with the Treasurer of the United States.

*Reserves.*—Section 19 was amended so as to provide for an immediate transfer of all reserves of member banks to Federal Reserve Banks. Under this section the total amount of reserves to be maintained by a member bank must be deposited with the Federal Reserve Bank of its district. The amount of these reserves is as follows:

	Demand deposits.	Time deposits.
	Per cent.	Per cent.
Country banks.....	7	3
Reserve city banks.....	10	3
Central reserve city banks.....	13	3

Member banks are no longer required to maintain any reserves in their own vaults.

*Balances with nonmember banks.*—Section 19 formerly provided that no member bank should keep on deposit with "any nonmember bank" any sum in excess of 10 per cent of its own capital and surplus. That restriction necessarily applied to balances with foreign banks as well as to balances with nonmember State banks and trust companies. It was amended so as to apply only to deposits with "any State bank or trust company which is not a member bank."

*Salaries or fees of directors, officers, or employees.*—Section 22, relating to the salaries or fees paid to directors, officers, or employees of member banks, was amended by the addition of provisos to the effect that directors, officers, employees, or attorneys shall not be prohibited from receiving the same rates of interest paid to other depositors of the bank, and that notes, drafts, bills, or other evidences of debt executed or indorsed by directors or attorneys of the bank may be discounted with such bank on the same terms and conditions as other notes, drafts, bills, or other evidences of debt upon the affirmative vote or written assent of a majority of the members of the board of directors of such member bank.

## ACT OF SEPTEMBER 26, 1918.

*Election of Federal Reserve Bank officers.*—Section 4 of the Federal Reserve Act was amended so as to leave to the discretion of the Federal Reserve Board the grouping of the member banks in each district into three general groups or divisions, without the old requirement that each group shall contain, as nearly as possible, one-third of the aggregate number of the banks in the district. Section 4 was further amended so as to permit each member bank, by a resolution of its board of directors or by an amendment to its by-laws, to authorize its president, cashier, or some other officer to cast its vote in elections of Federal Reserve Bank directors in place of the old method of electing by ballot a district reserve elector at a regularly called meeting of the board of directors of each member bank in the district to cast its vote at a particular time. A provision was added that no officer or director of a member bank shall be eligible to serve as a Class A director unless nominated and elected by banks which are members of the same group as the member bank of which he is an officer or director, and that no person who is a director or officer of more than one member bank shall be eligible for nomination as a Class A director, except by banks in the same group as the bank having the largest aggregate resources of any of those of which such person is a director or officer.

*Fiduciary powers of national banks.*—Section 11(k) was amended and reenacted so as to authorize the Federal Reserve Board to permit national banks to act as guardians of estates, assignees, receivers, committees of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the particular national bank making the application is located, in addition to the right granted under the old Act to act as trustee, executor, administrator, and registrar of stocks and bonds. Moreover, the act as amended provides that it shall not be deemed to be "in contravention of State or local law" to permit the exercise of such powers by national banks whenever the laws of the particular State authorize or permit the exercise of such powers by State banks, trust companies, or other corporations competing with national banks. It is prescribed that all assets held in any fiduciary capacity shall be segregated from the general assets of the bank; that a separate set of books and records shall be kept; that such books shall be open to the inspection of the State

authorities; that national banks shall not receive in their trust departments deposits of current funds subject to check, or deposits of checks, drafts, or similar instruments, that trust funds deposited with the general assets of a bank shall be properly secured; that the owners of such funds shall have a lien on the securities set apart to protect these funds and that national banks acting as fiduciaries shall comply with the State requirements as to the deposit of securities with the State authorities; that national banks shall not be required to execute bonds if State corporations under similar circumstances are exempt from such requirements; that national banks shall have the power to execute such bonds; that oaths or affidavits required may be executed by an officer of a national bank; that it shall be unlawful for a national bank to lend trust funds to any bank officer, director, or employee. In passing upon applications the Federal Reserve Board is required to take into consideration the amount of capital and surplus of the applying bank and other material facts, and is prohibited from granting such permits to national banks having a capital and surplus less than is required of State banking institutions under State law.

*Issuance of \$500, \$1,000, \$5,000, and \$10,000 Federal Reserve notes.*—Section 16 was amended so as to permit the issuance of Federal Reserve notes in denominations of \$500, \$1,000, \$5,000, and \$10,000, in addition to the denominations formerly permitted.

*Reserves of national banks in outlying districts.*—Section 19 was amended so as to permit the Federal Reserve Board, upon the affirmative vote of five members, to require national banks located in outlying districts of a reserve city or in territory added to such city by the extension of its corporate charter, to maintain only such reserves as are required to be maintained by country banks; and to require national banks similarly located in central reserve cities, or in territory similarly added to such cities, to maintain only such reserves as are required to be maintained by country banks or by banks in reserve cities.

*Amendments to section 22.*—Section 22 was amended so as to clarify and modify the existing provisions and was subdivided into subsections (a), (b), (c), (d), (e), and (f).

*Loans and gratuities to bank examiners.*—Section 22(a) as amended prohibits loans and gratuities to bank examiners and provides penalties for violation of that provision.

*Disclosures of confidential information.*—Section 22(b) provides that no national bank examiner shall perform any other service for compensation for any bank, or officer, director, or employee thereof. It further forbids disclosures of confidential information by examiners, public or private, and provides a penalty for violation of the provisions of that subsection.

*Commissions for obtaining loans.*—Section 22(c) prohibits any officer, director, employee, or attorney of a member bank from receiving a commission or other thing of value for procuring loans or purchases or discounts of any commercial paper or similar obligations.

*Purchases from, and sales to, directors.*—Section 22(d) imposes the conditions under which a member bank may contract for or purchase or sell securities or other property where the other party in interest in the transaction is a director of such bank.

*Interest on deposits of officers, directors, or employees.*—Section 22(e) prohibits the payment of a greater rate of interest to any officer, director, employee, or attorney than is paid to any other depositor.

*Liability for violating provisions.*—Section 22(f) provides that directors and officers of member banks knowingly violating or permitting violations of section 22, shall be liable in their personal and individual capacity for all damages which the member bank, its shareholders, or any other persons, may sustain in consequence thereof.

*Over-certification of checks, embezzlements, etc.*—Sections 5208 and 5209, Revised Statutes, which are penal sections relating to the over-certification of checks, embezzlement, abstraction or willful misapplication of moneys, funds, or credit of national banks by officers, directors, agents, or employees thereof and to false entries in books, reports, or statements of national banks with intent to injure or defraud, on the part of any officer, director, agent, or employee of a national bank, were made applicable to similar acts committed by officers, directors, agents, or employees of Federal Reserve Banks.

ACT OF MARCH 3, 1919.

*Earnings of Federal Reserve Banks.*—Section 7 of the Federal Reserve Act was amended so as to permit Federal Reserve Banks to accumulate a surplus of 100 per cent instead of 40 per cent as heretofore provided, before paying the excess of such net earnings to the United States as a franchise tax.

*Eligibility of ex-board members to serve member banks.*—Section 10 was amended so as to permit appointive members of the Federal Reserve Board to serve member banks after they have served the full term for which they were appointed.

*Rediscount of loans in excess of 10 per cent secured by Government bonds or notes.*—Section 11(m), which formerly authorized the Federal Reserve Board to permit member banks to carry with Federal Reserve Banks any portion of their reserves required by section 19 to be held in their own vaults, was stricken out and there was substituted therefor a new section 11(m) which authorizes the Federal Reserve Board, upon the affirmative vote of five members, to permit Federal Reserve Banks to discount for member banks paper bearing the signature or indorsement of any one borrower in excess of 10 per cent, but in no case to exceed 20 per cent of the member bank's capital and surplus, provided that all such paper is secured by a like face amount of bonds or notes of the United States, issued since April 24, 1917. It was designed to broaden the discount powers of Federal Reserve Banks to correspond to the lending powers of national banks as enlarged by the act of September 24, 1918, which amended the National Bank Act so as to permit national banks, under regulations prescribed by the Comptroller of the Currency, with the approval of the Secretary of the Treasury, to lend to one person an amount in excess of 10 per cent of their capital and surplus, provided such loans are secured by United States bonds or certificates of indebtedness issued after April 24, 1917. In effect, it amended sections 9 and 13. It lapsed after December 31, 1920.

*Engraving signatures on national bank notes.*—Section 5172, Revised Statutes, was amended so as to authorize national bank notes to be signed by the engraved signatures of the president or vice president. This, in effect, amended section 27 of the Federal Reserve Act.



## ACT OF SEPTEMBER 17, 1919.

Section 25 was amended so as to authorize any national bank, until January 1, 1921, without regard to the amount of its capital and surplus, to invest not exceeding 5 per cent of its capital and surplus in the stock of one or more corporations chartered under Federal or State law and principally engaged in such phases of international or foreign financial operations as may be necessary to facilitate exports from the United States.

## ACT OF DECEMBER 24, 1919.

“*Edge Corporations.*”—A new section was added to the Act—Section 25(a)—which provides for the Federal incorporation of institutions to engage in international or foreign banking or other financial operations.

## ACT OF APRIL 13, 1920.

*Graduated discount rates.*—Section 14 was amended so as to authorize Federal Reserve Banks, subject to the approval, review, and determination of the Federal Reserve Board, to establish discount rates graduated or progressed on the basis of the amount of the advances and discount accommodations extended by the Federal Reserve Bank to the borrowing bank.

## PART II. ACTS IN EFFECT AMENDING THE FEDERAL RESERVE ACT.

The following acts either directly affect the Federal Reserve System in some way or amend the Federal Reserve Act without specifically making any textual changes in the act itself.

## CLAYTON ANTITRUST ACT.

The Clayton Antitrust Act, approved October 15, 1914, as amended by the Kern Amendment approved May 15, 1916, charges the Federal Reserve Board with the duty of enforcing that part of section 8 of the Clayton Act which relates to interlocking bank directorates, and vests in the Federal Reserve Board power to permit a person to serve not more than three banks coming within the prohibitions of the Clayton Act, provided such banks are not in substantial competition. On May 26, 1920, the Kern Amendment was amended so as to authorize the Federal Reserve Board to grant permits to private bankers to serve not more than two of such banks.

## AMENDMENT TO POSTAL SAVINGS ACT.

Section 2 of the amendment to the Postal Savings Act, approved May 18, 1916, requires postal savings funds to be deposited with member banks of the Federal Reserve System instead of nonmember banks, if there are any duly qualified member banks in the city or town where such postal savings deposits are made.

## FARM LOAN ACT.

Section 5 provides that that part of the capital of any Federal land bank which is required to be held in quick assets may consist of deposits in member banks of the Federal Reserve System.

Section 13 authorizes Federal land banks to deposit their securities and current funds subject to check with any member bank of the Federal Reserve System.

Section 27 authorizes the Federal Reserve Banks and member banks of the Federal Reserve System to buy and sell farm loan bonds.

## THE LIBERTY BOND ACTS.

*Deposits of proceeds of sales of Liberty bonds.*—Section 7 of the First Liberty Bond Act, approved April 24, 1917, section 8 of the Second Liberty Bond Act, approved September 24, 1917, and section 8 of the Third Liberty Bond Act, approved April 4, 1918, authorize the Secretary of the Treasury to deposit with banks and trust companies, proceeds arising from the sale of Liberty bonds, certificates of indebtedness, and war savings stamps, and exempts such deposits from the reserve requirements of national banks or member banks.

## THE WAR FINANCE CORPORATION ACT.

*Discount of notes of member banks when secured by bonds of the War Finance Corporation.*—Section 3 of the War Finance Corporation Act, approved April 5, 1918, authorizes the Federal Reserve Banks to discount direct obligations of member banks secured by bonds of the War Finance Corporation and to use notes so secured, if it becomes necessary, as a basis for Federal Reserve notes.

*Depositaries and fiscal agents of War Finance Corporation.*—Section 15 of the War Finance Corporation Act, approved April 5, 1918, as amended by the Victory Loan Act, approved March 3, 1919, authorizes the War Finance Corporation to deposit its reserve fund in member banks or in Federal Reserve Banks, and authorizes Federal Reserve Banks to act as fiscal agents and depositaries of the War Finance Corporation.

Section 20 amended section 5202 of the Revised Statutes by adding a sixth exception covering liabilities incurred under the provisions of the War Finance Corporation Act. Inasmuch as section 13 of the Federal Reserve Act had amended and reenacted section 5202 of the Revised Statutes, this in effect was an amendment to section 13 of the Federal Reserve Act.

## THE PITTMAN ACT.

*Issuances of \$1 and \$2 Federal Reserve Bank notes.*—The act, approved April 23, 1918, known as the "Pittman Act" or "An Act to conserve the gold supply," etc., provides that the Federal Reserve Banks may be permitted or required by the Federal Reserve Board, at the request of the Secretary of the Treasury, to issue Federal Reserve Bank notes in any denomination, including denominations of \$1 and \$2 against the security of United States certificates of indebtedness or of one-year United States gold notes.

## TRADING WITH THE ENEMY ACT.

*Control of foreign exchange transactions.*—The trading with the enemy act, as amended by the act approved September 24, 1918, authorizes the President to use any agency he might select to control foreign exchange transactions. Under authority of this act the Federal Reserve Board was designated to perform this function as the agency of the Secretary of the Treasury.

## ACT OF OCTOBER 22, 1919.

This act amended section 5202 of the Revised Statutes by adding a seventh exception covering liabilities created by the indorsement of accepted bills of exchange payable abroad, actually owned by the indorsing bank and discounted at home or abroad. Inasmuch as section 13 of the Federal Reserve Act had amended and reenacted section 5202 of the Revised Statutes, this amendment in effect was an amendment to section 13 of the Federal Reserve Act.

## TRANSPORTATION ACT OF 1920.

Section 210(*d*) of the Transportation Act of 1920, approved February 28, 1920, provides that the Interstate Commerce Commission or the Secretary of the Treasury may call upon the Federal Reserve Board for advice and assistance with respect to any loan from the United States to a railroad under authority of section 210 of the act, or any application for such loan.

## APPROPRIATION ACT OF MAY 29, 1920.

*Abolition of Subtreasuries.*—That part of the Appropriation Act approved May 29, 1920, which relates to the "Independent Treasury" provides for the abolition of the Subtreasuries from and after July 1, 1921, and authorizes the Secretary of the Treasury, in his discretion, to transfer any or all of the duties and functions of the Assistant Treasurers or the Subtreasuries to the Treasurer of the United States, or the mints or assay offices, or to utilize any of the Federal Reserve Banks acting as depositaries or fiscal agents of the United States, for the purpose of performing any or all of such duties and functions, notwithstanding the limitations of section 15 of the Federal Reserve Act. The Secretary of the Treasury is further authorized to assign any or all the rooms, vaults, equipment, and safes or space in the buildings used by the Subtreasuries to any Federal Reserve Bank acting as fiscal agent of the United States.

## ACTS OF STATE LEGISLATURES IN OPPOSITION TO PAR COLLECTION SYSTEM.

### ACT OF MISSISSIPPI LEGISLATURE.

AN ACT TO prevent the Federal Reserve System from forcing the banks of this State into what is known as the parring of checks, drafts, bills, etc. (commonly known as "cash items"); and for that purpose making it mandatory on the banks of this State to charge exchange on such "cash items"; and fixing the rates of such exchange.

SECTION 1. *Be it enacted by the Legislature of the State of Mississippi*, That for the purpose of providing for the solvency, protection, and safety of the banking institutions of Mississippi, the established custom on the part of the banks of this State to charge a service fee (commonly called "exchange") for the collecting and remitting, by exchange or otherwise, the proceeds of checks, drafts, bills, etc. (commonly known among banks as "cash items") is hereby declared to be the law of this State; and the banks of this State, both State and national, shall continue to make such charge as fixed by custom when such "cash items" are presented to the payer bank for payment through or by any bank, banker, trust company, Federal reserve bank, post office, express company, or any collection agency, or by any other agency whatsoever; and the amount of such charge is hereby fixed at one-tenth of 1 per cent of the total amount of such "cash items" so presented and paid at any one time, and not less than 10 cents on any one such transaction; provided, however, no such charge shall be made on checks or drafts given or drawn in settlement of obligations due the State of Mississippi or any subdivision thereof, or of the United States. And that no such charge can be made by banks for the collection of checks deposited with said banks, where the check is drawn on any other bank in the same municipality, city, town, or village, this being the long-established custom of such banks. And provided that nothing in this act shall be deemed to be mandatory upon the banks to charge exchange on checks or drafts payable to a person in this State, and drawn on a bank, trust company, or person within or without the State, but it shall be optional with such banks whether they shall charge exchange on checks or drafts payable to a person within this State, and drawn on a bank, trust company, or person within or without this State.

SEC. 2. That no officer in this State shall protest for nonpayment any such "cash item" when such nonpayment is solely on account of the failure or refusal of any of said agencies to pay such exchange; and there shall be no right of action, either at law or in equity, against any bank in this State for a refusal to pay such cash item, when such refusal is based alone on the ground of the nonpayment of such exchange.

SEC. 3. That if for any reason the courts should hold that the national banks in this State are not required to charge and collect such exchange, still this act shall remain in full force and effect as to all other banks in this State; and in the event of such holding by the courts, or the refusal of any national bank in this State to comply with this act, then it shall be optional with State banks located in the same municipality with a national bank or State banks which are members of the Federal Reserve System as to whether such charge shall be made.

SEC. 4. That this act shall take effect and be in force from and after its passage.

Approved March 6, 1920.

### ACT OF LOUISIANA LEGISLATURE.

To prevent the Federal Reserve System from forcing the banks of this State into what is known as the parring of checks, drafts, bills, etc. (commonly known as "cash items"); and for that purpose making it optional on the banks of this State to charge exchange on such "cash items"; and fixing the rates of such exchange.

SECTION 1.—*Be it enacted by the General Assembly of the State of Louisiana*, That for the purpose of providing for the solvency, protection and safety of the banking institutions of Louisiana, the established custom on the part of the banks of this State to charge a service fee (commonly called exchange) for collecting and remitting by exchange or otherwise the proceeds of checks, drafts, bills, etc. (commonly known among banks as "cash items"), is hereby declared to be the law of this State; and the banks of this State, both State and national, shall have the right to make such charge as fixed by custom when such "cash items" are presented to the payer bank for payment, through or by any bank, banker, trust company, Federal reserve bank, postoffice, express company, collection agency, or by any other agency whatsoever; and the amount of such charge shall not exceed one-tenth of one per centum of the total amount of such "cash items" so presented and paid at any one time, and the minimum charge shall be ten cents; provided, however, that no such charge shall

be made on checks or drafts given or drawn in settlement of obligations due the State of Louisiana or any subdivision thereof, or of the United States. And that no such charge can be made by banks for the collection of checks deposited with said banks, when the check is drawn on any other bank in the same municipality, city, town or village, this being the long-established custom of such banks. And, provided that nothing in this act shall be deemed to be mandatory upon the banks to charge exchange on checks or drafts payable to a person in this State, and drawn on a bank, trust company or person within or without this State, but it shall be optional with such banks whether they shall charge exchange on checks or drafts payable to a person within this State, and drawn on a bank, trust company or person within or without this State.

SEC. 2. That no officer in this State shall protest for nonpayment any such "cash items" when such nonpayment is solely on account of the failure or refusal of any of said agencies to pay such exchange; and there shall be no right of action, either at law or in equity, against any bank in this State for a refusal to pay such cash item, when such refusal is based alone on the ground of the nonpayment of such exchange.

SEC. 3. *Be it further enacted, etc.*, That if for any reason the courts shall hold that the national banks in this State are not required to charge and collect such exchange still this act shall remain in full force and effect as to all other banks in this State; and in the event of such holding by the courts, or the refusal of any national bank in this State to comply with this act, then it shall be optional with State banks located in the same municipality with a national bank or State banks which are members of the Federal Reserve System as to whether such charge shall be made.

SEC. 4. *Be it further enacted, etc.*, that all laws or parts of laws in conflict herewith be and the same are hereby repealed.

Approved.

#### ACT OF SOUTH DAKOTA LEGISLATURE.

AN ACT Entitled, An act to regulate exchange charges; to prohibit notaries from protesting unpaid items; to prevent the embarrassment of the State banks, and declaring an emergency.

SECTION 1. *Be it enacted by the Legislature of the State of South Dakota*, That the banks of this state may charge a service fee for collecting and remitting by exchange or otherwise checks, drafts, bills, etc., commonly known as "cash items" and the banks of this state may make such charge when such "cash items" are presented to the payer bank for payment through any bank, banker, trust company, Federal Reserve Bank, Post Office, express company, or any collectors' agency, or by other agency whatsoever; and the amount of such charge is hereby fixed at one-tenth of one per cent of the total amount of such cash items so presented and paid at any one time, and not less than ten cents on any one transaction, provided, however, that no such charge can be made by banks for collecting a check presented to said banks where the check is drawn on any bank in the same municipality, city, town, or village and does not bear an out-of-town indorsement.

SEC. 2. That any officer or notary public who shall protest checks for nonpayment where payment is refused solely on account of the presenter's refusal to pay exchange, shall be guilty of a misdemeanor, and there shall be no right of action either in law or in equity against any bank in this state for a refusal to pay such cash item when such refusal is based alone on the ground of the nonpayment of such exchange.

SEC. 3. That whenever one or more checks on any bank in the hands of a single holder or holders for an aggregate sum exceeding amount of such bank's legal reserve required to be kept in its vault shall be presented on the same date and payment thereof demanded, and said bank may elect to make such payment in exchange instead of cash.

SEC. 4. Whereas this Act is necessary for the immediate support of existing institutions of this state, an emergency is declared to exist and this act shall take effect and be in force from and after its passage and approval.

Approved, July 3, 1920.

#### ACT OF GEORGIA LEGISLATURE.

AN ACT TO amend an act approved August 16, 1919, entitled "An act to regulate banking in the State of Georgia; \* \* \* to provide for the payment of checks when presented by banks or trust companies, either in currency or in exchange, and fixing the rate of such exchange; \* \* \*".

SECTION 1. *Be it enacted by the General Assembly of the State of Georgia, and it is hereby enacted by authority of the same*, That from and after the passage of this Act, the Act approved August 16, 1919, entitled "An Act to regulate banking in the State of Georgia; to create the Department of Banking of the State of Georgia; to

provide for the incorporation of banks, and the amendment, renewal, and surrender of charters; to provide penalties for the violation of laws with reference to banking and the banking business; and for other purposes," be amended in the following particulars, to-wit:

\* \* \* \* \*

Amendment to Section 27, Article 19: By inserting in Section 27, Article 19, after the body of said section and before the proviso, the words "provided that the reserve against savings and time deposits may be invested in bonds of the United States or of this State at the market value thereof," and by adding at the end of said Section the following: "And provided that a bank shall have the right to pay checks drawn upon it when presented by any bank, banker, trust company, or any agent thereof, either in money or in exchange, drawn on its approved reserve agents, and to charge for such exchange not exceeding one-eighth of 1 per cent of the aggregate amount of the checks so presented and paid."

\* \* \* \* \*

SEC. 2. *Be it further enacted*, That all laws and parts of laws in conflict with this Act are hereby repealed.

Approved, August 14, 1920.

#### ACT OF ALABAMA LEGISLATURE.

To further regulate the business of banking in the State of Alabama and to regulate the charge for exchange by banks and to regulate the protest of checks.

SECTION 1. *Be it enacted by the Legislature of Alabama*, That hereafter banks in Alabama shall charge for exchange not exceeding one-eighth of one per centum when paying or remitting for checks drawn upon them; that whenever a check or checks are forwarded or presented to a bank for payment by any Federal Reserve Bank, express company or post-office employee, other bank, banker, trust company, or by any agent or agents thereof, or through any other agency or individual, the paying bank or remitting bank may pay or remit the same, at its option, either in money, or in exchange drawn on its reserve agent or agents in the city of New York or in any reserve city within the Sixth Federal Reserve District; and, at its option, it may charge for such exchange not exceeding one-eighth of one per centum of the aggregate amount of the checks so presented and paid; provided, that the minimum charge may be ten cents.

SEC. 2. That hereafter it shall be unlawful for any person or notary public, or other official in this State to protest any check for nonpayment, when payment is declined solely on the ground that the paying bank exercises its option to collect exchange on such check, not exceeding one-eighth of one per centum of the amount of such check, or the minimum charge of ten cents as set forth in Section 1 hereof; and any person, notary public, or other official violating this section shall be responsible for all damages to all interested persons or corporations.

SEC. 3. That all laws and parts of laws in conflict herewith be and the same are hereby repealed; that this act shall become effective thirty days after passage and approval by the Governor.

Approved, September 30, 1920.

## OPINION OF CIRCUIT COURT OF APPEALS IN ATLANTA PAR COLLECTION CASE.

The following is the opinion, filed November 19, 1920, of the United States Circuit Court of Appeals, Fifth Circuit, in the so-called "Par Clearance" case instituted against the Federal Reserve Bank of Atlanta, last January. The opinion affirms the decision of the District Court of the Northern District of Georgia and, in a full discussion of the points at issue, holds that the Federal Reserve Banks have the right to collect checks, drawn on nonmember banks which refuse to remit at par, by having such checks presented at the counters of the drawee banks, and that the case is one of which the United States district court has jurisdiction.

IN THE UNITED STATES CIRCUIT COURT OF APPEALS, FIFTH CIRCUIT.—AMERICAN BANK & TRUST COMPANY ET AL., APPELLANTS, V. FEDERAL RESERVE BANK OF ATLANTA, GA., ET AL., APPELLEES.

Before Walker and Bryan, circuit judges, and Grubb, district judge.

GRUBB, District Judge:

This is an appeal from a decree in equity of the District Court of the United States for the Northern District of Georgia, dismissing the bill or petition for want of equity. The suit was originally brought in the Superior Court of Fulton County Ga., and was removed to the District Court of the United States for the Northern District of Georgia, by the appellee, the Federal Reserve Bank of Atlanta. The appellants were State banks of Georgia, not members of the Federal Reserve System. The relief prayed for in the petition filed in the State court, was an injunction against the appellees, restraining them from collecting checks drawn on appellants "except in the usual and ordinary channel of collecting checks through correspondent banks or clearing houses," the purpose being to prevent collection through agents presenting the checks over the banks' counter. The appellants moved to remand the cause to the State court, which was denied, and the bill was dismissed on the appellees' motion to dismiss for want of equity. The appeal presents the questions of the correctness of the rulings of the district court (1) in refusing to remand the case, and (2) in dismissing the bill on the merits.

(1) The jurisdictional amount is conceded to be present. There was no diversity of citizenship claimed. Removal was granted because the cause was considered to be one arising under the Constitution and laws of the United States. This because (1) the defendant, the Federal Reserve Bank, was incorporated under an act of Congress, and was neither a railroad corporation nor a national banking association; and (2) because the appellants' petition or bill, as amended, introduced a Federal question into the record, in that it charged the acts of the defendants, sought to be enjoined, to be ultra vires of the powers of the appellee, the Reserve Bank, granted by the Federal Reserve Act and its amendments. If the district court had original jurisdiction of the cause of action for either or both of the reasons mentioned, the cause was properly removed. The appellants contend that the Federal Reserve Bank is a national banking association, the presence of which as a party defendant would not introduce a question arising under the laws of the United States, and that there is no other such question presented by the appellants' petition or bill.

We think the United States district court had original jurisdiction of the cause of action for both of the reasons assigned. The case of *Osborn v. Bank of the United States* (9th Wheat., 738), supported by many subsequent decisions of the Supreme Court, settles the question of the jurisdiction of the Federal court in cases in which one of the parties is a corporation, which owes its creation to an act of Congress, unless another act of Congress has withdrawn such jurisdiction. Nor is it important whether the Federal incorporation occupies the position of plaintiff or of defendant in the action. This is true unless a long line of Supreme Court decisions, in which jurisdiction was sustained upon this ground, without reference to the position of the corporation in the line-up of the parties, be disregarded. From this follows the right of a Federal incorporation, made a defendant in a cause in a State court, to remove the cause to the Federal court, unless prohibited by an act of Congress. (*Texas & Pacific Railway Co. v. Cody*, 166 U. S., 606-609; *Washington & Idaho R. R. Co. v. Coeur D'Alene Ry. Co.*, 160 U. S., 177-193.) Congress has withdrawn jurisdiction only in cases of railroad companies and national banking associations. The contention of appellants is that the Federal Reserve Bank of Atlanta is a national banking

association within the meaning of the act of July 12, 1882 (c. 290); the judiciary act of March 3, 1887, as corrected by the act of August 13, 1888 (c. 886, sec. 4); and by section 24 of the Judicial Code of 1911. The prohibiting clause of the latter is: "And all national banking associations established under the laws of the United States shall, for the purpose of all other actions against them, real, personal, or mixed, and all suits in equity, be deemed citizens of the States in which they are respectively located." If this language applies to the Federal Reserve Banks, it withdraws jurisdiction from the Federal courts in cases in which they are parties and in which no other ground of jurisdiction appears in the record. We do not think it can be held to apply. At the time of the original limitation of jurisdiction in the act of July 12, 1882, and at the time of its renewals in the judiciary act of 1887, and in the Judicial Code of 1911, Federal Reserve Banks were unknown.

The only national banking associations then existent were the national banks organized under the national banking laws. The question is whether Congress intended to include within this designation banks to be subsequently created of the nature of the Federal Reserve Banks. The answer will depend upon the result of a comparison instituted between the national banks and the reserve banks, and is to be determined, not so much by points of identity (for all banks have many such), but by points of difference. The important differences between national banks and reserve banks, so far as the solution of this question is concerned, are (1) the disparity in the number of each class, and (2) that the reserve banks are banks of deposit and discount for other banks only and not for the general public. There are many other important differences, but we think the two mentioned are determinative. The one class, small in number, acts as governmental fiscal agencies with no general clientele; the other class serves the public generally and locally, and are necessarily numerous. That all the provisions of the national banking act could be made applicable appropriately or safely to the class of reserve banks is clearly impossible. Yet the same reasoning that would apply the limitation of jurisdiction imposed upon national banks to reserve banks would make it necessary to apply all other limitations against and grants in favor of national banks to reserve banks. If the Reserve Banks are national banking associations within the meaning of the act of July 12, 1882, and its successors, for one purpose, they are so for all purposes of the national banking laws. Such a conclusion would be a dangerous one, and lead to unforeseeable consequences. We think it safer to conclude that Congress intended national banking associations to include only those that were then being created or those of a kindred nature that might thereafter be created; and that the differences between ordinary banks of deposit and discount with the public as customers and banks whose only permissible stockholders and customers are the Government and other banks, and which are more governmental agencies than private institutions, are not within the purview of national banking associations as contemplated by Congress when it enacted the limitation upon the jurisdiction of national banking associations. In view of the paucity in number of the reserve banks, and their more intimate relation to the Government, and their more remote contact with the general public, Congress may well have found reason not to withdraw the jurisdiction of the Federal courts from them by reason of their Federal incorporation, though it had done so in the case of national banks. There is no express withholding of such jurisdiction. To imply it would necessarily lead to other implications so far reaching and difficult to anticipate that we do not think it should be implied.

If the fact of Federal incorporation of the Reserve Banks confers jurisdiction on the Federal court, the fact that the officers of the appellee bank are made individual codefendants with it and that they are citizens of Georgia does not prevent removal. (Matter of Dunn, 212 U. S., 374.)

(2) The amendment to the bill or petition of appellants charged that the acts of the appellees sought to be enjoined, if committed, would be committed in excess of the powers of the Federal Reserve Bank of Atlanta, and in violation of the provision of the Federal Reserve Act. Paragraph 9 of the amendment charges that "the coercive measures, now threatened, are not only not authorized or required by the terms of the Federal Reserve Act, which includes the charter of defendant Reserve Bank, but express provision is found therein for the performance of all clearing-house functions, therein imposed in the regular way and through orderly banking channels, applicable to nonmember banks as well as member banks. Wherefore plaintiffs charge that the threatened coercive measures are ultra vires the charter of defendant Reserve Bank and the execution thereof by the individual defendants would be illegal and should be enjoined." The purpose of the petition or bill was not to enforce the collection of compensation for services availed of by the defendant Reserve Bank at their reasonable value under the common law right. It was to compel the defendant bank to



avail itself of such services or, as an alternative, to abstain from handling the plaintiffs' check for collection. The bill prayed that the defendant bank be enjoined from presenting petitioners' or plaintiffs' checks for collection in any but the usual way through correspondence and remittance. Section 13 of the Federal Reserve Act provided that "no such charges (for remission) shall be made against the Federal Reserve Banks." Appellants' contention is that this prohibition prevents the Federal Reserve Banks from expending money in any way for the collection and remission of the proceeds of checks and drafts drawn on nonmember and nondepositing banks and that any attempt to collect such checks and drafts by presenting them over the counter to drawee banks which would not remit for them at par was unauthorized and ultra vires of the powers of the Reserve Banks under the Federal Reserve Act; and appellants ask that the defendant bank be enjoined from handling such checks and drafts in the manner stated for that reason. Appellee, the Reserve Bank, asserts its right under the same provision of the Federal Reserve Act to collect such checks and drafts by any method, provided it makes no payments to remitting banks for services in remitting. Plaintiffs' cause of action was the alleged wrong asserted by them to be caused by such collections. One ground upon which the wrong was urged is that the Reserve Bank is forbidden by the Reserve Act to make collection of checks and drafts in this manner. This presents for decision the proper construction of the quoted provisions of the Federal Reserve Act, and it was presented in the plaintiffs' own statement of their cause of action in the amendment to the bill and not as a suggested or anticipated defense which the defendants might be expected to set up as an answer to the plaintiffs' cause of action. The solution of this question depends upon the construction to be given sections 13 and 16 of the Federal Reserve Act and not merely to a chartered power of the defendant bank. The plaintiffs having injected this Federal question into their statement of their cause of action the case was thereby made removable as one arising under the laws of the United States.

We think the district court of the United States properly entertained jurisdiction for both reasons.

Coming to the merits, the appellants' cause of action is the prevention by injunction of the Federal Reserve Bank of Atlanta from collecting checks drawn on appellants' banks, in any other way than by correspondence and the remitting of the proceeds of the check by the bank on which it was drawn. The usage of the complaining banks had been to make a deduction from the amount of the check in remitting the proceeds to cover the so-called "exchange" or cost of remitting. This charge could only be applied in cases in which the check was forwarded through the mails to the drawee bank. If the check was presented over the counter of the drawee bank either by the payee or his agent, the full amount of the check was required to be paid, and the drawee bank was defeated in its endeavor to collect exchange on it. The purpose of the bill was to prevent the Federal Reserve Bank from handling checks on appellants and on other nonmember State banks except through the regular channel of correspondence or clearing. Section 13 of the Federal Reserve Act as amended prohibited the Federal Reserve Bank from paying for the cost of remission. Consequently it was disabled from collecting through the regular channel from all banks which insisted on deducting for the cost of remission. In the case of all such banks it had the alternatives of not handling their checks at all or of presenting them for collection over the counters of the drawee banks by agents, express companies, or the postal authorities. One contention of the appellants is that the Federal Reserve Act prohibited the Reserve Banks from handling any check, the collection of which entailed any expense, to whomsoever payable; and that their endeavor to collect checks by presenting them at the counter of the drawee was ultra vires, because expense was necessarily incident to that method. Another contention of appellants is that though the Federal Reserve Bank had the lawful right to handle such checks it was making or intending to make an oppressive use of its right, by so exercising it as to amount to coercion or duress and with a wrongful and malicious motive.

If the Federal Reserve Bank had availed itself of the services of the complaining banks in the remission of the proceeds of checks sent them for collection through the mails, in view of their known usage to deduct for exchange it would have been liable for the reasonable value of such services, except for the statutory inhibition against it. The purpose of the bill, however, is not to collect compensation for services rendered and to which the banks had a property right; but to compel the Federal Reserve Bank to avail itself of services, which it was unwilling to and disabled from accepting, by restraining it from using any method which did not require the use of such services. Complainant banks had no property right that was infringed by the refusal of the Federal Reserve Bank to avail itself of their services in remitting or that a court of equity could be called upon to protect. It was under no legal duty to accept the services of the complaining banks, even had there been no statutory obstacle to its doing so. It also had the legal right to present the checks of the com-

plaining banks to them for payment singly or in numbers over their counters and it was the absolute duty of the complaining banks to pay the full amount of such checks without deduction, when so presented. This is disputed by appellants only because of the statutory prohibition against the Federal Reserve Banks paying the cost of remission of the proceeds of checks collected by it. It is contended that this provision not only prohibited the Reserve Banks from paying exchange to remitting banks on which the checks were drawn, but also from paying expense of any kind or to any person for collecting checks; and that as a consequence the Federal Reserve Banks were without power to handle any checks for collection, where such collection was attended with expense of any kind. If so, it would follow that the endeavor to collect checks over the counter through paid agents was within the prohibition of the Federal Reserve Act as amended and *ultra vires*. Whether appellants' construction of the prohibiting clause is correct depends upon the purpose it was intended to subserve. Appellants' contention is that its purpose was to conserve the assets of the Reserve Bank. Appellees' contention is that it was to aid in accomplishing a uniform *par clearance* system. In view of the purpose of Congress to effect the latter object, we think the appellees' construction is the correct one, and that the prohibition is limited to a charge against and payment of the charge to a remitting bank, and does not prevent the Federal Reserve Banks from expending money for collection of checks in any other way in an endeavor to accomplish a uniform system of *par clearance*. It follows that the acts of the Federal Reserve Bank complained of are within its legal powers. Conceding that they were *ultra vires* solely because entailing an unauthorized disposition of the banks' assets, the appellants and intervenors, who were neither stockholders nor creditors of the Reserve Bank, would have no standing to complain of such a disposition, because of a collateral injury to them. The right to make complaint on that ground would be confined to the United States or to individuals who were injured by the depletion of the banks' assets. If the purpose of the prohibition was altogether to save expense to the Federal Reserve Banks and if the statute evinced no policy to prevent the Reserve Banks from handling checks of nonmembers and nondepositing banks, if it incurred no expense, the mere incidental injury that appellants suffered from the handling of such checks would give it no right to complain of an expenditure from which it could suffer no injury. The Federal Reserve Act does not only not evince a purpose to deny to the Reserve Bank the power to collect checks of nonmember and nondepositing banks, but exhibits a general policy to encourage a uniform and universal system, of *par clearance*, which could only be accomplished by conferring power upon the Reserve Bank to handle checks drawn on all banks upon any terms that might be essential except the payment to the remitting bank of compensation for remitting.

The appellants contend further that, even if the Federal Reserve Bank had the right to handle checks of nonmember banks by presenting over the counter, it could not exercise that right oppressively; that it was threatening to do so, and should therefore have been enjoined. The prayer of the bill is not limited to an oppressive use of the method complained of but extends to any use of it whatsoever. The bill seeks to enjoin the appellee bank "from collecting or attempting to collect any check against petitioners or against any other bank in like condition, who may become a party hereto, except in the usual and ordinary channel of collecting checks through correspondent banks or clearing houses, said channels being well established and well understood by defendants and all others familiar with the banking business." Appellants' complaint is of the method and not of an abuse of it. The effect of the writ prayed for would be to entirely prevent the appellee bank from collecting checks in any other way than by transmission to the drawee bank, and the remission of the proceeds by the drawee bank through the mails; and so to prevent their collection by presentation over the counter even though presented regularly and without accumulation.

The right to the relief sought is also based upon the doctrine of conspiracy. An illegal conspiracy is not predicable upon the doing of a lawful thing by lawful means, even when done in concert or combination. The bill fails to show a concert or combination that would amount to a conspiracy in law, though its object or the means by which it was to be accomplished were unlawful. The acts complained of were those of the defendant, the Federal Reserve Bank. No legal conspiracy could exist between it and its officers, the other defendants. The amended bill charges a conspiracy between the Federal Reserve Bank of Atlanta and the Federal Banks of other districts, upon the theory that all the Federal Reserve Banks are under control of the Federal Reserve Board. The Federal Reserve Banks of other districts have no power to act upon the petitioners or the intervenors. Their jurisdiction in that respect is confined to their own districts. Being without power to injure the complaining banks they could not be members of a conspiracy against such banks. The members of the Federal Reserve Board are not charged as conspirators. That other Federal

Reserve Banks had taken coercive steps against State banks in their districts to enforce the par clearance policy, as charged on hearsay information in the amended bill, has no bearing on the cause of action relied upon by appellants in this case. Appellants can take nothing from the doctrine of conspiracy.

The principle that one must so use his property as not to unnecessarily and maliciously injure his neighbor, even though his act is otherwise lawful, is also invoked. Conceding that the accumulating of checks, and their presentation, when accumulated, with the intent to embarrass and injure the drawee bank, might constitute an actionable wrong and one that might be prevented by injunction; we do not think the amended bill presents any such case. There is no specific charge in the bill of any threat to present the checks in any accumulated or oppressive manner, on which a court of equity would be justified in acting. Nor does the bill charge the appellee bank with acting from a merely malicious motive if that is material. It does aver that the purpose of the appellee was to compel the appellants to accept the lesser of two evils and to remit at par for checks drawn upon it. If this charge was borne out by the exhibits, which it is not, it would not constitute legal duress, on which a legal complaint could be predicated. The exhibits show that the adoption of a system of universal par clearance was advocated in good faith by the appellee bank as a proper banking policy and as well by Congress and the Federal Reserve Board. The adoption of appropriate means by the appellee bank to accomplish this end can not with any propriety be attributed to malice on its part against appellants and other banks in like condition. Nor does the adoption of the method of presenting checks over the counters of the drawee bank imply an attempt to coerce them into becoming member or depositing banks. The Federal Reserve Bank was interested to supply a universal clearance at par for its member and depositing banks. It could accomplish this only by accepting from its member and depositing banks all checks tendered it by them upon whatever banks drawn. If drawn upon a nonmember and nondepositing bank, which refused to remit at par, it was disabled under the statute from handling such checks through the method of transmission of the checks and remittance of the proceeds through the mails. It could only collect such checks by presentation in person to the drawee bank. It is therefore reasonable to suppose that its declared purpose of making such presentations was in furtherance of its policy of furnishing complete clearing facilities to its member banks, and was not for the purpose of injuring or destroying the drawee banks, or of coercing them into becoming member or depositing banks with it. It constituted an essential step without which universal par clearance was not possible of accomplishment.

We conclude that the district court had jurisdiction and that its decree dismissing the bill for want of equity was without error and it is therefore affirmed.

## REPLY TO SENATE RESOLUTION RELATIVE TO CHECK CLEARING.

[66th Congress, 2d session. Senate Document No. 184.]

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**LETTER FROM THE GOVERNOR OF THE FEDERAL RESERVE BOARD TRANSMITTING, IN RESPONSE TO A SENATE RESOLUTION OF JANUARY 19, 1920, A COMMUNICATION SUBMITTING A REPORT AS TO ALLEGED COERCIVE MEASURES ATTEMPTED TO MAKE STATE BANKS SUBMIT TO RULES MADE BY THE FEDERAL RESERVE BOARD OR ANY FEDERAL RESERVE BANK.**

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JANUARY 28, 1920.—Referred to the Committee on Banking and Currency and ordered to be printed.

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FEDERAL RESERVE BOARD,  
*Washington, January 26, 1920.*

The PRESIDENT OF THE SENATE,  
*Washington, D. C.*

SIR: I have the honor to acknowledge receipt of a resolution of the Senate of the United States, dated January 19, 1920—

Requesting the Federal Reserve Board to inform the Senate whether the board or any Federal reserve bank, under instructions or with the consent or knowledge of said board, has resorted to any method of coercion to compel State banks to join the Federal reserve system, or by threats or other coercive means has attempted to require such State banks to submit to any rules or regulations made by the Federal Reserve Board or any Federal reserve bank.

In order that the Senate may have a full and complete understanding of the position of the board with reference to the matters upon which it is understood information is requested in its resolution, the board desires to submit a brief review of the development of the system of check clearing and collection which is now in force in the several Federal reserve districts, together with a summary of those provisions of the law and the amendments thereto under which that system has been inaugurated and operated.

Section 16 of the Federal reserve act provides, in part, that the Federal Reserve Board—

May at its discretion exercise the functions of a clearing house for such Federal reserve banks \* \* \* and may also require each such bank to exercise the functions of a clearing house for its member banks.

In accordance with what is understood to be the purpose of this provision of the law, the Federal Reserve Board, with the view ultimately of establishing a universal or national system of clearing intersectional balances as well as bank checks and drafts, has established a gold-settlement fund through which daily clearings between

all Federal reserve banks are consummated, and has also required each Federal reserve bank to exercise the functions of a clearing house for its member banks. The gold-settlement fund commenced operations in May, 1915, and has proved a remarkably effective medium for the expeditious and economical transfer of credits from one section of the country to another, thereby forming a delicate balance wheel tending to equalize interest rates in all sections. One year later in May, 1916, the Federal Reserve Board issued a circular, entitled "Check Clearing and Collection" (Exhibit A), to all member banks stating that under authority of section 16 of the Federal reserve act it would require each Federal reserve bank to "exercise the functions of a clearing house for its member banks," commencing June 15, 1916, or as soon thereafter as possible. The system was in fact inaugurated July 15, 1916. As outlined in that original circular the check collection facilities of each Federal reserve bank were at first to be limited primarily to "checks drawn on all member banks, whether in its own district or other districts," although it was stated that—

It is proposed to accept at par all checks drawn upon nonmember banks when such checks can be collected by the Federal reserve banks at par. \* \* \* It is the purpose of the Federal Reserve Board to have the collection system developed so as to embrace the collection of all checks on nonmember banks and private banks, and while this can not be done immediately, steps will be taken to afford these facilities as rapidly as possible.

Immediately upon the inauguration of the system, the Federal Reserve Bank of Boston by reason of its having taken over the Boston Country Clearing House was able to collect checks drawn upon any bank, member or nonmember, located in New England, and in other districts many nonmember banks agreed to remit at par from the outset. (See press statement, July 18, 1916, issued by the board three days after the check collection system commenced its operations. Exhibit B.)

At that time—July, 1916—Federal reserve banks were expressly required by section 16 to "receive on deposit at par from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors." There was no option vested in the reserve banks. With reference to checks drawn upon nonmember banks the board had been advised by its counsel that although there was no provision of law expressly requiring a Federal reserve bank to receive for collection checks drawn upon such banks, they might properly do so, if they desired, in the exercise of their implied powers conferred by that part of section 4 which authorized them to exercise "such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this act." The right to receive checks for collection and credit is a right incidental both to the right to receive deposits and to the right to act as a "clearing house." In fact, all banking corporations, State and national, have almost universally exercised the right to collect checks as an incident to their general banking powers and without any express authority in the law. All the more justification is there for a Federal reserve bank to do so, because of its express power to act as a clearing house.

But even if there were ever any doubt as to that implied power, Congress on September 7, 1916, within three months after the inauguration of the original check collection system, amended section 13 by an act which, among other things, expressly permitted (but did not

require) Federal reserve banks to receive deposits of all "checks and drafts payable upon presentation." So that there can be no doubt as to the existing right of a reserve bank in its discretion to accept for collection checks drawn upon nonmember banks as well as checks upon member banks.

On June 21, 1917, Congress again amended the terms of section 13 by further defining the collection powers of Federal reserve banks. The purpose of that amendment was twofold. It was, first, to permit nonmember banks to become clearing members of the Federal reserve bank—that is, to permit such institutions to avail themselves of the privileges of the check collection system upon the maintenance with the reserve bank of a deposit sufficient to offset items in transit, without becoming regular members. That amendment was intended primarily for those nonmember banks which were ineligible for membership either because of a lack of sufficient capital or otherwise. It was, second, to permit both member and nonmember banks—

To make reasonable charges to be determined and regulated by the Federal Reserve Board, but in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts and remission therefor by exchange or otherwise.

But it was expressly provided that—

No such charges shall be made against the Federal reserve banks.

This amendment is commonly referred to as the Hardwick amendment and represents the last change in the law in so far as it relates to the collection of checks.

Subsequent to its enactment the Federal Reserve Board issued the existing regulation on "Check clearing and collection (Exhibit C), the principal changes being those providing for the clearing of checks for those nonmember banks which desired to become clearing members under the act of June 21, 1917. Paragraph (1) of this regulation reads substantially as it did in the original circular:

Each Federal reserve bank will receive at par from its member banks and from nonmember banks in its district which have become clearing members, checks drawn on all member and clearing member banks and on all other nonmember banks which agree to remit at par through the Federal reserve bank of their district.

It will be noted that under the terms of this paragraph it is indicated that each Federal reserve bank will receive at par checks drawn on all member and clearing member banks and checks on all other nonmember banks which agree to remit at par.

Since that last amendment of Congress and the issue of the present regulations in accordance therewith the par collection list has grown gradually until at the present time checks on approximately 26,000 of the 30,000 banks of the country can be collected expeditiously and economically at par for the banks and through them for the public at large. In the development of this par list the Federal Reserve Board has made only such efforts as it deemed consistent with both the purposes of the law and the rights of the banks in general. It has never resorted to any method of coercion to compel State banks to join the Federal Reserve System nor has it by threats or other coercive means attempted to require such State banks to submit to rules or regulations made by the Federal Reserve Board or any Federal reserve bank. Furthermore, the board has never instructed or knowingly consented to any Federal reserve bank's adopting such means

in its efforts to extend its par list. Believing, however, that the purpose of the law itself and the needs and interests of the country as a whole would be better accommodated by the ability of the Federal reserve banks to collect for their member and clearing member banks all checks presented to them for that purpose, the board has consistently approved the efforts of the reserve banks to collect all checks upon whomsoever drawn, member banks, nonmember banks, or private banks, whether or not they agree in advance to remit at par.

But there are only three ways in which the holder of a check, whether an individual or a corporation, may lawfully and properly undertake its collections: (1) He may present it in person over the counter of the drawee bank for payment; (2) he may forward it to an agent more conveniently located geographically for the purpose of presentation through that agent to the drawee bank over its counter for payment; (3) he may forward it direct to the drawee bank for payment and remission therefor in cash or exchange.

The Federal reserve banks in the operation of their check-collection systems have followed the third course in the case of checks drawn on member and nonmember banks which may have agreed to remit at par either in cash or satisfactory exchange, and whether cash or exchange is remitted the Federal reserve banks have generally provided postage or necessary costs of transportation covering the shipment to the reserve bank. Because of the fact, however, that the so-called Hardwick amendment to section 13 not only prohibits a bank charging but also prohibits the Federal reserve bank paying a charge for the "payment or collection of checks and drafts and remission therefor by exchange or otherwise," Federal reserve banks have been impelled to forego the collection of checks in this manner in any case where the drawee bank does not care to remit at par. (See Opinions of the Attorney General of the United States, Exhibits D and E.) The only other available means of making the collection is to employ some suitable agent for that purpose. Not to adopt that means would necessitate a flat refusal by the reserve bank to handle the item for collection in any manner, and the board and the reserve banks feel that that would now be an evasion of one of the ultimate purposes for which the law was enacted; that is, the establishment of a universal country wide par-collection system and the resultant elimination of the burdensome delays and expenses incident to the old indirect routing system. In this connection the attention of the Senate is respectfully directed to a copy of a form letter which was sent by the Federal Reserve Board to nonmember banks and other parties interested defining the questions of law and policy involved in the matter of collecting all checks at par (Exhibit F).

When the par-collection system was first put into effect, it was impossible for practical reasons to undertake the collection of all checks drawn on nonmember banks, but now that there are relatively so few of those banks not on the par list the reserve banks are able usually to effect the collection of their checks by means of appropriate agents. There is no longer any reasonable excuse for refusing to handle such items for member and clearing-member banks wherever collection by means of an agent is practicable. This agent may be a member bank located in the same city as the drawee bank or possibly a nonmember bank, an express company, or any other suitable person

or corporation able to make the collection over the counter of the drawee bank.

The reserve banks in extending their collection facilities to include the checks of those nonmember banks which have declined to remit at par have generally, by letter or in person, undertaken to explain that the reserve banks could no longer decline to handle checks drawn upon those nonmember banks, and that inasmuch as they did not care to remit at par and inasmuch as the reserve bank could not lawfully pay exchange, it would be necessary to make their collections in the only other way legally possible over the counter either in cash or suitable exchange. But this explanation by the reserve bank has always been intended to be an expression of regret, not a threat—as some few banks have been only too glad to construe it. (Typical forms of letters used by the Federal reserve banks in this connection are attached hereto as Exhibit G.)

So far as the Federal Reserve Board is aware, the Federal reserve banks themselves have never been anything other than both patient and considerate in explaining the necessity for exercising what is after all an undisputed legal right to ask for payment over the counter—an inherent right in the holder of any check or bank draft. If in some few instances an agent of a reserve bank has, through an excess of zeal, adopted any other attitude in his efforts to procure par members or in explaining the unavoidable alternative that must be adopted by the reserve bank in the event that the nonmember bank does not want to remit at par, it has been without the authority or consent of either the Federal Reserve Board or the Federal reserve banks themselves.

It has been alleged that some of the reserve banks have intentionally held up items drawn on a nonmember bank for the purpose of presenting them in bulk and demanding payment in cash so as to embarrass the drawee bank and thus compel it to remit at par. In order fully to advise the Senate on this particular matter the Board, upon receipt of the Senate's resolution, telegraphed to each Federal reserve bank (Exhibit H) specifically requesting to be advised whether or not such methods had been employed, and if so with what purpose. The replies of the several reserve banks are attached hereto (Exhibit I).

In this connection the attention of the Senate is respectfully directed particularly to the reply of the Federal Reserve Bank of Kansas City. This telegram, it is believed, indicates the obstacles which were arbitrarily placed in the way of the Federal reserve bank in the making of its collections in the more usual manner and explains to some extent the reason that the Federal reserve bank in that instance was impelled to send its own agents at stated intervals to make the necessary collection of items which had been forwarded to it by its member banks. While that telegram from the Federal Reserve Bank of Kansas City, as well as the replies from the Federal reserve banks of Dallas, Minneapolis, and Chicago indicate that in a few instances they have accumulated checks when collecting through an agent, it has never been for the purpose of embarrassing the drawee bank, but has been done solely in pursuance of a practice generally followed by large commercial banks in various parts of the country either on account of the physical difficulty of sending a daily messenger or because of the relatively high overhead charge in sending a messenger to collect a small check. But even instances



of that nature were reported by only 4 of the 12 Federal reserve banks and are not general practices in the case of those 4. The replies of the banks themselves are explanatory of their purpose.

In conclusion the Federal Reserve Board desires to state that the development of the Federal reserve par collection system has been the result of the most conscientious and painstaking thought and efforts of the board and officers of the several Federal reserve banks with the sole purpose not of compelling a relatively few unwilling State banks to become clearing members but of affording to the great majority of banks in the country the member and clearing member banks, now over 26,000 out of approximately 30,000, a complete and effective system of check collection involving a minimum of effort, time, and expense, a system whose facilities are now offered free of charge to the banks of the country and through them to the public at large. The burden that some banks have in the past put upon the commerce of the country through arbitrary and excessive exchange charges does not need comment.

That a relatively small number of nonmember banks should not want to become members of the clearing system or should not want to remit at par is, of course, their own concern and the Federal Reserve Board and the Federal reserve banks have not and will not dispute their right to decline to do so. But that those same few nonmember banks, which through their member bank correspondents are able to obtain the benefits of the par collection system gratis, should decline to become clearing members can not and should not deter the Federal reserve banks in the exercise of their undoubted legal right—the right to collect over the counter in cash or satisfactory exchange, by means of an agent, checks drawn upon a bank which for one reason or another does not care to remit at par for checks mailed to it directly.

The Federal Reserve Board submits this report of the steps taken by it to put into effect these provisions of the Federal reserve act which they believe will in time prove to be one of its greatest benefits—a universal country-wide system of par check collections scientifically conceived by Congress and expeditiously and economically operated by the Federal reserve banks in the interest of the country at large without discrimination in favor of any one class or classes.

Respectfully submitted.

W. P. G. HARDING, *Governor.*

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EXHIBIT A.

CIRCULAR No. 1.  
SERIES OF 1916.

FEDERAL RESERVE BOARD,  
*Washington, May 1, 1916.*

CHECK CLEARING AND COLLECTION.

**TO MEMBER BANKS:** The Federal Reserve Board is empowered, under section 16 of the Federal reserve act, to require each Federal reserve bank to—

“Exercise the function of a clearing house for its member banks.”

After very thorough investigation and many conferences with the governors of Federal reserve banks on this subject, the Federal Reserve Board has determined to exercise its authority and to offer to the member banks, and through them to the public, the machinery of the Federal reserve banks for the operation of a check collection and clearing system which it is believed, with the cooperation of member

banks, will afford a direct, expeditious, and economical system of check collecting and settlement of balances.

The date for the inauguration of this system is expected to be June 15, 1916, or as soon thereafter as the Federal reserve banks can complete preparations for undertaking this work.

Member banks in each district will in due course receive from their Federal reserve bank full information as to the terms and all necessary details of the arrangements but for the information of all concerned the general terms may be stated to be as follows:

(1) In order that no inconvenience may be experienced the plan will follow as closely as practicable the practice which long experience has developed between country banks and their reserve city correspondents.

Each Federal reserve bank will receive at par from its member banks checks drawn on all member banks, whether in his own district or other districts. It is also proposed to accept at par all checks drawn upon nonmember banks when such checks can be collected by the Federal reserve banks at par.

Each Federal reserve bank will receive at par from other Federal reserve banks checks drawn upon all member banks of its district and upon all nonmember banks whose checks can be collected at par by the Federal reserve bank.

It is the purpose of the Federal Reserve Board to have the collection system developed so as to embrace the collection of all checks on nonmember banks and private banks, and while this can not be done immediately, steps will be taken to afford these facilities as rapidly as possible. The Federal reserve banks will prepare a par list of all nonmember banks, to be revised from time to time, which will be furnished to member banks.

Immediate credit entry upon receipt subject to final payment will be made for all such items upon the books of the Federal reserve bank at full face value, but the proceeds will not be counted as reserve nor become available to meet checks drawn until actually collected, in accordance with the best practice now prevailing.

(2) Checks received by a Federal reserve bank on its member banks will be forwarded direct to such member banks and will not be charged to their accounts until advice of payment has been received or until sufficient time has elapsed within which to receive advice of payment.

(3) In the selection of collecting agents for handling checks on nonmember banks member banks will be given the preference.

(4) Under this plan Federal reserve banks will receive at par from their member banks checks on all member banks, and on nonmember banks whose checks can be collected at par by any Federal reserve bank. Member banks will be required by the Federal Reserve Board to provide funds to cover at par all checks received from, or for the account of, their Federal reserve banks: *Provided, however,* That a member bank may ship lawful money or Federal reserve notes from its own vaults at the expense of its Federal reserve bank to cover any deficiency which may arise because of and only in the case of inability to provide items to offset checks received from or for the account of its Federal reserve bank.

(5) Section 19 of the Federal reserve act provides that—

“The reserve carried by a member bank with a Federal reserve bank may, under the regulations, and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve required by law is fully restored.”

It is manifest that items in process of collection can not lawfully be counted as reserve either by a member bank or by a Federal reserve bank. Therefore, should a member bank draw against such items the draft would be charged against its reserve if such reserve were sufficient in amount to pay it; but any resulting impairment of reserves would be subject to all the penalties provided by the act.

Inasmuch as it is essential that the law in respect to the maintenance of required reserves by member banks shall be strictly complied with, the Federal Reserve Board will fix a penalty to be imposed upon member banks for encroaching upon their reserves.

Member banks can at all times arrange to keep their reserves intact by rediscounting with their Federal reserve bank.

(6) Each Federal reserve bank will determine by analysis the amounts of uncollected funds appearing on its books to the credit of each member bank. Such analysis will show the true status of the reserve held by the Federal reserve bank for each member bank and will enable it to apply the penalty for impairment of reserve.

A schedule of the time required within which to collect checks will be furnished to each member bank to enable it to determine the time at which any item sent to

its Federal reserve bank will be counted as reserve and become available to meet any checks drawn.

(7) In handling items for member banks, a Federal reserve bank will act as agent only. It will require that each member bank authorize it to send checks for collection to banks on which checks are drawn, and, except for negligence, will assume no liability. Any further requirements that the board may deem necessary will be set forth by the Federal reserve banks in their letters of instruction to their member banks.

(8) The cost of collecting and clearing checks must necessarily be borne by the banks receiving the benefit and in proportion to the service rendered. An accurate account will be kept by each reserve bank of the cost of performing this service and the Federal Reserve Board will, by rule, fix the charge, at so much per item, which may be imposed for the service of clearing or collection rendered by the reserve banks, as provided in section 16 of the Federal reserve act.

CHARLES S. HAMLIN,  
*Governor.*

SHERMAN ALLEN,  
*Assistant Secretary.*

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EXHIBIT B.

PRESS STATEMENT.

JULY 18, 1916.

The Federal Reserve Board gave out the following statement to-day:

"The new country-wide clearing system was inaugurated on July 15 in all the Federal reserve banks. Reports as of the close of business on July 17 show that the operations started out in a very satisfactory manner, and it is especially gratifying to the board to record the cordial cooperation of banks and bankers. The public doubtless understands that through this method all national banks and all State banks which are members of the Federal Reserve System have the privilege of using the Federal reserve banks as clearing houses for the clearing and collection of checks. Not only may checks drawn against other member banks be collected at par, but checks drawn against most nonmember banks can also be so collected at a minimum of expense to the depositing bank.

"The Boston district, by reason of having taken over the Boston Country Clearing House, was able to make the most flattering exhibit, so that in New England checks drawn against a bank, whether member or nonmember, are collected at par without exception. In the other districts there is no difficulty in collecting checks at par, even when drawn against nonmember State banks, provided there are national banks in the same city or town. There is more difficulty where these State banks are located in towns where there are no national or other member banks, but even in these cases, the reports in the hands of the board show that a very large percentage of nonmember State banks have agreed to remit at full face value through the Federal reserve banks.

"Some time must necessarily elapse before the new collection system will be used to its capacity, but the Federal Reserve Board believes confidently that the country has now witnessed the inauguration of the most effective check collection system that has ever been devised, and that each passing week will add to the use and appreciation of the system by the banking and business communities of the country."

\* \* \* \* \*

## EXHIBIT C.

REGULATION J.  
 SERIES OF 1917.  
 (Superseding Regulation J of 1916.)

## CHECK CLEARING AND COLLECTION.

Section 16 of the Federal reserve act authorizes the Federal Reserve Board to require each Federal reserve bank to exercise the function of a clearing house for its member banks, and section 13 of the Federal reserve act, as amended by the act approved June 21, 1917, authorizes each Federal reserve bank to receive from any nonmember bank or trust company, solely for the purposes of exchange or of collection, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, checks, and drafts payable upon presentation, or maturing notes and bills, provided such nonmember bank or trust company maintains with its Federal reserve bank a balance sufficient to offset the items in transit held for its account by the Federal reserve bank.

In pursuance of the authority vested in it under these provisions of law, the Federal Reserve Board, desiring to afford both to the public and to the various banks of the country a direct, expeditious, and economical system of check collection and settlement of balances, has arranged to have each Federal reserve bank exercise the functions of a clearing house for such of its member banks as desire to avail themselves of its privileges and for such State banks and trust companies as may maintain with the Federal reserve bank a balance sufficient to qualify it as a clearing member under the provisions of section 13.

Each Federal reserve bank shall exercise the functions of a clearing house under the following general terms and conditions:

(1) Each Federal reserve bank will receive at par from its member banks and from nonmember banks in its district which have become clearing members, checks<sup>1</sup> drawn on all member and clearing member banks and on all other nonmember banks which agree to remit at par through the Federal reserve bank of their district.

(2) Each Federal reserve bank will receive at par from other Federal reserve banks and will receive at par from all member and clearing member banks, regardless of their location, for the credit of their accounts with their respective Federal reserve banks, checks drawn upon all member and clearing member banks of its district and upon all other nonmember banks of its district whose checks can be collected at par by the Federal reserve bank. The Federal reserve banks will prepare a par list of all nonmember banks, to be revised from time to time, which will be furnished to member and clearing member banks.

(3) Immediate credit entry upon receipt subject to final payment will be made for all such items upon the books of the Federal reserve bank at full face value, but the proceeds will not be counted as part of the minimum reserve nor become available to meet checks drawn until actually collected, in accordance with the best practice now prevailing.

(4) Checks received by a Federal reserve bank on its member or clearing member banks will be forwarded direct to such banks and will not be charged to their accounts until sufficient time has elapsed within which to receive advice of payment.

(5) In the selection of collecting agents for handling checks on nonmember banks, which have not become clearing members, member banks will be given the preference.

(6) Under this plan each Federal reserve bank will receive at par from its member and clearing member banks checks on all member and clearing member banks and on all other nonmember banks whose checks can be collected at par by any Federal reserve bank. Member and clearing member banks will be required by the Federal

<sup>1</sup> A check is generally defined as a draft or order upon a bank or order upon a bank or banking house purporting to be drawn upon a deposit of funds, for the payment at all events of a certain sum of money to a certain person therein named, or to him or his order, or to bearer, and payable instantly on demand.

Reserve Board to provide funds to cover at par all checks received from or for the account of their Federal reserve banks: *Provided, however,* That a member or clearing member bank may ship currency or specie from its own vaults at the expense of its Federal reserve bank to cover any deficiency which may arise because of and only in the case of inability to provide items to offset checks received from or for the account of its Federal reserve bank.<sup>1</sup>

(7) Section 19 of the Federal reserve act provides that—

“The required balance carried by a member bank with a Federal reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total balance required by law is fully restored.”

It is manifest that items in process of collection can not lawfully be counted as part of the minimum reserve balance to be carried by a member bank with its Federal reserve bank. Therefore, should a member bank draw against such items the draft would be charged against its reserve balance if such balance were sufficient in amount to pay it; but any resulting impairment of reserve balances would be subject to all the penalties provided by the act.

Inasmuch as it is essential that the law in respect to the maintenance by member banks of the required minimum reserve balance shall be strictly complied with, the Federal Reserve Board, under authority vested in it by section 19 of the act, hereby prescribes as the penalty for any deficiency in reserves a sum equivalent to an interest charge on the amount of the deficiency of 2 per cent per annum above the 90 day discount rate of the Federal reserve bank of the district in which the member bank is located. The board reserves the right to increase this penalty whenever conditions require it.

For the purpose of keeping their reserve balances intact member banks may at all times have recourse to the rediscount facilities offered by their respective Federal reserve banks.

(8) Each Federal reserve bank will determine by analysis the amounts of uncollected funds appearing on its books to the credit of each member bank. Such analysis will show the true status of the reserve held by the Federal reserve bank for each member bank and will enable it to apply the penalty for impairment of reserve.

A schedule of the time required within which to collect checks will be furnished to each bank to enable it to determine the time at which any item sent to its Federal reserve bank will be counted as reserve and become available to meet any checks drawn.

(9) In handling items for member and clearing member banks, a Federal reserve bank will act as agent only. The board will require that each member and clearing member bank authorize its Federal reserve bank to send checks for collection to banks on which checks are drawn, and, except for negligence, such Federal reserve bank will assume no liability. Any further requirements that the board may deem necessary will be set forth by the Federal reserve banks in their letters of instruction to their member and clearing member banks. Each Federal reserve bank will also promulgate rules and regulations governing the details of its operations as a clearing house, such rules and regulations to be binding upon all member and nonmember banks which are clearing through the Federal reserve bank.

(10) The cost of collecting and clearing checks must necessarily be borne by the banks receiving the benefit and in proportion to the service rendered. An accurate account will be kept by each reserve bank of the cost of performing this service and the Federal Reserve Board will, by rule, fix the charge, at so much per item, which may be imposed for the service of clearing or collection rendered by the reserve banks, as provided in section 16 of the Federal reserve act.

<sup>1</sup> In accordance with instructions issued by the Federal Reserve Board on Apr. 24, 1917, the various Federal reserve banks have issued circulars setting forth the conditions under which their respective member banks may draw drafts on their reserve bank accounts payable with or through any other Federal reserve bank.

\* \* \* \* \*

## EXHIBIT D.

MARCH 21, 1918.

SIR: You have requested my opinion as to whether the limitations contained in section 13 of the Federal reserve act relating to charges for the collection and payment of checks can be held to apply to State banks which are neither members of the Federal Reserve System nor depositors in Federal reserve banks.

As originally enacted, the first paragraph of section 13 reads as follows:

“Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts upon solvent member banks, payable upon presentation, or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.”

In section 16, apparently as the basis of a system of check clearing or collection, it is provided that Federal reserve banks *shall receive on deposit at par checks and drafts on member and other Federal reserve banks*; and the Federal Reserve Board is authorized to fix by rule the *charges to be collected by member banks from patrons whose checks are cleared through the Federal reserve bank* any charge for the service of clearing or collection rendered by the Federal reserve bank.

It will be noted that under the first paragraph of section 13 in its original form the only classes of banks which might be depositors in and thus clear through a Federal reserve bank were its member banks and other Federal reserve banks, and the only checks and drafts specified as receivable on deposit were checks and drafts drawn upon member banks or upon other Federal reserve banks.

The acts of September 7, 1916, and June 21, 1917, so amended the first paragraph of section 13 as to extend the clearing and collection facilities of the Federal Reserve System to include checks and drafts generally, to make these facilities directly available to nonmember banks, and to establish the limitations as to charges referred to in the question submitted. The paragraph as so amended reads as follows:

"Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts, payable upon presentation, and also, for collection, maturing notes and bills; or, solely for purposes of exchange or of collection, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks upon other Federal reserve banks, and checks and drafts, payable upon presentation within its district, and maturing notes and bills payable within its district; or, solely for the purposes of exchange or of collection, may receive from any nonmember bank or trust company deposits of current funds in lawful money, national-bank notes, Federal reserve notes, checks, and drafts payable upon presentation, or maturing notes and bills: *Provided*, Such nonmember bank or trust company maintains with the Federal reserve bank of its district a balance sufficient to offset the items in transit held for its account by the Federal reserve bank: *Provided further*, That nothing in this or any other section of this act shall be construed as prohibiting a member or nonmember bank from making reasonable charges, to be determined and regulated by the Federal Reserve Board, but in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts and remission therefor by exchange or otherwise; but no such charges shall be made against the Federal reserve banks." [Italics mine.]

The limitations as to charges referred to in the question submitted are contained in the second proviso quoted above. This proviso, apparently recognizing an existing right of member and nonmember banks to make reasonable charges for the collection or payment of checks and drafts and remission therefor by exchange or otherwise provides (1) that these charges are "to be determined and regulated by the Federal Reserve Board, but in no case to exceed 10 cents per \$100," but (2) that "no such charges shall be made against the Federal reserve banks."

Clearly these limitations apply to national banks, which are compelled to be member banks, to such State banks as become member banks by voluntarily accepting the terms and provisions of the Federal reserve act, and to such other State banks as do not become member banks but by becoming depositors in Federal reserve banks upon the conditions specified avail themselves directly of the facilities of the Federal reserve clearing system.

The specific question to be determined is whether these limitations apply to nonmember State banks which do not become depositors but checks upon which may pass through Federal reserve banks in process of clearing or collection.

The theory and scheme of the Federal reserve legislation seems inconsistent with the purpose on the part of Congress to subject State banks *against their will* to Federal control or regulation. State banks are not compelled to become members of the Federal reserve system or depositors therein. Those possessing the necessary qualifications are, however, invited to become members. They are not only free to accept or decline, but if they accept remain at liberty to withdraw from the system. (Sec. 9.) By section 13 as amended, State banks not desiring to become members or too small to be eligible for membership are likewise *invited* to share in the clearing and collection facilities of the system by becoming depositors in Federal reserve banks. But they may accept or reject the invitation, and if they become depositors may close their accounts at their pleasure.

It would accordingly seem that the limitations referred to ought not to be regarded as intended to be imposed upon State banks not connected with the Federal reserve system as members or depositors, against the will of such banks, unless that intention clearly appears.

The term "nonmember bank" as used in the proviso may reasonably be construed as referring to a nonmember bank that has become a depositor as authorized in the preceding provisions of the paragraph. If this term is so construed, obviously the provision requiring charges "to be determined and regulated by the Federal Reserve Board, but in no case to exceed 10 cents per \$100," will have no application to nonmember State banks which are not depositors in a Federal reserve bank. The broad language of the concluding clause, "no such charges shall be made against the Federal reserve banks," may be construed not as directed against State banks which are not depositors, but merely as specifying a condition upon which checks may clear through the Federal reserve banks—in effect a prohibition against the payment of such charges by the Federal reserve banks.

Under this construction, member banks and nonmember banks which are depositors in the Federal reserve banks will be subject to the limitations in the proviso, but nonmember banks which are not depositors will not be subject to the limitations. All, however, will have to adjust their charges among themselves and with their own depositors, the Federal reserve banks being prohibited from paying such charges.

This construction seems to be in harmony with the intention of the framers of the amendment to section 13 embodying the above-mentioned proviso.

The act of June 21, 1917, amending section 13 and other sections of the Federal reserve act, as originally introduced in both the House and Senate contained no part of the (second) proviso, the section in the proposed amended form ending with the preceding proviso. The Senate, adopting an amendment offered by Senator Hardwick, added the second proviso in the following form:

"*Provided further*, That nothing in this or any other section of this act shall be construed as prohibiting a member or nonmember bank from making reasonable charges, but in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts and remission therefor by exchange or otherwise." (55 Cong. Rec., 2065.)

It was thought the effect of the Hardwick amendment would be to recognize the right of any bank upon which checks are drawn to make charges against the Federal reserve bank through which such checks might be cleared or collected. The Hardwick amendment was opposed by the Federal Reserve Board, as appears from letters from its governor to Senator Owen and Congressman Glass, chairmen of the respective Committees on Banking and Currency of the Senate and House (pp. 2071, 3795). The President also called attention to the seeming effect of the amendment in a letter to Senator Owen, reading as follows:

"I have been a good deal disturbed to learn of the proposed amendment to the Federal reserve act which seems to contemplate *charging the Federal reserve banks for payment of checks cleared by them*, or charging the payee of such checks passing through the reserve banks with a commission. I should regard such a provision as most unfortunate and as almost destructive of the function of the Federal reserve banks as a clearing house for member banks, a function which they have performed with so much benefit to the business of the country.

"I hope most sincerely that this matter may be adjusted without interfering with this indispensable clearing function of the banks" (p. 4083).

In conference, apparently as the result of the letters of the governor of the Federal Reserve Board and the President, the proviso took its present form, two changes being made by the conferees: First, the charges which member or nonmember banks may make were made subject "to be determined and regulated by the Federal Reserve Board"; and, second, the final clause was added, "but no such charges shall be made against the Federal reserve banks."

In presenting the conference report to the Senate, Senator Owen emphasized the importance of not interfering with the clearing functions of the Federal reserve banks, explained that under the proviso as amended "the banks can charge each other for making these accommodations if they like, and they can adjust that to their own satisfaction with one another without troubling the reserve banks," and apparently conceded that State banks not connected as members or depositors with the Federal Reserve System could not be subjected to Federal legislation (p. 4083).

Mr. Glass in presenting the report to the House, said:

"The Congress has no control whatsoever over nonmember banks. It can not regulate their charges and will not regulate them if this Hardwick amendment should prevail. \* \* \* This House has no control over the nonmember bank in this matter. Even the Federal Reserve Board has no control over their operations unless they voluntarily join the voluntary collection system established by the Federal Reserve Board" (p. 3794).

And further, "no nonmember bank that does not voluntarily join the collection system established by the Federal Reserve Board will be specifically affected. No law that we pass here can directly affect them. The only way they can be affected is incidental" (p. 3795).

It thus seems clear that the proviso was understood by Congress as designed to protect the clearing functions of the Federal reserve banks and not directed at State banks which have no connection as members or depositors with the Federal Reserve System and upon which it was considered the effect of the proviso could be only incidental.

It may be argued, and is probably true, that the proviso will necessarily affect the practice of State banks, though not members or depositors, as to making charges for the payment of checks drawn upon them. With the concentration of reserve balances in Federal reserve banks as required by the Federal reserve act, the Federal reserve clearing system may offer the only adequate and convenient facilities for clearing or collecting checks drawn upon banks at a distance, and depositors may find it inadvisable to maintain accounts with banks upon which checks can not be cleared or collected by the use of these facilities.



The Federal reserve act, however, does not command or compel these State banks to forego any right they may have under the State laws to make charges in connection with the payment of checks drawn upon them. The act merely offers the clearing and collection facilities of the Federal reserve banks upon specified conditions. If the State banks refuse to comply with the conditions by insisting upon making charges against the Federal reserve banks, the result will simply be, so far as the Federal reserve act is concerned, that since the Federal reserve banks can not pay these charges they can not clear or collect checks on banks demanding such payment from them.

From what has been said it follows that in my opinion the limitations contained in section 13 relating to charges for the collection and payment of checks do not apply to State banks not connected with the Federal Reserve System as members or depositors. Checks on banks making such charges can not, however, be cleared or collected through Federal reserve banks.

Respectfully,

(Signed) T. W. GREGORY, *Attorney General.*

The PRESIDENT,  
*The White House.*

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EXHIBIT E.

APRIL 30, 1918.

MY DEAR GOVERNOR: I acknowledge receipt of your letter of the 19th instant with reference to my opinion of March 21, 1918, holding that Federal reserve banks are prohibited from paying the charges for collection and payment of checks and drafts mentioned in the first paragraph of section 13 of the Federal reserve act.

In a memorandum by the general counsel of the American Bankers Association, which you inclose, the point is raised that the prohibition against the charges referred to must be confined to checks owned by the Federal reserve bank as distinguished from checks deposited to be cleared or collected for the account of a member or depositor.

You ask to be advised whether the board correctly interprets my opinion as implying that no such distinction can be recognized and that no member bank can under any circumstances make any charge against its Federal reserve bank in connection with the collection or payment of checks deposited with the Federal reserve bank as provided in the paragraph mentioned.

The reason for the suggested distinction is not apparent. I do not understand why checks deposited with a Federal reserve bank to be cleared or collected can not be considered as owned by the bank.

As the basis of the check-clearing system contemplated by the Federal reserve act, the Federal reserve banks are required by section 16 to "receive on deposit at par," unconditionally, the checks therein specified drawn on Federal reserve and member banks. If the phrase "receive on deposit" is given its ordinary signification, it seems clear that the Federal reserve bank becomes the owner of the checks so deposited, title to the checks passing to that bank and the depositors receiving immediate credit therefor. (*Burton v. United States*, 196 U. S., 283; *Security National Bank v. Old National Bank*, 241 Fed., 1, and cases therein cited at pages 10 to 12.)

The first paragraph of section 13, as amended to extend the clearing facilities of the Federal reserve banks to nonmember banks and to include checks generally, requires each nonmember bank availing itself of these facilities to maintain with the "Federal reserve bank of its district a balance sufficient to offset the items in transit held by the Federal reserve bank." As so amended, the paragraph may be regarded as at least authorizing the Federal reserve bank to receive on deposit from nonmember depositors as well as from member banks all classes of checks to be cleared or collected, taking the title thereto and giving credit therefor to the depositing banks.

As a Federal reserve bank may thus become the owner of all the checks cleared or collected through it, there appears to be no basis in the act for drawing a distinction between checks owned by the Federal reserve bank and checks deposited with it to be cleared or collected.

But even if the checks received could be classified on the basis suggested, the language of the paragraph seems to preclude the idea of excluding checks deposited to be cleared or collected from the checks as to which charges are prohibited.

The charges which the Federal reserve banks are prohibited from paying by the final clause, "no such charges shall be made against the Federal reserve banks," obviously include the "charges \* \* \* for collection or payment of checks and drafts and remission therefor by exchange or otherwise" mentioned in the preceding clause. The checks authorized by the paragraph to be deposited with the Federal reserve bank, upon being received by that bank, are to be collected from and paid by the banks upon which they are drawn. To say that charges in connection with the pay-

ment of these checks made by the banks drawn upon and collected from the Federal reserve bank are not made against that bank seems to do violence to the ordinary meaning of the words used, regardless of whether the charges are ultimately borne by it or subsequently transferred to the banks by which the checks were deposited.

Moreover, the legislative history of the amendment as referred to in the opinion shows clearly that the prohibition was directed primarily against the making of charges in connection with the clearing of checks. It was a proposed amendment to the Federal reserve act, which apparently contemplated "charging the Federal reserve banks for payment of checks cleared by them" that the President opposed in his letter to Senator Owen. And it was to prevent the possibility of such charges being made that the final clause was added, which, as explained by Senator Owen, prevented "troubling the reserve banks" or "interfering with the clearing of checks at par by the reserve banks." (55 Cong. Rec., p. 3761.)

I construe the first paragraph of section 13 as prohibiting member banks under any circumstances from making the charges therein referred to against Federal reserve banks.

You are accordingly advised that the interpretation placed by the board upon my opinion of March 21 is correct.

Respectfully,

(Signed)

T. W. GREGORY,  
*Attorney General.*

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

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EXHIBIT F.

FEDERAL RESERVE BOARD,  
*Washington, December 11, 1919.*

Subject: Questions of law and policy involved in matter of collecting all checks at par.

DEAR SIR: In view of complaints which are being made from time to time concerning the policy of Federal reserve banks in collecting checks on all points in their respective districts at par, there is inclosed for your information a copy of a letter which was sent to a protesting nonmember bank in one of the districts, which defines the questions of law and policy involved.

Very truly, yours,

GOVERNOR.

TO CHAIRMEN AND GOVERNORS OF ALL FEDERAL RESERVE BANKS.

DEAR SIR: Receipt is acknowledged of your letter of the —— in which you protest against the policy which has been adopted by the Federal reserve banks with the approval of the Federal Reserve Board in the matter of the collection of checks which are received by Federal reserve banks from their member banks or from nonmember banks which maintain clearing or collection accounts with them.

The board's action is based upon its conception of the very evident purposes of the Federal reserve act. Section 13 of the act begins as follows: "Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national bank notes, Federal reserve notes, or checks, and drafts, payable upon presentation, and also, for collection, maturing notes and bills." Even though the Federal Reserve Board has heretofore ruled that the permissive "may," as used in the foregoing paragraph, should not be construed to mean the mandatory "shall," nevertheless it is clear that a Federal reserve bank in order to do any business whatever must exercise some of the permissive powers authorized by law. It would be impossible otherwise for a Federal reserve bank to afford to its member banks many of the privileges which the law clearly contemplates and to which the member banks are clearly entitled. But, independently of a discussion of this phase of the situation, it seems to the board that doubts upon this question are resolved upon a consideration of the provisions of section 16. "Every Federal reserve bank shall receive on deposit at par from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors." In this case, the obligatory "shall" is used so that there is no option in the Federal reserve bank so far as checks and drafts upon its depositors are concerned. From this it may be argued that as the depositors of a Federal reserve bank are member banks there is no call obligation upon the Federal reserve bank to receive on deposit at par checks on nonmember banks, but even if the language of section 13 be construed as per-

missive there seems to be no question that the Federal reserve bank has the right to receive on deposit from any of its member banks any checks or drafts upon whomsoever drawn, provided they are payable upon presentation. The whole purpose of the act demands that in justice to member banks, they should exercise that right.

Section 16 further provides that the Federal Reserve Board "may, at its discretion, exercise the functions of a clearing house for such Federal reserve banks \* \* \* and may also require each such bank to exercise the functions of a clearing house for its member banks." In accordance with the purpose of this paragraph, the Federal Reserve Board, with the view ultimately of establishing a universal or national system of clearing intersectional balances as well as bank checks and drafts, has established a gold settlement fund through which daily clearings between all Federal reserve banks are consummated and has also required each Federal reserve bank to exercise the functions of a clearing house for its member banks. In order, however, to make fully effective its facilities as a clearing house in accordance with the terms of this section, there does not seem to be any doubt that the Federal reserve bank should not only exercise its obligatory power to receive from member banks checks and drafts drawn upon other member banks, but that it should also exercise its permissive power to receive from member banks any other checks and drafts upon whomsoever drawn, provided that they are payable upon presentation.

There are no doubt many nonmember banks without sufficient capitalization to make them eligible for membership in the Federal reserve system, but provision is made for such banks in section 13 by authorizing the Federal reserve banks, for purposes of exchange or of collection, to receive deposits from any nonmember bank or trust company. But for the fact that the small country banks are able to have their out-of-town items credited at par by some city correspondent, there is no doubt that many more of them would avail themselves of the nonmember collection privilege than have done so.

There is a proviso in section 13 which allows member and nonmember banks to make reasonable charges "to be determined and regulated by the Federal Reserve Board, but in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts, and remission thereof by exchange or otherwise; but no such charges shall be made against the Federal reserve banks." This has been construed by the Attorney General of the United States as meaning that a Federal reserve bank can not legally pay any fee to a member or nonmember bank for the collection and remittance of a check. It follows, therefore, that if the Federal reserve banks are to give the service required of them under the provisions of section 13 they must, in cases where banks refuse to remit for their checks at par, use some other means of collection no matter how expensive.

The action of the various Federal reserve banks in extending their par lists has met with the cordial approval of the Federal Reserve Board, which holds the view that under the terms of existing law, the Federal reserve banks must use every effort to collect all bank checks received from member banks at par. Several of the Federal reserve banks are now able to collect on all points in their respective districts at par, and new additions to the other par lists are being made every day. The board sees no objection to one bank charging another bank or a firm or individual the full amount provided in section 13 of the Federal reserve act (10 cents per \$100), and has not undertaken to modify these charges, but the act expressly provides that no such charge shall be made against the Federal reserve banks.

It is the board's duty to see that the law is administered fairly and without discrimination, and that it applies to all banks alike, and it is making an earnest endeavor to carry out the laws as construed by the highest legal authority of the administrative branch of the Government.

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#### EXHIBIT G.

##### FIRST LETTER TO THE NONMEMBER BANK.

GENTLEMEN: You are doubtless aware of the fact that we have in the past been obliged to refuse to handle checks on your bank for the reason that we have not had a par arrangement with you.

Federal reserve banks can not handle checks on banks under any arrangements which would contemplate the paying of exchange because, under the Attorney General's interpretation of the law, they are not, under any circumstances, permitted to pay exchange.

Our declining to handle checks drawn by your depositors has not in any case been intended as a reflection on your bank and we believe that you have not so considered it.

The campaign conducted by the Federal reserve banks for the addition of new par points has reached such a stage that we do not feel justified in any longer refusing to handle checks on banks located in what we must consider as being par territory.

We would advise, therefore, that on and after November 15, we will discontinue refusing to handle checks on you, but will receive at par such checks as are offered to us and will forward them to you in our regular cash letters, accompanied by stamped, addressed envelopes for such convenience in making returns. Remittance should, in all cases, be made in ——— exchange or its equivalent at par.

We trust that this will meet with your approval and that we may receive your early advice to the effect that we may expect your cooperation in this important movement.

#### SECOND LETTER TO THE NONMEMBER BANK.

GENTLEMEN: Referring to our letter of November 28, we would say that we are to-day in receipt of checks on you which we have received at par in accordance with the Federal reserve act.

These checks are being forwarded to you to-day in one of our regular cash letters accompanied by stamped, addressed envelope for your convenience in making returns.

We anticipate par remittance in ——— exchange or its equivalent and hope that we may receive your assurance that you will continue to remit at par for all checks drawn by your depositors which we may receive and forward to you in the usual course of business.

#### THIRD LETTER TO NONMEMBER BANK.

GENTLEMEN: We are in receipt of your remittance covering our cash letter of January 14, total \$1,549.22 and note your deduction of \$2.32 exchange.

Practically all of the banks in ——— have already agreed to remit to us at par for checks drawn by their depositors, received by us and forwarded in the usual course of business and we were hoping that the bank of ———, would also agree to cooperate with us in this important movement.

We can not in justice to the great number of par banks in your vicinity decline to handle checks drawn on you, and since we are not permitted to pay exchange it necessarily follows that we must arrange to collect them at par.

If we can not obtain a direct connection with your good bank, we will be obliged to make collection through other channels.

We request therefore that hereafter if you can not remit at par, you be good enough to certify and return to us such checks as are forwarded to you in our cash letters.

[Telegram.]

FEDERAL RESERVE BOARD,  
Washington, January 20, 1920.

#### GOVERNOR OF ALL FEDERAL RESERVE BANKS:

Under a resolution adopted by the Senate yesterday Board is required to inform the Senate whether Federal Reserve Board or any Federal reserve bank under instructions or with consent of knowledge of board has resorted to any method of coercion to compel State banks to join Federal reserve system, or by threats or other coercive means has attempted to require such State banks to submit to any rules or regulations made by Federal Reserve Board or any Federal reserve bank. This is result of complaints made to Senators by State banks of efforts of Federal reserve banks to collect checks at par. Specific charge is made that Federal reserve banks hold back checks on small banks until they amount to considerable sums, then send messenger to make personal demand for payment in currency in order to embarrass payee bank and compel it to submit. Has such action been taken by your bank and if so, was it done with object of embarrassing payee bank or merely to reduce percentage cost of collection? Is it not the usual practice of larger banks in your district when they collect on nonmember banks by sending items direct to avail themselves of lower charges by holding back small items until they have round amounts of \$100 or more, thus avoiding payment minimum charge of 10 or 15 cents on a \$5 item? State primary purpose of the use of express companies or private agencies and give outline of any threats, oral or written, which may have been made by your employees or agents. Please wire answer.

HARDING.

## EXHIBIT I.

TELEGRAMS FROM THE 12 FEDERAL RESERVE BANKS REPLYING TO THE TELEGRAM OF THE FEDERAL RESERVE BOARD, DATED JANUARY 21, AND MARKED EXHIBIT H.

BOSTON, MASS., *January 21, 1920.*

Replying telegram 20th: This district has been all par practically since its inauguration of check-collection system. No collection by messenger or demands for payment in currency have been made by us except for a few days in one or two instances where nonmember banks failed to keep their promises to remit promptly. These cases were dealt with by forwarding checks for collection through express companies solely for the purpose of protecting Federal reserve bank against loss and ordinary methods of sending direct for remittances were readopted on receipt of satisfactory assurances that future remittances would be made promptly. It has never been practice of this bank nor, to my knowledge, practice of larger banks in this district to accumulate checks more than a day before forwarding for collection.

MORSS,  
*Governor Federal Reserve Bank of Boston.*

NEW YORK, *January 22, 1920.*

Replying your telegram of 20th: First, this bank has never resorted to any method of coercion to compel State banks to join the Federal reserve system. Second, this bank has never attempted by threat or any coercive measure to require State banks to submit to any rule or regulation made by the Federal Reserve Board or any Federal reserve bank. Third, it has never been the policy of this bank to hold back any checks on any banks in the district for any purpose whatsoever. The only occasions—perhaps not more than three or four—where this has been done were due to our inability to secure the presentation of the items by agents or express company, as, for example, during the strike of express company employees about one year ago. Fourth, it has been the practice of collecting banks in this district when they collect on non-member banks by sending items direct to hold back small items until they secure round amounts and thus avoid paying the maximum charge, but, as above stated, such practice has never been adopted or used by this bank. Fifth, the primary purpose of our use of express companies and private agents was, and is, to furnish a complete par-check collection system in this district for the use of our member banks, other Federal reserve banks, and through them for their member banks. This was the only method open to us to collect the checks drawn upon certain State banks and private bankers who had declined to remit at par for checks drawn upon them after the matter had been unsuccessfully taken up with these banks by letter, by personal visits, and by invitations to visit our bank. The appointment by us of agents for the collection of checks upon nonremitting State institutions was caused by their stamping their checks, "Not collectible through an express company," so that we had no other method of handling their checks. So far as we know and certainly not with our authority, have any threats, oral or written, been made by our agents. The total number of banks and bankers in this district upon which we are collecting checks is 1,702, of which but 4 State banks and 2 private bankers are being collected by express companies or agents.

CASE,  
*Federal Reserve Bank of New York.*

PHILADELPHIA, PA., *January 21, 1920.*

Answering you telegram of yesterday, this bank has not used coercive methods and has deliberately refrained from any action savoring of a threat of any description either in securing membership in the Federal reserve system or in securing par collections throughout our district. Neither we, nor the larger banks in this district, have any occasion to hold back small items until they accumulate to some round amount. For a very brief period, not exceeding two weeks at most, we did use express companies, but we do not now use them nor any private agency in our collection service. Our policy has always been to invite application for membership from State institutions through excellence of our service and obvious advantages they may derive from such membership.

PASSMORE,  
*Governor Federal Reserve Bank of Philadelphia.*

CLEVELAND, OHIO, *January 21, 1920.*

Answering your wire this bank has not used coercive methods to compel State banks to join Federal reserve system. All State banks on par list have been obtained by persuasive methods. No threats other than statement by our representative that we were obliged to collect their checks in justice to State banks which have voluntarily agreed to remit at par and that if they will not agree to do so we will collect through the express company or private agent. Checks on only two banks, both located in Kentucky, now being collected through express company, none through agents. Before par list was completed in this district a number of large collecting banks made a practice of holding small items until total amount was sufficient to avoid minimum charge and to save postage no longer necessary to hold items for that reason.

FANCHER.

RICHMOND, *January 21, 1920.*

Answering wire January 20: The Federal reserve bank of Richmond has never taken any step to coerce or compel a State bank to join the system or to require such bank to submit to rules or regulations made by Federal Reserve Board or this bank. Referring to matter of par collection of checks drawn on nonmember banks following methods have been followed in Maryland and to some extent in West Virginia. As the board knows, out of 29,586 banks in the United States, checks on all except 4,000 are collectible at par. The collection facilities of the Federal reserve system are open to all banks, whether members or nonmembers; to the member banks directly, to the nonmember banks through their member correspondents, and such facilities are being used to an ever increasing extent. In justice, therefore, to the 25,500 and odd member and nonmember banks whose names are on the par list we feel that it is our duty to attempt by all fair and reasonable methods to collect for them the checks on the remaining 4,000 banks, many, if not all of whom, are collecting on par points through members of the system. As the law does not allow us to pay the exchange upon the collection of checks it is incumbent upon us to devise some means of collecting without the payment of exchange to the bank on which the checks are drawn. Our procedure has been and is now to correspond with the nonpar nonmember banks explaining the situation. Failing to obtain results special representatives are sent to present the facts and argue to the justice of our endeavor with the officers of the banks. In the comparatively few cases in which neither of these methods was successful we arranged to present checks daily through a local agent selected by us; none, however, are acting at present. While it is in many places the custom of commercial banks to accumulate small items to avoid minimum exchange charges we have in no case accumulated items either for that purpose or for the purpose of embarrassing the bank by the presentation of checks amounting to an unusual sum at one time. On the contrary we have done everything in our power to avoid embarrassing situations and in the very few cases in which we have appointed agents we have instructed them to consult the convenience of the bank so far as it is practicable to do so, and under no circumstances to present checks in such a manner as to give rise in the community to any apprehension as to the standing of the bank or its ability to meet proper demands upon it in money.

SEAY.

ATLANTA, GA., *January 20, 1920.*

The Federal Reserve Bank of Atlanta has never received any instructions from the Federal Reserve Board nor has it with the consent or knowledge of the Federal Reserve Board resorted to any method of coercion to compel State banks to join the Federal reserve system, nor has the Federal Reserve Bank of Atlanta by threat or other coercive means attempted to require such State banks to submit to any rule or regulations made by the Federal Reserve Board or this bank. This bank has never held back checks on small banks until they amounted to considerable sums, and then sent messengers to make personal demand for payment in currency. This bank has not so far collected through duly appointed employees, and only in few instances has it collected through express companies. In the latter case there were no accumulations only those checks received in current day's work being sent forward to place of payment. It is the usual practice of large banks clearing out of town checks by sending direct to hold over for a day or so small checks until the aggregate reaches 100 or more, thus avoiding the payment of minimum charge of 10 or 15 cents which would be incurred on an item of small amount. The primary purpose of using express companies or paid employees to collect checks and drafts payable upon presentation drawn on banks that do not remit at par is to enable the Federal reserve banks to carry out

the provisions and intent of the Federal reserve act in so far as they relate to collection of checks and drafts payable upon presentation that are received on deposit from the sources named in the act. The act does not limit the checks that may be received on deposit to those drawn on member banks, and as it is clearly intended that we shall receive all checks and drafts payable upon presentation, and as section 13 interpreted by the Attorney General provides that no charges for remission shall be made against Federal reserve banks it of course follows that unless arrangements can be made with nonpar remitting banks to remit at par we must find a way of making collection that will not involve exchange charges. This bank has endeavored in every possible way to encourage nonmember banks to remit at par, and thus obviate the necessity of our arranging to present items for payment in cash and has from time to time offered to such nonmember banks the privilege of opening a clearing account for the purpose of collecting checks drawn on banks named in our par list, the balances so created to be used in remitting for items sent them by us, and any excess over the balance required against our average daily sendings to be subject to their order, we to inclose stamped envelope with each cash letter, and they to have the privilege of sending us in payment currency at our expense when more convenient. The privilege of opening a nonmember clearing account was offered so as to give them the benefit of our collection facilities if they desired to avail of them and not with the view of coercing them to become members of the Federal reserve system, for as a matter of fact many nonmember banks are not eligible from a standpoint of capital and requirement. There have been no threats, oral or written, by any one connected with this bank. We have stated to nonmember banks that while the Federal reserve act does not permit us to pay exchange for the remittance of bank checks and drafts payable upon presentation, we can incur any cost that is necessary in order to carry out the purposes of the act, and that we would very much regret to be forced to adopt other methods of collection that would prove embarrassing, annoying, and expensive.

ADELSON.

CHICAGO, *January 21, 1920.*

Replying to your wire, our policy in soliciting State bank membership is to point out its advantages and show where a State bank can be benefited by becoming a member. We certainly would not want any State bank to join the system unwillingly, or if it was not an advantage to it to do so. The same consideration is shown prospective State bank members as would be accorded them by a commercial bank soliciting their business. With regard to the collection at par of checks on nonmember banks, all such banks which were not on our par list January 1, 1919, have been visited by our representatives, who fully explained the advantages of the collection system, with a view to obtaining their friendly cooperation. When all banks in the States of Illinois, Indiana, and Iowa were placed on our par list there were a few which did not agree to remit for checks on them at par. Checks on these banks were forwarded through the express companies for collection, a practice which is legitimate and which has been used in commercial banks for many years. In a few cases, where we were unable to obtain satisfactory service from the local express agent, and also at points where there was no express office, we held the checks a few days, and presented them by our messenger at the bank's counters for payment rather than have our messenger make daily trips. We are at present collecting through the express company checks on only one bank in Illinois, eight banks in Indiana, seven banks in Iowa, which have not agreed to par their checks, and are collecting checks on one town in Indiana and two towns in Iowa through agents which we have appointed. Our solicitors in obtaining par points have been instructed at all times to endeavor to obtain the good will and cooperation of the nonmember banks, and that coercive measures must not be used. We know of no cases where our agents or employees used any threats, oral or written.

McKAY.

St. LOUIS, *January 22, 1920.*

Replying to your telegram to-day. This bank has never at any time coerced State banks into making application to join the system. On the contrary, we have made every effort to explain to banks making application both the advantages and disadvantages of membership. We have not wished to have any bank a member that did not thoroughly understand the workings of the system and appreciate the advantages. In collecting at par checks on nonmember banks there are only a few instances where we have found it necessary to make such collections by express or agent. The following excerpt from a letter addressed to the secretary of the Illinois Bankers' Assn-

ciation, under date of November 20, 1919, is indicative of our views and the policy pursued by us when it has been necessary to collect by express or agent: "One of our directors, Mr. Sam A. Ziegler, of Albion, Ill., mentioned to me yesterday a conversation he has had with you, from which he understood that it was your impression that it was the policy of this bank to hold up checks for several days, presenting same at one time, and demanding cash in all cases where it has been necessary for us to use other than the mails as a means of collecting checks. We are glad of this opportunity to advise you that such is not the case. We invariably see that the checks that we may through necessity have to present at the counter of a bank for payment in cash be presented promptly, the same as if they were transmitted through the mails. There have been some few instances where the action of the bank in returning items to us has resulted in more than one day's items reaching them at one time. This, however, has been unavoidable, and due entirely to the action of the bank on which the items are drawn, and not us." Several of the larger commercial banks in this district make it a habit to accumulate checks in order to avoid payment of minimum charges on small amounts. Purpose of collecting by express or agent is to avoid payment of exchange, and to obtain actual payment at par without assuming liability which would result if we were to authorize our agent or the express company to accept draft in lieu of currency. There has never been any occasion for our making any threats either oral or written in connection with our services in collecting at par checks on nonmember banks.

ATTEBERY, *Deputy Governor.*

MINNEAPOLIS, MINN., *January 21, 1920.*

Officers and employees of this bank have been cautioned repeatedly not to use any methods of coercion to compel State banks to join the Federal Reserve System. I have never heard this complaint from any State bank in this district, with the exception of one I called upon last summer that complained that they had been classed as unpatriotic because they had not joined the Federal Reserve System. I assured him that no such expression ever emanated from this bank, and upon further inquiry he intimated that the remark came from sources other than the Federal Reserve bank or Federal Reserve System. As you know, we have conducted an active campaign for several years at a meeting to get State banks to remit at par with anything but satisfactory results. Early in December we wrote all nonpar banks in the States of Montana, North Dakota, and Michigan and told them we planned putting all banks in those States on our par list January 1, 1920, and it was optional with them whether we presented the checks at their counter for payment in cash or whether they preferred to remit without deductions for collection charges or exchange in funds immediately available. Some of the banks elected to remit, others told us we could present checks at their counter, and others refused to reply to our letter of inquiry, with the result that we made arrangements with the express companies and a few postmasters to collect checks for us on approximately 60 banks. This number has since been reduced to 43. We are now advising nonpar banks in South Dakota in the same manner, that all banks in that State will be placed on our par list February 1. As soon as facilities in our own bank warrant all banks in Minnesota and Wisconsin will be placed on a par basis. The officers and employees in charge of this campaign have been cautioned not to use any threats, but simply announce what we are going to do. I have just had them in my office, and they assure me no threats have been made by them. We have never held up a large amount of checks on any one particular bank, so that they would be embarrassed when cash was demanded. However, it has been our policy not to send one small check for collection on a nonremitting bank because of the expense, but we have waited until we accumulated at least \$100 in such checks. It has never been our intention to hold sufficient checks to be presented at one time so that the bank could not make payment in cash. Upon inquiry of the larger banks in Minneapolis I find that in the past they pursued a similar policy, but are not doing so at present. Our instructions to collecting express companies or private agencies are to present the checks and demand payment in cash, and if payment is not made, wire us immediately on items over \$500 regarding the items unpaid. Our par point campaign has been conducted almost entirely by correspondence. We have never employed any representative to solicit nonpar banks in this district. Glad to furnish copies of our circular letters and telegrams, if you feel they are necessary.

YOUNG.



KANSAS CITY, *January 21, 1920.*

Replying your telegram 20th: You are advised that—in so far as the Federal Reserve Bank of Kansas City, including its branches, is concerned—no method of coercion has been employed to compel State banks to join the Federal reserve system and no threats or other coercive means have been used or practiced to require such State banks to submit to rules or regulations made by the Federal Reserve Board or this bank. Under section 13, which prohibits Federal reserve banks from legally paying any fee to a member bank or nonmember bank for the collection and remittance of a check sent for collection, it has been necessary in certain cases to collect checks by such means as are available. In some cases there are no express companies and others where the express agents refuse for business reasons to handle collections. When such contingency arises and where we can not obtain a satisfactory local agent, it is necessary to send a messenger to present the checks at the counter of the payee. In cases where the payee bank is located in a distant town, for economic reasons we can not send messenger daily. About the only county in the tenth district where the banks have stubbornly resisted and treated with contempt our efforts to carry out the provisions of section 13 of the Federal reserve act as relate to collection of items at par is Pierce County, Nebr., all of the banks in which county are dominated to a greater or less degree by one Woods Cones, who has the moral support of C. A. McCloud, president of the First National Bank of York, Nebr., who is interested in several State banks also. The First National Bank of York for three years insisted upon charging this bank exchange on items sent to it and only desisted when advised by the comptroller that the publication of its statement showing as an asset action against the Federal reserve bank for exchange charges would be regarded as a misrepresentation of its condition. Until the development of the Federal reserve collection system it has been the practice of the city banks to hold small items against payee banks which charged exchange until such items amounted to at least \$100, in order to avoid prohibitory charges on small items of \$5 and \$10. It is not our practice to accumulate any specific amount or to hold checks over even for one day when sending them out for collection by mail or express; but where it is necessary to send a messenger—as in the case of Pierce, Nebr., 118 miles from our branch at Omaha—the cost of such visits warrants us in accumulating several days' checks for collection at once, assuming, of course, that any payee bank that preferred to pay checks on it over the counter in cash rather than to remit exchange at par for same would be always prepared to liquidate such demands in that way. Feeling sure that the complaints referred to in your telegram originated from Pierce, Nebr., we feel justified in going into some details regarding the collections of items of that town. The bankers of Pierce, by intimidation or otherwise, have prevented use of the facilities common to the public; as, for instance, the express agent not only refused to handle our collections but refused to accept a shipment of currency tendered to him by our messenger. This necessitates a visit to Pierce by automobile in order to carry to the next town funds that are paid. The notaries of Pierce were intimidated or influenced to the point where they were not available to our messenger when asked to protest items payment on which was refused. This required our messenger to take with him a notary from another town to legally present and protest items when refused for any reason. About a week ago Cones, McCloud, and others called a meeting of the State bankers at Omaha to discuss the Pierce campaign of the Federal reserve bank. At this meeting Cones, the principal speaker at the meeting, is reported to have made certain false and misleading statements.

MILLER.

DALLAS, *January 21, 1920.*

Answering your telegram date. The Federal Reserve Bank of Dallas has never through any of its officers or by any implied or direct sanction of the Federal Reserve Board, or its own board of directors, taken any steps toward or adopted any method of coercion to compel State banks to go into the system or has it by any threats implied or otherwise attempted to require nonmember State banks to submit to any rules or regulations made by the Federal Reserve Board or itself. The Federal Reserve Bank of Dallas in collecting checks on nonmember banks has never done otherwise than to recognize its right under the Federal reserve act and the regulations of the Federal Reserve Board to receive from its member banks, other Federal reserve banks and the Treasurer of the United States, negotiable checks and drafts drawn on any solvent bank, banker or trust company in its district, and to present and collect the face value of such checks through the most readily available channel. It has endeavored to avoid presenting checks either through express companies or its bonded agents for payment at face value in cash without first giving drawee banks the opportunity and

privilege of receiving checks on them by mail directly from the Federal reserve bank and remitting all face value on receipt for those checks good on their books in convenient exchange or currency or coin at expense of Federal reserve bank. Being fully cognizant of the fact that as shown by statistics, full 95 per cent of commercial transactions are settled by the medium of checks and drafts and considering at all times the business and financial interests of the entire eleventh Federal reserve district as reflected in the activities of both member and nonmember banks, it does not desire to withdraw cash from small localities in payment of checks except where necessary to collect fully face value of solvent checks which it receives. Its management fully realizes that such method of collection is wholly unnecessary unless made incumbent upon the Federal reserve bank by the refusal of drawee banks to pay without deduction checks drawn on them by their depositors when presented through other channels than at their counter. They also fully realize and appreciate that drawee banks can pay checks of their depositors presented them by making mail remittances drawn against the proceeds of checks which they have received on deposit themselves. The necessity for shipping currency to distant centers to pay such checks is minimized by reason of commercial settlements being made by the remittance of checks, and any expense of transportation of such small amounts of currency as may be necessary to cover the difference is absorbed by the Federal reserve bank. The Federal Reserve Bank of Dallas has never with any intent to embarrass a drawee bank permitted checks to accumulate in its possession from day to day, but has to some extent followed the established practice of commercial banks which handle collections in bulk to allow small checks to accumulate until they amount to as much as \$1,000 in order to reduce the percentage of cost of collection and handling to permit drawee banks to pay a number of small checks in one transaction. It may be well to inform you that in some instances, due to the refusal of drawee banks to pay the full face value of checks of their depositors to express agents or bonded agents when such checks were presented at the counters of the drawee banks and payment demanded and by reason of the express agents not following instructions and uniform rules established by the companies which they represent, occasionally a volume of checks has been thrown back on our hands which added to those in transit and those received by us on the date of receipt of such returned checks were subsequently presented by an agent of this bank as the holder of such checks and payment demanded and received. However, even in such few cases of this description where embarrassment to the bank was apparent our agent voluntarily accepted the bank's exchange in payment.

VAN ZANDT, Governor.

SAN FRANCISCO, *January 21, 1920.*

Federal Reserve Bank of San Francisco has not resorted to any method of coercion to compel State banks to join the Federal reserve system nor by any threats or other coercive means has the Federal Reserve Bank of San Francisco attempted to require State banks to submit to any rules or regulations made by the Federal Reserve Board. This bank does not hold back checks on small banks or any banks until they amount to a considerable sum then send them by any means to make demand for payment in currency to embarrass or coerce banks. Such action has not been taken by this bank. It is not the practice of large banks in this district when collecting on non-member nonpar banks to hold back small items until in round amounts they amount to \$100, except our Portland branch reports some banks in Portland hold items for no longer than two days. The only instance of what might be construed as coercive or threatening statements have been statements oral or written made by officers of this bank from time to time the types of which were that "the Federal reserve banks are by law not permitted to pay exchange and that if an exchange charge is made it will necessitate our collecting checks by whatever other means are available to insure their payment at par.

DAY.

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PART II,

REPORTS OF FEDERAL RESERVE AGENTS TO  
FEDERAL RESERVE BOARD.

## DISTRICT NO. 1—BOSTON.

FREDERIC H. CURTISS, Chairman and Federal Reserve Agent.

### INTRODUCTION.

The great business activity which marked the last half of the year 1919 continued well into the year 1920, bringing with it a new high level of prices, followed in the late spring by a slowing down in industry and a decline in commodity prices which continued to the end of the year, prices declining from 25 to 30 per cent on an average, leaving accumulations of stocks of all kinds of merchandise in the hands of the merchant and the manufacturer. New England, as well as other parts of the country, had the same experience with these fluctuations in commodity prices as was common with the rest of the world, and the policies of the Federal Reserve Bank of Boston have been dictated by the effort to minimize the financial results of these extreme fluctuations in the business of this district as far as it was possible so to do.

The officials of the bank realized the dangerous conditions which were developing early in the year and in January established a general increase in discount rates as a warning to its member banks against further expansion and urged contraction where excessive credit lines had been granted. Since these increases in discount rates did not appear to be effective a second general increase in rates was made on June 4, when the rates on commercial paper were advanced to 7 per cent. At the beginning of the year 1920 the loans of the Federal Reserve Bank at Boston, owing to discounts made in this district, was about at its peak, standing at \$289,000,000, of which amount it had been necessary to rediscount some \$60,000,000 with other Federal Reserve Banks, largely those in the South and West, while the bank's adjusted reserve then stood at 27 per cent; but, through the cooperation of the heads of some of the large banks in the district, pressure was brought on borrowers in speculative lines of merchandise to reduce their inventories and prepare for a decline in prices. These arguments were not listened to with any degree of willingness in the early part of the year but, as time went on, it became more and more apparent that prices were too high, and probably the business men of the First Federal Reserve District realized as early as those in any other part of the country that a change was coming. The result was that the loans of member banks at the Federal Reserve Bank began to decline, until in August they were reduced to approximately \$120,000,000. The situation was greatly helped by the liquidation of loans in the banks secured by Government obligations, many Liberty loan bonds being sold even at the prevailing low prices, and loans against them paid off by those who had borrowed to make subscription for the bonds.

At the time the rate of discount on commercial paper was raised in June to 7 per cent, the rate of discount on notes secured by Government bonds was fixed at 6 per cent and on notes secured by certificates of indebtedness at  $5\frac{1}{2}$  per cent. From that date no change was made in the discount rates during the remainder of the year.

During the latter part of the year, country banks in this district were comparatively small borrowers at the Federal Reserve Bank and the number of borrowing banks was reduced from 267 on January 1, 1920, to slightly over 230 on December 31, 1920. Most of the borrowings of the country banks were made on Government obligations because of the lower rate of discount.

The subscriptions of the country banks to certificates of indebtedness during the year were quite small, neither did they buy any great amount of commercial paper. On the other hand, the market for bankers' acceptances has gradually widened as this form of investment has become better known. The result is that there has been a good market for acceptances during the year among the country banks in this district so that at no time has the Reserve Bank had an undue amount of this class of paper in its portfolio. It is probably true that the local demands of the country banks absorbed most of their resources so that they did not have a large amount for outside investment at any time. On the other hand, the demands of their local customers did not make it necessary for them to borrow excessively at the Federal Reserve Bank.

As the year closes, the Federal Reserve Bank has an adjusted reserve of over 60 per cent, after excluding loans of some \$18,000,000 to other Federal Reserve Banks, and not only has the Reserve Bank been loaning freely to the other Federal Reserve Banks during the last half of the year, but it has at the same time provided its member banks with practically all the loans that they required.

#### REVIEW OF BANKING CONDITIONS.

The member banks in the First Federal Reserve District have gone through the year in a most satisfactory manner, having adjusted their business to meet the changing industrial conditions.

There have been no failures among member banks during 1920 and, while a few banks have at times become somewhat overextended in their loans, liquidation of these to proper limitations have been gradually brought about through the help and cooperation of the Federal Reserve Bank. The failure of several of the smaller Boston trust companies in the early fall caused but temporary disturbance to other banking institutions. These trust companies had large savings deposits and handled a character of business peculiar to themselves and, therefore, their closing was little felt by other institutions.

The condition of banks outside of Boston has changed but little during the year, as the pressure due to price readjustment has fallen largely on the Boston banks. Country banks have bought but a small amount of commercial paper during the year, although they have been buyers of Government bonds and bankers' acceptances. Concerns, therefore, that have been accustomed in the past to rely on the outside market for loans have been obliged to increase their borrowings with their city banks. A comparison of the returns made by the banks in the district shows a marked decrease during the year

in loans secured by Government obligations held both in the outside banks and Boston banks. On the other hand, both classes of banks show an increase in commercial loans. Demand deposits during the same period have declined, especially of Boston banks, while time deposits have increased, the increase being largely with outside banks. The country banks have been able to steadily reduce their loans at the Federal Reserve Bank, while the Boston banks, owing to their deposits declining faster than their loans were paid off and to seasonal demands of the district, although showing a satisfactory reduction since their high point early in the year, have increased, on the other hand, from the low point of August and September, and these banks have been fairly constant borrowers during the entire year at the Federal Reserve Bank.

#### STATEMENT OF CONDITION.

A comparison of the statement of the condition<sup>1</sup> of the Federal Reserve Bank of Boston on December 31, 1920, with that of the same dates in 1919, 1918, and 1917, shows several interesting changes.

It will be noted that bills discounted secured by United States war obligations have decreased materially from the preceding two years, and, on the other hand, commercial bills have increased considerably. Gold reserves held by the bank against deposits and by the Federal Reserve Agent against Federal Reserve notes have largely increased, while the gold held with foreign agents has been greatly reduced; whereas in previous years rediscounts were carried with other Federal Reserve Banks on the date of these statements, this year it will be seen that the Reserve Bank is loaning to other Federal Reserve Banks. The surplus account has been increased until it exceeds the subscribed capital, the paid-in capital shown being 50 per cent of the amount subscribed by member banks. The reserve account of member banks has declined, the falling off of deposits of member banks requiring smaller reserves to be carried with the Reserve Bank. The increase during 1920 of Federal Reserve notes in circulation<sup>1</sup> while not so large as in the previous periods is considerable.

#### FINANCIAL RESULTS OF OPERATIONS.

The heavy increase in loans to the member banks in this district and rediscounts for other Federal Reserve Banks, together with increased discount rates, has naturally brought unusually heavy earnings to this bank. On the other hand, expenses have also increased. It might be noted, however, that over one-half of the expenses at the present time is due to cost of increased service to member banks, such as currency shipments, check collections, etc., rather than to direct operating costs.<sup>2</sup>

The schedule of income and expense does not include disbursements made for account of the Government in connection with the fiscal agency operations and the war savings organization, amounting to \$447,000, for which the bank is reimbursed by the Treasury Department.

Semiannual dividends were paid June 30, 1920, and December 31, 1920, at the rate of 6 per cent per annum on the stock holdings of member banks, and, after carrying \$7,351,799 to surplus account in

<sup>1</sup> See Schedule No. 1.

<sup>2</sup> See Schedule No. 4.

accordance with the provisions of the amendment to the Federal Reserve Act approved March 3, 1919, \$2,473,499 was paid over to the United States Government as a franchise tax, which, under the provisions of that act, "shall in the discretion of the Secretary be used to supplement gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury."

#### LOAN AND DISCOUNT OPERATIONS.<sup>1</sup>

The year 1920 opened with loans, discounts, and investments at \$289,000,000, which was approximately the highest peak they had ever reached, while, in order to maintain a reserve above the legal limit, the Federal Reserve Bank of Boston had rediscounted some \$60,000,000 of that amount with other Federal Reserve Banks, i. e., bankers' acceptances sold with this bank's indorsement. Of these \$289,000,000, \$124,000,000 were loans against United States war obligations, \$63,000,000 loans and discounts against commercial paper, \$78,000,000 bankers' acceptances, \$22,000,000 United States securities owned by the bank.

The increase of the discount rates in January brought about a steady reduction in loans against United States war obligations, which was later accentuated by the raising of rates on loans against certificates of indebtedness, and still further accentuated by the general increase in rates of June 4. Loans against United States war obligations were reduced to some \$52,000,000 by October, and, while subsequently increasing, the year ended with \$68,000,000 of the bank's loan on this type of paper.

On the other hand, loans against commercial paper steadily increased from January well into March, embargoes and heavy snows interfering with transportation and delaying the movement of goods. While commercial loans were somewhat reduced later in the year, they increased again, until in June they had reached some \$70,000,000. The increase in discount rates by the bank in June had little effect in reducing its loans for several weeks, and then the loans declined at the same time as the usual midsummer contraction, which was somewhat more marked than in 1919. The commercial loans remained fairly steady until early in November, when, as in past years, with seasonable demands these loans began to increase, reaching a high point of \$101,000,000 the last of December, and closing the year at \$87,000,000.

The holdings of bankers' acceptances purchased in the open market declined rapidly from the first of the year, by March 19 being reduced to about \$20,000,000, and did not increase to over \$35,000,000 at any time during the balance of the year, a high point being reached on May 21. During June and July the bank's holdings of bankers' acceptances steadily declined, being somewhat increased during September and October by purchases in the New York market.

On January 1, 1920, 68 per cent of the total loans of this bank were to Boston banks. This percentage increased to 80 per cent in July and reached a point of 85 per cent in November. It should be noted, however, that the member banks in Boston have contributed from 52 to 57 per cent of the total reserve deposits in this bank.

<sup>1</sup> See Schedule No. 3.

## DISCOUNT RATES.

The decided decrease shown in the Government's floating debt between July 1 and the end of the year 1919, the expectation that the offering of Treasury certificates of indebtedness during 1920 would be of diminishing volume, and the overloaned condition of the Federal Reserve Bank of Boston were motives for increasing discount rates, the directors of the bank believing that the time had passed when the needs of the Government could be considered paramount to controlling the general credit expansion that had been under way since the summer of 1919 and was still on the upward swing. While discount rates had been raised somewhat in the preceding November and December, the increases had had practically no effect in checking the expansion which was fast approaching a dangerous point. Discount rates were raised four times during the year 1920. On January 3 the rates on loans secured by Treasury certificates of indebtedness were increased to  $4\frac{1}{2}$  per cent, which was somewhat higher than the interest rate carried by many of the issues of the certificates then outstanding. On January 23 a general increase in discount rates was made, the increases ranging from  $1\frac{1}{2}$  per cent in the case of commercial paper (6 per cent) to  $\frac{3}{4}$  per cent on loans secured by Liberty loan bonds ( $5\frac{1}{2}$  per cent). While the rates on loans secured by United States certificates of indebtedness were not raised at that time, they were increased February 27 to 5 per cent. The rates established on January 23 were effective in reducing loans secured by Government obligations, but were not effective in controlling loans for commercial purposes and these continued to expand, the bank rate of 6 per cent being not only not equal to, but rather below the outside market rate. Loans were expanded in many cases far beyond the limits of safety which the amount of capital invested in industries warranted, especially with increasing cost of inventories. The matter of establishing a graduated discount rate based on member bank loans was discussed from time to time by the directors of the bank, but, as most of the pressure for loans was on the large Boston banks, a pressure emanating from manufacturers and dealers in raw material, it was feared that such a policy might bring about a too drastic curtailment, and it was therefore abandoned. A second general increase in rates was therefore put into effect on June 4, at which time rates on commercial paper were advanced to 7 per cent, the special discount rates for bankers' acceptances withdrawn, and the rates for paper secured by Liberty loan bonds and Treasury certificates of indebtedness increased to 6 per cent and  $5\frac{1}{2}$  per cent, respectively. At the same time the open-market rates on bankers' acceptances were also raised. These increases of June 4 had the desired effect, and by August the loans of the bank had been reduced to such a point that from then on until the end of the year this bank rediscounted heavily for other Federal Reserve Banks and was thus enabled to assist other sections of the country in financing the abnormal situations that had developed, as these sections had previously assisted New England earlier in the year.



## BANKER'S ACCEPTANCES.

The general development of bankers' acceptances in this district during the past year has been very satisfactory. The character of the acceptances originating in this district, as well as those purchased by the Reserve Bank, has conformed more closely to the policy and regulations laid down by the Federal Reserve Board than ever before, and at the same time the general market has broadened. The somewhat artificial support which the Reserve Bank has felt necessary to give to the market during the past year has been largely withdrawn. Brokers report increasing sales of acceptances to country banks, savings banks, insurance companies, and trustees, as well as to individuals and corporations, evidencing the fact that the desirability of acceptances as a short-time prime investment is being more and more recognized. Brokers have been more active in distributing bankers' acceptances than ever before and the Reserve Bank has therefore been called upon to a greater extent to assist these brokers in carrying portfolios upon 15-day repurchase agreements. Early in the year this bank adopted the policy of sending out questionnaires to the acceptors of bills which it had purchased in order to check up the character of the underlying transactions. This questionnaire is not sent out on every bill purchased but at rather rare intervals, or when earmarks are noted about a bill which have raised some question regarding its character. Acceptors have cooperated most satisfactorily in responding to the questionnaires and it is believed that from the standpoint of the bank, brokers and acceptors, the results obtained have been beneficial. On January 23, 1920, when discounts rates were generally increased by the bank, a preferential discount rate of 5 per cent was established on bankers' acceptances. As the open-market rate was  $5\frac{3}{4}$  per cent, this policy resulted in acceptances being offered freely for rediscount by member banks and the open market almost ceased to exist, some \$15,000,000 of acceptances being held by April 1 under rediscount. The policy of preferential rates was later abandoned and from then until the end of the year the outside market continued to broaden. In June and also in October and November bills were purchased direct from the Federal Reserve Bank of New York, about \$31,000,000 in all being thus procured. The policy in buying bills has been changed from time to time; at certain periods unindorsed bills were purchased only when their maturity was not over 30 days and at a later date when such bills had only 20 days to run. In July and August a special rate was maintained on domestic bills of one-eighth less than the current rate on prime bills drawn outside of the country. The volume of acceptances has held up unusually well, especially when the price of commodities is considered. There was outstanding on November 15, 1920, some \$88,000,000 of bills accepted by the banks and bankers in the district as compared with \$105,000,000 on November 17, 1919.

## TRADE ACCEPTANCES.

The development of the use of trade acceptances—at least the domestic trade acceptances—unlike that of the bankers' acceptances, does not appear to have been entirely satisfactory. That they have been misused there is little question, and for the most part the banks in the district do not feel any more favorably disposed, if as much so to encourage their use than in the past.

## UNITED STATES SECURITIES.

The investment holdings of the bank in Government securities, bonds, and short-time obligations show no material change from the previous year.

## RESERVE POSITION.

During the year, the reserve position of the Federal Reserve Bank of Boston has shown a marked improvement both in percentage and actual gold holdings. While the actual reserve against combined note and deposit liability as published on Friday of each week has varied from 40 per cent to 60 per cent, the adjusted reserve, that is the reserve after eliminating the inter-Federal Reserve Bank loans, shows fluctuations from 27 per cent on January 1 to 60 per cent on December 31, with a high point of 72 per cent on October 22.

## DEPOSITS.

Member banks' reserve accounts have fluctuated within a range of about \$20,000,000 and have shown no marked tendency to increase as in previous years, although the average has been higher than in 1919 or 1918. The deposits of new member State banks account for some of the increase and also the fact that the policy adopted of higher penalties for deficient reserves has influenced banks to keep their full required reserves, although the general decline in deposits which the member banks have been experiencing during the year has required smaller reserve balances with the Reserve Bank.

## CURRENCY.

While this year the note issue increased steadily as in other years as long as the reserves of the system showed no material improvement, since early fall when that reserve began to improve not only has a marked contraction appeared, but the increase in gold holdings of the bank has provided a much larger gold cover against outstanding notes. The decline in note issues began in September when a very marked recession appeared, which, however, was checked by the sudden demand for currency following the closing of several Boston nonmember trust companies. Federal Reserve notes in circulation on January 1, 1920, were \$244,000,000, the note issue reaching in September the high point of \$311,000,000, which by the end of the year had receded to \$286,000,000. Shipments of Federal Reserve notes have been reported by member banks to Cuba and other Latin American countries, especially during the early months of the year, and there is evidence of pay-roll money having been sent by mill operatives to European countries, especially those of central Europe.

## CHECK OR TRANSIT DEPARTMENT.

With the exception of checks drawn on the Treasurer of the United States, the volume of checks handled by this bank during the year 1920 has largely increased both in volume and amount over previous years, the heaviest increase being in New England checks.

The decrease during the year of the number of items and amounts drawn on the Treasurer of the United States is due to the cessation of Government activities in the World War, with its consequent decrease in Government expenditures.

While the number of member banks sending checks direct to the Federal Reserve Bank for collection has increased from 111 on December 1, 1916, to 126 on December 1, 1920, as there are 436 member banks in the district, it will be seen that a rather small percentage of the member banks are availing themselves of this service. A large majority of the banks still continue to send checks through their city correspondents, although most of those checks in turn are collected by those correspondents through the Federal Reserve Bank.

#### COLLECTION DEPARTMENT.

The collection department, handling time items, notes, drafts, and coupons, has also had a heavy increase in the number of items handled, necessitating in this department an increase of 14 clerks, or a total of 24 for the department during the year. The policy of giving immediate credit for maturing coupons and bankers' acceptances has materially increased the volume of such items handled. This department does not collect coupons on Government obligations, which are handled in the fiscal agency department. Member banks sending time items for collection to this department have increased from 82 on December 31, 1919, to 131 on December 31, 1920.

#### RELATION TO BANKS AND THE PUBLIC.

Satisfactory progress has been made during the past year toward developing a closer relationship with the officials of both member banks and nonmember State banks, and with the public at large, and a better understanding of the service that the Federal Reserve Bank of Boston can furnish in assisting in the safeguarding and development of industrial, commercial and agricultural and financial activities of the New England district.

The officials of the Federal Reserve Bank have made calls from time to time upon member banks, explaining in detail matters pertaining to operating service which this bank can offer its members, and this has led to increased use of the bank's facilities for currency needs, collection of checks and time items, and of other services which the bank can furnish.

During the year, in connection with the monthly review of conditions in this district, a department has been opened whose duties are confined exclusively to the analysis and investigation of industrial, commercial, and agricultural statistics. This department, although confining its work to industrial investigation, is working in the closest cooperation with the department investigating financial statistics. Through the work of this department and through conferences which the bank officials have had with representatives of the important industrial activities in the district, the bank has been able to keep in the closest touch with the needs and changes which the industrial situation existing during the past year has brought on the local credit situation. The bank's officials have from time to time addressed banking and trade organizations on subjects pertaining to its operation.

Three State banks have been admitted to membership in the Reserve System, and also four national banks that had been newly organized, while three national banks surrendered their charters to

become State banks. Fiduciary powers have been granted to a number of national banks during the year, as well as privileges to accept dollar exchange.

#### CREDIT DEPARTMENT.

The unusual changes which the industrial situation has undergone during the year 1920 placed a heavy responsibility on the credit department of the bank, necessitating an enlargement of its force. The credit standing of commercial notes offered for rediscount has been followed very closely, all notes offered for rediscount having been approved by a committee composed of the assistant cashier in charge of the discount department, the chief examiner, and the manager of the credit department, and doubtful credits in turn referred by this committee to the senior officers for final adjudication.

#### CERTIFICATES OF INDEBTEDNESS.

The fiscal operations of the Government during 1920 have been confined to short-time loan certificates, or certificates issued in anticipation of income or excess profits taxes. These certificates issued, though less in volume than in 1919, both owing to the interest rates which they bore and largely to the general credit situation existing, did not find a ready market in this district during the first half of the year, and the quotas allotted to the bank were not filled.

#### GOVERNMENT SAVINGS SECURITIES.

The savings organization has become more akin to other fiscal agency operations in the bank during the year, and as the year ends arrangements have been made to house this organization, which has been reduced from 143 employees on December 31, 1919, to 19 on December 31, 1920, in the rooms formerly occupied by the Sub-treasury, a large portion of which are now used by the currency department of the bank.

#### CONCLUSION.

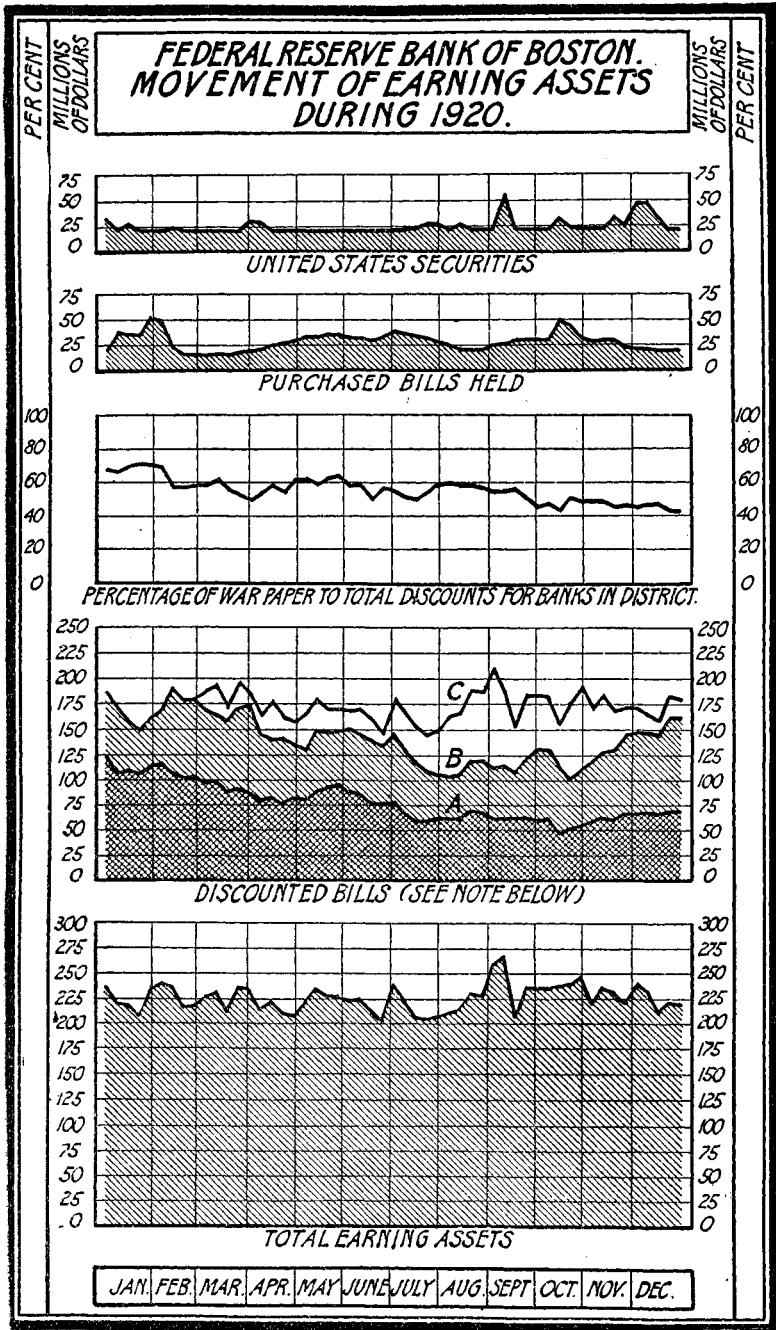
The last 12 months have brought new problems to the Reserve Bank. While during the past few years Government financing has played a most important part, during 1920 the industrial situation has been the controlling factor in the bank's operations, the Treasury borrowings becoming of less and less importance in the general credit situation; especially during the last half of the year Treasury certificates were offered for subscription at such rates that made them attractive to the investor—thus keeping them out of commercial banks' portfolios. The proceeds of such subscriptions were left on deposit with subscribing banks for such short periods as to have but little influence on the credit situation. The apparent industrial prosperity which marked the early months of the year while probably artificial, brought new high price records for commodities in various lines of production, founded as it was to a large extent on a foreign trade, financed by bank credits which could not increase or continue indefinitely. These credits had reached such proportions, falling as

they did on the banks in the large centers, that the limit of such credit expansion was reached and then domestic demands being insufficient to take care of production, prices generally began to fall. From early summer to the end of the year this price deflation continued and, as the year ends, has been felt in all lines of industry in the district. Many commodities, however, are selling at below cost of production. Numerous industries are left, however, with large inventories of raw material and manufactured goods, and the liquidation in these inventories will necessarily be slow, and therefore money rates, especially in the large centers, while easier, will probably continue fairly high throughout the year.

SCHEDULE 1.—*Statement of resources and liabilities.*

[In thousands of dollars.]

	Dec. 31, 1920.	Dec. 31, 1919.	Dec. 31, 1918.	Dec. 31, 1917.
<b>RESOURCES.</b>				
Gold reserves:				
Coin and certificates.....	11, 800	7, 959	3, 317	18, 691
Gold settlement fund.....	40, 116	34, 351	37, 293	16, 977
With foreign agencies.....	241	9, 586	408	3, 875
Total held by bank.....	52, 157	51, 896	41, 018	39, 343
With Federal Reserve agent				
Redemption fund.....	134, 747	73, 511	59, 733	40, 897
	18, 796	28, 342	7, 812	2, 000
Total gold reserve.....	205, 700	151, 749	108, 563	82, 240
Legal tender notes, silver, etc.....	11, 816	4, 037	2, 288	3, 574
Total cash reserve.....	217, 516	155, 786	110, 851	85, 814
Bills discounted:				
Secured by Government war obligations.....	78, 225	124, 529	120, 515	43, 898
All other.....	95, 143	63, 510	13, 060	21, 985
Bills bought in open market.....	20, 678	18, 649	15, 084	9, 037
Total bills on hand.....	194, 046	206, 688	148, 659	74, 920
United States Government bonds.....	544	539	538	610
United States certificates of indebtedness.....	21, 519	21, 805	7, 416	2, 194
Total earning assets.....	216, 109	229, 032	156, 613	77, 724
Bank premises.....	2, 700	1, 103	800	.....
Uncollected items and other deductions from gross deposits.....	57, 623	85, 424	68, 493	18, 787
5 per cent redemption fund, Federal Reserve Bank notes.....	1, 072	1, 072	321	.....
All other resources.....	408	496	1, 183	284
Total resources.....	495, 488	472, 913	338, 261	182, 609
<b>LIABILITIES.</b>				
Capital paid in.....	7, 718	7, 107	6, 692	5, 858
Surplus.....	15, 711	8, 359	1, 536	75
Government deposits.....	4, 561	1, 123	10, 499	2, 419
Due to members, reserve account.....	114, 670	117, 294	101, 806	82, 842
Deferred availability items.....	41, 762	67, 194	47, 437	17, 649
Other deposits.....	835	5, 843	411	23
Total gross deposits.....	161, 828	191, 454	160, 153	102, 933
Federal Reserve notes in actual circulation.....	288, 780	244, 093	160, 726	73, 199
Federal Reserve Bank notes, net liability.....	20, 353	20, 912	6, 382	.....
All other liabilities.....	1, 098	988	2, 772	544
Total liabilities.....	495, 488	472, 913	338, 261	182, 609
Bills acquired from other Federal Reserve Banks.....	18, 075	.....	.....	.....
Liability for rediscounts with other Federal Reserve Banks.....	.....	60, 121	48, 962	44, 477



- (a) Paper secured by Government war obligations discounted for banks in district.
  - (b) Total paper discounted for banks in district.
  - (c) Total discounted paper held.
- Space between lines (b) and (c) represents paper discounted for other Federal Reserve Banks.

SCHEDULE 2.—*Movement of principal asset and liability items during the calendar year 1920.*

[Amounts in thousands of dollars]

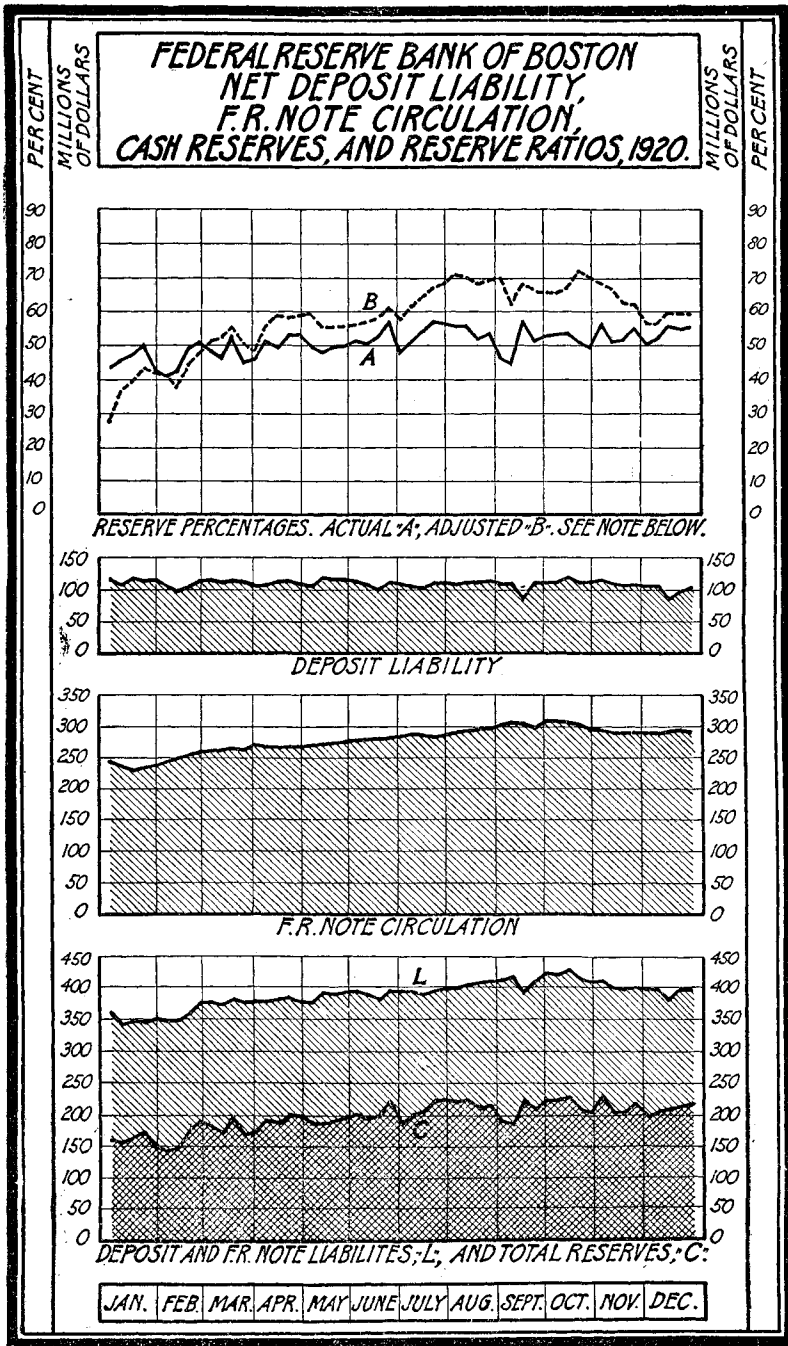
Date.	Total earning assets.	Discounted bills.					Purchased bills.			United States securities.	Total cash reserves.	Net deposits.	Federal Reserve notes in circulation.	Reserve percentage.	
		Total held.	Discounted for other Federal Reserve Banks.	Discounted for member banks in this district.			Purchased in open market.	Sold to other Federal Reserve Banks. <sup>1</sup>	Total held.					Actual.	Adjusted. <sup>2</sup>
				A.	B.	C.									
				Total.	Secured by Government war obligations.	Per cent (B÷A).									
Jan. 2	237,434	184,656		184,656	123,914	67.1	77,483	58,849	18,634	34,144	157,502	116,845	243,368	43.7	27.4
9	220,358	159,760		159,760	105,100	65.8	69,237	30,953	38,284	22,314	156,291	108,150	233,500	45.7	36.7
16	217,622	153,509		156,509	108,935	69.6	61,864	27,364	34,500	26,613	164,169	118,800	228,164	47.3	39.4
23	206,674	148,820		148,820	105,562	70.9	59,243	23,819	35,424	22,430	171,466	112,397	230,999	49.9	43.0
30	234,964	161,018		161,018	112,933	70.1	52,532	1,021	51,511	22,435	149,326	115,332	234,991	42.6	42.3
Feb. 6	240,141	168,883		168,883	116,703	69.1	47,122	+ 1,755	8,877	22,381	142,366	105,903	242,256	40.9	41.4
13	235,681	188,531		188,531	106,651	56.6	39,997	17,013	22,984	21,166	147,689	99,274	249,453	42.4	37.5
20	216,538	177,998		177,998	100,581	56.5	33,430	17,013	16,417	22,123	175,843	103,833	254,247	49.1	44.4
27	218,642	180,424		180,424	104,470	57.9	28,002	11,923	16,079	22,139	188,717	113,970	259,702	50.5	47.3
Mar. 5	226,167	188,339	20,000	188,339	97,509	57.9	25,648	10,185	15,463	22,365	181,686	115,050	260,275	48.4	51.0
12	232,239	192,815	30,000	162,815	98,917	60.8	24,501	7,439	17,062	22,362	170,953	110,912	260,873	46.0	52.0
19	211,311	173,242	14,995	158,247	88,339	55.8	20,470	4,542	15,928	22,141	198,238	114,112	265,045	52.3	55.0
26	235,795	195,865	23,399	172,466	90,746	52.6	20,774	2,985	17,789	22,141	168,044	111,944	261,697	45.0	50.4
Apr. 2	235,146	185,417	11,463	173,954	85,811	49.3	19,854	1,325	18,529	31,200	173,745	107,434	270,466	46.0	48.7
9	213,817	163,760	15,000	148,760	77,695	53.3	21,672	820	20,852	29,205	192,008	107,808	267,284	51.2	55.8
16	223,110	176,260	35,920	140,340	83,017	59.2	21,934	373	21,561	22,289	186,796	113,173	266,020	49.2	58.6
23	210,415	160,786	20,260	140,526	75,866	54.0	27,400	-----	27,400	22,229	201,436	113,658	267,634	52.8	58.1
30	207,798	157,085	22,126	134,959	82,885	61.4	28,583	-----	28,583	22,130	199,847	110,219	266,568	53.1	58.9
May 7	230,828	166,056	35,980	130,076	79,645	61.2	32,652	-----	32,652	22,120	185,766	105,529	269,740	49.5	59.1
14	233,927	178,740	23,290	149,450	88,945	59.5	33,009	-----	33,009	22,088	185,633	118,623	269,531	47.8	55.4
21	227,103	169,814	21,503	148,311	91,753	61.9	35,143	-----	35,143	22,146	191,814	115,369	271,516	49.6	55.1
28	226,690	169,890	30,366	149,524	94,758	63.4	34,746	-----	34,746	22,114	195,591	116,153	273,944	50.1	55.4
June 4	222,934	168,366	17,402	150,964	88,498	58.6	32,253	-----	32,253	22,315	201,772	113,699	278,353	51.5	55.1
11	225,126	170,318	27,117	143,201	83,994	58.7	32,478	-----	32,478	22,330	194,334	108,912	277,997	50.2	57.2
18	212,436	159,868	20,533	139,335	76,778	55.1	30,241	-----	30,241	22,327	199,568	100,284	279,083	52.6	58.0
25	201,896	146,216	12,128	134,088	76,196	56.8	28,181	+ 5,002	33,183	22,497	222,362	111,139	280,617	56.8	61.9

July	2	238,542	178,215	34,461	143,754	78,349	54.5	33,132	+	4,918	38,050	22,277	186,876	108,349	284,496	47.6	57.6
	9	224,338	166,168	35,994	130,174	67,058	51.5	30,992	+	4,918	35,910	22,260	200,263	104,738	287,332	51.1	61.5
	16	210,624	152,643	34,280	118,363	58,872	49.7	28,820	+	4,918	33,738	21,243	207,898	102,080	281,369	53.8	63.9
	23	203,059	144,728	36,495	108,233	58,100	53.7	27,270	+	4,351	31,621	26,710	222,535	110,536	282,284	56.7	67.1
	30	205,701	149,581	44,923	104,658	61,766	59.0	25,456	+	3,445	28,901	27,219	223,849	111,636	284,842	56.5	68.7
Aug.	6	210,773	163,661	59,514	104,147	62,139	59.7	22,491	+	2,518	25,009	22,103	221,145	108,497	289,872	55.5	71.1
	13	213,637	166,754	60,429	106,325	61,937	58.2	18,352	+	1,444	19,796	27,087	223,008	110,315	292,189	55.4	70.2
	20	230,185	188,306	67,916	120,390	70,086	58.2	19,734	.....	.....	19,734	22,145	211,771	112,263	294,550	52.1	68.5
	27	227,731	185,546	66,911	118,635	66,905	56.4	20,116	.....	.....	20,116	22,069	216,828	112,544	296,131	53.1	69.4
Sept.	3	257,769	210,357	97,014	113,343	61,165	54.0	25,383	.....	.....	25,383	22,029	190,656	108,541	303,206	46.3	69.9
	10	266,045	187,711	72,812	114,899	62,404	54.3	25,502	.....	.....	25,502	53,732	185,804	109,581	307,079	44.6	62.1
	17	206,853	153,627	45,308	108,319	60,699	56.0	31,066	.....	.....	31,066	22,160	221,616	85,410	305,693	56.7	68.2
	24	236,470	183,331	60,655	122,676	61,743	50.3	30,780	.....	.....	30,780	22,359	210,203	111,001	298,249	51.4	66.2
Oct.	1	236,368	184,212	52,641	131,571	59,037	44.9	30,038	.....	.....	30,038	22,138	221,998	111,188	309,586	52.8	65.3
	8	234,523	182,325	52,450	129,875	60,970	46.9	30,045	.....	.....	30,045	22,153	223,048	110,739	308,936	53.1	65.6
	15	237,923	155,288	43,694	111,594	47,253	42.3	34,494	+	15,000	49,494	33,141	228,072	119,622	308,155	53.3	67.0
	22	210,195	174,079	72,926	101,153	51,464	50.9	29,931	+	12,970	42,901	23,215	211,017	110,814	301,833	51.1	72.0
	29	245,182	191,117	81,199	109,918	53,341	48.5	28,788	+	3,197	31,985	22,080	203,175	113,356	296,168	49.6	70.2
Nov.	5	220,055	170,719	51,389	119,330	58,254	48.8	27,294	.....	.....	27,294	22,042	229,518	116,331	293,735	56.0	68.5
	12	235,653	183,157	55,414	127,743	62,375	48.8	23,247	+	7,000	30,247	22,249	204,048	110,363	289,041	51.1	66.7
	19	231,414	167,931	35,604	132,327	59,241	44.8	22,852	+	7,017	29,869	33,614	204,113	106,513	288,696	51.6	62.4
	26	220,098	172,165	27,217	144,948	65,994	45.5	22,618	+	437	23,055	24,878	219,490	108,853	290,116	50.1	61.9
Dec.	3	238,856	172,296	24,749	147,547	66,097	44.8	21,391	.....	.....	21,391	45,169	198,880	106,805	290,251	50.1	56.3
	10	231,802	165,228	17,796	147,432	67,976	46.1	20,899	.....	.....	20,899	45,675	204,520	105,794	289,134	51.8	56.3
	17	210,911	158,514	15,398	143,216	67,371	47.0	19,282	.....	.....	19,282	33,115	210,562	85,629	293,067	55.6	59.6
	23	223,275	181,928	19,926	162,002	68,618	42.4	19,229	.....	.....	19,229	22,118	214,355	99,015	295,140	54.4	59.4
	30	220,324	178,543	16,575	161,968	68,741	42.4	19,532	.....	.....	19,532	22,249	219,158	104,898	291,196	55.3	59.5

<sup>1</sup> Plus sign indicates net amounts bought from other Federal Reserve Banks.

<sup>2</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.





*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accomodation extended to or received from other Federal Reserve Banks.*

SCHEDULE 3.—Volume of paper discounted and bought.

[In thousands of dollars.]

45525°—21—25

Month.	Discounted paper.					Purchased paper.				Total discounted and purchased paper.			
	Total.	Secured by Government war obligations.	Bankers' acceptances.	Trade acceptances.	All other.	Total.	Bankers' acceptances.	Dollar exchange.	Trade acceptances.	1920	1919	1918	1917
January .....	363,305	343,955	1,554	583	17,213	18,686	18,686	.....	.....	381,991	395,343	32,521	4,237
February .....	436,605	374,374	9,874	256	52,101	18,279	18,279	.....	.....	454,884	376,082	72,551	9,195
March .....	461,412	381,400	7,312	1,704	70,996	25,547	25,497	50	.....	486,959	344,636	41,320	10,257
April .....	346,039	304,881	1,032	288	39,838	29,156	29,149	7	.....	375,195	522,481	39,433	11,195
May .....	421,130	372,969	1,757	383	46,021	29,301	29,201	100	.....	450,431	462,431	66,613	21,520
June .....	416,685	349,388	490	415	66,392	23,961	23,956	5	.....	440,646	394,712	61,439	54,761
July .....	286,484	250,501	.....	146	35,837	22,569	22,569	.....	.....	309,053	431,033	155,685	45,834
August .....	416,777	343,463	10	193	73,111	24,852	24,752	100	.....	441,629	287,944	142,881	33,929
September .....	385,188	304,671	23	170	80,324	31,990	31,690	300	.....	417,178	334,405	249,026	42,644
October .....	337,362	270,305	.....	155	66,902	29,069	28,719	350	.....	366,431	429,898	333,422	17,426
November .....	456,160	350,984	.....	174	105,002	27,200	26,781	419	.....	483,360	490,900	372,350	72,374
December .....	549,407	427,139	77	195	121,996	23,834	23,803	31	.....	573,241	566,317	387,202	119,076
Total:													
1920 .....	4,876,554	4,074,030	22,129	4,662	775,733	304,444	303,082	1,362	.....	5,180,998	.....	.....	.....
1919 .....	4,675,398	4,486,154	4,986	10,820	173,438	360,784	356,109	525	4,150	.....	5,036,182	.....	.....
1918 .....	1,760,285	1,550,311	530	10,287	199,157	194,158	189,967	2,102	2,089	.....	.....	1,954,443	.....
1917 .....	350,920	25,095	.....	6,115	319,710	191,528	88,119	3,409	.....	.....	.....	.....	1,442,448

<sup>1</sup>Includes \$5,046,527 of acceptances purchased from the Federal Reserve Bank of New York.

DISTRICT NO. 1—BOSTON.

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## SCHEDULE 4.—Earnings and expenses.

	1920	1919	1918	1917
<b>EARNINGS.</b>				
Discounted bills.....	\$10,031,301	\$6,003,252	\$3,068,028	\$571,117
Purchased bills.....	1,613,012	1,077,691	931,701	502,397
United States securities.....	554,172	369,457	107,719	94,785
Municipal warrants.....				5,203
Transfers—net earnings.....				108
Deficient reserve penalties (including interest).....	41,783	27,836	18,426	6,105
Net service charges received.....			59,695	
Profits realized on United States securities.....	12,213		41,821	11,102
Sundry profits.....	20,772	19,347	247,805	7,191
<b>Total earnings.....</b>	<b>12,273,253</b>	<b>7,497,583</b>	<b>4,475,195</b>	<b>1,198,008</b>
<b>EXPENSES.</b>				
<b>Expenses of operation:</b>				
Assessments account expenses Federal Reserve Board.....	52,584	45,619	32,190	21,226
Federal advisory council (fees and travelling expenses).....	408	500	475	445
Governors' conferences (including travelling expenses).....	315	244	70	539
Federal Reserve agents' conferences (including travelling expenses).....	400	109	199	8
<b>Salaries:</b>				
Bank officers.....	116,600	105,097	75,975	43,550
Clerical staff.....	781,904	606,345	264,942	49,039
Special officers and watchmen.....	20,988	12,278	9,115	604
All other.....	7,207	12,111		
Directors' fees.....	4,940	3,550	4,150	4,060
Per diem allowance.....	2,057	1,140	1,220	1,010
Traveling expenses.....	2,532	2,661	938	711
Officers' and clerks' traveling expenses.....	9,046	8,708	4,337	921
Legal fees.....	3,723	3,817	2,600	2,400
Rent.....	63,844	58,367	33,328	15,246
Taxes and fire insurance.....	1,180	3,554	25,035	430
Telephone.....	12,292	11,855	6,759	4,452
Telegraph.....	10,315	7,958	3,970	565
Postage.....	66,915	78,621	52,954	5,507
Expressage.....	951	3,416	25,070	3,036
Insurance and premiums on bonds.....	23,007	19,104	10,899	2,647
Light, heat, and power.....	14,443	16,771	5,116	1,651
Printing and stationery.....	63,667	41,478	39,348	8,004
Repairs and alterations.....	288	16,722	2,687	1,289
Cost of currency shipments.....	120,024	78,824		
All other.....	66,089	82,115	89,735	26,191
<b>Total expenses of operation.....</b>	<b>1,445,719</b>	<b>1,220,964</b>	<b>691,112</b>	<b>193,531</b>
Cost of Federal Reserve currency.....	345,151	285,917	167,828	68,954
Miscellaneous charges, account note issues.....	112,162	31,774	7,558	
Tax on Federal Reserve bank notes.....	82,000	89,422		
Furniture and equipment.....	24,585	43,748	41,622	14,974
Bank premises.....	28,673		61,895	
Disbursements of transit department in excess of net service charges received.....				8,256
<b>Total current expenses.....</b>	<b>2,038,290</b>	<b>1,671,825</b>	<b>970,015</b>	<b>285,715</b>
<b>Current net earnings.....</b>	<b>10,234,963</b>	<b>5,825,758</b>	<b>3,505,180</b>	<b>912,293</b>
<b>PROFIT AND LOSS ACCOUNT.</b>				
Earnings.....	12,273,253	7,497,583	4,475,195	1,198,008
Current expenses.....	2,038,290	1,671,825	970,015	285,715
<b>Current net earnings.....</b>	<b>10,234,963</b>	<b>5,825,758</b>	<b>3,505,180</b>	<b>912,293</b>
Additions to current net earnings.....	67,914			
<b>Profit and loss account, Jan. 1, 1917.....</b>				<b>11,597</b>
<b>Total.....</b>	<b>10,302,877</b>	<b>5,825,758</b>	<b>3,505,180</b>	<b>923,890</b>

SCHEDULE 4.—*Earnings and expenses—Continued.*

	1920	1919	1918	1917
<b>PROFIT AND LOSS ACCOUNT—continued.</b>				
<b>Deductions from current net earnings account:</b>				
Bank premises.....			\$200,000	
Reserve for depreciation United States bonds.....	\$28,162			\$138,267
Assessment account expenses Federal Reserve Board, January-June.....		\$38,666		
Special reserves.....	37			
All other.....	2,114	9,711		33,667
<b>Total deductions.....</b>	<b>30,313</b>	<b>48,377</b>	<b>200,000</b>	<b>171,934</b>
<b>Net earnings available for dividends, surplus and franchise tax Dec. 31.....</b>	<b>10,272,564</b>	<b>5,777,381</b>	<b>3,305,180</b>	<b>751,956</b>
Dividends paid.....	447,266	414,447	384,180	601,756
Transferred to surplus fund.....	7,351,799	5,362,934	2,921,000	75,100
Franchise tax paid United States Government.....	2,473,499			75,100

<sup>1</sup> Includes \$1,460,500 reserve for Government franchise tax transferred to surplus in 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

[In thousands of dollars.]

Month.	Receipts.		Shipments.		Total receipts.		Total shipments.	
	From member banks.	From non-member banks.	To member banks.	To non-member banks.	1920	1919	1920	1919
January.....	49,474	5,138	38,446	50	54,612	47,000	38,496	17,173
February.....	28,220	3,303	50,289	34	31,523	28,280	50,323	26,440
March.....	42,745	4,752	50,685	88	47,497	33,842	50,773	26,579
April.....	48,608	4,328	44,761	51	52,936	40,293	44,812	27,674
May.....	48,213	4,366	55,026	43	32,579	47,230	55,069	17,761
June.....	59,781	5,135	63,562	21	64,916	41,987	63,583	31,536
July.....	59,941	4,280	60,134	15	64,221	47,230	60,149	37,408
August.....	55,716	4,372	73,477	32	61,088	38,688	73,509	38,885
September.....	59,931	4,199	74,081	9	64,130	39,525	74,090	37,990
October.....	63,021	5,009	55,420	268	68,030	53,832	55,688	41,164
November.....	58,251	4,420	53,663	1,927	62,671	36,890	55,530	39,076
December.....	68,881	5,895	64,397	2,205	74,776	51,056	66,602	60,664
<b>Totals:</b>								
1920.....	643,782	55,197	683,881	4,743	698,979		688,624	
1919.....	462,153	43,700	400,319	2,022		505,853		402,340

## SCHEDULE 6.—Operations of check clearing and collection department.

[Amounts in thousands of dollars.]

Month.	Items drawn on banks in own district.				Items drawn on Treasurer of United States.		Items forwarded to other Federal Reserve Banks and their branches.	
	Located in Federal Reserve Bank city.		Located outside Federal Reserve Bank city.					
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	673,356	751,768	2,709,713	433,119	108,873	28,018	76,908	83,166
February.....	582,832	565,948	2,093,869	329,736	58,991	19,201	66,470	80,024
March.....	746,993	666,454	2,757,018	445,180	123,906	29,747	83,972	95,567
April.....	667,569	702,255	2,702,210	457,778	119,238	39,708	86,164	88,207
May.....	605,543	690,999	2,713,862	460,120	112,471	46,614	91,851	83,825
June.....	662,555	732,338	2,932,681	506,979	162,562	27,703	111,275	92,541
July.....	684,268	712,995	2,893,738	483,756	110,882	20,149	111,272	81,073
August.....	648,386	650,619	2,787,614	435,699	97,812	22,548	118,191	75,724
September.....	598,592	650,886	2,707,023	463,545	133,707	16,679	125,060	82,685
October.....	632,226	674,509	2,949,254	460,960	130,059	43,658	127,335	73,314
November.....	623,728	625,662	2,889,657	442,702	127,446	17,778	144,208	61,162
December.....	677,612	650,774	3,121,563	442,873	170,506	34,195	160,514	64,406
Total:								
1920.....	7,803,660	8,055,207	33,258,202	5,362,447	1,456,453	345,998	1,303,220	963,694
1919.....	5,941,776	7,295,405	27,427,592	4,109,164	2,203,930	724,045	660,973	926,199
1918.....		5,588,238	(1)	2,368,556	(1)	1,167,427	(1)	1,327,187
1917.....		2,947,723	(1)	1,235,317	(1)	246,197	(1)	1,180,770

Month.	Totals.					
	1920		1919		1918	1917
	Number.	Amount.	Number.	Amount.	Amount.	Amount.
January.....	3,568,850	1,296,071	2,755,193	1,064,703	631,838	278,944
February.....	2,802,162	994,909	2,331,529	799,943	531,653	272,065
March.....	3,711,889	1,236,948	2,921,165	982,732	641,837	344,830
April.....	3,575,181	1,237,948	2,895,473	956,660	732,118	397,015
May.....	3,323,727	1,233,553	2,941,817	990,980	784,820	420,236
June.....	3,869,073	1,359,561	3,085,442	1,111,732	997,653	512,181
July.....	3,800,160	1,297,973	3,206,894	1,141,575	929,220	548,885
August.....	3,652,003	1,164,590	2,904,295	1,140,213	952,781	537,417
September.....	3,564,382	1,213,795	2,989,561	1,148,014	868,016	492,682
October.....	3,838,874	1,252,441	3,406,298	1,179,101	1,160,082	551,266
November.....	3,785,039	1,147,304	3,159,297	1,141,966	1,118,539	630,649
December.....	4,130,195	1,192,248	3,639,307	1,397,184	1,102,851	623,837
Total:						
1920.....	43,821,535	14,727,346				
1919.....			36,234,271	13,054,803		
1918.....					10,451,408	
1917.....						5,610,007

<sup>1</sup> Figures not available.

## DISTRICT NO. 2—NEW YORK.

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PIERRE JAY, Chairman and Federal Reserve Agent.

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### REVIEW OF BUSINESS AND CREDIT CONDITIONS IN 1920.

The operations of the Federal Reserve Bank of New York during 1920 were carried on under conditions so exceptional that a review of credit conditions which prevailed throughout the year will greatly facilitate an understanding of the matters dealt with in this report.

#### CREDIT.

Coincident with the rapid increase of prices during the 12 months ending February, 1920, the volume of bank loans also increased very rapidly. Thereafter loans increased very much more slowly, and toward the end of the year they actually declined, but throughout 1920 bank loans neither rose nor fell as fast as did commodity prices.

It was in New York City that bank loans showed their first tendency to fall, following the decline in stock exchange values which occurred in the autumn of 1919. Loans of New York City banks reached their maximum on October 10, 1919, almost precisely a year before the loans of the banks in other parts of the country reached their maximum. During 1920 New York City bank loans declined \$320,000,000, whereas the bank loans of the 750 member banks in other parts of the country which report weekly to the Federal Reserve Board increased about \$350,000,000. New York City bank deposits declined \$470,000,000 in 1920 and at its close were down \$505,000,000 from their high point reached September 19, 1919.

But while bank loans in this Federal Reserve district were less at the close than at the beginning of the year, they fluctuated widely meantime, in response to the unusual demands which were often made on those New York City banks which do a nation-wide business. Not only did these banks have to take care of the requirements of their local customers, but any additional credit pressure arising elsewhere in the country was immediately reflected in their loans. Besides lending large sums to their mercantile, manufacturing, and other customers in all parts of the country, the amounts which they were called upon to lend to out-of-town banks were the largest on record, even greater than they were before the Federal Reserve System was established.

Nothing will better illustrate the ebb and flow of credit in this district and of the heavy strain to which the New York City banks and the Federal Reserve Bank of New York were at times subjected than the following series of transactions occurring during the last three months of 1920, which are typical of the movements in credit during each of the three preceding quarterly periods culminating on the

15th day of March, June, and September, with the income tax and excess profits tax payments, the maturity of large issues of certificates and the sale of fresh issues of certificates.

1. The deposits of the principal banks in New York City decreased \$470,000,000 from October 14 to December 6, on account of Government and commercial withdrawals.

2. These withdrawals caused a steady drain of gold from the Federal Reserve Bank of New York to other Federal Reserve Banks. For the three months ended December 17, the loss of gold aggregated \$337,000,000.

3. This adverse flow of funds was substantially offset by Government transfers to New York, by the sale of certificates of indebtedness by New York banks to other Federal Reserve Banks and by rediscount operations between Federal Reserve Banks.

4. These rediscount operations comprised the following:

On September 29, other Federal Reserve Banks owed the Federal Reserve Bank of New York \$19,000,000. By October 6 repayment of these loans was completed. On October 29 the Federal Reserve Bank of New York owed other Federal Reserve Banks \$48,000,000. By December 15 repayment of these loans was completed.

Between December 8 and 15 the deposits of the principal New York banks rose \$407,000,000 in connection with the following transactions:

1. Certificates of indebtedness were redeemed and paid in this district in the amount of \$344,000,000, which was \$124,000,000 more than the taxes paid.

2. This excess of redemptions over taxes on December 15 necessitated as usual a loan by this bank to the Government. The amount, \$74,000,000, was gradually repaid and was extinguished on December 28.

3. The banks of the district on December 15 increased their deposits \$212,000,000, when they paid for their subscriptions to the new issues of certificates by crediting that amount on their books to the account of the Government.

In connection with the foregoing transactions centering around the December 15 tax payment date.

1. The principal banks of New York City reduced their borrowings at the Federal Reserve Bank between December 8 and 16 by \$187,000,000.

2. As tax checks were collected and as the banks sold certificates of indebtedness to their customers, deposits began to decline, and by December 28 had fallen off \$174,000,000.

3. Simultaneously the banks began to increase their borrowings at the Federal Reserve Bank, and by December 28 such borrowings had risen \$138,000,000.

This period of three months, involving such heavy movements of funds, came at a time of the year when the demands for credit are usually at their highest and coincided with the most drastic declines ever experienced in commodity prices and with great business uncertainties and discouragement. Such a combination of events would almost certainly have resulted in disordered credit conditions had there not been a countrywide organization adjusted not only to permit the free flow of funds where credit requirements summoned them, but also to set in motion a counterflow of funds, thus maintaining

the equilibrium of the credit structure and assuring at all times an adequate supply of funds at steady rates to meet the needs of borrowers. Thus complete credit elasticity was maintained throughout the year. The knowledge by the banks that an organization was functioning which could maintain credit equilibrium and elasticity and which, with their cooperation was gradually bringing credit under control, enabled them to face with confidence what proved to be one of the most difficult and trying years in our financial history.

#### RATES AND THE MONEY MARKET.

The higher interest rates which prevailed throughout 1920 were a result of the increasing credit demands which resulted in the rapid increase in bank loans in the latter part of 1919 and the early months of 1920, and the correspondingly rapid decrease in the reserve ratio of the Federal Reserve System. They were also probably influenced by the progressive increases of discount rates which the Federal Reserve Banks inaugurated in November, 1919, in order to bring the unprecedented expansion of credit under control, and in order that the official discount rates might reflect more correctly existing open-market rates. For by January 23, 1920, when the Reserve Bank rate for commercial paper was advanced to 6 per cent, the open-market rate for commercial paper had already been 6 per cent for several weeks. On June 1, when the Reserve Bank rate was advanced to 7 per cent, commercial paper had been selling for a fortnight at  $7\frac{1}{2}$  per cent and for a month before at 7 per cent. The Federal Reserve Bank in its circular announcing the increased rates effective June 1 stated that the action had been taken "in order that bankers, their customers, and the public generally may find in the discount rates of this bank a reflection of existing credit conditions."

Shortly after June 1 the open-market rate for commercial paper rose to 8 per cent and remained there till the closing weeks of the year, when an easier tendency developed. The volume of commercial paper offered through brokers, after increasing almost steadily for 15 months, began in February, 1920, to decrease almost equally steadily, sellers of paper evidently preferring to borrow from their own banks rather than pay the rates demanded by banks with surplus funds to invest.

But there is this very distinct difference between the commercial paper market and some of the other money markets. Commercial paper, once bought by a bank, can not usually be sold or converted into cash except by indorsing and rediscounting it with another bank or with a Federal Reserve Bank. But money lent on call to members of the New York Stock Exchange can normally be converted into cash within 24 hours without requiring any indorsement or liability on the part of the lender. As is well known, however, there have been times when, as a practical matter, call money could not be so converted.

Until a few years ago call money was the only investment of presumably instant convertibility, and the rates for call money were generally considered indicative of the volume of available surplus funds. But recently, with the development of the open markets in bills and Treasury certificates of indebtedness, both representing instruments which are instantly convertible and which in volume far



overshadow the call-money market, the importance of the latter has dwindled considerably. Another factor operating against the importance of the call-money market is that loans on securities other than those of the United States Government are not available as a basis for credit with a Federal Reserve Bank, and investors in addition to desiring for their current funds an investment of undoubted convertibility in the open market, now want the additional protection of an investment which, if the open market fails, can be converted into cash at a Federal Reserve Bank. Rates in the call-money market, therefore, can no longer be considered as an accurate indication of the amount of available surplus funds. Another factor also tends to diminish, for the present at least, the importance of call-money rates as an expression of the volume of surplus funds. This is the heavy borrowings of the member banks from their Reserve Banks. For presumably such surplus funds as they gradually accumulate will generally be used to pay off loans at their Reserve Banks rather than for investment, merely for profit, in the call loan, the bill, or the certificate markets.

The market for bankers' acceptances has been greatly developed and the market for certificates has been entirely created during 1920. Both meet the most rigid requirements of safety and ready convertibility into cash, and the development of active markets for both has been greatly facilitated by the higher rates which have recently prevailed.

*Bill market.*—Throughout the year the estimated volume of bankers' and indorsed foreign trade acceptances has remained steady at about \$1,000,000,000, in spite of the decline in commodity prices and of the slackening of trade in the autumn with South America and the Orient. Discount houses and dealers in bills in New York City report a steadily broadening market for bankers' acceptances during the year not only among savings banks, commercial banks, and trust companies which have surplus funds, but also among insurance companies, industrial corporations, and private investors having funds which they wish to place in an investment combining satisfactory rate, minimum risk, and instant convertibility. The market for bills was by no means confined to the larger financial centers. Through the efforts of dealers, bankers, and Federal Reserve Banks many purchasers of bills have been found in smaller centers and even in country districts throughout the United States. Bills placed with such investors have been almost entirely those bearing no banking indorsement. The Federal Reserve Bank of New York in 1920, as during previous years, has stood ready at all times to purchase such bills as the market would not absorb, provided they bore satisfactory banking indorsement. In this policy a number of the other Reserve Banks have joined, in addition to performing a similar function for bills originating in their own districts. The Federal Reserve Bank of New York has also, from time to time, through 15-day sales contracts, made short advances of moderate amounts to dealers at times when they found difficulty in carrying their portfolios of bills, at rates bearing some relation to the current bill rate. In this way it has been made possible for dealers readily to purchase bills as they were created, and at steady rates—both prerequisites for the development of a reliable discount market. In this respect the bill market has been in sharp

contrast with the call-money market, in which violent rate fluctuations occurred in late 1919 and early 1920.

During the year the discount market made distinct progress toward independence of Federal Reserve Bank support. The higher rates which prevailed in the latter half of the year attracted not only much private and corporate money to make its first investment in bills, but a considerable volume of the funds of foreign banks as well. The consistent maintenance of a free-gold market in the United States and the confidence inspired by the demonstrated ability of our open discount market to function at all times have together made this country a highly desirable market for the investment of foreign funds which have found their way here. In the aggregate, the investment of such funds in bankers' acceptances and United States certificates of indebtedness has constituted an important contribution of capital to our markets. As a result of the better demand and distribution the investment of the Federal Reserve Bank of New York in bills decreased from \$209,000,000 on January 2 to \$110,000,000 on December 30, or 47 per cent. The investment of all Federal Reserve Banks in bills decreased from \$575,000,000 on January 2 to \$255,700,000 on December 30, or 56 per cent.

*Certificate market.*—Although the \$3,260,000,000 of Treasury certificates of indebtedness which were outstanding at the first of the year were largely held by investors rather than by banks, no open market existed for such certificates, and a purchaser wishing to realize upon them before maturity was obliged to resell them to the bank from which he purchased them. The bank in turn would borrow upon them from the Federal Reserve Bank.

In the early spring, owing to the increasing demands for credit and the desire of many purchasers to convert large amounts of certificates into cash, it seemed advisable to attempt to create an open market in certificates. This was undertaken with the consent of the Treasury Department with the two-fold object of facilitating the sale of future issues of certificates, and of relieving the banks from the burden of reabsorbing certificates they had sold. Certain dealers in short-time investments undertook to effect a secondary distribution of certificates, purchasing them from the banks and reselling them to private investors and corporations having funds available for temporary investment. For a time this bank, under 15-day sales contracts, facilitated such operations by making moderate advances against certificates.

The development of the open market was greatly accelerated by the action of the Treasury in offering certificates at rates which attracted public buying at the time of the original offering. This not only relieved the banks but in the latter half of the year resulted in substantial oversubscriptions to each issue. Whereas in the early months of the year certificates were frequently offered at a discount and bids were difficult to obtain, at the close of the year every outstanding issue, except the small maturity of March 15, 1921, bearing  $4\frac{1}{2}$  per cent interest, was selling freely at par or a slight premium. At the opening of the year the 821 member banks, which report weekly to the Federal Reserve Board, and which represent between 40 and 50 per cent of the banking resources of the country, held \$857,000,000 certificates, and at its close they held \$272,000,000 certificates, a decrease of 68 per cent. At the opening of the year \$462,000,000

certificates were being borrowed upon at the 12 Federal Reserve Banks, while at the close of the year only \$188,000,000 certificates were being so used, a decrease of 59 per cent.

#### EARNINGS AND EXPENSES.

The following statement gives in brief form the earnings, expenses, and disposition of profits of the Federal Reserve Bank of New York for the years 1920 and 1919. For a more detailed statement see Schedule 4.

	1920	1919
<b>INCOME.</b>		
From bills discounted for members.....	\$49,839,182.52	\$29,935,910.97
From bills purchased.....	8,323,050.37	3,326,838.44
From United States securities owned.....	1,975,648.96	1,888,497.28
Other income.....	756,644.76	181,165.55
<b>Total income.....</b>	<b>60,894,526.61</b>	<b>35,332,412.24</b>
<b>DISBURSEMENTS.</b>		
Operating expenses.....	5,782,204.40	4,613,219.83
Cost of Federal Reserve currency, etc.....	1,217,050.64	1,121,125.07
Disposition of net profits:		
Charged off on real estate.....	285,676.64	900,031.72
Added to various reserve accounts.....	481,464.29	694,423.05
Sundry adjustments.....		43,993.04
Dividends paid.....	1,477,096.58	1,291,047.84
Added to surplus.....	12,332,523.41	23,964,678.06
Paid United States Government as franchise tax.....	39,318,510.65	2,703,893.63
<b>Total disbursements.....</b>	<b>60,894,526.61</b>	<b>35,332,412.24</b>

The disbursements for current expenses do not include the cost of the departments performing fiscal-agency functions for the United States Government, aggregating \$1,516,454.64, which has been or is to be reimbursed to the bank by the Treasury Department.

#### LOANS AND INVESTMENTS DURING 1920.

In 1920 the total loans and investments of the Federal Reserve Bank of New York reached their highest point, as appears from the following comparisons:

High point of 1920, reached Nov. 1, was.....	\$1,166,000,000
High point of 1919, reached Dec. 30, was.....	1,079,000,000
Low point of 1920, reached Apr. 22, was.....	986,000,000
Low point of 1919, reached Sept. 19, was.....	734,000,000
Total on Dec. 31, 1920, was.....	1,046,000,000
Total on Dec. 31, 1919, was.....	1,062,000,000

#### REDISCOUNTS AND ADVANCES.

During 1920 the amount rediscounted for or advanced to member banks fluctuated between \$651,900,000, the low point, on March 17, and \$1,006,800,000, the high point, on November 11. But many of the larger New York City members borrow only for a single day or for two or three days and renew their loans only for such amounts as they actually need, thereby adjusting their reserve position almost daily to correspond with legal reserve requirements. This resulted in an enormous turnover of discounts and advances, averaging about \$160,000,000 a day and aggregating for the year over \$50,000,000,000, as against \$42,000,000,000 during 1919.

## PURCHASED BILLS.

During the year this bank purchased in the open market for its own account nearly \$1,700,000,000 of bankers' acceptances and indorsed trade bills, an increase of about \$500,000,000 over the aggregate for 1919. The increase was due in large part to the shorter maturities purchased and the relatively larger turnover which this involved. At the same time substantial amounts were purchased for other Federal Reserve Banks, for member banks in this district, and for foreign correspondents.

In 1920 this bank purchased acceptances from other Federal Reserve Banks amounting to \$11,000,000, and sold acceptances to them out of its own portfolio amounting to \$147,000,000. Purchases for member banks and foreign correspondents will be described more in detail elsewhere.

## GOVERNMENT OBLIGATIONS OWNED.

The policy which this bank adopted at the outset of keeping its direct investment in Government securities at a minimum has been followed throughout 1920. The Government obligations owned have been confined almost exclusively to three classes.

1. One-year special 2 per cent certificates of indebtedness to secure Federal Reserve Bank note circulation. Throughout the year the bank has held \$59,000,000 of these certificates, purchased from the Treasury under the authority of the Pittman Act.

2. Special Treasury certificates of indebtedness running for a few days.

3. Certificates of indebtedness held under sales contract. The largest amount held under sales contract at any one time in 1920 was \$17,788,000 on September 8, and the smallest amount \$390,000 on December 31.

## RATES OF DISCOUNT.

The marked decline already noted in the proportionate amount of Government obligations offered as the basis for advances or rediscounts at the Federal Reserve Bank, took place concurrently with the maintenance of rates of discount under which loans secured by Government obligations enjoyed preferential treatment.

On January 1, 1920, the discount rate was  $4\frac{3}{4}$  per cent for all classes of paper. On January 23 the commercial paper rate was increased to 6 per cent and on June 1 to 7 per cent. The rate on loans secured by Liberty bonds and Victory notes was advanced on these dates, respectively, to  $5\frac{1}{2}$  per cent and 6 per cent. The preferential rate on loans secured by United States Treasury certificates of indebtedness, first of  $4\frac{3}{4}$  per cent, then of 5 per cent and later of  $5\frac{1}{2}$  per cent, was maintained throughout the year. Rates for the rediscount of bankers' acceptances were progressively advanced to 6 per cent on June 1. No changes in rates were made after June 1.

## FEDERAL RESERVE CURRENCY.

The circulating notes of this bank reached their highest point in 1920, corresponding to the generally higher level of bank loans and in the early part of the year reflecting the rapidly rising level of

commodity prices. Of the two kinds of circulating notes issued, the Federal Reserve Bank notes are a small issue now being reduced, but the Federal Reserve notes of this and the other Federal Reserve Banks represent the chief fluctuating, and at present the most important, element in the country's nonmetallic currency.

#### FEDERAL RESERVE NOTES.

The increase in the note circulation from the first of the year to the maximum was \$75,600,000, as compared with about \$100,000,000 in 1919 and a much larger increase in each of the two preceding years. While the high point is usually reached in the Christmas holidays, it was reached in 1920 on November 5 when, however, the circulation was barely above that of early July. The volume of notes, then, like the volume of deposits and loans, did not shrink precipitately as did commodity prices but during the autumn a beginning was made toward a gradual reduction of the circulating medium.

#### FEDERAL RESERVE BANK NOTES.

Federal Reserve Bank notes have been issued by this bank only under the provisions of the Pittman Act of April 23, 1918, the purpose of which was to create a supply of currency of small denominations, mostly \$1 and \$2, to replace silver certificates which were being withdrawn from circulation so as to release silver dollars for export as bullion to India and other foreign countries. About 270,000,000 silver dollars were melted under this authority, of which about \$10,000,000 was turned over to the Director of the Mint to be reminted into subsidiary silver currency and the remainder was sold as bullion at slightly more than \$1 per fine ounce. The amount of Federal Reserve Bank notes which could be issued under the Pittman Act by all Federal Reserve Banks was thus limited to \$270,000,000, of which this bank was authorized to issue \$59,276,000. The amount actually issued and in circulation declined during 1920 from \$53,000,000 to \$39,000,000.

#### THE SUBTREASURY AT NEW YORK.

On December 6, 1920, the Secretary of the Treasury, under the authority of an act of Congress approved May 29, 1920, turned over to the Federal Reserve Bank of New York certain functions previously performed by the Subtreasury, thereby completing in this district the transition from the Subtreasury system of handling Government fiscal agency operations established in 1846, to the more comprehensive method now provided in the Federal Reserve System.

At the time of the transfer this bank received on deposit \$1,447,966.36 in coin, representing all of the general fund then in the hands of the assistant treasurer at New York.

#### RESERVE POSITION.

The highest amount of paper which this bank has had under rediscount with other Federal Reserve Banks, in order to maintain its legal reserve percentage, was \$100,000,000 on January 15, 1920.

The highest amount which this bank had under rediscount for other Federal Reserve Banks during 1920 was \$87,100,000 on June 5, 1920. Disregarding rediscounts and sales of acceptances between Federal Reserve Banks, the lowest average reserve percentage of this bank in 1920 was 31.6 and the highest 47.6.

On several occasions during the year, at times when the movement of funds was exceptionally heavy, the reserve of this bank fell slightly below the legal minimum for a day or two. For these discrepancies the bank was penalized by the Federal Reserve Board, under the provisions of paragraph (c) of section 11 of the act, in the aggregate amount of \$23,301.10.

#### COLLECTIONS AND CLEARINGS.

The collection services of the Federal Reserve Bank include the collection of checks, notes and drafts, coupons and maturing bonds, and the transfer of funds by telegraph for the benefit of member banks and their customers. The new facilities which have been developed and the time saved over that formerly required, when each bank relied upon correspondent banks in other cities to serve as collection agents, have caused a continuous growth in the volume of such business transacted by the Federal Reserve Bank.

#### CHECK COLLECTIONS.

During 1920 the Federal Reserve Bank of New York collected or forwarded for collection a daily average of 181,228 checks drawn upon banks in all parts of the country. Collections within this Federal Reserve district are made directly from member or nonmember banks or through local clearing houses. Checks drawn upon banks outside the district are collected through other Federal Reserve Banks. A bank receives credit for each check it deposits, either immediately or in one, two, four, or eight days according to an average time schedule which is so designed as to cover the time usually required for the mail to reach the bank upon which the check is drawn, and for that bank to make payment at its own Federal Reserve Bank. Each transaction is settled on the books of the Federal Reserve Bank if it is entirely within this Federal Reserve district, or by telegraph between the Federal Reserve Banks if the transaction is between two Federal Reserve districts. Thus time is saved not only by the expeditious routing of checks to banks upon which they are drawn, but by the telegraphic settlements between Federal Reserve Banks. The check collection service is rendered without charge.

A modification of this plan, which makes a still further saving of handling and time, has been the arrangement by which member banks are allowed to send checks for collection directly to the Federal Reserve Banks of other districts is being increasingly availed of. In the last year 150 member banks in this district sent checks amounting to \$11,955,000,000 directly to other Federal Reserve Banks and 582 member banks in other districts sent checks amounting to \$8,663,000,000 directly to this bank.

The 1920 check collection operations as compared with those of previous years are shown in Schedule 6. The number of checks col-

lected or routed for collection by the Federal Reserve Bank of New York was 17 per cent greater than in 1919.

EXTENSION OF LOCAL CLEARING HOUSES.

In 1920 the Northern New Jersey Clearing House Association was established by a majority of the banks in Jersey City and Hoboken and by several banks in Newark, Bayonne, and near-by cities. It performs for these banks the functions of a city clearing house. It has effected a saving of two or more days in the time required for the collection of checks drawn on its members, and the Federal Reserve Bank of New York gives immediate credit for checks which can be cleared through it.

The organization on December 31 had 17 banks and trust companies as members and 6 as associate members. Its meetings are held in a room at 37 Liberty Street, New York, provided by the Federal Reserve Bank of New York. The daily clearings of the association at the close of the year averaged about \$4,000,000, of which this bank presented about \$3,000,000 for collection.

Arrangements were made during the year whereby members of the clearing house associations of Elmira, N. Y., and Binghamton, N. Y., settle their balances daily by wire on the books of the Federal Reserve Bank. This arrangement has resulted in a settlement which provides actual reserve money instead of a settlement which consisted in the acceptance of a check drawn on some other bank. It has eliminated risk and reduced float.

The one-way clearing arrangements with Bronx and with Brooklyn banks were maintained during the year. During the year the volume of checks presented by this bank against Bronx banks was \$1,308,000,000 and against Brooklyn banks was \$1,650,000,000. Settlements for these checks are made in Federal Reserve funds on the day on which they are presented.

NOTE AND COUPON COLLECTIONS.

During 1920 the Federal Reserve Bank handled for collection 227,262 notes and drafts payable in New York City, as compared with 99,978 in 1919, an increase of 127 per cent. Notes and drafts on places outside of New York City numbered 336,552, as compared with 146,037 in 1919, an increase of 130 per cent. The collection of matured bonds and coupons totaled \$60,115,335 in 1920, as compared with \$39,748,000 in 1919, an increase of 51 per cent.

GOLD SETTLEMENT FUND.

The increased volume of interdistrict transactions is shown in the following aggregate settlements of the Federal Reserve Bank of New York, made through the gold settlement fund in each year from 1915 to 1920:

1915.....	\$556,432,000
1916.....	2,335,225,000
1917.....	17,118,917,000
1918.....	32,935,576,000
1919.....	41,932,723,000
1920.....	48,840,900,000

## TELEGRAPHIC TRANSFER SYSTEM.

Through the gold settlement and the private wire connecting the various Federal Reserve Banks it is possible to make payments between widely separated parts of the country immediately at par and without cost. This service is used by the Treasury and by member banks for the convenience of themselves and their customers.

The growth of its use is shown by the following table, which gives the number of transfers made by this bank each year from 1916 to 1920:

Year.	Number.	Amount.
1916 (nine months).....	2,971	\$484,500,000
1917.....	10,302	6,768,400,000
1918.....	39,099	19,384,371,849
1919.....	82,321	18,245,250,181
1920.....	147,302	17,021,509,734

Although the number of transfers during 1920 was nearly double the number during 1919, the amount was smaller. This is due in part to a decline in the amount of transfers of United States Treasury funds between Federal Reserve Banks. An increasing number of banks have been making use of this service. In January, 1920, the number of telegraphic transfers averaged 363 a day and in December 712.

## RELATIONS WITH BANKS.

In 1920 the work of the member bank relations department was developed, and its traveling representatives made more than 1,000 visits to member banks outside of New York City. In addition, officers of member banks outside of New York City were invited, in groups of about 30, to spend a day at the Federal Reserve Bank examining its facilities, suggesting improvements in its service, and discussing problems of bank operation and policy. During the year 369 member and 22 nonmember banks were represented at these conferences.

## PURCHASING ACCEPTANCES FOR COUNTRY MEMBER BANKS.

Especially effective has been the work of this department in educating country member banks to avail themselves much more freely than heretofore of the services of this bank in purchasing bankers' acceptances. This service was opened to out-of-town member banks in 1919. During that year 873 acceptances, aggregating \$8,199,947, were bought for 38 member banks. In 1920, 4,825 acceptances, aggregating \$42,424,017, were bought for 230 member banks, mainly the smaller of the country institutions.

Purchases for member banks are made on their order, either of particular bills or of an approximate amount of given maturities of such names as this bank buys for its own account. Such bills always bear a banking indorsement other than that of the acceptor, thereby becoming three-name paper of the class to which this bank's own purchases are confined. Paper bought for member banks is held, if



desired, for their account for collection or such other disposition as they may direct. No charge is made for this service.

These purchases were of substantial benefit in developing a broader discount market. A number of banks which began by buying bills through this bank have since become regular buyers for their own account directly from dealers, also at their discretion taking undorsed bills at slightly higher rates. In time the present service offered by this bank may become unnecessary.

#### RELATIONS WITH BANKING DEPARTMENTS.

As in previous years, the relations with the office of the national bank examiner in this district and with the banking departments of the States of New York, New Jersey, and Connecticut were of the most cordial nature.

#### MEMBERSHIP OF STATE INSTITUTIONS.

The number of State banks and trust companies which are members of the Federal Reserve System increased from 122 to 134 during the year. Nineteen State institutions were admitted to membership; three withdrew from membership; six were consolidated into three, and one trust company was converted into a national bank, making a net increase of 12 in the list of State institution members.

#### FIDUCIARY AND OTHER POWERS.

There were 29 additions in 1920 to the list of national banks in the district exercising fiduciary powers under authority of the Federal Reserve Board granted in accordance with the amendment to the Federal Reserve Act approved September 26, 1918. Three national banks, which had received authority previously to exercise some of the powers, received additional authority in 1920.

#### MONTHLY REVIEW OF CREDIT AND BUSINESS CONDITIONS.

Throughout the year this bank, like other Federal Reserve Banks, has published for circulation among the bankers and business men of the district a monthly review of credit and business conditions. The review is an outgrowth of the reports which had been sent monthly by the Federal Reserve Agent to the Federal Reserve Board for its information. It is a summary of important financial and industrial developments based upon personal inquiry and upon analysis of current banking and business statistics. From time to time it also contains informative statements on the operations of the Federal Reserve Bank.

#### FOREIGN RELATIONS.

*Bank of England.*—In 1919 the Federal Reserve Bank of New York, acting for all Federal Reserve Banks, purchased from the United States Grain Corporation about 725,000,000 marks of German gold, equivalent to \$173,000,000, which was forwarded from the Continent to the Bank of England and by it reduced to bars and held earmarked for account of this bank. During the latter part of 1919 and the early part of 1920 the amount of this earmarked gold was reduced to

\$111,458,044.95 by sales to banks and bankers desiring to ship gold from New York to various parts of the world in settlement of trade balances. But as such sales had practically ceased by midsummer it was decided to bring the balance of the gold to New York. The shipments were undertaken by the Bank of England. They began on September 22, and the last consignment arrived in New York on November 12. The gold was deposited in the New York assay office for credit to the 12 Federal Reserve Banks and is being remelted and reassayed. When this gold reached London from the Continent in the autumn of 1919 it was included in the reserves of the Federal Reserve Banks, consequently its subsequent importation to the United States had no effect upon the reserve position of the Federal Reserve Banks.

*Bank of France.*—No change has occurred in relations with the Bank of France, but the services of this bank were availed of in consummating certain parts of the transaction for the repayment of France's share of the Anglo-French loan, which matured on October 15, 1920. In these transactions this bank acted in behalf of all the Federal Reserve Banks.

*Bank of Japan.*—The relations between the two institutions have been more active during the past year. An agreement has been effected covering mutual accounts and investments, in accordance with which operations have been conducted in this market.

*De Nederlandsche Bank.*—The active relations of a year ago have continued, and this bank acts in many particulars in the capacity of correspondent of de Nederlandsche Bank, for the conduct of its transactions in New York.

*De Javasche Bank.*—The arrangement effected in April, 1919, relating to deposits in current accounts, investments, collections, and to the ear-marking of gold, has continued in active operation. The Federal Reserve Bank of New York formally appointed de Javasche Bank its agent and correspondent in Java, and in turn has acted during the year as New York agent and correspondent of de Javasche Bank.

*Bank of Spain.*—The account opened with the Bank of Spain in 1919, in connection with the payment of the peseta credit arranged by the United States Treasury, was closed when the last installment of the credit was retired in March, 1920.

*Argentina.*—During 1920 the account of the Argentine Government with the Federal Reserve Bank of New York, opened in 1918, under an agreement between the United States and Argentina for the stabilization of exchange, was closed by a gradual withdrawal of the deposits, thereby avoiding, to the extent of such deposits, shipment of gold by Argentina to the United States in payment of adverse trade balances.

*Silver shipments to the Orient.*—In the early months of 1920 \$13,000,000 of silver was shipped to Shanghai under an arrangement concluded in 1919 between the Federal Reserve Board, acting in conjunction with the Treasury, and American banks having their own branches in the Orient, whereby free standard silver dollars in the Treasury would be shipped as necessary to regulate our exchanges with oriental countries, thereby protecting our subsidiary coinage from export. The abrupt decline in the price of silver, which began early in the year, rendered further operations under the arrangement unnecessary.

## THE BUFFALO BRANCH.

The number and resources of member banks in the Buffalo branch territory at the time of organization of the branch and at the end of 1920, were as follows:

	National banks.		State banks and trust companies.	
	May 15, 1919.	Dec. 31, 1920.	May 15, 1919.	Dec. 31, 1920.
Number.....	57	60	9	21
Capital and surplus.....	\$16,151,300	\$17,373,000	\$7,657,500	\$33,115,000
Total resources.....	\$181,516,000	\$180,972,000	\$91,471,000	\$327,400,000

The Buffalo branch, as originally organized, did not carry the accounts of any banks in its territory, and it was optional with them whether they should deal with the Buffalo branch or with the main office in New York. But in 1920 the accounts and discounts of the member banks in the city of Buffalo were transferred from New York to the branch office; so that their relations with the Federal Reserve Bank of New York are all through the Buffalo branch.

The transfer of accounts of the Buffalo banks on May 1 resulted in placing with the Buffalo branch reserve deposits of \$17,213,382.94 and deferred credits of \$3,444,073.91. On July 1 discounts amounting to \$35,651,938 were transferred to the branch, and all loans of Buffalo banks have since been made at the branch subject to final approval by the directors of the Federal Reserve Bank of New York.

## FISCAL AGENCY OPERATIONS.

## THE SALE AND HANDLING OF GOVERNMENT ISSUES.

At the conclusion of the Liberty and Victory loans in 1919, the operations which this bank performed as fiscal agent of the United States underwent a material change. The organization which had successfully carried through the work of selling these securities in this district dissolved, and the operations of the bank were concentrated on the exchange and conversion of bonds and notes, rather than on their sale.

## CERTIFICATES OF INDEBTEDNESS.

The issues of certificates of indebtedness during 1920 were about one-third of the volume issued in 1919, and the amount outstanding throughout the country on December 31, 1920, was \$2,317,000,000 as compared with \$3,262,000,000 on December 31, 1919.

Since 1917, when certificates of indebtedness were first issued, the amount sold throughout the country was about \$30,000,000,000, of which about 43 per cent were sold by the Federal Reserve Bank of New York, as is shown in the following table:

Year.	Total sales in United States.	Sales in second district.	Per cent sold in second district.
1917.....	\$3,880,570,000	\$2,422,075,500	62.4
1918.....	10,742,094,000	4,091,260,000	38.1
1919.....	11,246,820,500	4,506,155,500	40.1
1920.....	3,939,832,500	1,716,680,500	43.6
Total.....	29,809,317,000	12,736,171,500	42.7

The figures showing the percentage sold in this district in 1920 do not, however, reflect the intensity of the demand. Allotments made by the Treasury, particularly in recent issues, were customarily much below the subscriptions received. To the two issues dated December 15 the aggregate subscriptions in this district amounted to \$413,000,000, which was slightly more than the amount requested by the Treasury for the whole country.

## GOVERNMENT DEPOSITS AND DISBURSEMENTS.

The largest amount on deposit with qualified depositories in 1920 was \$384,330,000 on January 7, and the smallest was \$8,045,000 on December 13. The largest amount of securities in the vaults of the bank and in the hands of custodians pledged as collateral against these deposits was \$551,828,000 on January 8. There was a notable increase in the proportion of commercial paper to the amount of Government obligations so pledged.

Receipts of taxes were deposited directly with this bank by the collectors of internal revenue in this Federal Reserve district, and were used for the redemption of maturing certificates of indebtedness and for other Government purposes. Income and excess profits tax receipts for each installment paid in 1920, with corresponding figures for 1919, were as follows:

Date.	1920	1919
Mar. 15 payment.....	\$253, 570, 234	\$318, 399, 445
June 15 payment.....	248, 615, 534	298, 097, 393
Sept. 15 payment.....	233, 192, 733	291, 262, 079
Dec. 15 payment.....	227, 621, 545	272, 046, 604

Aside from checks drawn in redeeming certificates of indebtedness, the payment of coupons, etc., more than 9,500,000 miscellaneous Government checks were handled, aggregating \$2,407,000,000. This was a marked decrease from the total handled during the years of war activity. In 1918 more than 11,000,000 Treasury checks, amounting to \$5,000,000,000, and in 1919 nearly 13,000,000 checks, amounting to \$4,300,000,000, were handled.

## EXCHANGE AND CONVERSION OF GOVERNMENT BONDS.

In March, 1920, the Treasury Department began to supply, issue by issue, permanent bonds for the temporary bonds which had been sold to the public during the Liberty and Victory loans. In this district the exchange was carried on by the Government bond department of the Federal Reserve Bank, through which the original issue was conducted.

## GOVERNMENT LOAN EXPENSES.

In connection with the five Government loans, this bank as fiscal agent of the United States financed all expenses incident to the work in this district, including the expenses of the selling organizations and of the fiscal agency departments of the bank handling the various issues after sale. The total expenses up to December 31, 1920, were slightly less than \$12,000,000. The Treasury Department in periodic payments has reimbursed the bank practically in full, and there

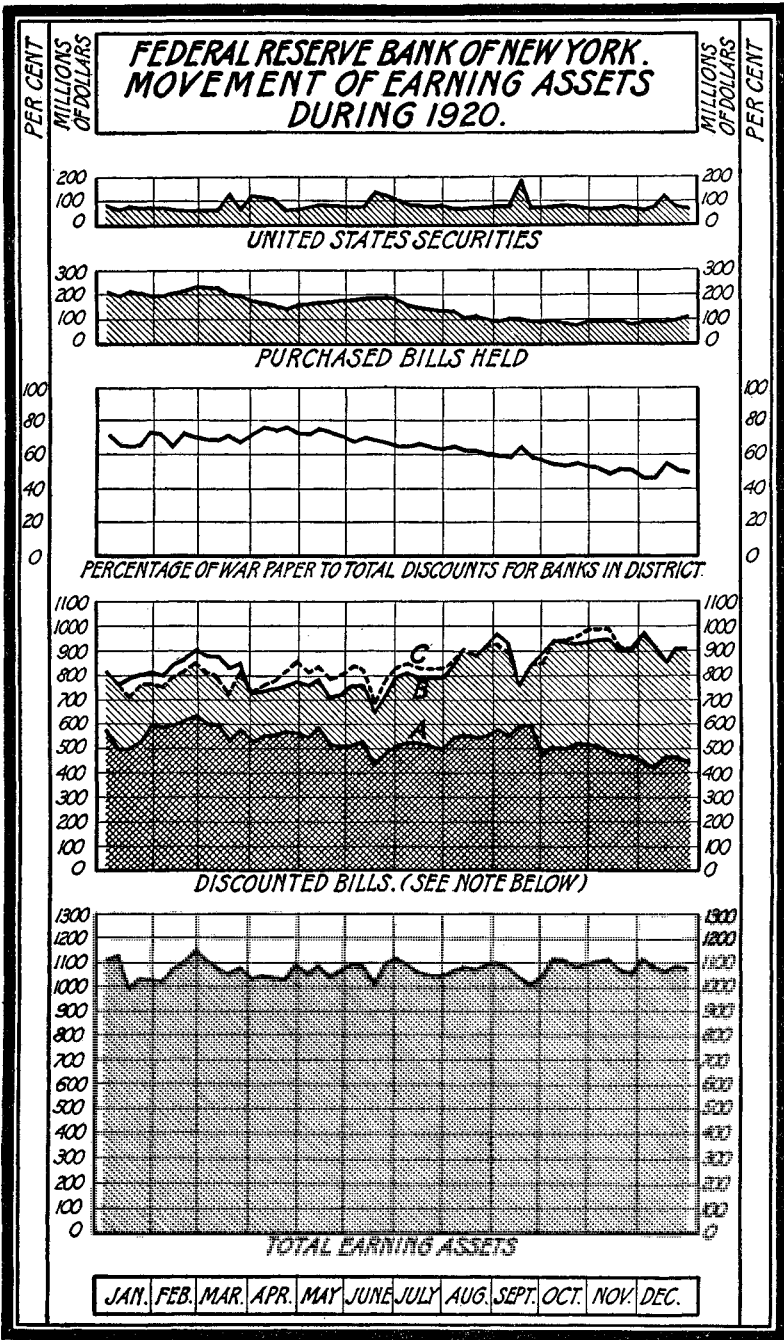
remain out of the total sum, representing some 150,000 individual payments, about \$2,700 for which the Treasury under its rules can not make reimbursement. Steps were taken early in 1921 finally to clear the accounts.

The bank continues to advance necessary expenses in connection with the activities of the present Government loan organization, and also the expenses incident to the conversion and exchange of bonds, and other fiscal agency operations.

SCHEDULE I.—Comparative statement of condition.

	Dec. 31, 1920.	Dec. 31, 1919.	Dec. 31, 1918.	Dec. 31, 1917.
<b>RESOURCES.</b>				
Gold and gold certificates.....	\$132,723,247.12	\$154,233,758.73	\$256,765,025.83	\$325,131,571.99
Gold settlement fund, Federal Reserve Board.....	45,901,896.46	14,976,859.68	66,790,455.76	5,854,000.00
Gold with foreign agencies.....	1,211,100.00	48,194,795.30	2,010,961.70	18,112,500.00
Total gold held by bank.....	179,836,243.58	217,405,413.71	325,566,443.29	349,098,071.99
Gold with Federal Reserve agent.....	254,575,330.89	306,756,215.00	274,392,165.00	250,598,565.00
Gold redemption fund.....	39,000,000.00	25,000,000.00	25,000,000.00	10,000,000.00
Total gold reserves.....	473,411,574.47	549,161,628.71	624,958,608.29	609,696,636.99
Legal tender notes, silver, etc.....	144,759,115.20	46,193,650.50	47,570,176.85	40,248,018.85
Total reserves.....	618,170,689.67	595,355,279.21	672,528,785.14	649,944,655.84
<b>Bills discounted:</b>				
Secured by Government war obligations—for members.....	454,751,722.52	562,089,842.45	652,567,674.72	139,374,001.91
All other:				
For members.....	416,686,474.82	228,713,445.79	44,773,780.97	85,743,911.39
For other Federal Reserve banks.....				25,191,033.66
Bills bought in open market.....	113,740,374.53	202,902,609.54	77,576,632.94	148,770,185.44
Total bills on hand.....	985,178,571.87	993,705,897.78	774,918,088.63	399,079,132.40
Municipal warrants.....				510,701.32
United States Government bonds.....	1,468,305.55	1,256,800.00	1,395,750.00	5,164,748.50
United States Victory notes.....	30,000.00	50,000.00		
United States certificates of indebtedness.....	59,666,000.00	67,721,500.00	128,850,500.00	119,493,000.00
Total earning assets.....	1,046,362,877.42	1,062,734,197.78	905,164,338.63	424,247,582.22
Bank premises.....	4,092,497.30	3,200,626.83	2,317,692.39	
5 per cent redemption fund against Federal Reserve Bank notes.....	2,766,360.00	2,900,000.00	1,689,250.00	
Uncollected items and other deductions from gross deposits.....	141,346,433.94	250,055,887.88	196,764,408.42	75,962,436.73
All other resources.....	1,431,316.02	1,618,195.11	3,405,790.59	458,536.91
Total resources.....	1,814,170,174.35	1,915,864,186.81	1,781,868,265.17	1,150,613,211.70
<b>LIABILITIES.</b>				
Capital paid in.....	26,372,650.00	22,390,750.00	20,820,100.00	18,695,950.00
Surplus.....	56,414,456.04	45,081,932.63	8,322,040.00	
Government deposits.....	11,297,895.88	5,848,393.50	5,705,629.16	11,870,767.74
Due to members—reserve account.....	702,431,237.92	755,951,452.59	705,062,061.27	652,791,808.26
Deferred availability items.....	93,318,901.11	168,870,359.39	158,094,462.57	48,321,854.49
Other deposits, including foreign Government credits.....	12,133,377.48	45,395,971.09	106,357,299.18	18,473,788.82
Total gross deposits.....	819,181,412.39	976,066,176.57	975,219,452.18	731,458,219.31
Federal Reserve notes in actual circulation.....	867,480,630.00	807,615,970.00	729,824,330.00	397,353,805.00
Federal Reserve bank notes in circulation—net liability.....	38,833,200.00	54,673,000.00	33,034,000.00	
All other liabilities.....	5,887,825.92	10,036,357.61	14,648,342.99	3,105,237.39
Total liabilities.....	1,814,170,174.35	1,915,864,186.81	1,781,868,265.17	1,150,613,211.70

<sup>1</sup> Including one-year Treasury notes.



*A.* Paper secured by Government War Obligations discounted for Banks in District.  
*B.* Total Paper discounted for Banks in District. *C.* Total Discounted Paper held.  
 Space between lines B and C represents - where above line B - Paper discounted for,  
 and - where below line B - Paper rediscounted with, other Federal Reserve Banks.

SCHEDULE 2.—*Movement of principal asset and liability items during 1920.*

[Amounts in thousands of dollars.]

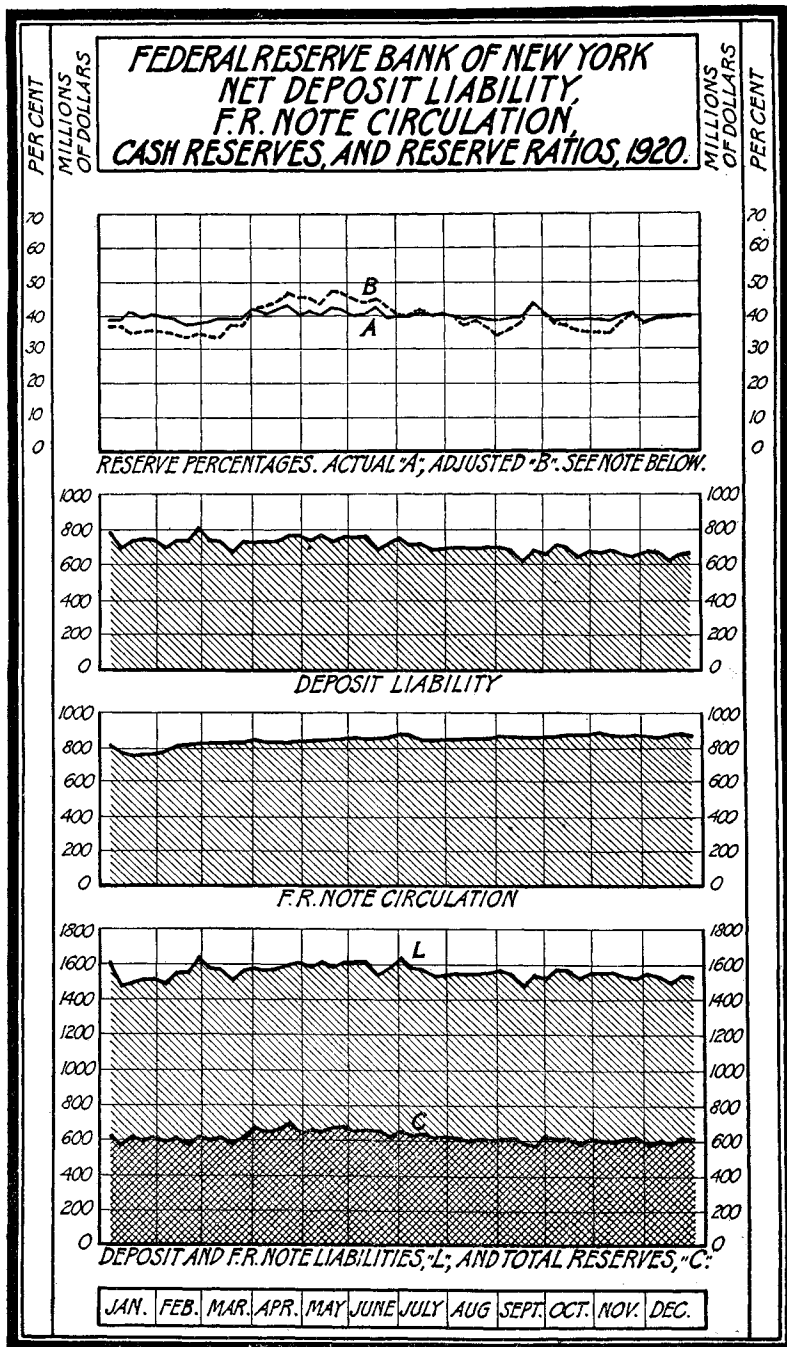
Date.	Total earning assets.	Discounted bills.					Purchased bills.			United States securities.	Total cash reserves.	Net deposits.	Federal Reserve notes in circulation.	Reserve percentages.	
		Total held.	Rediscounted with other Federal Reserve Banks. <sup>1</sup>	Discounted for member banks in this district.			Purchased in open market.	Sold to other Federal Reserve Banks. <sup>1</sup>	Total held.					Actual.	Ad-justed. <sup>2</sup>
				A.	B.	C.									
				Total.	Secured by Government war obligations.	Per cent (B+A).									
Jan. 2.....	1,101,634	811,723	.....	811,723	571,822	70.4	241,009	32,357	208,652	81,259	620,883	790,667	811,119	38.8	36.7
9.....	1,025,095	761,303	.....	761,303	494,173	64.9	224,739	29,943	194,796	68,996	569,017	696,417	776,592	38.6	36.6
16.....	993,322	708,369	79,500	787,809	499,304	63.4	233,112	20,817	212,295	72,718	617,923	731,525	757,906	41.5	34.8
23.....	1,034,298	761,369	43,700	805,069	526,473	65.4	227,612	24,906	202,706	70,223	596,017	746,530	761,643	39.5	35.0
30.....	1,024,089	762,127	50,000	812,127	595,495	73.3	216,864	25,649	191,215	70,747	608,955	741,647	769,170	40.3	35.3
Feb. 6.....	1,018,937	752,352	49,800	802,152	581,479	72.5	219,153	22,277	196,876	69,709	589,803	696,008	788,121	39.7	34.9
13.....	1,070,116	797,566	49,735	847,301	591,022	69.8	223,155	18,654	204,561	67,989	602,968	738,413	809,254	39.0	34.5
20.....	1,100,356	819,394	48,100	867,494	616,710	71.1	227,427	10,113	217,314	63,678	575,402	732,713	817,411	37.1	33.4
27.....	1,148,056	852,966	47,950	900,916	630,281	70.0	238,615	7,358	231,257	63,833	616,339	810,960	826,287	37.6	34.3
Mar. 5.....	1,102,018	809,972	67,950	877,922	601,680	68.5	234,034	5,424	228,610	63,436	600,863	743,475	831,694	38.1	33.5
12.....	1,077,510	787,698	84,550	872,248	598,059	68.6	230,264	4,276	225,988	63,824	610,132	731,471	830,531	39.1	33.4
19.....	1,049,042	724,177	19,795	743,972	529,631	71.2	203,629	3,408	200,221	124,644	584,402	670,183	837,727	38.8	37.2
26.....	1,075,777	815,634	32,015	847,649	571,771	67.5	198,565	2,081	196,484	63,659	611,462	731,370	834,188	39.1	36.9
Apr. 2.....	1,028,991	736,197	— 5,000	731,197	526,942	72.1	176,090	4,341	171,749	121,045	664,929	726,955	847,782	42.2	42.3
9.....	1,041,464	762,096	— 26,850	735,246	554,358	75.4	166,219	2,371	163,848	115,520	641,820	729,855	835,554	41.0	42.6
16.....	1,033,544	779,403	— 36,450	742,958	551,242	74.2	154,887	2,371	152,516	101,620	654,894	734,214	835,738	41.7	43.9
23.....	1,027,988	819,098	— 63,996	755,097	570,036	75.5	145,102	2,371	142,731	66,164	687,785	764,222	832,704	43.1	47.0
30.....	1,084,103	856,776	— 84,996	771,780	557,785	72.3	152,744	— 7,687	160,431	66,896	638,988	764,162	838,600	39.9	45.7
May 7.....	1,049,015	812,874	— 57,037	755,837	540,862	71.6	157,355	— 5,470	162,825	73,316	655,749	737,948	845,006	41.4	45.3
14.....	1,084,978	835,073	— 48,715	786,358	586,577	74.6	168,466	— 1,634	170,100	79,805	649,167	767,737	843,927	40.3	43.4
21.....	1,037,515	789,126	— 80,368	708,758	513,566	72.5	173,677	2,148	171,529	76,860	668,733	732,474	849,246	42.3	47.2
28.....	1,063,429	804,638	— 84,425	720,213	510,941	70.9	181,743	2,371	179,372	79,419	674,138	757,866	854,827	41.8	46.9
June 4.....	1,093,725	840,335	— 78,544	761,791	513,071	67.4	181,378	2,371	179,007	74,383	647,988	754,027	861,807	40.1	44.8
11.....	1,084,659	822,433	— 59,740	762,693	529,827	69.4	186,364	2,371	183,993	78,233	658,601	760,107	851,002	40.6	44.1
18.....	1,009,934	688,586	— 37,730	650,856	441,896	67.9	188,166	1,355	186,811	134,537	652,841	690,023	854,828	42.5	44.9
25.....	1,089,659	781,562	— 61,961	719,601	477,812	66.4	194,736	5,394	189,342	118,755	620,103	722,422	859,232	39.2	42.8

July	2	1,114,847	821,887	- 35,354	796,533	514,347	64.6	195,088	14,926	180,162	102,798	651,002	753,636	882,506	39.8	41.0
	9	1,082,585	847,683	- 36,096	811,587	524,441	64.6	179,121	24,940	154,181	80,721	631,781	714,332	871,467	39.8	40.5
	16	1,057,992	830,373	- 40,183	790,190	520,952	65.9	172,315	24,940	147,375	80,244	639,365	717,690	850,323	40.8	41.7
	23	1,045,199	827,377	- 39,385	787,992	508,425	64.5	173,454	32,451	141,003	76,819	615,634	683,620	846,836	40.2	40.7
	30	1,046,525	828,321	- 39,025	789,296	497,399	63.0	167,746	32,551	135,195	83,009	621,089	687,019	849,589	40.4	40.8
Aug.	6	1,063,409	858,578	- 27,285	831,293	537,261	64.6	163,698	29,122	134,576	70,255	615,291	694,723	852,369	39.8	39.7
	13	1,079,609	902,538	- 10,391	892,147	554,289	62.1	150,456	41,013	109,443	67,628	599,206	691,769	852,695	38.8	36.8
	20	1,068,903	884,855	- 8,306	876,549	542,099	61.8	146,366	35,459	112,907	71,141	610,115	689,020	854,295	39.5	37.9
	27	1,091,479	920,043	-	920,043	553,992	60.2	141,446	40,923	100,523	70,913	598,724	698,955	854,925	38.5	35.9
Sept.	3	1,099,601	927,846	47,500	975,346	582,978	59.8	121,401	26,925	94,476	77,279	603,743	699,019	865,548	38.6	33.9
	10	1,075,434	894,673	34,600	929,273	547,148	58.9	122,719	20,064	102,655	78,106	610,289	679,270	864,439	39.5	36.0
	17	1,036,410	759,710	10,975	770,685	492,507	63.9	118,081	14,379	103,702	172,998	581,819	612,015	861,597	39.5	37.8
	24	1,010,749	847,059	-	847,059	492,210	58.1	108,187	13,404	94,783	68,907	672,134	680,862	855,701	43.7	42.9
Oct.	1	1,041,620	874,130	- 19,003	855,127	476,174	55.7	106,327	9,862	96,465	71,025	625,025	654,133	866,091	41.1	41.7
	8	1,115,443	944,221	-	944,221	509,645	54.0	113,536	15,784	97,752	73,470	605,466	709,522	864,895	38.5	37.5
	15	1,109,903	947,049	-	947,049	500,408	52.8	110,654	28,870	81,784	81,070	607,460	698,618	875,737	38.7	36.9
	22	1,078,613	929,295	25,000	954,295	521,930	54.7	97,869	24,305	73,564	75,754	584,818	639,895	875,027	38.6	35.3
	29	1,095,528	937,223	48,000	985,223	515,947	52.4	101,908	13,362	88,546	69,759	606,610	675,112	876,706	39.1	35.1
Nov.	5	1,104,811	943,563	44,700	988,263	513,943	52.0	107,565	14,883	92,682	68,566	598,823	666,275	886,709	38.6	34.7
	12	1,113,114	951,539	38,000	989,539	482,183	48.7	111,635	19,736	91,899	69,676	597,201	685,718	872,609	38.3	34.6
	19	1,068,897	895,929	14,750	910,679	489,383	51.5	112,621	17,299	95,322	77,646	610,857	658,197	869,621	40.0	37.9
	26	1,052,000	901,787	10,150	911,937	465,027	51.0	92,342	14,352	77,990	72,223	619,585	642,626	876,321	40.8	39.2
Dec.	3	1,117,194	964,096	6,700	970,796	441,623	45.5	99,262	9,338	89,924	63,174	585,888	675,467	873,360	37.8	36.8
	10	1,086,238	919,701	6,400	926,101	424,658	45.9	100,822	7,923	92,899	73,638	598,036	667,137	863,560	39.1	38.1
	17	1,064,602	853,246	-	853,246	464,249	54.4	96,274	6,917	89,357	121,999	582,523	649,967	871,522	39.1	38.6
	23	1,084,220	907,207	-	907,207	461,011	50.8	103,746	6,917	96,829	80,184	612,940	657,142	880,870	39.9	39.4
	30	1,075,351	904,239	-	904,239	445,926	49.3	116,819	6,917	109,902	61,210	610,242	602,271	864,516	40.0	39.5

<sup>1</sup> Minus sign indicates amounts discounted for or purchased from other Federal Reserve Banks.

<sup>2</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.





*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accommodation extended to or received from other Federal Reserve Banks.*

SCHEDULE 3.— *Volume of paper discounted and bought.*

[In thousands of dollars.]

Month.	Discounted paper.				Purchased paper.			Total discounted and purchased paper.			
	Secured by Government war obligations.	Bankers' acceptances.	Trade acceptances.	All other	Bankers' acceptances.	Dollar exchange.	Trade acceptances.	1920	1919	1918	1917
January .....	3,066,096	10,701	6,335	370,919	150,028	1,506	1,532	3,607,117	3,543,642	379,152	3,204
February .....	3,369,071	3,586	4,456	421,205	171,901	2,865	1,449	3,974,533	2,724,123	359,772	22,168
March .....	2,895,562	10,994	7,365	842,039	158,207	3,842	2,446	3,920,455	2,684,982	397,193	4,826
April .....	2,452,346	13,220	3,155	697,137	90,003	695	3,046	3,259,602	2,739,661	1,518,634	12,127
May .....	2,227,110	4,967	4,261	944,705	153,329	2,173	1,608	3,340,153	4,127,791	2,242,523	35,385
June .....	2,419,799	2,065	2,143	1,001,116	132,722	4,306	23,541	3,585,692	3,240,252	2,330,252	636,225
July .....	2,676,440	3,534	2,113	1,362,383	105,077	1,253	9,410	4,160,210	4,118,594	1,997,905	287,379
August .....	2,940,516	1,831	4,215	2,145,085	116,140	4,245	12,122	5,224,154	3,593,613	2,397,949	65,537
September .....	2,271,608	2,244	3,989	2,134,552	105,538	4,529	1,662	4,524,122	3,560,161	3,009,391	381,979
October .....	2,535,542	5,684	3,673	2,369,387	136,620	7,410	1,254	5,059,570	4,617,486	3,818,873	2,433,200
November .....	2,453,928	6,019	2,792	2,625,638	134,664	7,380	956	5,231,377	4,618,816	3,048,468	2,725,063
December .....	2,792,951	5,809	1,758	3,407,384	131,994	8,634	1,243	6,349,773	4,091,769	3,980,924	369,148
<b>Total:</b>											
1920 .....	32,100,969	70,654	46,255	18,321,550	1,588,223	48,838	60,269	52,236,758			
1919 .....									43,660,890		
1918 .....										25,481,036	
1917 .....											16,976,241

<sup>1</sup> Includes \$19,659,207 of acceptances purchased from the Federal Reserve Bank of Boston.

SCHEDULE 4.—Earnings and expenses.

	1920	1919	1918	1917
<b>EARNINGS</b>				
Discounted bills.....	\$49,839,183	\$29,935,911	\$17,736,261	\$2,455,533
Purchased bills.....	8,323,050	3,326,839	5,411,821	1,843,325
United States securities.....	1,975,649	1,888,497	1,561,839	378,668
Deficient reserve penalties (including interest).....	141,664	36,405	27,192	18,565
Sundry profits.....	245,775	144,760	577,623	152,200
<b>Total earnings.....</b>	<b>60,525,321</b>	<b>35,332,412</b>	<b>25,314,736</b>	<b>4,848,291</b>
<b>CURRENT EXPENSES.</b>				
Expense of operation:				
Assessments, account expenses Federal Reserve Board.....	221,868	181,875	100,876	50,252
Federal Advisory Council (fees and traveling expenses).....	1,200	1,150	1,650	650
Governors' conferences (including traveling expenses).....	270	316	28	552
Federal Reserve Agents' conferences (including traveling expenses).....	88	139	113	110
Salaries—				
Bank officers.....	383,760	294,795	189,901	129,247
Clerical staff.....	3,479,270	1,982,807	1,082,719	228,485
Special officers and watchmen.....	166,449	61,208	25,854	11,017
All other.....	199,213	781,297	.....	29,534
Directors' fees.....	27,525	24,345	19,565	13,040
Traveling expenses.....	4,651	3,385	1,262	1,344
Officers' and clerks' traveling expenses.....	23,743	29,015	4,519	2,605
Legal fees.....	9,323	11,250	3,017	.....
Rent.....	301,797	290,243	139,008	55,551
Taxes and fire insurance.....	3,328	.....	2,423	.....
Telephones.....	32,934	32,490	13,540	6,464
Telegraph.....	49,045	33,235	19,514	3,216
Postage.....	114,779	116,072	99,440	17,374
Expressage.....	3,956	54,395	47,204	12,907
Insurance and premiums on fidelity bonds.....	26,283	98,817	32,871	4,994
Light, heat, and power.....	3,077	2,859	6,997	.....
Printing and stationery.....	270,383	236,653	137,960	35,067
Repairs and alterations.....	55,623	130,718	42,146	1,039
Cost of currency shipments to and from member and nonmember banks.....	199,478	103,905	.....	.....
All other.....	204,161	142,251	176,198	100,830
<b>Total expenses of operation.....</b>	<b>5,782,204</b>	<b>4,613,220</b>	<b>2,146,805</b>	<b>704,278</b>
Cost of Federal Reserve currency (including expressage, insurance).....	648,393	642,430	335,044	343,765
Miscellaneous charges, account note issues.....	159,766	105,167	27,921	15,010
Taxes on Federal Reserve bank note circulation.....	207,402	169,514	.....	.....

Furniture and equipment.....	201,490	204,014	170,933	.....
Disbursements of transit department in excess of net service charges received.....				66,283
<b>Total current expenses.....</b>	<b>6,999,255</b>	<b>5,734,345</b>	<b>2,680,703</b>	<b>1,129,336</b>
<b>PROFIT AND LOSS ACCOUNT.</b>				
Earnings.....	60,525,321	35,332,412	25,314,736	4,848,291
Current expenses.....	6,999,255	5,734,345	2,680,703	1,129,336
<b>Current net earnings.....</b>	<b>53,526,066</b>	<b>29,598,067</b>	<b>22,634,033</b>	<b>3,718,955</b>
Additions to current net earnings on account of—				
Special reserves previously set aside.....	200,000			
Assessment account Federal Reserve Board for expenses previously charged to profit and loss.....	168,682			
All other.....	6,050	31,096	132,059	173,718
<b>Total.....</b>	<b>53,900,798</b>	<b>29,629,163</b>	<b>22,766,092</b>	<b>3,892,673</b>
Deductions from current net earnings on account of—				
Bank premises.....	285,677	900,032	803,800	.....
Reserve for depreciation United States securities.....	25,299			205,880
Special reserves.....	456,165	525,741	299,375	.....
All other.....	5,527	75,089		445,248
Assessment account expenses Federal Reserve Board, January-June, 1920.....		168,682		.....
<b>Total deductions.....</b>	<b>772,668</b>	<b>1,669,544</b>	<b>1,103,175</b>	<b>651,128</b>
<b>Net earnings available for dividends, surplus, and franchise tax.....</b>	<b>53,128,130</b>	<b>27,959,619</b>	<b>21,662,917</b>	<b>3,241,545</b>
Dividends paid.....	1,477,096	1,291,047	1,195,026	1,942,819
Transferred to surplus fund.....	<sup>1</sup> 12,332,523	23,964,678	<sup>2</sup> 20,467,891	649,363
Franchise tax paid United States Government.....	39,318,511	2,703,894	.....	649,363

<sup>1</sup> Includes \$1,000,000 set aside as a general reserve.

<sup>2</sup> Includes \$12,795,215 reserve for franchise tax, transferred to surplus in March, 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

Month.	Receipts.		Shipments.		Total receipts.				Total shipments.			
	From member banks.	From non-member banks.	To member banks.	To non-member banks.	1920	1919	1918	1917	1920	1919	1918	1917
January.....	\$181,248,463	\$14,806,389	\$113,486,525	\$4,955,930	\$196,054,852	\$173,022,018	\$104,457,917	\$55,966,116	\$118,442,455	\$84,177,000	\$96,620,600	\$83,318,500
February.....	113,017,640	7,586,403	174,462,000	7,792,000	120,604,043	90,711,068	43,610,263	47,625,517	182,254,000	97,106,000	103,664,300	151,305,500
March.....	148,632,435	6,493,887	177,281,000	2,632,000	155,126,322	94,967,955	41,993,448	74,368,751	179,913,000	139,214,000	198,279,900	159,519,000
April.....	152,416,411	6,165,585	191,394,561	5,778,070	158,581,996	121,521,898	50,947,636	62,179,914	197,172,631	128,419,000	113,888,600	122,973,000
May.....	145,094,160	10,487,531	166,088,476	3,544,700	155,581,691	137,293,989	78,471,497	39,817,476	169,633,176	137,036,000	105,382,600	182,389,000
June.....	168,457,990	11,472,708	172,907,300	2,906,000	179,930,698	142,255,416	59,668,608	130,200,073	175,813,300	204,635,000	131,151,300	190,645,000
July.....	197,691,832	8,294,693	160,525,205	4,177,000	205,986,525	156,222,645	78,012,917	96,815,803	164,702,205	195,979,000	123,036,800	92,396,500
August.....	171,696,862	15,653,078	152,142,100	3,522,600	187,349,940	135,234,802	70,704,642	106,495,210	155,664,700	157,341,000	103,908,500	110,010,500
September.....	179,259,621	27,214,555	179,455,000	2,817,000	206,474,176	139,255,009	68,062,573	85,292,085	182,272,000	138,395,000	102,060,000	86,467,000
October.....	178,344,868	10,499,395	177,568,000	3,962,000	188,844,263	157,523,946	98,490,944	117,215,473	181,530,000	150,323,000	100,659,100	76,896,500
November.....	206,990,159	14,599,618	165,617,500	7,308,750	221,589,777	127,139,007	85,467,694	87,627,115	172,926,250	170,904,000	78,762,992	88,727,000
December.....	242,827,484	17,190,000	208,053,801	5,367,711	260,017,484	179,009,046	115,923,114	58,439,751	213,421,512	230,942,000	118,847,500	99,602,000
Total.....	2,085,677,925	150,463,842	2,038,981,468	54,763,761	2,236,141,767	1,654,156,799	895,811,253	962,043,284	2,093,745,229	1,834,471,000	1,376,262,192	1,444,249,500

SCHEDULE 6.—Operations of check clearing and collection department.

[Amounts in thousands of dollars.]

Month.	Items drawn on banks in own district.				Items drawn on Treasurer of United States.		Items forwarded to other Federal Reserve Banks and their branches.		Total. <sup>1</sup>							
	Located in Federal Reserve Bank and branch cities.		Located outside Federal Reserve Bank and branch cities.						1920		1919		1918		1917	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.		
January.....	936,041	2,451,325	3,814,224	2,090,512	795,127	256,675	1,047,990	614,607	6,593,382	5,413,119	6,752,463	4,521,888	1,733,295	2,821,800	1,242,582	723,630
February.....	777,796	1,846,525	3,109,357	1,721,496	661,189	199,673	953,641	528,659	5,501,983	4,296,353	5,699,290	3,496,298	1,538,041	2,514,808	1,095,585	667,596
March.....	1,257,290	2,600,344	4,051,412	1,675,624	723,200	252,075	1,194,483	646,897	7,226,385	5,174,940	6,441,101	4,096,073	1,933,035	2,943,435	1,259,101	859,071
April.....	1,226,093	2,330,032	3,929,028	1,452,045	843,991	273,762	1,199,434	687,350	7,198,546	4,743,389	6,311,006	4,189,028	2,158,060	3,371,287	1,353,002	1,099,774
May.....	1,090,249	2,225,926	3,846,118	1,358,803	722,226	164,052	1,135,041	649,116	6,793,634	4,397,897	6,056,280	4,497,233	2,265,035	3,408,484	1,582,578	1,420,578
June.....	1,153,999	2,578,186	4,293,722	1,472,177	871,678	481,186	1,130,286	676,476	7,449,685	5,208,025	5,746,428	4,938,128	2,575,827	3,378,161	1,636,619	1,677,176
July.....	1,213,532	2,178,213	4,240,459	1,405,784	824,010	122,552	1,041,842	663,681	7,319,843	4,370,230	5,863,754	4,718,088	3,069,766	3,571,615	1,600,881	1,565,703
August.....	1,122,941	2,150,369	3,960,970	1,305,305	934,424	191,975	996,067	615,730	7,014,402	4,263,379	6,152,104	4,235,894	3,206,169	3,683,859	1,681,936	1,588,388
September....	1,169,641	2,244,638	4,196,276	1,382,725	1,035,527	161,686	1,076,944	633,188	7,478,388	4,422,237	5,817,203	5,367,077	3,163,378	3,834,392	1,673,199	1,499,433
October.....	1,287,260	2,349,038	4,445,606	1,434,559	1,035,109	94,423	1,173,332	718,772	7,941,307	4,596,792	6,448,743	5,372,518	4,392,277	4,921,461	1,977,710	2,654,483
November....	1,204,479	2,065,148	4,387,005	1,308,932	1,059,146	124,659	1,144,073	626,695	7,794,703	4,125,434	5,969,517	5,059,211	4,495,353	4,228,936	2,068,185	3,212,533
December....	1,312,002	2,288,161	4,903,713	1,297,102	1,346,087	143,213	1,162,364	584,839	8,724,166	4,313,315	6,808,383	5,830,606	4,819,365	3,903,595	2,236,801	3,136,162
Total, 1920.	13,751,323	27,307,905	49,177,890	17,905,064	10,851,714	2,465,931	13,255,497	7,646,210	87,036,424	55,325,110	74,066,272	56,322,042	35,349,601	42,581,833	19,408,179	20,104,527

<sup>1</sup> Exclusive of duplications on account of items handled by both parent bank and branch.

## DISTRICT NO. 3—PHILADELPHIA.

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RICHARD L. AUSTIN, Chairman and Federal Reserve Agent.

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### INTRODUCTION.

A marked change took place in the Third Federal Reserve District during the year 1920. During the war period the large amount of Government securities subscribed for and allotted to this district and the extraordinary business activity incident to the war resulted in demands on our member banks for credit in excess of their capacity to supply them. Borrowings of member banks from this bank were heavy, which made it necessary, in order to maintain its reserves, to rediscount freely with other Federal Reserve Banks for a period of 18 months ending with May 1920, when the last of its rediscounts matured. Since September 7, it has been rediscounting for other Federal Reserve Banks. The borrowings of the members reached their maximum of \$255,551,000 on February 19, 1920, from which point they continued to decline until they reached the low point for the year of \$134,645,000 on December 15. Since then the borrowings have increased and at the close of the year they amounted to \$155,485,000.

Government borrowings began to decrease in the spring, and with the falling off in Government operations the condition of this bank began to improve. This improvement was accelerated by the falling off in business activity and the smaller borrowings of member banks. The operations of business favored the movement of gold to this district, resulting in an increase in the gold holdings of this bank by \$63,000,000, or 45 per cent in the course of the year.

According to the reports on business conditions in this district, received by us during the closing months of 1919, apparently few years opened with brighter business prospects than 1920. Labor was fully employed at the highest wages probably ever known, manufacturing plants were being operated at the greatest possible limit, supplies of goods were small, prices were continually advancing, the public was buying lavishly, and it was generally reported that goods were being consumed as fast as produced. The general opinion was that such business conditions would continue for at least 6 months. These conditions, which had been developing for some months, undoubtedly fostered overbuying and speculation in all kinds of commodities. The advancing costs of materials and wages increased greatly the amount of capital required to conduct business, and the banks were called upon to expand their lines of credit to customers. This only could be done through increased borrowings from the Federal Reserve Bank. However, as it had been a borrower for over a year from other Federal Reserve Banks,

it was hardly in a position to expand its loans, and in order to protect itself the rates of discount were raised on January 23 to 6 per cent for commercial paper of all maturities and to  $5\frac{1}{2}$  per cent for paper secured by United States bonds and notes.

Commercial paper then was selling at a rate sufficient to afford an attractive profit to banks through buying such paper and rediscounting at the Federal Reserve Bank. It was recognized that if this were done the discount rates would have to be raised still higher, which would have put an unnecessary burden upon legitimate borrowing. To avoid any such misuse of the discount privilege, the attention of the member banks was called to the bank's situation; the intention of the bank to extend all reasonable accommodation for legitimate purposes was made clear; and the member banks were asked to cooperate with the bank in carrying out its policy, by refraining from making unnecessary loans, and by making every effort to reduce their borrowings from this bank. The banks responded most heartily, especially in the matter of reducing their borrowings on Government bonds, with the result that some months before the end of the year the reserve position of this bank was so greatly improved that it was one of the strongest in the system.

The first adverse change in business conditions became apparent early in the spring, coincident with the financial and economic disturbance in Japan, and the collapse of the great speculation in silk in that country. A decrease in the demand for wool became noticeable about this time and lower prices for all kinds of hides which ultimately affected leather, were reported also. A short time later the feeling was manifest upon the part of the public that most prices for retail goods were too high and a cessation of buying began and continued practically through the balance of the year. The first noticeable break in retail prices occurred when one of the largest retail dealers in this city announced, the latter part of April, a reduction of 20 per cent in all his goods. Thereafter retail stores generally began offering goods at concessions and the decline in retail prices continued. The falling off in retail trade reacted upon jobbers and manufacturers, resulting almost in stagnation of business in some lines and notable reductions in manufacturers' prices. As goods became unsalable, cancellations of orders took place to a heretofore unheard-of extent, contracts were repudiated, and many buyers declined to receive goods, forcing their return to the manufacturers or jobbers in large quantities.

During the first half of the year transportation conditions were a great obstacle to productive and distributive processes and added to the acuteness of the credit situation by tying up large amounts of capital in commodities in transit. On account of the railroad congestion and much speculative buying for shipment abroad, there was a scarcity of coal, and prices advanced to two or three times their normal. Industrial plants were seriously embarrassed in their operations through inability to secure adequate supplies of fuel, and manufacturing costs were considerably increased. A decided improvement in railroad conditions was not effected until September and production could have been increased then, but it was at that time that the more serious effects of price reductions and curtailed buying



were being felt, and, instead of increasing operations, many factories were being closed or put on part time.

The curtailment in manufacturing operations resulted in a large amount of unemployment and reductions in wages. In the latter part of the year some mills started up with reductions in wages of 15 to 22 per cent, and it is reported that the wages of some other classes of labor also have been materially lowered.

The figures submitted by R. G. Dun & Co. show that there were 419 failures with liabilities of \$16,888,034 in the Third Federal Reserve District during 1920. The first seven months were marked by a small amount, but the latter part of the year showed large increases. In 1919 there were 360 failures, but the liabilities were only \$6,863,575.

#### SUMMARY OF SERVICES TO MEMBER BANKS.

In reviewing the services which have been rendered to member banks, it must be remembered that the primary function of the Federal Reserve System is service. Every operation is carried on with this point in view. Representatives of this bank who visit the banks of the district make it their duty to explain fully and clearly just what its facilities are and how they should be used.

The principal service to member banks is the rediscounting of paper. During the year 1920 a total of \$5,820,258,000 of notes offered to us was rediscounted. Though this turnover is not equal to that of 1919, the average daily holdings of rediscounted bills, due to longer maturities, were nearly equal to last year, the average for the year just closed being \$190,122,000, as compared with \$193,194,000 in 1919 and \$75,556,000 in 1918. May, 1920, was marked by the highest average of any month thus far, \$212,324,000. In December the average was \$166,911,000.

Bills bought in the open market did not constitute an important part of the year's operations, though considerable quantities of acceptances were purchased from other Federal Reserve Banks during the last half of the year. The total amount of acceptances purchased was \$76,380,000, and the largest amount held at any one time was \$19,880,000 on October 15. On June 30 the holdings of this class of paper were \$1,425,000, the low point for the year.

In caring for the currency needs of the district, a total of \$643,266,000 in notes was paid over the counter, or shipped to member banks without any expense to them, as compared with \$389,269,000 in 1919. Receipts of currency from all banks in the two years were as follows: 1920, \$570,093,000; 1919, \$444,475,000. The circulation of Federal Reserve notes decreased during the first few weeks of 1920, but this trend was soon reversed and from the end of January the circulation increased with minor fluctuations up to the high point of \$283,740,000 reached on December 23. A large amount of currency was returned during the last few days of the year, following the close of the holiday trade.

The check clearing facilities of the bank were used more heavily than in 1919, and the number of checks handled in each month surpassed the corresponding months of that year. A total of 47,298,000 checks, to an amount of \$16,327,000,000 were handled in 1920, as

compared with 34,886,000 checks, amounting to \$13,843,000,000 in 1919. The collection department (handling noncash items payable at a future date) also reported a heavy increase in business, and 92,651 items were received for collection, as compared with 35,292 in 1919. Shipments of canceled United States coupons this year amounted to \$62,519,000, and to \$47,063,000 in the previous year.

As a result of the operations through the gold settlement fund the gold holdings of this bank were increased by \$18,673,000 in 1920, whereas in 1919 there was a decrease of \$5,733,000.

Telegraphic transfers of funds showed little increase, though the number of banks making use of this facility was slightly larger than in the previous year. Exclusive of amounts transferred to New York, which up to November were handled over the telephone, transfers by telegraph were made to the amount of \$625,338,000.

#### STATEMENT OF CONDITION.

The outstanding features of the bank statement at the end of 1920, when compared with previous years, are the increases in the gold holdings and the amount of Federal Reserve notes in circulation and the decline in the borrowings by member banks.

Net deposits show little change. The decrease in bills discounted reflects the downward tendency which had been under way since early in the year. At the close of the previous year the amount of bills discounted held was \$209,855,000. At that time, however, this bank had rediscounted with other Federal Reserve Banks member banks' bills to the amount of \$27,445,000, so that the total borrowings from this bank by our member banks was \$237,300,000. Bills discounted at the close of this year amounted to \$172,383,000. As this included, however, \$16,898,000 of bills discounted for other Federal Reserve Banks, the total borrowings of the member banks was \$155,485,000, showing a decrease in the borrowings of the member banks of \$81,815,000, or 34 per cent.

A comparative statement of the condition of this bank at the end of the years 1920, 1919, 1918, and 1917 is shown in Schedule 1.

#### EARNINGS AND EXPENSES.

The average daily earning assets of this bank during 1920 were \$233,887,000, as compared with \$218,038,000 in 1919. This increase, together with the higher rates of return on bills rediscounted and bills purchased, resulted in larger earnings for the year. Comparative rates of return on bills, etc., are given below:

	1920	1919
	<i>Per cent.</i>	<i>Per cent.</i>
Bills rediscounted.....	5.48	4.13
Bills purchased.....	5.85	4.23
United States securities.....	2.18	2.13

The total earnings for the year were \$11,848,551.40, of which 88 per cent was earned on bills rediscounted, 5 per cent on purchased bills, 6 per cent on United States securities, and 1 per cent was de-

rived from sundry sources. Current expenses amounted to \$2,176,-273.63, leaving net earnings of \$9,672,277.77. From the net earnings must be deducted \$607,161.46, net debit to profit and loss, giving \$9,065,116.31 as the earnings available for dividend, surplus, and franchise tax, or 108 per cent on the average capital for the year. This compares with 89 per cent in 1919 and 46 per cent in 1918.

After providing for dividends for the year at the rate of 6 per cent, there was transferred, as provided by the Federal Reserve Act, \$8,204,774.54 to the surplus fund, and \$363,662.54 was paid to the Government as a franchise tax.

The profit and loss statement for 1920 is shown in Schedule 4.

#### RESERVE POSITION.

For the portion of the year prior to May 10 this bank was a borrower from other Federal Reserve Banks, and its reserve was maintained at about 40 per cent. After that time there was a large increase in gold holdings and a steady improvement in the reserve position. The largest amount of gold held was \$214,743,000 on December 13. The highest percentage of reserve shown was 57.07 per cent. During the last four months of the year reserves were reduced by rediscounting for other Federal Reserve Banks; had it not been for this the bank would have shown the maximum reserve of 64.7 per cent on October 11.

#### DISCOUNT RATES.

At the close of the year 1919 the established rates of discount on the principal classes of paper were as follows:

	Per cent.
Secured by bonds and notes of the United States.....	4½
Commercial paper (all maturities).....	4½
Secured by 4½ per cent certificates of indebtedness.....	4½
Secured by 4½ per cent certificates of indebtedness.....	4½

On January 2 the rate on paper secured by United States certificates of indebtedness was raised to 4½ per cent, and on January 23 the rate on commercial paper of all maturities was raised to 6 per cent, and the rate on loans secured by bonds and notes of the United States to 5½ per cent. On February 26 the minimum rate for loans secured by certificates was made 5 per cent, and beginning with April 22, following the issue of certificates bearing a rate of interest in excess of 5 per cent, the discount rate on paper so secured was made the same as the rate of the certificate but not less than 5 per cent.

On January 23 a rate of 5 per cent was established for the discount of indorsed bankers' acceptances; the rate on this class of paper was advanced to 5½ per cent on April 8 and again to 6 per cent on October 20.

#### LOAN AND DISCOUNT OPERATIONS.

Loan and discount operations of this bank during the early months of 1920 were dominated by the unusual demands which the business interests of the district were making upon the banks. As the year

progressed the borrowings declined, in keeping with the smaller commercial needs of the district.

The total turnover of bills for the year was much smaller, but this can not be taken as indicative of decreased earning assets, as the maturities of the bills were longer in 1920 than in the previous year, as is indicated by the daily average of earning assets, which was \$233,887,000 this year, as compared with \$218,038,000 last year. A moderate amount of bills were bought in the open market, the total of such transactions being \$41,232,000, as compared with \$14,048,000 in 1919, and during the last half of the year a considerable quantity of acceptances was purchased from other Federal Reserve Banks to strengthen their reserve position. The total of all acceptances purchased from both sources was \$76,380,000.

The following table, giving the average daily amounts of the total earning assets during the year 1920, with comparative figures for 1919 and 1918, shows the trend of the holdings of this bank:

	1920	1919	1918
January.....	\$279,284,000	\$191,744,000	\$56,592,000
February.....	243,612,000	200,562,000	53,576,000
March.....	246,229,000	204,604,000	58,196,000
April.....	243,592,000	208,440,000	63,680,000
May.....	247,113,000	213,595,000	69,155,000
June.....	241,705,000	216,680,000	77,315,000
July.....	225,736,000	214,600,000	88,628,000
August.....	273,678,000	221,288,000	102,304,000
September.....	227,742,000	226,759,000	114,640,000
October.....	225,147,000	235,140,000	138,135,000
November.....	230,358,000	238,126,000	189,486,000
December.....	213,420,000	243,809,000	197,818,000
Average for year.....	233,887,000	218,038,000	101,067,000

The average amount of earning assets during the months of March and May, 1920, was larger than during any month of 1919. Rediscounts with other Federal Reserve Banks amounted to \$371,600,000. The last of these bills matured May 10. By September 7 the bank's position had so improved that it was able to rediscount for other Federal Reserve Banks, with the result that by the close of the year \$144,578,000 of such bills had been rediscounted for other Federal Reserve Banks, most of which are located in the agricultural sections of the country.

#### REDISCOUNTED PAPER.

At the end of the year the total of the rediscounted paper on hand was \$172,383,000, as compared with \$209,855,000 at the end of 1919 and \$178,819,000 at the end of 1918. Holdings of this class of paper increased during the early months of the year and reached the peak of \$218,169,000 on May 15. From that date there has been a more or less continual decline to the low of \$158,477,000 on November 30, after which small increases occurred.

To secure figures which are indicative of the borrowings of member banks, it is necessary to eliminate rediscount transactions with other Federal Reserve Banks. This has been done in the table following, which shows the borrowings of our members on the last day of 1919 and at the end of each month in 1920.

Year and month.	Secured by United States securities.	All other.	Total.
1919—December .....	\$201,894,000	\$35,455,000	\$237,349,000
1920—January .....	190,826,000	36,765,000	227,591,000
February .....	203,033,000	45,731,000	248,764,000
March .....	198,037,000	42,965,000	241,002,000
April .....	202,530,000	27,373,000	229,903,000
May .....	188,258,000	27,354,000	215,612,000
June .....	160,342,000	37,348,000	197,690,000
July .....	143,161,000	38,541,000	181,702,000
August .....	136,557,000	37,890,000	174,447,000
September .....	119,424,000	34,506,000	153,930,000
October .....	113,455,000	38,587,000	152,042,000
November .....	115,819,000	32,849,000	148,668,000
December .....	114,066,000	41,417,000	155,483,000

During the year borrowings of member banks secured by Government securities decreased \$87,828,000, or 43 per cent; other rediscounts increased \$5,962,000, or 17 per cent; and total borrowings decreased \$81,866,000, or 34 per cent. At the close of the past year, Government secured borrowings constituted only 73 per cent of the total, whereas the percentage was 85 per cent at the end of 1919.

#### PURCHASED PAPER.

Purchases of open-market paper amounted to \$76,380,100, largely made during the last half of the year, of which \$35,147,000 of bankers' acceptances were purchased from other Federal Reserve Banks. Acceptances in the foreign trade made up the bulk of this paper, together with much smaller amounts in the domestic trade and dollar exchange bills. No trade acceptances were purchased, though a small amount was held over from 1919.

The holdings of the various classes of paper on the last Fridays of 1920 and 1919 are given herewith:

	1920	1919
Bankers' acceptances:		
In foreign trade .....	\$10,167,152.89	\$3,555,043.21
In domestic trade .....	1,376,234.48	1,122,711.63
Dollar exchange bills .....	1,350,000.00	.....
Trade acceptances .....	.....	20,000.00
Total .....	12,893,387.37	4,697,754.84

Our member banks have been encouraged to invest in bankers' bills as affording a high grade of security and a most liquid asset for the banks, and for the purpose of developing a market for them. During the latter part of the year the banks of the district purchased larger amounts of these bills than at any previous time.

#### FEDERAL RESERVE NOTES.

As usual, during the first weeks of the year, there was a return of the Federal Reserve notes issued on account of the Christmas trade. Up to January 20, \$17,290,000 in notes were returned, reducing the circulation to the minimum for the year of \$219,760,000. After that

date the circulation gained steadily and by February 26 had passed the high point of the year 1919. This increase continued, with minor fluctuations, to \$278,736,000 on October 14. A small recession followed, but the demands of the holiday trade made themselves felt and the peak of the year was reached on December 23, \$283,740,000.

## FEDERAL RESERVE BANK NOTES.

Federal Reserve Bank notes outstanding at the beginning of the year amounted to \$29,052,000; new notes issued during the year amounted to \$24,796,000, and notes redeemed to \$31,056,000, leaving outstanding at the end of the year \$22,792,000. Due to the operations of the Bureau of Engraving and Printing, United States legal tender notes of the smallest denominations took the place to some extent of the Federal Reserve Bank notes. The peak of the notes in actual circulation was \$22,708,887 on December 18, which compares with a high point of \$29,143,707 on December 22, 1919.

## MONEY DEPARTMENT.

January and June were the only months of the year in which the currency deposited exceeded the amounts paid out. The other months showed an excess of amounts paid out to a greater or less degree. In February this excess was particularly heavy. The following table shows the total receipts and payments during 1920 and 1919:

	1920	1919
Receipts.....	\$570,093,449	\$444,475,010
Payments.....	643,266,382	389,209,059

The note-counting force averaged 29 persons during the year and handled a total of 71,673,499 pieces of money, the largest monthly total being 7,195,761 pieces in October, or an average of 287,830 pieces on each working day in that month.

## CLEARINGS AND COLLECTIONS.

*Transit department operations.*—During 1919 all of the banking institutions in this district were brought into the par collection system, and as new banks were organized they have been added to it. At the end of 1920 the 698 member and 439 nonmember banking institutions of this district were all on the par list, and in the country as a whole approximately 94 per cent of all the banks had agreed to remit at par for checks drawn upon them. The banks which do not remit at par are all located in the Southern States.

The total number of checks (exclusive of Government checks) handled during the year by this department was 47,298,471 to a value of \$16,327,199,000, as compared with 34,886,768 checks totaling \$13,843,744,000 in 1919. The average daily number of items was 157,230, compared with 116,289 in 1919. The largest number handled in any one day was 254,850 on October 14.

*Gold settlement fund.*—During the year payments made by this bank through the gold settlement fund to other Federal Reserve Banks totaled \$8,931,016,633, and amounts received by it were \$8,949,690,155, leaving a net balance in its favor of \$18,673,522. This favorable balance was largely accumulated during the latter part of the year and accounts in part for the improvement in the reserve position of the bank. In 1919 payments made by this bank through the gold settlement fund exceeded receipts by \$5,733,000.

*Collection department.*—The year has witnessed a great increase in the use of the facilities afforded by the collection department, which handles noncash items payable at a future date. The total number of the items handled in 1919 was 35,292, as compared with 92,651 in 1920 of a value of \$233,309,000. The bulk of these items was collected at par, no charge being made by the Federal Reserve Bank for the service, unless one was made by the collecting bank, in which case it was passed on to the depositing bank. There is a charge of 15 cents for each item returned unpaid. During the year there was a slight but gradual increase in the percentage of items returned unpaid, and also in the number of items protested.

*Coupon department.*—The payment of coupons of United States securities has expanded considerably during the past three years. The following table shows shipments of canceled coupons:

	Number.	Amount.
1920.....	9,493,270	\$62,519,070
1919.....	8,258,108	47,063,622
1918.....	2,728,361	11,735,022

*Wire transfers of funds.*—The wire transfer facilities offered by this bank have been used to a moderate extent by the member banks. A total of 9,832 messages were sent during 1920, transferring \$625,338,000. This was an average of \$2,030,000 daily. These figures are exclusive of sums transferred to New York, which were made over the telephone up to November, 1920.

#### INTERNAL ORGANIZATION.

At the meeting of the board of directors held March 3, Mr. George W. Norris, who was then Farm Loan Commissioner at Washington, was unanimously elected governor of the bank. Mr. Norris assumed office on April 5. No other changes have been made in the official staff during the year.

The election for directors of this bank, which closed November 30, resulted in the reelection of Mr. Joseph Wayne, jr., of Philadelphia, by group 1, to serve as a class A director for a term of three years beginning January 1, 1921, and the reelection of Mr. Edwin S. Stuart, of Philadelphia, by group 2, to serve as a class B director for a term of three years beginning January 1, 1921. Messrs. Wayne and Stuart were the only nominees in their respective classes. The Federal Reserve Board reappointed Mr. Richard L. Austin as a class C director and Federal Reserve Agent and chairman of the board of directors for a term of one year.

A general increase in the work of the bank in its various functions necessitated a larger staff of employees. The number increased from 638 on December 15, 1919, to 840 on December 15, 1920. Of this last total, 706 were employed in the regular work of the bank, and the remaining 134 were connected with the Liberty loan and other departments engaged in performing the duties as fiscal agent of the United States.

#### STATE BANK MEMBERS.

At the close of 1919, 38 State banks and trust companies were members of the system in this district. During the year 9 other institutions were added and two member trust companies consolidated, so that there were 46 member State institutions at the end of 1920.

#### DEPARTMENT OF BANK EXAMINATION.

During the year the department of bank examination participated in 42 examinations of member State banks and trust companies, 5 of which were independent examinations incident to applications for admission into the system, and 37 examinations were conducted in cooperation with the State banking departments of Pennsylvania, New Jersey, and Delaware. All the banks and trust companies examined cooperatively were members of the system with the exception of one bank which was an applicant for admission. The total banking resources of the institutions examined aggregated \$210,741,000, in addition to which trust funds totaling \$1,553,987,000 were examined by the department.

In connection with the granting of fiduciary powers to national banks, this department has given assistance and advice in the installation of adequate systems in the trust departments of banks receiving such powers.

#### SPECIAL POWERS FOR NATIONAL BANKS.

During 1920 the Federal Reserve Board approved applications from 29 national banks in this district for the exercise of fiduciary powers. Of this number 22 were located in Pennsylvania, 6 in New Jersey, and 1 in Delaware; 27 banks were granted permission to exercise full powers and 2 were granted partial powers. The total number of banks having these privileges is 123, scattered quite generally over the district. The table following shows the distribution of the total:

	Full powers.	Partial powers.	Total.
Pennsylvania.....	67	29	96
New Jersey.....	17	5	22
Delaware.....	3	2	5
Total.....	87	36	123



The national banks have manifested but little interest in the power to accept up to 100 per cent of their combined capital and surplus, as allowed by the Federal Reserve Act under the regulations of the Federal Reserve Board, and no applications regarding such powers have been received during the past two years. A total of 8 banks, all of which are located in Philadelphia, possess this right.

#### FISCAL AGENCY OPERATIONS.

The exchange of permanent bonds for temporary bonds, conversions of one issue into another, and denominational exchanges have been the chief activities in connection with the various issues of Liberty bonds and Victory notes. A total of 3,589,075 bonds and notes (both temporary and permanent) to a value of \$680,533,650 was exchanged or converted during the year. The only issue of Liberty bonds for which permanent bonds were not exchanged was the fourth, arrangements for which were not perfected before the close of the year.

*Certificates of indebtedness.*—The banks of the district have manifested a gratifying response to the offerings of the various issues of United States certificates of indebtedness during the year. The subscriptions received for each issue have been in excess of the quota of the district, and during the last four or five months the amounts allotted have been much less than the total of the subscriptions received.

The total of the subscriptions to all certificates of indebtedness was \$312,334,000, and the amount allotted was \$264,323,000, distributed between tax and loan certificates as follows:

	Total subscriptions.	Subscriptions allotted.
Loan certificates.....	\$96,149,000	\$80,722,500
Tax certificates.....	216,185,000	183,600,500

The total number of banks subscribing to these issues was 999, which was 87 per cent of the banks in the district. Redemptions of certificates through this bank during the year were \$256,857,000.

*Government checks.*—The Government check department handled a total of 1,918,816 checks, amounting to \$528,703,755 in 1920. Incomplete records for 1919 make a full comparison with that year impossible, but during the last six months a total amount of \$351,915,713 in Government checks was handled, which compares with \$255,825,041 in the last half of 1920.

## SCHEDULE 1.—Statement of condition.

[In thousands of dollars.]

	Dec. 31, 1920.	Dec. 31, 1919.	Dec. 31, 1918.	Dec. 31, 1917.
<b>RESOURCES.</b>				
Gold and gold certificates.....	6,087	1,194	1,051	19,064
Gold settlement fund—Federal Reserve Board.....	50,353	31,679	37,412	32,101
Gold with foreign agencies.....	264	10,506	408	3,675
Total gold held by bank.....	56,704	43,379	38,871	54,840
Gold with Federal Reserve agent.....	138,791	88,948	85,583	63,946
Gold redemption fund.....	8,902	8,448	7,900	1,500
Total gold reserves.....	204,397	140,775	132,354	120,286
Legal tender notes, silver, etc.....	993	589	1,668	1,190
Total reserves.....	205,390	141,364	134,022	121,476
<b>Bills discounted:</b>				
Secured by Government war obligations.....	115,647	174,450	159,764	19,981
All other.....	56,736	35,405	19,056	15,931
Bills bought in open market.....	12,689	5,177	3,011	18,390
Total bills on hand.....	185,072	215,032	181,831	54,302
United States Government bonds.....	1,434	1,385	1,385	7,102
United States certificates of indebtedness.....	30,461	30,687	10,033	2,548
Municipal warrants.....				10
Total earning assets.....	216,967	247,104	193,249	63,962
Bank premises.....	500	500	500	
Uncollected items and other deductions from gross deposits.....	67,749	92,971	90,853	35,709
5 per cent redemption fund against Federal Reserve bank notes.....	1,300	1,475	475	
All other resources.....	358	692	879	210
Total resources.....	492,264	484,106	419,978	221,357
<b>LIABILITIES.</b>				
Capital paid in.....	8,485	7,884	7,562	6,142
Surplus.....	17,010	8,805	1,304	
Government deposits.....	1,222	5,189	5,039	4,833
Due to members—reserve account.....	111,014	110,541	99,720	84,574
Deferred availability items.....	51,324	75,633	65,918	27,467
Other deposits.....	1,447	9,358	823	4,981
Total gross deposits.....	165,007	200,721	171,500	121,855
Federal Reserve notes in actual circulation.....	278,321	237,051	229,112	92,977
Federal Reserve bank notes in circulation—net liability.....	22,601	28,792	8,926	
All other liabilities.....	840	853	1,574	383
Total liabilities.....	492,264	484,106	419,978	221,357
Ratio of total reserves to net deposit and Federal Reserve note liabilities combined—per cent.....	54.7	41.0	43.2	67.8
Ratio of gold reserves to Federal Reserve notes in circulation after setting aside 35 per cent against net deposit liabilities—per cent.....	61.6	43.7	46.2	98.2

SCHEDULE. 2—*Movement of principal asset and liability items during 1920.*

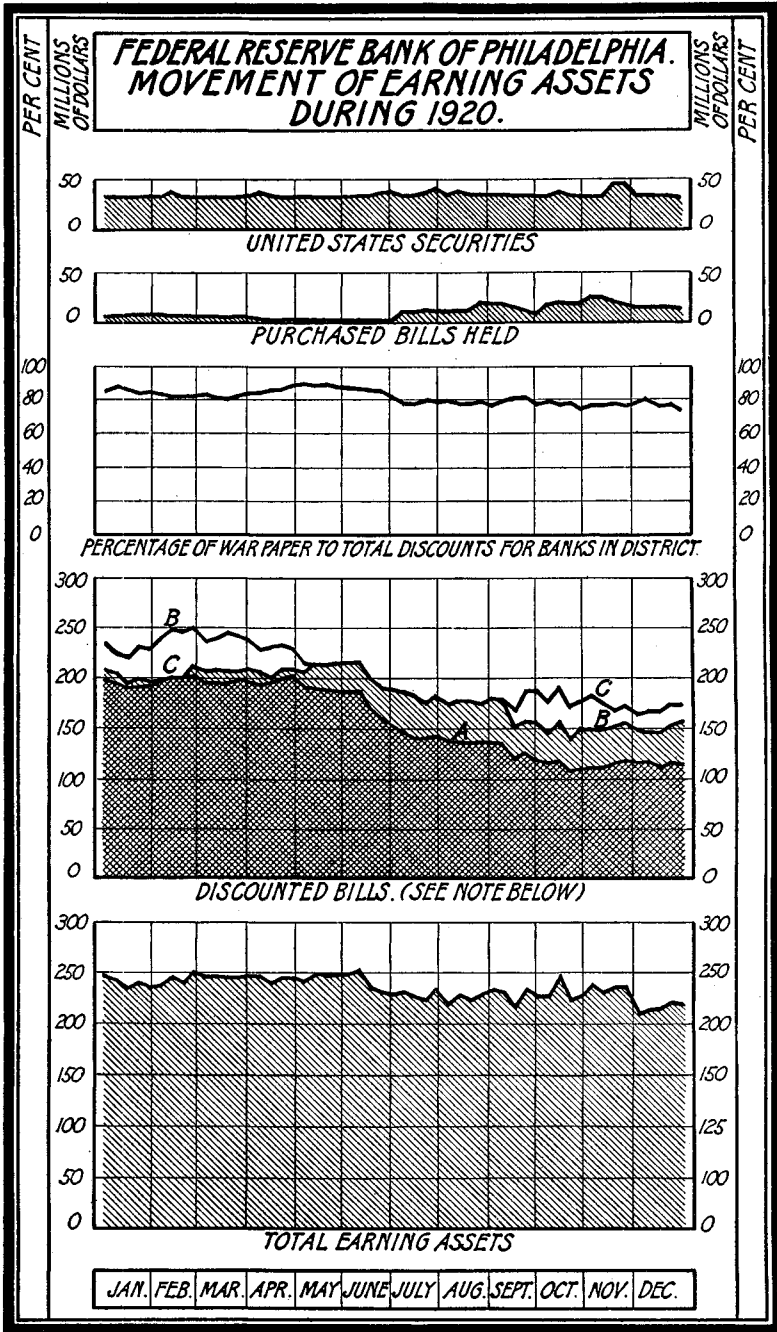
[Amounts in thousands of dollars.]

Date.	Total earning assets.	Discounted bills.					Purchased bills.			United States securities.	Total cash reserves.	Net deposits.	Federal Reserve notes in circulation.	Reserve percentages.	
		Total held.	Rediscounted with other Federal Reserve Banks.	Discounted for member banks in this district.			Purchased in open market.	Purchased from other Federal Reserve Banks.	Total held.					Actual.	Ad-justed. <sup>1</sup>
				A.	B.	C.									
				Total.	Secured by Government war obligations.	Per cent (B÷A).									
Jan. 2	245,642	208,495	25,664	234,159	199,398	85.2	5,177	5,177	31,970	140,216	109,740	232,160	41.0	33.5	
9	241,139	203,314	20,050	223,364	194,453	87.1	5,842	5,842	31,983	132,024	104,230	224,322	40.2	34.1	
16	233,572	195,024	25,434	220,458	189,016	85.7	6,065	6,065	32,483	133,534	100,358	222,140	41.4	33.5	
23	239,035	198,732	31,695	230,427	191,072	82.9	7,827	7,827	32,476	130,928	105,549	220,261	40.2	30.4	
30	235,611	195,140	32,790	227,930	192,062	84.3	7,825	7,825	32,646	131,103	100,295	222,802	40.6	30.4	
Feb. 6	237,022	196,763	41,381	238,144	196,075	82.3	7,861	7,861	32,398	131,198	98,262	225,836	40.5	27.7	
13	245,816	200,299	47,945	248,244	202,330	81.5	7,194	7,194	38,323	136,093	99,267	238,871	40.2	26.1	
20	239,183	199,783	45,819	245,602	200,148	81.5	7,094	7,094	32,306	134,113	91,522	238,059	40.7	26.8	
27	250,625	211,468	38,925	250,393	203,951	81.5	6,752	6,752	32,405	139,911	105,177	242,540	40.2	29.0	
Mar. 5	245,640	206,894	28,669	235,563	194,678	82.6	6,396	6,396	32,350	138,131	99,259	242,607	40.4	32.0	
12	245,615	207,572	31,215	238,787	193,664	81.1	5,693	5,693	32,350	145,948	107,208	244,544	41.5	32.6	
19	244,763	207,284	36,565	243,849	195,222	80.1	5,491	5,491	31,988	141,134	104,249	242,648	40.7	30.1	
26	244,232	206,700	35,555	242,255	198,748	82.0	5,565	5,565	31,967	141,295	102,056	244,579	40.8	30.5	
Apr. 2	246,654	208,729	29,363	238,092	197,236	82.8	4,960	4,960	32,965	143,266	102,352	249,002	40.8	32.4	
9	245,706	205,768	22,948	228,716	191,776	83.8	3,972	3,972	35,966	139,547	99,077	248,332	40.2	33.6	
16	238,806	201,314	29,500	230,814	196,856	85.3	3,416	3,416	34,076	138,361	92,852	246,717	40.7	32.1	
23	244,693	209,391	23,375	232,766	199,606	85.7	2,981	2,981	32,321	138,853	100,508	245,238	40.2	33.4	
30	244,163	209,196	20,709	229,905	202,531	88.1	2,842	2,842	32,125	139,173	99,838	245,443	40.3	34.3	
May 7	241,326	206,244	7,782	214,026	190,891	89.2	2,918	2,918	32,164	137,577	97,025	244,384	40.3	38.0	
14	248,886	214,084	.....	214,084	189,880	88.7	2,638	2,638	32,164	140,693	103,283	247,696	40.1	40.1	
21	247,739	212,945	.....	212,945	188,481	88.5	2,592	2,592	32,202	137,892	102,398	244,473	39.8	39.8	
28	248,353	213,976	.....	213,976	187,447	87.6	2,070	2,070	32,307	140,669	101,133	249,091	40.2	40.2	
June 4	249,400	214,958	.....	214,958	186,209	86.6	2,227	2,227	32,215	145,387	106,364	249,225	40.9	40.9	
11	251,593	216,212	.....	216,212	186,537	86.3	2,052	2,052	33,329	137,586	98,897	250,899	39.3	39.3	
18	235,363	200,144	.....	200,144	170,471	85.2	1,926	1,926	33,293	139,682	88,382	247,287	41.6	41.6	
25	229,910	190,421	.....	190,421	161,234	84.7	2,012	2,012	37,477	155,671	97,360	248,785	45.0	45.0	

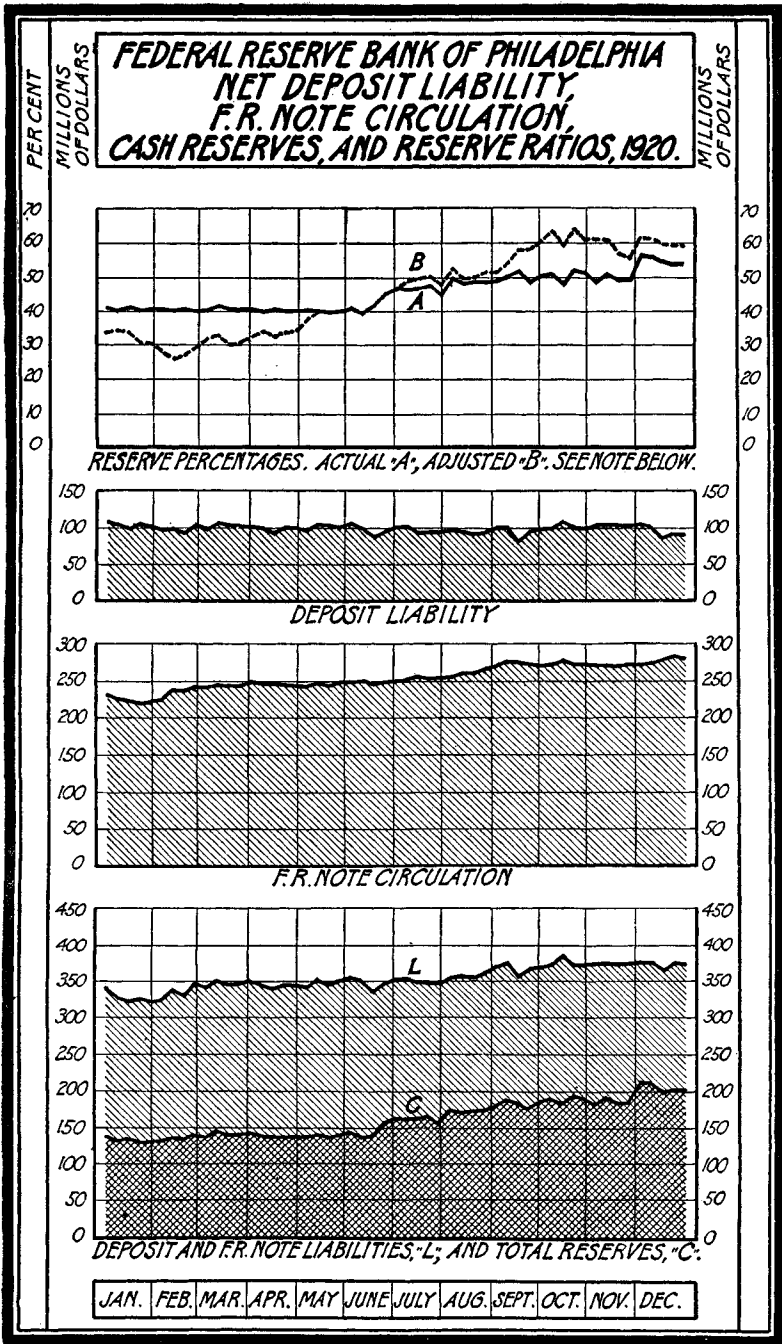
July	2	227,771	188,057	.....	188,057	151,609	80.6	1,425	.....	1,425	38,289	164,203	100,846	251,253	46.6	46.6
	9	231,012	186,421	.....	186,421	146,759	78.7	1,415	10,014	11,429	33,162	162,862	101,310	252,418	46.0	48.9
	16	225,782	181,627	.....	181,627	140,499	77.4	1,071	10,014	11,085	33,070	162,827	92,654	255,772	46.7	49.6
	23	223,243	175,045	.....	175,045	139,845	79.9	1,496	10,014	11,510	36,688	164,959	94,662	253,106	47.4	50.3
	30	232,756	180,608	.....	180,608	142,978	79.1	1,391	10,014	11,405	40,743	156,177	93,950	254,445	44.8	47.7
Aug.	6	219,180	174,471	.....	174,471	138,298	79.3	1,144	10,014	11,158	32,551	175,361	97,864	255,765	49.6	52.4
	13	227,844	177,764	.....	177,764	136,899	77.0	5,359	7,130	12,489	37,591	171,098	95,259	262,309	47.9	49.8
	20	223,058	176,568	.....	176,568	136,498	77.3	7,232	4,274	11,506	34,984	173,161	92,316	262,239	48.8	50.0
	27	229,015	174,416	.....	174,416	137,356	78.7	8,092	11,812	19,904	34,695	175,084	94,117	268,028	48.3	51.6
Sept.	3	232,734	179,261	.....	179,261	136,676	76.2	8,839	10,050	18,889	34,584	180,576	100,416	270,631	48.7	51.4
	10	230,321	176,951	* 3,999	172,952	135,459	78.3	8,594	10,050	18,644	34,726	188,541	100,161	276,054	50.1	53.8
	17	214,549	166,506	* 15,767	150,739	121,206	80.4	8,726	5,795	14,521	33,522	185,869	81,364	276,039	52.0	58.0
	24	233,032	187,315	* 30,617	156,698	126,597	80.8	6,927	5,195	12,122	33,595	178,026	94,944	272,347	48.5	58.2
Oct.	1	227,040	185,893	* 31,485	154,408	118,844	76.9	3,344	4,911	8,255	32,892	187,392	99,329	270,892	50.6	60.4
	8	227,104	176,088	* 30,577	145,511	114,544	78.7	4,510	13,711	18,221	32,795	191,610	99,948	274,065	51.2	63.1
	15	216,075	189,256	* 32,384	156,872	119,160	76.0	7,355	12,525	19,580	36,939	185,029	107,949	278,147	47.9	59.6
	22	223,170	170,973	* 32,273	138,700	107,697	77.6	8,354	10,449	18,803	33,394	195,274	100,153	278,103	52.3	63.8
	29	227,071	175,689	* 27,129	148,560	109,691	73.8	9,180	10,072	19,252	32,130	191,144	99,639	273,266	51.3	61.2
Nov.	5	238,042	181,521	* 32,550	148,971	112,290	75.4	9,746	14,833	24,579	31,942	193,819	271,319	48.7	61.3	
	12	229,898	174,452	* 24,508	149,949	112,309	74.9	10,825	12,736	23,561	31,885	192,487	104,400	272,469	51.1	61.0
	19	235,065	168,038	* 16,352	151,686	116,467	76.8	10,761	10,282	21,043	45,984	185,075	103,276	271,054	49.4	56.6
	26	231,900	171,621	* 14,760	156,861	119,113	75.9	10,562	6,998	17,500	45,719	185,905	101,619	273,194	49.6	55.4
Dec.	3	210,304	163,787	* 16,184	147,603	116,126	78.6	11,374	2,421	15,795	32,722	213,938	105,627	272,128	56.6	61.6
	10	212,733	165,551	* 18,666	146,885	117,771	80.2	13,295	1,006	14,301	32,881	212,138	191,776	276,146	56.1	61.3
	17	213,629	167,074	* 19,796	147,278	111,514	75.7	13,620	.....	13,620	32,935	200,141	87,816	278,821	54.6	60.0
	23	220,705	174,068	* 21,779	152,289	116,234	76.3	13,892	.....	13,892	32,745	202,211	91,937	283,740	53.8	59.6
	30	218,637	173,563	* 17,109	156,454	113,922	72.8	12,893	.....	12,893	32,181	202,257	92,550	280,960	54.2	58.7

<sup>1</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.

<sup>2</sup> Paper discounted for other Federal Reserve Banks.



*A. Paper secured by Government War Obligations discounted for Banks in District. B. Total Paper discounted for Banks in District. C. Total Discounted Paper held. Space between lines B and C represents - where above line B - Paper discounted for, and - where below line B - Paper rediscounted with, other Federal Reserve Banks.*



*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accommodation extended to or received from other Federal Reserve Banks.*

## SCHEDULE 3.—Volume of paper discounted and bought

[In thousands of dollars.]

Month.	Discounted paper.					Purchased paper.				Total discounted and purchased paper.			
	Total.	Secured by Government war obligations.	Bankers' acceptances.	Trade acceptances.	All other.	Total.	Bankers' acceptances.	Dollar exchange.	Trade acceptances.	1920	1919	1918	1917
January.....	647,658	594,744	.....	286	52,628	3,723	3,523	200	.....	651,381	684,606	41,369	2,672
February.....	558,269	461,021	1,830	837	94,581	2,250	2,250	.....	.....	560,519	642,150	36,022	11,741
March.....	542,843	451,064	812	488	90,479	1,388	1,388	.....	.....	544,231	834,820	34,987	7,620
April.....	569,199	464,752	33	233	104,181	992	992	.....	.....	570,191	917,957	49,205	7,654
May.....	460,000	393,587	18	518	65,877	504	504	.....	.....	460,504	946,013	80,401	25,850
June.....	496,289	375,112	292	354	120,531	1,034	1,034	.....	.....	497,323	1,079,712	99,947	46,166
July.....	489,727	323,533	119	541	165,534	616	591	25	.....	490,343	1,032,353	140,214	33,648
August.....	520,882	315,286	.....	316	205,280	8,058	7,708	350	.....	528,940	923,285	150,346	25,621
September.....	418,472	273,440	225	231	144,576	1,503	1,373	130	.....	419,975	1,004,403	163,960	24,991
October.....	374,914	252,626	475	351	121,462	8,765	7,790	975	.....	383,679	1,152,013	235,942	21,385
November.....	354,671	242,002	200	88	112,381	2,742	2,342	400	.....	357,413	686,469	366,542	50,958
December.....	387,334	268,287	125	547	118,375	9,657	8,857	800	.....	396,991	846,702	512,349	51,024
Total:													
1920.....	5,820,258	4,415,454	4,129	4,790	1,395,885	41,232	38,352	2,880	.....	5,861,490	.....	.....	.....
1919.....	10,736,435	10,209,981	18	3,753	522,683	14,048	13,928	100	20	.....	10,750,483	.....	.....
1918.....	1,833,598	1,504,637	47	5,650	323,264	77,696	77,254	432	.....	.....	1,911,284	.....	.....
1917.....	223,416	32,803	.....	726	189,887	85,914	83,977	.....	1,937	.....	.....	1,309,330	.....

<sup>1</sup> Includes \$15,204,040 of acceptances purchased from the Federal Reserve Banks of Boston and New York.

## SCHEDULE 4.—Earnings and expenses.

	1920	1919	1918	1917
<b>EARNINGS.</b>				
Discounted bills.....	\$10,420,161	\$7,987,864	\$3,241,105	\$370,359
Purchased bills.....	574,074	67,019	756,313	474,653
United States securities.....	742,235	495,768	233,489	123,875
Municipal warrants.....			49	18,170
Transfers—net earnings.....				339
Deficient reserve penalties (including interest).....	69,150	25,673	29,784	6,878
Net service charges received.....	1,265		47,714	
Profits realized on United States securities.....				13,768
Sundry profits.....	41,666	33,556	49,286	7,917
<b>Totalearnings.....</b>	<b>11,848,551</b>	<b>8,609,880</b>	<b>4,357,740</b>	<b>1,015,959</b>
<b>CURRENT EXPENSES.</b>				
<b>Expense of operation:</b>				
Assessments, account expenses of Federal Reserve Board.....	56,804	49,059	33,929	22,057
Federal Advisory Council (fees and traveling expenses).....	378	381	372	350
Governors' conferences (including traveling expenses).....	272	210		174
Federal Reserve Agents' conferences (including traveling expenses).....	64		140	
Salaries—				
Bank officers.....	123,338	96,029	64,288	46,206
Clerical staff.....	799,385	577,104	283,624	42,615
Special officers and watchmen.....	70,921	44,688	14,976	8,311
All other.....	80,412	59,228		
Directors' fees.....	4,480	4,059	4,160	3,590
Per diem allowances.....	620	650	670	1,080
Traveling expenses.....	1,469	1,278	1,120	1,361
Officers' and clerks' traveling expenses.....	9,885	5,421	2,463	163
Legal fees.....	2,530	1,941	1,570	1,700
Rent.....	18,020	1,500	5,050	9,070
Taxes and fire insurance.....	20,063	15,775		13
Telephone.....	15,492	14,423	6,779	2,803
Telegraph.....	10,565	7,578	3,170	325
Postage.....	56,721	60,780	40,283	1,470
Expressage.....	437	7,804	26,951	1,186
Insurance and premiums on fidelity bonds.....	37,214	45,848	16,599	4,700
Light, heat, and power.....	22,650	17,616	4,801	1,426
Printing and stationery.....	113,644	78,477	34,366	7,311
Repairs and alterations.....	26,988	31,581	2,565	233
Cost of currency shipments to and from member and nonmember banks.....	81,370	35,354		
All other.....	66,445	102,559	45,588	9,183
<b>Total expenses of operation.....</b>	<b>1,620,167</b>	<b>1,260,243</b>	<b>593,464</b>	<b>163,955</b>
Cost of Federal Reserve currency (including expressage, insurance, etc.).....	292,540	209,419	243,857	70,340
Miscellaneous charges, account note issues.....	77,508	45,411	3,081	1,887
Taxes on Federal Reserve bank note circulation.....	110,904	98,132		
Furniture and equipment.....	75,065	100,868	215,043	3,782
Bank premises.....	90	61,112	31,471	
Disbursements of transit department in excess of net service charges received.....				22,120
<b>Total current expenses.....</b>	<b>2,176,274</b>	<b>1,775,185</b>	<b>1,086,916</b>	<b>262,084</b>
<b>Current net earnings.....</b>	<b>9,672,277</b>	<b>6,834,695</b>	<b>3,270,824</b>	<b>753,875</b>
<b>PROFIT AND LOSS ACCOUNT.</b>				
Earnings.....	11,848,551	8,609,880	4,357,740	1,015,959
Expenses.....	2,176,274	1,775,185	1,086,916	262,084
<b>Current net earnings.....</b>	<b>9,672,277</b>	<b>6,834,695</b>	<b>3,270,824</b>	<b>753,875</b>
Profit and loss account Jan. 1.....			220,238	89,966
Additions to current net earnings.....	146,194	3,697		
<b>Total.....</b>	<b>9,818,471</b>	<b>6,838,392</b>	<b>3,491,062</b>	<b>843,841</b>

<sup>1</sup> Credit.



SCHEDULE 4.—*Earnings and expenses—Continued.*

	1920	1919	1918	1917
<b>PROFIT AND LOSS ACCOUNT—continued.</b>				
Deductions from current net earnings on account of— Reserve for depreciation on United States securities.....	\$105,396	\$29,112	\$116,131	.....
Bank premises.....	646,620		182,604	.....
Assessment, account expenses of Federal Reserve Board, January-June, 1920.....		41,828		.....
All other.....	1,339	108,283		.....
Total deductions.....	753,355	179,223	298,735	.....
Net earnings available for dividends, surplus, and franchise tax, Dec. 31.....	9,065,116	6,659,169	3,192,327	\$843,841
Dividends paid.....	496,679	462,380	583,983	623,603
Transferred to surplus fund.....	8,204,775	6,196,789	2,608,344	.....
Franchise tax paid United States Government.....	363,662			.....
Profit and loss, Jan. 1, 1918.....				220,238

<sup>2</sup> Includes \$1,304,172 reserve for Government franchise tax transferred to surplus in 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

Month.	Receipts.		Shipments.		Total receipts.		Total shipments.	
	From member banks.	From non-member banks.	To member banks.	To non-member banks.	1920	1919	1920	1919
January.....	\$44,696,318	\$2,542,163	\$33,689,992	.....	\$47,238,481	\$47,191,945	\$33,689,992	\$18,370,300
February.....	27,925,784	1,206,850	60,276,829	.....	29,132,634	32,030,619	60,276,829	25,761,150
March.....	38,520,745	1,475,361	48,045,055	.....	39,996,106	28,172,620	48,045,055	25,565,400
April.....	44,882,087	1,815,624	46,795,965	.....	46,697,711	39,959,215	46,795,965	27,421,050
May.....	38,271,755	1,318,691	48,879,250	.....	39,590,446	40,681,745	48,879,250	27,192,000
June.....	47,107,482	1,428,613	47,084,490	.....	48,536,095	37,295,680	47,084,490	26,538,600
July.....	49,866,032	1,757,944	53,279,310	.....	51,623,976	38,394,924	53,279,310	32,617,025
August.....	47,065,548	1,735,251	60,711,627	.....	48,800,799	33,425,219	60,711,627	36,287,240
September.....	49,889,443	2,020,213	57,511,399	.....	51,909,656	36,468,581	57,511,399	34,991,090
October.....	50,228,559	3,029,003	64,210,360	.....	53,257,562	37,026,356	64,210,360	41,637,000
November.....	51,813,494	1,856,474	55,338,584	.....	53,669,878	30,064,643	55,338,584	43,312,472
December.....	57,856,215	1,783,890	67,443,521	.....	59,640,105	43,763,463	67,443,521	49,575,732
Total:								
1920.....	548,123,372	21,970,077	643,266,382	.....	570,093,449	.....	643,266,382	.....
1919.....	430,627,999	13,847,011	389,045,539	\$223,500	.....	444,475,010	.....	389,269,059

## SCHEDULE 6.—Operations of check clearing and collection department.

Month.	Items drawn on banks in own district.				Items drawn on Treasurer of United States.	
	Located in Federal Reserve Bank city.		Located outside Federal Reserve Bank city.		Number.	Amount.
	Number.	Amount.	Number.	Amount.		
January.....	1,323,515	\$871,701,394	1,640,664	\$221,782,880	119,325	\$36,690,052
February.....	1,101,600	731,403,635	1,387,451	188,077,822	131,526	49,297,607
March.....	1,455,299	892,548,986	1,810,110	250,771,848	154,408	45,971,104
April.....	1,348,060	867,762,963	1,790,824	263,379,400	183,236	44,172,880
May.....	1,312,924	863,298,342	1,723,422	254,196,689	171,690	60,239,907
June.....	1,403,276	967,274,060	1,950,877	286,493,104	156,428	36,467,164
July.....	1,356,369	906,745,081	1,909,614	282,933,530	151,565	52,581,983
August.....	1,413,215	851,331,222	1,738,321	267,420,047	153,675	66,247,189
September.....	1,358,177	891,032,474	1,831,532	289,246,950	140,670	43,954,242
October.....	1,453,792	890,265,130	1,927,682	280,622,953	160,801	27,430,395
November.....	1,475,689	837,101,262	1,858,434	259,688,959	190,006	34,746,608
December.....	1,591,336	895,722,064	2,110,370	278,519,409	205,486	30,904,624
Total:						
1920.....	16,593,192	10,466,186,613	21,679,301	3,123,073,591	1,918,816	528,703,755
1919.....	12,051,043	8,907,672,377	15,379,260	2,129,201,167	2,117,101	923,192,809
1918.....	4,256,167	6,655,028,275	8,569,393	1,263,933,879	(1)	(1)
1917.....	3,648,181	3,704,029,949	5,339,710	778,780,708	(1)	(1)

Month.	Items forwarded to other Federal Reserve Banks and their branches.		Total, 1920.	
	Number.	Amount.	Number.	Amount.
January.....	762,806	\$236,022,162	3,846,310	\$1,366,196,488
February.....	622,916	190,753,209	3,243,493	1,159,532,273
March.....	771,504	260,349,900	4,191,261	1,449,641,838
April.....	716,686	236,496,249	4,058,806	1,411,811,492
May.....	709,174	219,276,228	3,917,210	1,396,951,166
June.....	746,540	242,039,227	4,257,121	1,532,273,555
July.....	731,696	235,523,482	4,149,244	1,477,784,076
August.....	709,138	226,768,946	4,014,349	1,411,767,404
September.....	745,460	233,627,036	4,075,839	1,457,860,702
October.....	834,312	233,142,022	4,376,587	1,431,460,500
November.....	821,520	217,283,594	4,345,649	1,348,820,423
December.....	854,226	206,657,714	4,761,418	1,411,803,811
Total:				
1920.....	9,025,978	2,737,939,769	49,217,287	16,855,903,728
1919.....	7,456,465	2,806,870,819	37,003,869	14,766,937,172
1918.....	4,308,201	3,373,447,958	(1)	(1)
1917.....	2,364,381	2,663,681,129	(1)	(1)

<sup>1</sup> Figures not available.

## DISTRICT NO. 4—CLEVELAND.

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L. B. WILLIAMS, Deputy Chairman and Acting Federal Reserve Agent.

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### EARNINGS AND EXPENSES.

Gross earnings of the Federal Reserve Bank of Cleveland for the year 1920 amounted to \$14,458,619.07. The expense of operation amounted to \$2,470,685.07. The dividends provided for in the act have been paid, and \$11,215,837.25 transferred to surplus. With the addition of this sum, surplus account now totals \$20,304,837.25, or 95 per cent of the subscribed capital. A detailed statement of earnings and expenses will be found in Schedule 4.

### DISCOUNT OPERATIONS.

While the demand for loans and rediscounts from our member banks was strong throughout the year, the total volume was not as large as in 1919, although the number of approved applications greatly exceeds the number approved in 1919. The number of member banks accommodated was greater than in 1919, indicating that our rediscount and loan facilities were availed of more generally. The number of approved applications was 14,702, as compared with 12,182 in 1919. The number of banks accommodated was 450, as compared with 409 in 1919. The total loans to members, including rediscounts, was \$2,895,670,536.08 as compared with \$3,125,856,369.10 in 1919.

It is interesting to note that of the amount of rediscounts in 1920 compared with the amount in 1919 the paper secured by United States Government securities decreased about \$505,000,000 and paper based on commercial transactions increased in volume about \$270,000,000, while agricultural and live-stock paper rediscounted shows an increase of \$1,423,000.

Included in the commercial transactions was \$26,377,013 of trade acceptances, as compared with \$14,091,343.03 in 1919. This indicates that the trade acceptance is continuing to gain in popularity throughout the country, and noticeably so in this district.

The Federal Reserve Bank of Cleveland throughout the year was in a position to grant substantial accommodations to the other Federal Reserve Banks. In fact, at one period accommodations were granted to seven other Federal Reserve Banks at the same time. With the exception of San Francisco, each of them has been served in this way at some time during the year. The volume of

these rediscounts was \$1,406,072,415, as against \$229,017,300 in 1919. The peak of such rediscounts was reached on October 9, with a total of \$150,108,359.

Purchases of United States Government securities aggregated \$878,588,500, compared with purchases totaling \$284,617,250 in 1919. Included in these purchases for the year 1920 were \$641,500,000 of 2 per cent certificates, of which \$641,000,000, together with \$190,000,000 of 4 per cent certificates that were also included in the year's purchases, represented loans to the United States Government for short periods (usually one to five days) at times when the various issues of Treasury certificates of indebtedness were passing through the period of redemption.

#### RESERVE POSITION.

From a reserve position of about 50 per cent at the opening of the year, a gradual decline occurred until during the month of April the low point of about 44 per cent was reached, by reason of heavy discounting and a strong demand for loans.

During the early spring months a fluctuation within narrow limits occurred, reserves running roughly between the 42 and 50 per cent levels. From that time on, as a result of a curbing of nonessential loans, speculation, and profiteering that was accomplished by our member banks, there has been a slow but steady improvement, the high point for the year (61.4 per cent) being reached on December 21.

#### MOVEMENT OF MEMBERSHIP.

By reason of the extreme business activity and the consequent necessity for additional banking facilities, 21 national banks were organized in this district during the year. Sixteen State banks were also admitted to membership during the year, having total resources in excess of \$50,000,000. Nine member banks liquidated in the period under review, seven of which were national banks, and two State banks. Of the former, two were merged with State bank members, three were succeeded by other national banks, while the assets of the other two were taken over by State banks. Of the two liquidated State banks, one went into the hands of a receiver and the other was succeeded by a national bank.

In two instances there have been consolidations of member banks—two national and two State banks consolidating in each instance.

The final result of the movement of membership was a net gain of 14 national banks and 13 State banks, a total of 27, giving us a membership at the close of the year of 870. The total paid-in capital stock of this bank on December 31 was \$10,702,850, an increase during the year of \$1,169,900.

While no intensive campaign for State bank members has been conducted during the year, interest in membership has not been permitted to slacken. The main campaign begun in 1919 has been continued, with gratifying results. Our bank relations department has also assisted in bringing the desirability of membership to the attention of banks that have shown an interest.

## RELATIONS WITH MEMBER BANKS.

The establishment of the department of bank relations has been amply justified by the results achieved. Through the medium of personal calls on all member banks by traveling representatives of this department information has been given and service rendered which could not have been accomplished by any other means.

The men selected for this work are all experienced in banking, can "talk the banker's language," and are thoroughly familiar with Federal Reserve Bank operations and the rulings of the Federal Reserve Board. Many misunderstandings are cleared up and differences adjusted which might otherwise result in endless correspondence. Reports from many banks all indicate that the service is highly appreciated.

During the eight months this department has been in operation, 1,011 regular calls have been made upon member banks, as well as special visits occasionally made upon nonmembers in the interest of membership or other matters. Representatives have been present at fifteen "group" meetings, three State conventions, and three county meetings.

Representatives of this department have encouraged the purchase of bankers' and trade acceptances as a profitable secondary reserve, and a decided interest in these forms of investment may be traced to this source.

## BANK EXAMINATIONS.

Owing to the uncertain credit conditions and the unusual demands for credit during the past year, it has been necessary for us to give particular attention to the condition of member banks as well as to make a careful analysis of all reports of examination. The analysis of financial statements is under the supervision of our discount department, but a close cooperation with the examination department has resulted in the interchange of information to the distinct advantage of both. With the acquisition of new members and the broadened scope of our operations the work of the department has been largely increased in order to make our examinations of more value, and further expansion is now intended.

We have enjoyed the fullest cooperation from the banking departments of this district, and, except in a few instances where it has been impossible to make the necessary arrangements, we have operated in conjunction with the State examiners; however, owing to the uncertainty of credit conditions and a desire to be of greater service to our member banks, it may be necessary to increase somewhat the number of independent examinations of our State bank members.

We have established the custom of furnishing to the board of directors of each institution a copy of the report of examination, and we have had many expressions of appreciation from them.

The present personnel of the department consists of a manager, three field examiners, and one assistant, all experienced examiners familiar with the operations of the Federal Reserve Banks.

## FISCAL AGENCY OPERATIONS.

With the successful flotation of the Victory loan in 1919 the activities of the fiscal agency department slackened somewhat, but the sale of various issues of certificates of indebtedness and the redemption thereof, conversions and exchanges of bonds, payment of coupons, the sale of war savings securities, and other fiscal agency functions have served to make the year one of extreme activity.

Eighteen issues of Treasury certificates of indebtedness were offered for subscription during the year. The number of subscribers to these issues was 8,064, and the total amount allotted \$350,343,500. Subscriptions amounted to \$431,705,000, or more than 23 per cent in excess of allotments. Certificates amounting to \$1,248,891,000 were redeemed during the year.

Exchanges of temporary for permanent bonds of war issues were made during the year in an amount in excess of \$500,000,000, involving the handling of over 3,656,000 pieces. Denominational exchanges totaled \$109,165,000 (including certificates of indebtedness). More than 10,000,000 coupons from bonds and certificates of indebtedness were redeemed during 1920, in the amount of \$63,240,118.

## FEDERAL RESERVE NOTES.

Following the seasonal inflow of Federal Reserve notes during the month of January, there was a steadily increasing demand for currency during the year, as a result of which an expansion of the circulating medium occurred, amounting to approximately \$100,000,000. The high point of the year was reached on December 23, when notes outstanding totaled \$383,787,990.

Currency operations with member and nonmember banks totaled \$1,237,030,644, while total receipts and shipments covering all money operations reached the sum of \$1,991,131,130.

## FEDERAL RESERVE BANK NOTES.

The volume of Federal Reserve Bank notes has remained practically unchanged during the year, the increase in bank notes outstanding on December 31 being but 3 per cent in excess of that one year ago.

It is noted that a shrinkage has occurred in both \$1 and \$2 bank notes outstanding, with a more than offsetting compensation in fives. This is accounted for in the fact that \$1 and \$2 notes were not procurable in sufficient quantities to meet the demand when at its height, and notes of the \$5 denomination were taken. At one time during the year fully 30 per cent of the total volume of outstanding bank notes was in process of redemption.

## CLEARING AND COLLECTION OPERATIONS.

Voluntary agreement to remit at par for all cash items forwarded by this bank have been received from all banks in this district with the exception of two located in Kentucky, where collections are now made through agents.

A more free use of the check collection facilities afforded by our transit department is being made, 40 more member banks utilizing this service than used it during the year 1919. The number of banks in other districts forwarding items direct to us is rapidly increasing, some districts having granted the direct sending privilege to all of their members.

During the year 42,235,690 checks, aggregating \$15,155,475,713, were handled by this office and the two branches. The additional work incident to the prompt and efficient handling of this immense volume of checks necessitated a corresponding increase in our transit and bookkeeping clerical forces, which numbered 229 at the close of the year, as compared with 124 on December 31, 1919.

The volume of noncash items has increased immensely during the year, our foreign and city collection departments handling during that period 200,000 items, aggregating more than \$250,000,000.

A detailed statement covering the operation of our check clearing and collection departments appears in Schedule 6.

#### PERSONNEL.

On September 30 the resignation of Mr. D. C. Wills as Federal Reserve Agent and chairman of the board was regretfully accepted to permit his appointment to the Federal Reserve Board, and Mr. L. B. Williams, now deputy chairman, was appointed acting Federal Reserve Agent.

The personnel of the board of directors has not changed by reason of the reelection of Mr. Robert Wardrop (class A), and Mr. Thomas A. Combs (class B). The vacancy created by the resignation of Mr. Wills has not been filled by the Federal Reserve Board.

The vastly increased work of nearly all departments and the establishment of new departments in connection with the performance of additional functions has naturally resulted in a corresponding increase in our clerical staff, which now numbers (including forces at the branches) 969 employees.

#### BANK PREMISES.

In addition to the land acquired by purchase in 1919 as a site for the new home of the Federal Reserve Bank of Cleveland, there has also been acquired, through lease, adjoining land having a frontage on Superior Avenue of about 67 feet, running through 200 feet to Rockwell Avenue. This additional space will provide, together with the land already purchased, an area of about 43,000 square feet. Plans for the proposed new building have been prepared by Messrs. Walker and Weeks, local architects, and on or about February 1, 1921, it is the intention to begin the razing of the old buildings now on the site and start the erection of a 10-story building especially designed to meet our requirements.

#### OPERATIONS OF BRANCHES.

The branch banks at Cincinnati and Pittsburgh have continued in operation, and a heavily increased volume of work has resulted in materially increased forces at both points. No new functions have been added to the scope of branch operations, but it is now

thought that by February 15 the work of taking over the subtreasury at Cincinnati will have been accomplished, and that branch will then perform the functions heretofore conducted at that point by the Treasury Department.

#### LIBRARY.

Since the 1st of January, 1920, the library staff has increased from three to seven, including the part-time services of the editor of the monthly magazine, "Federal Reserve Notes."

During the past summer a weekly newspaper entitled "4-D News" was started, consisting of five or six multigraphed sheets each week. This is issued for employees only, and gives the weekly news of the work of the various departments and the personnel of the bank and its branches. The library furnishes news items from periodicals and newspapers concerning the Federal Reserve System and affairs in the Fourth District. The preparation and distribution of this paper occupies the greater part of one assistant's time.

The "Service Bulletin," also issued by the library, was described in last year's report. It lists and briefly digests articles of interest to bankers in current periodicals. Fifteen hundred copies are printed every half month and sent to all the member banks of the district, and to the officers and heads of departments in this bank.

The book collection consists of 570 volumes, including practically all of the up-to-date works on banking and finance, and standard works on general economics, statistics, accounting, office practice, business English, etc. We have no recreational collection.

#### GENERAL BUSINESS AND BANKING CONDITIONS.

The past year has witnessed a rather startling change in the business situation. The early months of the year were characterized by extreme activity in all lines of business endeavor.

With the slowing up of the business machinery and the improvement in transportation during the summer and fall months, the credit strain became somewhat relieved, but we were called upon to rediscount heavily for other Federal Reserve Banks, and the improvement was not immediately reflected in easier credit in the Fourth District, although as the volume of Federal rediscounts lessens the situation will be helped in some degree.

The year closed with prices materially lowered from the peak of the year, industry in most lines at low ebb, wage reductions and part-time employment with a large number of unemployed. It is estimated that the number of unemployed in the district is in excess of 500,000.

The diminished purchasing power of the unemployed has naturally affected both wholesale and retail trade, although both lines are stimulated somewhat by price concessions.

There is some discontent among farmers over the prices received for the 1920 crops, which has been offset to some extent by the size of yield. Generally speaking, the 1920 crops were especially favorable as to both quantity and quality, although the burley tobacco crops were disappointing in that a considerable part of the production was low grade, which growers find quite difficult to sell at a satisfactory price.

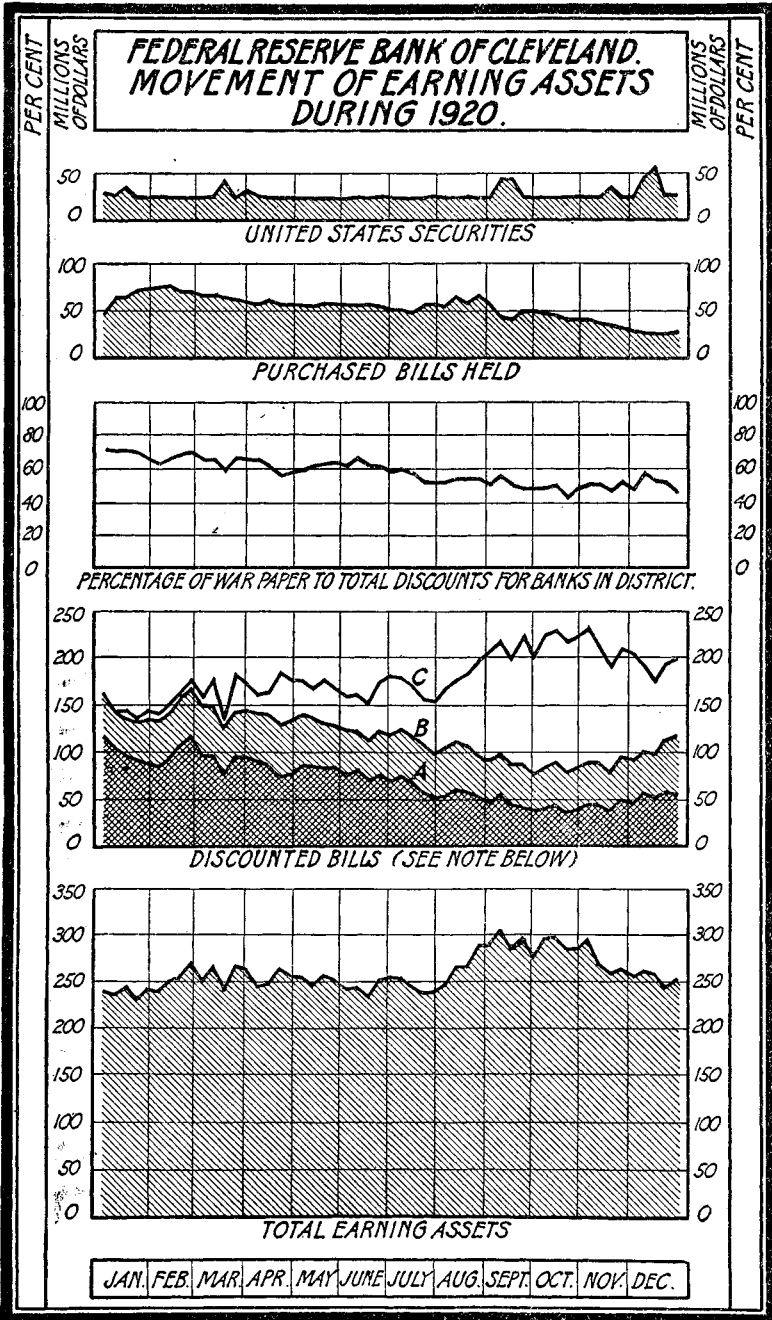


## SCHEDULE 1.—Statement of condition at close of business Dec. 31.

[In thousands of dollars.]

	1920	1919	1918	1917
<b>RESOURCES.</b>				
Gold and gold certificates.....	5,622	5,346	13,257	29,153
Gold settlement fund—Federal Reserve Board.....	77,016	43,848	52,125	37,664
Gold with foreign agencies.....	270	10,768	525	4,725
Gold in New York assay office.....	5,285			
Total gold held by banks.....	88,193	59,962	65,907	71,542
Gold with Federal Reserve agents.....	177,636	128,795	138,277	55,370
Gold redemption fund.....	15,622	1,872	1,368	99
Total gold reserve.....	281,451	190,629	205,552	127,011
Legal tender notes, silver, etc.....	2,228	713	1,127	238
Total reserves.....	283,679	191,342	206,679	127,249
Bills discounted:				
Secured by Government war obligations.....	100,010	114,525	115,213	5,733
All other.....	101,333	49,992	12,121	37,163
Bills bought in open market.....	27,211	48,607	37,445	21,112
Total bills on hand.....	228,554	213,124	164,779	64,008
United States Government bonds.....	834	834	1,085	8,268
United States Victory notes.....	10	10		
United States certificates of indebtedness.....	23,799	23,583	11,726	31,271
Short-time municipal obligations.....				7
Total earning assets.....	253,197	237,551	177,590	103,554
Bank premises.....	1,520	640		
Uncollected items and other deductions from gross deposits.....	73,629	83,698	62,830	36,735
5 per cent redemption fund against Federal Reserve Bank notes.....	1,239	1,122	532	
All other resources.....	384	600	870	2,150
Total resources.....	613,648	514,953	448,501	269,688
<b>LIABILITIES.</b>				
Capital paid in.....	10,703	9,533	9,673	8,026
Surplus.....	29,305	9,089	1,776	
Government deposits.....	4,562	1,675	1,750	30,577
Due to members—reserve account.....	150,347	129,415	123,424	109,725
Deferred availability items.....	54,553	71,604	49,581	16,553
Other deposits, including foreign Government credits.....	454	6,128	196	125
Total gross deposits.....	209,916	208,822	173,951	156,980
Federal Reserve notes in actual circulation.....	348,951	264,738	251,782	101,883
Federal Reserve Bank notes in circulation (net liability).....	22,735	22,007	9,731	
All other liabilities.....	1,038	764	2,188	2,799
Total liabilities.....	613,648	514,953	448,501	269,688

<sup>1</sup> Including 1-year Treasury notes.



- (a) Paper secured by Government war obligations discounted for banks in district.
  - (b) Total paper discounted for banks in district.
  - (c) Total discounted paper held.
- Space between lines (b) and (c) represents paper discounted for other Federal Reserve banks.

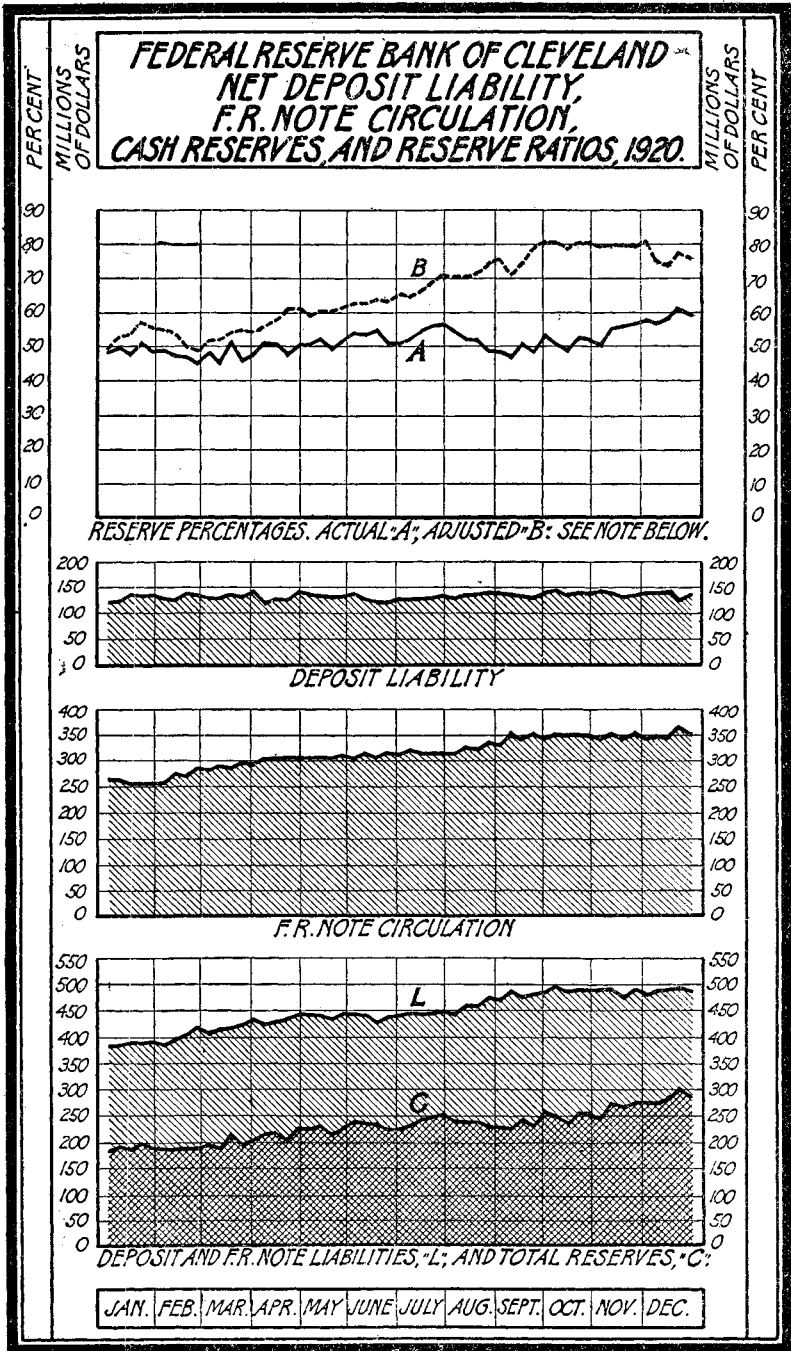
SCHEDULE 2.—Movement of principal asset and liability items during 1920.

[Amounts in thousands of dollars.]

Date.	Total earning assets.	Discounted bills.					Purchased bills.			United States securities.	Total cash reserves.	Net deposits.	Federal Reserve notes in circulation.	Reserve percentages.	
		Total held.	Discounted for other Federal Reserve Banks.	Discounted for member banks in this district.			Purchased in open market.	Purchased from other Federal Reserve Banks.	Total held.					Actual.	Ad-justed. <sup>1</sup>
				A.	B.	C.									
				Total.	Secured by Government war obligations.	Per cent (B÷A).									
Jan. 2.....	237,822	161,239	.....	161,239	111,920	71.3	43,317	4,902	48,219	28,364	183,934	119,611	262,997	48.1	49.4
9.....	234,452	143,359	.....	143,359	100,854	70.4	51,343	12,386	63,729	27,364	191,758	124,172	262,345	49.6	52.8
16.....	243,340	144,185	9,500	134,685	95,525	70.9	51,852	11,939	63,791	35,364	185,966	135,018	254,607	47.7	53.2
23.....	229,056	133,194	2,500	130,694	90,957	69.6	52,738	18,574	71,312	24,550	198,065	131,799	255,587	51.1	56.6
30.....	241,264	143,495	8,900	134,595	93,040	69.1	54,734	18,621	73,355	24,414	188,972	134,333	256,556	48.3	55.4
Feb. 6.....	238,670	139,860	8,600	131,260	86,801	66.2	58,336	15,619	73,955	24,855	187,159	128,352	257,936	48.5	54.7
13.....	250,432	149,986	8,550	141,436	97,316	68.8	59,150	17,032	76,182	24,264	185,877	124,212	272,544	46.8	53.3
20.....	256,370	132,480	4,915	157,565	112,845	71.6	61,120	8,491	69,611	24,279	189,374	136,201	270,050	46.6	49.9
27.....	270,382	175,984	9,865	166,119	120,800	72.8	64,383	5,736	70,119	24,279	187,853	134,980	283,835	44.9	48.6
Mar. 5.....	250,068	159,114	9,715	149,399	101,927	68.2	62,757	3,868	66,625	24,269	196,219	128,159	279,676	48.1	51.4
12.....	266,696	175,190	28,415	148,775	101,950	68.5	63,943	2,794	66,737	24,769	187,753	128,432	288,006	45.1	52.1
19.....	241,097	135,614	9,250	126,364	78,957	62.5	63,705	543	64,248	41,235	214,794	135,237	283,217	51.3	53.7
26.....	267,444	181,219	37,891	143,328	97,169	67.8	61,576	413	61,989	24,236	195,055	129,489	296,044	45.8	54.8
Apr. 2.....	262,675	171,525	27,695	143,830	94,500	65.7	58,627	287	58,914	32,236	206,036	140,603	291,613	47.7	54.1
9.....	244,635	160,693	20,570	140,123	90,489	64.6	56,476	261	56,737	27,205	215,734	119,762	334,348	50.9	55.8
16.....	247,980	162,530	29,989	138,541	84,514	61.0	54,978	6,260	61,238	24,212	216,770	126,137	302,583	50.6	57.5
23.....	264,029	183,077	53,652	129,425	72,956	56.4	50,742	5,999	56,741	24,211	205,750	126,329	307,829	47.4	61.1
30.....	256,233	175,709	42,526	133,183	77,176	57.9	50,563	5,749	56,312	24,212	225,033	139,942	305,875	50.5	61.3
May 7.....	254,220	173,902	33,512	140,390	84,109	59.9	50,375	5,734	56,109	24,209	223,699	135,010	307,294	50.6	59.4
14.....	246,750	167,388	32,263	135,125	83,320	61.7	50,034	5,128	55,162	24,200	229,874	132,456	308,372	52.1	60.6
21.....	256,548	174,707	44,232	130,475	81,259	62.3	53,566	4,075	57,641	24,200	214,078	129,278	305,310	49.3	60.4
28.....	250,789	168,480	40,193	128,287	81,550	63.6	54,542	3,568	58,110	24,199	227,547	131,023	310,964	51.5	61.4
June 4.....	241,298	159,795	36,875	122,920	75,301	61.3	54,316	2,988	57,304	24,199	238,502	137,144	306,507	53.8	62.8
11.....	242,566	162,352	40,186	122,166	80,806	66.1	53,149	2,408	55,557	24,657	234,770	125,135	315,201	53.3	62.8
18.....	232,056	150,592	37,797	112,795	69,875	61.9	55,329	1,900	57,229	24,235	233,579	120,702	307,026	54.6	63.4
25.....	252,100	173,410	50,868	122,542	75,324	61.5	52,612	1,210	53,822	24,868	222,968	120,176	315,789	51.1	63.1

July	2.	255,035	179,518	61,097	118,421	69,077	58.3	51,328	.....	51,328	24,189	224,786	127,338	312,585	51.1	65.0	
	9.	253,307	178,342	54,494	123,848	74,040	59.8	50,800	.....	50,800	24,165	232,371	124,480	320,621	52.2	64.4	
	16.	242,706	169,205	51,979	117,226	67,265	57.4	49,336	.....	49,336	24,165	240,598	125,889	316,143	54.4	66.2	
	23.	237,078	153,313	47,333	108,980	56,765	52.1	46,599	.....	10,001	24,165	248,041	127,672	316,021	55.9	68.8	
	30.	237,855	154,139	54,755	99,384	51,919	52.2	47,550	.....	10,001	26,165	253,170	132,902	315,526	56.5	70.9	
Aug.	6.	246,683	167,651	64,083	103,368	54,208	52.4	45,537	.....	9,329	24,166	238,124	127,045	314,771	53.9	70.5	
	13.	264,722	175,844	63,979	111,865	60,777	54.3	43,153	.....	21,559	24,166	238,019	132,372	326,617	51.9	70.5	
	20.	265,799	181,328	71,964	103,364	57,829	54.4	42,486	.....	16,892	25,093	237,240	135,498	322,899	51.8	71.8	
	27.	287,772	196,714	99,620	97,094	51,650	53.2	45,452	.....	21,440	24,166	230,076	137,872	334,884	48.7	74.3	
Sept.	3.	287,688	206,413	114,993	91,420	46,343	50.7	43,988	.....	13,122	24,165	228,938	139,326	331,336	48.6	75.6	
	10.	304,407	216,530	116,388	100,142	58,853	55.7	41,097	.....	2,615	43,712	227,058	134,777	350,558	46.8	71.3	
	17.	282,607	198,924	111,972	86,952	44,153	50.8	40,541	.....	.....	43,142	240,515	131,842	344,203	50.5	74.0	
	24.	296,146	221,667	135,620	86,047	41,011	47.7	40,298	.....	10,000	50,298	24,181	232,297	130,072	350,647	48.3	78.6
Oct.	1.	275,092	201,363	122,906	78,457	37,798	48.2	39,586	.....	10,000	49,586	24,143	257,733	128,788	345,751	53.2	80.6
	8.	295,698	223,177	140,440	82,737	40,188	48.6	38,937	.....	9,441	48,378	24,143	250,018	144,826	352,480	50.3	80.4
	15.	297,941	227,548	139,032	85,516	44,474	50.2	40,220	.....	6,030	48,250	24,143	236,329	133,994	351,657	48.7	78.5
	22.	282,663	217,170	137,874	79,296	33,959	42.7	40,350	.....	.....	40,350	25,143	256,424	139,448	350,553	52.3	80.5
	29.	285,282	221,183	138,750	82,433	39,435	47.8	39,956	.....	.....	39,956	24,143	254,320	138,267	352,123	51.9	80.2
Nov.	5.	293,640	229,770	141,232	85,538	45,048	50.9	39,727	.....	.....	39,727	24,143	245,337	142,586	346,776	50.1	79.0
	12.	269,446	209,532	120,266	89,266	45,344	50.8	35,772	.....	.....	35,772	24,142	270,909	138,819	351,659	55.2	79.8
	19.	258,862	189,664	111,984	77,680	36,529	47.0	34,055	.....	.....	34,055	35,143	265,587	131,481	342,885	56.0	79.6
	26.	263,215	207,872	112,106	95,766	50,069	52.3	31,201	.....	.....	31,201	24,142	275,850	135,701	352,873	56.5	79.4
Dec.	3.	255,000	203,346	111,757	91,589	44,059	48.1	27,511	.....	.....	27,511	24,143	276,666	139,005	341,873	57.5	80.8
	10.	261,957	190,245	88,920	101,325	58,250	57.5	27,070	.....	.....	27,070	44,642	276,875	138,806	349,311	56.7	74.9
	17.	257,624	174,907	75,860	99,047	51,793	52.3	26,074	.....	.....	26,074	56,643	283,510	141,477	348,232	57.9	73.4
	23.	242,617	191,745	78,489	113,256	58,905	52.0	26,229	.....	.....	26,229	24,643	301,077	126,445	365,707	61.2	77.1
	30.	250,557	199,333	81,573	117,760	54,176	46.0	26,581	.....	.....	26,581	24,643	287,326	135,281	350,725	59.1	75.9

<sup>1</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.



*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accomodation extended to or received from other Federal Reserve Banks.*

SCHEDULE 3.—*Volume of paper discounted and bought.*

[In thousands of dollars.]

1920	Discounted paper.					Purchased paper.				Total discounted and purchased paper.			
	Total.	Secured by Government war obligations.	Banker's acceptances.	Trade acceptances.	All other.	Total.	Banker's acceptances.	Dollar exchange.	Trade acceptances.	1920	1919	1918	1917
January.....	243,779	210,493	.....	1,757	31,529	28,926	28,477	350	99	272,705	235,744	53,546	1,997
February.....	276,973	242,728	32	1,033	33,180	30,993	30,927	50	16	307,966	210,875	53,172	8,599
March.....	272,602	229,305	102	4,286	38,909	28,417	27,931	200	285	301,019	252,672	50,199	5,057
April.....	263,243	213,342	493	3,299	46,109	23,207	23,003	204	.....	285,450	238,910	93,844	9,987
May.....	239,219	199,399	230	2,217	37,373	27,011	26,872	12	127	208,230	255,297	76,198	12,352
June.....	224,298	186,901	178	1,217	36,002	29,245	29,115	130	.....	253,543	250,886	58,969	14,267
July.....	196,977	152,020	85	2,422	42,450	21,539	21,364	175	.....	218,516	316,197	145,982	16,555
August.....	197,568	163,543	452	2,200	31,373	24,937	24,557	380	.....	222,505	290,474	146,544	29,335
September.....	164,377	124,495	1,568	2,138	36,176	24,535	24,160	375	.....	158,912	323,878	156,502	27,560
October.....	170,537	119,815	1,003	2,220	47,499	24,046	23,396	450	200	194,583	337,227	180,991	33,658
November.....	232,353	178,833	4,186	1,671	47,663	13,625	13,095	530	.....	245,978	311,240	215,449	70,580
December.....	413,744	348,169	1,686	1,917	61,972	18,121	17,837	220	64	431,865	354,177	277,522	72,338
Total:													
1920...	2,895,670	2,369,043	10,015	26,377	490,235	294,602	290,734	3,076	792	3,190,272	.....	.....	.....
1919...	3,125,857	2,873,440	.....	14,091	238,326	261,750	256,640	721	4,389	.....	3,387,607	.....	.....
1918...	1,386,118	1,060,687	.....	24,894	300,537	122,800	117,517	.....	5,283	.....	.....	1,508,918	.....
1917...	211,176	132,179	.....	4,401	74,596	191,109	91,109	.....	.....	.....	.....	.....	1,302,285

<sup>1</sup> Includes \$40,102,053 of acceptances purchased from the Federal Reserve Banks of Boston and New York.

SCHEDULE 4.—*Earnings and expenses.*

	1920	1919	1918	1917
<b>EARNINGS.</b>				
Discounted bills.....	\$10,570,828	\$5,341,785	\$3,124,696	\$375,169
Purchased bills.....	3,064,408	1,882,985	1,141,585	406,711
United States securities.....	602,939	450,308	611,895	317,924
Transfers—net earnings.....	99,391	45,607	51,214	14,022
Deficient reserve penalties (including interest).....	102,804	66,442	66,462	17,844
Profits realized on United States securities.....	.....	2,350	167,239	24,261
Net service charges received.....	.....	.....	41,029	.....
Municipal warrants.....	.....	.....	.....	45,132
Sundry profits.....	18,249	11,352	22,744	3,181
<b>Total earnings.....</b>	<b>14,458,619</b>	<b>7,800,829</b>	<b>5,226,864</b>	<b>1,297,244</b>
<b>CURRENT EXPENSES.</b>				
<b>Expenses of operation:</b>				
Assessments account expenses Federal Reserve Board.....	63,246	58,676	43,073	25,783
Federal Advisory Council (fees and traveling expenses).....	1,047	1,035	781	653
Governors' conferences (including traveling expenses).....	237	499	145	251
Federal Reserve agents' conferences (including traveling expenses).....	100	255	191	167
Salaries—				
Bank officers.....	143,171	99,815	81,307	46,678
Clerical staff.....	872,339	494,639	297,579	44,861
Special officers and watchmen.....	35,149	17,444	16,901	4,357
All other.....	112,492	71,687	9,049	2,541
Directors' fees.....	3,350	2,600	3,060	2,120
Per diem allowance.....	1,120	930	1,060	1,320
Traveling expenses.....	2,232	1,989	1,709	1,571
Officers' and clerks' traveling expenses.....	15,046	16,304	15,513	954
Legal fees.....	2,000	3,000	2,000	2,000
Rent.....	78,717	53,525	37,465	16,625
Taxes and fire insurance.....	3,183	533	1,939	.....
Telephone.....	8,503	6,445	5,489	1,694
Telegraph.....	27,153	15,084	6,680	817
Postage.....	76,212	70,916	54,346	7,940
Expressage.....	1,521	2,023	5,646	4,692
Insurance and premiums on fidelity bonds.....	31,710	33,088	20,125	7,416
Light, heat, and power.....	5,337	3,937	2,551	725
Printing and stationery.....	120,652	46,952	46,566	7,544
Repairs and alterations.....	38,149	9,560	15,430	8,828
Cost of currency shipments to and from member and nonmember banks.....	48,710	33,790	.....	.....
All other.....	101,576	31,552	49,135	5,404
<b>Total expenses of operation.....</b>	<b>1,792,991</b>	<b>1,076,278</b>	<b>717,740</b>	<b>194,941</b>
Cost of Federal Reserve currency (including expressage, insurance, etc.).....	334,679	168,867	182,092	91,256
Miscellaneous charges, account note issues.....	63,519	16,981	6,569	3,069
Taxes on Federal Reserve bank-note circulation.....	93,322	80,491	.....	.....
Furniture and equipment.....	141,008	53,414	85,784	.....
Depreciation of furniture and equipment.....	.....	.....	.....	30,232
Disbursements of transit department in excess of net service charges received.....	.....	.....	.....	14,594
Bank premises.....	45,166	.....	.....	.....
<b>Total current expenses.....</b>	<b>2,470,685</b>	<b>1,396,031</b>	<b>992,185</b>	<b>334,092</b>
<b>Current net earnings.....</b>	<b>11,987,934</b>	<b>6,404,798</b>	<b>4,234,679</b>	<b>963,152</b>
<b>PROFIT AND LOSS ACCOUNT.</b>				
Earnings.....	14,458,619	7,800,829	5,223,864	1,297,244
Current expenses.....	2,470,685	1,396,031	992,185	334,092
<b>Current net earnings.....</b>	<b>11,987,934</b>	<b>6,404,798</b>	<b>4,234,679</b>	<b>963,152</b>
Additions to current net earnings account of—				
Amounts previously deducted from current net earnings for assessment account expenses Federal Reserve Board.....	63,246	.....	.....	.....
All other.....	522	.....	132,311	94,797
<b>Total.....</b>	<b>12,051,702</b>	<b>6,404,798</b>	<b>4,366,990</b>	<b>1,057,949</b>

SCHEDULE 4.—*Earnings and expenses—Continued.*

	1920	1919	1918	1917
PROFIT AND LOSS ACCOUNT—continued.				
Deductions from current net earnings account of—				
Bank premises.....	\$129,551	254,684		
Assessment account expenses Federal Reserve Board.....	53,900	16,555		
Premium on United States bonds.....				\$209,470
Reserved for depreciation United States bonds.....	48,220	5,044	\$84,406	
All other.....		4,730	14,477	
Total deductions.....	231,671	311,013	98,883	209,470
Net earnings available for dividends, surplus, and franchise tax.....	11,820,031	6,093,785	4,268,107	848,479
Dividends paid.....	604,194	556,785	716,107	716,168
Transferred to surplus fund.....	11,215,837	5,537,000	3,552,000	
Profit and loss, Jan. 1, 1918.....				132,311

<sup>1</sup> Includes \$1,776,000 reserve for Government franchise tax transferred to surplus fund in 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

Month.	Receipts.		Shipments.		Total receipts.		Total shipments.	
	From member banks.	From non-member banks.	To member banks.	To non-member banks.	1920	1919	1920	1919
January.....	\$43,794,765	\$556,013	\$34,557,770	\$144,700	\$44,350,778	\$47,863,327	\$34,702,470	\$16,629,866
February.....	28,305,533	348,304	54,343,896	214,655	28,653,837	22,812,524	51,568,551	26,415,774
March.....	43,543,075	466,312	48,875,073	219,337	44,009,387	24,350,299	49,004,410	22,259,917
April.....	41,586,292	460,245	56,335,037	99,399	42,046,537	27,562,003	56,434,436	24,625,774
May.....	43,996,960	478,983	44,882,853	114,023	44,475,943	32,194,425	44,996,876	19,313,354
June.....	53,538,399	582,348	53,694,477	125,560	54,120,747	31,149,143	53,220,037	21,191,348
July.....	50,256,732	609,635	52,310,568	144,722	50,866,367	36,798,066	52,455,290	29,193,882
August.....	42,654,696	361,729	64,126,455	249,168	43,016,425	25,940,074	64,375,623	40,329,582
September.....	47,909,716	509,410	65,207,029	404,254	48,419,126	28,415,754	65,611,283	40,159,578
October.....	51,671,447	489,714	60,009,031	296,488	52,161,161	25,668,486	60,305,519	34,733,156
November.....	54,151,110	584,052	54,526,992	251,293	54,735,162	27,879,607	54,778,385	36,242,091
December.....	71,426,376	766,307	67,062,795	386,816	72,192,683	42,662,296	67,449,611	51,028,532
Total.....	572,835,101	6,213,052	655,331,976	2,650,515	573,048,153	383,296,004	57,982,491	362,123,354



## SCHEDULE 6.—Operations of the check clearing and collection department.

[Amounts in thousands of dollars.]

Month.	Items drawn on banks in own district.				Items drawn on Treasurer of United States.		Items forwarded to other Federal Reserve Banks and their branches.	
	Located in Federal Reserve Bank and branch cities.		Located outside Federal Reserve Bank and branch cities.		Number.	Amount.	Number.	Amount.
	Number.	Amount.	Number.	Amount.				
January.....	631,278	670,761	2,281,653	351,403	77,023	22,532	102,729	78,796
February.....	575,190	597,790	1,985,129	314,885	66,019	16,591	81,604	61,968
March.....	893,890	799,172	2,564,905	430,305	132,346	18,940	117,529	95,159
April.....	712,650	736,397	2,470,369	403,044	148,415	32,808	104,129	84,532
May.....	710,957	674,496	2,350,031	366,610	109,992	17,422	92,958	88,495
June.....	794,870	823,937	2,679,018	434,799	150,091	22,903	92,518	100,195
July.....	782,463	811,270	2,679,543	421,400	92,573	14,697	93,595	92,551
August.....	791,692	760,533	2,539,132	385,702	81,486	12,958	93,350	95,285
September.....	800,183	823,370	2,587,730	415,031	138,696	16,085	100,454	110,034
October.....	822,098	828,537	2,716,606	405,558	163,127	15,955	105,480	106,378
November.....	781,023	758,350	2,629,364	395,615	133,815	15,856	113,861	95,186
December.....	818,739	784,108	2,838,253	404,701	172,478	19,967	132,679	101,636
Total.....	9,144,836	9,068,721	30,312,733	4,729,053	1,476,061	226,714	1,230,886	1,110,215

Month.	Totals.							
	1920		1919		1918		1917	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	3,062,683	1,123,492	1,955,262	1,010,944	627,427	451,453	435,384	218,778
February.....	2,707,942	991,234	1,711,943	805,684	572,330	464,393	377,911	186,342
March.....	3,708,670	1,343,576	2,360,549	1,012,130	743,355	560,819	454,580	236,309
April.....	3,465,563	1,256,781	2,298,871	884,822	822,971	643,768	434,129	243,982
May.....	3,263,938	1,147,023	2,249,897	914,521	876,055	783,553	471,797	299,214
June.....	3,717,297	1,381,834	2,262,729	984,199	1,078,471	1,000,772	492,316	355,994
July.....	3,648,174	1,339,918	2,477,687	966,889	1,330,669	804,066	463,713	379,309
August.....	3,505,660	1,254,478	2,379,938	934,651	1,386,509	848,291	469,594	368,450
September.....	3,627,066	1,364,820	2,529,103	1,113,295	1,379,232	812,544	522,431	338,747
October.....	3,807,311	1,356,428	2,949,818	1,084,012	1,715,623	1,056,600	573,698	412,879
November.....	3,658,063	1,265,007	2,713,907	985,812	1,591,943	902,535	585,016	434,819
December.....	3,962,149	1,310,412	3,226,547	1,209,563	1,883,649	973,635	620,591	452,233
Total.....	42,164,516	15,134,703	29,033,311	11,966,522	14,008,235	9,422,429	5,901,160	3,932,056

## DISTRICT NO. 5—RICHMOND.

—————  
CALDWELL HARDY, Chairman and Federal Reserve Agent.  
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### INTRODUCTION.

In the annual report of the Federal Reserve Bank of Richmond, covering 1919, it was stated that progress in the direction of normal prices and conditions had been disappointing, and that the year had closed with banking and commercial credits expanded to such unprecedented proportions as to warrant repeated warnings from the Federal Reserve Board and the Federal Reserve Banks. When that statement was made, it was felt that we were passing through a crisis, and that unless the tendency to expansion could be checked and the process of gradual liquidation commenced, serious consequences, if not widespread disaster, would inevitably ensue.

We may now look back upon the year just closed with a considerable degree of relief. It is plainly evident that the crest of the perplexing wave of expansion has been reached and passed, and that our banking system has successfully withstood a test far more severe than had been contemplated. We may therefore look into the future with optimism and with entire confidence that the conservative policies and practices which have been followed throughout the entire year will ultimately lead us to perfectly safe ground.

The year just ended has been one of reaction and readjustment, and ended with business earnestly and cautiously seeking a stable basis or level. Just what this level will eventually be, as compared with the normal level existing prior to the war, it is impossible yet to determine, but it is perfectly natural to assume that a considerable time must yet elapse before any normal level can be reached. In the spring there was a very marked readjustment of price levels in a number of raw materials. This was followed by what might almost be called a rebellion on the part of the buying public against the then prevailing high prices for a number of finished products. Late in the summer the prices of tobacco and cotton, particularly the latter, had broken to such an extent that many producers were faced with the prospect of considerable loss, because of the previous high cost of crop production.

Member banks availed themselves of the facility offered by the Federal Reserve Bank of Richmond for discounting their paper to a much larger extent during 1920 than during any previous year. At the beginning of the year there were 584 member banks, which number had increased to 610 at the close of the year. During the year 438 of these banks (or 74 per cent of the average number) were accommodated through the discount or purchase of paper. The number of banks so accommodated during 1920 increased over the num-

ber accommodated during 1919 in every State in the district, with the exception of West Virginia. The number accommodated each month during 1920 increased very considerably over the number accommodated during the corresponding months of the year 1919, except during the month of February, 1920. The increase was very noticeable in the months of November and December, there being 91 more banks accommodated in November, 1920, than in November, 1919, and 118 more in December, 1920, than in December, 1919.

The aggregate amount of paper discounted for or purchased from member banks during 1920 was \$3,398,000,000, while the aggregate purchased and discounted during 1919 was \$4,184,000,000. During 1919, however, when a much larger proportion of the volume consisted of member banks' collateral notes secured by Government obligations (no such note for more than 15 days) the average time each note had to run was less than the average time of the notes discounted during 1920. A comparison of the average amount of paper held will give a correct idea of the increased extent to which member banks resorted to the Federal Reserve Bank during 1920. During 1920 the daily average amount of paper under discount to member banks was \$128,783,677, while the daily average for 1919 was \$124,511,442. In order to carry these amounts for member banks it was necessary for the Federal Reserve Bank to rediscount with other Federal Reserve Banks. During 1920 the daily average amount discounted with other Federal Reserve Banks was \$16,459,348. During 1919 the daily average amount was \$22,793,813.

While it is true that during 1919 and 1920 member banks were borrowing considerable sums on Government securities to be used for purposes other than the financing of subscriptions or the carrying of securities, it is manifest that during 1920 there was a marked decrease in the amounts used to carry securities, with a corresponding increase in the amounts used for agricultural and commercial purposes. This is clearly indicated (though not actually measured) by the percentages at the beginning and at the end of 1920. At the beginning of the year 72 per cent of the total amount of member banks' paper (discounted and purchased) was secured by Government obligations, while at the close of the year only 43 per cent was so secured.

Currency received from banks in the Fifth District during 1920 amounted to \$194,498,377 against \$169,276,368 during 1919. Shipments of currency to banks in the Fifth District amounted to \$243,019,912 for 1920, compared with \$177,320,587 for 1919. Shipments to nonmember banks during 1920 were only \$258,039, which makes it apparent that currency service was almost exclusively rendered to member banks. During 1920, the bank received \$10,811,777 of currency from nonmember banks, practically all of which was in payment of cash letters sent to nonmember par clearing banks for the account of members.

The transit department during 1920 handled a total of 33,731,801 items, amounting to \$11,505,945,224. During 1919 the total number of items handled was 20,934,335, amounting to \$9,304,179,945. The average number of items handled each day during 1920 was 110,960, while the daily average for 1919 was 69,319. The increase in the number of items handled in 1920 over 1919 was slightly more than 60 per cent.

It is notable that the average amount per item has decreased during the last three years, being \$591 in 1918; \$445 in 1919; and \$341 in 1920. While falling prices in 1920 may have had some effect in reducing the average amount per item, it is believed that the chief causes of this decrease are to be found in the increasing popularity of the check clearing facilities offered to member banks, and the increasing number of small banks, checks on which are collectible through the system. At the close of the year, checks on all banks in the Fifth District, with the exception of a number of State banks in South Carolina, were collectible at par through the Federal Reserve Bank.

In addition to the above clearings, which were handled through the transit department of the bank, member banks routed direct to other Federal Reserve districts during the year 151,415 cash letters, containing approximately 10,000,000 items, amounting to \$2,043,114,649. While the actual items composing these letters were not handled by the Federal Reserve Bank, the amounts represented by them were cleared and accounted for by the Federal Reserve Bank. The appreciation of this facility for direct routing is shown by the increase of the total number of direct routing letters from 79,627 in 1919 to 151,415 in 1920—the increase being approximately 100 per cent.

A very important facility which is extended exclusively to member banks is the wire transfer of funds. This is made possible by the system of leased wires connecting all Federal Reserve Banks and branches with each other and with the Federal Reserve Board in Washington. During the year 1920 the Federal Reserve Bank of Richmond made 21,836 telegraphic transfers, involving \$1,246,861,158. Of these transfers 8,304 amounting to \$439,472,350, were made at the request of member banks in the Fifth District transferring funds to other Federal Reserve districts, and 13,532 transfers amounting to \$807,388,808, were made at the request of member banks of other Federal Reserve districts transferring funds to members of the Fifth District. These transactions increased in number during 1920 to the extent, approximately, of 50 per cent over the previous year.

The use of this system for the transfer of funds has become increasingly serviceable to member banks, and is being used by them more and more each year. It has had no small effect in revolutionizing the method of effecting domestic exchanges. The service is rendered without cost to member banks.

The system of private leased wires, which connects all Federal Reserve Banks, their branches, and the Federal Reserve Board, has made it possible to handle with the utmost dispatch banking and financial transactions of whatever magnitude or importance, and has become indispensable to the system. The operation of this system has made possible daily settlements in the gold settlement fund, by which the balances due to and due from other Federal Reserve Banks and branches are settled each day.

During the year 1920 we received through this fund, from other Federal Reserve Banks, a total of \$7,985,000,000, and paid to other Federal Reserve Banks \$7,996,000,000.

Prior to the year 1919, member banks had not availed themselves very freely of the service afforded by the bank in the matter of col-

lecting time items, such as drafts, bills, notes, etc. The activities of this department began to increase during the year 1919, and continued to increase at a much more rapid rate in 1920. During the year 1920, the collection department received for collection 53,391 noncash items. Of these, 42,681 amounting to \$110,695,727 were collected and remitted for, 10,266 amounting to \$13,997,524 were returned unpaid, and the balance were in process of collection at the close of the year. These collections have been effected through the Federal Reserve System without charge on the part of the Federal Reserve Banks, the only cost to member banks being the charges actually deducted by banks located at the points other than Federal Reserve cities where collections were payable.

During the year 1920, the bank received and paid 4,176,822 interest coupons from United States securities, amounting to \$23,474,500. The coupons thus received from member banks were credited to the members' reserve accounts upon day of receipt.

Another service rendered by the bank, which relieves the member banks of no small amount of trouble and labor, is that of cutting and crediting interest coupons taken from securities held by the bank as collateral or for safe-keeping. The custodian of securities, during the year 1920, clipped 388,297 coupons amounting to \$4,680,362 from securities thus held. The work incident to cutting, collecting, and crediting these coupons was done without expense to the owners.

#### FINANCIAL RESULTS OF OPERATIONS.

Gross earnings for 1920 were \$6,909,143, against \$4,775,321 in 1919, an increase of 45 per cent. Operating expenses for 1920 were \$1,521,948, against \$911,927 for 1919, an increase of 67 per cent. That the increase in operating expenses was by a larger percentage than the increase in gross earnings was due to the increased facilities accorded to member banks and to the expansion in the transit department necessitated by material additions to the list of par points in the district. After deducting all expenses, depreciation, losses, and dividends, the bank shows a profit of \$4,945,454 for 1920, compared with \$3,649,925 for 1919.

Approximately 93 per cent, or \$6,398,449, of the total gross earnings resulted from rediscounted and purchased paper. The average rate of earning on bills discounted during 1920 was 0.0569 and on bills purchased 0.0574, compared with 0.0434 and 0.0457, respectively, for the year 1919. The average rate of earning on total invested assets during 1920 was 0.0529, compared with 0.0416 for 1919. The average daily holdings of all assets other than rediscounted or purchased paper were \$13,773,000, consisting principally of United States one-year certificates of indebtedness pledged with the United States Treasurer to secure Federal Reserve Bank note circulation (\$1 and \$2 notes).

As a result of the increased earnings during 1920, the surplus and earnings of the bank at the close of the year exceeded the bank's subscribed capital by \$227,316.69. In accordance with the provisions of the Federal Reserve Act 90 per cent of this excess, or \$204,584.02, was paid to the Government as a franchise tax, and the remaining 10 per cent, or \$22,731.67, was treated as an additional credit to surplus account, making the surplus of the bank at the close

of the year slightly more than twice the bank's paid-in capital. The surplus account at the close of the year 1920 was \$10,561,331.67.

The following is a condensed statement of earnings, expenses, dividend and surplus accounts of the bank for the year 1920:

	Average daily holdings.	Average daily earnings.	Total earnings.	Annual rate of earning.
Bills discounted.....	\$104, 111, 152	\$16, 177	\$5, 920, 892	.0569
Bills purchased.....	8, 319, 757	1, 305	477, 557	.0574
United States securities.....	13, 773, 047	757	276, 991	.0201
Penalties and miscellaneous earnings.....		638	233, 703	
<b>Total.....</b>	<b>126, 203, 956</b>	<b>18, 877</b>	<b>6, 909, 143</b>	
Current expenses.....				<b>\$1, 521, 948</b>
Current net earnings.....				5, 387, 195
Net debit to current net earnings for depreciation, etc.....				148, 690
Net earnings available for dividends, surplus, and franchise tax.....				<b>5, 238, 505</b>
Dividends paid.....				293, 051
Franchise tax paid to Government.....				204, 585
Transferred to surplus account.....				4, 740, 869
				<b>5, 238, 505</b>

Total paper discounted and bought during 1920 amounted to \$3,398,033,156. Of this total, \$3,346,321,599 was discounted for member banks of the Fifth District and \$51,386,557 represented bankers' acceptances purchased from the same member banks. The remainder, \$325,000, represented oriental silver exchanges purchased through the Federal Reserve Bank of New York. It will thus be seen that practically all of the bank's investments in paper during 1920 was for the accommodation of its own member banks. During the year 1919, \$4,130,942,910 was discounted for members, \$52,977,382 purchased from members, and \$5,079,874 purchased from the Federal Reserve Bank of New York, making total discount operations during 1919, \$4,189,000,166.

Reference has already been made to the fact that paper discounted for member banks had a longer average maturity during 1920 than during 1919. During 1919, 95 per cent of the paper handled was discounted for a period of 15 days or less, while during 1920, 86 per cent was discounted for a period of 15 days or less. The total number of bills discounted and purchased during 1920 was 94,248, or a daily average of 310, compared with a total number of 50,889, with daily average of 169 for the year 1919. To enable the bank to meet the credit demands of its member banks, we were compelled to borrow from other Federal Reserve Banks continuously throughout the year, except for a period of about 40 days during February and March. The peak of our rediscounts with other Federal Reserve Banks was reached on June 15, 1920, at which time we had \$30,000,000 borrowed from other Federal Reserve Banks. During 1919 the peak was reached on August 4, at which time our rediscounts with other Federal Reserve Banks were \$55,000,000. On August 4, 1919, we were holding \$134,274,711.41 secured by Government obligations, and only \$21,615,179.46 commercial paper, whereas on June 15, 1920, at the peak of the load, we were holding \$74,151,322.92 Government secured paper and \$52,613,205.58 com-

mercial paper. The larger daily average rediscounts with other Federal Reserve Banks during 1919 and the larger amount reached at the highest point in that year were, therefore, occasioned by borrowing member banks to finance subscriptions to Liberty bonds and Victory notes and certificates of indebtedness. Without the provision of the Federal Reserve Act for interdistrict rediscounting, our member banks could not have received the benefit of the liberal accommodations extended to them, since without rediscounting ourselves our reserve would have fallen below the statutory limit of 40 per cent on Federal Reserve notes and 35 per cent on deposits, and at a certain time during 1920 even as low as 25 per cent. The high-water mark in members' liability for paper discounted with or sold to the Federal Reserve Bank was reached on September 27, 1920, on which date their liability amounted to \$144,044,000. On December 31, 1920, 361 of the 610 member banks were discounting in the amount of \$130,521,365. The total available reserve of these 361 discounting banks was \$38,475,403. Their rediscount liability, therefore, was 339 per cent of their total reserve deposits. The ratio of rediscount liability to reserve deposits of borrowing banks at December 31, 1919, was 296 per cent. At the close of 1920 the ratio of discounting banks' liability to reserves was smaller than at the close of 1919 with respect to the banks located in Maryland, West Virginia, and the District of Columbia, while in the States of Virginia, North Carolina, and South Carolina the ratio was very much larger at the close of 1920. This is particularly true with respect to the States of North Carolina and South Carolina, whose ratios were 558 per cent and 658 per cent, respectively. This means that the borrowing banks in North Carolina and South Carolina were receiving credit accommodation to the extent of five and a half and six and a half times, respectively, their reserve balances with the reserve bank.

The following tables will show in a concise form the discount operations of the bank during the year 1920:

Classification.	Total amount discounted.	Per cent of total.	Balance held Dec. 31, 1920.	Per cent of total.
Secured by Government war obligations .....	\$2,938,149,755	86.5	\$45,955,358	38.1
Otherwise secured.....	24,761,570	7	2,601,341	2.2
Unsecured commercial paper.....	333,410,274	11.3	66,917,036	55.5
Bankers' acceptances purchased.....	51,711,557	1.5	5,047,600	4.2
Total.....	3,398,033,156	100.0	120,521,365	100.0

States.	Total amount discounted.	Member banks accommodated.	Number of members in the district Dec. 31, 1920.
Maryland.....	\$853,352,757	71	98
District of Columbia.....	126,076,891	10	16
Virginia.....	1,749,971,890	140	185
West Virginia.....	45,885,775	36	116
North Carolina.....	311,559,803	85	97
South Carolina.....	310,861,040	96	98
Other Federal Reserve districts.....	325,000	.....	.....
Total.....	3,398,033,156	438	610

*Distribution by maturity at time of discount or purchase.*

	Amount.	Per cent of total.
15 days or less.....	\$2, 945, 139, 418	86. 7
16 to 30 days.....	90, 579, 429	2. 6
31 to 60 days.....	179, 078, 632	5. 3
61 to 90 days.....	177, 121, 929	5. 2
Over 90 days.....	6, 113, 748	. 2
Total.....	3, 398, 038, 156	100. 0

## TRADE ACCEPTANCES.

The bank, during 1920, handled for its members \$12,676,164 of trade acceptances as against \$9,082,378 during 1919, an increase of 39 per cent; the daily average amount handled for 1920 being \$41,698 against \$30,074 for 1919. On December 31, 1920, the bank held trade acceptances amounting to \$2,005,340.

## BANKERS' ACCEPTANCES.

During the year 1920 the bank purchased acceptances amounting to \$51,711,557, classified as follows: Foreign, \$41,037,088; domestic, \$10,674,469. All of this paper represented bankers' acceptances purchased from member banks of the Fifth District, with the exception of \$325,000 of oriental silver exchanges purchased through the Federal Reserve Bank of New York. Practically all of bankers' acceptances were purchased directly from the accepting bank at commercial discount rate, unindorsed by any other bank. Although the total amount of acceptances purchased during 1920 was about \$6,000,000 less than during 1919, the excess purchase during 1919 consisted largely of the \$5,000,000 of bills purchased from the Federal Reserve Bank of Boston. The acceptances representing operations within the district, therefore, were about equal for the two years. Acceptances purchased during 1920 bore a longer average maturity than those purchased during 1919, as evidenced by the fact that the average daily balance held during 1920 was approximately \$1,000,000 in excess of the average daily balance held during 1919. The average discount rate on acceptances during 1920 was 0.0574 as compared with 0.0457 for the year 1919.

## RESERVE POSITION.

The daily average of net deposits was highest for the month of February, being approximately \$57,000,000, and showing a gradual tendency to decline, reaching an average of \$43,000,000 during December. The average of Federal Reserve notes in circulation was lowest for the month of June, being \$121,000,000, and consistently increasing to an average of \$150,000,000 for the month of December. Because of this increase in Federal Reserve notes, the combined deposit and note liability of the bank was highest during the month of December, with an average of \$193,000,000. Actual cash reserves were likewise highest in December, averaging \$87,000,000. The reserve percentage of the bank against combined deposit and note liability was likewise highest during the month of December, averaging 0.4521 for the month, and lowest during March, averaging 0.4108.



## MOVEMENT OF MEMBERSHIP.

The number of national banks has increased 16 in the year—from 538 to 554—and State bank membership 10—from 46 to 56. Total stock subscriptions have increased during the year from 87,840 shares (50 per cent paid, \$4,392,000) to 105,386 shares (50 per cent paid, \$5,269,300). The number of nonmember banks in the district on December 31, 1920, is 1,600, of which about 700 have sufficient capital and surplus to make them eligible for membership.

## RELATIONS WITH MEMBER BANKS—NATIONAL AND STATE.

The department of bank examinations, organized last year, has continued to function successfully, and enjoys cordial relations with the various State bank examiners of the district, and also with the banks examined.

## NOTE ISSUES.

In the years of 1918 and 1919, the peak of Federal Reserve notes outstanding was reached on December 23, of each year, but during 1920 the amount outstanding on December 31 was the highest of any day during the year, with indications that this amount had not on that date reached the maximum before the seasonal decline would set in. In 1919, outstanding Federal Reserve notes declined from \$137,478,030 at the beginning of the year to \$104,071,515 on August 21, 1919, which was the low mark for the year. In 1920 they declined from \$145,765,320 at the beginning of the year to \$119,948,600 on June 9, 1920, which was the low mark for the year of 1920. It will be seen from these figures that the low mark in 1920 was reached about two and one-half months earlier than in 1919, and that the minimum reached at this earlier date was approximately \$16,000,000 in excess of the minimum reached in 1919. During 1920, \$69,994,240 of the notes of other districts were returned to the banks of issue by the Federal Reserve Bank of Richmond, while \$71,452,705 of Richmond's notes were returned to Richmond by other Federal Reserve Banks.

Federal Reserve Bank notes are issued in denominations of \$1 and \$2 only, to supply the demand in this district for currency of these denominations. The balance outstanding December 31, 1920, was \$11,938,000, which was approximately the same as that outstanding at the close of 1919. This circulation was secured by \$12,260,000 of 2 per cent one-year United States certificates of indebtedness purchased by the bank especially for that purpose.

## PERSONNEL.

There has been an unexpectedly large growth in our force of employees, due particularly to the increased business handled in our transit department. The number of employees referred to in the last report, 275, has grown to 514, exclusive of 153 in the Baltimore branch.

## BALTIMORE BRANCH.

The volume of business transacted by the Baltimore branch during the past year, which is included in the total transactions of the bank, indicates large increases in every department, corresponding

in proportion to the general business throughout the district. On account of this growth, the force has been increased from 101 on January 1, to 153 at the close of the year, 89 of whom are women and 64 are men. It has also been necessary to add during the year three men to the official staff of the branch. The territory served by the Baltimore branch comprises the State of Maryland and 30 counties in northern West Virginia. There are 469 banking offices in this territory, of which 158 are member banks.

#### CLEARINGS.

During the year 33,731,801 items were handled, aggregating \$11,505,945,224. The number of items handled increased from an average of 91,659 items per day for the first 15 days of January to an average of 150,512 items per day for the last 15 days of December, an increase of 58,853, or about 65 per cent. In addition to these, our member banks sent, under special arrangements, 151,415 cash letters containing items amounting to \$2,043,114,659, direct to other Federal Reserve Banks and branches for collection and credit to the members' accounts with this bank. The total clearings, therefore, for the district, through the check clearing system, amounted to more than \$13,500,000,000. These clearings were made without cost to member banks, which was only possible with respect to items on other Federal Reserve districts by the operation of the gold settlement fund, in which each Federal Reserve Bank participates.

#### GOLD SETTLEMENT FUND.

Gold settlement fund operations during 1920 showed an increase of more than \$3,000,000,000 over 1919, as shown by the following table comparing receipts and disbursements for the two years:

	1920	1919
Receipts.....	\$8,076,611,000	\$6,521,746,000
Disbursements.....	8,081,383,000	6,510,799,000
Total.....	\$16,157,994,000	\$13,032,545,000

Receipts and disbursements through the gold settlement fund during 1920 amounted to \$16,158,000,000. A very large portion of this represented the clearing of checks sent to us by other Federal Reserve districts or sent to other Federal Reserve districts by this bank for payment and the credit of member banks of this district. In addition to these check clearing operations, telegraphic transfers aggregating \$1,247,000,000 were made for our member banks through this fund. The inestimable benefits accruing to member banks by the operation of this system have already been pointed out earlier in this report.

#### CAMPAIGN FOR PAR POINTS.

Marked progress toward the establishment of universal par collection was made during 1920. Including all the banks in West Virginia, Virginia, and North Carolina, which became all par States during the year, 781 banks were added to the par list. The District of Columbia has been all par since shortly after the inauguration of the Federal Reserve System, and the State of Maryland

since 1919, thus South Carolina is the only State in the district not collectible at par through the Federal Reserve Bank. In other words, at the close of the year of the total 2,210 banks (excluding branches) in the district, only 334 are nonpar, these being located in South Carolina.

#### FISCAL AGENCY OPERATIONS.

During the year a paid staff of about 23 persons, on the average, known as the "war loan organization," headed by a director reporting to the governor, continued to function as a publicity agency in furthering the sale of Treasury certificates of indebtedness, war savings stamps, thrift stamps, and Treasury savings certificates. The war loan organization, while closely related to the bank, was, strictly speaking, not a part of the bank's force, being rather a special group employed for extra work under the general direction, and as a subsidiary agency, of the Treasury Department.

The bank, of course, maintained as a part of its own organization a department known as the "fiscal agent's department," the scope of which is to receive subscriptions to and maintain all necessary records regarding Treasury certificates of indebtedness, war savings stamps, thrift stamps, and Treasury savings certificates; to collect payments for, and ship these securities; to keep ledgers relating to war loan deposit accounts; to keep ledgers of the fiscal agent's accounts and to make the necessary reports. It also maintained a "bond shipping department," the scope of which is to receive and have custody of all coupons and registered bonds pertaining to fiscal agency operations; to prepare and ship all coupon and registered bonds; and to conduct all exchanges and conversions.

During 1920, United States Treasury certificates of indebtedness issued in anticipation of 1920 taxes, of 1921 taxes, of 1920 loans, and of 1921 loans, were sold in an aggregate total of \$96,353,500. War savings stamps, thrift stamps, and Treasury savings certificates were sold through the Federal Reserve Bank of Richmond (exclusive of post office sales) in an aggregate amount of \$140,173.25. Thus, through the Federal Reserve Bank of Richmond there was, during the year, an aggregate subscription allotted to Government securities of \$96,493,673.25.

#### GENERAL BUSINESS AND BANKING CONDITIONS.

The inevitable reaction anticipated in our report of last year, under the above heading, came with rather unexpected suddenness. It has exercised a corrective force upon general extravagance, and has eliminated speculation to a very large extent in securities, commodities and real estate, with consequent violent readjustment of prices. The close of the year found us still suffering from the conditions of readjustment.

The necessity for exercising some control over the extension of credit, in order to avoid still further expansion, compelled material advances in our discount rate, elsewhere referred to in this report. Seasonal liquidation has been greatly retarded and even prevented by the rapid decline in our chief staples, accompanied by disorganized markets and, at times, by lack of markets. The tobacco crop, especially in the higher grades, brought reasonably good prices, even compared with the high prices of 1919. The lower grades, however,

suffered very severely. Cotton declined steadily throughout the fall, reaching a minimum price around 12 cents. Even at this figure, however, the demand was limited, and at many points there has been at times no market. Naturally a much smaller proportion of the crop has been moved.

Under these conditions our member banks have realized only a limited percentage of customary liquidation. At the close of the year our rediscounts for member banks in North Carolina and South Carolina (the States most seriously affected) stood at \$51,747,000, as compared with \$26,472,000 at the end of 1919. Inability to collect their loans generally, coupled with a steady decrease in deposits, necessitated the extension of still further credits to a large number of member banks. The banks generally will begin the productive season in the new year under these credit conditions, and it will require the exercise of judgment and discretion and good management on the part of the banks generally to meet the conditions and provide credits essential for the creation of new wealth from the crops.

SCHEDULE 1.—Comparative balance sheet as of Dec. 31, 1917, 1918, 1919, and 1920.

[Amounts in thousands of dollars.]

	1917	1918	1919	1920
<b>RESOURCES.</b>				
Gold and gold certificates.....	6,301	2,358	2,420	5,702
Gold settlement fund—Federal Reserve Board.....	22,116	14,254	25,201	20,429
Gold with foreign agencies.....	1,838	204	6,435	162
Total gold held by bank.....	30,255	16,816	34,056	26,293
Gold with Federal Reserve agent.....	31,602	62,991	39,999	53,699
Gold redemption fund.....	485	5,368	7,197	6,797
Total gold reserves.....	62,342	85,175	81,252	86,789
Legal tender notes, silver, etc.....	164	224	190	363
Total reserves.....	62,506	85,399	81,442	87,152
Bills discounted:				
Secured by Government war obligations.....	10,174	72,435	81,507	45,955
All other.....	19,483	13,807	23,495	69,518
Bills bought in open market.....	13,156	5,465	16,405	5,048
Total bills on hand.....	42,813	91,707	121,407	120,521
United States Government bonds and Victory notes.....	1,236	1,234	1,235	1,234
United States certificates of indebtedness.....	<sup>1</sup> 1,969	<sup>1</sup> 4,784	12,260	12,262
Total earning assets.....	46,018	97,725	134,902	134,017
Bank premises.....	309	290	504	1,277
Uncollected items and other deductions from gross deposits.....	18,177	57,702	94,193	59,875
5 per cent redemption fund—Federal Reserve Bank notes.....		310	643	601
All other resources.....	115	541	1,184	566
Total resources.....	127,125	241,967	312,868	283,488
<b>LIABILITIES.</b>				
Capital paid in.....	3,664	4,062	4,392	5,269
Surplus.....	116	1,156	5,821	10,561
Government deposits.....	2,254	2,795	2,840	2,899
Due to members—reserve account.....	45,357	54,162	62,712	57,085
Deferred availability items.....	18,828	36,903	75,323	40,202
Other deposits, including foreign government credits.....	342	112	3,615	238
Total gross deposits.....	66,781	93,972	144,490	100,474
Federal Reserve notes in actual circulation.....	56,564	137,478	145,765	155,169
Federal Reserve Bank notes in circulation—net liability.....		4,005	12,058	11,467
All other liabilities.....		1,294	342	548
Total liabilities.....	127,125	241,967	312,868	283,488

<sup>1</sup> Including 1-year Treasury notes.

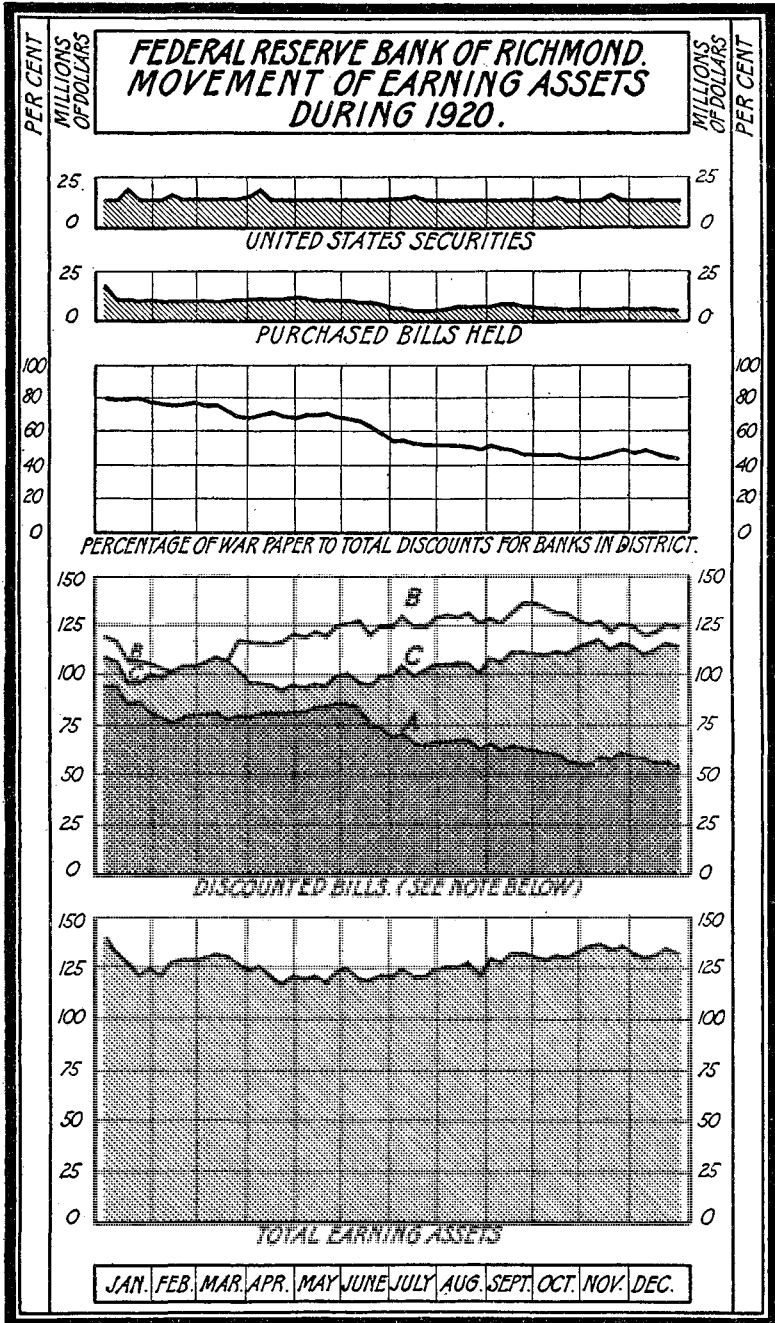
SCHEDULE 2.—Movement of principal asset and liability items during 1920.

[Amounts in thousands of dollars.]

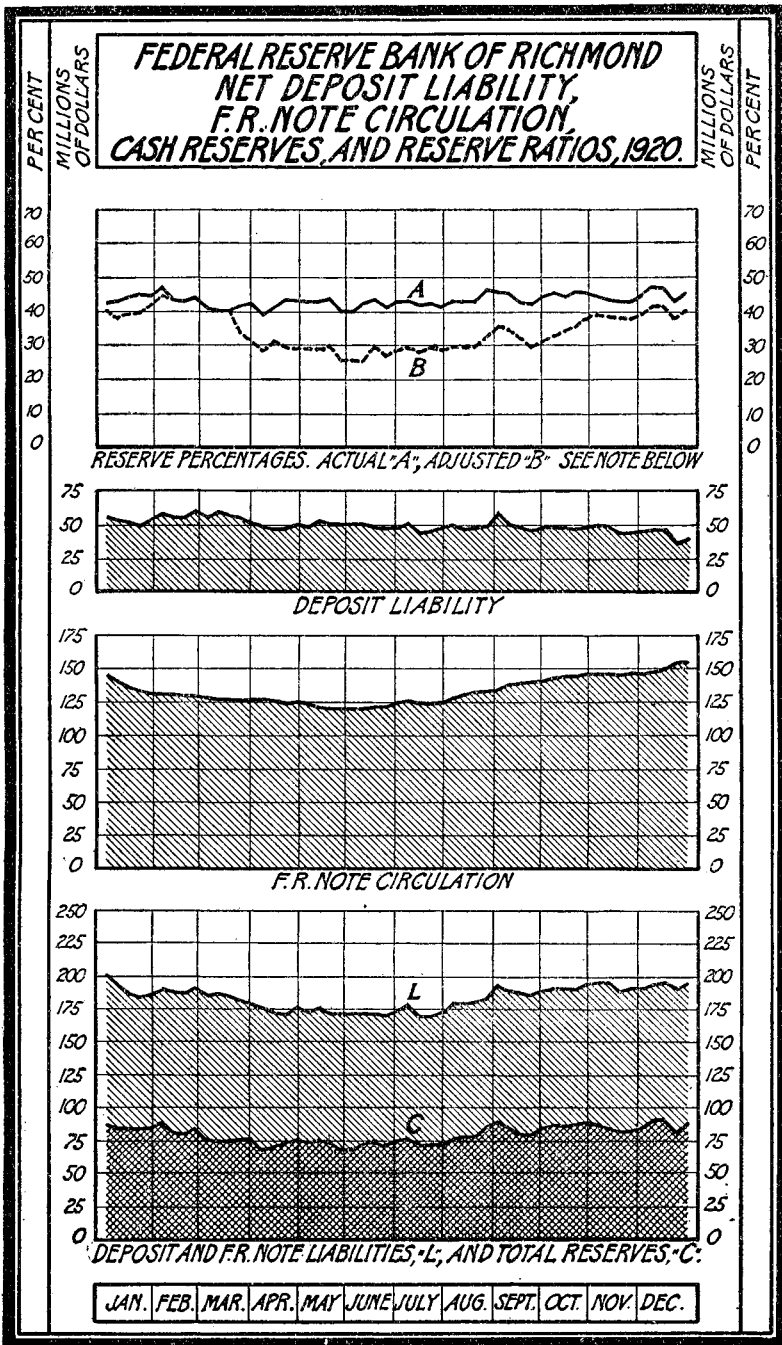
Date.	Total earning assets.	Discounted bills.					Purchased bills.			United States securities.	Total cash reserves.	Net deposits.	Federal Reserve notes in circulation.	Reserve percentages.	
		Total held.	Rediscounted with other Federal Reserve Banks.	Discounted for member banks in this district.			Purchased in open market.	Purchased from other Federal Reserve Banks.	Total held.					Actual.	Adjusted.
				A.	B.	C.									
				Total.	Secured by Government war obligations.	Per cent (B÷A).									
Jan. 2.	138,503	108,448	9,570	118,018	94,177	79.8	11,489	5,080	16,569	13,495	86,250	58,587	145,277	42.3	40.1
9.	130,726	106,258	10,000	116,258	92,577	79.6	10,973	.....	10,973	13,495	83,286	53,151	140,005	43.1	37.9
16.	125,608	95,908	9,850	105,758	83,602	79.0	11,205	.....	11,205	18,495	83,444	52,464	135,493	44.4	39.1
23.	121,223	97,279	10,000	107,279	85,762	79.9	10,449	.....	10,449	13,495	82,549	49,823	132,607	45.2	39.8
30.	124,003	99,760	5,000	104,760	81,305	77.6	10,748	.....	10,748	13,495	82,734	54,795	130,775	44.6	41.9
Feb. 6.	121,100	97,688	5,000	102,688	78,033	76.0	9,917	.....	9,917	13,495	88,479	57,795	130,906	46.9	44.2
13.	127,120	100,508	.....	100,508	75,594	75.2	10,117	.....	10,117	16,495	80,886	55,857	130,529	43.4	43.4
20.	127,540	104,307	.....	104,307	78,271	75.0	9,738	.....	9,738	13,495	79,613	55,880	129,632	42.9	42.9
27.	128,374	104,452	.....	104,452	79,783	76.4	10,427	.....	10,427	13,495	83,904	61,222	129,535	44.0	44.0
Mar. 5.	129,453	106,218	.....	106,218	79,565	74.9	9,740	.....	9,740	13,495	75,825	55,511	128,528	41.2	41.2
12.	130,910	107,987	.....	107,987	80,752	74.8	9,428	.....	9,428	13,495	75,265	58,566	127,100	40.5	40.5
19.	130,287	106,697	.....	106,697	76,535	71.7	10,095	.....	10,095	13,495	74,936	57,228	127,136	40.6	40.6
26.	125,935	101,813	15,000	116,813	79,378	67.9	10,627	.....	10,627	13,495	76,442	55,709	126,342	42.0	33.7
Apr. 2.	123,081	96,233	20,000	116,233	77,930	67.0	11,353	.....	11,353	15,495	76,602	52,338	127,174	42.7	31.6
9.	125,498	95,504	19,852	115,356	79,665	69.1	11,499	.....	11,499	18,395	69,465	48,551	126,920	39.5	28.2
16.	119,679	95,357	19,270	114,627	81,017	70.7	10,827	.....	10,827	13,495	72,167	46,880	125,631	41.8	30.6
23.	116,311	91,614	24,872	116,486	79,716	68.4	11,202	.....	11,202	13,495	74,487	47,523	123,752	43.5	29.0
30.	119,865	94,862	24,850	119,712	80,834	67.5	11,508	.....	11,508	13,495	75,915	51,300	124,644	43.2	29.0
May 7.	118,610	93,442	24,556	117,998	81,118	68.7	11,673	.....	11,673	13,495	74,100	49,190	123,741	42.8	28.7
14.	120,000	96,074	25,000	121,074	82,881	68.5	10,431	.....	10,431	13,495	75,375	53,382	122,192	42.9	28.7
21.	117,389	93,837	24,758	118,595	82,750	69.8	10,057	.....	10,057	13,495	75,448	51,334	121,277	43.7	29.4
28.	122,899	99,456	25,000	124,456	84,837	68.2	9,948	.....	9,948	13,495	69,980	50,839	120,752	40.2	25.6
June 4.	123,942	100,828	24,883	125,711	84,151	66.9	9,619	.....	9,619	13,495	68,946	50,874	121,247	40.1	25.6
11.	119,476	97,121	29,750	126,871	83,181	65.6	8,860	.....	8,860	13,495	72,894	50,756	120,609	42.5	25.2
18.	118,022	95,496	24,184	119,680	74,213	62.0	9,031	.....	9,031	13,495	74,574	49,368	121,852	43.6	29.4
25.	120,731	99,067	24,904	123,971	73,206	59.1	8,171	.....	8,171	13,493	70,716	47,572	122,109	41.7	27.0

July 2	119,942	99,353	24,950	124,303	67,761	54.5	7,096	7,096	13,493	74,818	48,195	125,280	43.1	28.7
9	123,545	103,832	24,972	128,804	70,460	54.7	6,220	6,220	13,493	76,896	51,618	126,380	43.2	29.2
16	119,753	98,960	25,000	123,960	65,225	52.6	5,300	5,300	15,493	71,597	44,545	125,066	42.2	27.5
23	120,422	101,709	22,776	124,485	64,203	51.6	5,220	5,220	13,493	72,635	46,210	124,130	42.6	29.3
30	123,589	104,508	23,133	127,641	65,562	51.4	5,588	5,588	13,493	72,803	48,339	125,214	41.9	28.6
Aug. 6	124,640	104,696	24,924	129,620	66,455	51.3	6,451	6,451	13,493	77,365	50,673	128,224	43.2	29.3
13	125,364	104,569	24,667	129,236	66,578	51.5	7,302	7,302	13,493	77,684	47,123	132,342	43.3	29.5
20	126,718	105,906	24,720	130,626	66,527	50.9	7,319	7,319	13,493	78,230	48,287	132,692	43.2	29.6
27	121,401	100,762	25,000	125,762	61,690	49.1	7,146	7,146	13,493	85,562	49,674	133,969	46.6	33.0
Sept. 3	129,015	108,411	20,000	128,411	65,443	51.0	7,111	7,111	13,493	89,199	58,706	135,126	46.0	35.7
10	126,675	105,670	20,000	125,670	62,354	49.6	7,512	7,512	13,493	85,189	50,706	137,603	45.2	34.6
17	132,036	110,955	20,000	130,955	63,057	48.2	7,588	7,588	13,493	80,171	48,889	138,860	42.7	32.0
24	131,815	111,162	24,620	135,782	62,227	45.8	7,158	7,158	13,495	79,138	46,109	140,145	42.5	29.3
Oct. 1	130,306	109,879	25,000	134,879	61,537	45.6	6,932	6,932	13,495	84,103	48,420	141,463	44.3	31.1
8	128,291	108,612	24,234	132,846	60,389	45.5	6,184	6,184	13,495	87,030	47,819	143,056	45.6	32.9
15	131,466	111,063	20,000	131,063	59,823	45.6	5,908	5,908	14,495	84,946	47,945	143,871	44.3	33.9
22	128,644	109,888	19,900	129,788	57,029	43.9	5,261	5,261	13,495	87,432	46,933	144,001	45.8	35.4
29	131,693	112,535	14,275	126,810	54,631	43.1	5,663	5,663	13,495	88,793	48,836	146,116	45.5	38.2
Nov. 5	134,593	115,461	10,000	125,461	54,062	43.1	5,637	5,637	13,495	86,621	50,105	145,550	44.3	39.2
12	136,068	117,139	9,520	126,659	57,670	45.5	5,434	5,434	13,495	84,655	48,723	146,700	43.3	38.4
19	133,120	112,159	10,000	122,159	57,378	47.0	5,466	5,466	15,495	81,706	44,109	144,816	43.2	38.0
26	134,673	115,499	10,000	125,499	61,042	48.6	5,679	5,679	13,495	82,750	44,948	146,492	43.2	38.0
Dec. 3	131,875	113,004	10,000	123,004	57,920	47.1	5,376	5,376	13,495	85,967	45,933	146,184	44.7	39.5
10	129,082	109,978	9,831	119,809	57,734	48.2	5,609	5,609	13,495	91,643	47,220	147,500	47.1	42.0
17	131,046	111,814	9,873	121,687	56,025	46.0	5,737	5,737	13,495	92,157	47,129	150,399	46.7	41.7
23	133,974	115,282	10,000	125,282	55,853	44.6	5,197	5,197	13,495	82,237	37,233	153,552	43.1	37.9
30	131,633	112,886	10,000	122,886	53,288	43.4	5,252	5,252	13,495	88,525	39,806	155,162	45.4	40.3

<sup>1</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.



(a) Paper secured by Government war obligations discounted for banks in district.  
 (b) Total paper discounted for banks in district.  
 (c) Total discounted paper held.  
 Space between lines (b) and (c) represents paper rediscounted with other Federal Reserve Banks.



*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accommodation extended to or received from other Federal Reserve Banks.*



SCHEDULE 3.—*Volume of paper discounted and bought.*

[In thousands of dollars.]

Month.	Discounted paper.				Purchased paper.		Total discounted and purchased paper.			
	Total.	Secured by Govern- ment war obligations.	Trade accept- ances.	All other.	Total.	Bankers' accept- ances.	1920	1919	1918	1917
1920.										
January.....	304,887	289,386	557	14,944	4,357	4,357	309,244	287,440	138,019	11,068
February.....	264,322	247,302	506	16,454	4,085	4,085	268,407	279,178	126,350	11,991
March.....	331,575	297,124	1,818	32,633	6,778	6,778	338,353	338,680	158,463	7,867
April.....	295,077	270,845	907	23,325	5,485	5,485	300,562	367,170	194,061	17,830
May.....	291,920	267,175	682	24,063	4,897	4,897	296,817	370,925	133,796	28,951
June.....	287,363	242,023	1,798	43,542	3,502	3,502	290,865	402,866	132,295	34,387
July.....	251,417	212,479	870	38,068	3,083	3,083	254,500	425,446	168,654	38,383
August.....	265,387	232,952	675	31,760	4,706	4,706	270,093	388,492	174,826	31,264
September.....	281,012	231,648	1,207	48,157	3,888	3,888	284,900	350,148	218,416	52,793
October.....	240,870	202,974	1,248	36,648	3,745	3,745	244,615	323,993	228,948	31,077
November.....	241,259	202,170	1,071	38,018	3,388	3,388	244,647	267,886	286,603	62,525
December.....	291,233	242,012	1,337	47,884	3,797	3,797	295,030	381,696	270,180	127,930
Total:										
1920.....	3,346,322	2,938,150	12,676	395,496	51,711	51,711	3,398,033			
1919.....	4,130,943	3,982,601	9,083	139,259	52,977	52,977		4,183,920		
1918.....	2,159,845	1,625,617	13,389	520,839	70,766	70,766			2,230,611	
1917.....	<sup>1</sup> 402,968	56,253	3,160	343,555	53,098	53,098				<sup>1</sup> 456,066

<sup>1</sup> Includes \$1,747,294 of bill of lading drafts.

SCHEDULE 4.—*Earnings and expenses.*

	1920	1919	1918	1917
<b>EARNINGS.</b>				
Discounted bills.....	\$5,920,893	\$4,099,953	\$2,390,422	\$418,629
Purchased bills.....	477,557	351,418	273,034	201,008
United States securities.....	276,991	185,293	83,437	96,143
Municipal warrants.....				560
Deficient reserve penalties (including interest).....	216,559	125,192	122,654	31,362
Profits realized on United States securities.....				16,712
Miscellaneous.....	11,270	13,463	108,901	5,595
<b>Total earnings.....</b>	<b>6,903,270</b>	<b>4,775,324</b>	<b>2,979,048</b>	<b>770,009</b>
<b>CURRENT EXPENSES.</b>				
<b>Expenses of operation:</b>				
Assessments account expenses of Federal Reserve Board.....	34,555	29,535	19,814	14,256
Federal Advisory Council (fees and traveling expenses).....	546	736	150	432
Governors' conferences (including traveling expenses).....	401	254	210	337
Federal Reserve agents' conferences (including traveling expenses).....	125	43	321	168
Salaries—				
Bank officers.....	105,945	74,796	48,455	33,200
Clerical staff.....	617,525	325,746	173,118	35,303
Special officers and watchmen.....	15,066	7,497	4,868	700
All other.....	34,749	16,283	5,008	1,882
Life insurance premiums (employees' group insurance).....	4,008			
Directors' fees.....	3,925	3,400	3,320	3,020
Per diem allowance.....	740	820	680	1,230
Traveling expenses.....	1,653	1,999	1,218	1,806
Officers' and clerks' traveling expenses.....	26,248	8,689	3,015	669
Legal fees.....	1,070	570	1,122	500
Rent.....	10,139	7,941	5,206	5,807
Taxes and fire insurance.....	9,699	11,452	1,823	2,629
Telephone.....	3,415	2,447	2,110	685
Telegraph.....	27,604	10,032	2,960	657
Postage.....	63,415	48,262	45,519	5,210
Expressage.....	948	2,809	9,767	4,116
Insurance and premiums on fidelity bonds.....	11,724	9,718	6,648	2,202
Light, heat, and power.....	7,460	5,093	6,648	820
Printing and stationery.....	84,345	39,083	36,516	9,723
Repairs and alterations.....	12,395	11,393	12,275	11,296
Currency shipments to and from member and non-member banks and between the Federal Reserve Bank and its branch.....	28,432	41,504		
Currency shipments (other than Federal Reserve and Federal Reserve Bank notes) to and from Washington or a subtreasury.....	14,674			
All other.....	23,688	21,008	15,680	4,683
<b>Total expenses of operation.....</b>	<b>1,144,494</b>	<b>682,110</b>	<b>408,267</b>	<b>141,095</b>
Cost of Federal Reserve currency (including shipping charges).....	170,101	119,347	118,822	58,903
Miscellaneous charges, account note issues.....	45,749	28,582	6,700	3,626
Taxes on Federal Reserve Bank note circulation.....	52,605	32,468		
Furniture and equipment.....	103,126	49,420	91,786	25,726
Bank premises.....			18,245	28,435
<b>Total current expenses.....</b>	<b>1,516,075</b>	<b>911,927</b>	<b>643,820</b>	<b>257,785</b>
<b>Current net earnings.....</b>	<b>5,387,195</b>	<b>3,863,397</b>	<b>2,335,228</b>	<b>512,224</b>
<b>PROFIT AND LOSS ACCOUNT.</b>				
Earnings.....	6,903,270	4,775,324	2,979,048	770,009
Current expenses.....	1,516,075	911,927	643,820	257,785
<b>Current net earnings.....</b>	<b>5,387,195</b>	<b>3,863,397</b>	<b>2,335,228</b>	<b>512,224</b>
Additions to current net earnings on account of—				
Amounts previously reserved for depreciation on United States bonds.....		58,606		
Reversal of entry of Dec. 31, 1919, account expenses Federal Reserve Board.....	25,531			
All other.....	5,859	940		11,664
<b>Total.....</b>	<b>5,418,585</b>	<b>3,922,943</b>	<b>2,335,228</b>	<b>523,888</b>

<sup>1</sup> Credit.

SCHEDULE 4.—*Earnings and expenses*—Continued.

	1920	1919	1918	1917
PROFITS AND LOSS ACCOUNT—continued.				
Deductions from current net earnings on account of—				
Bank premises	\$170,000	\$20,000	\$10,000	.....
Assessment account expenses Federal Reserve Board, January–June, 1920		25,531		.....
Increase in depreciation reserve on United States bonds	5,865		13,198	\$50,000
All other	4,214	146		.....
Total deductions	180,079	45,677	23,198	50,000
Net earnings available for dividends, surplus, and franchise tax	5,238,506	3,877,266	2,312,030	473,888
Dividends paid	293,052	252,872	232,432	240,944
Transferred to surplus fund	4,740,869	3,624,394	2,079,598	116,472
Franchise tax paid United States Government	204,585			116,472
	5,238,506	3,877,266	2,312,030	473,888

<sup>1</sup> Includes \$1,039,799 reserve for Government franchise tax transferred to surplus fund in 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

[In thousands of dollars.]

Month.	Receipts.		Shipments.		Total receipts.		Total shipments.	
	From member banks.	From non-member banks.	To member banks.	To non-member banks.	1920	1919	1920	1919
January	20,883	156	9,629	20	21,049	24,463	9,649	8,020
February	11,763	292	13,743	46	12,055	13,560	13,789	10,005
March	13,442	382	15,497	38	13,824	13,295	15,535	9,452
April	15,483	1,090	18,438	12	16,573	15,936	18,450	8,408
May	15,378	813	16,803	21	16,191	15,117	16,824	9,267
June	15,267	747	19,938	19	16,014	13,213	19,957	9,604
July	13,910	845	21,173	13	14,755	13,673	21,186	11,224
August	13,204	764	23,208	13	13,968	10,360	23,221	14,506
September	12,488	768	1 25,936	6	13,256	8,526	25,942	22,761
October	14,244	804	28,172	14	15,048	11,182	28,186	34,882
November	16,918	1,593	23,528	13	18,511	12,351	23,541	17,688
December	20,697	2,558	26,696	42	23,255	17,600	26,738	21,504
Total:								
1920	183,687	10,812	242,761	257	194,499	.....	243,018	.....
1919	168,273	1,003	176,976	345	.....	169,276	.....	177,321

<sup>1</sup> Exclusive of \$960,000 shipped to a member bank in another Federal Reserve District.

## SCHEDULE 6.—Operations of check clearing and collection department.

[In thousands of dollars.]

For month ending 15th of—	Items drawn on banks in own district.				Items drawn on Treasurer of United States.	
	Located in Federal Reserve Bank and branch cities.		Located outside Federal Reserve Bank and branch cities.			
	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	271,855	392,098	1,740,406	362,100	36,748	9,920
February.....	240,018	354,240	1,534,701	304,923	66,832	15,164
March.....	277,707	333,077	1,741,268	310,098	75,362	14,122
April.....	304,457	386,326	2,201,363	399,389	99,886	15,340
May.....	289,034	342,120	2,176,707	368,258	108,042	14,303
June.....	284,526	361,861	2,122,419	370,390	90,677	20,681
July.....	282,461	354,482	2,065,112	384,189	96,133	22,223
August.....	281,542	334,569	1,936,384	368,682	77,475	14,962
September.....	289,884	361,187	2,124,351	378,485	84,942	20,699
October.....	309,407	375,940	2,251,590	403,315	95,878	16,785
November.....	313,415	371,480	2,273,127	400,608	106,789	23,389
December.....	300,112	347,962	2,770,589	436,481	99,216	15,165
Total: 1920.....	3,444,418	4,315,342	24,939,017	4,486,918	1,037,980	205,753

For month ending 15th of—	Items forwarded to other Federal Reserve Banks and their branches.		Total, 1920 <sup>1</sup>	
	Number.	Amount.	Number.	Amount.
January.....	250,104	195,698	2,299,113	959,816
February.....	229,233	174,495	2,070,784	848,822
March.....	254,045	166,795	2,348,382	824,092
April.....	288,954	196,302	2,894,660	1,000,357
May.....	273,517	186,816	2,847,300	911,497
June.....	269,245	194,088	2,766,867	947,020
July.....	262,201	203,805	2,706,907	964,699
August.....	259,640	203,032	2,555,041	921,245
September.....	266,909	195,455	2,766,086	955,826
October.....	285,903	209,855	2,942,778	1,005,895
November.....	286,550	195,446	2,979,881	990,923
December.....	306,679	180,328	3,476,596	979,936
Total: 1920.....	3,232,980	2,302,115	32,654,395	11,310,128

<sup>1</sup> Exclusive of duplications on account of items handled by both parent bank and branch.

## DISTRICT NO. 6—ATLANTA.

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JOSEPH A. McCORD, Chairman and Federal Reserve Agent.

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### INTRODUCTION.

Probably never in the history of this country has its financial structure been so severely tried as during 1920, certainly the Federal Reserve System has received a most severe test, and has successfully performed the functions for which it was inaugurated.

During the early months of the year prices continued high and there was a growing disposition on the part of the buying public to purchase more conservatively. This, together with the increasing production, brought about a restraining influence on the advancing prices, with the result that prices began to show evidence of declining in the early summer, and at the end of the year there was a considerably lower level.

It must be remembered that during 1919 the demobilization of those in the country's service was taking place, but the larger number were still consumers, and it was not until the early part of 1920 that a large majority became producers. With production increased and the export demand limited, the price of farm products declined rapidly. This was particularly noticeable in cotton, with a prevailing price of approximately 39½ cents on the New York market December 31, 1919, as compared with 14½ cents on December 31, 1920.

Ordinarily the cotton crop throughout the district is largely marketed in the fall months. During the 1920 season only a small part of the cotton had been marketed up to the close of the year on a declining and very inactive market. One of the causes of the decline in the price of cotton was the carrying over of about 4,000,000 bales of low-grade cotton which could not be manufactured in this country. The early part of the year textile manufacturers were running on two or three shifts, and in this the seeming consumption of cotton was continuous and regular. However, when the price began to decline commission merchants with large stocks of cotton goods began to throw them on the market; this, in turn, absorbed the orders that otherwise would naturally have been received by the mills. This condition of affairs placed the mills in the position of not having their quota of orders and forced a slowing up of production, hence they were not in the market for the present crop of cotton. Stocks of cotton goods are now fast disappearing and the mills are opening up and raw cotton is coming more in demand.

This same condition was reflected to a more or less extent in commodities and products other than cotton.

## REVIEW OF SERVICE AND ACTIVITIES.

During the year 1919 a larger number of member banks than ever before had availed themselves of the Federal Reserve Bank service, but the year 1920 saw a more general call for the performance of all of its functions, particularly in the matter of loan accommodations.

The continued growth of the Federal Reserve System par list caused a larger number of member banks to take advantage of our check clearing and collection facilities, resulting in the creation of balances in excess of required reserves, which were drawn upon by orders for the shipment of currency or the transfer of funds to other points for the requirements of member banks.

Of a total membership of 462 banks during the year, 372 availed themselves of the discounting privilege. The number of bills handled was 112,125, aggregating \$2,615,617,401.60.

During the year the total number of checks handled in the clearing departments of the parent bank and its branches was 3,317,079, amounting to \$2,729,236,456.99. The number of out-of-town items handled was 12,375,290, amounting to \$2,490,307,827.59.

The practice of absorbing the shipping costs of currency forwarded to member banks and currency remitted by member banks for credit was continued. This service was broadened during the year by the adoption of the policy of also absorbing the shipping charges on subsidiary silver and minor coin sent to member banks and by making currency shipments to member banks at the request of other member banks. The aggregate amount of currency and coin furnished the member banks was \$247,885,157.

The wire transfer of funds, without telegraphic cost to the member bank for whose account made, was continued in effect, and the privilege was used most freely, the total amount of such transfers being \$924,864,635.58.

## FINANCIAL RESULTS OF OPERATION.

Schedule No. 1 shows a comparative statement of condition of the Federal Reserve Bank of Atlanta for the 12 months ending December 31, 1917, 1918, 1919, and 1920. It will be noted from this statement a gradual increase is shown in all items over the previous year, from 1917 to 1919; however, in 1920 the total resources show a decrease of approximately \$5,000,000. This is due almost entirely to the decrease in reserve deposits of member banks.

Schedule No. 4 shows a comparative statement of earnings and dividends for each 12 months' period ending December 31, 1917, 1918, 1919, and 1920. A marked increase in earnings is shown each year. During the year 1920 the net earnings of the Federal Reserve Bank of Atlanta were \$6,010,324.13.

## DISCOUNT OPERATIONS.

Discount operations for the calendar year 1920 have shown a marked increase in activity over the preceding year 1919, both as to number of items handled and amounts.

A great majority out of 462 member banks in this district have had paper continuously under discount during the year. The maximum

was reached during the month of November, when a total of 335 banks were accommodated, as compared with 265 during the month of June, 1919, which was the highest number accommodated during the preceding year.

#### BANKERS' AND TRADE ACCEPTANCES.

While there has not been any considerable increase in the use of trade acceptances in the district during the past year, the growth has been steady and of a more healthy nature than in the past, due to the fact that to discourage the improper use of such trade paper, the Federal Reserve Bank of Atlanta has more closely scrutinized this class of paper and been more rigid in compelling strict compliance with the regulations laid down by the Federal Reserve Board.

In view of the extraordinary demands made upon the Federal Reserve Bank of Atlanta, and the somewhat extended condition of a number of member banks, practically no work was done looking to an extension of open-market operations. Under a more stabilized influence it is hoped that the work of building up an open market for acceptances may be enlarged.

#### RESERVE POSITION.

A comparison of the reserve position as it stood during the early part of 1920, and the low point which it reached in the autumn, tells its own story of the service of the Federal Reserve Bank of Atlanta to its member banks and the Federal Reserve System.

Because of the liquidation taking place during the latter part of 1919, and the large reserves maintained by member banks by reason of their increased deposits, the year 1920 was commenced with an actual reserve percentage of 51.8 per cent, the second highest of all the Federal Reserve Banks, and at the same time rediscounts for the Federal Reserve Bank of Boston amounted to over \$5,000,000, giving an adjusted reserve position of approximately 54 per cent. The first week in the year showed still further liquidation of loans and increases in member banks' reserve deposits, which permitted an increase in the accommodations extended to other Federal Reserve Banks to \$7,000,000, and at the same time showed an actual reserve percentage of 53.7 per cent, or an adjusted percentage of 57.1 per cent, if no rediscounts for other Federal Reserve Banks had been made. While the end of the second week showed the actual reserve position to be 49.5 per cent, the adjusted position was further improved and showed as 60.3 per cent, the lowering of the actual reserve position having been occasioned by the fact that accommodation extended to the Federal Reserve Banks of New York, Philadelphia, and Richmond had reached a total of \$22,000,000.

During the following five weeks period the actual reserve position showed very little fluctuation, and the rediscounts for other Federal Reserve Banks ranged between \$14,000,000 and \$20,000,000. During the next eight weeks period the reserve deposits of member banks declined, and while the actual reserve position remained practically stationary around 47 per cent, the large amount of rediscounting for other Federal Reserve Banks that had been taken care of previously could not be continued, although during the period varying amounts

were rediscounted for Boston, New York, Philadelphia, and Richmond.

From the latter part of April until the middle of May the reserve deposits of member banks declined further, and credit accommodation to member banks increased, and while, as a result the actual reserve position declined, it was not until May 13 that it was found necessary to rediscount in order to maintain an actual reserve position at 40 per cent, and this was done to the extent of \$2,000,000 with the Federal Reserve Bank of New York.

During the following three months the individual deposits with member banks were heavily drawn upon for crop-making purposes, making it necessary that credit extension to member banks be materially increased for the replenishment of their reserve deposits required to be maintained with this bank, and in addition, the continued labor troubles at New Orleans, the principal port city of the district, made necessary increased advancements to member banks in that city to aid in financing the carrying of goods, destined for export, that rapidly accumulated because of the paralysis in the movement of vessels due to the dock strikes. The crop-making operations in that section of the district also contributed to the already heavy burdens upon New Orleans member banks. These factors made it necessary to call further upon other Federal Reserve Banks for rediscount accommodation, and on August 6 the Boston, New York, and Cleveland Reserve Banks, which had rediscounted in varying amounts at different times during the period, were rediscounting a total of approximately \$28,000,000 for this bank, giving an actual reserve percentage at that time of 40.9 as against an adjusted one of 26. The subsequent few weeks saw further diminution of individual deposits, as they were withdrawn for financing the final touches in the making of the new crop and the payment of labor incident to the harvesting, and this was accompanied by an increased demand for rediscount accommodation, making it necessary by the middle of September, when the marketing of the new crop should normally have been fully under way, that rediscounts with other Federal Reserve Banks continue to ascend to the total of \$31,700,000, so that the actual reserve position at that time was 40.2 per cent, and upon adjustment showed 23.4 per cent.

The rapid decline in the prices of cotton, rice, sugar, peanuts, naval stores, and live stock, as well as the recession in prices of other commodities, individually of minor consideration, but collectively of large volume, which was accompanied by little or no demand, caused a general stagnation of marketing and a consequent inability on the part of the interior merchants and general supply stores to make collections for materials and supplies furnished in the making of the crops. This in turn deprived the wholesalers, the jobbers, and the fertilizer manufacturing concerns, located at central points, of the collections usually enjoyed in the early fall and liquidation on their part became impossible. The situation brought about by these circumstances was considerably aggravated by the disinclination of the buying public to make purchases from the retailers of the high-priced goods with which their shelves were stocked in anticipation of fall business, the consumer in the interior sections having well nigh exhausted his credit, and having sold little or none of his production, had no cash, and, therefore, could not buy; and in the cities



those who had abundant credit or cash with which to make purchases, held off under the belief that a lower level of prices would prevail after the holiday season. The decline of deposits with member banks continued, and in many cases funds that had been deposited at interest were withdrawn to be loaned to friends or relatives at a higher rate of interest, being borrowed by the latter, to enable them to hold their crops for better prices. The September income tax payments were also responsible for considerable withdrawals, as well as additional loans. To care for the increased credit demands of member banks for the upbuilding of reserves, and the transfer to other districts of the excess amount of the Government's income tax receipts over the Government's requirements within this district, and to aid in the gradual marketing of the crops produced in our district, additional rediscounting became necessary, the peak of which was reached on September 28 and amounted to \$49,491,000, the actual reserve percentage on that date being 40.85 per cent, as against an adjusted one of 14.9 per cent.

The succeeding month saw only a slight movement of crops and a continued lowering of deposits with member banks, but notwithstanding the increasing borrowings of member banks, which reached the high total on October 30 of \$182,000,000, the actual reserve position of this bank on that date was 40.2 per cent after rediscounting with other Federal Reserve Banks to the extent of only \$37,000,000, a reduction of about \$12,500,000 from the high total, and giving an adjusted reserve ratio of 23.7 per cent.

The following month did not bring any material change in conditions, and the reserve position remained fairly stationary. During the early part of November loans to member banks receded slightly, but the latter part of the month they increased to the previous high point of \$182,000,000, which caused an upward trend in rediscounts with other Federal Reserve Banks to \$42,800,000, the actual reserve ratio on November 27 being 40.3 per cent, and as adjusted 22.2 per cent.

While during the last month of the year no appreciable marketing of cotton, rice, naval stores had gotten under way, sugar, peanuts, citrus fruits, and vegetables moved to some extent, which coupled with a fairly brisk holiday trade in the cities and the beginning of the seasonal tourist travel, brought about a slight liquidation, the loans on the last day of the year being \$170,000,000, at which time rediscounts with other Federal Reserve Banks amounted to \$34,000,000, leaving an actual reserve ratio of 41.4 per cent, and an adjusted one of 25.7 per cent.

#### MOVEMENT OF MEMBERSHIP.

*National banks.*—During the year the national bank membership increased from 363 members to 375 by the addition of 15 new national banks organized in the district and the surrender of stock by 3 member national banks; one of these having liquidated and two having consolidated with other national banks, the net increase in the number of national banks for the year being 12, as compared with a net decrease of 9 national bank members for 1919.

*State banks.*—The State bank and trust company members increased from 64 to 87 by the allotment of stock to 24 new members

and the surrender of stock by one member State bank, which consolidated with a nonmember State bank, resulting in a net increase of 23 State bank and trust company members, as compared with a net increase of 10 for 1919.

#### TRUSTEE POWERS.

During the year fiduciary powers, under section 11, subsection (k) of the Federal Reserve Act, were granted to 19 national banks and supplementary powers granted to 2 national banks, bringing the total number of banks in the district that have been granted authority to act in a fiduciary capacity up to 65. There has been a growing disposition on the part of officers of national banks to avail themselves of all the privileges permitted under the laws and to equip their banks to handle any business that may come to them.

#### ACCEPTANCE UP TO 100 PER CENT.

The total number of banks authorized to accept up to 100 per cent is 32, permission having been granted to four during the year. Approximately 60 per cent of the number are located in reserve cities, where more use is made of this form of financing in order to handle foreign transactions.

#### EXAMINATIONS.

The policy of participating with State examiners in the examination of State bank members has been pursued during the year, and the bank departments of the several States in the district have given their hearty cooperation. These joint examinations are being made in thorough accord and harmony with the State bank examiners, and the member banks have offered every facility to expedite the examination where the Federal Reserve Bank has participated.

During the year 24 examinations were made of State banks that applied for and were admitted to membership, and the Federal Reserve examiners participated with State bank examiners in 71 State bank and trust company examinations. Fifteen of the banks examined have total resources exceeding \$5,000,000.

#### MEMBER BANKS' RESERVE ACCOUNT.

A gradual but very perceptible reduction in member banks' reserve balances has been noticeable throughout the greater part of the year, reflecting the gradual shrinkage which occurred in their own deposits during the same period.

Reserve deposits were highest in the month of January, when they reached \$60,404,000, and lowest in October, when they were reduced to \$44,455,000, but the average for the year as compared with the previous year shows an increase of approximately \$5,000,000. Wire transfers of funds made to and received from other Federal Reserve districts for account of our member banks increased in number, but decreased in amount, the number received being 9,729, amounting to \$451,546,000, while 8,381 transfers were sent, amounting to \$278,855,000.

## FISCAL AGENCY OPERATIONS.

The fiscal agency operations of the Federal Reserve Bank of Atlanta for the year 1920 were somewhat greater in total volume as compared with the year 1919, due primarily to the exchange of permanent for temporary bonds.

## SALES OF TREASURY CERTIFICATES.

Eighteen series of Treasury certificates of indebtedness were issued during the year; eight loan series, four maturing in 1920 and four maturing in 1921, and ten tax series, two in anticipation of income and profits taxes payable in 1920, and eight in anticipation of the same classes of taxes payable in 1921.

## DEPOSITS AND WITHDRAWALS OF TREASURY FUNDS.

The Secretary of the Treasury continued the established practice of permitting depository banks to pay for certificates of indebtedness by credit in special deposit accounts, the purpose being to provide for the gradual withdrawal from the banks of the funds paid to them by subscribers for certificates of indebtedness, and the funds representing payment of their subscriptions of the same character.

## INTERCHANGE AND EXCHANGE OF GOVERNMENT SECURITIES.

During the year 1919 the holders of bonds and certificates of indebtedness were permitted to make exchanges of coupon for registered and registered for coupon, as well as the interchange of denominations and the conversion of bonds, which operations reached large proportions. During the year 1920, the same privileges were extended and exercised in greater proportions and augmented by the exchange of temporary for permanent bonds.

## SALE OF WAR SAVINGS SECURITIES.

The organization having direct charge of all activities for the promotion of the sale of Treasury savings securities during the year, known as the war loan organization, was the same as for the year 1919. The sale of the securities was not as great as in the previous year, the total sales by the Federal Reserve Bank, which of course does not include sales made by postmasters throughout the district, amounting to \$317,346.75.

## WAR FINANCE CORPORATION.

The transactions engaged in by this bank acting as fiscal agent for the War Finance Corporation were confined entirely to the payment for its account of War Finance Corporation bonds, which matured on April 1, 1920, and coupons, which matured October 1, 1919, and April 1, 1920, and to the collection of maturing securities which had been purchased by the corporation in this district. The aggregate of bonds redeemed was \$1,414,000, coupons paid \$40,550, and securities collected \$18,898,500.

## NOTE ISSUES.

*Federal reserve notes.*—The outstanding Federal Reserve notes at the close of business December 31, 1920, were \$179,760,000, as compared with \$160,108,000 at the close of business December 31, 1919, or an increase of \$19,652,000.

During the year the Federal Reserve Agent issued notes amounting to \$196,035,000, which included payments to the Treasurer of United States in Washington, aggregating \$49,280,000, and \$40,067,000 issued to Federal Reserve Bank for shipment to Habana, Cuba, at the request of the Federal Reserve Bank of New York for account of its member banks.

The amount of fit money redeemed by the Federal Reserve Agent during the year was \$90,890,000, and there was shipped to the Comptroller of the Currency for redemption unfit notes aggregating \$85,493,000, making the total redemption of fit and unfit Federal Reserve notes \$176,383,000 for the year.

The total amount of Federal Reserve notes issued to the Treasurer in Washington, including the amount shipped to Cuba, was \$89,347,000, while the outstanding Federal Reserve notes at the close of December 31, 1920, had increased only \$19,652,000 over the amount outstanding December 31, 1919. This small increase, when considering the amounts paid to the Treasurer and shipments to Cuba, is largely due to the fact that there were not the usual seasonal demands for crop moving, it being estimated that approximately only 25 or 30 per cent of the agricultural products for 1920 had been marketed up to the close of the year.

*Federal Reserve Bank notes.*—The amount of the Federal Reserve Bank notes outstanding at the beginning of the year was \$15,777,600; during the year \$16,916,000 were issued, and the redemption amounted to \$16,523,800, with a balance of \$16,169,800 outstanding at the close of the year, or an increase of \$392,200. The amount of Federal Reserve Bank notes in actual circulation at the close of December 31, 1920, was \$15,174,950, as compared with \$15,561,300, or a decrease of \$386,350.

The demand for currency in small denominations in the Sixth Federal Reserve District during the past 12 months has been exceedingly heavy, and, in addition to the Federal Reserve Bank note circulation of \$1 and \$2 denominations, there were received during the year from the United States Treasurer approximately \$3,000,000 of United States notes.

#### POSITION OF COMMERCIAL BANKS WITH REGARD TO FINANCING.

In our last annual report we called attention to the fact that the commercial banks were called upon to make up the full quota of the district by the purchase of Liberty bonds, Victory notes, and Treasury certificates of indebtedness, which very materially encroached upon their resources for handling commercial business. This condition still exists, and in addition thereto the enormous increase in price of all commodities which our people had to purchase and the increase in price of labor, added to the burden of a year ago which the banks were called upon to finance, made it necessary in many instances for the commercial banks to accommodate their customers of long standing in order that they might carry on their various enterprises at the new high level of prices and costs. This condition existed up to the maturity of our crops, when the inevitable deflation set in over the country. The prices of commodities produced in this district (being practically all agricultural products) declined more

rapidly than almost any other products of the United States. The decline was so rapid and unexpected by the producers that a determined effort set up on the part of the producer to hold his products for better prices, and this condition still exists. The commercial banks are not in position to force the collection of their loans by reason of this concerted action on the part of all producers to endeavor to hold their products for more reasonable prices. We are informed by the officers of our member banks and by citizens who are interested that quite a lot of our commodities will be placed on the market within the next 90 days. This being true, there should be considerable liquidation of obligations now outstanding, and the amount of money needed for incoming production will thereby be very materially reduced from previous years, due to the determination of those who produce the crops to economize to the fullest extent in the production for the coming season. This statement already shows the cause of the increase in the obligations of the commercial banks at this time.

During the early part of 1920 nearly all of the banks in this district were at high tide in deposits, and they employed quite a lot of their funds in the purchase of commercial paper, which was bought in large volumes by small banks. Most of this paper matured in the summer and early autumn, and the proceeds from the liquidation of this paper were used for caring for maturing crops which had not been marketed to any great extent.

#### OPERATION OF FEDERAL RESERVE BANK BRANCHES.

The volume of business transacted by our New Orleans, Birmingham, Jacksonville, and Nashville branches during the past year, which is included in the total transactions of the bank, shows a large increase.

The New Orleans branch, the only one of our branches to which has been delegated the same powers, with the exception of capital stock and open-market transactions, as exercised by the parent bank, was called upon to function to a higher degree than ever before. The total of rediscounts made for and advancements made to member banks located within the New Orleans zone was approximately \$709,400,000. Currency receipts and shipments amounted to \$93,909,000 and \$76,224,000, respectively. In the matter of check clearings and collections, a total of 2,791,000 items was handled, amounting to \$1,215,294,000.

The aggregate of rediscounts for and advancements to member banks located in the zone of the Birmingham branch was \$79,953,000. Currency receipts and shipments amounted to approximately \$47,891,000 and \$36,691,000, respectively. The total number of checks handled for clearing and collection was 2,808,036, having a value of \$1,139,355,000. It will be noted that in the exercising of transit functions this branch handled a slightly greater physical volume of business than the New Orleans branch, but in the total value the aggregate was about \$40,000,000 less.

Rediscounts for and advancements to member banks located in the zone of the Jacksonville branch amounted to a total of \$99,296,000. Currency receipts and shipments amounted to approximately \$45,480,000 and \$33,856,000, respectively. The number of items

handled for clearing and collection was 2,507,799, amounting to \$606,091,000.

Rediscounts for and advancements to member banks located in the zone of the Nashville branch amounted to \$665,496,000. Currency receipts and shipments amounted to \$27,449,000 and \$21,862,000, respectively. In the clearing and collection of items this branch handled a greater physical volume than any of our other branches, the total number being 3,474,519, but the amount thereof, \$897,591,000, did not equal the total value of the smaller number of items handled respectively by the New Orleans or Birmingham branches.

The Savannah agency was also called upon for much greater services than in the past. While in the matter of currency transactions there was no material increase, the volume of collateral deposited with the agency, in connection with bills discounted for and purchased from Savannah member banks by the parent bank, increased considerably, and as a result the service rendered by the agency was more frequent and more widely distributed.

#### CLEARINGS.

During the year 1920 there was a steady increase in the number of items handled, as well as amounts, up to and including July 1, but, due to the general depression in business, a slight decrease is shown thereafter. The total number of items handled was 16,572,303, against 14,255,861 for 1919, an increase of 2,306,442, or 17 per cent, at a cost of \$0.0155 for 1920 against \$0.0119 for 1919, an increase in cost per item of \$0.0036. The total volume of business for 1920 aggregated \$5,381,312,000, against \$5,487,105,000 for 1919, a decrease of \$105,793,000, or 1.9 per cent. The cost per thousand dollars for 1920 was \$0.0477 as against \$0.0307 for 1919, an increase of \$0.0170.

The transit department has functioned with increasing efficiency during the past year. While temporarily restrained, by court order, from effecting collection of checks drawn on nonmember banks in this district at par, an increase of 35 member banks and 53 nonmember to the par list during 1920 was shown.

#### COLLECTIONS.

The collection department continues to show a steady increase. During 1920 it handled 49,694 items, as compared with 21,821 for 1919, an increase of 27,873, or 127 per cent. The amount of collections received during 1920 aggregated \$89,911,329.48, as compared with \$52,966,504.47 for 1919, an increase of \$36,914,825.01, or 69 per cent. These items are being handled free of charge for member banks except where a charge is made by the collecting bank.

#### GOLD SETTLEMENT FUND.

Total transactions through this fund for 1920 aggregated \$6,346,-838,000, of which \$3,177,478,000 represented payments by us to other Federal Reserve Banks, whereas \$3,169,360,000 represented payments by other Federal Reserve Banks to us, the total indicating an increase of approximately 100 per cent over 1919.

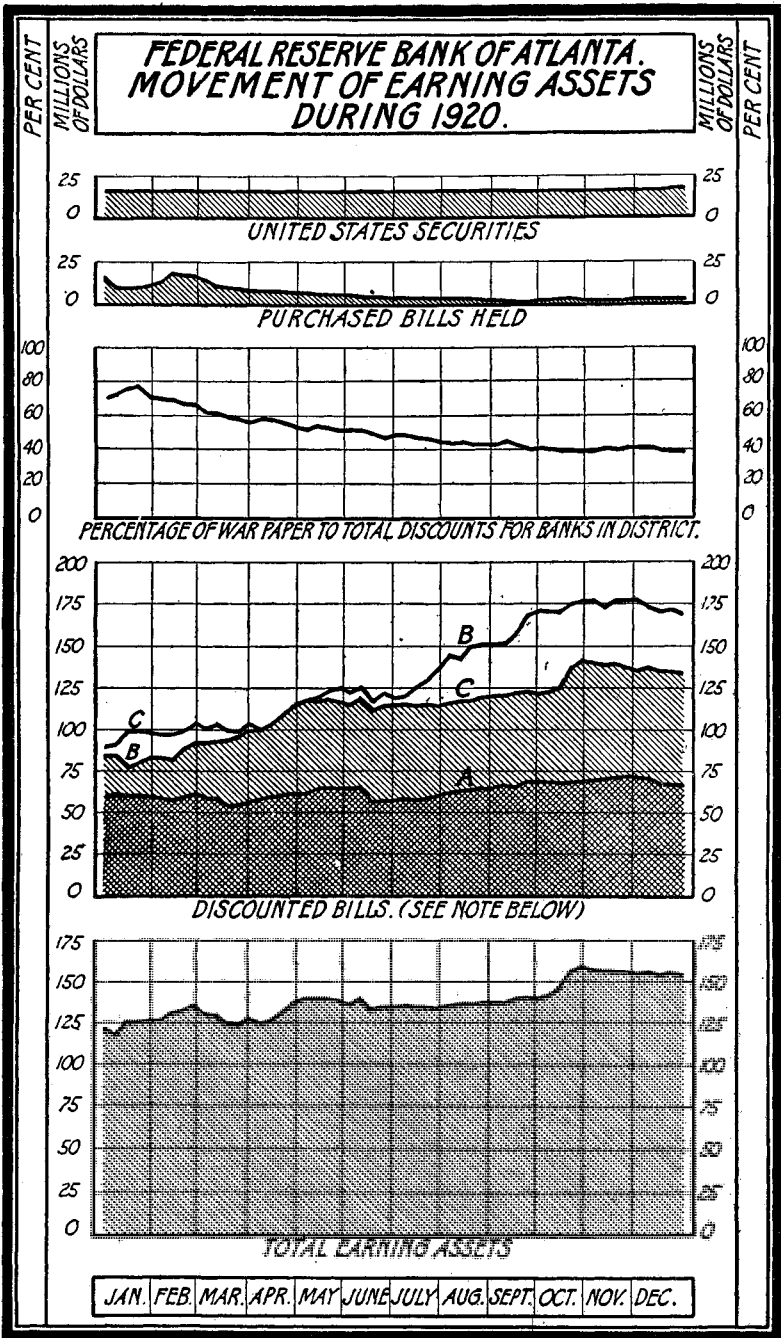
## TREASURER'S GENERAL ACCOUNT.

Coupon redemption for the account of the Treasurer indicate a slight falling off as compared with 1919. The total number of pieces aggregated 2,156,557 coupons, amounting to \$10,773,123.37. Checks and warrants cashed for the year amounted to 286,347 pieces in the sum of \$82,860,198.07. The Treasurer has requested 25 transfers from us to other Federal Reserve Banks for his use, amounting to \$41,500,000, and has made 76 transfers from other Federal Reserve Banks to us, amounting to \$81,500,000, thus indicating an excess of expenditures in this district for the account of the Treasurer over receipts of \$40,000,000.

## SCHEDULE I.—Statement of condition as of Dec. 31.

	1920	1919	1918	1917
<b>RESOURCES.</b>				
Gold coin and certificates in vault.....	\$8,744,466.49	\$8,412,807.62	\$7,987,378.42	\$5,717,322.72
Gold settlement fund.....	7,442,406.46	19,333,518.51	6,302,193.45	12,482,000.00
Gold with foreign agencies.....	118,800.00	4,727,527.61	174,866.23	1,575,000.00
Gold with Federal Reserve agent.....	60,709,940.00	63,503,220.00	42,179,185.00	50,701,320.00
Gold redemption fund.....	10,297,580.39	7,940,425.13	6,957,760.00	1,119,140.98
Total gold reserves.....	87,313,193.34	103,917,498.87	63,601,383.10	71,594,783.70
Legal tender notes, silver, etc.....	2,026,593.00	990,711.30	237,243.50	415,715.00
Total reserves.....	89,339,786.34	104,908,210.17	63,838,626.60	72,010,498.70
Bills discounted:				
Secured by Government obligations.....	61,439,901.62	66,391,635.09	54,171,028.61	2,124,250.76
All other.....	71,161,100.39	26,660,232.73	29,864,482.32	12,903,420.00
Bills bought in open market.....	3,570,950.74	16,639,000.16	12,514,685.61	6,497,061.67
Total bills on hand.....	136,171,952.75	109,690,867.98	96,550,196.54	21,524,732.43
Municipal warrants.....			13,000.00	284,372.00
United States Government bonds.....	113,650.00	375,300.00	553,750.00	2,397,000.00
United States Victory notes.....	2,800.00	3,900.00		
United States certificates of indebtedness.....	16,672,489.88	15,665,846.00	16,066,000.00	21,491,000.00
Total earning assets.....	152,960,892.63	125,735,913.98	103,182,946.54	25,697,104.43
Banking house.....	541,272.96	463,301.88	217,000.00	140,875.20
Uncollected items and other deductions from gross deposits.....	31,406,141.22	48,266,919.24	36,019,925.51	21,785,720.46
Five per cent fund against Federal Reserve Bank notes.....	560,586.15	878,550.00	310,690.00	
All other resources.....	381,421.62	147,276.06	484,127.32	74,333.74
Total resources.....	275,190,100.92	280,400,171.33	204,053,315.97	119,708,532.53
<b>LIABILITIES.</b>				
Capital paid in.....	4,053,050.00	3,428,200.00	3,191,350.00	2,812,750.00
Surplus.....	8,343,465.31	4,695,000.00	775,000.00	40,000.00
Government deposits.....	3,715,581.57	2,706,991.88	2,839,711.85	4,476,782.74
Due to members—reserve account.....	49,172,496.66	58,388,305.76	46,222,851.15	36,849,923.90
Deferred availability items.....	20,360,019.53	37,130,967.83	23,308,473.07	10,074,908.35
Other deposits, including foreign Government credits.....	302,491.32	2,778,585.38	214,887.51	374,627.61
Total gross deposits.....	73,550,589.08	101,004,850.35	72,585,923.58	51,776,242.60
Federal Reserve notes in actual circulation.....	173,406,190.00	155,510,935.00	120,672,430.00	64,914,890.00
Federal Reserve Bank notes in actual circulation.....	15,174,950.00	15,561,300.00	5,816,600.00	
All other liabilities.....	661,856.53	199,885.89	1,012,012.39	164,649.93
Total liabilities.....	275,190,100.92	280,400,171.33	204,053,315.97	119,708,532.53

<sup>1</sup> Including 1-year Treasury notes.<sup>2</sup> One-year Treasury notes.



*A.* Paper secured by Government War Obligations discounted for Banks in District. *B.* Total Paper discounted for Banks in District. *C.* Total Discounted Paper held. Space between lines B and C represents - where above line B - Paper discounted for, and - where below line B - Paper rediscounted with, other Federal Reserve Banks.



SCHEDULE 2.—Movement of principal asset and liability items during 1920.

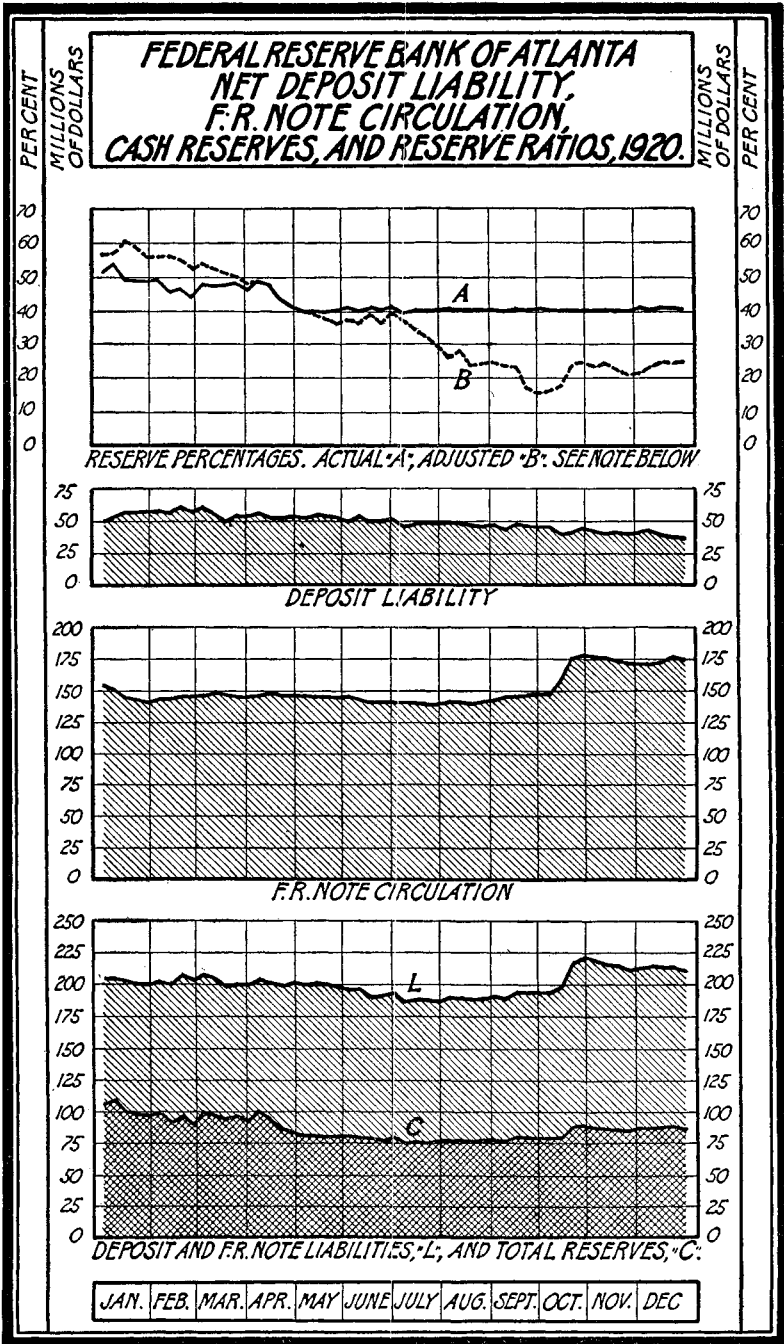
[Amounts in thousands of dollars.]

Date.	Total earning assets.	Discounted bills.					Purchased bills.					United States securities.	Total cash reserves.	Net deposits.	Federal Reserve notes in circulation.	Reserve percentages.	
		Total held.	Rediscounted with other Federal Reserve Banks.	Discounted for member banks in this district.			Purchased in open market.	Purchased from other Federal Reserve Banks.	Total held.	Actual.	Adjusted. <sup>1</sup>						
				A.	B.	C.											
				Total.	Secured by Government war obligations.	Per cent (B+A).											
Jan. 2.....	120,994	88,724	\$ 5,000	83,724	58,898	70.3	11,161	5,065	16,226	16,044	105,679	50,049	154,112	51.8	56.7		
9.....	116,718	90,787	\$ 7,000	83,787	60,645	72.4	9,887	.....	9,887	16,044	109,218	52,761	150,613	53.7	57.1		
16.....	124,797	99,091	\$ 22,000	77,091	58,733	76.2	9,662	.....	9,662	16,044	99,923	57,326	144,704	49.5	60.3		
23.....	124,716	99,169	\$ 19,500	79,669	61,218	76.8	9,503	.....	9,503	16,044	97,694	57,162	142,770	48.9	58.6		
30.....	125,575	98,433	\$ 15,000	83,433	58,749	70.4	11,098	.....	11,098	16,044	96,880	57,772	142,090	48.5	56.0		
Feb. 6.....	125,607	97,177	\$ 14,040	83,137	58,103	69.9	12,648	.....	12,648	15,782	98,996	57,845	143,916	49.1	56.0		
13.....	130,645	97,264	\$ 15,000	82,264	56,619	68.8	12,512	5,087	17,599	15,782	92,107	55,955	144,173	46.0	56.1		
20.....	132,469	99,238	\$ 11,500	87,738	59,061	67.3	12,362	5,087	17,449	15,782	96,979	60,656	146,262	46.9	54.9		
27.....	135,156	102,633	\$ 11,100	91,533	61,238	66.9	11,654	5,087	16,741	15,782	89,449	56,511	145,778	44.2	53.9		
Mar. 5.....	130,441	101,146	\$ 9,500	91,646	57,501	62.7	10,230	3,283	13,513	15,782	99,489	61,451	146,717	47.8	51.1		
12.....	129,347	102,692	\$ 9,500	93,192	57,925	62.2	9,086	1,787	10,873	15,782	96,738	55,787	149,145	47.2	52.7		
19.....	124,370	98,646	\$ 5,625	93,021	55,371	59.5	8,560	1,382	9,942	15,782	94,271	50,392	147,772	47.6	51.1		
26.....	123,099	98,176	\$ 2,650	95,526	55,808	58.4	8,440	701	9,141	15,782	96,641	54,245	145,779	48.3	48.0		
Apr. 2.....	127,155	102,962	\$ 3,000	99,962	56,510	56.5	7,820	591	8,411	15,782	92,524	54,075	145,944	46.3	50.0		
9.....	124,343	100,263	.....	100,263	58,447	58.3	8,186	112	8,298	15,782	100,126	57,145	147,493	46.3	48.1		
16.....	126,132	102,820	.....	102,820	59,479	57.8	7,418	112	7,530	15,782	95,415	52,468	149,422	47.3	47.3		
23.....	132,019	108,735	.....	108,735	60,932	56.0	7,501	.....	7,501	15,783	83,492	54,353	147,406	45.4	41.4		
30.....	137,320	114,207	.....	114,207	60,592	53.1	6,599	.....	6,599	15,783	80,746	53,374	147,410	40.2	40.2		
May 7.....	138,998	116,616	.....	116,616	60,880	52.2	6,599	.....	6,599	15,782	81,107	55,786	145,610	40.3	39.3		
14.....	139,303	117,433	2,000	119,433	63,544	53.2	6,088	.....	6,088	15,782	80,023	54,160	145,749	40.0	37.5		
21.....	139,086	117,617	5,000	122,617	64,171	52.3	5,686	.....	5,686	15,782	80,236	53,287	145,080	40.4	36.2		
28.....	137,984	116,322	8,500	124,822	64,025	51.3	5,890	.....	5,890	15,782	81,067	49,804	146,104	41.4	37.3		
June 4.....	135,069	113,547	8,000	121,547	63,351	52.1	5,739	.....	5,739	15,783	78,781	53,938	143,070	40.0	36.1		
11.....	138,950	118,351	7,750	126,101	65,238	51.7	4,816	.....	4,816	15,783	78,381	48,678	140,574	41.4	39.0		
18.....	132,071	111,376	4,616	115,992	56,173	48.4	4,912	.....	4,912	15,783	77,127	49,526	140,592	40.6	36.4		
25.....	134,462	114,058	7,960	122,018	56,944	46.7	4,621	.....	4,621	15,783	.....	.....	.....	.....	.....		

July	2	134,214	114,524	4,778	119,302	57,207	47.8	3,909	3,909	15,781	80,433	52,373	140,554	41.7	39.2
	9	134,648	114,570	5,507	120,077	57,691	48.0	4,297	4,297	15,781	74,512	45,837	141,362	39.8	36.9
	16	134,468	113,821	10,923	124,744	57,391	46.0	3,865	3,865	16,782	75,872	48,123	140,194	40.3	34.5
	23	134,158	114,675	15,650	130,325	59,002	45.3	3,702	3,702	15,781	75,416	48,563	138,641	40.3	31.9
	30	133,445	114,127	21,607	135,734	60,172	44.3	3,536	3,536	15,782	76,509	48,045	139,277	40.8	29.3
Aug.	6	135,155	115,901	28,183	144,084	62,238	43.2	3,472	3,472	15,782	77,468	48,799	140,787	40.9	26.0
	13	136,222	117,220	25,209	142,429	61,937	43.5	3,220	3,220	15,782	76,841	48,966	140,707	40.5	27.2
	20	135,685	117,117	32,723	149,840	63,915	42.7	2,786	2,786	15,782	76,076	48,492	139,548	40.5	23.1
	27	136,862	118,892	31,963	150,855	64,319	42.6	2,188	2,188	15,782	76,671	47,484	142,426	40.4	23.5
Sept.	3	137,245	119,788	30,824	150,612	64,469	42.8	1,676	1,676	15,781	77,684	47,836	142,961	40.7	24.6
	10	137,339	119,921	31,711	151,632	66,190	43.7	1,637	1,637	15,781	75,908	42,672	146,346	40.2	23.4
	17	139,136	121,857	34,748	156,605	65,360	41.7	1,497	1,497	15,782	79,819	48,143	146,441	41.0	23.2
	24	140,155	122,949	45,533	168,482	67,644	40.1	1,423	1,423	15,783	78,565	46,903	147,003	40.5	17.0
Oct.	1	139,341	121,673	48,856	170,529	68,694	40.3	1,886	1,886	15,782	79,442	46,376	147,538	41.0	15.8
	8	140,874	122,696	47,496	170,192	68,075	40.0	2,393	2,393	15,785	78,648	46,143	147,883	40.5	16.1
	15	144,670	125,145	44,642	169,787	66,892	39.4	2,743	2,743	16,782	80,181	40,207	158,982	40.3	17.8
	22	155,777	137,304	37,758	175,062	68,470	39.1	2,690	2,690	15,783	88,178	41,325	176,408	40.5	23.2
	29	158,708	140,673	36,122	176,795	68,961	39.0	2,253	2,253	15,782	89,719	44,007	177,734	40.5	24.2
Nov.	5	157,301	139,394	37,508	176,902	69,760	39.4	2,125	2,125	15,782	88,181	41,642	176,676	40.4	23.2
	12	156,353	138,326	35,141	173,467	69,780	40.2	2,244	2,244	15,783	87,002	39,893	176,195	40.3	24.0
	19	156,435	138,503	38,845	177,348	71,022	40.0	2,150	2,150	15,782	86,191	40,910	174,078	40.1	22.0
	26	155,219	137,026	40,216	177,242	71,527	40.4	2,409	2,409	15,784	85,242	40,143	172,398	40.1	21.2
Dec.	3	153,677	135,328	41,419	176,747	71,241	40.3	2,565	2,565	15,784	87,494	40,848	172,230	41.1	21.6
	10	156,144	137,225	35,912	173,137	70,932	41.0	2,634	2,634	16,285	86,732	42,890	171,693	40.4	23.7
	17	153,585	134,659	35,018	169,677	66,792	39.4	2,637	2,637	16,289	87,237	39,695	172,551	41.1	24.6
	23	154,836	134,935	36,757	171,692	66,843	38.9	3,112	3,112	16,789	88,119	37,239	176,931	41.1	24.0
	30	154,430	134,149	33,659	167,808	65,883	39.2	3,492	3,492	16,789	86,091	36,240	175,166	40.7	24.8

<sup>1</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.

<sup>2</sup> Paper discounted for other Federal Reserve Banks.



*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accommodation extended to or received from other Federal Reserve Banks.*

SCHEDULE 3.—Volume of paper discounted and bought.

[In thousands of dollars.]

Month.	Discounted paper.					Purchased paper.		Total discounted and purchased paper.			
	Total.	Secured by Government war obligations.	Bankers' acceptances.	Trade acceptances.	All other.	Total.	Bankers' acceptances.	1920	1919	1918	1917
January.....	150,421	128,038	271	755	21,357	6,636	6,636	157,057	173,923	17,527	4,304
February.....	136,709	115,157	279	311	20,962	6,737	6,737	143,446	110,534	13,187	2,098
March.....	156,016	118,203	1,613	1,802	34,398	3,901	3,901	159,917	147,394	21,055	3,573
April.....	156,636	117,470	2,247	1,460	35,459	4,209	4,209	160,845	155,002	37,527	3,126
May.....	174,173	126,654	545	1,212	45,462	3,096	3,096	177,269	168,316	47,893	4,421
June.....	162,751	118,113	253	1,925	42,460	2,979	2,979	165,730	167,507	54,114	4,273
July.....	180,187	122,330	115	642	57,100	1,430	1,430	181,617	182,987	64,749	4,763
August.....	208,283	148,851	332	745	58,355	1,198	1,198	209,481	183,932	83,943	6,875
September.....	207,734	140,910	125	758	65,941	2,040	2,040	209,774	216,739	122,683	9,439
October.....	226,884	145,344	160	1,808	79,572	2,960	2,960	229,844	215,537	177,452	20,444
November.....	239,296	156,019	262	1,056	81,959	1,711	1,711	241,007	178,399	167,797	27,695
December.....	232,856	134,302	136	1,409	97,009	2,680	2,680	235,536	157,168	167,680	30,496
Total:											
1920.....	2,231,946	1,571,391	6,338	13,883	640,334	39,577	39,577	2,271,523			
1919.....	2,005,777	1,769,658				51,661	51,661		2,057,438		
1918.....	930,130	631,032				45,477	45,477			975,607	
1917.....	95,115	18,400				126,392	26,392				121,507

<sup>1</sup> Includes \$1,005,047 of acceptances purchased from the Federal Reserve Bank of New York.

SCHEDULE 4.—*Earnings and expenses.*

	1920	1919	1918	1917
<b>EARNINGS.</b>				
Discounted bills.....	\$6,683,341.88	\$3,735,032.95	\$1,758,074.69	\$231,635.57
Purchased bills.....	337,991.12	367,337.75	302,231.06	102,311.56
United States securities.....	320,450.89	228,958.61	114,451.31	140,820.48
Municipal warrants.....		85.27	2,889.31	3,629.26
Transfers—net earnings.....		8,356.00	33,756.92	17,134.05
Deficient reserve penalties (including interest).....	102,846.10	68,312.83	35,240.00	13,526.88
Profit realized on United States securities.....		5.06	11,139.06	25,568.99
Sundry profits.....	28,801.47	7,912.80	35,276.21	7,195.95
<b>Totalearnings.....</b>	<b>7,476,431.46</b>	<b>4,416,001.27</b>	<b>2,293,058.56</b>	<b>541,822.74</b>
<b>CURRENT EXPENSES.</b>				
<b>Expenses of operation:</b>				
Assessments, account expenses Federal Reserve Board.....	27,882.11	22,391.31	15,368.71	10,154.15
Federal Advisory Council (fees and traveling expenses).....	1,092.02	469.57	454.73	479.13
Governors' conferences (including traveling expenses).....	504.38	575.23	70.36	299.98
Federal Reserve Agents' conferences (including traveling expenses).....	174.72	132.94	142.30	.....
Salaries—				
Bank officers.....	136,996.13	116,951.58	70,643.45	36,470.93
Clerical staff.....	433,196.51	289,854.40	124,938.35	37,892.48
Special officers and watchmen.....	15,630.80	10,036.83	5,280.40	3,424.10
All other.....	27,077.59	12,933.96	3,059.67	.....
Directors' fees.....	4,090.00	3,013.00	2,295.00	2,188.08
Per diem allowances.....	6,530.00	4,085.00	2,548.40	2,540.00
Traveling expenses.....	6,807.29	3,024.91	2,688.70	2,471.42
Officers' and clerks' traveling expenses.....	15,494.99	9,113.22	3,006.84	1,066.94
Legal fees.....	8,068.49	4,494.40	3,494.87	600.00
Rent.....	19,432.77	14,017.81	18,722.10	12,152.92
Taxes and fire insurance.....	10,774.08	8,268.10	3,275.90	1,210.64
Telephone.....	3,589.49	2,988.35	765.82	535.05
Telegraph.....	50,746.13	24,325.50	5,030.41	842.86
Postage.....	57,540.97	49,906.31	28,997.62	6,825.77
Expressage.....	1,465.98	8,831.08	5,140.14	2,483.33
Insurance and premiums, fidelity bonds.....	13,743.68	8,881.19	2,041.04	2,031.71
Light, heat, and power.....	6,095.12	3,889.11	762.35	174.67
Printing and stationery.....	80,239.56	46,294.43	23,781.58	7,062.67
Repairs and alterations.....	9,339.82	2,619.32	132.43	27.86
Cost of currency shipments to and from member and nonmember banks.....	56,087.14	31,981.91	4,665.11	.....
All other.....	34,009.71	44,003.23	51,616.36	15,812.54
<b>Total expenses of operation.....</b>	<b>1,046,609.48</b>	<b>723,082.69</b>	<b>378,922.64</b>	<b>146,747.23</b>
Cost of Federal Reserve currency (including expressage, insurance, etc.).....	126,009.13	148,734.44	149,390.49	54,808.22
Miscellaneous charges, account note issues.....	72,808.48	11,535.89	9,313.22	.....
Taxes on Federal Reserve Bank note circulation.....	63,957.58	41,561.31	.....	.....
Furniture and equipment.....	76,056.56	46,844.39	89,846.89	8,177.80
Bank premises.....		457.93	.....	2,500.00
Transit department disbursements in excess of net service charges received.....				2,277.04
<b>Total current expenses.....</b>	<b>1,385,441.23</b>	<b>972,216.65</b>	<b>627,473.24</b>	<b>214,510.29</b>
<b>Current net earnings.....</b>	<b>6,090,990.23</b>	<b>3,443,784.62</b>	<b>1,665,585.32</b>	<b>327,312.45</b>
<b>PROFIT AND LOSS ACCOUNT.</b>				
Earnings.....	7,476,431.46	4,416,001.27	2,293,058.56	541,822.74
Current expenses.....	1,385,441.23	972,216.65	627,473.24	214,510.29
<b>Current net earnings.....</b>	<b>6,090,990.23</b>	<b>3,443,784.62</b>	<b>1,665,585.32</b>	<b>327,312.45</b>
Additions to current net earnings on account of—				
Amounts previously deducted from current net earnings for—				
Assessment account expenses of Federal Reserve Board.....	20,301.62	.....	.....	.....
Depreciation on United States bonds.....		13,095.53	.....	.....
All other.....	17.57	3,583.33	.....	10,120.04
<b>Total.....</b>	<b>6,111,309.42</b>	<b>3,460,463.48</b>	<b>1,665,585.32</b>	<b>337,432.49</b>

SCHEDULE 4.—*Earnings and expenses—Continued.*

	1920	1919	1918	1917
<b>PROFIT AND LOSS ACCOUNT—continued.</b>				
Deduction from current net earnings on account of—				
Bank premises .....	\$87,266.45	\$51,477.99	\$12,797.34	.....
Reserve for depreciation United States bonds .....	9,506.11	.....	.....	\$24,909.00
Assessment account expenses Federal Reserve Board .....	.....	20,301.62	.....	.....
All other .....	4,212.73	6,286.83	315.30	14,320.00
Total deductions .....	100,985.29	78,066.44	13,112.64	39,229.00
Net earnings available for dividends, surplus, and franchise tax, Dec. 31 .....	6,010,324.13	3,382,397.04	1,652,472.68	298,203.49
Dividends paid .....	225,570.94	197,397.04	182,472.68	218,203.49
Transferred to surplus fund .....	3,648,465.31	3,185,000.00	1,470,000.00	40,000.00
Franchise tax paid United States Government .....	2,136,287.88	.....	.....	40,000.00
Total .....	6,010,324.13	3,382,397.04	1,652,472.68	298,203.49

<sup>1</sup> Includes \$735,000 reserve for Government franchise tax, transferred to surplus in 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

Month.	Receipts.		Shipments.		Total receipts.		Total shipments.	
	From member banks.	From nonmember banks.	To member banks.	To nonmember banks.	1920	1919	1920	1919
January .....	\$34,747,320	\$1,309,911	\$16,183,007	.....	\$36,057,231	\$22,046,434	\$16,183,007	\$6,478,050
February .....	21,625,626	1,404,407	20,200,550	.....	23,030,033	12,266,576	20,200,550	7,802,525
March .....	26,950,527	1,120,106	17,450,173	\$1,850,000	28,070,633	16,273,899	19,300,173	9,579,600
April .....	27,711,798	1,231,511	19,858,798	5,042,014	28,943,309	17,522,876	24,900,812	8,842,550
May .....	26,514,864	1,089,284	18,399,012	1,040,000	27,604,148	20,081,941	19,439,012	10,756,969
June .....	26,039,140	1,174,643	17,464,317	1,052,239	27,213,783	16,758,230	18,516,556	9,984,660
July .....	26,381,128	1,165,884	21,707,179	72,500	27,547,012	20,410,755	21,779,679	9,291,960
August .....	22,562,418	1,172,925	19,241,655	156,000	23,735,343	17,350,369	19,397,655	13,627,993
September .....	22,072,051	1,278,649	24,646,898	125,800	23,350,700	13,440,795	24,772,698	23,765,016
October .....	26,036,081	1,640,774	24,530,836	28,500,411	27,676,855	16,936,221	53,031,247	32,814,774
November .....	29,823,394	902,997	17,289,070	2,212,300	30,726,391	17,623,545	19,501,370	20,082,141
December .....	30,847,148	662,059	30,913,662	1,038,751	31,509,207	28,653,391	31,952,413	22,427,375
Total .....	321,311,495	14,153,150	247,885,157	41,090,015	335,484,645	219,365,032	288,975,172	175,453,213

## SCHEDULE 6.—Operations of check clearing and collection department.

[Amounts in thousands of dollars.]

Month.	Items drawn on banks in own district.				Items drawn on Treasurer of United States.		Items forwarded to other Federal Res- erve Banks and their branches.	
	Located in Federal Reserve Bank and branch cities.		Located outside Fed- eral Reserve Bank and branch cities.					
	Number	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January....	276, 320	246, 868	865, 917	169, 843	61, 792	15, 792	133, 256	77, 355
February...	246, 337	218, 284	899, 782	140, 429	67, 518	15, 174	132, 819	68, 014
March.....	329, 558	250, 210	1, 009, 009	161, 970	75, 558	14, 811	199, 303	83, 196
April.....	269, 625	241, 148	934, 391	155, 428	80, 002	14, 998	148, 078	62, 237
May.....	263, 421	236, 306	805, 517	146, 986	73, 140	12, 778	128, 958	58, 666
June.....	266, 590	231, 624	850, 190	144, 006	71, 431	11, 886	129, 612	62, 003
July.....	280, 230	221, 840	840, 692	133, 840	64, 123	14, 131	151, 417	55, 006
August.....	262, 151	202, 521	814, 103	125, 899	72, 084	14, 119	143, 417	57, 892
September..	276, 377	220, 738	839, 376	132, 258	68, 088	10, 957	142, 183	61, 822
October.....	281, 573	229, 664	894, 342	142, 679	81, 907	10, 136	136, 877	59, 946
November..	269, 750	216, 986	861, 357	130, 738	81, 225	12, 057	137, 606	56, 081
December..	295, 147	213, 038	1, 017, 822	134, 119	83, 066	14, 913	159, 266	69, 903
	3, 317, 079	2, 729, 236	10, 632, 498	1, 718, 195	879, 934	161, 752	1, 742, 792	772, 111

Month.	Totals.							
	1920		1919		1918		1917	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	1, 337, 285	509, 858	891, 637	405, 340	364, 466	169, 227	343, 504	109, 531
February.....	1, 346, 456	441, 901	814, 507	304, 870	369, 674	323, 095	292, 403	83, 605
March.....	1, 613, 428	510, 186	1, 068, 887	376, 485	416, 023	206, 695	343, 010	102, 985
April.....	1, 432, 096	473, 811	1, 021, 145	318, 626	416, 759	215, 514	329, 659	113, 789
May.....	1, 271, 036	454, 736	1, 072, 400	339, 927	444, 446	264, 366	320, 999	112, 635
June.....	1, 317, 823	449, 519	1, 014, 286	372, 869	457, 097	234, 232	306, 845	119, 217
July.....	1, 336, 462	424, 817	1, 039, 706	372, 988	570, 514	235, 099	301, 118	127, 419
August.....	1, 291, 755	400, 431	997, 804	362, 649	659, 056	246, 243	303, 051	113, 127
September..	1, 326, 024	425, 775	1, 092, 698	458, 566	603, 630	279, 210	308, 489	129, 943
October.....	1, 394, 699	442, 425	1, 216, 301	498, 584	709, 402	365, 530	389, 160	192, 794
November..	1, 349, 938	415, 862	1, 230, 254	503, 062	783, 018	422, 292	394, 827	210, 560
December..	1, 555, 301	431, 973	1, 438, 107	544, 873	799, 724	381, 784	398, 393	220, 710
	16, 572, 303	5, 381, 294	12, 897, 732	4, 858, 779	6, 593, 809	3, 343, 287	4, 031, 458	1, 636, 315

## DISTRICT NO. 7.—CHICAGO.

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WM. A. HEATH, Chairman and Federal Reserve Agent.

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A review of the activities of the Federal Reserve Bank of Chicago for the past year presents further proof that the Federal Reserve System is equal to all emergencies and the purposes for which it was organized have been fully realized. During the war Government financing was, of course, the chief strain. The year 1919 was primarily an intermediate year of transition, without the full burden of readjustment, while in 1920 the strain from Government financing has in some measure relaxed and that from industrial and agricultural factors has been felt in full force.

As was foreseen in the latter part of 1919, the problem of 1920 has been, how best to meet the needs of credit accommodation for business enterprise equitably, so that our economic life might be as little disturbed as possible, and at the same time a lessened volume of credit attained. While the increase in discount rates has been effective to a degree as a check to needless expansion, the general principle of the necessity for credit control which underlie that increase has been appreciated by member banks and has resulted in a policy of more careful guarding of credit accommodation. It was, of course, inevitable that such a policy would meet with opposition from some of those directly affected; but the principle is now recognized that credit extension to support overexpansion could not be given indefinitely, that curtailment should be gradual, and that it should take place in all lines as equitably as possible.

The problem of reserves, all important in our system, has through most careful guarding been successfully met, both as regards reserves of member banks with the Federal Reserve Bank of Chicago and the Reserve Bank's reserves against its own liabilities. As to the latter, this bank was able at times to assist other Federal Reserve Banks in maintaining their reserves through credit extensions to them, while at others it has received assistance from them, thus showing the wisdom of mobilized reserves in stabilizing nation-wide credit.

An increase in the volume of business of each department of the Reserve Bank not directly connected with Government financing, is shown by analysis of operations, and clearly indicates a growing appreciation by the member banks of the service the Reserve Bank can offer.

### FINANCIAL RESULTS OF OPERATION.

A detailed comparative study of the results of operation since 1917 can be obtained from the balance sheet, Schedule 1.

Capital account shows an increase for 1920 of approximately \$1,500,000. The profit and loss statement for 1920 shows net earnings for the year available for distribution of \$25,875,749, of which



\$792,769 was paid in dividends, \$14,688,500 transferred to surplus, and \$10,394,480 paid to the United States Government as franchise tax.

#### DISCOUNT OPERATIONS.

The steady increase in bills discounted is evidence of the service the bank has rendered in meeting the demand for credit during 1920. During the first three months of the year it was able to relieve the strain in other districts by discount or purchase of paper from other Federal Reserve Banks, while, at certain periods, the heavy demands of the Seventh Federal Reserve District necessitated assistance from them.

During the year applications for rediscount were received from 1,124 banks out of a total membership of 1,421. Comparison by States and years is as follows:

*Bills discounted for member banks.*

	1920		1919		1918	
	Number of banks accommodated.	Amount.	Number of banks accommodated.	Amount.	Number of banks accommodated.	Amount.
Illinois.....	277	\$2,982,797,786	208	\$2,254,681,713	168	\$1,741,500,084
Indiana.....	155	370,333,483	153	273,937,050	125	184,405,140
Iowa.....	424	823,605,371	341	547,590,970	333	385,191,839
Michigan.....	171	1,743,004,821	161	1,216,159,567	128	612,080,430
Wisconsin.....	97	385,750,099	88	263,942,845	96	342,672,516
Total.....	1,124	6,305,491,560	951	4,556,312,145	850	3,265,850,009

While, in volume, Illinois and Michigan stand at the head of the list in actual borrowings, other States outweigh these when their borrowings are considered in proportion to their contribution to the working assets of this bank. Obviously, the banks in Chicago and Detroit, and in other manufacturing and industrial centers, have a much more rapid turnover than those in the agricultural sections, and this turnover, as well as the fluctuations of their requirements, tend to swell the volume of rediscounts.

The number of banks accommodated in Iowa is nearly as great as the number in Michigan and Illinois together. The number in Indiana borrowing from the Reserve Bank is almost as great as the number in Michigan. The total number of banks accommodated in the Seventh Federal Reserve District was 173 greater in 1920 than in 1919, and 274 greater than in 1918, the last year of the war.

A decrease in percentage of discounted paper secured by Government obligations to total bills discounted for banks in this district is noticeable, but the general decrease in percentage is primarily due to the large increase in other discounts and not to a decrease in holdings of Government paper, as is shown by the chart giving amounts of such paper held. The preferential rates given such paper during various periods of the year has not permanently affected the offerings. It may be assumed that the preferential in effect after June 1 would operate to cause the discounting banks to make all possible offerings of this class of paper as distinct from other discounts and yet the amount, \$140,000,000, on December 31, 1920,

was approximately that on December 31, 1919, \$151,000,000, and the latter figure includes \$19,000,000 of this class of paper rediscounted for other Federal Reserve Banks held by this bank on December 31, 1919.

In general, the increase in discount rates has not permanently checked expansion in paper discounted, which indicates the tremendous pressure to which the banking system has been subjected and that the necessity for extension of credit outweighed consideration of increase in the discount rates. It is certain, however, that the increase, combined with other factors, has caused the member banks to examine more closely into the real need, resulting in a much less strain than would have been undergone had not the policy been adopted.

Trade acceptance offerings for rediscount showed continued increase. The table below gives a comparison for the past four years:

	1920	1919	1918	1917
First quarter.....	\$4,615,984	\$1,117,909	\$963,090	\$8,609
Second quarter.....	5,517,745	385,019	1,721,121	43,387
Third quarter.....	6,130,652	1,006,323	2,835,840	138,700
Fourth quarter.....	9,981,389	4,071,484	3,512,960	239,149
Total.....	26,245,770	6,580,735	9,033,011	429,845

As the preferential rate on this class of paper was removed in January, it may be concluded that the use of such paper in settlement of business transactions has increased over previous years.

A preferential rediscount rate was given to bankers' acceptances on January 27. Schedule 3 of the appendix lists, by months, the volume of such paper discounted during the year, amounting to \$32,000,000.

The steady decrease in holdings of purchased bills during the year is indicated in Schedule 2. Included in the holdings during the first two months were bills purchased from other Federal Reserve Banks, while from July to October reductions in our holdings were made by sales to them. Assistance was given to the development of a market for bankers' acceptances by purchase of such bills, with agreement by the seller to repurchase within 15 days. A large part of our open-market purchases were made in the New York market.

Our holdings in Government securities were practically the same at the close of this year as of last. Large fluctuations were caused by short-term certificates held for only a few days, until maturity or sale. Investments of a permanent nature show a small change in holdings of bonds.

The total earning assets, as made up of all of these elements, increased from \$424,000,000 on December 31, 1919, to \$545,000,000 on December 31, 1920, varying between a maximum of \$566,000,000 on November 5 and a minimum of \$405,000,000 on January 9, if the weekly figures are used.

#### DEPOSITS, FEDERAL RESERVE NOTES, RESERVE POSITION.

The fluctuations in net deposits, Federal Reserve notes, and reserves during 1920 are shown in Schedule 2 and in the accompanying chart.

The trend of net deposits and Federal Reserve notes in circulation were opposite in nature, that of the former being downward and of the latter upward.

The variations in percentage of cash reserves against total net deposit and Federal Reserve note liability as indicating the reserve position are shown. The chart also presents "adjusted" reserve percentages, indicating what would have been the percentage if transactions to adjust reserves by accommodation extended to or received from other Federal Reserve Banks had not taken place. It will be seen that for the first three months this bank made advances to other Federal Reserve Banks, but after that time assistance from them was necessary to maintain its own reserves.

#### FEDERAL RESERVE BANK NOTES.

Federal Reserve Bank notes in circulation December 31, 1920, amounted to approximately \$39,000,000 as against \$41,000,000 December 31, 1919. The decrease to \$27,000,000 during the first five months as well as the increase during the remainder of the year were steady.

#### GROWTH OF MEMBERSHIP.

Applications of 23 national banks for stock in the Federal Reserve Bank of Chicago were approved during 1920, while 8 national banks surrendered their stock.

Forty-two State banks of the district were added to membership, while 10 retired from membership, of which number 3 either liquidated or merged with member banks. The new members are classified by States as follows: Illinois 8, Iowa 22, Michigan 9, Wisconsin 3.

#### *Comparative figures of membership.*

	Dec. 31, 1920.			Dec. 31, 1919.			Dec. 31, 1918.		
	National.	State.	Total.	National.	State.	Total.	National.	State.	Total.
Illinois.....	325	65	390	319	61	380	316	57	373
Indiana.....	194	20	214	194	22	216	194	19	213
Iowa.....	358	101	459	354	80	434	354	77	431
Michigan.....	80	146	226	76	139	215	74	113	187
Wisconsin.....	106	26	132	105	24	129	107	22	129
Total.....	1,063	358	1,421	1,048	326	1,374	1,045	288	1,333

#### FIDUCIARY POWERS.

Applications of 55 national banks for trust powers (under sec. 11(k) of the act) were approved during 1920. As classified by States, their number is as follows: Illinois, 15, Indiana 9, Iowa 11, Michigan 9, Wisconsin 11. Of these, 5 were applications for additional fiduciary powers.

#### DEPARTMENT OF BANK EXAMINATIONS.

The year 1920 discloses comparatively little change in the department of bank examinations. During the calendar year cooperative examinations have been made with each of the five State banking departments and with the national-bank examiners, while special examinations have been made of both national and State banks. The

number of examiners is being materially increased and it is expected that during the year 1921 more examinations of member institutions can be made. The relations existing with the various departments of banking represented in the district are friendly and all are working together in the interests of better banking.

#### BANK RELATIONS DEPARTMENT.

During 1920 the bank-relations department has kept in personal touch with the banks of the Seventh District through visits to all member banks in the Chicago district, to most of those in the Detroit district, and to 734 nonmember banks in the Chicago and Detroit districts. It has assisted member banks in the use of Federal Reserve facilities, cleared up misunderstandings about the Federal Reserve Bank and the Federal Reserve System, and explained the changes in banking practice due to the operation of the Federal Reserve Act. Many member banks have sent officers and employees to the Federal Reserve Bank to see the departments with which they have business.

In addition to calls on member banks, effort has been made to visit as many of the nonmember banks as possible. These visits have been for the purpose, not primarily of soliciting membership, but rather of furnishing information that would help to determine how membership would affect the individual bank and to explain its relation to the Federal Reserve System. On request, bank-relations men have met with the officers and directors of eligible banks to discuss membership and assist in making out membership applications.

#### STATISTICAL AND ANALYTICAL DEPARTMENT.

During 1920 this department has compiled statistical information other than departmental for the Federal Reserve Board, member banks, and officers of this bank. Information relative to business conditions as well as that pertaining primarily to banks in the district has been furnished also to the public, both through a regular report and in response to particular inquiries. A library of reference books and files for statistical investigation and research is being collected.

#### PART PLAYED IN GOVERNMENT FINANCING IN 1920.

During 1920 the banks of the Seventh Federal Reserve District purchased \$132,530,000 United States loan certificates of indebtedness, 10.6 per cent of the total amount purchased by the banks of the entire country, and \$288,322,000 United States tax-anticipation certificates of indebtedness, 10.8 per cent of the total amount of tax-anticipation certificates of indebtedness sold in the entire country. All of these certificates of indebtedness have matured or been retired except \$79,291,500 loan and \$160,727,000 tax-anticipation certificates of indebtedness. At the present time, therefore, \$240,018,500 of the total banking resources of this district are invested in United States certificates of indebtedness. A wide distribution of these issues has been built up among taxpayers, corporations, and investors by the banks that make the original subscriptions. The sales

policy has been to encourage banks to buy only if they had funds for investment or customers among whom the certificates of indebtedness could be distributed.

#### SUBTREASURY TAKEN OVER.

On November 3 the Subtreasury at Chicago was discontinued and the Federal Reserve Bank, acting as depositary or fiscal agent, was designated by the Secretary of the Treasury to perform all subtreasury functions except the keeping in trust of gold coin and bullion and standard silver dollars held against gold and silver certificates and as reserve against United States notes.

#### GOVERNMENT SAVINGS SECURITIES.

Notwithstanding the abnormal conditions which have prevailed during the year 1920, the demand for Government savings securities continued in many parts of the Seventh Federal Reserve District. The sale of 1920 savings securities, including sales by postmasters, amounted to approximately \$8,000,000 and the selling expense was approximately 1 per cent.

#### GOLD SETTLEMENT FUND.

The service rendered in settling balances between districts is shown by the volume of daily settlements through the gold settlement fund. The total of debits for these items in 1920 was over \$11,000,000,000, and credits exceeded the debits by \$221,000,000. Daily settlements after the first four weeks showed a long period of losses until August, when gains were shown with the exception of one period. Transfers tended to offset this loss with a gain of \$123,000,000. Deposits and withdrawals resulted in a net gain of \$73,000,000, while transactions with the agent's fund show a net loss of \$15,000,000. All operations combined resulted in a net loss of \$40,000,000.

#### FOREIGN ACCOUNTS.

During 1920 four foreign accounts have been open. Deposits with the Bank of England, standing at \$15,627,105 at the first of the year, was gradually reduced to a balance of \$7,669,448 on December 23, when by a payment of gold, now held at the New York assay office, the account was closed. A deposit with the Bank of France, on November 3, of \$392,700, has been maintained to this time. The share of the Federal Reserve Bank of Chicago in the credit to the Argentine Government, which stood at \$8,602,993 the first of the year, was reduced at intervals and finally closed on October 28. This bank, on June 16, participated in a deposit of \$476,000 to the credit of the Bank of Japan, and this balance was maintained throughout the remainder of the year.

#### POSITION OF COMMERCIAL BANKS.

A comparison is given of advances and loans to member banks with the Federal Reserve note issue, made possible by the capital stock and reserves member banks have paid in to the Federal Reserve Bank, deduction being made for reserve held by the Reserve Bank against the liabilities so created:

[In thousands of dollars.]

	Dec. 31, 1920.	Dec. 31, 1919.	Dec. 31, 1918.	Dec. 31, 1917.
Capital Federal Reserve Bank paid in.....	13, 913	12, 347	11, 185	9, 092
Member banks' reserve account.....	249, 771	257, 979	230, 605	169, 174
Total with Reserve Bank from member banks.....	263, 684	270, 326	241, 790	178, 266
35 per cent of member bank reserve to be held as reserve by Federal Reserve Bank against deposit liability.....	87, 420	90, 293	80, 712	59, 211
Member bank funds with Reserve Bank available as basis for Federal Reserve note issue.....	176, 264	180, 033	161, 078	119, 055
Limit to Federal Reserve note issue on basis of member bank funds, only (40 per cent reserve required).....	440, 660	450, 082	402, 695	297, 637
Loans to member banks of Seventh District.....	475, 563	267, 639	147, 740	105, 119

## FEDERAL RESERVE CLEARING SYSTEM.

The service performed by our check department during 1920 is shown by an increase of 61 per cent in total number of items handled over the year 1919. The number of items on Chicago and Detroit banks increased 44 per cent; checks on banks outside of Chicago and Detroit increased 79 per cent; and Government checks decreased 19 per cent. During 1920 over 60,000,000 items were handled, totaling over \$18,000,000. Of this number 19 per cent were drawn on Chicago and Detroit banks, 69 per cent on banks of this Federal Reserve district outside of Chicago and Detroit, 6 per cent on banks in other districts, and 6 per cent on the Treasurer of the United States. The largest volume in the history of this department was handled on October 13—309,186 items totaling \$80,307,000.

Checks on all banks in the Seventh Federal Reserve District are now collectible at par through this bank.

## TRANSFER OPERATIONS.

The year 1920 showed an increase over 1919 of 11 per cent in the total amount of transfers bought and of 22 per cent in transfers sold. Total operations of transfers bought and sold during 1920 were \$7,668,335,000 as against \$6,718,664,000 during 1919, an increase of 14 per cent.

Rates were uniform through the year at 15 cents discount per day per thousand for draft purchases and 7½ cents for draft sales. Of the total transfers, 94 per cent by number, 82 per cent by amount, were transferred by telegraph, and so without charge.

## COLLECTION DEPARTMENT.

The number of items handled by this department in 1920 was 2.7 times that of the preceding year, increasing from 62,388 to 169,599, with an increase from \$331,000,000 to \$875,000,000 in amount.

There is a growing realization of the opportunity offered member banks in collection facilities. Returns at par are obtained for collections on points where there is a Federal Reserve Bank or branch and many commercial banks remit at par for collections. From figures compiled for the Chicago office, collections of items drawn on banks outside of Chicago were made during the year at par on 55,859 items totaling over \$305,000,000 as against 12,734 nonpar items totaling approximately \$11,000,000. Exchange averaged 80.7 cents per thousand dollars for items on which it was charged, resulting in the very small charge of 2.8 cents per thousand dollars for aggregate of items collected.

## COLLATERAL DEPARTMENT.

During 1920, this department has received as collateral to notes of member banks, United States certificates of indebtedness totaling \$182,000,000 and has released certificates totaling \$232,000,000; has received United States bonds totaling \$174,000,000, and released bonds totaling \$130,000,000. United States securities to the amount of \$94,000,000 were received as collateral to notes rediscounted by member banks and \$70,000,000 were released.

To be especially noted is the substitution of United States bonds for certificates of indebtedness, as the latter matured and were absorbed by individual investors.

## INTERNAL ORGANIZATION.

The only change in personnel of the board of directors of the Federal Reserve Bank of Chicago in 1920 was the appointment, effective in May, of Frank C. Ball, of Muncie, Ind., to fill the unexpired term of Edwin T. Meredith, who resigned from the board to take the office of Secretary of Agriculture. The board of 1921 will be composed of the following: Class A, Elbert L. Johnson, Charles H. McNider, and George M. Reynolds; class B, John W. Blodgett, Albert R. Erskine, and August H. Vogel; class C, Frank C. Ball, William A. Heath, and James Simpson. William A. Heath was again designated by the Federal Reserve Board as chairman and Federal Reserve agent for 1921. James Simpson was again designated as deputy chairman. John J. Mitchell, of Chicago, succeeds James B. Forgan as member of the Federal Advisory Council.

The executive committee for 1920 was composed of James B. McDougal, governor; William A. Heath, Federal Reserve agent; Charles H. McNider, George M. Reynolds, James Simpson, and August H. Vogel. The membership committee was composed of William A. Heath, Federal Reserve agent; James B. McDougal, governor; and August H. Vogel. Each of these committees will remain the same for 1921.

Two new official positions were created at the time the subtreasury was taken over. Jesse G. Roberts was elected manager cash department and Robert E. Coulter, assistant manager cash department.

A reorganization of the official staff was made to take effect January 3, 1921, in which the departments of the bank were rearranged in accordance with the several functions performed. The new plan of organization provides for an officer designated as a controller, in charge of each function. Under the supervision of the controllers, the operating departments of each function are in direct charge of managers. The positions of controller and manager are equivalent to the offices of cashier and assistant cashier, respectively, which have been discontinued. The purpose of the plan is to effect a broader distribution and a more definite placement of the responsibilities, and to enable the controllers to specialize in functions assigned them. It is believed that the administration and operation of the bank under the reorganization will result in increased efficiency and improved service to member banks.

## DETROIT BRANCH.

On February 1, 1920, there were assigned to the Detroit branch of the Federal Reserve Bank of Chicago the counties of Bay, Genesee,

SCHEDULE 2.—Movement of principal asset and liability items during 1920.

[Amounts in thousands of dollars.]

Date,	Total earning assets.	Discounted bills.					Purchased bills.			United States securities.	Total cash reserves.	Net deposits.	Federal Reserve notes in circulation.	Reserve percentages.	
		Total held.	Rediscounted with other Federal Reserve Banks. <sup>1</sup>	Discounted for member banks in this district.			Purchased in open market.	Sold to other Federal Reserve Banks. <sup>1</sup>	Total held.					Actual.	Ad-justed. <sup>2</sup>
				A.	B.	C.									
				Total.	Secured by Government war obligations.	Per cent (B+A).									
Jan. 2	475,174	236,116	-17,540	278,576	142,881	51.3	65,250	-25,440	99,690	88,368	352,416	264,468	498,178	46.2	51.8
9	404,795	246,729	-6,050	240,679	129,846	53.9	63,005	-20,787	87,218	69,274	393,369	246,785	486,386	53.7	57.3
15	435,108	293,592	-47,500	246,092	128,932	52.4	66,961	-17,157	84,118	57,398	365,252	257,111	477,493	49.7	58.5
23	442,261	314,322	-47,675	266,657	137,018	51.4	68,448	-14,491	82,939	44,990	361,981	256,217	481,593	49.1	57.5
30	430,698	314,914	-48,940	265,974	134,702	50.6	67,829	-2,978	70,807	44,977	369,382	253,720	481,109	50.3	57.3
Feb. 6	418,914	333,877	-54,200	279,677	142,742	51.0	69,541	-545	70,086	44,951	359,280	254,009	488,999	48.4	55.7
13	460,476	341,035	-42,195	298,840	153,111	51.2	68,546	-5,090	73,636	45,805	355,618	255,876	495,197	47.3	53.6
20	474,062	354,169	-40,800	313,279	163,310	52.1	69,998	-5,090	75,088	44,805	340,168	248,411	501,223	45.4	51.5
27	436,597	372,832	-33,410	339,422	172,324	50.8	69,518		69,518	44,247	332,131	244,926	508,925	44.1	43.5
Mar. 5	489,413	378,515	-28,535	349,980	184,607	52.7	66,724		66,724	44,174	320,853	233,739	514,122	42.9	46.7
12	506,175	396,614	-20,135	376,479	183,282	48.7	65,392		65,392	44,169	319,003	249,075	513,656	41.8	44.5
19	469,822	341,697	-7,605	334,092	150,279	45.0	62,013		64,013	64,112	320,825	212,479	517,777	43.9	45.0
26	511,018	404,150	-7,605	396,545	159,729	40.3	64,761		62,761	44,107	316,835	246,897	520,065	41.3	42.3
Apr. 2	529,733	422,562	8,000	430,562	160,124	37.2	63,047		63,047	44,124	295,906	240,673	523,062	38.7	37.7
9	512,080	406,747	20,050	426,797	163,575	38.3	61,211		61,211	44,122	314,326	234,803	529,452	41.1	38.5
16	525,530	420,198	15,450	435,648	162,363	37.3	61,209		61,209	44,123	314,702	251,804	523,700	40.3	38.3
23	520,536	416,891	42,085	458,976	168,567	36.9	59,532		59,532	44,113	301,231	232,665	529,499	39.5	34.0
30	523,161	424,897	38,471	463,368	175,962	38.0	54,150		54,150	44,114	312,532	249,845	527,633	40.2	35.3
May 7	515,532	416,898	29,917	446,815	178,793	39.3	54,505		54,505	44,129	313,287	236,672	531,987	40.8	36.9
14	523,463	424,805	19,291	444,096	177,112	39.9	54,546		54,546	44,112	310,466	245,465	527,943	40.1	37.6
21	521,013	422,528	26,000	448,528	179,609	40.0	54,359		54,359	44,126	308,218	236,528	531,797	40.1	36.7
28	527,041	427,540	18,995	446,535	178,377	40.0	55,392		55,392	44,109	308,800	237,110	535,230	39.9	37.5
June 4	536,989	437,934	19,000	456,934	177,780	38.9	54,943		54,943	44,112	310,939	243,444	539,895	39.7	37.3
11	523,568	426,210	13,400	439,610	177,775	40.4	53,253		53,253	44,105	312,297	236,243	533,954	40.5	38.8
18	512,751	414,436		414,436	147,445	35.6	54,213		54,213	44,102	299,737	215,471	531,901	40.1	40.1
25	525,711	426,955	24,950	451,905	155,697	34.5	54,648		54,648	44,108	304,469	230,499	531,449	40.0	36.7
July 2	529,244	430,235	34,238	464,473	149,208	32.1	54,750		54,750	44,259	306,929	224,137	542,981	40.0	35.5
9	536,996	438,420	31,672	470,092	150,589	32.0	54,457		54,457	44,119	309,254	228,253	547,917	39.8	35.8



48525°-21-32

	16.	533,711	435,387	16,923	432,310	150,672	33.3	51,104	51,104	47,220	295,820	221,797	537,087	39.0	36.8	
	23.	527,839	442,863		442,863	159,949	36.1	50,783	10,001	40,782	44,194	313,910	232,661	537,719	40.7	39.4
	30.	528,271	444,643		444,643	156,477	35.2	49,483	10,001	39,482	44,146	312,539	234,401	533,589	40.7	39.4
Aug.	6.	524,566	440,429		440,429	155,956	35.4	49,253	9,329	39,924	44,213	315,426	228,211	537,951	41.2	40.0
	13.	521,270	433,775		433,775	151,556	34.9	49,858	6,509	43,349	44,146	332,008	240,394	538,278	42.6	41.8
	20.	530,197	440,397		440,397	157,600	35.8	47,214	1,942	45,272	44,528	322,958	235,444	541,049	41.6	41.3
	27.	524,010	438,764		438,764	152,628	37.1	49,100	8,001	41,099	44,147	337,411	240,392	543,929	43.0	42.0
Sept.	3.	537,085	448,855		448,855	159,622	35.6	51,708	7,611	44,097	44,133	337,352	244,642	551,714	42.4	41.4
	10.	524,272	431,501		431,501	157,840	36.6	51,253	2,615	48,638	44,133	345,152	232,168	538,335	43.7	43.3
	17.	546,918	450,550		450,550	149,099	33.1	52,013		52,013	44,355	323,336	235,404	554,820	46.9	40.9
	24.	556,738	473,908	19,800	493,708	153,401	31.1	48,658	10,000	38,658	44,172	305,596	225,909	555,188	39.1	35.3
Oct.	1.	556,752	472,748	18,550	491,298	147,384	30.0	49,786	10,000	39,786	44,218	302,445	222,849	554,238	38.9	35.2
	8.	557,644	471,948	17,750	489,698	146,537	29.9	51,014	9,441	41,573	44,123	303,196	221,607	555,872	39.0	35.5
	15.	564,724	468,420	14,500	482,920	142,738	29.6	55,213	6,030	49,183	47,121	311,585	236,435	556,684	39.3	36.7
	22.	556,571	460,142	13,050	473,192	144,874	30.6	50,325		50,325	46,104	309,276	225,715	556,587	39.5	37.9
	29.	552,166	463,837	7,050	470,887	144,950	30.8	44,221		44,221	44,108	316,442	230,256	554,186	40.3	39.4
Nov.	5.	566,102	479,664	3,000	482,664	142,928	29.6	42,336		42,336	44,102	308,086	232,564	556,455	39.0	38.7
	12.	544,767	462,902		462,902	141,576	30.6	37,763		37,763	44,102	308,770	221,089	546,615	40.2	40.2
	19.	539,456	455,654		455,654	147,533	32.4	30,417		30,417	53,385	305,405	216,727	542,200	40.2	40.2
	26.	550,687	478,457		478,457	149,481	31.2	28,091		28,091	44,139	309,493	228,356	544,759	40.0	40.0
Dec.	3.	535,666	466,578		466,578	147,505	31.6	24,986		24,986	44,102	310,905	215,450	543,176	41.0	41.0
	10.	539,118	461,581		461,581	153,792	33.3	23,435		23,435	54,102	310,388	218,424	541,967	40.8	40.8
	17.	514,835	446,155		446,155	134,876	30.2	24,505		24,505	44,175	316,715	194,015	547,950	42.7	42.7
	23.	546,658	477,877		477,877	140,645	29.4	24,395		24,395	44,386	301,309	197,107	559,683	39.8	39.8
	30.	545,932	475,869		475,869	142,623	30.0	25,961		25,961	44,102	308,333	215,182	548,191	40.4	40.4

<sup>1</sup> Minus sign indicates paper discounted for or purchased from other Federal Reserve Banks.

<sup>2</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from Federal Reserve Banks.

DISTRICT NO. 7—CHICAGO.

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Hillsdale, Huron, Ingham, Jackson, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, Saginaw, Sanilac, St. Clair, Shiawassee, Tuscola, Washtenaw, and Wayne in the Lower Peninsula of Michigan. With this territory to serve, the organization of the Detroit branch was enlarged to the point where, under supervision of the parent bank, it began to exercise the functions of a Federal Reserve Bank in every respect except that of issuance of notes and a few minor functions.

The personnel of the board of directors for the year 1920 was as follows: Robert B. Locke, chairman, John Ballantyne, Emory W. Clark, Julius H. Haass, and Charles H. Hodges. The board will remain the same for 1921.

The branch has been fully equipped to meet the demands made upon it by member banks in its very active territory. The volume of business handled has proved the wisdom of establishment of a branch bank in this district to meet the needs of member banks there located.

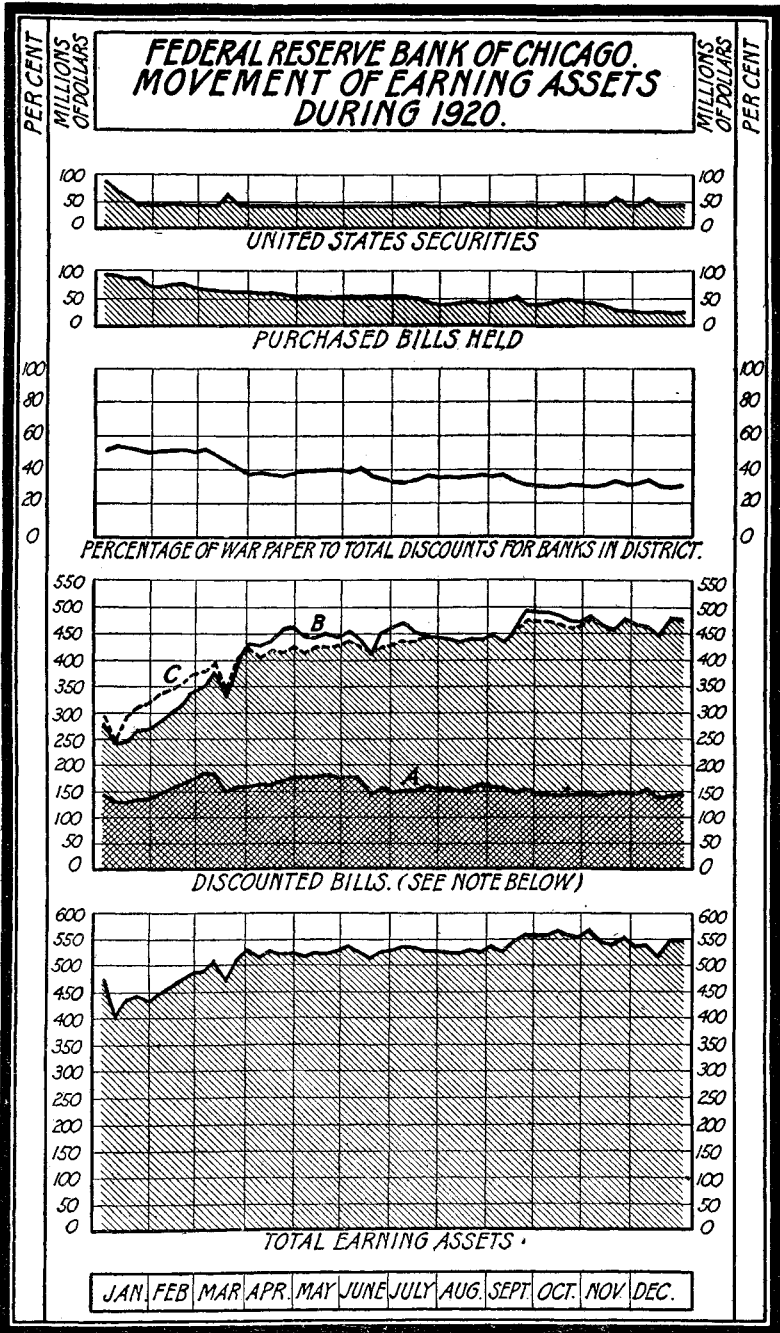
SCHEDULE 1.—Comparative statement of condition.

[In thousands of dollars.]

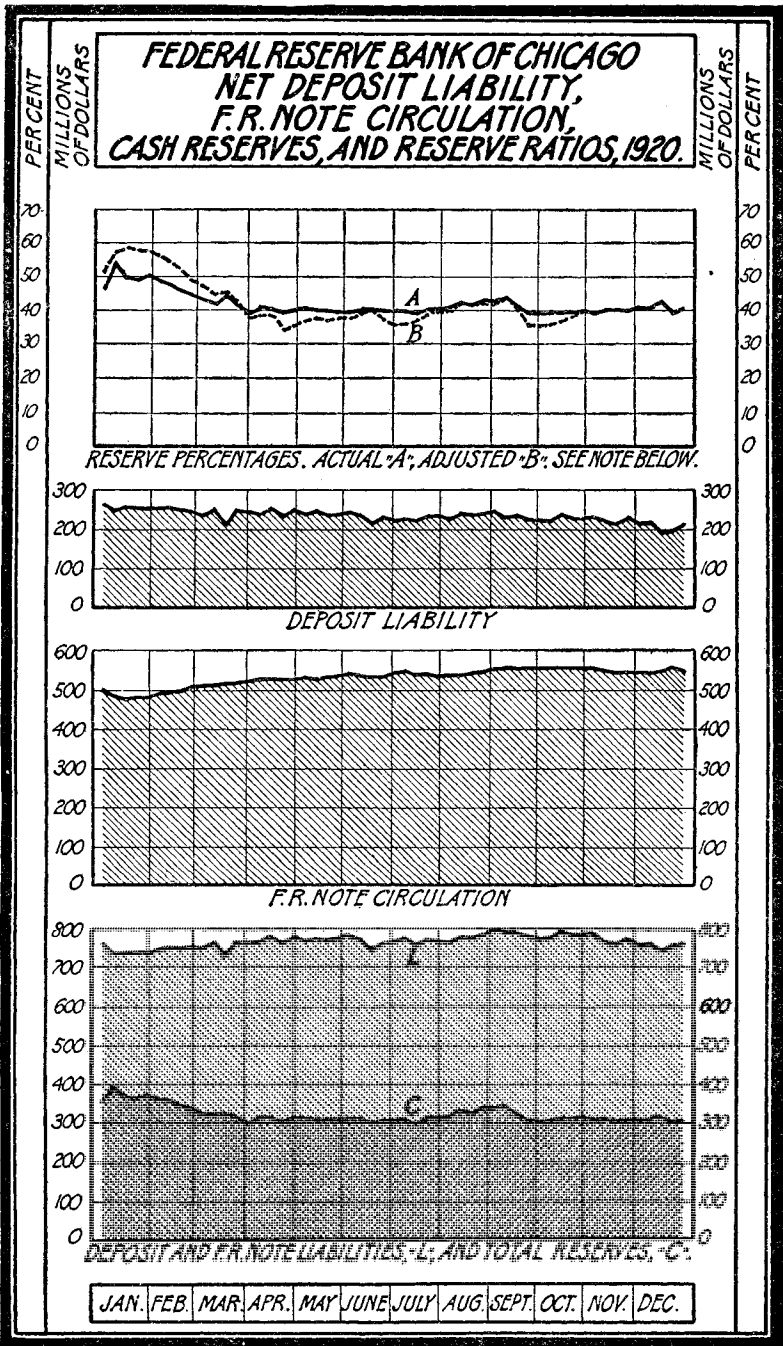
	Dec. 31, 1920.	Dec. 31, 1919.	Dec. 31, 1918.	Dec. 31, 1917.
<b>ASSETS.</b>				
Gold coin and gold certificates.....	29, 016	24, 181	23, 234	32, 189
Gold settlement fund—Federal Reserve Board.....	36, 048	76, 479	106, 773	58, 961
Gold with foreign agencies.....	393	15, 627	816	7, 350
Total gold held by bank.....	65, 457	116, 287	130, 823	98, 500
Gold with Federal Reserve agent.....	198, 162	243, 604	275, 803	130, 724
Gold redemption fund.....	33, 461	19, 533	15, 151	646
Total gold reserves.....	297, 080	379, 424	421, 777	229, 870
Legal tender notes, silver, etc.....	14, 440	1, 921	1, 797	964
Total reserves.....	311, 520	381, 345	423, 574	230, 834
Bills discounted secured by Government obligations—member banks.....	140, 429	1 150, 819	2 110, 172	57, 743
Other bills discounted—member banks.....	335, 134	136, 090	53, 918	47, 376
Bills bought in open market.....	25, 741	92, 650	62, 880	9, 182
Total bills on hand.....	501, 304	379, 559	226, 970	114, 301
United States bonds.....	4, 490	4, 477	4, 509	7, 007
United States certificates of indebtedness.....	39, 612	39, 788	15, 612	3, 378
Total earning assets.....	545, 406	423, 824	247, 091	124, 686
Real estate (site for bank building).....	2, 351	2, 116	2, 936	.....
5 per cent redemption fund against Federal Reserve Bank notes.....	1, 778	1, 888	830	.....
Uncollected items and other deductions from gross deposits.....	88, 997	128, 501	78, 230	34, 514
All other resources.....	989	936	1, 526	1, 711
Total assets.....	951, 041	938, 610	754, 187	391, 745
<b>LIABILITIES.</b>				
Capital paid in.....	13, 913	12, 347	11, 185	9, 092
Surplus.....	28, 980	14, 292	3, 316	216
Unearned discount and interest.....	3, 524	1, 393	515	318
Government deposits.....	12, 532	350	6, 566	3, 052
Due to members—reserve account.....	249, 771	257, 979	230, 605	169, 174
Deferred availability items.....	55, 911	100, 826	50, 142	25, 359
Other deposits, including foreign government credits.....	1, 867	9, 975	2, 175	3, 660
Total gross deposits.....	320, 081	369, 130	289, 488	201, 245
Federal Reserve notes in actual circulation.....	545, 395	500, 139	428, 820	180, 628
Federal Reserve bank notes in circulation—net liability.....	38, 856	40, 950	17, 643	.....
All other liabilities.....	292	359	3, 220	246
Total liabilities.....	951, 041	938, 610	754, 187	391, 745

<sup>1</sup> Includes \$19,270,000 rediscounted for other Federal Reserve banks.

<sup>2</sup> Includes \$16,350,000 rediscounted for other Federal Reserve banks.



*A. Paper secured by Government War Obligations discounted for Banks in District. B. Total Paper discounted for Banks in District. C. Total Discounted Paper held. Space between lines B and C represents - where above line B - Paper discounted for, and - where below line B - Paper rediscounted with, other Federal Reserve Banks.*



*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accommodation extended to or received from other Federal Reserve Banks.*

SCHEDULE 3.—Volume of paper discounted and bought.

[In thousands of dollars.]

Month.	Discounted paper.					Purchased paper.				Total discounted and purchased paper.			
	Total.	Secured by Government war obligations.	Bankers' acceptances.	Trade acceptances.	All other.	Total.	Bankers' acceptances.	Dollar exchange.	Trade acceptances.	1920	1919	1918	1917
January.....	408,577	305,562	2,413	1,266	99,336	24,486	23,936	550	.....	433,063	324,382	203,889	2,304
February.....	472,690	321,057	11,815	896	138,922	35,733	35,733	.....	.....	508,423	276,622	137,582	8,739
March.....	636,386	380,019	7,509	2,455	246,403	33,096	33,082	14	.....	669,482	353,519	47,135	5,466
April.....	529,995	342,224	4,100	2,644	181,027	23,266	23,066	200	.....	553,261	363,358	125,536	6,115
May.....	505,977	335,253	1,703	1,628	167,393	32,154	32,004	150	.....	538,131	434,877	171,413	14,234
June.....	560,926	346,111	461	1,245	213,109	35,420	34,787	633	.....	596,346	420,770	191,578	44,201
July.....	496,302	305,394	655	1,885	188,368	27,603	27,338	270	.....	523,910	394,089	388,856	39,705
August.....	510,946	309,582	615	1,994	198,755	34,657	34,406	251	.....	545,603	401,146	416,850	24,934
September.....	621,678	316,386	585	2,279	302,428	32,332	32,176	156	.....	654,010	402,042	463,427	37,561
October.....	487,434	271,360	222	2,968	212,884	27,336	26,546	790	.....	514,770	444,066	567,362	99,412
November.....	517,863	284,829	932	3,389	228,713	14,136	14,109	27	.....	531,999	481,884	381,127	163,945
December.....	556,718	298,604	1,085	3,641	253,388	24,797	24,131	666	.....	581,515	547,569	293,882	141,970
Total: 1920.....	6,305,492	3,816,381	32,095	26,290	2,430,726	345,021	341,314	3,707	.....	6,650,513	.....	.....	.....
1919.....	4,556,312	3,955,045	.....	6,581	594,686	292,012	291,951	.....	61	.....	4,848,324	.....	.....
1918.....	3,265,850	2,139,331	.....	9,033	1,117,486	122,787	122,761	.....	26	.....	.....	3,388,637	.....
1917.....	521,872	191,757	.....	430	329,685	166,714	66,714	.....	.....	.....	.....	1,588,586	.....

<sup>1</sup> Includes \$5,572,190 of acceptances purchased from the Federal Reserve Bank of Boston.

SCHEDULE 4.—*Earnings and expenses.*

	1920	1919	1918	1917
<b>EARNINGS.</b>				
Discounted bills.....	\$25,726,750	\$8,915,827	\$6,447,466	\$938,543
Purchased bills.....	2,989,035	2,141,789	1,253,259	394,340
United States securities.....	995,377	736,241	310,616	443,958
Municipal warrants.....			662	30,880
Transfers—net earnings.....	374,000	143,495	275,758	170,634
Deficient reserve penalties (including interest).....	174,470	44,569	65,382	12,223
Profits realized on United States securities.....	1,197		51,820	25,196
Sundry profits.....	42,389	30,157	76,784	6,504
<b>Total earnings.....</b>	<b>30,303,218</b>	<b>12,012,078</b>	<b>8,481,747</b>	<b>2,022,278</b>
<b>CURRENT EXPENSES.</b>				
<b>Expenses of operation:</b>				
Assessments account expenses Federal Reserve Board.....	101,568	80,170	49,378	30,021
Federal Advisory Council (fees and traveling expenses).....	1,046	816	996	827
Governors' conferences (including traveling expenses).....	474	523	91	432
Federal Reserve agents' conferences (including traveling expenses).....	559	84	381	243
Salaries—				
Bank officers.....	216,541	158,083	105,819	63,761
Clerical staff.....	1,672,550	881,142	405,610	85,865
Special officers and watchmen.....	94,494	64,752	32,550	10,289
All other.....	123,324	80,785	11,958	5,138
Life insurance premiums (employees' group insurance).....	7,712			
Directors' fees.....	5,015	4,915	4,920	2,050
Per diem allowance.....	1,100	590	740	590
Traveling expenses.....	3,476	1,249	1,941	961
Officers' and clerks' traveling expenses.....	39,667	28,147	5,536	1,227
Legal fees.....	7,500	5,500	3,850	2,750
Rent.....	145,751	97,477	53,078	22,915
Taxes and fire insurance.....	4,535	253	513	
Telephone.....	19,283	9,793	6,783	1,906
Telegraph.....	63,875	24,216	12,311	815
Postage.....	117,389	98,723	63,774	14,362
Expressage.....	8,381	6,393	10,231	9,510
Insurance and premiums on fidelity bonds.....	37,898	8,736	25,157	5,876
Light, heat, and power.....	18,199	8,087	4,899	2,397
Printing and stationery.....	219,420	101,466	75,877	18,002
Repairs and alterations.....	136,292	40,349	20,261	528
Currency shipments to and from member and non-member banks.....	87,623	66,144		
Currency shipments (other than Federal Reserve and Federal Reserve Bank notes) to and from Washington or a subtreasury.....	27,144			
All other.....	100,685	84,905	179,972	37,578
<b>Total expenses of operation.....</b>	<b>3,261,501</b>	<b>1,853,298</b>	<b>1,076,624</b>	<b>318,043</b>
Federal Reserve currency (original cost including shipping charges).....	550,291	400,418	388,682	159,825
Miscellaneous charges account note issues.....	102,672	62,558	13,004	2,314
Taxes on Federal Reserve Bank note circulation.....	174,252	133,970		
Furniture and equipment.....	289,064	98,080	172,365	32,225
Bank premises.....	75,460			
<b>Total current expenses.....</b>	<b>4,453,240</b>	<b>2,548,324</b>	<b>1,650,675</b>	<b>512,407</b>
<b>Current net earnings.....</b>	<b>25,849,978</b>	<b>9,463,754</b>	<b>6,831,072</b>	<b>1,509,871</b>
<b>PROFIT AND LOSS ACCOUNT.</b>				
Earnings.....	30,303,218	12,012,078	8,481,747	2,022,278
Current expenses.....	4,453,240	2,548,324	1,650,675	512,407
<b>Current net earnings.....</b>	<b>25,849,978</b>	<b>9,463,754</b>	<b>6,831,072</b>	<b>1,509,871</b>
<b>Additions to current net earnings on account of—</b>				
Amounts previously deducted from current net earnings for assessment account expenses of Federal Reserve Board.....	66,764			
All other.....	2,543			64,105
<b>Total additions.....</b>	<b>69,307</b>			<b>64,105</b>
<b>Total.....</b>	<b>25,919,285</b>	<b>9,463,754</b>	<b>6,831,072</b>	<b>1,573,976</b>

SCHEDULE 4.—*Earnings and expenses*—Continued.

	1920	1919	1918	1917
<b>PROFIT AND LOSS ACCOUNT—continued.</b>				
Deductions from current net earnings on account of—				
Bank premises.....	\$29,062	\$820,000		
Reserve for depreciation United States bonds.....	9,984			\$237,118
Assessment account expenses Federal Reserve Board, January-June, 1920.....		66,764		
All other.....	4,490	786	\$25,991	43,001
Total deductions.....	43,536	887,550	25,991	250,119
Net earnings available for dividends, surplus, and franchise tax.....	25,875,749	8,576,204	6,805,081	1,293,857
Dividends paid.....	792,769	700,807	604,635	862,259
Transferred to surplus fund.....	14,688,500	7,875,397	16,200,446	215,799
Franchise tax paid United States Government.....	10,394,480			215,799

<sup>1</sup>Includes \$3,100,223 reserve for Government franchise tax transferred to surplus fund in 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

[In thousands of dollars.]

Month.	Receipts.		Shipments.		Total receipts.			Total shipments.		
	From member banks.	From non-member banks.	To member banks.	To non-member banks.	1920	1919	1918	1920	1919	1918
January.....	77,690	1,082	60,663	140	78,772	70,026	.....	60,803	24,125	.....
February.....	45,559	1,284	80,205	278	46,843	29,799	.....	80,483	36,352	.....
March.....	71,150	1,304	84,650	12	72,454	34,680	.....	84,662	42,705	.....
April.....	75,314	2,226	90,458	11	77,540	44,528	.....	90,469	43,009	.....
May.....	76,475	1,720	85,706	59	78,195	56,343	139,642	85,765	38,659	125,465
June.....	86,914	1,956	87,281	77	88,870	54,307	31,160	87,358	41,723	39,932
July.....	90,206	1,641	89,461	33	91,847	64,181	34,674	89,494	49,329	34,637
August.....	73,634	1,202	91,519	48	74,836	45,640	32,255	91,567	66,853	39,433
September.....	81,870	1,322	94,834	102	83,192	51,400	25,465	94,936	49,094	58,482
October.....	85,105	1,099	89,460	102	86,204	64,345	33,712	89,562	68,545	47,135
November.....	88,197	1,667	78,818	397	89,864	56,150	37,685	79,215	62,872	54,523
December.....	100,934	2,133	102,027	754	103,067	76,702	46,343	102,781	90,922	45,843
Total:										
1920.....	953,048	18,636	1,035,082	2,013	971,684	.....	.....	1,037,095	.....	.....
1919.....	641,398	6,703	609,106	5,082	.....	648,101	.....	.....	614,188	.....

<sup>1</sup>Figures previous to May, 1918, not available.

SCHEDULE 6.—Operations of check clearing and collection department.

[Amounts in thousands of dollars.]

Month.	Items drawn on banks in own district.				Items drawn on Treasurer of United States.		Items forwarded to other Federal Reserve Banks and their branches.	
	Located in Federal Reserve Bank and branch cities.		Located outside Federal Reserve Bank and branch cities.					
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	902,462	887,718	2,993,566	383,358	177,287	28,547	224,361	40,820
February.....	790,797	818,099	2,801,616	366,536	142,578	30,096	211,856	37,845
March.....	1,175,744	1,321,978	3,762,961	718,405	261,611	44,001	315,616	69,647
April.....	979,962	1,025,064	3,440,218	500,291	382,827	62,217	303,211	51,877
May.....	840,267	921,784	3,284,187	452,754	264,511	33,498	272,677	48,185
June.....	990,456	1,073,982	3,694,338	527,612	348,453	38,323	296,780	63,451
July.....	940,771	985,491	3,605,925	494,440	230,242	35,301	297,637	49,738
August.....	879,842	928,747	3,477,801	475,246	172,399	35,115	282,470	51,527
September.....	1,000,823	1,078,849	3,665,225	517,993	271,913	59,409	299,356	64,411
October.....	929,630	978,893	3,756,212	486,719	422,600	30,416	314,870	54,544
November.....	935,506	875,225	3,605,029	427,992	356,399	35,320	344,596	50,640
December.....	1,076,088	906,929	3,844,898	413,927	416,244	39,106	326,482	53,652
<b>Total:</b>								
1920.....	11,442,348	11,802,759	41,931,976	5,765,273	3,447,064	471,349	3,489,912	636,337
1919.....	7,920,315	9,189,554	23,274,806	3,382,981	4,231,417	918,985	2,033,775	481,111
1918.....	3,578,224	7,194,832	10,213,426	2,120,581	2,903,398	1,243,829	1,073,410	292,992
1917.....	1,809,925	.....	4,376,888	.....	839,288	.....	512,301	.....

Month.	Total. <sup>1</sup>							
	1920		1919		1918		1917	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	4,297,676	1,340,443	2,261,032	1,075,673	836,676	622,333	578,277	.....
February.....	3,946,847	1,252,576	2,051,658	890,879	834,042	537,869	449,476	.....
March.....	5,515,932	2,154,031	3,043,958	1,148,270	1,044,707	800,988	539,912	.....
April.....	5,106,218	1,639,449	2,993,060	1,002,192	1,091,354	779,647	561,492	.....
May.....	4,661,642	1,456,221	2,846,708	1,108,582	1,137,406	868,758	572,549	.....
June.....	5,330,027	1,703,368	2,917,957	1,151,520	1,240,907	914,532	592,658	.....
July.....	5,074,575	1,564,970	3,035,985	1,120,552	1,687,310	980,222	630,184	.....
August.....	4,812,512	1,490,635	3,058,468	1,123,903	1,755,998	978,260	605,391	.....
September.....	5,237,317	1,720,662	3,422,012	1,349,104	1,775,672	999,314	624,259	450,992
October.....	5,423,312	1,550,572	3,918,864	1,290,698	2,206,369	1,261,938	831,625	624,586
November.....	5,241,530	1,389,177	3,548,737	1,164,379	1,888,979	995,832	758,953	644,767
December.....	5,663,712	1,413,614	4,361,874	1,546,879	2,269,038	1,112,541	793,626	643,877
<b>Total:</b>								
1920.....	60,311,300	18,675,718	.....	.....	.....	.....	.....	.....
1919.....	.....	.....	37,460,313	13,972,631	.....	.....	.....	.....
1918.....	.....	.....	.....	.....	17,768,458	10,852,234	7,538,402	2,364,222
1917.....	.....	.....	.....	.....	.....	.....	.....	.....

<sup>1</sup> Exclusive of duplications on account of items handled by both parent bank and branch.

<sup>2</sup> September to December, figures for previous months not available.



## DISTRICT NO. 8.—ST. LOUIS.

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WM. McC. MARTIN, Chairman and Federal Reserve Agent.

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### GENERAL BUSINESS CONDITIONS DURING 1920.

Financial and business results in 1920, the second year of readjustment from a war to a peace basis, in point of variety and significance, are among the most notable which this country has experienced. The outstanding feature in a long list of unusual events was the astonishingly rapid change from conditions of great business activity and feverish buying to industrial inertia and the collapse of purchasing by merchants and the public. This transition came in the second half and was considerably accelerated in the two final months of the year. Symptoms were not lacking during the initial months which pointed cogently in the direction of what ultimate developments might be, and the chain of incidents beginning in January led logically to the final consummation.

The end of 1919 left commodity prices at abnormally high levels and inflation was general in all branches of activity. Spending was on an almost unprecedented scale, and merchants and manufacturers found it difficult to supply the goods wanted. Cost was of secondary consideration, the main object being to get things. As the early stages of the year progressed these manifestations became more striking until about the middle of June, when the peak of the upward movement was reached. Intensive effort was put forth in all quarters to speed up production in order to realize top prices, and as in the case of consumers, scant regard was given to expense.

Meanwhile an underlying current of resentment and reaction against the high cost of living was gaining steadily in strength. The war being over for many months, the public deemed it high time that something be done toward the restoration of a normal status. This topic was an appealing and popular one and was taken up extensively by the press, with the result that specific movements were started to bring down prices. Most memorable among these was the formation of the so-called overall clubs, which, while not productive of immediate results, did much to promote sober thinking and affect sentiment.

Toward the middle of the summer signs of slowing down in business became more numerous and clearly defined. Prices of basic commodities, notably silk, wool, sugar, and hides, gave way, and confidence in values of other things was shaken. Merchants adopted greater conservatism in buying, especially for forward delivery. The great commodity markets were changing from a position of complete domination by sellers to the buyers' advantage. Withal labor continued well employed, crop prospects were splendid, and buying power of the public had not been impaired at any point, so

that in many quarters it was difficult to believe that the pace would slacken.

However, readjustment had set in and, due to the steadying influence of the Federal Reserve System, proceeded not too fast but within safe limits. Interests holding out to the very last in the hope of realizing the extreme high prices, and thus making big profits, had to bear the brunt of the radical reaction of the two closing months of 1920. The year closed with the most difficult stages of readjustment successfully disposed of.

#### AGRICULTURAL CONDITIONS.

An unfortunate feature in the year's reversal of conditions was that crops were planted and harvested during the period of heaviest costs, while their marketing fell largely in the months of decline. This was felt keenly in the Eighth Federal Reserve District, the prosperity of which is dependent in a great measure upon agriculture. In the Southern States cotton was produced at heavier expense than during any preceding year. The sharp decline in prices of that staple caused losses to planters in many instances, and sluggish marketing necessitated longer and more extensive financing than heretofore. In a greater or lesser degree, similar conditions obtained in areas where cereals and other crops are raised.

Early in the year the accounts relative to crops constituted a decided stimulant. Produce which was harvested early had turned out well, while there was every assurance, which broad acreages and ideal growing conditions could give, that yields of crops ripening later would be of record proportions. These hopes were realized, the year's agricultural output adding tremendous new wealth to the country, but the effect on immediate business fell below what had been anticipated, due to the drastic slump in market prices of virtually everything produced. Spending programs in the country underwent downward revisions, and new construction and improvements in the rural districts were postponed or abandoned. These changes ramified to city distributor and manufacturer and finally back to the producer, thus forming a completed economic cycle which, with other less tangible factors, wrought stagnation in business toward the close of the year.

#### OPERATIONS OF THE FEDERAL RESERVE BANK.

The sequence of developments arising from the great war brought many new problems, in the solution of which the Federal Reserve System had an important part. Credit requirements for the conduct of business expanded to unprecedented dimensions and extended through longer periods than in any preceding year. This was particularly true of the Eighth Federal Reserve District, which includes within its boundaries a typically agricultural area. The crops produced were large, and were raised at a greater cost than ever before. This fact, coupled with the slowness with which several important staples moved to market, entailed enormous financing.

The Federal Reserve Bank rendered invaluable aid in supplying money and credit for agricultural requirements and the needs of commerce generally. It also aided the Government in its financial operations. Specifically the year was marked by added features in the service which the Federal Reserve Bank renders and a broadening of those heretofore undertaken.

## FINANCIAL RESULTS OF OPERATION.

Gross earnings of the Federal Reserve Bank of St. Louis for 1920 aggregated \$7,180,117.23. Current expenses amounted to \$1,924,-455.92, leaving net earnings of \$5,255,661.31. Out of the net earnings a reserve of \$34,615 was set aside to cover further depreciation in United States securities owned, and \$365,000 of the cost of bank premises was charged off. Dividends amounting to \$253,711.36 were paid during the year. The amount transferred to surplus was \$4,621,854.39.

The chief source of revenue during 1920 was bills discounted for member banks, \$6,382,356.63 of the gross earnings being derived from these transactions. Schedule 4 shows in detail the earnings and expenses for the years 1919 and 1920.

Comparative balance sheets as of December 31, 1917 to 1920, are given in Schedule 1. These show that the total resources of the Federal Reserve Bank of St. Louis decreased from \$301,094,164.75 on December 31, 1919, to \$263,090,062.01 on December 31, 1920. Between these dates its gross deposits decreased from \$131,963,641.07 to \$104,269,005.59, and its earning assets increased from \$128,874,-552.62 to \$133,308,109.18. Reserve deposits of member banks decreased from \$72,282,788.29 to \$66,902,690.78 and Federal Reserve notes in circulation fell from a total of \$145,298,330 to \$135,785,330. The movement of the principal asset and liability items during the year are shown in Schedule 2 and accompanying chart.

## RESERVE POSITION.

On January 2, 1920, the adjusted reserve of this bank against net deposit and Federal Reserve note liabilities was 58.5 per cent and the actual reserve was 46.8 per cent. The bank held \$23,789,634 of paper acquired from other Federal Reserve Banks. Its reserve position was strong, and it continued to discount for other Reserve Banks until the middle of January. From that time on the demand for accommodations in this district steadily increased and the reserve ratio went steadily down. On March 23 it was necessary to rediscount with other Federal Reserve Banks paper amounting to \$2,529,000 in order to protect our reserve position, the adjusted reserve on that date being 38.5 per cent.

The demand for funds from all parts of the district kept up in an increasing degree and the reserve decreased proportionately. On May 25 the adjusted reserve was 14.4 per cent, and paper amounting to \$52,529,000 was under rediscount with other Federal Reserve Banks. The low point in the reserve position was reached on May 28, with an adjusted reserve of 13.9 per cent. To meet this situation the board of directors inaugurated the progressive discount rate, which became effective May 26. The reserve position began to improve almost immediately. On June 1 the adjusted reserve had increased to 15.3 per cent, and by July 15 it had increased to 28.5 per cent. It remained at about that level except for a slump in October and the early part of November. In November and December the reserve position showed pronounced improvement, and on December 9 the last rediscount with other Federal Reserve Banks matured. The actual and adjusted reserve on that date was 40.6 per cent. On

December 31, 1920, the actual and adjusted reserve against net deposit and Federal Reserve note liabilities was 44.3 per cent.

The total cash reserves, net deposit, and Federal Reserve note liabilities and actual and adjusted reserve percentages at the close of business each Friday are shown in Schedule 2 and accompanying chart.

#### DISCOUNT OPERATIONS.

The total amount of paper discounted for member banks during 1920 was \$2,438,040,713.61, exclusive of discounts acquired from other Federal Reserve Banks and bankers' acceptances purchased. Of this amount \$1,074,803,559 was commercial or single-name paper; \$13,471,151 consisted of trade acceptances, or two-name paper; and \$1,349,766,003.60 consisted of member banks' 15-day collateral notes. Of the \$1,074,803,559 of commercial paper discounted, \$94,417,330 was secured by Liberty bonds, Victory notes, and certificates of indebtedness; and of the \$1,349,766,003.60 of member banks' collateral notes, \$1,346,813,634 was secured by such Government obligations. The total paper discounted for member banks during 1920 shows an increase of \$337,410,118.10 over the amount discounted in 1919.

During 1919 this bank discounted paper entitled to classification as agricultural or live-stock paper amounting to \$4,762,082.24, while in 1920 such paper amounted to \$24,591,095.49, or an increase of \$19,829,013.25. While this increase is very large, it does not measure the true amount of assistance rendered to agricultural interests. A great deal of the paper offered by the smaller banks in this district is directly for the benefit of agricultural interests, although it can not technically be classified as agricultural or live-stock paper. An analysis of loans as of December 15, 1919, and December 15, 1920, indicated that during 1919 approximately 11 per cent of our total loans was for the production and sale of agricultural products, while in 1920 about 29 per cent was for benefit of the agricultural communities.

The total number of bills handled during 1920 was 83,779 as follows: Rediscounts, 68,353; member banks' collateral notes, 13,459, and bills bought, 1,967. There were 49,913 more bills handled than in 1919.

Of the 571 member banks, 386 different member banks borrowed from this bank during 1920, which is an increase of 81 over the number accommodated in 1919.

During the year the Federal Reserve Bank of St. Louis rediscounted with other Federal Reserve Banks \$315,498,734.75 of paper. Of this amount \$166,000,023 was secured by Government obligations, \$143,499,385.36 commercial paper, and \$5,999,326.39 consisted of bankers' acceptances. The amounts rediscounted with other Federal Reserve Banks were as follows: Philadelphia, \$24,999,840; New York, \$60,000,595.23; Boston, \$133,971,332.32; San Francisco, \$12,500,000; Cleveland, \$81,497,967.20; and Minneapolis, \$2,529,000. The Federal Reserve Bank of St. Louis discounted during the year for other Federal Reserve Banks \$13,000,000 of paper, all of which was done in January. Of this amount \$8,000,000 was for Philadelphia and \$5,000,000 for New York.

## TRADE ACCEPTANCES.

During 1920 this bank discounted a total of \$13,471,151 of trade acceptances for member banks, which is an increase of \$5,524,971 as compared with 1919. The increase in the use of trade acceptances is gratifying because it was made in the face of abnormal conditions, especially in the southern portions of the district.

## BANKERS' ACCEPTANCES.

During the past year this bank purchased a total of \$36,019,617.46 of bankers' acceptances. Of this amount \$35,769,617.46 was purchased from banks and dealers in the district and \$250,000 through the Federal Reserve Bank of New York. This is a decrease of \$91,803,300 under the amount purchased in the open market and from other Federal Reserve Banks during 1919. The rates on these acceptances ranged from  $4\frac{5}{8}$  per cent to  $6\frac{3}{4}$  per cent.

Conditions in this district were not favorable to the development of bankers' acceptances during the past year. Member banks, generally speaking, did not have surplus funds to invest and this institution consistently followed the policy of not encouraging banks to indorse bills for profit. Efforts to encourage the use of bankers' acceptances have been further hampered by the unusual amount of frozen credit in the district, particularly the southern parts. In an effort to sustain the market and to encourage the investment of a bank's surplus funds in liquid assets, this bank established, on January 24, 1920, a preferential rate for the discount of indorsed bank bills. This preferential rate has been carried since that date and has afforded a ready outlet for banks which have not borrowed in excess of their basic line. The open-market rate for the purchase of indorsed bank bills has varied according to conditions, and has been used freely by member banks which have borrowed in excess of their basic line because sales to this bank under these rates are not included in the credit structure nor subject to its progressive rates of discount.

## DISCOUNT RATES.

During the year the normal discount rates of this bank on commercial or agricultural paper did not exceed 6 per cent, and the normal rates on collateral notes or rediscounts secured by Government war obligations were not in excess of  $5\frac{1}{2}$  per cent.

As previously mentioned, effective May 26, 1920, this bank established a progressive discount rate, which was continued through the year. A member bank was charged the normal discount rate on its borrowings up to the amount of its basic line, and on each additional one-fourth of its basic line borrowed one-half per cent was added to the rate. The basic line established for each member bank was a theoretical amount which the Reserve Bank could lend it, provided all member banks called on it for accommodations at the same time. The basic line was calculated by adding the amount paid in by a member bank on its capital stock subscription to 65 per cent of its required reserve and then multiplying this total by  $2\frac{1}{2}$ . The reserve balances and requirements of member banks in this district are figured on an average of a 7-day period for banks in St. Louis, Little Rock, Louisville, and Memphis, and on a 15-day

period for all other banks. In like manner the charges under the progressive rates were figured on the average borrowings of member banks for the same periods used in figuring their average reserves.

Liberty bonds or Victory notes actually owned by the borrowing bank on April 1, 1920, and Treasury certificates of indebtedness actually owned by the borrowing bank on date of hypothecation were exempted from the credit structure and from the application of the progressive discount rate. Other borrowings which perhaps directly reflected unwarranted credit expansion or frozen credits were subject to the progressive rate of discount.

On December 31 there were 571 member banks in this district. The number of banks subject to the progressive discount rate varied from 28 in May to 111 in December. The number of banks which borrowed in excess of their basic lines was always larger than the number subject to the progressive rates of discount because of the exemption of collateral notes secured by Government war obligations. There was no period during the year when 20 per cent of the member banks were paying a progressive rate of discount. Over 80 per cent of the banks were, therefore, receiving accommodation at our normal rates of discount. The average rate of earnings of the bank on all bills discounted for the last half of the year, exclusive of the interest earned under the schedule of progressive rates, was 5.64 per cent, while the average earnings, including the progressive rates for the same months, amounted to 6.13 per cent. The following table gives by months the number of member banks subject to the progressive rates and the average rate of earning on bills discounted:

Month.	Number of banks borrowing in excess of basic line on the first of each month.	Number of banks subject to progressive rates.	Average rate of earning on all bills discounted, exclusive of progressive rates.	Average rate of earning on all bills discounted, including progressive rates.
1920.				
May.....	132	28	<i>Per cent.</i>	<i>Per cent.</i>
June.....	149	79	-----	-----
July.....	154	77	5.68	6.07
August.....	159	89	5.70	6.03
September.....	166	106	5.41	5.74
October.....	172	109	5.47	5.86
November.....	179	111	5.79	6.80
December.....	182	111	5.82	6.47

#### FEDERAL RESERVE NOTES.

The amount of Federal Reserve notes outstanding at the close of 1919 was \$164,718,955. Adding the \$106,470,000 of notes issued during 1920 and subtracting the \$3,350,000 of fit notes returned by the bank to the Federal Reserve Agent and the \$112,447,570 of unfit notes redeemed, left a total of \$155,391,385 Federal Reserve notes outstanding on December 31, 1920. To secure these outstanding notes there were \$49,337,145 of gold and \$116,079,990.83 of eligible paper pledged with the Federal Reserve Agent. Of the \$155,391,385 Federal Reserve notes outstanding, \$18,020,705 were held by the Federal Reserve Bank and its branches and \$1,585,350 were in transit to Washington for redemption, leaving \$135,785,330 in actual circulation on December 31, 1920.

## FEDERAL RESERVE BANK NOTES.

Issues of Federal Reserve Bank notes during the year 1920 totaled \$11,880,000, all of which were issued in replacement of unfit notes redeemed. The total amount of unfit Federal Reserve Bank notes redeemed during the year was \$18,879,400, leaving a net reduction in the amount of outstanding notes of \$6,999,400.

## SHIPMENTS OF CURRENCY AND COIN.

In addition to absorbing the cost of currency shipments to and from member banks and the cost of coin shipments from members, this bank and its branches inaugurated in August the practice of assuming the cost of shipments of subsidiary and minor coin to member banks.

In September this bank advised its member banks that shipments of currency and coin would be made upon request to their correspondents, located in this district, free of expense if the correspondent was a member bank, and at the expense of the bank making the request if the correspondent was a nonmember. The member banks availed themselves freely of this privilege and it has resulted in the saving of infinite labor in the case of the larger banks, in that it eliminates rehandling big sums of money intended for transmission to country banks.

During the year the Federal Reserve Bank of St. Louis and its branches shipped a total of \$370,334,398.12 currency and coin, of which \$344,456,290.43 was to member banks and \$25,878,107.69 to nonmember banks. It received a total of \$443,426,788.16, of which \$412,140,884.27 was from member banks and \$31,285,903.89 from nonmembers.

## CLEARINGS.

In the matter of checks handled by the St. Louis Federal Reserve Bank, 1920 was marked by considerable growth. This was due in a great measure to successful results of the campaign for par points, which in this district was completed in February. With the exception of 187 banks in Mississippi, all the banks of the district are now remitting at par. The check totals were further swelled by the fact that 18 banks in St. Louis and all the banks of East St. Louis clear directly through this bank, and by additions resulting from taking over the clearing functions of the Louisville clearing house by the Louisville branch.

During the year 31,070,661 checks, amounting to \$7,535,897,265, were handled by the Federal Reserve Bank of St. Louis and its branches. These figures indicate an increase 11,963,026 in the number of checks and \$1,527,361,395 in amount over the respective totals in 1919. At the close of 1920 the parent bank and its branches were handling an average of 110,169 clearing items daily, as compared with a daily average of 88,500 at the close of 1919.

## COLLECTIONS.

To a greater extent than ever before, member banks during 1920 made use of facilities of the Federal Reserve Bank of St. Louis for the collection of such items as notes, drafts, acceptances, coupons,

etc., with the result that the totals representing such operations for the year were nearly three times as great as in 1919. The bank handled in 1920 a total of 90,593 collection items, amounting to \$180,848,903.41, which compares with 34,372 items, amounting to \$87,257,166.92 in 1919. Of the collection items handled 81,674 items, aggregating \$167,612,216.77, were collected, leaving 8,919 items, amounting to \$13,236,686.64 returned unpaid. The average item handled in 1920 was approximately \$1,996, and in 1919 the average was about \$2,538.

The number of Government coupons handled in 1920 was 6,332,980, amounting to \$28,606,861.67. This shows an increase of 679,585 in the number and \$7,184,306.11 in amount over 1919.

#### GOLD SETTLEMENT FUND.

Due to the enormous growth in transactions handled between Federal Reserve Banks and especially in the case of special transfers of funds for member banks and the Treasurer of the United States, and rediscounting between the Federal Reserve Banks, the gold settlement fund has proved an invaluable part of the system's machinery. The private-wire system linking the Federal Reserve Banks, their branches, and the Federal Reserve Board at Washington has facilitated and expedited the operations involved in settlements through the fund.

During 1920 operations through the gold settlement fund were larger than ever before and show a substantial increase over the totals of 1919. On December 26, 1919, the credit balance in this account was \$13,373,782.78, while on December 30, 1920, the balance was \$21,852,704.38. The total settlements were as follows: Receipts, \$6,629,605,118.05, and disbursements, \$6,621,126,196.45, indicating a net gain in balance of \$8,478,921.60.

#### WIRE TRANSFERS.

During 1920 there were 30 transfers sold by draft, amounting to \$4,816,907.04. No transfers were bought during the period. Transfers bought and sold were virtually discontinued in October, 1919, and the transfers considered as sold in 1920 represent checks on other Federal Reserve Banks issued by this bank without charge.

In the year the Federal Reserve Bank of St. Louis and its branches received 17,982 incoming wire transfers, totaling \$756,496,519.11, and dispatched 32,068 outgoing wire transfers, totaling \$1,225,250,058.53.

#### NATIONAL BANKS GRANTED FIDUCIARY POWERS.

Nine national banks in the district were granted permission by the Federal Reserve Board in 1920 to act as trustee, executor, etc., under the provisions of section 11 (k) of the Federal Reserve Act, as amended by the act of September 26, 1918. One national bank which had received fiduciary powers as originally provided in the Federal Reserve Act was authorized to exercise the additional powers conferred by the amendment of September 26, 1918. On December 31, 1920, there were 82 national banks in this district authorized to exercise fiduciary powers, of which 13 were located in Arkansas, 18 in Illinois, 15 in Indiana, 19 in Kentucky, 1 in Mississippi, 15 in Missouri, and 1 in Tennessee.



## MONTHLY REPORT ON CONDITIONS.

During the year the bank continued to compile each month a report on business and agricultural conditions. The scope of the report was considerably broadened. A number of new lines of study and investigation were undertaken, and the results included in this bulletin. That its message is receiving appreciation was evidenced by the large number of requests to be placed on the mailing list, and the space given it in the editorial and news columns of newspapers published in St. Louis and other cities of the district.

## RELATIONS WITH BANKS.

The principal developments in the relationship between the Federal Reserve Bank of St. Louis and nonmember State banks in 1920 were the broadening of the check collection system and shipping of currency and coin to correspondents of member banks.

## MOVEMENT OF MEMBERSHIP.

On January 1, 1920, the Federal Reserve Bank of St. Louis had a total of 540 member banks, consisting of 472 national banks and 68 State banks and trust companies. Its authorized capital was \$8,130,900, of which \$4,064,450 was paid in. During 1920 fifteen new national banks were enrolled as members, six liquidated and one consolidated with another national bank. Twenty-four State banks and trust companies were admitted to membership, and one State bank was converted into a national bank.

On December 31, 1920, this bank had a membership of 571, representing a gain of 31 for the year. There were 480 national banks and 91 State banks and trust companies. The total authorized capital stock was \$8,741,000, of which \$4,364,750 was paid in. The paid-in capital increased \$300,300 during the period under review.

On December 31, 1920, there were 1,015 eligible nonmember State banks and trust companies in this district with total resources aggregating approximately \$603,279,000. The total resources of the 91 member State banks and trust companies amounted to \$390,073,000, which is almost 40 per cent of the total resources of all eligible State institutions in this district. Several applications of State institutions for membership were pending at the close of the year.

## EXAMINATION DEPARTMENT.

The department of examinations was enlarged during the year and examiners for the Federal Reserve Bank participated with the various State banking departments of the district in 80 examinations of 69 member State banks and trust companies.

## FOREIGN ACCOUNTS.

In course of the year 1920, the balance of the participation of the Federal Reserve Bank of St. Louis in the Bank of England sterling gold account was reduced from \$6,172,049.99 to \$3,029,109.69.

Foreign Government credit balance of the Argentine Government at the beginning of 1920 was \$3,397,820.65 and on October 28 was

closed out entirely, a small balance being transferred to the Federal Reserve Bank of New York.

On June 16 a proportionate share of the deposit of the Bank of Japan in the amount of \$188,000 was placed upon the books of this bank, which balance is still carried.

On November 3 the Bank of France earmarked gold account was opened in the amount of \$155,100, which balance was also outstanding at the close of the year.

#### OPERATIONS OF BRANCHES.

During the year this bank continued to operate its branches at Louisville, Ky., Memphis, Tenn., and Little Rock, Ark. Facilities afforded by these auxiliaries were used freely by banks in the areas assigned to them. Transactions of all kinds were heavy at the branches, necessitating the enlargement of personnel. Discount operations in the branch cities were particularly heavy, and the check-collection system was used to such an extent that the aggregate number of items handled by the three branches shows a marked gain over the preceding year.

*Louisville branch.*—Total earnings of the Louisville branch for the year 1920 amounted to \$939,956.91, and its expenses were \$231,338.79, leaving net earnings of \$708,618.12. Of the total earnings, \$919,681.16 were derived from bills discounted for member banks. During the year this branch discounted for member banks a total of \$434,793,549.61 of paper and purchased bankers' acceptances in an aggregate of \$1,717,115.90.

During 1920 the Louisville branch handled 5,364,812 clearing items, aggregating \$1,264,438,485. It handled a total of 14,940 collections, amounting to \$27,559,504.99, and 1,091,801 Government coupons, amounting to \$5,935,621.47. Its currency receipts from member and nonmember banks for the year amounted to \$64,686,405.06 and its shipments amounted to \$51,934,498.

At the close of the year the Louisville branch had 79 officers and employees, which compares with 53 officers and employees at the close of 1919. The number of banks assigned to it was 96.

*Memphis branch.*—In 1920 total earnings of the Memphis branch amounted to \$1,156,254.45 and the expenses to \$305,878.78, with resultant net earnings of \$850,375.67. Of the total earnings, \$1,133,117.63 were derived from bills discounted for member banks. During the year this branch discounted a total of \$264,222,585.86 of paper for member banks and purchased bankers' acceptances in the sum of \$123,632.79.

The Memphis branch in 1920 handled a total of 2,815,997 clearing items, representing \$695,518,201. It handled 16,649 collection items, amounting to \$32,571,303.91, and 460,702 Government coupons, with money equivalent of \$1,962,744.34. Its currency receipts from members and nonmembers for the year amounted to \$61,204,024, and its shipments amounted to \$54,802,373.

At the end of 1920 the Memphis branch had a total of 84 officers and employees, which compares with 68 at the close of business on December 31, 1919. The number of banks assigned to it was 49.

*Little Rock branch.*—Total earnings of the Little Rock branch for 1920 totaled \$572,751.99, and its expenses were \$164,805.35, leaving

net earnings of \$407,946.64. Of the total earnings, \$555,826.61 were derived from bills discounted for member banks. In course of the year this branch discounted for member banks an aggregate of \$151,484,929.14 of paper.

A total of 3,705,327 clearing items was handled by this branch in 1920, amounting to \$643,362,614. It handled, in addition, 6,698 collection items, amounting to \$15,248,496.95, and 271,061 Government coupons, with aggregate value of \$858,686.29. Its currency receipts from members and nonmembers for the year amounted to \$27,430,765, and its shipments amounted to \$24,540,426.

At the close of the year the Little Rock branch had 68 officers and employees, which compares with 38 at the close of the preceding year. The number of banks assigned to it was 68.

#### FISCAL AGENCY OPERATIONS.

As fiscal agent of the United States Government, during 1920 the Federal Reserve Bank of St. Louis continued to receive and disburse funds for its account. It handled the sale and delivery of United States certificates of indebtedness and war savings stamps in this district and also the exchange and conversion of Liberty bonds for banks and the public.

#### CERTIFICATES OF INDEBTEDNESS.

In course of the year 10 offerings of tax certificates of indebtedness were made by the Government, two in anticipation of income and excess-profit taxes due in 1920 and eight in anticipation of similar revenues due in 1921. Financial institutions, corporations, and individuals in this district subscribed to \$32,655,500 of the first two issues and to \$55,324,000 of the other eight issues.

There were also eight offerings of so-called loan certificates of indebtedness. The total subscriptions to these amounted to \$40,955,000.

The number of different banks in the district subscribing to certificates of indebtedness during the year was 1,575.

During the year \$211,917,500 of certificates of indebtedness were redeemed by the Federal Reserve Bank of St. Louis and its branches.

#### DEPOSIT OF TREASURY FUNDS WITH BANKS.

Three banks in this district qualified in 1920 for deposits arising out of the sale of Treasury certificates of indebtedness. Adding those which had qualified prior to January 1, 1920, and deducting those which were dropped from the lists, there were 478 Government depositaries at the end of the year under review.

#### WAR-SAVINGS STAMPS, ETC.

During the year 12,016 thrift stamps, with maturity value of \$3,004; 11,541 war-savings stamps, maturity value \$57,705, and 6,225 Treasury savings certificates in denominations of \$100 and \$1,000, maturity value \$1,361,400, were reported sold by agents in the Eighth Federal Reserve District.

## CONVERSIONS AND EXCHANGES OF LIBERTY BONDS.

Early in March the exchange of permanent third Liberty loan coupon bonds for temporary securities of the same issue was authorized. Almost simultaneously with this exchange occurred the delivery of permanent first converted and second converted Liberty loan bonds against temporary bonds surrendered. During March, April, and May an enormous volume of these bonds in temporary form was surrendered for exchange by subscribers. The following months, however, witnessed a marked decline in the number of pieces handled and the congestion was relieved. Prompt deliveries on permanent bonds were maintained throughout the period, with the result that banks were well and regularly served.

During the year the Federal Reserve Bank of St. Louis and its branches converted 215,338 Liberty bonds and Victory notes of the par value of \$26,815,400, exchanged 210,833 coupon bonds, aggregating \$44,765,500, for registered bonds, exchanged 7,997 registered bonds, amounting to \$2,568,600, for coupon bonds, and exchanged 1,356,283 temporary bonds, amounting to \$247,241,950, for permanent bonds. There were also 135,691 bonds, aggregating \$15,943,850, exchanged for similar bonds of different denominations, and 9,699 registered bonds amounting to \$3,331,550 were transferred.

## DELIVERY OF PERMANENT LIBERTY BONDS ON CONSIGNMENT.

Pursuant to Treasury Department Circular No. 164, 33 banks and trust companies which had previously qualified as Government depositories under Treasury Department Circular No. 92, as amended and supplemented April 17, 1919, availed themselves of their privilege to obtain permanent Liberty bonds on consignment to exchange for temporary bonds. This bank had custody of all collateral offered as security for consignment of bonds and performed all duties incident to the consignment of permanent and surrender of temporary bonds for credit in permanent bond account. The largest amount of collateral in custody at any one time was held on March 25, when securities totaled \$2,849,050. The largest amount of bonds outstanding on consignment at any given time was \$2,345,050, on August 20. Deliveries of permanent Liberty loan bonds on consignment for the year amounted to \$13,227,200, of which \$788,950 were outstanding at the close of business December 31. These were divided among the several issues as follows:

First Liberty loan bonds, converted 4½ per cent of 1932-1947.....	\$667, 800
Second Liberty loan bonds, converted 4½ per cent of 1927-1942.....	3, 476, 950
Third Liberty loan bonds, 4½ per cent of 1928.....	9, 082, 450
Total.....	13, 227, 200

## WAR FINANCE CORPORATION.

On account of the discontinuance of War Finance Corporation operations, activities during 1920 were in the nature of redemption only. On April 1, 1920, the \$200,000,000 issue of series "A" one-year 5 per cent gold bonds matured. The Federal Reserve Bank of St. Louis purchased \$303,000 of these bonds prior to maturity for account of the War Finance Corporation. On and after maturity

a total of \$3,646,000 of these bonds was redeemed and canceled by this bank. Coupons from the bonds were redeemed and canceled during the year in the total amount of \$111,150.

#### TAKING OVER THE FUNCTIONS OF THE ST. LOUIS SUBTREASURY.

On November 1, 1920, the Federal Reserve Bank of St. Louis was authorized to exchange, replace, and redeem United States paper currency and with the discontinuance of the subtreasury a similar function will be assumed with respect to the handling of coin. These functions, however, have had but slight effect on the operations of the bank, except in its relations with the Treasury Department, inasmuch as they were already being performed as bank operations in its daily transactions with member and nonmember banks.

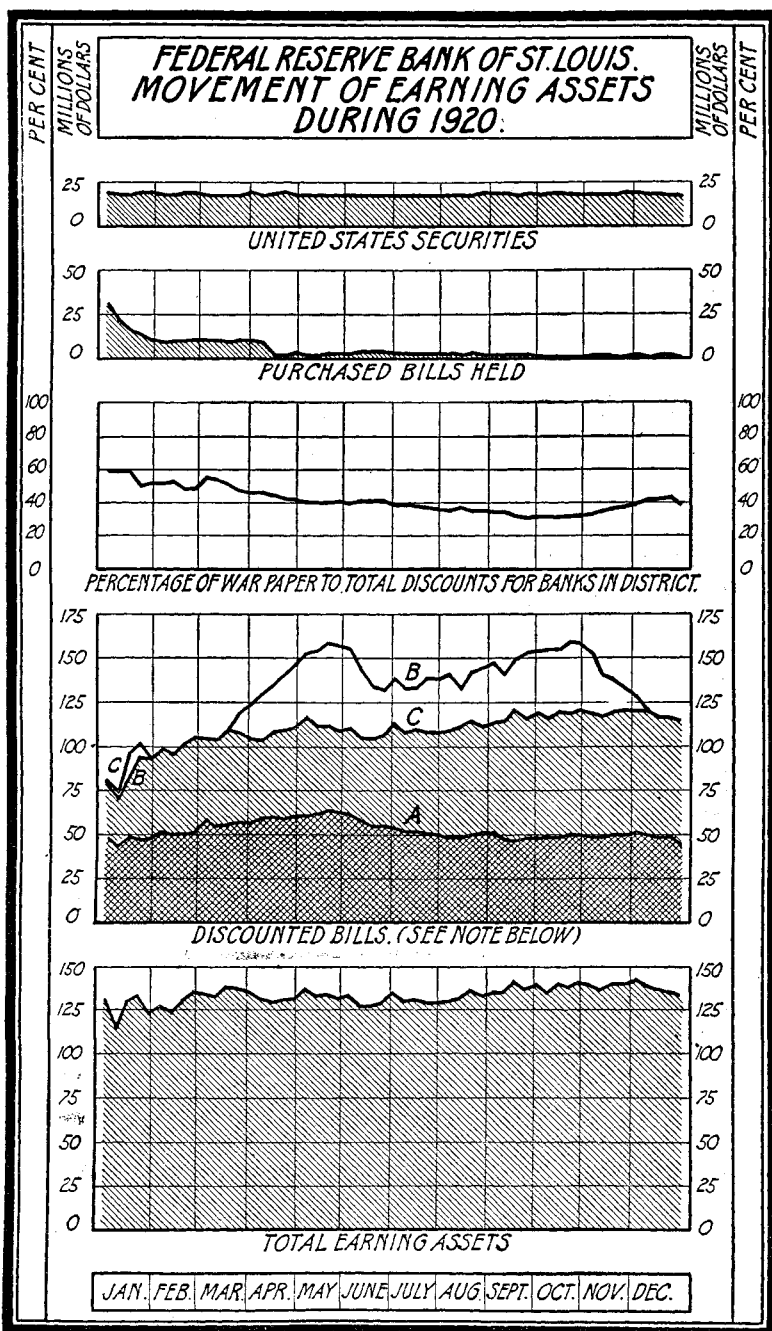
All of the functions of the subtreasury are now being performed either directly or indirectly by the Federal Reserve Bank of St. Louis and no difficulty is anticipated when the work of the subtreasury is taken over.

#### SCHEDULE 1.—Comparative statement of condition.

[In thousands of dollars.]

	Dec. 31, 1917.	Dec. 31, 1918.	Dec. 31, 1919.	Dec. 31, 1920.
<b>RESOURCES.</b>				
Gold coin and certificates.....	5,089	4,056	2,757	5,129
Gold settlement fund, Federal Reserve Board.....	17,884	12,474	17,888	21,763
Gold with foreign agencies.....	2,100	233	6,172	155
Total gold held by bank.....	25,073	16,763	26,817	27,047
Gold with Federal Reserve agent.....	32,366	66,674	61,625	49,337
Gold redemption fund.....	930	3,370	6,132	6,404
Total gold reserves.....	58,369	86,807	94,574	82,788
Legal tender notes, silver, etc.....	767	2,450	2,354	6,088
Total reserves.....	59,136	89,257	96,928	88,876
Bills discounted:				
Secured by Government war obligations.....	9,361	53,118	45,069	43,776
All other.....	24,666	17,585	32,611	71,156
Bills purchased in open market.....	7,363	7,293	32,804	1,200
Total bills on hand.....	41,390	77,996	110,484	116,132
United States Government bonds.....	2,233	1,153	1,153	1,153
United States certificates of indebtedness.....	1,444	6,568	17,238	16,023
Total earning assets.....	45,067	85,717	128,875	133,308
Bank premises.....			356	541
Uncollected items and other deductions from gross deposits.....	57,017	59,435	73,843	39,224
5 per cent redemption fund against Federal Reserve bank notes.....		317	672	623
All other resources.....	219	509	420	530
Total resources.....	161,439	235,235	301,094	263,102
<b>LIABILITIES.</b>				
Capital paid in.....	3,475	3,799	4,064	4,365
Surplus.....		802	3,724	8,346
Government deposits.....	5,430	3,333	2,353	2,618
Due to members—reserve account.....	45,797	52,831	72,283	66,903
Deferred availability items.....	46,159	45,136	53,381	34,032
Other deposits, including foreign government credits.....	291	1,951	3,947	716
Total gross deposits.....	97,677	103,251	131,964	104,269
Federal Reserve notes in actual circulation.....	59,923	120,037	145,298	135,785
Federal Reserve bank notes in circulation (net liability).....		6,216	15,499	9,487
All other liabilities.....	364	1,130	545	850
Total liabilities.....	161,439	235,235	301,094	263,102

<sup>1</sup> One-year Treasury notes.



*A. Paper secured by Government War Obligations discounted for Banks in District. B. Total Paper discounted for Banks in District. C. Total Discounted Paper held. Space between lines B and C represents - where above line B - Paper discounted for, and - where below line B - Paper rediscounted with, other Federal Reserve Banks.*

SCHEDULE 2.—Movement of principal asset and liability items during 1920.

[Amounts in thousands of dollars.]

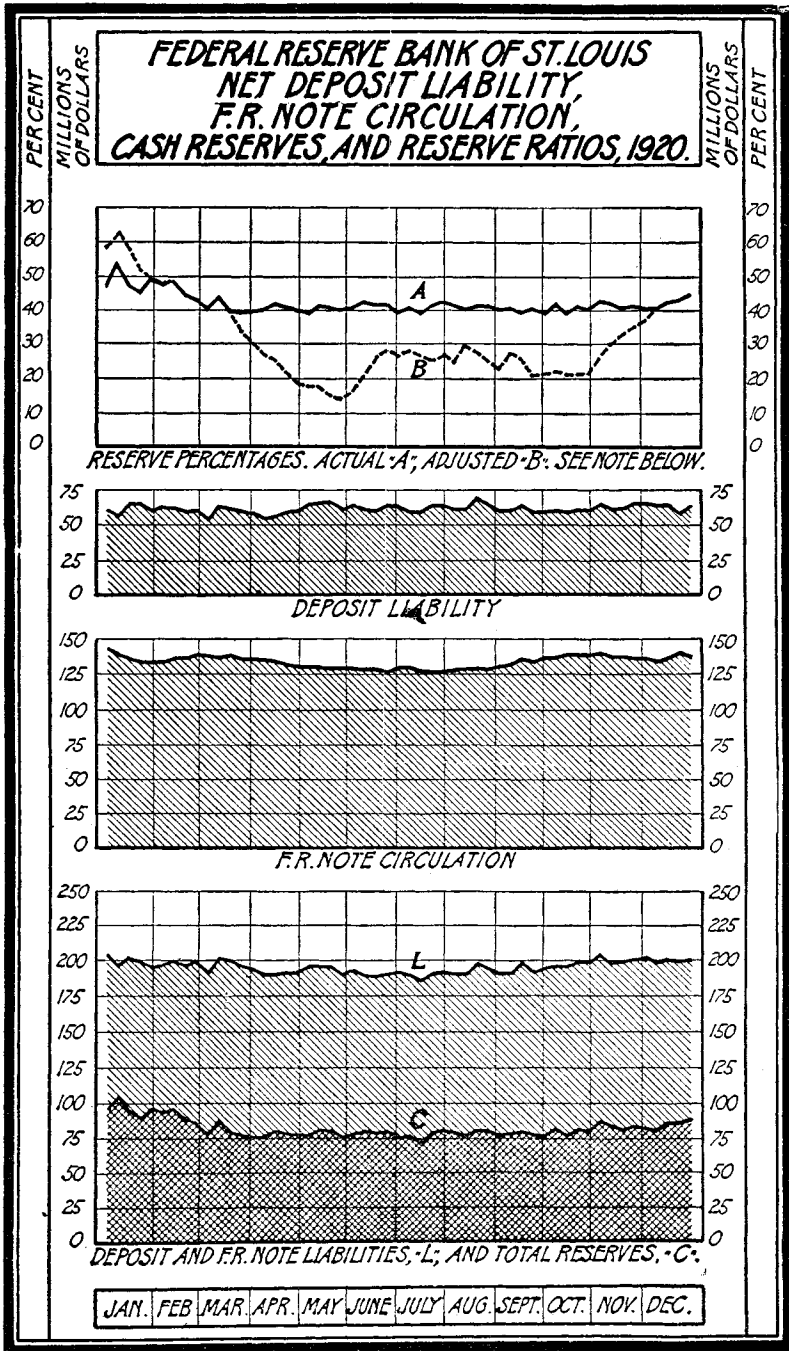
Date.	Total earning assets.	Discounted bills.					Purchased bills.			United States securities.	Total cash reserves.	Net desposits.	Federal reserve notes in circulation.	Reserve percentages.	
		Total held.	Rediscounted with other Federal Reserve Banks. <sup>1</sup>	Discounted for member banks in this district.			Purchased in open market.	Sold to other Federal Reserve Banks. <sup>1</sup>	Total held.					Actual.	Adjusted. <sup>2</sup>
				A.	B.	C.									
				Total.	Secured by Government war obligations.	Per cent (B+A).									
Jan. 2.	131,408	80,858	.....	80,858	48,271	59.7	7,372	-23,789	31,161	19,389	95,820	61,121	143,411	46.9	58.5
9.	113,764	74,214	- 4,500	69,714	41,140	59.0	7,201	-13,953	21,154	18,396	104,682	56,779	138,726	52.5	63.0
16.	129,817	95,715	-12,970	82,745	49,062	59.3	7,090	- 8,578	15,668	18,434	95,216	65,347	136,621	47.1	57.8
23.	133,205	101,690	- 7,470	94,220	46,959	49.8	6,587	- 6,025	12,612	18,903	89,445	65,430	133,849	44.9	51.7
30.	122,935	93,367	.....	93,367	48,300	51.7	9,197	- 1,663	10,860	18,713	95,648	61,255	134,209	48.9	49.8
Feb. 6.	126,883	99,102	.....	99,102	51,046	51.5	8,516	- 950	9,466	18,315	93,787	63,247	134,455	47.4	47.0
13.	124,314	96,072	.....	96,072	50,405	52.5	9,798	.....	9,798	18,444	96,971	62,292	136,668	48.7	47.0
20.	130,715	102,281	.....	102,281	49,686	48.6	9,802	.....	9,802	18,632	88,150	59,623	137,133	44.8	44.8
27.	135,163	105,995	.....	105,995	51,153	48.3	10,524	.....	10,524	18,644	85,830	60,740	138,778	43.0	43.0
Mar. 5.	133,850	104,905	.....	104,905	57,863	55.2	10,589	.....	10,589	18,356	78,073	54,422	138,307	40.5	40.5
12.	132,589	103,666	.....	103,666	55,493	53.5	10,509	.....	10,509	18,414	87,761	63,544	137,061	43.7	43.7
19.	138,464	110,123	.....	110,123	56,380	51.2	9,988	.....	9,988	18,353	79,679	61,820	137,695	39.9	39.9
26.	137,395	107,857	.....	107,857	56,580	47.3	11,130	.....	11,130	18,408	76,882	59,827	136,004	39.3	33.2
Apr. 2.	135,988	105,108	.....	105,108	56,547	45.5	10,537	.....	10,537	20,343	76,386	57,596	136,448	39.4	29.5
9.	135,402	104,411	.....	104,411	59,819	44.3	9,597	.....	9,597	18,394	75,848	54,780	134,702	40.0	26.7
16.	128,990	108,676	.....	108,676	59,238	45.7	9,597	.....	9,597	18,395	75,848	55,327	134,211	41.9	25.0
23.	132,402	104,411	.....	104,411	59,819	44.3	7,918	5,999	1,919	18,395	79,546	55,327	134,211	40.8	21.6
30.	128,990	108,676	.....	108,676	59,238	45.7	9,597	.....	9,597	18,394	75,848	54,780	134,702	40.2	18.5
May 7.	137,475	116,795	.....	116,795	60,774	41.4	8,444	5,999	2,189	18,382	76,597	59,540	131,067	40.8	17.7
14.	132,989	112,355	.....	112,355	61,443	40.1	8,054	5,749	2,695	18,360	77,810	58,916	131,481	41.4	17.6
21.	133,715	111,904	.....	111,904	61,603	40.0	7,424	5,128	2,296	18,358	81,417	66,445	129,996	40.9	14.9
28.	131,948	110,344	.....	110,344	63,604	40.0	7,431	4,075	3,356	18,455	80,131	66,655	129,114	40.1	13.9
June 4.	132,688	111,263	.....	111,263	62,879	40.2	6,800	3,568	3,232	18,372	76,124	60,876	129,084	40.7	16.4
11.	127,147	105,120	.....	105,120	61,895	39.9	6,110	2,988	3,122	18,303	78,398	63,553	129,301	40.7	21.0
18.	127,418	104,674	.....	104,674	58,320	40.8	6,113	2,408	3,705	18,322	80,149	61,367	127,605	41.7	26.0
25.	128,805	106,679	.....	106,679	55,250	41.2	6,183	1,900	4,283	18,461	78,366	60,260	127,549	41.7	27.8
				132,192	54,601	41.3	4,867	1,210	3,657	18,469	79,631	63,958	126,289		

July 2	135,163	113,343	24,617	137,970	53,982	39.1	3,346	3,346	18,474	75,522	63,265	128,909	39.3	26.5
9	129,956	108,296	24,949	133,245	52,259	39.2	3,268	3,268	18,392	76,603	69,427	128,639	40.7	27.4
16	131,126	109,674	24,221	133,895	51,814	38.7	3,071	3,071	18,381	72,403	57,900	127,121	39.1	26.0
23	129,282	107,957	31,177	139,134	51,285	36.9	2,800	2,800	18,525	78,772	63,742	125,835	41.6	25.1
30	128,712	107,586	30,607	138,193	50,344	36.4	2,740	2,740	18,386	80,799	64,357	126,517	42.3	26.3
Aug 6	130,152	109,106	31,904	141,010	49,400	35.0	2,619	2,619	18,427	78,749	61,711	128,214	41.5	24.7
13	132,329	111,759	20,941	132,700	48,768	36.8	2,160	2,160	18,410	77,109	62,078	128,262	40.5	29.5
20	135,753	114,728	27,628	142,356	49,530	34.8	2,570	2,570	18,455	81,211	68,655	128,584	41.2	27.2
29	133,207	112,230	32,434	144,664	50,503	34.9	2,315	2,315	18,662	80,379	65,990	128,316	41.6	24.8
Sept 3	134,992	114,344	33,640	147,984	50,870	34.4	1,970	1,970	18,678	76,901	60,058	131,114	40.2	22.6
10	134,880	114,561	26,172	140,733	48,406	34.4	1,630	1,630	18,689	78,201	60,299	132,163	40.6	27.0
17	141,245	121,047	27,978	149,025	47,075	31.6	1,720	1,720	18,478	78,649	64,484	134,578	39.5	25.5
24	136,652	116,483	36,996	153,479	47,734	31.1	1,595	1,595	18,574	77,329	59,286	133,283	40.2	21.0
Oct 1	139,342	119,012	35,051	154,063	48,171	31.3	1,880	1,880	18,450	76,614	58,801	135,588	39.4	21.3
8	135,082	115,606	39,384	154,990	48,575	31.3	960	960	18,516	82,180	59,733	136,084	42.0	21.9
15	140,077	120,143	35,345	155,491	48,603	31.3	1,428	1,428	18,506	76,527	57,628	137,565	39.2	21.1
22	138,192	118,706	40,410	159,116	50,224	31.6	993	993	18,493	82,106	61,003	137,770	41.3	21.0
29	140,511	120,654	37,305	157,959	50,494	32.0	1,488	1,488	18,369	80,362	61,210	137,898	40.4	21.6
Nov 5	138,872	118,531	34,433	152,964	49,422	32.3	1,933	1,933	18,408	86,911	64,813	138,629	42.7	25.8
12	137,323	117,275	23,680	140,955	49,404	35.0	1,639	1,639	18,409	83,135	60,655	137,348	42.0	30.0
19	140,239	120,311	16,739	137,050	50,462	36.8	1,489	1,489	18,439	81,267	62,444	136,904	40.8	32.4
26	140,234	120,169	12,793	132,962	49,825	37.5	1,365	1,365	18,700	82,797	64,505	136,167	41.3	34.9
Dec 3	141,944	121,483	7,937	129,420	50,768	39.2	1,612	1,612	18,849	82,228	65,924	136,081	40.7	36.8
10	139,472	120,495	.....	129,495	49,966	41.5	973	973	18,004	80,953	64,112	134,279	40.8	40.8
17	136,814	117,211	.....	117,211	48,405	41.3	1,908	1,908	17,695	85,515	64,312	136,374	42.6	42.6
23	134,983	115,953	.....	115,953	49,308	42.5	1,769	1,769	17,261	85,544	59,186	139,721	43.0	43.0
30	132,599	114,218	.....	114,218	44,707	39.1	1,146	1,146	17,235	88,904	63,359	136,610	44.5	44.5

<sup>1</sup> Minus sign indicates net amount discounted for or purchased from other Federal Reserve Banks.

<sup>2</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.





*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accommodation extended to or received from other Federal Reserve Banks.*

SCHEDULE 3.—Volume of paper discounted and bought.

[In thousands of dollars.]

Month.	Discounted paper.					Purchased paper.				Total discounted and purchased paper.			
	Total.	Secured by Government war obligations.	Bankers' acceptances.	Trade acceptances.	All other.	Total.	Bankers' acceptances.	Dollar exchange.	Trade acceptances.	1920	1919	1918	1917
January.....	195,390	147,547	321	1,653	45,869	4,820	4,820	.....	.....	200,210	149,401	39,722	1,889
February.....	136,778	102,501	80	1,030	63,167	5,749	5,749	.....	.....	172,527	126,924	34,016	5,222
March.....	269,395	152,082	808	1,245	115,260	6,118	6,118	.....	.....	275,513	195,052	45,217	2,439
April.....	282,605	144,182	553	1,288	116,582	4,159	4,159	.....	.....	266,764	202,481	64,774	5,605
May.....	205,480	116,070	481	1,122	87,807	2,597	2,597	.....	.....	208,077	210,712	61,347	10,474
June.....	178,176	110,506	726	744	66,200	3,215	3,215	.....	.....	181,391	179,728	95,385	5,536
July.....	192,561	106,085	827	938	84,711	2,041	2,041	.....	.....	194,602	154,273	106,057	16,667
August.....	205,721	112,988	735	656	91,342	985	985	.....	.....	206,706	159,890	92,880	18,839
September.....	207,244	117,103	355	822	88,514	1,345	1,345	.....	.....	208,639	215,578	118,404	25,349
October.....	298,163	123,248	930	1,707	82,278	2,102	2,102	.....	.....	210,265	223,896	157,277	26,046
November.....	178,178	109,740	346	914	67,178	573	573	.....	.....	178,751	185,436	156,973	40,091
December.....	168,300	99,179	461	1,352	67,308	2,316	2,066	250	.....	170,616	184,762	139,181	52,693
Total:													
1920.....	2,438,041	1,441,231	7,123	13,471	976,216	36,020	35,770	250	.....	2,474,061	.....	.....	.....
1919.....	2,100,631	1,895,246	.....	7,946	197,439	87,502	87,502	.....	.....	2,188,133	.....	.....	.....
1918.....	1,085,137	777,982	.....	15,661	291,474	26,096	26,096	.....	.....	.....	1,111,233	.....	.....
1917.....	181,118	108,593	.....	3,115	69,410	129,732	29,732	.....	.....	.....	.....	.....	1210,850

<sup>1</sup> Includes \$6,944,395 of acceptances purchased from the Federal Reserve Banks of Boston and New York.

SCHEDULE 4.—*Earnings and expenses.*

	1920	1919	1918	1917
<b>EARNINGS.</b>				
Bills discounted.....	\$6,382,357	\$2,918,462	\$2,218,069	\$358,239
Bills purchased.....	273,425	564,495	226,164	170,233
United States securities.....	391,612	320,412	89,096	110,301
Municipal warrants.....				13,691
Transfers—net earnings.....		10,570	48,209	57,920
Deficient reserve penalties (including interest).....	104,163	52,373	52,107	14,968
Sundry profits.....	28,560	18,166	43,183	11,422
Total earnings.....	7,180,117	3,884,478	2,676,828	736,774
<b>CURRENT EXPENSES.</b>				
<b>Expenses of operation:</b>				
Assessment account expenses Federal Reserve Board.....	26,618	24,981	18,397	12,733
Federal advisory council (fees and traveling expenses).....	1,200	1,150	582	405
Governors' conferences (including traveling expenses).....	277	553	269	711
Federal reserve agents' conferences (including traveling expenses).....	282	229	283	
Salaries.....				
Bank officers.....	126,916	95,040	72,573	48,688
Clerical staff.....	747,312	400,860	206,763	55,236
Special officers and watchmen.....	22,984	13,408	7,218	2,127
All others.....	30,693	20,289	5,212	2,043
Directors' fees.....	6,084	5,970	8,245	5,450
Per diem allowance.....	2,170	2,290	1,750	1,640
Traveling expenses.....	3,594	3,326	2,317	1,843
Officers' and clerks' traveling expenses.....	25,525	22,933	3,309	1,219
Legal fees.....	1,505	61		
Rent.....	48,746	36,020	25,739	13,077
Taxes and fire insurance.....	3,221	701		
Telephone.....	6,629	3,548	2,323	711
Telegraph.....	44,799	15,609	4,775	769
Postage.....	80,220	54,853	34,813	9,477
Expressage.....	1,318	4,586	25,192	2,906
Insurance and premium on fidelity bonds.....	27,108	18,961	6,116	2,101
Light, heat and power.....	7,139	1,945		
Printing and stationery.....	76,743	34,676	25,386	4,926
Repairs and alterations.....	38,159	5,314	5,092	386
Cost of currency shipments to and from member and nonmember banks.....	27,143	47,789		
All other.....	62,930	18,673	15,692	11,490
Total expense of operation.....	1,419,315	833,765	472,046	177,938
Cost of Federal reserve currency (including expressage, insurance, etc.).....	238,051	188,617	147,347	49,363
Miscellaneous charges account note issues.....	32,988	20,313	4,597	1,229
Taxes on Federal reserve bank note circulation.....	58,000	58,300		
Furniture and equipment.....	176,102	73,798	102,031	6,088
Bank premises.....				
Total current expenses.....	1,924,456	1,174,793	726,021	234,618
Current net earnings.....	5,255,661	2,709,685	1,950,807	502,156
<b>PROFIT AND LOSS ACCOUNT.</b>				
Earnings.....	7,180,117	3,884,478	2,676,828	736,774
Current expenses.....	1,924,456	1,174,793	726,021	234,618
Current net earnings.....	5,255,661	2,709,685	1,950,807	502,156
Additions to current net earnings on account of—				
Amounts previously deducted from current net earnings for assessment account expenses of Federal Reserve Board.....	19,520		230,338	12,748
All other.....				
Total.....	5,275,181	2,709,685	2,181,145	514,904

SCHEDULE 4.—*Earnings and expenses—Continued.*

	1920	1919	1918	1917
PROFIT AND LOSS ACCOUNT—continued.				
Deductions from current net earnings on account of:				
Bank premises.....	\$365,000	\$335,000		
Reserve for depreciation United States bonds.....	34,615		\$172,997	
Assessment account of expenses Federal Reserve Board.....		19,520		
All other.....		11		
Total deductions.....	399,615	354,531	172,997	
Net earnings available for dividends, surplus, and franchise tax, Dec. 31.....	4,875,566	2,355,154	2,008,148	\$514,904
Dividends paid.....	253,711	234,660	404,838	234,566
Transferred to surplus fund.....	4,621,855	2,120,494	1,603,310	
Profit and loss Jan. 1, 1918.....				230,338

<sup>1</sup> Includes \$801,655 reserve for Government franchise tax transferred to surplus fund in 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

Month.	Receipts.		Shipments.		Total receipts.		Total shipments.	
	From member banks.	From non-member banks.	To member banks.	To non-member banks.	1920	1919	1920	1919
January.....	\$32,243,375	\$2,286,400	\$21,940,696	\$396,370	\$34,529,775	\$28,205,817	\$22,337,066	\$5,975,505
February.....	24,254,301	1,893,650	26,615,630	371,987	26,147,951	16,233,817	26,987,617	9,434,975
March.....	32,994,263	2,638,906	24,171,839	470,825	35,633,169	18,621,616	24,642,664	11,102,060
April.....	33,427,084	2,765,432	26,609,484	451,785	36,192,516	24,215,531	27,121,269	8,489,470
May.....	31,568,580	2,335,348	26,626,457	732,393	33,903,928	22,762,239	27,353,850	12,065,088
June.....	35,707,432	2,633,311	28,030,534	535,449	38,340,743	24,163,503	28,566,033	11,307,794
July.....	34,228,785	2,715,848	30,713,766	1,570,377	36,944,633	26,441,329	32,284,143	13,774,305
August.....	52,839,210	2,421,440	19,684,740	3,067,847	35,260,650	21,066,539	22,752,587	18,527,654
September.....	35,681,773	2,455,185	32,954,948	4,476,968	38,136,958	23,372,932	37,431,916	23,827,274
October.....	37,423,640	2,659,139	34,556,573	6,085,919	40,082,779	26,258,479	40,642,492	32,870,931
November.....	38,992,159	3,073,580	27,738,517	3,847,708	42,065,739	24,654,489	31,586,225	29,511,084
December.....	42,780,282	3,407,665	34,753,056	3,870,480	46,187,947	32,741,115	38,623,536	28,531,008
Total:								
1920.....	412,140,884	31,285,904	334,456,290	25,878,108	443,426,788		360,334,398	
1919.....	285,505,994	15,919,609	213,400,752	3,286,831		288,737,466		205,447,148

## SCHEDULE 6.—Operations of check clearing and collection department.

[Amounts in thousands of dollars.]

Month.	Items drawn on banks in own district.				Items drawn on Treasurer of United States.		Items forwarded to other Federal Reserve Banks and their branches.	
	Located in Federal Reserve Bank and branch cities.		Located outside Federal Reserve Bank and branch cities.					
	Number.	Amount.	Number.	Amount.	Number.	Amount.		
January.....	402,622	464,183	1,689,907	185,915	85,854	18,263	30,327	14,558
February.....	376,518	390,304	1,662,835	163,588	108,167	14,939	35,287	14,304
March.....	503,129	491,050	2,092,670	225,510	126,512	22,909	56,648	26,086
April.....	425,361	433,793	2,038,622	200,395	175,088	24,248	44,002	17,368
May.....	388,469	407,337	1,909,346	173,922	147,604	17,380	40,075	15,392
June.....	419,438	409,040	1,986,521	172,196	135,659	16,330	45,587	16,278
July.....	403,621	381,525	1,968,354	164,876	100,745	19,985	46,015	13,775
August.....	388,445	386,043	2,009,656	164,965	127,385	18,911	42,104	14,775
September.....	448,753	433,293	2,054,910	170,589	138,364	15,485	47,182	15,206
October.....	431,248	430,683	2,151,586	177,215	182,156	15,236	44,849	13,043
November.....	435,261	395,521	2,096,313	164,127	166,490	18,183	42,489	10,789
December.....	461,166	386,390	2,162,008	157,085	150,105	21,835	45,208	11,174
Total:								
1920.....	5,084,031	5,009,162	23,822,728	2,120,383	1,644,129	223,604	519,773	182,748
1919.....	3,715,300	4,181,543	12,886,664	1,393,981	2,224,362	286,874	281,309	146,137
1918.....	1,474,810	3,000,207	5,437,158	883,839	1,527,704	330,117	146,794	335,727
1917.....	521,042	1,715,728	2,764,404	608,101	586,500	145,478	61,710	630,033

Month.	Total. <sup>1</sup>							
	1920		1919		1918		1917	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	2,208,710	682,919	1,166,919	461,016	411,876	342,085	244,250	204,714
February.....	2,182,807	583,135	1,099,851	382,467	459,445	283,787	278,910	176,957
March.....	2,778,959	765,455	1,491,100	467,419	474,206	339,572	261,993	184,930
April.....	2,683,073	675,804	1,522,263	430,390	462,379	326,273	295,204	199,017
May.....	2,485,494	614,031	1,473,140	466,663	524,053	345,918	327,054	234,844
June.....	2,587,205	613,844	1,442,685	470,514	568,700	365,729	298,350	214,707
July.....	2,518,735	580,161	1,497,918	448,075	744,885	374,763	283,248	257,383
August.....	2,567,590	584,694	1,567,883	475,781	886,968	384,697	327,861	248,331
September.....	2,689,209	634,573	1,685,829	545,114	852,334	403,177	363,220	251,049
October.....	2,809,839	636,177	1,983,768	620,749	1,036,922	473,941	333,125	261,887
November.....	2,740,553	588,620	1,902,127	560,376	1,023,203	440,122	440,289	467,500
December.....	2,818,487	576,484	2,274,152	679,971	1,141,495	469,826	480,152	398,021
Total:								
1920.....	31,070,661	7,535,897						
1919.....			19,107,635	6,008,535				
1918.....					8,586,466	4,549,890		
1917.....							3,933,656	3,099,340

<sup>1</sup> Exclusive of duplications on account of items handled by both parent bank and branch.

## DISTRICT NO. 9—MINNEAPOLIS.

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JOHN H. RICH, Chairman and Federal Reserve Agent.

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Unusual problems confronted the Federal Reserve Bank of Minneapolis throughout the entire year. The very unsatisfactory transportation conditions during the last quarter of 1919 continued throughout the early part of 1920 and did not begin to improve until late in the year.

Agricultural and live-stock production predominates in the Ninth Federal Reserve District. Bad transportation conditions delayed the seasonal movement of the crops late in the previous year and continued without much change until the latter part of 1920. Heavy credit extensions by the Reserve Bank for crop-moving purposes were not reduced in the normal manner, but remained high throughout the first part of the year, and then increased as a result of harvesting and crop moving in the fall. The strain upon all banks was increased by the absence from the farm-mortgage market of insurance companies, trust companies, the Federal Farm Land Bank, and dealers and brokers in this class of investments, through which the capital requirements for agriculture and live stock have been largely taken care of in previous years. Further strain on credit was created by the sudden downward drift of prices for all agricultural products, live stock, and commodities, which was coincident with the beginning of the crop-marketing period. The resulting dissatisfaction tended seriously to delay marketing, increase country bank loans, and prevent the usual increase of bank deposits and liquidation of maturing notes resulting from an orderly marketing of the crops. Pressure on credit reached its high point in late November, but relaxed somewhat toward the end of the year.

Traffic conditions improved by October to a point that enabled grain-carrying lines to meet their car orders with the equipment available to the crops. Cases of elevator congestion were comparatively few and there were no terminal blockades. Abnormal shipments of cattle during November created an acute shortage of cattle cars, but it was of a temporary nature.

### BUSINESS CONDITIONS IN 1920.

Crop results for the year were satisfactory. Spring planting conditions generally were good, both as to soil and moisture. There was some damage to wheat in June, which was covered by reseeding to flax; but later localized areas of black rust developed, which made it impossible to realize as large a crop as had been expected. This district enjoyed the largest corn crop in its history. The total production for each of the grain crops, as well as of potatoes and hay, were

larger than last year, except in the case of rye. The combined corn and oat crop exceeded 500,000,000 bushels. The total value of these crops, taken at midsummer prices and adding the dairy and fruit products, totaled in value more than \$1,250,000,000. Shipments of grain to terminals were not as large during the fall months as in the preceding year. The movement of wheat alone was about 7 per cent less than in the preceding year. This is explained by a reluctance to sell upon a lower market basis.

The peak of prices both at wholesale and retail was reached about May 1, when the buying wave ended, that had prevailed since the armistice. Special and secret price reductions developed rapidly in June, particularly at retail; and the prices for grains, live stock, wool, and other products declined considerably by the end of the year. In the endeavor to secure the old prices for grain, particularly wheat, many farmers withheld their stocks from market or exchanged their wheat only for storage tickets, thereby delaying the payment of their own obligations and impairing the ability of their local bankers to finance other producers that were less fortunate in crop returns. This resulted in 30 bank failures in North Dakota, and a few in near-by States.

Cattle conditions were particularly unfavorable during the winter in Montana, and heavy losses were realized before spring opened. The very favorable moisture conditions of this year, however, were some recompense, as pasture was excellent and stocks of hay increased. The receipts of cattle at the South St. Paul market were much less than in the preceding year until a large movement of cattle began in November, which had a depressing influence on prices.

Business conditions which had appeared so favorable, although somewhat excited and feverish in January, were much depressed by the end of the year. There was recorded in the closing months a substantial reduction in the activities of the mines, lumber companies, building trades, flour mills, and other manufacturing concerns. A similar decline took place in the demand for labor. Business failures amounted to record-breaking totals in November and December. Peculiarly, the year's record for iron ore shipments down the lakes was a good one; the volume of which, as compared with the preceding year, exhibited an increase of more than 20 per cent.

#### FINANCIAL CONDITIONS IN 1920.

There was a sharp turning point in the financial history of the Northwest during the latter part of March. The expansion and enthusiasm prevailing since the armistice terminated. Confidence in financial stability was not shaken but optimism as to continuity of turnover and profits came to an end.

Member banks experienced a withdrawal of deposits between March 19 and December 31 of more than 29 per cent when measured by the experience of 35 selected member banks located in the larger cities. Meanwhile there was a slight increase in time deposits, gradual selling of holdings of Government securities, and a moderate amount of collections on customers' loans; but the greater part of the burden was transferred to the Federal Reserve Bank through liberal rediscounting of customers' paper. There were seasonal increases in the accommodation given to customers by these member banks in the spring

and fall months and a very moderate reduction in the summer months and after November 12, so that their rediscounts at the end of the year were practically equal to the volume existing at the end of January. These seasonal demands for accommodation by customers during the spring and fall months were transferred through rediscounting to the Federal Reserve Bank. Owing to these increased demands, there was a tendency to skimp or economize on reserves maintained with the Federal Reserve Bank. Penalties for deficient reserves were assessed on 698 different banks during the year.

The Federal Reserve Bank experienced an orderly reduction of its loans to member banks from the beginning of the year until the week beginning March 20. Thereafter the volume expanded very rapidly until the end of May. After a small reduction during the summer months there was a rapid increase in the accommodation granted for crop-moving purposes between August 13 and October 22. Thereafter the crop movement, although considerably delayed, brought some reduction, so that on December 31 the total accommodation to the district (including funds of other Federal Reserve Banks borrowed) was down to the amount at the end of the spring planting season, but about \$11,000,000 larger than on the same date a year previous.

The general decline which took place throughout the district in the volume of business and in prices beginning in April was reflected in our note issues, as they are freely elastic. The total of outstanding circulating notes at the end of the year was about \$7,000,000 less than at the beginning of the year, or a decline of 8 per cent.

#### LOANS AND DISCOUNTS.

About 70 per cent of the member banks of the district were accommodated with rediscounts during the year. Of the 1,009 member banks on December 31, 704 had exercised the rediscount privilege during the year. The total amount of paper discounted was \$953,391,763.10, of which slightly less than one-half was secured by Government war obligations. The total amount of discounts handled was about 45 per cent larger than during the preceding year. When the purchased paper is added to the discounted paper the total for the year 1920 is over \$971,000,000.

The greatest turnover of discounted paper took place in the months of June and December, although April, May, October, and November exhibited substantial amounts. The number of rediscounts handled during the year totaled 73,275, of which more than 10,000 were received in the month of December alone, and more than 8,000 in each of the months of June, October, and November.

Discount rates for paper secured by certificates of indebtedness were increased slightly on January 2, 1920, and rates for all other kinds of paper were advanced substantially on January 26. On April 20 rates were advanced slightly for notes secured by certificates of indebtedness, and on May 1 they were advanced slightly for notes secured by Liberty loan bonds. On June 1 rates were advanced substantially on all eligible paper, including trade acceptances, except notes secured by Liberty loan bonds. Subsequent to June 1 there was no change made in rates. At that time the rates on eligible paper other than agricultural and live stock of over 90 days and that secured



by Liberty bonds, Victory notes, and certificates of indebtedness were fully 2 per cent higher than at the beginning of the year. On June 1 the rates of discount were  $5\frac{1}{2}$  per cent for notes secured by certificates of indebtedness, 6 per cent for notes secured by Liberty bonds and Victory notes,  $6\frac{1}{2}$  per cent for trade acceptances, and 7 per cent for agricultural and commercial paper, both secured and unsecured. These changes in rediscount rates reflect the changes which took place in local market interest rates during the year.

#### FEDERAL RESERVE NOTES.

The events of the year have demonstrated the elastic quality of the Federal Reserve note. The net amount that had been issued to the bank by the Federal Reserve Agent at the beginning of the year was \$88,442,605 and at the close of the year \$81,385,820, or a reduction of \$7,056,785. During the year the Federal Reserve Agent issued to the bank, in the aggregate, \$39,450,000, and the bank returned fit-for-use notes to the agent totaling \$5,740,000. The notes unfit for circulation were redeemed and destroyed at Washington, and totaled during the year \$40,766,785. The amount of notes issued by the agent to the bank, when considered by months, exhibits the seasonal fluctuations in the demands for currency. Of the total issue indicated of about \$40,000,000, more than \$8,000,000 was issued in the month of September, more than \$4,000,000 in the months of October and December, and more than \$3,250,000 in each of the months of March and August. These months include spring planting, harvesting, and the Christmas buying period. The return of fit-for-use notes to the agent was confined practically to the month of January, midsummer, and late December. The supply of new and fit-for-use notes held by the agent and available for issue to the bank totaled \$9,890,000 on December 31, 1920, as compared with \$7,560,000 a year previous. It was considered advisable by the Federal Reserve Agent to keep a larger supply on hand, as our practice of keeping an extra \$10,000,000 in the subtreasury at Chicago was discontinued on November 4, 1920.

Owing to the requirement of the Federal Reserve Act that all Federal Reserve Banks shall return the notes of other Federal Reserve Banks directly for redemption, there is a large turnover of Federal Reserve notes that is not included in the totals given for notes issued to the bank by the agent nor in the total of notes redeemed and destroyed at Washington. The amount of our own notes received from other Federal Reserve Banks during the year totaled \$42,784,900, of which slightly more than one-half were returned by the Chicago Federal Reserve Bank and about \$5,000,000 each by the banks of New York and San Francisco. The amounts so received were largest in January, with \$5,000,000; and least in February, with \$2,700,000. Our shipments of their notes to other Federal Reserve Banks have not equaled our receipts of our own notes from them. The total amount which we returned during the year was \$29,273,850, of which more than one-half were returned to Chicago and about \$3,000,000 each to San Francisco and New York. Our returns to them were largest in the months of January and June and least in February. From the foregoing it appears that there exists a tendency for our notes to flow to the larger centers of population as a means of payment to a greater extent than the notes

from the urban districts appear in our district. Although conclusions from these figures are hazardous, owing to the lack of information concerning other forms of money that are circulating and moving, it would appear that residents of our district are personally spending more in urban centers than urban citizens are spending in our district, the net difference being over \$5,000,000 in the case of Chicago, over \$3,000,000 in the case of New York, and over \$1,500,000 in the San Francisco district, which includes Los Angeles. This excess of receipts over shipments was \$13,511,050 in 1920, and but \$9,903,135 in 1919.

#### FEDERAL RESERVE BANK NOTES.

In order to assist the Government in securing silver for shipment to the Orient during the war by retiring silver certificates, and to provide notes of small denomination for the needs of trade (owing to the retirement of the silver certificates), Federal Reserve Bank notes were issued beginning September 20, 1918, secured by deposits of Government securities and a 5 per cent redemption fund. Altogether a total of \$18,096,000 were issued, of which \$10,266,800 were returned to Washington for destruction. The net outstanding on December 31, 1920, allowance being made for a small quantity on hand, was \$7,655,170.

#### CURRENCY MOVEMENT.

Currency receipts in 1920 totaled \$64,860,000, as compared with \$57,347,000 in the preceding year, or an increase of 13.2 per cent. The total shipments in 1920 were \$78,996,000, as compared with \$52,826,000 the preceding year, or an increase of 49.3 per cent. The more active condition of business in the early part of the year was reflected in a reduction in monthly receipts as compared with January to July, inclusive, of the preceding year. The reduced volume of currency needed after the decline in prices which began in the spring was reflected in enlarged receipts in the later months, particularly in November and December, which totaled, respectively, \$7,535,000 and \$11,820,000. Shipments were larger in each month of 1920 than in the same months of 1919, the month of September having shipments exceeding \$11,300,000 and December exceeding \$9,300,000. Crop-moving demands in the fall always bring a need for more currency, the shipments in September being about \$5,000,000 more than in August.

#### GOLD POSITION OF THE BANK.

The gold holdings of the bank on December 31, 1919, when combined with those of the Federal Reserve Agent, totaled \$52,745,348. At that time the bank was not rediscounting with other Federal Reserve Banks. At the close of business December 31, 1920, the combined holdings of the bank and Federal Reserve Agent were but \$46,678,148, or a reduction for the year of \$6,067,200. Of this total then held, about \$25,000,000 was in the gold-settlement fund and gold-redemption fund at Washington, and practically all of the remainder in our own vaults. Of our vault holdings, about one-fourth was in the form of gold coin and bullion and three-fourths in

the form of gold certificates which have been found more convenient with the limited vault space available.

The gold-settlement fund at Washington has facilitated exchanges to an extent not fully appreciated either by bankers or by the public generally. The volume handled through it has been greater in each succeeding year. Amounts paid to other Federal Reserve Banks through the daily settlements, exclusive of transfers, largely on account of Treasury operations and rediscount transactions, were \$1,914,954,315.84 in 1920, as compared with \$1,320,379,539 in 1919. About one-half of the volume was occasioned by transactions with the Chicago district and about one-fourth with the New York district.

#### BALANCE SHEET AND EARNINGS.

The statement of resources and liabilities on December 31, 1920, exhibits some interesting changes since December 31, 1919. The capital paid in, which is 3 per cent of the capital and surplus of member banks, increased from \$3,074,000 to \$3,461,000, while the surplus increased from \$2,320,000 to \$5,178,000. Our liability to member banks on their reserve balances decreased from \$53,828,000 to \$43,520,000, and our liability on Federal Reserve notes and Federal Reserve Bank notes in actual circulation decreased from \$95,387,000 to \$87,153,000. The total reserves of gold and legal tender decreased from \$52,811,000 to \$46,928,000.

The net amount invested in uncollected transit items and non-reserve cash decreased from \$10,144,000 to \$4,113,000. The ratio of total reserves to net deposit and Federal Reserve note liabilities combined, declined from 39.5 to 38.7 per cent. The total of bills discounted and bought and held among our own assets decreased from \$86,456,000 to \$82,967,000. However, these figures for loans and discounts do not include the notes which were sold by us to other Federal Reserve Banks (known as rediscounts), which totaled on December 31, 1920, \$14,340,020, as compared with none on December 31, 1919.

The total gross earnings for the year 1920 were \$5,307,380.60, of which \$4,734,258.72 was collected as discount on bills, the remainder being earned by holdings of United States securities, discount on purchased bills, and from other sources. The expenses of operation totaled \$1,015,198, of which more than \$115,000 was due to taxes and costs of bank-note circulation. The current net earnings were, therefore, \$4,292,182.60, and equal to 131.4 per cent of the average paid-in capital during the year. After setting aside amounts for depreciation of buildings and equipment and the payment of a 6 per cent dividend to stock-holding member banks amounting to \$195,870.65 and the transfer of \$3,410,948 to surplus, the remainder, in accordance with the Federal Reserve Act, became the property of the United States Government.

#### CHECKS, COLLECTIONS, CLEARINGS, AND TRANSFERS.

During the year there was a phenomenal increase in the volume of checks handled and a substantial increase in the collection items handled. This may be accounted for largely by the fact that North Dakota, Montana, and northern Michigan were placed on the par

list January 2, South Dakota in February, and Minnesota on April 1 of this year.

At the close of 1920 there were 291 banks using our transit department daily, of which six were nonmembers. During the year 21,588,684 items were handled, amounting to \$3,908,856,000. This represents an increase of 101.1 per cent in the number of items and 41 per cent in the amount as compared with the totals of 1919. Of the total handled in 1920, there were 20,141,701 items, amounting to \$3,352,953,000, which were drawn on banks in our own district, or approximately 94 per cent and 86 per cent, respectively, of the total handled.

The collection department received 154,923 items in 1920, as compared with 100,652 in 1919. The number of city collections was practically the same as in 1919, but a considerable increase took place in the collections drawn on country banks, particularly after September 1, when difficulties were experienced by northwestern banks having a large number of certificates of deposit maturing which had been purchased by eastern and western banks for temporary investments. The number of country collections were 7½ per cent of the total in 1919 and 39.5 per cent of the total in 1920. When measured in dollar values the total for 1920 was \$129,393,577.49, of which the country items were 43.6 per cent and city items 56.4 per cent. The collections realized (i. e., not returned unpaid) were 148,749 in number and \$125,044,297.13 in amount, or 96.1 per cent and 97 per cent, respectively, of the total received.

Twin City (Minneapolis and St. Paul) clearings through this Federal Reserve Bank totaled \$3,244,120,869.24 in 1920, of which the largest sums were handled in the months of March and October, with more than \$300,000,000 each, and the least in February, with over \$100,000,000. The total in 1919 was \$2,899,427,833.80, showing an increase for 1920 of 12.1 per cent. All months in 1920, except February and December, showed larger totals than in 1919. The decrease in February, 1920, was due to the general tie-up of transportation facilities and stoppage of shipments, while the December decline is readily recognized as resulting from the diminished volume of trade that set in during the fall months, owing to business conditions that prevailed nationally, particularly to price declines and the holding of products and merchandise in the hope of securing the old prices for the same.

The private wire system of the Federal Reserve Board enables us to give immediate and economical service to our member banks in transferring funds to different parts of the country. There were 7,543 wire transfers bought in 1920, totaling \$813,859,341, as compared with \$623,197,000 in 1919. The mail transfers bought in 1920 totaled over \$172,375,000, as compared with over \$168,202,000 in 1919. There were 8,587 wire transfers sold in 1920, totaling \$559,430,000. There is a growing appreciation of this service. The wire transfers were sold at par. Purchases of such transfers were made at par when wires were sent and received on the same day; otherwise a discount was necessary as with mail transfers, both equal to 20 cents per \$1,000 per day.

## LIBERTY BONDS.

All of the bonds for the second, third, and fourth Liberty loans were originally issued in a temporary form, with but four coupons. This necessitated a large amount of work during the past year in making exchanges for permanent bonds having coupons extending to maturity. In addition, the conversion of low interest rate bonds into higher interest rate bonds has continued, the 4 per cent being convertible into 4½ per cent bonds. The total quantity surrendered for conversion into either permanent bonds bearing the same rate or into permanent bonds bearing a higher rate totaled more than \$150,000,000 during the year 1920. Altogether 1,096,003 bonds were surrendered for these conversions and 896,835 bonds were delivered.

Next in importance to the handling of conversions was the denominational exchange of bonds; 442,525 pieces were received and their equivalent value taken in 45,288 pieces, or a reduction in number from about 10 to 1. Of the bonds received for denominational exchange totaling \$42,251,050, 73.3 per cent were of the \$50 and \$100 denominations. Of the bonds issued, 80.2 per cent were in the \$1,000 denomination, and 14.9 per cent in the \$5,000 and \$10,000 denominations.

The total number of bonds handled is the best index of the burden carried by the bond section of the fiscal agency department. The total number received during the year was 1,565,587, and the total delivered, 952,053, giving a grand total for both receipts and deliveries of 2,517,640 pieces.

The temporary financing of the United States Treasury has been accomplished by the use of numerous issues of short-term certificates of indebtedness. The volume was not as large in 1920 as in 1919. The subscriptions handled by this fiscal agency department in 1920 totaled \$72,082,000 for 18 different issues, with a total of 4,196 subscriptions, whereas there were 23 issues in 1919 totaling \$310,133,500, with subscriptions that numbered 16,292. The number of different banks subscribing for certificates during the year 1920 in the Ninth Federal Reserve District totaled 1,153, which is a very favorable showing when compared with our total membership on December 31, 1920, of 1,009 banks. The great bulk of the subscriptions were for sums of \$25,000 and less. These small allotments constituted about 90 per cent of the total number handled, although only about 33 per cent of the total amount. This exhibits a very satisfactory distribution and evidences a widespread interest that has been created in these issues as a temporary short-time tax-exempt investment for banks, and for individuals and corporations with large tax payments to be made.

The total amount of certificates of indebtedness redeemed during the year was \$248,882,500, or more than \$176,800,000 in excess of the purchases by member banks. In view of the pressure for accommodation from the agricultural sections, these investments in certificates of indebtedness were found to be particularly satisfactory during the year.

## DEPOSITS OF TREASURY FUNDS WITH THE BANK.

The termination of war bond-issue financing and the reduction in the number of certificates of indebtedness sold in this district during

the year reduced the volume of the deposits and withdrawals made by the Treasury of the United States. The aggregate deposits during the year were over \$439,000,000, as compared with over \$1,053,000,000 in 1919. The withdrawals were approximately the same in both cases. The average of end-of-month balances was reduced from about \$2,000,000 in 1919 to about \$600,000 in 1920. In fact, overdrafts existed at the close of February and March, 1920. The month of largest turnover in 1920 was March, in which month more than one-fourth of the total transactions for the year took place.

#### SUBTREASURY FUNCTIONS.

An act of Congress approved May 29, 1920, provided for the discontinuance of the several subtreasuries of the United States and of the offices of the several Assistant Treasurers located at the subtreasuries, to take effect on July 1, 1921, or such earlier date or dates as the Secretary of the Treasury should decide, and the Secretary was authorized to utilize the Federal Reserve Banks for the purpose of performing any or all of the duties of such subtreasuries and Assistant Treasurers.

On August 30, 1920, an announcement was made by the Secretary of the Treasury regarding the making of exchanges and replacements of United States paper currency by Federal Reserve Banks upon the discontinuance of the subtreasuries. A similar announcement was issued on October 19, 1920, with reference to the receipt of United States gold and silver coin and subsidiary silver and minor coinage and the exchange and replacement thereof.

Owing to the limited vault capacity here, the stock of silver received from the Treasury was placed for safe-keeping in vaults especially rented in the Twin Cities, and plans made for constructing a silver vault in the bank to handle the daily turnover of receipts and shipments. The handling of this coin and currency will be assumed as a banking function so far as possible, which means that the supply of coin or currency on hand will be treated as bank reserves. Any excess or deficiency in the amount on hand will be rectified by shipments to and shipments from the Treasury at Washington.

#### MEMBERSHIP.

At the close of the year there were 1,009 member banks of the Federal Reserve Bank of Minneapolis as compared with 915 at the beginning of the year, or a gain of more than 10 per cent. As the Federal Reserve Act requires a payment for our capital stock equal to 3 per cent of the combined capital and surplus of member banks, our capital increased \$386,900; showing that these gains in membership represented banks having a combined capital and surplus of nearly \$13,000,000. The net gains consisted of 62 national banks and 39 State banks and trust companies. The larger part of these banks had not been organized during the year but were organizations which had been considering the advisability of membership for some time, and had concluded that the advantages could no longer be overlooked. The total membership at the close of 1920 was divided into 888 national banks and 121 State banks. At the close of the year there were 14 State bank membership applications progressing

in the various steps of preparation, approval, and acceptance. Thirty State banks became members by conversion into national institutions during the year.

Since the date of organization of the Federal Reserve Bank of Minneapolis, 128 State banks have acquired membership by conversion, and 121 have taken and retained membership as State banks, making a total of 249 State institutions which have entered the system. An increasing percentage of the State banks that are eligible for membership have joined the system. On June 30, 1919, there were 765 eligible banks (including 75 members), and on June 30, 1920, 770 eligible banks (including 107 members). The percentage of members to eligible banks between these two dates increased from 9.8 per cent to 12.2 per cent. The gain when measured by the total capital and surplus of the member banks as compared with the eligible banks increased from 17 per cent to more than 19.5 per cent, and when measured by total resources the percentage of member banks to eligible banks decreased from 19.6 per cent to 19.1 per cent. Between June 30 and December 31, 1920, 14 eligible State banks became members, while it is certain that an equal number of State banks did not become eligible during the same period. It would follow, therefore, that the gains were really much larger on December 31, 1920, than shown by these percentages for June 30, 1920.

#### BANK EXAMINATION DEPARTMENT.

During the year this department made 68 examinations, covering 53 State member banks, 14 national banks, and one State bank examined for prospective membership.

#### PERSONNEL.

The complete staff of the Federal Reserve Bank of Minneapolis on December 31, 1920, numbered 459 persons, as compared with 287 a year previous, or an increase of 58 per cent. The number in the transit department nearly doubled, while the increase in the banking department was 42 per cent, and in the fiscal agency department, 36 per cent.

#### HELENA BRANCH.

Early in the year property was bought in Helena to house the branch. It was necessary to remodel the building for banking purposes and proper vaults were constructed. Although vault doors and chests to be used in the vault were ordered early in the year, the delays in transportation and interruptions to manufacture which prevailed during the year made it impossible to open the branch as early as had been expected. However, a skeleton staff was arranged for from the selected employees of the main bank and provision made for training persons to take their places at the time of departure. All the plans and records for the branch were completed by the end of the year. The Helena branch will have as its territory the whole State of Montana, and member banks of that State will transact their business with the branch instead of with the head office. The vault is one of the best in the West and in strength and safety is practically the same as the main cash vault in the head office.

## SCHEDULE 1.—Resources and liabilities at close of business December 31.

[In thousands of dollars.]

	1920	1919	1918	1917
<b>RESOURCES.</b>				
Gold and gold certificates.....	9,130	8,275	8,323	14,960
Gold settlement fund—Federal Reserve Board.....	8,456	4,872	23,774	19,487
Gold with foreign agencies.....	89	3,546	233	2,100
Total gold held by bank.....	17,675	16,693	32,330	36,547
Gold with Federal Reserve agents.....	25,905	35,847	55,868	32,910
Gold redemption fund.....	3,098	206	4,919	878
Total gold reserves.....	46,678	52,746	93,147	70,335
Legal tender notes, silver, etc.....	250	65	73	413
Total reserves.....	46,928	52,811	93,220	70,748
Bills discounted (includes bills rediscounted for other Federal Reserve Banks):				
Secured by Government war obligations.....	17,093	22,331	31,528	5,780
All other.....	64,561	51,526	5,144	8,251
Bills bought in open market (includes bankers' acceptances bought from other Federal Reserve Banks).....	1,313	12,599	17,994	7,167
Total bills on hand.....	82,967	86,456	54,666	21,198
United States Government bonds.....	116	116	121	1,888
United States Victory notes.....				
United States certificates of indebtedness.....	8,480	8,480	5,116	1,340
All other earning assets.....				25
Total earning assets.....	91,563	95,052	59,933	24,451
Bank premises.....	668	600		
Uncollected items and other deductions from gross deposits.....	21,605	24,406	13,125	17,080
5 per cent redemption fund against Federal Reserve Bank notes.....	480	400	236	
All other resources.....	249	316	213	198
Total resources.....	161,493	173,585	166,727	112,477
<b>LIABILITIES.</b>				
Capital paid in.....	3,461	3,074	2,931	2,620
Surplus.....	5,178	2,320	38	
Government deposits.....	1,031	513	5,191	8,717
Due to members—reserve account.....	43,520	53,828	48,826	39,318
Deferred availability items.....	17,492	14,262	6,984	11,808
Other deposits, including foreign Government credits.....	532	2,262	383	73
Total gross deposits.....	62,575	70,865	61,384	59,946
Federal Reserve notes in actual circulation.....	79,498	87,187	96,571	49,414
Federal Reserve Bank notes in circulation, net liability.....	7,655	8,200	4,168	
All other liabilities.....	3,126	1,939	1,635	497
Total liabilities.....	161,493	173,585	166,727	112,477



SCHEDULE 2.—*Movement of principal asset and liability items during 1920.*

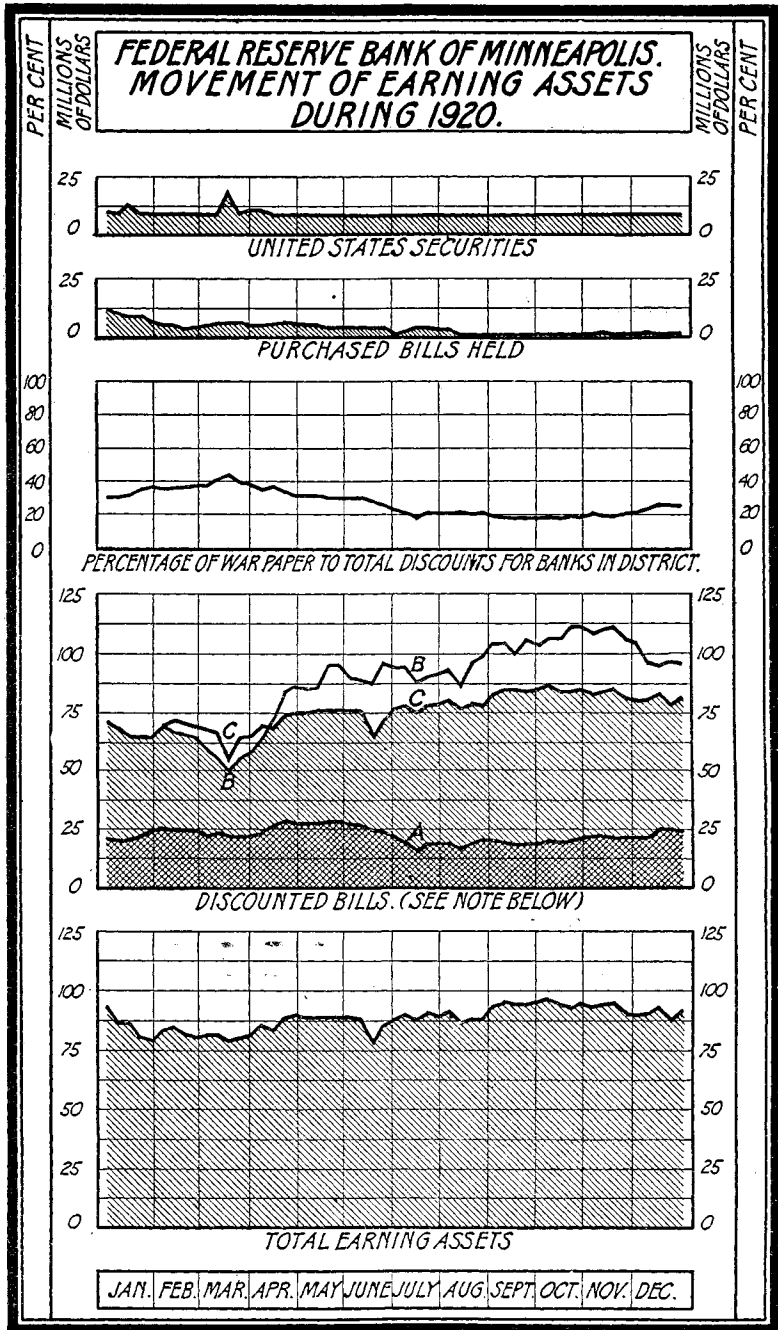
[Amounts in thousands of dollars.]

Date.	Total earning assets.	Discounted bills.					Purchased bills.		United States securities.	Total cash reserves.	Net deposits.	Federal Reserve notes in circulation.	Reserve percentages.	
		Total held.	Rediscounted with other Federal Reserve Banks. <sup>1</sup>	Discounted for member banks in this district.			Purchased in open market.	Total held.					Actual.	Ad-justed. <sup>2</sup>
				A.	B.	C.								
				Total.	Secured by Government war obligations.	Per cent (B÷A).								
Jan. 2	93,037	71,380	.....	71,380	21,228	29.7	12,061	12,061	9,596	53,871	45,482	87,106	40.6	40.6
9	86,444	67,619	.....	67,619	20,363	30.1	10,229	10,229	8,596	60,746	47,173	85,566	45.8	45.8
16	86,467	65,387	.....	65,387	20,519	31.4	8,409	8,409	12,671	64,363	52,750	83,474	47.2	47.2
23	81,322	64,742	.....	64,742	22,451	34.7	7,984	7,984	8,596	64,013	48,360	82,468	48.9	48.9
30	79,403	65,116	.....	65,116	23,883	36.7	5,691	5,691	8,596	65,654	49,036	81,635	50.2	50.2
Feb. 6	83,266	69,737	.....	69,737	24,813	35.6	4,933	4,933	8,596	66,730	53,966	81,643	49.2	49.2
13	84,747	71,614	— 5,000	66,614	24,144	36.2	4,537	4,537	8,596	60,576	48,356	82,336	46.3	50.2
20	81,780	70,172	— 4,274	65,898	24,199	36.7	3,012	3,012	8,596	64,446	49,965	82,141	48.8	52.0
27	81,462	68,756	— 4,000	64,756	24,252	37.4	4,110	4,110	8,596	62,868	48,233	81,787	48.4	51.4
Mar. 5	81,578	68,169	— 8,734	59,435	22,142	37.3	4,813	4,813	8,596	67,808	53,246	82,141	50.1	56.5
12	81,710	67,230	— 11,415	55,815	22,880	41.0	5,884	5,884	8,596	64,013	50,028	82,119	48.4	57.1
19	78,504	55,024	— 4,900	50,124	21,627	43.1	5,884	5,884	17,596	67,885	51,064	82,161	51.0	54.6
26	79,593	65,382	— 10,029	55,353	21,851	39.5	5,615	5,615	8,596	62,344	47,067	81,906	48.3	56.1
Apr. 2	81,535	65,536	— 7,529	58,007	22,173	38.2	5,345	5,345	10,654	62,894	49,251	82,043	47.9	53.6
9	85,897	70,037	— 8,948	61,089	22,546	34.6	5,261	5,261	10,599	60,484	50,976	82,352	45.4	49.1
16	82,811	68,180	5,000	73,180	26,743	36.5	6,032	6,032	8,599	54,702	42,611	81,918	43.9	39.9
23	88,625	73,503	10,108	83,611	26,158	33.7	6,505	6,505	8,617	51,775	45,710	81,606	40.7	32.7
30	90,207	75,359	11,111	86,470	26,869	31.1	6,237	6,237	8,611	50,223	46,445	80,954	39.4	30.7
May 7	88,932	75,068	9,995	85,063	26,482	31.1	5,251	5,251	8,613	53,890	48,130	81,008	41.7	33.9
14	89,295	76,043	10,257	86,300	26,702	30.9	4,649	4,649	8,603	50,720	45,543	80,529	40.2	32.1
21	88,704	75,627	19,175	94,802	28,406	30.0	4,474	4,474	8,603	52,924	47,763	79,799	41.5	26.5
28	88,781	75,837	19,132	94,969	28,258	29.8	4,341	4,341	8,603	51,575	46,737	79,183	41.0	25.8
June 4	89,218	76,349	13,670	90,019	27,079	30.1	4,266	4,266	8,603	51,650	47,211	79,165	40.9	30.1
11	88,070	75,593	13,170	88,763	26,626	30.0	3,874	3,874	8,603	50,825	45,430	78,873	40.9	30.3
18	77,579	64,947	22,616	87,563	23,964	27.4	4,030	4,030	8,602	49,815	34,078	78,486	44.3	24.2
25	84,932	72,125	23,672	95,797	24,268	25.3	4,205	4,205	8,602	48,921	41,189	77,728	41.1	21.2

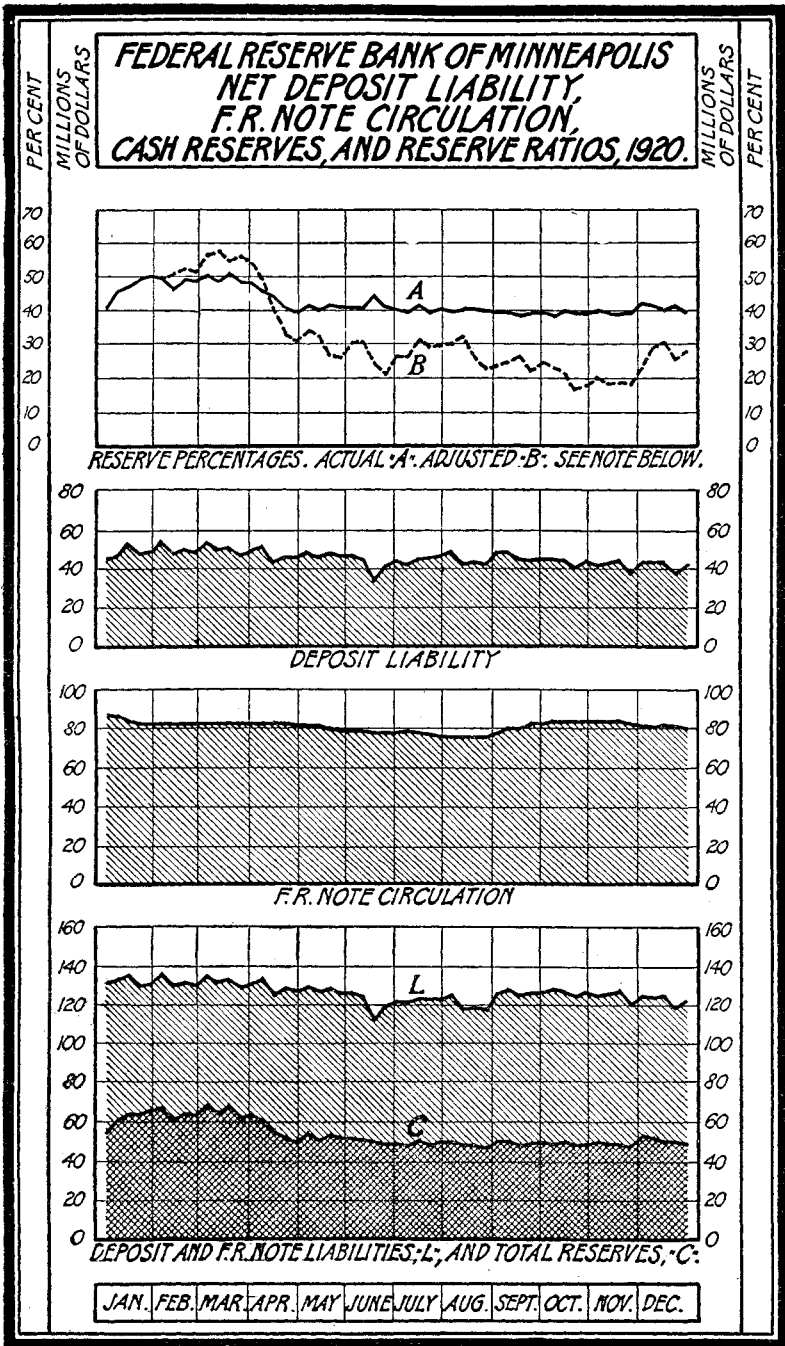
July 2	88,401	77,403	16,932	94,335	20,952	22.2	2,384	2,384	8,614	48,790	43,572	77,905	40.2	26.2
9	89,669	78,449	15,653	94,102	19,184	20.4	2,612	2,612	8,608	47,500	41,988	79,116	39.2	26.3
16	87,785	75,124	13,292	88,416	16,380	18.5	4,056	4,056	8,605	51,378	44,628	78,337	41.8	31.0
23	90,963	78,102	12,499	90,601	18,826	20.8	4,261	4,261	8,600	48,143	45,527	77,268	39.2	29.0
30	90,280	78,524	13,738	92,262	18,743	20.3	3,159	3,159	8,597	49,696	47,180	76,374	40.4	29.3
Aug. 6	92,109	80,607	12,228	92,833	18,880	20.3	2,905	2,905	8,597	49,637	48,989	76,052	39.7	29.9
13	86,860	77,033	10,073	87,106	18,463	21.2	1,230	1,230	8,597	47,934	42,231	75,799	40.6	32.1
20	88,088	78,557	17,197	95,754	19,328	20.2	934	934	8,597	48,175	43,402	75,849	40.4	26.0
27	87,741	78,209	20,347	98,556	20,574	20.9	935	935	8,597	47,240	42,255	75,901	40.0	22.8
Sept. 3	93,130	83,495	20,123	103,618	20,198	19.5	1,038	1,038	8,597	49,773	47,915	77,918	39.6	23.6
10	94,753	85,118	18,777	103,895	19,233	18.5	1,038	1,038	8,597	49,873	47,836	79,522	39.2	24.4
17	94,382	84,542	15,432	99,974	18,116	18.1	1,238	1,238	8,602	48,266	44,955	80,439	38.5	26.2
24	94,256	84,251	21,349	105,600	18,728	17.7	1,388	1,388	8,597	49,264	44,337	81,668	39.1	22.2
Oct. 1	94,829	84,734	18,631	103,365	18,474	17.9	1,498	1,498	8,597	49,687	44,870	81,904	39.2	24.5
8	97,225	87,220	19,749	106,969	18,700	17.5	1,408	1,408	8,597	49,140	46,467	82,958	38.3	22.9
15	93,923	83,933	23,272	107,205	19,063	17.8	1,358	1,358	8,632	50,251	43,521	82,824	39.8	21.4
22	93,398	83,590	27,204	110,794	20,347	18.4	1,210	1,210	8,598	48,306	40,720	83,190	39.0	17.0
29	94,665	84,670	26,603	111,273	20,751	18.6	1,398	1,398	8,597	49,438	43,531	82,714	39.2	18.1
Nov. 5	93,283	83,277	25,023	108,300	21,753	20.1	1,409	1,409	8,597	50,296	42,419	83,190	40.0	20.1
12	94,040	83,894	26,250	110,144	21,539	19.6	1,549	1,549	8,597	49,264	42,806	82,729	39.2	18.3
19	95,034	85,142	25,830	110,972	21,315	19.2	1,290	1,290	8,602	49,320	43,867	82,609	39.0	18.6
26	90,664	80,562	25,860	106,422	21,607	20.3	1,490	1,490	8,612	47,500	38,080	82,137	39.5	18.0
Dec. 3	89,984	79,904	24,041	103,945	22,177	21.3	1,483	1,483	8,597	52,715	42,741	82,036	42.2	23.0
10	90,828	80,696	15,166	95,862	22,003	22.9	1,535	1,535	8,597	51,564	43,211	81,404	41.4	29.2
17	93,126	83,227	11,684	94,911	24,842	26.2	1,303	1,303	8,596	49,924	43,434	81,501	40.4	30.6
23	87,962	78,163	19,299	97,462	24,734	25.4	1,203	1,203	8,596	49,672	37,916	81,493	41.6	25.4
30	91,678	81,669	14,801	96,470	24,222	25.1	1,413	1,413	8,596	48,704	42,204	80,067	39.8	27.7

<sup>1</sup> Minus sign (—) indicates paper discounted for other Federal Reserve Banks.

<sup>2</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.



*A. Paper secured by Government War Obligations discounted for Banks in District. B. Total Paper discounted for Banks in District. C. Total Discounted Paper held. Space between lines B and C represents - where above line B - Paper discounted for, and - where below line B - Paper rediscounted with, other Federal Reserve Banks.*



*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accommodation extended to or received from other Federal Reserve Banks.*

## SCHEDULE 3.—Volume of paper discounted and bought.

[In thousands of dollars.]

Month.	Discounted paper.				Purchased paper.				Total discounted and purchased paper.			
	Total.	Secured by Government war obligations.	Trade acceptances.	All other.	Total.	Bankers' acceptances.	Dollar exchange.	Trade acceptances.	1920	1919	1918	1917
January.....	61,183	45,075	165	15,943	450	450			61,633	27,774	5,463	2,649
February.....	62,836	42,443	73	20,320	3,395	3,395			66,231	17,054	7,328	4,252
March.....	68,461	39,075	174	29,212	2,489	2,489			70,850	33,444	2,446	2,991
April.....	89,352	47,242	179	41,931	2,451	2,451			91,804	78,345	17,884	9,667
May.....	87,603	45,823	401	41,379	2,307	2,307			89,910	85,749	29,775	4,743
June.....	94,758	46,704	375	47,679	1,425	1,425			96,183	54,466	41,828	10,496
July.....	72,291	34,464	356	37,491	2,774	2,674	100		75,066	39,330	59,680	8,819
August.....	81,183	33,814	289	47,080	525	475	50		81,709	45,835	87,230	14,149
September.....	73,705	32,258	166	41,281	553	553			74,257	79,550	76,958	4,442
October.....	83,031	35,218	539	47,274	483	483			83,513	111,940	62,280	8,194
November.....	82,689	34,476	221	47,992	538	538			83,226	99,456	40,704	26,957
December.....	96,300	42,182	220	53,898	670	670			96,970	97,291	16,118	13,866
<b>Total:</b>												
1920.....	953,392	478,774	3,138	471,480	18,060	17,910	150		971,452			
1919.....	661,520	521,981	565	138,974	108,714	108,714			770,234			
1918.....	433,792	242,827	799	190,166	13,902	13,885		17		447,694		
1917.....	80,155	36,753	364	43,038	133,072	33,072					113,227	

<sup>1</sup> Includes \$16,674,786 of acceptances purchased from the Federal Reserve Banks of Boston and New York.

SCHEDULE 4.—*Earnings and expenses.*

	1920	1919	1918	1917
<b>EARNINGS.</b>				
Discounted bills.....	\$4,734,259	\$1,829,461	\$1,547,842	\$311,376
Purchased bills.....	191,862	882,564	211,602	148,531
United States securities.....	181,990	213,501	116,370	97,936
Municipal warrants.....			6	4,479
Transfers, net earnings.....	77,245	51,461	89,608	45,983
Deficient reserve penalties (including interest).....	92,744	26,382	29,101	4,468
Profits realized on United States securities.....				
Sundry profits.....	29,281	3,672	55,425	15,565
<b>Total earnings.....</b>	<b>5,307,381</b>	<b>3,007,041</b>	<b>2,049,954</b>	<b>628,338</b>
<b>CURRENT EXPENSES.</b>				
<b>Expenses of operation:</b>				
Assessments, account expenses Federal Reserve Board.....	22,520	20,209	14,117	10,196
Federal advisory council (fees and traveling expenses).....	893	1,274	1,034	150
Governors' conferences (including traveling expenses).....	452	83	204	625
Federal Reserve agents' conferences (including traveling expenses).....	27	341	370	113
Salaries—				
Bank officers.....	77,637	61,014	49,125	37,101
Clerical staff.....	363,724	208,171	123,402	31,926
Special officers and watchmen.....	10,766	8,726		1,667
All other.....	23,686	3,530	120	816
Directors' fees.....	3,850	3,370	3,610	3,740
Per diem allowance.....	710	980	850	940
Traveling expenses.....	2,145	1,965	1,562	1,506
Officers' and clerks' traveling expenses.....	15,227	5,531	1,982	361
Legal fees.....	3,100	3,380	1,732	1,500
Rent.....	21,760	14,295	11,298	5,660
Taxes and fire insurance.....	1,186	851	167	74
Telephone.....	2,832	2,223	2,213	1,031
Telegraph.....	13,780	2,752	3,193	699
Postage.....	69,406	34,781	36,501	6,552
Expressage.....	11,938	969	13,039	5,030
Insurance and premiums on fidelity bonds.....	22,253	8,692	7,776	2,070
Light, heat, and power.....				
Printing and stationery.....	62,488	25,228	18,361	7,475
Repairs and alterations.....	22,523	6,352	2,016	1,267
Cost of currency shipments to and from member and nonmember banks.....	11,392	7,906		
All other.....	34,708	11,255	16,238	4,602
<b>Total expense of operation.....</b>	<b>799,003</b>	<b>434,378</b>	<b>308,910</b>	<b>125,101</b>
Cost of Federal Reserve currency (including expressage, insurance, etc.).....	62,627	56,273	114,287	42,381
Miscellaneous charges, account note issues.....	15,959	17,002	10,734	1,355
Taxes on Federal Reserve bank note circulation.....	36,792	24,912		
Furniture and equipment.....	100,817	23,926	30,477	41,364
<b>Total current expenses.....</b>	<b>1,015,198</b>	<b>556,491</b>	<b>464,408</b>	<b>210,201</b>
<b>Current net earnings.....</b>	<b>4,292,183</b>	<b>2,450,550</b>	<b>1,585,546</b>	<b>418,137</b>
<b>PROFIT AND LOSS ACCOUNT.</b>				
Earnings.....	5,307,381	3,007,041	2,049,954	628,338
Current expenses.....	1,015,198	556,491	464,408	210,201
<b>Current net earnings.....</b>	<b>4,292,183</b>	<b>2,450,550</b>	<b>1,585,546</b>	<b>418,137</b>
Additions to current net earnings on account of—				
Amounts previously deducted from current net earnings for assessment account expenses Federal Reserve Board.....	16,607			
All other.....				42,415
<b>Total.....</b>	<b>4,308,790</b>	<b>2,450,550</b>	<b>1,585,546</b>	<b>460,552</b>

SCHEDULE 4.—*Earnings and expenses*—Continued.

	1920	1919	1918	1917
<b>PROFIT AND LOSS ACCOUNT—continued.</b>				
Deductions from current net earnings account of—				
Bank premises.....	\$77,737	\$100,000		
Vaults.....			\$29,500	
Assessment account expenses Federal Reserve Board.....		16,607		
Reserved for depreciation United States bonds.....				\$21,657
Special reserve.....	100,000			
All other.....			10,199	
Total deductions.....	177,737	116,607	39,699	21,657
Net earnings available for dividends, surplus, and franchise tax.....	4,131,053	2,333,943	1,545,847	438,895
Dividends paid.....	195,871	180,186	168,103	363,895
Transferred to surplus fund.....	3,410,948	2,153,757	1,377,744	37,500
Franchise tax paid United States Government.....	524,234			37,500

<sup>1</sup> Includes \$688,872 reserve for Government franchise tax transferred to surplus fund in 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

[In thousands of dollars.]

Month.	Receipts.		Shipments.		Total receipts.		Total shipments.	
	From member banks.	From non-member banks.	To member banks.	To non-member banks.	1920	1919	1920	1919
January.....	6,371	60	3,262	51	6,431	6,992	3,316	1,834
February.....	3,071	58	5,330	55	3,129	3,145	5,385	2,885
March.....	3,790	53	5,819	52	3,843	3,043	5,871	3,607
April.....	3,916	50	5,094	32	3,966	4,878	5,126	3,269
May.....	4,067	8	5,310	4	4,075	6,899	5,314	2,342
June.....	4,571	40	6,178	6	4,611	4,903	6,184	3,357
July.....	5,127	50	5,718	6	5,177	6,589	5,724	2,890
August.....	4,494	34	6,601	5	4,528	4,307	6,606	3,773
September.....	4,846	54	11,310	45	4,900	3,362	11,355	8,227
October.....	4,834	11	7,429	4	4,845	4,855	7,433	7,010
November.....	7,431	104	7,280	101	7,535	4,258	7,331	5,949
December.....	11,814	6	9,285	16	11,820	4,116	9,301	7,683
Total:								
1920.....	64,332	528	78,616	380	64,860		78,996	
1919.....	56,863	484	52,451	375		57,347		52,826

SCHEDULE 6.—Operations of check clearing and collection department.

[Amounts in thousands of dollars.]

Month.	Items drawn on banks in own district.				Items drawn on Treasurer of United States.		Items forwarded to other Federal Reserve Banks and their branches.	
	Located in Federal Reserve Bank city.		Located outside Federal Reserve Bank city.					
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	226,249	141,543	881,402	75,081	17,703	4,598	64,892	42,916
February.....	204,135	115,814	917,111	71,883	13,406	7,967	54,767	34,736
March.....	247,012	189,084	1,236,584	137,199	25,425	8,641	71,616	53,750
April.....	211,870	153,580	1,323,975	121,055	40,454	9,147	82,508	40,755
May.....	206,208	147,765	1,359,368	115,894	29,429	3,985	76,061	39,759
June.....	216,886	170,458	1,550,033	134,794	35,344	4,817	88,695	49,369
July.....	231,686	159,240	1,541,732	125,886	27,121	4,681	94,400	38,698
August.....	236,580	149,007	1,505,257	117,297	14,789	4,863	100,940	38,030
September.....	261,401	179,548	1,627,082	137,307	33,173	3,509	104,217	42,395
October.....	279,135	184,675	1,803,792	148,647	47,416	3,942	117,766	47,544
November.....	284,736	170,622	1,740,937	135,195	39,987	3,270	106,605	38,471
December.....	295,899	153,503	1,752,581	117,876	45,424	5,133	111,845	34,527
Total, 1920.	2,901,797	1,914,839	17,239,904	1,438,114	372,671	63,953	1,074,312	491,950

Month.	Total.							
	1920		1919		1918		1917	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	1,190,246	264,138	695,649	226,629	412,081	128,935	344,269	64,221
February.....	1,189,419	229,800	628,197	158,605	370,292	104,793	271,945	48,628
March.....	1,580,637	388,674	883,928	206,413	434,721	134,846	341,613	67,586
April.....	1,658,807	324,537	861,900	218,677	455,124	138,325	342,576	64,014
May.....	1,671,066	307,403	845,748	233,394	451,809	157,808	352,259	81,837
June.....	1,890,958	350,438	849,384	202,396	460,760	149,846	364,358	97,570
July.....	1,894,989	328,505	861,875	204,547	500,173	166,975	327,728	75,831
August.....	1,857,566	309,197	833,669	214,574	506,327	173,928	332,805	79,990
September.....	2,025,873	362,759	938,005	263,025	513,389	207,568	347,944	97,474
October.....	2,248,109	384,808	1,144,244	285,155	652,912	306,244	436,719	144,534
November.....	2,172,265	347,558	1,026,898	259,959	593,679	206,160	426,115	153,610
December.....	2,208,749	311,039	1,178,160	296,634	696,459	237,468	432,575	109,382
Total, 1920.	21,588,684	3,908,856	10,747,657	2,770,008	6,047,726	2,112,893	4,320,906	1,084,677



## DISTRICT NO. 10.—KANSAS CITY.

ASA E. RAMSAY, Chairman and Federal Reserve Agent.

### GENERAL BUSINESS CONDITIONS

Nineteen hundred and twenty began with industry and trade moving at high speed and general conditions but little different from those which prevailed through the latter part of 1919. The situation early in the year offered encouragement for a larger output of the products of the Kansas City Federal Reserve district, which are almost exclusively essentials. It called for increased manufacture and more liberal distribution of merchandise to replace supplies exhausted during the war period.

The outstanding feature of the year 1920 was a decline in prices of commodities. Starting during the midsummer, practically every product of this district was affected, and prices registered an average decrease of approximately 35 per cent from the high levels of February 1. The recession in prices, while necessary in the readjustment to obtain stability, brought about in the last 90 days of the year a depression of the business situation which was keenly felt throughout this district, and is somewhat reflected in all lines of trade and in every department of industry. It caused the slowing down of mercantile activities, curtailed manufacturing, reduced operation at the metal mines, restricted development operations in the oil fields, increased building stagnation and resulted in a slower movement of grain to the markets, many farmers preferring to hold their grain in anticipation of higher prices.

### GENERAL REVIEW OF THE SERVICES AND ACTIVITIES DURING 1920.

During the year just closed the volume of business transacted in each of the departments has far exceeded all previous records. At the beginning of the year our loans, on the decline, stood at \$129,072,194.86. Liquidation continued until February 3, when the loans reached the lowest period during the year, \$90,783,586.83, after which they immediately began to increase, every month showing a higher level until, on November 6, the high point was reached, \$164,277,697.84. From November 6 to the end of the year loans have shown some reduction, and on December 31 the total was \$141,572,922.18.

The net earnings of the bank from the year's operations amounted to \$5,540,681.61, or at the rate of 130 per cent per annum on the average paid-in capital for the year, as compared with 99 per cent in 1919.

Except for the months of February and March and the first part of April, this bank was a continuous borrower from other Federal

Reserve Banks. Notwithstanding the increased rates effective following the progressive discount rate plan, made operative on April 19, 1920, our rediscounts continued to increase, and on November 3 reached the high point of \$48,230,109.59.

Throughout almost the entire year, the combined reserves of the bank were maintained only slightly in advance of the requirements. The number of penalties assessed for deficient reserves made necessary an increase in the penalty rates—effective January 2, 1921.

On April 7, 1920, our transit departments handled a total of 244,314 items, aggregating \$55,218,909.19, far exceeding the highest previous record. The daily average number of items was 169,870. The volume of currency and silver shipments has steadily increased until, on December 29, the receipts at the head office reached the maximum amount for any one day, being 197,000 bills, for a total of \$1,430,000. The total head-office receipts for the year were 28,000,000 bills, aggregating \$200,000,000, and shipments and deliveries totaled 41,000,000 bills, aggregating \$222,000,000.

Fiscal agency operations consisted principally of sales of Treasury certificates of indebtedness and war savings securities, and the exchange and transfer of Liberty bonds, the number of transactions handled during the year being 19,522,220 pieces, having a total value of \$2,532,977,328.61.

Although no active campaign was made for additional State bank and trust company members, there was a net increase in the membership of 15. An examination department was organized on March 1, and during the latter part of the year a library department was installed. More attention has been given to educational and recreational activities. With the added force at the Oklahoma City branch, the number of officers and employees of the bank and branches at the close of the year was 886, compared with 583 on December 31, 1919.

Although unavoidable delays have been experienced as to material for the new building, the work is progressing very satisfactorily, and, barring unforeseen contingencies, the occupancy of the building is promised by November, 1921.

#### FINANCIAL RESULTS OF OPERATION.

The gross earnings from operations for the year were \$7,409,987.31, expenses \$1,857,959.81, leaving current net earnings of \$5,552,027.50. Adding net credit to deferred charges of \$233.30 and deducting depreciation of \$11,579.19 on United States bonds carried, the net profits amounted to \$5,540,681.61.

Of the total gross earnings of the head office and branches, \$6,441,476.47 represented the revenue derived from bills discounted, \$211,974.98 came from discounts on bills bought in the open market, \$505,539.24 from interest on United States securities, and \$238,424.89 from penalties on deficient reserves.

The actual operating expenses at the head office and branches for the year were \$1,514,115.57; the cost of issuing and redeeming Federal Reserve currency was \$131,381.54; tax on bank notes \$83,421.98; while the furniture, fixtures and equipment, including the Oklahoma City branch, cost \$126,707.39.

A comparative detailed statement of earnings and expenses for the years 1917, 1918, 1919, and 1920 is given in Schedule 4.

## DISCOUNT RATES.

*Changes in rates.*—At the close of business last year our rate on member-bank collateral notes secured by Government securities was  $4\frac{1}{2}$  per cent to 5 per cent; by eligible paper, 5 per cent. The rate on commercial paper from 15 to 90 days was 5 per cent; on six months' agricultural paper  $5\frac{1}{2}$  per cent, and on live-stock paper  $5\frac{1}{2}$  per cent.

The discount rates on some classifications of notes were slightly changed on January 3, January 23, February 26, July 3, and September 28. The most important change was that of January 23, when the member-bank notes were placed on a  $5\frac{1}{2}$  per cent basis, when secured by Liberty loan bonds or Victory notes, and 6 per cent when secured by eligible paper. The rates on all commercial, industrial, and live-stock maturities were increased from  $5\frac{1}{2}$  per cent to 6 per cent, which rates were maintained throughout the year and are now effective.

On September 28 loans secured by Government bonds were increased from  $5\frac{1}{2}$  per cent to 6 per cent; the amount advanced against Victory notes decreased to 95 per cent, and the amount advanced against Liberty bonds to 85 per cent of their respective face values.

On April 19 this bank adopted that provision of the amended act which permits the application of progressive rates of discount where members receive accommodations in excess of their basic lines.

*Progressive discount rate.*—As early as June 13, 1918, our directors observed a tendency on the part of a comparatively few members to absorb the lending power of this bank, and a resolution was adopted, subject to the approval of the Federal Reserve Board, outlining a plan of progressive rate of discount quite similar to the one now in operation. Counsel for the Federal Reserve Board was of the opinion, however, that the application of different discount rates to the same class of paper as anticipated in the resolution would be contrary to the provisions of the Federal Reserve Act.

The discount relations with member banks throughout the year 1919 demonstrated more than ever the necessity for the adoption of some regulation whereby the lending power of this bank would be more evenly distributed among the members, since a comparatively few continued to absorb a major portion of the bank's lending power, which, aside from the hazard of making unusually large advances to a few members, left the bank without available funds to extend credit to the vast majority of members which were either not borrowing at all or borrowing only moderately.

The situation prevailing in the Tenth District was not dissimilar to that prevailing in some other districts, and for the purpose of bringing about some regulation of those habitually borrowing in excessive amounts, the Federal Reserve Board embodied in its annual report for 1919 a recommendation to Congress, as a consequence of which the Federal Reserve Act was amended on April 13, 1920, to grant the privilege to any district of adopting what is now-called the progressive discount rate.

On April 16, our board adopted the provisions of the act as amended and the progressive discount rate became effective in the Tenth Federal Reserve District on April 19, 1920. Its adoption was in no sense a desire for greater revenue or to apply a new method to discount transactions with members. Experience had shown that in order to

discourage further expansion of loans it would be necessary to adopt some method of making it unprofitable for members to borrow in excess of their basic lines. The basic line of a member bank is determined by deducting from the amount of its average reserve balance for the preceding month the 35 per cent reserve on deposits which Federal Reserve Banks are required by the act to maintain; to the remainder is added the amount of capital stock of the Federal Reserve Bank paid in by the member, and this sum multiplied by two and one-half.

How far the progressive discount rate plan has succeeded in bringing about a better distribution of credit among the members is apparent when the status existing on April 19 is compared with any subsequent date. On April 19, 1920, out of a total membership of 1,035, 351 members had borrowed not only the entire lending power of this bank, but an additional \$10,000,000 represented by rediscounts with other Federal Reserve Banks. On December 31, 1920, 352 of the 684 members, which were not borrowing on April 19, had become borrowers, more than half of those banks never before having had discount relations with the Federal Reserve Bank. Even under the higher discount rates as applied through the progressive rate plan, the demand for loans from members was so strong that this bank was forced to depend upon other Federal Reserve Banks for funds continually throughout the year.

Under the Federal Reserve Bank of Kansas City plan, loans secured by Liberty bonds and Victory notes, owned by members, and Treasury certificates of indebtedness of any issue do not add to the credit structure upon which the progressive rate is computed. On offerings in excess of a member's basic line the rate progresses one-half of 1 per cent for each additional amount of 25 per cent of the basic line; therefore when a member is borrowing over 100 per cent and not more than 125 per cent of its basic line, the rate on such excess is  $6\frac{1}{2}$  per cent, and on borrowings over 125 per cent and not exceeding 150 per cent of the basic line the rate on that additional excess is 7 per cent, and so on.

Upon the adoption of the progressive discount rate plan it was necessary to provide some method of adjustment to reimburse member banks for the higher rates of interest paid on unmatured paper carried after the retiring of paper which had been discounted at a comparatively low rate. Accordingly, the adjustment department was organized and installed, which maintains a daily analysis by rates of the liability of each member bank discounting at the progressive rate, in order that the rates actually paid may be adjusted under the progressive plan.

#### DISCOUNT OPERATIONS.

The number of discount transactions of the Federal Reserve Bank of Kansas City for the year 1920 was approximately 50 per cent greater than for 1919, which figures in turn were approximately double those of 1918. Compared with 16,024 transactions for an aggregate of \$1,555,596,621.30 for the year 1919 the total number of discount offerings accepted from member banks in 1920 was 23,454, the aggregate amount being \$1,667,943,229.49. Of this sum, 114 Colorado banks discounted \$222,543,009.98; 171 Kansas banks,

\$125,642,178.23; 45 Missouri banks, \$687,077,598.49; 192 Nebraska banks, \$356,963,941.41; 12 New Mexico banks, \$10,072,982.42; 257 Oklahoma banks, \$240,009,504.65; and 35 Wyoming banks, \$25,634,014.31, which makes a total of 826 member banks accommodated out of a total membership of 1,087, as compared with 679 banks accommodated during 1919.

During the month of February \$105,406,440.37 of paper was handled, the least of any month during the year. In October the loans handled amounted to \$163,968,589.43, the largest amount of any one month. The total number of notes discounted was 119,791, or an average of approximately 425 per day. On one day in December there was discounted at the head office 814 notes, while on the same day three years ago there were handled only 5 notes, a striking contrast of the growth in volume of business handled in this department. In addition to the volume of discounts for member banks the work of this department was greatly increased, due to the many rediscount transactions with other Federal Reserve Banks.

*Rediscounts with other Federal Reserve Banks.*—Just prior to January 1, 1920 (Dec. 19, 1919), it was necessary to rediscount with other Federal Reserve Banks \$7,000,000, which amount was increased from time to time during the latter part of December until on January 2 it reached \$16,208,500, at which time we were carrying bankers' acceptances aggregating \$8,086,175.58. On January 26, with the collection of bankers' acceptances, our rediscounts with other Federal Reserve Banks were entirely eliminated.

During February and the first three weeks of March we were carrying rediscounts for other Federal Reserve Banks amounting to from \$3,000,000 to \$10,000,000. On April 16 it was necessary to again rediscount with other Federal Reserve Banks, at that time in amount \$6,000,000. From that date the amount of rediscounts gradually increased until, on November 3, they reached the maximum amount of \$48,230,109.59. Since that date they have gradually decreased, and on December 31 our rediscounts amounted to \$29,060,531.21. Rediscounts amounting to \$411,637,400 with other Federal Reserve Banks were represented through 94 transactions as against 7 transactions for the year 1919, in total amount \$56,500,000.

*Acceptances.*—There was a slight increase in the use of trade acceptances, principally, however, acceptances of concerns located within the district drawn by manufacturers and wholesalers outside the district. The volume under discount has been very small as compared with the total loans. There were no open market purchases of trade acceptances during the year. The increase in the volume of bankers' acceptances originating within the district has been due almost entirely to the financing of wheat and flour for export. The amount of open-market purchases of bankers' acceptances consists entirely of acceptances arising out of export transactions.

*Investments.*—The total United States securities purchased during the year was \$128,078,650, consisting principally of 1-day certificates of indebtedness issued by the Treasury to cover overdrafts of the United States with this bank.

*Classification of paper discounted.*—Total trade acceptances handled during the year amounted to \$10,141,682.98; agricultural and live-stock paper, \$237,761,423.68; industrial and commercial paper, \$322,569,467.94 (including, secured by United States securities,

\$48,616,739.38); bankers' acceptances, \$368,482.74, while member bank collateral notes aggregated \$1,097,143,972.15, of which amount \$1,065,409,582.06 was secured by United States securities. These figures do not give a correct impression of the proportion of the various classes of paper, as, for instance, the average amount of agricultural and live-stock paper, on account of its long maturity, ranges from 55 per cent to 60 per cent of our total average loans. The maximum maturity of member bank collateral notes is 15 days, and quite frequently such notes are made for a shorter time, or payment is anticipated before maturity. The proceeds of much of the paper classified as commercial and industrial are used for agricultural and live-stock purposes. Practically all of the loans made to country bankers and a large part of the loans made to city bankers are for the purpose of furnishing to farmers and stock raisers funds to produce their crops and to purchase and feed live stock.

*Rejections.*—The total number of notes rejected was 20,362, amounting to \$79,786,967.07, less than 4½ per cent of the amount of all offerings.

#### RESERVES AND PENALTIES.

*Reserve position.*—Average daily reserves maintained by the Federal Reserve Bank of Kansas City against the combined Federal Reserve note and net deposit liabilities:

	Per cent.
January, 1920.....	42.8
February, 1920.....	45.3
March, 1920.....	45.2
April, 1920.....	41.0
May, 1920.....	41.8
June, 1920.....	41.2

Daily average combined reserves maintained during the first six months of 1920, 42.9 per cent.

	Per cent.
July, 1920.....	41.0
August, 1920.....	41.5
September, 1920.....	40.8
October, 1920.....	40.9
November, 1920.....	40.8
December, 1920.....	40.8

Daily average combined reserves maintained during the last six months of 1920, 41 per cent.

Daily average combined reserves maintained during the whole year of 1920, 41.9 per cent.

Schedule 2 shows the fluctuation of reserves against net deposits and Federal Reserve notes during the year. In order to maintain the required reserve, it has been necessary for the Federal Reserve Bank of Kansas City to rediscount with other Federal Reserve Banks continuously since April 16. This is the natural consequence of increased operations and unprecedented demand for accommodations on the part of member banks.

#### TRANSIT OPERATIONS.

The volume of clearing operations has steadily increased, items on all banks in the district being collected at par during the entire year with the exception of the State of Nebraska, which was placed on a par basis on February 20.

During the year the transit department at the head office handled a grand total of 30,761,789 country items, or a daily average of 97,601. Clearing-house items totaled 3,929,663, or a daily average of 12,929. The maximum volume of business handled during any one day was on April 7, when we handled a grand total, including clearing-house and country items, of 205,335. The minimum day of the year was February 24, when the number of items handled was 69,072. The largest day as to actual value of items handled was March 1, \$55,208,832.67; and the lowest day, November 27, \$14,047,712.29.

Including the branches, the average daily number of country items handled was 149,797, with an average total of \$18,644,472. The average daily number of city items was 20,073, with an average total of \$20,929,295.

The number of employees in the transit department at the head office during the year varied from 140 to 185. The opening of the Oklahoma City branch resulted in a decrease in the handling of about 20,000 items per day at the head office, and the number of employees at the close of the year was reduced to 155.

The work in our wire transfer division has increased more than 100 per cent, due to the fact that more member banks are appreciating the service offered of transferring, without cost to them, funds to their correspondents in Federal Reserve and branch cities.

The volume of business transacted through the city and country collections division has materially increased, as member banks are availing themselves more freely of the privilege of forwarding for collection through the Federal Reserve Bank maturing notes and bills and other collection items. Member banks find from experience that we are able to give them satisfactory service on their collections, and in many cases at a saving on exchange charges and an actual saving of time. During 1920 this division at the head office handled a total of 55,301 items, of which 4,371 were returned and 876 now outstanding, making a total of 50,054 items collected, amounting to \$93,787,697.89, which is nearly double the amount handled during the year 1919.

The direct-sending privilege, which is granted to member banks and by which they are able to send cash items direct to other Federal Reserve Banks and branches for credit with this bank, has been extended to an increased number of members during 1920, so that at the present time our direct-sending banks are forwarding to other Federal Reserve Banks and branches 200 letters daily as against an average of about 40 letters in 1919. This privilege will doubtless be extended to other members as they appreciate the advantage of this service, which will result in the reduction of the volume of items handled at the head office, as these items will not actually pass through our hands.

The total transactions of the transit department of the head office and branches combined were enormous, representing the handling of 53,881,602 items, aggregating \$13,011,582,140 a daily average of 169,870 items, amounting to \$39,573,767.

#### FISCAL AGENCY OPERATIONS.

The fiscal agency department and the Government savings organization continued under the direct supervision of the governor's

office, the Government savings organization conducting the selling campaign for war-savings securities and the fiscal agency department handling all bond and certificate of indebtedness operations and the accounting of war-savings securities stocks, sales, and deliveries.

The first half of the year was the busiest six months this department has ever experienced, not even barring those periods during which the Liberty loans were floated. At the beginning of the year there were collections to make on account of subscriptions to the Victory Liberty loan. In connection with this loan deliveries were made of  $4\frac{1}{4}$  coupon notes to subscribers aggregating 16,731 pieces, or a total of \$1,253,000, and deliveries were made of 5,109 registered notes, aggregating \$3,426,900. Redemptions were also made of 1919 war-savings securities and deliveries of the new 1920 war-savings securities. The exchange of temporary for permanent bonds began in March, the handling of which, considering the amount involved, proved during the year to be the largest single operation of the department. The exchange and conversion divisions were also busily engaged during this period in the exchange of temporary coupon for registered bonds, bondholders taking advantage of the exchange to permanent bonds at this time to have their bonds registered.

This department throughout the past year has also handled the sale of 18 issues of certificates of indebtedness, subscriptions to such issues aggregating \$120,180,000.

Sales of certificates of indebtedness were made to 458 national banks, 738 State banks, 40 trust companies, and 9,833 individuals, while subscriptions were made directly through the department last year by only 60 individuals.

Stupendous as it may seem, the grand total of pieces of valuable securities handled by the fiscal agency department during the year was 19,522,220, aggregating \$2,532,977,328.61.

#### SUBTREASURY FUNCTIONS.

On December 18 the Secretary of the Treasury authorized this bank, effective as of December 20, to assume all of the functions of a sub-treasury, except the keeping in custody of reserve and trust funds consisting of gold coin and bullion and standard silver dollars securing gold and silver certificates, respectively, and held as reserve against United States notes.

#### NOTE ISSUES.

*Federal Reserve notes.*—The amount of Federal Reserve notes outstanding at the end of 1920 shows an increase of \$7,569,720 from the amount outstanding at the end of 1919. The low tide of the year was reached on June 1, at which time the amount outstanding had been reduced to \$102,236,530. The highest amount outstanding was on December 23, when it stood at \$119,756,275.

*Federal Reserve Bank notes.*—On January 2, 1920, the outstanding Federal Reserve Bank notes amounted to \$19,928,000, which amount was gradually decreased until December 31, at which time the total outstanding was \$14,854,600.

#### MOVEMENT OF MEMBERSHIP.

During the past year there was a net increase of 51 member banks in this district, 36 of which were national banks and 15 were State



banks and trust companies. This makes the total membership in this district 1,087, of which 669 are served by the parent bank, 260 by the Omaha branch, and 158 by the Denver branch. Of the total membership, 1,024 are national banks and 63 are State banks and trust companies.

As a result of the net increase in the number of member banks, and due to additional applications for stock by banks whose capital and surplus had been increased, the capital stock of this bank was increased during the year from \$4,015,550 to \$4,454,950.

#### FIDUCIARY POWERS.

Under the Phelan amendment of the Federal Reserve Act approved September 26, 1918, considerable interest was manifested by national banks in this district regarding the exercise of fiduciary powers. Under this amendment, and prior to 1920, 54 national banks were granted permission to exercise the powers applied for, and during the past year the Federal Reserve Board approved applications from 36 national banks, which in most instances carried all of the powers authorized by the act.

#### ELECTION OF DIRECTORS.

To fill the vacancies caused by the expiration on December 31, 1920, of the terms of C. E. Burnham and H. W. Gibson, as directors of class A and class B, respectively, an election was held November 6 to December 1, inclusive, in which only banks of group 3 participated. Mr. C. E. Burnham, being an officer and director of a bank in group 2, was ineligible for reelection as a representative of banks in group 3. The only candidates nominated were E. E. Mullaney, of Hill City, Kans., for class A director, and H. W. Gibson, of Muskogee, Okla., to succeed himself as class B director. Each received a total of 171 votes and were duly declared elected for a term of three years, beginning January 1, 1921.

Asa E. Ramsay, class C director and chairman of the board of the Federal Reserve Bank of Kansas City since January 1, 1918, was reappointed a class C director by the Federal Reserve Board for a term of three years ending December 31, 1923, and was redesignated chairman and Federal Reserve Agent for 1921. Fred W. Fleming was redesignated deputy chairman for the year 1921.

#### INTERNAL ORGANIZATION.

*Personnel.*—The total number of employees at the close of the year was 864, of whom 548 are at the head office in Kansas City, including the fiscal agency department; 137 at the Omaha branch; 82 at the Denver branch; and 97 at the Oklahoma City branch.

*Officers' meetings.*—The practice of holding daily officers' conferences for the purpose of discussing points of interest, which was inaugurated in 1918, has been continued with satisfactory results, and on account of the increased volume of business and multiplied responsibilities it is felt that the harmonious operation of the many departments has been greatly facilitated through such conferences. Unusual conditions surrounding relations with banks in this district, both member and nonmember, have required constant watchfulness

on the part of the management of this bank, and the fact that three national banks and several State banks have closed during the year without loss of a single dollar to the Federal Reserve Bank is at least partially due to close cooperation of the official staff.

#### CURRENCY DEPARTMENT.

The year 1920 has recorded a substantial increase in the volume of money handled by the currency department. There were received from all sources 28,000,000 bills, amounting to \$200,000,000, an increase over the preceding year of 6,000,000 pieces, or \$56,000,000. The number of bills shipped or delivered to member banks totaled 41,000,000, amounting to \$222,000,000, an increase over 1919 of 12,000,000 pieces, or \$49,000,000.

#### OPERATION OF BRANCHES.

The operation of all branches is under direct control and supervision of the head office, and the policies formulated by the management of the Federal Reserve Bank of Kansas City are closely followed at the branches.

During the year an additional branch was established at Oklahoma City, opening for business on August 2, 1920. The operations of this branch are limited to the clearing and collection of checks and the handling of shipments of currency to and from member banks in that portion of Oklahoma located within the Tenth District, being all but eight counties. The Omaha and Denver branches have direct relations with the member banks in their respective territories in all current and ordinary transactions, with the exception of membership and fiscal agency operations and various applications to be approved by the Federal Reserve Board and handled through the Federal Reserve Agent. The volume of business transacted at the branches at Omaha, Nebr., and Denver, Colo., has tremendously increased during the year, particularly at Omaha, as is shown by the following separate reports:

*Omaha branch.*—The increased service rendered has been adequately reflected in the operation of the Omaha branch. In all departments an increase of activity has taken place during 1920. The Omaha zone comprises the entire States of Nebraska and Wyoming, where the shrinkage in values, particularly agricultural products and live stock, has been pronounced. This fact has caused heavy demands by member banks, especially during the latter part of the year; the volume of loans, however, at the Omaha branch at the close of 1920, shows a decrease of \$6,000,000 compared with the figures at the close of 1919.

The volume of paper secured by Government obligations has been gratifying in that the bank's holdings of this class of paper have decreased over \$10,000,000, but against this reduction there has been an increase of approximately \$4,000,000 in loans of other classes.

The highest point which loans reached during the year was \$42,267,730.57 on November 6, which was also the greatest amount of loans held by the branch since its establishment. The least amount of loans held during the year was \$28,243,019.87 on February 11. The urgent demands for loans in the Omaha zone kept the volume

throughout the year in excess of \$30,000,000, except during the months of February and March. A total of 32,969 notes was discounted during the year, aggregating \$382,597,955.72. There were rejected 5,768 notes, aggregating \$25,609,576.81.

Out of a total membership of 260 banks, 227 received accommodations. Of this number, 153 were at some time during the year affected by the progressive rate.

*Denver branch.*—The year 1920 has been an active one at the Denver branch and has shown a large increase in the volume of business transacted.

Many members which had not previously used the discount facilities of the branch received accommodations during the year just closed, 126 of the 158 members having had discount transactions, as compared with 86 out of the 145 in the year 1919. The branch discounted 15,331 notes, having a total value of \$232,615,992.40, while 2,868 notes, having a value of \$7,700,497.38, were rejected. Beginning the year with \$11,436,380.03, the loans increased by January 22 to \$14,789,987.93, due to the demand incidental to the cattle and sheep-feeding industry. As this stock began to move to market a gradual decline in the loan account was shown until April 12, when the loans reached the minimum of the year, \$4,438,498.85. Shortly thereafter the demand of the farmers for crop raising again started the account upward, a fairly gradual increase being noticed until October 2, when the maximum for the year was reached, \$18,793,081.68.

The funds paid to the farmers for the sugar-beet crop and for such wheat as was sold caused a liquidation in discounts, which, on November 24, had been reduced to \$10,805,356.26. The demand, due to the feeding season, again started the account upward, and on December 31 the branch was carrying loans aggregating \$13,258,647.74.

The decline of deposits having been more rapid than the reduction of loans, made it difficult for member banks to maintain their required reserves and resulted in an increased number of penalties. During the year 110 banks were penalized for deficient reserves, as compared with 74 in 1919. In this connection it should be kept in mind that in 1920 penalties were assessed for weekly periods for reserve city banks and semimonthly periods for other banks, while in 1919 all were on a monthly basis.

*Oklahoma City branch.*—Mention was made in the last annual report of the order of the Federal Reserve Board, dated December 17, 1919, requiring this bank to establish a branch office at Oklahoma City, particularly to expedite shipments of currency to and from member banks in the State of Oklahoma and to provide better facilities for intrastate clearing of checks.

The smallest number of items passing through the transit department at Oklahoma City was on the opening day when 15,588 items, having a total value of \$1,570,595.02, were handled. The record day was September 20, with a total of 69,588 items aggregating \$12,166,640.01. From the date of opening to December 31, 4,628,271 items, having a total value of \$982,458,801 passed through the transit department.

## MISCELLANEOUS.

The increased activities during the year made it necessary to enlarge our credit and analysis departments.

With the adjustment department as a nucleus, it is proposed to install at an early date a strictly statistical department to compile and maintain currently statistics and analyses relating to practically every phase of the operation of the bank.

A library department has been installed with a trained librarian in charge. This department will have custody of all financial periodicals, library books, and such other matter as should be properly filed within it.

## SCHEDULE 1.—Statement of condition Dec. 31, 1917-1920.

[In thousands of dollars.]

	1920	1919	1918	1917
<b>RESOURCES.</b>				
Gold and gold certificates.....	4,026	191	155	1,711
Gold settlement fund—Federal Reserve Board.....	23,957	25,933	23,237	37,263
Gold with foreign agencies.....	158	6,304	291	2,625
Total gold held by banks.....	28,141	32,428	23,683	41,599
Gold with Federal Reserve agents.....	40,769	39,409	54,484	42,025
Gold redemption fund.....	5,255	4,375	3,590	507
Total gold reserves.....	74,165	76,212	81,757	84,131
Legal tender notes, silver, etc.....	2,332	364	101	58
Total reserves.....	76,497	76,576	81,858	84,189
Bills discounted (secured by Government war obligations).....	29,707	45,290	20,499	.....
All other.....	80,634	48,090	36,955	35,055
Bills bought in open market.....	2,171	18,692	14,203	1,338
Total bills on hand.....	112,512	112,072	71,657	33,393
United States Government bonds.....	8,867	8,868	8,866	8,849
United States Victory notes.....	1	.....	.....	.....
United States certificates of indebtedness.....	12,821	15,067	4,378	1,784
Total earning assets.....	134,201	136,007	84,901	47,026
Bank premises.....	1,041	462	500	.....
Uncollected items and other deductions from gross deposits.....	55,652	83,429	64,879	27,916
5 per cent redemption fund against Federal Reserve Bank notes.....	916	958	566	400
All other resources.....	349	496	599	.....
Total resources.....	268,656	297,928	233,303	159,531
<b>LIABILITIES.</b>				
Capital paid in.....	4,455	4,016	3,659	3,397
Surplus.....	8,335	3,957	.....	.....
Government deposits.....	2,669	1,790	5,450	7,861
Due to members—reserve account.....	74,318	90,406	67,318	72,976
Deferred availability items.....	47,631	67,758	29,221	10,624
Other deposits, including foreign Government credits.....	678	3,724	691	997
Total gross deposits.....	125,296	163,678	102,680	92,458
Federal Reserve notes in actual circulation.....	111,578	104,089	112,445	55,373
Federal Reserve Bank notes in circulation.....	14,221	19,533	11,448	8,090
All other liabilities.....	4,711	2,635	3,071	303
Total liabilities.....	268,656	297,928	233,303	159,531

SCHEDULE 2.—Movement of principal asset and liability items during 1920.

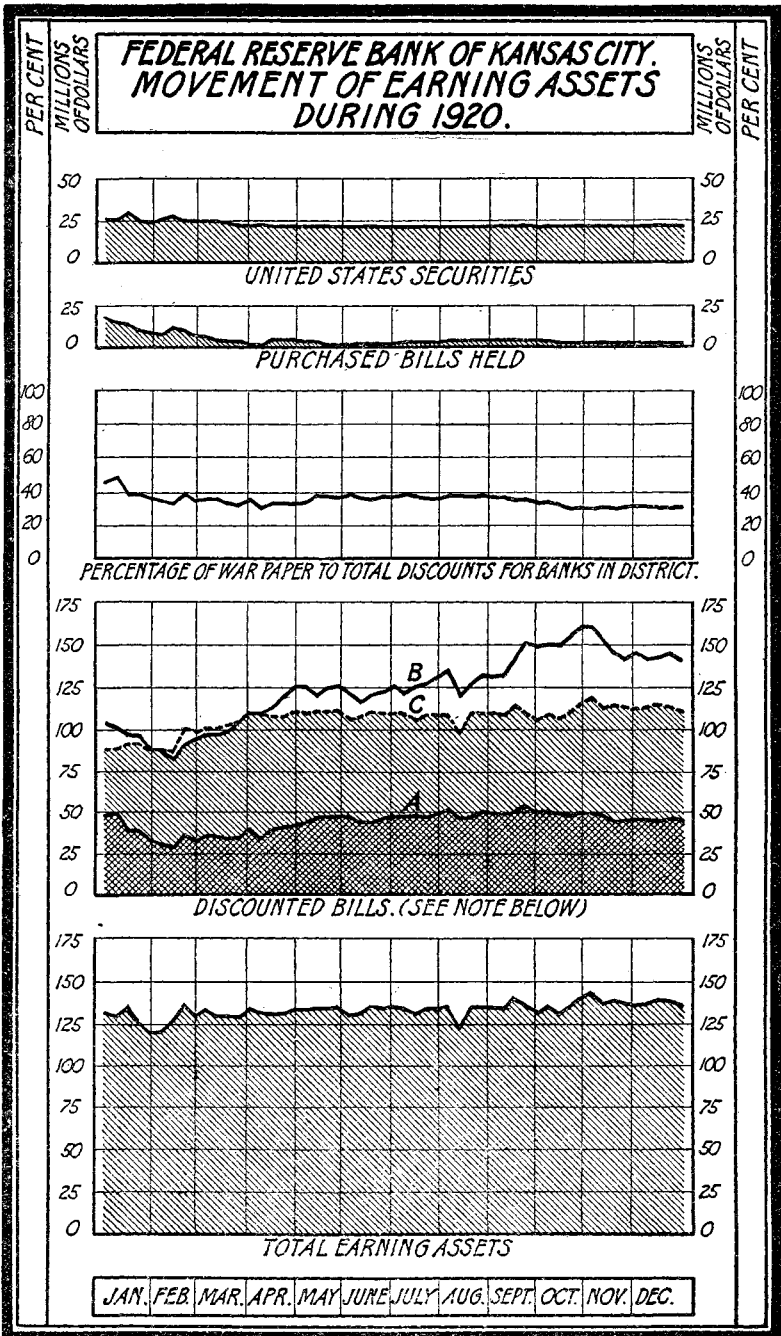
Amounts in thousands of dollars.]

Date.	Total earning assets.	Discounted bills.					Purchased bills.			United States securities.	Total cash reserves.	Net deposits.	Federal Reserve notes in circulation.	Reserve percentages.	
		Total held.	Rediscounted with other Federal Reserve Banks. <sup>1</sup>	Discounted for member banks in this district.			Purchased in open market.	Purchased from other Federal Reserve Banks.	Total held.					Actual.	Ad-justed. <sup>2</sup>
				A.	B.	C.									
				Total.	Secured by Government war obligations.	Per cent (B÷A).									
Jan. 2	131,597	88,176	16,209	104,385	48,453	46.4	9,481	8,086	17,567	25,854	81,696	81,175	103,680	44.2	39.8
9	130,075	89,164	11,850	101,014	49,204	48.7	8,947	6,264	15,211	25,700	74,501	73,834	102,214	42.3	39.1
16	135,411	91,750	5,000	96,750	38,262	39.5	8,977	5,036	14,013	29,648	76,561	81,901	101,485	41.7	41.8
23	126,037	91,819	3,750	95,569	37,582	39.3	8,534	990	9,524	24,694	86,019	82,697	100,728	46.9	45.4
30	120,048	87,947	—	87,947	32,806	37.3	7,910	—	7,910	24,191	90,016	81,831	99,565	49.6	49.6
Feb. 6	121,239	87,885	—	87,885	30,745	35.0	7,246	—	7,246	26,108	96,130	88,761	100,259	50.9	50.9
13	126,832	86,964	— 5,000	81,964	27,636	33.7	6,801	5,050	11,851	28,037	87,427	85,296	100,539	47.0	52.5
20	136,095	100,501	— 9,950	90,551	35,888	39.6	5,265	5,050	10,315	25,279	87,157	81,096	101,563	43.0	50.9
27	130,261	98,599	— 5,000	93,599	32,762	35.0	1,787	5,050	6,837	24,855	89,922	89,295	102,214	47.0	52.2
Mar. 5	132,805	102,447	— 4,470	97,977	35,741	36.5	500	5,050	5,550	24,808	87,816	89,061	103,190	45.7	50.6
12	130,128	100,988	— 4,300	96,688	35,479	36.7	650	3,726	4,376	24,764	83,528	82,586	102,784	45.1	49.4
19	129,775	102,599	— 3,685	98,914	33,062	33.4	700	2,617	3,317	23,859	80,854	80,028	102,731	44.2	47.7
26	128,945	104,542	—	104,542	34,019	32.5	780	1,871	2,651	21,752	83,532	82,934	101,613	45.3	46.3
Apr. 2	134,482	111,360	—	111,360	39,413	35.4	882	447	1,329	21,793	77,317	82,341	101,407	42.1	42.3
9	132,309	108,772	—	108,772	33,323	30.6	432	447	879	22,718	77,659	80,557	101,846	42.6	42.8
16	130,914	108,228	6,000	114,228	38,658	33.8	461	—	461	22,225	72,199	75,043	100,561	41.1	37.7
23	130,748	108,072	11,800	119,872	40,855	34.1	461	—	461	22,215	74,706	78,923	99,593	41.8	35.2
30	133,073	110,625	15,871	126,496	42,407	33.5	461	—	461	21,987	75,834	83,339	98,850	41.6	32.9
May 7	132,613	110,319	15,000	125,319	43,244	34.5	361	—	361	21,933	78,735	85,884	98,703	42.7	34.5
14	134,421	112,118	7,000	119,118	45,681	38.3	361	—	361	21,942	75,088	84,478	98,375	41.1	37.2
21	133,630	110,800	14,248	125,056	47,370	37.9	1,920	—	1,920	21,900	77,082	85,909	98,036	41.9	34.2
28	135,139	111,970	13,865	125,835	46,748	37.1	1,309	—	1,309	21,860	74,383	84,966	97,572	40.7	33.1
June 4	129,981	106,737	15,430	122,167	47,076	38.5	1,396	—	1,396	21,848	75,977	79,494	99,059	42.5	35.7
11	131,202	107,664	9,779	117,443	42,970	36.6	1,696	—	1,696	21,842	72,652	78,444	97,913	41.2	33.9
18	134,561	110,500	11,144	121,644	43,953	36.1	1,989	—	1,989	22,072	71,599	80,209	98,364	40.1	33.8
25	134,186	110,138	12,958	123,096	46,245	37.6	2,102	—	2,102	21,946	74,317	83,346	97,622	41.1	33.9

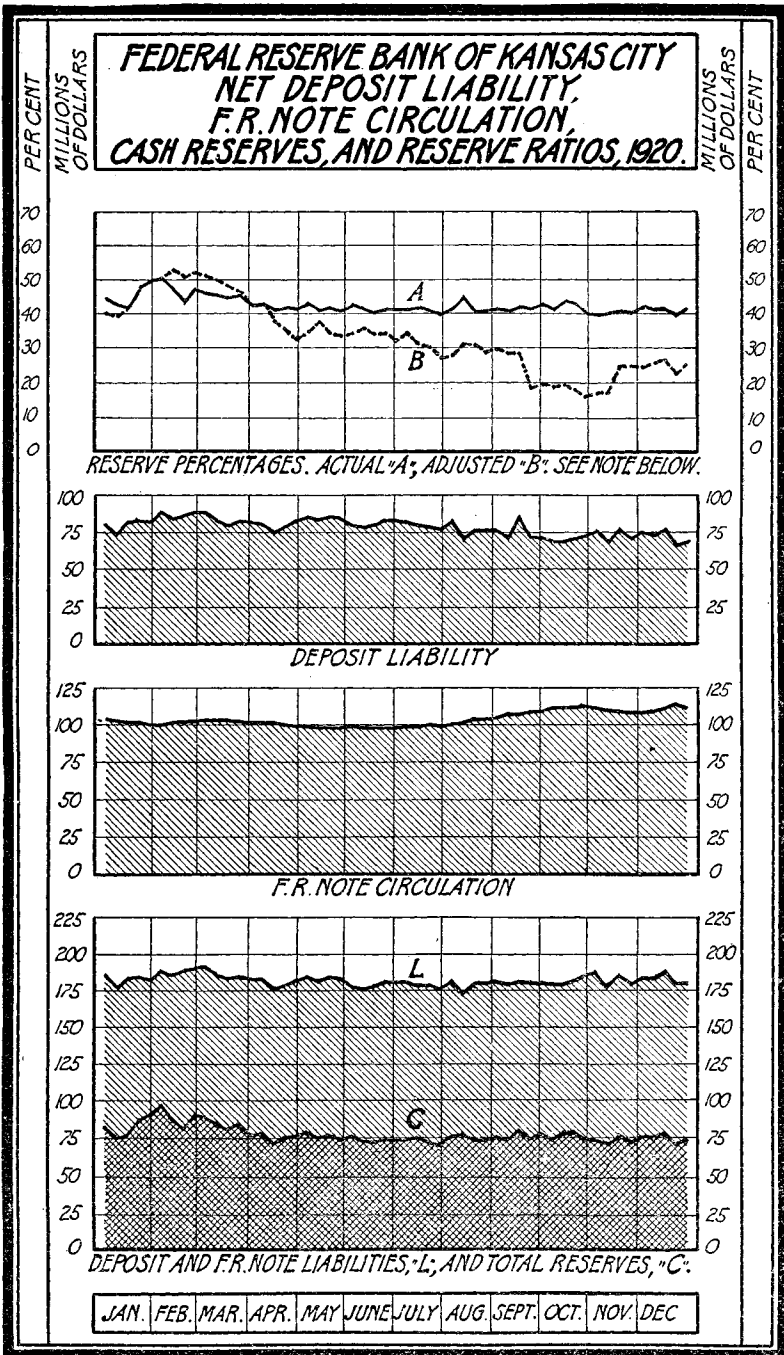
July	2	134,507	110,415	15,986	126,851	47,376	37.5	2,379	2,379	21,713	74,340	83,177	98,102	41.0	32.2
	9	134,105	109,682	12,767	122,449	47,092	38.5	2,616	2,616	21,807	74,336	82,309	98,651	41.1	34.0
	16	130,807	106,384	19,493	125,877	47,577	37.8	2,736	2,736	21,747	74,522	78,728	99,190	41.9	30.9
	23	133,500	108,678	18,861	127,539	46,861	36.7	3,070	3,070	21,752	71,797	78,158	99,621	40.4	29.8
	30	133,966	109,199	22,902	132,101	48,627	36.8	3,016	3,016	21,751	70,089	77,460	98,887	39.7	26.8
Aug.	6	134,902	109,276	25,756	135,032	51,819	38.4	3,916	3,916	21,710	75,518	81,643	100,454	41.5	27.3
	13	123,413	97,695	23,534	121,229	45,831	37.8	4,005	4,005	21,713	77,272	70,634	101,832	44.8	31.2
	20	135,322	109,608	17,640	127,248	47,499	37.3	4,016	4,016	21,698	72,689	76,297	103,655	40.4	30.6
	27	135,381	109,704	22,247	131,951	50,412	38.2	3,984	3,984	21,693	73,230	76,213	103,780	40.7	28.3
Sept.	3	135,424	110,220	21,018	131,238	48,592	37.0	3,510	3,510	21,694	74,903	76,247	105,151	41.3	29.7
	10	134,489	109,094	22,842	131,936	49,038	37.2	3,701	3,701	21,695	72,693	71,675	106,508	40.8	28.0
	17	139,886	114,277	26,729	141,006	50,240	35.6	3,874	3,874	21,735	80,010	83,967	106,711	42.0	27.9
	24	135,000	109,785	41,175	150,960	53,849	35.7	3,521	3,521	21,694	74,362	72,477	107,621	41.3	18.4
Oct.	1	132,332	107,104	41,986	149,090	50,101	33.6	3,534	3,534	21,694	76,856	71,026	108,823	42.7	19.4
	8	134,647	109,793	40,160	149,959	51,242	34.2	3,160	3,160	21,694	73,217	67,774	110,566	41.1	18.5
	15	130,899	106,727	43,063	149,790	48,667	32.5	2,478	2,478	21,694	77,685	67,650	111,394	43.4	19.3
	22	134,653	110,687	45,784	156,471	48,567	29.8	2,272	2,272	21,694	77,669	71,227	111,456	42.5	17.4
	29	139,786	115,777	44,895	160,672	49,436	30.8	2,313	2,313	21,696	74,235	72,528	111,575	40.3	15.9
Nov.	5	143,203	119,194	41,878	161,072	48,971	30.4	2,316	2,316	21,693	73,798	76,288	110,750	39.5	17.1
	12	136,536	112,508	40,503	153,011	48,020	31.4	2,335	2,335	21,693	70,854	68,321	109,161	39.9	17.1
	19	139,346	115,318	29,969	148,287	43,613	30.0	2,335	2,334	21,694	75,889	76,122	109,329	40.9	24.8
	26	137,171	113,664	28,464	142,128	44,684	31.4	1,818	1,818	21,689	72,201	71,207	108,336	40.2	24.4
Dec.	3	135,938	112,598	32,030	144,628	46,191	31.9	1,651	1,651	21,689	76,481	74,643	108,002	41.9	24.3
	10	137,442	113,818	28,265	142,083	44,807	31.5	1,935	1,935	21,689	75,279	74,143	108,856	41.1	25.7
	17	139,025	115,535	27,764	143,299	44,396	31.0	1,741	1,741	21,749	77,825	76,551	110,768	41.5	26.7
	23	138,026	114,434	31,000	145,434	45,203	31.1	1,904	1,904	21,688	71,495	66,307	113,553	39.8	22.5
	30	134,799	111,094	29,086	140,180	43,897	31.3	2,017	2,017	21,688	74,274	67,583	111,874	41.4	25.2

<sup>1</sup> Minus sign indicates paper discounted for other Federal Reserve Banks.

<sup>2</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.



*A. Paper secured by Government War Obligations discounted for Banks in District.  
 B. Total Paper discounted for Banks in District. C. Total Discounted Paper held.  
 Space between lines B and C represents - where above line B - Paper discounted for,  
 and - where below line B - Paper rediscounted with, other Federal Reserve Banks.*



*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accommodation extended to or received from other Federal Reserve Banks.*



SCHEDULE 3.—Volume of paper discounted and bought.

[In thousands of dollars.]

Month.	Discounted paper.					Purchased paper.				Total discounted and purchased paper.			
	Total.	Secured by United States Government war obligations.	Bankers' acceptances.	Trade acceptances.	All other.	Total.	Bankers' acceptances.	Dollar exchange.	Trade acceptances.	1920	1919	1918	1917
January.....	118,779	84,353	.....	253	34,173	100	100	.....	.....	118,879	102,388	40,206	2,502
February.....	105,406	69,706	.....	318	35,382	450	450	.....	.....	105,856	90,691	21,584	2,394
March.....	130,263	84,991	.....	578	44,694	330	330	.....	.....	130,593	129,382	32,054	2,573
April.....	142,073	90,552	145	449	50,927	131	131	.....	.....	142,204	145,550	55,019	2,580
May.....	133,478	91,403	30	828	41,217	948	948	.....	.....	134,426	147,389	95,917	6,472
July.....	142,708	103,360	30	1,002	38,316	1,757	1,757	.....	.....	144,465	137,092	63,442	14,078
June.....	147,853	108,277	31	1,023	38,522	2,064	2,064	.....	.....	149,917	109,923	83,261	18,372
August.....	145,550	107,032	14	623	37,881	3,515	3,515	.....	.....	149,065	104,100	58,808	21,716
September.....	158,105	100,775	47	1,601	55,682	2,857	2,857	.....	.....	160,962	140,561	78,626	30,487
October.....	163,969	97,505	49	1,122	65,293	2,078	2,078	.....	.....	166,047	171,179	124,422	46,661
November.....	140,573	89,541	11	1,050	49,971	970	970	.....	.....	141,543	145,935	110,050	72,235
December.....	139,186	86,531	12	1,295	51,348	1,973	1,973	.....	.....	141,159	157,493	84,823	44,446
Total:													
1920.....	1,667,943	1,114,026	369	10,142	543,406	17,173	17,173	.....	.....	1,685,116	.....	.....	.....
1919.....	1,555,597	1,188,261	357	7,487	359,492	26,086	26,086	50	.....	.....	1,581,683	.....	.....
1918.....	833,521	475,659	10	10,401	347,451	14,691	14,657	.....	34	.....	.....	848,212	.....
1917.....	237,091	53,087	197	2,646	181,761	126,825	26,825	.....	.....	.....	.....	.....	1264,516

<sup>1</sup> Includes \$9,264,262 of acceptances purchased from the Federal Reserve Banks of Boston and New York.

SCHEDULE 4.—*Earnings and expenses.*

	1920	1919	1918	1917
<b>EARNINGS.</b>				
Bills discounted.....	\$6,441,476.47	\$3,888,839.25	\$2,643,990.71	\$438,831.43
Bills bought, acceptances.....	211,974.98	340,875.06	157,982.45	171,112.15
United States securities.....	505,539.24	405,399.83	312,442.84	256,792.18
Municipal warrants.....				5,136.63
Transfers—net earnings.....	1,749.90	198,748.86	202,521.45	45,569.84
Sundry profits.....	14,321.63	20,914.39	11,576.59	1,111.99
Deficient reserve penalties (including interest).....	238,424.89	106,704.52	99,928.66	37,395.78
Service charges, net.....			23,493.43	
<b>Total earnings.....</b>	<b>7,409,987.31</b>	<b>4,961,481.91</b>	<b>3,451,936.13</b>	<b>955,950.00</b>
<b>CURRENT EXPENSES.</b>				
<b>Expenses of operation:</b>				
Federal Reserve Board assessments.....	34,221.40	28,150.57	17,998.37	13,118.24
Federal Advisory Council.....	330.00	300.00	270.00	370.00
Governors' conferences.....	626.23	497.74	430.09	665.23
Federal Reserve agents' conferences.....	120.61	360.49	327.87	
Salaries—				
Bank officers.....	116,273.96	91,604.11	68,045.47	37,781.97
Clerical staff.....	794,286.34	453,258.48	188,679.56	39,684.21
Special officers and watchmen.....	25,275.01	14,423.07	5,609.11	
All other.....	35,693.82	11,697.97	784.50	1,570.05
Directors' fees.....	7,285.00	6,735.00	8,260.00	3,975.00
Per diem allowance.....	7,290.00	6,438.25	3,675.00	3,660.00
Traveling expenses.....	4,956.79	5,101.83	6,553.24	4,192.65
Officers' and clerks' traveling expenses.....	28,085.33	13,959.06	2,425.80	1,203.09
Legal fees.....	2,542.50	1,825.00	1,225.00	775.00
Rent.....	41,326.18	31,819.50	21,262.71	8,849.96
Taxes and fire insurance.....	4,216.85	645.62	169.04	
Telephone.....	5,627.27	3,734.18	2,481.04	810.40
Telegraph.....	37,309.48	12,233.45	4,454.90	565.11
Postage.....	115,505.65	78,769.04	63,782.23	8,838.00
Postage and insurance on gold concentration.....	1,633.71	17,804.26	35,800.81	
Postage and insurance on silver concentration.....	115.16	2,789.41	1,076.30	
Currency shipments.....	57,425.27	27,075.04	1,412.27	
Expressage.....	2,144.22	2,467.58	466.38	1,233.64
Fidelity bond premiums and group insurance.....	29,206.64	20,805.92	6,004.52	1,871.00
Light, heat and power.....	5,720.45	4,546.41	2,522.58	1,184.56
Printing and stationery.....	94,787.13	49,781.97	26,181.58	7,314.00
Repairs and alterations.....	18,147.32	11,508.67	5,020.04	286.74
All other.....	43,963.25	20,287.03	18,617.18	17,338.17
<b>Total operating expenses.....</b>	<b>1,514,115.57</b>	<b>918,619.65</b>	<b>493,533.59</b>	<b>155,337.02</b>
Cost of Federal Reserve notes.....	97,477.12	131,339.12	98,542.01	48,679.35
Miscellaneous charges account note issues (including taxes on Federal Reserve Bank notes).....	117,326.40	81,820.72	57,017.18	20,885.26
Depreciation furniture and equipment.....	126,707.39	54,289.85	46,710.47	38,353.22
Transit department disbursements, net deficiency.....				8,196.09
Bank premises.....	2,333.33			
<b>Total current expenses.....</b>	<b>1,857,959.81</b>	<b>1,186,069.34</b>	<b>695,805.25</b>	<b>271,450.94</b>
<b>Current net earnings.....</b>	<b>5,552,027.50</b>	<b>3,775,412.57</b>	<b>2,756,130.88</b>	<b>684,499.06</b>
<b>PROFIT AND LOSS ACCOUNT.</b>				
Earnings.....	7,409,987.31	4,961,481.91	3,451,936.13	955,950.00
Current expenses.....	1,857,959.81	1,186,069.34	695,805.25	271,450.94
<b>Current net earnings.....</b>	<b>5,552,027.50</b>	<b>3,775,412.57</b>	<b>2,756,130.88</b>	<b>684,499.06</b>
Additions to current net earnings on account of—				
Amount previously set aside for depreciation				
United States bonds.....		147,949.58		
Profit and loss account, Jan. 1.....			293,407.40	91,381.23
All other.....	233.30		2,351.68	
<b>Total.....</b>	<b>5,552,260.80</b>	<b>3,923,362.15</b>	<b>3,051,889.96</b>	<b>775,880.29</b>

<sup>1</sup> Debit.

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SCHEDULE 4.—*Earnings and expenses*—Continued.

	1920	1919	1918	1917
PROFIT AND LOSS ACCOUNT—continued.				
Deductions from current net earnings on account of—				
Bank premises.....			\$100,000.00	
Premium on United States bonds.....				\$75,462.42
Reserve for depreciation United States bonds.....	\$11,579.19		220,734.00	
Cost of unissued Federal Reserve notes.....				42,507.74
Total deductions.....	11,579.19		320,734.00	117,970.16
Net earnings available for dividends, surplus, and franchise tax.....	5,540,681.61	\$3,923,362.15	2,731,155.96	657,910.13
Dividends paid.....	257,672.52	228,755.50	309,729.25	364,502.73
Transferred to surplus fund.....	3,042,780.88	3,694,606.65	12,421,426.71	
Franchise tax paid United States Government....	2,240,228.21			
Profit and loss, Jan. 1, 1918.....				293,407.40

<sup>1</sup> Includes \$1,210,713 reserve for Government franchise tax transferred to surplus fund in 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

[In thousands of dollars.]

Month.	Receipts.		Shipments.		Total receipts.				Total shipments.			
	From member banks.	From non-member banks.	To member banks.	To non-member banks.	1920	1919	1918	1917	1920	1919	1918	1917
January.....	16,000	73	9,200	17	16,100	11,690	5,500	1,500	9,200	2,290	4,000	1,500
February.....	9,900	82	12,000	78	9,900	7,600	3,500	7,000	12,100	4,800	3,000	1,500
March.....	13,600	60	12,200	39	13,600	7,900	3,600	3,000	12,200	6,300	3,500	2,000
April.....	16,100	107	11,200	5	16,100	8,200	4,000	2,500	11,500	5,400	3,000	2,500
May.....	13,100	124	11,400		13,200	10,900	5,000	3,000	11,000	6,100	4,000	2,000
June.....	15,900	167	12,500	18	16,000	11,000	6,000	2,500	12,500	6,000	5,000	3,500
July.....	14,800	172	14,200	46	14,800	13,000	6,500	3,000	14,200	9,000	5,000	2,000
August.....	13,200	29	17,500	17	13,200	10,800	4,500	3,500	17,500	11,800	3,500	2,500
September.....	16,400	25	17,300	89	16,400	11,700	5,500	3,000	17,300	13,400	4,500	3,000
October.....	17,400	18	15,000	43	17,500	14,400	7,500	3,500	15,100	10,700	5,000	3,000
November.....	16,600	231	13,400	11	16,800	10,200	6,000	3,500	13,400	12,900	4,000	3,500
December.....	19,700	270	19,400	123	20,000	14,500	7,400	4,000	19,500	13,700	5,500	3,000
Totals:												
1920.....	182,700	1,400	165,400	500	183,600				165,500			
1919.....	172,400	800	102,400	700		132,090				102,390		
1918.....	64,000	1,000	49,300	700			65,000				50,000	
1917.....	34,500	500	29,900	100				35,000				30,000

SCHEDULE 6.—Operations of check clearing and collection department.

[Amounts in thousands of dollars.]

Monthly period ending on the 15th of—	Items drawn on banks in own district.				Items drawn on Treasurer of United States.		Items forwarded to other Federal Reserve Banks and their branches.	
	Located in Federal Reserve Bank and branch cities.		Located outside Federal Reserve Bank and branch cities.					
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	429, 423	486, 935	2, 820, 266	342, 974	91, 510	10, 649	334, 360	128, 181
February.....	411, 526	468, 728	2, 719, 114	326, 084	84, 950	11, 720	314, 119	111, 992
March.....	507, 152	559, 129	3, 140, 794	408, 240	66, 317	10, 397	349, 512	125, 315
April.....	647, 892	570, 363	3, 333, 457	403, 395	135, 178	13, 583	388, 930	126, 287
May.....	654, 507	500, 744	3, 214, 690	350, 625	218, 147	11, 497	369, 104	108, 308
June.....	586, 886	478, 335	3, 096, 632	341, 539	110, 288	9, 886	361, 049	108, 462
July.....	497, 215	503, 454	3, 144, 250	355, 686	147, 939	12, 443	373, 421	113, 048
August.....	488, 720	521, 429	3, 392, 731	341, 454	99, 300	12, 859	404, 235	103, 518
September.....	478, 945	584, 802	3, 862, 256	355, 422	78, 682	10, 753	468, 884	114, 111
October.....	466, 099	599, 533	3, 872, 011	368, 490	149, 754	13, 031	448, 923	119, 709
November.....	459, 914	555, 508	3, 778, 534	331, 985	220, 550	17, 152	425, 108	106, 486
December.....	449, 990	491, 114	3, 864, 163	301, 594	128, 938	11, 567	478, 171	108, 087
Totals:								
1920.....	6, 078, 269	6, 320, 074	40, 233, 898	4, 227, 488	1, 531, 562	145, 547	4, 715, 816	1, 373, 504
1919.....	3, 316, 098	4, 498, 626	21, 160, 467	3, 066, 166	1, 770, 353	170, 284	2, 224, 021	1, 580, 547
1918.....	1, 615, 722	3, 488, 040	9, 389, 296	2, 502, 999	753, 008	119, 942	1, 060, 205	1, 561, 143
1917.....	704, 296	1, 440, 976	3, 466, 259	859, 349	190, 919	37, 876	200, 091	1, 147, 437

Monthly period ending on the 15th of—	Total. <sup>1</sup>							
	1920		1919		1918		1917	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	3, 675, 559	968, 739	1, 764, 882	653, 622	485, 972	534, 564	344, 245	205, 066
February.....	3, 529, 718	918, 524	1, 883, 970	736, 061	463, 295	434, 219	304, 143	155, 472
March.....	4, 063, 775	1, 103, 081	1, 874, 783	643, 942	542, 802	578, 233	340, 341	196, 973
April.....	4, 505, 457	1, 113, 628	2, 420, 547	736, 129	591, 598	520, 284	323, 239	213, 141
May.....	4, 456, 448	971, 174	2, 109, 614	636, 139	593, 264	529, 725	330, 893	232, 861
June.....	4, 154, 855	938, 232	2, 182, 222	742, 960	998, 002	607, 297	321, 167	236, 559
July.....	4, 162, 825	984, 631	2, 176, 578	742, 660	1, 160, 370	651, 488	306, 289	254, 723
August.....	4, 384, 986	979, 260	2, 343, 150	857, 455	1, 405, 750	704, 240	334, 641	245, 227
September.....	4, 888, 767	1, 065, 088	2, 568, 892	878, 326	1, 397, 893	665, 023	368, 310	258, 204
October.....	4, 936, 787	1, 100, 763	2, 628, 955	885, 269	1, 659, 271	900, 030	502, 959	415, 490
November.....	4, 884, 106	1, 011, 131	3, 340, 176	934, 298	1, 708, 938	801, 980	544, 383	547, 345
December.....	4, 921, 262	912, 362	3, 177, 170	868, 762	1, 811, 076	744, 141	540, 955	522, 577
Totals:								
1920.....	52, 564, 545	12, 066, 613						
1919.....			28, 470, 939	9, 315, 623				
1918.....					12, 818, 231	7, 672, 124		
1917.....							4, 561, 565	3, 483, 638

<sup>1</sup> Exclusive of duplications on account of items handled by both parent bank and branches.

## DISTRICT NO. 11.—DALLAS.

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WILLIAM F. RAMSEY, Chairman and Federal Reserve Agent.

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### INTRODUCTION.

In attempting to review briefly the activities of the Federal Reserve Bank of Dallas for 1920, it is appropriate to refer to some of the conditions prevailing throughout the year. Among the important problems which have confronted the management of the bank in its operations of 1920 were those of orderly readjustment, and the necessity of limiting the expansion of credit without unduly interfering with the processes of production and distribution.

Many of the economic evils of the twelve months immediately preceding this year were inherited with the turn of 1920, and some substantial readjustments in the whole credit and financial structure were inevitable. Early in the year the Federal Reserve Bank undertook an educational campaign among member banks with a view of encouraging liquidation and of effecting a reduction in the volume of loans for investment or capital purposes in order that the agricultural and industrial interests of the district might be assured the support during the busy season which their importance justified.

The closing months of 1919 witnessed an era of reckless extravagance and indulgence in luxuries at a pace heretofore unequalled. After this period of "fictitious prosperity," as the result of abnormal profits, high wages, and high prices of commodities, attempts to restore financial operations to anything like a normal, or prewar, basis were slow of accomplishment. While in some Federal Reserve districts discount rates were greatly increased in an effort to check speculation, in this district it was not deemed expedient to tax unduly the agricultural and livestock interests, which had the greatest demand for credit, and though rates were somewhat increased, the advance was not as great as in some other districts. It is still believed that this procedure was one of wisdom.

Early in the year the bank had a strong reserve position, but as the demand for credit greatly increased during the spring months, in April rediscounting with other banks became necessary. This condition has obtained continuously since that time. On account of the heavy decline in the price of cotton and other products of the farm and ranch, many banks, especially in agricultural sections, are in a greatly extended condition, and the year closes with some uncertainty as to the future. It will continue to be the policy of the bank to extend necessary assistance to those member banks that have been the heaviest sufferers in this regard, and, in every legitimate way, to encourage agricultural and live-stock production.

## FINANCIAL RESULTS OF OPERATION.

Financially the results of the bank's operations in 1920 have surpassed the record of 1919 and of previous years, when the financing of wartime needs had resulted in abnormally high profits. The increase in productive assets of the bank is reflected in gross earnings, which in 1920 amounted to \$4,904,521.93, an increase of 60.1 per cent over 1919, when earnings were \$3,062,250.84. Current net earnings were \$3,354,675.07, as compared with \$2,079,415.01 in 1919, an increase of \$1,275,260.06, or 61.3 per cent.

The ratio of current net earnings to average paid-in capital in 1920 was 89.2 per cent, as compared with 63.6 per cent in 1919.

Depreciation of various assets to an amount considered conservative has been figured in the manner and upon the basis prescribed by the Federal Reserve Board. Reserves for possible losses have also been set up.

The increased volume of business handled by the bank in 1920, as will be shown by the comparative statistical exhibits which follow, has greatly increased the operating cost. No small part of the increased expenses is due to the free services performed for member banks, such as transportation charges on currency receipts and shipments, telegraphic charges on transfers, etc. The advance in replacement cost of equipment and stationery, the increased wage scale, and the necessary additions to the clerical force, are other factors contributing to the heavy cost of operating the bank. Expenses for 1920 were \$1,549,846.86, an increase of \$567,011.03, or 57.7 per cent over 1919.

After making appropriate adjustments in the profit and loss account, following the dividend payment of December 31, 1919, the bank's capital was \$3,420,700, and surplus, \$3,029,937.

On June 30 the regular semiannual dividend at the rate of 6 per cent per annum, covering the operating period, January 1 to June 30 and amounting to \$106,284.71 was paid. At the same time there was carried to surplus \$1,122,333.60. On December 31, 1920, the regular dividend covering the operating period, July 1 to December 31, and amounting to \$119,139.18 was paid. The balance in profit and loss account of \$1,880,473.47 was added to surplus, making a surplus on December 31, 1920, of \$6,032,744, or 73.5 per cent of the bank's subscribed capital.

Schedule 1 shows comparative balance sheet as of December 31, 1917, to 1920. The growth in the banking business of the district is reflected in the increase of earning assets, gold reserves, capital, surplus, reserve deposits of member banks, and total resources. Total earning assets on December 31, 1920, were \$83,222,544.51 as compared with \$77,767,567.87 on December 31, 1919, \$56,363,336.64 on December 31, 1918, and \$29,639,163.47 on December 31, 1917.

The capital of the bank on December 31, 1920, was \$4,098,550, as compared with \$3,420,700 on December 31, 1919, \$3,154,300 on December 31, 1918, and \$2,794,900 on December 31, 1917.

Schedule 4 shows a comparative statement of earnings and expenses for the years 1917, 1918, 1919, 1920.

## DISCOUNT TRANSACTIONS.

In preceding annual reports the increase in discount operations has been worthy of special notice. This year is no exception, and the volume of paper handled and number of banks accommodated have reached new totals.

From a total of 210 banks served in January, the number increased each month, 600 being accommodated in December. The increase in total bills discounted was \$55,229,866, or 4.5 per cent increase over 1919. As compared with 1918 the increase was \$692,498,244, or 117.9 per cent.

Of the total paper handled, 69.7 per cent consisted of notes of member banks secured by Government obligations. Throughout the year the amount of notes discounted, secured by Government obligations, has constituted a large percentage of the total advances, indicating that the banks are still carrying Government securities in large amounts.

A total of 702 banks were accommodated in 1920, as compared with 607 in 1919, and 548 in 1918. Of the number served 94 were banks which previously had not used our rediscount facilities.

## TRADE ACCEPTANCES.

While some progress has been made during the year in the use of trade acceptances in the wholesale and retail trades, the progress in their use has been slow. The bank has responded to many inquiries for forms, and undertaken, as opportunity presented itself, to encourage the practice of taking trade acceptances in settlement of sales. It is believed that some headway is being made, as the advantage of the trade acceptance over the old method of carrying open accounts gains recognition. The various associations of credit men throughout the district, and other organizations of business men have, by a campaign of education among business houses, done much toward popularizing this class of paper.

## BANKERS' ACCEPTANCES.

Purchases of bankers' acceptances during the year aggregated \$8,348,278, as compared with \$12,415,232 in 1919, a decrease of \$4,066,954. Of the total \$7,726,193 was purchased from banks in the Eleventh District, and \$622,085 through other Federal Reserve Banks. The number of banks handling acceptance credits and of those which accept has increased in the year, and the volume of acceptances created has been larger than previously. The acceptances of many of the larger banks in the district have been sold in the North and East, and such bills have been subsequently purchased by this bank. The use of acceptances and their purchase by the investing public has been encouraged, and it is believed investors are alive to the attractiveness of such paper. It is, however, practically a new form of financing in this district, and the field is still undeveloped. The bank has recently given notice of the discontinuance of the policy of purchasing unindorsed bills of any one drawer exceeding 10 per cent of the capital and surplus of the accept-

ing bank. This will doubtless limit the purchases, but should have the effect of distributing the bills in other districts, which is most desirable.

#### RESERVE POSITION.

The bank entered the year with a strong reserve position, and for some time its reserve percentage, ranging between 50 and 70, was among the highest in the system. This position was maintained until April. While it continued, rediscounts were taken from other Federal Reserve Banks, the maximum of \$23,500,000 being reached on February 28. As the spring months advanced, however, the demands from member banks steadily increased, and reserves declined accordingly. In April rediscounting with other Federal Reserve Banks became necessary, and has been essential since that time in order to maintain legal reserve requirements. In the past the bank has been enabled to retire its paper with other Federal Reserve Banks when cotton moved and the fall liquidating occurred. This has not been possible in 1920, and on December 31 the bank had \$26,694,600 rediscounted with other Federal Reserve Banks.

#### CLEARING OPERATIONS.

The district clearing-house plan touched upon in the annual report for the year ending December 31, 1919, was discontinued on March 1, 1920, and the name of the district clearing house was changed to the transit department and its operations conducted in accordance with the method outlined in Circular No. 3, 1920. Instead of making an arbitrary charge to the reserve accounts of our member banks covering any debit balances that they would receive under the district clearing-house plan from a predetermined mail schedule, the total amount of our daily sendings to each member bank is handled as a separate transaction and is charged to its reserve account after receipt of the cash letter has been acknowledged. This plan obviously gives the member bank sufficient time to prepare its reserve account to meet the charge and there is no occasion for adjustments due to irregularities in the mails, over which the Federal Reserve Bank or the member bank has no control.

The reserve city clearing house has continued to prove very satisfactory to its members and advantageous to the country banks in making quick settlement of our sendings to them. The banks as a whole are realizing more and more the necessity of paying their checks presented to them through the mails in the quickest time possible and are taking advantage of the facilities offered therefor by the reserve city clearing house. This applies to nonmember institutions as well as to member banks.

#### DIRECT ROUTING.

Although the statistics exhibited in Schedule 6 of this report show conclusively the increasing number of checks handled during the year 1920 over previous years, a still greater increase would have been shown if it were not for the direct sending privilege accorded member banks. Arrangements may be made, when it is desirable, in order to save time, by member banks, for direct routing of their



items to the head office or branch in the Eleventh Federal Reserve District outside of their territory, or to other Federal Reserve Banks or branches for credit at the head office or branch to which they are attached. Practically 65 per cent of our member banks using our transit facilities have taken advantage of the direct routing privilege, resulting in their not only obtaining quicker credit for their checks, but also in a saving of time and expense in the presentation of the checks and of unnecessary handling and delays in this bank and its branches.

“STATION K.”

A branch of the Dallas post office, officially designated by the Post Office Department as “Station K,” was established in the Federal Reserve Bank at Dallas on February 20, 1920, and began operations on that date.

INTRA AND INTER DISTRICT TIME SCHEDULES.

Constant attention has been given to the time collection schedule between the Federal Reserve Banks, their branches, and member banks, with the view of insuring collection of checks according to actual transit time. From time to time circulars have been issued giving the availability dates of the collection of checks drawn on the various towns in this district, as well as those drawn on various cities and States of other districts. These schedules are constantly being revised as conditions warrant and will be still further revised until they reflect the actual time in which collection is made.

That this is proving satisfactory to our member banks is shown by the increasing number of checks handled each month. During the month of January, 1920, the average number of checks handled in the transit department daily was 68,000, as compared with 82,000 handled in November of the same year, an increase of approximately 21 per cent. The fact that all banks in the Eleventh Federal Reserve District continue to appear on the par list is also a contributing factor to the increasing number of items handled. This not only simplifies the matter of routing checks to us for collection, but also affords a much quicker and more satisfactory means for collection.

COLLECTIONS.

Since the establishment of our collection department on January 1, 1918, our facilities for the handling of all forms of collection items for our member banks and other Federal Reserve Banks, their branches, and other banks, have been used to a great advantage. This is clearly shown by the increase in the number of items handled during January and December, 1920. In January we handled 700 items for collection, totaling \$1,757,000 against 2,172 items, totaling \$5,452,100 during December, indicating an increase of 200 per cent both in amount and number of items.

MOVEMENT OF MEMBERSHIP.

On January 1, 1920, the total number of national banks in this district was 643, with combined capital and surplus of \$106,458,000.

During the year 31 national banks were granted charters. Through liquidation, merger, and other causes 11 banks were dropped from membership, making a net increase of 20, and a total membership on December 31, 1920, of 663.

On January 1, 1920, our total State bank membership was 115, with combined capital and surplus of \$10,211,000. During the year 74 State banks were admitted, 2 consolidated with other institutions, making a net increase during the year of 72, and a total on December 31, 1920, of 187 State bank members.

#### FEDERAL RESERVE NOTES.

The seasonal fluctuations in Federal Reserve notes are indicated in Schedule 2. In contrast to previous years, notes in large amounts were issued well into the spring and summer months, indicating the heavy volume of business which has continued in 1920. In past years the peak in note issues was reached in the fall, when the movement of cotton began. The movement of notes has reflected the necessity for increased circulation, as the result of high prices. Starting in January a reduction in notes outstanding of some \$3,000,000 occurred. February showed an increase from \$75,534,320 to \$80,280,050; in March an increase of \$1,500,000 was shown; April showed an increase of \$1,750,000; May an increase of \$1,200,000; June showed an increase of less than \$100,000; July showed a reduction of \$3,000,000; August showed an increase of \$600,000. In September the seasonal demand began, and an increase of \$9,000,000 was shown. October showed an increase of \$3,000,000; November showed a decrease of \$7,000,000; December a decrease of \$3,000,000.

#### FEDERAL RESERVE BANK NOTES.

There has been no change in the amount of the bank's circulation of Federal Reserve Bank notes in 1920, the total being \$11,032,400. Of this amount \$7,101,000 was in actual circulation on December 31, 1920, \$1,643,800 held by the bank and branches and \$2,283,600 forwarded to the comptroller and in process of redemption. The increasing demands for currency of small denominations are very largely met by Federal Reserve Bank notes.

#### BANKS AUTHORIZED TO ACCEPT UP TO 100 PER CENT.

Four banks were authorized in 1920 to accept drafts and bills of exchange up to 100 per cent of their capital and surplus, making a total of 24 which now have this authority.

#### MEMBER BANK RELATIONS DEPARTMENT.

The board of directors of this bank at its regular meeting in April authorized the organization of a member bank relations department.

While there was a general understanding of the services performed by the Federal Reserve Bank in extending credit, collecting checks, supplying and receiving currency, many bankers were not familiar with the other operations and services of the bank, and while circulars issued from time to time clearly explained the facilities of this bank, it

was found that many bankers were not reading and digesting them, with the result that very frequently information of value to them was overlooked. It was decided to have field representatives visit all member banks in this district to discuss with their officers current banking problems, fully explain the services offered, suggest, if possible, how the bank visited could advantageously make full use of the facilities of this bank, and explain the requirements in connection therewith, so that all would thoroughly understand the benefits to which they were entitled, and would be in position to avail themselves, if they so desired, of services which this bank stands ready to perform for members.

It was also decided that field representatives should visit eligible nonmember banks and trust companies in the district, and explain the advantages of membership in the Federal Reserve System, soliciting applications, when that course appeared advisable. Work of a special nature, which required a trip by a representative of this bank, has been from time to time assigned to the member bank relations department for attention.

In August the Legislature of the State of Louisiana passed a law purporting to give member and nonmember banks in Louisiana the right to charge exchange on all checks received for collection from outside sources, including Federal Reserve Banks. Immediately thereafter approximately 50 nonmember banks, which were remitting at par for items received from the Federal Reserve Bank of Dallas, advised of their intention to cancel their par agreement, and to charge exchange on all items received for collection. Two field representatives of this bank were immediately sent to Louisiana to call upon banks which canceled their agreements, and succeeded in getting most of such banks to again remit at par for items sent them by this bank.

Between July 1, when field work was commenced, and December 31, 1920, 321 members and 224 nonmembers, or a total of 545 banks in this district were visited by field representatives. A better understanding of our functions, policies, and services has resulted from these personal visits, and a great many more banks are availing themselves of all or part of the services offered to members than was the case at the time the member bank relations department was established.

#### STATE BANK MEMBERSHIP.

Seventy-two State bank members were added in 1920. Action on 20 applications was deferred on account of criticisms by examiners, and the applications of four banks were approved, but they failed to qualify for various reasons.

With a total State bank membership constituting 23 per cent of all member banks, the State banks have shared proportionately in the service rendered. The successful result of the campaign for State bank members to which reference is made in another section of this report, shows that the facilities of this bank appeal to the State banks, and the most important function, that of rediscounting, has been very freely used by State bank members.

## BANK EXAMINATIONS.

The department of examination has made the following examinations in 1920:

State bank applicants.....	82
Joint, with State bank examiners.....	58
Special, or independent.....	10
Total.....	150

Additional examiners will be added to the department of examination early in the new year, and it is planned to make an independent or joint examination of every State bank member in 1921. It will also be our purpose to conduct these examinations in a manner calculated to be helpful to the member, and by constructive suggestions promote a better understanding of the operations of this bank.

## BANKING QUARTERS.

In addition to the bank building on Commerce Street, operations in five other locations were continued in 1920, the same as during the year previous. Although very satisfactory progress on the bank's new building was made in 1920, it was not possible to get relief by removal to it until December, when the bookkeeping, mailing, and transit departments were transferred to the new location. This partially relieved the very congested condition in the bank building proper. While all of the departments have worked under the greatest handicaps, through lack of space, conditions in the cash, trust, and loan and discount departments were the most unsatisfactory. It is hoped that all departments can move to the new building by February 15, 1921, and the problem of housing will be permanently settled.

## FISCAL AGENCY DEPARTMENT.

The operations of this department during the year 1920 were somewhat different than heretofore, due chiefly to the elimination of a bond issue and the addition of the temporary-permanent coupon bond exchanges. Plans for the latter were completed well in advance and this work has been carried on with dispatch. A separate division was created at first for handling these transactions but after the peak load was over it was, for economy's sake, merged with the conversion division. For a like reason the depository division was merged with the certificates of indebtedness division; the work in the depository division having been reduced considerably on account of cessation of bond payments and increased little incident to the consignment feature of the temporary-permanent exchanges of bonds.

*United States Treasury certificates of indebtedness.*—Sales of certificates of indebtedness during 1920 were much less than in 1919; in fact, the \$66,992,500 subscriptions allotted during 1920 is only 26 per cent of the total for year 1919—\$262,019,500; however, the 1920 subscriptions were relatively more widely distributed, there being 4,100 subscriptions against 6,100 in year 1919, a decrease of approximately 35 per cent, compared with the decrease of 74 per cent in amount of subscriptions.

Considerable activity was experienced throughout the year in connection with purchases and resales of certificates for banks and investors through banking institutions; in fact, it has become a common practice with some of the large member banks to subscribe for a greater amount of certificates than for their own investment, with a view of reselling, thus assisting in supplying the unsatisfied demand usually following the closing of subscription books of certificates. This practice is profitable to the banks making heavy purchases, because such subscriptions are generally paid for by credit through the medium of war loan deposit accounts, thereby increasing their deposits, as well as earning interest on the certificates.

*Sales and purchases of Liberty bonds and Victory notes.*—Advantage is being taken of our facilities offered to member banks in the sale and purchase of Liberty bonds and Victory notes. The total amount of such transactions is small, but these sales and purchases are usually for small amounts and include practically all issues. There being no well-established market in this district, such deals are consummated in the eastern market, we acting merely as forwarding agents.

*Temporary permanent coupon bond exchanges.*—These transactions cover the delivery of permanent bonds, in lieu of temporary bonds surrendered, of the same issue and bearing same rate of interest. The total amount of such permanent bonds delivered during the year 1920 was \$63,500,000, the largest proportion of which was of the third loan, \$42,350,000 third's being delivered, which amount is 40 per cent of the \$104,900,000 temporary coupon bonds delivered in this district on original subscriptions allotted. However, it is not believed that a great many more temporary third's will be presented to us for exchange, on account of the general exodus from the district of these bonds.

Full preparation has been made for handling the temporary exchanges of the fourth loan, \$133,000,000 coupon bonds having been delivered on allotment in the Eleventh District.

*Conversion transactions.*—Conversion transactions increased 100 per cent over the year 1919. This increase was occasioned mostly by the presentation of temporary 4 per cent bonds of the first and second loans for permanent  $4\frac{1}{4}$  per cent bonds.

*Miscellaneous exchanges, transfers, and interchanges.*—Under this head come exchanges of coupon bonds for registered bonds, registered for coupon, changes in ownership of registered bonds, and denominational interchange of coupon bonds. These transactions have increased 50 per cent over the previous year, with the exception of denominational interchange, which decreased; however, interchanges are very simple and consume little time.

*Sale of war-savings securities.*—Sales of this class of securities fell off considerably. Banks generally have become prejudiced against handling war-savings securities on account of the intricate accounting necessary, and it is difficult to overcome this prejudice. Redemption of war-savings certificates exceed by far the sales. Treasury savings certificates are redeemed only at the Treasury Department, and we are not furnished with figures on these redemptions.

*Interest coupons and Government warrants paid.*—The amount of interest coupons paid during the year was \$8,136,465.43, there being 1,935,212 pieces, compared with \$6,798,056.63 for 2,035,577 pieces in

the year 1919. The fact that there was an increase of about \$1,300,000 in amount paid and a decrease of 100,000 in number of coupons is explained by the fact that United States Treasury certificates of indebtedness coupons are for relatively much larger amounts than bond coupons, a large amount of the former being included in 1920 payments. Government warrants paid in 1920 amounted to \$52,537,635.05, against \$117,102,800.82 for year 1919, a decrease of 55 per cent; the number of pieces handled decreased 60 per cent.

*Shipment of securities.*—Thirty-three thousand, seven hundred and eighty-two separate shipments of securities, the par value of which amounted to \$370,000,000 in round figures, were made during the year 1920. In 1919 there were 30,153 shipments, amounting to \$447,500,000.

*Securities on hand.*—At close of business December 31, 1920, there remained in custody of the fiscal agency custodian of securities and on hand with tellers securities amounting to \$101,167,303.27, composed of 53 different varieties or classifications. This total does not include collateral pledged to secure war-loan deposits with designated depositories, war-savings securities, and permanent coupon bonds outstanding with consignment agents. Such collateral is held by our trust department, trust receipts covering same being issued to and held by the fiscal agency department.

#### OPERATIONS OF THE EL PASO BRANCH.

At the close of 1920 there were 59 national and 13 State banks attached to the branch, with capital and surplus of \$8,404,000 for national banks, and \$1,545,700 for State banks. During the year there were added three national bank and three State bank members. All El Paso banks are now members, the Security Bank & Trust Co. having completed its membership in December. During the year one member bank suspended operations, being a State bank situated in New Mexico.

*Discount operations.*—On December 31, 1919, total discounts and rediscounts held by the branch aggregated \$3,194,356.32, and on December 31, 1920, an aggregate of \$11,677,974.03 was held. Sixty-five of the 72 members banks discounted or rediscounted paper during the past year.

*Clearing operations.*—During the past year 2,636,925 items, aggregating \$526,490,147.04, were handled, an increase over 1919 of 452,081 items, amounting to \$70,518,751.76, representing an increase of 20.7 per cent in number handled.

*Trust department operations.*—During 1920 securities aggregating \$6,376,809.16 were deposited and \$5,538,804.82 were withdrawn, as compared to deposits of \$8,046,589.67 and withdrawals of \$7,314,660.24 during 1919. This decrease is attributable to the retirement of Treasury certificates, large amounts of which were deposited during 1919.

#### OPERATIONS OF THE HOUSTON BRANCH.

*Membership.*—At the close of the year 1919 the Houston branch had a membership of 101 banks. Many applications for membership were received during 1920 and 27 State and three national banks were admitted. During this same period three national banks were consolidated, while one national and one State bank were transferred

to this territory from the Dallas district, increasing the total membership of this territory to 130, being an increase of approximately 29 per cent for the year.

*General conditions.*—Liquidation of their indebtedness by member banks proceeded in a fairly satisfactory manner during the year 1919, and the year 1920 opened with member bank rediscounts of approximately \$3,000,000 and bills payable secured by Government obligations of approximately \$5,000,000. With the beginning of the crop planting period of the early spring, advances to member banks increased steadily, and continued to do so throughout the summer months, reaching a maximum on September 3, on which date rediscounts of \$13,000,000 and bills payable of \$9,000,000 were outstanding as compared to rediscounts of \$1,700,000 and bills payable of \$6,000,000 outstanding on the same date in 1919. While this comparison shows an increase of \$14,300,000 in outstanding loans, reference to member bank reserves on the same dates discloses an increase of only \$1,720,000, balances of \$9,057,000 on September 3, 1919, and \$10,778,000 on September 3, 1920, being carried.

The situation at the close of the year 1920 is largely one in which the benefits of the year's labor remain in the hands of the producers who are reluctant to dispose of them at a price lower than the cost of production.

*Credit department operations.*—During the first 11 months of 1920, this department received and examined 963 rediscount offerings, consisting of 12,521 notes, aggregating \$54,102,211.03. Of these 11,485 notes, totaling \$48,614,119.13, were accepted.

*Discount operations.*—Ninety-six banks availed themselves of the discount facilities of the Houston branch during the first 11 months of 1920.

*Clearing operations.*—During the first 11 months of 1920 this department handled 5,060,934 clearing items, aggregating \$1,268,108,288, or a daily average of 15,062 items as compared with a similar average of 12,643 for the period of operation in 1919. The largest number of items handled in any single day was 30,125 in October.

*Trust department operations.*—The trust department continues to show a gradual increase in activity. On August 15, 1919, 11 days after the opening of the branch, trust custodies held amounted to only \$26,500, while the peak was reached in October of this year, being \$9,222,900. The average amount of securities held for safe-keeping and as collateral for 1920 was \$6,713,209.

*Earnings.*—From the standpoint of revenue the operation of the Houston branch during 1920 has been quite satisfactory, gross earnings for the first 11 months of \$939,410.28 being realized, while expenses of \$203,029.85, exclusive of the purchase of a building site at \$65,000, reduce this figure to a net amount of \$736,380.43. This represents a monthly average earning of \$66,928.67 as compared to a similar average of \$24,730.78 for the months during 1919 in which the Houston branch was in operation.

#### REVIEW OF GENERAL BUSINESS CONDITIONS IN 1920.

The extraordinary changes in business conditions witnessed in this district, as elsewhere, during the year 1920, present, in review, a record of memorable developments in all lines of industry, trade, and finance.

The year 1919 had been a prosperous one for all classes. Wages and the prices of farm products had risen to record levels, and the district entered the new year with a large balance of trade in its favor, as reflected by the fact that the Federal Reserve Bank of Dallas was loaning freely to other districts. The demand for farm products and manufactured goods had so far outstripped the supply that every resource of energy and capital was invoked in behalf of increased production.

As one of the results of this situation there was a heavy increase in this district's cotton acreage. Anticipating the financial strain of moving a large cotton crop, as well as foreseeing the inevitable reaction in the price situation, the Federal Reserve Bank of Dallas early in the year began making preparations to meet the approaching crisis by gradually increasing its discount rates and warning the public that a stricter policy of credit conservation was imperatively necessary. Its position received the prompt cooperation and support of the commercial banks, and the month of February witnessed a general increase in interest rates throughout the district.

Despite these measures, however, bank loans continued to show a steady increase, until it became necessary for the Federal Reserve Bank to establish a scale of progressive discount rates to be applied to all banks borrowing in excess of their basic line.

Toward the end of the summer it became apparent that the production of cotton had materially exceeded the current demand, and the resultant decline in the price of this staple, combined with a similar depression in the live-stock market, as well as practically all other products of the district, accentuated the slowing up that had already manifested itself in the business situation generally as the result of increasing price resistance on the part of retailers and consumers.

The drastic decline in merchandise prices which had begun in other sections of the country earlier in the year did not reach the Eleventh District in force until the month of August, although in the case of farm products there had been a steady depreciation for some time prior to that month. Throughout the remainder of the year the downward sweep of prices continued. Coming as it did at the crop-moving season when the credit strain was at its peak, only the effective functioning of the district's financial institutions, aided by the rediscount facilities of Federal Reserve Banks in other districts, made it possible to meet the crisis without serious disaster to the business community.

The end of the year found the district completing the harvesting of a 4,500,000-bale cotton crop, with approximately 2,000,000 bales still in the hands of producers; discount rates slightly lower and credit conditions somewhat improved as a result of partial liquidation; wholesale trade and building enterprises inactive; commercial failures and unemployment increasing; retail trade activity fairly steady; and banks generally exerting pressure to secure further liquidation with the view of building up reserves to meet the decline in deposits, as well as to provide for credit demands of 1921. Business and industry still labored under the handicaps of a nation-wide depression, but there were unmistakable evidences of a gradual improvement in general conditions. Enforced lessons of economy and thrift, as well as strong influences directed toward the adoption of a



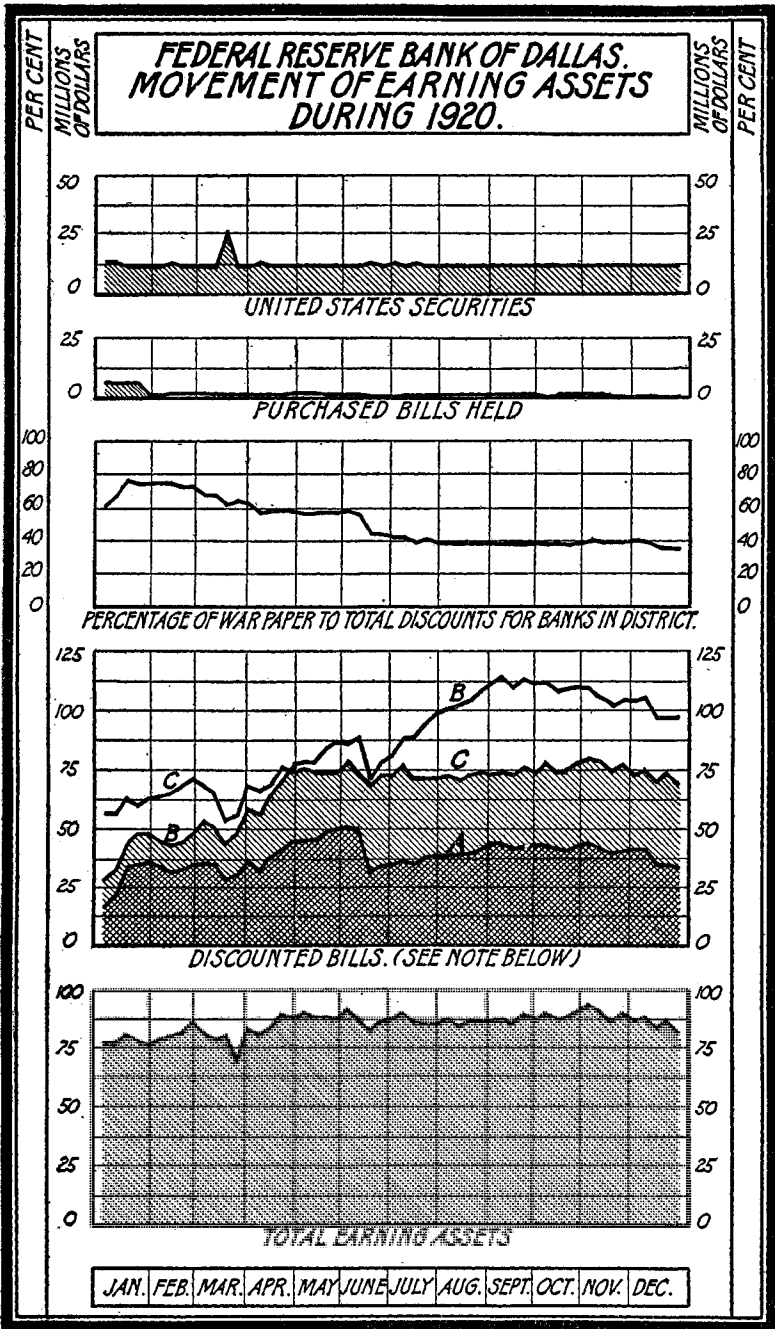
rational program of production for the year 1921, gave promise of an early adjustment of the various interests of the district to the new basis of economic conditions.

With a large store of wealth in the form of unsold farm and mineral products on hand, the district awaits with confidence the working out of the law of supply and demand.

SCHEDULE 1.—Comparative statement of condition on Dec. 31.

[In thousands of dollars.]

	1920	1919	1918	1917
<b>RESOURCES.</b>				
Gold and gold certificates.....	10,008	6,469	5,722	11,900
Gold settlement fund.....	2,074	17,073	6,923	24,520
Gold with foreign agencies.....	86	3,415	204	1,828
Total gold held by banks.....	12,168	26,957	12,849	38,258
Gold with Federal Reserve agent.....	24,484	27,545	22,352	25,037
Gold redemption fund.....	4,431	3,712	2,193	1,218
Total gold reserves.....	41,083	58,214	37,394	64,513
Legal tender notes, silver, etc.....	4,455	1,197	1,374	779
Total reserves.....	45,538	59,411	38,768	65,292
Bills discounted:				
Secured by Government war obligations.....	15,903	39,376	14,395	3,010
All other.....	54,793	18,940	31,130	5,730
Bills bought in open market and acceptances acquired from other Federal Reserve Banks.....	247	6,421	2,448	14,140
Total bills on hand.....	70,943	64,737	47,973	22,880
United States Government bonds.....	3,979	3,966	3,990	4,496
United States Victory notes.....				
United States certificates of indebtedness.....	8,300	9,065	4,400	1,430
All other earning assets.....				832
Total earning assets.....	83,222	77,768	56,363	29,638
Bank premises.....	1,639	399		
Uncollected items and other deductions from gross deposits.....	42,287	61,325	23,252	15,086
Five per cent redemption fund against Federal Reserve Bank notes.....	586	558	312	137
All other resources.....	726	360	1,135	
Total resources.....	173,998	199,821	119,830	110,153
<b>LIABILITIES.</b>				
Capital paid in.....	4,099	3,421	3,154	2,795
Surplus.....	4,152	2,029		
Government deposits.....	1,660	2,900	2,493	6,609
Due to members—reserve account.....	46,995	63,372	32,453	44,155
Deferred availability items.....	27,560	39,347	15,250	9,766
Other deposits, including foreign government credits.....	245	2,043	8	
Total gross deposits.....	76,460	107,662	50,204	60,530
Federal Reserve notes in actual circulation.....	79,453	74,930	59,239	46,788
Federal Reserve Bank notes in circulation—net liability.....	7,101	10,461	5,540	
All other liabilities.....	2,733	1,318	1,693	40
Total liabilities.....	173,998	199,821	119,830	110,153



*A. Paper secured by Government War Obligations discounted for Banks in District. B. Total Paper discounted for Banks in District. C. Total Discounted Paper held. Space between lines B and C represents - where above line B - Paper discounted for, and - where below line B - Paper rediscounted with, other Federal Reserve Banks.*

SCHEDULE 2.—Movement of principal asset and liability items during 1920.

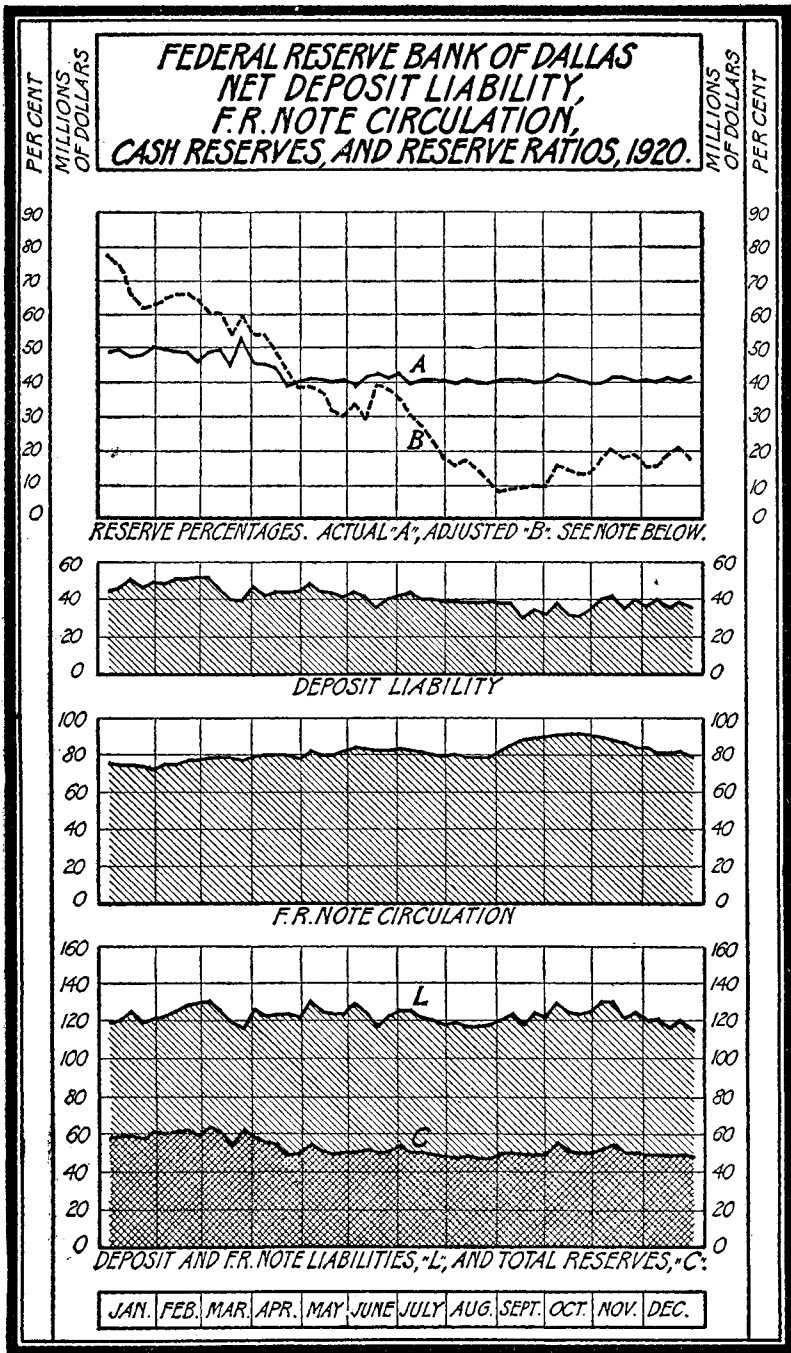
[Amounts in thousands of dollars.]

Data.	Total earning assets.	Discounted bills.					Purchased bills.			United States securities.	Total cash reserves.	Net deposits.	Federal Reserve notes in circulation.	Reserve percentages.	
		Total held.	Rediscounted with other Federal Reserve Banks. <sup>1</sup>	Discounted for member banks in this district.			Purchased in open market.	Purchased from other Federal Reserve Banks.	Total held.					Actual.	Ad-justed. <sup>2</sup>
				A.	B.	C.									
				Total.	Secured by Government war obligations.	Per cent (B+A).									
Jan. 2.	76,787	57,135	-28,903	28,232	17,360	61.5	1,456	5,165	6,621	13,031	57,700	43,980	74,814	48.6	77.3
9.	76,659	57,342	-24,350	32,992	22,259	67.5	1,221	5,065	6,286	13,031	59,208	45,749	74,256	49.3	73.8
16.	81,160	62,638	-17,814	44,824	34,207	76.3	1,191	5,065	6,256	12,266	58,795	50,373	73,618	47.3	65.7
23.	77,919	59,532	-12,000	47,562	35,354	74.3	1,026	5,065	6,091	12,266	56,528	46,122	72,591	47.6	62.6
30.	75,814	62,511	-14,950	47,561	35,526	74.7	1,057	.....	1,037	12,266	60,710	49,207	71,677	50.2	62.6
Feb. 6.	77,538	64,200	-19,341	44,859	33,584	74.9	1,072	.....	1,072	12,266	59,904	47,978	73,968	49.2	65.0
13.	80,080	64,996	-21,935	43,061	32,311	75.0	1,818	.....	1,818	13,266	61,035	51,190	74,499	48.6	66.0
20.	81,861	67,827	-22,590	45,437	33,133	72.9	1,768	.....	1,768	12,266	61,821	51,070	76,782	48.4	65.9
27.	85,864	71,848	-25,500	48,348	35,493	73.2	1,750	.....	1,750	12,266	59,453	52,428	77,089	45.9	64.0
Mar. 5.	82,459	68,403	-15,665	52,738	35,931	68.1	1,790	.....	1,790	12,266	63,448	52,176	78,298	48.6	60.6
12.	78,407	64,791	-14,000	50,791	34,607	68.1	1,350	.....	1,350	12,266	60,887	45,189	79,126	49.1	60.3
19.	80,328	53,977	-10,300	43,677	27,544	63.1	1,085	.....	1,085	25,266	53,275	40,499	78,641	44.7	53.4
26.	69,400	56,014	-7,825	48,189	31,121	64.6	1,120	.....	1,120	12,266	61,069	39,405	77,367	52.8	59.5
Apr. 2.	82,923	69,471	-10,000	59,471	36,971	62.2	1,186	.....	1,186	12,266	57,819	47,160	79,396	45.7	53.6
9.	80,170	66,066	-10,000	56,066	32,407	57.8	838	.....	838	13,266	54,508	41,525	79,987	44.9	53.1
16.	82,664	69,116	-5,000	64,116	37,978	59.2	1,282	.....	1,282	12,266	53,810	42,505	79,539	44.0	48.0
23.	89,143	75,537	-5,000	70,537	42,023	59.6	1,340	.....	1,340	12,266	47,631	43,067	79,584	38.8	42.9
30.	87,786	73,552	3,000	76,552	44,684	58.4	1,968	.....	1,968	12,266	50,287	44,026	79,906	40.5	38.1
May 7.	90,157	75,983	3,000	78,983	44,512	56.4	1,908	.....	1,908	12,266	53,722	47,853	81,725	41.5	39.1
14.	87,808	74,023	5,000	79,023	45,447	57.5	1,519	.....	1,519	12,266	51,218	44,288	80,461	41.1	37.1
21.	87,914	74,214	10,000	84,214	48,831	58.0	1,434	.....	1,434	12,266	49,283	42,701	80,174	40.1	32.0
28.	87,312	73,652	13,000	86,652	49,715	57.4	1,394	.....	1,394	12,266	50,204	41,181	82,008	40.8	30.2
June 4.	91,501	78,210	8,000	86,210	50,801	58.9	1,025	.....	1,025	12,266	50,379	43,882	83,677	39.5	33.2
11.	86,594	73,338	15,225	88,563	49,766	56.2	990	.....	990	12,266	51,727	41,448	82,554	41.7	29.4
18.	81,633	67,904	4,000	71,904	31,655	44.0	463	.....	463	13,266	49,884	34,848	82,454	42.5	39.1
25.	86,341	73,475	5,000	78,475	34,228	43.6	403	.....	403	12,461	50,912	40,492	82,351	41.4	37.4

July	2	86,752	73,039	9,451	82,490	34,775	42.2	405	405	13,308	52,862	42,581	82,782	42.2	34.6
	9	89,859	76,873	11,000	87,873	37,110	42.2	655	655	12,331	49,668	42,871	82,074	39.8	30.9
	15	86,338	72,384	16,590	88,974	35,419	39.8	680	680	13,274	48,553	39,951	81,175	40.9	27.2
	23	84,906	72,017	22,250	94,267	38,155	40.5	620	620	12,269	49,173	39,514	79,864	41.2	22.5
	30	84,999	72,075	26,716	98,791	38,888	39.4	658	658	12,266	47,889	38,907	79,192	40.5	17.9
Aug.	6	86,617	73,228	27,889	101,117	39,488	38.1	1,123	1,123	12,266	46,718	38,736	79,500	39.5	15.9
	13	84,197	71,243	30,375	101,618	39,596	39.0	688	688	12,266	48,127	38,055	79,202	41.0	17.0
	20	85,602	72,654	31,278	103,932	40,599	38.1	680	680	12,268	47,086	38,183	79,491	40.0	14.2
	27	86,469	73,648	34,540	108,188	41,980	38.8	555	555	12,266	47,366	39,441	79,415	39.9	10.8
Sept.	3	86,152	73,378	38,902	112,280	43,684	38.9	508	508	12,266	48,932	38,379	81,527	40.8	8.4
	10	87,389	74,425	39,087	113,522	43,913	38.7	698	698	12,266	50,040	37,888	84,567	41.0	9.0
	17	85,387	72,606	37,185	109,791	42,298	38.5	515	515	12,266	48,500	30,427	87,950	41.0	9.6
	24	89,427	76,398	37,419	113,817	42,909	37.7	763	763	12,266	48,786	33,714	88,782	39.8	10.0
Oct.	1	87,154	74,303	37,961	112,264	43,095	38.4	585	585	12,266	49,278	31,522	89,940	40.6	9.6
	8	90,293	77,717	34,688	112,405	42,992	38.2	310	310	12,266	54,532	38,454	90,947	42.1	15.9
	15	87,273	73,742	34,285	108,027	42,340	39.2	1,265	1,265	12,266	51,488	32,337	92,042	41.4	13.8
	22	88,383	74,750	33,944	108,694	40,858	37.6	1,370	1,370	12,266	50,210	31,019	91,974	40.9	13.2
	29	90,987	77,638	32,828	110,466	42,883	38.8	1,070	1,070	12,279	49,734	34,441	91,071	39.6	13.5
Nov.	5	93,336	80,242	28,629	108,871	43,989	40.4	815	815	12,279	51,702	39,975	90,263	39.8	17.8
	12	90,747	77,858	27,089	104,947	41,549	39.6	610	610	12,279	54,071	41,717	87,797	41.7	20.8
	19	89,310	73,716	27,807	101,523	40,311	39.7	315	315	12,279	49,953	34,293	86,584	41.3	18.3
	26	89,634	77,140	26,000	103,740	41,236	39.7	215	215	12,279	50,181	40,118	84,464	40.3	15.3
Dec.	3	85,591	73,097	30,563	103,660	41,618	40.1	215	215	12,279	48,891	36,016	83,780	40.8	15.3
	10	87,943	75,449	29,808	105,257	41,868	39.8	215	215	12,279	48,781	40,327	81,181	40.1	15.1
	17	82,735	70,241	26,615	96,856	35,018	36.2	215	215	12,279	48,401	35,067	81,296	41.6	18.7
	23	86,737	74,263	23,138	97,401	34,656	35.6	195	195	12,279	48,715	38,498	81,993	40.4	21.2
	30	81,411	68,885	27,711	96,596	34,028	35.2	247	247	12,279	47,632	34,612	79,474	41.8	17.5

<sup>1</sup> Minus sign indicates paper discounted for other Federal Reserve Banks.

<sup>2</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.



*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accomodation extended to or received from other Federal Reserve Banks.*

SCHEDULE 3.—*Volume of paper discounted and bought.*

[In thousands of dollars.]

Month.	Discounted paper.					Purchased paper.		Total discounted and purchased paper.			
	Total.	Secured by Government war obligations.	Bankers' acceptances.	Trade acceptances.	All other.	Total.	Bankers' acceptances.	1920	1919	1918	1917
January .....	83,529	76,922	.....	157	6,450	417	417	83,946	92,140	10,708	966
February .....	74,720	69,093	.....	7	5,620	1,630	1,630	76,350	93,355	12,517	2,288
March .....	93,492	80,004	135	149	13,204	436	436	93,928	104,925	23,987	1,060
April .....	107,195	88,584	100	573	17,938	1,757	1,757	108,952	117,861	39,650	2,264
May .....	111,179	91,475	135	140	19,429	267	267	111,446	130,703	39,334	2,926
June .....	117,290	91,504	153	729	24,904	60	60	117,350	113,247	45,454	3,769
July .....	109,534	75,913	.....	347	33,274	682	682	110,216	100,214	52,244	4,605
August .....	110,783	82,734	.....	436	27,613	805	805	111,588	95,139	68,294	7,939
September .....	124,041	90,242	181	691	32,927	532	532	124,573	118,337	76,261	9,444
October .....	113,553	83,891	.....	1,111	28,551	1,395	1,395	114,948	138,314	87,663	16,622
November .....	124,052	92,211	.....	778	31,063	295	295	124,347	72,584	77,500	26,905
December .....	110,810	77,370	.....	552	32,888	72	72	110,882	60,542	79,089	8,345
Total:											
1920 .....	1,280,178	999,943	704	5,670	273,861	8,348	8,348	1,288,526	.....	.....	.....
1919 .....	1,224,946	1,105,060	.....	1,887	117,099	12,415	12,415	.....	1,237,361	.....	.....
1918 .....	587,678	447,833	.....	2,057	137,788	25,024	25,024	.....	.....	612,701	.....
1917 .....	52,053	16,272	.....	178	35,603	135,077	35,077	.....	.....	.....	187,130

<sup>1</sup> Includes \$25,333,412 of acceptances purchased from the Federal Reserve Banks of Boston and New York.

SCHEDULE 4.—*Earnings and expenses.*

	1920	1919	1918	1917
EARNINGS.				
Bills discounted.....	\$4,044,612	\$2,443,806	\$1,497,379	\$209,965
Bills bought.....	73,212	113,397	175,885	138,512
United States securities.....	270,874	229,080	152,159	163,440
Municipal warrants.....			7,995	6,533
Transfers—Net earnings.....	350,969	193,681	149,733	34,027
Deficient reserve penalties (including interest).....	158,569	81,984	56,305	12,965
Sundry profits.....	6,286	323	8,106	4,202
Bill of lading drafts.....			13,641	
Service charges, net.....			28,323	383
Total.....	4,904,522	3,062,251	2,089,526	569,430
EXPENSES.				
Assessment account expenses, Federal Reserve Board.....	21,695	20,362	15,223	11,439
Federal Advisory Council.....	400	992	1,894	150
Governors' conferences.....	651	788	232	393
Federal Reserve agents' conferences.....	64	109	422	208
Salaries:				
Bank officers.....	117,768	87,212	68,544	41,051
Clerical staff.....	649,100	390,993	170,134	39,940
Special officers and watchmen.....	20,177	6,363	4,314	2,762
All others.....	39,456	11,883	5,464	2,981
Life insurance premiums.....	6,395			
Directors' remunerative expense.....	6,530	4,447	4,442	3,522
Officers' and clerks' traveling expenses.....	30,851	14,578	7,757	1,139
Legal fees.....	2,622	2,400	2,215	2,400
Rent.....	14,904	5,526	659	
Taxes and fire insurance.....	3,476	1,746	1,211	1,184
Telephone.....	3,938	3,189	1,883	870
Telegraph.....	56,900	21,772	9,668	585
Postage.....	65,507	39,883	24,688	3,166
Expressage.....	48,488	25,556	28,843	8,424
Insurance and premium on fidelity bonds.....	24,672	13,308	10,774	3,551
Light, heat, and power.....	6,896	3,365	2,413	1,468
Printing and stationery.....	67,998	41,009	25,072	12,180
Repairs and alterations.....	13,797	13,194	4,806	2,473
All other not specified.....	79,080	41,348	20,278	5,029
Cost of Federal Reserve currency issued.....	155,736	136,576	82,730	39,911
Equipment.....	82,883	70,718	41,758	32,325
Cost of currency shipments to and from member and nonmember banks.....	30,863	25,519		
Depreciation, bank premises.....				7,500
Total current expenses.....	1,549,847	982,836	535,424	215,956
PROFIT AND LOSS ACCOUNT.				
Earnings.....	4,904,522	3,062,251	2,089,526	569,430
Current expenses.....	1,549,847	982,836	535,424	215,956
Current net earnings.....	3,354,675	2,079,415	1,554,102	353,474
Additions to current net earnings on account of—				
Amounts previously deducted from current net earnings for assessment account expenses Federal Reserve Board.....	16,167			
All other.....	43	470	205,736	41,903
Total.....	3,370,885	2,079,885	1,759,838	395,377
Deductions from current net earnings account of—				
Bank premises.....			61,736	
Vaults.....			11,000	
Assessment account expenses, Federal Reserve Board.....		16,167		
Premiums on United States bonds.....				1,407
Reserved for depreciation United States bonds.....			240,663	
Special reserve.....	130,963			
All other.....	11,691	21,854	528	
Total deductions.....	142,654	38,021	313,927	1,407
Net earnings available for dividends, surplus, and franchise tax, Dec. 31.....	3,228,231	2,041,864	1,445,911	393,970
Dividends paid.....	225,424	196,335	261,503	188,234
Transferred to surplus fund.....	3,002,807	1,845,529	1,184,408	
Franchise tax paid to United States.....				
Profit and loss Jan. 1, 1918.....				205,736

<sup>1</sup> Includes \$592,204 reserve for Government franchise tax transferred to surplus fund in 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

Month.	Receipts.		Shipments.		Total receipts.		Total shipments.	
	From member banks.	From non-member banks.	To member banks.	To non-member banks.	1920	1919	1920	1919
January.....	\$9,735,084	\$1,470,896	\$6,595,675	\$413,275	\$11,205,980	\$11,710,299	\$7,008,950	\$2,104,108
February.....	5,832,196	923,357	8,540,781	342,605	6,755,559	6,876,183	8,883,386	3,556,432
March.....	10,218,643	715,466	9,996,379	62,600	10,934,109	5,343,083	10,038,979	4,712,700
April.....	11,211,713	632,802	9,101,977	270,350	11,854,515	4,482,689	9,372,327	4,343,472
May.....	11,730,285	395,342	8,420,620	197,250	12,255,327	4,975,169	8,617,879	4,581,155
June.....	10,667,807	245,805	9,671,069	139,650	10,913,612	3,578,368	9,810,719	7,182,435
July.....	12,595,578	236,022	9,082,986	507,930	12,821,600	5,952,929	12,590,916	6,505,384
August.....	12,140,612	254,616	11,763,510	803,600	12,394,628	4,775,854	12,597,110	7,147,391
September.....	11,460,619	263,323	16,526,921	979,355	11,723,442	4,933,440	17,500,276	14,804,340
October.....	15,563,808	595,048	13,019,977	796,040	16,158,856	6,327,253	13,816,017	14,804,340
November.....	21,229,743	391,539	7,623,817	669,730	21,621,282	5,116,973	8,293,547	13,470,784
December.....	20,301,219	570,696	10,613,106	608,044	20,871,915	10,715,869	11,221,150	12,214,033
Total:								
1920.....	152,696,707	6,684,812	120,950,818	5,790,429	159,381,519	.....	126,741,247	.....
1919.....	72,580,486	3,207,770	90,144,944	4,573,265	.....	75,788,256	.....	94,718,259

SCHEDULE 6.—*Operations of check clearing and collection department.*

[Amounts in thousands of dollars.]

Period.	Items drawn on banks in own district.				Items drawn on Treasurer of United States.		Items forwarded to other Federal Reserve Banks and their branches.	
	Located in Federal Reserve Bank and branch cities.		Located outside Federal Reserve Bank and branch cities.					
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
Jan. 1 to Jan. 15.....	99,174	96,544	785,770	196,662	56,837	3,395	107,023	33,082
Jan. 16 to Feb. 15.....	177,789	189,691	1,789,227	436,681	89,137	5,684	217,097	64,482
Feb. 16 to Mar. 15.....	225,515	225,779	1,787,509	454,994	69,280	10,518	223,271	46,993
Mar. 16 to Apr. 15.....	229,776	169,602	1,767,432	375,618	117,536	15,862	198,127	70,061
Apr. 16 to May 15.....	192,077	145,378	1,750,257	320,074	151,122	9,592	156,822	74,922
May 16 to June 15.....	181,396	129,252	1,923,663	325,020	84,951	7,343	131,413	72,379
June 16 to July 15.....	168,699	133,249	1,920,934	302,504	51,634	7,058	120,362	51,340
July 16 to Aug. 15.....	165,378	121,531	1,891,450	297,972	75,424	9,452	125,065	61,176
Aug. 16 to Sept. 15.....	175,439	132,059	1,927,792	323,859	49,547	9,721	116,839	49,176
Sept. 16 to Oct. 15.....	176,808	107,313	2,110,731	402,285	80,469	8,918	113,841	83,904
Oct. 16 to Nov. 15.....	188,273	158,923	2,138,781	382,872	137,907	7,706	125,536	62,539
Nov. 16 to Dec. 15.....	191,987	136,905	2,113,139	330,718	101,633	7,555	127,261	82,839
Dec. 16 to Dec. 31.....	121,956	65,288	1,114,201	153,773	79,490	4,858	67,795	32,204
Total:								
1920.....	2,294,267	1,871,511	23,020,886	4,303,032	1,144,957	107,662	1,830,422	787,181
1919.....	1,150,939	1,144,256	9,591,545	2,697,699	1,264,544	157,169	1,405,493	686,844
1918.....	375,056	553,618	5,207,636	1,703,135	602,605	108,879	465,105	390,997

Period.	Total. <sup>1</sup>					
	1920		1919		1918	
	Number.	Amount.	Number.	Amount.	Number.	Amount.
Jan. 1 to Jan. 15.....	1,048,804	329,683	366,810	148,465	210,342	112,730
Jan. 16 to Feb. 15.....	2,273,250	696,538	842,998	297,204	391,070	205,660
Feb. 16 to Mar. 15.....	2,305,575	738,284	837,782	261,966	374,456	187,823
Mar. 16 to Apr. 15.....	2,312,871	631,143	968,607	308,133	465,352	207,995
Apr. 16 to May 15.....	2,250,278	549,966	891,286	327,488	395,777	181,960
May 16 to June 15.....	2,321,423	533,994	837,246	342,675	422,527	191,250
June 16 to July 15.....	2,261,629	494,151	839,621	320,624	558,084	192,370
July 16 to Aug. 15.....	2,257,317	490,131	944,143	338,427	583,340	203,172
Aug. 16 to Sept. 15.....	2,269,617	514,815	929,578	369,124	608,916	227,721
Sept. 16 to Oct. 15.....	2,481,849	664,420	1,195,676	376,001	707,227	288,898
Oct. 16 to Nov. 15.....	2,590,497	632,340	1,737,492	652,375	768,070	316,114
Nov. 16 to Dec. 15.....	2,534,020	537,801	1,917,493	602,815	755,916	286,855
Dec. 16 to Dec. 31.....	1,383,402	256,120	1,108,789	340,671	409,325	155,181
Total:						
1920.....	28,290,532	7,069,386	.....	.....	.....	.....
1919.....	.....	.....	13,412,521	4,685,968	.....	.....
1918.....	.....	.....	.....	.....	6,650,402	2,750,629

<sup>1</sup> Exclusive of duplications on account of items handled by both parent bank and branch.



## DISTRICT NO. 12.—SAN FRANCISCO.

JOHN PERRIN, Chairman and Federal Reserve Agent.

### FINANCIAL RESULTS OF OPERATION.

*Summary review of the year.*—The extent to which this bank has aided its members in meeting the banking requirements of the agricultural, industrial, and business activities of this Federal Reserve district is revealed in the comparative statements of its condition at the close of the years 1917-1920, inclusive. (See Schedule 1.)

Holdings of bills discounted for member banks rose from \$73,895,000 on December 31, 1919, to \$167,598,000 on December 31, 1920, an increase of 126.8 per cent. It is significant that the increase in holdings of bills discounted for member banks was much greater during the period ending June 4 than it was during the remainder of the year, being \$66,436,000 for the first period and \$11,662,000 for the second, when expansion was normally to be expected on account of the fall harvesting and marketing of crops.

The funds for meeting the increasing volume of rediscount applications from member banks were obtained in large part by permitting holdings of bills (bankers' acceptances) bought in the open market to diminish steadily in amount during the first six months of the year, when they fell from \$102,558,000 on December 31, 1919, to \$43,017,000 on June 25, a decrease of 58 per cent. Although such holdings increased gradually to \$65,135,000 on September 24, they again fell off slowly until at the end of the year they stood at \$46,798,000. The large increase in volume of rediscounts for member banks during the year also resulted in a lower reserve percentage at the end of the year, when it was 47.97 per cent as compared with 52.63 per cent on December 31, 1919. Actual cash reserves at the end of the year, \$183,095,000, were but 0.78 per cent less than those on December 31, 1919, when \$184,538,000 was held.

Due chiefly to the addition of 46 national and 62 State bank members in 1920, and in part to additions in the capital and surplus of existing members, the paid-in capital of this bank increased from \$5,749,000 at close of business on December 31, 1919, to \$6,926,000 on the same day of 1920. The surplus fund was increased out of the profits of the bank for the year and on December 31, 1920, stood at \$14,194,000 as compared with \$7,539,000 on December 31, 1919. The surplus fund is now 102.5 per cent of the subscribed capital stock of the bank.

Federal Reserve notes in circulation increased from \$242,461,000 on December 31, 1919, to \$272,463,000 on December 31, 1920, an increase of 12.3 per cent. During the same period Federal Reserve bank notes declined in amount from \$11,844,000 to \$8,156,000, a decrease of 45.2 per cent.

*Earnings, expenses, and dividends.*—The constantly growing demands of its member banks for accommodation during the year, resulting in the heaviest extension of discount operations in the bank's history, caused net earnings for the year 1920 to mount from the \$5,589,000 in 1919 to \$10,108,000, an increase of 80.8 per cent. These earnings, approximately 145 per cent on the paid-in capital of the bank, were distributed as follows: Dividends were paid at the rate of 6 per cent per annum for the period January 1 to December 31, 1920, amounting to \$384,000; \$6,654,000 was credited to surplus account, and the sum of \$3,069,000 was paid to the Government as a franchise tax.

Schedule 4 displays in detail the sources of income and items of expense for the year, together with the distribution of the net earnings of the year.

#### DISCOUNT AND INVESTMENT OPERATIONS.

Of a total of 831 member banks on December 31, 1920, 578, or 69.55 per cent, had discounted with this bank during the year as compared with 421, or 58.63 per cent, during the year ending December 31, 1919, out of a membership of 718 on December 31, 1919. The total number of discount offerings accepted during the year 1920 was 92,781, aggregating \$2,965,647,547.68, as compared with 37,687 offerings, aggregating \$1,952,570,957.68, in 1919. The increase during 1920 in the number of offerings discounted was 146.19 per cent and in the amount of such offerings the increase was 51.9 per cent.

*Discount rates.*—Successive revisions in the schedule of the bank's discount rates during the first seven months of the year resulted in the establishment of a uniform rate of 6 per cent for all classes of paper save notes of member banks or their customers secured by United States certificates of indebtedness, on which notes the rate corresponds to the interest rate borne by the certificates pledged as collateral, with a minimum rate of 5½ per cent.

*Classification of bill holdings.*—The year's high and low levels of holdings of discounted bills secured by Government war obligations were within \$20,000,000 of each other, and the amounts held January 2 and December 31, 1920, were, respectively, \$42,940,000 and \$51,546,000, an increase for the year of \$8,606,000, or 20 per cent. The high level of these holdings, \$59,455,000, occurred on December 10, and the low level, \$40,168,000, was reached on June 18. Against this relative constancy in the amount of holdings of discounted bills secured by Government war obligations, there appeared a heavy increase in the volume of "all other" bills (representing almost entirely the notes of member banks' customers) discounted for member banks, which from \$31,297,000 on January 2, 1920, rose to \$116,051,000 on December 31, 1920, an increase of \$84,754,000, or 270.8 per cent. The expansion in holdings of this class of paper began immediately after the opening of the year and continued steadily during the spring planting season with but two slight recessions, which occurred in the third week of March and the last week of May, until June 4, when the amount held was \$97,733,000. The combined effect of seasonal diminution of activity during the summer months of June, July, and August and the warning against indiscriminating extension of bank credits, which emanated from the meeting of the

Federal Reserve Board, the Federal Advisory Council, and the class A directors of the 12 Reserve Banks in Washington, on May 17-18, 1920, was to check further expansion during this period in holdings of these bills, and on August 27, at \$105,403,000, they stood only \$7,670,000 above the June 4 figure. The call for funds during the fall to harvest and market the district's large crops caused a sharp increase in the amount of bills discounted (notes of customers of member banks), and they rose to their peak level of the year on October 8 at \$121,027,000, an increase of 286 per cent over the amount held on January 2, 1920. The crest of this demand passed, liquidation set in and continued until November 19, when \$105,349,000 were held. The customary expansion during early December raised holdings to \$117,416,000 on the 10th of the month, and on the last day of the year they stood \$116,051,000.

In response to a telegram from the Federal Reserve Board on December 14, 1920, requesting information on the subject, this bank advised the Board that the total amount of paper of all maturities rediscounted by it during the year 1919, which could be said to be based on production and sales of farm products (excluding notes secured by Government war obligations, the proceeds of which may have been used for agricultural purposes) was approximately \$35,000,000, and that the same total for 1920 was estimated at \$122,000,000, an increase of 253 per cent. On December 7 also this bank held 20,389 notes under rediscount, and of this total 11,584, or 57 per cent, represented loans to agricultural and live-stock interests. As of additional interest in showing the support and accommodation extended by this bank through its member banks to the agricultural and live-stock interests of the district, there are quoted herewith the results of an investigation into this subject made on September 7 of this year:

Of the \$162,500,000 of bills discounted held (by this bank) on September 3, 1920, \$98,500,000, or 58.77 per cent, represents advances directly or indirectly in support of agricultural and live-stock interests. In addition, the bank holds \$57,700,000 bills (bankers' acceptances) bought in the open market, of which \$9,200,000, or 15.94 per cent, are based upon agriculture and live stock.

Coincidentally with the progressive increase in the amount of discounted bills held by the bank, occurred a decline in its holdings of bills (bankers' acceptances) purchased, which declined from their peak of \$119,418,000 on January 23 to the low level of \$43,017,000 on June 25, after which they rose to \$65,135,000 on September 24 and again declined to \$46,798,000, the amount held on December 31, 1920. This bank has bid consistently throughout the year for all offerings of prime bankers' acceptances originating in this district, whether offered locally or from other districts, thereby maintaining a market for them in this district as constant and stable as that of New York for acceptances originating there. The rates paid have been, as nearly as ascertainable, identical with those prevailing in New York. The principal market being in New York and the obligation resting upon the whole Federal Reserve System to maintain an open market under all conditions for bankers' acceptances, this bank has regularly participated pro rata in the purchase of acceptances by the Federal Reserve Bank of New York, and on occasions has also made purchases from other Federal Reserve Banks needing to replenish their reserves.

Holdings of United States securities remained constant throughout the year, with three exceptions only, on March 19, June 18, and November 19, when they were from \$7,000,000 to \$15,000,000 in excess of the year's average holdings of approximately \$14,000,000.

The excess holdings on March 19 and June 19 represented one-day Treasury certificates bought by the bank in order to provide the Government with funds pending the receipt of the income tax instalments due on the 15th of those months. Excess holdings of one-day certificates on November 19 followed an excess of redemptions by this bank of an issue of certificates of indebtedness maturing November 15 over receipts by it from another issue put out on the same date.

In Schedule 2 appears a detailed statistical record of the movement of the aforementioned and other principal asset and liability items during the calendar year 1920.

#### CURRENCY ISSUES.

The amount of Federal Reserve notes of this bank in circulation continued, as in 1919, to contract and expand with the varying needs for actual currency required for cash settlements in the business and commerce of the district.

The shrinkage in the volume of business transactions which occurs after the first of the year, due primarily to the contraction in retail trade with the end of the holidays, the conclusion of periodical payments of interest, rents, and taxes, the curtailment of activity attendant upon inventory taking, and, ordinarily, the completion of the major portion of the marketing of the crops, became apparent in the first week of January, 1920. The volume of transactions settled in cash declined correspondingly and by February 20 the amount of notes in circulation had decreased, from \$242,770,000 on January 2, 1920, to \$222,616,000 (a contraction of over 8 per cent), at approximately which level they remained until April 23, when the spring activity in fruit and other agricultural pursuits occurred. A steady expansion then followed, until on July 9 the circulation was \$244,971,000. With the passing of the mid-year settlements, the need for currency diminished and contraction again occurred for two weeks. The amount of notes outstanding then varied little until September, when the increasing number and volume of the agricultural and business activities of the fall caused a renewed demand for currency which was reflected in a steady increase in circulation of notes, persisting, with slight recessions at the end of each month until the end of the year, when it stood at \$272,463,000, an increase of 12.3 per cent over the circulation on December 31, 1919. The peak of the year occurred on December 24, 1920, when the volume of notes outstanding was \$273,849,000.

This bank pays the cost of all shipments of currency, both to member banks and from them. It maintains the convertibility of the Federal Reserve notes by redeeming in gold upon presentation the notes of any Reserve Bank. Although legally the Federal Reserve note is redeemable at the Reserve Banks in lawful money (gold, gold certificates, silver, silver certificates, and greenbacks), in practice notes presented over the counter for redemption are redeemed

in gold, because other kinds of lawful money are very largely in circulation in the pockets of the people. Of the \$508,178,516 of silver certificates and United States notes (greenbacks) outstanding on October 30, 1920, \$442,428,852, or 87 per cent of the total, was in denominations of \$1, \$2, and \$5, and therefore very largely in the pockets of the people, so that gold (and gold certificates) is the only form of lawful money available in the Federal Reserve Banks for the redemption of Federal Reserve notes.

The circulation of Federal Reserve Bank notes (secured by Government obligations) decreased in volume during the year from \$11,844,000 on December 31, 1919, to \$8,156,000 on December 31, 1920, or 31.1 per cent. These are chiefly in \$1 and \$2 denominations, issued to avoid the inconvenience which would have followed the withdrawal from circulation of silver dollars and silver certificates to provide silver bullion for shipment to the Orient during the war.

#### RESERVE MOVEMENT DURING THE YEAR.

The percentage of the total cash reserves of the bank to its combined deposit and Federal Reserve note liabilities varied during the year according to the demand for accommodation from member banks and to the volume of bills (bankers' acceptances) purchased by the bank in the open market. Its high points were around the 1st of January and the end of June, of July, and of December, and the low points were reached about the 1st of February, the middle of April, and the 1st of October. The high point of 52.6 per cent on January 2 was not again reached during the year, and on December 31, 1920, it stood at 47.9 per cent. The low point, 40.3 per cent, was touched twice; once on January 30 and again on September 24.

At all times during the year the bank maintained a secondary reserve, consisting of open market purchases of acceptances and bills, the high and low points of which were on January 23 and June 25, respectively, when holdings were \$119,418,000 and \$43,017,000. On December 31, 1920, they stood at \$46,798,000.

In Schedule 2 appear figures showing the actual cash reserves and the reserve percentages by weeks throughout the year.

#### FISCAL AGENCY OPERATIONS.

The Victory loan of April 21, 1919, for \$4,498,000,000 was the last Government war loan offered for popular subscription, but the Government has continued to sell during 1920 Treasury certificates of indebtedness with maturities of from 6 weeks to 12 months and rates of from 4½ to 6 per cent, the offerings since June 15, 1920, having been at 5½ and 6 per cent for 6 and 12 months maturities, respectively. The distribution of these offerings has been made through the Federal Reserve Banks as fiscal agents of the United States Government, and the total amount of subscriptions received by this bank and certificates allotted during the year was \$261,569,000. On December 31, 1920, maturities aggregating \$162,592,000 were still outstanding, \$98,977,000 having matured in the course of the year. It is significant and gratifying to note that 307 individuals subscribed to the issue dated December 15, 1920, as against 40 to the issue dated January 2, 1920, although the latter issue was more than 50 per cent

larger. This increasing participation by individual subscribers releases by so much the resources of the banks of the district for the service of the agricultural, commercial, and industrial needs of the community.

*Deposits of Treasury funds with banks.*—The Treasury Department has continued during 1920 the plan of depositing, until required, the proceeds of sales of certificates of indebtedness in qualified depository banks. The Federal Reserve Bank has appointed the depositories and has had the responsibility of receiving and approving the collateral furnished by depository banks, depositing and withdrawing funds, and collecting interest on deposits, all such operations being under the direction and supervision of the Treasury Department. Qualified depository banks may, under the law, pay for certificates of indebtedness by opening book credits in favor of the Federal Reserve Bank of San Francisco as fiscal agent of the United States, "war loan deposit account." As the funds represented by these deposits are withdrawn by the Government only as and when they are needed for payments, disturbances in the money market incident to Government financing have been negligible. These deposits have been withdrawn on a pro rata basis upon instructions from the Treasury Department, and wherever possible notice of 48 hours or more has been given. The number of banks in this district acting as such depositories during 1920 was 226.

On January 19, 1920, the amount of deposits outstanding with depositories was at its peak at \$18,257,302.06. The total amount of deposits made with depositories during the year was \$155,443,696.43, of which there remained outstanding on December 31 the sum of \$10,672,274.

*Sales of war savings stamps.*—The publicity work in connection with the war savings campaign has continued during 1920 under a so-called "War loan organization," which is under the general supervision of the Governor of the Federal Reserve Bank as chairman of the Twelfth Federal Reserve District Government savings organization.

Sales during 1920 of war savings stamps and certificates showed a marked decrease as compared with the results obtained in 1919. Following are comparative figures:

	1920	1919
Sale of thrift stamps.....	\$48,661.25	\$126,993.00
Sale of war savings stamps.....	460,770.00	1,538,550.00
Sale of Treasury savings certificates.....	303,300.00	1,428,400.00
Filled thrift cards exchanged for war savings certificate stamps.....	62,960.00	186,740.00
War savings certificates exchanged for Treasury savings certificates.....	1,100.00	7,400.00

Redemption of war savings stamps from February 18, 1920, to December 27, 1920, amounted to \$5,076,167.08.

*Conversions and exchange of United States bonds.*—One of the chief functions of this bank as fiscal agent of the Government during the year 1920 has been the exchange of temporary for definitive Liberty loan bonds. The scope of this activity is revealed by the number of pieces handled during the year, which in the single operation of receiving for and delivering on exchange, transfer, and registration, totaled 2,746,015.

In addition, the bank, as fiscal agent, has handled the conversions of one issue of bonds into another which involved handling 784,667

pieces. United States Government bond and certificate coupons to the number of 5,313,675 were paid. It was necessary, during the year to increase by 54, or 42 per cent, the number of employees in this department, whose personnel now numbers 183, approximately the same number it contained during the height of the Government's war financing in 1918. Exchanges of temporary bonds for fourth loan permanent bonds will commence about the middle of January and this will conclude exchanges of temporary bonds for permanent bonds, inasmuch as victory loan notes, the last of the popular loans sold for financing the war, were issued in permanent form.

#### CLEARINGS AND COLLECTIONS SERVICE.

The year 1920 has witnessed an increasing use by the banking community of the clearings and collections service of this bank, and during the year ending December 31, 1920, 463 banks availed themselves of the clearing and collection facilities, an increase of 35.3 per cent over the number (343) which had used it during the year ending December 31, 1919. Between January and December, 1920, the daily average number of checks handled by this bank and its branches increased from 75,560, aggregating \$23,922,000, to 136,430, aggregating \$32,200,000. These figures do not take into consideration the checks routed by member banks in this district direct to other Federal Reserve Banks and branches. Some conception of the magnitude of the operations of this department of the bank may be gathered from the total number of items handled during the year, which was 27,314,000 in 1920 as compared with 13,796,000 items in 1919 and 8,001,000 in 1918. The total amount of the items handled during these three years was \$8,061,091,000 in 1920, \$6,672,057,000 in 1919, and \$5,058,223,000 in 1918.

Items for clearance or collection are received from all member and clearing nonmember banks in this district and from other Federal Reserve Banks, and forwarded to the drawee banks, whose accounts with the Reserve Bank are charged upon advice from the drawee bank of receipt of these items. Credit is given to the depositing bank in accordance with a time schedule based upon the number of days required for collection. Items on banks which are not members of the clearing and collection service of this bank are presented to them for payment, which may, in their option, be paid by check upon one of their correspondents in a Reserve Bank or branch city, or by shipment of currency at the expense of this bank.

On December 15, 1920, there were 832 member banks and 1,028 nonmember banks in this district. Checks on all of these banks are collected at par by the Federal Reserve Bank, and the service is rendered without charge.

*Gold settlement fund.*—Settlements between all Federal Reserve Banks are made daily through the gold deposit which each Federal Reserve Bank maintains with the Federal Reserve Board in Washington for this purpose, and in this way the movement of gold from one section of the country to another is avoided. During the year payments by this bank to other Federal Reserve Banks aggregating \$2,924,829,000 and payments by them to this bank amounting to \$3,062,588,000 (a total of \$5,987,417,000) were made through the gold settlement fund. The excess of payments due to this bank, namely, \$137,759,000, was but 2.3 per cent of the total transactions.

*Direct telegraphic transfers.*—The daily settlements previously described are facilitated by the interconnection of all Reserve Banks and branches over the Federal Reserve leased wire system. By means of this system member banks are enabled to make speedy transfer of funds to all Federal Reserve Bank and branch cities without charge.

During January, 1920, this bank and its branches handled 3,178 telegraphic transfers to and from member banks for \$334,915,000. During December, 1920, 5,424 of such transfers, involving \$400,353,000 were handled. During the year 29,291 telegraphic transfers amounting to \$3,043,193,000 were thus handled for banks which were members of the clearing system without charge to them. These are exclusive of transfers for account of the Treasurer of the United States.

#### OPERATIONS OF BRANCHES.

The fifth branch of this bank was opened in Los Angeles, Calif., on January 2, 1920, the territory assigned to it being southern California and that part of Arizona located in the Twelfth Federal Reserve District. In addition to the one in Los Angeles, branches of this bank are now located at Spokane and Seattle, Wash.; Portland, Oreg., and Salt Lake City, Utah, the order of naming the last four being that of their establishment.

#### MEMBER BANK RELATIONS.

*Movement of membership.*—During the past year there were organized 46 new national banks with combined capital of \$3,140,000, as compared with 30 new banks having capital of \$1,465,000 in 1919; 15 State banks, with capital of \$1,225,000, were converted into national banks, as compared with 14 having capital of \$1,380,000 in 1919, and 15 national banks, with capital of \$4,265,000, were liquidated or consolidated with other banks (of which four were national banks and eight State banks), as compared with four with capital of \$475,000 in 1919. There was therefore a net increase of 46 national bank members during the year. In addition to this, national banks have increased their capital by \$5,043,000, the net increase in capital of national bank members, therefore, amounting to \$6,108,000.

The number of State bank members in this district increased from 137 with capital of \$31,514,000 on December 31, 1919, to 199 with capital of \$42,023,000 on December 31, 1920, an increase of 62 banks with capital of \$10,509,000. In addition, applications for membership from 14 State banks with combined capital of \$4,263,000 are now pending.

*Fiduciary powers.*—During 1920, 14 national banks, with capital and surplus of \$5,930,000 and resources of \$70,159,000, made original application for permission to exercise some or all of the fiduciary powers permitted in the amendment to the Federal Reserve Act of September 26, 1918, and two national banks with capital and surplus of \$1,050,000 and resources of \$14,466,000, having previously been granted authority to exercise limited powers, made application for permission to exercise additional powers. The number applying in 1919 was 31, with capital and surplus of \$16,774,000 and resources of \$238,930,000, and on December 31, 1919, two of these applications



were still pending, one being subsequently granted and the other refused. Of the applications received in 1920, 14 were granted, none were refused, and two were pending on December 31, 1920.

#### EXAMINATIONS.

An increase of 45 per cent during the year in the number of State bank members has correspondingly increased the work of the examining division. That this additional work could be handled, as it has been, without any increase in the number of the bank's field examiners has been due largely to the assistance and hearty cooperation of the various State banking departments.

It has been considered desirable to make independent examinations of all State banks applying for membership, and with but two exceptions this policy has been followed throughout the year.

With few exceptions all State bank members have been examined by Reserve Bank examiners during the year, either independently or jointly with State examiners. Where the latter procedure has been followed, the Reserve Bank examiners have made independent reports. Through arrangements made with the various State banking departments, this bank is furnished with certified copies of all their reports made in connection with examinations of State bank members, and it is thus assured of at least one examination report for each bank every calendar year, while in some instances it may receive as many as three separate reports, two by State examiners and one by Federal Reserve examiners.

Of the 67 State banks admitted to membership in the district during the year, 58 were previously examined by the Federal Reserve examiners, two were accepted on reports of examinations made by State authorities, and seven admitted without examination, concurrently with the issuance of their charters. The following table shows the number and character of examinations conducted during the year, as compared with the year 1919:

	1920	1919
State banks for admission, jointly with State authorities .....	8	3
State banks for admission, independently .....	44	58
State bank members, jointly with State authorities .....	60	36
State bank members, independently .....	31	23
National banks, jointly with national examiners .....	6	7
National banks, independently .....	4	2
Total number of examinations conducted .....	153	129
Independent examinations .....	79	83
Joint examinations .....	74	46

*Relations with State banking departments.*—Relations with the banking departments of the seven States comprising this district continue to be of a most cordial nature. Commissioners and superintendents and their examiners have generously cooperated with the Federal Reserve Bank and its examining staff. With the written consent of the State bank members, given at the time of admission, reports and other information are freely exchanged with the State authorities, who have always shown a willingness to support this bank in criticisms offered and in securing adjustments desired. With the view of fostering a still closer relationship between the Federal Reserve

Bank and the State banking departments, invitations were extended to the bank commissioners and superintendents of the various States of the district, to meet with the officers and examiners of this bank in San Francisco on November 18, 1920.

All save one attended, and a most interesting and beneficial conference was continued during two days, in which discussion was had of various matters of mutual interest to the State banking departments and the Federal Reserve Bank. Similar conferences each year are contemplated

#### TRANSFER OF SUBTREASURY FUNCTIONS TO FEDERAL RESERVE BANK.

On December 21, 1920, in accordance with the provisions of the act of Congress approved May 29, 1920, the Federal Reserve Bank assumed the following functions previously exercised by the subtreasury of the United States in San Francisco, the first two of which had previously been exercised in part by this bank:

The receipt of public moneys from Government depository officers.

The payment of Government warrants and checks for disbursing officers.

The exchange, replacement, and redemption of United States paper currency.

The exchange and redemption of United States coin.

Operations incident to the redemption of currency will continue to be handled at the subtreasury, located at the southwest corner of Pine and Sansome Streets. The rest of the functions above listed will henceforth be performed at the Federal Reserve Bank, 315 Battery Street. The quarters in the subtreasury building assigned to the Federal Reserve Bank will be used for the storage of United States coin, currency, temporary and permanent bonds, and for the housing of approximately 105 of its employees engaged in the custody and delivery of definitive bonds, the custody and shipment of temporary bonds and bond coupons, and the custody and redemption of currency.

The bank has taken over, on a temporary basis for a period not exceeding one year, the subtreasury staff consisting of 10 persons acting in a clerical capacity, 6 guards and watchmen, and 4 maintenance employees, a total of 20.

#### BANK QUARTERS.

The end of the year finds actual work begun on the excavation for the bank's new building, which is to occupy the site owned by this bank, 119 feet 6 inches by 275 feet and bounded by Sansome, Sacramento, Battery, and Commercial Streets.

All of the old buildings on the property have been razed except the six-story building 73 by 104 feet at present occupied by the bank, around which the new building will be constructed. When space in the latter is ready for occupancy the old building will then be razed and the new structure completed. In addition to the building mentioned and practically the entire subtreasury building, the second and fourth floors and part of the basement of the building at 440 Sansome Street (approximately 15,000 square feet of floor space) are occupied by the bank. The branches occupy rented quarters.

## INTERNAL ORGANIZATION.

Constant and rapid enlargement during the year in the scope of the bank's operations has necessitated a considerably more numerous personnel. Although the increase in the number of officers is slight, from 27 on December 31, 1919, to 32 on December 31, 1920, the total number of employees increased from 567 to 1,132. Four-fifths of this increase in personnel occurred in three departments, 253 having been added to the banking department, 150 to the transit department and 54 to the fiscal agency department. In the banking department the increase during the year in the number of discount offerings handled, which rose from 37,687 in 1919 to 92,781 in 1920, was chiefly responsible for the expansion of the personnel from 36 to 109; in the transit department the number of employees rose from 100 to 250, largely on account of the increase of 97 per cent in the number of clearing and collection items handled, the total having risen from 13,796,000 in 1919 to 27,314,000 in 1920. Transactions involving the sale, exchange, conversion, registration, and payment of different classes of Government obligations (Treasury certificates, Liberty loan bonds, bond coupons, and war savings securities) caused the personnel of the fiscal agency department to grow from 129 to 183 during the year. Transactions involving only the exchange of temporary for definitive bonds have more than filled the place of those incident to the flotation of the Victory loan of 1919.

Of the 1,132 members of the bank's staff on December 31, 1920, 507 were women and 627 were men. The average annual salary of the officers was \$5,720, and of the employees \$1,358. The net increase of the official staff was as follows: Two branch managers to relieve the two assistant deputy governors who were temporarily acting as branch managers; four assistant cashiers at head office, and one assistant cashier at Salt Lake City branch.

## REVIEW OF AGRICULTURAL AND BUSINESS CONDITIONS.

*Agriculture.*—Another year of exceptionally good crops has paved the way for continued sound business conditions in this largely agricultural district. Yields of all of the principal crops compare favorably with the record yields of last year, smaller crops of some of the grains and fruits being offset by larger yields of oats, hay, cotton, sugar beets, potatoes, hops, oranges and lemons. Prices received by the growers have averaged lower than last year, although higher prices compensated the fruit men for short crops of peaches and pears, and the grape growers received for their product by far the highest prices in the history of the industry. Some depression has been felt in the wool, cotton, and rice-producing communities because of the slackened demand for these commodities.

*Live stock.*—The live-stock year in the stock-raising sections of the district was inaugurated under unfavorable conditions. A severe winter forced the stockmen to begin feeding early, and feed prices were abnormally high compared to later prices for the fed stock. However, the last months of the year have offered encouragement to the industry, as hay prices have been lower, pasture is abundant, and the winter has been late.

*Mining.*—With the exception of gold, the output of the five principal metals mined in the Twelfth Federal Reserve District

during the year 1920 (gold, silver, copper, lead, and zinc) is in excess of the 1919 output, although in each case below the figures of 1918. Reports from all parts of the district affirm that high costs of mining, milling, smelting and refining, are retarding the recovery of the mining industry.

*Gold.*—The world-wide depression in the gold-mining industry, induced by the rising commodity prices and consequently the smaller amount of goods and services obtainable for an ounce of gold throughout the world, has been reflected in this district by a continued decline in the value of the gold output in the past three years. The production for 1920, \$25,700,800, is approximately \$4,000,000 less than in the preceding year and \$8,000,000 less than in 1918. The 1920 production would have been less had it depended upon the output of mines producing gold only. It has been augmented by the addition of gold extracted from ores which were mined principally for their copper and silver content. This fact accounts for the slightly increased production in Arizona during the past year.

In California there has been an unprecedented closing down of gold mines, especially in the Mother Lode district, due not only to the decrease in the purchasing power of gold but to restrictions of hydroelectric power on account of the succession of dry years, and to high costs of labor. It is significant that only 52 per cent of the State's production of gold now comes from lode mines, and that 48 per cent comes from dredges and other placer operations. About 68 per cent of the gold output came from lode mines in 1915, 54.9 per cent in 1910, and 68.9 per cent in 1905.

*Silver.*—High prices for silver prevailing until the late spring of this year, followed by the standard price of \$1 per ounce at which the Government buys domestic silver under the terms of the Pittman Act, combined to raise the production of silver during 1920 above the level of 1919. With the exception of Utah, the largest producing State of the district, where the production remained practically constant, the output of silver in the other four principal producing States, Nevada, Idaho, Arizona, and California, was in excess of the 1919 figures. Total production for the district was 34,332,592 fine ounces as compared with 31,005,592 fine ounces in 1919 and 41,159,815 fine ounces in 1918. In Arizona, as is the case with gold, the largest producers of silver are the copper mines. In California the increase came chiefly from the lead and lead-silver ores in southern California.

*Copper.*—The rapid fall in the market price of copper during the last quarter of 1920 resulted in the closing of many of the largest producing mines in this district and prevented the realization of the hope entertained earlier in the year that the production of 1920 would substantially exceed that of 1919. The year closed with an estimated production of 751,857,702 pounds as against 725,985,370 pounds in 1919 and 1,166,611,024 pounds in 1918. Of the States in this district producing copper in large quantities (Arizona, Utah, Nevada, and California) production fell off in Utah and California and increased in Arizona and Nevada.

*Lead.*—By far the largest portion of the lead mined in this district comes from the States of Idaho and Utah, Idaho alone producing over one-half the district's output for the year. In this State there

was a substantial increase in production during 1920 but it is still considered below normal. The production of lead showed a greater percentage of increase during the year than did that of any of the other principal metals. Production for 1920 was 432,322,000 pounds as compared with 333,964,161 pounds in 1919 and 516,178,913 pounds in 1918.

*Zinc.*—Practically all the zinc mined in this district during 1920 came from the States of Idaho and Utah, the former producing 28,309,000 pounds and the latter 6,000,000 pounds. Each of these States record increased production for the year 1920, the increase being over 90 per cent in Idaho. It should be noted that figures for Nevada are not now available and these would further swell the production of this metal.

*Petroleum.*—During the first 11 months of 1920, the production of petroleum in California was 95,785,328 barrels, which is slightly in excess of the previous record production for the same period, made in the year 1914. Shipments up to November 30, 1920, aggregated 103,683,347 barrels and stored stocks decreased from 30,480,329 barrels on December 31, 1919, to 22,582,304 barrels on November 30, 1920.

A shortage of gasoline throughout the district first became apparent in June and lasted until the latter part of August. During this period gasoline was rationed in California, Oregon, and Washington, the preference being given to agricultural and industrial demands.

*Lumber.*—Lumber production has been below normal throughout the year, due chiefly to a shortage of cars, which lasted through July and caused the mills to restrict the acceptance of orders so that production was automatically curtailed. The car shortage ceased to exist in August, as far as the lumber industry was concerned, due to the decreased demand for lumber. An additional factor in decreased production was the application of the new railroad freight rates, which increased the spread in cents per 100 pounds, that previously existed between southern and western lumber in northern and eastern markets and production has continued to decline, abetted by the usual seasonal curtailment in the winter months.

*Building.*—Building activity during the year 1920 was greater both in value and number of operations than in 1919. The value of the permits issued in the 20 principal cities of the district during the year was \$176,874,000 as compared with \$100,234,000 in 1919 and \$57,310,000 in 1918. This increased activity was chiefly noticeable in southern California, particularly in Los Angeles, where the value of permits issued during 1920 (\$60,005,000) was \$36,270,000 in excess of the value of permits issued in 1919 (\$23,735,000), an increase of 152.8 per cent.

*Bank clearings.*—Bank clearings during the past year were maintained at approximately the high level reached in December, 1919, and clearings each month have been larger than during the corresponding month in 1919.

*Money rates.*—Money rates in industrial centers of this district advanced during the first half of the year from 6 per cent to 6½ to 8 per cent, and have been firm at the latter figures during the last six months of 1920. In agricultural sections the prevailing rate has been 8 per cent throughout the year.

*Business failures.*—From February to May and again in the month of October, there were noticeable increases in the number of business

failures in the district. The amount of liabilities has fluctuated sharply, reaching a high mark for the year, in June, immediately following the low mark for the year, set in May.

*Retail trade.*—Reports from an average of 30 representative department stores in the principal cities of the district show that retail sales during the first 11 months of 1920 have ranged from 8.2 per cent to 51.7 per cent in excess of those in the corresponding months in 1919. However, this excess has been decreasing steadily since May, 1920, when it was 31.1 per cent, reaching the low point for the year (8.2 per cent) in October and rallying slightly to 11.3 per cent in November.

*Wholesale trade.*—Returns covering the first 11 months of the year indicate that net sales in the wholesale trade of the district for 1920 will be greater than they were during 1919. Reports from approximately 120 representative firms in the seven lines of business (hardware, dry goods, groceries, drugs, shoes, furniture and stationery) indicate a generally increasing activity during the first quarter of 1920 when net sales in all lines were substantially in excess of those of corresponding months in 1919. In the months of April and May, however, this expansion of activity appeared to be checked and immediately afterward a gradual decline was apparent from the smaller percentages of increase in net sales reported each month as compared with the same month of 1919. While monthly sales continued larger than those of the same months of the year previous, the excess diminished steadily until October when all lines save drugs and stationery reported that their sales were less than those of October, 1919. This experience was duplicated in the month of November.

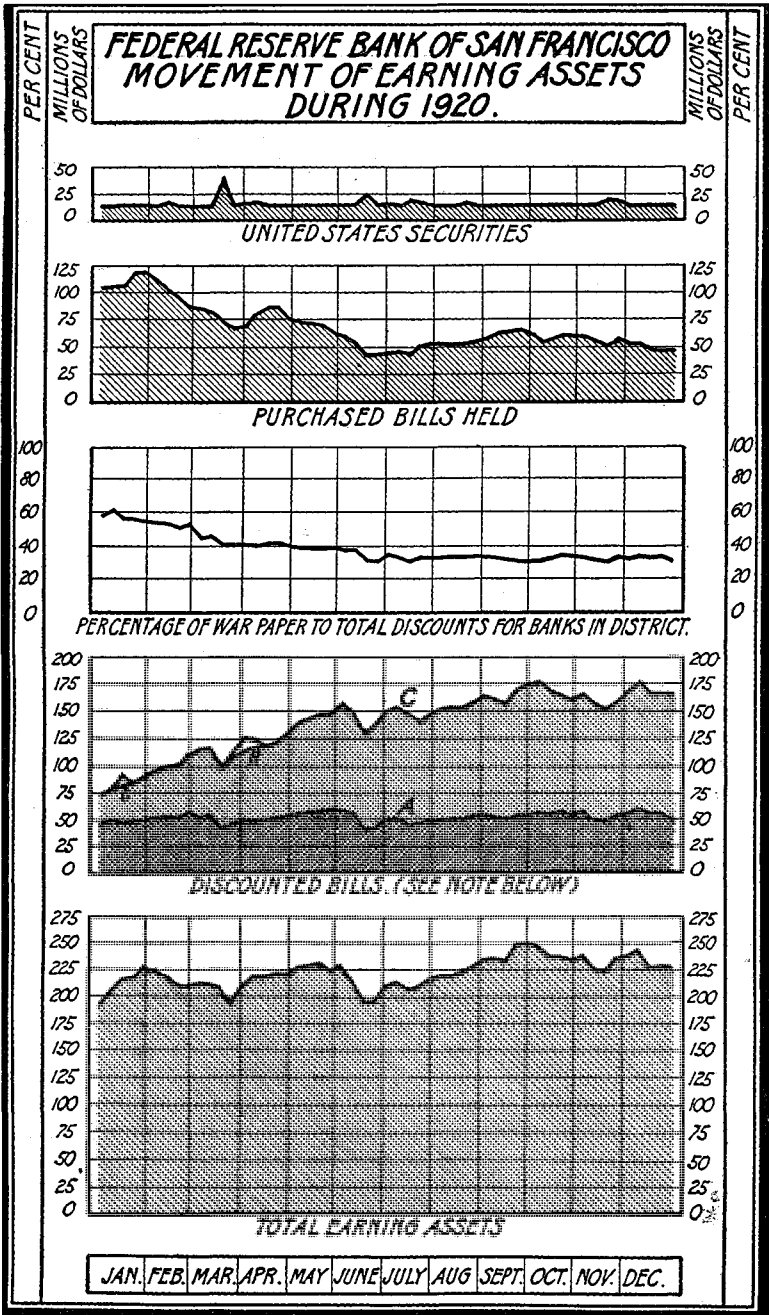
*Imports and exports.*—Exports from Pacific coast ports in the first 10 months of 1920 were 9.8 per cent less than in the same period in 1919 and imports remained practically the same. The decreased exports are directly accounted for by the reduced foreign commerce of the Washington customs district of which Seattle is the chief port. The business and trade depression in the Orient during the spring and the return of world shipping to pre-war trade routes, utilizing the Suez and Panama Canals, apparently had a marked influence on the foreign commerce of the Washington district and its exports decreased 31.5 per cent during the first 10 months of 1920 compared with the same period in 1919. All other Pacific coast ports report increased exports during the same period.

*Car shortage.*—The shortage of freight cars, brought on by the lack of new construction and repairs during the war, and by labor troubles on many railroads during the early part of 1920, reached its peak in this district during the crop-moving season of 1920 and then rapidly fell away until in December it had disappeared and the committees on car service at San Francisco, Portland, and Seattle were disbanded. During the early months of the year the lumber industry of the Pacific Northwest was seriously affected. In July and August some difficulty was encountered in the grain-shipping sections of the intermountain region and a serious shortage occurred in California, especially in the grape-shipping centers during the late summer and fall. Trade throughout the district was also hampered, due to the length of time required for shipments from eastern manufacturing districts to reach this coast.

*Labor.*—Unemployment throughout the district during the first two months of 1920 was considerably less than for the same period in 1919, and by the middle of March the number of laborers, especially in the agricultural regions, was generally reported as insufficient to meet the demand. Labor continued fully employed at high wages during the summer. The completion of the fall harvests, the diminution of activity in the lumbering and ship-building industries and in the wholesale trade, and the cessation of highway and construction work, with the approach of winter, caused more than the customary unemployment in this district in the late fall. At the close of 1920, unemployment was reported slightly in excess of normal, and appeared to be increasing. The general trend of wages during the early part of the year was upward, but this tendency ceased in the early fall, about the time announcements were made of reductions in the prices of various commodities and in the wages of eastern mill operatives. There have been no strikes or labor disturbances of consequence in this district this year, although there was considerable unrest during the spring and early summer months.

SCHEDULE 1.—Comparative statement of condition on Dec. 31.

	1920	1919	1918	1917
<b>RESOURCES.</b>				
Gold and gold certificates.....	\$28,628,893	\$13,353,315	\$12,191,500	\$26,441,085
Gold settlement fund—Federal Reserve Board..	23,723,928	27,109,565	11,056,184	17,672,000
Gold with foreign agencies.....	151,800	6,040,730	820,588	2,887,500
Total gold held by bank.....	52,504,621	46,503,610	23,568,272	47,000,585
Gold with Federal Reserve Agent.....	119,060,070	129,050,435	125,614,335	46,993,550
Gold redemption fund.....	10,368,659	8,638,655	1,789,405	24,335
Total gold reserves.....	181,933,350	184,192,700	150,972,012	94,018,470
Legal tender notes, silver, etc.....	1,161,756	345,882	518,639	408,822
Total reserves.....	183,095,106	184,538,582	151,490,651	94,427,292
Bills discounted:				
Secured by Government war obligations....	51,546,009	43,551,373	45,024,583	2,498,352
All other.....	116,051,995	30,344,515	33,734,845	23,281,849
Bills bought in open market.....	46,798,233	102,558,191	36,279,727	17,082,456
Total bills on hand.....	214,396,237	176,454,149	115,039,155	42,862,657
United States Government bonds.....	2,087,450	2,632,450	2,460,950	2,455,500
United States certificates of indebtedness.....	11,030,560	11,843,500	5,724,000	1,500,000
Total learning assets.....	227,514,187	190,930,099	123,224,105	46,817,657
Bank premises.....	253,004	231,375	400,000	120,000
Uncollected items and other deductions from gross deposits.....	48,101,597	54,273,206	44,671,524	18,715,568
5 per cent redemption fund against Federal Reserve Bank notes.....	665,000	665,000	356,400	.....
All other resources.....	1,347,668	367,595	1,301,665	797,919
Total resources.....	460,975,962	431,005,857	321,443,745	160,878,436
<b>LIABILITIES.</b>				
Capital paid in.....	6,926,600	5,749,750	4,636,550	4,162,450
Surplus.....	14,194,228	7,539,374	1,224,088	.....
Government deposits.....	5,882,929	3,672,894	410,992	12,353,939
Due to members—reserve account.....	114,452,434	117,929,882	73,235,715	63,779,910
Deferred availability items.....	33,712,886	34,771,861	17,265,669	7,545,551
Other deposits, including foreign Government credits.....	3,906,569	6,071,291	4,454,016	4,970,911
Total gross deposits.....	157,955,118	162,445,928	95,366,392	88,650,311
Federal Reserve notes in actual circulation....	272,463,350	242,461,760	212,244,625	67,744,305
Federal Reserve Bank notes in circulation—net liability.....	8,156,817	11,844,905	6,252,055	.....
All other liabilities.....	1,279,849	964,140	1,720,035	321,370
Total liabilities.....	460,975,962	431,005,857	321,443,745	160,878,436



(a) Paper secured by Government war obligations discounted for banks in district.  
 (b) Total paper discounted for banks in district.  
 (c) Total discounted paper held.  
 Space between lines (b) and (c) represents paper discounted for other Federal Reserve Banks.



SCHEDULE 2.—*Movement of principal asset and liability items during 1920.*

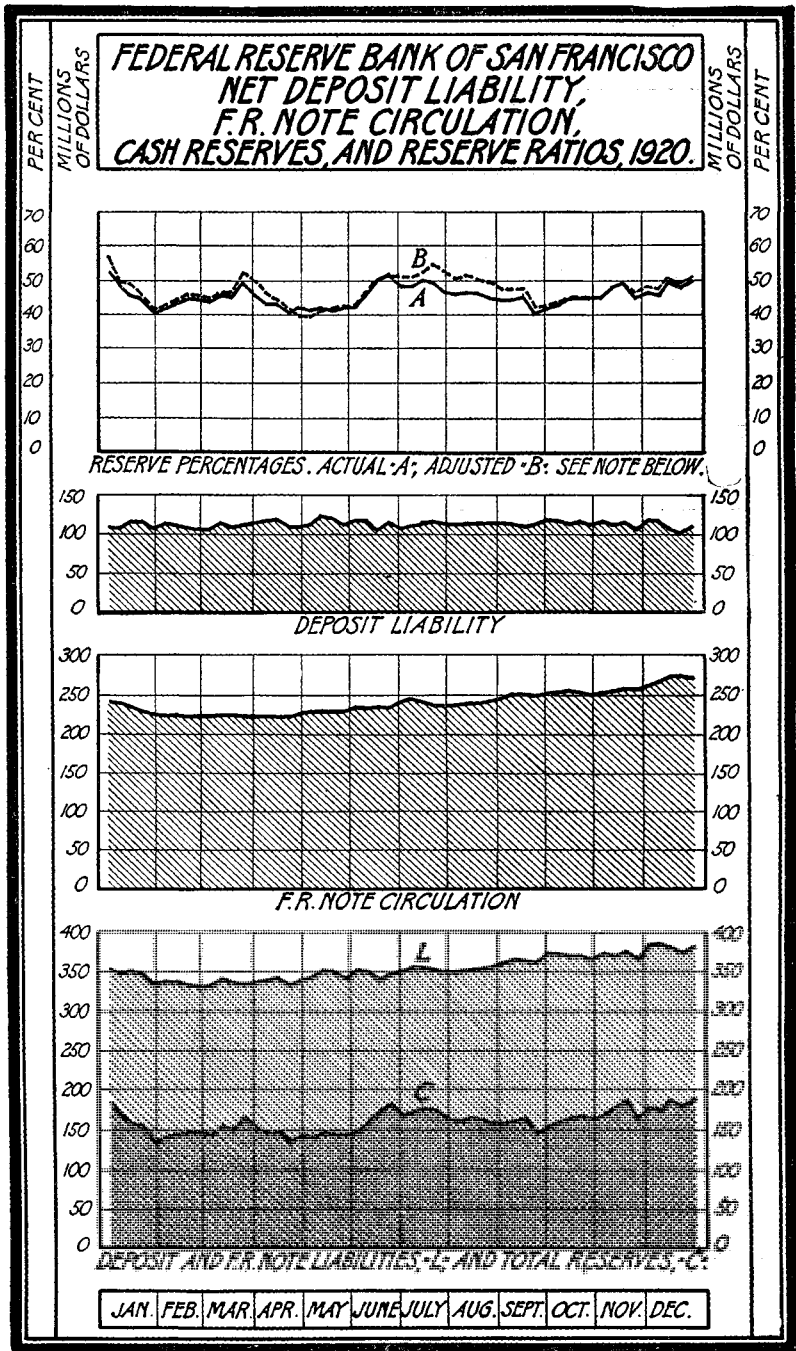
[Amounts in thousands of dollars.]

Date.	Total earning assets.	Discounted bills.					Purchased bills.			United States securities.	Total cash reserves.	Net deposits.	Federal Reserve notes in circulation.	Reserve percentages.	
		Total held.	Dis- counted for other Federal Reserve Banks.	Discounted for member banks in this district.			Pur- chased in open market.	Pur- chased from other Federal Reserve Banks. <sup>1</sup>	Total held.					Actual.	Adjust- ed. <sup>2</sup>
				A.	B.	C.									
				Total.	Secured by Govern- ment war obligations.	Per cent (B÷A).									
Jan. 2.....	191,776	74,237	.....	74,237	42,940	57.8	89,384	13,679	103,063	14,476	185,305	109,408	242,770	52.6	56.5
9.....	203,758	79,906	.....	79,906	48,921	61.2	107,098	2,441	109,539	14,313	167,999	106,691	239,843	48.5	49.2
16.....	216,300	91,957	10,000	81,957	45,357	55.3	109,287	406	109,693	14,650	159,135	115,888	234,144	45.5	48.4
23.....	217,366	82,750	.....	82,750	45,940	55.5	115,838	3,580	119,418	15,198	153,191	115,757	229,131	44.4	45.5
30.....	224,787	90,534	.....	90,534	49,091	54.2	115,848	3,408	119,256	14,997	134,553	107,273	226,363	40.3	41.3
Feb. 6.....	221,875	96,015	.....	96,015	51,432	53.6	108,405	3,408	111,813	14,047	140,824	113,398	223,578	41.8	42.8
13.....	216,911	98,600	.....	98,600	52,423	53.2	98,915	3,408	102,323	15,988	145,266	111,257	224,974	43.2	44.2
20.....	208,676	100,374	.....	100,374	51,351	51.1	90,687	3,408	94,095	14,207	148,435	108,766	222,616	44.8	45.8
27.....	208,650	107,584	.....	107,584	56,482	52.5	83,845	3,408	87,253	13,813	146,838	106,134	223,514	44.5	45.6
Mar. 5.....	212,120	114,566	.....	114,566	51,350	44.8	80,633	3,408	84,041	13,513	144,419	106,835	224,455	43.6	44.6
12.....	210,596	116,203	.....	116,203	52,951	45.6	77,472	3,408	80,880	13,513	154,649	115,312	224,805	45.5	46.5
19.....	210,134	98,601	.....	98,601	40,579	41.2	69,612	3,408	73,020	38,513	150,025	110,792	224,553	44.7	45.5
26.....	192,398	111,878	5,000	106,878	44,095	41.3	64,926	2,081	67,007	13,513	166,954	111,931	222,455	49.9	52.0
Apr. 2.....	208,607	125,413	11,760	113,653	46,507	40.9	64,340	4,341	68,681	14,513	152,914	113,578	222,966	45.4	50.2
9.....	218,183	123,421	7,809	115,612	46,550	40.3	76,878	2,371	79,249	15,513	145,781	117,300	221,947	43.0	46.0
16.....	218,410	119,104	.....	119,104	49,262	41.4	83,422	2,371	85,793	13,513	148,369	119,431	222,353	43.4	44.1
23.....	221,175	121,573	.....	121,573	50,900	41.9	83,718	2,371	86,089	13,513	135,600	109,897	222,093	40.8	41.6
30.....	219,983	131,740	.....	131,740	52,821	40.1	82,417	-7,687	74,730	13,513	142,884	109,723	227,529	42.4	40.1
May 7.....	226,577	140,351	.....	140,351	55,179	39.3	78,183	-5,470	72,713	13,513	141,988	112,915	229,865	41.4	39.8
14.....	229,083	143,167	.....	143,167	56,296	39.3	74,037	-1,634	72,403	13,513	147,635	121,882	228,602	42.1	41.7
21.....	231,024	147,259	.....	147,259	56,858	38.6	68,029	2,148	70,177	13,513	143,912	119,810	228,711	41.3	41.9
28.....	223,760	147,086	.....	147,086	58,227	39.6	60,435	2,371	62,806	13,868	144,249	112,329	229,286	42.2	42.9
June 4.....	229,881	155,936	.....	155,936	58,203	37.3	57,416	2,371	59,787	14,158	147,935	117,679	233,311	42.1	42.8
11.....	214,416	147,786	.....	147,786	55,667	37.7	50,251	2,371	52,622	14,008	162,975	118,007	232,438	46.5	47.2
18.....	194,859	127,614	.....	127,614	40,168	31.5	42,108	1,355	43,463	23,782	172,874	105,300	235,406	50.7	51.1
25.....	194,542	137,688	.....	137,688	42,225	30.7	42,625	392	43,017	13,837	181,408	114,494	234,155	52.0	52.1

July	2	209,101	149,205	149,205	50,049	33.5	34,843	10,008	44,851	15,045	168,940	108,529	241,461	48.3	51.1
	9	212,968	152,857	152,857	49,567	32.4	36,138	10,008	46,149	15,965	172,127	110,706	244,971	48.4	51.2
	16	206,509	144,566	144,566	44,192	30.6	34,117	10,008	44,125	17,518	177,214	112,876	241,136	50.1	52.9
	23	208,569	140,443	140,443	46,005	32.5	34,268	18,086	52,354	15,772	172,997	114,779	236,880	49.2	54.3
	30	216,216	148,319	148,319	48,142	32.5	34,982	19,092	54,074	13,823	163,831	113,019	236,686	46.8	52.3
Aug.	6	219,406	152,229	152,229	49,416	32.5	36,781	16,590	53,371	13,806	160,942	111,598	237,893	46.1	50.8
	13	218,872	152,812	152,812	50,405	33.0	34,835	17,389	52,224	13,836	164,579	113,254	238,949	46.7	51.7
	20	221,752	152,405	152,405	50,270	33.0	36,260	14,235	53,495	15,852	163,125	114,459	239,271	46.1	50.1
	27	228,604	158,199	158,199	52,796	33.4	40,636	15,672	56,308	14,097	159,256	113,830	241,933	44.8	49.2
Sept.	3	234,101	162,559	162,559	53,364	32.8	46,369	11,364	57,733	13,809	159,300	114,003	247,038	44.1	47.3
	10	234,579	159,044	159,044	51,457	32.4	51,601	10,014	61,615	13,920	162,499	112,689	252,011	44.6	47.3
	17	231,752	154,602	154,602	48,956	31.7	54,746	8,584	63,330	13,820	164,575	111,387	252,350	45.2	47.6
	24	249,168	170,156	170,156	52,678	31.0	56,926	8,209	65,135	13,877	145,894	112,900	249,362	40.3	42.5
Oct.	1	249,321	174,550	174,550	53,708	30.8	56,114	4,951	61,065	13,706	154,622	118,537	252,516	41.7	45.0
	8	245,413	176,268	176,268	55,241	31.3	53,233	2,073	55,306	13,839	160,183	118,144	254,351	43.0	43.6
	15	237,102	165,556	165,556	53,388	32.2	56,404	1,345	57,749	13,797	165,358	113,224	256,213	44.8	45.1
	22	237,418	162,698	162,698	55,785	34.3	60,041	886	60,927	13,793	166,560	116,394	254,297	44.9	45.2
	29	234,464	160,301	160,301	53,385	33.3	60,137	93	60,230	13,933	164,066	113,390	251,749	44.9	45.0
Nov.	5	238,337	165,489	165,489	54,681	33.0	58,866	50	58,916	13,952	167,729	118,406	254,126	45.0	45.0
	12	224,901	156,168	156,168	49,328	31.6	54,801	-----	54,801	13,932	177,615	112,260	256,662	48.1	48.1
	19	222,517	151,009	151,009	45,660	30.2	51,477	-----	51,477	20,031	184,865	114,801	258,759	49.5	49.5
	26	235,222	159,438	159,438	52,820	33.1	49,913	6,917	56,830	18,954	164,316	107,455	258,281	44.9	46.8
Dec.	3	237,763	171,284	171,284	55,360	32.3	45,629	6,917	52,546	13,933	178,142	118,799	262,938	46.7	48.5
	10	243,990	176,872	176,872	59,457	33.6	45,268	6,917	53,185	13,933	175,498	118,461	266,811	45.6	47.3
	17	225,909	164,166	164,166	53,693	32.7	41,313	6,917	48,230	13,513	187,958	107,502	271,851	49.5	51.1
	23	227,045	165,836	165,836	55,253	33.3	40,296	6,917	47,213	13,997	179,080	101,323	272,548	47.9	49.7
	30	225,676	164,686	164,686	49,623	30.1	40,349	6,917	47,266	13,724	187,717	110,209	270,745	49.3	51.1

<sup>1</sup> Minus sign indicates net amounts sold to other Federal Reserve Banks.

<sup>2</sup> Adjusted percentages are calculated after increasing or reducing reserves held by the amount of accommodation extended to or received from other Federal Reserve Banks.



*Adjusted percentages are calculated after increasing or reducing reserves held - by the amount of accommodation extended to or received from other Federal Reserve Banks.*

SCHEDULE 3.—*Volume of paper discounted and bought.*

[In thousands of dollars.]

Month.	Discounted paper.					Purchased paper.				Total discounted and purchased paper.			
	Total.	Secured by Government war obligations.	Bankers' acceptances.	Trade acceptances.	All other.	Total.	Bankers' acceptances.	Dollar exchange.	Trade acceptances.	1920	1919	1918	1917
January.....	209,711	164,171	1,966	2,754	40,820	56,784	55,533	175	1,076	266,495	179,089	36,728	3,002
February.....	163,814	129,765	1,115	1,278	31,656	14,791	12,873	35	1,883	178,605	180,760	36,638	3,595
March.....	251,923	190,051	5,249	1,319	55,304	30,364	28,144	51	2,169	282,287	185,720	39,873	3,311
April.....	302,469	234,652	6,250	820	60,747	59,037	54,546	646	3,845	361,506	191,237	45,528	4,852
May.....	324,781	241,548	5,387	3,149	74,697	12,046	10,042	.....	2,004	336,827	193,278	63,721	5,132
June.....	230,275	155,317	4,783	1,990	68,185	22,585	21,631	75	879	252,860	179,590	52,101	11,709
July.....	247,121	166,071	1,703	2,196	77,151	19,318	18,359	201	758	266,439	155,481	103,745	9,638
August.....	227,797	143,222	1,502	1,669	81,404	22,964	22,766	50	148	250,761	154,023	104,506	14,514
September.....	244,973	160,526	2,251	3,107	79,089	44,684	43,116	1,100	468	289,657	185,401	134,618	12,396
October.....	227,453	167,442	1,832	2,485	55,694	34,570	33,450	904	216	262,023	230,030	186,037	16,494
November.....	227,463	154,991	1,317	1,939	69,216	23,663	23,206	405	52	251,126	216,189	126,732	34,376
December.....	307,867	212,869	253	2,094	92,651	24,039	23,331	639	69	331,906	246,093	161,867	31,979
<b>Total:</b>													
1920.....	2,965,647	2,120,625	33,608	24,800	786,614	364,845	346,997	4,281	13,567	3,330,492	.....	.....	.....
1919.....	1,951,062	1,745,959	365	10,840	193,898	345,829	337,526	271	8,032	.....	2,296,891	.....	.....
1918.....	941,441	679,720	123	12,807	248,791	150,653	117,266	.....	33,387	.....	.....	1,092,004	.....
1917.....	102,981	19,905	.....	5,210	77,866	48,017	32,283	.....	15,734	.....	.....	.....	150,998

DISTRICT NO. 12—SAN FRANCISCO.

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SCHEDULE 4.—*Earnings and expenses.*

	1920	1919	1918	1917
<b>EARNINGS.</b>				
Bills discounted.....	\$8,259,664	\$3,667,951	\$2,671,397	\$292,982
Bills purchased.....	3,890,556	2,870,368	1,097,630	308,596
United States securities.....	322,787	238,385	135,268	147,355
Municipal warrants.....				11,935
Transfers—net earnings.....	87,707	178,410	127,388	64,363
Commissions received.....	72		35,383	
Deficient reserve penalties (including interest).....	130,157	65,970	96,409	18,222
Miscellaneous.....	15,725	140	24,310	11,302
<b>Total earnings.....</b>	<b>12,706,668</b>	<b>7,021,224</b>	<b>4,187,785</b>	<b>854,755</b>
<b>CURRENT EXPENSES.</b>				
<b>Expenses of operation:</b>				
Assessments account expenses of Federal Reserve Board.....	45,964	33,790	22,277	16,560
Federal Advisory Council (fees and traveling expenses).....	1,417	2,594	3,043	150
Governors' conferences (including traveling expenses).....	1,272	2,498	354	944
Federal Reserve agents' conferences (including traveling expenses).....	1,683	1,105	601	215
Salaries:				
Bank officers.....	188,017	136,807	94,605	56,657
Clerical staff.....	1,018,812	491,627	287,608	56,891
Special officers and watchmen.....	33,150	13,757	1,595	434
All other.....	38,691	19,005	1,117	160
Life insurance premiums (employees' group insurance).....	9,789			
Directors' fees.....	8,420	5,879	4,307	2,372
Per diem allowance.....	849	1,344	1,480	465
Traveling expenses.....	1,830			
Officers' and clerks' traveling expenses.....	32,193	16,729	14,193	3,825
Legal fees.....	4,545	3,199	2,919	1,323
Rent.....	21,163	3,256	18,306	13,669
Taxes and fire insurance.....	8,222	5,672	7,768	104
Telephone.....	10,415	4,912	4,859	2,313
Telegraph.....	70,615	27,929	11,716	2,371
Postage.....	67,341	47,193	41,813	3,203
Expressage.....	7,653	4,538	53,888	6,960
Insurance and premiums on fidelity bonds.....	26,408	20,636	9,343	3,437
Light, heat, and power.....	9,246	5,852	2,960	464
Printing and stationery.....	178,489	88,080	50,933	18,407
Repairs and alterations.....	70,296	18,620	14,742	1,506
Currency shipments to and from member and non-member banks and between the Federal Reserve Bank and its branches.....	37,921	46,474		
Currency shipments (other than Federal Reserve and Federal Reserve Bank notes) to and from Washington or a subtreasury.....	17,190			
All other.....	81,963	46,197	126,550	10,966
<b>Total expenses of operation.....</b>	<b>1,993,554</b>	<b>1,047,693</b>	<b>776,977</b>	<b>203,396</b>
Federal Reserve currency (original cost, including shipping charges).....	219,398	187,486	238,746	34,998
Miscellaneous charges account note issues.....	40,600	28,411	9,678	8,077
Taxes on Federal Reserve Bank note circulation.....	46,283	35,400		
Furniture and equipment.....	202,751	119,671	45,169	28,142
Bank premises.....		13,094		
Disbursements of transit department in excess of net service charges received.....				33,098
<b>Total current expenses.....</b>	<b>2,502,586</b>	<b>1,431,755</b>	<b>1,070,570</b>	<b>307,711</b>
<b>Current net earnings.....</b>	<b>10,204,082</b>	<b>5,589,469</b>	<b>3,117,215</b>	<b>547,044</b>
<b>PROFIT AND LOSS ACCOUNT.</b>				
Earnings.....	12,706,668	7,021,224	4,187,785	854,755
Current expenses.....	2,502,586	1,431,755	1,070,570	307,711
<b>Current net earnings.....</b>	<b>10,204,082</b>	<b>5,589,469</b>	<b>3,117,215</b>	<b>547,044</b>

SCHEDULE 4.—*Earnings and expenses*—Continued.

	1920	1919	1918	1917
<b>PROFIT AND LOSS ACCOUNT—continued.</b>				
Additions to current net earnings on account of—				
Amounts previously deducted from current net earnings for—				
Assessment account expenses of Federal Reserve Board.....	\$45,964			
Depreciation on United States bonds.....		\$27		
All other.....	417	967	\$76,685	\$15,417
Total.....	10,250,463	5,590,463	3,193,900	562,461
Reductions from current net earnings on account of—				
Bank premises.....				
Assessment account expenses of Federal Reserve Board.....	123,570	168,625	238,600	
Reserve for depreciation in United States bonds.....	12,658	33,306		91,000
Special reserve.....			7,900	
All other.....	5,412	1,172	1,551	
Total deductions.....	141,640	203,103	248,051	91,000
Net earnings available for dividends, surplus and franchise tax, Dec. 31.....	10,108,823	5,387,360	2,945,849	471,461
Dividends paid.....	384,713	296,161	497,675	394,776
Transferred to surplus fund.....	6,654,855	5,091,199	2,448,174	
Franchise tax paid United States Government.....	3,069,255			
Profit and loss Jan. 1, 1918.....				76,685

<sup>1</sup> Includes \$1,224,087 reserve for Government franchise tax transferred to surplus fund in 1919.

SCHEDULE 5.—*Currency receipts from and shipments to member and nonmember banks.*

[In thousands of dollars.]

Month.	Receipts.		Shipments.		Total receipts.		Total shipments.	
	From member banks.	From non-member banks.	To member banks.	To non-member banks.	1920	1919	1920	1919
January.....	35,300	950	12,409	1,109	36,250	30,291	13,518	7,855
February.....	19,950	764	17,602	1,281	20,714	15,783	18,883	9,817
March.....	24,188	599	20,969	3,984	24,787	15,051	24,953	11,248
April.....	24,249	635	25,851	12,537	24,884	14,303	38,388	15,312
May.....	24,758	553	25,599	4,932	25,311	18,288	30,531	14,096
June.....	27,390	543	41,477	2,794	27,933	16,747	44,271	14,941
July.....	36,419	2,052	36,756	8,276	38,471	22,918	45,032	15,715
August.....	27,516	827	33,260	17,366	28,343	15,067	50,626	21,266
September.....	30,083	817	37,687	20,230	30,900	16,299	57,917	23,325
October.....	30,875	578	33,615	16,303	31,453	19,908	49,918	21,603
November.....	39,939	543	43,794	13,310	31,482	15,618	57,104	29,848
December.....	45,156	13,066	53,222	14,456	58,222	24,820	67,678	30,555
Total:								
1920.....	356,823	21,927	382,241	116,578	378,750		498,819	
1919.....	210,590	14,503	201,870	13,711		225,093		215,581

## SCHEDULE 6.—Operations of check clearing and collection department.

[Numbers and amounts in thousands.]

Period.	Items drawn on banks in own district.				Items drawn on Treasurer of United States.		Items forwarded to other Federal Reserve Banks and their branches.		Total. <sup>1</sup>	
	Located in Federal Reserve Bank and branch cities.		Located outside Federal Reserve Bank and branch cities.							
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
Jan. 2 to Jan. 15..	146	133, 807	611	61, 087	50	84, 384	25	24, 649	832	303, 927
Feb. 15.....	314	253, 184	1, 274	117, 627	91	120, 960	51	48, 025	1, 730	539, 796
Mar. 15.....	371	281, 050	1, 379	132, 367	106	104, 754	66	61, 270	1, 922	579, 441
Apr. 15.....	459	325, 534	1, 451	115, 527	119	288, 018	85	69, 562	2, 114	828, 641
May 15.....	384	305, 774	1, 426	138, 686	129	67, 852	78	47, 224	2, 017	559, 536
June 15.....	400	322, 246	1, 489	141, 512	127	144, 813	80	39, 658	2, 096	648, 229
July 15.....	404	329, 720	1, 580	151, 357	129	235, 942	106	38, 919	2, 219	755, 938
Aug. 15.....	421	310, 982	1, 691	149, 112	112	104, 970	107	38, 041	2, 331	603, 105
Sept. 15.....	453	352, 856	1, 899	172, 119	134	100, 691	120	41, 290	2, 606	666, 956
Oct. 15.....	454	375, 028	2, 017	197, 443	139	107, 857	126	46, 467	2, 736	726, 795
Nov. 15.....	503	360, 103	2, 011	196, 398	149	88, 511	129	45, 954	2, 792	690, 966
Dec. 15.....	548	371, 196	2, 226	201, 026	154	193, 135	143	47, 620	3, 071	812, 977
Dec. 31.....	318	189, 333	1, 223	104, 582	84	85, 109	89	24, 750	1, 714	403, 774
Total.....	5, 175	3, 910, 813	20, 277	1, 908, 843	1, 523	1, 726, 996	1, 205	573, 429	28, 180	8, 120, 081

<sup>1</sup> Exclusive of duplications on account of items handled by both parent bank and branch.

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## PART III.

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### RECOMMENDATIONS OF THE FEDERAL ADVISORY COUNCIL TO THE FEDERAL RESERVE BOARD FOR THE YEAR 1920.

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# OFFICERS AND MEMBERS OF THE FEDERAL ADVISORY COUNCIL FOR THE YEAR 1920.

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## OFFICERS.

President, JAMES B. FORGAN.  
Vice president, L. L. RUE.  
Secretary, MERRITT H. GRIM.

## EXECUTIVE COMMITTEE.

JAMES B. FORGAN.  
L. L. RUE.  
A. B. HEPBURN.

PHILIP STOCKTON.  
W. S. ROWE.  
F. O. WATTS.

## MEMBERS.

PHILIP STOCKTON, Federal Reserve District No. 1.  
A. B. HEPBURN, Federal Reserve District No. 2.  
L. L. RUE, Federal Reserve District No. 3.  
W. S. ROWE, Federal Reserve District No. 4.  
J. G. BROWN, Federal Reserve District No. 5.  
OSCAR WELLS, Federal Reserve District No. 6.  
JAMES B. FORGAN, Federal Reserve District No. 7.  
F. O. WATTS, Federal Reserve District No. 8.  
C. T. JAFFRAY, Federal Reserve District No. 9.  
E. F. SWINNEY, Federal Reserve District No. 10.  
R. L. BALL, Federal Reserve District No. 11.  
A. L. MILLS, Federal Reserve District No. 12.

NOTE.—All recommendations received the unanimous approval of the members present unless otherwise specified.

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## BY-LAWS OF THE FEDERAL ADVISORY COUNCIL.

### ARTICLE I.—OFFICERS.

Officers of this council shall be a president, vice president, and secretary.

### ARTICLE II.—PRESIDENT AND VICE PRESIDENT.

The duties of the president shall be such as usually pertain to the office; and in his absence the vice president shall serve.

### ARTICLE III.—SECRETARY.

The secretary shall be a salaried officer of the council and his duties and compensation shall be fixed by the executive committee.

### ARTICLE IV.—EXECUTIVE COMMITTEE.

There shall be an executive committee of six (6) members of the council, of which the president and vice president of the council shall be ex officio members.

### ARTICLE V.—DUTIES OF EXECUTIVE COMMITTEE.

It shall be the duty of the executive committee to keep in close touch with the Federal Reserve Board and with their regulations and promulgations, and communicate the same to the members of the council, and to suggest to the council from time to time special matters for consideration.

The executive committee shall have power to fix the time and place of holding their regular and special meetings and methods of giving notice thereof.

Minutes of all meetings of the executive committee shall be kept and such minutes or digest thereof shall be immediately forwarded to each member of the council.

A majority of the executive committee shall constitute a quorum and action of the committee shall be by a majority of those present at any meeting.

#### ARTICLE VI.—MEETINGS.

Regular meetings of the Federal Advisory Council shall be held in the city of Washington on the third Monday of the months of February, May, September, and November of each year.

Special meetings may be called at any time and place by the president or the executive committee, and shall be called by the president upon written request of any three members of the council.

#### ARTICLE VII.—AMENDMENTS.

These by-laws may be changed or amended at any regular meeting by a vote of a majority of the members of the Federal Advisory Council.

45525°—21—39

## RECOMMENDATIONS OF THE FEDERAL ADVISORY COUNCIL TO THE FEDERAL RESERVE BOARD, FEBRUARY 17, 1920.

TOPIC No. 1.—Special rates for the rediscount of bankers' acceptances and the policy which should be pursued by Federal Reserve Banks, having such rates, in their open-market purchases.

*Recommendation.*—The special rate established by Federal Reserve Banks for the rediscount of bankers' acceptances affords member banks the legitimate opportunity of purchasing them, carrying them as a secondary reserve, and realizing on them promptly whenever they have occasion to do so. It also, however, affords them the opportunity of purchasing them at current open-market rates and having them rediscounted at the preferred rate simply for the profit in the transaction if this is permitted.

It should be understood that the object of the special rate is to encourage member banks to carry lines of this class of paper as a secondary reserve, promptly convertible into legal reserve balances when such conversion becomes necessary. With such an understanding prevailing many of the member banks would no doubt adopt the policy of carrying lines of bankers' acceptances as secondary reserves and the market for them would thus be materially broadened. In some districts this has already occurred.

The policy to be pursued therefore by Federal Reserve Banks should be to leave the control of the open market for such acceptances in the hands of member banks and discount houses, so long as the former use the special rediscount rate legitimately and do not abuse it. The Federal Reserve Banks should not, therefore, normally buy acceptances in the open market below the current rates at which the member banks and discount houses are buying them. Should it become urgently necessary to curtail rediscounts at the Federal Reserve Banks rates can be raised, and should it be found that the preferred rate for bankers' acceptances is being abused such discrimination in their favor should be discontinued.

TOPIC No. 2.—Rates of interest on deposits paid by member banks.

*Recommendation.*—The council has had under consideration the rates of interest paid on the several classes of deposits by the banks located in the large cities of each Federal Reserve district, as shown in a statement prepared by the Federal Reserve Agents and submitted to a conference of bankers representing the 12 districts recently held in Chicago. As the banks in the three central reserve cities and those in all other cities, where the rate of interest paid on bank deposits has been regulated by the current rate of discount at the Federal Reserve Banks on 90-day commercial paper, have already taken action limiting the maximum rate of interest to be paid on net and available daily balances of banks and trust companies to  $2\frac{1}{4}$  per cent and as such action enables the Federal Reserve Banks to increase their discount

rate without reference to existing clearing house rules regulating the payment of interest, we are of the opinion that no further steps are necessary or advisable looking to the regulation of the rates of interest to be paid on deposits.

**TOPIC No. 3.**—Effectiveness of the Federal Reserve Banks' 6 per cent rediscount rate.

*Recommendation.*—It is the opinion of the council that the Federal Reserve Banks' 6 per cent rate for the rediscount of 90-day commercial paper has not been without its effect on the credit situation, but this rate has not been long enough in operation to determine whether or not it is high enough to effect the control desired.

**TOPIC No. 4.**—Differential rates for loans secured by Government bonds.

*Recommendation.*—In the opinion of the council the differential rates now established in favor of loans secured by the Liberty and Victory loan bonds will ultimately have to be discontinued, but we do not believe that the time has yet arrived when it should be done.

**TOPIC No. 5.**—The Federal Reserve Board recommends to Congress that an additional power be granted it by adding to subdivision (d), section 14, a proviso that each Federal Reserve Bank may, with the approval of the Federal Reserve Board, determine by uniform rule, applicable to all its member banks alike, the normal maximum rediscount line of each member bank and that it may submit for the review and determination of the Federal Reserve Board graduated rates on an ascending scale to apply equally and ratably to all its member banks rediscounting amounts in excess of the normal line so determined. In this way, in the opinion of the Board, it would be possible to reduce excessive borrowings of member banks and to induce them to hold their own large borrowers in check without raising basic rates.

*Recommendation.*—The council approves the principle of applying regulatory rates to such banks as are making an excessive use of the facilities of the Federal Reserve Banks, but doubts the practicability of establishing a normal maximum rediscount line applicable alike to all member banks. In determining the line of discounts and loans to be granted to a member bank due regard must be given to the nature of the business of each member bank, as it is obvious that a bank serving a commercial clientele would legitimately require a larger rediscount line than one which did not serve customers who require considerable borrowing facilities, and such bank should not be penalized for performing its proper function in financing commerce and trade.

**TOPIC No. 6.**—Rate of interest at which future Government certificates of indebtedness should be issued.

*Recommendation.*—If such certificates are to be of short maturity, not exceeding three months, the council believes they may be marketed if they bear a rate of 4½ per cent. If, however, they are issued to mature in 9 or 12 months, it is the opinion of the council that a higher rate, bearing a closer relation to the rates current in the investment market, will be necessary in order to find a market for them. In

either case a more general distribution of them should be aimed at and their concentration in the Federal Reserve Banks as security for loans to member banks should be discouraged. For this purpose the Federal Reserve Banks' rate for loans to member banks secured by them should be not less than one-fourth of 1 per cent above the rate of interest at which they are issued.

TOPIC No. 7.—Are balances due from foreign banks deductible from balances due to banks for the purpose of determining reserves?

*Recommendation.*—We have read the opinion of your counsel undertaking to refute the opinions of Messrs. Sherman & Sterling, White & Case, Mayer, Meyer, Austrian & Platt, Stetson, Jennings & Russell, and Edward E. Brown, all eminent bank counsel, who agree that balances due from foreign banks can lawfully be deducted from balances due to banks for the purpose of determining reserves in the manner provided by section 19 of the Federal Reserve Act.

We submit that the great preponderance of counsel is on the side of the opinion expressed by us to the effect that balances due from foreign banks may legally be so deducted. Wholly apart, however, from the legal question on which the lawyers seem to differ five to one, it is the opinion of this council that the question should be considered and decided by your Board along the lines of good banking practice.

The practice has heretofore existed and we know of no good reason why it should be changed now. At the present time it makes very little difference to banks carrying foreign balances, as nearly all of them have little or no balances due them in foreign countries. In normal times, however, these balances mount up into very substantial figures and there are no balances on their books more easily and more readily convertible into legal reserve balances with the Federal Reserve Banks than they are.

In the interest of financing the foreign trade of this country, we therefore again respectfully urge a reconsideration of your ruling in this matter.

The following members of the Federal Advisory Council were present at this meeting: Messrs. James B. Forgan, president; L. L. Rue, vice president; Philip Stockton, W. S. Rowe, J. G. Brown, Oscar Wells, F. O. Watts, C. T. Jaffray, R. L. Ball, A. L. Mills, and Merritt H. Grim, secretary.

### **Recommendations of the Federal Advisory Council to the Federal Reserve Board May 18, 1920.**

TOPIC No. 1.—Causes of continued expansion of credits and of Federal Reserve note issues.

*Answer.*—There are many contributing causes, of which the following may be regarded as paramount: (1) We recognize, of course, that the first cause is the Great War; (2) great extravagance, national, municipal, and individual; (3) inefficiency and indifference of labor, resulting in lessening production; (4) a shortage of transportation facilities, thus preventing the normal movement of commodities; (5) The vicious circle of increasing wages and prices.

TOPIC No. 2.—How can the reserve position of the Federal Reserve Banks be materially strengthened before the seasonal demand sets in

next fall without undue disturbance of the processes of production and distribution?

*Recommendation.*—By urging upon member banks, through the Federal Reserve Banks, the wisdom of showing borrowers the necessity of the curtailment of general credits and especially for non-essential uses, as well as continuing to discourage loans for capital and speculative purposes; by checking excessive borrowings through the application of higher rates.

TOPIC No. 3.—If steps can not be taken at this time leading to a more normal proportion between the volume of credits and the volume of goods, when can they be taken?

*Recommendation.*—In our opinion steps should be taken now, as outlined in answer to the last question.

TOPIC No. 4.—What is the effect upon the general situation of the increased Treasury borrowings and what should be the policy of the Federal Reserve Banks in establishing rates of discount on paper secured by certificates of indebtedness?

*Recommendation.*—It is obvious that the borrowings of the Treasury have the same effect upon the general credit situation as those of other borrowers. The council would suggest the wisdom of congressional relief from the burden of Government financing by a policy of rigid economy; the revision of the tax laws for the sake of a more equitable distribution of the burden without reducing the revenue; the enactment of the budget system, the budget to include provision for the gradual payment of the short-time obligations of the Treasury. These would of necessity preclude unwise appropriations, such as the proposed soldiers' bonus.

In view of the large volume of Treasury certificates of indebtedness carried by member banks at the instance of the Treasury Department, we believe that rates established by the Federal Reserve Banks on paper secured by them should not be materially greater than the rates borne by the certificates.

TOPIC No. 5.—Should there be a revision of rates on paper secured by Liberty bonds and Victory notes?

*Recommendation.*—From a survey of the present rates in force by the Federal Reserve Banks it would seem that 6 per cent is now being charged on paper secured by Liberty bonds and Victory notes. In the judgment of the council, when and if any further revision of rates should be made, there should be shown due consideration for the original subscriber of Government securities.

The following members of the Federal Advisory Council were present at this meeting: Messrs. James B. Forgan, president; L. L. Rue, vice president; Philip Stockton, A. B. Hepburn, W. S. Rowe, J. G. Brown, Oscar Wells, F. O. Watts, E. F. Swinney, R. L. Ball, A. L. Mills, and Merritt H. Grim, secretary.

## Recommendations of the Federal Advisory Council to the Federal Reserve Board September 21, 1920.

### TOPIC No. 1.—Credit control.

- (1) What are the objects sought to be attained by the policy of credit control in the existing circumstances? Is the object (a) to maintain or to strengthen reserves? (b) To stabilize the existing situation by prevention of further expansion? (c) To bring about a discriminating deflation by reducing the total volume of credit?

*Recommendation.*—From the statistics compiled by Prof. Kemmerer, of Princeton, bank deposits increased from \$12,678,000,000 in 1913 to \$27,928,000,000 in 1919. At the same time the ratio of cash reserves to total deposits diminished from 11.7 in 1913 to 6.6 in 1919.

“Taking the index numbers of the United States Bureau of Labor Statistics as the most comprehensive and most scientifically prepared of the index numbers covering the entire period 1913 to 1919, inclusive, we may say that the wholesale price level increased from 1913 to April, 1920, 165 per cent; in other words if one calls the dollar of 1913 a 100 per cent dollar in its purchasing power over commodities at wholesale, the dollar of to-day is approximately a 38 per cent dollar.”

This was the condition of affairs when the Federal Reserve Board undertook to exercise its power over credit for the purpose of protecting personal and commercial interests. All experienced business men knew that prices would seek a lower level by gradual process if good judgment and conservatism prevailed, or by a commercial debacle if the illogical, ill-considered, and extravagant methods brought about by the war were permitted to continue. Under these circumstances, and none too soon, the Federal Reserve Board exercised its power over credit in order to constrain bankers and business men to exercise conservatism and help strengthen commercial and financial conditions. The Board in so doing have accomplished a great work and have demonstrated one of the powers for good which the Federal Reserve System possesses. Naturally their first move was in the direction of strengthening the bank's reserves. That means strengthening the bank and putting it in a liquid position—in the position in which a well-managed bank should always be, to respond to the demands of its clientele. Strengthening the reserves meant curtailing credit and ipso facto would prevent “further expansion.” No one wishes to “stabilize” existing conditions, but to get away from them to a safer and more conservative level. This would naturally bring about a “discriminating deflation” by extending credit to such industries as were essential and needed support in order to preserve the general business welfare, and by restraining credit to activities which though perfectly legitimate were nevertheless nonessential to the general welfare and should be promoted by the funds of their owners and managers, and not be allowed to absorb commercial resources needed for the financing of business closely connected with the public welfare.

- (2) Can a substantial reduction in the volume of credit be effected without injury to the legitimate business of the country and without curtailment of essential production?

*Recommendation.*—A substantial reduction of the volume of credit can be effected without injury to the legitimate industry of the country and without curtailing of essential production. Not only this but such reduction in volume of credit may be made to materially strengthen the credit fabric of the country as a whole.

The first and most beneficent effect of the act of the Federal Reserve Board in controlling credit was to arrest the attention of the whole country and to incur high commendation from conservative forces and incur criticism ranging from mild to violent from certain sections or interests. It made everybody stop and think and the discussion which ensued showed plainly that the Board was right. The psychological attitude of the country toward business immediately began to change and from wild extravagance and a disposition to enter into new and ill-considered business, there came about a feeling of conservatism. People began to ask themselves just where they stood, how much they were really worth, and how they would fare if called upon to liquidate their outstanding obligations. Drafts drawn against goods shipped abroad were not always paid and sometimes returned. People began to repudiate their contracts to receive goods, especially in cases where the price had receded. Competition in business has brought about a most unfortunate practice—people order goods and then if it does not suit their convenience, they refuse to receive and pay for the same. This has continued so long and is so much the custom that manufacturers and wholesalers hardly expect to hold their customers to rigid fulfillment of their contracts if a change in the market or a change in business conditions makes it desirable for them to repudiate. Such repudiation of purchases began to happen generally and manufacturers and wholesalers found themselves possessed of large volumes of very high-priced goods which they could not market without loss. That is the condition of the mercantile industry in our country to-day. They have for years dictated the price of their goods and they are now endeavoring to dispose of them to the public without material abatement in prices. It is generally realized that they can not accomplish such results; recessions in price have already set in and are bound to be more pronounced. Business people will have to liquidate their goods in order to liquidate financial obligations. This will bring about competition in selling throughout the country, something that has not existed for several years and this competition in its normal and natural course will clarify the situation and bring about normal conditions.

- (3) To what extent has one or more of these objects been attained in each district and in the country at large?

*Recommendation.*—The object sought to be accomplished by the Federal Reserve Board has been and is being accomplished in all districts.

- (4) To what extent is it necessary to distinguish between the immediate objective of the policy of credit control and the remoter objective, such as reduction in the cost of living?

*Recommendation.*—The immediate effect of credit control is to safeguard the situation, to enable all business to function normally, and the Board should at all times make this clear. Although a logical result may be lower prices and lower cost of living, it should distinctly



appear that the Board does not seek to control or regulate prices, but leaves the price level to competition under the law of supply and demand.

- (5) What is the proper conception of the "normal credit condition" which the Federal Reserve Banks should seek to bring about?

NOTE.—Obviously if "liquidation" or "stabilization" of the existing credit situation are to be regarded as the objectives of the Federal Reserve policy of credit control, a condition which can be regarded as "normal" will be attained very much more quickly than if the objective is a reduction in considerable amount of the total volume of credit.

*Recommendation.*—The proper concept of "a normal credit condition" is something that varies with the years, with the crops, with commerce, involving domestic and foreign exchange, and with all the varying influences that make up the activity of a commercial nation. The making of crops has to be financed. While we are greatly indebted to nature for her annual contribution to the prosperity and happiness of mankind, the volume of that contribution depends very largely upon mankind's activities. The latent resources so abundant and so valuable nevertheless must be exhumed, and that costs time and money and is a regular business in itself. A normal credit condition would seem to be one in which funds were obtainable in sufficient volume to enable the individual, the corporation, the great transportation systems of the country, the municipality, and the State to obtain funds at reasonable rates with which to prosecute their respective enterprises. This is not a static world; there should also be funds available for new and enlarged enterprise, for installation of new and improved methods and processes, which the inventive genius of mankind is constantly producing.

- (6) Methods of credit control. Consideration of the efficacy of different methods of credit control.
- (a) Horizontal increase of rates, especially of commercial rates; a canvass of the experience of banks which have put into effect a 7 per cent commercial rate, to wit, New York, Boston, Chicago, and Minneapolis.
- (b) Progressive rate schedules starting with 6 per cent as a basic rate; a canvass of the experience of Federal Reserve Banks of Kansas City, Dallas, St. Louis, and Atlanta.
- (c) Other methods of dealing with the situation, such as the implication that increased offerings by member banks will force higher rates or recourse to the progressive rate; a canvass of the experience of Federal Reserve Banks of Cleveland, Philadelphia, Richmond, and San Francisco.
- (d) Restricting issues of Federal Reserve notes to Federal Reserve Banks as a potential means of enforcing credit control; canvass of English experience and views.

*Recommendation.*—The different methods of credit control have not had a sufficient test period for the experience of the banks to be conclusive. It is found that each class of banks holds its own method to be the most satisfactory and in such a situation there should be further experience before we could give to the Board any conclusion

as between the three methods in use or advise any present attempt at uniformity in method.

- (7) Inter-Reserve Bank rediscounts as related to the problem of credit control. Is the existing policy and practice with respect to such rediscounts satisfactory and sound.

(a) To effect an approximate equalization of reserves?

*Recommendation.*—The existing policy with respect to Inter-Reserve Bank rediscounts is sound and the Board is to be highly commended for the manner in which they have made it effective.

- (b) At the same rate fixed for its member banks by the bank granting the accommodation?

*NOTE.*—When recourse was first had to inter-bank rediscounts it was thought that the value of a Federal Reserve Bank's indorsement was entitled to recognition in the form of a reduced discount rate. More recently this idea has been abandoned and rediscount transactions between Federal Reserve Banks are made at the rates established for member banks by the Federal Reserve Bank extending the accommodation. The question now arises, however, whether a Federal Reserve Bank which has been able to maintain high reserves by reducing the demands for accommodation from its own member banks, which are its depositors, should be required to extend accommodations to member banks in other districts through the medium of their Federal Reserve Bank at the same rates as are established for their own members.

*Recommendation.*—The rate of such rediscounts should be variable and fixed by the Board from time to time as the situation may appear to require and without any special regard either for the profit or loss to the contracting banks. In the present situation we approve the action of the Board in fixing the rate of such rediscounts at 7 per cent.

**TOPIC No. 2.**—Loans secured by Liberty bonds and Victory notes.

- (1) Is there any moral obligation resting upon any of the Federal Reserve Banks to establish rates lower than commercial rates for paper of this classification?

*Recommendation.*—It is difficult for this council to determine whether any moral obligation exists in any of the Federal Reserve districts.

On the general proposition of moral obligation arising out of the methods adopted in the various Liberty bond campaigns the council is equally divided, voting 6 to 6.

- (2) Would liquidation of loans of this class be retarded or promoted by the establishment of lower rates?

*Recommendation.*—The establishment of lower rates doubtless would retard the liquidation of loans by Liberty bonds and Victory notes.

- (3) If lower rates are deemed desirable, would it be equitable and practicable to have such rates apply to original subscribers only?

*Recommendation.*—It might be equitable to confine preferential rates to original subscribers only, but we are informed that you have been advised that it would not be legal, and in our opinion it would not be practicable.

- (4) Should member banks' collateral notes be fully secured, taking market value instead of face value as a basis?

- (5) If so, how and when could the new policy be put into effect with a minimum of friction?

*Recommendation.*—Yes; we understand this is the practice in some districts and should be made general.

TOPIC No. 3.—Federal Reserve note issues.

- (1) Is the note-issue policy of the Federal Reserve System subject to legitimate criticism?

*Recommendation.*—We regard the note-issue policy under the Federal Reserve System as sound and therefore not subject to legitimate criticism.

- (2) What connection is there between changes in the volume of credit and the volume of currency?

- (3) Is there any difference in relation to effect upon prices between the volume of credit and the volume of currency?

*Answer.*—It is not clear to the council just what is meant by these questions. They are too involved to admit of their being satisfactorily answered in the time at the council's disposal.

- (4) Can the note-issue policy of the Federal Reserve System be properly charged with any important responsibility for inflated prices; if so, what has been the responsibility and in what way does the issue of Federal Reserve notes promote or assist inflation.

*Recommendation.*—An increase of the Federal Reserve note issue was made necessary by war conditions and doubtless had some influence in inflating prices, but in the opinion of the council there has been no undue issue of these notes.

- (5) Can the accepted principles of bank note currency regulation, applicable in normal circumstances when the commerce of the world is conducted on a gold standard, be safely taken as a guide in the abnormal circumstances now existing, when the gold standard is virtually suspended, except in the United States and Japan?

- (6) In connection with the policy of credit control should the present note-issue policy of the Federal Reserve System be changed and restrictions be thrown around the issue of Federal Reserve notes?

- (7) If the issue of Federal Reserve notes should be restricted, what form should the restriction take and what effect would different methods of restrictions have?

(a) Imposition of charges against Federal Reserve notes upon the uncovered part of circulation issued to them at a given rate, for example, a fixed rate of 5 per cent, or a rate varying with the commercial rate.

(b) Would it be practicable to establish for each member bank a so-called normal currency limit and to impose charges upon member banks calling for notes in excess of their limit?

(c) Would it be advisable, while continuing to have the Federal Reserve Banks pay all transportation charges on incoming currency, to have shipments of outgoing currency made at the expense of the consignees?

- (d) Restrictions by definition of the character of the paper acceptable as collateral by the Federal Reserve Agent against the issue of Federal Reserve notes. Should member banks' collateral notes or customers' notes secured by Government obligations be taken as collateral for Federal Reserve notes?
- (e) Limitation of the total volume of Federal Reserve notes by the Federal Reserve Board, the maximum amount being fixed pro rata for each Federal Reserve Bank. (The Federal Reserve Board has statutory power to accept in part or to reject entirely all applications for Federal Reserve notes.)

Would restriction of note issues in any of the above mentioned ways operate to promote a better control of credit, and if so, what would be the effect upon the commerce and business of the country?

*Recommendation.*—We know of no reason why the principles under which bank note currency as issued under the Federal Reserve System should be changed, as sufficient time has not elapsed to test its flexibility in response to business conditions. The council is of the opinion that no alteration should be made in the regulations governing the currency issued which would impair its elasticity.

The following members of the Federal Advisory Council were present at this meeting: Messrs. James B. Forgan, president; L. L. Rue, vice president; Philip Stockton, A. B. Hepburn, W. S. Rowe, J. G. Brown, Oscar Wells, F. O. Watts, C. T. Jaffray, E. F. Swinney, R. L. Ball, A. L. Mills, and Merritt H. Grim, secretary.

## DESCRIPTION OF FEDERAL RESERVE DISTRICTS.

Below are descriptions of the 12 Federal Reserve districts, accompanied by estimates of the population of each district recently furnished by the Bureau of the Census as of December 31, 1920. A map showing outline of the districts is also appended.

### DISTRICT NO. 1—BOSTON (7,159,554).

Connecticut (except Fairfield County) (1,079,293).  
Maine (770,655).  
Massachusetts (3,902,409).  
New Hampshire (444,371).  
Rhode Island (610,761).  
Vermont (352,065).

### DISTRICT NO. 2—NEW YORK (13,346,171).

Connecticut (county of Fairfield) (328,725).  
New Jersey (counties of Monmouth, Middlesex, Hunterdon, Somerset, Union, Essex, Passaic, Hudson, Bergen, Morris, Sussex, and Warren) (2,501,677).  
New York (10,515,769).

### DISTRICT NO. 3—PHILADELPHIA (6,835,177).

Delaware (225,134).  
New Jersey (except counties enumerated under District No. 2) (717,955).  
Pennsylvania (eastern part) (5,892,088). Counties:

Adams.	Chester.	Huntingdon.	Monroe.	Snyder.
Bedford.	Clearfield.	Juniata.	Montgomery.	Sullivan.
Berks.	Clinton.	Lackawanna.	Montour.	Susquehanna.
Blair.	Columbia.	Lancaster.	Northampton.	Tioga.
Bradford.	Cumberland.	Lebanon.	Northumberland.	Union.
Bucks.	Dauphin.	Lehigh.	Perry.	Wayne.
Cambria.	Delaware.	Luzerne.	Philadelphia.	Wyoming.
Cameron.	Elk.	Lycoming.	Pike.	York.
Carbon.	Franklin.	McKean.	Potter.	
Center.	Fulton.	Mifflin.	Schuylkill.	

### DISTRICT NO. 4—CLEVELAND (10,069,334).

Kentucky (eastern part) (1,098,882). Counties:

Bath.	Estill.	Kenton.	Magoffin.	Pulaski.
Bell.	Fayette.	Knott.	Martin.	Robertson.
Boone.	Fleming.	Knox.	Mason.	Rockcastle.
Bourbon.	Floyd.	Laurel.	Menifee.	Rowan.
Boyd.	Garrard.	Lawrence.	Montgomery.	Scott.
Bracken.	Grant.	Lee.	Morgan.	Whitley.
Breathitt.	Greenup.	Leslie.	Nicholas.	Wolfe.
Campbell.	Harlan.	Letcher.	Owsley.	Woodford.
Carter.	Harrison.	Lewis.	Pendleton.	
Clark.	Jackson.	Lincoln.	Perry.	
Clay.	Jessamine.	McCreary.	Pike.	
Elliott.	Johnson.	Madison.	Powell.	

Ohio (5,861,602).

Pennsylvania (western part) (2,936,588). Counties:

Allegheny.	Clarion.	Forest.	Lawrence.	Warren.
Armstrong.	Crawford.	Greene.	Mercer.	Washington.
Beaver.	Erie.	Indiana.	Somerset.	Westmoreland.
Butler.	Fayette.	Jefferson.	Venango.	

West Virginia (northern part) (172,262). Counties:

Brooke.	Marshall.	Ohio.	Tyler.	Wetzel.
Hancock.				

**DISTRICT NO. 5—RICHMOND (9,861,739.)**

District of Columbia (448, 541).  
 Maryland (1,465,556).  
 North Carolina (2, 595,466).  
 South Carolina (1,701,062).  
 Virginia (2,334,688).  
 West Virginia (all counties except Brooke, Hancock, Marshall, Ohio, Tyler, and Wetzell) (1,316,426).

**DISTRICT NO. 6—ATLANTA (9,915,370).**

Alabama (2,369,814).  
 Florida (990,704).  
 Georgia (2,925,365).  
 Louisiana (southern part) (1,262,153). Parishes:

Acadia.	East Baton Rouge.	Lafourche.	St. Helena.	Terrebonne.
Allen.	East Feliciana.	Livingston.	St. James.	Vermilion.
Ascension.	Evangeline.	Orleans.	St. John the Baptist.	Vernon.
Assumption.	Iberia.	Plaquemines.	St. Landry.	Washington.
Avovelles.	Iberville.	Pointe Coupee.	St. Martin.	West Baton Rouge.
Beauregard.	Jefferson.	Rapides.	St. Mary.	West Feliciana.
Calcasieu.	Jefferson Davis.	St. Bernard.	St. Tammany.	
Cameron.	Lafayette.	St. Charles.	Tangipahoa.	

Mississippi (southern part) (682,270). Counties:

Adams.	Greene.	Jones.	Neshoba.	Smith.
Amite.	Hancock.	Kemper.	Newton.	Stone.
Claiborne.	Harrison.	Lamar.	Pearl River.	Walthall.
Clarke.	Hinds.	Lauderdale.	Perry.	Warren.
Copiah.	Issaquena.	Lawrence.	Pike.	Wayne.
Covington.	Jackson.	Leake.	Rankin.	Wilkinson.
Forrest.	Jasper.	Lincoln.	Scott.	Yazoo.
Franklin.	Jefferson.	Madison.	Sharkey.	
George.	Jefferson Davis.	Marion.	Simpson.	

Tennessee (eastern part) (1,685,064). Counties:

Anderson.	Dekalb.	Jackson.	Monroe.	Sevier.
Bedford.	Dickson.	James.	Montgomery.	Smith.
Bledsoe.	Fentress.	Jefferson.	Moore.	Stewart.
Blount.	Franklin.	Johnson.	Morgan.	Sullivan.
Bradley.	Giles.	Knox.	Overton.	Sumner.
Campbell.	Grainger.	Lawrence.	Perry.	Trousdale.
Cannon.	Greene.	Lewis.	Pickett.	Unicoi.
Carter.	Grundy.	Lincoln.	Folk.	Union.
Cheatham.	Hambien.	Loudon.	Putnam.	Van Buren.
Claiborne.	Hamilton.	McMinn.	Rhea.	Warren.
Clay.	Hancock.	Macon.	Roane.	Washington.
Cocke.	Hawkins.	Marion.	Robertson.	Wayne.
Coffee.	Hickman.	Marshall.	Rutherford.	White.
Cumberland.	Houston.	Maury.	Scott.	Williamson.
Davidson.	Humphreys.	Meigs.	Sequatchie.	Wilson.

**DISTRICT NO. 7—CHICAGO (15,638,448.)**

Illinois (northern part) (5,322,153). Counties:

Boone.	Douglas.	Kankakee.	Marshall.	Shelby.
Bureau.	Dupage.	Kendall.	Mason.	Stark.
Carroll.	Edgar.	Knox.	Menard.	Stephenson.
Cass.	Ford.	Lake.	Mercer.	Tazewell.
Champaign.	Fulton.	La Salle.	Moultrie.	Vermilion.
Christian.	Grundy.	Lee.	Ogle.	Warren.
Clark.	Hancock.	Livingston.	Peoria.	Whiteside.
Coles.	Henderson.	Logan.	Piatt.	Will.
Cook.	Henry.	McDonough.	Putnam.	Winnebago.
Cumberland.	Troquois.	McHenry.	Rock Island.	Woodford.
Dekalb.	Jo Daviess.	McLean.	Sangamon.	
Dewitt.	Kane.	Macon.	Schuyler.	

## Indiana (northern part) (2,352,818). Counties:

Adams.	Delaware.	Jay.	Newton.	Stauben.
Allen.	Elkhart.	Jennings.	Noble.	Tiptecanoe.
Bartholomew.	Fayette.	Johnson.	Ohio.	Tipton.
Benton.	Fountain.	Kosciusko.	Owen.	Union.
Blackford.	Franklin.	Lagrange.	Parke.	Vermillion.
Boone.	Fulton.	Lake.	Porter.	Vigo.
Brown.	Grant.	Laporte.	Pulaski.	Wabash.
Carroll.	Hamilton.	Madison.	Putnam.	Warren.
Cass.	Hancock.	Marion.	Randolph.	Wayne.
Clay.	Hendricks.	Marshall.	Ripley.	Wells.
Clinton.	Henry.	Miami.	Rush.	White.
Dearborn.	Howard.	Monroe.	St. Joseph.	Whitley.
Decatur.	Huntington.	Montgomery.	Shelby.	
Dekalb.	Jasper.	Morgan.	Starke.	

## Iowa (2,422,485).

## Michigan (southern part) (3,423,547). Counties:

Alcona.	Claire.	Isabella.	Midland.	Presque Isle.
Allegan.	Clinton.	Jackson.	Missaukee.	Roscommon.
Alpena.	Crawford.	Kalamazoo.	Monroe.	Saginaw.
Antrim.	Eaton.	Kalkaska.	Montcalm.	St. Clair.
Arenac.	Emmet.	Kent.	Montmorency.	St. Joseph.
Barry.	Genesee.	Lake.	Muskegon.	Sanilac.
Bay.	Gladwin.	Lapeer.	Newaygo.	Shiawassee.
Benzie.	Grand Traverse.	Leelanau.	Oakland.	Tuscola.
Berrien.	Gratiot.	Lenaawee.	Oceana.	Van Buren.
Branch.	Hillsdale.	Livingston.	Ogemaw.	Washtenaw.
Calhoun.	Huron.	Macomb.	Osceola.	Wayne.
Cass.	Ingham.	Manistee.	Oscoda.	Wexford.
Charlevoix.	Ionia.	Mason.	Otsego.	
Cheboygan.	Iosco.	Mecosta.	Ottawa	

## Wisconsin (southern part) (2,117,445). Counties:

Adams.	Fond du Lac.	Kewaunee.	Oconto.	Sheboygan.
Brown.	Grant.	Lafayette.	Outagamie.	Vernon.
Calumet.	Green.	Langlade.	Ozaukee.	Walworth.
Clark.	Green Lake.	Manitowoc.	Portage.	Washington.
Columbia.	Iowa.	Marathon.	Racine.	Waukesha.
Crawford.	Jackson.	Marinette.	Richland.	Waupaca.
Dane.	Jefferson.	Marquette.	Rock.	Waushara.
Dodge.	Juneau.	Milwaukee.	Sauk.	Winnebago.
Door.	Kenosha.	Monroe.	Shawano.	Wood.

## DISTRICT NO. 8—ST. LOUIS (9,333,389).

## Arkansas (1,770,514).

## Illinois (southern part) (1,250,340). Counties:

Adams.	Effingham.	Jefferson.	Montgomery.	Saline.
Alexander.	Fayette.	Jersey.	Morgan.	Scott.
Bond.	Franklin.	Johnson.	Perry.	Union.
Brown.	Gallatin.	Lawrence.	Pike.	Wabash.
Calhoun.	Greene.	Macoupin.	Pope.	Washington.
Clay.	Hamilton.	Madison.	Pulaski.	Wayne.
Clinton.	Hardin.	Marion.	Randolph.	White.
Crawford.	Jackson.	Massac.	Richland.	Williamson.
Edwards.	Jasper.	Monroe.	St. Clair.	

## Indiana (southern part) (601,214). Counties:

Clark.	Gibson.	Knox.	Pike.	Switzerland.
Crawford.	Greene.	Lawrence.	Posey.	Vanderburg.
Daviess.	Harrison.	Martin.	Scott.	Warrick.
Dubois.	Jackson.	Orange.	Sullivan.	Washington.
Floyd.	Jefferson.	Perry.	Spencer.	

## Kentucky (western part) (1,330,802). Counties:

Adair.	Casey.	Hancock.	McLean.	Shelby.
Allen.	Christian.	Hardin.	Marion.	Simpson.
Anderson.	Clinton.	Hart.	Marshall.	Spencer.
Ballard.	Crittenden.	Henderson.	Meade.	Taylor.
Barren.	Cumberland.	Henry.	Mercer.	Todd.
Boyle.	Daviess.	Hickman.	Metcalfe.	Trigg.
Breckenridge.	Edmonson.	Hopkins.	Nelson.	Trimble.
Bullitt.	Franklin.	Jefferson.	Muhlenberg.	Union.
Butler.	Fulton.	Larue.	Nelson.	Warren.
Caldwell.	Gallatin.	Livingston.	Ohio.	Washington.
Calloway.	Graves.	Logan.	Oldham.	Wayne.
Carlisle.	Grayson.	Lyon.	Owen.	Webster.
Carroll.	Greene.	McCracken.	Russell.	

Mississippi (northern part) (1,107,679). Counties:

Alcorn.	Clay.	Lee.	Panola.	Tishomingo.
Attala.	Coshoma.	Leflore.	Pontotoc.	Tunica.
Benton.	De Soto.	Lowndes.	Prentiss.	Union.
Bolivar.	Grenada.	Marshall.	Quitman.	Washington.
Calhoun.	Holmes.	Monroe.	Sunflower.	Webster.
Carroll.	Humphreys.	Montgomery.	Tallahatchie.	Winston.
Chickasaw.	Itawamba.	Noxubee.	Tate.	Yalobusha.
Choctaw.	Lafayette.	Oktibbeha.	Tippah.	

Missouri (eastern part) (2,604,250). Counties: All except those included in district No. 10.

Tennessee (western part) (668,590). Counties:

Benton.	Dyer.	Hardin.	Lake.	Obion.
Carroll.	Fayette.	Haywood.	Lauderdale.	Shelby.
Chester.	Gibson.	Henderson.	McNairy.	Tipton.
Crockett.	Hardeman.	Henry.	Madison.	Weakley.
Decatur.				

### DISTRICT NO. 9—MINNEAPOLIS (5,159,217).

Michigan (northern part) (333,267). Counties:

Alger.	Delta.	Houghton.	Luce.	Menominee.
Baraga.	Dickinson.	Iron.	Mackinac.	Ontonagon.
Chippewa.	Gogebic.	Keweenaw.	Marquette.	Schoolcraft.

Minnesota (2,419,202).

Montana (566,691).

North Dakota (652,748).

South Dakota (641,971).

Wisconsin (northern part) (545,338). Counties:

Ashland.	Douglas.	La Crosse.	Price.	Vilas.
Barron.	Dunn.	Lincoln.	Rusk.	Washburn.
Bayfield.	Eau Claire.	Oneida.	St. Croix.	
Buffalo.	Florence.	Pepin.	Sawyer.	
Burnett.	Forest.	Pierce.	Taylor.	
Chippewa.	Iron.	Polk.	Trempealeau.	

### DISTRICT NO. 10—KANSAS CITY (7,115,710).

Colorado (954,112).

Kansas (1,777,324).

Missouri (western part) (811,209). Counties:

Andrew.	Buchanan.	Dekalb.	Jasper.	Platte.
Atchison.	Cass.	Gentry.	McDonald.	Vernon.
Barton.	Clay.	Holt.	Newton.	Worth.
Bates.	Clinton.	Jackson.	Nodaway.	

Nebraska (1,307,100).

New Mexico (northern part) (208,768). Counties:

Cofax.	Mora.	Sandoval.	San Miguel.	Taos.
McKinley.	Rio Arriba.	San Juan.	Santa Fe.	Uniot.

Oklahoma (all except southeastern part) (1,857,806). Counties:

Adair.	Creek.	Jackson.	Murray.	Roger Mills.
Alfalfa.	Custer.	Jefferson.	Muskogee.	Rogers.
Beaver.	Delaware.	Kay.	Noble.	Seminole.
Beckham.	Dewey.	Kingfisher.	Nowata.	Sequoyah.
Blaine.	Ellis.	Kiowa.	Oklfuskee.	Stephens.
Caddo.	Garfield.	Latimer.	Oklahoma.	Texas.
Canadian.	Garvin.	Le Flore.	Okmulgee.	Tillman.
Carter.	Grady.	Lincoln.	Osage.	Tulsa.
Cherokee.	Grant.	Logan.	Ottawa.	Wagoner.
Cimarron.	Greer.	Love.	Pawnee.	Washington.
Cleveland.	Harmon.	McClain.	Payne.	Washita.
Comanche.	Harper.	McIntosh.	Pittsburg.	Woods.
Cotton.	Haskell.	Major.	Pontotoc.	Woodward.
Craig.	Hughes.	Mayes.	Pottawatomie.	

Wyoming (199,391).



**DISTRICT NO. 11—DALLAS (5,779,440).**

Arizona (southeastern part) (122,554). Counties:

Cochise. Pima. Graham. Santa Cruz. Greenlee.

Louisiana (northern part) (550,996). Parishes:

Bienville.	Concordia.	La Salle.	Red River.	West Carroll.
Bossier.	De Soto.	Lincoln.	Richland.	Winn.
Caddo.	East Carroll.	Madison.	Sabine.	
Caldwell.	Franklin.	Morcharouse.	Tensas.	
Catahoula.	Grant.	Natchitoches.	Union.	
Chiborne.	Jackson.	Ouachita.	Webster.	

New Mexico (southern part) (154,986). Counties:

Bernillo.	Dona Ana.	Hidalgo.	Otero.	Socorro.
Chaves.	Eddy.	Lea.	Quay.	Torrey.
Curry.	Grant.	Lincoln.	Roosevelt.	Valencia.
De Baca.	Guadalupe.	Luna.	Sierra.	

Oklahoma (southeastern part) (208,704). Counties:

Atoka. Choctaw. Johnston. Marshall. Pushmataha.  
Bryan. Coal. McCurtain.

Texas (1,742,200).

**DISTRICT NO. 12—SAN FRANCISCO (6,910,140).**

Arizona (northwestern part) 224,694. Counties:

Apache. Gila. Mohave. Pinal. Yuma.  
Coconino. Maricopa. Navajo. Yavapai.

California (3,531,945).

Idaho (42,813).

Nevada (76,917).

Oregon (791,783).

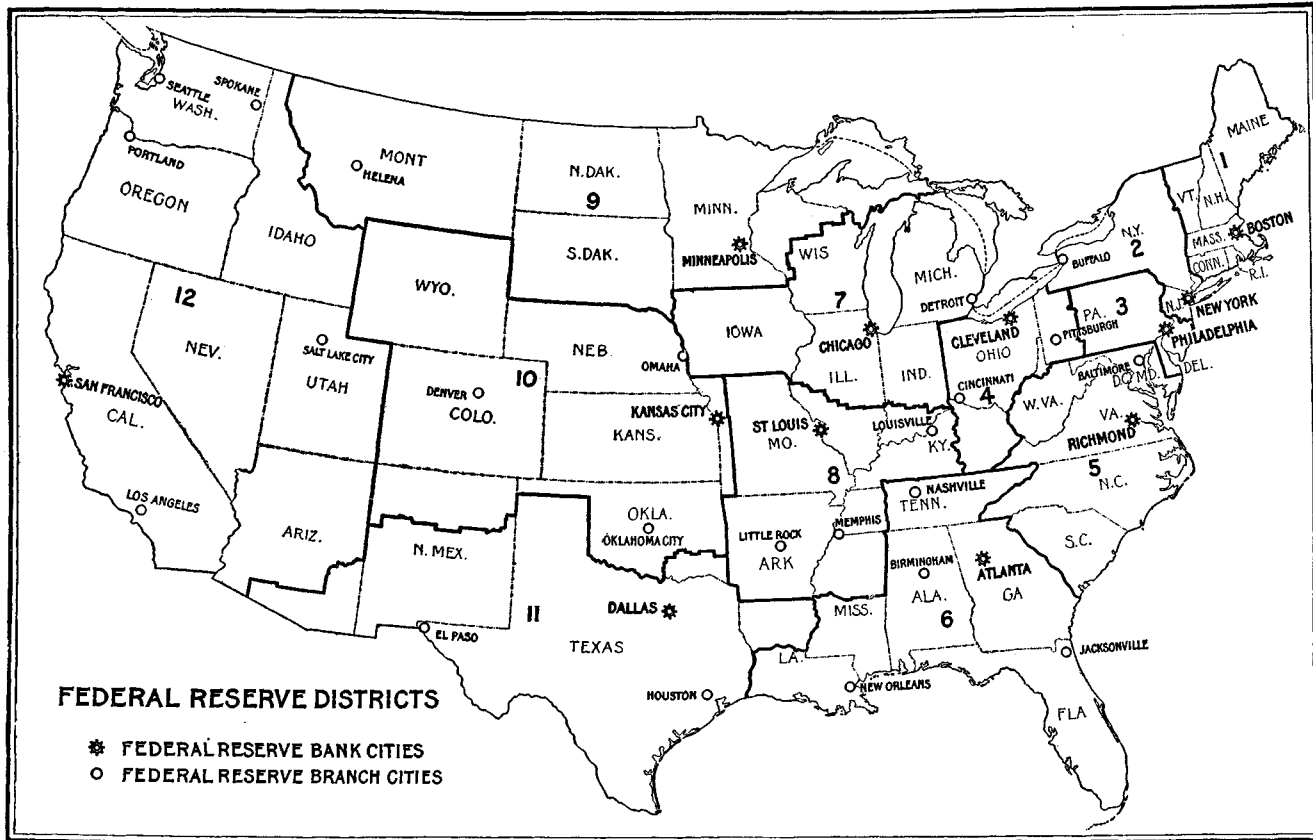
Utah (57,229).

Washington (1,378,729).

**RECAPITULATION.***Estimated population Dec. 31, 1920.*

Federal Reserve District:

No. 1 Boston.....	7,159,554
No. 2 New York.....	13,346,471
No. 3 Philadelphia.....	6,835,477
No. 4 Cleveland.....	10,069,331
No. 5 Richmond.....	9,861,739
No. 6 Atlanta.....	9,915,370
No. 7 Chicago.....	15,638,448
No. 8 St. Louis.....	9,333,389
No. 9 Minneapolis.....	5,159,217
No. 10 Kansas City.....	7,115,710
No. 11 Dallas.....	5,779,440
No. 12 San Francisco.....	6,910,140
Total.....	107,123,689



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