TWENTY-FIFTH ANNUAL REPORT

OF THE

BOARD OF GOVERNORS

OF THE

FEDERAL RESERVE SYSTEM

COVERING OPERATIONS
FOR THE YEAR 1938

UNITED STATES OF AMERICA
WASHINGTON: 1939

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

December 31, 1938

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BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
Washington, January 27, 1939.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

Pursuant to the requirements of section 10 of the Federal Reserve Act, as amended, I have the honor to submit the Twenty-fifth Annual Report, prepared by direction of the Board of Governors of the Federal Reserve System, covering operations during the calendar year 1938.

Yours respectfully,

M. S. ECCLES, *Chairman.*

ANNUAL REPORT OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

FOREWORD

The present, when our banking system is under no stress, is an appropriate time to present to Congress a picture of the banking problems of today. The Board is convinced that it would be derelict in the discharge of its responsibilities if it failed to call to the attention of Congress such defects in our banking machinery, from the monetary, credit, and supervisory point of view, as still exist, notwithstanding the important improvements that have been made by Congress in recent years. This is a necessary first step in preparing the ground for such further improvements, within the general framework of our State and national banking systems, as Congress may deem advisable in order to enable the banking mechanism better to withstand stresses and strains to which it may be subjected in the future as it has been in the past. This report is confined to a discussion of major problems in the banking field and no attempt has been made to cover all the matters in this field that require consideration at this time. The Board stands ready to offer all the assistance in considering this subject that Congress may desire and that the Board is able to contribute.

Banking is a business vested with a public interest. The current financial needs of commerce, industry, and agriculture are met largely through the individual actions of the 15,000 separate banks in operation in this country. The volume of their loans and investments has a direct relationship to the volume of business activity, and the deposits created by these loans and investments, as they pass from hand to hand, are the medium through which the bulk of the nation's payments are made.

Successful operation of our banking institutions is, therefore, necessary to the orderly functioning of the nation's business. It is not merely the concern of those who have invested their money in the banking business, nor merely of those who have entrusted their deposits to the banks. It is also a matter of public concern, both because of the importance of safeguarding deposits and because of the part that the banks play in maintaining the flow of goods and services through the channels of production and distribution, from the farm, the forest, and the mine to the ultimate consumer. Interference with the orderly functioning of banks, whether through bank failures or otherwise, results in the elimination of an habitual source of financial assistance on which the banks' customers have relied, and in the loss or tying up of deposits belonging to the depositors who have made their business and personal plans in the assurance that they have this money at their disposal. The degree of eagerness of banks to extend credit and their ability to do so have an important influence on the course of business, because these factors result in an expansion or a contraction of loans and investments, and in changes in the volume of deposits, which are the country's principal medium of exchange.

SUMMARY

Composition of the Banking System and Trends in Banking.—At the present time our banking system, as considered in this report, consists of about 15,000 banks. National banks, which are chartered by the Federal Government, constitute about one-third of the number, and nearly all the rest are chartered by the forty-eight State authorities. All of the national banks and about 10 percent of the State banks are members of the Federal Reserve System, and these members hold 70 percent of total bank deposits and 85 percent of deposits at commercial banks. All but about 1,500 banks are insured by the Federal Deposit Insurance Corporation, which covers deposits up to $5,000 for each depositor. Of the total of approximately $60,000,000,000 of bank deposits at the present time, 45 percent is at national banks, 25 percent at State member banks, and the remainder at nonmember banks. Although about 85 percent of all bank depositors are protected in whole or in part by Federal deposit insurance, only about 38 percent of the aggregate amount of deposits is covered.

Since 1921 the number of banks has been approximately cut in two, principally by bank failures, which have resulted in losses to depositors of over $2,000,000,000. While the amount of bank deposits at present is larger than it has been at any previous time, and while in general the country has ample and in some localities excessive banking facilities, there may be some localities that do not have adequate banking service.

The nature of bank operations and the composition of bank assets have been greatly changed in recent years. Commercial borrowing at banks has declined. In the last decade, with the growth of the public debt, securities of the United States Government have become an increasingly important part of bank portfolios and now constitute over one-third of their total earning assets.

Public Supervision of Banks.—*Its Growth and Pattern.*—Recognition of the public interest in banking is indicated by the fact that banks have been subject to public supervision for nearly a hundred years. Banking legislation, State and national, has reflected the cumulative results of attempts by various governmental authorities to meet competitive conditions and specific situations and emergencies. As a consequence, the development of the mechanism of supervision has been piecemeal in character and not in accordance with comprehensive plans made with reference to the country's banking needs taken as a whole. From this process the banking picture emerges as a crazy quilt of conflicting powers and jurisdictions, of overlapping authorities and gaps in authority, of restrictions making it difficult for banks to serve their communities and make a living, and of conditions making it next to impossible for public authorities to apply adequate restraints at a time and in conditions when this may be in the public interest. A chart showing the confusion of jurisdictions under which the banks function appears on page 9.

Discriminations.—Different classes of banks are subject to different laws and jurisdictions, and these differences in many cases constitute competitive disadvantages, particularly for national banks and other members of the Federal Reserve System. The Board of Governors and the officers of the Federal Reserve banks strive to encourage eligible nonmember banks to become members of the Federal Reserve System, yet there are provisions of law that tend to discourage membership since they apply to member and not to nonmember banks. Among such provisions, for example, are those that restrict banks in charging exchange, prescribe the minimum capital for the establishment of banks and branches, establish requirements for reserves against deposits, and limit the character of bank investments.[1]

Supervisory Responsibility Diffused.—Forty-eight State authorities and the Federal Government share the responsibility for bank supervision. Within the Federal Government authority over the banks is scattered among several agencies. The Comptroller of the Currency has the responsibility for the chartering and closing of national banks and the primary responsibility for their examination and supervision. The Federal Reserve System has some degree of supervision over all member banks, but in matters relating to national banks the primary responsibility is with the Comptroller, and in those pertaining to State member banks it is with State supervisory authorities. The Federal Deposit Insurance Corporation has definite responsibilities in regard to all insured banks, and exercises its supervisory powers particularly in the case of insured banks which are not members of the Federal Reserve System. The Treasury Department, under the emergency laws of 1933, still has the responsibility for licensing member banks and for approval of the purchase of bank stock by the Reconstruction Finance Corporation. This Corporation, because of its authority to make loans to banks and to purchase preferred stock and debentures from them, has proprietary and contractual powers of supervision over such banks as receive loans or capital from the Corporation.

As a consequence of this diffusion of authority, the banks themselves

[1] Provisions of law that also result in discrimination include restrictions on interlocking directorates, on loans to officers, and on other matters discussed on pages 10 and 11.

are frequently confused about the agency with which they must deal and by the variety of regulations. While cooperative arrangements have been worked out among the various governmental agencies by which banks are generally not subjected to separate examinations by more than one authority, the power to examine banks is possessed by several agencies and this power can be used. There are many regulations relating to various banking operations, the responsibility for which is divided between several authorities. For example, the power to determine maximum rates of interest to be paid on time deposits is divided between the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation. The same division exists in connection with enforcement of the law prohibiting the paying of interest on demand deposits. The power of granting and supervising the exercise of trust powers by national banks is divided between the Board of Governors and the Comptroller of the Currency. There are many other similar instances.

As a consequence of the diffusion of responsibility and diversity of authority over the banks there is often uncertainty of decision and delay in action where promptness is important in the public interest.

Problem of Uniformity in Examination Policy.—Diffusion of authority has also been responsible for difficulties in establishing uniform policies in connection with bank examinations. While a voluntary agreement has been worked out between the three principal Federal supervisory agencies—the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Board of Governors—the permanence of this arrangement depends on continuous agreement between the agencies on the policies involved, and its effectiveness depends on a uniform interpretation of the policies adopted. The interpretation, however, may vary from time to time in accordance with the points of view of those responsible for the policies of the three agencies.

Relation Between Supervisory and Credit Policies.—The Board wishes to raise a broad question as to the relationship that should exist between general credit policies and policies pursued in the examination and supervision of banks. There have been times in the past when these policies have worked in opposite directions, with a consequent aggravation of deflationary and inflationary trends.

This report presents for consideration the problem whether and, if so, by what method examination policies could be so harmonized with credit policies as to become jointly a stabilizing force in the national economy.

Nature and Function of Bank Reserves.—The Federal Reserve System's power to influence credit conditions as an aid to greater economic stability arises largely out of its ability to regulate the volume of member bank reserves. This subject was discussed at length in the Annual Report for 1936.

To state it briefly, under our system member banks are obliged to keep reserves in amounts equal to a definite proportion of their deposit liabilities. Consequently, in order to extend more credit, a bank must have reserves in excess of its existing requirements or be able to obtain such reserves. By increasing or decreasing the amount of reserves available to the banks, the Federal Reserve authorities may encourage or discourage the expansion of bank credit, particularly at times when the banks have a limited amount of unused reserves. Changes in the amount of unused reserves of member banks can be effected by the System through purchases or sales of United States Government securities in the open market, through discounts for member banks at the discount rate, and through changes in reserve requirements.

Growth of Reserves in Recent Years.—Bank reserves, however, are influenced also by developments over which the System has no control, such as gold imports and issues of silver certificates by the Treasury. Since the amount of money that remains in circulation is determined by the people's habits and needs for cash and not by the amount of currency issued, currency of any kind issued not in direct response to current needs of the public is deposited in the banks and is added to bank reserves.

In considering the problems of credit regulation in the future, the banking authorities are faced with the effects of the rapid growth of bank reserves in recent years. In the five years from 1933 to 1938 this growth has amounted to $6,000,000,000, due to additions to the gold stock and the issuance of silver certificates by the Treasury. When gold comes into the country and the Treasury purchases it, the funds thus released by the Treasury come into possession of the banks and become bank reserves, and when silver certificates are issued by the Treasury this also adds an equivalent amount to the reserves of member banks. The amount of reserves needed by banks has been augmented by the increase in reserve requirements and by the growth in deposits, but their reserves now exceed requirements by $3,600,000,000. This amount of excess reserves can be more than doubled, even without further gold imports or silver purchases, through disbursement by the Treasury of amounts equivalent to the gold it holds in the Stabilization Fund and elsewhere, by a reduction of its unusually large balances with the Federal Reserve banks, and by the issuance of silver certificates against the free silver bullion now in the Treasury's possession. This leaves out of consideration the Treasury's authority to issue United States notes. The Treasury can also absorb member bank reserves by increasing its cash holdings and its Federal Reserve balances. Under existing conditions the Treasury's powers to influence member bank reserves outweigh those possessed by the Federal Reserve System.

System's Powers to Control Excess Reserves.—Under the present law the Federal Reserve System can absorb excess reserves only to the extent of approximately $800,000,000, the amount by which it can increase member bank reserve requirements, and the additional amounts that could be taken up by such sales out of its portfolio of $2,560,000,000 of Government securities as may be in the public interest. After the System had done all in its power to absorb excess reserves, a considerable amount would remain at the disposal of the banks. In view of the many changes in bank assets and in money market conditions that have occurred in recent years, only experience can determine at what level of excess reserves banks will be responsive to Federal Reserve policy. It is clear, however, that the present and prospective volume of excess reserves may at some time become the basis of an injurious credit expansion. If this should develop, the Federal Reserve System with its present powers might not be in a position to carry out the mandate of Congress to prevent such an expansion.

The Board is convinced that there is no immediate prospect of excessive expansion of bank credit and no reason to change the present policy of monetary ease adopted for the purpose of facilitating recovery. It believes, however, that the present is an appropriate time to review our banking, credit, and monetary system in order that Congress may consider such changes and improvements as appear desirable.

THE BANKING SYSTEM TODAY

Composition of the Banking System.—A brief statement about the number and size of the different types of banks that exist today, and the changes that have occurred in recent years in the character of the banking business, will supply a background for the banking picture with reference to which banking laws and banking administration will be considered in this report.

Our banking system is the result of an evolutionary development. At the time of the passage of the National Bank Act in 1863, all incorporated banks were under State authority. After establishment of the national banking system, supervision of a large part of the country's commercial banking resources passed to the Federal Government. Upon this composite structure of national and State banks was superimposed in 1913 the Federal Reserve System, which extended Federal supervision to such State banks as joined the System. In 1933 the organization of the Federal Deposit Insurance Corporation extended Federal supervision to all banks having Federal insurance of deposits.

The number and deposits of the principal groups of banks as of June 30, 1938, are shown in the following table. The total includes all commercial banks and trust companies in the United States and some private banks, as well as mutual and stock savings banks and a few so-called industrial banks. The figures do not include institutions which may engage in some banking operations but which are not generally considered as being primarily banks. For example, security brokers, land

BANKING STRUCTURE OF THE UNITED STATES

June 30, 1938

	Number of banks	Gross deposits[1] (in millions of dollars)	Percent of total	
			Number of banks	Deposits
All banks	15,287	59,044	100	100
Insured banks:				
National	5,242	26,763	34	45
State member	1,096	14,546	7	25
Insured nonmember	7,437	7,123	49	12
Noninsured banks	1,512	10,612	10	18

[1] Include interbank deposits.

banks, building and savings and loan associations, mortgage companies, finance companies, and credit agencies owned in whole or in part by the Federal Government are not included.

In this table, so arranged as to show the four principal groups of banks from the supervisory point of view, the first two groups together comprise all member banks of the Federal Reserve System, and the first three together all represent banks insured by the Federal Deposit Insurance Corporation. The table shows that 41 percent of all banks are members of the Federal Reserve System, that they hold 70 percent of deposits, that 90 percent of all banks are insured, and that these insured banks hold 82 percent of all deposits. Of the total amount of bank deposits about 38 percent is covered by Federal deposit insurance.

Ten percent of the banks with 18 percent of deposits are noninsured banks. Most of the deposits of noninsured banks are in about 600 mutual savings and private banks. Leaving these out, all but 900 commercial banks with $900,000,000 of deposits are covered by Federal deposit insurance.

The number of banks in operation at present is only about one-half as large as in 1921. Through failures and consolidations the number of banks has been reduced from 30,000 to 15,000. The banks which suspended held deposits of about $8,500,000,000, of which about one-fourth has been lost to depositors. The aggregate volume of deposits of the banking system, however, has generally grown, except in the three years from 1930 to 1933, and at the end of 1938 was larger than at any previous time.

Changes in Character of Banking.—The character of the banking business has undergone considerable change in the past twenty years. Increasing use of the corporate form of business enterprise, together with the growth in the importance of large concerns and in the custom of meeting corporate financial needs through security issues or out of retained earnings, has resulted in a decline in the extent to which business relies upon banks for commercial loans. There has also been in recent years an increase in the amount of savings deposited in banks, which has placed on the banks the responsibility for the investment of these funds.

During recent years, with the decrease in demand for commercial loans and the increase in funds held by banks, there has been a pronounced change in the nature of bank assets. Holdings of Government and other securities and loans on real estate have increased, while commercial loans have diminished in importance. Banks have been forced to find outlets for the funds through channels other than those which were customary in former days and this has been reflected in revisions of banking laws relating to mortgages, of regulations applicable to bank investments, and a liberalization of the basis of borrowing from the Federal Reserve banks.

Laws and Jurisdictions to Which Banks Are Subject.—As has been pointed out above, the banks of the country, viewed in relation to the laws and supervisory authorities to which they are subject, can be divided into four groups: (1) National banks; (2) State bank members of the Federal Reserve System; (3) Nonmember State banks covered by Federal deposit insurance; and (4) Noninsured State banks. Of these four groups of banks the first three are covered by Federal deposit insurance. The network of laws and regulations to which these banks are subject is illustrated by the chart on page 9.

Summarizing the matter briefly, and in reverse order, noninsured State banks are subject to only a few Federal banking laws and are almost entirely controlled by State laws and authorities.

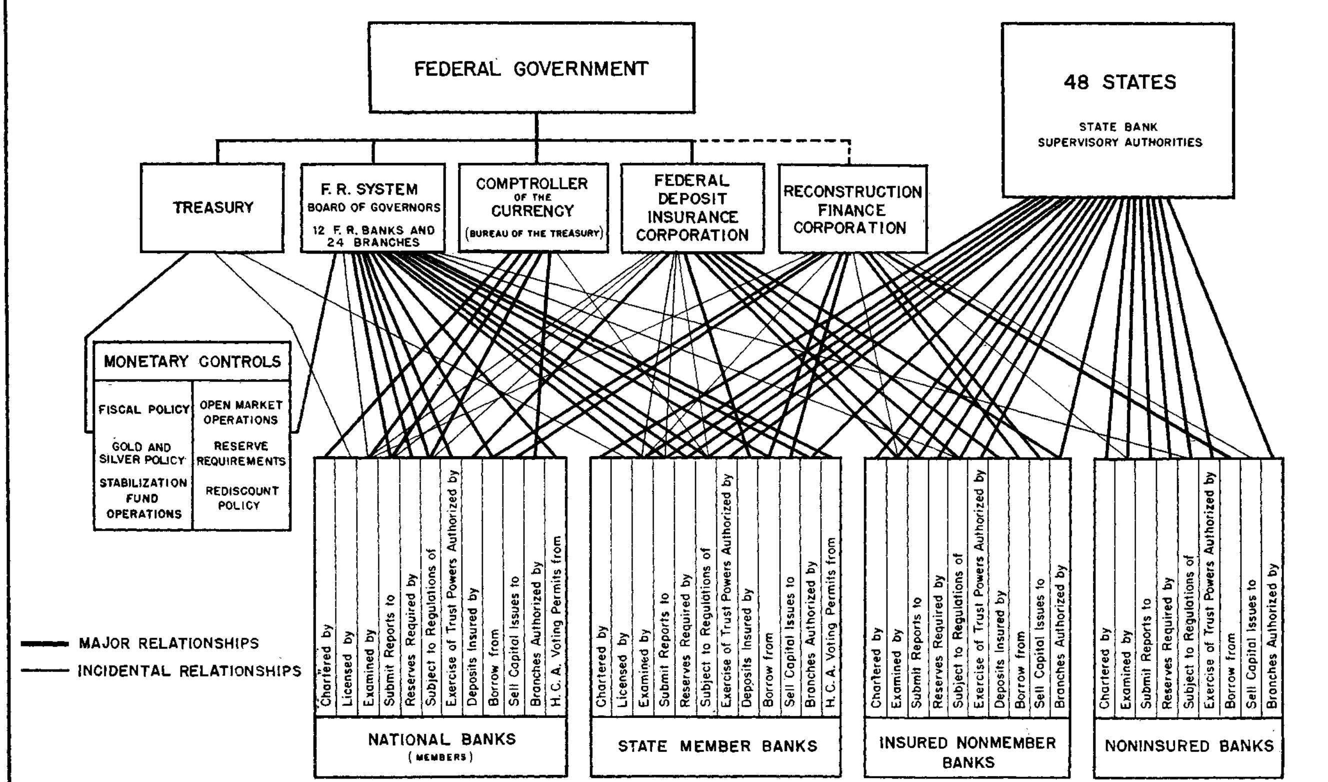
Insured nonmember banks are subject to State laws and to such Federal banking laws as apply to all banks whose deposits are covered in whole or in part by Federal deposit insurance.

State bank members of the Federal Reserve System are subject to three sets of laws: State laws; Federal laws connected with Federal deposit insurance; and other Federal laws applicable to members of the Federal Reserve System.

National banks are governed by Federal banking laws, some applicable to them as banks chartered by the Federal Government, some as members of the Federal Reserve System, and some because they are insured by the Federal Deposit Insurance Corporation.

Out of this complicated network of independent laws and overlapping jurisdictions and authorities arise many discriminations against one or another group of banks. When national laws are compared with State laws the comparison has to be made with 48 different sets of laws. It is obvious that such a comparison cannot be made in detail within the scope of this report. Some of the outstanding differences between the various laws in effect have to do with capital requirements for the organization of banks, with the character of loans and investments permitted, with amounts permissible to be loaned to an individual, with

PRINCIPAL BANK SUPERVISORY RELATIONSHIPS



the establishment of branches, and with the charging of exchange on checks.

Discriminatory Federal Laws.—Some of the principal laws that result in competitive advantages for one group of banks as compared with the others may be mentioned. The statements refer only to discriminations in the Federal laws between member banks and nonmember insured banks. There may be cases where laws in some States provide for restrictions on State banks similar to those imposed by Federal laws on member banks.

Member banks are required by statute to remit at par to the Federal Reserve bank for all checks drawn against the member bank and collected through the Federal Reserve bank. Nonmember banks can make exchange charges on checks forwarded to them for collection. In many cases such exchange charges constitute an important source of revenue for small banks.

Member banks are required to have a fixed minimum capital in accordance with the size of the town in which they are located, while for insured nonmember banks there is no fixed Federal requirement and each case is considered on its merits by the Federal Deposit Insurance Corporation. There is also an important discrimination against member banks in the matter of capital requirements in connection with authority to establish branches.

Member banks must keep with the Reserve banks reserve balances against their deposit liabilities in proportions determined by the Federal Reserve Act and the Board of Governors, while nonmember banks are governed in this matter by State laws which in most cases require smaller reserves.

The character of investments eligible for purchase by member banks is subject to Federal regulation while nonmember banks are not subject to this particular regulation.

Provisions in the Clayton Act which regulate and restrict the service of persons in various capacities in more than one bank with a view to preventing concentration of banking power are applicable to member banks but not to nonmember banks. In view of the fact that obtaining the services of influential and capable directors is an important and a difficult task for banks, the greater freedom of choice in this respect possessed by nonmember banks works to the disadvantage of membership in the System.

Member banks are subject to many restrictions and regulations, not applicable to other banks, in respect to the affiliates with which they may be connected. This is a matter of importance principally in connection with membership in banking groups controlled by holding companies.

Member banks, but not other banks, are also subject to Federal laws by authority of which officers and directors may be removed by the

Board of Governors in cases of continued violation of law or continued unsafe or unsound practices. This provision of law was designed to strengthen the hand of supervisory authorities in promoting sound banking conditions, short of taking steps that would result in the suspension of the bank.

Member banks, but not other banks, are subject to Federal restrictions and limitations regarding loans to officers.

A list of all Federal statutory provisions that do not apply uniformly to all banks subject to Federal supervision is too lengthy for the report. A partial list appears in the Appendix on page 87.

The application of some of these laws singly or in combination tends to discourage membership in the Federal Reserve System. Specific instances have come to the attention of the Board of Governors during the past year.

A number of national banks have recently surrendered their national charters and taken State charters because they can operate branches with less capital under State law; a number of State banks which desire to join the Federal Reserve System have been prevented from doing so because they have branches and do not have the capital required by Federal law for the operation of branches by State member banks; and a number of banks have threatened to withdraw from the System rather than give up valued directors because of the provisions of the Clayton Act. Many State banks in the Mississippi Valley and the South Atlantic States refrain from joining the Federal Reserve System because members of the System are required to be members of the par clearance system while nonmember banks may deduct exchange charges. There have been withdrawals from the Federal Reserve System for which the same reason was given.

These are but a few illustrations of the many ways in which the Federal banking laws discourage membership in the Federal Reserve System and encourage banks to continue to operate as nonmember banks.

BANK SUPERVISION

Allocations of Authority.—Not only do laws regulating bank operations differ for different groups of banks, but banks are also subject to a number of different supervisory authorities and to diverse regulations issued and enforced by such authorities.

Supervision and regulation of banks differ materially from State to State as well as between banks that are chartered by States and those that are chartered by the Federal Government. Even within the Federal Government there is extensive diversity, overlapping, and confusion of jurisdiction in the regulation and supervision of different groups of banks. There are five Federal agencies engaged in bank supervision. Prior to 1933, Federal supervision of the commercial banking system, in so far as it was subject to such supervision, was in the hands of the Comptroller of the Currency and the Federal Reserve Board. Since 1933 there has been added the Federal Deposit Insurance Corporation, which exercises broad supervisory powers. Certain powers of the Reconstruction Finance Corporation also give it a measure of responsibility for the operation of banks, and the Secretary of the Treasury, through the exercise of authority under the President's emergency powers, licenses the operation of member banks and has authority to exercise other regulatory powers.

Broadly speaking, the function of the Comptroller of the Currency is to charter and supervise national banks and, when necessary, to appoint conservators or to close and supervise the liquidation of national banks. When the Comptroller closes a bank, however, on account of its inability to meet the demands of its depositors, he is required to appoint the Federal Deposit Insurance Corporation as receiver.

The Federal Reserve System has authority to supervise and examine all banks that are members of the System and to lay down requirements for admission of State banks to membership. But in relation to national banks its authority is parallel to a considerable extent with that of the Comptroller of the Currency, and in regard to State banks with those of State supervisory authorities. When banks receive national charters from the Comptroller, they become members of the Federal Reserve System, without any action by the Board of Governors, and State banks, while they can join the System only with its approval, bring with them charter rights obtained from State authorities.

The supervisory functions of the Federal Deposit Insurance Corporation revolve around the insurance of deposits of banks that are insured and the termination of this insurance. Supervisory functions of the Federal Deposit Insurance Corporation relating to State insured banks parallel to some extent the functions exercised by State authorities and as to national banks and State member banks duplicate to some extent the functions of the Comptroller of the Currency and the Federal Reserve System. National banks chartered by the Comptroller of the Currency and State banks admitted to membership in the Federal Reserve System are all insured by the Federal Deposit Insurance Corporation.

The supervisory activities of the Reconstruction Finance Corporation occur in connection with the purchase and ownership of preferred stock and capital notes and debentures of banks. These activities are not based directly on legal requirements but indirectly on the proprietary and contractual relationships between the Corporation and the banks.

Confusion and Conflict of Authority.—In many matters there are divisions of authority, both in the law vesting the authority and in its exercise.

For instance, the Comptroller of the Currency issues regulations defining and governing the purchase of investment securities by national banks. The regulations, however, are applicable also to State member banks but not to insured nonmember banks. The Comptroller of the Currency enforces the regulations with respect to national banks and the Reserve System enforces them with respect to State member banks.

A similar situation exists in relation to the exercise of trust powers by national banks. Authority to grant trust powers and to issue regulations rests with the Board of Governors. Supervision over the exercise of these powers and over compliance with these regulations, however, is in the hands of the Comptroller of the Currency.

Confusion and conflict of authority exist also in the matter of regulation of interest to be paid by banks on deposits. Payment of interest on demand deposits is prohibited for all insured banks, including national banks, State member banks, and insured nonmember banks. This would appear to be a simple matter. But application of the definition of interest to particular cases is not simple and has many implications. It has, for example, an important bearing on the practice of city banks in absorbing expenses and exchange charges on items collected for country correspondents in return for the maintenance of balances. There is, however, no single authority having power to administer this law. In regard to member banks it is administered by the Board of Governors and in regard to nonmember insured banks by the Federal Deposit Insurance Corporation. The Federal Deposit Insurance Corporation enforces its own regulation, but the Board's regulation, in so far as it applies to national banks, is administered by the Comptroller of the Currency.

Determination of the maximum rate of interest to be paid on time deposits is made for member banks by the Board of Governors and for nonmember insured banks by the Federal Deposit Insurance Corporation.

The Federal Reserve System is charged with the administration of the law regarding holding company affiliates of member banks; but the same holding company sometimes controls national banks supervised primarily by the Comptroller of the Currency, State member banks supervised principally by the States and the Federal Reserve System, nonmember insured banks supervised principally by the States and the Federal Deposit Insurance Corporation, and non-banking corporations which are required to submit to examinations and to furnish reports of condition to the Federal Reserve System or the Comptroller of the Currency but usually are not subjected to any further supervision by bank supervisory agencies. Such situations involve additional overlapping, conflicts, and gaps in authority.

The conflicts of authority in bank supervision cause much confusion and delay and not infrequently prevent prompt action in cases where quick decision is necessary to prevent losses to the public and to remedy critical situations.

In one case, for example, an excessively long period of time elapsed between initiation of negotiations and the final consummation of a plan for the relief of a dangerous banking situation in an overbanked community in which were located two State member banks and a national bank, all in an unsatisfactory condition. The lapse of time was largely due to the fact that the plan for working out the situation had to be satisfactory not only to the local interests and to the State banking authorities, but to the following Federal agencies: the Reconstruction Finance Corporation, which purchased preferred stock in the new bank organized to succeed the three; the Secretary of the Treasury, who had first to request the Reconstruction Finance Corporation to subscribe to the preferred stock and then had to license the new bank; the Federal Deposit Insurance Corporation, which made a loan to the national bank; the Comptroller of the Currency, whose cooperation was necessary in order that the national bank might be included in the program; and the Federal Reserve bank of the district and the Board of Governors, in connection with the admission of the new bank to membership in the System. Officials and examiners of all these agencies were participants in numerous conferences, both at Washington and in the field.

In the case of another national bank, while the Federal Deposit Insurance Corporation was preparing to institute proceedings to terminate the bank's insurance, which might be expected to end in the appointment of the Federal Deposit Insurance Corporation as receiver, the Comptroller of the Currency filed a certificate with the Board of Governors instituting proceedings against the president of the bank to remove him from office under authority granted by the Banking Act of 1933. The Board then initiated a hearing but, while this proceeding was under way, the Comptroller of the Currency found it necessary to appoint a conservator. After the conservator was appointed, the Board proceedings were concluded and the president of the bank was removed from office. Subsequently the conservator was supplanted by the Federal Deposit Insurance Corporation as receiver.

There are cases of banks threatening to give up national charters in order to escape regulation and supervision by the Comptroller of the Currency; of other banks threatening to retire from the Federal Reserve System in order to escape regulation and supervision by the Reserve System; and of still other banks threatening to join the Federal Reserve System in order to escape some requirements or conditions imposed by the Federal Deposit Insurance Corporation.

In practice there is less confusion in many of the supervisory activities of the Comptroller of the Currency, the Federal Reserve System, and the Federal Deposit Insurance Corporation than in the authority under which these agencies act. Bank examinations are an example. Generally speaking, national banks are examined only by the Comptroller of the Currency; the Federal Reserve System has power to examine all member banks but does not examine national banks and examines State member banks in cooperation with State authorities, and State member banks are not examined by either the Comptroller of the Currency or the Federal Deposit Insurance Corporation; the Federal Deposit Insurance Corporation in cooperation with State authorities examines the insured State banks which are not members of the Reserve System. The Federal Deposit Insurance Corporation has power to examine national banks, with the permission of the Comptroller of the Currency, and State member banks, with the permission of the Board of Governors. Such examinations, however, are seldom made. State banks belonging to the Reserve System and insured nonmember banks are examined by Federal, as well as by State, authorities but the extent of duplication in this respect is reduced through arrangements for joint or alternating examinations. In practice, therefore, the effect of these conflicting authorities to examine banks has been minimized by agreement by which the Federal agencies accept each other's examinations, but the authority, nevertheless, exists and can be used.

Somewhat the same situation exists as regards condition, dividend, and other reports, and their publication. The Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Reserve System all have powers and responsibilities in this field. They all maintain, in addition to examination departments, statistical organizations, and here again only agreements moderate the bad effects of duplicate and conflicting requirements.

While duplication in reports and examinations by different Federal agencies is largely avoided by cooperative arrangements, nevertheless delays and difficulties arise from the overlapping of responsibility. Even after an agreement is reached, there may be, and in fact, there are, differences of interpretation of the procedure, formula, or policy agreed upon.

For example, after lengthy negotiations a voluntary agreement between the agencies in connection with examination policy was reached last summer.[1] The effectiveness of this agreement, however, depends, in the first place, on the continuance of cooperation between the agencies and, in the second place, on the nature of interpretations placed by the different agencies on the agreed principles of examination. A similarity of interpretation is difficult to attain because the agencies have different responsibilities and, therefore, different approaches to the problem. The Comptroller of the Currency is primarily a supervisory and examining agency and is interested principally in matters affecting the status of individual banks. The Federal Deposit Insurance Corporation is primarily an insurance agency and is, therefore, primarily concerned about the protection of the insurance fund. The Board of Governors, in addition to its supervisory responsibilities, is concerned with national credit and monetary policies, and is, therefore, interested in supervisory policies

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[1] See pages 37 and 89.

that are in conformity with credit policies. Such policies must look not only to the status of individual banks and the safeguarding of the interests of depositors, but also to the maintenance of sound credit conditions in the aggregate and a sound banking system, without which credit policies cannot be effectively put into operation.

While the ultimate objective of all the agencies concerned is a sound banking condition and an unimpeded flow of funds to finance commerce, industry, and agriculture, the different points of approach to the problem by the different agencies inevitably lead to differences in emphasis in the interpretation of principles of policy.

RELATION BETWEEN SUPERVISORY AND CREDIT POLICIES

The agreement upon examination procedure which has been mentioned marks a cooperative forward step by the agencies concerned. The fundamental question as to what should be the relationship between the administration of national credit policies and of bank examination and supervision, however, still remains and is of so vital importance as to deserve careful consideration by Congress.

Criticism has been directed in recent years at supervising authorities for the influence they have exercised towards the curtailment of credit at times when such curtailment has been contrary to prevailing national credit policies and has tended to retard economic recovery. There are wide differences of opinion on this subject and it deserves full and fair exploration and consideration.

Some of the questions that may be considered in this connection are here presented:

> What effect does bank supervision have on changes in the outstanding volume of bank credit?
>
> What influence do examinations have on the expansion or contraction of credit during the different phases of the business cycle?
>
> Should examination policy be so directed as to contribute to the protection of the general economy from the effects of undue expansion or contraction of credit?
>
> What distinction, if any, exists between the considerations upon which a sound national credit policy should be based and the measures that should be taken to insure the soundness of individual banks?
>
> Is harmony between examination policies and credit policies necessary to the discharge of the responsibilities of the agencies vested with authority to determine these policies?

Consideration should be given to the question whether examiners' appraisals of loans and investments based on current conditions and market quotations may at times accelerate the downward spiral of a depression or delay recovery; also whether at other times examiners, in passing on loans which may be currently collectible, fail to take into consideration the existence of a tendency towards unsound credit conditions and to exert a restraining influence on boom conditions. This may result from the fact that in a period of decline current quotations may merely reflect the temporary absence of a fair market, and may understate intrinsic values, while in a boom period market quotations may reflect speculative expectations rather than true values.

May efforts of supervisory agencies to produce increased bank liquidity at times of low business activity and depressed markets have unanticipated and unintended adverse effects upon the local community, and may these local effects, when aggregated, exert a general deflationary influence on business and credit conditions in the country as a whole?

In considering relationships between examination policies and general credit policies, it would be desirable to determine whether bank supervisory authorities should exert their influence to encourage extension of sound credit by banks at times when they have funds available and when such extension of credit may be helpful to the national economy; and, on the other hand, whether at times of unduly rapid growth of bank credit the influence of these agencies should be exerted to discourage banks from freely making loans, even of the kinds that ordinarily could be made with apparent safety by a particular bank. This question involves consideration of the relationship between the extension of credit at certain times by particular banks and the broader and longer-range problem of nationwide credit expansion.

Consideration might also be given to the possible effect on the general economy of rigid definitions of the character of loans and investments that may be made by banks. May such definitions cause unnecessary liquidation at certain times and result in the holding of idle funds at other times? Has the problem of definition of assets that banks may acquire been affected by changes that have been made in recent years in the laws, regulations, and conditions governing assets on which banks can borrow from the Federal Reserve banks? Can agencies charged with the responsibility of determining general policies that affect the extension of credit by banks discharge this responsibility unless examinations, which affect the policies and practices of individual banks, are in harmony with these general credit policies?

The bank examiner in the field deals with local situations. He attempts to appraise assets in the light of such information as is available to him and values must be determined in many cases by local conditions. These conditions may relate to the position of the particular bank being examined or of the particular community. It is a problem of great complexity to find means by which this local procedure, when multiplied by the thousands of banks throughout the country, can be brought into conformity with national policies.

Can the examination policies of the several Federal supervisory agencies be further coordinated to promote effective functioning of the entire banking system, making it a force toward increased national economic stability? Furthermore, can the responsibilities vested in the Federal agencies and the agencies of the 48 States charged with the examination and supervision of their respective State banks also be properly coordinated to the same end?

It seems hardly possible to consider any of these questions singly. If they are considered as a whole and studied in the light of the past history of bank examination, of existing banking and credit conditions, and of the objectives to be sought, answers should be found which will go far toward producing a sounder and more flexible banking system.

THE PROBLEM OF RESERVES

Reserves and Credit Regulation.—The Federal Reserve System's power to influence the volume and cost of bank credit arises largely out of its authority over member bank reserves.

Under our system member banks are obliged to keep an amount equal to a prescribed proportion of their deposit liabilities in the form of reserve balances with the Federal Reserve banks. Reserve requirements for nonmember banks are determined by State authorities and are generally lower in effect than those prescribed for member banks. In order to extend more credit without themselves borrowing, member banks must have reserves in excess of their legal requirements. By increasing or decreasing the amount of reserves available to the banks, therefore, the Federal Reserve System can encourage or discourage the expansion of bank credit and bank deposits, particularly at a time when banks have little or no unused reserves. For a complete exposition of the functions of reserves and of reserve requirements, reference is made to the Board's Annual Report for 1936.

The usual situation in years gone by, when the pressure for credit expansion was considerable and the volume of reserves limited, was for the banks generally to have no reserves in excess of legal requirements. In other words the banks were at all times practically loaned up. An aggregate increase in their loans and investments, therefore, involved borrowing from the Federal Reserve banks in order to acquire additional reserves. When the banks are borrowing, they are less willing to make loans and they become subject to the discount rate and to other measures of regulation of their operations under provisions of the Federal Reserve Act. When the System wished to encourage the expansion of bank credit, it could take the initiative in increasing bank reserves by buying Government securities in the open market, which would place at the disposal of banks funds with which to pay off debt at the Reserve banks or to expand their own credit. On the other hand, when the System wished to restrain expansion, it could sell Government securities, thereby taking money out of the market and reducing reserves to the point where banks would have to borrow in order to expand. By further sales the System could reduce member bank reserves even below the amount needed to maintain the existing aggregate volume of loans and investments, and put the banks in a position of having the alternative of borrowing from the Reserve banks or contracting their loans and investments.

This was the main line of action in encouragement and restraint as long as the banks did not have a volume of reserves far in excess of their current needs. In recent years banks have had continuously a large amount of excess reserves. This is true at present, notwithstanding the fact that, in accordance with authority under the Banking Act of 1935, reserve requirements have been increased by approximately 75 percent above the percentages stated in the statute.

The entire technique of influencing changes in the volume of bank credit needs to be reconsidered in the light of changed banking and money market conditions. It is probable that the increased importance of holdings of Government securities and the shrinkage of the Street-loan account, through which individual banks were in the habit of making adjustments in their position in response to changing commercial demands, as well as other changes in the situation, have made the banking system more responsive than formerly to measures of restraint. One influence in this direction would come from the fact that sales of Government securities by the Reserve System, in addition to their effects on bank reserves, would have a direct effect on the capital market of which these securities now constitute an important part. The large holdings by the banks of such securities make the banks more sensitive to changes in bond prices. For these reasons it may not prove necessary in the future, as it has been in the past, for banks to be without excess reserves and actually to be borrowing from the Reserve banks in order to make them responsive to restraining influences.

Only experience can determine to what extent these changes in conditions have altered the effectiveness of existing methods of regulation. There is no doubt, however, that such a volume of excess reserves as is held by the banks today and as is likely to be at their disposal in the near future presents an important problem to the country's credit and monetary authorities.

Sources of Reserves.—Since the end of 1933 reserve balances of member banks have increased three-fold and at the end of 1938 totaled $8,700,000,000, of which $3,200,000,000 were excess reserves. As shown in the table, this growth in reserves has been due principally to the extraordinary inflow of gold from abroad. The country's monetary gold stock in dollars has increased during the five years by $10,500,000,000, of which $2,800,000,000 represents the effect of revaluation and $7,700,-000,000 additions of new gold from abroad and from domestic mines. A portion of this additional gold is still held by the Treasury in the

Stabilization Fund and otherwise and some of it was used to retire national bank notes in a manner that did not add to member bank reserves.

FACTORS OF CHANGE IN MEMBER BANK RESERVES

December 30, 1933, to December 31, 1938
(Approximate figures, in millions of dollars)

Additions due to:	
Gold operations	7,422
Issue of silver certificates	1,221
Total additions	8,643
Deductions due to increase in money in circulation, growth in Treasury and nonmember deposits at Federal Reserve banks, etc.	2,648
Total increase in member bank reserves	5,995
Increase in required reserves due to:	
Increase in percentage requirements	2,342
Increase in member bank deposits	1,307
Increase in excess reserves	2,346

Changes in reserve position from December 30, 1933, to December 31, 1938:

Total reserves	Increased from 2,729 to 8,724
Required reserves	Increased from 1,870 to 5,519
Excess reserves	Increased from 859 to 3,205

Of the inflow of gold from abroad, about two-thirds has resulted from the movement of foreign capital to the United States. Large and erratic movements of floating capital from country to country at a time of political uncertainty and financial disorganization have been one of the most disturbing factors in the financial fabric of post-war years. Such movements are not like capital movements for long-term investment or seasonal movements in connection with foreign trade, nor like movements in response to differences in interest rates, which have long been a part of the international financial mechanism. Large and sudden capital withdrawals tend to cause contraction of credit and to retard business activity in the country from which the capital is withdrawn. At the other end, accumulation of foreign funds in the money market which appears for the time to offer the best security or the greatest opportunity for profit is disturbing to the monetary and credit systems of the country where this market is located. These movements accentuate speculative changes in the security market and create either a condition of artificial monetary ease or the need of absorbing excess reserves at public or private expense. International capital movements account for the greater part of the reserve problem with which this country has to contend.

In addition to the gold inflow another source of reserves amounting to $1,200,000,000 has been the issuance by the Treasury of silver coin and certificates in connection with domestic and foreign silver purchases.

Additions to member bank reserves from the above sources have been absorbed to the extent of $2,600,000,000 by increases in the demand for currency and through growth of Treasury and nonmember bank deposits at the Federal Reserve banks.

As a net result of all these developments and transactions, $6,000,000,000 was added to member bank reserves in the five years 1934-1938. Of this amount $3,650,000,000 was absorbed by increases in required reserves, due both to the increase in the prescribed ratios of reserves to deposits and to the growth in the banks' deposit liabilities. Excess reserves of member banks increased by $2,350,000,000 and at the end of 1938 were $3,200,000,000. In the early weeks of 1939, with a return flow of currency from circulation and a decline in Treasury balances, excess reserves increased to $3,600,000,000. A continuation of gold inflow and of silver purchases would further add to excess reserves.

The volume of excess reserves now in existence, furthermore, can be greatly increased by actions of the United States Treasury. By disbursements of funds equivalent to the gold held in the Stabilization Fund and elsewhere, by reduction of its unusually large balances with the Federal Reserve banks, and by the use of its authority to issue silver certificates against silver bullion now in its possession, the Treasury could more than double existing excess reserves of member banks. In addition, the Treasury has authority to issue up to $3,000,000,000 of United States notes which would also be added to member bank reserves. The Treasury also has power to absorb member bank reserves; it can do so by increasing its cash holdings and Federal Reserve balances. With these powers and the general gold and silver policies in the hands of the Treasury, its power to influence the volume of member bank reserves under existing conditions outweighs that of the Federal Reserve System.

Long-view Problem Raised by Excess Reserves.—In considering the problem of reserves at this time the Board wishes to emphasize that the long-view problem created by the existing large volume of bank deposits and bank reserves is distinct from the immediate problem of making ample bank credit available for the expansion of business from current levels.

In recent years it has been the policy of the Government and of the Federal Reserve System to encourage the expansion of credit. This has constituted the so-called policy of monetary ease, which has been directed at keeping banks supplied with an abundant volume of reserves, so as to encourage them to expand their loans and investments. This policy has been one of the factors in the creation of the existing large volume of deposits in the hands of business enterprises and of individual and corporate investors, and has resulted in reducing interest rates to the lowest level in history. It has been reflected in a decline in the carrying charges on mortgage debt for farmers and urban householders, has enabled many corporations to refund their debt at lower rates, and has lightened the cost of current financing to commerce, industry, and agriculture.

Nor is there any immediate reason for considering a reversal of this policy. There is nothing in the present monetary or banking situation that would point to a proximate danger of injurious credit expansion. It is in such a period as this, however, when there is no call for quick action to meet emergency situations, that problems that may arise in the future should be analyzed and the efficiency of existing machinery appraised.

It is from this point of view that the System's existing powers to absorb excess reserves should be considered. Member banks at present have excess reserves of $3,600,000,000, and this total may be doubled in the future. To absorb these reserves the System has the power to raise reserve requirements by $800,000,000 and to make sales out of its portfolio of United States Government obligations, which amounts to $2,560,000,000. The use of these available means of absorbing reserves, to the extent that it may be in the public interest to do so, would still leave the banks with a volume of excess reserves upon which it would be possible for an injurious credit expansion to develop.

The ability of the banks greatly to expand the volume of their credit without resort to the Federal Reserve banks would make it possible for a speculative situation to get under way that would be beyond the power of the System to check or control. The Reserve System would, therefore, be unable to discharge the responsibility placed upon it by Congress or to perform the service that the country rightly expects from it.

In view of this situation the Board has deemed it its duty to point out to Congress the present and prospective reserve position of our banking system and the limitations on the powers of the System to regulate it.

COURSE OF BUSINESS IN 1938

Business activity, which had declined sharply in the latter part of 1937, recovered considerably in 1938. Early in the year, while output in some lines was still declining, residential building started to increase, and about the middle of the year industrial activity generally began a rapid advance that continued until the end of the year. The decline in national income had not been so sharp as that in industrial production, and during most of 1938 consumption was at a more rapid rate than production. As a consequence, inventories of industrial products which had accumulated in 1937 were substantially reduced.

In the spring of 1938 the Administration announced a program of action for the purpose of encouraging economic recovery. As a part of this program the Treasury discontinued the inactive gold account, and the Board reduced by one-eighth the percentage of reserve requirements for member banks. As a result of these actions, together with a large inflow of gold from abroad, member banks near the end of the year had a larger amount of funds available for investment than at any previous time.

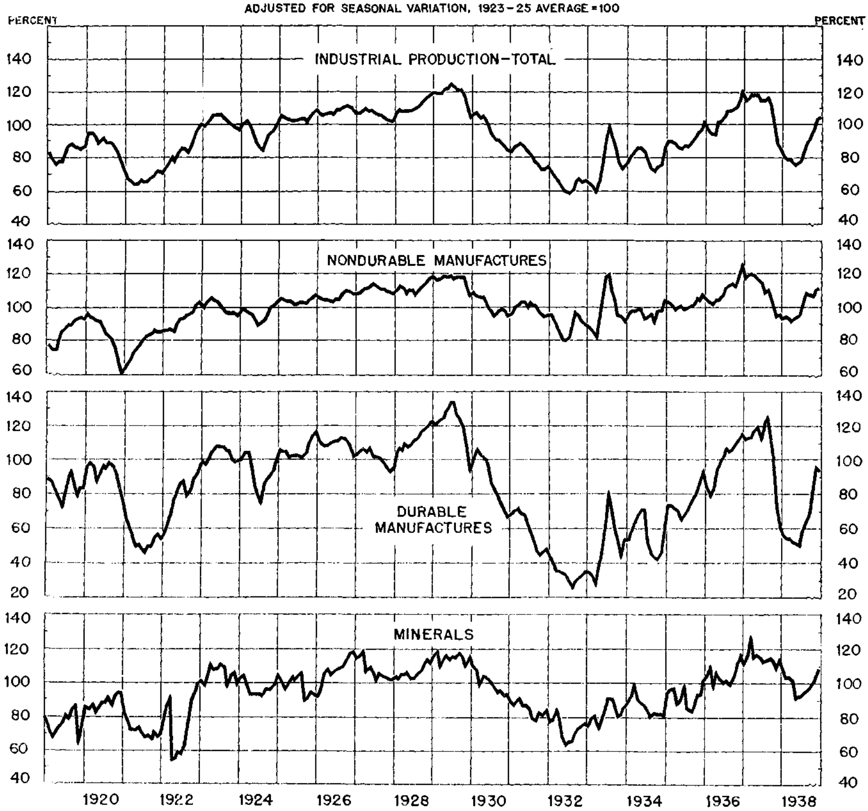
Loans by banks to trade and industry declined during the year, while their investments increased by a corresponding amount, so that the total volume of outstanding bank credit showed little change. The gold inflow, however, had resulted in a sharp increase in bank deposits. At the end of the year deposits belonging to the public and available for use in business or for investment were at new high levels.

The banks, therefore, are in a position to contribute to recovery by easily meeting such legitimate demands for funds as may develop. The rate of turnover of existing deposits, however, continues to be unusually low.

Development of Business Recovery.—Output at factories and mines, as measured by the Board's seasonally adjusted index shown on the chart, was 79 in the first quarter and 77 in the second quarter of 1938, as compared with a level of 116 in the first eight months of 1937. Activity on the railroads was also reduced and in other public utilities, particularly the electric power industry, output was below the levels of early 1937. Construction activity was in reduced volume though residential building,

INDUSTRIAL PRODUCTION

ADJUSTED FOR SEASONAL VARIATION, 1923-25 AVERAGE = 100



in contrast to other lines, began to increase early in the year. Owing primarily to the continued depressed condition of industry, security prices and prices of industrial materials, which had shown a sharp decrease in the latter half of 1937, declined somewhat further in the early part of 1938. Prices of farm products and foods also showed a further decline.

Income receipts of individuals in the first half of 1938 were at a lower level than in the first three quarters of 1937 but the reduction was much less than in industrial activity and industrial payrolls. Decreases in payrolls in trade and in the service industries and declines in farm income were considerably smaller, and there were sharp increases in governmental relief and benefit payments. Reflecting the smaller decline in income, consumer purchases, although reduced, continued at a level substantially higher than production of consumers' goods, and consequently there was a continuous reduction in inventories of finished consumers' goods, which had been large. There were reductions also in inventories of many semifinished materials previously accumulated. Supplies of raw materials, however, remained large.

Early in the spring, although incomes were still declining, residential building rose more than seasonally, stimulated by reductions in costs, particularly financing costs. At the end of the year residential building contracts, on a seasonally adjusted basis, were at the highest level since 1929. Contracts for non-residential construction also increased to the end-of-1929 level, reflecting principally an increase in public projects.

By the middle of 1938 a few other major industries had begun to show increases in activity, and evidence was accumulating that inventories had been materially reduced. In June prices of stocks and lower-grade bonds began a rapid advance and prices of speculative industrial materials also rose considerably. Subsequently there was a general and rapid increase in industrial activity. In December the Board's index of industrial production reached 104, the volume of freight-car loadings was substantially higher than in the summer, and electric power production was at about the highest level previously reached.

Increases in output were at first most pronounced in industries producing nondurable goods, particularly textiles. Steel production, which had been at less than a third of capacity in the first half of the year, also increased sharply during July and August, and there were moderate increases in many other lines. After August output of nondurable manufactures showed little further increase. Steel production advanced further, reaching a rate of somewhat over 60 percent of capacity in November, and there were marked increases in output of automobiles and related products, which earlier had been in small volume. In other lines recovery was not so rapid as in the textile, automobile, and steel industries. Activity in the machinery industry had increased only slightly by the end of the year. In the railroad equipment industry operations remained at an unusually low level. Mineral production increased only gradually, owing partly to the fact that stocks of both metals and fuels continued large in relation to current consumption.

Accompanying the general rise in activity, there were marked increases in employment, payrolls, and national income. Unemployment, however, continued in large volume and relief expenditures remained at the high levels reached in midsummer. Payrolls increased more than employment, owing to an increase in the average number of hours worked. Reflecting largely the increase in payrolls, income receipts began to increase in the summer and by the end of the year had advanced to within five percent of the level in the middle of 1937. The volume of retail trade also rose and toward the end of the year was only moderately below the level prevailing during most of 1937.

Prices of a number of industrial materials advanced after the middle of June, while finished industrial products continued to decline in price and farm products and foods showed little change. The general level of wholesale prices declined slightly and at the end of the year was at 77 percent of the 1926 average as compared with about 80 during most of 1935 and 1936, prices of industrial commodities being slightly higher than in that period and farm products and foods considerably lower.

In agriculture, harvests of principal crops in 1938 were abundant and, with large supplies on hand and reduced demand expected from both domestic and foreign sources, prices of crops were at the lowest levels in recent years. Output of livestock and products was larger than in 1937 and, with lower consumer incomes, prices were considerably below the high level reached in the previous year. Farm income from marketings was about 13 percent smaller than in 1937, but Government payments were larger and total cash farm income in the calendar year 1938 was estimated at $7,600,000,000. This was 11 percent less than in 1937, when farm income was the highest since 1929.

At the close of 1938 the volume of industrial production and of the movement of goods from producers appeared to be close to the level of current consumption in most lines. Expenditures by industry on plant and equipment continued at a low level, however, and further sustained business recovery seemed to depend largely on a substantial increase in these outlays with accompanying further growth in consumption.

GOLD AND CAPITAL MOVEMENTS

The year 1938 was marked by a reversal of the gold outflow that developed in the final quarter of 1937. At that time, with the onset of business depression and declining prices in this country, the possibility that the United States might once more resort to devaluation of the dollar began to be discussed abroad and there were large-scale withdrawals of foreign short-term balances. In three months foreigners withdrew $500,000,000 net from their accounts in American banks, an amount roughly equivalent to the volume of funds accumulated during the preceding spring when a reduction in the price of gold was widely anticipated. The altered economic situation in the United States led also to the development of an excess of merchandise exports amounting to about $100,000,000 a month in the final quarter of 1937. Increased agricultural output in the United States resulted in larger exports and smaller imports of certain agricultural commodities, and the business recession was reflected in sharply reduced imports of industrial raw materials. Although payment for the excess of merchandise exports absorbed more than half the dollar balances that were being offered in the exchange market, the total volume of balances withdrawn was such that the United States lost a substantial amount of gold.

The outward gold movement did not continue long in 1938. Repatriation of foreign funds diminished while the excess of merchandise exports was maintained close to the level of $100,000,000 a month reached in 1937. For about two months these opposing factors were about in balance in the exchange market, and little gold moved. With the German entry into Austria in March, however, the outflow of funds from the United States was sharply curtailed and ceased to offset the continuing surplus of merchandise exports, with the result that there was an inflow of gold at the rate of about $40,000,000 a month from March through July.

In the second half of the year there was pronounced recovery in American business conditions. The British position, meanwhile, had been somewhat weakened by industrial recession at home and by less favorable conditions in the foreign trade of the United Kingdom and of those British Empire and other countries that customarily hold the bulk of their international reserves in London. The shift in the position of these areas was in part a consequence of the extensive decline that had occurred in American purchases of industrial raw materials and grains.

Toward the end of July the withdrawal of European short-term money from the United States largely ceased, and early in August foreigners began to send their funds back to this country. The inflow of capital was small at first, but as the Czech crisis developed in August the movement of funds was intensified, and during the critical September weeks it reached unprecedented proportions. The inflow continued on a substantial scale through October and thereafter intermittently to the end of the year. During these developments the international flow of funds served to reinforce the influence of the surplus of merchandise exports, with the result that the United States gained about $1,450,000,000 of foreign gold in a period of five months.

Most of the capital inflow that began in August represented a transfer of funds from the United Kingdom. Part of these funds were owned by British nationals but to a large extent they represented foreign short-term money that had previously been accumulated in London. It is probable that British gold losses were by far the largest experienced since suspension of the gold standard in 1931. Between the end of March and the end of September, the only dates in 1938 for which figures are available, the gold holdings of the British Stabilization Fund declined $730,000,000, and in the last quarter there were undoubtedly substantial further declines. Sterling exchange rates declined from over $5.00 at the beginning of 1938 to below $4.70 in the last few weeks of the year. Early in January 1939 the Bank of England transferred to the Fund gold valued at about $1,650,000,000, thus raising the resources available for the support of sterling.

Other countries appear to have lost little gold in the latter part of 1938. For a while in August there was a substantial movement of capital from France to England. This movement was associated with internal French difficulties and was largely brought to a halt with reiteration by the French Government on August 21 that the franc would not be permitted to fall below 179 francs to the pound, the limit of depreciation established by the Government in May, and that there would be no exchange control. There was little subsequent movement of capital out of France, and beginning in November, when the Government adopted additional measures to deal with the country's economic and financial difficulties, there was a substantial repatriation of capital.

BANKING AND CREDIT CONDITIONS IN 1938

In 1938 the volume of bank deposits, following a slight decline in 1937, resumed the growth which has been the general trend since 1933. At the end of the year the combined total of deposits at all banks, excluding interbank deposits, and of currency in circulation outside banks was about $58,500,000,000,[1] a larger amount than at any previous time. Bank deposits and bank reserves were each increased during the year by about $1,700,000,000, principally as the result of gold imports. Partly because of the increase in bank reserves resulting from gold acquisitions and partly because of the reduction by the Board of Governors of $750,000,000 in reserve requirements, excess reserves of member banks increased in 1938 by about $2,000,000,000.

Early in December excess reserves of member banks at $3,500,000,000 were larger than at any previous time. After the middle of December they were reduced substantially by a temporary increase in Treasury deposits at the Reserve banks and by withdrawals of currency by the public to meet requirements for the holiday season. At the close of the year excess reserves were about $3,200,000,000. In January 1939 they increased again to a new high level.

[1] The composition of this figure differs from that of the figure of $59,044,000,000 for gross deposits of all banks in the United States on June 30, 1938, given in the table on page 7 of this report. The figure here given is partly an estimate and represents the current means of payment in the hands of the public plus their savings deposited in banks and in the Postal Savings system and the deposits of the United States Government; it includes, therefore, in addition to bank deposits, Postal Savings deposits and money in circulation outside banks but, to avoid double counting, excludes interbank deposits and checks in process of collection shown on the books of banks. The figures given on page 7 are designed to show the relative importance of the different groups of banks in the banking structure and include all types of deposits in banks without adjustment.

Little Change in Bank Loans and Investments.—Additions to deposits and reserves of member banks in 1938 resulted largely from gold acquisitions and were not accompanied by increases in bank loans and investments. This was largely due to a limited demand for loans and a small supply of new investments of the types most commonly purchased by banks. With the decline in business activity and reduction in inventories during the first half of 1938 loans to commerce and industry were reduced, and the demand for new loans of this type was smaller than in 1936 and 1937, when bank loans had increased substantially. The improvement in business in the latter part of 1938 was not accompanied by increases in inventories and did not occasion additional short-term borrowing by commerce and industry. The decline in the stock market, which began in 1937 and continued through the early months of 1938, resulted in a reduction in brokers' advances to their customers and consequently in bank loans to brokers. The subsequent advance in stock prices was accompanied by some increase in the use of credit, but brokers' loans continued at a lower level than in 1937. Banks outside the larger cities showed a steady, although small, increase in their real estate loans in the course of the year.

In the first half of 1938 when bank holdings of investments declined, new security issues both public and private were in small volume. In that period, the outstanding amount of publicly-offered direct obligations of the United States Government was reduced, as the Treasury used previously accumulated balances to meet the excess of current expenditures over receipts and also to retire open-market debt. The reduction was in Treasury notes and bills, which are largely held by banks, while offerings of bonds, which are purchased to a greater extent by investors other than banks, increased. Bank holdings of direct Government obligations, therefore, declined somewhat in the first half of 1938. Later in the year, when there were increased offerings of Treasury securities, banks again increased their holdings of these obligations. Near the middle of the year they also increased their holdings of obligations guaranteed by the United States when offerings of short-term issues were made by Government agencies. Bank holdings of obligations of States and local governments increased during the year. Holdings of corporate securities showed little change; member banks in general reduced holdings of railroad and other public utility securities in the first half of the year, while in the third quarter, the latest period for which detailed bank figures are available, there was some increase in corporate investments of banks, accompanying an increase in the volume of new corporate issues.

Increase in Idle Funds.—With the small change in total loans and investments of banks and the large growth in reserves, the supply of idle funds of banks increased considerably in 1938. For the banking system as a whole these idle funds are represented by excess reserves with the Federal Reserve banks, while for individual banks they may be represented by the total of excess reserves and excess balances with other banks. Deposits of other domestic banks at member banks increased during the year to a new high level of over $6,500,000,000. Most of the growth in deposits, other than interbank, during 1938 was at New York City banks, with some growth at banks in other cities, and but little increase at country banks. In addition outside banks placed a part of their funds on deposit with New York City banks, with the result that the largest part of the increase in excess reserves during the year was in New York City.

The growth of deposits in 1938 was not accompanied by an increase in their use by depositors. The estimated rate of turnover of deposits for all banks, other than mutual savings banks, as measured by the ratio of checks drawn to outstanding deposits, was at the exceptionally low level of about 13 times per annum in 1938. This rate had been about 15 in other recent years and averaged 20 in the period 1922-1926 and 27 in 1929.

Reflecting the abundant supply of funds, there was a further small decline during 1938 in both short- and long-term money rates on the open market and in rates charged bank customers. At the end of the year Treasury notes of 3-5 year maturity were yielding less than one percent, long-term United States Government bonds about 2½ percent, and the highest grade corporate bonds about 3 percent.

EARNINGS AND EXPENSES OF THE FEDERAL RESERVE BANKS

Current earnings of the Federal Reserve banks in 1938 amounted to $36,300,000, or $5,000,000 less than in 1937. This decrease in earnings reflected principally a decrease of $4,600,000 in earnings on United

EARNINGS AND EXPENSES OF FEDERAL RESERVE BANKS DURING 1938 AND 1937

[In thousands of dollars]

	1938	1937
Current earnings	36,261	41,233
Current expenses:		
Net operating expenses	25,557	25,295
Assessments for Board's expenses	1,725	1,748
Cost of Federal Reserve currency	1,629	1,758
Total	28,911	28,801
Current net earnings	7,350	12,432
Additions to current net earnings	9,827	3,359
Deductions from current net earnings	7,595	4,990
Net additions	2,232	[1]1,631
Net earnings	9,582	10,801
Payment to United States Treasury (sec. 13b)	120	177
Dividends paid	8,019	7,941
Transferred to surplus (sec. 13b)	−419	67
Transferred to surplus (sec. 7)	1,862	2,616

[1] Net deductions.

States Government securities, which amounted to $34,400,000 in 1938. Net earnings of the Federal Reserve banks, available for dividends and transfers to surplus, were $9,600,000 in 1938, a decrease of $1,200,000 from 1937. Combined earnings, expenses, net earnings, and distribution of net earnings of the Federal Reserve banks for 1938 as compared with 1937 are shown in the table on page 29.

Net operating expenses in 1938, amounting to $25,557,000, were $262,000 more than in 1937. Total current expenses, including assessments for expenses of the Board of Governors and the cost of Federal Reserve currency, were $110,000 more than in the previous year. The principal items of expenses are shown in the following table:

CURRENT EXPENSES OF FEDERAL RESERVE BANKS DURING 1938 AND 1937

[In thousands of dollars]

	1938	1937
Operating expenses:		
Salaries and Retirement System contributions	19,837	19,412
Postage and expressage	3,226	3,288
Taxes on bank premises	1,433	1,392
Depreciation on bank buildings	1,172	1,298
Printing, stationery, and supplies	752	770
Telephone and telegraph	472	536
All other	2,753	2,547
Total	29,645	29,243
Less reimbursements for certain fiscal agency and other expenses	4,088	3,948
Net operating expenses	25,557	25,295
Assessment for expenses of Board of Governors	1,725	1,748
Cost of Federal Reserve currency	1,629	1,758
Total current expenses	28,911	28,801

As shown in the table on the preceding page, current net earnings amounted to $7,350,000 in 1938, or $5,082,000 less than in 1937. This decrease resulted primarily from a decrease of $4,972,000 in total current earnings. Additions to current net earnings in 1938 were $9,827,000, including $8,276,000 profits on sales of United States Government securities. Deductions from current net earnings in 1938 were $7,595,000. This included $5,046,000 for contributions by the Federal Reserve banks to the Retirement System for the purpose of completing payments on account of service of employees rendered prior to the establishment of the Retirement System, which heretofore had been scheduled to be completed by the end of 1939, and $848,000 for losses and reserves for estimated losses on industrial advances.

Net earnings amounted to $9,582,000 in 1938, as compared with $10,801,000 in 1937. All Federal Reserve banks paid dividends to member banks at the rate of 6 percent per annum on paid-in capital stock as provided in the Federal Reserve Act. Dividend payments totaled $8,019,000 in 1938, compared with $7,941,000 in 1937. Payments to the United States Treasury under provisions of section 13b of the

Federal Reserve Act relating to industrial advances amounted to $120,000 in 1938 and $177,000 in 1937. The remainder of the net earnings of the Federal Reserve banks, transferred to surplus accounts, amounted to $1,443,000 in 1938 and $2,683,000 in 1937.

Gross and net earnings during the year 1938 and the distribution of net earnings of each Federal Reserve bank are shown in the following table:

FINANCIAL RESULTS OF OPERATIONS OF THE FEDERAL RESERVE BANKS DURING 1938

Federal Reserve bank	Gross earnings	Net earnings	Payment to U. S. Treasury (sec. 13b)	Dividends paid	Transferred to surplus (sec. 13b)	Transferred to surplus (sec. 7)
Boston	$2,690,183	$749,527	$1,544	$564,369	....	$183,614
New York	10,706,348	3,290,671	....	3,056,972	−$286,745	520,444
Philadelphia	3,151,090	1,052,956	83,968	734,562	4,735	229,691
Cleveland	3,490,621	1,049,626	227	799,145	....	250,254
Richmond	1,915,952	200,875	....	297,732	−115,893	19,036
Atlanta	1,502,189	253,701	....	267,368	−17,409	3,742
Chicago	3,954,026	1,090,958	20,714	791,007	206	279,031
St. Louis	1,564,278	254,607	1,796	234,488	....	18,323
Minneapolis	1,100,472	373,298	1,005	174,231	....	198,062
Kansas City	1,840,455	260,690	10,270	249,901	....	519
Dallas	1,330,456	232,260	....	236,294	−4,034	....
San Francisco	3,015,358	772,785	....	613,068	....	159,717
Total	36,261,428	9,581,954	119,524	8,019,137	−419,140	1,862,433

Total earnings on bills and securities were $4,900,000 less in 1938 than in 1937. The reduction in earnings was a net result of an increase of $48,000,000 in daily average holdings of bills and securities and a decrease from 1.59 percent to 1.37 percent in the average rate of earnings. Average daily holdings of bills and securities, together with average rates and amounts of earnings thereon during the last four years, are shown in the following table:

EARNINGS ON BILLS AND SECURITIES

[Amounts in thousands of dollars]

	Total	Bills discounted	Bills bought in open market	United States Government securities [1]	Industrial advances
Daily average holdings:					
1935	2,469,542	7,306	4,922	2,430,864	26,450
1936	2,469,688	6,135	3,725	2,430,657	29,171
1937	2,542,545	13,749	3,390	2,503,865	21,541
1938	2,590,597	8,739	543	2,564,877	16,438
Earnings:					
1935	41,473	156	36	39,797	1,484
1936	36,909	108	30	35,184	1,587
1937	40,352	212	24	39,025	1,091
1938	35,404	124	3	34,446	831
Average rate of earnings (percent):					
1935	1.68	2.14	.73	1.64	5.61
1936	1.49	1.76	.81	1.45	5.44
1937	1.59	1.54	.71	1.56	5.06
1938	1.37	1.42	.48	1.34	5.05

[1] Figures for 1935 and 1936 include $43,000 and $122,000, respectively, of securities guaranteed as to both principal and interest by the United States.

BRANCHES AND AGENCIES OF THE FEDERAL RESERVE BANKS

In accordance with action taken by the Boards of Directors of the Federal Reserve Banks of Atlanta and San Francisco, with the approval of the Board of Governors, the agency of the Federal Reserve Bank of Atlanta located at Havana, Cuba, and the branch of the Federal Reserve Bank of San Francisco located in Spokane, Washington, were discontinued effective October 1, 1938. As of the same date, ten counties in northern Idaho and four counties in southwestern Washington were transferred from the Seattle Branch to the Portland Branch of the Federal Reserve Bank of San Francisco. Effective November 1, 1938, Calhoun and Refugio Counties, Texas, were transferred from the San Antonio Branch to the Houston Branch of the Federal Reserve Bank of Dallas.

INDUSTRIAL ADVANCES

By the Act of June 19, 1934, Congress authorized Federal Reserve banks under certain circumstances to extend credit for the purpose of furnishing working capital to established businesses.

For the period from June 19, 1934, to December 28, 1938, the Federal Reserve banks received 9,336 applications amounting to $398,898,000. Of these applications 2,653 were approved, amounting to $175,011,000. A somewhat greater number of applications was received in 1938 than in 1937 and there was also an increase in applications approved. Owing to repayments of previous advances, however, the amount of loans outstanding declined slightly during the year. Figures for applications and amounts outstanding by years are as follows:

[Amounts in thousands of dollars]

Year	Applications received		Applications approved		Advances and commitments outstanding at end of year
	Number	Amount	Number	Amount	Amount
1934	5,108	190,798	1,020	52,257	24,348
1935	2,507	115,910	973	72,236	60,142
1936	764	35,991	287	15,336	45,293
1937	298	20,593	126	11,158	30,977
1938	659	35,606	247	24,024	29,916
Total	9,336	398,898	2,653	175,011	....

On Wednesday, December 28, 1938, the Federal Reserve banks held $15,688,000 of industrial loans and had outstanding commitments to purchase such loans made by banks amounting to $14,162,000. The largest amount of advances and commitments outstanding under this authority at any one time was about $61,000,000 in December 1935. The credits that have been extended by the Federal Reserve banks under this authority, either directly to business or in cooperation with banks and other financing institutions, vary in size from $250 up to amounts of several millions of dollars. Loans have been approved for a wide variety of enterprises.

CREDITS TO FOREIGN CENTRAL BANKS

The share of the Federal Reserve banks in the credit to the National Bank of Hungary granted in 1931 amounted to $2,055,000 at the end of 1938 as compared with $2,282,000 a year earlier. The terms of the renewal agreement of 1937, mentioned in the Board's annual report for that year (p. 35), were carried out in full by the National Bank of Hungary.

A loan of $80,000 secured by gold was granted to a foreign central bank in January 1938 under an authorization by the Board of Governors in the same month. The loan was repaid in full in February, in advance of the date of maturity. There were no further loans of this type during the year and none outstanding at the close of the year.

BUILDING OPERATIONS OF THE FEDERAL RESERVE BANKS

The new banking quarters of the Helena Branch of the Federal Reserve Bank of Minneapolis were completed and occupied in June 1938. In August 1938 the Federal Reserve Bank of Dallas purchased a lot and building adjoining the Houston Branch building. All Federal Reserve banks and their branches, except the Cincinnati, Charlotte, Portland, and Seattle branches, are housed in buildings owned by the banks.

FEDERAL RESERVE INTERDISTRICT COLLECTION SYSTEM

The number of banks on the Federal Reserve par list at the end of 1938 was 11,973, comprising all of the 6,338 member banks and 5,635

INTERDISTRICT COLLECTION SYSTEM

Federal Reserve district	Member banks		Nonmember banks, other than mutual savings banks [1]			
			On par list		Not on par list	
	Dec. 31, 1938	Dec. 31, 1937	Dec. 31, 1938	Dec. 31, 1937	Dec. 31, 1938	Dec. 31, 1937
United States	6,338	6,341	5,635	r 5,800	2,760	r 2,776
Boston	356	357	169	169		
New York	772	776	288	r 290		
Philadelphia	655	655	258	263		
Cleveland	624	622	617	624	2	2
Richmond	406	405	314	r 321	335	r 343
Atlanta	320	324	90	94	690	683
Chicago	787	769	1,515	1,568	218	220
St. Louis	391	392	727	762	437	436
Minneapolis	461	469	156	171	710	722
Kansas City	734	733	964	985	178	177
Dallas	544	547	283	288	161	161
San Francisco	288	292	254	265	29	32

r Revised.

[1] The difference between the number of nonmember banks (other than mutual savings banks) shown in this table and the number shown in table 13 on page 66 is due principally to the fact that this table includes some private banks on which checks are drawn but which do not report to State banking departments, and excludes banking institutions on which no checks are drawn but which report to State banking departments.

nonmember banks. The number of nonmember banks (other than mutual savings banks) not on the par list was 2,760. Banks on the par list pay, without deduction of exchange charges, such checks drawn upon them as are presented or forwarded for payment by the Federal Reserve banks.

During the year the number of nonmember banks on the par list decreased by 165, principally because of a reduction in the number of such banks in operation, and the number of banks not on the par list decreased 16. Of the banks which were not on the par list at the beginning of the year, 71 went out of existence during 1938 and 10 were added to the par list. During the year, 28 nonmember banks withdrew from the par list, 25 newly organized banks opened as non-par banks, and 12 member banks became nonmember non-par banks. This gross addition of 65 to the number of non-par banks during 1938 took place principally in three Federal Reserve districts, namely, Atlanta 23, St. Louis 14, and Minneapolis 11. The net increase in the number of non-par banks in the Atlanta district was 7 and in the St. Louis district 1, while in the Minneapolis district there was a net reduction of 12 in the number of such banks.

As will be seen from the table, all of the banks in the Boston, New York and Philadelphia districts and all but two banks in the Cleveland district, were on the Federal Reserve par list at the end of 1938. At the end of the year the distribution of the number of non-par banks by States was as follows: Minnesota 410, Georgia 254, Mississippi 175, Tennessee 169, Nebraska 163, North Carolina 163, Wisconsin 161, Alabama 130, Arkansas 129, North Dakota 125, South Carolina 121, Iowa 108, Texas 105, Missouri 105, Louisiana 104, South Dakota 92, Florida 84, Virginia 45, and twelve other States 117.

AGREEMENTS OF NONMEMBER BANKS UNDER SECURITIES EXCHANGE ACT OF 1934

Under Section 8(a) of the Securities Exchange Act of 1934 and the Board's Regulation T, brokers and dealers subject to the Act may not borrow in the ordinary course of business from a nonmember bank on registered securities (other than exempted securities) unless such nonmember bank has signed an agreement with and in the form prescribed by the Board of Governors of the Federal Reserve System. At the end of the year there were 152 nonmember banks with such agreements in force.

AMENDMENTS TO THE FEDERAL RESERVE ACT

Renewal of Loans to Executive Officers of Member Banks.—By Act of Congress approved April 25, 1938, section 22(g) of the Federal Reserve Act was amended so as to permit loans made to an executive officer of a member bank prior to June 16, 1933, to be renewed or extended, subject to the other provisions of the law, for periods expiring not later than June 16, 1939 (instead of June 16, 1938, as the law had previously provided).

Waiver of Double Liability of Stockholders of Closed Insured Banks.—By an Act of Congress approved May 25, 1938, section 12B of the Federal Reserve Act was amended to provide for the waiver by the Federal Deposit Insurance Corporation, in connection with the liquidation of closed insured banks, of any claim it might otherwise have by reason of the so-called double liability of stockholders of such banks in States in which double liability has not already been abolished by statute.

Loans by Federal Deposit Insurance Corporation to Insured Banks.—By an Act of Congress approved June 16, 1938, section 12B of the Federal Reserve Act was amended to make permanent the authority of the Federal Deposit Insurance Corporation to make loans to or purchase assets from insured banks in order to facilitate mergers or consolidations of insured banks and reduce or avert threatened losses to the Corporation.

CHANGES IN REGULATIONS OF THE BOARD OF GOVERNORS

The regulations of the Board of Governors were amended and revised during the year 1938 in the following respects:

Reduction in Reserve Requirements of Member Banks.—On April 15, 1938, the Board of Governors issued a new supplement to its Regulation D reducing reserve requirements on all classes of deposits for all member banks, effective at the opening of business on April 16, 1938. Under the new supplement, every member bank is required to maintain on deposit with the Federal Reserve bank of its district a balance equal to 5 percent of its time deposits plus: 12 percent of its net demand deposits if not in a reserve or central reserve city, 17½ percent of its net demand deposits if in a reserve city, and 22¾ percent of its net demand deposits if in a central reserve city, except that banks in outlying districts of reserve or central reserve cities may be permitted by the Board of Governors to maintain lesser reserves against their demand deposits.

Interlocking Bank Directorates under the Clayton Act.—In September, 1938, the Board of Governors adopted an amendment to its Regulation L, effective February 1, 1939, eliminating the words "Morris Plan bank" from subsection (a) of section 3 of the regulation. The effect of this action was to revoke the permission which the Board had previously granted in the regulation to any private banker or any director, officer, or employee of a member bank to serve as a director, officer or employee of not more than one Morris Plan bank or similar institution, in cases where such service would otherwise have been prohibited. However, by action effective November 7, 1938, the regulation was amended to permit a relationship of this kind which was lawfully existing on January 31, 1939, to continue until August 1, 1939.

At the same time, the Board also adopted an amendment to its regulation affecting a number of other interlocking directorate relationships which would have become unlawful on February 1, 1939. This amendment permits any such relationship which was lawfully existing on

August 23, 1935, and which would otherwise have become unlawful on February 1, 1939, to continue as to not more than two banks until August 1, 1939.

The reasons for the Board's actions are set forth in the statement appearing in the record of policy actions on page 75.

Extension of Credit by Brokers, Dealers, and Members of National Securities Exchanges.—Effective March 21, 1938, the Board of Governors amended its revised Regulation T in certain technical respects in order to facilitate transactions involving withdrawals from special omnibus accounts, shipments of securities in connection with special cash accounts, or financing of odd-lot dealers in special miscellaneous accounts.

REGULATION OF THE FEDERAL OPEN MARKET COMMITTEE

Effective March 1, 1938, the Federal Open Market Committee amended its regulation relating to open-market operations of Federal Reserve banks in certain details regarding the purchase and sale of Government securities and the making of reports by the Federal Reserve banks of other open-market operations.

REVISED FORM OF CONDITION REPORT

During the year the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Board of Governors of the Federal Reserve System worked out a revised form for the use of banks in submitting condition reports to Federal banking authorities. Detailed instructions were also prepared for the purpose of assisting banks in compiling their reports of condition. This standardization of the condition report and of the accompanying instructions was the result of work and negotiations extending over several years, after consultation with several groups outside the Federal agencies. The revised form of report was adopted by each of the Federal agencies in an essentially standardized form for use beginning with the December 31, 1938, call for condition reports. In addition, the executive committee of the National Association of Supervisors of State Banks approved the report form and recommended that, insofar as practicable, it be adopted by State banking departments.

BANK EXAMINATIONS

Federal Reserve Banks.—Each of the 12 Federal Reserve banks was examined during the year by the Board's Division of Examinations.

Foreign Banking Corporations.—The head office of the one banking corporation now in active operation organized under the provisions of section 25(a) of the Federal Reserve Act to engage in foreign or international banking was examined during the year by the Board's Division of Examinations.

State Member Banks.—State member banks are subject, under the provisions of the Federal Reserve Act, to examinations made by direction of the Board of Governors of the Federal Reserve System or of the Federal Reserve banks by examiners selected or approved by the Board of Governors. The policy approved by the Board of Governors for examinations pursuant to such provisions is that at least one regular examination of each State member bank, including its trust department, be made during each calendar year by examiners for the Federal Reserve banks. The general practice is to make one examination a year of each State member bank. Almost all of such examinations made during the past year were in cooperation with the State banking authorities pursuant to the policy of making joint examinations wherever practicable in order to avoid duplication of examinations and to minimize inconvenience to the banks examined.

Revised Examination Procedure.—An important development during the year in the field of bank examination and supervision was the revision of procedure in bank examinations agreed to by the Secretary of the Treasury, the Board of Governors of the Federal Reserve System, the Directors of the Federal Deposit Insurance Corporation, and the Comptroller of the Currency. The revised procedure as announced by the Secretary of the Treasury is published in the appendix to this report. The agreement was reached in the summer and the revised procedure was made effective in September after the examination report forms had been revised to give effect to the changed procedure. Representatives of the National Association of Supervisors of State Banks were consulted in regard to the program and the Executive Committee of the Association agreed in principle with the program as adopted. The revised procedure has been made effective in many States and is being made effective in whole or in part in others.

The principal changes in the examination procedure were the abandonment of the "slow" classification of assets and recognition of the principle that bank investments should be considered in the light of inherent soundness rather than on the basis of day-to-day market fluctuations.

The "slow" classification had long been a source of irritation, complaint, and misunderstanding. By its very name it emphasized liquidity but the term was a misnomer inasmuch as the "slow" classification did not include all loans of longer maturities. The exact meaning of the term was not clear, nor could a substitute term be found to express clearly what was intended by the classification. Accordingly the old classifications of "slow," "doubtful," and "loss" as used in reports of examinations were discontinued and numerical classifications were adopted with the reports of examination containing definitions of the types of assets to be included in each classification. Under the new designations the principle is clearly recognized that in making loans banks should be encouraged to place emphasis upon soundness and intrinsic value rather than upon liquidity or quick maturity, and the examiners are expected to follow this principle in their examinations.

With respect to the appraisal of investment securities, the revised examination procedure is based on the view that the soundness of the banking system depends in the last analysis upon the soundness of the country's business and industrial enterprises and should not be measured by current market quotations which often fail to reflect true appraisals of intrinsic worth. Under the revised procedure, as formerly, stocks and defaulted securities are grouped separately and net depreciation in such issues based on current market prices is classified as loss to be charged off. Other securities, however, are divided into two groups which might be considered, broadly, as (1) securities of investment character, and (2) securities having distinctly or predominantly speculative characteristics. Appreciation or depreciation in securities in the first group is disregarded, and banks are permitted to carry these securities at book value with proper provision for amortization of premiums. Banks are also not required to charge off on their books any depreciation in securities in the second group. Such securities, however, are appraised in the report of examination on the basis of the average market price for 18 months preceding examination and in the computation of adjusted capital account of the bank, as shown in the report of examination, 50 percent of the net depreciation figured on such average basis is deducted. By separating appraisal of bank investments from current market quotations it was hoped that banks would be encouraged to purchase securities for true worth. The revised procedure also recognized the need for conservation of profits from the sale of securities, emphasized the necessity for the maintenance of adequate reserves to provide for possible losses in securities and other assets, and reaffirmed the position against the practice of speculation in securities.

In considering the question of bank examination and supervision recognition was given to the great changes which have occurred during the past 20 years in the composition and character of bank assets, the substantial decrease in the holdings of short-term, self-liquidating commercial paper, and the great increase in the holdings of investment securities, both in aggregate amount and as compared with total assets.

As a result of these developments, banks find it necessary to look, to a considerable extent at least, for other forms of loans to replace the lost volume of short-term commercial loans and to treat the security account more as a permanent investment account than as a means for the temporary investment of idle funds. Changes made by the Banking Act of 1935 in the law regarding advances by Federal Reserve banks and the revised regulation on this matter issued in 1937 by the Board of Governors were designed to assist banks to meet these changed conditions. The new policies with respect to bank examination and supervision were framed with the same end in view. The revised examination procedure does not represent a relaxation of standards. It was worked out as a measure which, with its emphasis upon fundamental soundness of assets of every type, would further the maintenance of a sound banking system and enable banks better to serve their depositors and their communities.

TRUST POWERS OF NATIONAL BANKS

During the year 1938 ten national banks were granted authority by the Board to exercise one or more trust powers under the provisions of section 11(k) of the Federal Reserve Act. This figure includes two banks which previously had been granted certain trust powers and during the year were granted one or more additional powers; it also includes two banks which previously had been authorized to exercise restricted trust powers and during the year were granted full trust powers. In addition, the Board granted full trust powers contingent upon the conversion of an existing State bank into a national banking association, which conversion, however, had not been effected by the end of the year. The Board also granted one national bank restricted authority to administer a specific trust account. During the year ten operating national banks surrendered their trust powers and ten other national banks which had been granted trust powers were placed in voluntary liquidation.

On December 31, 1938, 1,883 national banks held permits to exercise trust powers. A list of such banks, with indication of the power or powers each bank is authorized to exercise, will be supplied to those requesting it. In addition 13 national banks had authority at that time to exercise restricted trust powers only.

The term "restricted trust powers" as used above refers to powers granted a bank to acquire certain trust accounts but not to acquire other fiduciary business. Such restricted powers have been granted to enable a newly organized, consolidated, or converted institution to acquire the trust business held by a predecessor bank or banks, or to enable a bank to administer certain specific trust accounts, when, in the light of all the facts and circumstances in the particular case, such action was deemed warranted.

HOLDING COMPANY AFFILIATES

During the year 1938 the Board acted upon the applications for voting permits submitted by holding company affiliates of member banks in accordance with the provisions of section 5144 of the Revised Statutes and section 9 of the Federal Reserve Act, and authorized the issuance of three permits for general purposes and one permit for limited purposes.

Under the authority of section 301 of the Banking Act of 1935, the Board determined that four organizations were not engaged directly or indirectly as a business in holding the stock of, or managing or controlling, banks, banking associations, savings banks or trust companies, and that, therefore, they were not holding company affiliates except for the purposes of section 23A of the Federal Reserve Act.

FOREIGN BANKING CORPORATIONS

During the year the number of corporations organized under State law and operating under agreements entered into with the Board pursuant to the provisions of section 25 of the Federal Reserve Act relating to the investment by member banks in stock of corporations engaged principally in international or foreign banking was increased from three to four. Bankers Company of New York, an affiliate of Bankers Trust Company, New York, a member bank, entered into such an agreement in connection with the Board's approval of the application of the member bank to invest in stock of such corporation. The three other corporations operating under agreements entered into with the Board in previous years pursuant to the provisions of section 25 of the Federal Reserve Act are: International Banking Corporation, which is affiliated with the National City Bank of New York; First of Boston International Corporation, which is affiliated with the First National Bank of Boston; and French American Banking Corporation, which is owned by the Guaranty Trust Company of New York, the First National Bank of Boston, and the Comptoir National D'Escompte of Paris.

The Chase Bank, which commenced business in 1930 and is affiliated with the Chase National Bank of New York, is the only banking corporation in active operation organized under the provisions of section 25(a) of the Federal Reserve Act to engage in international or foreign banking.

Two of the five corporations referred to above have no foreign branches. The other three corporations operate, either directly or through subsidiary corporations, 11 foreign branches or offices distributed as follows: in England, 3; France, 3; Spain, 2; China, 2; Hong Kong, 1.

FOREIGN BRANCHES OF MEMBER BANKS

During the year the following member banks established foreign branches with the permission of the Board of Governors in accordance with the provisions of section 25 of the Federal Reserve Act: The Central Hanover Bank and Trust Company of New York established an additional branch in London; the Chase National Bank of New York established a branch in Balboa, Canal Zone; and the National City Bank of New York established branches in Balboa and Cristobal, Canal Zone. During the year the National City Bank of New York discontinued operation of its branch in Genoa, Italy.

At the end of the year, seven member banks were operating a total of 101 branches or offices located in 66 cities in 23 foreign countries or dependencies or insular possessions of the United States. Of the 101 branches and offices, four national banks were operating 90, and three State bank members were operating 11. The foreign branches were distributed geographically as follows:

Argentina	10	Dominican Republic	6	Panama	4
Belgium	3	England	13	Peru	1
Brazil	4	France	2	Philippine Islands	1
Canal Zone	4	Hong Kong	1	Puerto Rico	7
Chile	2	India	4	Straits Settlements	1
China	7	Italy	1	Uruguay	1
Colombia	3	Japan	4	Venezuela	1
Cuba	20	Mexico	1		

MEETINGS OF THE FEDERAL OPEN MARKET COMMITTEE

Meetings of the Federal Open Market Committee were held in Washington on the following dates in 1938: February 28-March 1, April 21-22, April 29, August 2, September 21 and December 30. The executive committee of the Federal Open Market Committee met from time to time throughout the year as occasion required. A record of actions taken by the Committee on questions of policy relating to open-market operations is published in the appendix to this report.

MEETINGS OF THE FEDERAL ADVISORY COUNCIL

Four meetings of the Federal Advisory Council were held in Washington during 1938 on the following dates: February 14-15, May 16-17, September 19-20, and November 28-29. Recommendations of the Federal Advisory Council to the Board of Governors are published in the appendix to this report.

APPOINTMENT OF ERNEST G. DRAPER AS A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Effective March 30, 1938, Ernest G. Draper, of Connecticut (Second Federal Reserve District), was appointed as a member of the Board of Governors of the Federal Reserve System for the unexpired portion of the term of fourteen years from February 1, 1936, which was made vacant by the resignation of Joseph A. Broderick on September 30, 1937.

CHANGES IN BOARD STAFF

Charles S. Hamlin, member of the Federal Reserve Board and of the Board of Governors from August 10, 1914, to February 1, 1936, and Special Counsel to the Board of Governors since February 4, 1936, died on April 24, 1938.

Effective March 29, 1938, George W. Blattner resigned as Assistant Director of the Division of Research and Statistics.

BOARD EXPENDITURES

The total cost of conducting the work of the Board during the year 1938 was $1,707,503.67. This is exclusive of expenditures in the amount of $106,972.50 made in connection with the new building erected by the Board. For the general expenses of the Board two assessments were levied against the Federal Reserve banks aggregating $1,724,922.40 or about one-half of one percent of their average paid-in capital and surplus for the year. Under an arrangement with the Federal Reserve Bank of Cleveland the accounts of the Board were audited twice during the course of the year 1938 by the Auditor of the Federal Reserve Bank of Cleveland, who certified them to be correct.

CHANGE IN FORM OF PUBLICATION OF ANNUAL REPORT

This Annual Report of the Board of Governors of the Federal Reserve System will be issued in one edition and not in two editions as has been customary with Annual Reports. In previous years a brief edition of the Report has contained the text and the records of policy actions, and the complete edition which appeared later included in addition a large number of statistical tables and some other appendix material. This year's Report contains only a few of the statistical tables and omits some of the appendix material previously published. The additional material previously included in the complete edition of the Annual Report will be made available in the Federal Reserve Bulletin or in some other form.

TABLES

No. 1.—Statement of Condition of the Federal Reserve Banks (in Detail) December 31, 1938[1]

ASSETS

Amounts in the column to the right are those shown in the Board's weekly statement, their components being shown in the column to the left. (In thousands of dollars)

Gold certificates with Federal Reserve agents	4,888,000	
Gold certificates in interdistrict settlement fund with Board of Governors	5,389,276	
Gold certificates held by banks	1,510,444	
Gold certificates on hand and due from U. S. Treasury		11,787,720
Redemption fund—Federal Reserve notes		9,873
Total gold reserves	11,787,720	
Other cash:		
United States notes	87,418	
Silver certificates	256,215	
Standard silver dollars	2,823	
National and Federal Reserve bank notes	1,885	
Subsidiary silver, nickels and cents	19,872	
Total other cash		368,213
Total reserves		12,165,806
Bills discounted:		
Secured by U. S. Government obligations, direct or fully guaranteed: Discounted for member banks		2,099
Other bills discounted: For member banks		1,872
Total bills discounted		3,971
Bills bought—payable in foreign currencies		549
Industrial advances		15,644
U. S. Government securities:		
Bonds		840,893
Treasury notes		1,156,947
Treasury bills		566,175
Total U. S. Government securities		2,564,015
Total bills and securities		2,584,179
Due from foreign banks		172
Federal Reserve notes of other Reserve banks		32,570
Uncollected items:		
Transit items	661,304	
Exchanges for clearing house	17,911	
Other cash items	31,634	
Total uncollected items		710,849
Bank premises		44,350
Other assets:		
Miscellaneous assets acquired account industrial advances	1,410	
Industrial advances past due	1,606	
Other bills and securities past due	2,058	
Claims account closed banks	2,502	
Total	7,576	
Less reserves	4,486	
Net	3,090	
Interest accrued	7,243	
Premium on securities	29,875	
Deferred charges	368	
Suspense account and miscellaneous assets	4,175	
Total other assets		44,751
Total assets		15,582,677

[1] Before closing books at end of year.

No. 1.—STATEMENT OF CONDITION OF THE FEDERAL RESERVE BANKS (IN DETAIL) DECEMBER 31, 1938[1]—Continued

LIABILITIES

Amounts in the column to the right are those shown in the Board's weekly statement, their components being shown in the column to the left. (In thousands of dollars)

Federal Reserve notes outstanding (issued to Federal Reserve banks)	4,790,047	
Held by issuing Federal Reserve banks and branches	324,316	
Forwarded for redemption	13,907	
Federal Reserve notes in actual circulation (including notes held by Treasury and by Federal Reserve banks other than issuing bank)		4,451,824
Deposits:		
Member bank—reserve account		8,723,226
U. S. Treasurer—general account		923,195
Foreign bank		199,211
Other deposits:		
Nonmember clearing account	101,794	
Officers' checks	51,469	
Federal Reserve exchange drafts	288	
All other	87,864	
Total other deposits		241,415
Total deposits		10,087,047
Deferred availability items		694,217
Other liabilities:		
Accrued dividends unpaid	824	
Unearned discount	9	
Discount on securities	28	
Reserves for estimated losses on bills and securities	207	
Suspense account and miscellaneous liabilities	2,512	
Total other liabilities		3,580
Total liabilities		15,236,668

CAPITAL ACCOUNTS

Capital paid in		134,575
Surplus (sec. 7)		147,739
Surplus (sec. 13b)		27,683
Other capital accounts:		
Reserve for contingencies	32,221	
Earnings:		
Gross earnings	36,261	
Current expenses	28,911	
Current net earnings	7,350	
Add—profit and loss	4,460	
Deduct:		
Dividends accrued since closing of books	8,019	
Net earnings available for depreciation allowances, reserves and surplus	3,791	
Total other capital accounts		36,012
Total liabilities and capital accounts		15,582,677

[1] Before closing books at end of year.

No. 2.—MATURITY DISTRIBUTION OF BILLS AND UNITED STATES GOVERNMENT SECURITIES HELD BY FEDERAL RESERVE BANKS

[In thousands of dollars

Maturity within	Bills discounted		Bills bought in open market		Industrial advances		U. S. Government securities	
	Dec. 28, 1938	Dec. 29, 1937	Dec. 28, 1938	Dec. 29, 1937	Dec. 28, 1938	Dec. 29, 1937	Dec. 28, 1938	Dec. 29, 1937
15 days	5,845	10,697	....	....	1,784	1,334	105,340	24,385
16 to 30 days	321	395	179	438	579	302	88,872	33,296
31 to 60 days	202	582	106	400	596	577	198,570	68,350
61 to 90 days	175	414	264	1,989	387	438	154,893	265,085
91 days to 6 months	406	728	....	....	1,290	1,431	103,697	381,170
6 months to 1 year	31	31	....	....	3,891	3,490	173,142	213,895
1 year to 2 years	....	....	....	....	4,423	5,502	390,654	283,389
2 years to 5 years	....	....	....	....	2,738	5,217	588,699	593,739
Over 5 years	....	....	....	....	....	....	760,148	700,706
Total	6,980	12,847	549	2,827	15,688	18,291	2,564,015	2,564,015

No. 3.—Statement of Condition of Each Federal Reserve Bank at End of 1937 and 1938

[In thousands of dollars]

	Total		Boston		New York		Philadelphia		Cleveland		Richmond	
	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938
ASSETS												
Gold certificates on hand and due from U. S. Treasury	9,119,891	11,787,720	503,090	660,319	3,586,484	5,115,945	474,890	546,461	672,135	783,882	294,125	356,645
Redemption fund—Federal Reserve notes	9,436	9,873	804	328	1,124	1,226	501	1,236	659	810	921	1,222
Other cash	351,688	368,213	35,260	36,112	78,420	103,924	26,940	29,221	27,622	23,751	25,919	21,917
Total reserves	9,481,015	12,165,806	539,154	696,759	3,666,028	5,221,095	502,331	576,918	700,416	808,443	320,965	379,784
Bills discounted:												
Secured by U. S. Government obligations, direct or fully guaranteed	6,481	2,099	551	32	2,804	804	1,498	704	478	191	340	54
Other bills discounted	3,385	1,872	100	9	316	241	655	473	195	54	255	153
Total bills discounted	9,866	3,971	651	41	3,120	1,045	2,153	1,177	673	245	595	207
Bills bought in open market	540	549	41	41	212	215	55	56	50	51	23	24
Industrial advances	18,049	15,644	2,729	1,945	4,412	3,879	3,627	3,120	879	618	1,768	1,466
U. S. Government securities:												
Bonds	751,539	840,893	54,751	63,287	216,814	267,426	63,561	73,057	73,157	84,554	39,394	39,461
Treasury notes	1,154,997	1,156,947	84,144	87,073	333,211	367,938	97,685	100,515	112,432	116,335	60,540	54,291
Treasury bills	657,479	566,175	47,899	42,611	189,679	180,058	55,607	49,189	64,002	56,931	34,462	26,569
Total U. S. Government securities	2,564,015	2,564,015	186,794	192,971	739,704	815,422	216,853	222,761	249,591	257,820	134,396	120,321
Total bills and securities	2,592,470	2,584,179	190,215	194,998	747,448	820,561	222,688	227,114	251,193	258,734	136,782	122,018
Due from foreign banks	179	172	13	13	68	65	18	17	17	16	8	7
Federal Reserve notes of other Federal Reserve banks	30,211	32,570	412	757	5,292	5,337	1,662	2,081	1,984	1,966	2,886	2,946
Uncollected items	693,487	710,849	65,419	69,882	195,811	207,064	54,588	54,506	64,245	74,509	53,628	47,040
Bank premises	45,027	42,768	3,001	2,945	9,973	9,038	4,826	4,699	6,215	6,017	2,700	2,621
Other assets	37,241	44,348	2,239	2,893	10,808	13,388	4,305	4,637	4,057	5,018	2,231	2,508
Total assets	12,879,630	15,580,692	800,453	968,247	4,635,428	6,276,548	790.418	869,972	1,028,127	1,154,703	519,200	556,924

LIABILITIES												
Federal Reserve notes in actual circulation[1]	4,283,611	4,451,824	285,413	384,130	964,902	1,029,296	318,035	320,562	433,328	427,467	209,905	208,287
Deposits:												
Member bank—reserve account	7,026,809	8,724,050	402,354	392,294	3,071,762	4,469,340	365,046	374,231	470,054	477,880	220,566	231,576
U. S. Treasurer—general account	142,390	923,225	7,103	81,324	39,295	212,295	1,092	58,155	12,477	116,296	10,888	48,507
Foreign bank	171,750	199,211	12,665	14,360	60,892	71,369	17,002	19,545	15,961	18,349	7,460	8,576
Other deposits	235,743	241,512	4,044	4,251	189,134	188,479	2,269	6,899	3,210	7,228	3,599	2,033
Total deposits	7,576,692	10,087,998	426,166	492,229	3,361,083	4,932,483	385,409	458,830	501,702	619,753	242,513	290,692
Deferred availability items	674,000	694,217	64,886	67,897	189,511	194,382	53,747	57,591	61,336	75,047	51,996	43,155
Other liabilities including accrued dividends	4,109	2,998	380	175	977	1,214	1,092	664	219	134	116	108
Total liabilities	12,538,412	15,237,037	776,845	944,431	4,516,473	6,157,375	758,283	837,647	996,585	1,122,401	504,530	542,242
CAPITAL ACCOUNTS												
Capital paid in	132,744	134,575	9,386	9,411	51,058	51,043	12,258	12,213	13,036	13,546	4,896	5,005
Surplus (sec. 7)	147,739	149,152	9,900	10,083	51,943	52,463	13,466	13,696	14,323	14,323	4,964	4,983
Surplus (sec. 13b)	27,683	27,264	2,874	2,874	7,744	7,457	4,411	4,416	1,007	1,007	3,409	3,293
Other capital accounts	33,052	32,664	1,448	1,448	8,210	8,210	2,000	2,000	3,176	3,426	1,401	1,401
Total liabilities and capital accounts	12,879,630	15,580,692	800,453	968,247	4,635,428	6,276,548	790,418	869,972	1,028,127	1,154,703	519,200	556,924
Contingent liability on bills purchased for foreign correspondents	1,666	76	124	6	582	27	166	7	156	7	73	3
Commitments to make industrial advances	12,928	14,272	1,671	1,297	4,755	2,677	173	1,525	753	2,234	1,623	1,282
FEDERAL RESERVE NOTE STATEMENT												
Federal Reserve notes:												
Issued to Federal Reserve bank by Federal Reserve agent	4,661,627	4,790,047	322,502	408,865	1,089,215	1,134,257	340,801	340,668	464,655	451,834	226,302	222,006
Held by Federal Reserve bank	378,016	338,223	37,089	24,735	124,313	104,961	22,766	20,106	31,327	24,367	16,397	13,719
In actual circulation[1]	4,283,611	4,451,824	285,413	384,130	964,902	1,029,296	318,035	320,562	433,328	427,467	209,905	208,287
Collateral held by agent for notes issued to banks:												
Gold certificates on hand and due from U. S. Treasury	4,728,632	4,888,000	341,000	420,000	1,100,000	1,155,000	347,000	345,000	467,000	457,000	226,000	230,000
Eligible paper	8,954	3,397	589	36	3,085	997	1,767	827	568	232	595	207
U. S. Government securities	25,000	....	....	....	....	....	....	....	....	....	....	....
Total collateral held	4,762,586	4,891,397	341,589	420,036	1,103,085	1,155,997	348,767	345,827	467,568	457,232	226,595	230,207

For footnote see end of table.

No. 3.—Statement of Condition of Each Federal Reserve Bank at End of 1937 and 1938—Continued

[In thousands of dollars]

	Atlanta		Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938	1937	1938
ASSETS														
Gold certificates on hand and due from U.S. Treasury	230,573	275,267	1,760,008	2,200,214	282,455	316,830	185,747	241,452	266,709	304,342	181,832	210,498	681,843	775,865
Redemption fund—Federal Reserve notes	1,535	583	695	629	792	843	446	606	543	509	236	191	1,180	1,690
Other cash	17,174	15,526	43,691	51,557	16,105	19,634	9,672	7,786	24,560	14,773	14,149	14,400	32,176	29,612
Total reserves	249,282	291,376	1,804,394	2,252,400	299,352	337,307	195,865	249,844	291,812	319,624	196,217	225,089	715,199	807,167
Bills discounted:														
Secured by U. S. Government obligations direct or fully guaranteed	322	75	150	55	22	....	....	43	154	74	17	4	145	63
Other bills discounted	638	111	79	74	1	45	175	91	932	567	26	20	13	34
Total bills discounted	960	186	229	129	23	45	175	134	1,086	641	43	24	158	97
Bills bought in open market	19	19	65	68	3	2	2	2	16	16	16	16	38	39
Industrial advances	128	825	700	415	237	21	637	964	464	268	946	775	1,522	1,348
U. S. Government securities:														
Bonds	32,899	34,279	82,655	90,644	32,969	35,023	24,332	18,633	36,717	37,140	29,231	30,913	65,059	66,476
Treasury notes	50,559	47,163	127,026	124,714	50,670	48,187	37,392	25,636	56,426	51,101	44,926	42,531	99,986	91,463
Treasury bills	28,780	23,080	72,310	61,031	28,844	23,581	21,285	12,546	32,120	25,007	25,574	20,814	56,917	44,758
Total U. S. Government securities	112,238	104,522	281,991	276,389	112,483	106,791	83,009	56,815	125,263	113,248	99,731	94,258	221,962	202,697
Total bills and securities	113,345	105,552	282,985	277,001	112,746	106,859	83,823	57,915	126,829	114,173	100,736	95,073	223,680	204,181
Due from foreign banks	6	6	21	21	3	3	2	2	5	5	5	5	13	12
Federal Reserve notes of other Federal Reserve banks	3,536	3,443	4,470	5,886	1,973	2,931	1,920	1,428	1,531	1,453	1,025	1,308	3,520	3,034
Uncollected items	24,953	24,887	86,688	95,915	28,770	29,838	18,078	16,889	36,463	32,624	27,981	25,622	36,863	32,073
Bank premises	2,119	2,076	4,589	3,964	2,341	2,291	1,477	1,524	3,159	3,089	1,281	1,261	3,346	3,243
Other assets	1,504	1,809	3,332	4,349	1,367	1,679	1,229	1,096	1,572	1,779	1,369	1,565	3,228	3,627
Total assets	394,745	429,149	2,186,479	2,639,536	446,552	480,908	302,394	328,698	461,371	472,747	328,614	349,923	985,849	1,053,337

LIABILITIES														
Federal Reserve notes in actual circulation[1]	162,016	151,398	993,362	996,721	182,088	183,131	137,570	136,857	167,924	171,390	86,374	81,375	342,694	361,210
Deposits:														
Member bank—reserve account	181,212	188,709	1,011,438	1,299,880	204,984	209,543	126,011	113,568	233,775	227,796	190,570	183,468	549,037	564,765
U. S. Treasurer—general account	6,396	41,110	27,967	176,765	8,779	35,355	4,339	43,294	9,086	24,886	4,004	38,428	10,964	46,810
Foreign bank	6,072	6,980	20,124	23,734	5,205	5,983	3,990	4,587	5,031	5,784	5,031	5,784	12,317	14,160
Other deposits	2,201	4,168	2,499	1,658	5,817	5,093	3,228	3,779	420	1,476	2,677	2,686	16,645	13,762
Total deposits	195,881	240,967	1,062,028	1,502,037	224,785	255,974	137,568	165,228	248,312	259,942	202,282	230,366	588,963	639,497
Deferred availability items	24,126	24,190	86,741	96,322	29,282	31,361	18,082	17,480	35,254	31,468	29,003	27,254	30,036	28,070
Other liabilities including accrued dividends	362	153	272	199	102	51	178	95	101	46	126	37	184	122
Total liabilities	382,385	416,708	2,142,403	2,595,279	436,257	470,517	293,398	319,660	451,591	462,846	317,785	339,032	961,877	1,028,899
CAPITAL ACCOUNTS														
Capital paid in	4,401	4,495	12,920	13,488	3,868	3,946	2,893	2,903	4,091	4,212	3,891	3,961	10,046	10,352
Surplus (sec. 7)	5,626	5,630	22,387	22,666	4,667	4,685	3,153	3,153	3,613	3,613	3,892	3,892	9,805	9,965
Surplus (sec. 13b)	730	713	1,429	1,429	545	545	1,001	1,001	1,142	1,142	1,270	1,266	2,121	2,121
Other capital accounts	1,603	1,603	7,340	6,674	1,215	1,215	1,949	1,981	934	934	1,776	1,772	2,000	2,000
Total liabilities and capital accounts	394,745	429,149	2,186,479	2,639,536	446,552	480,908	302,394	328,698	461,371	472,747	328,614	349,923	985,849	1,053,337
Contingent liability on bills purchased for foreign correspondents	59	3	197	9	51	2	39	2	49	2	49	2	121	6
Commitments to make industrial advances	345	157	....	58	176	548	51	212	111	658	269	46	3,001	3,578
FEDERAL RESERVE NOTE STATEMENT														
Federal Reserve notes:														
Issued to Federal Reserve bank by Federal Reserve agent	182,457	166,266	1,027,633	1,031,415	197,086	200,495	142,887	142,702	178,936	180,418	97,094	89,921	392,059	421,200
Held by Federal Reserve bank	20,441	14,868	34,271	34,694	14,998	17,364	5,317	5,845	11,012	9,028	10,720	8,546	49,365	59,990
In actual circulation[1]	162,016	151,398	993,362	996,721	182,088	183,131	137,570	136,857	167,924	171,390	86,374	81,375	342,694	361,210
Collateral held by agent for notes issued to banks:														
Gold certificates on hand and due from U. S. Treasury	166,000	169,000	1,055,000	1,050,000	200,632	207,000	140,500	143,500	182,000	185,000	99,500	92,500	404,000	434,000
Eligible paper	731	157	229	129	23	....	99	82	1,067	627	43	24	158	79
U. S. Government securities	20,000	....	....	....	....	....	5,000	....	....	....	....	....	....	....
Total collateral held	186,731	169,157	1,055,229	1,050,129	200,655	207,000	145,599	143,582	183,067	185,627	99,543	92,524	404,158	434,079

[1] Includes Federal Reserve notes held by the U. S. Treasury or by a Federal Reserve bank other than the issuing bank.

No. 4.—Volume of Operations in Principal Departments Of Federal Reserve Banks, 1934–1938

[Number in thousands; amounts in thousands of dollars]

	1934	1935	1936	1937	1938
NUMBER OF PIECES HANDLED [1]					
Bills discounted:					
Applications	15	5	3	7	6
Notes discounted	30	8	4	7	6
Advances made	12	5	3	7	6
Industrial advances:					
Advances made	.5	1	.7	.2	.4
Commitments to make industrial advances	.2	.6	.3	.1	.2
Bills purchased in open market for own account	7	2	1	2	.2
Currency received and counted	2,067,835	2,148,485	2,232,980	2,257,892	2,089,987
Coin received and counted	2,565,164	2,590,859	2,665,190	2,730,387	2,676,248
Checks handled	818,847	885,190	1,009,264	1,044,553	1,098,115
Collection items handled:					
U. S. Government coupons paid [2]	21,555	22,633	18,806	18,566	17,802
All other	7,436	7,119	6,968	6,705	6,389
Issues, redemptions, and exchanges by fiscal agency department:					
U. S. Government direct obligations	5,281	6,838	27,919	3,892	3,456
All other	(3)	3,742	1,538	661	575
Transfer of funds	1,125	982	951	980	853
AMOUNTS HANDLED					
Bills discounted:					
Notes discounted	45,781	9,622	6,886	16,187	10,472
Advances made	668,580	219,924	160,714	516,852	226,687
Industrial advances:					
Advances made	14,884	28,479	8,519	4,932	6,500
Commitments to make industrial advances	11,443	29,223	12,583	6,978	11,217
Bills purchased in open market for own account	75,903	31,446	25,207	25,252	2,781
Currency received and counted	9,932,601	9,837,681	10,059,637	10,199,559	8,883,728
Coin received and counted	298,297	275,608	276,323	287,708	271,128
Checks handled	179,544,488	202,989,742	234,417,787	255,453,609	232,090,217
Collection items handled:					
U. S. Government coupons paid [2]	699,325	751,916	798,925	865,465	854,273
All other	6,742,974	7,948,641	7,089,008	6,159,828	5,321,443
Issues, redemptions, and exchanges by fiscal agency department:					
U. S. Government direct obligations	29,941,049	30,755,611	25,196,825	19,304,020	24,450,791
All other	(3)	3,346,189	2,223,136	1,691,863	2,581,611
Transfer of funds	73,077,156	80,483,190	87,001,630	94,596,861	82,219,749

[1] 2 or more checks, coupons, etc., handled as a single item are counted as 1 "piece."
[2] Includes coupons from obligations guaranteed by the United States.
[3] Figures not available.

No. 5.—Earnings and Expenses of Federal Reserve Banks During 1938

	Total	Boston	New York	Phila-delphia	Cleve-land	Rich-mond	Atlanta	Chicago	St. Louis	Minne-apolis	Kansas City	Dallas	San Francisco
CURRENT EARNINGS													
:ed bills	$123,751	$8,675	$27,125	$26,303	$10,200	$9,042	$12,995	$3,522	$2,895	$2,659	$7,927	$4,800	$7,608
:d bills	2,611	197	1,025	268	240	112	91	325	9	7	76	76	185
vernment securities	34,446,249	2,558,374	10,331,266	2,936,032	3,350,196	1,762,671	1,459,159	3,747,602	1,528,595	1,018,540	1,645,531	1,267,076	2,841,207
al advances	830,811	105,641	201,166	168,118	38,490	82,454	9,032	27,192	9,096	52,880	20,271	48,186	68,285
ments to make industrial ad-													
	162,609	11,158	41,053	1,565	15,267	15,075	1,042	293	5,857	1,704	11,851	1,445	56,299
	695,397	6,138	104,713	18,804	76,228	46,598	19,870	175,092	17,826	24,682	154,799	8,873	41,774
tal current earnings	36,261,428	2,690,183	10,706,348	3,151,090	3,490,621	1,915,952	1,502,189	3,954,026	1,564,278	1,100,472	1,840,455	1,330,456	3,015,358
CURRENT EXPENSES													
g expenses:													
:ies:													
Officers	$2,280,757	$117,000	$516,911	$123,519	$172,449	$139,904	$154,619	$252,949	$177,875	$105,113	$168,321	$132,800	$219,297
Employees	16,632,415	1,063,791	4,388,286	1,278,294	1,505,268	941,228	875,447	2,015,279	904,777	531,072	895,756	872,769	1,360,448
:ement System contribu-ns for current service	923,714	55,535	240,453	69,309	80,631	53,854	46,326	109,228	54,701	31,547	56,647	47,276	78,207
l fees	140,002	14,999	62,104	9,956	10,006	274	3,573	636	5,000	11,852	1,022	9,222	11,358
:tors' fees and expenses	136,715	6,004	12,884	7,065	7,546	7,186	15,360	6,867	11,991	11,765	23,405	7,816	18,826
ral Advisory Council, fees d expenses	14,712	1,160	869	750	740	723	893	1,021	1,350	1,261	1,197	1,398	3,350
eling expenses (other than of ·ectors and members of Fed-ıl Advisory Council)	288,799	14,831	47,296	26,109	25,047	23,148	21,833	29,589	22,744	25,914	13,846	12,915	25,527
age and expressage	3,225,927	354,273	542,002	277,260	291,865	253,756	196,795	388,481	151,812	122,268	216,027	162,322	269,066
phone and telegraph	472,249	22,870	93,082	30,341	45,303	27,160	44,190	30,566	34,161	18,555	42,951	34,347	48,723
ting, stationery and supplies	751,650	72,449	141,237	69,982	69,612	45,755	48,443	77,331	42,766	31,838	44,797	42,916	64,524
rance on currency and se-rity shipments	230,092	35,282	41,985	25,265	20,692	16,771	12,366	24,486	5,442	7,208	9,181	7,667	23,747
r insurance	248,553	16,851	42,172	20,779	17,556	15,080	16,934	20,392	19,196	18,878	22,882	16,724	21,109
s on bank premises	1,433,128	156,114	439,425	69,767	125,822	68,014	59,318	169,552	53,251	69,270	90,960	32,388	99,247
eciation on bank building	1,171,940	55,832	198,027	126,532	206,448	79,502	42,548	139,953	51,206	27,424	72,696	68,648	103,124
t, heat, power, and water	367,858	28,165	60,586	34,922	43,632	22,068	22,285	40,810	22,032	16,981	30,252	21,026	25,099
.irs and alterations to bank ilding	135,499	2,381	21,720	11,143	9,697	4,253	23,166	9,556	12,000	11,855	8,126	6,155	15,447
	152,154	34	....	782	73,075	16,482	4,359	....	3,120	375	127	1,680	52,120
.iture and equipment	450,685	31,147	69,866	33,184	17,755	8,375	113,514	72,893	16,447	12,726	24,556	35,791	14,431
ther	588,300	32,517	67,370	66,121	45,735	31,246	55,810	75,968	40,936	33,462	35,399	38,526	65,210
tal operating expenses	29,645,149	2,081,235	6,986,275	2,281,080	2,768,879	1,754,779	1,757,779	3,465,557	1,630,807	1,089,364	1,758,148	1,552,386	2,518,860
reimbursements for certain :al agency and other expenses	4,088,200	205,027	632,559	203,576	262,468	239,530	507,636	607,435	339,597	168,163	211,130	448,329	262,750

Net operating expenses	25,556,949	1,876,208	6,353,716	2,077,504	2,506,411	1,515,249	1,250,143	2,858,122	1,291,210	921,201	1,547,018	1,104,057	2,256,110
Assessment for expenses of Board of Governors	1,724,924	123,925	618,656	168,420	159,503	74,329	60,262	206,080	50,857	39,436	49,634	50,734	123,088
Federal Reserve currency:													
Original cost	1,449,692	154,418	326,467	139,334	116,599	87,177	61,997	226,993	63,239	46,619	57,558	27,802	141,489
Cost of redemption	180,043	11,117	36,960	12,595	15,145	12,460	15,733	26,807	9,961	4,667	8,270	9,353	16,975
Total current expenses	28,911,608	2,165,668	7,335,799	2,397,853	2,797,658	1,689,215	1,388,135	3,318,002	1,415,267	1,011,923	1,662,480	1,191,946	2,537,662

PROFIT AND LOSS

Current earnings (above)	36,261,428	2,690,183	10,706,348	3,151,090	3,490,621	1,915,952	1,502,189	3,954,026	1,564,278	1,100,472	1,840,455	1,330,456	3,015,358
Current expenses (above)	28,911,608	2,165,668	7,335,799	2,397,853	2,797,658	1,689,215	1,388,135	3,318,002	1,415,267	1,011,923	1,662,480	1,191,946	2,537,662
Current net earnings	7,349,820	524,515	3,370,549	753,237	692,963	226,737	114,054	636,024	149,011	88,549	177,975	138,510	477,696
Additions to current net earnings:													
Profits on sales of U. S. Government securities	8,275,897	594,408	2,316,015	696,803	816,488	437,837	355,444	932,997	385,083	281,351	416,446	324,310	718,715
All other	1,551,356	57,864	82,600	23,632	22,460	33,882	370,683	704,144	10,532	203,930	8,028	15,736	17,865
Total	9,827,253	652,272	2,398,615	720,435	838,948	471,719	726,127	1,637,141	395,615	485,281	424,474	340,046	736,580
Deductions from current net earnings:													
Losses and reserves for losses on industrial advances (net)	847,715	69,145	448,500	30,000	20,000	161,248	20,904	....	....	25,000	....	27,500	45,418
Special reserves and charge-offs on bank premises	1,579,749	....	736,840	....	....	....	317,597	516,149	....	9,163	....	....	....
Prior service contributions to Retirement System (final payment)	5,045,756	357,600	1,282,107	386,952	439,812	314,088	187,680	665,997	289,800	166,088	341,520	218,616	395,496
All other	121,899	515	11,046	3,764	22,473	22,245	60,299	61	219	281	239	180	577
Total	7,595,119	427,260	2,478,493	420,716	482,285	497,581	586,480	1,182,207	290,019	200,532	341,759	246,296	441,491
Net additions to current net earnings	2,232,134	225,012	−79,878	299,719	356,663	−25,862	139,647	454,934	105,596	284,749	82,715	93,750	295,089
Net earnings	9,581,954	749,527	3,290,671	1,052,956	1,049,626	200,875	253,701	1,090,958	254,607	373,298	260,690	232,260	772,785
Paid U. S. Treasury (sec. 13b)	119,524	1,544	....	83,968	227	....	....	20,714	1,796	1,005	10,270	....	....
Dividends paid	8,019,137	564,369	3,056,972	734,562	799,145	297,732	267,368	791,007	234,488	174,231	249,901	236,294	613,068
Transferred to surplus (sec. 13b)	−419,140	....	−286,745	4,735	....	−115,893	−17,409	206	....	....	....	−4,034	....
Transferred to surplus (sec. 7)	1,862,433	183,614	520,444	229,691	250,254	19,036	3,742	279,031	18,323	198,062	519	....	159,717
Surplus (sec. 7), Jan. 1, 1938	147,737,758	9,899,737	51,942,505	13,465,896	14,322,790	4,963,636	5,625,948	22,386,972	4,667,175	3,153,414	3,612,681	3,891,870	9,805,134
Addition, as above	1,862,433	183,614	520,444	229,691	250,254	19,036	3,742	279,031	18,323	198,062	519	....	159,717
Transferred to reserves for contingencies	−448,835	....	....	....	−250,254	....	....	....	....	−198,062	−519	....	....
Surplus (sec. 7), Dec. 31, 1938	149,151,356	10,083,351	52,462,949	13,695,587	14,322,790	4,982,672	5,629,690	22,666,003	4,685,498	3,153,414	3,612,681	3,891,870	9,964,851

No. 6.—Current Earnings, Current Expenses, and Net Earnings of Federal Reserve Banks and Disposition of Net Earnings, 1914–1938

Federal Reserve bank	Earnings and expenses			Disposition of net earnings					Direct charges to surplus (Sec. 7)[3]
	Current earnings	Current expenses	Net earnings[1]	Dividends paid	Franchise tax paid to U. S. Treasury[2]	Paid to U. S. Treasury (Sec. 13b)	Transferred to surplus (Sec. 13b)	Transferred to surplus (Sec. 7)	
All Federal Reserve banks:									
1914–15	2,173,252	2,320,586	−141,459	217,463					
1916	5,217,998	2,273,999	2,750,998	1,742,774					
1917	16,128,339	5,159,727	9,579,607	6,801,726	1,134,234			1,134,234	
1918	67,584,417	10,959,533	52,716,310	5,540,684				48,334,341	
1919	102,380,583	19,339,633	78,367,504	5,011,832	2,703,894			70,651,778	
1920	181,296,711	28,258,030	149,294,774	5,654,018	60,724,742			82,916,014	
1921	122,865,866	34,463,845	82,087,225	6,119,673	59,974,466			15,993,086	
1922	50,498,699	29,559,049	16,497,736	6,307,035	10,850,605			−659,904	
1923	50,708,566	29,764,173	12,711,286	6,552,717	3,613,056			2,545,513	
1924	38,340,449	28,431,126	3,718,180	6,682,496	113,646			−3,077,962	
1925	41,800,706	27,528,163	9,449,066	6,915,958	59,300			2,473,808	
1926	47,599,595	27,350,182	16,611,745	7,329,169	818,150			8,464,426	
1927	43,024,484	27,518,443	13,048,249	7,754,539	249,591			5,044,119	500,000
1928	64,052,860	26,904,810	32,122,021	8,458,463	2,584,659			21,078,899	
1929	70,955,496	29,691,113	36,402,741	9,583,913	4,283,231			22,535,597	
1930	36,424,044	28,342,726	7,988,182	10,268,598	17,308			−2,297,724	
1931	29,701,279	27,040,664	2,972,066	10.029,760				−7,057,694	
1932	50,018,817	26,291,381	22,314,244	9,282,244	2,011,418			11,020,582	
1933	49,487,318	29,222,837	7,957,407	8,874,262				−916,855	
1934	48,902,813	29,241,396	15,231,409	8,781,661			−60,323	6,510,071	139,299,557
1935	42,751,959	31,577,443	9,437,125	8,504,974		297,667	27,062	607,422	
1936	37,900,639	29,874,023	8,512,433	7,829,581		227,448	102,880	352,524	
1937	41,233,135	28,800,614	10,801,247	7,940,966		176,625	67,304	2,616,352	731,313
1938	36,261,428	28,911,608	9,581,954	8,019,137		119,524	−419,140	1,862,433	448,835
Total—1914-1938	1,277,309,453	588,825,104	610,012,050	170,203,643	149,138,300	821,264	[4] −282,217	290,131,060	140,979,705

Aggregate for each Federal Reserve bank 1914-1938:										
Boston	85,713,786	42,448,433	40,019,745	12,506,225	7,111,395	91,692	−3,155	20,313,588	10,230,237
New York	376,149,532	142,847,720	219,350,873	56,564,019	68,006,262	82,987	−294,553	94,992,158	42,529,211
Philadelphia	99,677,356	44,929,839	50,824,882	16,438,106	5,558,901	293,888	217,517	28,316,470	14,620,883
Cleveland	113,480,456	54,093,484	51,046,564	17,161,031	4,842,447	36,868	−8,156	29,014,374	14,691,585
Richmond	60,681,223	31,851,115	24,260,350	7,330,372	6,200,189	66,714	−127,888	10,790,963	5,808,291
Atlanta	59,931,097	27,234,959	25,912,854	6,095,809	8,950,561	9,066	−44,304	10,901,722	5,272,032
Chicago	178,283,567	77,374,851	87,984,849	20,150,063	25,313,526	95,059	11,681	42,414,520	19,748,517
St. Louis	55,002,897	30,273,117	18,886,921	6,231,290	2,755,629	5,948	−1,505	9,895,559	5,210,059
Minneapolis	41,561,657	21,719,217	17,013,462	4,339,764	5,202,900	34,319	−6,583	7,443,062	4,289,648
Kansas City	61,081,497	36,191,932	20,601,670	5,810,201	6,939,100	31,223	−3,622	7,824,768	4,212,086
Dallas	45,302,840	26,685,104	14,425,102	5,526,091	560,049	73,500	14,255	8,251,207	4,359,338
San Francisco	100,443,545	53,175,333	39,684,778	12,050,672	7,697,341	....	−35,904	19,972,669	10,007,818

[1] Current earnings less current expenses, plus other additions and less other deductions.

[2] The Banking Act of 1933 eliminated the provision in the Federal Reserve Act requiring payment of a franchise tax.

[3] Direct charges to surplus (sec. 7) represent amounts transferred to reserves for contingencies, except as follows: 1927—$500,000, depreciation on bank premises; 1934—$139,299,557, cost of Federal Deposit Insurance Corporation stock purchased by Federal Reserve banks.

[4] In 1935 the Federal Reserve Bank of Boston credited $1,810 and the Federal Reserve Bank of St. Louis charged $1,176 direct to surplus (sec. 13b). Total payments received from the Secretary of the Treasury under section 13b of the Federal Reserve Act to the end of 1938 and credited to surplus (sec. 13b) amounted to $27,546,311.

No. 7.—Federal Reserve Bank Discount, Interest, and Commitment Rates and Buying Rates on Acceptances

[Percent per annum]

In effect December 31, 1938

	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Rediscounts for and advances to member banks under secs. 13 and 13a of the Federal Reserve Act[1]	1½	1	1½	1½	1½	1½	1½	1½	1½	1½	1½	1½
Advances to member banks under sec. 10(b) of the Federal Reserve Act	2	2	2	2	2	2	2	2	2	2	2	2
Advances to individuals, partnerships or corporations, secured by direct obligations of the United States (last paragraph of sec. 13 of the Federal Reserve Act)	2½	3½	4	3½	4	2½	4	4	3	2½	2½	4
Advances direct to industrial or commercial organizations under sec. 13b of the Federal Reserve Act	3½–6	4–6	4–6	4½–6	6	5–6	5–6	4–5½	6	4–6	5–6	5–6
Advances to financing institutions under sec. 13b of the Federal Reserve Act.												
On portion for which institution is obligated	3	3	2½	3½	4–6	5	(2)2½	3½	4½–5	4	4	3–4
On remaining portion	3½	4–5	(3)	4	4–6	5	5–6	4	4½–5.	4	5–6	4–5
Commitments to make advances under sec. 13b of the Federal Reserve Act	½–1	1–2	½–2	1	1–2	½	1–2	(4)½	1	(4)½–2	1	½–2
Minimum buying rates on prime bankers' acceptances payable in dollars	(6)	......	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
1–15 days[5]	......	½	......	......	......	......	......	......	......	......	......	......
16– 30 days	......	½	......	......	......	......	......	......	......	......	......	......
31– 45 days	......	½	......	......	......	......	......	......	......	......	......	......
46– 60 days	......	½	......	......	......	......	......	......	......	......	......	......
61– 90 days	......	½	......	......	......	......	......	......	......	......	......	......
91–120 days	......	¾	......	......	......	......	......	......	......	......	......	......
121–180 days	......	1	......	......	......	......	......	......	......	......	......	......

[1] Rates indicated also apply to United States Government securities bought under repurchase agreement.
[2] Authorized rate 1 percent above prevailing discount rate.
[3] Same as to borrower but not less than 4 percent.
[4] Flat charge.
[5] This rate also applies to acceptances bought under repurchase agreement, which agreements are always for a period of 15 days or less.
[6] The same minimum rates in effect at the Federal Reserve Bank of New York apply to purchases, if any, made by other Federal Reserve Banks.

No. 8.—Maximum Rates on Time Deposits

Maximum rates that may be paid by member banks as established by the Board of Governors under provisions of Regulation Q

[Percent per annum]

	Nov. 1, 1933, to Jan. 31, 1935	Feb. 1, 1935, to Dec. 31, 1935	In effect beginning Jan. 1, 1936
Savings deposits	3	2½	2½
Postal Savings deposits	3	2½	2½
Other time deposits payable in:			
6 months or more	3	2½	2½
90 days to 6 months	3	2½	2
Less than 90 days	3	2½	1

Note.—Maximum rates that may be paid by insured nonmember banks as established by the Federal Deposit Insurance Corporation, effective February 1, 1936, are the same as those in effect for member banks. In some States the maximum rates established by the Board and the Federal Deposit Insurance Corporation are superseded by lower maximum rates established by State authority.

No. 9.—Member Bank Reserve Requirements

[Percent of deposits]

Classes of deposits and banks	June 21, 1917–Aug. 15, 1936	Aug. 16, 1936–Feb. 28, 1937	Mar. 1, 1937–Apr. 30, 1937	May 1, 1937–Apr. 15, 1938	Apr. 16, 1938–and after
On net demand deposits:					
Central reserve city	13	19½	22¾	26	22¾
Reserve city	10	15	17½	20	17½
Country	7	10½	12¼	14	12
On time deposits:					
All member banks	3	4½	5¼	6	5

No. 10.—Member Bank Reserve Balances, Reserve Bank Credit, and Related Items—End of Year 1918–1938 and End of Month 1938

[In millions of dollars]

End of year or month	Reserve bank credit outstanding					Gold stock [2]	Treasury currency outstanding [3]	Money in circulation	Treasury cash holdings [4]	Treasury deposits with F. R. banks	Nonmember deposits [5]	Other Federal Reserve accounts [6]	Member bank reserve balances	
	Bills discounted	Bills bought	U. S. Government securities	Other Reserve bank credit [1]	Total								Total	Excess [7]
1918	1,766	287	239	206	2,498	2,873	1,795	4,951	288	51	121	118	1,636	51
1919	2,215	574	300	203	3,292	2,707	1,707	5,091	385	31	101	208	1,890	68
1920	2,687	260	287	120	3,355	2,639	1,709	5,325	218	57	23	298	1,781	....
1921	1,144	145	234	40	1,563	3,373	1,842	4,403	214	96	27	285	1,753	99
1922	618	272	436	79	1,405	3,642	1,958	4,530	225	11	29	276	1,934	....
1923	723	355	134	27	1,238	3,957	2,009	4,757	213	38	23	275	1,898	14
1924	320	387	540	54	1,302	4,212	2,025	4,760	211	51	39	258	2,220	59
1925	643	374	375	67	1,459	4,112	1,977	4,817	203	16	29	272	2,212	—44
1926	637	381	315	49	1,381	4,205	1,991	4,808	201	17	65	293	2,194	—56
1927	582	392	617	64	1,655	4,092	2,006	4,716	208	18	26	301	2,487	63
1928	1,056	489	228	35	1,809	3,854	2,012	4,686	202	23	27	348	2,389	—41
1929	632	392	511	48	1,583	3,997	2,022	4,578	216	29	30	393	2,355	—73
1930	251	364	729	29	1,373	4,306	2,027	4,603	211	19	28	375	2,471	96
1931	638	339	817	59	1,853	4,173	2,035	5,360	222	54	110	354	1,961	—33
1932	235	33	1,855	22	2,145	4,226	2,204	5,388	272	8	43	355	2,509	576
1933	98	133	2,437	20	2,688	4,036	2,303	5,519	284	3	132	360	2,729	859
1934	7	6	2,430	20	2,463	8,238	2,511	5,536	3,029	121	189	241	4,096	1,814
1935	5	5	2,431	45	2,486	10,125	2,476	5,882	2,566	544	255	253	5,587	2,844
1936	3	3	2,430	64	2,500	11,258	2,532	6,543	2,376	244	259	261	6,606	1,984
1937	10	1	2,564	38	2,612	12,760	2,637	6,550	3,619	142	407	263	7,027	1,212
1938 Jan.	12	1	2,564	16	2,593	12,756	2,655	6,320	3,648	150	388	260	7,237	1,383
Feb.	10	1	2,564	15	2,590	12,776	2,668	6,334	3,594	180	423	257	7,248	1,415
Mar.	13	1	2,580	17	2,611	12,795	2,679	6,355	3,550	316	315	262	7,287	1,546
Apr.	9	1	2,564	21	2,594	12,869	2,690	6,397	2,195	1,320	355	263	7,623	2,548
May	9	1	2,564	9	2,582	12,919	2,702	6,467	2,263	1,157	390	261	7,665	2,568
June	8	1	2,564	23	2,596	12,963	2,713	6,461	2,303	860	363	261	8,024	2,875
July	7	1	2,564	18	2,589	13,017	2,721	6,452	2,348	721	384	257	8,164	3,022
Aug.	7	1	2,564	14	2,585	13,136	2,731	6,504	2,480	720	313	255	8,179	2,941
Sept.	8	1	2,563	29	2,600	13,760	2,739	6,622	2,810	853	356	260	8,198	2,869
Oct.	7	1	2,564	14	2,586	14,065	2,751	6,700	2,770	535	424	260	8,713	3,227
Nov.	7	1	2,564	13	2,584	14,312	2,773	6,787	2,689	484	574	259	8,876	3,383
Dec.	4	1	2,564	33	2,601	14,512	2,798	6,856	2,706	923	441	260	8,724	3,205

[1] Includes Government overdrafts in 1918, 1919, and 1920; includes industrial advances outstanding since July 1934.

[2] By proclamation of the President, dated January 31, 1934, the weight of the gold dollar was reduced from 25 8/10 grains to 15 5/21 grains, nine-tenths fine. Between January 31, 1934, and February 1, 1934, the gold stock increased $2,985,000,000, of which $2,806,000,000 was the increment resulting from the reduction in the weight of the gold dollar and the remainder was gold which had been purchased by the Treasury previously but not added to the gold stock. The increment was covered into the Treasury as a miscellaneous receipt, and appeared together with the new gold as a General Fund asset. These transactions were also reflected in an increase in the item "Treasury cash." The increment arising from United States gold coin turned in by the public after January 31, 1934, was also added to both gold stock and Treasury cash at the time of receipt. The increment from this source amounted to about $7,000,000, from February 1 to December 31, 1934, to about $1,000,000 in 1935, to $1,800,000 in 1936, to $1,200,000 in 1937, and to $500,000 in 1938.

[3] Comprises outstanding United States notes, national bank notes, silver bullion, Treasury notes of 1890, standard silver dollars, subsidiary silver and minor coin, and the Federal Reserve bank notes for the retirement of which lawful money has been deposited with the Treasurer of the United States, including the currency of these kinds that is held in the Treasury and the Federal Reserve banks as well as that in circulation.

[4] Cash (including gold bullion) held in the Treasury excepting (a) gold and silver held against gold and silver certificates and (b) amounts held for the Federal Reserve banks.

[5] Item includes all deposits in Federal Reserve banks except Government deposits and member bank reserve balances.

[6] This item is derived from the condition statement of the Federal Reserve banks by adding capital, surplus, other capital accounts, and "other liabilities, including accrued dividends," and subtracting the sum of bank premises and "other assets."

[7] Represents excess of total reserve balances over reserves required to be held by member banks against their deposits. Figures not available prior to 1929 except on call dates, and since April 1933 are for licensed member banks only. For required reserves and changes in the percentages of requirements see table 9.

No. 11.—All Member Banks—Condition on September 28, 1938, by Classes of Banks

[Amounts in thousands of dollars]

	All member banks	All national member banks	All State member banks	Central reserve city member banks		Reserve city member banks	Country member banks
				New York	Chicago		
ASSETS							
Loans (including overdrafts)	12,937,437	8,279,991	4,657,446	3,145,571	522,128	4,870,278	4,399,460
United States Government direct obligations	10,712,818	6,894,508	3,818,310	3,153,144	920,999	4,088,180	2,550,495
Securities fully guaranteed by United States Government	2,298,477	1,566,795	731,682	833,725	126,250	742,758	595,744
Other securities	5,678,157	3,765,510	1,912,647	1,222,088	319,386	1,724,610	2,412,073
Total loans and investments	**31,626,889**	**20,506,804**	**11,120,085**	**8,354,528**	**1,888,763**	**11,425,826**	**9,957,772**
Customers' liability on account of acceptances	112,965	56,935	56,030	86,007	3,039	22,553	1,366
Banking house, furniture, and fixtures	968,380	629,412	338,968	222,287	21,319	337,951	386,823
Other real estate owned	335,567	152,284	183,283	31,552	5,946	126,135	171,934
Reserve with Federal Reserve banks	8,192,978	4,666,085	3,526,893	3,743,377	855,865	2,311,284	1,282,452
Cash in vault	774,887	567,053	207,834	69,881	31,821	322,438	350,747
Balances with private banks and American branches of foreign banks	42,488	28,911	13,577	2,001	11,449	26,142	2,896
Demand balances with banks in New York City	1,583,009	1,182,828	400,181	44,373	148,900	848,862	540,874
Demand balances with other domestic banks	2,234,373	1,759,255	475,118	44,773	36,105	958,865	1,194,630
Time balances with other domestic banks	77,156	61,776	15,380	36	1,220	27,849	48,051
Balances with banks in foreign countries	73,374	34,001	39,373	56,430	2,163	11,954	2,827
Due from own foreign branches	1,261	1,261	....	....	....	1,261	....
Cash items in process of collection	1,460,367	893,143	567,224	578,872	98,656	594,967	187,872
Cash items not in process of collection	8,235	6,074	2,161	464	21	3,018	4,732
Acceptances of other banks and bills sold with endorsement	27,633	7,576	20,057	25,914	12	1,455	252
Securities borrowed	1,370	203	1,167	1,100	....	....	270
Other assets	198,227	101,377	96,850	61,026	18,035	75,481	43,685
Total assets	**47,719,159**	**30,654,978**	**17,064,181**	**13,322,621**	**3,123,314**	**17,096,041**	**14,177,183**
LIABILITIES							
Demand deposits—Total	**30,308,304**	**19,073,215**	**11,235,089**	**10,687,630**	**2,390,931**	**10,625,422**	**6,604,321**
Individuals, partnerships, and corporations	20,438,710	12,632,896	7,805,814	7,128,070	1,454,904	6,842,674	5,013,062
United States Government	707,267	451,966	255,301	180,797	61,771	356,450	108,249
States, counties, and municipalities	2,079,830	1,595,925	483,905	196,118	204,129	710,658	968,925
Banks in United States	6,088,093	3,899,879	2,188,214	2,497,641	635,607	2,556,773	398,072
Banks in foreign countries	456,517	204,163	252,354	404,655	10,262	39,213	2,387
Certified and officers' checks, cash letters of credit and travelers' checks, etc	537,887	288,386	249,501	280,349	24,258	119,654	113,626

Time deposits—Total	**11,462,315**	**7,974,726**	**3,487,589**	**722,749**	**459,483**	**4,576,591**	**5,703,492**
Individuals, partnerships, and corporations—							
Evidenced by savings passbooks	9,398,613	6,573,099	2,825,514	402,455	390,256	3,736,540	4,869,362
Certificates of deposit	724,377	560,373	164,004	29,253	14,849	194,849	485,426
Open accounts	544,378	250,453	293,925	214,242	32,554	236,912	60,670
Christmas savings and similar accounts	121,292	85,015	36,277	7,177	944	40,824	72,347
Postal savings	69,605	59,697	9,908	....	....	23,258	46,347
States, counties, and municipalities	464,427	340,467	123,960	63,538	20,850	233,228	146,811
Banks in United States	130,009	97,788	32,221	210	30	107,240	22,529
Banks in foreign countries	9,614	7,834	1,780	5,874	....	3,740	....
Total deposits	**41,770,619**	**27,047,941**	**14,722,678**	**11,410,379**	**2,850,414**	**15,202,013**	**12,307,813**
Secured by pledge of loans and/or investments	2,759,620	2,045,399	714,221	367,895	217,783	1,316,044	857,898
Not secured by pledge of loans and/or investments	39,010,999	25,002,542	14,008,457	11,042,484	2,632,631	13,885,969	11,449,915
Due to own foreign branches	117,432	101,385	16,047	117,432	....	....	....
Agreements to repurchase securities sold	1,502	1,206	296	....	....	185	1,317
Bills payable and rediscounts	12,499	9,122	3,377	1,670	....	....	10,829
Acceptances of other banks and bills sold with endorsement	27,633	7,576	20,057	25,914	12	1,455	252
Acceptances executed for customers	109,060	55,334	53,726	84,749	2,514	20,618	1,179
Acceptances executed by other banks for reporting banks	12,354	6,903	5,451	7,211	773	4,121	249
Securities borrowed	1,370	203	1,167	1,100	....	....	270
Interest, taxes, and other expenses accrued and unpaid	96,208	60,381	35,827	15,533	9,203	47,325	24,147
Dividends declared but not yet payable and amounts set aside for undeclared dividends and for accrued interest on capital notes and debentures	35,817	21,028	14,789	13,386	803	18,057	3,571
Other liabilities	124,781	45,718	79,063	56,430	3,585	37,866	26,900
Capital notes and debentures	48,144	....	48,144	556	....	26,738	20,850
Capital stock[1] (for par value see next table)	2,377,484	1,565,288	812,196	561,860	126,500	769,907	919,217
Surplus	2,046,844	1,124,903	921,941	803,015	67,175	632,274	544,380
Undivided profits—net	645,543	432,133	213,410	157,943	27,051	220,879	239,670
Reserves for contingencies	274,395	163,074	111,321	65,395	35,234	109,832	63,934
Retirement fund for preferred stock and capital notes and debentures	17,474	12,783	4,691	48	50	4,771	12,605
Total liabilities (including capital account)	**47,719,159**	**30,654,978**	**17,064,181**	**13,322,621**	**3,123,314**	**17,096,041**	**14,177,183**
Net demand deposits	25,038,348	15,240,703	9,797,645	10,019,612	2,107,796	8,225,937	4,685,003
Demand deposits—adjusted[2]	21,596,060	13,624,064	7,971,996	7,025,665	1,584,635	7,078,019	5,907,741
Number of banks	6,341	5,239	1,102	36	13	344	5,948

[1] Represents in the case of: *National banks,* (1) the par value of capital stock or (2) the net book value of the entire capital account, whichever was the smaller, as reported by individual banks; *State member banks with capital notes and debentures outstanding,* (1) the par value of common stock or (2) the net book value of the entire capital account less capital notes and debentures and reserves for contingencies and for retirement of capital notes and debentures, whichever was the smaller, as reported by individual banks; *State member banks which do not have capital notes and debentures outstanding,* (1) the aggregate of the retirable value of preferred stock and the par value of common stock or (2) the net book value of the entire capital account less reserves for contingencies and for retirement of preferred stock, whichever was the smaller, as reported by individual banks.

[2] Demand deposits other than interbank and United States Government, less cash items reported as in process of collection.

No. 12.—All Member Banks—Classification of Loans, Investments, and Capital Stock on September 28, 1938, by Classes of Banks

[In thousands of dollars]

	All member banks	All national member banks	All State member banks	Central reserve city member banks		Reserve city member banks	Country member banks
				New York	Chicago		
Loans—Total	**12,937,437**	**8,279,991**	**4,657,446**	**3,145,571**	**522,128**	**4,870,278**	**4,399,460**
Acceptances of other banks payable in United States	86,972	36,146	50,826	78,961	122	5,817	2,072
Bills, acceptances, etc., payable in foreign countries	13,206	7,668	5,538	2,798	450	8,758	1,200
Commercial paper bought in open market	271,474	188,473	83,001	6,885	14,798	99,285	150,506
Loans to banks	126,038	55,634	70,404	95,435	111	21,944	8,548
Loans on securities exclusive of loans to banks—Total	3,302,422	1,855,166	1,447,256	1,265,945	142,900	1,088,518	805,059
To brokers and dealers in New York	531,339	184,299	347,040	512,143	....	12,037	7,159
To brokers and dealers elsewhere	181,469	104,763	76,706	51,654	31,445	84,126	14,244
To others	2,589,614	1,566,104	1,023,510	702,148	111,455	992,355	783,656
Real estate loans:							
On farm land	275,220	222,159	53,061	265	216	95,440	179,299
On other real estate	2,386,034	1,437,105	948,929	131,480	9,674	1,121,447	1,123,433
Reporting banks' own acceptances	111,918	67,851	44,067	64,512	2,871	42,161	2,374
All other loans (including overdrafts)	6,364,153	4,409,789	1,954,364	1,499,290	350,986	2,386,908	2,126,969
United States Government direct obligations—Total	**10,712,818**	**6,894,508**	**3,818,310**	**3,153,144**	**920,999**	**4,088,180**	**2,550,495**
Treasury bonds maturing on or before December 31, 1949	2,803,359	1,723,638	1,079,721	788,068	141,628	1,176,830	696,833
Treasury bonds maturing after December 31, 1949	3,832,847	2,664,317	1,168,530	772,347	468,798	1,568,737	1,022,965
Other United States bonds	56,529	46,690	9,839	76	211	6,161	50,081
Treasury notes	3,706,625	2,306,661	1,399,964	1,341,796	309,662	1,289,656	765,511
Treasury bills	313,458	153,202	160,256	250,857	700	46,796	15,105
Securities fully guaranteed by U. S. Government—Total	**2,298,477**	**1,566,795**	**731,682**	**833,725**	**126,250**	**742,758**	**595,744**
Reconstruction Finance Corporation	425,576	284,680	140,896	223,652	98,150	61,453	42,321
Federal Farm Mortgage Corporation	419,168	321,174	97,994	74,736	5,108	175,957	163,367
Home Owners' Loan Corporation	1,292,947	860,596	432,351	478,492	9,381	444,630	360,444
Other Government corporations and agencies	160,786	100,345	60,441	56,845	13,611	60,718	29,612

Other securities—Total	**5,678,157**	**3,765,510**	**1,912,647**	**1,222,088**	**319,386**	**1,724,610**	**2,412,073**
Obligations of:							
States, counties, municipalities, etc	2,301,977	1,489,724	812,253	494,442	143,454	768,877	895,204
Public utilities	772,612	555,506	217,106	114,152	42,756	174,267	441,437
Railroads	826,415	588,280	238,135	142,411	24,200	194,794	465,010
Federal land banks	126,395	104,090	22,305	3,260	15,039	48,545	59,551
Intermediate credit banks	150,276	92,469	57,807	92,502	8,136	41,932	7,706
Joint-stock land banks	15,476	12,048	3,428	227	333	3,792	11,124
Territorial and insular possessions	15,515	10,387	5,128	540	903	5,959	8,113
Real estate corporations	53,518	25,158	28,360	14,464	1,613	22,353	15,088
Other domestic corporations	693,621	483,405	210,216	128,371	35,890	201,255	328,105
Stock of:							
Federal Reserve banks	134,120	81,173	52,947	40,579	5,810	42,993	44,738
Real estate corporations	58,903	39,976	18,927	1,620	749	40,993	15,541
Banks and banking corporations	72,215	28,625	43,590	22,607	504	36,881	12,223
Other domestic corporations	273,138	127,539	145,599	110,375	26,336	90,895	45,532
Foreign securities:							
Central governments	98,129	69,424	28,705	40,447	5,923	24,493	27,266
Provincial, State, and municipal governments	47,570	31,841	15,729	9,452	5,824	11,296	20,998
Other foreign securities	38,277	25,865	12,412	6,639	1,916	15,285	14,437
Par value of capital stock—Total	**2,360,147**	**1,569,657**	**790,490**	**547,901**	**126,500**	**766,438**	**919,308**
First preferred [1]	317,675	242,775	74,900	9,507	25,700	109,391	173,077
Second preferred [1]	25,166	17,171	7,995	....	....	8,150	17,016
Common	2,017,306	1,309,711	707,595	538,394	100,800	648,897	729,215

[1] Retirable value exceeds par value, as follows: National banks, First preferred stock—by $18,088,000. Second preferred stock—by $1,860,000; State banks, First preferred stock—by $37,177,000. Second preferred stock—by $2,552,000.

No. 13.—Number of Banks and Branches in United States, 1933-1938

[Figures for 1938 are preliminary]

End of year figures	Total	Member banks		Nonmember banks			
		National	State	Other than mutual savings and private banks		Mutual savings	Private [2]
				Insured [1]	Not insured [1]		
NUMBER OF BANKING OFFICES							
1933	17,940	6,275	1,817	9,041		704	103
1934	19,196	6,705	1,961	[3] 9,579		705	246
1935	19,153	6,715	1,953	8,556	1,088	698	143
1936	19,066	6,723	2,032	8,436	1,043	693	139
1937	18,927	6,745	2,075	8,340	997	691	79
1938	18,781	6,723	2,105	8,226	963	[4] 689	[5] 75
NUMBER OF BANKS (HEAD OFFICES)							
1933	15,029	5,154	857	8,341		579	98
1934	16,063	5,462	980	7,693	1,108	579	241
1935	15,869	5,386	1,001	7,728	1,046	570	138
1936	15,667	5,325	1,051	7,588	1,004	565	134
1937	15,387	5,260	1,081	7,449	r960	563	74
1938	15,200	5,224	1,114	7,316	922	555	69
NUMBER OF BRANCHES [6]							
1933	2,911	1,121	960	r700		125	5
1934	3,133	1,243	981	r778		126	5
1935	3,284	1,329	952	828	42	128	5
1936	3,399	1,398	981	848	39	128	5
1937	3,540	1,485	994	891	37	128	5
1938	3,581	1,499	991	910	41	134	6

r Revised.
[1] Federal deposit insurance did not become operative until January 1, 1934.
[2] The figures for December 1934 include 140 private banks which reported to the Comptroller of the Currency under the provisions of Section 21(a) of the Banking Act of 1933. Under the provisions of the Banking Act of 1935, private banks no longer report to the Comptroller of the Currency and, accordingly, only such private banks as report to State banking departments are in the figures shown for subsequent years.
[3] Separate figures not available for branches of insured and not insured banks.
[4] Comprises 49 insured banks with 18 branches and 506 uninsured banks with 116 branches.
[5] Comprises 2 insured banks with no branches and 67 uninsured banks with 6 branches.
[6] The number of branches in head-office cities and outside head-office cities, respectively, were as follows

	In head-office cities	Outside head-office cities
1933	1,784	1,127
1934	1,776	1,357
1935	1,754	1,530
1936	1,749	1,659
1937	1,757	1,783
1938	1,743	1,838

No. 14.—Analysis of Changes in Number of Banks and Branches During 1938

[Preliminary figures]

	Total	Member banks		Nonmember banks			
		National	State	Other than mutual savings and private banks		Mutual savings	Private
				Insured	Not insured		
ANALYSIS OF BANK CHANGES							
Number of banks on December 31, 1937	15,387	5,260	1,081	7,449	r960	563	74
Increases in number of banks:							
Primary organizations (new banks) [1]	+39	+1	....	+22	+16	....	....
Reopenings of suspended banks	+2	....	+1	+1	....	....	....
Decreases in number of banks:							
Suspensions	−55	−1	−1	−46	−4	−1	−2
Voluntary liquidations [2]	−68	−4	....	−37	−23	−2	−2
Consolidations, absorptions, etc	−105	−26	−6	−58	−9	−5	−1
Inter-class bank changes:							
Conversions—							
State into national	....	+6	−5	−1	....	....	....
National into State	....	−12	....	+12	....	....	....
Federal Reserve memberships [3]							
Admissions of State banks	....	....	+49	−47	−2	....	....
Withdrawals of State banks	....	....	−5	+5	....	....	....
Federal deposit insurance [4]							
Admissions of State banks	....	....	....	+21	−21	....	....
Withdrawals of State banks	....	....	....	−5	+5	....	....
Net increase or decrease in number of banks	−187	−36	+33	−133	−38	−8	−5
Number of banks on December 31, 1938	15,200	5,224	1,114	7,316	922	555	69
ANALYSIS OF BRANCH CHANGES							
Number of branches on December 31, 1937	3,540	1,485	994	891	37	128	5
Increases in number of branches:							
De novo branches	+52	+7	+6	+34	+3	+1	+1
Banks converted into branches	+44	+17	....	+20	+2	+5	....
Decreases in number of branches:							
Suspension of parent bank	−1	....	....	−1	....	....	....
Voluntary liquidation of parent bank	−1	−1	....	....	....	....	....
Otherwise discontinued	−53	−9	−19	−24	−1	....	....
Inter-class branch changes:							
Branches of nonmember banks which became branches of State member banks [5]	....	....	+10	−10	....	....	....
Net increase or decrease in number of branches	+41	+14	−3	+19	+4	+6	+1
Number of branches on December 31, 1938	3,581	1,499	991	910	41	134	6

r Revised.
[1] Exclusive of new banks organized to succeed operating banks.
[2] Exclusive of liquidations incident to the succession, conversion and absorption of banks.
[3] Exclusive of conversions of national banks into State bank members, or vice versa, as such conversions do not affect Federal Reserve membership.
[4] Exclusive of conversions of member banks into insured nonmember banks, or vice versa, as such conversions do not affect Federal Deposit Insurance Corporation membership.
[5] Includes 8 branches of insured nonmember banks which became State member banks, and 2 branches of an insured nonmember bank which was absorbed by a State member bank.

No. 15.—Money Rates, Bond Yields, and Stock Prices [1]

Year and month	Open-market rates in New York City[2] (percent per annum)			Bond yields[3] (percent per annum)			Common stock prices[4] (1926=100)			
	Prime commercial paper, 4-6 months	U. S. Treasury bills	U. S. Treasury notes	U. S. Treasury	Corporate		Total	Industrial	Railroad	Public utility
					Aaa	Baa				
Number of issues			4-6	2-6	30	30	420	348	32	40
1919	5.56			4.73	5.49	7.25	70.7	72.6	70.1	60.3
1920	7.54			5.32	6.12	8.20	64.2	66.1	63.9	54.5
1921	6.56			5.09	5.97	8.35	55.2	51.6	61.8	57.8
1922	4.48			4.30	5.10	7.08	67.7	64.7	72.7	70.9
1923	5.01			4.36	5.12	7.24	69.0	66.6	71.9	73.8
1924	3.88			4.06	5.00	6.83	72.8	69.6	76.7	78.9
1925	4.03			3.86	4.88	6.27	89.7	88.4	89.5	94.9
1926	4.34			3.68	4.73	5.87	100.0	100.0	100.0	100.0
1927	4.11			3.34	4.57	5.48	118.3	118.5	119.1	116.0
1928	4.86			3.33	4.55	5.48	149.9	154.3	128.5	148.9
1929	5.85			3.60	4.73	5.90	190.3	189.4	147.3	234.6
1930	3.59			3.29	4.55	5.90	149.8	140.6	124.9	214.6
1931	2.63	1.40		3.34	4.58	7.62	94.7	87.4	72.5	148.7
1932	2.73	0.88		3.68	5.01	9.30	48.6	46.5	26.4	79.1
1933	1.72	0.52	2.66	3.31	4.49	7.76	63.0	65.7	37.7	78.1
1934	1.02	0.26	2.12	3.12	4.00	6.32	72.4	81.1	41.5	68.9
1935	.76	0.14	1.29	2.79	3.60	5.75	78.3	90.8	34.0	71.4
1936	.75	0.14	1.11	2.65	3.24	4.77	111.0	127.3	51.2	104.3
1937	.95	0.45	1.40	2.68	3.26	5.03	r 111.8	131.3	r 49.3	r 94.8
1938	.81	0.05	0.83	2.56	3.19	5.80	83.3	99.4	26.1	73.2
1937										
January	¾	0.36	1.18	2.47	3.10	4.49	126.0	146.3	55.6	113.2
February	¾	0.38	1.22	2.46	3.22	4.53	129.5	151.7	57.9	110.7
March	¾-1	0.58	1.44	2.60	3.32	4.68	129.9	152.6	62.8	105.7
April	1.00	0.70	1.59	2.80	3.42	4.84	124.5	146.5	60.1	100.7
May	1.00	0.65	1.48	2.76	3.33	4.84	116.3	136.7	57.1	94.1
June	1.00	0.56	1.54	2.76	3.28	4.93	113.6	134.0	53.9	91.3
July	1.00	0.49	1.44	2.72	3.25	4.91	117.8	139.4	52.1	95.9
August	1.00	0.52	1.45	2.72	3.24	4.92	120.5	143.5	50.9	97.0
September	1.00	0.53	1.50	2.77	3.28	5.16	106.4	126.2	42.6	89.2
October	1.00	0.34	1.42	2.76	3.27	5.52	91.4	107.4	35.4	81.3
November	1.00	0.15	1.31	2.71	3.24	5.82	82.9	96.1	31.4	79.5
December	1.00	0.10	1.27	2.67	3.21	5.73	82.2	95.2	31.2	78.8
1938										
January	1.00	0.10	1.13	2.65	3.17	5.89	81.6	95.7	29.0	75.7
February	1.00	0.08	1.09	2.64	3.20	5.97	80.7	95.7	28.3	71.2
March	¾-1	0.07	1.01	2.64	3.22	6.30	77.9	92.7	25.5	68.5
April	¾-1	0.08	0.94	2.62	3.30	6.47	70.7	84.2	20.9	64.0
May	¾-1	0.03	0.77	2.51	3.22	6.06	73.9	87.4	21.8	69.5
June	¾-1	0.02	0.67	2.52	3.26	6.25	73.1	86.4	20.5	69.2
July	¾	0.05	0.70	2.52	3.22	5.63	88.0	105.3	27.3	76.5
August	¾	0.05	0.71	2.51	3.18	5.49	89.5	108.0	27.8	75.0
September	⅝-¾	0.10	0.82	2.58	3.21	5.65	86.0	103.9	25.5	72.2
October	⅝-¾	0.02	0.68	2.48	3.15	5.36	91.1	109.6	28.1	77.4
November	⅝-¾	0.02	0.71	2.50	3.10	5.23	94.7	113.6	30.0	80.9
December	⅝	0.01	0.67	2.49	3.08	5.27	92.0	110.6	28.8	77.9

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[1] Annual data are averages of monthly figures.

[2] For commercial paper, monthly data are prevailing rates; for Treasury bills, the average rates on new issues within period; and for Treasury notes the averages of daily figures for 3- to 5-year issues. Treasury bill series comprises 90-day bills to February 16, 1934; 182-day bills from February 23, 1934 to February 23, 1935; 273-day bills from March 1, 1935 to October 15, 1937; bills maturing about March 16, 1938, from October 22 to December 10, 1937; and 91-day bills thereafter.

[3] Monthly data are averages of daily figures. U. S. Treasury bond yields are averages of all outstanding bonds due or callable after 12 years. Corporate average yields are as published by Moody's Investors Service; until 1928 each rating group included 15 bonds; since the early part of 1934 there have been less than 30 bonds in the Aaa group owing to the limited number of suitable issues in the industrial and railroad groups.

[4] Standard Statistics Co. Monthly data are averages of Wednesday figures.

No. 16.—Business Indexes [1]

[Adjusted for seasonal variation, 1923–1925 average=100]

Year and month	Industrial production				Construction contracts awarded (value)[2]			Factory employment	Factory payrolls*	Freight car loadings	Department store sales (value)	Wholesale commodity prices* (1926=100)	National income payments (1929=100)
	Total	Durable manufactures	Nondurable manufactures	Minerals	Total	Residential	All other						
1919	83	83	86	77	63	44	79	107	98	84	78	139	..
1920	87	92	83	89	63	30	90	107	117	91	94	154	..
1921	67	53	79	70	56	44	65	82	76	78	87	98	..
1922	85	80	93	74	79	68	88	91	81	85	88	97	..
1923	101	102	100	105	84	81	86	104	103	100	98	101	..
1924	95	92	96	96	94	95	94	96	96	98	99	98	..
1925	104	106	104	99	122	124	120	100	101	103	103	104	..
1926	108	110	106	108	129	121	135	102	104	107	106	100	..
1927	106	101	110	107	129	117	139	100	102	104	107	95	..
1928	111	112	112	106	135	126	142	100	104	104	108	97	..
1929	119	122	117	115	117	87	142	106	110	107	111	95	100
1930	96	89	101	99	92	50	125	92	89	92	102	86	93
1931	81	59	99	84	63	37	84	78	68	74	92	73	80
1932	64	33	88	71	28	13	40	66	47	55	69	65	63
1933	76	50	98	82	25	11	37	73	50	58	67	66	58
1934	79	57	97	86	32	12	48	86	65	62	75	75	66
1935	90	76	102	91	37	21	50	91	74	64	79	80	71
1936	105	99	110	105	55	37	70	98	86	75	88	81	82
1937	110	107	110	115	59	41	74	106	102	78	92	86	88
1938	p86	p65	p100	p98	p64	p45	p80	p87	p78	62	85	79	p82
1937													
January	114	112	117	111	63	45	77	105	94	80	93	86	85
February	116	113	119	116	62	47	75	106	100	82	95	86	86
March	118	113	120	128	56	45	64	107	106	83	93	88	88
April	118	117	119	115	53	44	61	108	109	84	93	88	88
May	118	120	116	117	56	44	66	109	110	80	93	87	88
June	114	112	115	115	61	42	77	108	107	78	93	87	89
July	114	122	108	112	67	44	86	109	105	80	92	88	89
August	117	126	110	113	62	40	81	109	108	79	93	88	90
September	111	114	107	116	56	37	71	107	104	78	94	87	89
October	102	101	100	113	52	36	65	105	105	76	93	85	88
November	88	74	94	109	56	32	76	101	93	71	91	83	87
December	84	60	95	115	61	30	87	95	84	67	89	82	86
1938													
January	80	56	93	108	52	26	73	90	75	65	90	81	84
February	79	54	94	103	51	32	66	89	77	62	88	80	83
March	79	54	93	103	46	33	56	87	77	60	86	80	83
April	77	53	91	101	52	37	65	85	75	57	83	79	81
May	76	51	93	91	51	37	62	84	73	58	78	78	80
June	77	50	95	92	54	42	64	82	71	58	82	78	81
July	83	58	102	93	59	49	68	83	71	61	83	79	81
August	88	64	108	95	66	53	77	85	77	62	83	78	82
September	91	69	107	97	78	56	96	87	81	64	86	78	82
October	96	84	106	99	82	57	102	88	84	68	84	78	82
November	103	95	110	102	96	56	128	90	84	69	89	78	84
December	p104	p92	p113	p108	p98	p57	p132	p91	p87	69	89	77	p85

* Without seasonal adjustment. p Preliminary.

[1] Indexes compiled by the Board of Governors of the Federal Reserve System, except for indexes of wholesale commodity prices and factory payrolls, compiled by the United States Bureau of Labor Statistics, and the index of income payments, compiled by the United States Department of Commerce. Descriptions and back figures for the Board's indexes may be obtained from the Division of Research and Statistics.

[2] Three-month moving average, centered at second month, based on F. W. Dodge Corporation data for 37 Eastern States.

APPENDIX

RECORD OF POLICY ACTIONS—BOARD OF GOVERNORS

MEETING ON MARCH 17, 1938

Members present: Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. Davis.

Amendment No. 1 of Revised Regulation T, Extension and Maintenance of Credit by Brokers, Dealers, and Members of National Securities Exchanges.

> By unanimous vote, Regulation T was amended effective March 21, 1938, (1) to allow a broker under Section 4(b) to permit withdrawals from omnibus accounts even though, as a result of the transactions in the account on the day of the withdrawal, additional margin is required in the account; (2) to extend the seven-day period provided in section 4(c) relating to special cash accounts, by the number of days required for shipments of securities but not more than an additional seven days; and (3) to permit a creditor under section 4(f) to finance for an odd-lot dealer, without being subjected to the standard margin requirements, the transactions of such a person in his capacity as an odd-lot dealer.

The Board was of the opinion that, in order to meet certain operating difficulties which were being experienced by some of those subject to the regulation, the regulation could be liberalized in these respects without affecting adversely the purposes for which it was adopted.

MEETING ON APRIL 15, 1938

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Davis, Mr. Draper.

Reduction in Reserve Requirements of Member Banks.

> It was voted unanimously at this meeting, for the purpose of reducing reserve requirements of member banks, to adopt, effective at the opening of business on April 16, 1938, a revised supplement to Regulation D, Reserves of Member Banks, requiring that each member bank maintain on deposit with the Federal Reserve bank of its district reserve balances equal to 12 percent of its net demand deposits if the bank be not located in a reserve or central reserve city, 17½ percent of its net demand deposits if the bank be located in a reserve city, and 22¾ percent of its net demand deposits if the bank be located in a central reserve city, plus 5 percent of its time deposits.

It was estimated that as a result of this reduction in reserve requirements excess reserves of member banks would increase by about $750,000,000. This action had been agreed upon by the members of the Board as a part of the program announced by the President of the

United States on April 14, 1938, for the encouragement of business recovery. Although there had been excess reserves in amounts considered ample to meet all probable needs of agriculture, commerce and business, the volume of business activity had declined with such rapidity as to produce injurious deflationary effects upon commodity prices, the capital market, and industry generally. In these circumstances and in view of the other steps proposed to be taken in the Government's program for encouraging business recovery, the Board decided that a reduction in reserve requirements of member banks might be helpful, as a part of a concerted effort by the Government to carry out the purposes of this program, by assuring the continued availability of ample funds for meeting business requirements and thereby preventing injurious credit contraction.

MEETING ON AUGUST 31, 1938

Members present: Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Davis, Mr. Draper.

Amendment to Regulation L, Interlocking Bank Directorates under the Clayton Act, to Discontinue Permission Granted to a Private Banker or a Director, Officer or Employee of a Member Bank to Serve a Morris Plan Bank or Similar Institution.

By unanimous vote, subsection 3(a) of Regulation L, Interlocking Bank Directorates Under the Clayton Act, was amended, effective February 1, 1939, to discontinue the permission granted by that subsection to a private banker or a director, officer or employee of a member bank to serve a Morris Plan bank or similar institution.

When the regulation containing the permission above referred to was adopted in January 1936 it appeared that Morris Plan banks were not generally engaged in the same classes of business as commercial banks. Since that time, however, there has been an increasing tendency on the part of commercial banks to enter the personal loan field and on the part of Morris Plan banks to accept deposits subject to check as well as time and savings deposits and to make commercial loans. In the opinion of the Board the development of this tendency has made undesirable the creation of additional interlocking directorates of this type or the continuation of those in existence, in view of the general purpose of the prohibition against interlocking directorates contained in section 8 of the Clayton Act as amended by the Banking Act of 1935. The Board decided to make this action effective February 1, 1939, because of the fact that the statute makes unlawful the continuance after that date of certain other existing interlocking relationships.

MEETING ON NOVEMBER 7, 1938

Members present: Mr. Eccles, Chairman; Mr. Ransom, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Davis, Mr. Draper.

Amendments to Regulation L, Interlocking Bank Directorates under the Clayton Act.

By unanimous vote:

(1) Subsection 3(a) of Regulation L, Interlocking Bank Directorates Under the Clayton Act, was amended, effective immediately, to permit any private banker or any di-

rector, officer, or employee of a member bank of the Federal Reserve System who is lawfully serving as a director, officer, or employee of a Morris Plan bank or similar institution on January 31, 1939, to continue such service until August 1, 1939.

(2) A new subsection (e) was added at the end of Section 3 of Regulation L to provide that any director, officer, or employee of any member bank of the Federal Reserve System who, on August 23, 1935 (date of approval of the Banking Act of 1935), was lawfully serving at the same time as a private banker or as a director, officer, or employee of any other bank, banking association, savings bank, or trust company and whose services in such capacities had been continuous since such date, may continue, until August 1, 1939, to serve such member bank and not more than one other such bank, banking association, savings bank, trust company or private banker.

The reasons for the Board's action were set forth in the following statement:

The Board believes that the principles of Section 8 of the Clayton Act, which relate to interlocking bank directorates, are in the public interest and should be applied to all classes of banks. The law is now discriminatory in that it applies only to cases involving member banks of the Federal Reserve System or private banks. The Board does not believe that there should be discrimination in any respect among classes of banks subject to Federal authority.

In view of the fact that less than a month will elapse between the convening of the new Congress and February 1, 1939, on which date certain existing relationships would terminate, the Board has exercised its discretion under the law, as to such relationships involving not more than two banks, to extend this time to August 1, 1939. This action was taken for the purpose of calling the matter to the attention of Congress when it convenes, with a recommendation that the existing discrimination between member banks and nonmember banking institutions be removed so that the provisions of the law will apply alike to all banks under Federal authority.

RECORD OF POLICY ACTIONS—FEDERAL OPEN MARKET COMMITTEE

MEETING ON MARCH 1, 1938

Members present: Mr. Eccles, Chairman; Mr. Harrison, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Davis, Mr. Sinclair, Mr. Newton, Mr. Schaller, Mr. Peyton.

Authority (1) to Replace Maturing Securities and to Make Shifts of Securities in the System Open Market Account and (2) to Increase or Decrease System Open Market Account.

By unanimous vote, the Committee instructed the executive committee, until otherwise instructed by the Federal Open Market Committee, to direct the replacement of maturing securities in the system open market account with other Government securities and to make such shifts between maturities in the account as may be necessary in the proper administration of the account, provided that the amount of securities maturing within two years be maintained at not less than $1,000,000,000 and that the amount of bonds having maturities in excess of five years be not over $850,000,000 nor less than $500,000,000.

The Committee also voted unanimously to authorize the executive committee upon written, telephonic, or telegraphic approval of a majority of the members of the Federal Open Market Committee, and until otherwise directed by the Committee, to direct the purchase in the open market from time to time of sufficient amounts of Government securities to meet the requirements of commerce, business, and agriculture by keeping at member banks an aggregate volume of excess reserves adequate for the continuance of the System's policy of maintaining credit conditions conducive to economic recovery; and to authorize the executive committee, upon written, telephonic, or telegraphic approval of a majority of the members of the Committee, and until otherwise directed by the Committee, to direct a reduction of the holdings of such securities, to the extent that their retention was found to be unnecessary for the purpose of this action. It was understood, however, that the executive committee was not authorized to increase or decrease by more than $300,000,000 the amount of securities held in the system open market account.

In the opinion of the Committee the existing amount of excess reserves of member banks was not too large in view of the low volume of business activity, declining prices, and business uncertainty and, therefore, no useful purpose would be achieved at this time by reducing the amount of the securities held by the System. It was agreed, however, that provision should be made for prompt action in purchasing securities, when approved by a majority of the Committee for the purpose of keeping at member banks an aggregate volume of excess reserves adequate for the continuance of the system's policy of maintaining credit conditions conducive to economic recovery, and that similar provision should be made for the sale of securities to the extent that their retention would be unnecessary for this purpose. It was agreed also that the existing authority of the executive committee to replace maturing securities and to make shifts of securities in the account should be continued in order to enable the executive committee to meet changing market conditions and to improve the distribution of maturities in the account.

MEETING ON APRIL 22, 1938

Members present: Mr. Eccles, Chairman; Mr. Harrison, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Davis, Mr. Draper, Mr. Sinclair, Mr. Newton, Mr. Schaller, Mr. Peyton.

Authority to Replace Maturing Securities and to Make Shifts of Securities in the System Open Market Account.

The following resolution was presented by Mr. Harrison, who moved its adoption:

"In view of the fact that the present and prospective amounts of excess reserves of member banks are tending to make it more difficult for the System, by means of shifts in the maturities in the open market account, to exercise its influence towards orderliness in the Government securities market

VOTED that, until otherwise authorized or directed by the Committee, and in addition to the authority to make shifts in the maturities in the system open market account, the executive committee be authorized to permit fluctuations in the total amount of the account in order more effectively, with the means available and in the light of current conditions, to exert its influence towards orderly conditions in the Government bond market, provided, however, that the account shall not be increased or decreased by more than $200,000,000 from the present level of the account."

The presentation of the foregoing resolution followed a detailed discussion of developments in connection with the recently announced Government program for the encouragement of business recovery, including the release of gold held in the inactive gold account of the Treasury, the reduction made by the Board of Governors of the Federal Reserve System as of April 16, 1938, in reserve requirements of member banks, and a reduction in the amounts of current weekly offerings by the Treasury of Treasury bills for sale in the market. Mr. Harrison presented his resolution on the ground that in all the circumstances the executive committee should have authority to permit some flexibility in the system open market account by allowing some reduction in the amount of the account if that should seem desirable as a factor in restraining a disorderly rise in the market just as in the past, by purchases of securities, it had exerted its influence toward maintaining an orderly market on a decline. In his opinion, some reasonable reduction in the account at such a time should not be interpreted as a reversal of the policy of the Government with respect to excess reserves and probably would serve to make the market less vulnerable in the future.

As a substitute for Mr. Harrison's resolution, a motion was made and carried unanimously that the executive committee be instructed to direct the replacement of the next maturing Treasury bills in the system open market account with Treasury bills or notes having maturities not to exceed two years, provided that such securities could be purchased without paying a premium above a no-yield basis, with the understanding that another meeting of the Federal Open Market Committee would be held next week.

Thereupon, by unanimous vote, the Committee instructed the executive committee, until otherwise instructed by the Committee and subject to the limitations contained in the motion previously adopted on this date with respect to the next maturing Treasury bills in the account, to direct the replacement of maturing securities in the system open market account with other Government securities and to make such shifts between maturities in the account as may be necessary in the proper administration of the account, provided that the amount of securities maturing within two years be maintained at not less than $1,000,000,000 and that the amount of bonds having maturities in excess of five years be not over $850,000,000 nor less than $500,000,000.

The foregoing actions were taken by the Committee on the ground that the question of general policy to be followed by the Committee required further study in the light of actual developments during an interval before another meeting of the Committee, which it was agreed should be held the following week and, therefore, that during such interval there should be no change in the size of the system account except to the extent that it might prove to be impossible to replace maturing securities without paying a premium over a no-yield basis for replacement securities maturing within two years.

MEETING ON APRIL 29, 1938

Members present: Mr. Eccles, Chairman; Mr. Harrison, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Davis, Mr. Draper, Mr. Sinclair, Mr. Newton, Mr. Peyton, Mr. Martin (alternate for Mr. Schaller).

Authority (1) to Replace Maturing Securities and to Make Shifts of Securities in the System Open Market Account and (2) to Increase or Decrease the System Open Market Account.

It was moved that the following resolutions be adopted:

"That the executive committee be directed, until otherwise directed by the Federal Open Market Committee, to arrange for the replacement of maturing securities in the system open market account with other Government securities and for such shifts in maturities as may be necessary in the proper administration of the account, provided (1) that maturing Treasury bills shall be replaced only with Treasury bills or notes maturing within two years to the extent that they can be purchased without paying a premium over a no-yield basis; (2) that, subject to the foregoing limitation, the amount of securities in the account maturing within two years be maintained at not less than $1,000,000,000; and (3) that the amount of bonds in the account having maturities in excess of five years be maintained at not less than $500,000,000 nor more than $850,000,000.

"That, in addition to such authority as may be contained in other resolutions of the Federal Open Market Committee and until otherwise directed by the Committee, the executive committee be authorized, upon written, telephonic or telegraphic approval of a majority of the members of the Federal Open Market Committee, to arrange for the purchase or sale (which would include authority to allow maturities to run off without replacement) of Government securities in the open market from time to time for the system open market account to such extent as the executive committee shall find to be necessary for the purpose of exercising an influence toward maintaining orderly market conditions, provided (1) that the total amount of securities in the account be not increased or decreased by more than $125,000,000, and (2) that the amount of bonds in the account having maturities over five years be maintained at not less than $500,000,000 nor more than $850,000,000."

Mr. Harrison moved as a substitute for the above motion that the following resolution be adopted:

"That until otherwise authorized or directed by the Federal Open Market Committee the executive committee be authorized (a) to make such shifts in maturities in the system open market account as may be necessary in the proper administration of the account, and (b) to permit fluctuations in the total amount of the account in order more effectively with the means available and in the light of current conditions to exert its influence toward maintaining orderly conditions in the market, provided (1) that the amount of securities in the account maturing within two years be maintained at not less than $1,000,000,000, (2) that the amount of bonds in the account having maturities in excess of five years be maintained at not less that $500,000,000 nor more than $850,000,000, and (3) that the total amount of the account be not increased or decreased by more than $200,000,000 from the present level of the account."

The substitute motion was put by the Chair and lost, the members voting as follows: "aye," Messrs. Harrison, McKee and Sinclair; "no," Messrs. Eccles, Szymczak, Ransom, Davis, Draper, Newton, Peyton and Martin.

The original motion was put by the Chair and carried unanimously.

Mr. Harrison's substitute resolution was offered on the ground that it might become increasingly difficult for the system to exercise an influence toward orderly conditions in the market by means of shifts in maturities in the account; that further replacement of maturing securities with short maturities might accentuate the existing abnormalities in short and long term rates; than an effort to exert an influence toward orderly market conditions at this time was important if we were to avoid a too rapid or extensive rise in bond prices which might make the market vulnerable to later reactions; that a reduction in the account at this time, especially if it resulted merely from a failure to replace maturities and if effected for the purpose of exercising the system's influence toward the maintenance of orderly market conditions, should not be interpreted as in conflict with or as counteracting the Government's recent program to increase excess reserves; and that in order to meet its responsibility more effectively under prevailing conditions the executive committee should have authority to sell securities or allow maturities to run off without replacement.

The majority voted against the substitute motion on the ground that a reduction in the system account would effect a corresponding reduction of excess reserves of member banks from the amount that would exist otherwise; that such action at this time would be regarded as inconsistent with the Government's announced program and particularly with the action of the Board of Governors in reducing reserve requirements; and that such action should not be taken unless there were developments subsequent to this meeting which would require a reconsideration of the general policy, in which event another meeting of the Committee should be called.

The unanimous action of the full Committee on the original motion was taken in the light of the position of the majority on the substitute resolution, it being agreed that in these circumstances the executive committee should have the usual authority to replace maturing securities and to make shifts of securities in the account subject to the limitation that maturing Treasury bills should be replaced only with Treasury bills or notes maturing within two years to the extent that they could be purchased without paying a premium over a no-yield basis; and that in order to meet unforseen conditions that might arise in the interval before another meeting of the full Committee could be convened, the executive committee should be in position to act promptly with approval of a majority of the full Committee to increase or decrease the system account as circumstances might warrant.

MEETING ON AUGUST 2, 1938

Members present: Mr. Eccles, Chairman; Mr. Harrison, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Davis, Mr. Draper, Mr. Sinclair, Mr. Schaller, Mr. Newton, Mr. Peyton.

Authority (1) to Replace Maturing Securities and to Make Shifts of Securities in the System Open Market Account and (2) to Increase or Decrease the System Open Market Account.

Upon motion duly made and seconded, and by unanimous vote, the following resolutions were adopted:

"That the executive committee be directed, until otherwise directed by the Federal Open Market Committee, to arrange for the replacement of maturing securities in the system open market account with other Government securities and for such shifts in maturities as may be necessary in the proper administration of the account, provided (1) that maturing Treasury bills shall be replaced only with Treasury bills or notes to the extent that they can be purchased without paying a premium over a no-yield basis; (2) that, subject to the foregoing limitation, the amount of securities in the account maturing within two years be maintained at not less than $1,000,000,000; and (3) that the amount of bonds in the account having maturities in excess of five years be maintained at not less than $500,000,000 nor more than $850,000,000.

"That, in addition to such authority as may be contained in other resolutions of the Federal Open Market Committee and until otherwise directed by the Committee, the executive committee be authorized, upon written, telephonic or telegraphic approval of a majority of the members of the Federal Open Market Committee, to arrange for the purchase or sale (which would include authority to allow maturities to run off without replacement) of Government securities in the open market from time to time for the system open market account to such extent as the executive committee shall find to be necessary for the purpose of exercising an influence toward maintaining orderly market conditions, provided (1) that the total amount of securities in the account be not increased or decreased by more than $125,000,000, and (2) that the amount of bonds in the account having maturities over five years be maintained at not less than $500,000,000 nor more than $850,000,000."

The members of the Committee agreed that the resolutions containing instructions to the executive committee which were adopted at the previous meeting of the full Committee should be renewed and for the same reasons, but that the new resolutions should contain a modification with respect to the replacement of maturing Treasury bills. In June, 1938, considerable difficulty was experienced in replacing maturing bills with Treasury obligations maturing within two years (as required by the authority granted at the meeting of the Federal Open Market Committee on April 29) without paying a premium over a no-yield basis for the new securities and it appeared that further replacements with Treasury bills and notes within the two-year limitation would be extremely difficult if not impossible without paying such a premium for the replacement securities. In these circumstances the members of the Federal Open Market Committee (except Mr. Davis who was absent), on July 1, 1938, agreed to waive, until otherwise directed by the Committee, the requirement contained in the first resolution adopted at the meeting of the Committee on April 29 that Government securities purchased in replacement of maturing Treasury bills have maturities within two years and this action was ratified by unanimous vote at the meeting of the Committee on August 2. As it was thought that there might be a continuation of the difficulties in obtaining replacement securities with maturities up to two years without paying a premium over a no-yield basis the Committee decided that the resolution adopted at this meeting authorizing replacement of maturing securities should provide that maturing bills be replaced with bills and notes without limitation as to maturity, but only to the extent that they could be obtained without paying a premium over a no-yield basis.

MEETING ON SEPTEMBER 21, 1938

Members present: Mr. Harrison, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Davis, Mr. Sinclair, Mr. Newton, Mr. Schaller, Mr. Peyton.

Authority (1) to Replace Maturing Securities and to Make Shifts of Securities in the System Open Market Account and (2) to Increase or Decrease the System Open Market Account.

Upon motion duly made and seconded, the following resolutions were adopted by unanimous vote:

"That the executive committee be directed, until otherwise directed by the Federal Open Market Committee, to arrange for the replacement of maturing securities in the system open market account with other Government securities and for such shifts in maturities as may be necessary in the proper administration of the account, provided (1) that maturing Treasury bills shall be replaced only with Treasury bills or notes to the extent that they can be purchased without paying a premium over a no-yield basis; (2) that, subject to the foregoing limitation, the amount of securities in the account maturing within two years be maintained at not less than $1,000,000,000; and (3) that the amount of bonds in the account having maturities in excess of five years be maintained at not less than $500,000,000 nor more than $900,000,000.

"That, in addition to such authority as may be contained in other resolutions of the Federal Open Market Committee and until otherwise directed by the Committee, the executive committee be authorized, upon written, telephonic or telegraphic approval of a majority of the members of the Federal Open Market Committee, to arrange for the purchase or sale (which would include authority to allow maturities to run off without replacement) of Government securities in the open market from time to time for the system open market account to such extent as the executive committee shall find to be necessary for the purpose of exercising an influence toward maintaining orderly market conditions, provided (1) that the total amount of securities in the account be not increased or decreased by more than $200,000,000, and (2) that the amount of bonds in the account having maturities over five years be maintained at not less than $500,000,000 nor more than $900,000,000."

The resolutions were adopted for the reasons which prompted the Committee in adopting the resolutions containing the existing instructions to the executive committee. However, it was felt that the authority granted to the executive committee to increase or decrease the system account upon written, telephonic or telegraphic approval of a majority of the members of the full Committee should be enlarged for the reason that, while it appeared that the immediate possibility of war in Europe had diminished, there was considerable uncertainty in the situation which might result in the necessity for emergency action before another meeting of the full Committee could be held. In view of these circumstances, the limit placed in the second resolution upon such action was increased to $200,000,000. For the same reason the maximum limit on the amount of bonds in the account having maturities over five years was increased to $900,000,000 in both the first and second resolutions.

MEETING ON DECEMBER 30, 1938

Members present: Mr. Eccles, Chairman; Mr. Harrison, Vice Chairman; Mr. Szymczak, Mr. McKee, Mr. Ransom, Mr. Davis, Mr. Draper, Mr. Sinclair, Mr. Schaller, Mr. Peyton, Mr. Leach (alternate for Mr. Newton).

Authority (1) to Replace Maturing Securities and to Make Shifts of Securities in the System Open Market Account and (2) to Increase or Decrease System Open Market Account.

Upon motion duly made and seconded, the following resolutions were adopted, Messrs. Harrison, Szymczak, McKee, Davis, Sinclair, Schaller, Peyton and Leach voting "aye" and Messrs. Eccles, Ransom and Draper voting "no."

"That the executive committee be directed until otherwise directed by the Federal Open Market Committee, (1) to arrange for the replacement of maturing Treasury bills in the system open market account with other Treasury bills or Treasury notes, or, from time to time, to allow such bills to mature without replacement or pending subsequent replacement (a) when market conditions are such as to make it impossible to procure other bills or notes without paying a premium over a no-yield basis, or (b) when such notes are not obtainable without undue disturbance to the market; (2) to arrange for the replacement of maturing Treasury notes and bonds in the system open market account with other Government securities; and (3) to arrange for such shifts in maturities in the system open market account as may be necessary in the proper administration of the account; provided, (a) that the amount of securities in the account maturing within two years be maintained at not less than $1,000,000,000; (b) that the amount of bonds in the account having maturities in excess of five years be maintained at not less than $500,000,000 nor more than $900,000,000; and (c) that, if Treasury bills in the account are allowed to mature without replacement, the total amount of securities in the account be not decreased by more than $200,000,000.

"That, in addition to such authority as may be contained in other resolutions of the Federal Open Market Committee and until otherwise directed by the Committee, the executive committee be authorized, upon written, telephonic or telegraphic approval of a majority of the members of the Federal Open Market Committee, to arrange for the purchase or sale (which would include authority to allow maturities to run off without replacement) of Government securities in the open market from time to time for system open market account to such extent as the executive committee shall find to be necessary for the purpose of exercising an influence toward maintaining orderly market conditions, provided (1) that the total amount of securities in the account be not increased by more than $200,000,000 nor decreased by more than $200,000,000 including such decreases as may result from allowing Treasury bills in the account to mature without replacement, and (2) that the amount of bonds in the account having maturities over five years be maintained at not less than $500,000,000 nor more than $900,000,000."

This action was taken in continuation of the existing policy of the Committee, the reasons for which have been stated in connection with resolutions adopted at previous meetings. In adopting this resolution, however, certain changes were made in the provisions bearing upon the replacement of maturing Treasury bills held in the System account, for reasons which are set forth in the following press statement, which was approved by the Committee following the adoption of the resolution:

"The Federal Open Market Committee announced, following a meeting today, that weekly statements of the total holdings in the Federal Reserve System's Open Market Account may at times show some fluctuation depending upon conditions in the market affecting the Committee's ability to replace maturing Treasury bills held in its portfolio. The volume of Treasury bills available on the market has declined materially during the year and, owing to the large and increasing demand, such bills are already selling either on a no-yield basis or at a premium above a no-yield basis. It has, therefore, become difficult and in some weeks impossible for the System to find sufficient bills on the market to replace those that mature. Short-term notes are also selling on a no-yield basis and longer-term notes have at times been difficult to obtain. In these circumstances, it may be necessary from time to time to permit bills held in the portfolio to mature without replacement, not because of any change in Federal Reserve policy but solely because of the technical situation in the market. Because no change in Federal Reserve policy is contemplated at this time, maturing bills will be replaced to the extent that market conditions warrant."

On this statement Mr. Ransom requested that he be recorded as not voting, in view of his vote against the resolution in the form in which it was adopted by the Committee. It having been necessary for Mr. Draper to leave the meeting before the action was taken, he advised the Committee's Secretary later that he desired to be recorded as approving the press statement in view of the action of the Committee on the resolution. All the other members of the Committee voted in favor of the statement.

RECOMMENDATIONS OF THE FEDERAL ADVISORY COUNCIL TO THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

MAY 17, 1938

Topic: Unification of Bank Examinations.

RECOMMENDATION: The Federal Advisory Council has given careful consideration to the views of the Board of Governors of the Federal Reserve System on the subject of the classification of loans in reports of bank examiners and the treatment of investment portfolios in such reports.

It is the sense of the Council that the general plan as to the classification of loans which is now followed should be continued; that the heading "slow" should be altered, but that in Column 1 there should be brought together loans not presently considered doubtful or losses, but of a type which a bank would not and should not currently make, and that the total of such loans should be brought together in the Recapitulation Sheet. "Doubtful" and "Loss" columns should be continued as at present.

The Council also believes that the entire investment portfolio of all banks should be listed, priced, and totaled and that this information is necessary if the directors of banks generally are to have an adequate picture of the banks' condition. This is particularly true since at the present time the investment portfolio of the average bank represents a large percentage of its total assets.

The Council also feels that the difference between market value and carrying value in the case of all defaulted bonds, stocks, and non-defaulted bonds of low grade should be set up as loss or doubtful. Unless the market value of the total investment portfolio is in excess of carrying value, the bank should be required either to set up adequate reserves to cover depreciation on such items, or to charge it off.

The Council does not believe that market depreciation in securities of high grade should be set up as "loss" or "doubtful" by the examiners. It does believe, however, that where such market depreciation exists, that unless the total market value of the investment portfolio is in excess of its carrying value, the examiners should use their influence to have the bank set up reserves sufficient to bring the carrying value of the investment portfolio down to at least market value. The bank should be given amply reasonable time to create such reserves.

The Council believes that the Comptroller's regulations regarding marketability and character of investment securities which a bank can purchase should be liberalized and that all reference to classification by manuals should be omitted therefrom.

The Council would further favor an amendment of the law so as to remove the requirement of marketability from investment securities which a bank could purchase. The Council believes that the examiners could and should see that banks in making investments do not acquire an undue percentage of non-marketable investments in relation to their total assets and capital funds.

NOVEMBER 29, 1938

Topic: Assignment of Claims on the United States.

RECOMMENDATION: The Federal Advisory Council requests the Board of Governors of the Federal Reserve System to recommend to the proper authorities an amendment to that part of section 3477 of the Revised Statutes of the United States which is Title 31 U.S.C.A., Sec. 203, which makes null and void all transfers and assignments of any claims on the United States. The amendment should permit the assignment of claims where legitimate credit has been extended, excepting in those cases where claims arise in consequence of torts, tax refunds, or the like.

COMPARISON OF SOME OF THE FEDERAL STATUTORY PROVISIONS REGULATING THE BUSINESS OF DIFFERENT CLASSES OF BANKS[1]

I. Federal statutory provisions applicable to national banks ONLY.

Restrictions on real estate loans.
Regulations governing exercise of trust powers.
Restrictions on acting as insurance agent.
Restrictions on acting as real estate loan broker.
Requirement that one-tenth of earnings be transferred to surplus until surplus equals common capital.
Prohibition against holding "other real estate" for more than five years.
Limitations on total loans to one borrower.[2]
Restrictions on absorption of another bank.
Limitations on indebtedness which bank may incur.

II. Federal statutory provisions applicable to all member banks, but NOT to nonmember insured banks (standards not necessarily uniform between national banks and State member banks).

Regulations governing purchase of investment securities.
Prohibition against purchasing stocks and engaging in underwriting of investment securities and stocks.
Restrictions on loans to executive officers.
Restrictions on dealings with directors.
Prohibition against paying preferential rate of interest on deposits of directors, officers, etc.
Restrictions on interlocking directorates or other interlocking relations with other banks.
Restrictions on interlocking directorates or other interlocking relations with securities companies.
Prohibition against bank having less than 5 or more than 25 directors.
Provision authorizing supervisory authority to remove officers or directors for continued violations of law or continued unsafe or unsound practices.
Prohibition against affiliation with securities company.
Restrictions on holding company affiliates.
Restrictions of bank stock representing stock of other corporations.
Limitations on loans to affiliates.
Limitations on investment in bank premises.
Minimum capital requirements.
Minimum capital requirements for branches.

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[1] There are a few Federal banking laws which apply to all banks including noninsured banks. Among them are provisions of law restricting the receipt of deposits by nonbanking institutions, including securities companies; those regulating loans for the purpose of purchasing or carrying securities registered on national securities exchanges; and those granting certain tax advantages in connection with the operation of a common trust fund if operated in conformity with the regulations of the Board of Governors.

[2] Loans in excess of the limit fixed by the National Banking Act may not be discounted with a Federal Reserve bank by a State member bank but that part of a loan which is not excessive may be discounted by a national bank.

Prohibition against loaning on or purchasing own stock.

Restrictions on withdrawal of capital and payment of unearned dividends.

Requirement that reserves specified in Federal Reserve Act be maintained.

Prohibition against making loans or paying dividends while reserves deficient.

Requirements in connection with par clearance collection system.

Prohibition against false certification of checks.

Limitations on acceptance powers.

Prohibition against acting as agent for nonbanking institutions in making loans to brokers or dealers in securities.

Limitations on loans to one borrower on stocks or bonds.

Limitations on aggregate loans to all borrowers on stocks or bonds.

Limitations on deposits with nonmember banks.

III. Federal statutory provisions applicable to member banks and to nonmember insured banks (standards not necessarily uniform between national banks, State member banks, and insured nonmember banks).

Restrictions on establishment of branches.

Restrictions on consolidating or merging with noninsured bank, assuming liability for such bank's deposits, or transferring assets to such bank for assumption of deposits.

Restrictions on payment of interest on deposits.

Restrictions on paying time deposits before maturity or waiving notice before payment of savings deposits.

Prohibition against payment of dividends while delinquent on deposit insurance assessment.

Prohibition against loans or gratuities to bank examiners.

Provision authorizing supervisory authority to publish examination report if bank does not follow recommendation based thereon.

Provision authorizing supervisory authority to require that bank provide protection and indemnity against burglary, defalcation and similar insurable losses.

REVISION IN BANK EXAMINATION PROCEDURE

Following is description of the revision of procedure in bank examinations as agreed to by the Secretary of the Treasury, the Board of Governors of the Federal Reserve System, the directors of the Federal Deposit Insurance Corporation, and the Comptroller of the Currency:

The Classification of Loans in Bank Examinations.—The present captions of the classification units, namely, "Slow," "Doubtful," and "Loss" are to be abandoned.

The classification units hereafter will be designated numerically and the following definitions thereof will be printed in examination reports:

> I. Loans or portions thereof the repayment of which appears assured. These loans are not classified in the examination report.
>
> II. Loans or portions thereof which appear to involve a substantial and unreasonable degree of risk to the bank by reason of an unfavorable record or other unsatisfactory characteristics noted in the examiner's comments. There exists in such loans the possibility of future loss to the bank unless they receive the careful and continued attention of the bank's management. No loan is so classified if ultimate repayment seems reasonably assured in view of the sound net worth of the maker or endorser, his earning capacity and character, or the protection of collateral or other security of sound intrinsic value.
>
> III. Loans or portions thereof the ultimate collection of which is doubtful and in which a substantial loss is probable but not yet definitely ascertainable in amount. Loans so classified should receive the vigorous attention of the management with a view to salvaging whatever value may remain.
>
> IV. Loans or portions thereof regarded by the examiner for reasons set forth in his comments as uncollectible and as estimated losses. Amounts so classified should be promptly charged off.

Present practice will be continued under which the totals of II, III and IV above are included in the recapitulation or summary of examiners' classifications.

Fifty percent of the total of III above and all of IV above will be deducted in computing the net sound capital of the bank.

The Appraisal of Bonds in Bank Examinations.—Neither appreciation nor depreciation in Group I securities will be shown in the report. Neither will be taken into account in figuring net sound capital of the bank.

> Group I securities are marketable obligations in which the investment characteristics are not distinctly or predominantly speculative. This group includes general market obligations in the four highest grades and unrated securities of equivalent value.

The securities in Group II will be valued at the average market price for eighteen months just preceding examination and 50 percent of the net depreciation will be deducted in computing the net sound capital.

> Group II securities are those in which the investment characteristics are distinctly or predominantly speculative. This group includes general market obligations in grades below the four highest, and unrated securities of equivalent value.

Present practice will be continued under which net depreciation in the securities in Group III and Group IV is classified as loss.

> Group III securities: Securities in default.
> Group IV securities: Stocks.

Present practice will be continued under which premiums on securities purchased at a premium must be amortized.

Present practice of listing all securities and showing their book value will be continued.

The Treatment of Securities Profits in Bank Examinations.—Until losses have been written off and adequate reserves established, the use of profits from the sale of securities for any purpose other than those, will not be approved.

Present practice will be continued under which estimated losses must be charged off.

Present practice will be continued under which the establishment and maintenance of adequate reserves, including reserves against the securities account, are encouraged.

Present practice will be continued under which speculation in securities is criticised and penalized.

REVISED REGULATION ISSUED BY THE COMPTROLLER OF THE CURRENCY ON PURCHASES OF INVESTMENT SECURITIES

By virtue of the authority vested in the Comptroller of the Currency by paragraph Seventh of Section 5136 of the Revised Statutes, the following regulation is promulgated:

SECTION I

(1) An obligation of indebtedness which may be purchased for its own account by a national bank or State member bank of the Federal Reserve System, in order to come within the classification of "investment securities" within the meaning of paragraph Seventh of said Section 5136, must be a marketable obligation, i.e., it must be salable under ordinary circumstances with reasonable promptness at a fair value; and with respect to the particular security, there must be present one or more of the following characteristics:

(a) A public distribution of the securities must have been provided for or made in a manner to protect or insure the marketability of the issue; or,

(b) Other existing securities of the obligor must have such a public distribution as to protect or insure the marketability of the issue under consideration; or,

(c) In the case of investment securities for which a public distribution as set forth in (a) or (b) above cannot be so provided, or so made, and which are issued by established commercial or industrial businesses or enterprises, that can demonstrate the ability to service such securities, the debt evidenced thereby must mature not later than ten years after the date of issuance of the security and must be of such sound value or so secured as reasonably to assure its payment; and such securities must, by their terms, provide for the amortization of the debt evidenced thereby so that at least 75 percent of the principal will be extinguished by the maturity date by substantial periodic payments: Provided, That no amortization need be required for the period of the first year after the date of issuance of such securities.

(2) Where the security is issued under a trust agreement, the agreement must provide for a trustee independent of the obligor, and such trustee must be a bank or trust company.

(3) All purchases of investment securities by national and State member banks for their own account must be of securities "in the form of bonds, notes, and/or debentures, commonly known as investment securities"; and every transaction which is in fact such a purchase must, regardless of its form, comply with this regulation.

SECTION II

(1) Although the bank is permitted to purchase investment securities" for its own account for purposes of investment under the provisions

of Revised Statute 5136 and this regulation, the bank is not permitted otherwise to participate as a principal in the marketing of securities.

(2) The statutory limitation on the amount of the "investment securities" of any one obligor or maker which may be held by the bank, is to be determined on the basis of the par or face value of the securities, and not on their market value.

(3) The purchase of "investment securities" in which the investment characteristics are distinctly or predominantly speculative, or the purchase of securities which are in default, either as to principal or interest, is prohibited.

(4) Purchase of an investment security at a price exceeding par is prohibited, unless the bank shall:

(a) Provide for the regular amortization of the premium paid so that the premium shall be entirely extinguished at or before the maturity of the security and the security (including premium) shall at no intervening date be carried at an amount in excess of that at which the obligor may legally redeem such security; or

(b) Set up a reserve account to amortize the premium, said account to be credited periodically with an amount not less than the amount required for amortization under (a) above.

(5) Purchase of securities convertible into stock at the option of the issuer is prohibited.

(6) Purchase of securities convertible into stock at the option of the holder or with stock purchase warrants attached is prohibited if the price paid for such security is in excess of the investment value of the security itself, considered independently of the stock purchase warrants or conversion feature. If it is apparent that the price paid for an otherwise eligible security fairly reflects the investment value of the security itself and does not include any speculative value based upon the presence of a stock purchase warrant or conversion option the purchase of such a security is not prohibited.

(7) As to purchase of securities under repurchase agreement, subject to the limitations and restrictions set forth in the law and this regulation:

(a) It is permissible for the bank to purchase "investment securities" from another under an agreement whereby the bank has an option or a right to require the seller of the securities to repurchase them from the bank at a price stated or at a price subject to determination under the terms of the agreement, but in no case less than the value at the time of repurchase.

(b) It is permissible for the bank to purchase "investment securities" from another under an agreement whereby the seller or a third party guarantees the bank against loss on resale of the securities.

(c) It is not permissible for the bank to purchase "investment securities" from another under an agreement whereby the seller reserves the right or the option to repurchase said securities itself or through its nominee at a price stated or at a price subject to determination under the terms of the agreement, notwithstanding the fact that the bank may also, under such agreement, have the right or option to compel the seller to repurchase the securities at a price stated or at a price subject to determination under the terms of the agreement.

(8) As to repurchase agreements accompanying sales of securities,

(a) It is permissible for the bank selling securities to another to agree that the bank shall have an option or right to repurchase the securities from the buyer at a price stated or at a price subject to determination under the terms of the agreement, but in no case in excess of the market value at the time of repurchase.

(b) It is not permissible for the bank selling securities to another to agree that the purchaser shall have the right or the option to require the bank to repurchase said securities at a price stated or at a price subject to determination under the terms of the agreement, notwithstanding the fact that the bank may also, under such agreement, have the right or option to repurchase the securities from the buyer at a price stated or at a price subject to determination under the terms of the agreement.

In view of the fact that some banks may have bought or sold securities under a form of agreement which is prohibited by this regulation, the bank should either terminate or modify same so as to conform to this regulation, where such action may lawfully be taken. Existing agreements of the prohibited type must not be renewed.

EXCEPTION

The restrictions and limitations of this regulation do not apply to securities acquired through foreclosure on collateral, or acquired in good faith by way of compromise of a doubtful claim or to avert an apprehended loss in connection with a debt previously contracted, or to real estate securities acquired pursuant to Section 24 of the Federal Reserve Act, as amended.

This regulation supersedes prior regulations governing the purchase of "investment securities" and is effective from and after July 1, 1938.

Signed and promulgated this 27th day of June, 1938.

MARSHALL R. DIGGS
Acting Comptroller of the Currency

DIRECTORY OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(December 31, 1938)

MARRINER S. ECCLES, of Utah, *Chairman*
RONALD RANSOM, of Georgia, *Vice Chairman*
M. S. SZYMCZAK, of Illinois
JOHN K. MCKEE, of Ohio
CHESTER C. DAVIS, of Maryland
ERNEST G. DRAPER, of Connecticut

LAWRENCE CLAYTON, *Assistant to the Chairman.*

ELLIOTT THURSTON, *Special Assistant to the Chairman.*

CHESTER MORRILL, *Secretary.*
LISTON P. BETHEA, *Assistant Secretary.*
S. R. CARPENTER, *Assistant Secretary.*
J. C. NOELL, *Assistant Secretary.*

WALTER WYATT, *General Counsel.*
J. P. DREIBELBIS, *Assistant General Counsel.*
GEORGE B. VEST, *Assistant General Counsel.*
B. MAGRUDER WINGFIELD, *Assistant General Counsel.*

LEO H. PAULGER, *Chief, Division of Examinations.*
R. F. LEONARD, *Assistant Chief, Division of Examinations.*
C. E. CAGLE, *Assistant Chief, Division of Examinations.*

E. A. GOLDENWEISER, *Director, Division of Research and Statistics.*
WOODLIEF THOMAS, *Assistant Director, Division of Research and Statistics.*
LAUCHLIN CURRIE, *Assistant Director, Division of Research and Statistics.*

EDWARD L. SMEAD, *Chief, Division of Bank Operations.*
J. R. VAN FOSSEN, *Assistant Chief, Division of Bank Operations.*
J. E. HORBETT, *Assistant Chief, Division of Bank Operations.*

CARL E. PARRY, *Chief, Division of Security Loans.*
PHILIP E. BRADLEY, *Assistant Chief, Division of Security Loans.*

O. E. FOULK, *Fiscal Agent.*
JOSEPHINE E. LALLY, *Deputy Fiscal Agent.*

SALARIES OF OFFICERS AND EMPLOYEES OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(December 31, 1938)

OFFICES OF MEMBERS OF THE BOARD

Lawrence Clayton, assistant to the Chairman	$15,000.00
Elliott Thurston, special assistant to the Chairman	13,000.00
1 at $4,200	4,200.00
5 at $3,300	16,500.00
1 at $2,300	2,300.00
1 at $2,200	2,200.00
1 at $2,000	2,000.00
1 at $1,800	1,800.00
1 at $1,720	1,720.00
1 at $1,500	1,500.00
1 at $1,440	1,440.00
2 at $1,380	2,760.00
1 at $1,080	1,080.00
Total	65,500.00

OFFICE OF THE SECRETARY

Chester Morrill, secretary	$15,000.00
L. P. Bethea, assistant secretary	8,000.00
S. R. Carpenter, assistant secretary	7,500.00
J. C. Noell, assistant secretary	7,500.00
1 at $3,100	3,100.00
1 at $3,000	3,000.00
2 at $2,900	5,800.00
1 at $2,800	2,800.00
3 at $2,700	8,100.00
1 at $2,500	2,500.00
1 at $2,400	2,400.00
4 at $2,100	8,400.00
1 at $2,040	2,040.00
1 at $2,000	2,000.00
1 at $1,980	1,980.00
1 at $1,920	1,920.00
2 at $1,800	3,600.00
1 at $1,720	1,720.00
5 at $1,620	8,100.00
3 at $1,600	4,800.00
3 at $1,560	4,680.00
2 at $1,500	3,000.00
1 at $1,440	1,440.00
1 at $1,380	1,380.00
2 at $1,320	2,640.00
7 at $1,200	8,400.00
1 at $1,140	1,140.00
2 at $1,080	2,160.00
Service Functions:	
1 at $2,400	*2,400.00
1 at $2,280	*2,280.00
1 at $2,200	2,200.00
2 at $1,920	*3,840.00
1 at $1,900	1,900.00
3 at $1,860	*5,580.00
3 at $1,800	5,400.00

OFFICE OF THE SECRETARY—continued

1 at $1,680	1,680.00
2 at $1,660	3,320.00
1 at $1,620	1,620.00
1 at $1,600	1,600.00
1 at $1,560	1,560.00
1 at $1,500	*1,500.00
1 at $1,500	1,500.00
1 at $1,440	1,440.00
2 at $1,380	2,760.00
1 at $1,320	1,320.00
2 at $1,200	*2,400.00
1 at $1,140	1,140.00
3 at $1,080	3,240.00
1 at $5.00 per calendar day	§282.86
Building Operation and Maintenance:	
Felix E. Spurney, building manager	5,000.00
1 at $3,400	3,400.00
1 at $2,400	2,400.00
1 at $2,060	2,060.00
1 at $1,920	1,920.00
2 at $1,900	3,800.00
2 at $1,600	3,200.00
13 at $1,500	19,500.00
1 at $1,440	1,440.00
1 at $1,380	1,380.00
2 at $1,320	2,640.00
5 at $1,200	6,000.00
8 at $1,140	9,120.00
2 at $1,080	2,160.00
1 at $900	900.00
1 at $688.60	‡688.60
25 at $626	†15,650.00
1 at $3.00 per working day	§81.00
Total	255,402.46
Less salaries of telegraph operators	18,000.00
	237,402.46

OFFICE OF GENERAL COUNSEL

Walter Wyatt, general counsel	$15,000.00
J. P. Dreibelbis, assistant general counsel	10,000.00
George B. Vest, assistant general counsel	10,000.00
B. M. Wingfield, assistant general counsel	9,000.00
Kit Williams, assistant counsel	7,500.00
John C. Baumann, assistant counsel	6,000.00
Joseph T. Owens, assistant counsel	6,000.00
G. Howland Chase, assistant counsel	5,750.00
Alfred K. Cherry, assistant counsel	5,750.00
1 at $4,500	4,500.00
1 at $4,200	4,200.00
1 at $3,300	3,300.00
2 at $3,000	6,000.00
1 at $2,800	2,800.00

* The salaries of ten employees in the telegraph office aggregating $18,000 are regarded as an expense of the Federal Reserve Leased Wire System and as such are prorated among the Federal Reserve banks and the Board with the other expenses of the Leased Wire System.

‡ Annual compensation based on a 4-hour working day at the rate of 55 cents an hour.

† Annual compensation based on a 4-hour working day at the rate of 50 cents an hour.

§ Actual amount paid.

OFFICE OF GENERAL COUNSEL—continued

1 at $2,200	2,200.00
3 at $2,100	6,300.00
1 at $2,000	2,000.00
1 at $1,960	1,960.00
5 at $1,800	9,000.00
3 at $1,740	5,220.00
1 at $1,440	1,440.00
1 at $1,380	1,380.00
Total	125,300.00

DIVISION OF RESEARCH AND STATISTICS

E. A. Goldenweiser, director of division	$15,000.00
Woodlief Thomas, assistant director	9,000.00
L. B. Currie, assistant director	8,500.00
Walter R. Gardner, senior economist	7,500.00
Frank R. Garfield, senior economist	6,000.00
Alan R. Sweezy, senior economist	5,600.00
George Terborgh, senior economist	5,600.00
Susan Burr Litchfield, senior economist	5,400.00
Leroy M. Piser, senior economist	5,400.00
Roman L. Horne, senior economist	5,000.00
3 at $4,600	13,800.00
1 at $4,400	4,400.00
1 at $4,200	4,200.00
1 at $4,100	4,100.00
1 at $4,000	4,000.00
4 at $3,600	14,400.00
3 at $3,500	10,500.00
1 at $3,200	3,200.00
2 at $3,100	6,200.00
5 at $3,000	15,000.00
1 at $2,700	2,700.00
1 at $2,600	2,600.00
3 at $2,400	7,200.00
4 at $2,300	9,200.00
4 at $2,200	8,800.00
3 at $2,100	6,300.00
3 at $2,000	6,000.00
4 at $1,900	7,600.00
6 at $1,800	10,800.00
7 at $1,780	12,460.00
3 at $1,700	5,100.00
1 at $1,660	1,660.00
5 at $1,620	8,100.00
2 at $1,600	3,200.00
5 at $1,540	7,700.00
4 at $1,440	5,760.00
1 at $1,400	1,400.00
1 at $1,320	1,320.00
2 at $1,200	2,400.00
1 at $1,140	1,140.00
1 at $1,080	1,080.00
1 at $600	600.00
Total	265,920.00

DIVISION OF BANK OPERATIONS

E. L. Smead, chief of division	15,000.00
John R. Van Fossen, assistant chief	8,500.00
J. E. Horbett, assistant chief	7,500.00
L. S. Myrick, technical assistant	6,200.00
Bray Hammond, technical assistant	5,400.00
1 at $4,800	4,800.00

DIVISION OF BANK OPERATIONS—continued

1 at $4,400	4,400.00
2 at $4,000	8,000.00
1 at $3,900	3,900.00
1 at $3,800	3,800.00
1 at $3,200	3,200.00
1 at $3,100	3,100.00
1 at $3,000	3,000.00
1 at $2,900	2,900.00
1 at $2,800	2,800.00
3 at $2,700	8,100.00
1 at $2,500	2,500.00
2 at $2,400	4,800.00
1 at $2,200	2,200.00
2 at $2,000	4,000.00
3 at $1,800	5,400.00
3 at $1,740	5,220.00
1 at $1,700	1,700.00
5 at $1,680	8,400.00
1 at $1,620	1,620.00
2 at $1,600	3,200.00
1 at $1,560	1,560.00
2 at $1,320	2,640.00
1 at $1,080	1,080.00
Total	134,920.00

DIVISION OF EXAMINATIONS

Leo H. Paulger, chief of division	15,000.00
R. F. Leonard, assistant chief	10,000.00
C. E. Cagle, assistant chief	8,500.00
L. A. A. Siems, Federal reserve examiner	7,500.00
M. R. Wilkes, Federal reserve examiner	6,600.00
H. O. Koppang, Federal reserve examiner	6,500.00
R. B. Chamberlin, Federal reserve examiner	6,000.00
Edwin R. Millard, Federal reserve examiner	6,000.00
Geo. S. Sloan, Federal reserve examiner	6,000.00
Dwight L. Crays, Federal reserve examiner	5,500.00
William B. Pollard, Federal reserve examiner	5,500.00
Clarence C. Hostrup, Federal reserve examiner	5,300.00
Fred A. Nelson, Federal reserve examiner	5,300.00
C. S. Barker, assistant Federal reserve examiner	5,200.00
J. B. Crosby, Federal reserve examiner	5,200.00
Elisha L. Brien, Jr., Federal reserve examiner	5,000.00
Laurence H. Jones, Federal reserve examiner	5,000.00
1 at $4,900	4,900.00
2 at $4,800	9,600.00
2 at $4,600	9,200.00
1 at $4,500	4,500.00
1 at $4,400	4,400.00
3 at $4,300	12,900.00
1 at $4,200	4,200.00
2 at $4,000	8,000.00
1 at $3,700	3,700.00
2 at $3,600	7,200.00
3 at $3,400	10,200.00
1 at $3,300	3,300.00
1 at $2,900	2,900.00
1 at $2,800	2,800.00
3 at $2,700	8,100.00
1 at $2,600	2,600.00
1 at $2,500	2,500.00
2 at $2,400	4,800.00
1 at $2,300	2,300.00
4 at $2,100	8,400.00
2 at $2,000	4,000.00

DIVISION OF EXAMINATIONS—continued

3 at $1,900	5,700.00
1 at $1,820	1,820.00
1 at $1,800	1,800.00
2 at $1,740	3,480.00
1 at $1,560	1,560.00
1 at $1,460	1,460.00
2 at $1,320	2,640.00
Total	253,060.00

DIVISION OF SECURITY LOANS

Carl E. Parry, chief of division	10,000.00
Philip E. Bradley, assistant chief	7,500.00
2 at $3,600	7,200.00
1 at $2,400	2,400.00
1 at $2,300	2,300.00
1 at $2,100	2,100.00
1 at $1,800	1,800.00
1 at $1,140	1,140.00
Total	34,440.00

OFFICE OF FISCAL AGENT

Oliver E. Foulk, fiscal agent	4,500.00
Josephine E. Lally, deputy fiscal agent	2,600.00
Total	7,100.00
Grand Total	1,123,642.46

RECEIPTS AND DISBURSEMENTS OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM FOR THE YEAR 1938

Special fund account:			
Balance January 1, 1938:			
Available for general expenses of the Board		$187,536.37	
Available for expenses chargeable to Federal Reserve banks		107,267.53	
Total			$294,803.90

RECEIPTS

Available for general expenses of the Board:			
Assessments on Federal Reserve banks for general expenses of the Board	$1,724,922.40		
Reimbursements for leased wire service	29,228.82		
Subscriptions to the Federal Reserve Bulletin	6,324.42		
Miscellaneous receipts, refunds, and reimbursements	5,762.34		
Total receipts available for general expenses of the Board		$1,766,237.98	
Available for expenses chargeable to Federal Reserve banks:			
Assessments on Federal Reserve banks for:			
Cost of printing Federal Reserve notes	$1,143,588.60		
Expenses of leased wire system (telegraph)	66,261.51		
Expenses of leased telephone lines	28,395.59		
Expenses of the Federal Reserve Issue and Redemption Division (office of Comptroller of the Currency)	57,221.77		
Miscellaneous expenses	6,751.37		
Total receipts available for expenses chargeable to Federal Reserve banks		$1,302,218.84	
Total receipts			3,068,456.82
Total available for disbursement			3,363,260.72

DISBURSEMENTS

For general expenses of the Board:				
Expenses of 1937 paid in 1938		$69,971.00		
Expenses of 1938 (per detailed statement)	$1,707,503.67			
Less accounts unpaid December 31, 1938	20,188.89			
Expenses of 1938 paid during the year		1,687,314.78		
Expenses of leased wire service, reimbursable		29,081.97		
Miscellaneous refunds and reimbursable expenses		4,463.20		
Total disbursements for general expenses of the Board			$1,790,830.95	
For expenses chargeable to Federal Reserve banks:				
Cost of printing Federal Reserve notes		1,170,208.60		
Expenses of leased wire system (telegraph)		66,261.51		
Expenses of leased telephone lines		28,395.59		
Expenses of Federal Reserve Issue and Redemption Division (office of Comptroller of the Currency)		57,221.77		
Miscellaneous expenses		7,312.27		
Total disbursements for expenses chargeable to Federal Reserve banks			1,329,399.74	
Transfers from special fund account to building account			73,619.26	
Total disbursements and transfers				3,193,849.95
Balance in special fund account December 31, 1938:				
Available for general expenses of the Board			89,324.14	
Available for expenses chargeable to Federal Reserve banks			80,086.63	
				169,410.77

Building account:			
Balance January 1, 1938	$32,738.61		
Transfers from special fund account	73,619.26		
Miscellaneous receipts	614.63		
Total		106,972.50	
Disbursements		106,972.50	
Balance			0.00

Statement of Expenses of the Board of Governors of the Federal Reserve System, 1938

PERSONAL SERVICES	
Salaries	$1,209,649.26
Retirement System contributions for current service	54,889.18
Sub-total	$1,264,538.44
Retirement System contributions for prior service	163,370.88
Total Personal Services	$1,427,909.32
NON-PERSONAL SERVICE	
Traveling Expenses	$ 75,910.79
Postage and Expressage	1,220.01
Telephone and Telegraph	63,666.68
Printing and Binding	45,792.55
Stationery and Supplies	20,044.49
Furniture and Equipment	26,751.99
Books and Subscriptions	5,357.91
Light, Heat, Power and Water	24,419.75
Repairs and Alterations to Building	2,852.41
Rental and Repairs (Furniture and Equipment)	2,377.48
Medical Service and Supplies	493.58
Insurance	2,621.14
Miscellaneous	8,085.57
Total Non-Personal Services	$ 279,594.35
GRAND TOTAL	$1,707,503.67

DIRECTORY OF THE FEDERAL OPEN MARKET COMMITTEE

(December 31, 1938)

MARRINER S. ECCLES, *Chairman*
GEORGE L. HARRISON, *Vice Chairman*
CHESTER C. DAVIS
ERNEST G. DRAPER
JOHN K. MCKEE
OSCAR NEWTON
J. N. PEYTON
RONALD RANSOM
G. J. SCHALLER
JOHN S. SINCLAIR
M. S. SZYMCZAK

CHESTER MORRILL, *Secretary*
S. R. CARPENTER, *Assistant Secretary*
WALTER WYATT, *General Counsel*
J. P. DREIBELBIS, *Assistant General Counsel*
E. A. GOLDENWEISER, *Economist*
JOHN H. WILLIAMS, *Associate Economist*
ALLAN SPROUL, *Manager of System Open Market Account*

DIRECTORY OF THE FEDERAL ADVISORY COUNCIL

(December 31, 1938)

OFFICERS

President, Walter W. Smith
Vice President, Howard A. Loeb
Secretary, Walter Lichtenstein

EXECUTIVE COMMITTEE

Walter W. Smith
Howard A. Loeb
Thomas M. Steele
Winthrop W. Aldrich
Lewis B. Williams
Edward E. Brown

MEMBERS

District No. 1.—Thomas M. Steele, President, First National Bank & Trust Company of New Haven, Connecticut.

District No. 2.—Winthrop W. Aldrich, Chairman, The Chase National Bank of the City of New York, New York, New York.

District No. 3.—Howard A. Loeb, Chairman, Tradesmens National Bank & Trust Company, Philadelphia, Pennsylvania.

District No. 4.—Lewis B. Williams, Chairman, The National City Bank, Cleveland, Ohio.

District No. 5.—Robert M. Hanes, President, Wachovia Bank and Trust Company, Winston-Salem, North Carolina.

District No. 6.—Edward Ball, c/o Barnett National Bank Building, Jacksonville, Florida.

District No. 7.—Edward E. Brown, President, The First National Bank of Chicago, Chicago, Illinois.

District No. 8.—Walter W. Smith, President, First National Bank in St. Louis, St. Louis, Missouri.

District No. 9.—John Crosby, Vice President, Farmers and Mechanics Savings Bank, Minneapolis, Minnesota.

District No. 10.—C. Q. Chandler, Chairman, First National Bank in Wichita, Wichita, Kansas.

District No. 11.—R. E. Harding, President, The Fort Worth National Bank, Fort Worth, Texas.

District No. 12.—Paul S. Dick, President, United States National Bank, Portland, Oregon.

CHAIRMEN, DIRECTORS, PRESIDENTS AND FIRST VICE PRESIDENTS OF FEDERAL RESERVE BANKS

(December 31, 1938)

DISTRICT NO. 1—BOSTON

F. H. CURTISS, chairman and Federal Reserve agent, H. S. DENNISON, deputy chairman, R. A. YOUNG, president, W. W. PADDOCK, first vice president

Directors	Term expires Dec. 31
Class A:	
Allan Forbes, Boston, Mass	1938
L. A. Dodge, Damariscotta, Me	1939
L. S. Reed, Waterbury, Conn	1940
Class B:	
P. R. Allen, E. Walpole, Mass	1938
E. J. Frost, Boston, Mass	1939
E. S. French, Boston, Mass	1940
Class C:	
F. H. Curtiss, Boston, Mass	1938
H. S. Dennison, Framingham, Mass	1939
H. I. Harriman, Boston, Mass	1940

DISTRICT NO. 2—NEW YORK

O. D. YOUNG, chairman and Federal Reserve agent, BEARDSLEY RUML, deputy chairman, G. L. HARRISON, president, ALLAN SPROUL, first vice president

Class A:	
O. A. Thompson, Norwich, N. Y	1938
W. F. Ploch, Long Beach, N. Y	1939
W. C. Potter, New York, N. Y	1940
Class B:	
W. C. Teagle, New York, N. Y	1938
R. T. Stevens, New York, N. Y	1939
T. J. Watson, New York, N. Y	1940
Class C:	
Beardsley Ruml, New York, N. Y	1938
E. E. Day, Ithaca, N. Y	1939
O. D. Young, New York, N. Y	1940

BUFFALO BRANCH

R. M. O'HARA, managing director

R. M. O'Hara, Buffalo, N. Y	1938
F. F. Henry, Buffalo, N. Y	1938
M. B. Folsom, Rochester, N. Y	1938
F. J. Coe, Niagara Falls, N. Y	1939
F. A. Prole, Batavia, N. Y	1939
Howard Kellogg, Buffalo, N. Y	1940
W. A. Dusenbury, Olean, N. Y	1940

DISTRICT NO. 3—PHILADELPHIA

R. L. AUSTIN, chairman and Federal Reserve agent, T. B. McCABE, deputy chairman, J. S. SINCLAIR, president, F. J. DRINNEN, first vice president

Class A:	
Joseph Wayne, Jr., Philadelphia, Pa	1938
G. W. Reily, Harrisburg, Pa	1939
J. B. Henning, Tunkhannock, Pa	1940
Class B:	
A. W. Sewall, Philadelphia, Pa	1938
J. C. DeLaCour, Camden, N. J	1939
C. F. C. Stout, Camden, N. J	1940
Class C:	
R. L. Austin, Philadelphia, Pa	1938
T. B. McCabe, Chester, Pa	1939
Francis Biddle, Philadelphia, Pa	1940

DISTRICT NO. 4—CLEVELAND

E. S. BURKE, JR., chairman and Federal Reserve agent, G. C. BRAINARD, deputy chairman, M. J. FLEMING, president, F. J. ZURLINDEN, first vice president

Directors	Term expires Dec. 31
Class A:	
F. F. Brooks, Pittsburgh, Pa	1938
B. R. Conner, Ada, Ohio	1939
H. B. McDowell, Sharon, Pa	1940
Class B:	
G. D. Crabbs, Cincinnati, Ohio	1938
J. E. Galvin, Lima, Ohio	1939
R. P. Wright, Erie, Pa	1940
Class C:	
E. S. Burke, Jr., Cleveland, Ohio	1938
R. E. Klages, Columbus, Ohio	1939
G. C. Brainard, Youngstown, Ohio	1940

CINCINNATI BRANCH

B. J. LAZAR, managing director

B. J. Lazar, Cincinnati, Ohio	1938
J. J. Rowe, Cincinnati, Ohio	1938
Alexander Thomson, Hamilton, Ohio	1938
W. H. Courtney, Lexington, Ky	1939
S. B. Sutphin, Cincinnati, Ohio	1939

PITTSBURGH BRANCH

P. A. BROWN, managing director

P. A. Brown, Pittsburgh, Pa	1938
G. T. Ladd, Pittsburgh, Pa	1938
S. W. Harper, Wheeling, W. Va	1938
Clarence Stanley, Pittsburgh, Pa	1939
H. S. Wherrett, Pittsburgh, Pa	1939

DISTRICT NO. 5—RICHMOND

ROBERT LASSITER, chairman and Federal Reserve agent, W. G. WYSOR, deputy chairman, HUGH LEACH, president, J. S. WALDEN, JR., first vice president

Class A:	
L. E. Johnson, Alderson, W. Va	1938
C. E. Rieman, Baltimore, Md	1939
J. C. Braswell, Rocky Mount, N. C	1940
Class B:	
Edwin Malloy, Cheraw, S. C	1938
C. C. Reed, Richmond, Va	1939
J. H. Hanna, Washington, D. C	1940
Class C:	
Donald Sherwood, Baltimore, Md	1938
W. G. Wysor, Richmond, Va	1939
Robert Lassiter, Richmond, Va	1940

BALTIMORE BRANCH

W. R. MILFORD, managing director

W. R. Milford, Baltimore, Md	1938
W. F. Thomas, Westminster, Md	1938
L. S. Zimmerman, Baltimore, Md	1938
C. P. McCormick, Baltimore, Md	1939
M. M. Prentis, Baltimore, Md	1939
James Dixon, Easton, Md	1940
W. F. Roberts, Baltimore, Md	1940

DISTRICT NO. 5—RICHMOND—Continued

CHARLOTTE BRANCH

W. T. CLEMENTS, managing director

Directors	Term expires Dec. 31
W. T. Clements, Charlotte, N. C	1938
G. S. Harris, Lancaster, S. C	1938
C. L. Cobb, Rock Hill, S. C	1938
Christie Benet, Columbia, S. C	1939
B. M. Edwards, Columbia, S. C	1939
T. E. Hemby, Charlotte, N. C	1940
G. M. Wright, Great Falls, S. C	1940

DISTRICT NO. 6—ATLANTA

F. H. NEELY, chairman and Federal Reserve agent, ——— ———, deputy chairman, OSCAR NEWTON, president, R. S. PARKER, first vice president

Class A:	
G. J. White, Mount Dora, Fla	1938
R. G. Clay, Atlanta, Ga	1939
W. D. Cook, Meridian, Miss	1940
Class B:	
E. T. George, New Orleans, La	1938
J. A. McCrary, Atlanta, Ga	1939
Fitzgerald Hall, Nashville, Tenn	1940
Class C:	
F. H. Neely, Atlanta, Ga	1938
J. F. Porter, Columbia, Tenn	1939
R. C. Harris, New Orleans, La	1940

BIRMINGHAM BRANCH

P. L. T. BEAVERS, managing director

P. L. T. Beavers, Birmingham, Ala	1938
F. M. Moody, Tuscaloosa, Ala	1938
Donald Comer, Birmingham, Ala	1938
J. C. Persons, Birmingham, Ala	1939
Howard Gray, New Market, Ala	1939
E. L. Norton, Birmingham, Ala	1940
J. S. Coleman, Birmingham, Ala	1940

JACKSONVILLE BRANCH

G. S. VARDEMAN, Jr., managing director

G. S. Vardeman, Jr., Jacksonville, Fla	1938
W. R. McQuaid, Jacksonville, Fla	1938
R. H. Gamble, Jacksonville, Fla	1938
G. J. Avent, Jacksonville, Fla	1939
Howard Phillips, Orlando, Fla	1939
G. J. White, Mount Dora, Fla	1940
B. W. Haynes, Jacksonville, Fla	1940

NASHVILLE BRANCH

J. B. FORT, Jr., managing director

J. B. Fort, Jr., Nashville, Tenn	1938
C. W. Bailey, Clarksville, Tenn	1938
C. B. Austin, Greeneville, Tenn	1938
F. M. Farris, Nashville, Tenn	1939
W. E. McEwen, Williamsport, Tenn	1939
E. W. Palmer, Kingsport, Tenn	1940
G. N. Bass, Decherd, Tenn	1940

DISTRICT NO. 6—ATLANTA—Continued

NEW ORLEANS BRANCH

L. M. CLARK, managing director

Directors	Term expires Dec. 31
L. M. Clark, New Orleans, La	1938
H. Holmes, Yazoo City, Miss	1938
Alexander Fitz-Hugh, Vicksburg, Miss	1938
E. E. Soulier, Lafayette, La	1939
H. G. Chalkley, Jr., Lake Charles, La	1939
O. G. Lucas, New Orleans, La	1940
Vacancy	1940

DISTRICT NO. 7—CHICAGO

——— ———, chairman and Federal Reserve agent. R. E. WOOD, deputy chairman. G. J. SCHALLER, president, H. P. PRESTON, first vice president

Class A:	
F. D. Williams, Iowa City, Iowa	1938
W. J. Cummings, Chicago, Ill	1939
E. R. Estberg, Waukesha, Wis	1940
Class B:	
N. H. Noyes, Indianapolis, Ind	1938
M. W. Babb, Milwaukee, Wis	1939
S. T. Crapo, Detroit, Mich	1940
Class C:	
R. E. Wood, Chicago, Ill	1938
Vacancy	1939
F. J. Lewis, Chicago, Ill	1940

DETROIT BRANCH

R. H. BUSS, managing director

R. H. Buss, Detroit, Mich	1938
J. M. Dodge, Detroit, Mich	1938
L. W. Watkins, Manchester, Mich	1938
J. E. Davidson, Bay City, Mich	1939
H. L. Pierson, Detroit, Mich	1939
W. S. McLucas, Detroit, Mich	1940
A. C. Marshall, Detroit, Mich	1940

DISTRICT NO. 8—ST. LOUIS

W. T. NARDIN, chairman and Federal Reserve agent, ——— ———, deputy chairman, W. McC. MARTIN, president, F. G. HITT, first vice president

Class A:	
J. G. Lonsdale, St. Louis, Mo	1938
M. B. Nahm, Bowling Green, Ky	1939
G. R. Corlis, Anna, Ill	1940
Class B:	
M. P. Sturdivant, Glendora, Miss	1938
J. W. Harris, St. Louis, Mo	1939
H. C. Couch, Pine Bluff, Ark	1940
Class C:	
J. R. Stanley, Evansville, Ind	1938
W. T. Nardin, St. Louis, Mo	1939
Oscar Johnston, Scott, Miss	1940

LITTLE ROCK BRANCH

A. F. BAILEY, managing director

A. F. Bailey, Little Rock, Ark	1938
H. H. Tucker, Little Rock, Ark	1938
P. R. McCoy, Stuttgart, Ark	1938
F. K. Darragh, Little Rock, Ark	1939
J. H. Penick, Little Rock, Ark	1939
A. E. McLean, Little Rock, Ark	1940
I. N. Barnett, Jr., Batesville, Ark	1940

DISTRICT NO. 8—ST. LOUIS—Continued

LOUISVILLE BRANCH

F. D. Rash, managing director

Directors	Term expires Dec. 31
F. D. Rash, Louisville, Ky	1938
J. B. Hill, Louisville, Ky	1938
W. R. Cobb, Louisville, Ky	1938
W. P. Paxton, Paducah, Ky	1939
J. O. Sanders, Huntingburg, Ind	1939
A. H. Eckles, Hopkinsville, Ky	1940
P. B. Gaines, Carrollton, Ky	1940

MEMPHIS BRANCH

W. H. Glasgow, managing director

W. H. Glasgow, Memphis, Tenn	1938
Willis Pope, Columbus, Miss	1938
J. H. Sherard, Sherard, Miss	1938
W. R. King, Memphis, Tenn	1939
D. W. Brooks, Memphis, Tenn	1939
B. A. Lynch, Blytheville, Ark	1940
R. C. Branch, Pecan Point, Ark	1940

DISTRICT NO. 9—MINNEAPOLIS

W. B. Geery, chairman and Federal Reserve agent. ——— ———, deputy chairman. J. N. Peyton, president, O. S. Powell, first vice president

Class A:	
H. R. Kibbee, Mitchell, S. D	1938
H. C. Hansen, Churchs Ferry, N. D	1939
M. O. Grangaard, Minneapolis, Minn	1940
Class B:	
J. E. O'Connell, Helena, Mont	1938
A. P. Funk, LaCrosse, Wis	1939
W. O. Washburn, St. Paul, Minn	1940
Class C:	
W. B. Geery, Minneapolis, Minn	1938
W. C. Coffey, St. Paul, Minn	1939
W. D. Cochran, Iron Mountain, Mich	1940

HELENA BRANCH

R. E. Towle, managing director

R. E. Towle, Helena, Mont	1938
J. E. O'Connell, Helena, Mont	1938
A. R. McDermott, Billings, Mont	1938
Peter Pauly, Deer Lodge, Mont	1939
H. D. Myrick, Square Butte, Mont	1939

DISTRICT NO. 10—KANSAS CITY

J. J. Thomas, chairman and Federal Reserve agent, R. B. Caldwell, deputy chairman, G. H. Hamilton, president, C. A. Worthington, first vice president

Class A:	
E. E. Mullaney, Hill City, Kans	1938
John Evans, Denver, Colo	1939
F. W. Sponable, Paola, Kans	1940
Class B:	
L. E. Phillips, Bartlesville, Okla	1938
W. D. Hosford, Omaha, Nebr	1939
J. M. Bernardin, Dawson, N. M	1940
Class C:	
J. J. Thomas, Kansas City, Mo	1938
E. P. Brown, Davey, Nebr	1939
R. B. Caldwell, Kansas City, Mo	1940

DISTRICT NO. 10—KANSAS CITY—Continued

DENVER BRANCH

J. E. Olson, managing director

Directors	Term expires Dec. 31
J. E. Olson, Denver, Colo	1938
T. A. Dines, Denver, Colo	1938
J. B. Grant, Denver, Colo	1938
Wilson McCarthy, Denver, Colo	1939
R. H. Davis, Denver, Colo	1939
A. K. Mitchell, Albert, N. M	1940
W. C. Kurtz, Grand Junction, Colo	1940

OKLAHOMA CITY BRANCH

C. E. Daniel, managing director

C. E. Daniel, Oklahoma City, Okla	1938
L. D. Edgington, Ponca City, Okla	1938
Clarence Roberts, Oklahoma City, Okla	1938
F. T. Chandler, Chickasha, Okla	1939
T. S. Hanna, Oklahoma City, Okla	1939
Lee Clinton, Tulsa, Okla	1940
S. W. Hayes, Oklahoma City, Okla	1940

OMAHA BRANCH

L. H. Earhart, managing director

L. H. Earhart, Omaha, Nebr	1938
R. E. Campbell, Lincoln, Nebr	1938
G. H. Yates, Omaha, Nebr	1938
W. D. Clark, Omaha, Nebr	1939
H. L. Dempster, Beatrice, Nebr	1939
W. H. Schellberg, Omaha, Nebr	1940
G. A. Bible, Rawlins, Wyo	1940

DISTRICT NO. 11—DALLAS

J. H. Merritt, chairman and Federal Reserve agent, ——— ———, deputy chairman, B. A. McKinney, president, R. R. Gilbert, first vice president

Class A:	
Alf Morris, Winnsboro, Tex	1938
E. H. Winton, Fort Worth, Tex	1939
P. E. Hooks, Itasca, Tex	1940
Class B:	
J. D. Middleton, Greenville, Tex	1938
J. R. Milam, Waco, Tex	1939
H. C. Wiess, Houston, Tex	1940
Class C:	
J. H. Merritt, Dallas, Tex	1938
Jay Taylor, Amarillo, Tex	1939
Vacancy	1940

EL PASO BRANCH

J. L. Hermann, managing director

J. L. Hermann, El Paso, Tex	1938
F. R. Coon, Deming, N. M	1938
F. M. Hayner, Las Cruces, N. M	1938
S. D. Young, El Paso, Tex	1939
R. E. Sherman, El Paso, Tex	1939
J. B. Martin, Tucson, Ariz	1940
C. N. Bassett, El Paso, Tex	1940

DISTRICT NO. 11—DALLAS—Continued

HOUSTON BRANCH

W. D. GENTRY, managing director

Directors	Term expires Dec. 31
W. D. Gentry, Houston, Tex	1938
S. R. Lawder, Houston, Tex	1938
H. Renfert, Galveston, Tex	1938
Sam Taub, Houston, Tex	1939
P. B. Doty, Beaumont, Tex	1939
G. G. Chance, Bryan, Tex	1940
J. W. Neal, Houston, Tex	1940

SAN ANTONIO BRANCH

M. CRUMP, managing director

M. Crump, San Antonio, Tex	1938
J. K. Beretta, San Antonio, Tex	1938
Vacancy	1938
E. F. Flato, Corpus Christi, Tex	1939
G. C. Hollis, Eagle Pass, Tex	1939
C. M. Bartholomew, Austin, Tex	1940
Dolph Briscoe, Uvalde, Tex	1940

DISTRICT NO. 12—SAN FRANCISCO

——— ———, chairman and Federal Reserve agent, ST. GEORGE HOLDEN, deputy chairman, W. A. DAY, president, IRA CLERK, first vice president

Class A:	
T. H. Ramsay, San Francisco, Calif	1938
Keith Powell, Salem, Ore	1939
C. K. McIntosh, San Francisco, Calif	1940
Class B:	
W. G. Volkmann, San Francisco, Calif	1938
R. H. Taylor, Los Angeles, Calif	1939
E. H. Cox, San Francisco, Calif	1940
Class C:	
Vacancy	1938
Carlyle Thorpe, Los Angeles, Calif	1939
St. George Holden, San Francisco, Calif	1940

DISTRICT NO. 12—SAN FRANCISCO—Con.

LOS ANGELES BRANCH

W. N. AMBROSE, managing director

Directors	Term expires Dec. 31
W. N. Ambrose, Los Angeles, Calif	1938
V. H. Rossetti, Los Angeles, Calif	1938
W. S. Rosecrans, Alhambra, Calif	1938
C. E. Brouse, Riverside, Calif	1939
C. V. Newman, Santa Ana, Calif	1939

PORTLAND BRANCH

R. B. WEST, managing director

R. B. West, Portland, Ore	1938
R. S. Smith, Eugene, Ore	1938
A. E. Engbretsen, Astoria, Ore	1938
N. A. Davis, Walla Walla, Wash	1938
E. B. MacNaughton, Portland, Ore	1939
G. T. Gerlinger, Portland, Ore	1939

SALT LAKE CITY BRANCH

W. L. PARTNER, managing director

W. L. Partner, Salt Lake City, Utah	1938
John Thomas, Gooding, Idaho	1938
O. W. Adams, Salt Lake City, Utah	1938
H. S. Auerbach, Salt Lake City, Utah	1939
F. P. Champ, Logan, Utah	1939

SEATTLE BRANCH

C. R. SHAW, managing director

C. R. Shaw, Seattle, Wash	1938
Fred Nelson, Seattle, Wash	1938
B. N. Phillips, Port Angeles, Wash	1938
N. A. Telyea, Spokane, Wash	1938
G. H. Greenwood, Seattle, Wash	1939
C. F. Larrabee, Bellingham, Wash	1939

NUMBER AND SALARIES OF OFFICERS AND EMPLOYEES OF FEDERAL RESERVE BANKS

(December 31, 1938)

Federal Reserve Bank (including branches)	Annual salary of President	Other officers		Employees, except those whose salaries are reimbursed to bank		Employees whose salaries are reimbursed to bank		Total	
		Number	Annual salaries	Number	Annual salaries	Number	Annual salaries	Number	Annual salaries
Boston	$30,000	9	$87,000	606	$923,000	101	$129,930	717	$1,169,930
New York	50,000	39	439,800	1,941	3,769,082	329	585,000	2,310	4,843,882
Philadelphia	25,000	10	94,200	668	1,104,796	104	162,392	783	1,386,388
Cleveland	25,000	18	147,400	845	1,375,662	109	186,365	973	1,734,427
Richmond	21,000	17	120,000	512	760,392	151	193,642	681	1,095,034
Atlanta	25,000	20	129,420	386	507,960	347	424,328	754	1,086,708
Chicago	35,000	22	210,000	1,038	1,659,764	470	672,775	1,531	2,577,539
St. Louis	20,000	21	159,100	495	686,244	152	210,295	669	1,075,639
Minneapolis	25,000	13	82,600	249	396,131	105	150,249	368	653,980
Kansas City	25,000	18	141,700	460	716,950	143	210,282	622	1,093,932
Dallas	30,000	14	102,800	358	582,958	236	315,892	609	1,031,650
San Francisco	25,000	26	188,300	692	1,150,949	183	278,911	902	1,643,160
Total	336,000	227	1,902,320	8,250	13,633,888	2,430	3,520,061	10,919	19,392,269

STATE BANK AND TRUST COMPANY MEMBERS

Following is a list of the 1,114 State bank and trust company members of the Federal Reserve System on December 31, 1938.

DISTRICT NO. 1 (42 banks)

CONNECTICUT (5 banks)

Hartford	Phoenix State Bank & Trust Co.
New Haven	Union & New Haven Trust Co.
Torrington	Brooks Bank & Trust Co.
Waterbury	Colonial Trust Co.
	Waterbury Trust Co.

MAINE (5 banks)

Augusta	Depositors Trust Co.
Bangor	Merrill Trust Co.
Bar Harbor	Bar Harbor Banking & Trust Co.
Ellsworth	Union Trust Co.
Sanford	Sanford Trust Co.

MASSACHUSETTS (29 banks)

Arlington	Menotomy Trust Co.
Boston	New England Trust Co.
	Old Colony Trust Co.
	Pilgrim Trust Co.
	State Street Trust Co.
	United States Trust Co.
Bridgewater	Bridgewater Trust Co.
Brookline	Norfolk County Trust Co.
Cambridge	County Bank & Trust Co.
	Harvard Trust Co.
Fall River	B. M. C. Durfee Trust Co.
	Fall River Trust Co.
Gloucester	Gloucester Safe Deposit & Trust Co.
Greenfield	Franklin County Trust Co.
Holyoke	Hadley Falls Trust Co.
Hyannis	Hyannis Trust Co.
Lynn	Security Trust Co.
Milton	Blue Hill Bank & Trust Co.
Newton	Newton Trust Co.
Norwood	Norwood Trust Co.
Quincy	Quincy Trust Co.
Salem	Naumkeag Trust Co.
Somerville	Somerville Trust Co.
Springfield	Springfield Safe Deposit & Trust Co.
	Union Trust Co.
Taunton	Bristol County Trust Co.
Wellesley Hills	Wellesley Trust Co.
Winchester	Winchester Trust Co.
Worcester	Worcester County Trust Co.

NEW HAMPSHIRE (1 bank)

Conway	Carroll County Trust Co.

RHODE ISLAND (2 banks)

Providence	Industrial Trust Co.
	Union Trust Co.

DISTRICT NO. 2 (173 banks)

NEW JERSEY [1] (49 banks)

Bayonne	Bayonne Trust Co.
Bloomfield	Bloomfield Bank & Trust Co.
	Community Trust Co.
Bogota	Bank of Bogota
Boonton	Boonton Trust Co.
Carteret	Carteret Bank & Trust Co.
Cranford	Cranford Trust Co.
Dover	Dover Trust Co.
Dunellen	Peoples Trust Co.
East Orange	Savings Investment & Trust Co.
Elizabeth	Central Home Trust Co.
	Elizabethport Banking Co.
Fort Lee	Fort Lee Trust Co.
Franklin	Sussex County Trust Co.
Glen Ridge	Glen Ridge Trust Co.
Glen Rock	Glen Rock Bank
Hackensack	Hackensack Trust Co.
	Peoples Trust Co. of Bergen County

DISTRICT NO. 2—Continued

NEW JERSEY—continued

Jersey City	Commercial Trust Co. of New Jersey
	New Jersey Title Guarantee & Trust Co.
Linden	Linden Trust Co.
Montclair	Bank of Montclair
	Montclair Trust Co.
Morristown	Morristown Trust Co.
Newark	Clinton Trust Co.
	Columbus Trust Co.
	Federal Trust Co.
	Fidelity Union Trust Co.
	Franklin-Washington Trust Co.
	Merchants & Newark Trust Co.
	United States Trust Co.
	West Side Trust Co.
Nutley	Bank of Nutley
Passaic	Bank of Passaic & Trust Co.
	Peoples Bank & Trust Co.
Paterson	Hamilton Trust Co.
Perth Amboy	First Bank & Trust Co.
Plainfield	Mid-City Trust Co.
	Plainfield Trust Co.
	State Trust Co.
Rahway	Rahway Trust Co.
Ridgefield Park	Ridgefield Park Trust Co.
Rochelle Park	Rochelle Park Bank
Rutherford	Rutherford Trust Co.
South Orange	South Orange Trust Co.
Summit	Summit Trust Co.
Tenafly	Tenafly Trust Co.
Westfield	Peoples Bank & Trust Co.
	Westfield Trust Co.

NEW YORK (124 banks)

Adams	Citizens & Farmers Trust Co.
Albany	First Trust Co.
	State Bank of Albany
Amityville	Bank of Amityville
Amsterdam	Montgomery County Trust Co.
Arcade	Citizens Bank
Avoca	Bank of Avoca
Batavia	Genesee Trust Co.
Belmont	State Bank of Belmont
Binghamton	Marine Midland Trust Co.
Blasdell	Bank of Blasdell
Brooklyn (see New York)	
Buffalo	Liberty Bank
	Manufacturers & Traders Trust Co.
	Marine Trust Co.
Canandaigua	Ontario County Trust Co.
Canaseraga	Canaseraga State Bank
Canisteo	First State Bank
Cattaraugus	Bank of Cattaraugus
Center Moriches	Center Moriches Bank
Chatham	State Bank of Chatham
Chestertown	Chester-Schroon-Horicon Bank
Clymer	Clymer State Bank
Cohocton	Cohocton State Bank
De Ruyter	De Ruyter State Bank
Dunkirk	Dunkirk Trust Co.
Ellenburg Depot	State Bank of Ellenburg
Elmira	Chemung Canal Trust Co.
Endicott	Endicott Trust Co.
	Union Trust Co.
Evans Mills	Peoples Bank
Farmingdale	Bank of Farmingdale
Floral Park	Floral Park Bank & Trust Co.
Fredonia	Citizens Trust Co.
Garden City	Garden City Bank & Trust Co.
Geneva	Geneva Trust Co.
Gloversville	Trust Co. of Fulton County
Great Neck	Bank of Great Neck
Hamburg	Peoples Bank of Hamburgh
Hammondsport	Bank of Hammondsport
Hicksville	Bank of Hicksville

[1] Exclusive of part of State located in another district.

DISTRICT NO. 2—Continued

NEW YORK—continued

Ithaca	Tompkins County Trust Co.
Jamestown	Bank of Jamestown
Johnson City	Workers Trust Co.
Katonah	Northern Westchester Bank
Kingston	Kingston Trust Co.
Lackawanna	American Bank
Little Falls	Herkimer County Trust Co.
Locke	Citizens Bank
Lowville	Lewis County Trust Co.
Malone	Peoples Trust Co.
Massena	Massena Banking & Trust Co.
Mayville	State Bank of Mayville
Middletown	Orange County Trust Co.
Millbrook	Bank of Millbrook
Mineola	Nassau County Trust Co.
Mount Kisco	Trust Co. of Northern Westchester
Mount Vernon	Fleetwood Bank
	Mount Vernon Trust Co.
New York	Amalgamated Bank
	Bankers Trust Co.
	Bank of the Manhattan Co.
	Bank of New York
	Bank of Yorktown
	Brooklyn Trust Co.
	Central Hanover Bank & Trust Co.
	Chemical Bank & Trust Co.
	City Bank-Farmers Trust Co.
	Clinton Trust Co.
	Colonial Trust Co.
	Continental Bank & Trust Co.
	Corn Exchange Bank Trust Co.
	Federation Bank & Trust Co.
	Fifth Avenue Bank
	Fulton Trust Co.
	Guaranty Trust Co.
	Irving Trust Co.
	Lawyers Trust Co.
	Manufacturers Trust Co.
	Marine Midland Trust Co.
	Merchants Bank
	New York Trust Co.
	Pan American Trust Co.
	Pennsylvania Exchange Bank
	Schroder Trust Co.
	Trade Bank of New York
	United States Trust Co.
Niagara Falls	Power City Trust Co.
North Collins	Bank of North Collins
Ogdensburg	Ogdensburg Trust Co.
Olean	Olean Trust Co.
Oneida	Madison County Trust & Deposit Co.
Ontario	State Bank of Ontario
Orchard Park	Bank of Orchard Park
Oriskany Falls	First Trust & Deposit Co.
Ossining	Ossining Trust Co.
Pearl River	State Bank of Pearl River
Perry	Citizens Bank
Pleasantville	Mount Pleasant Bank & Trust Co.
Port Chester	Mutual Trust Co. of Westchester County
Rochester	Central Trust Co.
	Lincoln-Alliance Bank & Trust Co.
Rome	Rome Trust Co.
Sag Harbor	Peconic Bank
Salamanca	Salamanca Trust Co.
Saratoga Springs	Adirondack Trust Co.
Sayville	Oystermen's Bank & Trust Co.
Schenectady	Schenectady Trust Co.
Sea Cliff	State Bank of Sea Cliff
Smithtown Branch	Bank of Smithtown
Southampton	Southampton Bank
Spring Valley	Ramapo Trust Co.
Stony Brook	Bank of Suffolk County
Syracuse	First Trust & Deposit Co.
	Syracuse Trust Co.
Tarrytown	Washington Irving Trust Co.
Utica	First Citizens Bank & Trust Co.
Warsaw	Wyoming County Bank & Trust Co.
Watertown	Northern New York Trust Co.
Watkins Glen	Watkins State Bank
Westbury	Bank of Westbury Trust Co.
Westhampton Beach	Seaside Bank
West New Brighton	West New Brighton Bank
White Plains	Citizens Bank
	County Trust Co.

DISTRICT NO. 3 (66 banks)

DELAWARE (4 banks)

Wilmington	Equitable Trust Co.
	Industrial Trust Co.
	Security Trust Co.
	Wilmington Trust Co.

NEW JERSEY[1] (5 banks)

Camden	Camden Trust Co.
Hightstown	Hightstown Trust Co.
Princeton	Princeton Bank & Trust Co.
Riverside	Riverside Trust Co.
Swedesboro	Swedesboro Trust Co.

PENNSYLVANIA[1] (57 banks)

Allentown	Liberty Bank & Trust Co.
Bloomsburg	Bloomsburg Bank - Columbia Trust Co.
Carlisle	Carlisle Trust Co.
Chester	Chester-Cambridge Bank & Trust Co.
Clearfield	Clearfield Trust Co.
Danville	Montour County Trust Co.
Du Bois	Union Banking & Trust Co.
Easton	Easton Trust Co.
East Petersburg	East Petersburg State Bank
Egypt	Farmers Bank
Harrisburg	Central Trust Co.
	Dauphin Deposit Trust Co.
Hazleton	Markle Banking & Trust Co.
	Peoples Savings & Trust Co.
	Traders Bank & Trust Co.
Honesdale	Wayne County Savings Bank
Houtzdale	Houtzdale Trust Co.
Huntingdon	Grange Trust Co.
Jenkintown	Jenkintown Bank & Trust Co.
Lancaster	Farmers Bank & Trust Co.
	Northern Bank & Trust Co.
Lemoyne	Lemoyne Trust Co.
Lewistown	Lewistown Trust Co.
Littlestown	Littlestown State Bank
Lock Haven	Lock Haven Trust Co.
Lykens	Miners Bank & Trust Co.
Mahanoy City	Merchants Banking Trust Co.
Middletown	Citizens Bank & Trust Co.
Mount Carmel	Liberty State Bank & Trust Co.
Myerstown	Myerstown Trust Co.
Nanticoke	Peoples Bank
New Oxford	Farmers & Merchants Bank
Norristown	Montgomery Trust Co.
	Norristown-Penn Trust Co.
Orrstown	Orrstown Bank
Paoli	Paoli Bank & Trust Co.
Philadelphia	Fidelity-Philadelphia Trust Co.
	First Trust Company
	Gimbel Bros. Bank & Trust Co.
	Girard Trust Co.
	Integrity Trust Co.
	Ninth Bank & Trust Co.
	Pennsylvania Co. for Insurances on Lives and Granting Annuities
	Provident Trust Co.
Prospect Park	Interboro Bank & Trust Co.
Quakertown	Quakertown Trust Co.
Reading	Reading Trust Co.
Schnecksville	Schnecksville State Bank
Schuylkill Haven	Schuylkill Haven Trust Co.
Steelton	Steelton Bank & Trust Co.
Tamaqua	Peoples Trust Co.
Temple	Temple State Bank

[1] Exclusive of part of State located in another district.

DISTRICT NO. 3—Continued

PENNSYLVANIA—continued

Wilkes-Barre	Wilkes-Barre Deposit & Savings Bank
Williamsport	West Branch Bank & Trust Co.
Wyomissing	Peoples Trust Co.
York	Guardian Trust Co.
	York Trust Co.

DISTRICT NO. 4 (114 banks)

KENTUCKY[1] (6 banks)

Covington	Peoples-Liberty Bank & Trust Co.
Lexington	Bank of Commerce
	Security Trust Co.
Paris	Bourbon-Agricultural Bank & Trust Co.
	Peoples Deposit Bank & Trust Co.
Richmond	State Bank & Trust Co.

OHIO (81 banks)

Akron	Firestone Park Trust & Savings Bank
	First-Central Trust Co.
Apple Creek	Apple Creek Banking Co.
Archbold	Peoples State Bank Co.
Ashland	Ashland Bank & Savings Co.
Bellevue	Union Bank & Savings Co.
Bellville	Farmers Bank
Brecksville	Brecksville Bank
Canal Winchester	Peoples Bank Co.
Canton	Geo. D. Harter Bank
Castalia	Castalia Banking Co.
Celina	Commercial Bank Co.
Christiansburg	Farmers & Merchants Bank Co.
Cincinnati	Central Trust Co.
	Fifth-Third Union Trust Co.
	Peoples Bank & Savings Co.
	Provident Savings Bank & Trust Co.
	Southern Ohio Savings Bank & Trust Co.
	Western Bank & Trust Co.
Cleveland	Cleveland Trust Co.
	Lorain Street Bank
	Union Bank of Commerce Co.
Columbiana	Union Banking Co.
Columbus	Fifth Avenue Savings Bank Co.
Conneaut	Citizens Banking & Savings Co.
	Conneaut Banking & Trust Co.
Cortland	Cortland Savings & Banking Co.
Coshocton	Peoples Bank & Trust Co.
Danville	Commercial & Savings Bank Co.
Delphos	Commercial Bank
	Peoples Bank
Delta	Peoples Savings Bank Co.
East Liverpool	Potters Bank & Trust Co.
Elyria	Elyria Savings & Trust Co.
	Savings Deposit Bank & Trust Co.
Fayette	Fayette State Savings Bank Co.
Findlay	Ohio Bank & Savings Co.
Geneva	Geneva Savings & Trust Co.
Gibsonburg	Home Banking Co.
Hillsboro	Hillsboro Bank & Savings Co.
Hubbard	Hubbard Banking Co.
Leesburg	Citizens Bank & Savings Co.
Lyons	Farmers State Bank
Madison	Citizens Bank
Mansfield	Farmers Savings & Trust Co.
Marengo	Marengo Banking Co.
Martins Ferry	Peoples Savings Bank Co.
Mason	First-Mason Bank
Massillon	Ohio-Merchants Trust Co.
Middletown	First American Bank & Trust Co.
Minster	Minster State Bank
Mount Blanchard	Citizens Bank
Mount Vernon	Knox County Savings Bank
Napoleon	Community Bank

[1] Exclusive of part of State located in another district.

DISTRICT NO. 4—Continued

KENTUCKY—continued

Newark	Licking County Bank
	Newark Trust Co.
New Lexington	Perry County Bank
New Philadelphia	Ohio Savings & Trust Co.
Norwalk	Huron County Banking Co.
Norwood	Norwood-Hyde Park Bank & Trust Co.
Oak Harbor	Oak Harbor State Bank Co.
Oberlin	Oberlin Savings Bank Co.
Orrville	Orrville Savings Bank
Pomeroy	Farmers Bank & Savings Co.
Rittman	Rittman Savings Bank
Russellville	Bank of Russellville Co.
St. Marys	Home Banking Co.
Sandusky	Western Security Bank
Shelby	Citizens Bank
Shiloh	Shiloh Savings Bank Co.
Toledo	Commerce Guardian Bank
	Morris Plan Bank
	Ohio Citizens Trust Co.
	Toledo Trust Co.
Utica	Utica Savings Bank Co.
Van Wert	Peoples Savings Bank
Wakeman	Wakeman Bank Co.
Wellington	First Wellington Bank
Wooster	Commercial Banking & Trust Co.
Yellow Springs	Miami Deposit Bank
Youngstown	Dollar Savings & Trust Co.

PENNSYLVANIA[1] (23 banks)

Aliquippa	Woodlawn Trust Co.
Ambridge	Economy Bank
Beaver	Beaver Trust Co.
Dormont	Dormont Savings & Trust Co.
Erie	Security-Peoples Trust Co.
Homestead	Monongahela Trust Co.
McKeesport	Peoples City Bank
Meadville	Crawford County Trust Co.
New Brighton	Beaver County Trust Co.
New Castle	Lawrence Savings & Trust Co.
Paint Borough (Scalp Level P. O.)	Merchants & Miners Bank
Pittsburgh	Allegheny Trust Co.
	Allegheny Valley Bank
	Colonial Trust Co.
	Commonwealth Trust Co.
	Homewood Bank
	Peoples-Pittsburgh Trust Co.
	Potter Title & Trust Co.
	Union Trust Co.
Somerset	Somerset Trust Co.
Turtle Creek	Turtle Creek Bank & Trust Co.
Warren	Warren Bank & Trust Co.
Windber	Windber Trust Co.

WEST VIRGINIA[1] (4 banks)

Sistersville	First-Tyler Bank & Trust Co.
Wheeling	Citizens Mutual Trust Co.
	Security Trust Co.
	Wheeling Dollar Savings & Trust Co.

DISTRICT NO. 5 (69 banks)

DISTRICT OF COLUMBIA (4 banks)

Washington	American Security & Trust Co.
	National Savings & Trust Co.
	Union Trust Co.
	Washington Loan & Trust Co.

MARYLAND (11 banks)

Baltimore	Baltimore Commercial Bank
	Calvert Bank
	Commonwealth Bank
	Fidelity Trust Co.
	Maryland Trust Co.
	Union Trust Co. of Maryland
Cambridge	County Trust Co. of Maryland
Ellicott City	Commercial & Farmers Bank
Forest Hill	Forest Hill State Bank
Hagerstown	Hagerstown Trust Co.
Salisbury	Farmers & Merchants Bank

DISTRICT NO. 5—Continued

NORTH CAROLINA (9 banks)

Charlotte .... American Trust Co.
Concord .... Citizens Bank & Trust Co.
Edenton .... Bank of Edenton
Marshall .... Citizens Bank
Tryon .... Tryon Bank & Trust Co.
Washington .... Bank of Washington
Wilmington .... Peoples Savings Bank & Trust Co.
Wilmington Savings & Trust Co.
Winston-Salem ... Wachovia Bank & Trust Co.

SOUTH CAROLINA (4 banks)

Bishopville .... Peoples Bank
Charleston .... Carolina Savings Bank
Chester .... Commercial Bank
Hartsville .... Bank of Hartsville

VIRGINIA (26 banks)

Abingdon .... Farmers Exchange Bank
Amelia .... Union Bank & Trust Co.
Blackstone .... Citizens Bank & Trust Co.
Chase City........ Peoples Bank & Trust Co.
Farmville .... Planters Bank & Trust Co.
Front Royal....... Bank of Warren
Glade Spring...... Bank of Glade Spring
Halifax .... Bank of Halifax
Kenbridge .... Bank of Lunenburg
Lacrosse .... Bank of Lacrosse
Lawrenceville ..... Farmers & Merchants Bank
Lynchburg .... Lynchburg Trust & Savings Bank
Montross .... Peoples Bank
Petersburg .... Petersburg Savings & American Trust Co.
Powhatan .... Bank of Powhatan
Richmond .... Bank of Commerce & Trusts
Mechanics & Merchants Bank
State-Planters Bank & Trust Co.
Rural Retreat..... Peoples Bank
Smithfield .... Merchants & Farmers Bank, Inc.
South Hill .... Citizens Bank, Inc.
Suffolk .... American Bank & Trust Co.
Farmers Bank of Nansemond
Tazewell .... Farmers Bank of Clinch Valley
Williamsburg ..... Peninsula Bank & Trust Co.
Winchester .... Union Bank

WEST VIRGINIA [1] (15 banks)

Berwind .... Berwind Bank
Buffalo .... Buffalo Bank
Charleston .... Kanawha Banking & Trust Co.
Kanawha Valley Bank
Hurricane .... Putnam County Bank
Lewisburg .... Greenbrier Valley Bank
Martinsburg ...... Peoples Trust Co.
Parsons .... Tucker County Bank
Petersburg .... Potomac Valley Bank
Rainelle .... Bank of Rainelle
Romney .... Bank of Romney
St. Albans .... Bank of St. Albans
St. Marys .... Pleasants County Bank
Spencer .... Traders Trust & Banking Co.
Summersville ..... Farmers & Merchants Bank

DISTRICT NO. 6 (52 banks)

ALABAMA (16 banks)

Aliceville .... Aliceville Bank & Trust Co.
Birmingham ...... Birmingham Trust & Savings Co.
Clanton .... Peoples Savings Bank
Clayton .... Bank of Commerce
Columbiana ...... Columbiana Savings Bank
Cullman .... Parker Bank & Trust Co.
Dothan .... Dothan Bank & Trust Co.
Eutaw .... Merchants & Farmers Bank of Greene County
Guin .... Marion County Banking Co.
Marion Junction... Marion Junction State Bank
Oneonta .... Citizens Bank
Pine Apple........ Bank of Pine Apple

DISTRICT NO. 6—Continued

ALABAMA—continued

Selma .... Peoples Bank & Trust Co.
Thomaston .... Planters Bank & Trust Co.
Winfield .... Winfield State Bank
York .... Bank of York

FLORIDA (4 banks)

Fort Lauderdale... Broward Bank & Trust Co.
Marianna .... Citizens State Bank
Ocala .... Commercial Bank & Trust Co.
St. Petersburg.... Union Trust Co.

GEORGIA (20 banks)

Adairsville .... Bank of Adairsville
Atlanta .... Trust Co. of Georgia
Augusta .... Georgia Railroad Bank & Trust Co.
Bainbridge .... Citizens Bank & Trust Co.
Blackshear .... Blackshear Bank
Brunswick .... Brunswick Bank & Trust Co.
Canton .... Bank of Canton
Columbus .... Columbus Bank & Trust Co.
Merchants & Mechanics Bank
Commerce .... Northeastern Banking Co.
Lawrenceville ..... Brand Banking Co.
Lincolnton .... Farmers State Bank
Millen .... Bank of Millen
Monroe .... Farmers Bank
Pelham .... Farmers Bank
Savannah .... Citizens Bank & Trust Co.
Savannah Bank & Trust Co.
Soperton .... Bank of Soperton
Swainsboro .... Central Bank
Tifton .... Bank of Tifton

LOUISIANA [1] (5 banks)

Alexandria .... Rapides Bank & Trust Co.
Lake Charles ..... Lake Charles Bank & Trust Co.
New Orleans....... American Bank & Trust Co.
Louisiana Savings Bank & Trust Co.
Slidell .... Bank of Slidell

MISSISSIPPI [1] (1 bank)

Forest .... Bank of Forest

TENNESSEE (6 banks)

Carthage .... Citizens Bank & Trust Co.
Chattanooga ...... American Trust & Banking Co.
Greeneville .... Greene County Bank
Hartsville .... Bank of Hartsville
Knoxville .... Commercial Bank & Trust Co.
Nashville .... Commerce Union Bank

DISTRICT NO. 7 (253 banks)

ILLINOIS [1] (62 banks)

Argenta .... Gerber State Bank
Bloomington ...... Corn Belt Bank
Peoples Bank
Blue Island .... State Bank of Blue Island
Bushnell .... Farmers & Merchants State Bank
Byron .... Rock River Community Bank
Chicago .... Amalgamated Trust & Savings Bank
Drexel State Bank
Hamilton State Bank
Harris Trust & Savings Bank
Kaspar-American State Bank
Lake Shore Trust & Savings Bank
Lake View Trust & Savings Bank
Main State Bank
Mercantile Trust & Savings Bank
Metropolitan State Bank
Metropolitan Trust Co.
Northern Trust Co.
Chicago .... Personal Loan & Savings Bank
Sears-Community State Bank
State Bank of Clearing
Uptown State Bank
Cowden .... State Bank of Cowden

[1] Exclusive of part of State located in another district.

DISTRICT NO. 7—Continued

ILLINOIS—continued

Elburn	Kane County Bank & Trust Co.
Eureka	State Bank of Eureka
Evanston	Evanston Trust & Savings Bank
	State Bank & Trust Co.
Fairbury	Fairbury State Bank
Freeport	State Bank of Freeport
Fulton	Fulton State Bank
Galesburg	Farmers & Mechanics Bank
Geneva	State Bank of Geneva
Joy	Joy State Bank
Kankakee	City Trust & Savings Bank
Kewanee	Peoples State Savings Bank
Lostant	Farmers State Bank
Mattoon	Central Illinois Trust & Savings Bank
McHenry	West McHenry State Bank
Metamora	Metamora State Bank
Milford	Citizens State Bank
Momence	Parish Bank & Trust Co.
Morrison	Smith Trust & Savings Bank
Niantic	State Bank of Niantic
Niles Center	Niles Center State Bank
Oak Park	Oak Park Trust & Savings Bank
Petersburg	Schirding State Bank
Riverdale	First Trust & Savings Bank
Rochester	Rochester State Bank
Rushville	Rushville State Bank
Shannon	First State Bank
Shelbyville	Shelby County State Bank
Springfield	Springfield Marine Bank
Thomson	Thomson State Bank
Tolono	Bank of Tolono
	Citizens Bank
Tuscola	Tuscola State Bank
Walnut	Citizens State Bank
Washington	Danforth Banking Co.
Wenona	First State Bank
Wheaton	Gary-Wheaton Bank
	Wheaton Trust & Savings Bank
Wilmette	Wilmette State Bank

INDIANA (18 banks)

Auburn	Auburn State Bank
Columbia City	Citizens State Bank
Connersville	Fayette Bank & Trust Co.
Darlington	Farmers & Merchants State Bank
Elkhart	St. Joseph Valley Bank
Greencastle	First-Citizens Bank & Trust Co.
Hartford City	Citizens State Bank
Hebron	Citizens Bank
Indianapolis	Fletcher Trust Co.
Jamestown	Citizens State Bank
Kokomo	Union Bank & Trust Co.
Mohawk	Mohawk State Bank
Monticello	State & Savings Bank
Muncie	Merchants Trust & Savings Co.
Poland	Poland-State Bank
South Bend	First Bank & Trust Co.
Tipton	Farmers Loan & Trust Co.
Valparaiso	First State Bank

IOWA (33 banks)

Algona	Iowa State Bank
	Security State Bank
Avoca	Avoca State Bank
Blencoe	Blencoe State Bank
Cedar Falls	Union Bank & Trust Co.
Cherokee	Cherokee State Bank
Churdan	First State Bank
Davenport	Davenport Bank & Trust Co.
Des Moines	Bankers Trust Co.
Fairfield	Iowa State Bank & Trust Co.
Fontanelle	State Savings Bank
Fort Dodge	The State Bank
Fort Madison	Fort Madison Savings Bank
Glenwood	Glenwood State Bank
Holstein	Holstein State Bank
Ida Grove	Ida County State Bank

DISTRICT NO. 7—Continued

IOWA—continued

Lineville	Lineville State Bank
Maquoketa	Jackson State Savings Bank
Mason City	United Home Bank & Trust Co.
Monticello	Monticello State Bank
Moorhead	Moorhead State Bank
Muscatine	Central State Bank
	Muscatine Bank & Trust Co.
Newton	Jasper County Savings Bank
Osage	Home Trust & Savings Bank
Ottumwa	Union Bank & Trust Co.
Riceville	Riceville State Bank
Royal	Home State Bank
Shenandoah	Security Trust & Savings Bank
Storm Lake	Security Trust & Savings Bank
Templeton	Templeton Savings Bank
Washington	Washington State Bank
Williams	Williams Savings Bank

MICHIGAN[1] (116 banks)

Adrian	Adrian State Savings Bank
	Commercial Savings Bank
	Lenawee County Savings Bank
Albion	Commercial & Savings Bank
Algonac	Algonac Savings Bank
Alpena	Alpena Savings Bank
Alto	Farmers State Bank
Ann Arbor	Ann Arbor Savings & Commercial Bank
	State Savings Bank
Armada	Armada State Bank
Bay City	Bay City Bank
	Peoples Commercial & Savings Bank
Belleville	Peoples State Bank
Berrien Springs	Berrien Springs State Bank
Big Rapids	Big Rapids Savings Bank
Blanchard	Blanchard State Bank
Blissfield	Blissfield State Bank
Bronson	Peoples State Bank
Brown City	Brown City Savings Bank
Capac	Capac State Savings Bank
Cass City	Cass City State Bank
	Pinney State Bank
Cassopolis	Cass County State Bank
Charlevoix	Charlevoix County State Bank
Charlotte	Eaton County Savings Bank
Chelsea	Chelsea State Bank
Chesaning	Chesaning State Bank
Clarkston	Clarkston State Bank
Coloma	State Bank of Coloma
Coopersville	Coopersville State Bank
Corunna	Old Corunna State Bank
Croswell	State Bank of Croswell
Davison	Davison State Bank
Detroit	Detroit Bank
	Industrial Morris Plan Bank
	United Savings Bank
Dundee	Monroe County Bank
Ecorse	Ecorse Savings Bank
Farmington	Farmington State Bank
Fennville	Old State Bank
Fenton	State Savings Bank
Flint	Citizens Commercial & Savings Bank
	Genesee County Savings Bank
Fountain	Fountain State Bank
Frankenmuth	Frankenmuth State Bank
Fremont	Fremont State Bank
	Old State Bank
Gagetown	State Savings Bank
Grand Haven	Grand Haven State Bank
	Peoples Savings Bank
Grand Rapids	Old Kent Bank
Grandville	Community State Bank
Greenville	Commercial State Savings Bank
	First State Bank of Greenville
Grosse Pointe	Grosse Pointe Bank
Harbor Springs	Emmet County State Bank
Hillsdale	Hillsdale State Savings Bank
Holland	Holland State Bank
	Peoples State Bank
Holly	First State & Savings Bank
Howell	First State & Savings Bank

[1] Exclusive of part of State located in another district

DISTRICT NO. 7—Continued

MICHIGAN—continued

Imlay City	Imlay City State Bank
Jackson	Jackson City Bank & Trust Co.
Jonesville	Grosvenor Savings Bank
Kingston	Kingston State Bank
Lakeview	Bank of Lakeview
Lansing	American State Savings Bank
	Bank of Lansing
Lapeer	Lapeer Savings Bank
Lawrence	Home State Bank
Lowell	State Savings Bank
Manchester	Peoples Bank
	Union Savings Bank
Manistee	Manistee County Savings Bank
Marcellus	G. W. Jones Exchange Bank
Marshall	Commercial Savings Bank
Mason	Farmers Bank
Midland	Chemical State Savings Bank
Milan	Peoples State Bank
Milford	Oakland County State Bank
Monroe	Dansard State Bank
Montague	Farmers State Bank
Mount Clemens	Mount Clemens Savings Bank
Mount Pleasant	Exchange Savings Bank
	Isabella County State Bank
New Baltimore	Citizens State Savings Bank
New Haven	New Haven Savings Bank
North Branch	Pioneer Bank
Onsted	Onsted State Bank
Oxford	Oxford Savings Bank
Petoskey	First State Bank
Pigeon	Pigeon State Bank
Pinconning	Pinconning State Bank
Richmond	Macomb County Savings Bank
Romeo	Romeo Savings Bank
Royal Oak	Guardian Bank
Saginaw	Saginaw State Bank
St. Charles	St. Charles State Bank
St. Clair	Commercial & Savings Bank
St. Johns	State Bank of St. Johns
Saugatuck	Fruit Growers State Bank
Sebewaing	Farmers & Merchants State Bank
South Haven	Citizens State Bank
	First State Bank
Sparta	Sparta State Bank
Spring Lake	Spring Lake State Bank
Springport	Springport State Savings Bank
Traverse City	Traverse City State Bank
Trenton	Trenton State Bank
Vassar	State Bank of Vassar
Wayne	Wayne State Bank
Whitehall	State Bank of Whitehall
Williamston	Peoples State Bank
Wyandotte	Wyandotte Savings Bank
Yale	Yale State Bank
Zeeland	Zeeland State Bank

WISCONSIN [1] (24 banks)

Antigo	Fidelity Savings Bank
Burlington	Bank of Burlington
Chilton	Commercial Bank
Edgerton	Tobacco Exchange Bank
Green Bay	Peoples Trust & Savings Bank
Green Lake	Green Lake State Bank
Kaukauna	Bank of Kaukauna
Manitowac	Manitowoc Savings Bank
Markesan	Markesan State Bank
Mayville	State Bank of Mayville
Milwaukee	American State Bank
	Marshall & Ilsley Bank
	West Side Bank
Platteville	State Bank of Platteville
Sauk City	Farmers & Citizens Bank
Sheboygan	Bank of Sheboygan
	Citizens State Bank
South Milwaukee	Home State Bank
Sturgeon Bay	Bank of Sturgeon Bay
Viroqua	State Bank of Viroqua
Waupaca	Farmers State Bank
Waupun	State Bank of Waupun
Wausau	Citizens State Bank
Whitewater	First Citizens State Bank

DISTRICT NO. 8 (77 banks)

ARKANSAS (7 banks)

Batesville	Citizens Bank & Trust Co.
Blytheville	Farmers Bank & Trust Co.
Fordyce	Fordyce Bank & Trust Co.
Little Rock	W. B. Worthen Co.
Russellville	Bank of Russellville
	Peoples Exchange Bank
Waldron	Bank of Waldron

ILLINOIS [1] (17 banks)

Breese	State Bank of Breese
Chester	First State Bank
Columbia	Monroe County Savings Bank & Trust Co.
East St. Louis	Union Trust Co.
Edwardsville	Bank of Edwardsville
Effingham	Effingham State Bank
Eldorado	C. P. Burnett & Sons, Bankers
Greenville	State Bank of Hoiles & Sons
Highland	State & Trust Bank
Hillsboro	Montgomery County Loan & Trust Co.
Hoyleton	Hoyleton State & Savings Bank
Jacksonville	Elliott State Bank
Johnston City	Johnston City State Bank
Litchfield	Litchfield Bank & Trust Co.
O'Fallon	First State Bank
Richview	Richview State Bank
Steeleville	State Bank of Steeleville

KENTUCKY [1] (7 banks)

Danville	Boyle Bank & Trust Co.
Hartford	Citizens Bank
Hopkinsville	Planters Bank & Trust Co.
Louisville	Kentucky Title Trust Co.
	Lincoln Bank & Trust Co.
	Louisville Trust Co.
Owensboro	First - Owensboro Bank & Trust Co.

MISSISSIPPI [1] (1 bank)

Indianola	Peoples Bank

MISSOURI [1] (45 banks)

Camdenton	Camden County Bank
Carrollton	Carroll County Trust Co.
Clayton	St. Louis County Bank
Clinton	Union State Bank
Farmington	United Bank
Fulton	Callaway Bank
Glasgow	Glasgow Savings Bank
Hannibal	Farmers & Merchants Bank & Trust Co.
Lancaster	Schuyler County State Bank
Lebanon	State Savings Bank
Luxemburg (St. Louis P. O.)	Lemay Ferry Bank
Maplewood	Peoples State Bank
Marshall	Wood & Huston Bank
Memphis	Bank of Memphis
Moberly	City Bank & Trust Co.
	Mechanics Bank & Trust Co.
Monroe City	Monroe City Bank
Normandy	Normandy State Bank
Pine Lawn	Pine Lawn Bank
St. Louis	Baden Bank
	Bremen Bank & Trust Co.
	Cass Bank & Trust Co.
	Chippewa Trust Co.
	Easton-Taylor Trust Co.
	Jefferson Bank & Trust Co.
	Jefferson-Gravois Bank
	Lindell Trust Co.
	Manchester Bank
	Manufacturers Bank & Trust Co.
	Mercantile-Commerce Bank & Trust Co.
	Mississippi Valley Trust Co.
	Mound City Trust Co.
	North St. Louis Trust Co.
	Northwestern Trust Co.
	Plaza Bank
	Southern Commercial & Savings Bank

[1] Exclusive of part of State located in another district.

DISTRICT NO. 8—Continued

MISSOURI—continued

St. Louis	Southwest Bank
	Tower Grove Bank & Trust Co.
	United Bank & Trust Co.
St. Louis County	Gravois Bank
Sedalia	Sedalia Bank & Trust Co.
Vandalia	Vandalia State Bank
Versailles	Bank of Versailles
Washington	Franklin County Bank
Webster Groves	Webster Groves Trust Co.

DISTRICT NO. 9 (71 banks)

MICHIGAN [1] (9 banks)

Escanaba	State Savings Bank
Ewen	State Bank of Ewen
Gladstone	Gladstone State Savings Bank
Iron Mountain	Commercial Bank
Iron River	Miners' State Bank
L'Anse	Commercial Bank
Menominee	Commercial Bank
Sault Ste. Marie	Central Savings Bank
	Sault Savings Bank

MINNESOTA (13 banks)

Aurora	State Bank of Aurora
Caledonia	Sprague State Bank
Cannon Falls	Security State Bank
Chatfield	Root River State Bank
Clinton	Clinton State Bank
Houston	Security State Bank
Owatonna	Security Bank & Trust Co.
Plainview	Peoples State Bank
Rushmore	First State Bank
St. Cloud	Zapp State Bank
Springfield	Farmers & Merchants State Bank
	State Bank of Springfield
Wadena	Wadena County State Bank

MONTANA (24 banks)

Anaconda	Daly Bank & Trust Co.
Belt	Belt Valley Bank
Big Timber	Citizens Bank & Trust Co.
Billings	Security Trust & Savings Bank
Bozeman	Gallatin Trust & Savings Bank
	Security Bank & Trust Co.
Butte	Metals Bank & Trust Co.
Cascade	Stockmens Bank
Choteau	Citizens State Bank
Columbus	Yellowstone Bank
Deer Lodge	Deer Lodge Bank & Trust Co.
Denton	Farmers State Bank
Fromberg	Clarks Fork Valley Bank
Glasgow	Farmers-Stockgrowers Bank
Great Falls	Montana Bank & Trust Co.
Helena	Union Bank & Trust Co.
Laurel	Yellowstone Bank
Libby	First State Bank
Richey	First State Bank
Ronan	Ronan State Bank
Terry	State Bank of Terry
Townsend	State Bank of Townsend
Victor	Farmers State Bank
Worden	Farmers State Bank

SOUTH DAKOTA (21 banks)

Alcester	State Bank of Alcester
Alpena	Bank of Alpena
Arlington	Citizens State Bank
Belle Fourche	Bank of Belle Fourche
Belvidere	Belvidere State Bank
Buffalo	First State Bank
Burke	Burke State Bank
Faith	Farmers State Bank
Flandreau	Farmers State Bank
Freeman	Merchants State Bank
Fulton	Fulton State Bank
Huron	Farmers & Merchants Bank
Madison	Security Bank & Trust Co.
McIntosh	Security State Bank
Miller	Hand County State Bank
Mitchell	Commercial Trust & Savings Bank

DISTRICT NO. 9—Continued

SOUTH DAKOTA—continued

Mobridge	Citizens Bank
Presho	Farmers & Merchants State Bank
Sturgis	Bear Butte Valley Bank
Toronto	Bank of Toronto
Woonsocket	Sanborn County Bank

WISCONSIN [1] (4 banks)

Boyceville	Bank of Boyceville
Glenwood City	First State Bank
Rhinelander	Merchants State Bank
Tomahawk	Bradley Bank

DISTRICT NO. 10 (70 banks)

COLORADO (11 banks)

Brighton	Brighton State Bank
Del Norte	Rio Grande County Bank
Delta	Colorado Bank & Trust Co.
Denver	Central Savings Bank & Trust Co.
	International Trust Co.
Eaton	Eaton Bank
Fort Morgan	Farmers State Bank
Haxtun	Haxtun State Bank
La Junta	Colorado Savings & Trust Co.
Sterling	Commercial Savings Bank
Yuma	Farmers State Bank

KANSAS (18 banks)

Abilene	Citizens Bank
Great Bend	American State Bank
Hiawatha	Morrill & Janes Bank
Hutchinson	Hutchinson State Bank
Kansas City	Riverview State Bank
Liberal	Citizens State Bank
Luray	Peoples State Bank
Ness City	First State Bank
Oakley	Farmers State Bank
Osage City	Citizens State Bank
Pratt	Peoples Bank
Sedan	Sedan State Bank
St. Marys	St. Marys State Bank
Sylvan Grove	Sylvan State Bank
Tonganoxie	First State Bank
Topeka	Fidelity Savings State Bank
Wakefield	Farmers & Merchants State Bank
Winfield	The State Bank

MISSOURI [1] (10 banks)

Albany	Gentry County Bank
Carthage	Bank of Cathage
Craig	Bank of Craig
Kansas City	Commerce Trust Co.
	Merchants Bank
King City	First State Bank
Lamar	Barton County State Bank
Rich Hill	Security Bank
St. Joseph	Empire Trust Co.
South St. Joseph	First St. Joseph Stock Yards Bank

NEBRASKA (14 banks)

Alma	Harlan County Bank
Bancroft	Citizens Bank
Blair	Washington County Bank
Chappell	Deuel County State Bank
Hartington	Bank of Hartington
Lexington	Farmers State Bank
North Platte	McDonald State Bank
Pawnee City	Citizens State Bank
Rushville	Union State Bank
Scribner	Farmers State Bank
Stromsburg	Stromsburg Bank
Valley	Bank of Valley
Wahoo	Wahoo State Bank
Wallace	Farmers State Bank

NEW MEXICO [1] (2 banks)

Aztec	Citizens Bank
Taos	First State Bank

[1] Exclusive of part of State located in another district.

DISTRICT NO. 10—Continued

OKLAHOMA[1] (6 banks)

Ada	Oklahoma State Bank
Garber	Bank of Garber
Okarche	First Bank of Okarche
Purcell	First State Bank
Stroud	First State Bank
Woodward	Bank of Woodward

WYOMING (9 banks)

Evanston	Stockgrowers Bank
Lusk	Lusk State Bank
Mountain View	Uinta County State Bank
Newcastle	First State Bank
Saratoga	Saratoga State Bank
Sundance	Sundance State Bank
Wheatland	State Bank of Wheatland
	Stock Growers Bank
Worland	Farmers State Bank

DISTRICT NO. 11 (59 banks)

ARIZONA[1] (1 bank)

Tucson	Southern Arizona Bank & Trust Co.

LOUISIANA[1] (2 banks)

Minden	Minden Bank & Trust Co.
Shreveport	Continental-American Bank & Trust Co.

NEW MEXICO[1] (3 banks)

Carlsbad	American Bank
Deming	Mimbres Valley Bank
Logan	McFarland Bros. Bank

OKLAHOMA[1] (1 bank)

Atoka	Atoka State Bank

TEXAS (52 banks)

Bay City	Bay City Bank & Trust Co.
Beaumont	Security State Bank & Trust Co.
Beeville	State Bank & Trust Co.
Bremond	First State Bank
Brownfield	Brownfield State Bank
Bryan	First State Bank & Trust Co.
Celina	First State Bank
Clarendon	Farmers State Bank
Clifton	Farmers State Bank
Dalhart	Citizens State Bank
De Kalb	State Bank of De Kalb
Del Rio	Del Rio Bank & Trust Co.
Dodsonville (P. O.) Dodson)	First State Bank
East Bernard	Union State Bank
Eden	Eden State Bank
Ferris	Farmers & Merchants State Bank
Forney	Forney State Bank
Franklin	First State Bank
Gatesville	Guaranty Bank & Trust Co.
Gonzales	Gonzales State Bank
Goose Creek	Citizens State Bank & Trust Co.
Hamilton	Hamilton Bank & Trust Co.
Houston	Citizens State Bank
Iola	Iola State Bank
Kirkland	First State Bank
Kosse	First State Bank
Ladonia	Farmers & Merchants State Bank
Llano	Moore State Bank
Loraine	First State Bank
Madisonville	Farmers State Bank
Matador	First State Bank
Mathis	First State Bank
Maypearl	First State Bank
McAllen	City State Bank & Trust Co.
Mount Pleasant	Guaranty Bond State Bank
Pearsall	Security State Bank
Ralls	Security State Bank & Trust Co.
Richardson	Citizens State Bank
Roscoe	Roscoe State Bank
Rusk	Farmers & Merchants State Bank & Trust Co.

DISTRICT NO. 11—Continued

TEXAS—continued

Shamrock	Farmers & Merchants State Bank
Shiro	Farmers State Bank
Silsbee	Silsbee State Bank
Sinton	Commercial State Bank
Spearman	First State Bank
Thorndale	Thorndale State Bank
Tomball	Guaranty Bond State Bank
Turkey	Farmers & Merchants State Bank
Wellington	Wellington State Bank
Wharton	Security Bank & Trust Co.
	Wharton Bank & Trust Co.
Winters	Winters State Bank

DISTRICT NO. 12 (68 banks)

ARIZONA[1] (1 bank)

Buckeye	Buckeye Valley Bank

CALIFORNIA (15 banks)

Carmel	Bank of Carmel
Fairfield	Solano County Bank
Long Beach	Farmers & Merchants Bank
Los Angeles	California Bank
	California Trust Co.
	Union Bank & Trust Co.
Newman	Bank of Newman
Oakland	Bank of Commerce
Pasadena	Citizens Commercial Trust & Savings Bank
	First Trust & Savings Bank
Salinas	Monterey County Trust & Savings Bank
San Francisco	American Trust Co.
	Wells Fargo Bank & Union Trust Co.
San Rafael	Bank of San Rafael
Santa Paula	Citizens State Bank

IDAHO (10 banks)

Aberdeen	Bank of Aberdeen
Arco	Butte County Bank
Boise	First Security Bank of Idaho
Hazelton	Hazelton State Bank
Kellogg	First State Bank
Malad City	J. N. Ireland & Co., Bankers
Orofino	Bank of Orofino
Richfield	First State Bank
Soda Springs	Largilliere Co., Bankers
Twin Falls	Twin Falls Bank & Trust Co.

OREGON (7 banks)

Albany	Bank of Albany
Beaverton	First Security Bank
Dallas	Dallas City Bank
Gold Beach	Curry County Bank
Halsey	Halsey State Bank
Myrtle Point	Security Bank
Oakland	E. G. Young & Co. Bank

UTAH (20 banks)

Brigham	State Security Bank
Cedar City	Bank of Southern Utah
Ephraim	Bank of Ephraim
Gunnison	Gunnison Valley Bank
Helper	Helper State Bank
Kaysville	Barnes Banking Co.
Logan	Cache Valley Banking Co.
Nephi	Commercial Bank
Ogden	Commercial Security Bank
Price	Carbon Emery Bank
Provo	Farmers & Merchants Bank
Salina	First State Bank
Salt Lake City	Tracy Loan & Trust Co.
	Utah Savings & Trust Co.
	Walker Bank & Trust Co.
Spanish Fork	Bank of Spanish Fork
	Commercial Bank
Springville	Springville Banking Co.
Vernal	Bank of Vernal
	Uintah State Bank

[1] Exclusive of part of State located in another district.

DISTRICT NO. 12—Continued

WASHINGTON (15 banks)

Almira	Almira State Bank
Cashmere	Cashmere Valley Bank
Coulee City	Security State Bank
Kelso	Cowlitz Valley Bank
Lacrosse	First State Bank
Pomeroy	Pomeroy State Bank
Pullman	Pullman State Bank
Puyallup	Citizens State Bank

DISTRICT NO. 12—Continued

WASHINGTON—continued

Ritzville	Ritzville State Bank
Rockford	Farmers & Merchants Bank
Seattle	Seattle Trust & Savings Bank
Selah	Selah State Bank
Spokane	Washington Trust Co.
Uniontown	Farmers State Bank
Wilbur	State Bank of Wilbur

DESCRIPTION OF FEDERAL RESERVE DISTRICTS

Federal Reserve district	Land area (square miles)	Population July 1, 1937 (estimated)
No. 1—Boston	61,345	8,178,000
No. 2—New York	51,886	16,756,000
No. 3—Philadelphia	36,846	8,009,000
No. 4—Cleveland	73,424	11,737,000
No. 5—Richmond	152,316	12,028,000
No. 6—Atlanta	248,226	12,085,000
No. 7—Chicago	190,513	18,863,000
No. 8—St. Louis	194,810	10,413,000
No. 9—Minneapolis	414,004	5,452,000
No. 10—Kansas City	480,438	8,155,000
No. 11—Dallas	386,116	7,337,000
No. 12—San Francisco	683,852	10,244,000
Total	2,973,776	129,257,000

FEDERAL RESERVE DISTRICTS

DISTRICT NO. 1—BOSTON	61,345	8,178,000
Connecticut (excluding Fairfield County)	4,189	1,322,000
Maine	29,895	856,000
Massachusetts	8,039	4,426,000
New Hampshire	9,031	510,000
Rhode Island	1,067	681,000
Vermont	9,124	383,000
DISTRICT NO. 2—NEW YORK	51,886	16,756,000
Connecticut (Fairfield County)	631	419,000
New Jersey	3,601	3,378,000
Counties of— Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Passaic, Somerset, Sussex, Union, Warren		
New York	47,654	12,959,000
DISTRICT NO. 3—PHILADELPHIA	36,846	8,009,000
Delaware	1,965	261,000
New Jersey	3,913	965,000
Counties of— Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, Ocean, Salem		
Pennsylvania (eastern part)	30,968	6,783,000
Counties of— Adams, Bedford, Berks, Blair, Bradford, Bucks, Cambria, Cameron, Carbon, Center, Chester, Clearfield, Clinton, Columbia, Cumberland, Dauphin, Delaware, Elk, Franklin, Fulton, Huntingdon, Juniata, Lackawanna, Lancaster, Lebanon, Lehigh, Luzerne, Lycoming, McKean, Mifflin, Monroe, Montgomery, Montour, Northampton, Northumberland, Perry, Philadelphia, Pike, Potter, Schuylkill, Snyder, Sullivan, Susquehanna, Tioga, Union, Wayne, Wyoming, York		

FEDERAL RESERVE DISTRICTS—Continued

Federal Reserve district				Land area (square miles)	Population July 1, 1937 (estimated)
DISTRICT NO. 4—CLEVELAND				73,424	11,737,000
Kentucky (eastern part)				17,614	1,395,000
Counties of—					
Bath	Fleming	Lawrence	Nicholas		
Bell	Floyd	Lee	Owsley		
Boone	Garrard	Leslie	Pendleton		
Bourbon	Grant	Letcher	Perry		
Boyd	Greenup	Lewis	Pike		
Bracken	Harlan	Lincoln	Powell		
Breathitt	Harrison	McCreary	Pulaski		
Campbell	Jackson	Madison	Robertson		
Carter	Jessamine	Magoffin	Rockcastle		
Clark	Johnson	Martin	Rowan		
Clay	Kenton	Mason	Scott		
Elliott	Knott	Menifee	Whitley		
Estill	Knox	Montgomery	Wolfe		
Fayette	Laurel	Morgan	Woodford		
Ohio				40,740	6,733,000
Pennsylvania (western part)				13,864	3,393,000
Counties of—					
Allegheny	Crawford	Indiana	Venango		
Armstrong	Erie	Jefferson	Warren		
Beaver	Fayette	Lawrence	Washington		
Butler	Forest	Mercer	Westmoreland		
Clarion	Greene	Somerset			
West Virginia (northern part)				1,206	216,000
Counties of—					
Brooke	Marshall	Tyler			
Hancock	Ohio	Wetzel			
DISTRICT NO. 5—RICHMOND				152,316	12,028,000
District of Columbia				62	627,000
Maryland				9,941	1,679,000
North Carolina				48,740	3,492,000
South Carolina				30,495	1,875,000
Virginia				40,262	2,706,000
West Virginia (southern part)				22,816	1,649,000
Counties of—					
Barbour	Hardy	Mingo	Roane		
Berkeley	Harrison	Monongalia	Summers		
Boone	Jackson	Monroe	Taylor		
Braxton	Jefferson	Morgan	Tucker		
Cabell	Kanawha	Nicholas	Upshur		
Calhoun	Lewis	Pendleton	Wayne		
Clay	Lincoln	Pleasants	Webster		
Doddridge	Logan	Pocahontas	Wirt		
Fayette	McDowell	Preston	Wood		
Gilmer	Marion	Putnam	Wyoming		
Grant	Mason	Raleigh			
Greenbrier	Mercer	Randolph			
Hampshire	Mineral	Ritchie			
DISTRICT NO. 6—ATLANTA				248,226	12,085,000
Alabama				51,279	2,895,000
Florida				54,861	1,670,000
Georgia				58,725	3,085,000
Louisiana (southern part)				26,891	1,444,000
Parishes of—					
Acadia	Evangeline	Rapides	Tangipahoa		
Allen	Iberia	St. Bernard	Terrebonne		
Ascension	Iberville	St. Charles	Vermilion		
Assumption	Jefferson	St. Helena	Vernon		
Avoyelles	Jefferson Davis	St. James	Washington		
Beauregard	Lafayette	St. John the Baptist	West Baton Rouge		
Calcasieu	La Fourche	St. Landry	West Feliciana		
Cameron	Livingston	St. Martin			
East Baton Rouge	Orleans	St. Mary			
East Feliciana	Plaquemines	St. Tammany			
	Pointe Coupee				
Mississippi (southern part)				25,519	969,000
Counties of—					
Adams	Harrison	Lawrence	Scott		
Amite	Hinds	Leake	Sharkey		
Claiborne	Issaquena	Lincoln	Simpson		
Clarke	Jackson	Madison	Smith		
Copiah	Jasper	Marion	Stone		
Covington	Jefferson	Neshoba	Walthall		
Forrest	Jefferson Davis	Newton	Warren		
Franklin	Jones	Pearl River	Wayne		
George	Kemper	Perry	Wilkinson		
Greene	Lamar	Pike	Yazoo		
Hancock	Lauderdale	Rankin			

FEDERAL RESERVE DISTRICTS—Continued

Federal Reserve district				Land area (square miles)	Population July 1, 1937 (estimated)
DISTRICT NO. 6.—ATLANTA—Continued.					
Tennessee (eastern part)				30,951	2,022,000
Counties of—					
Anderson	Giles	McMinn	Scott		
Bedford	Grainger	Macon	Sequatchie		
Bledsoe	Greene	Marion	Sevier		
Blount	Grundy	Marshall	Smith		
Bradley	Hamblen	Maury	Stewart		
Campbell	Hamilton	Meigs	Sullivan		
Cannon	Hancock	Monroe	Sumner		
Carter	Hawkins	Montgomery	Trousdale		
Cheatham	Hickman	Moore	Unicoi		
Claiborne	Houston	Morgan	Union		
Clay	Humphreys	Overton	Van Buren		
Cocke	Jackson	Perry	Warren		
Coffee	Jefferson	Pickett	Washington		
Cumberland	Johnson	Polk	Wayne		
Davidson	Knox	Putnam	White		
De Kalb	Lawrence	Rhea	Williamson		
Dickson	Lewis	Roane	Wilson		
Fentress	Lincoln	Robertson			
Franklin	Loudon	Rutherford			
DISTRICT NO. 7.—CHICAGO				190,513	18,863,000
Illinois (northern part)				35,448	6,597,000
Counties of—					
Boone	Ford	Livingston	Rock Island		
Bureau	Fulton	Logan	Sangamon		
Carroll	Grundy	McDonough	Schuyler		
Cass	Hancock	McHenry	Shelby		
Champaign	Henderson	McLean	Stark		
Christian	Henry	Macon	Stephenson		
Clark	Iroquois	Marshall	Tazewell		
Coles	Jo Daviess	Mason	Vermilion		
Cook	Kane	Menard	Warren		
Cumberland	Kankakee	Mercer	Whiteside		
De Kalb	Kendall	Moultrie	Will		
De Witt	Knox	Ogle	Winnebago		
Douglas	Lake	Peoria	Woodford		
Du Page	La Salle	Piatt			
Edgar	Lee	Putnam			
Indiana (northern part)				26,707	2,821,000
Counties of—					
Adams	Fountain	La Porte	Ripley		
Allen	Franklin	Madison	Rush		
Bartholomew	Fulton	Marion	St. Joseph		
Benton	Grant	Marshall	Shelby		
Blackford	Hamilton	Miami	Starke		
Boone	Hancock	Monroe	Steuben		
Brown	Hendricks	Montgomery	Tippecanoe		
Carroll	Henry	Morgan	Tipton		
Cass	Howard	Newton	Union		
Clay	Huntington	Noble	Vermillion		
Clinton	Jasper	Ohio	Vigo		
Dearborn	Jay	Owen	Wabash		
Decatur	Jennings	Parke	Warren		
De Kalb	Johnson	Porter	Wayne		
Delaware	Kosciusko	Pulaski	Wells		
Elkhart	Lagrange	Putnam	White		
Fayette	Lake	Randolph	Whitley		
Iowa				55,586	2,552,000
Michigan (southern part)				40,789	4,512,000
Counties of—					
Alcona	Eaton	Lapeer	Ogemaw		
Allegan	Emmet	Leelanau	Osceola		
Alpena	Genesee	Lenawee	Oscoda		
Antrim	Gladwin	Livingston	Otsego		
Arenac	Grand Traverse	Macomb	Ottawa		
Barry	Gratiot	Manistee	Presque Isle		
Bay	Hillsdale	Mason	Roscommon		
Benzie	Huron	Mecosta	Saginaw		
Berrien	Ingham	Midland	St. Clair		
Branch	Ionia	Missaukee	St. Joseph		
Calhoun	Iosco	Monroe	Sanilac		
Cass	Isabella	Montcalm	Shiawassee		
Charlevoix	Jackson	Montmorency	Tuscola		
Cheboygan	Kalamazoo	Muskegon	Van Buren		
Clare	Kalkaska	Newaygo	Washtenaw		
Clinton	Kent	Oakland	Wayne		
Crawford	Lake	Oceana	Wexford		

FEDERAL RESERVE DISTRICTS—Continued

Federal Reserve district				Land area (square miles)	Population July 1, 1937 (estimated)
DISTRICT NO. 7.—CHICAGO—Continued					
Wisconsin (southern part)				31,983	2,381,000
Counties of—					
Adams	Green Lake	Marquette	Sheboygan		
Brown	Iowa	Milwaukee	Vernon		
Calumet	Jackson	Monroe	Walworth		
Clark	Jefferson	Oconto	Washington		
Columbia	Juneau	Outagamie	Waukesha		
Crawford	Kenosha	Ozaukee	Waupaca		
Dane	Kewaunee	Portage	Waushara		
Dodge	Lafayette	Racine	Winnebago		
Door	Langlade	Richland	Wood		
Fond du Lac	Manitowoc	Rock			
Grant	Marathon	Sauk			
Green	Marinette	Shawano			
DISTRICT NO. 8.—ST. LOUIS				194,810	10,413,000
Arkansas				52,525	2,048,000
Illinois (southern part)				20,595	1,281,000
Counties of—					
Adams	Franklin	Macoupin	Randolph		
Alexander	Gallatin	Madison	Richland		
Bond	Greene	Marion	St. Clair		
Brown	Hamilton	Massac	Saline		
Calhoun	Hardin	Monroe	Scott		
Clay	Jackson	Montgomery	Union		
Clinton	Jasper	Morgan	Wabash		
Crawford	Jefferson	Perry	Washington		
Edwards	Jersey	Pike	Wayne		
Effingham	Johnson	Pope	White		
Fayette	Lawrence	Pulaski	Williamson		
Indiana (southern part)				9,338	653,000
Counties of—					
Clark	Greene	Martin	Spencer		
Crawford	Harrison	Orange	Sullivan		
Daviess	Jaokson	Perry	Switzerland		
Dubois	Jefferson	Pike	Vanderburg		
Floyd	Knox	Posey	Warrick		
Gibson	Lawrence	Scott	Washington		
Kentucky (western part)				22,567	1,525,000
Counties of—					
Adair	Crittenden	Hopkins	Ohio		
Allen	Cumberland	Jefferson	Oldham		
Anderson	Daviess	Larue	Owen		
Ballard	Edmonson	Livingston	Russell		
Barren	Franklin	Logan	Shelby		
Boyle	Fulton	Lyon	Simpson		
Breckinridge	Gallatin	McCracken	Spencer		
Bullitt	Graves	McLean	Taylor		
Butler	Grayson	Marion	Todd		
Caldwell	Green	Marshall	Trigg		
Calloway	Hancock	Meade	Trimble		
Carlisle	Hardin	Mercer	Union		
Carroll	Hart	Metcalfe	Warren		
Casey	Henderson	Monroe	Washington		
Christian	Henry	Muhlenberg	Wayne		
Clinton	Hickman	Nelson	Webster		
Mississippi (northern part)				20,843	1,054,000
Counties of—					
Alcorn	De Soto	Monroe	Tate		
Attala	Grenada	Montgomery	Tippah		
Benton	Holmes	Noxubee	Tishomingo		
Bolivar	Humphreys	Oktibbeha	Tunica		
Calhoun	Itawamba	Panola	Union		
Carroll	Lafayette	Pontotoc	Washington		
Chickasaw	Lee	Prentiss	Webster		
Choctaw	Leflore	Quitman	Winston		
Clay	Lowndes	Sunflower	Yalobusha		
Coahoma	Marshall	Tallahatchie			

FEDERAL RESERVE DISTRICTS—Continued

Federal Reserve district				Land area (square miles)	Population July 1, 1937 (estimated)
DISTRICT NO. 8.—ST. LOUIS—Continued.					
Missouri (eastern part)				58,206	2,981,000
Counties of—					
Adair	Douglas	Maries	Reynolds		
Audrain	Dunklin	Marion	Ripley		
Barry	Franklin	Mercer	St. Charles		
Benton	Gasconade	Miller	St. Clair		
Bollinger	Greene	Mississippi	St. Francois		
Boone	Grundy	Moniteau	St. Louis		
Butler	Harrison	Monroe	St. Louis City		
Caldwell	Henry	Montgomery	Ste. Genevieve		
Callaway	Hickory	Morgan	Saline		
Camden	Howard	New Madrid	Schuyler		
Cape Girardeau	Howell	Oregon	Scotland		
Carroll	Iron	Osage	Scott		
Carter	Jefferson	Ozark	Shannon		
Cedar	Johnson	Pemiscot	Shelby		
Chariton	Knox	Perry	Stoddard		
Christian	Laclede	Pettis	Stone		
Clark	Lafayette	Phelps	Sullivan		
Cole	Lawrence	Pike	Taney		
Cooper	Lewis	Polk	Texas		
Crawford	Lincoln	Pulaski	Warren		
Dade	Linn	Putnam	Washington		
Dallas	Livingston	Ralls	Wayne		
Daviess	Macon	Randolph	Webster		
Dent	Madison	Ray	Wright		
Tennessee (western part)				10,736	871,000
Counties of—					
Benton	Fayette	Henry	Shelby		
Carroll	Gibson	Lake	Tipton		
Chester	Hardeman	Lauderdale	Weakley		
Crockett	Hardin	McNairy			
Decatur	Haywood	Madison			
Dyer	Henderson	Obion			
DISTRICT NO. 9.—MINNEAPOLIS				414,004	5,452,000
Michigan (northern part)				16,691	318,000
Counties of—					
Alger	Dickinson	Keweenaw	Menominee		
Baraga	Gogebic	Luce	Ontonagon		
Chippewa	Houghton	Mackinac	Schoolcraft		
Delta	Iron	Marquette			
Minnesota				80,858	2,652,000
Montana				146,131	539,000
North Dakota				70,183	706,000
South Dakota				76,868	692,000
Wisconsin (northern part)				23,273	545,000
Counties of—					
Ashland	Dunn	Oneida	Sawyer		
Barron	Eau Claire	Pepin	Taylor		
Bayfield	Florence	Pierce	Trempealeau		
Buffalo	Forest	Polk	Vilas		
Burnett	Iron	Price	Washburn		
Chippewa	La Crosse	Rusk			
Douglas	Lincoln	St. Croix			
DISTRICT NO. 10.—KANSAS CITY				480,438	8,155,000
Colorado				103,658	1,071,000
Kansas				81,774	1,864,000
Missouri (western part)				10,521	1,008,000
Counties of—					
Andrew	Cass	Holt	Nodaway		
Atchison	Clay	Jackson	Platte		
Barton	Clinton	Jasper	Vernon		
Bates	De Kalb	McDonald	Worth		
Buchanan	Gentry	Newton			
Nebraska				76,808	1,364,000
New Mexico (northern part)				48,359	231,000
Counties of—					
Bernalillo	Mora	San Miguel	Valen		
Colfax	Rio Arriba	Santa Fe			
Harding	Sandoval	Taos			
McKinley	San Juan	Union			

FEDERAL RESERVE DISTRICTS—Continued

Federal Reserve district				Land area (square miles)	Population July 1, 1937 (estimated)
DISTRICT NO. 10.—KANSAS CITY—Continued.					
Oklahoma (northwestern part)				61,770	2,382,000
Counties of—					
Adair	Ellis	Logan	Pontotoc		
Alfalfa	Garfield	Love	Pottawatomie		
Beaver	Garvin	McClain	Roger Mills		
Beckham	Grady	McIntosh	Rogers		
Blaine	Grant	Major	Seminole		
Caddo	Greer	Mayes	Sequoyah		
Canadian	Harmon	Murray	Stephens		
Carter	Harper	Muskogee	Texas		
Cherokee	Haskell	Noble	Tillman		
Cimarron	Hughes	Nowata	Tulsa		
Cleveland	Jackson	Okfuskee	Wagoner		
Comanche	Jefferson	Oklahoma	Washington		
Cotton	Kay	Okmulgee	Washita		
Craig	Kingfisher	Osage	Woods		
Creek	Kiowa	Ottawa	Woodward		
Custer	Latimer	Pawnee			
Delaware	Le Flore	Payne			
Dewey	Lincoln	Pittsburg			
Wyoming				97,548	235,000
DISTRICT NO. 11.—DALLAS				386,116	7,337,000
Arizona (southeastern part)				23,412	120,000
Counties of—					
Cochise	Greenlee	Pima	Santa Cruz		
Graham					
Louisiana (northern part)				18,518	688,000
Parishes of—					
Bienville	De Soto	Madison	Tensas		
Bossier	East Carroll	Morehouse	Union		
Caddo	Franklin	Natchitoches	Webster		
Caldwell	Grant	Ouachita	West Carroll		
Catahoula	Jackson	Red River	Winn		
Claiborne	La Salle	Richland			
Concordia	Lincoln	Sabine			
New Mexico (southern part)				74,144	191,000
Counties of—					
Catron	Eddy	Lincoln	Sierra		
Chaves	Grant	Luna	Socorro		
Curry	Guadalupe	Otero	Torrance		
De Baca	Hidalgo	Quay			
Dona Ana	Lea	Roosevelt			
Oklahoma (southeastern part)				7,644	166,000
Counties of—					
Atoka	Choctaw	Johnston	Marshall		
Bryan	Coal	McCurtain	Pushmataha		
Texas				262,398	6,172,000
DISTRICT NO. 12.—SAN FRANCISCO				683,852	10,244,000
Arizona (northwestern part)				90,398	292,000
Counties of—					
Apache	Maricopa	Navajo	Yavapai		
Coconino	Mohave	Pinal	Yuma		
Gila					
California				155,652	6,154,000
Idaho				83,354	493,000
Nevada				109,821	101,000
Oregon				95,607	1,027,000
Utah				82,184	519,000
Washington				66,836	1,658,000

FEDERAL RESERVE BRANCH TERRITORIES

(December 31, 1938)

BUFFALO BRANCH (District No. 2).—The 10 most westerly counties of New York State, as follows:

Monroe	Orleans	Allegany	Wyoming	Chautauqua
Genesee	Erie	Cattaraugus	Livingston	Niagara

CINCINNATI BRANCH (District No. 4).—That part of Kentucky in Federal Reserve district No. 4, and the following 25 counties in southern Ohio:

Adams	Clermont	Greene	Meigs	Ross
Athens	Clinton	Hamilton	Miami	Scioto
Brown	Darke	Highland	Montgomery	Vinton
Butler	Fayette	Jackson	Pike	Warren
Clark	Gallia	Lawrence	Preble	Washington

PITTSBURGH BRANCH (District No. 4).—Those portions of the States of Pennsylvania and West Virginia included in Federal Reserve district No. 4.

BALTIMORE BRANCH (District No. 5).—The State of Maryland and the following 30 counties of West Virginia:

Barbour	Grant	Lewis	Pendleton	Taylor
Berkeley	Hampshire	Marion	Pleasants	Tucker
Braxton	Hardy	Mineral	Preston	Upshur
Calhoun	Harrison	Monongalia	Randolph	Webster
Doddridge	Jackson	Morgan	Ritchie	Wirt
Gilmer	Jefferson	Nicholas	Roane	Wood

CHARLOTTE BRANCH (District No. 5).—The following counties in the States of North Carolina and South Carolina:

NORTH CAROLINA

Alexander	Caldwell	Haywood	McDowell	Swain
Alleghany	Catawba	Henderson	Mecklenburg	Transylvania
Ashe	Cherokee	Iredell	Mitchell	Union
Avery	Clay	Jackson	Polk	Watauga
Buncombe	Cleveland	Lincoln	Rowan	Wilkes
Burke	Gaston	Macon	Rutherford	Yancey
Cabarrus	Graham	Madison	Stanly	

SOUTH CAROLINA

Abbeville	Edgefield	Lancaster	Newberry	Saluda
Aiken	Fairfield	Laurens	Oconee	Spartanburg
Anderson	Greenville	Lexington	Pickens	Union
Cherokee	Greenwood	McCormick	Richland	York
Chester				

BIRMINGHAM BRANCH (District No. 6).—The State of Alabama except the following counties: Mobile, Baldwin, Russell, Pike, Barbour, Coffee, Dale, Henry, Covington, Geneva, and Houston, and towns and cities in Lee and Chambers counties located on or south of the Atlanta & West Point Railroad and the Western Railway of Alabama.

JACKSONVILLE BRANCH (District No. 6).—The entire State of Florida.

NASHVILLE BRANCH (District No. 6).—That part of the State of Tennessee included in Federal Reserve district No. 6 with the exception of the city of Chattanooga.

NEW ORLEANS BRANCH (District No. 6).—Those parts of the States of Louisiana and Mississippi located in Federal Reserve district No. 6, and the counties of Mobile and Baldwin in Alabama.

SAVANNAH AGENCY (District No. 6).—Savannah, Ga.

DETROIT BRANCH (District No. 7).—The following 19 counties in the State of Michigan:

Bay	Ingham	Livingston	Saginaw	Tuscola
Genesee	Jackson	Macomb	Sanilac	Washtenaw
Hillsdale	Lapeer	Monroe	St. Clair	Wayne
Huron	Lenawee	Oakland	Shiawassee	

LITTLE ROCK BRANCH (District No. 8).—The State of Arkansas except the following counties:

Baxter	Craighead	Greene	Mississippi	Sebastian [2]
Benton [1]	Crawford	Lawrence	Phillips	Sharp
Boone	Crittenden	Lee	Poinsett	Washington
Carroll	Cross	Madison	Randolph	Woodruff
Clay	Fulton	Marion	St. Francis	

and except also the towns of DeValls Bluff (Prairie County), Mena (Polk County), and Newport (Jackson County).

[1] Town of Gentry assigned to Little Rock Branch.
[2] Town of Mansfield assigned to Little Rock Branch.

LOUISVILLE BRANCH (District No. 8).—That part of the State of Kentucky included in Federal Reserve District No. 8, with the exception of the town of Morganfield (Union County), and the following 14 counties in the State of Indiana:

Clark	Floyd	Jefferson	Orange	Switzerland
Crawford	Harrison	Lawrence	Perry	Washington
Dubois [1]	Jackson	Martin [2]	Scott	

[1] Except the towns of Ferdinand and Holland.
[2] Except the town of Loogootee.

MEMPHIS BRANCH (District No. 8).—Those parts of the States of Mississippi and Tennessee included in Federal Reserve District No. 8, with the exception of Union City (Obion County) Tennessee and Paris (Henry County) Tennessee, and the following 10 counties in the State of Arkansas:

Craighead	Cross	Lee	Phillips	St. Francis
Crittenden	Lawrence	Mississippi	Poinsett	Woodruff

also the town of DeValls Bluff (Prairie County), Arkansas.

HELENA BRANCH (District No. 9).—The entire State of Montana.

DENVER BRANCH (District No. 10).—The entire State of Colorado and that part of the State of New Mexico included in Federal Reserve District No. 10.

OKLAHOMA CITY BRANCH (District No. 10).—That part of the State of Oklahoma located in Federal Reserve District No. 10.

OMAHA BRANCH (District No. 10).—The entire States of Nebraska and Wyoming.

EL PASO BRANCH (District No. 11).—That part of the States of Arizona and New Mexico located in Federal Reserve District No. 11, and the following 14 counties in the State of Texas:

Andrews	Ector	Jeff Davis	Midland	Ward
Crane	El Paso	Loving	Pecos	Winkler
Culberson	Hudspeth	Martin	Reeves	

HOUSTON BRANCH (District No. 11).—The following 43 counties in the southeastern part of the State of Texas:

Anderson	Cherokee	Jackson	Nacogdoches	Shelby
Angelina	Colorado	Jasper	Newton	Trinity
Austin	Fayette	Jefferson	Orange	Tyler
Bastrop	Fort Bend	Lavaca	Polk	Victoria
Brazoria	Galveston	Lee	Refugio	Walker
Brazos	Grimes	Liberty	Sabine	Waller
Burleson	Hardin	Madison	San Augustine	Washington
Calhoun	Harris	Matagorda	San Jacinto	Wharton
Chambers	Houston	Montgomery		

SAN ANTONIO BRANCH (District No. 11).—The following 52 counties in the State of Texas:

Aransas	De Witt	Jim Hogg	Llano	Starr
Atascosa	Dimmit	Jim Wells	Live Oak	Terrell
Bandera	Duval	Karnes	Mason	Travis
Bee	Edwards	Kendall	Maverick	Uvalde
Bexar	Frio	Kenedy	McMullen	Val Verde
Blanco	Gillespie	Kerr	Medina	Webb
Brewster	Goliad	Kimble	Nueces	Willacy
Brooks	Gonzales	Kinney	Presidio	Wilson
Caldwell	Guadalupe	Kleberg	Real	Zapata
Cameron	Hays	La Salle	San Patricio	Zavalla
Comal	Hidalgo			

LOS ANGELES BRANCH (District No. 12).—That part of the State of Arizona located in Federal Reserve District No. 12, and the following counties in California:

Imperial	Los Angeles	Riverside	San Diego	Ventura
Inyo	Orange	San Bernardino	Santa Barbara	

PORTLAND BRANCH (District No. 12).—The entire State of Oregon, and the town of Ilwaco and the following nine counties in the State of Washington:

Asotin	Columbia	Garfield	Skamania	Walla Walla
Clark	Cowlitz	Klickitat	Wahkiakum	

Also, the following counties in the State of Idaho:

Benewah	Boundary	Idaho	Latah	Nez Perce
Bonner	Clearwater	Kootenai	Lewis	Shoshone

SALT LAKE CITY BRANCH (District No. 12).—The entire State of Utah and the following counties in Idaho and Nevada:

IDAHO

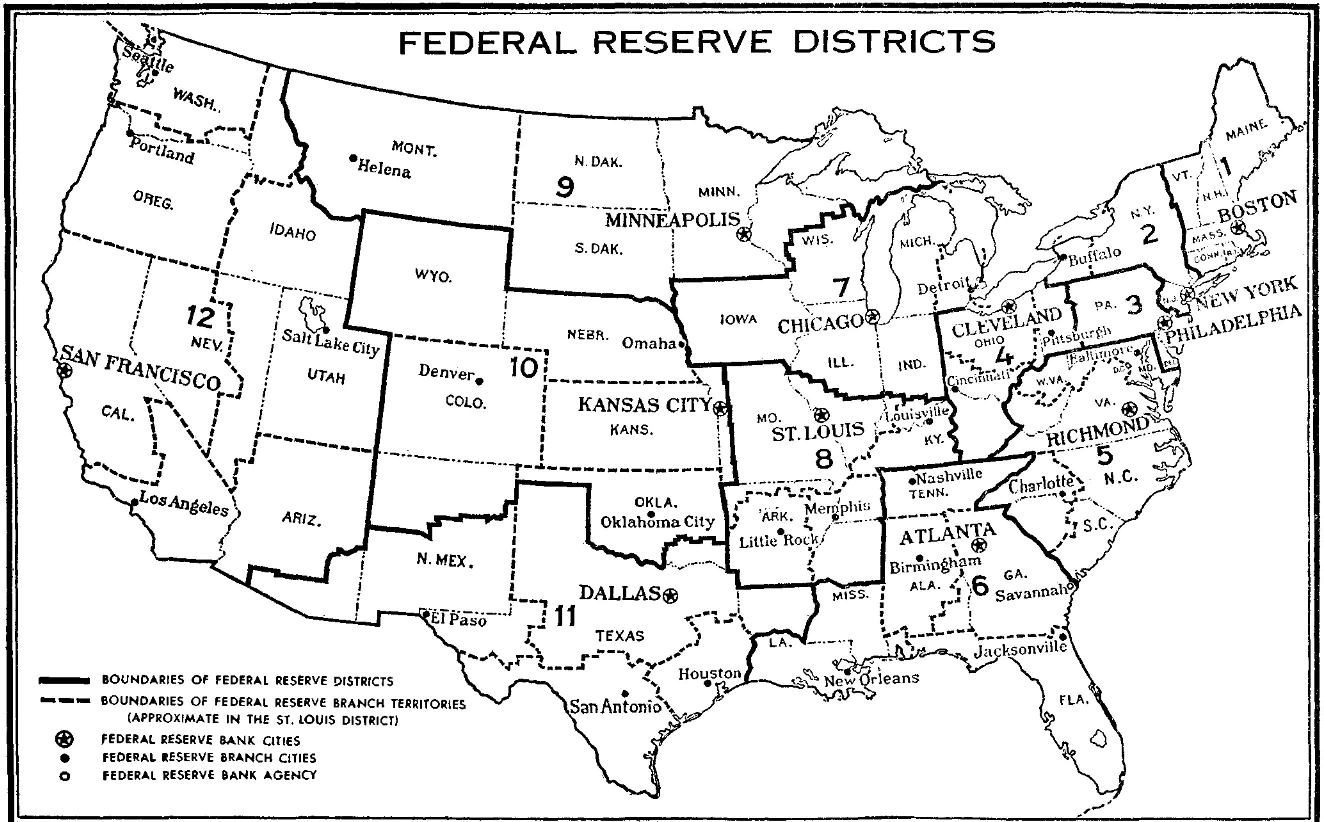
Ada	Bonneville	Custer	Jerome	Payette
Adams	Butte	Elmore	Lemhi	Power
Bannock	Camas	Franklin	Lincoln	Teton
Bear Lake	Canyon	Fremont	Madison	Twin Falls
Bingham	Caribou	Gem	Minidoka	Valley
Blaine	Cassia	Gooding	Oneida	Washington
Boise	Clark	Jefferson	Owyhee	

NEVADA

Clark	Elko	Lincoln	White Pine

SEATTLE BRANCH (District No. 12).—The entire State of Washington except the town of Ilwaco and the following nine counties which are affiliated with the Portland Branch:

Asotin	Columbia	Garfield	Skamania	Walla Walla
Clark	Cowlitz	Klickitat	Wahikiakum	


FEDERAL RESERVE DISTRICTS
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WASH.
Portland
OREG.
IDAHO
MONT.
Helena
N. DAK.
9
MINN.
MINNEAPOLIS
S. DAK.
WYO.
12
NEV.
SAN FRANCISCO
CAL.
Los Angeles
Salt Lake City
UTAH
ARIZ.
Denver
COLO.
10
NEBR.
Omaha
KANSAS CITY
KANS.
OKLA.
Oklahoma City
N. MEX.
El Paso
DALLAS
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TEXAS
San Antonio
Houston
IOWA
WIS.
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CHICAGO
ILL.
IND.
MICH.
Detroit
MO.
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Louisville
KY.
ARK.
Little Rock
Memphis
Nashville
TENN.
MISS.
LA.
New Orleans
ATLANTA
Birmingham
ALA.
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GA.
Savannah
Jacksonville
FLA.
CLEVELAND
OHIO
4
Cincinnati
Pittsburgh
PA.
3
PHILADELPHIA
Baltimore
MD.
W.VA.
VA.
RICHMOND
5
N.C.
Charlotte
S.C.
N.Y.
2
Buffalo
NEW YORK
MAINE
VT.
N.H.
1
BOSTON
MASS.
CONN.
BOUNDARIES OF FEDERAL RESERVE DISTRICTS
BOUNDARIES OF FEDERAL RESERVE BRANCH TERRITORIES (APPROXIMATE IN THE ST. LOUIS DISTRICT)
FEDERAL RESERVE BANK CITIES
FEDERAL RESERVE BRANCH CITIES
FEDERAL RESERVE BANK AGENCY

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