

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

COVERING OPERATIONS
FOR THE YEAR 1918



69

WASHINGTON
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PART I.

REPORT OF THE FEDERAL RESERVE BOARD,
WITH EXHIBITS.

ANNUAL REPORT OF THE FEDERAL RESERVE BOARD.

FEDERAL RESERVE BOARD,
Washington, January 31, 1919.

SIR: In compliance with the requirements of section 10 of the Federal Reserve Act, the Federal Reserve Board submits herewith its fifth annual report covering operations for the calendar year ended December 31, 1918.

FISCAL AGENCY OPERATIONS.

War financing has been the dominant feature of the year. Government requirements have been larger than ever, and the vast operations of the Treasury have been reflected in the work and activities of the Federal Reserve Banks. These banks have handled all details connected with the sales and allotments of Treasury certificates of indebtedness among member and nonmember banks of their respective districts, have received subscriptions to Liberty bond issues, collected all bond and certificate payments and redeposited the funds with depositary banks, withdrawing them as required by the Treasury, and have made deliveries of Government bonds and Treasury certificates to subscribers. They have also attended to the exchange and conversion of bonds for member and nonmember banks and for the public.

The Secretary of the Treasury has continued the policy of using the Federal Reserve Banks as agencies for negotiating all Government loans, and the work of the banks in performing this function has been even heavier than before. Under the general direction of the Secretary of the Treasury the work of the Liberty loan committees in the selling campaigns throughout the various districts has been supervised by the governors and other officers of the Federal Reserve Banks.

By means of interdistrict settlements through the gold settlement fund, maintained at Washington by the Federal Reserve Board for the banks, it has been possible for the Treasury to leave funds with designated depositary banks throughout the country until actually required, transfers being made by telegraph to Federal Reserve Banks in cities where the Government's disbursements are made. These vast operations have been conducted without any strain upon or disturbance of the money market.

A total of \$11,117,936,400 of bonds of the third and fourth Liberty loans, and \$10,660,743,000 of Treasury certificates of indebtedness issued in anticipation of these loans, of the forthcoming fifth loan, and of 1918 and 1919 tax receipts have been subscribed, allotted and collected through the 12 Federal Reserve Banks. A detailed statement of these operations is given in the subjoined table:

Allotments of Liberty bonds and Treasury certificates from Jan. 1 to Dec. 31, 1918.

	Liberty bonds.				Total allotments.
	Third loan.	Fourth loan.			
Boston.....	\$354,537,250	\$632,124,850			\$986,662,100
New York.....	1,115,243,650	2,044,931,750			3,160,175,400
Philadelphia.....	361,963,500	508,763,650			960,727,150
Cleveland.....	405,051,150	701,909,800			1,106,960,950
Richmond.....	186,259,050	352,685,200			538,944,250
Atlanta.....	137,649,450	218,086,550			355,736,000
Chicago.....	608,878,600	969,209,000			1,578,087,600
St. Louis.....	199,835,900	295,298,800			495,134,700
Minneapolis.....	180,892,100	242,046,050			422,938,150
Kansas City.....	204,092,800	295,951,450			500,044,250
Dallas.....	116,220,650	146,080,200			262,300,850
San Francisco.....	287,975,000	462,250,000			750,225,000
Total.....	4,158,599,100	6,959,337,300			11,117,936,400

	Certificates of indebtedness.				Total Treasury certificate allotments.
	In anticipation of--				
	Third loan.	Fourth loan.	Fifth loan.	Tax payments.	
Boston.....	\$214,417,000	\$381,152,500	\$92,911,500	\$163,092,500	\$851,573,500
New York.....	1,255,308,000	1,680,989,000	421,947,000	733,016,000	4,091,260,000
Philadelphia.....	196,500,000	316,029,000	84,537,500	123,852,000	720,909,500
Cleveland.....	238,033,500	440,569,000	102,700,000	312,690,500	1,093,993,000
Richmond.....	75,829,500	117,983,500	38,515,500	35,070,000	267,398,500
Atlanta.....	79,573,000	114,857,000	27,949,500	26,350,000	248,729,500
Chicago.....	325,355,000	663,204,000	180,425,000	253,625,500	1,427,609,500
St. Louis.....	133,594,500	186,963,000	45,551,000	40,691,500	406,790,000
Minneapolis.....	89,350,000	127,560,000	46,765,000	21,704,500	285,379,500
Kansas City.....	128,524,500	176,866,000	41,893,500	31,070,500	378,354,500
Dallas.....	90,925,000	83,320,000	16,196,500	39,838,000	230,279,500
San Francisco.....	172,790,500	305,020,000	82,400,000	198,255,500	658,466,000
Total.....	3,000,190,500	4,594,504,000	1,181,792,000	² 1,834,256,500	10,660,743,000

¹ Exclusive of \$231,000 of the Nov. 30, 1917, issue allotted on Jan. 28, 1918.

² Includes 76 millions 4 per cent certificates of the Aug. 23 issue received in payment for the 4½ per cent issue of Nov. 7.

NOTE.—Above figures are exclusive of \$104,707,000 of 2 per cent 1-year certificates sold to Federal Reserve Banks to secure bank-note circulation, and of special temporary certificates sold to Federal Reserve Banks, none of which are now outstanding.

Including operations in 1917, certificates of indebtedness and Liberty bonds subscribed for and collected through the Federal Reserve Banks have amounted to \$31,457,310,400 composed of \$14,530,708,000 of certificates and \$16,926,602,400 of Liberty bonds.

The Treasury balances carried with the Federal Reserve Banks and the member banks in the various districts have been subject to wide fluctuations, owing mainly to the constantly changing requirements of the Treasury, and partly to the seasonal character of col-

lections of internal-revenue taxes made for the Treasury's account. The average of the Friday night balances standing to the credit of the Treasury on the books of the 12 Federal Reserve Banks for the year were as follows:

Federal Reserve Bank:

Boston.....	\$13, 431, 000
New York.....	19, 206, 000
Philadelphia.....	10, 570, 000
Cleveland.....	17, 324, 000
Richmond.....	6, 409, 000
Atlanta.....	8, 010, 000
Chicago.....	16, 034, 000
St. Louis.....	10, 532, 000
Minneapolis.....	7, 830, 000
Kansas City.....	9, 668, 000
Dallas.....	7, 060, 000
San Francisco.....	12, 100, 000

REDISCOUNT OPERATIONS AND SALES BETWEEN FEDERAL RESERVE BANKS.

Section 11 of the Federal reserve act provides that the Federal Reserve Board may permit or, on the affirmative vote of at least five members of the Federal Reserve Board, require Federal Reserve Banks to rediscount the discounted paper of other Federal Reserve Banks at rates of interest to be fixed by the Federal Reserve Board.

Transactions of this character between the Federal Reserve Banks have been unusually heavy during the past year, due to three causes named in the order of their importance: First, transfers of Government funds; second, joint purchases of bankers' acceptances; and third, seasonal requirements incident to crop moving.

The Board's policy has been to equalize, in an approximate degree, the reserves of the 12 Federal Reserve Banks with the purpose of avoiding undue variations in their reserve position. Discount transactions between the banks have not, as a rule, been negotiated by the banks themselves, but through the medium of the Federal Reserve Board, instructions being given by telegraph, and transfers incident to the operations were effected in the same way.

Open-market purchases of bankers' acceptances have shown a very substantial growth. Investments in paper of this class reached a maximum of \$388,383,000 on October 25. The principal market for acceptances is New York, although an open market for them has been established in Boston under the auspices of the Federal Reserve Bank there. The Federal Reserve Banks of other districts have found it more convenient to participate in the purchases of acceptances made by the Federal Reserve Bank of New York, and some of the banks have undertaken to take care of the acceptances originating in their own districts which are sold in the New York market. Voluntary transactions between the banks in acceptances

have been permitted without the indorsement of the Federal Reserve Bank selling them, but in all cases where the Board has required rediscount operations the indorsement of the bank disposing of the paper has been given.

Rediscounting because of seasonal or crop-moving requirements has been confined to five banks—the Federal Reserve Banks of Kansas City, Minneapolis, Dallas, Atlanta, and Richmond—but it is probable that none of these banks would have had occasion to rediscount except for the fact that they were discounting heavily for member banks paper secured by Government obligations. Transactions in paper of this class have been so heavy and transfers of balances from one district to another so constant that the process of rediscounting between banks has been continuous through the greater part of the year.

All of the banks have disposed of paper except the Federal Reserve Banks of Cleveland and San Francisco. Rediscount operations between the Federal Reserve Banks, including voluntary purchases of bankers' acceptances, during the year, have aggregated \$660,638,000, as shown in detail in the following table:

Interdistrict movement of bills discounted or purchased by Federal Reserve Banks during the period from Jan. 1 to Dec. 31, 1918.

[In thousands of dollars.]

Federal Reserve Bank.	Rediscounts and sales between Federal Reserve Banks.				Acceptances purchased for account of other Federal Reserve Banks.		Direct purchases of acceptances in other Federal Reserve districts.		Interdistrict movement of discounted and purchased paper.	
	Rediscounted or sold by—	Discounted or purchased by—	Excess of rediscounts and sales.	Excess of discounts and purchases.	Amount purchased by—	Amount purchased for account of—	Market in which purchased.	Purchasing bank.	Excess movement from—	Excess movement to—
Boston.....	120,297	19,898	100,399	.....	.....	1,907	2,057	8,503	92,046	.....
New York.....	180,901	67,681	113,220	.....	174,860	.....	41,411	.....	329,491	.....
Philadelphia.....	50,149	66,395	.....	16,216	.....	18,949	.....	21,397	.....	56,562
Cleveland.....	.....	137,115	.....	137,115	.....	65,628	.....	4,791	.....	207,534
Richmond.....	69,063	331	68,732	.....	.....	.....	.....	.....	68,732	.....
Atlanta.....	80,233	2,514	77,719	.....	.....	57	.....	.....	77,722	.....
Chicago.....	9,984	200,338	.....	190,414	.....	1,093	.....	3,685	.....	195,192
St. Louis.....	12,500	9,051	3,449	.....	.....	.....	.....	2,770	679	.....
Minneapolis.....	24,996	99,462	.....	74,466	.....	6,384	.....	2,057	.....	82,907
Kansas City.....	8,530	25,047	.....	16,517	.....	11,047	.....	.....	.....	27,564
Dallas.....	103,925	8,242	95,683	.....	.....	1,283	.....	265	94,135	.....
San Francisco.....	.....	24,534	.....	24,534	.....	68,512	.....	.....	.....	93,046
Total.....	660,638	660,638	459,262	459,262	174,860	174,860	43,468	43,468	662,805	662,805

DISCOUNT POLICY.

The discount policy of the Board has necessarily been coordinated throughout the year with Treasury requirements and policies, which in turn have been governed by demands made upon the Treasury for war purposes. All lines of business activity have been subordinated to war necessities; more than two million men have been under arms

in France, another million at stations and training camps in this country, half a million more were in the Navy, making more than three and a half million men actually under arms; and it is estimated that the labor of fifteen million more has been devoted to the production, manufacture, and distribution of commodities and material required in the conduct of the war. The Government has been the principal purchaser and consumer of goods, as well as the chief employer of labor, and the financing of the Government therefore has been of paramount importance from a commercial as well as a patriotic point of view.

The rates of interest borne by the Treasury certificates of indebtedness and by the Liberty loan bonds have been determined by the Secretary of the Treasury within the limits fixed by Congress, and the Board has felt it to be its duty to adjust its discount rates in such manner as to assist the distribution of the various Treasury issues.

The Board has therefore continued the policy, as explained in the last annual report, of giving a preferential rate of discount to notes made or offered by member banks secured by the Government's war obligations, and has continued to permit the Federal Reserve Banks to discount for nonmember banks, upon the indorsement of a member bank, notes secured in this manner.

The coupon rate of the Liberty loan bonds of the third and fourth issues is $4\frac{1}{2}$ per cent, against $3\frac{1}{2}$ per cent for the first loan and 4 per cent for the second, and the interest rate on certificates of indebtedness was advanced during the year to $4\frac{1}{2}$ per cent, against rates of 3 to 4 per cent during 1917.

The Board thereupon approved an appreciable increase in discount rates at all Federal Reserve Banks, the principal changes having been made on April 8, shortly before subscriptions closed to the third Liberty loan. While a preferential has been maintained in favor of paper secured by Government obligations, corresponding changes have been made in the rates for commercial paper of various maturities, all of which are shown in the following tables:

Changes in rates of discount for 15-day commercial paper, including collateral notes.

Federal Reserve Bank.	Effective—								
	Jan. 1, 1918.	Apr. 3, 1918.	Apr. 8, 1918.	May 20, 1918.	Aug. 29, 1918.	Sept. 3, 1918.	Sept. 5, 1918.	Sept. 10, 1918.	Dec. 30, 1918.
Boston	4	.....	.....	.....	.....	.....	.....	.....	.....
New York	$3\frac{1}{2}$	4	.....	.....	.....	.....	.....	.....	.....
Philadelphia	4	.....	.....	.....	.....	.....	.....	.....	.....
Cleveland	4	.....	$4\frac{1}{2}$	.....	.....	.....	.....	.....	.....
Richmond	4	.....	$4\frac{1}{2}$	$4\frac{1}{2}$	.....	.....	.....	.....	$4\frac{1}{2}$
Atlanta	4	.....	.....	.....	.....	$4\frac{1}{2}$	.....	.....	.....
Chicago	4	.....	.....	.....	.....	.....	.....	.....	.....
St. Louis	4	.....	.....	.....	.....	.....	.....	.....	.....
Minneapolis	4	.....	.....	.....	.....	.....	.....	$4\frac{1}{2}$	.....
Kansas City	4	.....	.....	$4\frac{1}{2}$	.....	.....	.....	.....	.....
Dallas	4	.....	.....	.....	.....	.....	$4\frac{1}{2}$	.....	.....
San Francisco	4	.....	.....	.....	$4\frac{1}{2}$	.....	.....	.....	.....

Changes in rates of discount on 15-day paper, secured by United States war obligations, including collateral notes.

Federal Reserve Bank.	Effective—					
	Jan. 1, 1918.	Apr. 3, 1918.	Apr. 8, 1918.	Apr. 15, 1918.	May 20, 1918.	Aug. 29, 1918.
Boston.....	3½		4			
New York.....	3½	4				
Philadelphia.....	3½		4			
Cleveland.....	3½		4			
Richmond.....	3½		4		4½	
Atlanta.....	3½		4			
Chicago.....	3½		4			
St. Louis.....	3½		4			
Minneapolis.....	3½		4			
Kansas City.....	3½		4		4½	
Dallas.....	3½			4		
San Francisco.....	3½		4			4½

1 Four per cent rate on paper secured by fourth Liberty bonds when taken by rediscounting bank at rate not exceeding coupon rate.

Changes in discount rates on paper maturing within 16 to 90 days, secured by United States war obligations.

Federal Reserve Bank.	Effective—				Federal Reserve Bank.	Effective—			
	Jan. 1, 1918.	Apr. 3, 1918.	Apr. 8, 1918.	Apr. 15, 1918.		Jan. 1, 1918.	Apr. 3, 1918.	Apr. 8, 1918.	Apr. 15, 1918.
Boston.....	4		4½		Chicago.....	4		4½	
New York.....	4	4½			St. Louis.....	4		4½	
Philadelphia.....	4		4½		Minneapolis.....	4		4½	
Cleveland.....	4		4½		Kansas City.....	4		4½	
Richmond.....	4		4½		Dallas.....	4			4½
Atlanta.....	4		4½		San Francisco.....	4		4½	

Rates on paper secured by fourth Liberty bonds when taken by rediscounting bank at rate not exceeding coupon rate: 4 per cent, Boston, effective Oct. 1; Kansas City, Oct. 1; Chicago, Oct. 2; Atlanta, Oct. 7; St. Louis, Oct. 8; Richmond, Oct. 19.

Changes in discount rates on commercial paper maturing within 16 to 60 days.

Federal Reserve Bank.	Effective—							
	Jan. 1, 1918.	Apr. 3, 1918.	Apr. 8, 1918.	Apr. 15, 1918.	May 20, 1918.	Aug. 29, 1918.	Sept. 20, 1918.	Dec. 30, 1918.
Boston.....	5		4½					
New York.....	4½	4½						
Philadelphia.....	4½		4½					
Cleveland.....	4½		4½					
Richmond.....	4½		4½			5		4½
Atlanta.....	4½		4½					
Chicago.....	4½		4½					
St. Louis.....	4½		4½					
Minneapolis.....	4½		4½					
Kansas City.....	4½		4½		5½		5	
Dallas.....	4½			4½				
San Francisco.....	4½		4½			5		

Changes in discount rates on commercial paper maturing within 61 to 90 days.

Federal Reserve Bank.	Effective—								
	Jan. 1, 1918.	Apr. 3, 1918.	Apr. 8, 1918.	Apr. 15, 1918.	May 20, 1918.	July 15, 1918.	Aug. 29, 1918.	Sept. 20, 1918.	Dec. 30, 1918.
Boston.....	5		4½						
New York.....	4½	4½							
Philadelphia.....	4½		4½						
Cleveland.....	4½		4½						
Richmond.....	4½		4½		5				4½
Atlanta.....	4½		4½						
Chicago.....	5					4½			
St. Louis.....	4½		4½						
Minneapolis.....	5								
Kansas City.....	4½		4½		5½			5	
Dallas.....	4½			5					
San Francisco.....	4½		4½				5		

Changes in discount rates on agricultural and live-stock paper maturing within 91 to 180 days.

Federal Reserve Bank.	Effective—				
	Jan. 1, 1918.	Apr. 8, 1918.	Apr. 15, 1918.	May 20, 1918.	Dec. 30, 1918.
Boston.....	5				
New York.....	5				
Philadelphia.....	5				
Cleveland.....	5	5½			
Richmond.....	4½	5		5½	5
Atlanta.....	5				
Chicago.....	5½				
St. Louis.....	5½				
Minneapolis.....	5½				
Kansas City.....	5½				
Dallas.....	5			5½	
San Francisco.....	5½				

Changes in discount rates in trade acceptances maturing within 1 to 60 days.

Federal Reserve Bank.	Effective—						
	Jan. 1, 1918.	Apr. 3, 1918.	Apr. 8, 1918.	Apr. 15, 1918.	May 20, 1918.	Aug. 29, 1918.	Dec. 30, 1918.
Boston.....	4		4½				
New York.....	4		4½				
Philadelphia.....	4		4½				
Cleveland.....	4		4½				
Richmond.....	4		4½		1 4½		4½
Atlanta.....	4		4½				
Chicago.....	3½		4½				
St. Louis.....	4		4½				
Minneapolis.....	3½		4½				
Kansas City.....	4		4½		4½		
Dallas.....	3½			4½			
San Francisco.....	4		4½			4½	

1 4½ per cent for trade acceptances maturing within 15 days.

NOTE.—In case the 60-day trade acceptance rate is higher than the 15-day discount rate, trade acceptances maturing within 15 days will be taken at the lower rate.

Changes in discount rates on trade acceptances maturing within 61 to 90 days.

Federal Reserve Bank.	Effective—						
	Jan. 1, 1918.	Apr. 3, 1918.	Apr. 8, 1918.	Apr. 15, 1918.	May 20, 1918.	Aug. 29, 1918.	Dec. 30, 1918.
Boston.....	4		4½				
New York.....	4	4½					
Philadelphia.....	4		4½				
Cleveland.....	4		4½				
Richmond.....	4		4½				
Atlanta.....	4		4½		4½		4½
Chicago.....	4		4½				
St. Louis.....	4		4½				
Minneapolis.....	4		4½				
Kansas City.....	4		4½		4½		
Dallas.....	4			4½			
San Francisco.....	4		4½			4½	

Changes in open-market rates on bankers' acceptances maturing within 3 months.

Federal Reserve Bank.	Effective—			
	Jan. 1, 1918.	Apr. 3, 1918. ¹	Apr. 8, 1918. ¹	Apr. 15, 1918. ¹
Boston.....	3-5		4	
New York ²	3-4½	4		
Philadelphia.....	3-4½		4	
Cleveland.....	3-4½		4	
Richmond.....	3-4½		4	
Atlanta.....	3-4½		4	
Chicago.....	3-5		4	
St. Louis.....	3-4½		4	
Minneapolis.....	3-5		4	
Kansas City.....	3-4½		4	
Dallas.....	3-4½			4
San Francisco.....	3-½		4	

¹ Minimum rate.² Rates for discounted bankers' acceptances maturing within 15 days, 4 per cent; within 16 to 60 days, 4½ per cent; and within 61 to 90 days, 4½ per cent.

MOVEMENT OF PRINCIPAL ASSETS AND LIABILITIES OF FEDERAL RESERVE BANKS DURING THE CALENDAR YEAR 1918.

Owing to the issue during the year of Government obligations greatly in excess of the estimated normal annual savings of the country, there has been a marked increase in the loans and deposits of member and nonmember banks, which is reflected in the net total of bills discounted and bought by the Federal Reserve Banks, in their net deposits, and in their outstanding issues of Federal Reserve notes; and as a result of the Board's policy of giving a preferential rate of discount on paper secured by United States bonds and Treasury certificates, the Federal Reserve Banks' holdings of paper secured by war obligations of the Government have increased out of all proportion to their commercial paper holdings. The whole situation is depicted in the following table, which shows the changes, week by week, throughout the year of loans, reserves, note issues and deposits:

Movement of principal assets and liabilities of all Federal Reserve Banks during the calendar year 1918.

[In thousands of dollars.]

	1	2	3	4	5	6	7	8	9	10
	Dis- counted paper, secured by Govern- ment war obliga- tions.	Other discounted paper.	Bills bought in open market.	Total bills discounted and bought.	Per cent (1 to 4).	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circula- tion.	Ratio of cash reserves to net deposit and Federal Reserve note liabilities combined.	Federal Reserve Bank notes in circula- tion, net liability.
1918.										
Jan 4	285,919	339,894	271,338	397,151	31.9	1,733,030	1,446,228	1,251,205	64.2	8,000
11	277,014	293,651	258,710	329,375	33.4	1,748,031	1,444,904	1,242,199	65.1	8,000
18	300,268	303,220	257,804	861,292	34.9	1,784,307	1,496,383	1,238,797	65.2	8,000
25	312,520	315,142	273,912	901,574	34.7	1,782,759	1,492,878	1,234,934	65.4	8,000
Feb. 1	305,664	301,114	289,805	896,583	34.1	1,775,457	1,488,036	1,236,101	65.2	8,000
8	269,302	255,819	280,705	805,826	33.4	1,813,094	1,502,853	1,261,219	65.6	8,000
15	249,603	252,313	287,263	789,179	31.6	1,818,736	1,403,634	1,281,045	67.7	7,999
21	263,905	245,629	296,170	805,704	32.8	1,832,524	1,462,627	1,314,581	66.0	7,999
Mar. 1	249,195	253,330	299,213	801,738	31.1	1,837,773	1,439,887	1,351,091	65.8	7,999
8	264,501	255,839	317,952	838,292	31.6	1,847,883	1,472,439	1,383,990	64.7	8,000
15	257,621	259,863	323,248	840,732	30.6	1,852,193	1,464,519	1,406,228	64.5	8,000
22	282,962	260,157	328,880	871,999	32.4	1,862,372	1,505,774	1,429,509	63.4	7,978
28-29	301,451	281,777	304,065	887,293	34.0	1,874,063	1,535,367	1,452,838	62.7	7,978
Apr. 5	304,075	269,808	326,503	900,386	33.8	1,877,433	1,529,364	1,479,920	62.4	7,860
12	465,625	247,182	318,857	1,031,664	45.1	1,894,995	1,533,827	1,499,377	62.5	8,000
19	564,724	243,321	308,277	1,116,322	50.6	1,898,307	1,502,246	1,514,287	62.9	7,895
26	642,429	259,314	302,844	1,204,587	53.3	1,890,945	1,556,303	1,526,232	61.3	7,895
May 3	606,639	266,812	297,029	1,170,471	51.8	1,919,983	1,520,957	1,556,660	62.4	7,980
10	612,324	326,616	286,036	1,225,077	50.0	1,942,500	1,651,324	1,569,618	60.3	7,878
17	526,163	316,102	279,886	1,122,151	46.9	1,952,712	1,524,453	1,569,445	63.1	7,878
24	600,499	322,800	278,221	1,201,520	50.0	1,956,056	1,557,618	1,578,621	62.4	7,864
31	562,993	334,364	256,373	1,153,730	48.8	1,975,709	1,586,808	1,600,968	62.0	8,324
June 7	627,025	357,467	248,542	1,233,034	50.9	1,977,724	1,576,364	1,639,579	61.5	19,580
14	653,863	362,168	242,923	1,258,954	51.9	2,005,263	1,588,771	1,651,500	61.9	0,001
21	544,193	387,077	232,472	1,163,742	46.8	1,981,111	1,445,403	1,677,951	63.4	9,945
28	434,509	434,666	216,848	1,086,023	40.0	2,006,199	1,529,819	1,722,216	61.7	10,390
July 5	563,496	513,286	211,947	1,288,729	43.7	2,015,163	1,473,927	1,791,569	61.7	10,335
12	606,599	553,253	218,464	1,378,346	44.0	2,015,984	1,553,664	1,813,425	59.9	10,600
19	601,403	601,943	205,932	1,409,278	42.7	2,031,095	1,566,680	1,829,045	59.8	11,000
26	673,231	628,920	205,274	1,507,425	44.7	2,029,329	1,622,870	1,870,835	58.1	11,084

Movement of principal assets and liabilities of all Federal Reserve Banks during the calendar year 1918—Continued.

[In thousands of dollars.]

	1	2	3	4	5	6	7	8	9	10
	Dis- counted paper, secured by Govern- ment war obliga- tions.	Other discounted paper.	Bills bought in open market.	Total bills discounted and bought.	Per cent (1 to 4).	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circula- tion.	Ratio of cash reserves to net deposit and Federal Reserve note liabilities combined.	Federal Reserve Bank notes in circula- tion, net liability.
1918.										
Aug. 2	685,921	584,998	209,185	1,480,104	46.3	2,034,918	1,558,839	1,906,465	58.7	11,479
9	761,576	570,897	208,557	1,541,030	49.4	2,044,523	1,576,322	1,955,276	57.9	13,716
16	752,115	533,253	212,204	1,497,572	50.2	2,045,523	1,512,507	1,985,419	58.5	15,167
23	853,508	540,247	236,566	1,630,321	52.4	2,055,266	1,594,068	2,032,837	56.7	16,864
30	896,228	531,967	232,603	1,660,798	54.0	2,066,962	1,572,898	2,092,708	56.4	20,687
Sept. 6	1,007,366	534,608	233,766	1,775,740	56.7	2,070,494	1,601,650	2,180,679	54.7	23,964
13	1,071,304	541,943	239,750	1,852,997	57.8	2,077,732	1,622,165	2,245,429	53.7	27,672
20	1,146,357	513,789	250,032	1,910,178	60.0	2,076,039	1,623,264	2,295,031	52.9	33,208
27	1,221,533	491,897	288,391	2,001,821	61.0	2,072,176	1,667,109	2,349,326	51.6	35,819
Oct. 4	1,251,787	454,419	310,817	2,017,023	62.1	2,077,371	1,606,262	2,431,004	51.5	40,305
10	1,304,383	450,086	338,620	2,093,089	62.3	2,083,358	1,638,159	2,478,378	50.6	52,031
18	1,262,757	425,799	370,136	2,058,692	61.3	2,087,685	1,580,802	2,502,488	51.1	55,666
25	1,092,417	453,747	398,623	1,944,787	56.2	2,098,169	1,723,992	2,507,912	49.6	58,859
Nov. 1	1,252,904	493,049	377,072	2,123,025	59.0	2,105,685	1,663,377	2,515,504	50.4	63,338
8	1,316,967	480,271	374,522	2,171,760	60.6	2,100,839	1,661,521	2,558,196	49.8	68,864
15	1,358,416	439,392	377,877	2,175,685	62.4	2,109,816	1,665,677	2,562,517	49.9	72,930
22	1,281,245	428,190	368,784	2,078,219	61.7	2,116,257	1,632,772	2,555,215	50.5	80,504
29	1,412,511	402,684	375,341	2,190,536	64.5	2,120,371	1,668,283	2,568,676	50.0	86,003
Dec. 6	1,467,322	396,462	371,406	2,235,190	65.6	2,121,367	1,704,351	2,584,523	49.5	92,799
13	1,483,849	365,614	366,594	2,216,057	67.0	2,134,263	1,672,726	2,604,580	49.9	102,202
20	1,299,524	306,778	349,765	1,947,067	66.7	2,133,624	1,549,750	2,663,701	50.6	111,906
27	1,400,371	302,567	303,673	2,006,611	69.8	2,146,219	1,552,892	2,685,244	50.6	117,122

It will be noted that of the total of \$897,151,000 bills discounted and bought, as shown by the statement of January 4, 1918, \$285,919,000, or 31.9 per cent, consisted of paper secured by Government war obligations, the balance being other notes and bills rediscounted for member banks \$339,894,000, and bills and acceptances purchased in the open market \$271,338,000. While the total of paper secured by Government war obligations shows occasional temporary reductions brought about by payments of Treasury certificates, the general trend has been steadily upward, the total of such paper held by the Federal Reserve Banks on December 27, being \$1,400,371,000.

As to the proportion of paper held by the Federal Reserve Banks secured by Government war obligations, it will be noted that beginning with 31.9 per cent on January 4, 1918, there were unimportant variations until March 15, when the minimum for the year was reached, 30.6 per cent, after which there was an almost constant increase until on December 27, 69.8 per cent of the paper held by the Federal Reserve Banks was secured by Government obligations.

All other discounts carried at the close of the year amounted to \$302,567,000, as compared with \$339,894,000 on January 4. During the early part of the year these holdings declined to less than \$250,000,000. During the summer months, owing, no doubt, to seasonal loan demands, there were considerable increases, the maximum holdings of \$628,920,000 occurring about the end of July. Of these a reduced proportion was composed of member banks' collateral notes secured by eligible paper. Of this class of paper the banks carried a total of \$21,616,000 on December 27, 1918, compared with \$61,110,000 at the beginning of the year. Agricultural paper of all maturities held on the last Friday in 1918 aggregated \$29,384,000, as against \$7,901,000 on the first Friday in the year. The amount of live-stock paper increased from \$8,601,000 on January 4, 1918, to \$27,334,000 on December 27, 1918. Maximum holdings of all three classes of paper were reported about the end of July. Holdings of agricultural and live-stock paper are concentrated mainly at the Kansas City, Dallas, and Minneapolis banks.

But little change is shown in the holdings of discounted trade acceptances, the end of the year figures, \$15,986,000, exceeding only by about \$1,217,000 the figures reported at the beginning of the year. These acceptances were based mainly on domestic trade transactions, while acceptances covering foreign trade operations figured somewhat more prominently among the open-market purchases of the banks.

Of these purchases, by far the larger part is made up of bankers' acceptances, the holdings of which show an increase for the year from

creased during the year from \$82,867,000 to \$166,493,000, the amount of bankers' foreign acceptances decreased from \$180,609,000 at the beginning of the year to \$129,162,000 toward its close. Dollar exchange bills on hand aggregated \$1,850,000 on January 4 as against \$796,000 at the close of the year, holdings of purchased foreign trade acceptances show a decline from \$5,516,000 to \$3,843,000, while those of purchased domestic trade acceptances, all with bankers' indorsements, increased from \$496,000 to \$3,379,000. Aggregate holdings of purchased bills, including both bankers' and trade acceptances, because of the substantial increase in the amounts of bankers' domestic acceptances show an increase from \$271,338,000 on January 4 to \$303,673,000 at the end of the year.

Owing to the redemption by the Treasury of about \$7,500,000 3 per cent bonds held by the banks, and through the disposal of Liberty bonds held temporarily for the accommodation of member and nonmember banks, the Federal Reserve Bank holdings of Government long-term securities show a decline from \$51,167,000 to \$28,869,000. An increase from \$92,058,000 to \$282,677,000 in the holdings of Government short-term securities is mainly accounted for by Treasury certificates held by the Federal Reserve Bank of New York to cover temporary advances to the Government, and to a slighter degree by investments in one-year 2 per cent Treasury certificates to secure Federal Reserve bank notes. Other earning assets, composed of bill of lading drafts and municipal warrants which at the beginning of the year amounted to \$5,167,000 have declined to \$13,000, due to the inclusion of the drafts with the other discounts and to the practical suspension of purchases of warrants.

In the following table are shown changes in the several classes of earning assets held by the Federal Reserve Banks on the first and last Fridays of the past year:

[In thousands of dollars.]

	Jan. 4, 1918.	Dec. 27, 1918.	Increase.
Bills discounted:			
Secured by Government war obligations—			
Customers' paper.....	145,208	363,025	217,817
Member banks' collateral notes.....	140,711	1,087,346	896,635
Total.....	285,919	1,400,371	1,114,452
Otherwise secured and unsecured—			
Agricultural paper.....	7,901	29,384	21,483
Live-stock paper.....	8,601	27,334	18,733
Member banks' collateral notes.....	61,110	21,616	1 39,494
Trade acceptances—			
In the foreign trade.....	14,769	27	1,217
In the domestic trade.....		15,959	
All other, n. s.....	247,513	208,247	1 39,266
Total.....	339,894	302,567	1 37,327
Total discounted bills.....	625,813	1,702,938	1,077,125

¹Decrease.

[In thousands of dollars.]

	Jan. 4, 1918.	Dec. 27, 1918.	Increase.
Bills bought in open market:			
Bankers' acceptances—			
In the foreign trade.....	180,609	129,162	1 51,447
In the domestic trade.....	82,867	166,493	83,626
Dollar exchange bills.....	1,850	796	1 1,054
Total.....	265,326	296,451	31,125
Trade acceptances—			
In the foreign trade.....	5,516	3,843	1 1,673
In the domestic trade.....	496	3,379	2,883
Total.....	6,012	7,222	1,210
Total bills bought in open market.....	271,338	303,673	32,335
United States Government long-term securities.....	51,167	28,869	1 22,298
United States Government short-term securities.....	92,058	282,677	190,619
All other earning assets.....	5,167	13	1 5,154
Total earning assets.....	1,045,543	2,318,170	1,272,627

1 Decrease.

RESERVE POSITION OF THE FEDERAL RESERVE BANKS.

The general expansion which has taken place during the year is reflected to a limited extent in the increase in member banks' reserve deposits of \$138,088,000 from \$1,449,230,000 on January 4 to \$1,587,318,000 on December 27, but in a much greater degree in the volume of Federal Reserve notes in circulation, the amount of these notes in circulation on January 4 having been \$1,251,205,000, against \$2,685,244,000 on December 27, an increase of \$1,434,039,000. Other deposits, including those of the United States and of foreign governments, increased between these dates \$18,759,000, while the increase in net deposit and note liabilities during the year has been \$1,540,703,000, as against an increase of gold reserves of \$402,554,000.

In its report for the year 1917 the Board called attention to the changes in the reserve position of the Federal Reserve Banks during the year and pointed out the effect upon their reserves of the flotation of the two Liberty loans. After payments for subscriptions to the first Liberty loan were made there was a notable strengthening of the reserve position, but, as stated in the report, a similar recovery subsequent to the close of the second Liberty loan had not taken place up to December 31, 1917, which was commented upon as indicating that the process of distributing the second Liberty loan was still uncompleted. On January 4, 1918, the combined reserves of all the banks stood at 64.2 per cent. There was a gradual improvement in the reserve position until February 15 when the combined percentage was 67.7 per cent, which proved to be the highest for the year 1918.

Treasury certificates of indebtedness were sold in anticipation of the two Liberty loan issues of 1918, and also in anticipation of tax payments, and since February the tendency of reserve percentages has

been steadily downward, recoveries being slight and temporary. The combined reserves of the banks on December 27 were 50.6 per cent, and excepting seasonal recoveries anticipated in January and February, 1919, further declines may be expected until the financial program of the Treasury has been finally completed.

Due to accessions to membership of State banks and to the following up by the Federal Reserve Banks of the Board's policy of concentrating gold and gold certificates in the vaults of the Federal Reserve Banks, the total gold reserves of the banks have shown an increase during the year of \$402,554,000, having increased from \$1,687,720,000 on January 4, 1918, to \$2,090,274,000 on December 27. Of this increase approximately \$200,000,000 is due to exchanges made with the Treasury of Federal Reserve notes for gold.

EFFECT OF WAR FINANCING UPON THE FEDERAL RESERVE BANKS.

The effect of two years of war financing upon the Federal Reserve System can best be shown by the following table, from which it will be seen that the enormous needs of the country, both for military and commercial purposes, have been provided for and that our surplus over minimum reserves required by law has been lowered only by \$17,400,000:

[In millions of dollars.]

	Apr. 5-6, 1917.	Dec. 27, 1918.	Increase.
Total cash reserve.....	962.7	2,146.2	1,183.5
Total net deposit and Federal Reserve note liabilities.....	1,136.8	4,238.1	3,101.3
Total required reserve.....	416.7	1,617.6	1,200.9
Reserve percentage.....	84.7	50.6	-34.1
Total earning assets.....	225.6	2,318.2	2,092.6
Free gold.....	546.0	528.6	-17.4
Federal Reserve notes outstanding.....	400.7	2,855.6	2,454.9
Collateral:			
Required paper.....	¹ 22.3	² 1,567.3	1,545.0
Gold.....	³ 378.4	⁴ 1,288.3	849.9
Note issue power.....	1,365.0	1,321.5	-43.5

¹ 6 per cent.

² 55 per cent.

³ 94 per cent.

⁴ 45 per cent.

The table next subjoined, showing the combined resources and liabilities of the 12 Federal Reserve Banks, indicates the changes in the various items of resources and liabilities of the Federal Reserve System during the years 1917 and 1918. The figures of March 30, 1917, show the situation immediately before the entry of the United States into the war, and those of December 27 show the condition at the close of the year, while the figures for the intermediate dates show the changes directly attributable to the Liberty loan flotations.

Combined resources and liabilities of the Federal Reserve System.

[In thousands of dollars.]

	Mar. 30, 1917.	June 22, 1917.	Nov. 30, 1917.	Dec. 28, 1917.	May 10, 1918.	Nov. 8, 1918.	Dec. 27, 1918.
RESOURCES.							
Gold in vault and in transit	374,903	492,842	499,887	499,917	480,580	386,437	337,365
Gold settlement fund, Federal Reserve Board	200,061	267,910	395,236	317,520	437,444	435,452	374,758
Gold with foreign agencies		52,500	52,500	52,500	52,500	5,829	5,829
Total gold held by banks	574,964	813,252	947,623	869,937	970,524	827,718	717,952
Gold with Federal Reserve agents	360,668	390,765	661,824	781,851	885,027	1,145,640	1,285,309
Gold redemption fund	2,414	8,001	12,278	19,345	27,584	73,233	84,013
Total gold reserves	938,046	1,212,018	1,621,725	1,671,133	1,883,135	2,046,591	2,090,274
Legal tender notes, silver, etc.	9,282	35,680	54,486	49,635	59,365	51,248	55,945
Total reserves	947,328	1,247,698	1,676,211	1,720,768	1,942,500	2,100,839	2,146,219
Bills discounted:							
Secured by Government war obligations		83,185	405,608	283,421	612,324	1,316,967	1,400,371
All other	20,106	157,799	350,790	397,285	326,717	480,271	302,567
Bills bought in open market	84,473	194,303	205,454	275,366	286,036	374,522	303,673
Total bills on hand	104,579	435,287	961,852	956,072	1,225,077	2,171,760	2,006,611
United States Government long-term securities	29,275	36,427	47,304	48,350	40,116	29,479	23,869
United States Government short-term securities	18,425	78,491	41,792	58,883	106,762	91,956	282,677
All other earning assets	15,715	2,585	1,429	4,990	1,844	28	13
Total earning assets	167,994	552,790	1,052,377	1,068,295	1,373,799	2,293,223	2,318,170
Uncollected items (deduct from gross deposits)	135,034	198,387	373,160	313,043	455,726	687,468	759,608
5 per cent redemption fund against Federal Reserve bank notes	400	500	537	537	404	3,924	5,988
All other resources	5,393	267	2,499	46	66	18,790	22,005
Total resources	1,256,149	1,999,642	3,104,784	3,102,689	3,772,495	5,104,244	5,251,990
LIABILITIES.							
Capital paid in	59,075	57,171	68,500	70,442	75,118	79,824	80,681
Surplus					1,134	1,134	1,134
Government deposits	20,567	495,807	220,962	108,213	138,529	160,256	63,367
Due to members, reserve account	720,411	806,209	1,459,370	1,453,166	1,548,137	1,545,996	1,587,318
Collection items	100,961	137,581	238,867	191,689	309,773	527,796	554,823
All other deposits, including foreign Government credits		1,000	19,473	17,969	110,611	114,941	106,992

Combined resources and liabilities of the Federal Reserve System—Continued.

[In thousands of dollars.]

	Mar. 30, 1917.	June 22, 1917.	Nov. 30, 1917.	Dec. 28, 1917.	May 10, 1918.	Nov. 8, 1918.	Dec. 27, 1918.
LIABILITIES—continued.							
Total gross deposits.....	841,939	1,440,597	1,968,672	1,771,037	2,107,050	2,348,989	2,312,500
Net deposits.....	706,905	1,242,210	1,595,512	1,457,994	1,651,324	1,661,521	1,552,892
Federal Reserve notes in actual circulation.....	357,610	499,721	1,056,983	1,246,483	1,569,613	2,558,196	2,685,244
Federal Reserve bank notes in circulation, net liability.....		776	8,000	8,000	7,878	68,864	117,122
All other liabilities.....	525	1,377	2,629	6,722	11,697	47,237	55,309
Total liabilities.....	1,256,149	1,999,642	3,104,784	3,102,689	3,772,495	5,104,244	5,251,990
Ratio of total reserves to net deposit and Federal Reserve note liabilities combined (per cent.).....	89.0	71.6	63.2	61.8	60.3	49.8	50.6
Ratio of bills secured by Government war obligations to total bills on hand (per cent.).....		19.1	42.2	29.6	50.0	60.6	69.8

The material changes in the items comprising resources and liabilities of the Federal Reserve Banks from March 30, 1917 (which date was prior to the declaration of war and also before the act was amended on June 21, 1917, which changed reserve requirements by providing that all reserves of member banks be carried with the Federal Reserve Banks), to December 27, 1918, have been as follows:

[In millions of dollars.]

RESOURCES.		Increase.	LIABILITIES.		Increase.
1. Cash:			Capital		25
Gold	1,152		Surplus		1
Legals and silver	47		Deposits:		
		1,199	Government	43	
2. Bill holdings:			Member bank	867	
Discounts—			Foreign Government and other credits	107	
War paper	1,400				1,017
Other discounts	283		Federal Reserve notes		2,328
Acceptances	219		Federal Reserve bank notes		117
		1,902	All other liabilities, net, including 1918 net earnings		55
3. Government securities:			Total		3,543
Long term		264			
Short term		a 16			
4. Warrants		171			
5. Float					
6. 5 per cent redemption fund against Federal Reserve bank notes		6			
7. All other resources, net		17			
Total		3,543			

a Decrease.

In connection with the loans and discounts, it should be noted that the increase of Government secured paper held by the banks has been about \$1,400,000,000 as against an increase of commercial discounts and purchases of acceptances combined of \$502,000,000.

The increase in Federal Reserve notes outstanding since March 30, 1917, has been \$2,328,000,000, from which it will be seen that after making allowances for the notes which have been exchanged for gold the net expansion in note issues has been due largely to the discount by the banks of paper secured by war obligations of the Government. About two-thirds of the profits made by the banks during the year 1918 have been due to the expansion of this class of loans.

The increase in capital of \$25,000,000 has been due in part to the increase in capital and surplus of member banks, but principally to payments to capital account by State banks and trust companies which have become members of the system.

The increase in Government deposits noted for part of the year has been due to the larger activities of the Treasury in connection with war financing.

The increase in member bank deposits is accounted for by changes in reserve requirements made by the act of June 21, 1917, the growth of deposits of national banks, and by the reserves carried by the State bank and trust company members, most of which have joined the system since June 21, 1917.

The increase in Federal Reserve bank notes of \$117,000,000 does not represent any material addition to the circulating medium, as most of these notes have been issued in substitution for silver certificates by virtue of the act of April 23, 1918, which authorizes the issue of \$1 and \$2 Federal Reserve bank notes, upon the retirement of silver certificates in equal amounts, to be secured by Treasury certificates of indebtedness deposited with the Treasurer of the United States. A more extended discussion of these bank notes appears further on in this report.

ACCEPTANCES.

The acceptance is a comparatively new development in American finance. A few of the States, just prior to the passage of the Federal Reserve Act, authorized banks and trust companies operating under State charters to accept bills of exchange drawn upon them, and the Federal Reserve Act authorized such transactions on the part of member banks where the drafts or bills have not more than six months to run and where they grow out of transactions involving the importation or exportation of goods, the total volume of such acceptances outstanding at any one time not to exceed in the aggregate one-half of the paid-up capital and surplus of the accepting bank. The act of March 3, 1915, authorized the Federal Reserve Board to permit member banks to accept and Federal Reserve Banks to discount acceptances in a total amount not exceeding the capital and surplus of the accepting bank, and the act of September 7, 1916, authorized member banks to accept drafts and bills growing out of transactions involving domestic shipments of goods, provided shipping documents conveying or securing title are attached at the time of acceptance, or which are secured at time of acceptance by warehouse receipts or other similar documents conveying or securing title, covering readily marketable staples. The total amount of domestic bills which may be accepted by a member bank may not exceed at any one time in the aggregate one-half of its paid-up and unimpaired capital stock and surplus.

The Board had on December 31, 1918, authorized 161 member banks to accept up to 100 per cent of their capital and surplus. Purchases of acceptances constituted the greater part of the open-market transactions of the Federal Reserve Banks. Acceptances bought are mainly bankers' acceptances, although trade acceptances, which are drafts drawn by the seller upon the purchaser of goods and which may be either foreign or domestic in their character, are now being acquired in increasing volume, in some districts the aggregate of trade acceptances being 5 per cent or more of the total acceptances

Trade acceptances are discounted more freely upon the indorsement of member banks, and a differential of one-fourth of 1 per cent is usually given in favor of these acceptances as against promissory notes.

The following tabular statement of acceptances bought in the open market by the Federal Reserve Banks during the past four years shows the large increase in the volume of the acceptance business:

Acceptances bought in open market by Federal Reserve Banks.

[In thousands of dollars; i. e., 000 omitted.]

	Bought in open market—				Purchased from other Federal reserve banks.	
	1915	1916	1917	1918	1917	1918
Boston.....	14,105	52,377	86,481	194,158	5,047	6,709
New York.....	25,834	123,406	445,307	945,498	19,659	50,182
Philadelphia.....	7,565	53,122	70,710	77,686	15,204	42,321
Cleveland.....	2,963	27,542	51,007	122,800	40,102	54,199
Richmond.....	250	11,313	54,759	70,766	3,357	331
Atlanta.....	72	12,544	25,388	45,477	1,005	2,514
Chicago.....	5,782	27,061	61,142	122,787	5,572	100,077
St. Louis.....	1,801	20,681	22,788	26,096	6,944	4,551
Minneapolis.....	1,455	13,539	16,397	13,903	16,675	25,911
Kansas City.....	1,788	8,191	17,561	14,691	9,294	19,047
Dallas.....	.....	3,543	9,743	25,024	25,333	8,242
San Francisco.....	3,230	32,776	48,018	150,653	20,249	22,506
Total.....	64,845	386,095	909,301	1,809,539	168,411	336,590

Bankers' acceptances are regarded as the most liquid of all investments, and it has always been the policy of the Board to permit a substantial differential in their favor. The rates on acceptances are subject to fluctuations, reflecting accurately the varying conditions of the money market, and consequently the Board has never fixed a definite rate for them but has prescribed maximum and minimum rates within the limitations of which the Federal Reserve Banks are permitted to purchase bills.

In 1915 Federal Reserve Bank acceptance rates ranged between 2 and 3 per cent, and at the present time the minimum rate is 4 per cent.

The private rate in London has for the past nine months been about $3\frac{1}{2}$ per cent against average current rates in New York of $4\frac{1}{4}$ per cent. While this difference may have diverted some business to the English banks, the Board has not as yet deemed it advisable for the Federal Reserve Banks to meet the British rate, because of the large financial operations of the Treasury, and for other reasons which are stated below. It was thought that a lower rate for any class of paper than that borne by member banks' 15-day collateral notes secured by Government obligations might have an unfavorable effect upon the Treasury's operations.

The British rate of $3\frac{1}{2}$ per cent, however, has been maintained for nearly a year, despite the fact that London banks have been paying

3 per cent interest on domestic balances and $4\frac{1}{2}$ per cent interest on foreign balances, while the British Government is paying 5 per cent on loans made to it by the United States Government. The report of the British Committee on Currency and Foreign Exchanges, dated August 18, 1918, however, indicates the possibility of an advance in the British discount rate on acceptances. As no reduction in the rate for paper secured by Government obligations is contemplated by the Board, a lower acceptance rate at Federal Reserve Banks would have a tendency to reduce the proportion of bond-secured paper held by them, and to bring about a corresponding increase in their proportion of commercial paper holdings.

In considering rates of discount for bankers' acceptances in the United States, certain fundamental differences between the London and the New York money markets must be kept in mind. In London there is an official rate fixed by the Bank of England, known as the bank rate, and there is also an open-market or private rate. The bank rate is the rate at which the Bank of England will buy approved bills of exchange in the London market. The bank will not buy the acceptances of foreign banks domiciled in London nor of foreign agencies established in London.

The London market can avail itself of the rate established by the Bank of England, which is prepared at all times to absorb bills at its prevailing discount rate. The bank itself, whenever it seems desirable, operates in the market, absorbing funds when it wishes to maintain or advance the rate, and whenever it wishes to ease the market the bank takes an active instead of a passive part in the purchase of bills of exchange. The Bank of England rate is usually higher than the private rate, which is governed by the demand for and supply of bills of exchange. The supply is represented largely by bills drawn for the purpose of carrying on international commerce in the form of 60 and 90 days' sight acceptances drawn upon English banks and acceptance houses. The demand in the open market comes mainly from the joint-stock banks, private banks, and discount companies, and represents accumulated funds whose use in other channels is not expected to develop for some time—say, 30, 60, or 90 days and sometimes for longer periods. Bills of exchange available for discount with the Bank of England are purchased by these institutions with the knowledge that they can always be disposed of at the bank rate on the day of sale, and this knowledge gives such elasticity to investments in bills of exchange that purchases are made freely from moneys temporarily idle, and a large portion of the resources of the purchasing institutions is carried in the shape of bills purchased at the open-market rate which are discountable at the Bank of England. Should a feeling arise in the course of market operations that the Bank of Eng-

land is likely to raise its rate, which is usually done in gradations of one-half of 1 per cent to 1 per cent, the open-market rate, or private rate, will rise in anticipation of the change, above the official bank rate. During a period when the bank rate seems to have been established at a definite figure and when no changes are anticipated, the tendency of the private rate is to drop below the bank rate and to continue there. Bankers and discount houses purchasing bills of exchange at the private rate know that in any event they can sell their bills at the bank rate, and if this rate holds fairly steady they have an opportunity to earn the full interest obtainable on bills purchased for such time as they may be held. Furthermore, purchasers know that if the bills are carried for a considerable portion of the time they have to run and then must be sold at the bank rate, there will be a profit on the investment for the time the bills are carried even though sold at the higher bank rate.

The accumulation of funds in London from all parts of the world has been invested to a large extent in bills of exchange for many years. Experience, demonstrating the safety of these investments, has given great elasticity to the operations and has made the open discount market in London for bills of exchange so broad that large transactions are carried on without noticeable effect upon the money market. It is therefore natural that during periods of steady money rates the private rate should rule below the bank rate.

Before the war, time bills of exchange were drawn upon London covering exports and imports between England and other countries and between foreign countries, all of which created a vast turnover, which the English money market was able to absorb because of the accumulation of funds in London available for such investments. During the war, owing to several causes, sterling bills of exchange were not created in nearly so large a volume. One reason for this is that the United States Government was making loans in dollars to Great Britain, France, and Italy to provide for purchases by these nations in the United States, and another is that purchases made by these nations in the United States include raw materials which have been imported into the United States to be used in the manufacture of goods for the allied powers which otherwise might have been imported direct by those nations. This applies particularly to food, clothing, and munitions. As a result, the British money market is, or has been until recently, rather bare of bills of exchange. Funds available in London for use in the open market are probably greater now than in normal times, as there has been an accumulation due to the fact that foreign exchanges have generally ruled against Great Britain, which has made the withdrawal of sterling balances by foreign nations difficult and expensive. Even though the bank rate has been maintained at 5 per cent, the private rate has naturally

fallen below this figure and has ruled around $3\frac{1}{2}$ per cent. The cost of converting sterling balances into balances in other countries where a higher interest rate might be obtained, added to the increased risks of such conversion due to the war, has operated to prevent transfers from the London market which otherwise might have been made.

At the beginning of the war in 1914 the creation of sterling bills of exchange in all parts of the world was stopped for the time being, and as a result there was a very large amount of unloanable funds in the London open-money market. The London joint-stock banks were obliged to lower the rate of interest which they paid upon balance to a point below the normal difference of $1\frac{1}{2}$ per cent off the bank rate. After the third moratorium proclamation, which reestablished the credit of British institutions all over the world, the drawing of time sterling bills was resumed on a large scale, and as a result London money rates went above 6 per cent. After the United States came into the war the creation of sterling bills fell off rapidly for reasons already stated, which resulted in bringing the British money market into the position outlined.

In New York, which at the present time is the only city in the United States which has anything like a broad acceptance market, the rate established by the Federal Reserve Bank is followed closely by the outside market, because there are not ordinarily sufficient funds available in the New York open market to absorb acceptances offered, and consequently there is no tendency for the outside rate to go below the Federal Reserve Bank rate. Should there be a period of very easy money, it is probable that the outside rate in New York would fall somewhat below the Federal Reserve Bank rate. This will transpire whenever bankers feel that they can hold bills until maturity without being obliged to transfer them to the Federal Reserve Bank during the life of the bills.

With the present restrictions upon foreign trade and without free shipments of gold between Great Britain and the United States, the New York and London money markets stand each upon its own bottom and are not subject to the ordinary leveling process usual in normal times. This being true, the Federal Reserve Board has felt justified in basing the rates of the Federal Reserve Banks upon our own money-market conditions instead of considering them in the light of market conditions abroad, as may become necessary upon the restoration of normal conditions. The problem of establishing discount rates for acceptances through the Federal Reserve Bank in New York since the United States entered the war has, consequently, been entirely free from any consideration of the English rate. It should be borne in mind also that our acceptance rate is applied to bills of exchange drawn upon banking institutions authorized by law to accept

time bills under certain restrictions. Our law provides for domestic acceptances only to a limited extent (50 per cent of the capital and surplus of the accepting bank) and was framed especially to promote our foreign trade.

During the war we were obliged to import on balance a very large volume from many countries, and it was necessary to afford every possible facility to aid in the financing of such imports. Too high an acceptance rate would naturally have caused more or less uneasiness in the countries called upon to make advances against their exports to us, as the impression might have prevailed that we were pressed for funds. Prevailing rates of from 4 to 4½ per cent, therefore, have seemed to be entirely natural. When a normal basis of trade is again established between the principal countries of the world, the ability of this country to uphold the dollar in foreign markets will lie partly in the judgment displayed in adjusting our acceptance and bank rates. By that time, however, the English money market, as well as our own, will have resumed a more normal condition, so that the tendency in world currents of trade will be more clearly marked. The flow of money will be more noticeable and rates will have a greater tendency to establish themselves more automatically outside of the Federal Reserve System, thereby furnishing a surer basis for rate movement in the system.

In the development of the American acceptance market it is necessary to provide not only an outlet for acceptances but means of securing acceptances of bills in adequate volume, and in order to enable American banks and bankers to compete with British banking houses in financing the world's trade the combined power of American institutions whose acceptances can be made available in foreign markets to accept time bills must be large enough to meet all requirements, for otherwise should importers find that it is only occasionally that they can obtain dollar acceptance credits from American banks, due to the fact that these banks have reached the limit of acceptance liabilities provided by law, the importers will naturally return to the sterling acceptances which are available at all times in sufficient amounts to meet the demand.

On a recent date American banks whose acceptances, under the most liberal estimate, might be regarded as available in foreign markets were found to have acceptances outstanding to the amount of \$477,500,000, and under existing limitations on this basis their acceptance liability can be increased by \$630,000,000, provided every bank included in the list should be called upon to accept to the full extent of its ability. Many of these banks, however, are located in inland cities, and their acceptances are undoubtedly largely against domestic transactions. When they do accept on foreign transactions, it is usually in connection with some credit in which they have been invited to participate.

In the three cities of Boston, New York, and Philadelphia the acceptance line (on the basis of recent totals) still available for use by the accepting institutions is only a little over \$275,000,000. The cities of Baltimore, Wilmington, and Charleston on the eastern seaboard can accept for about \$15,000,000 more, making a total available for the promotion of the foreign trade of cities on the Atlantic slope of about \$290,000,000, while the foreign trade naturally financed in these cities would require a much larger line if any considerable proportion were covered by dollar acceptances.

In order to provide additional facilities for engaging in foreign transactions, it has been suggested to the Board that it may become advisable to amend section 13 of the act so as to permit the Federal Reserve Board to authorize any member bank having a combined capital and surplus of not less than \$1,000,000 to accept drafts or bills of exchange drawn upon it having not more than six months' sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods, to an amount not exceeding 200 per cent of its capital and surplus, provided that no bank shall be permitted to accept for domestic transactions in an amount greater than 50 per cent of its capital and surplus or more than 50 per cent of its capital and surplus for the purpose of furnishing dollar exchange, but that any part of the aggregate amount which a bank may be authorized to accept may be used in accepting drafts or bills of exchange growing out of transactions involving the importation or exportation of goods.

By limiting the authority to accept in the larger amount proposed, to foreign transactions, there would be no possibility of the added acceptance privilege being used for the expansion of domestic credits, and the aggregate amount of acceptances outstanding would be controlled by our foreign trade requirements.

MEMBERSHIP OF STATE INSTITUTIONS.

The amendments to section 9 of the Federal Reserve Act approved June 21, 1917, prescribe definite terms and conditions as to the admission and status of State banks as members of the Federal Reserve System, and provide also for their withdrawal upon six months' written notice. The Board had already adopted a liberal policy in dealing with State banks and trust companies, but the action of Congress has confirmed and strengthened what the Board sought to accomplish by regulation.

Section 9 of the Federal Reserve Act as amended provides that any bank becoming a member of the Federal Reserve System shall retain its full charter or statutory rights as a State bank or trust company, which has been interpreted by the Attorney General of the United States as going so far as to release them from the restrictions of

section 8 of the Clayton Act, which relate to joint directorships. Only 53 State banks and trust companies had become members of the system up to June 21, 1917, but the legislation to which reference has just been made removed the principal obstacles in the way of State bank membership, and this, together with the patriotic desire on the part of many of the banks to assist the Government in its war financing, has resulted in a rapid increase in the State bank membership. The movement of the State banks into the system still continues, for the fact is appreciated that the war is not yet over in a financial sense and the State bank members, almost without exception, as the result of their experience in the system, have come to appreciate the value of membership.

At the close of the calendar year 1917, 250 State institutions were members, with an aggregate capital and surplus of \$520,765,000 and aggregate resources of about \$5,000,000,000. On December 31, 1918, the total membership of State banks and trust companies had increased to 936, having an aggregate capital and surplus of \$750,618,000 and aggregate resources of about \$7,339,000,000. The total number of State banks and trust companies eligible for membership, including those now members, is estimated to be approximately 8,500 with total resources of about \$13,500,000,000. The present State bank and trust company membership, therefore, represents about 54 per cent of the total banking assets of all State banking institutions eligible for membership in the Federal Reserve system.

Tables showing the titles, dates of admission, capital and surplus, and aggregate resources of State banks and trust companies appear in the appendix.

The Board wishes to express its appreciation of the cooperation which has been given it by nearly all of the State bank commissioners, and as an illustration of the influence which has been exerted by many of them the following is quoted from the annual report of the superintendent of banks of the State of Ohio for 1918:

The flotation of the different Liberty loans clearly demonstrates the value of the Federal Reserve System of the National Government in this great war crisis. Time will continue to prove the soundness of the system, and as the bankers come to a fuller realization of the benefits to be derived by membership, and what the system has accomplished for the protection of business, it is believed that more will seek membership therein.

The reserve of the Federal Reserve Bank is the basis of its loaning power, and every State bank joining the system will, through its deposit of reserve with the Federal Reserve Bank, increase the credit facilities thereof. It is manifestly of great importance therefore that all qualified State banks and trust companies identify themselves with the system in order that the demands of legitimate business and the requirements of the Government may have sufficient credit.

reserves held by State banks, it seemed to be insufficient to meet all the demands that would no doubt come upon these institutions. Consequently, I immediately used all the argument and influence at my command to induce eligible State banks to join the Federal Reserve System, so they could not only contribute their share to the mobilized reserves of the country, but have available direct to them, as a right, the rediscount facilities of the Federal Reserve System.

In my opinion the record of the State banks in Ohio in supporting the Federal Reserve System is a creditable one. The assets of those banks which are members at the date of this report aggregate \$275,000,000. Pending applications when accepted by the Federal Reserve Board will increase the total aggregate thereof to \$317,000,000, or 34 per cent of the entire State banking resources.

A word of appreciation is due also to the American Bankers' Association, which has continued its campaign committee on Federal Reserve membership. This committee is doing a great deal of effective work in calling the attention of State banks to the advantages to be derived from membership in the system.

The growth of State bank membership during the year 1918 is shown in the following tables:

TABLE 1.—*Number and total resources of State banks and trust companies, members of Federal Reserve System, by districts.*

[Resources in thousands of dollars.]

Federal Reserve district.	Dec. 31, 1917.		May 10, 1918.		June 29, 1918.		Sept. 1, 1918.	
	Number.	Resources.	Number.	Resources.	Number.	Resources.	Number.	Resources.
Boston.....	14	339,722	23	528,584	24	533,264	25	539,451
New York.....	44	2,707,541	63	3,009,215	66	3,026,540	82	3,084,551
Philadelphia.....	8	228,440	16	244,336	16	244,034	20	273,443
Cleveland.....	13	369,147	26	442,848	30	452,907	48	494,140
Richmond.....	14	43,804	20	60,405	20	60,313	26	81,695
Atlanta.....	20	150,656	30	180,700	38	177,031	42	200,461
Chicago.....	71	792,425	114	878,542	128	944,596	206	1,212,651
St. Louis.....	13	209,694	23	266,436	24	273,186	36	299,537
Minneapolis.....	16	27,527	35	46,899	40	47,127	53	60,180
Kansas City.....	9	68,099	16	79,695	16	78,632	23	83,967
Dallas.....	11	11,133	43	26,694	58	31,271	86	46,704
San Francisco.....	17	65,697	40	84,392	53	125,923	66	139,020
Total.....	250	5,013,885	449	5,938,746	513	5,994,824	713	6,575,800

Federal Reserve district.	Oct. 1, 1918.		Nov. 1, 1918.		Dec. 1, 1918.		Jan. 1, 1919.	
	Number.	Resources.	Number.	Resources.	Number.	Resources.	Number.	Resources.
Boston.....	28	564,301	28	598,677	29	599,747	31	628,462
New York.....	89	3,104,110	95	3,302,338	96	3,306,056	101	3,366,785
Philadelphia.....	22	277,845	23	316,343	28	335,928	30	339,571
Cleveland.....	57	508,512	58	553,664	63	557,074	67	585,591
Richmond.....	31	91,263	33	106,309	34	107,099	37	108,984
Atlanta.....	45	201,672	48	236,063	50	237,845	54	238,500
Chicago.....	237	1,237,411	267	1,311,447	278	1,321,887	288	1,330,062
St. Louis.....	36	299,537	43	341,169	44	341,615	44	341,615
Minneapolis.....	59	62,948	62	72,988	68	76,103	70	77,116
Kansas City.....	24	85,162	25	96,943	27	103,244	27	103,244
Dallas.....	89	47,382	88	52,631	99	57,098	100	57,303
San Francisco.....	68	139,499	77	155,504	79	156,494	87	161,580
Total.....	785	6,619,642	847	7,144,076	895	7,197,190	936	7,338,813

TABLE 2.—Ratio of number and total resources of State banks and trust companies which have joined the Federal Reserve System to total State banks and trust companies reported as eligible for membership on the basis of capital requirements.

Federal Reserve district.	Dec. 31, 1917.		May 10, 1918.		June 29, 1918.		Sept. 1, 1918.	
	Number.	Re-sources.	Number.	Re-sources.	Number.	Re-sources.	Number.	Re-sources.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Boston.....	7.1	35.0	11.7	54.5	12.2	55.0	12.7	55.6
New York.....	12.4	62.1	17.7	71.1	18.5	69.4	23.0	70.7
Philadelphia.....	3.1	30.7	6.2	32.8	6.2	32.8	7.8	36.8
Cleveland.....	2.1	29.7	4.3	35.7	4.9	36.5	7.9	39.8
Richmond.....	2.7	9.8	3.9	13.5	3.9	13.4	5.0	18.2
Atlanta.....	2.7	33.8	4.0	40.5	5.0	39.7	5.6	44.9
Chicago.....	3.4	32.7	5.4	36.3	6.1	39.0	9.8	50.0
St. Louis.....	1.3	28.7	2.3	36.4	2.4	37.4	3.7	41.0
Minneapolis.....	2.5	7.8	5.5	13.2	6.3	13.3	8.3	17.0
Kansas City.....	1.0	13.1	1.8	15.3	1.8	15.1	2.5	16.1
Dallas.....	2.3	5.4	9.0	12.8	12.2	15.0	18.1	22.4
San Francisco.....	2.3	6.5	5.4	8.4	7.1	12.5	9.0	13.8
Total.....	2.9	37.3	5.3	44.1	6.0	44.6	8.4	48.4

Federal Reserve district.	Oct. 1, 1918.		Nov. 1, 1918.		Dec. 1, 1918.		Jan. 1, 1919.	
	Number.	Re-sources.	Number.	Re-sources.	Number.	Re-sources.	Number.	Re-sources.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Boston.....	14.2	58.2	14.2	61.7	14.7	61.8	15.7	64.8
New York.....	25.0	71.2	26.7	75.7	27.0	75.8	28.4	77.2
Philadelphia.....	8.6	37.3	8.9	42.5	10.9	45.2	11.7	45.6
Cleveland.....	9.3	41.0	9.5	44.6	10.3	44.9	11.0	47.2
Richmond.....	6.0	20.3	6.4	23.7	6.6	23.9	7.2	24.3
Atlanta.....	6.0	45.2	6.4	52.9	6.6	53.3	7.2	53.5
Chicago.....	11.3	51.1	12.7	54.1	13.2	54.6	13.7	54.9
St. Louis.....	3.7	41.0	4.4	46.7	4.5	46.7	4.5	46.7
Minneapolis.....	9.3	17.8	9.8	20.6	10.7	21.5	11.0	21.8
Kansas City.....	2.6	16.2	2.8	18.6	3.0	19.9	3.0	19.9
Dallas.....	18.6	22.7	18.5	25.3	20.8	27.5	21.0	27.5
San Francisco.....	9.2	13.8	10.4	15.4	10.6	15.5	11.7	16.0
Total.....	9.2	49.2	9.9	53.1	10.5	53.5	11.0	54.5

RATES OF EARNINGS FROM INVESTMENTS OF THE FEDERAL RESERVE BANKS.

The subjoined table shows the advancing tendency of rates at Federal Reserve Banks during the year. These rates are based upon actual discount and interest earnings and corresponding holdings of each class of productive assets. The apparent decrease in the average rate since July is due to the increased holdings of short-time paper secured by Government obligations on which the rate at most of the banks has been 4 per cent. The apparent decline in the rate of earnings on United States securities is due to the fact that during the early part of the year advances on United States bonds and Treasury certificates were reported in the statements of the banks as temporary investments in these securities, while since May transactions based upon these securities have been included in bills discounted.

Rates of earnings from investments of the Federal Reserve Banks.

	Bills dis- counted.	Bills bought in open market.	United States securi- ties.	Total invest- ments.
January.....	3.94	3.64	3.27	3.75
February.....	4.02	3.79	3.25	3.81
March.....	3.94	3.62	3.59	3.86
April.....	4.14	4.18	3.56	4.07
May.....	4.38	4.36	3.06	4.29
June.....	4.31	4.25	3.00	4.20
July.....	4.40	4.24	2.76	4.31
August.....	4.35	4.33	2.87	4.27
September.....	4.27	4.19	2.73	4.21
October.....	4.22	4.25	2.44	4.13
November.....	4.27	4.33	2.49	4.19
December.....	4.29	4.53	2.40	4.14
Average for year.....	4.24	4.14	2.99	4.12

EARNINGS AND EXPENSES OF THE FEDERAL RESERVE BANKS.

In its previous reports the Board has called attention to the fact that the Federal Reserve Banks are not operated primarily for profit, and it seems proper to reiterate this statement at this time, although it may seem incongruous in view of the fact that the combined gross earnings of the 12 banks for the year 1918 amounted to \$67,584,417, the net earnings being \$55,446,979, or just ten times the dividends paid. The net earnings were at the rate of 72.6 per cent on an average aggregate capital for the year of \$76,342,000.

A year ago six of the banks had paid all accumulated dividends, while two were 12 months in arrears, and four were 6 months behind. All accumulated dividends were paid by all banks on June 30, 1918, and on December 31 out of net earnings, after dividend requirements had been met, the 12 banks carried to their surplus accounts the sum of \$21,605,901, and set aside as a reserve for franchise tax to be paid to the United States, as provided in section 7 of the Federal Reserve Act, the sum of \$26,728,440. The law provides that after all expenses and dividend claims have been paid, all net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until that fund shall amount to 40 per cent of the paid-in capital stock of the bank.

The Federal Reserve Bank of New York has now accumulated the maximum surplus permitted by law—40 per cent—while the percentage of surplus to capital of the other 11 banks is as follows:

	Per cent.
Boston.....	22.9
Philadelphia.....	17.2
Cleveland.....	19.6
Richmond.....	28.5
Atlanta.....	24.3
Chicago.....	29.6

	Per cent.
St. Louis	21.1
Minneapolis	24.8
Kansas City	33.1
Dallas	18.8
San Francisco	26.4

The gross and net earnings and dividends paid by all the Federal Reserve Banks for the calendar year 1918, and the amount set aside in each case for franchise tax are shown in the following table:

Gross and net earnings and dividend payments of the Federal Reserve Banks during 1918; also amounts transferred to surplus fund and reserved for Government franchise tax.

Federal Reserve Bank.	Gross earnings.	Net earnings.	Dividend payments.	Transferred to surplus fund.	Reserved for Government franchise tax.
Boston	\$4,475,195	\$3,505,180	\$384,180	\$1,460,500	\$1,460,500
New York	25,314,736	22,634,033	1,195,026	7,672,676	12,795,215
Philadelphia	4,357,740	3,270,824	583,983	1,304,172	1,304,172
Cleveland	5,226,864	4,234,679	716,107	1,776,000	1,776,000
Richmond	2,979,049	2,335,228	232,432	1,039,799	1,039,799
Atlanta	2,293,058	1,665,585	182,473	735,000	735,000
Chicago	8,481,747	6,831,072	604,635	3,100,223	3,100,223
St. Louis	2,676,828	1,950,807	404,838	801,655	801,655
Minneapolis	2,049,954	1,585,546	163,103	688,872	688,872
Kansas City	3,451,936	2,762,708	309,729	1,210,713	1,210,713
Dallas	2,089,526	1,554,102	261,503	592,204	592,204
San Francisco	4,187,785	3,117,215	497,675	1,224,087	1,224,087
Total	67,584,417	55,446,979	5,540,684	21,605,901	26,728,440

The great expansion in the business of the banks, which has been reflected in their earnings, has made it necessary for them to make large additions to their working forces. The number of officers and employees in all departments at each of the Federal Reserve Banks at the close of the year was as follows:

Boston	585	St. Louis	385
New York	2,657	Minneapolis	267
Philadelphia	422	Kansas City	480
Cleveland	589	Dallas	403
Richmond	254	San Francisco	531
Atlanta	317		
Chicago	815	Total	7,705

It is evident that the Federal Reserve Banks, in order to insure the proper conduct of their business and to protect the interests of the Government, the member banks, and the public, must employ men of exceptional experience and ability. Experience has shown that the larger member banks are disposed to draw upon the Federal Reserve Banks for men to fill high official positions, and in order to retain the services of officers who are constantly being tempted with outside offers at high salaries, it has become necessary to recognize this competition. While the Board has in no case approved salaries for Federal Reserve Bank officers as high as those paid officers of similar rank by the larger member banks in the

various Federal Reserve cities, it has approved salaries approximating the average salaries paid by the larger local banks. In the case of junior officers, heads of divisions, and clerks, the Board has recognized from the outset that the compensation paid them must be in line with that paid by the larger member banks.

The Board does not believe that the Federal Reserve Banks should become training schools for future officers of member banks; it feels, on the contrary, that sufficient inducements should be offered by the Federal Reserve Banks to make service with them attractive as a career.

BANKING QUARTERS.

All of the banks have found their quarters inadequate for housing their employees, and most of them have been obliged to rent space in other buildings. The vault facilities also have been found insufficient, and the banks have been obliged to have recourse to safe-deposit vaults owned by other institutions.

In the circumstances the banks have naturally directed their attention to the acquisition and ownership of permanent quarters. It has been found necessary in each case to secure a location near the financial center, convenient not only to the local member banks but to the post office and Subtreasury; but in the opinion of the Board all purchases have been made at reasonable figures, and in no case have maximum prices for the highest grade central property been paid.

The Federal Reserve Bank of Boston has purchased a conveniently located building at a cost of \$1,000,000. The building is old and may be demolished to make way for a new one specially designed for the bank, but in the opinion of the Board the price paid represents a fair value of the lot alone.

The Federal Reserve Bank of New York has acquired a property close to the financial district at a cost of about \$3,100,000, and will utilize the old buildings until it has completed its plans for a modern building to take their places.

The Federal Reserve Bank of Philadelphia has purchased the Penn Mutual Life Building on Chestnut Street at a cost of \$600,000 and is now occupying it, having remodeled it to meet requirements.

The Federal Reserve Bank of Richmond purchased a lot two years ago which it has not yet improved, because of high cost of building during the war, and it has also purchased for the use of its branch in Baltimore, at a cost of \$200,000, a building formerly occupied by one of the local banks, which is entirely adequate for the purposes of the branch bank.

The Federal Reserve Bank of Atlanta is occupying a new building which was completed in August, the cost of the building and lot having been about \$230,000.

The Federal Reserve Bank of Chicago has purchased for \$2,936,000 a property in the financial district most suitably located. The building is not regarded as being of any value and will be torn down to make room for a new structure.

The Board has approved plans of the Federal Reserve Bank of St. Louis for the purchase of a building, to be remodeled for its occupancy.

The Federal Reserve Bank of Kansas City has purchased a lot for \$500,000. The Federal Reserve Bank of Dallas, which purchased a building three years ago, has found its present quarters to be inadequate and has purchased a larger lot for the sum of \$145,000, upon which it proposes to erect a suitable building, and it will dispose of the building and lot now owned and occupied by it.

The Federal Reserve Bank of San Francisco has acquired property near the financial center of the city at a cost of \$405,000, and is now occupying a building to which additions will be made later on.

The Federal Reserve Banks of Cleveland and Minneapolis have not as yet purchased lots.

On December 14 the Board sent the following instructions to all Federal Reserve Banks, relating to the treatment of depreciation and extraordinary charges in closing the books at the end of the year.

In order that there may be uniformity of practice, the Federal Reserve Board has approved for Federal Reserve Banks the adoption of the following rules for the treatment of depreciation and extraordinary charges against earnings and profit and loss account at the closing of books December 31, 1918:

1. *Cost of Federal Reserve and Federal Reserve bank notes.*—Balance of account, as shown by books on December 31, to be charged to current expense account.

2. *Furniture and equipment account.*—Balance of account, as shown by books on December 31, to be charged to current expense account.

3. *Cost of vaults.*—(a) All expenditures made during the year 1918 for vaults and vault equipment to be charged to current expense account; (b) balance of account, as shown by books on December 31, 1917, to be charged to profit and loss account.

4. *Alterations and improvements.*—Charge against current expense account all expenditures made during the year 1918 in repairing, altering, or remodeling bank premises.

5. *Bank premises.*—(a) Where properties have been purchased with the intention of erecting new bank buildings, banks to be permitted to charge against profit and loss account an amount sufficient to cover the estimated value of buildings which will have to be razed, such estimated valuation of buildings to be submitted to the Federal Reserve Board for approval before depreciation allowance is determined.

(b) Where properties have been remodeled and are now used as permanent banking quarters by a Federal Reserve Bank, a reasonable depreciation charge will be permitted, but in no case shall it exceed 10 per cent of the estimated value of buildings on December 31, 1918.

(c) Where a Federal Reserve Bank has purchased, or may purchase, a site for a new building, it will be permitted to charge down the book value of

premises now owned and occupied to a fair selling price, such price to be submitted to the Federal Reserve Board for approval before depreciation allowance is determined.

6. *Apparent depreciation of Government securities.*—Full provision to be made for apparent depreciation (based on market value) in Government securities before any sum is transferred to surplus account, and provision made for Government franchise tax.

No change should be made in book value of securities but depreciation allowance should be charged to profit and loss account and credited to account "Reserve for depreciation." Depreciation should be figured on the following basis:

2 per cent bonds 1930–1938	98
4 per cent bonds 1925	106
3 per cent conversion 1946–47	85
3 per cent one-year notes	100
3½ per cent Liberty loan 1947	98
4 per cent Liberty loan 1942–1947	93
4¼ per cent Liberty loan 1928–1947	96

7. *Surplus and franchise tax.*—After dividends and all allowable charge-offs have been made, one-half the remainder, up to 40 per cent of capital paid in, to be credited to surplus account and the balance credited to an account to be opened under the title "Reserve for franchise tax," to remain in such account until demand therefor is made by the Government, of which due notice will be given you by the Federal Reserve Board.

GOLD SETTLEMENT FUND.

The general plan of operation of this fund has been described in previous reports and it is therefore unnecessary to make any further explanation of it. Owing to the great increase in the volume of business between the Federal Reserve Banks, caused partly by Government war financing (including large transfers of funds received from the sale of certificates of indebtedness and Liberty bonds and subsequent redistribution of these funds among various centers in payment for munitions and supplies for the account of the United States and the allied Governments) and partly by larger use of the collection and clearing facilities of the system, particularly in the matter of wire transfers from one Federal Reserve Bank to another, it was deemed expedient to install a system of daily settlements between the Federal Reserve Banks in place of the weekly clearings which had been in operation since the establishment of the fund in May, 1915. The first clearing under the daily settlement plan was made July 1, 1918. The new system has worked with facility, rapidity, and smoothness, and has eliminated much clerical work at the Federal Reserve Banks. In order to expedite the daily settlements and to improve the collection and clearing service, a leased telegraph wire system, connecting all the Federal Reserve Banks and branches with the Board's office at Washington, was installed July 1, 1918. Under the daily settlement plan each Federal Reserve Bank telegraphs the

Board by 10 a. m., eastern time, the respective amounts credited to other Federal Reserve Banks on the previous day. Upon receipt of the telegrams by the Board, clearing is made by book entries, and within one hour each Federal Reserve Bank is advised of the amount of credits for its account from the other Federal Reserve Banks and also of the net debit or credit to its gold settlement account on the books of the Board.

In order to eliminate unnecessary work between the San Francisco bank, its branches, and other Federal Reserve Banks, and delays in reconciling differences due to the distances between the parent bank and branches, beginning with December 2 the four branches of the San Francisco bank, located at Seattle, Spokane, Portland, and Salt Lake City, were authorized to make settlements through the fund in the same manner as the Federal Reserve Banks, except that the net debit or credit balance in the settlement of each branch is adjusted through the gold settlement fund account of the head office, as the branches do not maintain accounts with the fund.

Since the installation of the leased-wire system, practically all transfers between the Federal Reserve Banks for account of the Treasury are made directly through the fund. Settlements on account of rediscount operations between the Federal Reserve Banks are also made by direct transfer through the fund, and on account of the instant contact afforded by the leased-wire system, transactions are completed within 20 minutes to 2 hours, the major portion of the time being consumed in the arrangement of details between the respective banks. Transfers through the gold settlement fund are of great value in these operations.

The transactions through the fund have a very important bearing upon the reserve position of the banks, and as all entries affecting the fund are made on the books of the Board and at the banks simultaneously, the Board is at once informed as to the effect of the day's transactions upon the reserves of each bank.

Combined clearings and transfers through the fund during the year 1918 aggregated \$50,242,592,000, as compared with \$27,154,704,000 in 1917, \$5,533,966,000 in 1916, and \$1,052,649,000 in 1915, making a grand total of \$83,983,911,000 since the operation of the fund was begun May 20, 1915. A comparison of the amounts of the average weekly settlements shows clearly the growth of the volume of transactions.

Average weekly volume of clearings and transfers:

1918, July 1 to Dec. 31.....	\$1,064,596,000
1918, Jan. 1 to June 30.....	966,203,000
1917.....	522,206,000
1916.....	106,422,000
1915.....	31,898,000

Analysis of the principal transactions growing out of the Government's financial program, and of the transactions through the gold settlement fund since the declaration of war, April 6, 1917, shows the important part the fund has played in fiscal agency operations, for through it the Treasury has been enabled to transfer, without the actual handling of cash, vast sums from districts where they had accumulated to other districts where funds were needed to meet disbursements, the time consumed in transfers being measured in minutes instead of days.

The settlement of April 12, 1917, for the week following the declaration of war showed totals liquidated of \$293,506,000, while transfers between Federal Reserve Banks during the week amounted to only \$1,622,000, making a combined total of \$295,128,000. Total clearings of the settlement of May 17, 1917, amounted to \$412,103,000, and constituted the largest settlement up to that date. This volume was occasioned by large transfers on account of the sale of certificates of indebtedness by the Treasury issued in anticipation of the first Liberty loan. Transfers, during the same week, between Federal Reserve Banks, largely to New York, of Government funds for account of the Treasurer of the United States amounted to \$108,740,000, making a record total of combined clearings and transfers of \$520,843,000. The volume of clearings and transfers through the fund increased steadily after this time, mainly on account of the movement of funds in connection with the Treasury's large fiscal operations. A new record total of \$1,092,920,000 for combined clearings and transfers was made in the week ended November 22, which immediately followed the first payment of 18 per cent on the second Liberty loan November 15, 1917.

There was a large increase in the volume of business during May and June, 1918, on account of the movement of funds accruing from payments on subscriptions of the third Liberty loan. Combined clearings and transfers for the week ended June 20 aggregated \$1,140,250,000, and were the heaviest since the establishment of the fund. During the past four months the volume of combined clearings and transfers has averaged well over a billion dollars a week as the result of increased business due to movements of funds in connection with the fourth Liberty loan.

During the past year the Federal Reserve Banks and the Federal Reserve agents have found it desirable to make payments for credit to their gold redemption funds against Federal Reserve notes, and to the banks' redemption funds against Federal Reserve bank notes, by transfers from their balances with the Federal Reserve Board to the Treasurer of the United States. Several of the Federal Reserve Banks also make payments to the Treasurer of the United States

for the credit of national banks in the 5 per cent redemption fund against national bank currency by transfers from their balances in gold settlement fund account.

Total balances to the credit of the Federal Reserve Banks and agents amounted to \$1,330,423,000 on December 31, 1918, divided as follows: Federal Reserve Banks \$401,926,000 and Federal Reserve agents \$928,497,000. Total increase in the combined funds during 1918 amounted to \$522,176,000, as compared with \$535,927,000 during 1917.

PROPOSED INTERNATIONAL GOLD FUND.

The successful operation of the gold settlement fund has suggested the possibility of avoiding shipments of gold from one country to another in settlement of balances arising out of ordinary commercial transactions, and the Board is ready, if authorized to do so, to undertake negotiations looking to the establishment of an international gold exchange fund, or to assist in any way in its power in negotiations which may be begun by a Government department looking to that end. The Board realizes that the successful operation of a plan of this kind is dependent upon the stability of the governments concerned, and believes that definite plans can not perhaps be worked out until a stable peace has been assured. The Board would point out the importance of excluding all transactions arising from the adjustment of war obligations and of limiting the work of the fund to current commercial and exchange transactions. The gold deposited in a government bank or banks should be in the nature of a special or trust fund, and all nations participating should deposit their proper proportions of gold. Assuming that the leading nations of the world will be at peace for a long period of years, there seems to be no reason why an international arrangement of this kind should not operate as efficiently as our own gold settlement fund, which has cleared enormous transactions between distant sections of a country of vast area. The saving of loss and expense incident to abrasion and transportation charges and interest on gold transferred will be enormous, and the advantage to the commerce of the world will be incalculable. It will probably be necessary in the beginning to limit participation in the fund to the United States and the entente allies, and to a few of the leading neutral nations, but it is conceivable that all civilized countries may eventually be participants.

EXPORT OF GOLD COIN, BULLION, AND CURRENCY.

As the country's activities in connection with the war gained momentum and Government financing assumed large proportions, resulting in constantly expanding issues of Federal Reserve notes, it

became apparent that in the national interest every effort should be directed toward the conservation of our gold supply. Under the power delegated to the Board by the Secretary of the Treasury under the Executive orders of September 7, 1917, October 12, 1917, and January 26, 1918, a committee of the Board meets daily to consider and pass upon all applications for permission to export coin, bullion, and currency; and the closest scrutiny has been given to all applications, each being treated upon its own merits. Until the signing of the armistice, first consideration was compatibility with the national interest, due regard being given to proposed exports of coin, bullion, and currency necessary to obtain certain essential commodities—such as nitrate for use in powder making; copper, lead, antimony, tungsten, and platinum for use in the manufacture of munitions; petroleum for shipping, motor trucks, aeroplanes, and other motor-driven apparatus; hides for the manufacture of leather, and other miscellaneous commodities.

During the month of May some minor modifications were deemed necessary in the regulations which had been issued by the Board governing the exportation of coin, bullion, and currency, particularly in that section relating to funds carried by travelers leaving the country. Under the original regulations issued travelers leaving the country were permitted to carry on their persons or in their baggage United States notes, national bank notes, and Federal Reserve notes to the amount of \$5,000; American silver dollars, subsidiary silver coins, and silver certificates to the amount of \$200; and gold coin or gold certificates to the amount of \$200. This rule was modified so that travelers were permitted to take with them United States paper currency, other than gold or silver certificates, to the extent of \$1,000 for each adult, with the further provision that subsidiary silver coins not to exceed \$100 for each adult might be taken in lieu of a like amount of notes. With few exceptions travelers do not carry large sums of money for personal expenses, as their needs are better served by the use of foreign drafts or travelers' checks; nor was the permission to carry gold certificates of more than slight value to the traveler. While the amount was small in individual cases, in the aggregate it was considerable and meant the loss of so much gold. Another and far more important reason for the modification of the regulations was the belief that United States currency taken into foreign countries by travelers was being absorbed by enemy agents for propaganda purposes. To further curtail the activities of enemy propagandists it also became necessary, in granting permission for the exportation of foreign paper currencies, to restrict such exportations to the country of origin.

In order that persons, firms, or corporations located near the Canadian border, who in the usual course of business receive Canadian

currency, might be subjected to as little inconvenience as possible, the Federal Reserve Banks were instructed to grant, whenever they felt justified in so doing, blanket licenses for such exportations, the licensee to make report of each shipment. From September 7, 1917, to December 31, 1918, the amount of Canadian currency exported under general authority granted by Federal Reserve Banks amounted to about \$15,000,000.

For some time exportations of silver to China were freely permitted in order to aid financing of importations to the United States. However, the silver situation in India becoming acute at a time when war conditions on the western front and in Mesopotamia made it imperative that a crisis in India should be avoided at all hazards, it was found necessary to restrict the private exportation of silver to the financing of importations of products which had been contracted for by departments of the Government. The extent of assistance rendered by the United States in meeting the demand for silver in India is shown as follows:

Licensed for export Sept. 7, 1917 to Dec. 31, 1917:

To India.....	\$20,932,565.20
To the United Kingdom.....	5,403,639.99
Total	26,336,205.19

Jan. 1, 1918, to Dec. 31, 1918

To India.....	212,310,188.15
To the United Kingdom.....	39,035,375.00
Total.....	251,345,563.15

The total amounts involved in licenses granted for the export of coin, bullion, and currency from September 7, 1917, to December 31, 1918, are: Gold, \$128,688,515; silver, \$351,316,000; currency, \$105,056,568; an aggregate of \$585,061,083. Details, showing countries to which these exports went, appear in the appendix.

The Board was confronted with a difficult problem in passing upon applications to export gold to Mexico, for it was evident in view of the gold premium in Mexico that our own stock of gold would be subjected to a heavy drain unless protective measures were adopted which would serve to curtail what appeared to be an insatiable demand. At the same time it was clear that if the exportation of gold to Mexico should be prohibited entirely, our nationals conducting large mining, oil, and other operations in Mexico, being forced to pay exorbitant prices for Mexican gold in order to comply with the reimportation requirements and decrees of the Mexican Government, that taxes, export duties, and import duties be paid in gold, would be forced to stop production which would prevent the importation of material and commodities necessary for the prosecution of the war.

The Board therefore adopted the policy of permitting exportations of gold to Mexico by mining companies to cover the reimportation requirements of the Mexican Government against new product of mine gold or silver exported to the United States, to the extent of 100 per cent of the value of gold and 25 per cent of the value of silver coming into the United States.

By the return of this gold to Mexico the mine operators were able to use it for the payment of taxes, export and import duties, and to some extent wages. The Board also decided, with respect to American oil interests in Mexico, that it would permit the exportation of a sufficient amount of gold to allow producers to pay their taxes and bar dues on oil exported to the United States, import duties on commodities necessary in their operations imported from the United States, and one-half of their pay rolls. Later on large amounts of gold having gone to Mexico on account of mine operators' reimportation requirements, exchange rates fell to such an extent as to enable producers to purchase in Mexico, at a moderate premium, the gold necessary for their requirements. The Board let it be known that while it preferred that the producers obtain in Mexico gold for their requirements, it stood ready to permit exportations of American gold whenever an excessive premium was demanded. With an abundance of American gold in Mexico, and with increased exports of various commodities from the United States to that country, there is no reason for United States currency to be at a discount in Mexico at a rate exceeding the cost of shipping gold, and for several months our currency has been circulating there with greater facility and in larger volume.

For some time, in order to meet the wishes of the Food Administration and other governmental agencies, licenses were granted for the exportation of gold, to enable shippers of sisal, hides, cattle, bones, ixtle, garbanzos, and other miscellaneous commodities from Mexico to the United States, to pay Mexican export duties in gold as demanded by the Mexican Government, but conditions later became so changed, that, after consultation with the governmental departments and agencies interested, applicants were notified that exports of gold would not be permitted for paying export duties on miscellaneous commodities shipped to the United States, but that the Board would give favorable consideration to applications for permission to export United States paper currency other than gold or silver certificates for use in that connection.

In the execution of its policies, the Board has been mindful of both the national and the individual interest, but at the same time it has endeavored to retain in the United States gold which otherwise would have been exported. For the period September 7, 1917,

December 31, 1917, licenses were granted permitting gold exportations to Mexico of \$14,151,000, an average of \$3,538,000 monthly. From January 1 to June 30, 1918, licenses permitting the exportation of \$17,690,000 were granted, an average of \$2,948,000 monthly; and for the period July 1 to December 1, 1918, licenses were granted aggregating \$11,444,000, an average of \$1,907,000 monthly, and during December the exports authorized amounted to \$2,229,000.

The Board has recently allowed considerable amounts of gold to go to Colombia, from which country we import during normal times between \$6,000,000 and \$7,000,000 worth of gold per annum, upon an engagement by the licensees that gold in the amounts exported will be reimported within 12 months. The Board has in all meritorious cases granted licenses for the exportation of United States currency other than gold and silver certificates, and it is interesting to note the extent to which our currency is being used in Canada, Mexico, Central America, and the West Indies. Permits for shipments to these countries and dependencies of more than \$86,000,000 currency have been granted. Since the signing of the armistice the demand for gold has been far less urgent and a larger use of our currency in neighboring countries is evident.

REGULATION AND CONTROL OF FOREIGN EXCHANGE.

EXECUTIVE ORDER.

Executive order prescribing rules and regulations under section 5 of the trading-with-the-enemy act and supplementing rules and regulations heretofore prescribed under title 7 of the espionage act.

Whereas, by virtue of the authority vested in me by the act approved June 15, 1917, known as the Espionage Act, I directed by Executive order, dated September 7, 1917, that the regulations, orders, limitations, and exceptions prescribed by me in relation to the export of coin, bullion, and currency should be administered by the Secretary of the Treasury, and upon his recommendation prescribed certain regulations in relation thereto; and

Whereas, by Executive order, dated October 12, 1917, made under authority of the act aforesaid and of the act approved October 6, 1917, known as the Trading-with-the-Enemy Act, I vested in the Secretary of the Treasury the executive administration of any investigation, regulation, or prohibition of any transactions in foreign exchange, export, or earmarking of gold or silver coin or bullion or currency, transfers of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States) and transfers of evidences of indebtedness or of the ownership of property between the United States and any foreign country or between residents of one or more foreign countries by any person within the United States, and I further vested in the Secretary of the Treasury the authority and power to require any person engaged in any such transaction to furnish, under oath, complete information relative thereto, including the production of any books of account, contracts, letters, or other papers in connection therewith in the

Whereas, by said Executive order, dated October 12, 1917, I authorized and directed the Secretary of the Treasury for the purpose of such executive administration to take such measures, adopt such administrative procedure, and use such agency or agencies as he may from time to time deem necessary and proper for that purpose; and

Whereas, the Secretary of the Treasury, with the approval of the President, by order dated November 23, 1917, adopted certain administrative procedure for the executive administration, authority and power vested in the Secretary of the Treasury by said Executive order, dated October 12, 1917, and designated the Federal Reserve Board to act as the agency of the Secretary of the Treasury, subject to the approval of the Secretary of the Treasury, to carry out such executive administration, authority and power vested in the Secretary of the Treasury as hereinbefore recited:

Now, therefore, upon the recommendation of the Secretary of the Treasury, and in order to vest all necessary authority in the Federal Reserve Board to act as the agency of the Secretary of the Treasury, in the performance of the duties hereby imposed upon it, I hereby prescribe the following orders, rules, and regulations in respect of such executive administration, authority and power, and I hereby amend the regulations heretofore prescribed by said Executive order dated September 7, 1917, as herein provided.

DEFINITIONS.

Person.—The term *person* as used herein shall be deemed to mean an individual, partnership, association, company or other unincorporated body of individuals, or corporation or body politic.

Dealer.—The term *dealer* as used herein shall be deemed to mean any person engaged primarily or incidentally in the business (1) of buying, selling, or dealing in foreign exchange, or (2) of buying, selling, or dealing in securities *for* or *through* foreign correspondents, or (3) any person who carries accounts or securities *with* or *for* foreign correspondents.

Dealers of Class A.—Dealers who engage in the business of buying, selling, or dealing in foreign exchange, or of buying, selling, or dealing in securities *for* or *through* foreign correspondents, and who may or may not carry accounts or securities *with* or *for* foreign correspondents shall be known as dealers of *Class A*.

Dealers of Class B.—Dealers who carry accounts or securities *with* foreign correspondents or who buy, sell or deal in securities *through* such correspondents but who do not carry accounts or securities *for* foreign correspondents and who do not engage in the business of buying, selling, or dealing in foreign exchange or of buying, selling, or dealing in securities *for* foreign correspondents shall be known as dealers of *Class B*.

Dealers of Class C.—Dealers who carry accounts or securities *for* foreign correspondents or who buy, sell, or deal in securities *for* such correspondents but who do not carry accounts or securities *with* foreign correspondents and who do not engage in the business of buying, selling, or dealing in foreign exchange or of buying, selling, or dealing in securities *through* foreign correspondents shall be known as dealers of *Class C*.

Foreign Exchange.—The term *foreign exchange* as used herein shall be deemed to mean checks, drafts, bills of exchange, cable transfers, or any form of negotiable or assignable instrument, or order used (a) to transfer credit or to order the payment of funds in any foreign country, or (b) to transfer credit or to order the payment of funds within the United States for foreign account.

Securities.—The term *securities* as used herein shall be deemed to mean all evidences of ownership of property not included in the foregoing definition of foreign exchange.

Correspondent.—The term *correspondent* as used herein shall be deemed to mean any person who acts as the agent of, or for, or on behalf of, or as the depository of, another person, or any person who is the principal for, or on behalf of, whom another person acts as agent.

Customer.—The term *customer* as used herein shall be deemed to mean any person other than a dealer who buys foreign exchange from a dealer or sells foreign exchange to a dealer.

TRANSACTIONS IN FOREIGN EXCHANGE AND CERTAIN OTHER TRANSACTIONS PROHIBITED EXCEPT AS HEREIN AUTHORIZED.

All transactions in foreign exchange, export or earmarking of gold or silver coin or bullion or currency, transfers of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States) and transfers of evidences of indebtedness or of the ownership of property between the United States and any foreign country, whether enemy, ally of enemy, or otherwise, or between residents of one or more foreign countries, by any person within the United States, except any such transactions or transfers conducted in conformity herewith, are hereby prohibited.

TRANSACTIONS IN FOREIGN EXCHANGE OR IN SECURITIES FOR OR THROUGH FOREIGN ACCOUNT.

Certain persons required to obtain registration certificates.—No person, other than a customer, shall, after February 10,¹ 1918, engage in any transaction or make any transfer described in the next preceding subdivision hereof who shall not have obtained, on or before that date, a registration certificate, as hereinafter provided.

Every person who is a dealer upon the date hereof, as promptly as possible and in any event on or before January 31,² 1918, shall file, with the Federal Reserve Board, through the Federal Reserve Bank of his district, an application for a registration certificate. Such application shall be in form approved by the Federal Reserve Board and shall show the character of business engaged in and whether or not an enemy or ally of enemy of the United States or any subject or citizen of an enemy or ally of enemy, wherever resident or domiciled, has any interest directly or indirectly in such business. Such application shall embody an agreement on the part of the applicant to comply with the regulations of the Federal Reserve Board, and to permit the inspection at any time of his books and accounts and to make reports as and when required on forms to be approved by the Federal Reserve Board.

The Federal Reserve Board may issue to such applicant the appropriate registration certificate in form approved by it, entitling the holder to engage in the class or classes of foreign exchange or other transactions specified in such certificate, subject to all applicable provisions of law and to such Executive orders of the President and administrative regulations as shall have been issued or may from time to time be issued by the Federal Reserve Board.

Any person who is not a dealer at the date hereof but who hereafter desires to become a dealer must first obtain a registration certificate.

Any person, other than a customer, who does not desire to become a dealer but who nevertheless desires to engage in one or several transactions or to

¹ Under power of Federal Reserve Board to waive requirements, time extended to Feb. 15, 1918.

² *Id.*, time extended to Feb. 5, 1918.

make one or several transfers described in the next preceding subdivision hereof, may be permitted by the Federal Reserve Board, in its discretion, to engage in any such transaction or to make any such transfer without first obtaining a registration certificate, and the Federal Reserve Board may likewise waive any requirement hereof, other than any which relates to trading with an enemy or ally of enemy, whenever it is satisfied that such waiver is not incompatible with the best interests of the United States.

Nothing herein shall be construed to abrogate or modify any existing requirement that licenses shall be obtained from the War Trade Board in respect of any transaction with, or for account of, an enemy or ally of enemy, or any person acting for, or on behalf of, or for the benefit of, an enemy or ally of enemy.

Revocation of registration certificates.—Any or all such registration certificates may be revoked at any time by direction of the Secretary of the Treasury or of the Federal Reserve Board.

Books and accounts.—Each Federal Reserve Bank through which any such registration certificate shall be issued shall furnish, to the applicant, copies of all forms of reports required and the books and records of such applicant shall thereafter be kept in a manner which will make it possible to furnish information called for in such reports without delay.

General reports.—After obtaining a registration certificate, each holder thereof shall file with the Federal Reserve Bank through which such certificate shall be issued a report, on forms to be furnished by the Federal Reserve Board, showing all accounts or securities carried *with* or *for* foreign correspondents as of the close of business on January 30, 1918, or on such other date as the Federal Reserve Board may require, and such other information as may be called for on such forms and shall thereafter file with the Federal Reserve Board, through such Federal Reserve Bank, on dates specified by the Federal Reserve Board, reports showing all changes in such accounts and all purchases, sales, and other transactions in foreign exchange or securities *for* or *through* foreign correspondents.

Customers' statements.—A dealer shall require every customer purchasing foreign exchange from him or selling foreign exchange to him to file a statement showing the purpose of such purchase or sale with such details as the Federal Reserve Board may require, including a declaration to the effect that no enemy or ally of enemy of the United States has any interest directly or indirectly in such purchase or sale. The Federal Reserve Board shall prescribe the form of such declaration. Copies of such statements shall be furnished by such dealer upon request to the Federal Reserve Board, through the several Federal Reserve Banks.

Reports made through domestic correspondents.—Dealers to whom registration certificates have been issued, and who buy, sell, or deal in foreign exchange through domestic correspondents (for example banking or other institutions located in the United States), unless otherwise directed by the Federal Reserve Board, shall arrange with such correspondents to include such transactions in the reports of such correspondents.

Such dealers will be required to report to the Federal Reserve Board only those foreign exchange transactions which are not included in the reports of such correspondents but may be called upon for any information in regard thereto desired by the Federal Reserve Board, and shall keep all books and records in a manner which will make it possible to furnish such information.

Special reports.—Whenever any holder of a registration certificate shall have reason to believe that any transaction within his knowledge involves or

may involve directly or indirectly the payment of funds or delivery of securities to or the transfer of credit or securities for the benefit of an enemy or ally of enemy, or which may involve any other transaction with an enemy or ally of enemy, he shall immediately report the facts and circumstances to the Federal Reserve Board through a Federal Reserve Bank.

Filing and verification of reports.—All reports, statements, and declarations herein required, unless otherwise specified, shall be filed with the Federal Reserve Board through the Federal Reserve Banks.

Any or all such reports, statements, or declarations shall, in the discretion of the Federal Reserve Board, be verified by oath of the person making same.

Examinations.—The books and records of all dealers must at all times be open to inspection by examiners designated by the Federal Reserve Board.

DECLARATION OF FOREIGN CORRESPONDENT TO BE OBTAINED BY HOLDERS OF REGISTRATION CERTIFICATES.

After dates to be fixed by the Federal Reserve Board in respect of each foreign country, respectively, no holder of a registration certificate shall engage in transactions *with, through, or for* any foreign correspondent in such foreign country unless he shall have obtained from such correspondent a declaration to the following effect:

Having arranged with _____ to act as the agent or
[Holder of registration certificate]
 correspondent in the United States for, or on behalf of, the undersigned, under regulations issued by the appropriate authorities of the United States Government and/or the undersigned having agreed to act as the foreign correspondent of the said _____ I/we do hereby declare that I/we will not deal or attempt to deal, directly or indirectly, with said agent or correspondent in any transaction for or on account of, or for the benefit of, an enemy or ally of enemy of the United States, and will not make available for the use of an enemy or ally of enemy of the United States any funds or property received or credits established as a result of any transaction engaged in with or through said agent or correspondent, and will not transmit to said agent or correspondent for collection or credit any negotiable instrument bearing the signature or indorsement of an enemy or ally of enemy of the United States.

The words "enemy" and "ally of enemy" are used herein as now or hereafter defined by laws of the United States or by Proclamation of the President of the United States.

NOTE.—If foreign correspondent is incorporated this certificate must be executed by a duly authorized officer of such corporation.

SUSPENSION OF RELATIONS WITH FOREIGN CORRESPONDENTS.

If any foreign correspondent of a dealer in the United States or any person proposing to become the foreign correspondent of a dealer in the United States, shall refuse or fail to make the foregoing declaration as herein required, or if the Federal Reserve Board shall have reason to believe that any such foreign correspondent or any such person is dealing or trading with an enemy or ally of enemy of the United States, contrary to the provisions of the declaration of noninterest of enemies, herein required, or if in the judgment of the Federal Reserve Board the best interest of the United States requires such action, it may prohibit any dealer or dealers in the United States from engaging in any transaction *with, through, for, or on behalf of* such correspondent or such person.

SUSPENSION OF TRANSACTIONS.

Whenever the Federal Reserve Board shall have reason to believe that any transaction in foreign exchange or any transfer of securities carried *with or for* a foreign correspondent involves or may involve trading with an enemy,

or ally of enemy, or in its judgment is incompatible with the best interest of the United States, it may cause notice to be served on the parties in interest to postpone the consummation of such transaction for a period of ninety days pending investigation of the facts, and upon investigation if the Federal Reserve Board is of the opinion that the best interests of the United States require such action it may prohibit the consummation of such transaction.

The Secretary of the Treasury may likewise prohibit the consummation of any such transaction by notice served on the parties in interest (either directly or through the Federal Reserve Board) in any case in which in his judgment the best interests of the United States require such action.

SPECIAL PROVISIONS AS TO COLLECTION OF DIVIDENDS, INTEREST OR MATURING OBLIGATIONS FOR FOREIGN ACCOUNT.

Every person presenting for collection maturing obligations, or coupons, checks or drafts issued for dividends or interest, for account of any foreign Government or person resident in any foreign country, shall make a declaration in form approved by the Federal Reserve Board, to the effect that such collections are not made for, or on behalf of, or for the benefit of, any enemy or ally of enemy; that the proceeds of such collections will not be made available for any enemy or ally of enemy; and that the maturing obligations, or the obligations and stocks upon which dividends or interest are to be paid, are not the property of any enemy or ally of enemy; have not been owned by, or held for the account of, any enemy or ally of enemy, since January 26, 1918, and were not purchased by the present owner from any enemy or ally of enemy or from any person acting for or on behalf of or for the benefit of an enemy or ally of enemy since February 3, 1917.

Provided, however, that any holder of a Class A or Class C registration certificate may collect maturing obligations and coupons, checks, or drafts issued for dividends or interest for account of a person resident in a foreign country, without making such declaration, if such holder has filed with the Federal Reserve Board a similar declaration executed by the person for whom collection is made.

Interest or dividend checks payable for foreign account.—Every person issuing checks or drafts for interest or dividends after January 26, 1918, payable to any foreign Government or to any person resident in a foreign country shall attach to or shall print on the back of such check or draft the following statement:

This check or draft will not be paid unless the following declaration is executed by the person to whom it is sent for collection by the payee, or his agent, or by the person who acts as the agent in the United States for the payee.

From actual personal knowledge, or in reliance upon declarations or affidavits furnished the undersigned by the parties in interest, I/we do hereby expressly declare that no enemy or ally of enemy of the United States is directly or indirectly interested in the proceeds of this check or draft and that such proceeds will not be made available for the use of an enemy or ally of enemy of the United States; that the stock upon which this dividend is paid (or the obligation upon which this interest is paid) is not and has not been owned by or held for account of an enemy or ally of enemy of the United States since January 26, 1918, and has not been purchased by the present owner from an enemy or ally of enemy or from a person acting for or on behalf of or for the benefit of an enemy or ally of enemy since February 3, 1917.

DEALINGS IN SECURITIES FOR OR THROUGH FOREIGN ACCOUNT.

No person shall purchase, sell, or deliver any securities for account of any foreign Government, or for account of any person resident in a foreign country, unless such Government or such person, as the case may be, shall have made a

declaration, in form approved by the Federal Reserve Board, similar in effect to that required in the case of the collection of maturing obligations, for account of a foreign Government or person resident in a foreign country.

PROCEDURE WHERE DECLARATION OF NONINTEREST OF ENEMY OR ALLY OF ENEMY CAN NOT BE MADE.

Any person who is unable to make a declaration of noninterest of enemy or ally of enemy required hereunder may apply to the Federal Reserve Board for a waiver of such declaration, submitting to such board all facts and circumstances relating to the transaction involved which are in the possession of the applicant. If upon investigation the Federal Reserve Board shall determine that there is no reason to believe that any enemy or ally of enemy is directly or indirectly interested in the transaction involved, and that its consummation will not be incompatible with the best interests of the United States, it may permit the transaction to be consummated without the declaration herein required. If the Federal Reserve Board shall have reason to believe that an enemy or ally of enemy is or may be directly or indirectly interested in the transaction, it shall transmit to the War Trade Board all records in the case for such action as that board may determine to be necessary.

EXPORT AND EARMARKING OF COIN, BULLION, OR CURRENCY.

The following regulations prescribed by Executive order, dated September 7, 1917, shall continue in force as herein amended.

Any person desiring to export from the United States or any of its territorial possessions to any foreign country named in the proclamation dated September 7, 1917, any coin, bullion, or currency, shall first file an application in triplicate with the Federal Reserve Bank of the district in which such person is located for a special or general license. Applications filed must contain statements under oath and showing in detail the nature of the transaction, the amount involved, the parties directly and indirectly interested, and such other information as may be of assistance to the proper authorities in determining whether the exportation for which a license is desired will be compatible with the public interest. All such applications should be made on the standard form prescribed by the Federal Reserve Board.

Each Federal Reserve Bank shall keep a record copy of each application filed with it under the provisions of this regulation and shall forward the original application and a duplicate to the Federal Reserve Board at Washington, together with such information or suggestions as it may believe proper in the circumstances, and shall in addition make a formal recommendation as to whether or not, in its opinion, the exportation should be permitted.

The Federal Reserve Board, subject to the approval of the Secretary of the Treasury, is hereby authorized and empowered, upon receipt of such application and the recommendation of the Federal Reserve Bank, to make such ruling as it may deem proper in the circumstances; and if, in its opinion, the exportation in question be compatible with the public interest, to permit said exportation to be made; otherwise to refuse it.

No gold or silver coin, or bullion, or currency shall be set aside and earmarked for safekeeping for any person without the written approval of the Federal Reserve Board.

LICENSES FROM WAR TRADE BOARD IN TRANSACTIONS INVOLVING TRADING WITH AN ENEMY OR ALLY OF ENEMY.

Applications to the Federal Reserve Board for permission to export or earmark gold or silver coin or bullion or currency shall be accompanied by a certified copy of a license issued by the War Trade Board, whenever any such

transactions involve or may involve trading directly or indirectly with an enemy or ally of enemy or with any person acting for, or on behalf of, or for the benefit of, an enemy or ally of enemy.

APPLICATIONS FOR REGISTRATION CERTIFICATES AND EXPORT LICENSES, PROVIDED FOR
HEREUNDER, BY PERSONS RESIDING IN ANY DEPENDENCY OF THE UNITED STATES.

Applications to the Federal Reserve Board either for registration certificates or for licenses to export coin, bullion, or currency may be made by persons residing in any dependency of the United States (including the Philippine Islands, Alaska, Guam, Hawaii, Porto Rico, Virgin Islands, and Canal Zone) through such agency located in any such dependency as may be hereafter designated by the Federal Reserve Board, instead of through a Federal Reserve Bank; but until an agency has been so designated in any such dependency, persons residing therein may make such applications through any Federal Reserve Bank. The Federal Reserve Board may from time to time postpone, in respect of any one or more of such dependencies, the date on and after which persons residing therein shall be prohibited from engaging in any of the transactions or making any transfer hereinbefore prohibited without having obtained registration certificates, in case such registration certificates can not be obtained on or before the date hereinbefore specified.

(Signed) WOODROW WILSON.

THE WHITE HOUSE, 26 January, 1918.

The supervision and control of foreign exchange transactions is closely related to the conservation of gold, and the Division of Foreign Exchange of the Federal Reserve Board was organized to enable the Board to carry out the provisions of the Executive order of January 26, 1918, and to cooperate with the Treasury Department in meeting the unusual problems in foreign exchange created by the war.

The work has been carried on under three divisions—administrative, research, and statistical. There are 91 employees in the division, exclusive of the director and assistant director, whose services have been given without compensation.

ADMINISTRATIVE DEPARTMENT.

In order to transact a foreign exchange business all "dealers" in foreign exchange, including bankers, brokers, exporters, and importers who maintain accounts in foreign countries or carry accounts for foreign correspondents, are required, under the terms of the Executive order, to register their names with the Division of Foreign Exchange of the Federal Reserve Board, through the Federal Reserve Banks of their respective districts. Under the system of reports required, together with the close relationship which has been developed with the cable censorship and the postal censorship in connection with communications covering financial transactions, it has been possible to exercise a control over the consummation of all foreign financial operations, while leaving the necessary freedom of action to "dealers."

Headquarters of the division were established in the Treasury Building in Washington, but the main office for the conduct of the work was located in New York City. This was necessary in order to enable the division to act promptly upon applications of "dealers" for permission to carry out certain operations required under the Executive order and the regulations issued in connection with it, as probably 95 per cent of the applications are made by New York "dealers." This arrangement has necessitated weekly trips by the director between Washington and New York, but the expeditious service required, because of the nature of the financial operations involved, could not have been rendered otherwise.

Upon receipt of their registration certificates, "dealers," with a few exceptions, were authorized to carry on their foreign exchange transactions without reference to the Division of Foreign Exchange, provided reports were made on the prescribed forms. As the war progressed, however, it became necessary to require the approval of the director before a number of operations could be carried out, such as transactions in certain exchanges, the issuance of letters of credit, or the making of transfers of funds to cover the shipment of goods from one foreign country to another, the issuance of travelers' letters of credit in excess of \$5,000, the issuance of credits to cover goods to be warehoused, which could not be exported or imported because licenses were unobtainable from the War Trade Board, the investment of American funds in foreign countries, action upon confirmations of cablegrams where the cables themselves had never been received, and arbitrage transactions.

At the outset, rulings under the Executive order were required in great number, in cases which called for immediate decisions in order to allow the continuance of legitimate business without interruption. As these requests also came largely from New York institutions, the establishment of the main office in New York City was found to be fully warranted.

"Dealers" desiring to consummate transactions where approval is required beforehand, make application by letter, in duplicate, through the Federal Reserve Banks of their districts, or direct to the Division of Foreign Exchange. Where approval can be given, it is stamped upon the duplicate letter, which is returned by the messenger from the "dealer" presenting the application. As such a large percentage of applications are made in New York, and practically all of such applications come from "dealers" situated in cities where there are Federal Reserve Banks which can communicate with the director by telephone or telegraph, this system has enabled transactions to be consummated without delay, wherever approval could be given without extended investigations made necessary by the national interest. When enemies or allies of enemies have been

involved, delays have been unavoidable, but even in such cases, where the interests of the United States were not jeopardized, nor the enemy benefited through the carrying out of the transactions applied for, and when it has been of value to our nationals to have them consummated, authority to operate has been extended after receipt of license from the War Trade Board or proper release from any other department of the Government which might be concerned.

RESEARCH BUREAU.

A research bureau has been established and developed as an aid to all bankers and other "dealers" who have been desirous of following the letter and spirit of the Executive order of the President and of the trading with the enemy act, and who otherwise would have been unable, in many cases, to determine with certainty whether or not it was in order for them to transact business with many foreign and American houses which had approached them, or where transactions for unknown persons were going through them. To protect such "dealers," and also the interests of the country, the research bureau has been developed as a sort of clearing house for all other governmental research bureaus, in so far as the work of these agencies concerned persons or institutions attempting to carry out financial transactions. Frequently, reports in the files of different Government bureaus, when compared, have been found to be contradictory. In all such cases efforts were made to ascertain the facts, and the bureau having incorrect information has been notified.

The research bureau has access to all source books published by the allied Governments, and is also in direct touch with all United States Government departments of information and research.

Direct private telephone and telegraph wires connect the bureau with several of the Government agencies and bureaus, and personal representatives of the Division of Foreign Exchange are stationed with others. The division also has personal representatives in all of the cable censorship offices in the country. The representative of the division in the New York office of the cable censor is also the head of the financial division of the censorship, and he is called into conference in the Division of Foreign Exchange daily.

In addition to these regular connections, consultation has been had, when necessary, with the Shipping Board, the War Industries Board, the War Trade Board, and the Departments of State and Treasury; also with representatives of foreign governments.

With these connections the research bureau has been in position at all times to obtain immediately the latest information bearing on persons or institutions in all parts of the world whose transactions have been brought before it. The administrative department has thus been enabled to make prompt decisions on important financial

transactions in all cases except where further research was necessary before suspected parties could be cleared or proved to have enemy connections or interest.

The information received from all other governmental departments is brought together in the research bureau of the Division of Foreign Exchange and filed. Under this system it has been possible to stop many transactions which might have been of value to the enemy and to afford constant protection to bankers and other "dealers" in the United States who might otherwise have inadvertently carried out transactions for enemy account. It has also been possible to turn over many cases to the Alien Property Custodian.

When cablegrams are suppressed, it is essential, if such suppression is to be effective, that their confirmations also be suppressed, and all confirmations of cablegrams from "dealers" in the United States have been censored through the research department. Such confirmations have averaged about 2,000 a day. Under the regulations "dealers" in the United States are obliged to apply to the director of the Division of Foreign Exchange for approval before they can act upon any confirmations of cablegrams which are received by them and which refer to cablegrams that have never reached them.

Copies of all suppressed cablegrams concerning financial matters are delivered to the head of the research bureau each day, and all names of senders, receivers, beneficiaries, or others mentioned in the cablegram are investigated at once. Application is made to the proper department for release of cablegrams before receipt of the confirmations, if it is found that the transactions themselves can not be harmful to the national interest, even though some of those connected with the transfers may have been of doubtful standing, and the work of obtaining proof in doubtful cases is well under way long before "dealers" receive their confirmations and apply for permission to act under them. Through this system it has been found possible to release great numbers of cables covering important transactions, whose temporary suppression might have been fully justified, but where later investigations showed that their delivery was not incompatible with the interests of the country.

The concentration in the research bureau of intercepted letters received from the postal censorship, and intercepted cables from the cable censorship, together with information from the other sources outlined, has been of great value in determining the status of many persons and institutions whose names have come up because of their participation in foreign financial transactions.

In cases where those concerned in a cablegram can not be cleared 90-day postponement notices are served on "dealers" applying for permission to consummate the transactions, and if when the time has

elapsed it is still impossible to clear all names, a prohibition notice is issued by the Federal Reserve Board.

The activities of the administrative and research departments are indicated by the fact that an average of 400 pieces of mail are handled in the filing room each day, and that more than 40,000 letters of correspondence and 12,000 letters concerning credits or remittances are on file.

Under the Executive order, all foreign correspondents of American "dealers" are obliged to sign a declaration agreeing not to carry on any business through or for their American correspondents for account or benefit of an enemy or ally of enemy. Such declarations, when received by American "dealers," have been filed with the Division of Foreign Exchange, and all names have been researched for the purpose of checking up the standing of the foreign correspondents of American "dealers" in connection with their attitude toward transactions for account of enemies or allies of enemies. More than 150,000 of such declarations have been received, checked, and filed for ready reference in addition to more than 50,000 declarations of nonenemy interest in securities.

A large number of foreign correspondents did not forward declarations. From intercepted correspondence and reports received from "dealers," it was found that in a large percentage of cases the declarations were not signed because the foreign correspondents were allies themselves, and seemed to look upon the matter as one not concerning them, apparently not understanding that this requirement has been written into the law of the United States. Steps have been taken to correct this misunderstanding, in order that no injustice may be done to anyone who may have ignored the request of "dealers" for declarations in good faith, based on the thought that they were not concerned.

Another form of declaration has been required from foreign holders of American securities desiring to collect dividends, interest or maturing principal, or to sell their securities in the United States. In addition to covering the usual statement regarding noninterest of enemies or allies of enemies, this form included the statement that foreign-held securities had not been enemy owned since February, 1917. These declarations are also filed with the Division of Foreign Exchange, and the names of the signers of the declarations are researched in the same manner as those of the foreign correspondents of American "dealers." This requirement has unquestionably deterred many enemy nationals owning American securities from endeavoring to sell them or collect income upon them.

Another regulation which required careful checking in the research department covered deposits made with American banks in

dollars for account of foreign correspondents. Transfers of funds for enemy account could be accomplished so easily through the deposit of money to the credit of foreign correspondents with American banks or other "dealers," for account of some neutral cloak in a foreign country, that all such deposits are required to be accompanied with information as to the name of the original party requesting the deposit, the purpose of the deposit, the name of the foreign beneficiary, and the party for whose account it is to be received in the foreign country. This information has been filed with the Division of Foreign Exchange daily by American "dealers," and the names of all persons concerned are researched for the purpose of uncovering enemy connections or interest, in case of their existence.

While there is no doubt that, through the use of cover names and other means, enemy transfers have been constantly made, yet there is every reason to believe that the regulations of the Division of Foreign Exchange have resulted in their being reduced to a minimum, and that any extended operations for enemy account have been made impossible.

Through its ambassadors and ministers the State Department has been constantly informed of the operations of American "dealers" with foreign institutions, where enemies or allies of enemies have been involved. All such operations have been investigated through the research department, after which proper action has been taken by the administrative department. It speaks well for bankers and other "dealers" in the United States to be able to report that investigation has shown conclusively, with few exceptions, that since the United States entered the war there has been no intent or purpose on the part of Americans involved to act contrary to the letter and spirit of the law, nor to carry out transactions which might be of benefit to the enemy.

STATISTICAL DEPARTMENT.

"Dealers" holding registration certificates authorizing them to do a foreign exchange business are required to make weekly reports at the close of business each Wednesday of all their foreign operations, giving balances due them from each country of the world and balances held by them for account of each country of the world.

Records of "dealers" registrations are made in the statistical department. On December 1, 1918, 13,653 banks, bankers, exporters and importers, and others had applied for and received registration certificates. Of this total 10,208 are "dealers" of class A, who are authorized to do a regular foreign exchange business with the public, 2,087 are "dealers" of class B, under which authority is extended to carry accounts with foreign correspondents, but not to sell, exchange, or deal with the public, and 1,358 are "dealers" of class C,

who are authorized to carry accounts in the United States for foreign correspondents, but are not authorized to trade with the public.

Registered "dealers" divided as to Federal Reserve districts are as follows:

District.	Class A.	Class B.	Class C.	Total.
Boston.....	740	711	376	1,827
New York.....	984	820	812	2,616
Philadelphia.....	473	37	20	530
Cleveland.....	710	23	1	734
Richmond.....	247	4	2	253
Atlanta.....	211	8	6	225
Chicago.....	2,091	315	127	2,533
St. Louis.....	262	.....	2	264
Minneapolis.....	2,491	161	.....	2,652
Kansas City.....	742	1	1	744
Dallas.....	190	3	2	195
San Francisco.....	1,067	4	9	1,080
Total.....	10,208	2,087	1,358	13,653

It will be noted in the foregoing table that in the Minneapolis, Chicago, and San Francisco districts there are more "dealers" of Class A than in the New York district. This is due to the large number of bankers in small towns who have arranged with their metropolitan correspondents to draw drafts against their foreign accounts over their own names. About 9,500 of the 10,208 Class A "dealers" operate in this manner. This system enables bankers in country districts throughout the United States, as well as in towns and cities, to extend a foreign exchange service to their customers when there is any demand in their localities. Of the Class A "dealers" 708 do a direct foreign exchange business, while 160 of the 708 Class A "dealers" have such an active foreign exchange business that they are required to make reports every week. Of this number the foreign business of 65 is confined to Canada and Mexico, while the other 95 do more or less of a world business.

All of these "dealers" are required to make reports to the Division of Foreign Exchange covering their financial foreign exchange operations. "Dealers" of the different classes are supplied with forms prepared especially for their business and from which are assembled in the Division of Foreign Exchange such statistics as are desirable. Banks which transact foreign exchange business through metropolitan correspondents make their reports through these correspondents.

The reports divide the operations into different classes, designed to place before the administrative department a clear statement of developing conditions. The classes of particular interest are those covering exports and imports and arbitrage. While reports of the purchase and sale of demand and cable transfers between "dealers" are interesting in showing the volume, yet as one "dealer" buys and another "dealer" sells, the relationship between the United States

and other countries of the world is not changed, as is true when exports, imports, and arbitrage transactions are recorded.

A number of subclassifications are made, where the amounts involved are smaller, such as dealings in securities, coupon and dividend checks, gold and silver shipments, remittances to cover freights and insurance, income taxes, etc., and purchases of exchange for the use of travelers.

The causes for the change in balances between the United States and each country of the world as they occur from week to week are clearly defined, and the trend of conditions is readily followed. Balances for and against the United States with the other countries of the world have never been made public for reasons which are self-evident. There are certain interesting figures, however, to which reference may be properly made.

The total purchases and sales of demand and cable exchange between "dealers" in the United States from February 20, 1918 (when the Executive order went into effect), to December 31, 1918, were \$5,158,943,148, and of this total \$3,737,754,469, or 72.45 per cent, were for exchange on Great Britain. Trading in demand and cable exchange between American "dealers" in such large totals shows the free competition which exists in this country in the foreign exchange business, and is most interesting on that account. The total exchange from all sources on all countries of the world purchased by American "dealers" for the same period was \$6,603,811,628 and the total sales \$6,639,103,540, of which 55 per cent represented dealings in sterling.

No other figures would seem to be required to show the relative world financial position which Great Britain holds, but the statement of arbitrage operations is also illuminating in this respect. Exchange on Great Britain was sold to the United States by foreign countries to the equivalent of \$554,108,000 and exchange on Great Britain was purchased from American "dealers" by foreign countries to the total of \$480,239,000. Of these amounts British banks supplied the United States with the equivalent of \$297,849,000 in pounds sterling against dollars credited to them, which were undoubtedly largely used to pay for imports from the United States to Great Britain, whereas British institutions bought from American banks sterling with dollars to the equivalent of only \$109,969,000. Some of these transactions were undoubtedly carried out at the instance of foreign banks in other countries which operated through Great Britain, but proof of this is available only from British records. On balances of sterling exchange bought from and sold to the United States by the whole world, excepting through Great Britain itself, the sale of sterling exchange by the United States exceeded the purchase of sterling exchange by the United States by \$114,011,000. The principal countries which purchased more ster-

ling exchange from the United States than they sold were France, Greece, Holland, Italy, Spain, East Indies, Straits Settlements, Chile, Colombia, Ecuador, Uruguay, Canada, Central America, and the West Indies. The principal countries selling the United States the greatest amount of sterling exchange on balance were Norway, Portugal, Sweden, Switzerland, China, India, Japan, Argentina, Brazil, Peru, Africa, and Australasia.

While no figures are available prior to the formation of the gold-export committee of the Federal Reserve Board, there is reason to believe, from reports received, that sterling exchange was sold in this market by foreign countries in a large way. Since the embargo, as gold could not be obtained for sterling exchange sold in the United States, such operations have been confined to more natural channels, based on current trade rather than on previously accumulated balances. This situation is particularly noticeable in connection with the arbitrage of the exchange of the neutral countries of Europe, which have ruled at a high premium, and it is found that the United States has obtained a greater total in such exchanges from Great Britain than it has furnished. The relative figures for the period given are as follows:

	Purchased by United States from Great Britain.	Sold by United States to Great Britain.
Holland guilders.....	\$6,721,000	\$2,947,000
Norwegian kroner.....	4,392,000	1,738,000
Swedish kroner.....	5,379,000	1,349,000
Spanish pesetas.....	13,324,000	914,000
Swiss francs.....	4,806,000	2,374,000

Instead of our having furnished Great Britain with these high-priced exchanges, Great Britain has actually given us an excess on balance.

On the other hand, we have purchased from these countries exchange on Great Britain greatly in excess of our sales of sterling exchange to such countries. It is largely due to this fact that the exchange rates on the neutral countries mentioned ruled against the United States. For instance, during the first three-quarters of the year, Spain sold the United States \$12,143,000 in sterling exchange, and purchased from this country \$8,531,000 in sterling exchange, a difference of \$3,612,000. This difference affected the rate for Spanish pesetas in the United States, even though, strange as it may seem, such difference was more than offset in the case of Spain by the purchase on balance from Great Britain of the equivalent of \$6,593,000 in pesetas, which, of course, affected the rate in the opposite manner. This left an equivalent of \$2,981,000 gained by the United States in arbitrage transactions with Spain and Great

Britain. In the last quarter of the year Spain sold the United States less sterling than she purchased and increased her purchases on balance from Great Britain, so that the total gain by the United States for the year was \$14,146,000. The effect of these particular transactions as a whole, therefore, was favorable to the United States dollar. The two operations are distinct in this respect—in one case American “dealers” purchased from British banks neutral exchanges when they were required to a greater extent than the British banks bought the same exchanges from American banks, while in the other case the banks of neutral countries sold American banks more sterling exchange than they purchased from them. Such transactions were not based upon the attempt of any “dealers” concerned to advance or depress the exchange on any country, but were undertaken because of the relation of demand to supply, and both classes of operations affected the rate for the foreign exchanges in the United States, even though one was carried out in the moneys of the foreign countries and the other in American dollars.

By refusing to allow American “dealers” to purchase sterling exchange from other countries, this situation could have been positively controlled, but the harm that would have resulted would have been far greater than the good accomplished, and such prohibition would also have been most detrimental to our foreign financial position long after peace had been restored. It is most fortunate, therefore, that it proved possible to meet every emergency without the necessity of having to restrict the arbitrage of exchange.

As reports were not filed before the Executive order of the President of January 26, 1918, it is impossible to determine with certainty exactly what expansion has occurred in the foreign business of the United States, but from the consensus of opinion of many of the principal foreign bankers who have expressed themselves, it would appear as though arbitrage operations, as carried out by bankers and other “dealers” in the United States, before the beginning of the war, August 1, 1914, were practically confined to what were then the three principal commercial countries of Europe, with the occasional purchase, almost entirely through London, of other exchanges, when required for special purposes. Since the war American “dealers” have had arbitrage operations with practically every commercial country of the world, as shown by figures covering actual transactions between February 20 and December 31, 1918. The total of such transactions shows \$876,240,000 in foreign exchanges purchased from other countries by the United States and \$689,565,000 in foreign exchanges sold to other countries by the United States.

Another phase of our foreign financial transactions which has shown remarkable growth is represented in the activity of the dollar accounts of foreign banking institutions in the United States. Dur-

ing the period referred to, combined debits and credits to such accounts from European allied countries were \$25,993,542,466 (these extraordinary figures were largely due to loans made by the United States Government), from European countries other than those of our allies \$2,468,719,572, from Asia \$2,802,093,807, South America \$1,916,337,532, Central America and Mexico and the West Indies \$2,344,246,605, Africa \$7,580,068, Australasia \$36,915,188. Many of these transactions represent the purchase and sale of securities in the United States for account of foreigners interested in our market. Other large transfers represent payments against shipping documents or warehouse receipts, as many foreign countries have been buying goods in the United States through the payment of dollars which have accumulated here, instead of through sterling, as before the war. The proceeds of exports to the United States from countries having balances with American "dealers" have also been credited to accounts in this country. Many of the neutral countries of Europe have used balances which have accumulated here for the purchase of British securities, and in large amounts.

Trading in securities in United States markets by foreign interests, both through dollars and foreign moneys, has been large, and for the period covered purchases were made for foreign account to the value of \$442,396,000, and sales for foreign account to the value of \$355,894,000. The excess in purchases was of American, British, and French securities.

Securities held in America for foreign account at the close of business December 31, 1918, amounted to \$1,824,351,000 and securities held abroad for American account \$97,478,000.

Commodities held in warehouse in the United States at the close of business September 26, 1918, which had been purchased and placed in warehouse for foreign account before July 1, 1918, in many cases extending back almost to the beginning of the war, amounted to \$69,258,097, and commodities which had been imported to the United States for foreign account previous to July 1, 1918, but which were still held in warehouse undistributed, either in this country or through reexport, amounted to \$31,078,841, or a total of \$100,336,938.

After the report for the final quarter of the year is received, and the figures for the whole year can be compiled and compared with estimated averages for the first few weeks of the year before the Executive order went into effect, the foreign business of the United States can be analyzed as a whole very completely, and the trend of operations before and since the armistice can be shown, all of which should be of great value in determining whether we are to hold the world-wide financial development made possible by the war.

A further analysis of these reports for a few quarters following the signing of the peace treaty should give an even clearer idea of

the part this country is to play in the world's finances during the period of world reconstruction, and possibly afterwards.

Before undertaking any operations in foreign exchange with persons in the United States other than "dealers," it is necessary for such "dealers" to require their customers to sign the following statement:

This transaction is made under representation by the undersigned that there is not involved in connection therewith any trading, directly or indirectly, with, to, from, for, or on account, behalf, or benefit of any enemy or ally of enemy, of the United States, or any transaction violative of the trading-with-the-enemy act of the United States.

All transactions covered in the reports of "dealers" to the statistical department of the Division of Foreign Exchange must have been consummated under the terms of these statements, when the operations have developed in this country, or under nonenemy declarations of foreign correspondents when they have originated outside of the United States. A statement of nonenemy interest, therefore, has had to stand before the creation and at the consummation of every transaction between the United States and every foreign country.

COOPERATION WITH THE TREASURY DEPARTMENT.

The administrative department has constantly cooperated with the Treasury Department in carrying on foreign-exchange operations, and in the supervision or regulation made necessary to protect the interests of the United States. Many such matters have been handled in conjunction with the Federal Reserve Bank of New York, which has acted, when necessary, for account of all of the Federal Reserve Banks.

COMMODITIES.

A careful study of the whole world exchange situation, made possible through the reports filed with the Division of Foreign Exchange, led to the belief that in view of the restricted shipping facilities, adjustments in our export trade could be made, which would be most beneficial.

As ships available to obtain needed imports could also be used on exports to the same countries from which imports were obtained, it was clear that if the average export cargo exceeded in value the average import cargo, the exchange would begin to turn toward the United States, and that an excess of foreign exchanges would be accumulated that could be made to make purchases for allied account.

With the view of developing this situation, an arrangement was made by the director of the Division of Foreign Exchange for meetings to be held with a representative of the War Industries Board,

a representative of the War Trade Board and the Exports Control Committee of the National Foreign Trade Council. An intensive study was made of the weight and bulk values of such goods as were desired by foreign countries, those of South America being first considered. As a result, the War Industries Board agreed to consider requisitions which might be made by the Treasury Department for commodities for export, in the same light as requisitions made by the War Department and the Navy Department to cover their needs. The development of the whole plan was based entirely upon war requirements, and not upon the expansion of our foreign trade, as it was recognized that the business of the country at the time was to win the war rather than to develop commerce.

The cooperation of the committee of the National Foreign Trade Council in this connection was most valuable, and if the armistice had not intervened there is good reason to believe that in a short time the trend of exchange might have turned very materially in favor of the United States in the case of a number of countries where imports for war purposes were required. Even though an armistice has been declared, the work accomplished by this committee, together with the vast amount of data compiled by the War Trade Board, should be most valuable to the country, and should be particularly helpful after peace has been proclaimed and present restrictions upon the world's commerce are removed.

FEDERAL RESERVE BANKS.

The Federal Reserve Banks of the 12 districts have acted as local agents for the Division of Foreign Exchange in receiving applications for registration certificates by banks, bankers, and others who wished to do a foreign exchange business in collecting weekly reports of foreign exchange operations, in passing upon applications of "dealers" for permission to transact business requiring approval, in obtaining reports on institutions and individuals when occasion required, and in carrying out the many special duties growing out of the Executive order and its regulations. This work, which, in the case of many of the Federal Reserve Banks, was very exacting, has been performed most efficiently, and the cooperation of the Federal Reserve Banks has been effective in every particular.

Bankers and other "dealers" have at all times manifested a desire to abide by the regulations made by the Division of Foreign Exchange. While it is possible that some "dealers" may have been unwilling to undertake operations for enemy account, because of their knowledge that if they did so, and were discovered, they would be prohibited from continuing their foreign exchange business for the period of the war, and while this fact was one of the important safeguards provided the country by the Executive order, yet on the whole

the voluntary and patriotic cooperation of "dealers" has been a constant source of satisfaction. The great banking institutions which transact the bulk of our foreign exchange business have cheerfully subordinated profits to the national interest.

BANKS ORGANIZED FOR TRANSACTING FOREIGN BUSINESS AND FOREIGN BRANCHES OF MEMBER BANKS.

The foreign trade of the United States, already large, is expected to assume far greater proportions upon the reestablishment of peace. Preparations have already been made for the proper financing of our foreign business. Member banks, by means of foreign branches, and American banking corporations, organized to conduct a foreign business, have reached out into other countries, mainly in Central and South America and the Orient, with a view of competing with British and continental banks which have long controlled the larger part of their international trade and banking.

Under section 25 of the Federal Reserve Act, the stock of American banking corporations, principally engaged in international or foreign banking, is made eligible for purchase by national banks having capital and surplus of \$1,000,000 or more to an amount not exceeding 10 per cent of their capital and surplus, if such corporations enter into agreements with the Federal Reserve Board by means of which the Board can regulate their operations and keep generally informed as to their condition. Up to the present time five such institutions have filed agreements defining the operations to be engaged in and relating to the amount and character of their investments, deposits, acceptances, and reserves. The corporations with which agreements have been made are:

	Capital and surplus Dec. 31, 1918.	Resources (head office) Dec. 31, 1918.	Affiliated institu- tions.	Branches.	Agencies.
American Foreign Banking Corporation, New York City.....	\$4,405,000	\$22,345,000		4	
Mercantile Bank of the Americas, New York City.....	4,525,000	24,486,000	16	2	5
First National Corporation, Boston, Mass.....	2,250,000	15,039,000		2 ¹	
Asia Banking Corporation, New York City.....	2,500,000	3,780,000			
International Banking Corporation, New York City.....	6,500,000	³ 57,957,000		24	

¹ With more than 20 offices.

² In New York City.

³ June 30, 1918, figures, including branches, \$102,322,000.

The branches and agencies located in foreign countries are subject to the laws of the country in which located, and in order to be able to compete with local banks, are permitted to follow in general the local banking practice.

The American Foreign Banking Corporation, the first to file an agreement with the Board, has acquired or established branches in

the Canal Zone, Panama, and Haiti and the establishment of other branches has been authorized. These branches do a general banking business.

The Mercantile Bank of the Americas has expanded through the control of autonomous banks in several of the countries of South and Central America—Brazil, Peru, Venezuela, Nicaragua, and Colombia. Branches have been opened in Paris and Barcelona and agencies in five of the Latin American countries. In addition to receiving local deposits, making discounts, and dealing in foreign exchange, these affiliated institutions promote trade by bringing together buyers and sellers acting merely as intermediaries without assuming any market risks themselves. This bank was organized in 1915 by private banking firms in New York, but now numbers among its stockholders several of the large member banks of the Federal Reserve System.

The entire stock of the First National Corporation of Boston is owned by the First National Bank of that city. At the present time this corporation has no foreign branches, but intends to establish them as its business develops. An office, doing a purely discount business, is now maintained in New York City. During the past year this corporation has been of considerable assistance in facilitating import and export trade with South America, the Far East, and West Indies, and also with European countries.

The Asia Banking Corporation was organized only recently, but plans to engage in a general international and foreign banking business in China, in the insular dependencies of the United States, and, ultimately, in Siberia. It contemplates opening branches in Shanghai, Harbin, Hankow, Tientsin, Peking, and Vladivostok. The stock of this corporation is owned largely by member banks.

The International Banking Corporation is the oldest of the banking corporations which have filed agreements with the Board, having opened its first branch in Shanghai in 1902. Practically all of the capital stock of this corporation is owned by the National City Bank of New York. Its field of operation covers mainly the Orient—India, China, Japan, the Philippines, and the Malay Archipelago—Central America, and the West Indies, with a branch in London. It also has an office in San Francisco. It is engaged principally in financing the export and import trade centering at the places where its branches are located.

At the present time there are only two national banks having foreign branches—the National City Bank of New York and the First National Bank of Boston.

The National City Bank has 21 branches in South America, Cuba, Porto Rico, Russia, and Italy, and has also a representative in Copenhagen. The Board has recently authorized it to establish branches

in Belgium, Switzerland, Portugal, and Spain. These banks, while branches of an American bank, perform the functions of local banks under authority of local law of the countries in which they are established, and transact a general banking business in their respective localities.

The First National Bank of Boston has one branch in Buenos Aires, opened in July, 1917. The facilities afforded by this branch have been devoted mainly to financing our trade in wool and hides with the Argentine.

Among the State member banks having foreign branches are the Guaranty Trust Co. of New York, the Equitable Trust Co. of New York, and the Farmers Loan and Trust Co. of New York, all of which have offices in both England and France, and agencies throughout the world.

The Board takes this occasion to renew the recommendation made in its last annual report that section 25 of the Federal Reserve Act be amended so as to provide for the Federal incorporation of banking associations engaged solely in international and foreign banking, stock of which is to be owned by national banks and which will operate under the control of the Federal Reserve Banks.

The language used in section 25 seems to indicate the intention of Congress to permit such banks to be organized under the laws of the United States. Many national banks have become stockholders in banks which have been organized under State laws for the purpose of carrying on a foreign banking business, in accordance with the terms of section 25.

The arguments in favor of Federal incorporation are—

(a) The dual control exercised by the Federal Reserve Board and by the State banking departments is liable at any time to cause embarrassment, or may operate to restrict the activities of the banking corporation.

(b) A banking corporation of this description being essentially a national enterprise whose stock is owned by national banks having been authorized by an act of Congress, would seem to be entitled to the benefits and protection of a Federal charter, which would undoubtedly be of great value in competing for business in foreign countries.

Attention is called also to the fact that other countries are now devoting particular attention to meeting their demands after the war, as regards financial facilities for trade, and the financing of large overseas contracts. A committee which was appointed some time ago at the instance of the British Board of Trade, recently recommended the establishment of an institution having in view primary objects as follows:

(a) To afford advice and financial assistance to British commercial and industrial undertakings from their inception and generally to further the developments of British trade industry and commerce.

(b) To make advances for the enlargement of works and the extension of plant and for the amalgamation and coordination of works and business with a view to effecting economies in the cost of production.

(c) To render financial assistance in connection with transactions involving long periods of credit.

(d) To assist in obtaining orders from abroad for British manufacturers and traders and to grant financial facilities for the execution of such orders, especially when such orders are intended to be executed in the United Kingdom.

(e) To undertake credit operations and to draw and accept bills.

(f) To acquaint themselves with the conditions of trade and with the business requirements of all countries of the world and to enter into banking-agency arrangements in such countries with Colonial or British foreign banks or where necessary to open up branches and agencies in such countries.

(g) To establish, equip, and maintain information bureaus in close touch with the Department of Commercial Intelligence of the Board of Trade for furnishing British merchants and manufacturers and the business community generally with reliable data and information upon openings for trade, new contracts, State and other loans, and issue proposals, and generally upon all matters relating to foreign trade and business and to undertake the examination of industrial projects.

(h) To act as an agent for carrying through overseas commercial and financial transactions in which the British Government may be interested and to receive official recognition and assistance.

(i) To undertake trading operations and business on their own account or jointly with others either through the medium of syndicates or otherwise.

There does not seem to be anything to prevent American foreign banks from engaging in the operations above outlined with the possible exception of undertaking trading operations in business on their own account or jointly with others in such operations, through the medium of syndicates, but in the opinion of the Board all charters granted to banks engaging in such extensive operations should be uniform, and uniformity can best be assured through a Federal charter.

DIVISION OF ANALYSIS AND RESEARCH.

At the time of its organization, the Board created a Division of Reports and Statistics, which has collected and tabulated information from all available sources relating to economic and financial questions.

Due to the constantly increasing volume of business of the Federal Reserve Banks, this division has necessarily been more and more occupied in the compilation of figures which relate to the operations of the Federal Reserve Banks rather than to banking questions in general. For some time it has been evident that the work of the statistical division should be supplemented, and that the Board should have some agency to assist it in the work of scientific research. Accordingly, the Division of Analysis and Research was created on September 1, 1918.

While much of the work which would ordinarily fall to this division is now being handled in an administrative way by the Division of Foreign Exchange, the active operations of that division will cease when peace has been officially proclaimed.

The principal work which has been carried on by the Division of Analysis and Research since its inception is—

(*a*) Collection, classification, analysis, and interpretation of regular data relating to the condition of the Federal Reserve System, including both Federal Reserve Banks and member banks, and to business and other conditions affecting the banking and business situation, such work, however, not superseding or taking over that done by the Division of Reports and Statistics.

(*b*) Planning and outlining of inquiries into banking, financial, and other conditions, such inquiries being intended to throw light upon the general management and administration of the Federal Reserve System.

(*c*) Undertaking of special inquiries on topics referred by the Board to the division for special investigation and report.

(*d*) Preparation of data for the Federal Reserve Bulletin and making provision for collecting additional material from outside sources.

(*e*) Compilation of statistics showing changes in business conditions and in volume of production.

The headquarters of the division are at the offices of the Board at Washington, but a working office is maintained in New York. Its work is supervised by Dr. H. Parker Willis, formerly secretary of the Board, as director.

The director has been able to obtain the assistance of graduate students in economics and finance, to whom a nominal compensation is paid. The work at present is on a comparatively small scale, and may be regarded merely as a nucleus of what may eventually be undertaken by the division. The total cost of the division, including the Board's business index reporting system, is less than \$1,300 per month.

The Board does not contemplate any rapid expansion of the work of the division, believing that it should be developed gradually as the results obtained appear to justify the effort and cost.

NEW BANKING STATISTICS.

Through its Division of Reports and Statistics, the Board has added to its statistical information by procuring, each week, figures showing the more important items on the balance sheets of member banks in leading centers throughout the country. It is also securing through various clearing house associations, figures which are published every week showing the total of checks paid by clearing house members. The Board believes that the balances as reported by the clearing house associations do not always furnish a true index of banking conditions, while the aggregate of checks paid, including a separate statement of customers' checks, and those drawn by banks and bankers, will, it is thought, portray more accurately the trend of business and will furnish a better basis for comparison month by month and year by year.

CAPITAL ISSUES COMMITTEE.

In his annual report to Congress for the year 1917, the Secretary of the Treasury referred to the importance of avoiding unnecessary capital expenditures in both public and private enterprises. While no specific authority had been conferred upon the Secretary or upon the Federal Reserve Board to approve or disapprove new undertakings, a number of corporation executives, bankers, and municipal officials submitted plans for new enterprises, and thereupon the Secretary of the Treasury requested that all persons contemplating offerings of securities for sale or subscription, first submit them for an expression of opinion as to the compatibility of the proposed issues with the national interest. Tentative offerings increased to such an extent that it became evident that an organization of some kind would be necessary to pass upon them, and in a letter dated January 11, 1918, Secretary McAdoo requested the Federal Reserve Board "as another patriotic service, to assume the responsibility of passing upon such proposals as may be submitted, both in respect to capital expenditures or issues of new securities."

The Board appointed Messrs. Paul M. Warburg, chairman, Frederick A. Delano, and Charles S. Hamlin a committee of its members to undertake the work. The committee enlisted the services of a voluntary advisory committee to assist in its work. This advisory committee consisted of the following: Allen B. Forbes, chairman, senior partner of Harris, Forbes & Co., New York; Frederick H. Goff, president Cleveland Trust Co., Cleveland, Ohio; Henry C.

Flower, president Fidelity Trust Co., Kansas City, Mo.; Stephen L. Selden, executive secretary; James Q. Newton, assistant executive secretary; Bradley W. Palmer, counsel. To complete its organization for nation-wide work, the committee appointed in each Federal Reserve district an auxiliary committee of five members, including the Federal Reserve agent acting as chairman, and the governor of the Federal Reserve Bank. Members of the advisory committee and all auxiliary committees served without compensation.

In beginning its work on February 1, 1918, the committee announced that, for the time being, it would undertake to pass upon industrial and public utility issues of not less than \$500,000 and municipal issues of \$250,000 and over. Subsequently, it reduced the minimum for both classes to \$100,000, pointing out that the committee earnestly invited the cooperation of everyone in reducing and eliminating issues of even smaller amounts for purposes incompatible with the national interest.

The test applied to security issues was (1) whether the offer was timely with respect to the financial operations to be undertaken by the Government and (2) whether the objects for which the funds were to be raised by the sale of securities were compatible with the public interest. The committee in no instance undertook to pass upon the security or legality of issues.

Notwithstanding its purely voluntary nature and the absence of specific legal authority, the committee, by reason of the hearty cooperation of other governmental agencies and of bankers' associations, as well as of leading stock exchanges, was able, during its brief existence, to effect a considerable stoppage of nonessential security issues. The following is a record of issues actually considered:

	Municipal.	Public utilities.	Industrial.	Total.
Amount considered	\$86, 878, 512	\$172, 069, 605	\$219, 510, 269	\$478, 458, 386
Amount disapproved	19, 791, 665	6, 000, 000	39, 900, 000	65, 691, 665
Aggregate approved	67, 086, 847	166, 069, 605	179, 610, 269	412, 766, 721
Less "refunding"	21, 392, 312	125, 860, 284	111, 411, 900	258, 664, 496
Aggregate new issues	45, 694, 534	40, 209, 321	68, 198, 369	154, 102, 224
New issues last year, same period	108, 952, 865	107, 504, 075	287, 754, 684	504, 211, 624
Analysis of new issues approved:				
Amount original applications	65, 486, 199	46, 209, 321	108, 098, 369	219, 793, 889
Amount approved	45, 694, 534	40, 209, 321	68, 198, 369	154, 102, 224
Curtailment effected	19, 791, 665	6, 000, 000	39, 900, 000	65, 691, 665
Analysis of applications formally discouraged:				
Number	8	3	6	17
Amount	\$8, 915, 000	\$7, 360, 000	\$3, 590, 000	\$19, 865, 000

In addition to these tangible results, it is safe to assume that the committee's existence and the campaign of education conducted by it stopped at the source a great many commitments for capital ex-

penditures, thereby conserving material, labor, and credit for essential industries and use of the Government.

Article II of the War Finance Corporation act of April 5, 1918, provided for the appointment of a Capital Issues Committee by the President, and the committee which was appointed in accordance with the terms of the act automatically superseded the voluntary committee of the Federal Reserve Board. The new committee adopted the general plan of organization which had been followed by the old committee, and appointed local committees in each Federal Reserve district to perform their functions through the Federal Reserve Bank's organization in each district.

LAW DIVISION.

In the exercise of its functions, the Board is called upon to consider many intricate legal problems which frequently involve the interpretation of State as well as Federal laws. Subject to the provisions of the Federal Reserve Act and the regulations of the Board, State banks and trust companies becoming members of the Federal Reserve System retain their full charter and statutory rights as such and continue to exercise all corporate powers granted to them by the States in which they are created. There is lack of uniformity both in the powers vested in State banking corporations and in the laws regulating the operations of such corporations. The law division of the Federal Reserve Board is therefore called upon to analyze carefully many of the laws of the 48 States which affect banking operations; to pass upon the legality of many banking operations under State and Federal law; to prepare legal papers, and in general, to render various legal services to the Federal Reserve Board and the several Federal Reserve Banks.

While each Federal Reserve Bank has its own counsel, it is, of course, important that rulings on legal questions should be uniform in all districts and the general counsel of the Board, therefore, acts in close cooperation with the counsel for the several Federal Reserve Banks.

In addition to the normal or routine work of the legal division every effort has been and is being made to cooperate with the several State authorities and with the various agencies interested in bringing about a standardization of banking laws and a coordination of banking powers, and this has involved much work in connection with both State and Federal legislation.

The activities of the law division may be briefly summarized as follows:

FEDERAL LEGISLATION.

The Federal Reserve Act, since its passage, has been amended in many particulars by the acts of August 4, 1914, August 15, 1914,

March 3, 1915, September 7, 1916, June 21, 1917, and September 26, 1918. Most of these amendments were enacted by Congress upon the recommendation of the Federal Reserve Board, and the law division assisted in the preparation of the amendments.

In addition to the foregoing amendments, the Federal Reserve Act has been modified or amended by provisions incorporated in other acts.

Following the passage of these amendments there is compiled by the law division under direction of the Board, a new edition of the Federal Reserve Act with an appendix containing extracts from other acts of Congress which amend the Federal Reserve Act or affect the operation of Federal Reserve Banks or member banks, all fully indexed.

STATE LEGISLATION.

It is obviously important that there should be maintained in the office of general counsel a proper analysis of State laws affecting the operations of member banks and a record of all banking laws passed by the several States.

Member banks, other than national banks, are subject to the laws of the 48 States, and these laws have been made applicable to the operations of national banks in certain particulars; for example, in the exercise of fiduciary powers.

There has been prepared by this division and published in the Federal Reserve Bulletin, an analysis of the State laws relating to reserve requirements, an analysis of State laws relating to bank acceptances, and an analysis of State laws affecting the operations of foreign banking corporations. This information is of great importance at the present time since our member banks are now authorized to establish and maintain branches in foreign countries or to subscribe to stock in banks engaged principally in the business of international or foreign banking. As our foreign trade develops it may reasonably be expected that foreign banks will desire to increase their activities in this country. As many of the State laws impose restrictions on the operations of foreign banks, it is important that this subject should be given careful consideration by those interested in the standardization of such laws.

The law division is also engaged in the preparation of an analysis of State laws relating to capital and surplus requirements, which will be published at an early date, and an analysis of State laws relating to limitations on loans.

It endeavors, through the counsel for the several Federal Reserve Banks and through the superintendents of banks of the several States to keep on file copies of all acts passed by State legislatures which

In an effort to assist in bringing about a standardization of State banking laws and a coordination of Federal and State banking powers, certain Federal legislation to this end has been recommended and an analysis of the several State laws has been made to show what legislation is necessary on the part of the State legislatures to enable State banks which become members of the Federal Reserve System to conduct their operations on a basis of substantial equality with other member banks. This analysis, with a standard form of enabling act, was prepared at the request of the president of the American Bankers' Association, and with slight modifications has been adopted by that association in its program of legislation for the year 1919. As 44 State legislatures meet during the current year, it is hoped that many of the States will adopt the necessary legislation to remove any inequalities that may exist by reason of the conflict in State and Federal laws.

REGULATIONS.

The law division is called upon to assist in the preparation of all regulations of the Board in order that they shall in all cases conform legally to the letter and spirit of the Federal Reserve Act.

OPINIONS.

As previously stated, this division is required to pass upon questions involving the interpretation of the Federal Reserve Act, the national bank act, the negotiable instruments law, and the laws of the several States which affect the operation of national banks, State banks, or trust companies which are members of the Federal Reserve System.

INFORMAL RULINGS.

Rulings which involve the application of regulations of the Board or of provisions of the Federal Reserve Act, to concrete questions arising in the administration of the act, are usually referred to this division before being published or formally entered so that there may be no question of their legality.

CLAYTON ACT.

Under the Kern amendment to the Clayton Act, the Board is authorized under certain conditions to permit the same person to serve as an officer or director of two or more banking institutions which are not in substantial competition. Applications for this permission are filed on regular forms prepared by the Board, and in each case are referred to this division to ascertain whether the application is in proper form; whether it contains data sufficient to enable the Board to pass upon the question presented, and it is

usually necessary for this division to conduct correspondence and to prepare various memoranda in connection with such application.

The national-bank examiners report all cases where the same person is serving with two or more banking institutions in apparent violation of the Clayton Act. Such cases are referred to this division which must determine—

- (a) Whether a permit has been granted by the Board;
- (b) If not, what is the capital and surplus of the banks involved;
- (c) What is the population of the place in which the banks are located according to the 1910 census;
- (d) Whether the banks involved are member banks.

A report is then made to the Board with a recommendation as to the action to be taken.

More than 2,000 cases have been passed upon by the counsel's office and a list of applications granted and refused comprises more than 143 pages of typewritten matter.

STATE BANK APPLICATIONS FOR MEMBERSHIP.

The Board has approved more than 650 applications of State banks for membership in the Federal Reserve System during the past year. Each of such applications is first submitted to this division and in each case it is necessary—

- (1) To ascertain if the application and exhibits are executed in proper form;
- (2) Whether all necessary exhibits accompany the application;
- (3) To examine and make a certificate as to the legality of suggested conditions of membership;
- (4) To examine State laws to ascertain (a) whether the bank has any unusual powers, and prepare memorandum on this subject, and (b) whether the bank has power to join the system;
- (5) To ascertain whether the bank has the necessary capital stock;
- (6) To examine the charter or articles of incorporation;
- (7) To prepare memoranda regarding any unusual or doubtful cases and to call to the attention of the Board any irregularities;
- (8) It is also necessary to prepare numerous letters in connection with these applications calling for additional information.

APPLICATIONS FOR TRUST POWERS.

Since the passage of the act of September 26, 1918, which amended section 11 (k) of the Federal Reserve Act, there has been a considerable increase in the number of applications filed by national banks for permission to exercise trust powers. In each case it is necessary for this division—

- (1) To ascertain whether the application is executed in proper form;

- (2) Whether the bank has the necessary capital and surplus required by the State law;
- (3) Whether the State law gives competing institutions the powers applied for;
- (4) To prepare a report in each case for the Federal Reserve Board.

The amendment referred to makes various State laws applicable to the operations of national banks exercising trust powers. It is therefore necessary for this division to maintain a careful analysis of all the laws of the State relating to the exercise of fiduciary powers by competing State corporations and to pass upon a very large number of questions arising in connection with the exercise of trust powers.

There is now in course of preparation a new series of regulations governing the exercise of these powers by national banks in accordance with the act as amended.

ACCEPTANCES.

A very large number of questions have arisen in connection with the use of bank credit in the form of acceptances. This being a new power vested in national banks by the Federal Reserve Act, it is necessary to carefully supervise its exercise to the end that a proper discount market may be developed along conservative lines, and in order that this power may not be used for the purpose of evading limitations or restrictions imposed upon the credit operations of national and member banks.

COMPTROLLER OF THE CURRENCY.

To avoid any possible conflict which may result in cases where the jurisdiction of the Comptroller of the Currency and the Federal Reserve Board is seemingly concurrent, the general counsel of the Federal Reserve Board acts in such cases as joint counsel for the Board and the Comptroller. The law division of the Board is therefore required to pass upon a number of questions arising in connection with the operations of national banks.

FOREIGN EXCHANGE TRANSACTIONS.

Under the trading with the enemy act, the President was authorized to use any agency or agencies that he might select to control foreign exchange transactions and to prevent the resources of this country from being used for enemy purposes. The Federal Reserve Board was designated by Executive order of January 26, 1918, as the agency of the Secretary of the Treasury to exercise proper supervision over all such transactions. All persons carrying accounts either with or for foreign correspondents or engaging in any manner

in transactions in foreign exchange or transfers of credits as between the United States and any foreign country were required to obtain a registration certificate from the Federal Reserve Board and to make regular reports of all such transactions. In each case a certificate of nonenemy interests was required, and whenever it appeared that the consummation of the transaction would not be compatible with the best interests of the United States its consummation was ordered suspended by the Federal Reserve Board, pending investigation. The law division was accordingly called upon to prepare various regulations and rulings and to pass upon a number of intricate questions of Federal law and international law in connection with the exercise of these functions.

FIDUCIARY POWERS.

Section 11 (k) of the Federal Reserve Act authorizes the Federal Reserve Board "to grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, and register of stocks and bonds under such rules and regulations as the said Board may prescribe."

In its last annual report the Board called attention to the decision of the Supreme Court of the United States, in the case of *Bank v. Fellows*, which sustained the right of Congress to grant fiduciary powers to national banks and to vest in such banks any powers enjoyed by competing State corporations.

In the course of its opinion the court indicated that the purpose of Congress in providing that fiduciary powers might be granted to national banks "when not in contravention of State or local law" was to bring about a more thorough coordination of banking powers as between Federal and State institutions.

In order to remove any question of the power of the Board to accomplish this result by regulation an amendment to the act was recommended which was designed to make national banks exercising fiduciary powers subject to State laws in so far as those laws provided appropriate safeguards for the protection of beneficiaries of trust estates. The amendment suggested by the Board with some modifications was included in the act which was approved and became a law on September 26, 1918. Under the act as amended the fiduciary powers which may be granted by the Board have been enlarged so as to include authority to act as guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

The Board is authorized to grant permits to national banks, to exercise fiduciary powers in any case in which competing State corporations are permitted to exercise these powers, even though the laws of the State expressly or impliedly prohibit the exercise of such powers by a national bank. Indications are that a great many of the national banks will apply for and obtain these permits and will thus be enabled to afford additional facilities to their customers and to increase the scope of their operations.

During the year 1918, up to September 26, the Board had granted 89 original permits and 1 supplemental permit. It has granted since that time 49 original permits and 44 supplemental permits. Original permits issued during the year number 138, the total number of banks now holding original permits being 708.

A list of the banks to which permits have been granted appears in the appendix.

RESERVE AND CENTRAL RESERVE CITIES.

The Board is authorized and empowered by section 11 of the Federal Reserve Act to add to the number of cities classified as reserve and central reserve cities in which national banking associations are subject to special reserve requirements, and to reclassify existing reserve cities or to terminate their designation as such.

The law as amended by the act of June 21, 1917, requires all reserves of member banks to be carried with the Federal Reserve Banks of their respective districts. The requirement as to time deposits is the same with all classes of banks—3 per cent; while on demand deposits banks in central reserve cities are required to carry a reserve of 13 per cent, those in reserve cities 10 per cent, and banks in other towns and cities 7 per cent.

It has been the policy of the Board in permitting the establishment of branch banks to classify cities in which the branches are located as reserve cities, and in accordance with this policy the Board has designated Jacksonville, Fla., El Paso, Tex., and Little Rock, Ark., as reserve cities. The other branches established during the year are in cities which were already classified as reserve cities.

BRANCHES OF FEDERAL RESERVE BANKS.

There were in operation at the close of the year 1917 six branches of Federal Reserve Banks, as follows:

Location.	Established by—
New Orleans.....	Federal Reserve Bank of Atlanta.
Louisville.....	Federal Reserve Bank of St. Louis.
Omaha.....	Federal Reserve Bank of Kansas City.
Portland.....	Federal Reserve Bank of San Francisco.
Seattle.....	Do.
Spokane.....	Do.

During the year 1918, the following branches, which were authorized by the Board during the year 1917, were opened for business:

Location.	Established by—
Cincinnati.....	Federal Reserve Bank of Cleveland.
Pittsburgh.....	Do.
Detroit.....	Federal Reserve Bank of Chicago.
Baltimore.....	Federal Reserve Bank of Richmond.
Denver.....	Federal Reserve Bank of Kansas City.

During the year covered by this report the Board authorized branches as follows:

Location.	Established by—
Birmingham.....	Federal Reserve Bank of Atlanta.
Jacksonville.....	Do.
Memphis.....	Federal Reserve Bank of St. Louis.
Little Rock.....	Do.
El Paso.....	Federal Reserve Bank of Dallas.
Salt Lake City.....	Federal Reserve Bank of San Francisco.

These branches have all been in operation for several months, with the exception of that at Little Rock, which began business on January 6, 1919.

While section 3 of the Federal Reserve Act as amended June 21, 1917, authorizes the Federal Reserve Board to "permit or require" any Federal Reserve Bank to establish branch banks within its district, it is the policy of the Board to have negotiations for branch banks originate between the community applying and the Federal Reserve Bank, and to review only such cases as may be referred to it after consideration by the directors of the Federal Reserve Banks.

All of the branches have proved a great convenience to the communities served, and have tended to arouse a greater local interest in the Federal Reserve System. Many of them have justified their existence from the standpoint of earnings, while others recently established have not yet had an opportunity of demonstrating their ability to sustain themselves. In some cases the establishment of branches has been followed by accession to membership of a number of State banks in the localities served, and the usefulness of the branches has been greatly increased as a result.

The by-laws governing the branches are approved by the Federal Reserve Board, and are uniform as far as recognition of the control and responsibility of the Federal Reserve Banks is concerned, but differ in some districts as to matters of administrative detail. In some cases the branch is empowered to make rediscounts for the member banks assigned to it, while in others the actual rediscounting operation is performed at the head office, the member banks being given credit at the branch as of the date on which the paper is ten-

dered to the branch. In one case the earnings growing out of rediscounts are shown on the books of the branch, while in the other they appear only on the books of the Federal Reserve Bank; consequently a comparative statement of the earnings of the various branches can not be given.

Clearing operations and the collection of country checks are engaged in by the branch banks, and the head offices are relieved of a corresponding amount of detail work.

It is apparent, however, that too great a number of branches in any one district involving a division of the funds of the Federal Reserve Bank will tend to impair the effective control of the bank over its resources, and this fact, together with the expense involved in the operation of branch banks, will make it impossible to gratify the civic pride of many cities desiring branches.

There are, unavoidably, some advantages enjoyed by member banks located in Federal Reserve or branch bank cities which are not shared by banks in other towns and cities, but the Board is endeavoring, as far as possible, to give equal facilities to all member banks, and has, therefore, authorized the Federal Reserve Banks to pay all charges on shipments of currency to or from member banks. A member bank, therefore, located at a distance from its Federal Reserve Bank, is thus put in as favorable a position with respect to currency transfers as a member bank located in the Federal Reserve city, with the exception of the time involved in transit.

CHECK CLEARING AND COLLECTION.

The member banks are availing themselves more and more of the clearing and collection facilities afforded by the Federal Reserve System. The daily average number of transit items handled by the reserve banks during the year 1917 was approximately 276,000, amounting to \$190,000,000. For the 30-day period ended June 15, 1918, the daily average number of items handled was 485,600, an increase of over 80 per cent, amounting to \$385,060,000, an increase of over 100 per cent. From October 15 to November 15, 1918, the daily average number of items handled was 828,000, an increase over June 15 of 70 per cent, amounting to \$556,943,000, an increase of 45 per cent. On November 15, 1917, the number of member banks was 7,826, and the number of nonmember banks on the par list was 9,210, a total of 17,036. On December 15, 1918, the number of member banks was 8,612, and the number of nonmember banks on the par list was 10,409, a total of 19,021, showing an increase for the 12 months of 1,985 in the number of banks remitting at par.

Assuming the total number of banks in the United States to be about 29,000, the number clearing through the Federal Reserve col-

lection system by districts is shown approximately in the following table:

	Remitting at par.		Nonmember banks not remitting at par (approximate).
	Member banks.	Nonmember banks.	
Boston.....	423	246	-----
New York.....	723	339	-----
Philadelphia.....	661	329	102
Cleveland.....	814	728	411
Richmond.....	565	351	1,156
Atlanta.....	426	209	1,345
Chicago.....	1,334	2,392	1,805
St. Louis.....	514	1,046	1,600
Minneapolis.....	867	1,169	1,743
Kansas City.....	994	2,200	979
Dallas.....	727	247	947
San Francisco.....	644	1,049	159
Total.....	8,692	10,305	10,247

It appears, therefore, that there are something over 10,000 banks which do not remit at par. Classifying these banks according to their deposits, the approximate total of nonremitting banks in each district appears as follows:

	\$1,000,000 and over.	\$250,000 to \$1,000,000.	\$100,000 to \$250,000.	Less than \$100,000.	Total (approximate).
Boston.....					-----
New York.....					-----
Philadelphia.....	17	45	18	7	87
Cleveland.....	27	127	171	66	391
Richmond.....	42	275	411	316	1,044
Atlanta.....	37	250	460	528	1,275
Chicago.....	41	453	746	325	1,565
St. Louis.....	15	239	546	612	1,412
Minneapolis.....	6	161	463	303	933
Kansas City.....	3	270	779	665	1,717
Dallas.....	13	114	303	369	799
San Francisco.....	7	31	63	47	148
Total.....	208	1,965	3,960	3,238	19,371

¹ Many nonremitting banks do not report their deposits.

At a conference of Federal Reserve agents which was held in Washington on December 7, the conclusion was reached that every effort should be made to increase the number of banks on the par list. The banks and the public need a system that is able to collect all items. At the present time, although checks on two-thirds of the banks can be collected at par, and these banks represent perhaps 90 per cent of the banking resources of the country, the number of banks which will not remit at par, in which are included some of substantial size and located in important cities, is sufficiently large to make many banks hesitate to use the Federal Reserve collection system because of the number of items which can not be handled by the Federal Reserve Banks. Whenever the number of nonremitting banks can

be reduced by one-half, or to five or six thousand, the collection system in many districts at least would be almost universally used and the Board could feel that the principle of par collections had been established beyond question. The par list has shown a steady growth, but a continuous effort will be made through correspondence and personal solicitation to make further substantial additions to it. The par collection system is not a local or selfish undertaking for the benefit of member banks, but is a national enterprise for the convenience of the public and the promotion of commerce, and concentrated and persistent efforts will be made to make the par list complete.

While the additions to the par list account in part for the large increase in the number of transit items handled, it is evident that the remarkable increase in the volume of transactions has been occasioned primarily by the greater use of the facilities of the system by all member banks. There have been only a few additions to the number of nonmember banks maintaining clearing accounts with the Federal Reserve Banks as permitted under section 13 of the act as amended June 21, 1917, and little, if any, of the increase shown is due to their cooperation.

The opinion of the Attorney General of the United States was asked as to the applicability to nonmember banks of the provision contained in the amendment to section 13 enacted in June, 1917, that member or nonmember banks "may make a reasonable charge to be determined and regulated by the Federal Reserve Board, but in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time for collection or payment of checks and drafts, and remission therefor by exchange or otherwise, but no such charges shall be made against the Federal Reserve Banks." The Attorney General expressed the view that the limitations contained in section 13 do not apply to State banks not connected with the Federal Reserve System as members or depositors, but that checks on banks making exchange or collection charges should not be cleared or collected through Federal Reserve Banks. This opinion has restricted the operations of the Federal Reserve Banks to checks which can be collected without the payment of exchange to the bank acting as collecting agent.

At the close of the year 1917 the reserve banks were assessing upon member banks a service charge of from nine-tenths of 1 cent to 1½ cents per item, the charge being made to cover cost of postage, stationery, and accounting. Early in 1918 this charge was modified by some of the banks taking 500 checks per month from each member bank free, all checks in excess of that number being subject to the service charge. On July 1 the service charge was abrogated entirely,

and the Federal Reserve Banks now collect without charge all checks on members and other banks on the par list.

During the month of October, as has already been stated, additional facilities were given member banks and their customers through the absorption by the Federal Reserve Banks of all cost of postage, expressage, insurance, etc., incident to shipments of currency to and from member banks (not including silver and subsidiary coin), also of the cost of telegrams between the Federal Reserve Banks and member banks in connection with currency, exchange transfers, and deposit transactions. Under a similar arrangement for nonmember banks maintaining clearing accounts, the Federal Reserve Banks absorbed the cost of postage, insurance, and expressage in connection with shipments of currency in settlement of clearing balances, and a further saving of expense to nonmember banks on the par list is provided by inclosing stamped envelopes with collection letters for return remittances. All expenses incident to shipments of currency made in payment of items sent for collection are borne by the Federal Reserve Banks.

Since the installation of the leased-wire system connecting all Federal Reserve Banks, delays in the transmission of telegraphic transfers from one section of the country to another have been reduced to a minimum, and the number of such transactions which are consummated daily indicates the member banks' appreciation of the facilities afforded.

In some districts there has been an increase in the number of banks taking advantage of the exchange facilities, provided through the medium of Federal Reserve exchange and Federal Reserve transfer drafts. Any member bank may obtain through its Federal Reserve Bank as complete facilities as it could secure by maintaining accounts in each of the 12 Federal Reserve cities, as these drafts are payable on presentation at any designated Federal Reserve Bank without deduction for time involved in collection, the settlements between the Federal Reserve Banks concerned being made through telegraphic transfers.

ISSUES OF FEDERAL RESERVE BANK NOTES.

The act approved April 23, 1918, known as the Pittman Act, the short title of which is "An act to conserve the gold supply of the United States; to permit the settlement in silver of trade balances adverse to the United States; to provide silver for subsidiary coinage and for commercial use; to assist foreign Governments at war with the enemies of the United States; and for the above purposes to stabilize the price and encourage the production of silver," authorizes the Secretary of the Treasury to melt or break up and sell as bullion not more than 350,000,000 of standard silver dollars, and provides that

any silver certificates which may be outstanding against such standard silver dollars so melted or broken up shall be retired at the rate of \$1 of such certificates for each standard silver dollar melted or broken up, and that sales of bullion shall be made at such price—not less than \$1 per ounce of silver 1,000 fine—and upon such terms as shall be prescribed from time to time by the Secretary of the Treasury.

The act further provides that the sales of silver bullion may be made for the purpose of conserving the existing stock of gold in the United States, of facilitating settlement in silver of trade balances adverse to the United States, of providing silver for subsidiary coinage and for commercial use, and of assisting foreign Governments at war with the enemies of the United States. In order to prevent contraction of the currency, the Federal Reserve Board is authorized to permit or require the Federal Reserve Banks to issue Federal Reserve bank notes in any denominations, including denominations of \$1 and \$2, in an aggregate amount not exceeding the amount of standard silver dollars melted or broken up and sold as bullion, upon deposit with the Treasurer of the United States, as security for the bank notes issued, of United States certificates of indebtedness, or of United States one-year gold notes. The Federal Reserve bank notes are taxable at a rate to make the net return on the certificates of indebtedness or the one-year gold notes equal to the net return on United States 2 per cent bonds used to secure Federal Reserve bank notes. The effect of the Pittman Act has been most satisfactory; it has caused no expansion of currency, as the Federal Reserve bank notes which have been issued have merely taken the place of a corresponding amount of silver dollars or silver certificates which had been in circulation and the bullion which has been made available by the melting of the silver dollars has been most effective in relieving an acute financial situation with which the British Government was confronted in India, and has also relieved, without the shipment of gold, an adverse exchange situation, which threatened to restrict our importations from the Orient.

In the allocation of silver, preference has been given to the requirements of our own Government and the governments associated with us in the war, although as the supply of silver has become more ample, shipments have been permitted to some extent for commercial purposes. Up to the close of the year, \$119,162,760 of Federal Reserve bank notes were issued and put into circulation mainly in denominations of \$1 and \$2, and exports of silver were authorized by the Board since April 23, amounting to \$258,209,000.

These issues of Federal Reserve bank notes are of a temporary character and will be retired automatically as the Treasury redeems the certificates of indebtedness or notes securing them, as required

by section 6 of the Pittman Act, which provides that "as and when standard silver dollars shall be coined out of bullion purchased under authority of this act, the Federal Reserve Banks shall be required by the Federal Reserve Board to retire Federal Reserve bank notes issued under authority of section 5 of this act, if then outstanding, in an amount equal to the amount of standard silver dollars so coined, and the Secretary of the Treasury shall pay off and cancel any United States certificates of indebtedness deposited as security for Federal Reserve bank notes so retired."

AMENDMENTS TO THE FEDERAL RESERVE ACT.

The ability of the Federal Reserve System to meet the abnormal conditions incident to the war has been due in a large measure to the liberal attitude and prompt action of Congress in enacting legislation necessary to make the Federal Reserve Act responsive to these conditions.

The acts which have become law since the last annual report of the Board, and which amend the provisions of the Federal Reserve Act, or affect the operations of the Federal Reserve Banks or member banks, may be summarized briefly as follows:

(1) Section 8 of the act approved April 4, 1918, known as the third Liberty bond act, authorized the Secretary of the Treasury to leave on deposit with banks which subscribed for themselves or for their customers to the third Liberty loan the proceeds of such subscriptions under certain safeguards and restrictions. This was obviously necessary to prevent complications which might have resulted from heavy withdrawals of deposits from banks throughout the United States and the concentration of these funds in the Treasury.

(2) Section 13 of the act approved April 5, 1918, known as the war finance act, authorized the Federal Reserve Banks to discount direct obligations of member banks secured by bonds of the War Finance Corporation and to use notes so secured, if it becomes necessary, as a basis for Federal Reserve notes. While the War Finance Corporation did not find it necessary to issue bonds or to obtain credit through the Federal Reserve Banks, this precautionary legislation unquestionably had a very beneficial effect in stabilizing credits.

Section 15 authorized the Federal Reserve Banks to act as fiscal agents and depositaries of the War Finance Corporation, thus placing at the disposal of that corporation the facilities of the Federal Reserve System.

Section 20 of this act amended section 5202, Revised Statutes, so as to exempt from the liabilities which may be incurred by a national bank those incurred under the provisions of the war finance corporation act.

Section 301 repealed the stamp tax in so far as it applied to promissory notes secured by bonds or obligations of the United States. This provision of the war finance corporation act aided materially in marketing Liberty bonds.

(3) The act approved April 23, 1918, known as the Pittman Act, amended the Federal Reserve Act by authorizing Federal Reserve Banks to issue Federal Reserve bank notes in any denomination including denominations of \$1 and \$2 against the security of United States certificates of indebtedness or of one-year United States gold notes. This act has been discussed elsewhere in this report.

(4) The act of September 24, 1918, entitled "A supplement to the third Liberty bond act," amended section 5200, Revised Statutes. This section limits the amount that may be loaned by any national bank to any one person to 10 per cent of the capital and surplus of the lending bank. Under this amendment loans secured by Liberty bonds were made exempt under certain conditions from this limitation, thus facilitating to a very great extent the marketing of Liberty bonds.

(5) The trading-with-the-enemy act, as amended by the act approved September 24, 1918, authorized the President to use any agencies that he might select to control foreign-exchange transactions. Under authority of this act the Federal Reserve Board was designated to perform these functions as the agency of the Secretary of the Treasury.

(6) The act of September 26, 1918, amended sections 4, 11, 16, 19, and 22 of the Federal Reserve Act, and sections 5208 and 5209, Revised Statutes:

(a) The amendment to section 4 of the Federal Reserve Act simplified the procedure to be followed in the election of directors of Federal Reserve Banks.

(b) The amendment to section 11, subsection (k), of the Federal Reserve Act, broadened to some extent the trust or fiduciary powers that may be exercised by national banks; made such operations subject to appropriate safeguards and restrictions, and will make it possible for national banks to exercise these powers on a basis of substantial equality with competing State corporations.

(c) The amendment to section 16 of the Federal Reserve Act authorized the issuance of Federal Reserve notes in larger denominations than was possible under preexisting laws.

(d) The amendment to section 19 of the Federal Reserve Act vested in the Board the power to classify banks in outlying districts of reserve and central reserve cities as banks in reserve or nonreserve cities, thus removing what might have proven an injustice to the smaller banks in the outlying districts of the larger cities or in newly annexed territory of such cities.

(e) The amendment to section 22 of the Federal Reserve Act, which relates to transactions between member banks and their officers or directors, has cleared up the many ambiguities of that section and has removed what was regarded by many State banks as an obstacle to membership.

(f) The amendment to sections 5208 and 5209, Revised Statutes, which prescribe penalties for false statements made with intent to defraud by officers or directors of national banks, and certain penalties for embezzlement, abstraction, or willful misapplication of funds on the part of such officers or directors, makes subject to these penalties officers and directors of Federal Reserve Banks and receivers of national banks.

PENDING AMENDMENTS TO THE FEDERAL RESERVE ACT.

There is now pending in the House a bill to amend sections 7, 10, 11, and 25 of the Federal Reserve Act, and section 5172 of the Revised Statutes. A bill has already been passed in the Senate, the provisions of which are substantially similar to those of the House bill, except that it does not include any amendment to sections 10 and 25 of the Federal Reserve Act.

The purpose of the proposed amendments included in these bills may be summarized briefly as follows:

AMENDMENT TO SECTION 7.

Section 7 of the Federal Reserve Act now provides that the net earnings of the Federal Reserve Banks, after paying expenses and cumulative dividends, shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until that fund amounts to 40 per cent of the paid-in capital.

The amendment to section 7 provides that all net earnings shall be paid into a surplus fund until that fund amounts to 100 per cent of the subscribed capital of the Federal Reserve Bank and that thereafter 10 per cent of said net earnings shall be paid into this fund.

The Federal Reserve Banks are not subject to the same restrictions as are imposed upon national banks regarding liabilities that may be incurred. National banks are not permitted to become liable for borrowed money (except to Federal Reserve Banks and to the War Finance Corporation) in an amount greater than their capital stock, nor can they issue and put in circulation national bank notes in excess of this amount.

In order to give greater elasticity to their operations, Federal Reserve Banks were not made subject to these restrictions. It is there-

fore of very great importance to the United States as well as to the banks, that a large surplus should be created for the protection of outstanding liabilities. Federal Reserve notes issued through Federal Reserve Banks and for which they are ultimately liable are obligations of the United States.

The net earnings of the Federal Reserve Banks, which are paid to the Government under existing laws as a franchise tax, are used either to supplement the gold reserve held against outstanding United States notes, or to reduce the outstanding bonded indebtedness of the United States. The law provides that should a Federal Reserve Bank be dissolved or go into liquidation, any surplus remaining after the payment of all debts, dividend requirements, and the par value of the stock, shall be paid to and become the property of the United States. It is obvious, therefore, that if these earnings are carried into the surplus account of the Federal Reserve Banks they will accomplish substantially the purpose for which they are now used, since they will protect the credit of the United States.

AMENDMENT TO SECTION 10.

Section 10 now makes members of the Federal Reserve Board ineligible during the time that they are in office and for two years thereafter, to serve as officers or directors of member banks.

The proposed amendment is designed to make the members ineligible during the time they are in office and during the period for which they are appointed, but will not disqualify them after they have served their full term.

AMENDMENT TO SECTION 11.

Federal Reserve Banks are now prohibited from rediscounting for a member bank notes bearing the signature or indorsement of any one borrower in an amount in excess of 10 per cent of the capital and surplus of the member bank.

By recent amendment to the national bank act, national banks under regulations prescribed by the Comptroller of the Currency, with the approval of the Secretary of the Treasury, are permitted to lend to one person, an amount in excess of 10 per cent of their capital and surplus, provided such loans are secured by United States bonds or certificates of indebtedness issued after April 24, 1917.

In view of the limitations contained in sections 9 and 13 of the Federal Reserve Act, national banks and other member banks which, in the interest of the Government, have made loans to customers in excess of 10 per cent of their capital and surplus, upon the security of Liberty bonds, are now unable to rediscount the notes taken with

the Federal Reserve Banks. In justice to the member banks, therefore, it is important that this amendment to section 11 should be adopted, which will permit the Federal Reserve Board, when necessary, to suspend the limitations of the sections above referred to.

AMENDMENT TO SECTION 25.

The Board has, on previous occasions, recommended to Congress that the Federal Reserve Act be amended so as to permit national banks under certain conditions to establish branches. The proposed amendment to section 25 which has been incorporated in the House bill but not in the Senate bill, authorizes national banks located in a city of more than 100,000 inhabitants and having a capital and surplus of \$1,000,000 or more, to establish branches not to exceed 10 in number within the corporate limits of the city or town in which it is located, provided the State laws extend a similar privilege to competing State corporations. As the law now stands national banks are at a serious disadvantage in meeting the competition of State banks with branches. In the opinion of the Board the proper development of the Federal Reserve System makes it necessary to coordinate as far as possible the powers of all member banks. Under existing laws, State banks and trust companies in many cases are permitted to operate branches even after conversion into national banks, with the result that some member banks, both national and State, are given advantage over other member banks.

The Board therefore renews its recommendation that this amendment be adopted, being confident that it will prove beneficial to the Federal Reserve System, as well as to the communities concerned.

AMENDMENT TO SECTION 5172, R. S.

A bill identical in form with this amendment has already passed the House and the Senate. In the Senate, however, it was passed as an independent bill, while in the House it was a part of a bill which dealt with other subjects. In these circumstances it has not become a law.

Under the present law, national bank notes must be delivered to member banks registered and countersigned in blank and are presumably signed by the officers of the issuing bank. The law makes such notes, however, subject to redemption by a national bank, whether issued and placed in circulation without signatures or with forged or fraudulent signatures. The actual signing of the note is therefore not a necessary incident to its validity. This amendment permits the signatures to be engraved on the notes before they are delivered to the banks. If adopted, considerable expense will be avoided and the distribution of the notes will be expedited.

FEDERAL ADVISORY COUNCIL.

The Federal Advisory Council during the year held four meetings at Washington, as required by section 12 of the Federal Reserve Act.

It is the practice of the Board, in advance of each meeting, to furnish the council with a list of topics suggested for discussion, and to hold a joint session with the council at the beginning and close of each meeting. At the opening session the Board's viewpoint is outlined and at the closing session the council submits a written report giving its opinions and conclusions regarding the questions brought to its attention by the Board, and makes, at the same time, such independent suggestions or recommendations as it may deem proper.

These meetings are of constantly increasing interest and value, for they give the Board the advantage of the views of leading bankers from all sections of the country, and at the same time enable the Board to make clear to these representative bankers its own attitude on various banking and financial problems.

The statute requires that these meetings be held not less than four times each year, and oftener if called by the Federal Reserve Board. The council is also empowered to hold additional meetings whenever it may deem it necessary, either in Washington or elsewhere. So far additional meetings have not been deemed necessary, but the Board will not hesitate to call the council together whenever, in the consideration of the problems incident to the readjustment period which the country is entering, such action should seem advisable.

The members of the Federal Advisory Council inform the Board at each meeting of financial, commercial, and agricultural conditions in their respective districts.

BOARD'S ORGANIZATION, STAFF, AND EXPENDITURES.

The personnel of the Federal Reserve Board, which had remained intact for nearly four years, has undergone marked changes since July 22, 1918, when Mr. Frederic A. Delano, now a lieutenant colonel, Corps of Engineers, United States Army, resigned his membership in order to engage in military service overseas. The term of Mr. Paul M. Warburg, vice governor of the Board, expired on August 9, and the resignation of Hon. Wm. G. McAdoo, Secretary of the Treasury and ex officio chairman of the Board, became effective on December 16. Mr. Albert Strauss, of New York, was appointed by the President for the 10-year term to succeed Mr. Warburg, and taking the oath of office on October 20, was designated by the President as vice governor of the Board. Hon. Carter Glass, who became Secretary of the Treasury on December 16, is now by virtue of his office, chairman of the Board. No successor to Mr. Delano has yet

been named. Dr. H. Parker Willis, who had been the secretary of the Board since its organization, resigned on August 1, and the Board elected as his successor, Mr. Joseph A. Broderick, of New York, who had been from the outset the chief of its Division of Audit and Examination, and in addition to his duties as secretary, Mr. Broderick remains as the head of that division. On May 16, Mr. Louis C. Adelson was elected assistant secretary of the Board, and on September 1, Mr. Webb T. Chapman was elected as an additional assistant secretary. The marked growth of the activities of the Federal Reserve System has been accompanied by a heavy increase in the volume of the Board's work, necessitating considerable additions to the clerical force. The establishment of the Division of Foreign Exchange, with headquarters in New York, as well as the creation of the Division of Analysis and Research, have increased the number of persons employed by the Board from 76 on December 31, 1917, to 227 on December 31, 1918, of whom 91 are in the Division of Foreign Exchange, engaged in work which will end with the reestablishment of peace.

The total cost of conducting the work of the Board during the year 1918, including salaries of members, expenses involved in printing the Bulletin, and the cost of operating the Division of Foreign Exchange, was \$428,318.59. During the year 1918 two assessments were levied against the Federal Reserve Banks, aggregating \$382,081, or approximately one-half of 1 per cent of the average paid-in capital and surplus of the Federal Reserve Banks for the year.

The annual reports of the Federal Reserve agents and further details relating to the operations of the Federal Reserve Board and of the Federal Reserve Banks appear in the appendix.

CONCLUSION.

Having submitted a report of operations in considerable detail, the Board deems it appropriate in closing to refer to certain facts and conditions which have had a bearing upon its policies and operations.

In meeting the emergencies occasioned by the war, Governments everywhere have been compelled to make unprecedented drafts upon their national incomes and resources. With the great nations engaged in a death grapple, preservation of national life has been the supreme object. Most difficult questions of financial expediency have been presented to finance ministers in deciding upon the most available and effective means of mobilizing national resources. The decision once made, it became the duty of all separate administrative agencies concerned with fiscal or banking functions to cooperate in giving effect to policies adopted, and it was in this spirit of cooperation that the Federal Reserve Board felt it to be its duty to assist in making effective the policies determined upon by the Secretary of the Treasury,

however inconsistent some of the steps necessary to be taken might be with principles which usually govern in normal times. The demands of war are imperative and must be met without delay, and in financing the titanic struggle happily ended by the armistice last November first consideration could not always be given to what was theoretically desirable or convenient from the standpoint of banking practice.

The financial obligations of the Government are being met, the war has been won, hostilities have been ended, and representatives of the United States and the allied powers are now in conference regarding terms of peace. The country is confronted, it is true, with the problems incident to the demobilization of troops, the readjustment of prices, and the diversion of industry from war activities to the employments of peace. We are approaching an era of general readjustment and resumption of construction at home, and of reconstruction abroad, but the termination of the war at a time far in advance of popular expectation has minimized instead of magnified our national problems. We should have been confronted with them in any event whenever the war terminated, and the Government has not been required to withdraw from their ordinary employment the 2,000,000 or more of men it was preparing to withdraw in September last, nor is the country faced with the necessity of equipping them, and of maintaining overseas military and naval forces for a year or more of 4,000,000 to 5,000,000 men. The expenditures of \$25,000,000,000 to \$30,000,000,000 which had been anticipated for the year 1919 will be greatly reduced, and instead of sending new men to the front the Government is bringing back a large portion of the forces which it had been maintaining abroad.

Within a few months the country's war financing will have been completed, and the Board can then deal with the problems incident to bringing our credit structure and our banking operations back to a commercial basis. Our banking situation is strong and inherently sound, and is much stronger than would have been the case had the war continued for another year.

On December 31 the Federal Reserve Banks held a reserve of about 50 per cent against their combined liability for deposits and note issues, and if the reserve against deposits be computed on the basis of the legal requirement of 35 per cent, the reserve against Federal Reserve notes would be 60 per cent. The ability of the country to absorb investments has proved to be far greater than had been anticipated, and our credit structure, although expanded, is unshaken. We have no currency problems, and conditions are not comparable with those which existed at the close of the Civil War, and while the volume of circulation is larger than it has been at any period in our

history, there has been no depreciation in the gold value of our currency, every form of which is on an absolute parity with gold. True, the purchasing power of money has declined, but this is due to the abnormal and urgent demands for goods and services and the accompanying expansion of credit and currency. The quality of our currency has been maintained; there is a single standard of prices which is based upon the dollar, and not a double standard, one based upon the gold dollar and the other upon the paper dollar, as was the case during and after the Civil War. The increased volume of Federal Reserve notes has been an incident or an effect of expansion of credits, rather than the cause of such expansion, and the conditions which resulted in additions to the country's gold stock of more than \$1,000,000,000 during the years 1915 and 1916 have changed.

With the development of our foreign trade, with increased shipping facilities, and with the granting of credits to other nations to aid them in their work of reconstruction and to enable us to sell them goods, a new influence will be felt in due course, which will work toward the restoration of more normal levels. Banking credits, which are not extended beyond our power to sustain them, but which are at present concentrated in this country, will become more widely diffused throughout the world, and the elastic quality of our currency, the main constituent of which is now the Federal Reserve note, will soon be manifest, as indeed it has already been evidenced in some degree by the retirement of approximately \$200,000,000 of notes since the close of the year.

An obligation rests upon the American people to assist the Government in the completion of its financial program and to absorb the securities which have been and are yet to be issued. This absorption can be accomplished by reasonable economies and by persistent saving for some time to come, and it will be the duty of the Federal Reserve Board and of the banks in the meanwhile to aid in the extension of credit facilities, necessary in the processes of production and distribution. Drastic contraction would be followed by results no less disastrous than those which would attend undue expansion, and the processes of deflation must therefore be permitted to work themselves out in a gradual and orderly manner. Discount rates, which for the past 18 months have been based upon the rates borne by Government issues, must for the time being continue to be fixed with regard to Treasury requirements, but when the war obligations of the Government have been digested, and the invested assets of the Federal Reserve Banks have been restored to a commercial basis, rates can be established with reference to the commercial requirements of the country.

The Board is profoundly conscious of the responsibilities imposed upon it by the Federal Reserve Act, and during the period of readjustment and afterwards as progress is made in the reestablishment of peace conditions, its purpose will be to exercise its control of our credit structure in such manner as best to promote the national welfare, the agricultural, industrial, and commercial interests of the country, and the development of our foreign trade.

By direction of the Federal Reserve Board.

W. P. G. HARDING,
Governor.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

EXHIBITS.

Exhibit A—DISCOUNT RATES.

No. 1.—Discount rates (high and low) in force during the period from Nov. 16, 1914, to Dec. 31, 1918.

MATURITIES.

	Within 10 days.		11 to 30 days.		Within 15 days, including member banks' collateral notes.		16 to 30 days.		31 to 60 days.		61 to 90 days.		Agricultural and live-stock paper over 90 days.		Secured by United States Government war obligations.		Trade acceptances within 60 days (see note).		Trade acceptances 61 to 90 days.		Commodity paper within 90 days. ¹			
	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.
Boston:																								
Nov. 16, 1914, to Dec. 31, 1915.....		6	3	6	4	.....	.....	.....	6	4	6	4	6	5	.....	.....	.....	3½	3½	3½	3½	3½	3½	3½
Jan. 1, 1916, to Dec. 31, 1916.....		3½	3	4	3½	.....	.....	.....	4	4	4	4	5	5	.....	.....	.....	3½	3	3½	3	4	4	3½
Jan. 1, 1917, to Dec. 31, 1917.....		.....	.....	.....	4	3½	5	4	5	4	5	4	5	5	3½	3½	4	3½	4	3½	4	4	4	4
Jan. 1, 1918, to Dec. 31, 1918.....		.....	.....	.....	4	4	5	4½	5	4½	5	4½	5	5	4	3½	4½	4	4½	4	4½	4	.....	.....
New York:																								
Nov. 16, 1914, to Dec. 31, 1915.....		5½	3	5½	4	.....	.....	.....	6	4	6	4	6	5	.....	.....	.....	3½	3½	3½	3½	.....	.....	.....
Jan. 1, 1916, to Dec. 31, 1916.....		3	3	4	4	.....	.....	.....	4	4	4	4	5	5	.....	.....	.....	3½	3½	3½	3½	.....	.....	.....
Jan. 1, 1917, to Dec. 31, 1917.....		.....	.....	.....	3½	3	4½	4	4½	4	4½	4	5	5	3½	3	4	3½	4	3½	4	3½	.....	.....
Jan. 1, 1918, to Dec. 31, 1918.....		.....	.....	.....	4	3½	4½	4½	4½	4½	4½	4½	5	5	4	3½	4½	4	4½	4	4½	4	.....	.....
Philadelphia:																								
Nov. 16, 1914, to Dec. 31, 1915.....		5½	3	5½	4	.....	.....	.....	6	4	6	4	6	4½	.....	.....	.....	3	3	3	3	3	3	3
Jan. 1, 1916, to Dec. 31, 1916.....		3½	3	4	4	.....	.....	.....	4	4	4	4	4½	.....	.....	.....	.....	3½	3	3½	3	3½	3	3
Jan. 1, 1917, to Dec. 31, 1917.....		.....	.....	.....	4	3	4½	4	4½	4	4½	4	5	4½	3½	3	4	3½	4	3½	4	3½	3½	3½
Jan. 1, 1918, to Dec. 31, 1918.....		.....	.....	.....	4	4	4½	4½	4½	4½	4½	4½	5	5	4	3½	4½	4	4½	4	4½	4	.....	.....

¹ Commodity rates were established during September and October, 1915, and merged with those for commercial paper of corresponding maturities in November and December 1917.

MATURITIES—Continued.

	Within 10 days.		11 to 30 days.		Within 15 days, including member banks' collateral notes.		16 to 30 days.		31 to 60 days.		61 to 90 days.		Agricultural and live-stock paper over 90 days.		Secured by United States Government war obligations.		Trade acceptances within 60 days (see note).		Trade acceptances 61 to 90 days.		Commodity paper within 90 days.			
	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.		
																							High.	Low.
Cleveland:																								
Nov. 16, 1914, to Dec. 31, 1915	6	3½	6	4					6	4	6	4½	6	5					3½	3½	4	4		
Jan. 1, 1916, to Dec. 31, 1916	3½	3½	4	4					4½	4	4½	4½	5	5					3½	3	4	3½		
Jan. 1, 1917, to Dec. 31, 1917					4	3½	4½	4	4½	4	4½	4½	5	5	3½	3	4	3½	4	3	4	4	4	4
Jan. 1, 1918, to Dec. 31, 1918					4½	4	4½	4½	4½	4½	4½	4½	5½	5	4	3½	4½	4	4½	4	4½	4		
Richmond:																								
Nov. 16, 1914, to Dec. 31, 1915	6	4	6	4					6	4	6	4	6	5					3½	3½	4	4	3	3
Jan. 1, 1916, to Dec. 31, 1916	4	4	4	4					4	4	4	4	5	4½					3½	3½	4	3½	3½	3
Jan. 1, 1917, to Dec. 31, 1917					4	3½	4½	4	4½	4	4½	4	4½	4½	3½	3½	4	3½	4	3½	4	3½	3½	3½
Jan. 1, 1918, to Dec. 31, 1918					4½	4	5	4½	5	4½	5	4½	5	4½	4½	3½	4½	4	4½	4	4½	4		
Atlanta:																								
Nov. 16, 1914, to Dec. 31, 1915	6	4	6	4					6½	4	6½	4	6½	4½					3½	3½	3½	3½	3	3
Jan. 1, 1916, to Dec. 31, 1916	4	4	4	4					4	4	4	4	5	5					3½	3½	3½	3½	3½	3
Jan. 1, 1917, to Dec. 31, 1917					4	3½	4½	4	4½	4	4½	4	5	5	3½	3½	4	3½	4	3½	4	3½	3½	3
Jan. 1, 1918, to Dec. 31, 1918					4½	4	4½	4½	4½	4½	4½	4½	5	5	4	3½	4½	4	4½	4	4½	4		
Chicago:																								
Nov. 16, 1914, to Dec. 31, 1915	6	3½	6	4					6	4	6	4½	6	5										

Jan. 1, 1916, to Dec. 31, 1916.....	3½	3½	4	4					4½	4	4½	4½	5	5					3½	3½	3½	3½						
Jan. 1, 1917, to Dec. 31, 1917.....					4	3½	4½	4	4½	4	5	4½	5½	5	3½	3	4	3½	3½	3½	4	3½						
Jan. 1, 1918, to Dec. 31, 1918.....					4	4	4½	4½	4½	4½	5	4½	5½	5½	4	3½	4½	4	4½	3½	4½	4						
St. Louis:																												
Nov. 16, 1914, to Dec. 31, 1915.....	6	3	6	4					6	4	6	4	6	5					3½	3½	3½	3½	3	3				
Jan. 1, 1916, to Dec. 31, 1916.....	3	3	4	4					4	4	4	4	5	4½					3½	3	3½	3½	3½	3				
Jan. 1, 1917, to Dec. 31, 1917.....					4	3½	4½	4	4½	4	4½	4	5½	4½	3½	3½	4	3½	4	3	4	3½	3½	3½				
Jan. 1, 1918, to Dec. 31, 1918.....					4	4	4½	4½	4½	4½	4½	4½	5½	5½	4	3½	4½	4	4½	4	4½	4	4½	4				
Minneapolis:																												
Nov. 16, 1914, to Dec. 31, 1915.....	6	4	6	4					6½	4	6½	4½	6½	5										3	3			
Jan. 1, 1916, to Dec. 31, 1916.....	4	4	4	4					4	4	4½	4½	5	5					3½	3½	3½	3½	3½	3				
Jan. 1, 1917, to Dec. 31, 1917.....					4	4	4½	4	4½	4	5	4½	5½	5	3½	3	4	3½	3½	3½	4	3½	4½	3½				
Jan. 1, 1918, to Dec. 31, 1918.....					4½	4	4½	4½	4½	4½	5	5	5½	5½	4	3½	4½	4	4½	3½	4½	4						
Kansas City:																												
Nov. 16, 1914, to Dec. 31, 1915.....	6	3½	6	4					6½	4	6½	4	6½	5					3½	3½	3½	3½	3	3				
Jan. 1, 1916, to Dec. 31, 1916.....	4½	3½	4½	4					4½	4	4½	4	5	5					4	3½	4	3½	4	3				
Jan. 1, 1917, to Dec. 31, 1917.....					4	4	4½	4½	4½	4½	4½	4½	5	5	3½	3	4	3½	4	4	4	4	4	4				
Jan. 1, 1918, to Dec. 31, 1918.....					4½	4	4½	4½	5½	4½	5½	4½	5½	5	4½	3½	4½	4	4½	4	4½	4						
Dallas:																												
Nov. 16, 1914, to Dec. 31, 1915.....	6	4	6	4					6½	4	6½	4	6½	4½					3½	3½	4	4	4	3	3			
Jan. 1, 1916, to Dec. 31, 1916.....	4	4	4	4					4	4	4	4	4½	4½					3½	3½	4	3½	4	3	3			
Jan. 1, 1917, to Dec. 31, 1917.....					4	3½	4½	4	4½	4	4½	4	5	4½	3½	3½	4	3½	3½	4	3½	3½	4	3½	3			
Jan. 1, 1918, to Dec. 31, 1918.....					4½	4	4½	4½	4½	4½	5	4½	5½	5	4	3½	4½	4	4½	3½	4½	4						
San Francisco:																												
Nov. 16, 1914, to Dec. 31, 1915.....	6	3	6	3½					6½	4	6½	4½	6½	6					3	3	3½	3½	(1)	(1)				
Jan. 1, 1916, to Dec. 31, 1916.....	3	3	3½	3½					4	4	4½	4½	6	5½					3	3	3½	3½	(1)	(1)				
Jan. 1, 1917, to Dec. 31, 1917.....					4	3½	4½	3½	4½	3½	4½	4½	5½	5½	3½	3½	4	3½	4	3	4	3	(1)	(2)				
Jan. 1, 1918, to Dec. 31, 1918.....					4½	4	5	4½	5	4½	5	4½	5½	5½	4½	3½	4½	4	4½	4	4½	4						

¹ Commodity paper rates for bills maturing within 30 days, 3½ per cent; 31 to 60 days, 4 per cent; 61 to 90 days, 4½ per cent.

² Oct. 20, 1917, rate of 3½ per cent for commodity paper maturing within 60 days and 4 per cent for paper maturing after 60 days but within 90 days.

NOTE.—In cases during 1918 where the 60-day trade acceptance rate was higher than the 15-day discount rate, trade acceptances maturing within 15 days were taken at the lower rate.

Exhibit B—FEDERAL RESERVE NOTES.

No. 2.—*Net amount of Federal Reserve notes received from the Comptroller of the Currency, issued to each Federal Reserve Bank and in actual circulation; gold and eligible paper held by each Federal Reserve Agent; also amounts of Federal Reserve notes held by each Federal Reserve Bank on the last Friday in each month during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes received from the Comptroller of Currency less notes returned for destruction:													
Jan. 25.....	85,914	587,407	112,476	123,850	65,695	78,261	232,319	64,964	57,708	70,092	55,743	80,238	1,614,667
Feb. 21.....	93,156	586,427	120,083	131,443	64,902	77,548	239,446	64,098	56,736	70,340	55,016	83,033	1,642,228
Mar. 28-29.....	104,173	643,859	127,911	151,100	73,457	75,381	268,879	72,769	60,077	81,780	54,180	93,031	1,806,597
Apr. 26.....	119,251	661,907	154,404	164,932	78,820	76,568	290,087	75,030	61,430	84,845	53,674	103,148	1,924,096
May 31.....	123,152	680,878	158,219	180,235	85,820	75,598	303,273	77,646	60,531	86,520	52,882	121,933	2,006,687
June 28.....	127,973	722,286	172,653	191,896	88,097	60,058	320,914	77,026	61,713	86,595	52,353	134,454	2,096,018
July 26.....	151,685	785,755	189,996	210,509	91,319	76,695	349,467	84,020	63,697	92,463	51,432	145,032	2,292,070
Aug. 30.....	158,343	821,741	204,403	236,172	103,789	93,995	374,528	97,251	67,997	100,843	53,546	166,840	2,479,448
Sept. 27.....	170,008	865,377	219,675	252,259	120,163	128,597	416,165	110,437	80,454	112,062	72,548	192,080	2,739,825
Oct. 25.....	184,084	905,244	242,616	264,607	137,979	152,060	449,927	125,194	92,998	127,641	79,964	202,286	2,964,600
Nov. 29.....	182,858	941,177	257,353	281,724	153,133	160,455	471,422	125,604	94,585	127,803	79,455	213,074	3,088,643
Dec. 27.....	183,253	920,937	259,846	283,891	157,375	168,668	493,692	132,907	105,418	126,940	78,352	229,250	3,140,529
Federal Reserve notes issued to Federal Reserve Banks (net amount):													
Jan. 25.....	80,754	477,607	97,236	108,410	61,275	63,821	190,339	58,339	50,968	59,872	44,873	80,238	1,373,632
Feb. 21.....	85,796	493,227	105,403	121,363	58,797	62,418	201,425	60,813	51,596	63,280	42,581	83,033	1,429,732
Mar. 28-29.....	95,453	528,659	121,671	137,340	68,502	58,376	224,399	68,009	54,582	73,620	40,345	93,031	1,563,987
Apr. 26.....	104,211	546,107	127,864	146,492	72,620	60,173	242,607	67,950	55,935	77,085	36,464	103,148	1,640,656
May 31.....	109,412	568,078	144,479	159,395	79,560	59,073	258,593	68,256	55,876	78,310	33,582	121,933	1,736,547
June 28.....	116,673	612,286	159,613	169,896	80,392	58,033	276,454	71,126	56,458	79,575	33,663	134,454	1,843,823
July 26.....	128,885	664,355	175,456	189,709	84,954	58,960	298,567	76,970	59,142	84,243	33,207	145,032	1,999,480

Aug. 30.....	141,743	705,941	198,283	216,232	96,889	68,245	333,188	91,451	62,677	93,823	43,626	166,840	2,218,938
Sept. 27.....	151,048	770,177	210,755	237,359	113,563	101,342	370,985	107,317	78,014	103,342	53,223	192,080	2,494,205
Oct. 25.....	165,884	813,244	230,756	253,347	126,819	119,565	403,807	111,859	87,488	119,221	62,814	202,286	2,697,090
Nov. 29.....	162,338	829,977	231,833	260,344	145,073	120,250	424,302	117,869	88,635	119,383	59,965	213,074	2,773,043
Dec. 27.....	169,413	811,137	242,206	264,911	151,155	126,253	452,852	129,607	98,968	119,420	60,432	229,250	2,855,604
Gold coin and certificates deposited with or to credit of Federal Reserve Agents:													
Jan. 25.....	44,354	236,467	64,916	64,610	26,305	47,575	120,514	34,882	37,522	48,369	22,181	46,134	793,829
Feb. 21.....	48,696	254,887	71,083	80,903	25,888	48,112	142,980	40,016	41,050	55,664	24,515	43,229	877,023
Mar. 29.....	48,453	196,319	79,751	88,680	29,374	39,495	165,223	41,047	39,536	55,384	17,363	51,567	852,192
Apr. 26.....	48,211	208,827	82,744	92,292	29,880	33,832	138,432	33,408	35,089	45,158	14,261	62,084	824,218
May 31.....	63,122	247,264	86,059	117,295	32,870	37,593	164,418	40,624	34,530	36,908	19,147	76,089	955,919
June 28.....	62,348	265,795	93,053	116,916	32,287	33,202	182,279	39,004	26,012	33,679	14,045	89,250	987,870
July 26.....	56,445	279,859	99,389	110,629	32,950	26,339	118,392	31,496	23,596	33,497	13,980	83,848	910,420
Aug. 30.....	53,953	297,613	112,195	135,052	39,091	21,769	168,013	51,719	22,751	52,643	13,862	86,936	1,061,597
Sept. 27.....	58,925	286,671	110,208	153,479	47,293	36,340	206,111	56,615	29,378	57,489	24,286	94,936	1,161,731
Oct. 25.....	67,971	285,627	119,189	149,324	60,968	45,844	193,672	48,992	48,232	47,322	24,215	93,642	1,184,998
Nov. 29.....	70,785	282,220	78,605	132,321	60,833	44,399	244,167	53,083	57,279	52,799	22,500	117,550	1,216,541
Dec. 27.....	60,160	294,894	100,918	138,669	64,990	44,012	267,717	63,771	56,112	54,549	22,391	120,126	1,288,309
Eligible paper held by Federal Reserve Agents:													
Jan. 25.....	36,708	245,780	37,322	62,338	45,657	16,303	70,776	28,032	14,170	12,856	22,762	41,664	634,363
Feb. 21.....	57,868	354,066	36,622	44,330	38,613	14,589	61,448	26,044	10,753	14,668	18,275	55,579	732,855
Mar. 29.....	72,487	378,803	47,532	66,139	44,663	19,227	64,769	34,818	15,937	45,140	23,848	50,108	863,471
Apr. 26.....	70,913	555,283	57,638	78,840	50,859	26,608	133,445	49,885	23,603	47,244	30,722	45,319	1,170,359
May 31.....	66,875	541,695	58,853	57,750	50,286	21,581	111,847	33,355	23,884	62,372	31,002	52,823	1,112,323
June 28.....	72,511	375,078	72,474	70,158	56,185	25,535	134,511	54,570	39,342	51,569	28,816	50,563	1,110,612
July 26.....	115,471	500,428	87,415	114,264	61,784	32,744	243,859	54,296	51,812	78,384	39,536	73,253	1,453,246
Aug. 30.....	100,934	683,514	89,145	115,581	62,409	46,888	229,256	48,317	54,202	59,071	43,050	81,447	1,613,814
Sept. 27.....	122,682	832,937	105,528	114,792	71,158	66,433	261,933	58,598	61,582	73,940	57,308	107,480	1,934,871
Oct. 25.....	145,124	722,973	116,765	135,362	69,556	77,872	274,955	73,928	39,260	87,422	48,077	110,348	1,901,642
Nov. 29.....	168,931	877,900	166,907	175,019	84,821	80,073	221,391	70,179	38,859	79,459	52,998	98,051	2,114,588
Dec. 27.....	146,086	721,698	150,926	167,065	86,793	82,769	235,860	71,624	56,293	70,801	53,612	112,830	1,956,357

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes held by banks:													
Jan 25.....	4,882	80,145	5,806	3,654	8,132	4,082	10,174	2,278	1,938	4,594	256	12,757	138,698
Feb. 21.....	2,095	66,670	3,227	3,929	5,382	3,481	10,983	2,368	1,089	4,561	212	11,154	115,151
Mar. 29.....	2,664	51,061	7,409	5,861	6,910	1,448	12,629	4,451	1,044	5,228	249	12,195	111,149
Apr. 26.....	2,744	45,467	6,788	6,256	11,040	1,632	15,452	7,083	1,204	5,755	842	10,161	114,424
May 31.....	4,937	50,970	10,720	8,967	11,949	1,984	23,430	3,540	2,266	5,456	384	10,976	135,579
June 28.....	4,140	49,438	12,183	6,978	5,867	1,894	23,815	5,464	1,245	5,179	1,237	9,167	126,607
July 26.....	3,126	43,916	12,538	12,093	6,135	1,723	26,790	4,244	1,054	5,482	457	11,087	128,645
Aug. 30.....	4,926	46,175	13,040	10,641	4,573	2,900	18,382	6,533	738	5,826	322	12,174	126,230
Sept. 27.....	2,995	70,527	10,983	9,277	8,064	3,401	12,169	7,147	1,593	5,992	1,032	11,699	144,879
Oct. 25.....	14,092	91,305	15,963	8,776	8,009	2,983	18,770	4,695	957	8,176	872	14,580	189,178
Nov. 29.....	11,432	109,683	8,103	12,809	10,606	3,099	20,668	6,466	1,038	7,425	1,173	11,865	204,367
Dec. 27.....	6,208	74,585	8,725	9,425	13,037	3,489	19,077	8,885	1,607	6,910	854	17,558	170,360
Federal Reserve notes issued by each Federal Reserve Bank and in actual circulation:													
Jan. 25.....	75,872	397,462	91,430	104,756	53,143	59,739	180,165	56,061	48,930	55,278	44,617	67,481	1,234,934
Feb. 21.....	83,701	426,557	102,176	117,434	53,415	53,937	190,442	58,445	50,507	58,719	42,369	71,879	1,314,581
Mar. 29.....	92,789	477,598	114,262	131,479	61,592	56,928	211,770	63,558	53,538	68,392	40,096	80,836	1,452,838
Apr. 26.....	101,467	500,640	121,076	140,236	61,580	53,541	227,155	60,867	54,731	71,330	35,622	92,987	1,526,232
May 31.....	104,475	517,108	133,759	150,428	67,611	57,089	235,163	64,716	53,610	72,854	33,198	110,957	1,600,968
June 28.....	112,533	562,848	147,430	162,918	74,525	56,139	252,639	65,662	55,213	74,396	32,626	125,287	1,722,216
July 26.....	125,759	620,439	162,918	177,616	78,819	57,237	271,777	72,726	58,088	78,761	32,750	133,945	1,870,835
Aug. 30.....	136,817	659,766	185,243	205,591	92,316	65,345	314,806	84,918	61,939	87,997	43,304	154,666	2,092,708
Sept. 27.....	148,053	699,650	199,772	228,082	105,499	97,941	358,816	100,170	76,421	97,350	57,191	180,381	2,349,326
Oct. 25.....	151,792	721,939	214,793	244,571	118,810	116,582	385,037	107,164	86,531	111,045	61,942	187,706	2,507,912
Nov. 29.....	150,906	720,294	223,730	247,535	134,467	117,151	403,634	111,403	87,597	111,958	58,792	201,209	2,568,676
Dec. 27.....	163,205	736,552	233,481	255,486	138,118	122,764	433,775	120,722	97,361	112,510	59,578	211,692	2,685,244

No. 3.—Federal Reserve notes outstanding (i. e., net amount issued to Federal Reserve Banks), in actual circulation and gold and paper collateral held by Federal Reserve agents against outstanding notes.

[In thousands of dollars; i. e., 000's omitted.]

	Federal Reserve notes issued to Federal Reserve Banks, net amount.	Gold cover for notes issued.				Paper collateral for notes issued.			Federal Reserve notes held by Federal Reserve Banks.	Federal Reserve notes in actual circulation.
		Gold coin and certificates in vault.	In redemption fund, United States Treasurer.	In gold settlement fund, Federal Reserve Board.	Total gold.	Amount required.	Actual amount held.	Excess of paper held.		
1918.										
Jan. 4	1,366,335	269,951	41,158	486,082	797,191	569,144	608,324	39,180	115,130	1,251,205
11	1,368,148	264,490	42,317	477,519	784,326	583,822	608,898	25,076	125,949	1,242,199
18	1,373,105	274,000	46,182	476,545	796,727	576,378	609,056	32,678	134,308	1,238,797
25	1,373,632	276,894	45,596	471,339	793,829	579,803	634,363	54,560	138,698	1,234,934
Feb. 1	1,367,858	269,862	44,872	466,933	781,667	586,191	628,792	42,601	131,757	1,236,101
8	1,373,660	296,717	43,830	497,712	838,259	535,401	574,704	39,303	112,441	1,261,219
15	1,392,484	290,923	44,512	516,940	852,375	540,109	575,434	35,325	111,439	1,281,045
21	1,429,732	292,877	45,699	538,447	877,023	552,709	732,855	180,146	115,151	1,314,581
Mar. 1	1,464,645	276,987	49,747	558,612	885,346	579,299	782,777	203,478	113,554	1,351,091
8	1,505,213	278,207	47,986	570,509	896,702	608,511	813,275	204,764	121,223	1,383,990
15	1,520,296	266,824	47,984	554,820	869,628	650,668	821,052	170,384	114,068	1,406,228
22	1,558,705	271,658	47,021	560,126	878,805	679,900	852,674	172,774	129,196	1,429,509
29	1,563,987	253,524	48,926	549,742	852,192	711,795	863,471	151,676	111,149	1,452,838
Apr. 5	1,607,627	252,391	50,038	570,648	873,077	734,550	876,860	142,310	127,707	1,479,920
12	1,625,698	245,251	48,504	563,737	857,492	768,206	1,006,691	238,485	126,321	1,499,377
19	1,633,056	243,530	50,043	561,249	854,822	784,234	1,077,622	293,388	124,769	1,514,287
26	1,640,656	245,954	50,521	527,743	824,218	816,438	1,170,359	353,921	114,424	1,526,232
May 3	1,671,168	249,955	49,061	563,280	862,296	808,872	1,118,009	309,137	114,508	1,556,660
10	1,707,522	253,452	48,554	583,021	885,027	822,495	1,178,056	355,561	137,904	1,569,618
17	1,710,240	236,950	50,004	628,582	915,536	794,704	1,081,095	286,391	140,795	1,569,445

No. 3.—Federal Reserve notes outstanding (i. e., net amount issued to Federal Reserve Banks), in actual circulation and gold and paper collateral held by Federal Reserve agents against outstanding notes—Continued.

[In thousands of dollars; i e., 000 omitted.]

	Federal Reserve notes issued to Federal Reserve Banks, net amount.	Gold cover for notes issued.				Paper collateral for notes issued.			Federal Reserve notes held by Federal Reserve Banks.	Federal Reserve notes in actual circulation.
		Gold coin and certificates in vault.	In redemption fund, United States Treasurer.	In gold settlement fund, Federal Reserve Board.	Total gold.	Amount required.	Actual amount held.	Excess of paper held.		
1918										
May 24.....	1,724,685	228,449	53,080	648,652	930,181	794,504	1,155,877	361,373	146,064	1,578,621
31.....	1,736,547	232,448	53,428	670,043	955,919	780,628	1,112,323	331,695	135,579	1,600,968
June 7.....	1,769,876	228,446	52,221	677,588	958,255	811,621	1,193,629	382,008	130,297	1,639,579
14.....	1,793,393	225,444	51,994	673,707	951,145	842,248	1,219,848	377,600	141,893	1,651,500
21.....	1,805,518	215,445	54,587	687,206	957,238	848,280	1,127,797	279,517	127,567	1,677,951
28.....	1,848,823	223,945	55,404	708,521	987,870	860,953	1,031,612	170,659	126,607	1,722,216
July 5.....	1,917,152	214,944	56,873	690,258	962,075	955,077	1,224,983	269,906	125,583	1,791,569
12.....	1,963,729	203,444	58,378	701,325	963,147	1,000,582	1,313,041	312,459	150,304	1,813,425
19.....	1,982,603	197,944	60,602	681,744	940,290	1,042,313	1,356,726	314,413	153,558	1,829,045
26.....	1,999,480	202,239	59,859	648,322	910,420	1,089,060	1,453,246	364,186	128,645	1,870,835
Aug. 2.....	2,028,180	201,239	59,851	641,703	902,793	1,125,387	1,425,437	300,050	121,715	1,906,465
9.....	2,088,473	212,240	60,296	668,156	940,692	1,147,781	1,480,179	332,398	133,197	1,955,276
16.....	2,118,948	217,238	60,959	683,301	961,498	1,157,450	1,463,844	306,394	133,529	1,985,419
23.....	2,163,837	220,239	63,419	735,109	1,018,767	1,145,070	1,573,109	428,039	131,000	2,032,837
30.....	2,218,938	219,239	61,708	780,650	1,061,597	1,157,341	1,613,814	456,473	126,230	2,092,708
Sept. 6.....	2,319,772	219,240	61,690	806,830	1,087,760	1,232,012	1,719,854	487,842	139,093	2,180,679
13.....	2,388,845	217,240	65,788	840,104	1,123,132	1,265,713	1,797,546	531,833	143,434	2,245,429
20.....	2,446,194	217,240	70,608	858,102	1,145,950	1,300,244	1,864,987	564,743	151,163	2,295,031
27.....	2,494,205	214,239	73,363	874,129	1,161,731	1,332,474	1,699,384	366,890	144,879	2,349,326
Oct. 4.....	2,583,418	208,239	113,060	860,186	1,181,485	1,401,933	1,942,433	540,500	152,414	2,431,004
10.....	2,623,339	208,167	77,477	871,356	1,157,000	1,466,339	2,049,522	583,183	144,961	2,478,378

18.....	2,667,024	201,239	78,053	894,229	1,173,521	1,493,503	2,012,927	519,424	164,536	2,502,488
25.....	2,697,090	207,176	78,609	899,213	1,184,998	1,512,092	1,901,642	389,550	189,178	2,507,912
Nov. 1.....	2,710,680	200,176	81,776	867,907	1,149,859	1,560,821	2,060,652	499,831	195,176	2,515,504
8.....	2,743,686	198,176	78,586	868,878	1,145,640	1,598,046	2,116,238	518,192	185,490	2,558,196
15.....	2,761,812	210,176	78,352	878,051	1,166,579	1,595,233	2,120,296	525,063	199,295	2,562,517
22.....	2,788,777	211,626	78,793	878,498	1,168,917	1,599,860	2,006,806	406,946	213,562	2,555,215
29.....	2,773,043	212,627	77,991	925,923	1,216,541	1,556,502	2,114,588	558,086	204,367	2,568,676
Dec. 6.....	2,741,852	231,627	75,679	900,071	1,207,377	1,534,475	2,161,189	626,714	157,329	2,584,523
13.....	2,764,699	250,327	74,376	843,068	1,167,771	1,596,928	2,176,410	579,482	160,119	2,604,580
20.....	2,815,450	246,327	79,074	868,827	1,194,228	1,621,222	1,913,404	292,182	151,749	2,663,701
27.....	2,855,604	246,327	81,951	960,031	1,288,309	1,567,295	1,956,357	389,062	170,360	2,685,244

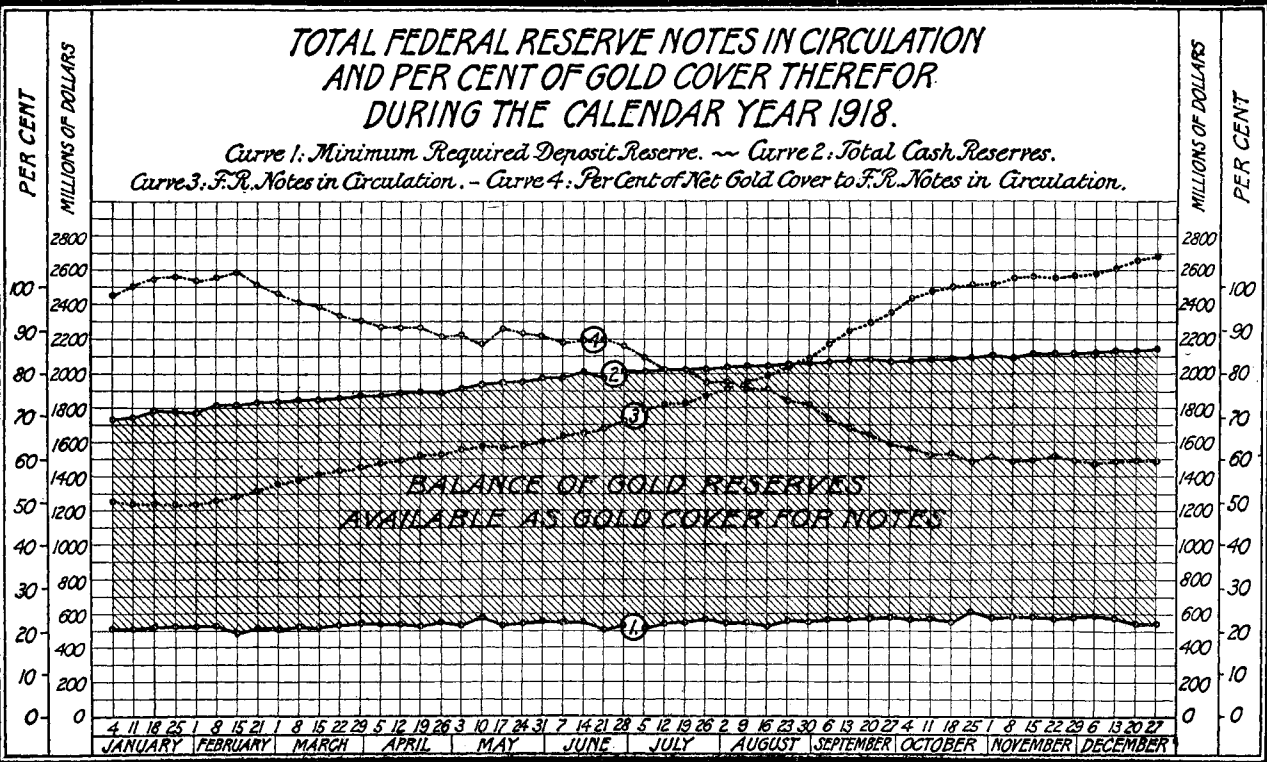
No. 4.—Total Federal Reserve notes in circulation and per cent of gold cover therefor during the calendar year 1918.

[In thousands of dollars, i. e., 000 omitted.]

1918	Total cash reserves.	Reserves required against net deposits, 35 per cent.	Balance available as reserve against Federal Reserve notes in circulation.	Federal Reserve notes in actual circulation.	Gold reserve against Federal Reserve notes in circulation.	1918	Total cash reserves.	Reserves required against net deposits, 35 per cent.	Balance available as reserve against Federal Reserve notes in circulation.	Federal Reserve notes in actual circulation.	Gold reserve against Federal Reserve notes in circulation.
					<i>Per cent.</i>						<i>Per cent.</i>
Jan. 4.....	1,733,030	506,180	1,226,850	1,251,205	98.1	July 5.....	2,015,163	515,874	1,499,289	1,791,569	83.7
11.....	1,748,031	505,716	1,242,315	1,242,199	100.0	12.....	2,015,984	543,782	1,472,202	1,813,425	81.2
18.....	1,784,307	523,735	1,260,572	1,233,797	101.8	19.....	2,031,095	548,338	1,482,757	1,829,045	81.1
25.....	1,782,759	522,507	1,260,252	1,234,934	102.1	23.....	2,029,329	568,005	1,461,324	1,870,835	78.1
Feb. 1.....	1,775,457	520,813	1,254,644	1,236,101	101.5	Aug. 2.....	2,034,918	545,594	1,489,324	1,906,465	78.1
8.....	1,813,094	525,999	1,287,095	1,261,219	102.1	9.....	2,044,523	551,713	1,492,810	1,955,276	76.3
15.....	1,818,736	491,272	1,327,464	1,281,045	103.6	16.....	2,045,523	529,377	1,516,146	1,985,419	76.4
21.....	1,832,524	511,919	1,320,605	1,314,581	100.5	23.....	2,055,266	557,924	1,497,342	2,032,837	73.7
Mar. 1.....	1,837,773	503,960	1,333,813	1,351,091	98.7	30.....	2,066,962	550,514	1,516,448	2,092,708	72.5
8.....	1,847,883	515,354	1,332,529	1,383,990	96.3	Sept. 6.....	2,070,494	560,878	1,509,616	2,180,679	69.2
15.....	1,852,193	512,582	1,339,611	1,406,228	95.3	13.....	2,077,732	567,758	1,509,974	2,245,429	67.2
22.....	1,862,372	527,021	1,335,351	1,429,509	93.4	20.....	2,076,039	570,242	1,505,797	2,295,031	65.6
29.....	1,874,063	537,378	1,336,685	1,452,838	92.0	27.....	2,072,176	583,488	1,488,688	2,349,326	63.4
Apr. 5.....	1,877,433	535,277	1,342,156	1,479,920	90.7	Oct. 4.....	2,077,371	562,192	1,515,179	2,431,004	62.3
12.....	1,894,995	536,839	1,358,156	1,499,377	90.6	11.....	2,083,358	573,356	1,510,002	2,648,378	60.9
19.....	1,898,307	525,786	1,372,521	1,514,287	90.6	18.....	2,087,685	553,281	1,534,404	2,502,488	61.3
26.....	1,890,945	544,706	1,346,239	1,526,232	88.2	25.....	2,098,169	603,366	1,491,803	2,507,912	59.6
May 3.....	1,919,983	532,335	1,387,648	1,556,660	89.1	Nov. 1.....	2,105,685	582,182	1,523,503	2,515,504	60.6
10.....	1,942,500	577,963	1,364,537	1,569,618	86.9	8.....	2,100,839	581,532	1,519,307	2,588,196	59.4
17.....	1,952,712	533,559	1,419,153	1,569,445	90.4	15.....	2,109,816	582,987	1,526,829	2,562,517	59.6
24.....	1,956,056	545,166	1,410,890	1,578,621	89.4	22.....	2,116,257	571,470	1,544,787	2,555,215	60.5
31.....	1,975,709	555,313	1,420,396	1,600,968	88.7	29.....	2,120,371	583,899	1,536,472	2,568,676	59.8
June 7.....	1,977,724	551,727	1,425,997	1,639,579	87.0	Dec. 6.....	2,121,367	596,523	1,524,844	2,584,523	59.0
14.....	2,005,263	556,070	1,449,193	1,651,500	87.8	13.....	2,134,263	585,454	1,548,809	2,604,580	59.5
21.....	1,981,111	505,891	1,475,220	1,677,951	87.9	20.....	2,133,624	542,413	1,591,211	2,663,701	59.7
28.....	2,006,199	535,437	1,470,762	1,722,216	85.4	27.....	2,146,219	543,502	1,602,717	2,685,244	59.7

TOTAL FEDERAL RESERVE NOTES IN CIRCULATION AND PER CENT OF GOLD COVER THEREFOR DURING THE CALENDAR YEAR 1918.

*Curve 1: Minimum Required Deposit Reserve. ~ Curve 2: Total Cash Reserves.
Curve 3: F.R. Notes in Circulation. - Curve 4: Per Cent of Net Gold Cover to F.R. Notes in Circulation.*



No. 5.—Statement of Federal Reserve notes by denominations, printed, shipped to Federal Reserve agents and United States subtreasuries, and on hand in reserve vault Dec. 31, 1918.

Bank.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Thousands.	Total.
Boston:							
Printed.....	\$58,880,000	\$110,480,000	\$74,240,000	\$30,000,000	\$29,200,000	.....	\$302,800,000
Shipped.....	58,640,000	110,480,000	73,440,000	12,400,000	17,600,000	.....	272,560,000
On hand.....	240,000	.....	800,000	17,600,000	11,600,000	.....	30,240,000
New York:							
Printed.....	350,800,000	465,000,000	340,880,000	100,600,000	194,000,000	\$36,000,000	1,487,280,000
Shipped.....	268,800,000	455,360,000	328,720,000	82,400,000	158,400,000	8,000,000	1,299,680,000
On hand.....	82,000,000	9,640,000	12,160,000	18,200,000	37,600,000	28,000,000	187,600,000
Philadelphia:							
Printed.....	59,460,000	114,200,000	155,840,000	34,200,000	30,000,000	.....	393,700,000
Shipped.....	56,740,000	100,120,000	145,360,000	24,400,000	20,000,000	.....	346,620,000
On hand.....	2,720,000	14,080,000	10,480,000	9,800,000	10,000,000	.....	47,080,000
Cleveland:							
Printed.....	44,880,000	78,040,000	152,880,000	63,800,000	20,000,000	.....	359,600,000
Shipped.....	37,640,000	70,240,000	143,360,000	59,400,000	18,400,000	.....	329,040,000
On hand.....	7,240,000	7,800,000	9,520,000	4,400,000	1,600,000	.....	30,560,000
Richmond:							
Printed.....	41,240,000	62,680,000	78,480,000	27,200,000	22,800,000	.....	232,400,000
Shipped.....	34,460,000	53,200,000	68,320,000	22,200,000	16,400,000	.....	194,580,000
On hand.....	6,780,000	9,480,000	10,160,000	5,000,000	6,400,000	.....	37,820,000
Atlanta:							
Printed.....	50,840,000	71,360,000	92,480,000	15,200,000	17,600,000	.....	247,480,000
Shipped.....	43,780,000	68,440,000	72,400,000	11,200,000	12,400,000	.....	208,220,000
On hand.....	7,060,000	2,920,000	20,080,000	4,000,000	5,200,000	.....	39,260,000

Chicago:							
Printed.....	101,580,000	183,440,000	240,560,000	52,600,000	41,200,000		619,380,000
Shipped.....	96,320,000	180,000,000	232,800,000	38,000,000	28,400,000		575,520,000
On hand.....	5,260,000	3,440,000	7,760,000	14,600,000	12,800,000		43,860,000
St. Louis:							
Printed.....	45,760,000	61,680,000	70,560,000	10,800,000	7,600,000		196,400,000
Shipped.....	43,020,000	61,280,000	64,880,000	8,800,000	6,000,000		183,980,000
On hand.....	2,740,000	400,000	5,680,000	2,000,000	1,600,000		12,420,000
Minneapolis:							
Printed.....	45,820,000	51,880,000	49,440,000	4,000,000	5,200,000		156,340,000
Shipped.....	37,040,000	50,520,000	40,720,000	2,200,000	4,000,000		134,480,000
On hand.....	8,780,000	1,360,000	8,720,000	1,800,000	1,200,000		21,860,000
Kansas City:							
Printed.....	59,140,000	52,960,000	62,320,000	10,200,000	10,000,000		194,620,000
Shipped.....	49,780,000	49,520,000	58,160,000	7,400,000	7,600,000		172,460,000
On hand.....	9,360,000	3,440,000	4,160,000	2,800,000	2,400,000		22,160,000
Dallas:							
Printed.....	30,240,000	45,720,000	49,840,000	6,000,000	7,600,000		139,400,000
Shipped.....	27,180,000	37,880,000	39,680,000	2,800,000	4,000,000		111,540,000
On hand.....	3,060,000	7,840,000	10,160,000	3,200,000	3,600,000		27,860,000
San Francisco:							
Printed.....	55,540,000	62,040,000	129,200,000	28,200,000	38,800,000		313,780,000
Shipped.....	50,400,000	59,640,000	123,680,000	21,000,000	31,200,000		285,920,000
On hand.....	5,140,000	2,400,000	5,520,000	7,200,000	7,600,000		27,860,000
RECAPITULATION.							
Total printed.....	944,180,000	1,359,480,000	1,496,720,000	382,800,000	424,000,000	36,000,000	4,643,180,000
Total shipped.....	803,800,000	1,296,680,000	1,391,520,000	292,200,000	322,400,000	8,000,000	4,114,600,000
Total on hand.....	140,380,000	62,800,000	105,200,000	90,600,000	101,600,000	28,000,000	528,580,000

No. 6.—Federal Reserve notes, by denominations, issued through the Federal Reserve agents to the banks, also amounts retired and outstanding Dec. 31, 1918.

Bank.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Thousands.	Total.
Boston:							
Issued.....	\$49,006,600	\$98,325,600	\$59,208,200	\$7,602,000	\$12,602,300		\$226,744,700
Retired.....	21,772,900	26,490,830	5,910,140	1,288,900	2,295,600		57,758,370
Outstanding.....	27,233,700	71,834,770	53,298,060	6,313,100	10,306,700		168,986,330
New York:							
Issued.....	248,890,350	417,447,800	308,758,400	70,602,450	137,214,000	\$8,000,000	1,190,913,090
Retired.....	124,305,355	145,596,480	59,666,980	9,012,950	33,315,400		371,897,165
Outstanding.....	124,584,995	271,851,320	249,091,420	61,589,500	103,898,600	8,000,000	819,015,835
Philadelphia:							
Issued.....	50,392,700	92,554,800	134,430,200	18,490,000	13,150,000		309,017,700
Retired.....	19,120,385	25,208,210	19,896,460	1,158,600	763,300		67,146,955
Outstanding.....	31,272,315	66,346,590	114,533,740	17,331,400	12,386,700		241,870,745
Cleveland:							
Issued.....	35,223,000	67,200,000	139,360,000	50,200,000	12,900,000		304,880,000
Retired.....	8,029,555	12,729,020	12,738,060	3,256,250	1,607,200		38,360,085
Outstanding.....	27,193,445	54,470,980	126,621,940	46,943,750	11,292,800		266,519,915
Richmond:							
Issued.....	37,139,300	59,442,700	73,839,400	21,837,200	15,892,000		208,150,600
Retired.....	15,108,230	19,738,470	16,475,080	2,919,450	2,911,600		557,152,830
Outstanding.....	22,031,070	39,704,230	57,364,320	18,917,750	12,980,400		150,997,770
Atlanta:							
Issued.....	47,603,050	69,947,300	79,265,480	8,110,450	6,407,900		211,334,180
Retired.....	25,158,015	30,512,820	24,984,360	3,966,900	3,091,800		87,713,895
Outstanding.....	22,445,035	39,434,480	54,281,120	4,143,550	3,316,100		123,620,285

Chicago:							
Issued.....	82,400,050	159,840,000	209,520,600	31,000,250	21,200,100		503,961,000
Retired.....	12,949,290	19,151,750	17,975,100	2,562,850	384,000		53,022,990
Outstanding.....	69,450,760	140,688,250	191,545,500	28,437,400	20,816,100		450,938,010
St. Louis:							
Issued.....	40,277,950	59,972,940	64,772,160	7,450,050	6,400,000		178,873,100
Retired.....	16,463,565	17,630,620	11,915,440	1,290,100	2,453,500		49,753,225
Outstanding.....	23,814,385	42,342,320	52,856,720	6,159,950	3,946,500		129,119,875
Minneapolis:							
Issued.....	32,842,000	46,975,000	38,295,000	2,040,000	3,100,000		123,252,000
Retired.....	12,312,680	7,454,100	4,335,780	182,750	242,300		24,527,590
Outstanding.....	20,529,340	39,520,900	33,959,220	1,857,250	2,857,700		89,724,410
Kansas City:							
Issued.....	46,324,000	45,610,000	57,114,000	8,860,000	5,420,000		163,328,000
Retired.....	17,801,670	10,519,640	9,462,460	5,173,400	53,500		43,010,670
Outstanding.....	28,522,330	35,090,360	47,651,540	3,686,600	5,366,500		120,317,330
Dallas:							
Issued.....	23,180,090	42,555,900	43,438,600	3,800,650	6,165,000		119,140,150
Retired.....	12,575,030	22,203,530	16,461,160	2,765,850	4,639,500		58,645,070
Outstanding.....	10,604,970	20,352,370	26,977,440	1,034,800	1,525,500		60,495,080
San Francisco:							
Issued.....	43,120,000	55,160,000	112,320,000	14,400,000	26,500,000		251,800,000
Retired.....	9,958,495	6,234,620	5,558,800	370,150	439,600		22,561,665
Outstanding.....	33,161,505	48,925,380	106,761,200	14,029,850	26,060,400		229,238,335
RECAPITULATION.							
Total issued.....	736,396,000	1,215,032,040	1,320,322,040	244,393,050	267,251,300	8,000,000	3,791,394,430
Total retired.....	295,555,150	344,470,090	205,379,820	33,948,150	52,197,300		931,550,510
Total outstanding.....	440,840,850	870,561,950	1,114,942,220	210,444,900	215,054,000	8,000,000	2,859,843,920

No. 7.—Federal Reserve notes, by denominations, received by agents, issued to the banks, returned to the Comptroller for destruction since organization of banks, and on hand Dec. 31, 1918, as reported by Federal Reserve agents.

RECEIVED FROM COMPTROLLER OF THE CURRENCY.

Federal Reserve agent at—	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Thousands.	Total.
Boston.....	\$52,640,000	\$101,480,000	\$63,440,000	\$10,400,000	\$14,800,000	.....	\$212,760,000
New York.....	263,800,000	445,360,000	324,720,000	80,400,000	152,400,000	\$8,000,000	1,274,680,000
Philadelphia.....	52,740,000	94,120,000	139,360,000	21,400,000	16,800,000	.....	324,420,000
Cleveland.....	36,440,000	70,240,000	143,360,000	57,000,000	16,800,000	.....	323,840,000
Richmond.....	34,460,000	53,200,000	68,320,000	22,200,000	16,400,000	.....	194,580,000
Atlanta.....	41,720,000	65,000,000	70,320,000	9,200,000	10,000,000	.....	196,240,000
Chicago.....	87,600,000	170,520,000	227,440,000	35,600,000	26,000,000	.....	547,160,000
St. Louis.....	37,020,000	54,760,000	58,800,000	6,800,000	4,000,000	.....	161,380,000
Minneapolis.....	31,840,000	48,560,000	38,880,000	2,000,000	3,200,000	.....	124,480,000
Kansas City.....	44,780,000	45,040,000	54,080,000	5,400,000	6,400,000	.....	155,700,000
Dallas.....	23,640,000	33,960,000	35,520,000	2,800,000	4,000,000	.....	99,920,000
San Francisco.....	41,320,000	54,080,000	112,320,000	14,400,000	26,800,000	.....	248,920,000
Total.....	748,000,000	1,236,320,000	1,336,560,000	267,600,000	297,600,000	8,000,000	3,894,080,000

RETURNED BY FEDERAL RESERVE BANKS.

Boston.....	\$21,772,900	\$26,489,830	\$5,912,140	\$1,287,400	\$2,296,100	.....	\$57,758,370
New York.....	124,305,355	145,596,480	59,666,980	9,012,950	33,315,400	.....	371,897,165
Philadelphia.....	19,120,385	26,208,210	19,897,460	1,157,600	763,300	.....	67,146,955
Cleveland.....	8,029,555	12,729,020	12,738,060	3,256,250	1,607,200	.....	38,360,085
Richmond.....	15,108,230	19,738,470	16,475,080	2,919,450	2,911,600	.....	57,152,830
Atlanta.....	25,158,015	30,512,820	24,984,360	3,966,900	3,091,800	.....	87,713,895
Chicago.....	12,949,290	19,151,750	17,975,100	2,562,850	384,000	.....	53,022,990
St. Louis.....	16,463,565	17,630,620	11,915,440	1,290,100	2,453,500	.....	49,753,225
Minneapolis.....	12,312,660	7,454,100	4,335,780	182,750	242,300	.....	24,527,590
Kansas City.....	17,801,670	10,519,640	9,462,460	5,173,400	53,500	.....	43,010,670

Dallas.....	12,575,030	22,203,530	16,461,160	2,765,850	4,639,500		58,645,070
San Francisco.....	9,958,495	6,234,620	5,558,800	370,150	439,600		22,561,665
Total.....	295,555,150	344,469,090	205,382,820	33,945,650	52,197,800		931,550,510

TOTAL AMOUNTS FOR WHICH FEDERAL RESERVE AGENTS ARE ACCOUNTABLE.

Boston.....	\$74,412,900	\$127,969,830	\$89,352,140	\$11,687,400	\$17,096,100		\$300,518,370
New York.....	388,105,355	500,956,480	384,386,980	89,412,950	185,715,400	\$8,000,000	1,646,577,165
Philadelphia.....	71,860,385	120,328,210	159,257,460	22,557,600	17,563,300		391,566,955
Cleveland.....	44,469,555	82,969,020	156,098,060	60,256,250	18,407,200		362,200,085
Richmond.....	49,568,230	72,938,470	84,795,080	25,119,450	19,311,600		251,732,830
Atlanta.....	66,878,015	95,512,820	95,304,360	13,166,900	13,091,800		283,953,895
Chicago.....	100,549,290	189,671,750	245,415,100	38,162,850	26,384,000		600,182,990
St. Louis.....	53,483,565	72,390,620	70,715,440	8,090,100	6,453,500		211,133,225
Minneapolis.....	44,152,660	56,014,100	43,215,780	2,182,750	3,442,300		149,007,590
Kansas City.....	62,581,670	55,559,640	63,542,460	10,573,400	6,453,500		198,710,670
Dallas.....	36,215,030	56,163,530	51,981,160	5,565,850	8,639,500		158,565,070
San Francisco.....	51,278,495	60,314,620	117,878,800	14,770,150	27,239,600		271,481,665
Total.....	1,043,555,150	1,580,789,090	1,541,942,820	301,545,650	349,797,800	8,000,000	4,825,630,510

ISSUED TO FEDERAL RESERVE BANKS.

Boston.....	\$49,006,600	\$98,325,600	\$59,208,200	\$7,602,000	\$12,602,300		\$226,744,700
New York.....	248,890,350	417,447,800	308,758,400	70,602,450	137,214,000	\$8,000,000	1,190,913,000
Philadelphia.....	50,392,700	92,554,800	134,430,200	18,490,000	13,150,000		309,017,700
Cleveland.....	35,220,000	67,200,000	139,360,000	50,200,000	12,900,000		304,880,000
Richmond.....	37,139,300	59,442,700	73,839,400	21,837,200	15,892,000		208,150,600
Atlanta.....	47,603,050	69,947,300	79,265,480	8,110,450	6,407,900		211,334,180
Chicago.....	82,400,050	159,840,000	209,520,600	31,000,250	21,200,100		503,961,000
St. Louis.....	40,277,950	59,972,940	64,772,160	7,450,050	6,400,000		178,873,100
Minneapolis.....	32,842,000	46,975,000	38,295,000	2,040,000	3,100,000		123,252,000

No. 7.—Federal Reserve notes, by denominations, received by agents, issued to the banks, returned to the Comptroller for destruction since organization of banks, and on hand Dec. 31, 1918, as reported by Federal Reserve agents—Continued.

ISSUED TO FEDERAL RESERVE BANKS—Continued.

Federal Reserve agent at—	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Thousands.	Total.
Kansas City.....	\$46,324,000	\$45,610,000	\$57,114,000	\$8,860,000	\$5,420,000	.....	\$163,328,000
Dallas.....	23,180,000	42,555,900	43,438,600	3,800,650	6,165,000	.....	119,140,150
San Francisco.....	43,120,000	55,160,000	112,320,000	14,400,000	26,800,000	.....	251,800,000
Total.....	736,396,000	1,215,032,040	1,320,322,040	244,393,050	267,251,300	\$8,000,000	3,791,394,430

RETURNED TO COMPTROLLER FOR DESTRUCTION.

Boston.....	\$21,766,300	\$26,484,230	\$5,903,940	\$785,400	\$993,800	.....	\$55,933,670
New York.....	124,215,005	145,508,680	58,828,580	8,810,500	8,501,400	.....	345,864,165
Philadelphia.....	18,707,685	25,573,410	19,147,260	1,067,600	413,300	.....	64,909,255
Cleveland.....	7,929,555	12,129,020	12,658,060	1,856,250	407,200	.....	34,980,085
Richmond.....	12,428,930	12,495,770	10,235,680	1,682,250	519,600	.....	37,362,230
Atlanta.....	11,204,965	10,504,520	5,818,880	184,450	191,900	.....	27,904,715
Chicago.....	12,309,240	19,151,750	15,574,500	2,562,600	383,900	.....	49,981,990
St. Louis.....	10,615,615	12,417,680	5,943,280	240,050	53,500	.....	29,270,125
Minneapolis.....	9,430,660	6,679,100	3,080,780	52,750	62,300	.....	19,305,590
Kansas City.....	15,137,670	8,069,640	4,428,460	173,400	53,500	.....	27,862,670
Dallas.....	8,320,030	8,747,630	4,522,560	160,200	44,500	.....	21,794,920
San Francisco.....	8,158,495	5,154,620	5,558,800	370,150	439,600	.....	19,681,665
Total.....	260,224,150	292,916,050	151,007,780	17,945,600	12,064,500	.....	734,851,080

IN HANDS OF FEDERAL RESERVE AGENTS DEC. 31, 1918.

Boston.....	\$3,640,000	\$3,160,000	\$4,240,000	\$3,300,000	\$3,500,000	.....	\$17,840,000
New York.....	15,000,000	28,000,000	16,800,000	10,000,000	40,000,000	.....	109,800,000
Philadelphia.....	2,760,000	2,200,000	5,680,000	3,000,000	4,000,000	.....	17,640,000
Cleveland.....	1,320,000	3,640,000	4,080,000	8,200,000	5,100,000	.....	22,340,000
Richmond.....	.....	1,000,000	720,000	1,600,000	2,900,000	.....	6,220,000
Atlanta.....	8,070,000	15,061,000	10,220,000	4,872,000	6,492,000	.....	44,715,000
Chicago.....	5,840,000	10,680,000	20,320,000	4,600,000	4,800,000	.....	46,240,000
St. Louis.....	2,590,000	.....	.....	400,000	.....	.....	2,990,000
Minneapolis.....	1,880,000	2,360,000	1,840,000	90,000	280,000	.....	6,450,000
Kansas City.....	1,120,000	1,880,000	2,000,000	1,540,000	980,000	.....	7,520,000
Dallas.....	4,715,000	4,860,000	4,020,000	1,605,000	2,430,000	.....	17,630,000
San Francisco.....	.....	.....	.....	.....	.....	.....	.....
Total.....	46,935,000	72,841,000	69,920,000	39,207,000	70,482,000	.....	299,385,000

RECAPITULATION.

Received from Comptroller.....	\$748,000,000	\$1,236,320,000	\$1,336,560,000	\$267,600,000	\$297,600,000	\$8,000,000	\$3,894,080,000
Returned by bank.....	295,555,150	344,469,090	205,382,820	33,945,650	52,197,800	.....	931,550,510
Total.....	1,043,555,150	1,580,789,090	1,541,942,820	301,545,650	349,797,800	8,000,000	4,825,630,510
Issued to banks.....	730,396,000	1,215,032,040	1,320,322,040	244,393,050	267,251,300	8,000,000	3,791,394,430
Returned for destruction.....	260,224,150	292,916,050	151,700,780	17,945,600	12,064,500	.....	734,851,080
On hand.....	46,935,000	72,841,000	69,920,000	39,207,000	70,482,000	.....	299,385,000
Total.....	1,043,555,150	1,580,789,090	1,541,942,820	301,545,650	349,797,800	8,000,000	4,825,630,510

No. 8.—Mutilated Federal Reserve notes, by denominations, received and destroyed since organization of banks and on hand in vault Dec. 31, 1918.

RECEIVED FOR DESTRUCTION.

Bank.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Boston.....	\$21,215,800	\$25,623,730	\$5,546,940	\$774,800	\$982,400	\$54,143,670
New York.....	101,235,005	112,588,680	41,868,580	6,010,500	6,501,400	268,204,165
Philadelphia.....	18,525,185	25,132,410	18,800,260	1,041,900	402,000	63,901,755
Cleveland.....	8,045,355	12,206,220	12,710,260	1,871,600	411,100	35,244,535
Richmond.....	12,448,310	12,524,390	10,258,320	1,685,000	520,600	37,436,620
Atlanta.....	10,959,465	10,200,020	5,696,380	183,300	191,900	27,231,065
Chicago.....	12,135,740	18,621,750	15,266,000	2,536,700	373,400	48,933,590
St. Louis.....	10,408,115	12,104,180	5,832,280	234,050	53,500	28,632,125
Minneapolis.....	9,336,160	6,579,100	3,026,780	52,650	61,300	19,055,990
Kansas City.....	14,996,195	7,992,600	4,384,320	174,400	53,500	27,601,015
Dallas.....	8,277,030	8,664,630	4,484,560	159,700	44,500	21,630,420
San Francisco.....	8,203,655	5,189,660	5,594,440	373,350	442,700	19,803,805
Total received.....	235,786,015	257,427,370	133,469,120	15,097,950	10,038,300	651,818,755
Total destroyed.....	231,905,150	251,984,830	130,726,760	14,711,600	9,805,800	639,134,140
Balance on hand.....	3,880,865	5,442,540	2,742,360	386,350	232,500	12,684,615

NOTE.—During the year, burned, badly mutilated, and fractional parts of Federal Reserve notes amounting to \$18,255 have been identified, valued, and the bank of issue determined.

No. 9.—Statement of Federal Reserve Bank notes printed, issued to Federal Reserve Banks since organization, and on hand Dec. 31, 1918.

PRINTED, ISSUED, AND ON HAND.

Bank.	Ones.	Twos.	Fives.	Tens.	Twenties.	Fifties.	Total.
Boston:							
Printed.....	\$6,392,000	\$1,024,000	\$1,200,000				\$8,616,000
Issued.....	5,340,000	1,024,000	1,109,000				7,473,000
On hand.....	1,052,000	0	91,000				1,143,000
New York:							
Printed.....	21,600,000	6,208,000	10,720,000	\$1,440,000			39,968,000
Issued.....	17,068,000	5,512,000	10,701,000	1,440,000			34,721,000
On hand.....	4,532,000	696,000	19,000	0			5,247,000
Philadelphia:							
Printed.....	6,520,000	1,224,000	2,880,000	440,000	\$240,000		11,304,000
Issued.....	6,360,000	1,144,000	1,901,000	0	0		9,405,000
On hand.....	160,000	80,000	979,000	440,000	240,000		1,899,000
Cleveland:							
Printed.....	5,428,000	1,576,000	5,360,000	2,000,000	2,000,000		16,364,000
Issued.....	4,828,000	1,496,000	4,325,000	0	0		10,649,000
On hand.....	600,000	80,000	1,035,000	2,000,000	2,000,000		5,715,000
Richmond:							
Printed.....	4,936,000	696,000	1,040,000	400,000	400,000		7,472,000
Issued.....	3,712,000	584,000	0	0	0		4,296,000
On hand.....	1,224,000	112,000	1,040,000	400,000	400,000		3,176,000

PRINTED, ISSUED, AND ON HAND—Continued.

Bank.	Ones.	Twos.	Fives.	Tens.	Twenties.	Fifties.	Total.
Atlanta:							
Printed.....	\$4,144,000	\$936,000	\$2,260,000	\$480,000	\$480,000	\$400,000	\$8,700,000
Issued.....	3,432,000	800,000	1,889,960	0	0	0	6,121,960
On hand.....	712,000	136,000	370,040	480,000	480,000	400,000	2,578,040
Chicago:							
Printed.....	9,324,000	2,176,000	5,340,000	2,960,000	1,600,000		21,400,000
Issued.....	8,796,000	2,176,000	5,300,000	2,631,760	865,600		19,769,360
On hand.....	528,000	0	40,000	328,240	734,400		1,630,640
St. Louis:							
Printed.....	3,332,000	1,072,000	1,240,000	1,000,000			6,644,000
Issued.....	3,232,000	1,000,000	1,240,000	1,000,000			6,472,000
On hand.....	100,000	72,000	0	0			172,000
Minneapolis:							
Printed.....	3,716,000	1,032,000	2,220,000	2,680,000			9,648,000
Issued.....	2,820,000	992,000	820,000	0			4,632,000
On hand.....	896,000	40,000	1,400,000	2,680,000			5,016,000
Kansas City:							
Printed.....	3,624,000	912,000	5,340,000	5,040,000	3,600,000		18,516,000
Issued.....	2,448,000	912,000	5,043,120	4,800,000	3,486,000		16,689,120
On hand.....	1,176,000	0	296,880	240,000	114,000		1,826,880

Dallas:							
Printed.....	2,828,000	1,160,000	2,140,000	2,400,000	2,000,000		10,528,000
Issued.....	1,868,000	1,136,000	1,512,400	1,960,000	1,760,000		8,236,400
On hand.....	960,000	24,000	627,600	440,000	240,000		2,291,600
San Francisco:							
Printed.....	4,536,000	808,000	3,060,000	1,980,000	1,360,000		11,724,000
Issued.....	3,464,000	744,000	2,925,000	5,200	0		7,138,200
On hand.....	1,072,000	64,000	135,000	1,954,800	1,360,000		4,585,800
Recapitulation:							
Total printed.....	76,380,000	18,824,000	42,800,000	20,800,000	11,680,000	400,000	170,884,000
Total issued.....	63,368,000	17,520,000	36,766,480	11,836,960	6,111,600	0	135,603,040
Total on hand.....	13,012,000	1,304,000	6,033,520	8,963,040	5,568,400	400,000	35,280,960

ISSUED, REDEEMED, AND OUTSTANDING, BY DENOMINATIONS.

	Issued.	Redeemed.	Outstanding.
Ones.....	\$63,368,000	\$981,700	\$62,386,300
Twos.....	17,520,000	147,850	17,372,150
Fives.....	36,766,480	2,486,680	34,279,800
Tens.....	11,836,960	2,544,840	9,292,120
Twenties.....	6,111,600	1,150,440	4,961,160
Total.....	135,603,040	7,311,510	128,291,530

Received for destruction and not assorted by denominations, \$148,000.

No. 10.—*Statement showing Federal Reserve bank notes, by denominations, issued to Federal Reserve Banks under the provisions of the "Pittman Act" up to and including Dec. 31, 1918.*

Bank.	Ones.	Twos.	Fives.	Tens.	Total.
Boston.....	\$5,292,000	\$1,024,000	\$1,100,000	.....	\$7,416,000
New York.....	16,544,000	5,472,000	10,620,000	\$1,440,000	34,076,000
Philadelphia.....	6,336,000	1,144,000	1,900,000	.....	9,380,000
Cleveland.....	4,812,000	1,488,000	4,319,000	.....	10,619,000
Richmond.....	3,700,000	584,000	.....	.....	4,284,000
Atlanta.....	3,420,000	800,000	1,620,000	.....	5,840,000
Chicago.....	8,784,000	2,168,000	3,700,000	960,000	15,612,000
St. Louis.....	3,232,000	1,000,000	1,240,000	1,000,000	6,472,000
Minneapolis.....	2,820,000	992,000	820,000	.....	4,632,000
Kansas City.....	2,448,000	912,000	900,000	.....	4,260,000
Dallas.....	1,868,000	1,136,000	500,000	.....	3,504,000
San Francisco.....	3,464,000	744,000	500,000	.....	4,708,000
Total issued.....	62,720,000	17,464,000	27,219,000	3,400,000	110,803,000

No. 11.—*Cost of Federal Reserve notes.*

The cost to each Federal Reserve Bank of Federal reserve notes, including paper, preparing plates, and printing, but exclusive of cost of transmittal, for the calendar year 1918 was as follows:

Boston.....	\$123,099.92
New York.....	275,038.66
Philadelphia.....	203,666.82
Cleveland.....	127,389.85
Richmond.....	105,342.85
Atlanta.....	124,870.87
Chicago.....	252,011.74
St. Louis.....	95,393.55
Minneapolis.....	73,166.63
Kansas City.....	70,529.45
Dallas.....	55,523.47
San Francisco.....	163,805.40
Total.....	1,669,839.21

No. 12.—Amounts of Federal Reserve notes received from and returned to other Federal Reserve Banks for redemption or credit during the calendar year 1918 and totals for 1917.

	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston.....			\$28,023,300	\$16,415,400	\$1,734,700	\$2,101,400	\$2,173,900	\$358,850	\$1,592,100	\$745,500
New York.....	\$15,729,700	\$27,182,800			26,000,590	41,454,750	13,564,050	9,712,450	17,119,950	10,454,100
Philadelphia.....	2,173,000	2,374,800	43,178,000	31,085,350			7,153,500	4,640,700	4,606,000	5,096,250
Cleveland.....	340,370	2,145,540	9,517,450	13,639,700	4,465,900	7,037,500			1,555,600	3,894,100
Richmond.....	734,750	1,620,600	9,742,900	17,519,100	3,281,000	4,728,250	3,980,100	1,560,350		
Atlanta.....	494,850	622,250	6,165,750	9,300,050	976,740	1,402,100	2,068,615	304,450	2,690,015	1,698,500
Chicago.....	1,017,250	2,219,810	11,226,000	14,085,950	1,575,500	3,061,500	6,598,000	3,297,800	1,529,500	2,770,600
St. Louis.....	403,515	380,400	4,274,050	3,013,150	651,995	655,500	2,562,420	372,350	933,705	479,000
Minneapolis.....	114,500	338,700	1,001,300	2,312,750	150,000	418,000	345,000	302,450	197,080	412,250
Kansas City.....	61,600	450,000	691,050	3,406,000	106,050	655,250	237,150	369,800	233,450	759,250
Dallas.....	419,450	176,500	2,989,850	1,977,800	393,300	307,150	1,350,300	125,150	322,700	139,250
San Francisco.....	167,720	420,300	1,240,820	5,873,950	195,530	533,260	333,100	205,100	333,535	154,250
Total, 1918.....	21,660,365	37,931,700	118,050,470	118,629,200	39,531,305	62,354,660	40,366,135	21,249,450	31,113,635	26,603,050
Total, 1917.....	4,278,835	12,012,900	29,997,052	24,799,975	8,066,790	14,960,902	5,175,740	2,534,070	6,450,175	2,083,430

	Atlanta.		Chicago.		St. Louis.		Minneapolis.		Kansas City.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston.....	\$613,100	\$538,330	\$2,247,800	\$1,209,500	\$381,600	\$435,795	\$337,900	\$119,500	\$577,200	\$69,915
New York.....	9,131,200	6,068,945	14,071,550	10,923,000	2,967,850	3,787,425	2,290,750	973,800	4,308,250	816,450
Philadelphia.....	1,384,000	1,011,650	3,237,500	1,931,500	644,000	781,190	460,000	140,000	821,500	105,900
Cleveland.....	297,900	2,003,865	3,294,050	6,654,000	356,500	2,670,470	308,450	350,500	463,440	245,800
Richmond.....	1,696,500	2,619,300	2,765,850	1,553,000	363,500	998,725	412,500	202,500	803,240	160,440
Atlanta.....			2,493,075	2,013,000	2,309,010	3,847,640	435,300	106,000	1,228,355	291,800

No. 12.—Amounts of Federal Reserve notes received from and returned to other Federal Reserve Banks for redemption or credit during the calendar year 1918 and totals for 1917—Continued.

	Atlanta.		Chicago.		St. Louis.		Minneapolis.		Kansas City.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.
Chicago.....	\$1,998,500	\$2,415,825	.....	.....	\$5,005,000	\$12,959,065	\$7,269,000	\$4,130,250	\$11,060,995	\$1,358,850
St. Louis.....	3,755,740	2,305,805	\$12,486,965	\$5,146,000	.....	.....	1,041,205	290,500	8,107,970	1,185,200
Minneapolis.....	100,000	427,160	4,261,800	7,347,000	280,500	1,099,765	.....	.....	1,235,000	578,700
Kansas City.....	248,100	986,540	1,285,100	8,578,500	987,800	6,336,660	456,300	1,046,500	.....	.....
Dallas.....	1,734,750	1,790,635	1,722,150	1,816,000	1,500,050	3,797,400	291,100	125,500	3,166,470	1,077,400
San Francisco.....	147,725	270,870	1,842,315	4,285,100	223,725	843,625	993,600	1,630,250	1,831,940	430,150
Total, 1918.....	21,107,515	20,438,925	49,708,155	51,456,600	15,019,535	37,557,760	14,296,105	9,115,300	33,604,360	6,320,605
Total, 1917.....	6,210,710	4,650,150	5,129,265	15,268,500	3,344,960	7,979,770	5,537,985	1,351,000	7,783,185	1,118,755

	Dallas.		San Francisco.		Total, 1918.		Total, 1917.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston.....	\$166,500	\$432,100	\$426,300	\$168,665	\$38,274,000	\$22,594,955	\$11,941,700	\$4,219,425
New York.....	1,957,650	2,127,300	5,823,200	1,109,150	112,964,740	114,610,170	25,374,715	30,324,987
Philadelphia.....	319,500	397,950	579,000	140,190	64,559,000	47,705,480	14,515,907	8,010,485
Cleveland.....	111,950	1,078,300	214,000	254,725	20,926,210	39,974,500	2,528,325	4,999,655
Richmond.....	142,250	282,950	140,500	301,475	24,063,090	31,546,690	2,070,680	6,392,235
Atlanta.....	1,771,260	1,680,000	314,970	119,330	20,947,940	21,385,120	4,654,345	6,117,975
Chicago.....	1,804,000	1,501,400	4,339,100	1,055,960	53,422,845	48,857,010	15,079,650	5,006,115
St. Louis.....	3,585,875	1,436,800	787,775	166,940	38,591,215	15,431,645	8,022,765	3,418,680
Minneapolis.....	125,500	242,150	1,625,250	427,325	9,435,930	13,906,250	1,327,000	5,508,090
Kansas City.....	777,950	2,228,350	440,550	1,069,490	5,525,100	25,886,340	1,110,855	7,895,375
Dallas.....	.....	.....	891,900	281,435	14,782,020	11,614,220	3,536,050	5,760,020
San Francisco.....	321,510	447,910	.....	.....	7,631,520	15,094,765	1,933,625	4,456,440
Total, 1918.....	11,083,945	11,855,210	15,582,545	5,094,685	411,124,010	408,607,145	.....	.....
Total, 1917.....	5,765,280	3,506,950	4,355,640	1,843,080	.....	.....	92,095,617	92,109,482

Exhibit C—STATEMENTS OF CONDITION OF FEDERAL RESERVE BANKS.

No. 13.—Combined resources and liabilities of all Federal Reserve Banks as at close of business on the last Friday of each month during the calendar year 1918.

RESOURCES.

[In thousands of dollars; i. e., 000 omitted.]

	Jan. 25.	Feb. 21.	Mar. 28-29.	Apr. 26.	May 31.	June 28.	July 26.	Aug. 30.	Sept. 27.	Oct. 25.	Nov. 29.	Dec. 27.
Gold coin and certificates in vault.....	472,012	447,508	480,948	486,820	456,177	419,907	418,012	384,009	370,220	376,679	370,938	337,365
Gold settlement fund.....	388,210	375,273	399,568	439,477	425,237	491,425	598,777	520,926	487,319	415,676	395,292	374,758
Gold with foreign agencies.....	52,500	52,500	52,500	52,500	52,500	16,275	11,628	5,829	5,829	5,829	5,829	5,829
Total gold held by banks.....	912,722	875,281	942,016	978,797	933,914	927,607	1,028,417	910,764	813,368	798,184	772,059	717,952
Gold with Federal Reserve agents.....	793,829	877,023	852,192	824,218	955,919	987,870	910,420	1,061,597	1,161,731	1,184,998	1,216,541	1,288,309
Gold redemption fund.....	19,956	20,091	21,496	23,985	27,903	33,544	35,363	41,433	45,714	61,950	76,613	84,013
Total gold reserve.....	1,726,507	1,772,395	1,815,704	1,827,000	1,917,826	1,949,021	1,974,200	2,013,794	2,020,813	2,045,132	2,065,213	2,090,274
Legal-tender notes, silver, etc.....	56,252	60,129	58,359	63,945	57,883	57,178	55,129	53,168	51,363	53,037	55,158	55,945
Total reserves.....	1,782,759	1,832,524	1,874,063	1,890,945	1,975,709	2,006,199	2,029,329	2,066,962	2,072,176	2,098,169	2,120,371	2,146,219
Bills discounted:												
Secured by Government war obligations.....	312,520	263,905	301,451	642,429	562,993	434,509	673,231	896,228	1,221,533	1,092,417	1,412,511	1,400,371
All other.....	315,112	245,629	281,777	259,314	334,364	434,666	628,920	531,967	491,897	453,747	402,684	302,567
Bills bought in open market.....	273,912	296,170	304,065	302,844	256,373	216,848	205,274	232,603	288,391	398,623	375,341	303,673
United States Government long-term securities.....	50,525	52,950	58,190	41,446	54,842	40,227	40,090	30,350	28,545	28,251	29,132	28,869
United States Government short-term securities.....	72,669	169,707	252,579	37,407	92,082	218,839	16,922	25,772	50,098	322,060	92,664	282,677
All other earning assets.....	4,902	3,436	3,523	2,722	736	23	108	67	102	24	27	13
Total earning assets.....	1,029,670	1,031,797	1,201,585	1,286,162	1,301,390	1,345,112	1,564,540	1,716,987	2,080,566	2,295,122	2,312,359	2,318,170
Uncollected items and other deductions from gross deposits.....	356,208	310,865	366,075	388,845	408,137	520,087	558,392	568,655	649,448	856,923	736,328	759,608
5 per cent redemption fund against Federal Reserve bank notes.....	537	537	537	528	626	735	701	1,164	2,447	3,692	4,621	5,988
All other resources.....	201	731	3,724	359	438	.....	12,441	11,787	12,858	16,879	21,309	22,005
Total resources.....	3,169,375	3,176,454	3,445,984	3,566,839	3,686,300	3,872,133	4,165,403	4,365,555	4,817,495	5,270,785	5,194,988	5,251,990

EXHIBIT C—CONDITION OF FEDERAL RESERVE BANKS. 117

No. 13.—Combined resources and liabilities of all Federal Reserve Banks as at close of business on the last Friday of each month during the calendar year 1918—Continued.

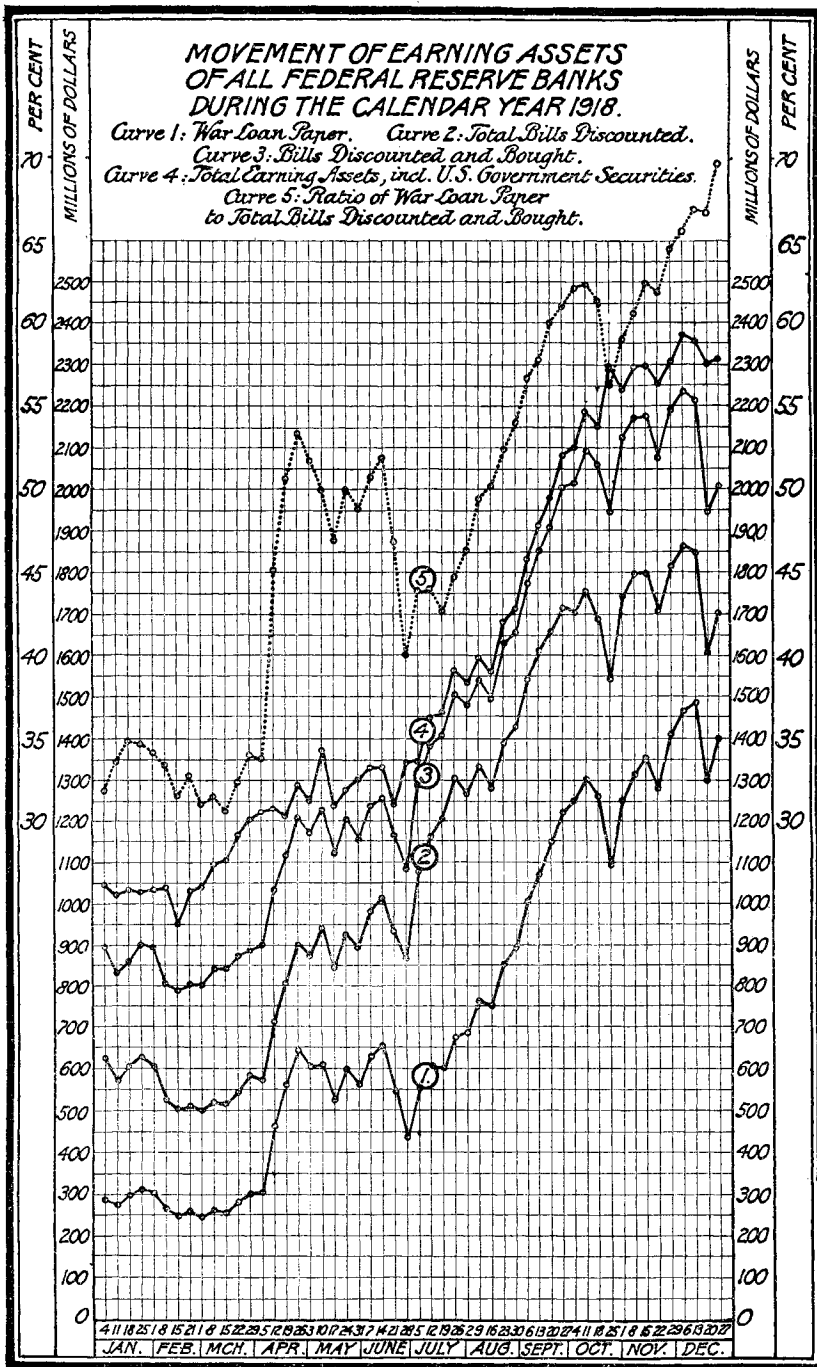
LIABILITIES.

[In thousands of dollars; i. e., 000 omitted.]

	Jan. 25.	Feb. 21.	Mar. 28-29.	Apr. 26.	May 31.	June 28.	July 26.	Aug. 30.	Sept. 27.	Oct. 25.	Nov. 29.	Dec. 27.
Capital paid in.....	72,439	73,305	74,223	74,963	75,546	75,858	76,441	78,168	78,802	79,190	80,072	80,681
Surplus.....	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134
Government deposits.....	135,691	56,165	104,086	130,668	166,191	84,535	233,040	104,729	191,623	78,218	207,157	63,367
Due to members—reserve account.....	1,480,743	1,459,720	1,490,400	1,497,416	1,440,413	1,557,587	1,435,196	1,478,639	1,535,490	1,683,499	1,488,893	1,587,318
Collection items.....	194,955	199,278	216,897	235,174	278,698	286,302	401,186	437,885	485,059	702,107	602,667	554,823
Other deposits, including foreign Government credits.....	37,697	58,329	81,059	81,890	109,443	121,482	111,840	120,300	104,385	117,001	105,894	106,992
Total gross deposits.....	1,849,086	1,773,492	1,901,442	1,945,148	1,994,745	2,049,906	2,181,262	2,141,553	2,316,557	2,580,825	2,404,611	2,312,500
Federal Reserve notes in actual circulation.....	1,234,934	1,314,581	1,452,638	1,526,232	1,600,968	1,722,216	1,870,835	2,092,708	2,349,326	2,507,912	2,568,676	2,685,244
Federal Reserve bank notes in circulation—net liability.....	8,000	7,999	7,978	7,895	8,324	10,390	11,084	20,687	35,819	58,859	86,003	117,122
All other liabilities.....	3,782	5,943	8,369	11,467	5,583	12,629	24,647	31,305	35,857	42,865	54,492	55,309
Total liabilities.....	3,169,375	3,176,454	3,445,984	3,566,839	3,686,300	3,872,133	4,165,403	4,365,555	4,817,495	5,270,785	5,194,988	5,251,990

MATURITIES OF BILLS ON HAND.

Within 15 days.....	390,212	338,543	359,987	673,064	661,804	548,873	884,111	1,047,516	1,323,052	1,198,861	1,305,634	1,254,392
Over 15 but within 30 days.....	169,795	104,830	127,065	194,238	110,168	136,574	200,758	141,558	192,414	221,020	225,900	340,022
Over 30 but within 60 days.....	203,437	174,460	267,267	217,535	187,415	256,050	240,900	219,928	302,709	279,786	470,666	271,754
Over 60 but within 90 days.....	124,822	178,480	123,498	106,431	159,874	101,227	141,331	223,655	171,434	232,891	165,185	113,506
Over 90 days.....	13,308	9,391	9,476	13,319	34,469	43,299	40,325	28,141	12,212	12,229	23,151	26,937
Total.....	901,574	805,704	887,293	1,204,587	1,153,730	1,086,023	1,507,425	1,660,798	2,001,821	1,944,787	2,190,536	2,006,611



No. 14.—Principal resources and liabilities of all Federal Reserve Banks at close of business on each Friday, Jan. 4 to Dec. 27, 1918.

[In thousands of dollars; i. e., 000 omitted.]

	Gold coin and certificates.	Gold settlement fund.	Gold with foreign agencies.	Gold with Federal Reserve agents.	Gold redemption fund.	Total gold reserves.	Total cash reserves, including legal tenders, silver, etc.	Bills discounted.		Bills bought in open market.	United States Government long-term securities.	United States Government short-term securities.	Total United States securities.
								Secured by Government war obligations.	All other.				
Jan. 4.....	480,072	338,687	52,500	797,191	19,270	1,687,720	1,733,030	285,919	339,894	271,338	51,167	92,058	143,225
11.....	478,839	361,522	52,500	784,326	19,643	1,696,830	1,748,031	277,014	293,651	258,710	49,506	137,227	186,733
18.....	477,301	383,232	52,500	796,727	19,710	1,729,470	1,784,307	300,268	303,220	257,804	45,911	122,310	168,221
25.....	472,012	388,210	52,500	793,829	19,956	1,726,507	1,782,759	312,520	315,142	273,912	50,525	72,669	123,194
Feb. 1.....	469,759	393,624	52,500	781,667	19,472	1,717,022	1,775,457	305,664	301,114	289,805	53,734	78,898	132,632
8.....	439,907	404,042	52,500	838,259	19,960	1,754,668	1,813,094	269,302	255,819	280,705	52,294	173,588	225,882
15.....	446,378	386,966	52,500	852,375	20,323	1,758,542	1,818,736	249,603	252,313	287,263	52,343	105,981	158,324
21.....	447,508	375,273	52,500	877,023	20,091	1,772,395	1,832,524	263,905	245,629	296,170	52,950	169,707	222,657
Mar. 1.....	461,615	357,299	52,500	885,346	20,569	1,777,329	1,837,773	249,195	253,330	299,213	77,705	157,482	235,187
8.....	464,144	354,585	52,500	896,702	20,267	1,788,198	1,847,883	264,501	255,839	317,952	72,154	182,822	254,976
15.....	477,521	372,508	52,500	869,628	21,086	1,793,243	1,852,193	257,621	259,863	323,248	68,383	193,980	262,363
22.....	470,529	379,866	52,500	878,805	21,114	1,802,814	1,862,372	282,962	260,157	328,880	61,039	226,036	287,075
28-29.....	489,948	399,568	52,500	852,192	21,496	1,815,704	1,874,063	301,451	281,777	304,065	58,190	252,579	310,769
Apr. 5.....	483,780	381,163	52,500	873,077	23,404	1,813,924	1,877,433	304,075	269,808	326,503	60,403	260,400	320,803
12.....	488,762	407,971	52,500	857,492	23,546	1,830,271	1,894,995	465,625	247,182	318,857	54,237	142,143	196,380
19.....	488,829	413,819	52,500	854,822	23,179	1,833,149	1,898,307	564,724	243,321	308,277	46,675	46,295	92,970
26.....	486,820	439,477	52,500	824,218	23,985	1,827,000	1,890,945	642,429	259,314	302,844	41,446	37,407	78,853
May 3.....	482,832	437,771	52,500	862,296	24,541	1,859,940	1,919,983	606,630	266,812	297,029	41,183	36,378	77,561
10.....	480,580	437,444	52,500	885,027	27,584	1,883,135	1,942,500	612,324	326,717	286,036	40,116	106,762	146,878
17.....	479,529	418,337	52,500	915,536	28,502	1,894,404	1,952,712	526,163	316,102	279,886	41,041	73,043	114,084
24.....	478,460	407,767	52,500	930,181	29,115	1,898,023	1,956,056	600,499	322,800	278,221	42,067	32,476	74,543
31.....	456,177	425,237	52,500	955,919	27,993	1,917,826	1,975,709	562,993	334,364	256,373	54,842	92,082	146,924
June 7.....	463,622	417,675	51,280	958,255	28,431	1,919,263	1,977,724	627,025	357,467	248,542	64,484	32,601	97,085
14.....	432,557	489,610	44,084	951,145	29,507	1,946,404	2,005,263	653,863	362,168	242,923	40,683	33,179	73,862
21.....	438,773	481,023	17,068	957,238	30,331	1,924,373	1,981,111	544,193	387,077	232,472	40,877	35,883	76,760
28.....	419,907	491,425	16,275	987,870	33,544	1,949,021	2,006,199	434,569	434,666	216,848	40,227	218,839	259,066
July 5.....	421,927	524,303	16,272	962,075	34,533	1,959,110	2,015,163	563,496	513,286	211,947	42,749	17,350	60,099

	12.....	422,738	524,225	15,529	963,147	34,413	1,960,052	2,015,984	606,599	553,283	218,464	40,273	31,923	72,196
	19.....	428,853	556,154	15,496	940,290	34,655	1,975,448	2,031,095	601,403	601,943	205,932	40,259	16,358	56,617
	26.....	418,012	598,777	11,628	910,420	35,363	1,974,200	2,029,329	673,231	628,920	205,274	40,090	16,922	57,012
Aug.	2.....	408,470	623,119	9,696	902,793	36,818	1,980,896	2,034,918	685,921	584,998	209,185	36,237	17,573	53,810
	9.....	395,410	606,354	9,696	940,692	38,149	1,990,301	2,044,523	761,576	570,897	208,557	34,931	17,404	52,335
	16.....	385,017	600,083	5,829	961,498	40,116	1,992,543	2,045,523	752,115	533,253	212,204	31,497	32,546	64,043
	23.....	385,072	553,060	5,829	1,018,767	40,323	2,003,051	2,055,266	853,508	540,247	236,566	30,624	23,479	54,103
	30.....	384,009	520,926	5,829	1,061,597	41,433	2,013,794	2,066,962	896,228	531,967	232,603	30,350	25,772	56,122
Sept.	6.....	383,228	496,531	5,830	1,087,760	43,634	2,016,983	2,070,494	1,007,366	534,608	233,766	29,768	28,030	57,798
	13.....	386,214	465,298	5,829	1,123,132	44,086	2,024,559	2,077,732	1,071,304	541,943	239,750	29,563	33,777	63,340
	20.....	367,660	459,997	5,829	1,145,950	44,122	2,023,558	2,076,039	1,146,357	513,789	250,032	29,022	41,878	70,900
	27.....	370,220	437,319	5,829	1,161,731	45,714	2,020,813	2,072,176	1,221,533	491,897	288,391	28,545	50,098	78,643
Oct.	4.....	373,255	419,665	5,829	1,181,485	45,200	2,025,434	2,077,371	1,251,787	454,419	310,817	28,289	56,514	84,803
	10.....	372,922	448,723	5,829	1,157,000	46,765	2,031,236	2,083,358	1,304,383	450,086	338,620	28,214	66,193	94,407
	18.....	382,160	416,413	5,829	1,173,521	57,390	2,035,313	2,087,685	1,262,757	425,799	370,136	28,205	67,738	95,943
	25.....	376,679	415,676	5,829	1,184,998	61,950	2,045,132	2,093,169	1,092,417	453,747	398,623	28,251	322,060	350,311
Nov.	1.....	383,833	449,243	5,829	1,149,859	63,460	2,052,220	2,105,685	1,252,904	493,049	377,072	29,472	88,750	118,222
	8.....	386,437	433,452	5,829	1,145,640	73,233	2,046,591	2,100,839	1,316,967	480,271	374,522	29,479	91,956	121,435
	15.....	375,527	433,885	5,829	1,166,579	74,957	2,056,777	2,109,816	1,358,416	439,392	377,877	29,478	93,449	122,927
	22.....	371,498	435,892	5,829	1,168,917	78,129	2,060,265	2,116,257	1,281,245	428,190	368,784	29,134	148,180	177,314
	29.....	370,938	395,292	5,829	1,216,541	76,613	2,065,213	2,120,371	1,412,511	402,684	375,341	29,132	92,664	121,796
Dec.	6.....	353,208	422,491	5,829	1,207,377	78,496	2,067,401	2,121,367	1,467,322	396,462	371,406	29,196	105,606	134,802
	13.....	336,516	487,568	5,829	1,167,771	80,821	2,078,505	2,134,263	1,483,849	365,614	366,594	29,189	111,477	140,666
	20.....	335,141	461,369	5,829	1,194,228	82,421	2,078,988	2,133,624	1,299,524	306,778	340,765	28,850	325,073	353,923
	27.....	337,365	374,758	5,829	1,288,309	84,013	2,090,274	2,146,219	1,400,371	302,567	303,673	28,869	282,677	311,546

No. 14.—Principal resources and liabilities of all Federal Reserve Banks at close of business on each Friday, Jan. 4 to Dec. 27, 1918—Continued.

[In thousands of dollars; i. e., 000 omitted.]

	All other earning assets.	Total earning assets.	Uncollected items and other deductions from gross deposits.	Total resources and liabilities.	Capital paid in.	Surplus.	Government deposits.	Due to members—reserve account.	Collection items.	Other deposits, including foreign government credits.	Total gross deposits.	Federal Reserve notes in actual circulation.	Federal Reserve bank notes in circulation—net liability.
Jan. 4.....	5,167	1,045,543	347,251	3,126,898	70,825	1,134	131,006	1,449,230	192,649	20,594	1,793,479	1,251,205	8,000
11.....	5,063	1,021,171	334,822	3,105,080	71,603	1,134	57,856	1,498,482	203,073	20,315	1,779,726	1,242,199	8,000
18.....	4,224	1,033,737	417,526	3,236,486	71,938	1,134	239,829	1,421,576	221,728	30,779	1,913,912	1,238,797	8,000
25.....	4,902	1,029,670	356,268	3,169,375	72,439	1,134	135,691	1,480,743	194,955	37,697	1,849,086	1,234,934	8,000
Feb. 1.....	3,805	1,033,020	366,456	3,176,023	72,620	1,134	132,790	1,478,644	191,283	51,769	1,854,486	1,236,101	8,000
8.....	4,423	1,036,131	284,964	3,135,277	72,829	1,134	59,488	1,501,301	167,154	59,874	1,787,817	1,261,219	8,000
15.....	4,486	951,989	374,327	3,146,171	73,229	1,134	87,643	1,409,714	228,289	52,315	1,777,961	1,281,045	7,999
21.....	3,436	1,031,797	310,865	3,176,454	73,305	1,134	56,165	1,459,720	199,278	58,329	1,773,492	1,314,581	7,999
Mar. 1.....	3,680	1,040,605	381,067	3,260,778	73,401	1,134	150,781	1,388,020	218,031	64,122	1,820,954	1,351,091	7,999
8.....	4,064	1,097,332	343,396	3,289,909	73,624	1,134	56,208	1,465,504	216,986	77,137	1,815,835	1,383,990	8,000
15.....	4,040	1,107,135	368,756	3,330,073	73,886	1,134	72,023	1,448,047	232,157	81,048	1,833,275	1,406,228	8,000
21.....	4,240	1,163,314	376,622	3,403,395	74,011	1,134	91,505	1,480,025	229,115	81,751	1,832,396	1,429,509	7,978
28-29.....	3,523	1,211,585	366,075	3,445,984	74,223	1,134	104,086	1,499,400	216,897	81,059	1,901,442	1,452,838	7,978
Apr. 5.....	3,222	1,224,411	356,954	3,459,659	74,494	1,134	104,818	1,473,294	226,139	82,067	1,886,318	1,479,920	7,860
12.....	3,771	1,231,815	384,824	3,512,495	74,748	1,134	100,523	1,494,537	239,270	84,321	1,918,651	1,499,377	8,000
19.....	3,293	1,212,585	387,655	3,499,217	74,829	1,134	75,499	1,469,860	256,220	88,322	1,889,901	1,514,287	7,895
26.....	2,722	1,266,162	388,845	3,566,839	74,963	1,134	130,668	1,497,416	235,174	81,890	1,945,148	1,526,232	7,895
May 3.....	2,537	1,250,569	376,605	3,548,023	75,049	1,134	73,888	1,474,518	257,593	91,563	1,897,562	1,556,660	7,980
10.....	1,844	1,373,799	455,726	3,712,495	75,118	1,134	138,529	1,548,137	309,773	110,611	2,107,505	1,639,377	7,878
17.....	1,492	1,237,727	382,509	3,573,555	75,315	1,134	48,753	1,461,138	282,475	114,596	1,906,962	1,569,445	7,878
24.....	1,151	1,277,214	351,407	3,585,303	75,465	1,134	122,350	1,436,284	242,488	107,903	1,909,025	1,578,621	7,764
31.....	736	1,301,390	408,137	3,686,300	75,546	1,134	166,191	1,440,413	278,698	109,443	1,994,745	1,600,968	8,324
June 7.....	694	1,330,813	402,529	3,711,703	75,662	1,134	179,876	1,449,486	239,971	109,560	1,978,893	1,639,579	9,580
14.....	594	1,333,410	510,303	3,849,711	75,711	1,134	155,532	1,555,434	264,887	123,221	2,099,074	1,651,500	10,001
21.....	100	1,240,602	584,154	3,806,692	75,770	1,134	159,457	1,464,986	287,769	117,345	2,029,557	1,677,951	9,945
28.....	23	1,345,112	520,087	3,872,133	75,858	1,134	84,535	1,557,587	286,302	121,482	2,049,906	1,722,216	10,390

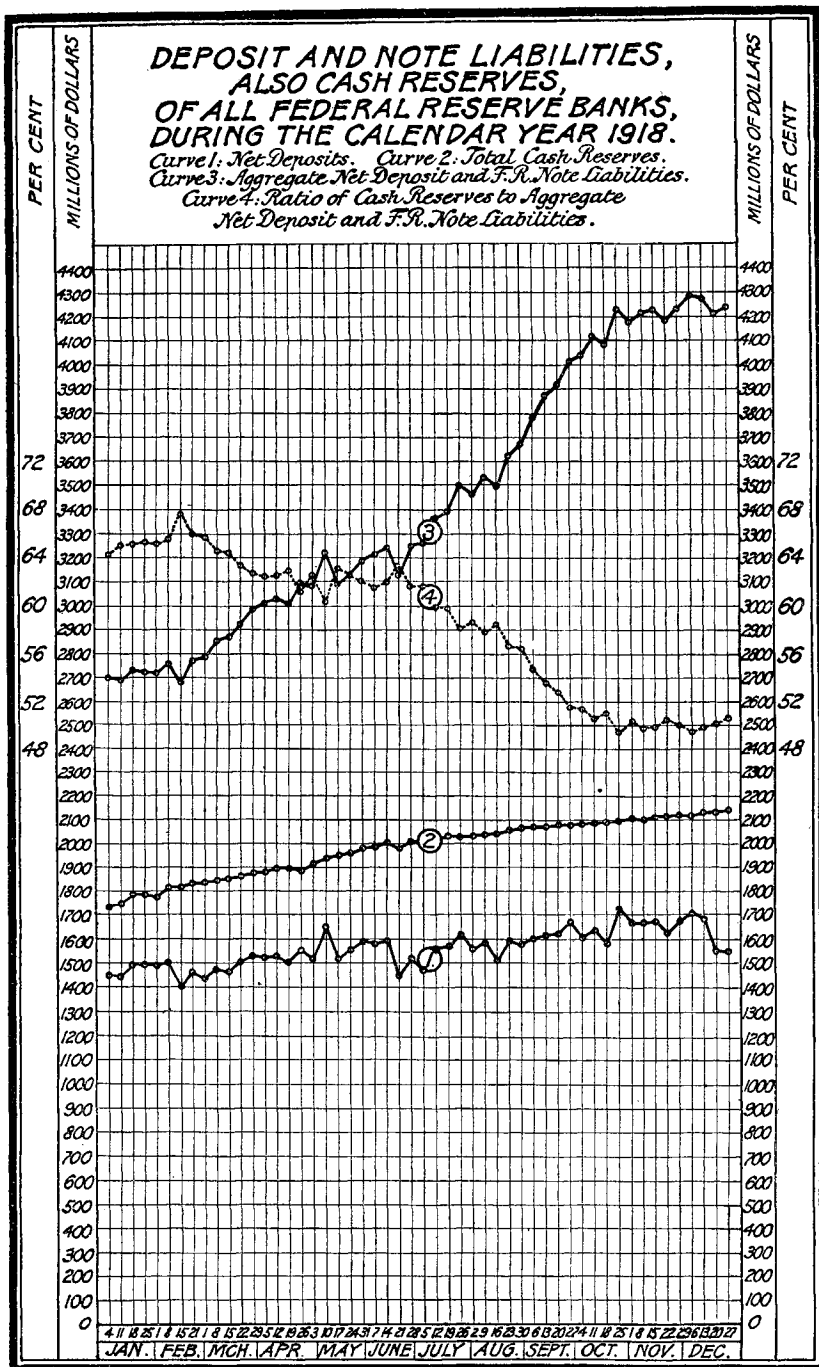
July	5	26	1,348,854	669,257	4,044,162	76,163	1,134	128,398	1,369,697	527,580	117,539	2,143,184	1,791,569	10,635
	12	72	1,450,614	640,410	4,117,722	76,324	1,134	169,393	1,439,346	477,526	107,809	2,194,074	1,813,425	10,800
	19	98	1,465,993	658,588	4,166,122	76,383	1,134	144,828	1,483,047	480,341	112,052	2,225,268	1,829,045	11,000
	26	103	1,564,540	558,392	4,165,403	76,441	1,134	233,040	1,435,196	401,186	111,840	2,181,262	1,870,835	11,084
Aug.	2	101	1,534,015	531,558	4,111,538	76,518	1,134	161,236	1,423,532	390,911	114,718	2,090,397	1,906,465	11,479
	9	102	1,593,467	584,758	4,234,893	76,876	1,134	179,978	1,420,705	433,347	127,050	2,161,080	1,955,276	13,716
	16	82	1,561,697	623,495	4,242,384	76,960	1,134	95,555	1,464,011	461,202	115,234	2,136,002	1,985,419	15,167
	23	62	1,684,486	601,983	4,353,987	77,750	1,134	173,027	1,459,480	450,947	112,597	2,196,051	2,032,837	16,864
	30	67	1,716,987	568,655	4,365,555	78,168	1,134	104,729	1,478,639	437,885	120,300	2,141,533	2,092,708	20,687
Sept.	6	75	1,833,613	642,377	4,559,873	78,359	1,134	197,325	1,465,102	461,640	119,960	2,244,027	2,180,679	23,964
	13	81	1,916,418	697,225	4,705,793	78,553	1,134	206,733	1,469,603	527,752	115,302	2,319,390	2,245,429	27,672
	20	84	1,981,162	654,843	4,726,766	78,689	1,134	169,141	1,524,528	490,265	100,173	2,284,107	2,295,031	33,208
	27	102	2,080,566	649,448	4,817,495	78,802	1,134	191,623	1,535,490	485,059	104,385	2,316,557	2,349,326	35,819
Oct.	4	202	2,102,028	704,046	4,899,386	78,903	1,134	197,359	1,496,815	512,227	103,907	2,310,308	2,431,004	40,305
	10	188	2,187,684	723,430	5,011,134	78,956	1,134	230,889	1,508,334	514,110	108,256	2,361,589	2,478,378	52,031
	18	197	2,154,832	803,517	5,063,216	79,057	1,134	179,868	1,506,727	585,090	112,634	2,384,319	2,502,488	55,666
	25	24	2,295,122	856,923	5,270,785	79,190	1,134	78,218	1,683,499	702,107	117,001	2,580,825	2,507,912	58,859
Nov.	1	35	2,241,276	684,315	5,052,114	79,360	1,134	249,397	1,442,493	543,975	111,827	2,347,692	2,515,504	63,338
	8	28	2,293,223	687,468	5,104,244	79,824	1,134	160,256	1,545,996	527,796	114,941	2,348,989	2,558,196	68,864
	15	28	2,298,640	717,785	5,148,418	79,903	1,134	246,401	1,449,949	573,727	113,385	2,383,462	2,562,517	72,930
	22	27	2,255,560	819,010	5,219,527	80,025	1,134	113,174	1,604,033	620,608	113,967	2,451,782	2,555,215	80,504
	29	27	2,312,359	736,328	5,194,958	80,072	1,134	207,157	1,488,893	602,667	105,894	2,404,611	2,568,676	86,003
Dec.	6	27	2,370,019	650,039	5,168,769	80,304	1,134	185,355	1,547,838	514,512	106,685	2,354,390	2,584,523	92,799
	13	27	2,356,750	719,591	5,234,934	80,492	1,134	161,614	1,567,927	556,764	106,012	2,392,317	2,604,580	102,202
	20	16	2,301,005	826,831	5,288,134	80,585	1,134	38,693	1,642,444	588,755	106,689	2,376,581	2,663,701	111,909
	27	13	2,318,170	759,608	5,251,990	80,681	1,134	63,367	1,587,318	554,823	106,992	2,312,500	2,685,244	117,122

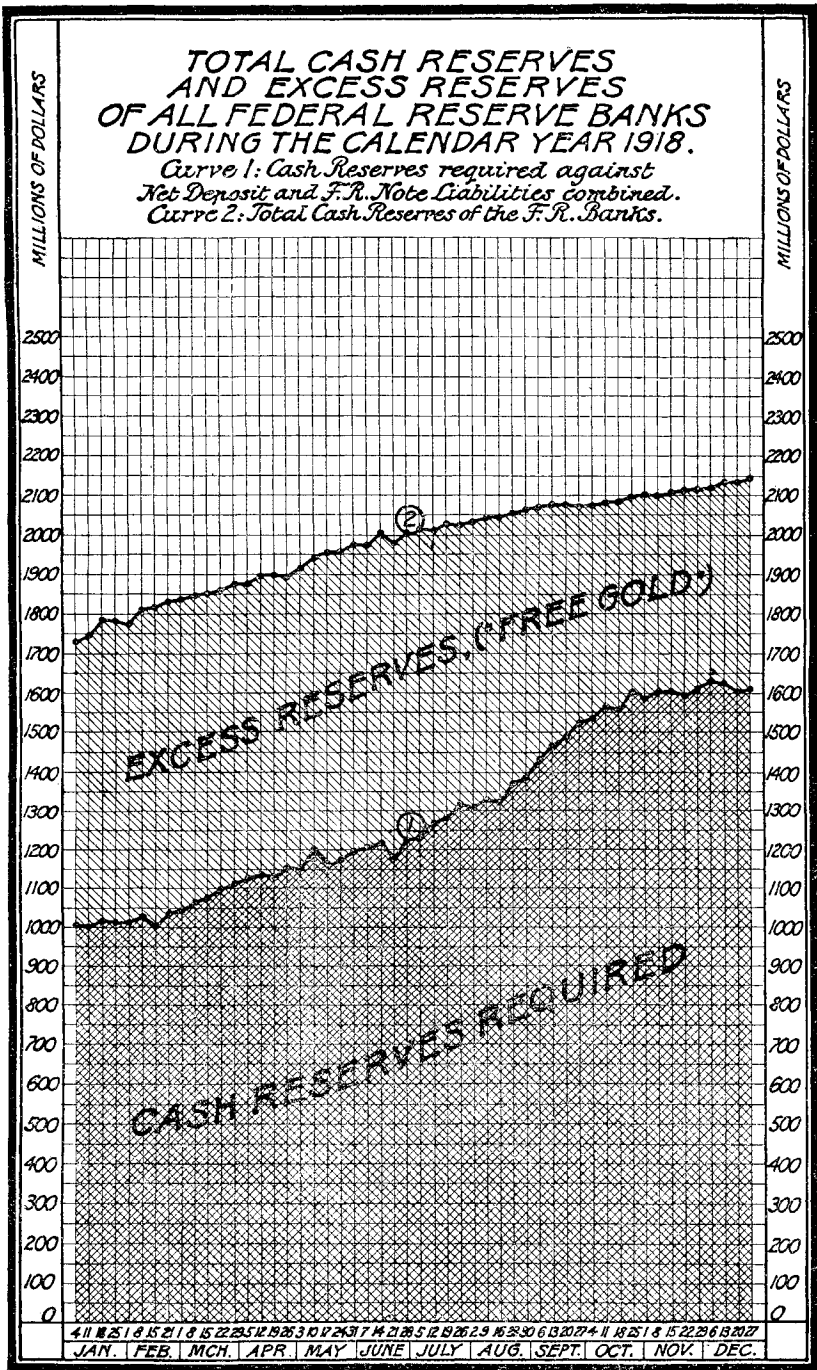
No. 15.—Required reserves against net deposit and Federal Reserve note liabilities, and amounts of gold held in excess of required reserves.

[In thousands of dollars; i. e., 000 omitted.]

	Net deposits.		Federal Reserve notes in circulation.		Total net deposit and Federal Reserve note liabilities.	Total amount of required reserves.	Total cash reserves held.	Gold in excess of required reserves (free gold).	Ratio of total cash reserves to net deposit and Federal Reserve note liabilities combined.
	Amount.	Required reserve of 35 per cent.	Amount.	Required reserve of 40 per cent.					
1918									
Jan. 4.....	1,443,228	506,180	1,251,205	500,482	2,697,433	1,006,662	1,733,030	726,368	<i>Per cent.</i> 64.2
11.....	1,444,904	505,716	1,242,199	496,880	2,687,103	1,002,596	1,748,031	745,435	65.1
18.....	1,496,386	523,735	1,238,797	495,519	2,735,183	1,019,254	1,784,307	765,053	65.2
25.....	1,492,878	522,507	1,234,934	493,974	2,727,812	1,016,481	1,782,759	766,278	65.4
Feb. 1.....	1,488,036	520,813	1,236,101	494,440	2,724,137	1,015,253	1,775,457	760,204	65.2
8.....	1,502,853	525,999	1,261,219	504,488	2,764,072	1,030,487	1,813,094	782,607	65.6
15.....	1,403,634	491,272	1,281,045	512,418	2,684,679	1,003,690	1,818,786	815,046	67.7
21.....	1,462,627	511,919	1,314,581	525,832	2,777,208	1,037,751	1,832,524	794,773	66.0
Mar. 1.....	1,439,887	503,960	1,351,091	540,436	2,790,978	1,044,396	1,837,773	793,377	65.8
8.....	1,472,439	515,354	1,383,990	553,596	2,856,429	1,068,950	1,847,883	778,933	64.7
15.....	1,464,519	512,582	1,406,228	562,491	2,870,747	1,075,073	1,852,193	777,120	64.5
22.....	1,505,774	527,021	1,429,509	571,804	2,935,283	1,098,825	1,862,372	763,547	63.4
23-29.....	1,535,367	537,378	1,452,838	581,135	2,988,205	1,118,513	1,874,063	755,550	62.7
Apr. 5.....	1,529,364	535,277	1,479,920	591,968	3,009,284	1,127,245	1,877,433	750,188	62.4
12.....	1,533,827	536,839	1,499,377	599,751	3,033,204	1,136,590	1,894,995	758,405	62.5
19.....	1,502,246	525,786	1,514,287	605,715	3,016,533	1,131,501	1,898,307	766,806	62.9
26.....	1,556,303	544,706	1,526,232	610,493	3,082,535	1,155,199	1,890,945	735,746	61.3
May 3.....	1,520,957	532,335	1,556,660	622,664	3,077,617	1,154,999	1,919,983	764,984	62.4
10.....	1,651,324	577,963	1,569,618	627,847	3,220,942	1,205,810	1,942,500	736,690	60.3
17.....	1,524,453	533,559	1,569,445	627,778	3,093,898	1,161,337	1,952,712	791,375	63.1
24.....	1,557,618	545,166	1,578,621	631,448	3,136,239	1,176,614	1,956,056	779,442	62.4
31.....	1,586,608	555,313	1,600,968	640,387	3,187,576	1,195,700	1,975,709	780,009	62.0
June 7.....	1,576,364	551,727	1,639,579	655,832	3,215,943	1,207,559	1,977,724	770,165	61.5

	14.....	1,588,771	556,070	1,651,500	660,600	3,240,271	1,216,670	2,005,263	788,593	61.9
	21.....	1,445,403	505,891	1,677,951	671,180	3,123,354	1,177,071	1,981,111	804,040	63.4
	28.....	1,529,819	535,437	1,722,216	688,886	3,252,035	1,224,323	2,006,199	781,876	61.7
July	5.....	1,473,927	515,874	1,791,569	716,628	3,265,496	1,232,502	2,015,163	782,661	61.7
	12.....	1,553,664	543,782	1,813,425	725,370	3,367,089	1,269,152	2,015,984	746,832	59.9
	19.....	1,566,680	548,338	1,829,045	731,618	3,395,725	1,279,956	2,031,095	751,139	59.8
	26.....	1,622,870	568,005	1,870,835	748,334	3,493,705	1,316,339	2,029,329	712,990	58.1
Aug.	2.....	1,558,839	545,594	1,906,465	762,586	3,465,304	1,308,180	2,034,918	726,738	58.7
	9.....	1,676,322	551,713	1,955,276	782,110	3,531,598	1,333,823	2,044,523	710,700	57.9
	16.....	1,512,507	529,377	1,985,419	794,168	3,497,926	1,323,545	2,045,523	721,978	58.5
	23.....	1,594,068*	557,924	2,032,837	813,135	3,626,905	1,371,059	2,055,266	684,207	56.7
	30.....	1,572,898	550,514	2,092,708	837,083	3,665,606	1,387,597	2,066,962	679,365	56.4
Sept.	6.....	1,601,650	560,578	2,180,679	872,272	3,782,329	1,432,850	2,070,494	637,644	54.7
	13.....	1,622,165	567,758	2,245,429	898,172	3,867,594	1,465,930	2,077,732	611,802	53.7
	20.....	1,629,264	570,242	2,295,031	918,012	3,924,295	1,488,254	2,076,039	587,785	52.9
	27.....	1,667,109	583,488	2,349,326	939,730	4,016,435	1,523,218	2,072,176	548,958	51.6
Oct.	4.....	1,606,262	562,192	2,431,004	972,402	4,037,266	1,534,594	2,077,371	542,777	51.5
	10.....	1,638,159	573,356	2,478,378	991,351	4,116,537	1,564,707	2,083,358	518,651	50.6
	18.....	1,580,802	553,281	2,502,488	1,000,995	4,083,290	1,554,276	2,087,685	533,409	51.1
	25.....	1,723,902	603,366	2,507,912	1,003,165	4,231,814	1,606,531	2,098,169	491,638	49.6
Nov.	1.....	1,663,377	582,182	2,515,504	1,006,202	4,178,881	1,588,384	2,105,685	517,301	50.4
	8.....	1,661,521	581,532	2,558,196	1,023,279	4,219,717	1,604,811	2,100,839	496,028	49.8
	15.....	1,665,677	582,987	2,562,517	1,025,007	4,228,194	1,607,994	2,109,816	501,822	49.9
	22.....	1,632,772	571,470	2,555,215	1,022,086	4,187,987	1,593,556	2,116,257	522,701	50.5
	29.....	1,668,283	583,899	2,568,676	1,027,470	4,236,959	1,611,369	2,120,371	509,002	50.0
Dec.	6.....	1,704,351	596,523	2,584,523	1,033,809	4,288,874	1,630,332	2,121,367	491,035	49.5
	13.....	1,672,726	585,454	2,604,580	1,041,832	4,277,306	1,627,286	2,134,263	506,977	49.9
	20.....	1,549,750	542,413	2,663,701	1,065,480	4,213,451	1,607,893	2,133,624	525,731	50.6
	27.....	1,552,892	543,502	2,685,244	1,074,098	4,238,136	1,617,600	2,146,219	528,619	50.6





No. 16.—Discounted paper held by each Federal Reserve bank on Dec. 27, 1918, distributed by maturities.

Federal Reserve bank.	Maturities.					Total.	Per cent.
	Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.		
Boston.....	\$41,255,264.00	\$39,111,576.52	\$38,800,112.69	\$9,959,651.83	\$1,015,882.27	\$130,142,487.31	7.7
New York.....	486,415,574.61	115,634,349.59	41,937,316.41	8,386,712.57	876.00	652,374,829.18	38.3
Philadelphia.....	159,235,029.85	16,781,121.71	2,691,127.46	1,948,246.28	8,766.57	180,664,291.87	10.6
Cleveland.....	87,618,601.59	30,192,822.48	8,719,990.21	1,579,437.31	33,848.52	128,144,700.11	7.5
Richmond.....	59,527,301.81	11,649,129.27	9,039,593.26	2,628,008.98	29,829.33	82,873,862.65	4.9
Atlanta.....	55,683,990.66	10,881,437.16	7,038,707.77	3,375,714.63	184,548.17	77,164,398.39	4.5
Chicago.....	83,062,323.75	6,979,264.80	15,580,719.33	46,908,066.61	8,262,275.21	160,792,649.70	9.4
St. Louis.....	52,215,249.85	4,624,999.48	5,911,166.23	2,804,453.23	22,443.87	65,578,312.66	3.9
Minneapolis.....	17,774,201.85	12,254,950.24	6,380,263.17	463,594.05	825,285.92	37,698,295.23	2.2
Kansas City.....	30,372,556.77	4,347,744.99	7,874,734.30	4,657,505.54	9,145,437.62	56,397,979.22	3.3
Dallas.....	26,437,281.88	4,896,335.49	11,082,808.40	3,717,719.01	4,800,289.89	50,934,434.67	3.0
San Francisco.....	50,357,863.00	8,753,812.00	11,820,313.00	6,632,955.00	2,610,064.00	80,175,007.00	4.7
Total.....	1,149,955,239.62	266,107,543.73	166,876,852.23	93,062,065.04	26,939,547.37	1,702,941,247.99	100.0

No. 17.—Acceptances purchased and held by each Federal Reserve bank on Dec. 27, 1918, distributed by maturities.

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Federal Reserve bank.	Maturities.				Total.	Per cent.
	Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 days to 3 months.		
Boston.....	\$6,090,932.96	\$2,892,847.73	\$5,596,322.30	\$1,363,400.38	\$15,943,503.37	5.3
New York.....	25,583,137.61	13,725,176.79	27,265,848.03	2,748,884.28	69,323,046.71	22.8
Philadelphia.....	1,188,459.64	293,516.92	1,599,100.36	167,194.75	3,248,271.67	1.1
Cleveland.....	11,287,336.00	12,346,498.32	11,825,225.37	1,316,752.59	39,275,812.28	12.9
Richmond.....	381,705.95	610,510.28	2,108,650.00	2,002,500.00	5,103,366.23	1.7
Atlanta.....	3,782,097.66	1,778,734.65	1,046,709.68	2,631,258.29	12,238,800.28	4.0
Chicago.....	27,003,767.09	17,981,650.53	26,293,567.97	3,789,095.99	75,068,081.58	24.7
St. Louis.....	2,455,901.23	2,449,106.00	2,179,294.34	740,000.00	7,824,301.57	2.6
Minneapolis.....	5,499,861.00	5,771,226.83	7,740,911.00	1,065,845.26	20,077,844.09	6.6
Kansas City.....	3,998,445.30	4,907,252.42	4,500,405.50	996,670.49	14,402,773.71	4.7
Dallas.....	765,000.00	645,000.00	818,000.00	450,000.00	2,678,000.00	.9
San Francisco.....	13,398,937.00	10,512,436.00	11,405,799.00	3,172,252.00	38,489,424.00	12.7
Total.....	104,435,581.44	73,913,956.47	104,879,833.55	199,237,644.05	303,673,225.49	100.0

EXHIBIT C—CONDITION OF FEDERAL RESERVE BANKS. 129

No. 18.—Acceptances purchased and held by each Federal Reserve Bank on Dec. 31, 1918, distributed by classes of accepting institutions.

[In thousands of dollars, i. e., 000 omitted.]

	Member banks.	Non-member trust companies.	Non-member State banks.	Private banks.	Foreign bank branches and agencies.	Total bankers' acceptances.	Trade acceptances.			Total.
							Domestic.	Foreign.	Total.	
Boston.....	12,015		166	2,274	350	14,805		279	279	15,084
New York.....	48,081	437	6,998	12,616	7,125	75,257	320	2,000	2,320	77,577
Philadelphia.....	2,824	62	30	69	6	2,991		20	20	3,011
Cleveland.....	29,313	2,246	1,084	1,674	863	35,180	2,216	49	2,265	37,445
Richmond.....	5,465					5,465				5,465
Atlanta.....	12,515					12,515				12,515
Chicago.....	60,447			1,359	1,075	62,881				62,881
St. Louis.....	7,188		25		80	7,293				7,293
Minneapolis.....	17,281		223	440	50	17,994				17,994
Kansas City.....	12,329		1,163	292	420	14,204				14,204
Dallas.....	2,448					2,448				2,448
San Francisco.....	28,351		753	1,661	3,475	34,240		2,040	2,040	36,280
Totals:										
Dec. 31, 1918.....	238,257	2,745	10,442	20,385	13,444	285,273	2,536	4,388	6,924	292,197
Nov. 30, 1918.....	310,069	2,028	10,703	27,871	19,818	370,489	4,016	5,019	9,035	379,524
Oct. 31, 1918.....	314,719	2,949	11,069	30,242	14,006	373,585	3,947	5,057	9,004	382,589
Sept. 30, 1918.....	233,926	2,859	2,479	27,551	13,999	280,814	2,745	5,761	8,506	289,320
Aug. 31, 1918.....	188,366	1,717	8,264	19,167	8,450	225,964	2,201	6,605	8,806	234,770
July 31, 1918.....	154,614	1,129	7,302	18,082	8,975	190,102	1,994	5,787	7,781	197,883
June 30, 1918.....	173,698	1,992	459	21,478	12,315	209,942		7,418	7,418	217,360
May 31, 1918.....	207,917	1,330	5,168	26,217	8,398	249,030		8,276	8,276	257,306
Apr. 30, 1918.....	248,390	654	2,907	25,921	10,304	288,176	128	9,151	9,279	297,455
Mar. 31, 1918.....	275,144	1,300	1,884	31,779	8,562	318,729	23	7,992	8,015	326,744
Feb. 28, 1918.....	252,747	1,648	3,856	28,419	7,097	293,767			5,456	299,223
Jan. 31, 1918.....	240,259	5,547	3,522	22,099	6,947	278,374			6,363	284,737
Dec. 31, 1917.....	227,717	8,163	3,179	20,137	7,657	266,853			6,383	273,236
Dec. 30, 1916.....	66,803	34,625	1,502	18,224		121,154			4,555	125,709

No. 19.—United States securities held by each Federal Reserve Bank on Dec. 31, 1918, distributed by classes and maturities.

Federal Reserve Bank.	2 per cent consols of 1930.	2 per cent Panamas of 1936-1938.	4 per cent loan of 1925.	3 per cent loan of 1961.	3 per cent conversion bonds of 1946-47.	3½ per cent Liberty loan of 1947.	4 per cent Liberty loan of 1942-1947.	4½ per cent Liberty loan.	Total U. S. bonds.	3 per cent 1-year Treasury notes. ¹	U. S. certificates of indebtedness. ¹		Total U. S. certificates and Treasury notes.	Total U. S. securities.
											2 per cent to secure circulation of Federal Reserve bank notes.	Other Treasury certificates.		
Boston.....	\$750				\$529,000		\$6,600	\$568,880	\$1,105,230	\$666,000	\$6,750,000		\$7,416,000	\$8,521,230
New York.....					1,255,400	\$140,350			1,395,750	521,000	34,955,000	893,374,500	128,850,500	130,246,250
Philadelphia.....		\$100			549,200	11,850	797,150	26,600	1,384,900	825,000	8,855,000	353,000	10,033,000	11,417,900
Cleveland.....					414,800	266,200		403,550	1,084,550	1,202,000	9,458,000	1,065,500	11,725,500	12,810,050
Richmond.....	915,100	237,000				42,850	37,750	1,500	1,234,200	899,000	3,885,000		4,784,000	6,018,200
Atlanta.....	240,600	21,000			10,300	16,750	183,700	81,400	553,750	667,000	5,297,000	102,000	6,066,000	6,619,750
Chicago.....	1,862,500	367,300	\$1,768,000	\$466	427,400		83,050	850	4,509,500	1,445,000	14,167,000		15,612,000	20,121,500
St. Louis.....	100				1,153,300				1,153,400		6,568,000		6,568,000	7,721,400
Minneapolis.....		260		500	114,800			4,970	120,530	530,000	4,350,000	266,500	5,146,500	5,267,030
Kansas City.....	7,155,000	20,000	825,000		838,500	19,950		8,000	8,866,450	821,000	3,499,000	58,000	4,378,000	13,244,450
Dallas.....	2,450,900	281,500			1,233,600	600	1,100	22,100	3,989,800	725,000	3,175,000	500,000	4,400,000	8,389,800
San Francisco.....	2,428,750					5,050	27,150		2,460,950	1,000,000	3,748,000	976,000	5,724,000	8,184,950
Total.....	15,053,700	927,160	2,593,000	960	6,526,300	503,600	1,136,500	1,117,850	27,859,010	9,301,000	104,707,000	96,695,500	210,703,500	238,562,510

Amount of United States bonds with circulation privilege:	
2 per cent consols and Panamas.....	\$15,980,860
4 per cent loan of 1925.....	2,593,000
Total.....	18,573,860

Amount of United States securities without circulation privilege:	
3 per cent loan of 1961.....	\$900
3 per cent conversion bonds.....	6,526,300
3½ per cent Liberty loan.....	503,600
4 per cent Liberty loan.....	1,136,500
4½ per cent Liberty loan.....	1,117,850
3 per cent 1-year notes ²	9,301,000
2 per cent certificates of indebtedness ²	104,707,000
Other Treasury certificates of indebtedness ²	96,695,500
Total.....	219,988,650

¹ Circulation privilege for Federal reserve bank notes only. ² Includes unpaid portion of bonds sold to individual subscribers, other than employees, on partial payment plan.

No. 20.—United States securities held by each Federal Reserve Bank on Dec. 31, 1917, distributed by classes and maturities.

Federal Reserve Bank.	2 per cent consols of 1930.	2 per cent Panamas of 1936-1938.	3 per cent loan of 1918.	4 per cent loan of 1925.	3 per cent loan of 1961.	3 per cent conversion bonds of 1946-47.	3½ per cent Liberty loan of 1947.	4 per cent Liberty loan of 1942-1947.	Total U. S. bonds.	3 per cent 1-year notes.	U. S. certificates of indebtedness.	Total U. S. certificates and Treasury notes.	Total U. S. securities.
Boston.....	\$750					\$529,000	\$80,000	\$118,992	\$728,742	\$2,194,000		\$2,194,000	\$2,922,742
New York.....	50		\$50,000			1,255,500	411,150	3,470,150	5,186,850	4,493,000	\$15,000,000	19,493,000	24,679,850
Philadelphia.....		\$100				540,200	249,850	6,302,800	7,101,950	2,548,000		2,548,000	9,649,950
Cleveland.....	6,400	467,200	2,653,660	\$2,378,200		414,800	2,027,000	320,750	8,268,010	3,221,000	28,050,000	31,271,000	39,539,010
Richmond.....	915,100	237,000					42,900	41,450	1,236,450	1,969,000		1,969,000	2,205,450
Atlanta.....	640,600	21,000				10,300	290,900	1,434,200	2,397,000	1,491,000		1,491,000	3,888,000
Chicago.....	1,882,500	367,300	2,581,000	1,768,000	\$400	427,400			7,006,600	3,378,000		3,378,000	10,384,600
St. Louis.....	100		1,080,000			1,133,300			2,233,400	1,444,000		1,444,000	3,677,400
Minneapolis.....	323,050	16,260	1,199,180	206,250	500	114,800		27,950	1,887,990	1,340,000	500	1,340,500	3,228,490
Kansas City.....	7,155,850	22,240		825,000		838,500		7,500	8,849,090	1,784,000		1,784,000	10,633,090
Dallas.....	2,450,900	281,500				1,233,600	477,100	53,000	4,495,100	1,430,000		1,430,000	5,925,100
San Francisco.....	2,428,750						23,250		2,455,000	1,500,000		1,500,000	3,955,000
Total.....	15,784,050	1,412,600	7,563,840	5,177,450	900	6,526,400	3,612,650	11,769,292	51,847,182	26,792,000	43,050,500	69,842,500	121,689,682

Amount of United States bonds with circulation privilege:	
2 per cent consols and Panamas.....	\$17,196,650
3 per cent loan of 1918.....	7,563,840
4 per cent loan of 1925.....	5,177,450
Total.....	29,937,940

Amount of United States securities without circulation privilege:	
3 per cent loan of 1961.....	\$900
3 per cent conversion bonds.....	6,526,400
3 per cent 1-year notes.....	26,792,000
3½ per cent Liberty loan.....	3,612,650
4 per cent Liberty loan.....	11,769,292
U. S. certificates of indebtedness.....	43,050,500
Total.....	91,751,742

¹Includes unpaid portion of bonds sold to individual subscribers, other than employees, on partial-payment plan.

No. 21.—Statement showing condition of each Federal Reserve Bank on Dec. 31, 1918.

RESOURCES.

[Detailed figures shown for each bank in first column represent items as reported to the board; figures in second column, printed in italics, indicate results of consolidation according to methods used in the compilation of the board's weekly statement.]

	Boston.		New York.		Philadelphia.	
Gold bullion and coin.....	\$2,705,260.00		\$79,140,305.83			
Gold certificates (including clearing-house certificates).....	612,000.00		177,624,720.00		\$1,051,330.00	
<i>Gold coin and certificates.....</i>		<i>\$1,317,000.00</i>		<i>\$256,765,000.00</i>		<i>\$1,051,000.00</i>
<i>Gold settlement fund, Federal Reserve Board.....</i>	37,292,607.33	<i>37,293,000.00</i>	66,790,455.76	<i>66,790,000.00</i>	37,412,406.54	<i>37,412,000.00</i>
<i>Gold with foreign agencies.....</i>	408,021.21	<i>408,000.00</i>	2,010,961.70	<i>2,011,000.00</i>	408,021.21	<i>408,000.00</i>
<i>Total gold held by banks.....</i>		<i>41,018,000.00</i>		<i>525,566,000.00</i>		<i>38,871,000.00</i>
<i>Gold with Federal Reserve agents.....</i>	59,733,330.00	<i>59,733,000.00</i>	274,392,165.00	<i>274,392,000.00</i>	85,583,245.00	<i>85,584,000.00</i>
<i>Gold redemption fund.....</i>	7,812,380.00	<i>7,813,000.00</i>	25,000,000.00	<i>25,000,000.00</i>	7,900,000.00	<i>7,900,000.00</i>
<i>Total gold reserves.....</i>		<i>108,564,000.00</i>		<i>624,958,000.00</i>		<i>132,355,000.00</i>
Silver certificates (including clearing-house certificates).....	785,881.00		4,496,708.00		991,194.00	
Legal-tender notes (including clearing-house certificates).....	1,352,888.00		43,038,200.00		639,900.00	
Silver coin.....	149,024.10		35,268.85		36,552.00	
<i>Legal-tender notes, silver, etc.....</i>		<i>2,288,000.00</i>		<i>47,570,000.00</i>		<i>1,668,000.00</i>
<i>Total reserves.....</i>		<i>110,852,000.00</i>		<i>672,528,000.00</i>		<i>134,023,000.00</i>
Member banks' collateral notes, secured by Government war obligations.....	41,966,950.00		493,327,164.58		135,032,810.41	
Other bills discounted, secured by Government war obligations.....	78,548,716.97		159,240,510.14		24,731,638.46	
<i>Bills discounted, secured by Government war obligations.....</i>		<i>120,516,000.00</i>		<i>652,568,000.00</i>		<i>159,764,000.00</i>
Member banks' collateral notes, secured otherwise than by Government war obligations.....	225,000.00					
Other bills discounted, secured otherwise than by Government war obligations and unsecured.....	12,834,656.44		44,773,780.97		19,055,512.83	

No. 21.—Statement showing condition of each Federal Reserve Bank on Dec. 31, 1918—Continued.

RESOURCES—Continued.

	Boston.		New York.		Philadelphia.	
<i>Bills discounted, all other</i>		\$13,060,000.00		\$44,774,000.00		\$19,056,000.00
<i>Bills bought in open market</i>	\$15,084,299.96	15,084,000.00	\$77,576,632.94	77,577,000.00	\$3,011,280.08	3,011,000.00
<i>Total bills on hand</i>		148,660,000.00		774,919,000.00		181,831,000.00
United States Liberty loan bonds owned.....			140,350.00			
Other United States bonds owned.....	537,750.00		1,255,400.00		1,384,900.00	
United States liberty loan bonds sold on installment plan.....	557,480.00					
<i>United States Government long-term securities</i>		1,105,000.00		1,396,000.00		1,385,000.00
One-year Treasury notes.....	666,000.00		521,000.00		825,000.00	
United States certificates of indebtedness to secure circulation.....	6,750,000.00		34,955,000.00		8,855,000.00	
United States certificates of indebtedness purchased under re- purchase agreement.....			5,325,500.00			
Other United States certificates of indebtedness.....			88,049,000.00		353,000.00	
<i>United States Government short-term securities</i>		7,416,000.00		128,851,000.00		10,033,000.00
<i>Total earning assets</i>		167,181,000.00		905,166,000.00		193,249,000.00
Due from foreign banks.....			6,770,374.11			
Exchanges for clearing house.....	10,210,006.56		26,124,422.22		12,930,622.04	
Checks and other cash items.....	338,459.46		10,277,069.56		20,627,671.25	
National-bank notes and notes of other Federal Reserve Banks.....	3,650,890.00		5,538,500.00		3,737,000.00	
Mutilated currency (other than own Federal Reserve notes) for- warded for redemption.....	1,385,050.00		2,319,865.00			
Bills discounted in process of collection.....	453.00					
Uncollected items:						
Federal Reserve Banks.....	30,235,182.84		95,209,734.00		41,527,684.40	
Member and nonmember banks and bankers.....	22,673,324.08		50,526,443.53		12,029,710.01	
<i>Uncollected items and other deductions from gross deposits</i>		68,493,000.00		196,764,000.00		90,832,000.00

<i>5 per cent redemption fund against Federal Reserve Bank notes</i>	320,400.00	320,000.00	1,689,250.00	1,689,000.00	475,000.00	475,000.00
Reimbursable expenditures:						
Capital Issues Committee.....	1,322.37		7,349.94		5,427.65	
Liberty loans.....	481,201.77		2,863,100.80		611,889.10	
War savings stamps.....	76,407.66		179,079.31		141,442.76	
Nickels and cents.....	6,372.36		349.95		271.16	
Liberty loan bonds sold on installment plan.....					11,371.00	
Liberty loan bonds purchased from subscribers.....			51,950.00			
Subscription account—employees.....	14,160.00					
Cost of delivering conversion bonds.....	13,137.48					
Bank premises.....	800,000.00		2,317,692.39		500,000.00	
Repairs and alterations, remodeling account.....	11,740.39					
Furniture and equipment.....	11,565.63					
Cost of unissued Federal Reserve currency.....	75,179.92					
Overdrafts—member banks.....	30,406.15				59,024.31	
Unearned discount—suspense.....					73,241.51	
Difference account.....	6,408.23		77,275.60		1,658.72	
Internal-revenue stamps.....			60.86			
<i>All other resources</i>		1,528,000.00		5,497,000.00		1,304,000.00
Total resources		338,374,000.00		1,781,644,000.00		430,004,000.00

	Cleveland.		Richmond.		Atlanta.	
Gold bullion and coin.....	1,051,565.00		584,860.00		1,900,488.42	
Gold certificates (including clearing house certificates).....	12,202,620.00		1,773,610.00		6,086,890.00	
<i>Gold coin and certificates</i>		13,257,000.00		2,359,000.00		7,987,000.00
<i>Gold Settlement Fund, Federal Reserve Board</i>	52,125,485.35	52,126,000.00	14,253,728.99	14,254,000.00	6,302,193.45	6,302,000.00
<i>Gold with foreign agencies</i>	524,598.71	525,000.00	204,010.61	204,000.00	174,866.23	175,000.00
Total gold held by banks		65,908,000.00		16,817,000.00		14,464,000.00
<i>Gold with Federal Reserve Agents</i>	138,277,370.00	138,277,000.00	62,990,765.00	62,991,000.00	42,179,185.00	42,179,000.00
<i>Gold Redemption Fund</i>	1,368,280.00	1,368,000.00	5,368,300.00	5,368,000.00	6,957,760.00	6,958,000.00
Total gold reserves		205,553,000.00		85,176,000.00		63,601,000.00

RESOURCES—Continued.

	Cleveland.		Richmond.		Atlanta.	
Silver certificates, including clearing house certificates.....	\$257,802.00		\$87,877.00		\$55,544.00	
Legal tender notes, including clearing house certificates.....	864,852.00		134,750.00		165,009.00	
Silver coin.....	4,309.55		916.45		16,690.50	
<i>Legal tender notes, silver, etc.</i>		\$1,127,000.00		\$223,000.00		\$237,000.00
<i>Total reserves</i>		206,680,000.00		85,399,000.00		63,838,000.00
Member banks' collateral notes, secured by Government war obligations.....	77,269,400.00		58,008,847.72		46,378,086.57	
Other bills discounted, secured by Government war obligations.....	37,944,593.32		14,425,484.03		7,792,942.04	
<i>Bills discounted, secured by Government war obligations</i>		115,214,000.00		72,435,000.00		54,171,000.00
Member banks' collateral notes, secured otherwise than by Government war obligations.....	70,000.00		56,350.00		1,248,713.43	
Other bills discounted, secured otherwise than by Government war obligations and unsecured.....	12,051,188.32		13,750,590.90		28,615,768.89	
<i>Bills discounted, all other</i>		12,121,000.00		13,807,000.00		29,864,000.00
<i>Bills bought in open market</i>	37,445,215.53	37,445,000.00	5,465,166.23	5,465,000.00	12,514,695.61	12,515,000.00
<i>Total bills on hand</i>		164,780,000.00		91,707,000.00		96,550,000.00
United States bonds to secure circulation.....					261,600.00	
Other United States bonds owned.....	1,084,550.00		1,234,200.00		292,150.00	
<i>United States Government long-term securities</i>		1,084,000.00		1,234,000.00		554,000.00
One-year Treasury notes.....	1,202,000.00		899,000.00		667,000.00	
United States certificates of indebtedness to secure circulation.....	9,458,000.00		3,885,000.00		5,297,000.00	
Other United States certificates of indebtedness.....	1,065,500.00				102,000.00	
<i>United States Government short-term securities</i>		11,726,000.00		4,784,000.00		6,066,000.00

Municipal warrants.....					13,000.00	
All other earning assets.....						13,000.00
<i>Total earning assets.....</i>		177,590,000.00		97,225,000.00		103,183,000.00
Exchanges for clearing house.....	9,091,063.81		5,435,763.87		2,876,114.04	
Checks and other cash items.....	5,733.68		140,093.54		122,324.66	
National bank notes and notes of other Federal Reserve Banks.....	4,275,119.00		5,918,780.00		4,119,829.00	
Depositories.....			20,500,680.07			
Uncollected items.....						
Federal Reserve Banks—Transfers bought, net.....	540,000.00					
Other items.....	28,065,337.43				9,981,436.18	
Branches and offices.....	4,141,886.81		3,115,570.09		2,518,975.61	
Member and nonmember banks and bankers.....	16,270,945.31		43,092,369.75		16,399,909.62	
Miscellaneous.....	489,868.43					
<i>Uncollected items and other deductions from gross deposits.....</i>		62,830,000.00		78,203,000.00		36,013,000.00
<i>5 per cent Redemption Fund against Federal Reserve bank notes.....</i>	531,800.00	532,000.00	309,900.00	310,000.00	310,690.00	311,000.00
Reimbursable expenditures:						
Capital Issues Committee.....			3.00			
Liberty loans.....	647,554.09		154,937.84		327,688.93	
War Savings stamps.....	114,822.09		71,137.94		128,519.28	
Nickels and cents.....	695.38		13.53		1,336.40	
Liberty Loan bonds sold on installment plan.....	24,300.00					
Bank premises.....			290,000.00		217,000.00	
Overdrafts—member banks.....	1,725.73		168,622.52			
Difference account.....			1,506.01			
All other resources.....		789,000.00		686,000.00		674,000.00
<i>Total resources.....</i>		448,421,000.00		262,323,000.00		204,025,000.00

No. 21.—Statement showing condition of each Federal Reserve Bank on Dec. 31, 1918—Continued.

RESOURCES—Continued.

	Chicago.		St. Louis.		Minneapolis.	
Gold bullion and coin.....	\$49,140.00				\$2,172,390.00	
Gold certificates (including clearing house certificates).....	23,185,045.00		\$4,056,010.00		6,150,720.00	
<i>Gold coin and certificates</i>		\$23,234,000.00		\$4,056,000.00		\$8,323,000.00
<i>Gold settlement fund, Federal Reserve Board</i>	106,772,373.57	106,773,000.00	12,474,094.52	12,474,000.00	23,774,414.92	23,774,000.00
<i>Gold with foreign agencies</i>	816,042.43	819,000.00	233,154.97	233,000.00	233,154.97	233,000.00
<i>Total gold held by banks</i>		130,823,000.00		16,763,000.00		32,530,000.00
<i>Gold with Federal Reserve agents</i>	275,803,010.00	275,803,000.00	66,673,935.00	66,674,000.00	55,868,410.00	55,869,000.00
<i>Gold redemption fund</i>	15,151,205.00	15,151,000.00	3,369,850.00	3,370,000.00	4,948,850.00	4,949,000.00
<i>Total gold reserves</i>		421,777,000.00		86,807,000.00		93,148,000.00
Silver certificates, including clearing house certificates.....	751,132.00		1,280,876.00		33,055.00	
Legal tender notes, including clearing house certificates.....	1,012,000.00		991,500.40		38,620.00	
Silver coin.....	34,200.00		177,574.00		1,170.00	
<i>Legal tender notes, silver, etc.</i>		1,797,000.00		2,460,000.00		73,000.00
<i>Total reserves</i>		423,574,000.00		89,257,000.00		93,221,000.00
Member banks' collateral notes, secured by Government war obligations.....	98,758,587.50		49,213,300.00		16,950,450.00	
Other bills discounted, secured by government war obligations.....	11,412,539.34		3,904,341.50		14,577,872.67	
<i>Bills discounted, secured by Government war obligations</i>		110,171,000.00		53,118,000.00		31,528,000.00
Member banks' collateral notes, secured otherwise than by Government war obligations.....	10,498,637.45		240,000.00		17,000.00	
Other bills discounted, secured otherwise than by Government war obligations and unsecured.....	43,419,233.65		17,345,012.35		5,126,620.98	
<i>Bills discounted, all other</i>		53,918,000.00		17,585,000.00		5,144,000.00
<i>Bills bought in open market</i>	62,880,918.85	62,881,000.00	7,293,057.96	7,293,000.00	17,993,757.63	17,994,000.00
<i>Total bills on hand</i>		226,970,000.00		77,996,000.00		54,666,000.00

United States bonds to secure circulation	3,997,800.00				
Other United States bonds owned.....	511,700.00		1,153,400.00		115,560.00
United States Liberty loan bonds sold on installment plan					4,970.00
<i>United States Government long-term securities</i>		4,509,000.00		1,154,000.00	121,000.00
One-year Treasury notes.....	1,445,000.00				530,000.00
United States certificates of indebtedness to secure circulation.....	14,167,000.00		6,568,000.00		4,350,000.00
Other United States certificates of indebtedness.....					266,500.00
<i>United States Government short-term securities</i>		15,612,000.00		6,568,000.00	5,146,000.00
<i>Total earning assets</i>		247,091,000.00		85,718,000.00	59,937,000.00
Exchanges for clearing house.....	6,653,550.57		1,735,820.86		2,068,841.15
Checks and other cash items.....			638,107.56		260,988.02
National bank notes and notes of other Federal Reserve Banks.....	3,819,300.00		3,921,420.00		375,135.60
Uncollected items:					
Federal Reserve Banks—Transfers bought, net.....	6,565,000.00		1,100,000.00		2,031,500.00
Other items.....	44,014,681.47		23,792,196.40		2,917,434.00
Branches and offices.....	836,673.68		20,772,135.50		
Member and nonmember banks and bankers.....	16,234,373.81		7,476,757.72		5,470,865.82
Transit sundries.....	106,136.81				
<i>Uncollected items and other deductions from gross deposits</i>		78,230,000.00		59,426,000.000	13,124,000.00
<i>5 per cent Redemption Fund against Federal Reserve Bank notes</i>	829,390.00	829,000.00	317,400.00	317,000.00	236,200.00
Reimbursable expenditures:					
Liberty loans.....	1,360,811.88		421,793.16		139,314.95
War Savings stamps.....	21,719.53		26,430.73		10,897.39
Advances, war savings, and Liberty loan.....					12,000.00
Nickels and cents.....	212.96		18,608.39		10.85
Liberty loan bonds % \$10 participation certificates.....	9,450.00				
Bank premises.....	2,936,149.26				
Vault account.....					29,500.00
Furniture and equipment.....			7,182.19		1.00
Overdrafts—member banks.....	30,941.45				
Difference account.....			115.09		992.10
<i>All other resources</i>		4,820,000.00		474,000.00	123,000.00
<i>Total resources</i>		754,021,000.00		235,209,000.00	166,707,000.00

No. 21.—Statement showing condition of each Federal Reserve Bank on Dec. 31, 1918—Continued.

RESOURCES—Continued.

	Kansas City.		Dallas.		San Francisco.		Total.	
Gold bullion and coin	\$3,472.50	.....	\$73,792.50	.....	\$7,701,370.00	.....	\$95,385,644.25	.....
Gold certificates (including clearing house certificates) ..	151,710.00	.....	5,648,000.00	.....	4,490,130.00	.....	243,032,785.00	.....
Gold coin and certificates		\$155,000.00		\$5,722,000.00		\$12,192,000.00		\$338,418,000
Gold Settlement Fund, Federal Reserve Board	23,236,521.55	23,237,000.00	6,923,261.30	6,923,000.00	11,056,184.32	11,056,000.00	398,413,727.60	398,414,000
Gold with foreign agencies	291,443.73	291,000.00	204,010.61	204,000.00	320,588.69	321,000.00	5,828,874.47	5,829,000
Total gold held by banks		23,683,000.00		12,849,000.00		23,569,000.00		742,661,000
Gold with Federal Reserve agents	54,483,690.00	54,484,000.00	22,352,295.00	22,552,000.00	125,614,335.00	125,614,000.00	1,263,951,735.00	1,263,952,000
Gold Redemption Fund	3,590,042.20	3,590,000.00	2,193,350.00	2,193,000.00	1,789,405.00	1,789,000.00	85,449,422.20	85,449,000
Total gold reserves		81,757,000.00		37,594,000.00		150,972,000.00		2,092,062,000
Silver certificates, including clearing house certificates ..	59,594.00	.....	174,519.00	.....	317,090.00	.....	9,291,272.00	.....
Legal tender notes, including clearing house certificates ..	38,187.00	.....	267,700.00	.....	195,128.00	.....	48,738,734.40	.....
Silver coin	3,680.00	.....	931,674.00	.....	6,420.35	.....	1,397,479.80	.....
Legal tender notes, silver, etc		101,000.00		1,374,000.00		519,000.00		59,427,000
Total reserves		81,858,000.00		38,768,000.00		151,491,000.00		2,151,489,000
Member banks' collateral notes, secured by Government war obligations	19,875,419.19	.....	12,185,107.50	.....	45,021,583.00	.....	1,093,987,706.47	.....
Other bills discounted, secured by Government war obligations ..	623,170.66	.....	2,210,899.15	.....	4,428,010.00	.....	359,840,718.28	.....
Bills discounted, secured by Government war obligations ..		20,498,000.00		14,395,000.00		49,450,000.00		1,453,829,000
Member banks' collateral notes, secured otherwise than by Government war obligations	8,203,888.30	.....	829,072.50	.....	3,000.00	.....	21,391,661.68	.....
Other bills discounted, secured otherwise than by Government war obligations and unsecured	28,751,159.24	.....	30,300,457.49	.....	29,306,835.09	.....	285,330,817.15	.....

<i>Bills discounted, all other</i>		36,955,000.00		51,150,000.00		29,504,000.00		596,123,000
<i>Bills bought in open market</i>	14,293,695.36	14,203,000.00	2,448,000.00	2,448,000.00	36,279,726.68	36,280,000.00	292,196,466.83	292,196,000
<i>Total bills on hand</i>		71,957,000.00		47,973,000.00		115,039,000.00		2,052,748,000
United States Liberty loan bonds owned.....							140,350.00	
United States bonds to secure circulation.....	8,000,000.00		2,732,400.00		2,428,750.00		17,420,550.00	
Other United States bonds owned.....	866,450.00		1,233,600.00		32,200.00		9,701,860.00	
United States Liberty loan bonds sold on installment plan.....			23,800.00				596,250.00	
<i>United States Government long-term securities</i>		8,800,000.00		3,000,000.00		2,401,000.00		27,859,000
One-year Treasury notes.....	821,000.00		725,000.00		1,000,000.00		9,301,000.00	
United States certificates of indebtedness to secure circulation.....	3,499,000.00		3,175,000.00		3,748,000.00		104,707,000.00	
United States certificates of indebtedness purchased under repurchase agreement.....							5,325,500.00	
Other United States certificates of indebtedness.....	58,000.00		590,000.00		976,000.00		91,370,000.00	
<i>United States Government short-term securities</i>		4,378,000.00		4,400,000.00		6,724,600.00		210,794,000
Municipal warrants.....							13,000.00	
<i>All other earning assets</i>								13,000
<i>Total earning assets</i>		84,901,000.00		66,363,000.00		123,224,000.00		2,291,324,000
Due from foreign banks.....							6,770,374.11	
Exchanges for clearing house.....	986,343.93		460,642.64		4,346,941.92		32,920,133.61	
Checks and other cash items.....	833,538.39				11,980.99		33,255,967.11	
National bank notes and notes of other Federal Reserve banks.....	1,839,565.00		749,470.00		6,478,036.00		44,421,044.00	
Mutilated currency (other than own Federal Reserve notes) forwarded for redemption.....			259,250.00		19,000.00		3,983,165.00	
Bills discounted in process of collection.....							453.00	
Depositories.....							20,500,680.07	

RESOURCES—Continued.

	Kansas City.		Dallas.		San Francisco.		Total.	
Uncollected items:								
Federal Reserve banks—Transfers bought, net	\$9,877,492.89		\$4,690,917.04		\$3,595,213.00		\$28,400,122.93	
Other items.....	12,385,455.34		7,593,248.99		13,348,136.67		309,070,527.72	
Branches and offices.....	11,653,783.48		339,086.13		7,609,042.97		50,987,154.27	
Member and non-member banks and bankers	27,302,389.47		7,803,195.97		9,263,172.56		234,543,457.05	
United States Government Special account.....			33.06				33.06	
Dallas clearing house.....			9,441.37				9,441.37	
Dallas clearing house suspense account			1,343,529.94				1,343,529.94	
Transit sundries.....							106,136.81	
Miscellaneous.....			3,180.01				443,048.44	
<i>Uncollected items and other deductions from gross deposits.</i>		<i>\$64,879,000.00</i>		<i>\$23,252,000.00</i>		<i>\$44,672,000.00</i>		<i>\$816,755,000.00</i>
<i>5% Redemption Fund against Federal Reserve bank notes.</i>	565,600.00	<i>566,000.00</i>	311,600.00	<i>312,000.00</i>	356,400.00	<i>356,000.00</i>	6,253,630.00	<i>6,253,000.00</i>
Reimbursable expenditures:								
Capital Issues Committee	1,844.30		1,819.32		10,173.77		27,940.35	
War Finance Corporation.....					358.00		358.00	
Cattle Loan Agency.....	1.47						1.47	
Liberty Loans.....	449,452.85		506,737.46		855,321.64		8,819,804.47	
War Savings Stamps.....					67,581.80		838,038.49	
Advances, War Savings and Liberty loan							12,000.00	
Nickels and cents.....	514.43		36,343.24		574.32		65,302.97	
Liberty loan bonds sold on installment plan.....	16,749.50						52,420.50	
Liberty loan bonds purchased from subscribers.....							51,950.00	
Subscription account—employees.....							14,160.00	
Liberty loan bonds a/c \$10 participation certificates	1,000.00						10,450.00	
Cost of delivering conversion bonds.....							13,137.48	
Bank premises.....	500,000.00		282,519.70		619,600.35		8,462,961.70	
Repairs and alterations, remodeling account.....							11,740.39	
Vault account.....							29,500.00	

Furniture and equipment.....		11,000.00	32,986.15	62,734.97
Furniture and equipment—recoverable.....	6,875.00			6,875.00
Cost of unissued Federal reserve currency.....			153,176.45	230,356.37
Overdrafts—member banks.....	119,854.93	295,868.82	329,186.29	1,035,630.20
Unearned discount—suspense.....				73,241.51
Difference account.....	2,957.05	472.73	3,988.79	95,374.32
Internal Revenue stamps.....				60.86
Interest accrued on surrendered stock.....		108.50		108.50
<i>All other resources.....</i>	<i>1,099,000.00</i>	<i>1,135,000.00</i>	<i>2,075,000.00</i>	<i>19,914,000.00</i>
<i>Total resources.....</i>	<i>333,503,900.00</i>	<i>119,830,000.00</i>	<i>321,818,000.00</i>	<i>5,285,755,000.00</i>

LIABILITIES.

	Boston.	New York.	Philadelphia.
Capital, paid in.....	\$6,691,750.00	\$20,805,100.00	\$7,562,300.00
Capital—Suspense account.....		15,000.00	150.00
<i>Capital paid in.....</i>	<i>\$6,692,000.00</i>	<i>\$20,820,000.00</i>	<i>\$7,563,000.00</i>
Surplus.....	75,100.00	649,363.56	639,000.00
United States Government deposits—General account.....	10,499,061.56	5,610,891.40	5,039,128.17
United States Government deposits—Special account.....		94,737.76	
<i>Government deposits.....</i>	<i>10,499,000.00</i>	<i>5,706,000.00</i>	<i>5,039,000.00</i>
Due to member banks—Reserve account.....	101,836,900.74	705,062,061.27	99,720,124.95
Cashier's, expense, return item, and dividend checks.....	217,590.24	4,852,515.03	822,911.05
Federal Reserve Bank drafts.....		146,404.01	
Federal Reserve exchange drafts.....	20,344.41		125.00
Federal Reserve transfer drafts.....	173,483.33		
Collection items—Credits:			
Gold settlement fund—Suspense.....	17,467,049.53	78,986,137.26	19,445,515.86
Federal Reserve banks—Transfers sold, net.....			25,125.00
Other items.....	8,014,086.42	6,934,425.41	5,993,052.38
Member and nonmember banks.....	21,948,480.84	72,173,899.90	22,631,973.89
Miscellaneous.....	6,306.74		17,821,671.44

LIABILITIES—Continued.

	Boston.	New York.	Philadelphia.
<i>Collection items</i>	\$47,848,000.00	\$163,004,000.00	\$86,740,000.00
Foreign Government and bank credits.....		\$95,976,172.85	
Due to nonmembers, clearing account.....		4,478,815.06	
War Finance Corporation.....		903,392.23	
<i>Other deposits, including foreign Government credits</i>		101,358,000.00	
<i>Total gross deposits</i>	160,184,000.00	975,220,000.00	171,499,000.00
Federal Reserve notes outstanding.....	\$168,986,330.00	819,015,835.00	\$241,870,745.00
Less:			
Federal Reserve notes on hand.....	6,962,500.00	89,188,235.00	11,739,400.00
Mutilated Federal Reserve notes forwarded for redemption.....	1,297,710.00	3,270.00	1,019,340.00
Total deductions.....	8,260,210.00	89,191,505.00	12,758,740.00
<i>Federal Reserve notes in actual circulation</i>	160,726,000.00	729,824,000.00	229,112,000.00
Federal Reserve bank notes.....	6,889,000.00	33,785,000.00	9,258,200.00
Less Federal Reserve bank notes on hand.....	507,100.00	751,000.00	332,037.00
<i>Federal Reserve bank notes in circulation, net liability</i>	6,382,000.00	33,034,000.00	8,926,000.00
All other liabilities:			
Profit and loss.....	698,530.94	9,017,159.97	643,279.28
Discount earned—Bills discounted.....	2,013,817.88	11,792,922.51	2,538,653.05
Discount earned—Acceptances bought.....	606,962.05	2,569,199.62	361,728.37
Interest earned—Municipal warrants.....		254.35	
Interest earned—United States securities.....	57,007.33	510,108.58	77,627.48
Unearned discount—Bills discounted.....	413,423.61	1,017,202.54	192,234.93
Unearned discount—Acceptances bought.....	54,426.40	254,986.84	31,573.20
Profits realized on United States securities.....	41,821.34		

Commissions earned.....		10,058.22	
Penalties on deficient reserves.....	11,110.37	20,692.07	16,638.33
Penalties on deficient reserves—Suspense.....			2,449.07
Foreign exchange earnings.....	629.70		
Exchange received.....	59.50	913.58	
Discount on United States bonds.....	6,875.00		
Discount profit on bills sold.....		9,195.50	
Income, real estate.....	23,971.11		
Sundry profits.....	24,466.06	56,378.21	11,001.83
Reserved for sundry expenses.....			525.00
Reserved for depreciation on United States bonds.....	89,591.66		
Depreciation reserve account.....		205,880.00	
Reserved for interest on real estate mortgage.....	3,750.00		
Mortgage, real estate.....	750,000.00		
Due to Liberty Loan subscribers in default.....		36,297.52	
Participation certificates, Liberty Loan bonds.....		34,410.00	
Contracts to deliver Liberty Loan bonds sold.....		283.00	
Total.....	4,796,451.95	25,535,942.51	3,875,710.54
Less all other resources:			
Interest accrued on United States securities.....	33,133.69	172,878.27	43,309.74
Expense current.....	346,491.68	1,793,645.38	707,464.90
Disbursements—Transit Department.....	101,529.38		
Exchange paid.....	23.10		32.00
Other deferred charges.....		864,269.34	4,519.66
Dividend account, including premium on surrendered stock.....	35.00	608,754.22	216,825.56
Total.....	481,212.85	3,439,547.21	972,151.86
All other liabilities, net.....		4,315,000.00	22,097,000.00
Total liabilities.....		338,374,000.00	1,781,644,000.00
			420,004,000.00

LIABILITIES—Continued.

	Cleveland.		Richmond.		Atlanta.	
Capital paid in.....	\$9,072,700.00	\$9,073,000.00	\$4,062,200.00	\$4,062,000.00	\$3,191,350.00	\$3,191,000.00
Surplus.....			116,471.73	116,000.00	40,000.00	40,000.00
United States Government deposits—General account.....	749,987.69		2,795,094.97		2,839,711.85	
United States Government deposits—Special account.....			20,500,680.07			
Government deposits.....		750,000.00		23,296,000.00		2,840,000.00
Due to member banks—Reserve account.....	123,161,329.85	123,161,000.00	54,161,937.72	54,162,000.00	46,222,851.15	46,223,000.00
Cashier's, expense, return item, and dividend checks.....	192,616.86		111,319.95		79,606.72	
Federal Reserve exchange drafts.....	3,455.73					
Collection items—Credits:						
Gold settlement fund—Suspense.....	10,177,014.24		11,682,321.27		6,973,458.15	
Federal Reserve Banks.....	6,070,770.19		12,512,777.25		5,199,568.72	
Branches and offices.....			288,065.10		375,302.29	
Member and nonmember banks.....	22,424,447.06		12,419,061.03		9,013,287.09	
Miscellaneous.....	10,909,174.91		939.86		1,746,856.82	
Collection items.....		49,777,000.00		37,015,000.00		23,388,000.00
Due to nonmembers, clearing account.....					40,931.30	
Other deposits, including foreign government credits.....						41,000.00
Total gross deposits.....		173,688,000.00		114,473,000.00		72,492,000.00
Federal Reserve notes outstanding.....	266,519,915.00		150,997,770.00		123,620,285.00	
Less:						
Federal Reserve notes on hand.....	14,147,660.00		12,937,890.00		2,786,200.00	
Mutilated Federal Reserve notes forwarded for redemption.....	589,720.00		581,850.00		161,665.00	
Total deductions.....	14,737,380.00		13,519,740.00		2,947,865.00	
Federal Reserve notes in actual circulation.....		261,783,000.00		137,478,000.00		120,672,000.00
Federal Reserve bank notes.....	10,600,000.00		4,276,000.00		6,085,600.00	
Less Federal Reserve bank notes on hand.....	869,385.00		270,500.00		269,000.00	
Federal Reserve bank notes in circulation, net liability.....		9,731,000.00		4,008,000.00		6,816,000.00

All other liabilities:				
Profit and loss.....	1,120,241.72		a 13,198.00	423,165.68
Discount earned—Bills discounted.....	1,819,206.27		2,390,421.93	1,401,826.29
Discount earned—Acceptances bought.....	805,383.77		273,633.68	168,477.53
Interest earned—Municipal warrants.....				863.24
Interest earned—United States securities.....	147,139.24		83,437.18	38,759.19
Interest earned—Rediscounts other Federal Reserve banks.....	357,364.03			
Unearned discount—Bills discounted.....	155,301.42		151,471.27	163,689.75
Unearned discount—Acceptances bought.....	105,547.86		39,096.13	64,460.60
Unearned interest—Municipal warrants.....				75.11
Unearned interest—Rediscounts Federal Reserve banks.....	53,271.80			
Transfers bought and sold, net charges.....	33,326.10			16,111.91
Profits realized on United States securities.....	141,551.45			4,349.50
Penalties on deficient reserves.....	39,857.88		122,653.93	20,370.45
Discount on United States bonds.....				830.70
Service charges, net.....			49,064.71	
Sundry profits.....	16,587.97		59,836.11	2,921.43
Difference account.....	802.52		62.23	460.76
Reserved for sundry expenses.....			63,198.00	47,572.19
Contracts to deliver Liberty Loan bonds sold.....	13,128.00			
Total.....	4,802,710.03		3,219,677.17	2,353,933.33
Less all other resources:				
Interest accrued on United States securities.....	58,514.33		22,159.86	24,961.80
Expense current.....	574,633.12		519,526.06	512,532.53
Disbursements—Transit department.....			134,294.01	
Exchange paid.....	51.81			
Other deferred charges.....	22,055.31		122,829.16	2,957.31
Dividend account, including premium on surrendered stock.....	900.25		232,431.94	38.87
Total.....	656,175.02		1,031,241.03	540,490.56
All other liabilities, net.....		4,146,535.01		1,813,442.77
Total liabilities.....		4,146,535.01		1,813,442.77

a Debit.

LIABILITIES—Continued.

	Chicago.		St. Louis.		Minneapolis.	
Capital paid in.....	\$11,123,100.00		\$3,799,600.00		\$2,931,200.00	
Capital—Suspense account.....	61,950.00					
Capital paid in.....		\$11,185,000.00		\$3,800,000.00		\$2,931,000.00
Surplus.....	215,799.18	216,000.00			37,500.00	38,000.00
United States Government deposits—General account.....	6,565,412.66		3,333,007.84		5,191,471.43	
United States Government deposits—Special account.....	877.44					
Government deposits.....		6,566,000.00		3,333,000.00		5,191,000.00
Due to member banks—Reserve account.....	230,604,383.69	230,604,000.00	52,830,678.16	52,851,000.00	48,825,966.37	48,826,000.00
Cashier's, expense, return item, and dividend checks.....	846,466.40		181,985.13		302,513.37	
Federal Reserve bank drafts.....			1,560,218.78			
Federal Reserve exchange drafts.....			8,463.40		2,121.10	
Federal Reserve transfer drafts.....					63,000.00	
Collection items—Credits:						
Gold settlement fund—Suspense.....	14,743,259.20		7,484,495.01		1,101,434.14	
Federal Reserve banks—Transfers sold, net.....	3,700,116.20		400,000.00			
Other items.....	5,195,014.23		1,770,801.57		3,411,896.56	
Branches and offices.....			21,026,270.42			
Member and nonmember banks.....	26,482,800.24		14,446,826.45		2,314,722.99	
Miscellaneous.....	21,034.15		7,436.16		156,074.87	
Collection items.....		50,989,000.00		46,886,000.00		7,352,000.00
Due to nonmembers, clearing account.....	1,328,460.42		201,070.66		15,500.00	
Other deposits, including foreign government credits.....		1,329,000.00		201,000.00		15,000.00
Total gross deposits.....		289,488,000.00		103,261,000.00		61,384,000.00
Federal Reserve notes outstanding.....	450,938,010.00		129,119,875.00		98,724,410.00	

Less:				
Federal Reserve notes on hand.....	20,525,690.00		8,569,260.00	1,813,485.00
Mutilated Federal Reserve notes forwarded for redemption.....	1,592,205.00		513,575.00	340,195.00
Total deductions.....	22,117,895.00		9,082,835.00	2,153,680.00
<i>Federal Reserve notes in actual circulation.....</i>		<i>428,820,000.00</i>		<i>120,037,000.00</i>
Federal Reserve bank notes.....	18,525,800.00		6,440,000.00	4,632,000.00
Less Federal Reserve bank notes on hand.....	882,800.00		224,000.00	463,454.00
<i>Federal Reserve bank notes in circulation, net liability.....</i>		<i>17,643,000.00</i>		<i>6,216,000.00</i>
All other liabilities:				
Profit and loss.....	1,970,859.43		230,338.58	428,804.48
Discount earned—Bills discounted.....	4,646,657.10		2,197,795.40	1,175,998.09
Discount earned—Acceptances bought.....	718,907.25		226,163.86	106,410.39
Interest earned—United States securities.....	148,902.85		89,096.26	30,116.52
Interest earned—Bill of lading drafts.....			5,703.16	2,692.32
Interest earned—Rediscounts, other Federal Reserve banks.....			20,273.21	
Unearned discount—Bills discounted.....	370,051.29		126,699.80	95,610.65
Unearned discount—Acceptances bought.....	144,535.16		23,280.93	59,491.37
Transfers bought and sold, net charges.....	125,183.62		48,209.16	51,920.60
Penalties on deficient reserves.....	35,966.10		52,106.85	21,697.86
Foreign exchange earnings.....	595.10			
Discount on United States bonds.....	89,248.50			47,430.48
Discount profit on bills sold.....	741.22			
Service charges, net.....	3,164.68		25,943.31	
Collection charges.....			133.00	
Sundry profits.....	17,396.27		11,404.14	4,713.26
Difference account.....	1,370.38		891.98	
Reserved for sundry expenses.....	19,612.60		5,898.75	14,092.08
Participation certificates, Liberty Loan bonds.....	9,450.00			
Total.....	8,302,642.55		3,063,938.39	2,038,978.10

LIABILITIES—Continued.

	Chicago.		St. Louis.		Minneapolis.	
Less all other resources:						
Interest accrued on United States securities	\$86,001.33		\$33,499.35		\$16,659.09	
Expense current	1,146,691.57		718,210.93		318,336.24	
Disbursements—Transit department	3,176.23					
Exchange paid	189.27		627.94			
Other deferred charges	13,784.07		8,551.80		2,878.74	
Dividend account, including premium on surrendered stock	320,632.68		404,837.60		86,574.41	
Total	1,570,475.15		1,165,727.67		424,448.48	
All other liabilities, net		\$6,732,000.00		\$1,898,000.00		\$1,615,000.00
Total liabilities		754,084,000.00		235,202,000.00		166,708,000.00

	Kansas City.		Dallas.		San Francisco.		Total.	
Capital, paid in	\$3,659,450.00		\$3,154,300.00		\$4,631,300.00		\$80,684,350.00	
Capital, suspense account					5,250.00		82,350.00	
Capital paid in		\$3,659,000.00		\$3,154,000.00		\$4,637,000.00	\$80,767,000.00	
Surplus							1,134,234.47	1,134,000.00
United States Government deposits—General account	5,450,293.54		2,493,217.68		400,539.85		50,967,818.64	
United States Government deposits—Special account					10,451.76		20,606,747.03	
Government deposits		5,450,000.00		2,493,000.00		411,000.00		71,574,000.00
Due to member banks—reserve account	67,317,512.25	67,318,000.00	32,453,086.72	32,453,000.00	73,235,715.37	73,239,000.00	1,635,432,548.24	1,635,433,000.00
Cashier's, expense, return item, and dividend checks	320,628.85		125,847.02		1,657,914.42		9,711,915.04	

Federal Reserve bank drafts.....	16,210.87	7,500.00	5,516.66	1,735,850.32
Federal Reserve exchange drafts.....	3,860.98		1,560.80	39,931.42
Federal Reserve transfer drafts.....	350,328.09	500.00	6,833.98	594,145.40
Collection items—credits:				
Gold settlement fund—Suspense.....	5,803,451.18	5,237,780.48	4,331,213.45	183,493,129.79
Federal Reserve Banks—Transfers sold, net		235,000.00		4,360,241.20
Other items.....	5,982,943.13	4,194,480.00	2,094,832.43	67,374,658.25
Branches and offices.....		259,812.02	4,949,731.71	26,899,181.54
Member and nonmember banks.....	17,434,210.00	5,129,177.55	5,889,892.32	232,308,779.36
Miscellaneous.....		1.07		30,669,996.02
<i>Collection items.....</i>	<i>29,912,000.00</i>	<i>15,250,000.00</i>	<i>18,907,000.00</i>	<i>557,188,000.00</i>
Foreign Government and bank credits				95,976,172.85
Due to nonmembers, clearing account.....	164.47		2,643,648.29	8,708,590.20
War Finance Corporation.....		8,026.19		911,418.33
<i>Other deposits, including foreign government</i>				
<i>credits.....</i>			<i>8,000.00</i>	<i>2,644,000.00</i>
<i>Total gross deposits.....</i>	<i>102,650,000.00</i>	<i>50,261,000.00</i>	<i>95,238,000.00</i>	<i>3,369,791,000.00</i>
Federal Reserve notes outstanding.....	120,317,330.00	60,495,080.00	229,238,335.00	2,859,843,920.00
Less:				
Federal Reserve notes on hand.....	7,101,220.00	1,116,285.00	16,451,345.00	193,339,180.00
Mutilated Federal Reserve notes forwarded				
for redemption.....	770,820.00	140,285.00	542,365.00	7,552,990.00
Total deductions.....	7,872,040.00	1,256,570.00	16,993,710.00	200,892,170.00
<i>Federal Reserve notes in actual circulation.....</i>	<i>112,445,000.00</i>	<i>59,239,000.00</i>	<i>212,245,000.00</i>	<i>2,658,952,000.00</i>
Federal Reserve bank notes.....	12,172,000.00	6,236,400.00	7,125,000.00	126,025,000.00
Less Federal Reserve bank notes on hand.....	723,519.00	696,500.00	872,945.00	6,862,240.00
<i>Federal Reserve bank notes in circulation, net</i>				
<i>liability.....</i>	<i>11,448,000.00</i>	<i>5,540,000.00</i>	<i>6,252,000.00</i>	<i>119,162,000.00</i>
All other liabilities:				
Profit and loss.....	295,759.08	518,168.13	731,987.59	16,065,102.88
Discount earned—Bills discounted.....	2,643,113.16	1,054,369.75	1,920,583.79	35,625,305.22

LIABILITIES—Continued.

	Kansas City.		Dallas.		San Francisco.		Total.	
All other liabilities—Continued.								
Discount earned—Acceptances bought	\$157,982.45		\$43,334.02		\$634,519.95		\$6,672,702.94	
Interest earned—Municipal warrants							1,117.59	
Interest earned—United States securities	312,442.84		62,477.28		75,649.41		1,632,765.16	
Interest earned—Bill of lading drafts	877.55		2,438.91		2,103.38		13,815.32	
Interest earned—Rediscounts other Federal Reserve Banks							377,637.24	
Unearned discount—Bills discounted	318,851.29		213,953.70		260,553.71		3,479,048.96	
Unearned discount—Acceptances bought	47,374.61		12,257.99		112,246.18		949,277.27	
Unearned interest—Municipal warrants							75.11	
Unearned interest—Rediscounts Federal Reserve Banks							53,271.80	
Transfers bought and sold, net charges	202,521.45		103,410.85		81,471.77		662,155.46	
Profits realized on United States securities					293.75		188,016.04	
Commissions earned					288.64		10,346.86	
Penalties on deficient reserves	99,928.66		44,739.46		63,715.29		549,477.25	
Penalties on deficient reserves—Suspense							2,449.07	
Foreign exchange earnings							1,224.80	
Exchange received							973.08	
Discount on United States bonds					694.68		145,079.36	
Discount profits on bills sold							9,936.72	
Service charges, net	23,433.43						101,666.13	
Collection charges							133.00	
Income, real estate							23,971.11	
Sundry profits	11,576.59		3,571.88				213,852.75	
Difference account					6,540.09		10,127.96	
Reserved for sundry expenses	24,597.79				91,000.00		266,496.41	

Reserved for depreciation on United States bonds.....					89,591.66
Depreciation reserve account.....					205,880.00
Reserved for expenses War Finance Cattle Loan Agency.....	355.14				355.14
Reserved for interest on real estate mortgage					3,759.00
Mortgage, real estate.....					750,000.00
Due to Liberty loan subscribers in default					36,297.52
Participation certificates Liberty loan bonds.....	1,000.00				44,860.00
Contracts to deliver Liberty loan bonds sold.....					13,411.00
Total.....	4,159,874.04	2,088,666.97	3,981,648.23		68,209,173.81
Less all other resources:					
Interest accrued on United States securities.....	62,257.78	30,715.34	37,051.80		621,142.58
Expense current.....	689,228.11	363,977.25	490,578.28		8,181,336.15
Disbursements—Transit department.....					238,999.62
Exchange paid.....					924.12
Service charges, net.....		84.50	169.79		254.29
Pay roll—Suspense account.....		86.55			86.55
Other deferred charges.....	7,941.50	547.96	367.37		1,050,702.22
Dividend account, including premium on surrendered stock.....	309,729.25		23,065.17		2,177,694.61
Total.....	1,069,156.64	395,411.60	525,102.07		12,270,799.30
All other liabilities, net.....	\$3,071,000.00	\$1,693,000.00	\$3,456,000.00		\$55,929,000.00
Total liabilities.....	233,303,000.00	119,830,000.00	321,818,000.00		5,285,735,000.00

a Credit.

Exhibit D—INVESTMENT OPERATIONS OF FEDERAL RESERVE BANKS.

No. 22.—*Bills discounted for member banks during each month in 1918, distributed by maturities, and totals for 1918, 1917, 1916, and 1915.*

PAPER MATURING WITHIN 15 DAYS.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.
Boston.....	\$12,890,384	\$17,693,289	\$15,523,870	\$22,463,915	\$25,097,283	\$38,075,028	\$114,197,595
New York.....	257,083,603	198,644,558	268,804,421	1,435,115,707	2,121,236,516	2,239,798,723	1,873,772,433
Philadelphia.....	29,397,347	20,193,327	23,716,864	38,470,531	57,543,872	79,547,681	120,460,682
Cleveland.....	40,874,644	32,785,327	30,690,939	65,175,448	59,531,772	41,075,459	120,671,820
Richmond.....	121,734,872	112,895,360	144,532,407	169,529,130	106,108,771	107,272,423	144,178,737
Atlanta.....	9,719,063	7,114,859	12,312,152	29,866,109	40,213,229	43,687,270	54,273,150
Chicago.....	182,933,019	110,550,165	22,823,094	105,580,740	133,620,014	158,423,142	342,122,404
St. Louis.....	28,014,970	20,334,277	30,248,597	52,177,346	46,721,836	74,186,256	83,789,029
Minneapolis.....	2,240,574	1,372,430	413,879	11,170,601	17,007,772	24,933,147	30,949,511
Kansas City.....	35,022,957	8,250,504	11,346,374	39,610,458	64,944,172	47,051,281	59,948,477
Dallas.....	5,228,109	8,291,076	13,029,562	29,774,697	29,017,470	35,376,905	34,656,687
San Francisco.....	8,961,745	16,458,402	20,036,866	28,114,110	35,414,176	32,365,344	60,329,248
Total.....	734,104,287	554,583,574	598,479,025	2,027,048,792	2,736,456,883	2,921,792,659	3,044,349,773
Per cent.....	2.0	1.5	1.6	5.5	7.4	7.9	8.3

Federal Reserve Bank.	August.	September.	October.	November.	December.	Total.	Per cent.
Boston.....	93,918,843	209,372,694	259,481,880	265,031,138	338,294,539	1,412,040,458	3.8
New York.....	2,231,922,572	2,855,443,565	3,615,933,337	2,838,259,190	3,848,617,643	23,789,632,268	64.5
Philadelphia.....	127,793,462	153,973,399	194,912,938	336,956,229	501,274,022	1,684,240,354	4.6
Cleveland.....	118,418,935	129,597,603	144,247,360	189,260,539	248,882,510	1,221,212,356	3.3
Richmond.....	156,488,559	202,970,563	206,422,565	263,872,356	254,249,504	1,990,255,247	5.4
Atlanta.....	73,586,243	107,429,693	151,687,565	150,371,625	149,059,357	829,320,315	2.2
Chicago.....	381,635,279	433,072,911	498,784,212	341,790,088	262,290,360	2,973,625,428	8.1

St. Louis.....	83,069,738	101,930,356	133,557,031	140,447,290	124,676,298	919,153,024	2.5
Minneapolis.....	17,347,038	48,786,054	47,258,525	30,694,245	8,705,428	240,879,204	.7
Kansas City.....	49,194,760	63,773,189	97,048,844	86,692,376	69,278,543	632,161,925	1.7
Dallas.....	52,626,654	64,303,997	71,127,312	57,850,904	62,020,630	463,304,003	1.2
San Francisco.....	72,680,772	100,575,846	143,508,317	102,749,663	129,688,445	750,885,934	2.0
Total.....	3,458,682,845	4,471,229,870	5,563,969,886	4,803,975,643	5,997,037,278	36,906,710,515	.....
Per cent.....	9.4	12.1	15.1	13.0	16.2	.....	100.0

PAPER MATURING AFTER 15 DAYS BUT WITHIN 30 DAYS.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.
Boston.....	2,923,578	1,929,497	1,817,825	1,679,924	3,486,681	2,322,329	6,222,691
New York.....	5,527,097	3,998,318	7,230,279	3,508,531	9,020,796	6,347,105	9,485,585
Philadelphia.....	1,870,768	697,524	1,190,150	1,169,662	847,190	839,890	3,741,774
Cleveland.....	2,211,205	5,589,368	2,911,096	2,418,578	3,375,833	2,123,959	3,016,918
Richmond.....	1,855,658	1,198,004	1,946,053	2,797,187	3,920,244	3,265,143	2,209,974
Atlanta.....	1,714,620	1,067,249	954,161	1,001,917	1,683,056	1,337,881	1,460,313
Chicago.....	9,731,201	4,164,579	1,884,085	2,649,097	3,469,046	2,897,249	5,195,146
St. Louis.....	4,925,069	3,409,190	1,691,306	3,702,334	2,117,801	3,135,343	2,726,155
Minneapolis.....	238,692	1,669,107	270,221	669,191	737,094	2,872,739	2,528,383
Kansas City.....	483,544	2,035,556	2,549,903	1,713,413	2,460,945	1,105,346	1,666,414
Dallas.....	247,996	369,242	1,581,394	655,946	751,174	845,857	1,767,446
San Francisco.....	2,453,323	680,300	907,395	518,980	1,565,145	779,863	4,827,698
Total.....	34,182,151	26,836,504	24,933,868	22,484,769	33,435,005	27,872,704	44,648,447
Per cent.....	8.9	7.0	6.5	5.9	8.7	7.3	11.6

PAPER MATURING AFTER 15 DAYS BUT WITHIN 30 DAYS—Continued.

Federal Reserve Bank.	August.	September.	October.	November.	December.	Total.	Per cent.
Boston.....	\$2,279,846	\$2,222,108	\$1,716,473	\$3,416,598	\$3,807,401	\$33,824,951	8.8
New York.....	3,746,514	5,289,657	4,962,992	2,691,740	22,181,176	83,989,740	21.9
Philadelphia.....	2,344,326	2,128,735	2,144,978	1,402,553	2,977,737	21,355,287	5.6
Cleveland.....	1,765,132	2,447,254	2,080,080	1,413,601	2,817,857	32,171,451	8.4
Richmond.....	1,463,946	3,236,987	2,481,461	2,095,882	2,420,603	28,889,142	7.5
Atlanta.....	1,098,471	1,920,871	2,490,999	1,515,375	2,154,146	18,399,059	4.8
Chicago.....	2,700,382	3,532,171	5,835,652	2,131,652	3,588,575	47,778,835	12.4
St. Louis.....	1,444,047	3,440,829	2,975,268	2,559,374	1,275,985	33,402,701	8.7
Minneapolis.....	11,800,199	2,278,568	1,955,617	2,632,715	109,173	27,591,099	7.2
Kansas City.....	710,998	1,839,143	2,670,630	2,275,650	1,028,229	20,539,771	5.3
Dallas.....	1,005,277	1,130,011	2,005,664	2,393,687	1,752,778	14,516,472	3.8
San Francisco.....	1,877,615	3,300,929	1,281,490	1,356,283	1,903,686	21,452,707	5.6
Total.....	32,236,753	32,767,263	32,601,304	25,885,110	46,017,346	383,901,215	.....
Per cent.....	8.4	8.5	8.5	6.7	12.0	.....	100.0

PAPER MATURING AFTER 30 BUT WITHIN 60 DAYS.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.
Boston.....	\$3,986,859	\$3,283,935	\$4,233,977	\$1,805,733	\$2,872,752	\$4,147,915	\$12,869,905
New York.....	11,846,235	10,919,761	16,584,421	8,996,623	8,116,566	19,365,652	20,750,256
Philadelphia.....	1,854,122	507,238	2,060,439	999,088	2,485,933	7,381,645	2,614,424
Cleveland.....	3,011,815	2,997,403	4,453,636	5,304,905	3,414,431	3,940,575	5,570,713
Richmond.....	2,380,508	2,069,395	2,355,067	7,074,651	7,509,506	6,716,463	6,417,812
Atlanta.....	1,684,663	1,731,686	2,073,760	1,655,560	2,219,828	2,768,904	3,079,607
Chicago.....	3,891,572	6,525,072	5,696,190	7,125,084	13,072,217	7,750,103	14,057,551

St. Louis.....	2,753,248	3,788,150	4,204,190	3,772,113	4,175,970	8,487,866	6,785,940
Minneapolis.....	1,163,793	2,682,453	1,040,431	3,121,582	5,031,868	5,763,930	6,732,978
Kansas City.....	1,220,015	3,406,337	7,554,587	3,921,187	6,528,105	3,691,840	5,733,702
Dallas.....	550,671	683,802	2,575,439	1,683,212	1,851,289	1,924,315	4,835,067
San Francisco.....	4,028,408	2,441,573	2,361,907	1,886,004	3,111,031	1,642,264	10,338,230
Total.....	38,371,969	41,036,805	55,194,044	47,345,742	60,389,496	73,581,472	99,786,185
Per cent.....	5.1	5.4	7.3	6.3	8.0	9.8	13.2

Federal Reserve Bank.	August.	September.	October.	November.	December.	Total.	Per cent.
Boston.....	\$4,920,658	\$4,027,547	\$4,549,697	\$6,486,240	\$7,063,996	\$60,249,214	8.0
New York.....	8,420,032	10,100,916	7,212,529	21,532,862	26,063,853	169,909,706	22.5
Philadelphia.....	2,529,153	1,716,974	2,674,716	1,636,376	2,502,955	28,963,123	3.9
Cleveland.....	3,844,740	3,934,301	3,859,103	2,391,846	4,870,909	47,594,377	6.3
Richmond.....	3,571,279	4,647,566	6,268,279	6,213,996	4,819,726	60,044,248	8.0
Atlanta.....	3,270,484	3,209,202	4,889,808	5,343,940	4,455,819	36,383,261	4.8
Chicago.....	7,681,602	9,390,724	14,617,971	5,931,631	7,800,867	103,540,584	13.7
St. Louis.....	3,122,821	6,646,895	8,619,201	7,000,806	3,863,184	63,220,384	8.4
Minneapolis.....	1,032,327	6,388,771	6,624,542	2,617,516	388,006	42,588,197	5.6
Kansas City.....	2,589,122	4,888,606	6,107,708	4,541,901	3,545,237	53,728,347	7.1
Dallas.....	4,234,429	3,125,215	5,080,743	6,118,807	5,024,318	37,687,307	5.0
San Francisco.....	3,542,458	6,920,586	6,529,082	2,795,841	4,972,788	50,370,172	6.7
Total.....	48,759,105	64,997,303	77,033,379	72,611,762	75,371,658	754,478,920	.....
Per cent.....	6.5	8.6	10.2	9.6	10.0	.....	100.0

PAPER MATURING AFTER 60 BUT WITHIN 90 DAYS.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.
Boston.....	\$4,583,772	\$37,868,013	\$7,882,753	\$3,977,320	\$22,716,406	\$8,123,067	\$10,309,327
New York.....	23,813,860	54,238,125	28,722,971	12,313,527	42,706,079	25,143,525	25,905,154
Philadelphia.....	3,078,685	10,469,088	2,440,739	1,660,853	11,071,935	5,047,101	5,024,298
Cleveland.....	4,549,877	6,112,828	7,112,448	17,001,927	8,980,697	5,967,500	5,523,732
Richmond.....	2,889,232	4,613,055	2,437,356	5,320,471	9,679,203	9,524,639	9,824,494
Atlanta.....	1,062,441	648,698	1,615,624	1,154,876	1,999,957	2,964,580	3,411,553
Chicago.....	3,101,886	6,165,325	4,381,517	4,045,741	12,181,939	10,711,762	15,588,319
St. Louis.....	2,471,965	2,802,380	3,680,650	3,239,648	6,433,353	6,755,253	11,552,473
Minneapolis.....	886,885	1,092,186	330,321	1,328,863	3,063,797	4,253,107	15,518,349
Kansas City.....	1,558,693	5,389,056	7,149,168	4,587,988	6,731,779	4,442,019	7,334,559
Dallas.....	316,245	501,240	1,849,818	2,922,304	2,455,315	2,849,922	7,014,261
San Francisco.....	6,947,146	5,595,049	6,060,373	5,791,342	6,500,721	6,494,831	12,403,446
Total.....	55,260,692	135,495,043	73,663,738	63,324,860	134,521,181	92,277,306	129,409,965
Per cent.....	3.6	8.7	4.7	4.1	8.7	6.0	8.3

Federal Reserve Bank.	August.	September.	October.	November.	December.	Total.	Per cent.
Boston.....	\$22,605,243	\$13,718,765	\$38,263,454	\$67,776,871	\$14,055,832	\$251,880,823	16.2
New York.....	61,973,093	22,780,035	85,171,193	85,799,626	21,540,168	490,107,356	31.6
Philadelphia.....	14,593,871	3,072,292	14,855,099	19,640,196	4,249,828	95,203,985	6.1
Cleveland.....	7,208,494	4,581,487	7,509,753	6,838,853	2,674,028	34,061,624	5.4
Richmond.....	7,183,387	4,319,262	6,628,355	10,770,565	4,366,897	77,556,916	5.0
Atlanta.....	4,173,038	5,244,428	9,598,782	6,327,472	5,225,775	43,427,224	2.8
Chicago.....	12,941,692	8,473,111	22,198,305	13,818,473	9,026,004	122,634,074	7.9
St. Louis.....	4,075,205	5,792,065	9,651,888	5,508,782	3,812,233	65,775,900	4.2
Minneapolis.....	54,764,487	19,336,980	2,293,701	1,435,399	276,669	104,580,744	6.8

Kansas City.....	4,545,130	6,230,006	6,925,096	6,414,616	4,560,868	65,848,983	4.2
Dallas.....	7,908,969	5,083,990	6,208,375	6,543,820	5,459,295	49,113,554	3.2
San Francisco.....	11,767,478	11,807,573	9,123,176	8,044,584	10,870,052	101,405,771	6.6
Total.....	213,740,087	110,439,994	218,427,177	238,919,257	86,117,654	1,551,596,954	.....
Per cent.....	13.8	7.1	14.1	15.4	5.5	.....	100.0

AGRICULTURAL AND LIVE STOCK PAPER MATURING AFTER 90 DAYS.

Federal Reserve Banks.	January.	February.	March.	April.	May.	June.	July.
Boston.....	\$134,607	\$52,300	\$357,896	\$567,062	\$2,992	\$8,591	\$117,367
New York.....	870,284	618	.....	746,929	63,394	29,900	128,410
Philadelphia.....	.....	1,191	8,735	82,454	17,964	9,594	2,624,868
Cleveland.....	15,000	63,105	317,909	378,923	49,519	6,865	45,744
Richmond.....	81,411	34,229	115,702	334,614	997,365	743,810	553,227
Atlanta.....	36,843	25,485	28,483	190,071	504,044	591,574	598,724
Chicago.....	534,192	282,067	502,577	457,518	2,163,218	1,871,135	2,303,040
St. Louis.....	31,956	16,964	678,667	101,446	105,292	2,059,858	182,290
Minneapolis.....	933,716	407,064	291,220	1,593,515	3,754,561	3,875,343	4,020,911
Kansas City.....	1,909,070	2,497,094	3,303,806	4,956,141	15,052,513	7,151,247	8,448,686
Dallas.....	832,588	487,370	1,400,441	1,334,363	3,163,337	3,076,966	3,600,733
San Francisco.....	930,853	625,285	657,362	1,632,949	2,342,583	2,276,805	2,579,751
Total.....	6,310,520	4,492,772	7,662,858	12,375,985	28,216,782	21,701,688	25,263,781
Per cent.....	4.0	2.9	4.9	8.0	18.0	13.9	16.1

AGRICULTURAL AND LIVE STOCK PAPER MATURING AFTER 90 DAYS—Continued.

Federal Reserve Banks.	August.	September.	October.	November.	December.	Total.	Per cent.
Boston.....	\$16,133	\$1,150	\$30,603	\$4,905	\$995,882	\$2,289,488	1.5
New York.....	24,659	1,903	25,623	7,667	-----	1,899,387	1.2
Philadelphia.....	5,250	327,000	735,465	13,080	9,894	3,835,525	2.4
Cleveland.....	19,529	8,454	52,561	69,094	51,425	1,078,188	.7
Richmond.....	112,130	21,275	59,621	19,466	26,968	3,099,818	2.0
Atlanta.....	217,560	164,982	69,195	90,746	82,521	2,600,228	1.6
Chicago.....	871,860	1,530,757	4,056,355	2,381,146	1,257,224	18,271,089	11.7
St. Louis.....	247,838	39,090	96,131	8,500	17,213	3,585,245	2.3
Minneapolis.....	1,863,123	127,028	232,728	623,696	429,651	18,152,556	11.6
Kansas City.....	1,708,043	1,895,428	4,666,184	6,711,612	2,941,712	61,241,536	39.2
Dallas.....	1,804,892	1,038,180	1,000,986	1,992,381	3,334,193	23,066,430	14.8
San Francisco.....	1,949,291	550,027	905,679	1,283,257	1,392,911	17,126,753	11.0
Total.....	8,840,308	5,705,274	11,931,131	13,205,550	10,539,594	156,246,243	-----
Per cent.....	5.7	3.6	7.7	8.4	6.8	-----	100.0

TOTAL AMOUNT OF BILLS DISCOUNTED.

Federal Reserve Banks.	January.	February.	March.	April.	May.	June.	July.	August.	September.
Boston.....	\$24,519,200	\$60,827,034	\$29,816,321	\$30,493,954	\$54,176,114	\$52,676,930	\$143,716,885	\$123,740,723	\$229,342,264
New York.....	299,141,079	267,801,380	321,342,092	1,460,681,317	2,181,143,351	2,290,684,905	1,935,041,788	2,306,086,870	2,893,616,076
Philadelphia.....	36,200,982	31,868,368	29,416,927	42,382,588	71,966,894	92,825,911	134,466,076	147,266,062	161,218,400
Cleveland.....	50,662,541	47,548,601	45,486,088	90,279,781	75,352,252	53,114,358	134,828,927	131,256,830	140,569,099
Richmond.....	128,941,681	120,808,043	151,386,585	185,056,053	128,215,089	127,522,478	163,184,244	168,819,301	215,195,653
Atlanta.....	14,217,630	10,587,977	16,984,180	33,868,533	46,620,113	51,350,209	62,823,347	82,345,796	117,969,176
Chicago.....	200,191,870	127,687,208	35,287,463	119,858,180	164,506,434	181,653,391	379,326,460	405,830,815	455,999,674
St. Louis.....	38,197,208	30,350,961	40,503,410	62,992,887	59,554,252	94,624,576	105,035,887	91,959,649	117,849,235
Minneapolis.....	5,463,060	7,253,240	2,346,072	17,883,752	29,595,092	41,698,266	59,550,132	86,807,174	76,917,401
Kansas City.....	40,194,284	21,578,547	31,903,838	54,769,187	95,717,514	63,441,733	83,131,838	58,748,043	78,626,372
Dallas.....	7,175,609	10,332,730	20,436,654	36,370,522	37,238,585	44,073,965	51,874,194	67,580,221	74,681,393

San Francisco.....	23,324,475	25,500,609	30,025,903	37,943,285	48,933,656	43,559,107	90,478,373	91,817,614	123,154,961
Total, 1918.....	868,229,619	762,444,698	754,933,533	2,172,580,139	2,993,019,346	3,137,225,829	3,343,458,151	3,762,269,098	4,685,139,704
Total, 1917.....	18,326,286	22,408,604	26,788,982	50,055,801	91,413,473	750,269,836	460,733,354	220,939,974	548,164,104
Total, 1916.....	11,115,000	7,664,600	9,387,300	11,521,500	11,195,500	11,660,000	20,183,000	17,351,800	14,303,800
Total, 1915.....	10,712,800	12,530,300	13,399,700	10,549,300	12,145,700	13,406,000	13,238,000	12,233,700	14,405,000
Per cent, 1918.....	2.2	1.9	1.9	5.5	7.5	7.9	8.4	9.4	11.8
Per cent, 1917.....	0.2	0.3	0.3	0.6	1.0	8.4	5.1	2.5	6.1
Per cent, 1916.....	5.4	3.7	4.5	5.5	5.4	5.6	9.7	8.3	6.9
Per cent, 1915.....	6.7	7.8	8.3	6.5	7.5	8.3	8.2	7.6	8.9

Federal Reserve Banks.	October.	November.	December.	Total, 1918.	Total, 1917.	Total, 1916.	Total, 1915.	Per cent, 1918.	Per cent, 1917.	Per cent, 1916.	Per cent, 1915.
Boston.....	\$304,042,107	\$342,715,751	\$364,217,650	\$1,760,284,933	\$350,919,310	\$33,921,900	\$2,086,700	4.5	3.9	16.3	1.3
New York.....	3,713,305,674	2,948,291,085	3,918,402,840	24,535,538,457	6,511,274,920	22,329,500	4,819,600	61.8	72.6	10.7	3.0
Philadelphia.....	215,323,196	359,648,434	511,014,436	1,833,598,274	223,416,008	22,328,400	5,137,100	4.6	2.5	10.7	3.2
Cleveland.....	157,748,857	199,973,933	259,296,729	1,386,117,996	211,176,106	6,792,400	4,526,000	3.5	2.3	3.3	2.8
Richmond.....	221,860,281	282,972,265	265,883,698	2,159,845,371	401,220,685	34,377,200	44,891,400	5.4	4.4	16.5	27.8
Atlanta.....	168,736,349	163,649,158	160,977,619	930,130,087	95,114,744	22,323,200	34,209,300	2.3	1.1	10.7	21.2
Chicago.....	545,492,495	566,052,990	283,963,030	3,265,850,010	521,872,103	23,178,100	9,238,700	8.2	6.0	11.2	5.7
St. Louis.....	154,899,519	155,524,753	133,644,917	1,085,137,254	181,117,652	8,842,700	6,317,600	2.7	2.0	4.3	3.9
Minneapolis.....	58,365,113	38,003,571	9,908,927	433,791,800	80,154,716	6,473,500	5,206,500	1.1	0.9	3.1	3.2
Kansas City.....	117,418,462	106,636,155	81,354,589	833,520,562	237,690,763	6,817,700	10,875,500	2.1	2.6	3.3	6.8
Dallas.....	85,423,080	74,899,599	77,591,214	587,677,766	52,052,600	18,512,500	26,756,900	1.4	0.6	8.9	16.6
San Francisco.....	161,347,744	116,229,628	148,827,882	941,441,337	102,981,206	1,973,400	7,287,700	2.4	1.1	1.0	4.5
Total, 1918.....	5,903,962,877	5,154,597,322	6,215,083,531	39,752,933,847							
Total, 1917.....	2,681,165,854	3,206,486,771	937,433,413		8,068,980,818						
Total, 1916.....	11,862,900	17,904,100	63,716,000			207,870,500					
Total, 1915.....	15,050,800	18,269,700	15,412,000				161,353,000				
Per cent, 1918.....	14.9	13.0	15.6					100.0			
Per cent, 1917.....	29.9	35.7	9.9						100.0		
Per cent, 1916.....	5.7	8.6	30.7							100.0	
Per cent, 1915.....	9.3	11.3	9.6								100.0

No. 23.—Bills discounted by each Federal Reserve Bank, distributed by States; also number of banks accommodated through the discount of paper, during 1918.

States.	Number of member banks in each State on Dec. 31, 1918.	Number accommodated during 1918.	Total amount of paper discounted.	States.	Number of member banks in each State on Dec. 31, 1918.	Number accommodated during 1918.	Total amount of paper discounted.
Maine.....	65	30	\$40,839,164	Michigan:			
New Hampshire.....	55	30	39,054,712	District No. 7.....	186	128	\$612,080,450
Vermont.....	48	32	32,523,734	District No. 9.....	36	17	3,659,108
Massachusetts.....	178	131	1,499,021,400	Total.....	222	145	615,739,558
Rhode Island.....	20	16	69,052,661	Wisconsin:			
Connecticut:				District No. 7.....	129	96	342,672,516
District No. 1.....	57	30	78,893,262	District No. 9.....	49	30	10,284,681
District No. 2.....	16	13	45,842,080	Total.....	178	126	352,957,197
Total.....	73	43	124,735,342	Iowa.....	432	333	385,191,840
New York.....	555	407	24,181,383,095	Illinois:			
New Jersey:				District No. 7.....	373	168	1,741,500,084
District No. 2.....	152	102	308,313,282	District No. 8.....	161	61	46,677,211
District No. 3.....	78	55	86,843,370	Total.....	534	229	1,788,177,295
Total.....	230	157	395,156,658	Indiana:			
Delaware.....	22	13	11,660,600	District No. 7.....	214	125	184,405,140
Pennsylvania:				District No. 8.....	64	26	28,355,102
District No. 3.....	561	389	1,735,094,298	Total.....	278	151	212,760,242
District No. 4.....	311	100	555,474,714	Missouri:			
Total.....	872	489	2,290,569,012	District No. 8.....	95	54	763,274,258
Ohio.....	416	184	790,608,920	District No. 10.....	57	30	361,055,504
				Total.....	152	84	1,124,329,762

Kentucky:				Arkansas.....	88	61	61,234,665
District No. 4.....	74	32	35,486,887	Minnesota.....	324	235	358,768,785
District No. 8.....	69	40	80,572,946	North Dakota.....	173	118	17,518,176
Total.....	143	72	116,059,833	South Dakota.....	137	91	31,766,675
West Virginia:				Montana.....	148	89	11,794,375
District No. 4.....	13	4	4,547,475	Wyoming.....	39	22	7,271,898
District No. 5.....	107	35	18,043,138	Nebraska.....	200	105	213,410,673
Total.....	120	39	22,590,613	Colorado.....	128	76	68,956,667
District of Columbia.....	15	9	35,255,243	Kansas.....	243	100	41,575,489
Maryland.....	103	65	272,526,166	Oklahoma:			
Virginia.....	159	107	1,466,403,347	District No. 10.....	315	213	138,788,664
North Carolina.....	88	74	187,059,493	District No. 11.....	36	31	9,557,232
South Carolina.....	93	83	180,557,983	Total.....	351	244	148,345,896
Tennessee:				New Mexico:			
District No. 6.....	91	51	130,925,181	District No. 10.....	12	8	2,461,667
District No. 8.....	21	20	98,660,820	District No. 11.....	37	31	11,521,998
Total.....	112	71	229,586,001	Total.....	49	39	13,983,665
Georgia.....	116	107	278,623,585	Texas.....	630	467	540,158,745
Florida.....	62	51	56,382,925	Arizona:			
Alabama.....	105	75	53,727,013	District No. 11.....	10	9	1,828,023
Mississippi:				District No. 12.....	11	6	2,207,705
District No. 6.....	19	15	18,671,303	Total.....	21	15	4,035,728
District No. 8.....	16	16	6,362,252	Utah.....	40	31	131,448,094
Total.....	35	31	25,033,555	Nevada.....	10	3	960,600
Louisiana:				California.....	281	168	545,504,322
District No. 6.....	33	28	391,800,080	Oregon.....	97	54	37,105,409
District No. 11.....	14	10	24,611,769	Idaho.....	95	76	57,383,894
Total.....	47	38	416,411,849	Washington.....	100	77	166,741,313
				Grand total.....	8,601	5,493	39,752,933,847

No. 24.—Member banks' collateral notes, also customers' paper secured by Government war obligations, discounted by each Federal Reserve Bank, by months, during the calendar year 1918.

Federal Reserve Banks.	January.		February.		March.		April.		May.	
	Members' collateral notes.	Customers' paper.	Members' collateral notes.	Customers' paper.	Members' collateral notes.	Customers' paper.	Members' collateral notes.	Customers' paper.	Members' collateral notes.	Customers' paper.
Boston.....	\$5,978,158	\$6,232,329	\$6,783,000	\$40,049,332	\$8,132,620	\$8,896,879	\$16,372,800	\$3,746,698	\$20,764,048	\$23,920,032
New York.....	173,529,413	18,843,279	99,726,403	55,772,061	148,688,220	19,088,300	1,355,966,810	11,237,688	1,960,216,460	38,610,339
Philadelphia.....	3,548,155	4,416,425	3,311,200	17,371,856	8,745,100	2,694,060	28,176,700	1,886,401	45,022,975	10,867,822
Cleveland.....	20,770,500	4,180,887	23,110,500	3,965,345	8,753,000	5,606,805	55,544,800	3,878,229	48,543,431	6,546,557
Richmond.....	11,152,470	9,687,106	11,419,060	17,952,994	14,959,600	23,458,038	82,804,243	15,472,498	96,162,708	4,524,938
Atlanta.....	6,215,300	.....	3,131,500	100	5,980,400	30,000	20,192,300	29,847	29,225,000	74,739
Chicago.....	89,119,492	390,984	84,769,114	2,154,554	2,149,588	2,018,963	77,302,000	743,493	79,119,353	5,454,935
St. Louis.....	9,363,100	309,965	9,594,883	497,030	20,498,983	1,688,293	37,593,791	180,034	33,576,941	594,262
Minneapolis.....	1,490,788	31,780	307,000	124,668	70,000	5,050	9,751,600	8,141	15,210,500	426,024
Kansas City.....	5,343,300	401,392	3,388,900	105,948	8,901,903	10,000	36,251,925	113,000	46,951,500	256,669
Dallas.....	2,841,000	.....	5,481,500	306	11,795,800	135,509	29,286,550	357,989	27,858,060	361,945
San Francisco.....	4,541,300	120,075	10,732,600	286,655	12,770,600	38,009	19,695,300	76,078	28,920,130	296,168
Total 1918.....	333,892,976	44,614,222	261,755,600	138,280,849	251,415,794	63,669,906	1,768,938,819	37,730,096	2,431,571,106	91,934,430

Federal Reserve Banks.	June.		July.		August.		September.		October.	
	Members' collateral notes.	Customers' paper.	Members' collateral notes.	Customers' paper.	Members' collateral notes.	Customers' paper.	Members' collateral notes.	Customers' paper.	Members' collateral notes.	Customers' paper.
Boston.....	\$32,528,995	\$6,859,635	\$98,378,346	\$16,676,168	\$88,800,196	\$26,591,023	\$202,286,223	\$13,957,411	\$246,238,850	\$39,492,285
New York.....	2,065,401,011	19,477,160	1,559,668,587	32,148,364	1,997,927,111	51,817,705	2,632,741,590	19,681,695	3,413,439,359	80,049,179
Philadelphia.....	55,564,390	11,433,381	67,222,418	9,801,345	91,960,382	19,026,615	128,688,408	7,334,050	163,310,194	26,131,220
Cleveland.....	35,874,230	2,173,126	82,621,846	7,103,274	89,755,710	4,662,051	103,930,433	2,990,626	117,217,932	9,750,533

Richmond.....	101,978,577	3,324,045	140,085,437	2,945,200	151,944,645	5,008,415	196,504,254	2,673,036	204,682,578	5,162,993
Atlanta.....	29,029,252	21,447	36,950,919	125,698	55,559,162	284,729	83,795,425	716,719	123,190,750	3,880,671
Chicago.....	87,900,794	973,114	198,133,410	4,895,398	256,902,885	6,056,940	324,088,650	2,535,951	417,479,346	9,188,248
St. Louis.....	56,021,750	1,303,151	68,299,067	848,149	71,292,183	735,080	90,094,550	868,113	121,072,300	1,462,833
Minneapolis.....	18,074,920	241,195	26,691,137	1,416,412	45,844,500	2,867,225	45,070,335	1,621,458	36,595,950	194,637
Kansas City.....	31,977,778	262,473	37,389,208	220,703	39,912,923	305,683	56,652,023	575,549	78,242,256	803,117
Dallas.....	34,618,750	108,613	33,053,750	612,202	50,661,040	1,188,771	61,890,485	772,147	69,063,022	1,187,797
San Francisco.....	25,591,362	392,640	43,296,900	781,328	66,924,933	1,303,396	96,146,167	2,281,982	138,511,760	1,933,761
Total 1918.....	2,574,561,810	46,569,980	2,391,811,025	77,574,241	3,007,485,670	119,847,633	4,021,888,543	56,008,637	5,129,044,297	179,237,274

Federal Reserve Banks.	November.		December.		Total.		Grand total.
	Members' col- lateral notes.	Customers' paper.	Members' col- lateral notes	Customers' paper.	Members' col- lateral notes	Customers' paper.	
Boston.....	\$237,387,085	\$74,583,318	\$306,478,500	\$19,176,870	\$1,270,128,802	\$280,181,980	\$1,550,310,782
New York.....	2,637,805,627	100,617,285	3,694,340,744	67,650,409	21,739,451,335	514,993,364	22,254,444,699
Philadelphia.....	286,310,717	37,865,117	447,382,929	26,564,810	1,322,243,568	175,393,102	1,504,636,670
Cleveland.....	171,371,385	9,390,876	231,159,800	11,785,274	988,653,567	72,033,583	1,069,687,150
Richmond.....	258,879,599	9,937,554	250,688,349	4,208,353	1,521,261,520	104,355,170	1,625,616,690
Atlanta.....	111,562,050	5,378,530	115,227,550	1,430,283	620,059,608	10,972,763	631,032,371
Chicago.....	271,506,815	5,400,200	207,519,850	3,506,522	2,096,011,297	43,319,302	2,139,330,599
St. Louis.....	127,923,275	2,273,011	118,885,608	3,005,918	764,216,431	13,765,839	777,982,270
Minneapolis.....	23,814,480	1,353,006	8,599,550	16,064	234,520,760	8,305,660	242,826,420
Kansas City.....	66,711,390	1,408,670	59,042,364	430,432	470,765,470	4,893,636	475,659,106
Dallas.....	54,866,437	1,328,102	59,519,264	844,049	440,935,658	6,897,430	447,833,088
San Francisco.....	99,067,952	2,505,749	120,958,691	2,546,510	667,157,695	12,562,351	679,720,046
Total 1918.....	4,350,206,812	251,041,418	5,619,803,199	141,165,494	32,142,405,711	1,247,674,180	33,390,079,891

No. 25.—Member banks collateral notes discounted by each Federal Reserve Bank, by months, during the calendar year 1918.

Federal Reserve Banks.	January.	February.	March.	April.	May.	June.	July.
Boston.....	\$6,969,158	\$7,563,000	\$8,867,600	\$17,896,650	\$21,114,273	\$34,044,207	\$106,522,346
New York.....	191,983,003	113,307,759	185,997,126	1,356,791,810	1,960,218,460	2,065,401,011	1,559,668,587
Philadelphia.....	3,548,155	3,311,200	8,745,100	28,176,700	46,025,475	55,564,390	67,222,418
Cleveland.....	20,980,500	23,110,500	8,813,000	56,204,800	48,791,431	35,888,230	82,630,846
Richmond.....	11,162,470	11,464,060	14,979,600	84,438,743	99,401,208	103,454,327	141,301,187
Atlanta.....	6,966,550	3,375,000	7,151,900	20,243,300	29,883,500	31,289,252	37,385,919
Chicago.....	183,385,475	208,545,995	19,221,528	99,212,310	127,953,684	148,643,204	324,747,385
St. Louis.....	9,363,100	9,669,883	20,548,983	37,593,791	33,576,941	56,116,760	68,409,037
Minneapolis.....	2,120,788	482,000	396,960	10,151,834	16,110,781	22,403,920	30,209,905
Kansas City.....	34,539,269	6,863,900	10,221,089	39,165,909	62,968,928	46,178,482	58,830,681
Dallas.....	4,792,609	8,236,500	12,764,900	29,548,550	28,728,060	35,298,750	34,276,570
San Francisco.....	6,131,300	10,762,600	12,770,800	19,695,300	28,922,630	25,918,762	43,471,900
Total.....	481,942,377	306,662,397	310,478,386	1,799,119,597	2,502,693,369	2,660,201,285	2,554,685,811

Federal Reserve Banks.	August.	September.	October.	November.	December.	Total.
Boston.....	\$89,718,196	\$204,586,223	\$256,833,350	\$258,784,085	\$333,244,550	\$1,346,143,638
New York.....	1,997,927,111	2,632,741,590	3,413,824,359	2,637,805,627	3,694,340,744	21,810,005,187
Philadelphia.....	91,960,382	128,695,908	163,310,194	286,310,717	447,382,929	1,329,253,568
Cleveland.....	91,410,710	105,450,433	117,567,932	171,506,385	231,229,800	993,593,567
Richmond.....	153,870,145	200,734,254	204,952,659	261,892,632	251,096,699	1,538,747,984
Atlanta.....	55,904,162	84,194,425	124,004,750	112,142,108	116,963,950	629,504,816
Chicago.....	282,286,380	340,547,274	429,772,433	287,513,473	217,725,950	2,569,555,091
St. Louis.....	71,342,183	90,194,550	121,614,800	128,248,275	118,985,808	765,663,931
Minneapolis.....	61,898,403	48,320,335	46,817,950	29,367,180	8,636,550	276,916,606
Kansas City.....	43,287,254	62,870,878	94,820,815	85,229,511	69,158,080	619,134,694
Dallas.....	52,364,140	64,085,485	70,658,262	57,411,937	61,722,790	459,888,553
San Francisco.....	66,924,933	96,146,167	138,636,780	99,067,932	120,961,691	669,380,595
Total.....	3,063,863,599	4,058,567,522	5,182,814,264	4,415,279,882	5,671,449,341	33,007,788,230

¹ Includes \$88,167,000 of United States Securities taken under repurchase agreements.

² Includes \$36,007,000 of United States Securities taken under repurchase agreements.

No. 26.—Trade acceptances discounted by Federal Reserve Banks during each month in 1918, and totals for 1918 and 1917.

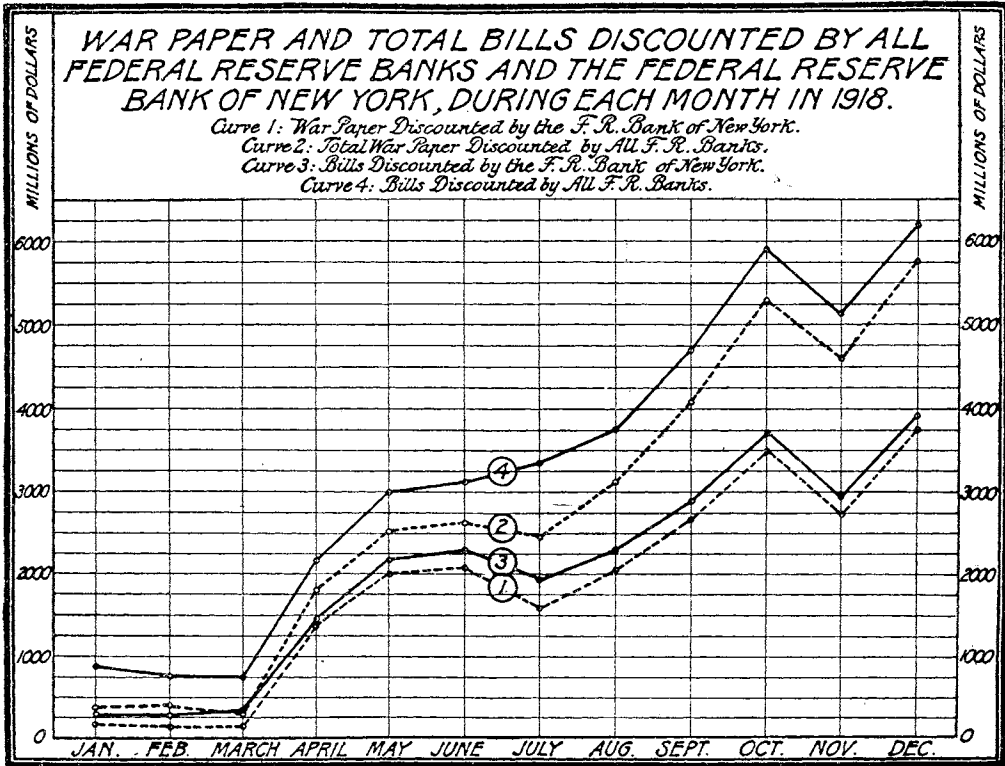
Federal Reserve Banks.	January.	February.	March.	April.	May.	June.	July.
Boston.....	\$1,681,761	\$623,541	\$1,441,002	\$287,007	\$901,692	\$1,053,260	\$551,835
New York.....	4,934,254	11,123,967	4,986,983	3,811,992	4,249,429	5,605,182	4,136,385
Philadelphia.....	118,747	120,612	957,654	762,997	355,851	451,466	513,811
Cleveland.....	1,847,172	2,200,071	1,619,742	1,729,270	2,670,568	2,053,702	2,301,768
Richmond.....	801,209	547,899	1,002,270	1,063,149	1,006,215	1,285,817	1,108,428
Atlanta.....	621,871	573,167	1,399,686	436,300	873,152	419,352	1,110,360
Chicago.....	281,487	128,167	553,436	314,103	264,744	1,142,274	868,740
St. Louis.....	1,108,623	1,754,783	2,367,480	1,639,269	1,205,288	1,109,843	1,354,693
Minneapolis.....	65,349	33,394	11,662	28,039	213,950	-----	246,619
Kansas City.....	790,762	1,397,180	1,075,446	670,674	913,868	1,082,091	867,638
Dallas.....	-----	-----	194,762	-----	-----	157,266	36,585
San Francisco.....	1,747,219	714,672	620,434	378,147	510,981	450,700	725,207
Total, 1918.....	13,998,454	19,217,453	16,230,557	11,120,947	13,165,738	14,810,953	13,822,069
Total, 1917.....	574,464	856,078	762,820	678,022	1,767,702	2,521,374	1,077,607

Federal Reserve Banks.	August.	September.	October.	November.	December.	Total, 1918.	Total, 1917.
Boston.....	602,986	1,038,799	1,089,130	571,078	445,042	10,287,131	6,115,127
New York.....	5,630,306	9,836,692	8,041,286	5,340,319	2,980,117	70,676,912	6,863,800
Philadelphia.....	557,442	347,038	182,300	522,651	759,484	5,650,053	726,078
Cleveland.....	1,832,837	3,142,641	1,616,281	2,321,011	1,559,228	24,894,291	4,400,590
Richmond.....	772,059	1,112,713	1,526,210	1,867,914	1,295,226	13,389,109	3,160,449
Atlanta.....	175,920	910,206	2,235,224	1,750,090	1,191,868	11,697,196	4,562,494
Chicago.....	1,073,997	893,103	2,332,938	558,361	621,961	9,033,011	429,845
St. Louis.....	663,252	1,090,403	1,723,642	1,044,994	618,931	15,681,201	3,114,503
Minneapolis.....	190,857	40,221	4,629	50,576	4,075	799,371	363,673
Kansas City.....	525,597	447,202	963,425	808,205	858,850	10,400,938	2,646,322
Dallas.....	146,213	74,821	586,970	451,306	408,835	2,056,758	177,953
San Francisco.....	680,937	1,983,350	3,217,459	904,176	873,326	12,806,608	5,210,298
Total, 1918.....	12,762,403	20,917,189	23,519,494	16,190,679	11,616,643	187,372,579	-----
Total, 1917.....	1,668,063	1,125,834	4,351,747	6,959,770	15,424,651	-----	37,771,132

No. 27.—Total bills and war paper discounted during each month in 1918 by all Federal Reserve Banks and by the New York Federal Reserve Bank.

[In thousands of dollars.]

	Total war paper discounted.	War paper discounted by Federal Reserve Bank of New York.	Per cent war paper discounted by New York Federal Reserve Bank to total war paper discounted.		Total bills discounted.	Bills discounted by the Federal Reserve Bank of New York.	Per cent bills discounted by New York Federal Reserve Bank to total bills discounted.
January.....	378,507	192,373	51.0	January.....	868,230	299,141	34.5
February.....	400,036	155,496	39.0	February.....	762,445	267,801	35.1
March.....	315,116	167,777	53.2	March.....	754,934	321,342	42.5
April.....	1,806,669	1,367,204	75.6	April.....	2,172,580	1,460,681	67.2
May.....	2,523,506	1,998,827	79.2	May.....	2,993,019	2,181,143	72.9
June.....	2,621,132	2,084,878	80.0	June.....	3,137,226	2,290,685	73.0
July.....	2,469,385	1,591,817	64.5	July.....	3,343,458	1,935,042	57.9
August.....	3,127,333	2,049,745	65.5	August.....	3,762,259	2,306,087	61.3
September.....	4,077,897	2,652,423	65.0	September.....	4,685,140	2,893,616	61.8
October.....	5,308,282	3,493,489	65.8	October.....	5,903,963	3,713,306	62.9
November.....	4,601,248	2,738,423	59.5	November.....	5,154,597	2,948,291	57.2
December.....	5,760,969	3,761,991	65.3	December.....	6,215,083	3,918,403	63.0
Total.....	33,390,080	22,254,444	66.6	Total.....	39,752,534	24,535,538	61.7



No. 28.—Number of banks, by districts, accommodated through the discount of paper during each month in 1918.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	Septem-ber.	October.	Novem-ber.	Decem-ber.	Total.
Boston.....	100	109	140	138	179	161	182	215	211	229	236	196	269
New York.....	208	219	228	278	306	328	323	335	346	366	369	379	522
Philadelphia.....	86	65	84	135	202	217	245	270	305	318	315	342	457
Cleveland.....	76	73	82	118	150	143	166	144	185	165	172	136	320
Richmond.....	127	141	144	181	254	255	268	261	229	235	258	238	373
Atlanta.....	77	76	90	112	163	218	214	207	194	216	250	251	327
Chicago.....	299	251	255	237	359	421	543	562	589	596	666	482	850
St. Louis.....	54	40	64	112	125	134	139	170	190	204	179	176	278
Minneapolis.....	129	88	72	174	276	304	399	395	291	211	197	161	580
Kansas City.....	106	112	133	221	315	307	327	290	300	356	344	317	554
Dallas.....	61	86	162	234	304	327	424	436	355	457	422	388	548
San Francisco.....	109	93	114	160	160	206	232	386	269	257	259	222	415
Total.....	1,432	1,353	1,568	2,100	2,793	3,021	3,462	3,671	3,464	3,610	3,667	3,288	5,493

No. 29.—Average rate (per cent) charged on all paper discounted by each Federal Reserve Bank, by months, during the calendar year 1918.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	Septem-ber.	October.	Novem-ber.	Decem-ber.	Average for year.
Boston.....	4.24	4.04	4.22	4.31	4.28	4.37	4.32	4.22	4.22	4.07	4.10	4.17	4.17
New York.....	3.82	3.90	3.84	4.05	4.09	4.14	4.11	4.12	4.06	4.09	4.09	4.05	4.06
Philadelphia.....	3.99	3.99	3.97	4.12	4.21	4.16	4.14	4.13	4.06	4.11	4.08	4.02	4.09
Cleveland.....	4.03	3.98	4.19	4.33	4.35	4.44	4.29	4.25	4.23	4.21	4.15	4.12	4.21
Richmond.....	4.02	4.03	3.97	4.33	4.50	4.67	4.63	4.45	4.45	4.41	4.31	4.29	4.38
Atlanta.....	4.13	4.17	4.12	4.20	4.30	4.34	4.30	4.24	4.23	4.21	4.17	4.21	4.06
Chicago.....	3.94	3.96	4.44	4.26	4.43	4.40	4.27	4.23	4.22	4.24	4.24	4.25	4.24

St. Louis.....	4.11	4.13	4.01	4.24	4.37	4.49	4.39	4.25	4.27	4.29	4.21	4.16	4.27
Minneapolis.....	4.97	4.73	4.84	4.88	4.98	4.90	4.86	4.55	4.68	4.44	4.42	4.57	4.72
Kansas City.....	4.28	4.53	4.53	4.59	4.84	5.07	5.24	4.77	4.78	4.78	4.87	4.74	4.80
Dallas.....	4.52	4.25	4.34	4.39	4.71	4.68	4.73	4.56	4.40	4.44	4.56	4.58	4.55
San Francisco.....	4.47	4.35	4.32	4.60	4.66	4.65	4.59	4.50	4.57	4.51	4.53	4.57	4.54
Total.....	4.02	4.02	4.03	4.23	4.35	4.42	4.37	4.25	4.24	4.21	4.20	4.18	4.26

NOTE.—Rates for the Boston and New York banks and for monthly totals are calculated on a 365-day basis. Rates for all other banks are calculated on a 360-day basis.

No. 30.—Average maturity in days, of all paper discounted by each Federal Reserve Bank, by months, during the calendar year 1918.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Average for year.
Boston.....	33.46	60.82	37.82	27.16	46.89	24.20	19.72	25.23	10.06	15.40	20.59	9.30	18.93
New York.....	20.75	29.64	21.77	7.22	6.95	4.93	6.77	8.05	6.36	7.06	8.23	5.29	7.31
Philadelphia.....	20.33	37.65	22.32	16.08	25.14	18.64	17.19	21.32	15.19	18.95	16.53	10.92	16.51
Cleveland.....	20.88	25.39	26.61	20.61	21.59	22.11	16.16	18.03	16.50	17.62	15.19	13.34	17.51
Richmond.....	7.36	8.58	6.18	9.12	17.07	15.36	13.15	11.27	8.70	10.45	10.61	9.22	10.40
Atlanta.....	24.31	24.39	25.06	18.83	19.89	20.65	20.42	19.35	18.87	18.81	18.07	17.42	19.01
Chicago.....	14.79	19.94	30.21	18.63	22.95	20.39	19.02	17.69	17.10	19.01	18.42	18.00	18.59
St. Louis.....	20.77	24.75	24.75	19.83	23.60	24.22	23.42	18.26	18.86	19.42	16.52	16.03	19.89
Minneapolis.....	54.76	43.50	54.94	38.01	45.01	37.64	42.51	28.34	34.41	21.33	20.60	22.87	32.78
Kansas City.....	23.50	47.71	49.30	33.61	42.11	34.43	33.61	23.81	24.46	25.28	28.24	23.85	30.76
Dallas.....	34.75	26.03	32.92	24.77	32.33	27.98	34.05	27.50	21.66	22.69	26.86	27.19	27.00
San Francisco.....	44.96	34.44	33.41	31.69	31.70	30.90	29.87	27.26	23.05	19.74	20.69	21.18	25.31
Total.....	18.90	27.73	22.25	11.25	12.59	10.09	12.85	12.70	10.38	11.17	12.37	8.54	11.81

No. 31.—Acceptances bought in open market during each month in 1918; also totals for 1917, 1916, and 1915.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.
Boston.....	\$8,001,703	\$11,723,878	\$11,504,087	\$8,939,064	\$12,437,164	\$8,761,789	\$11,967,858	\$19,139,739	\$19,684,040	\$29,379,576
New York.....	80,010,607	91,970,835	75,850,840	57,852,754	61,379,510	39,567,562	62,862,729	91,862,018	115,774,488	105,567,789
Philadelphia.....	5,167,838	4,153,683	5,570,666	6,822,070	8,434,297	7,120,876	5,748,048	3,080,170	2,741,791	20,618,547
Cleveland.....	2,883,179	5,623,223	4,713,142	3,564,198	845,949	5,854,860	11,152,929	15,287,322	15,932,632	23,242,605
Richmond.....	9,077,247	5,541,592	7,076,000	9,004,825	5,581,710	4,773,249	5,469,628	6,006,274	3,220,347	7,087,997
Atlanta.....	3,309,766	2,599,135	4,071,183	3,658,724	1,273,136	2,763,939	1,925,064	1,597,563	4,713,695	8,715,137
Chicago.....	3,697,161	9,895,400	11,847,190	5,678,115	6,907,295	9,925,473	9,530,265	11,018,502	7,427,475	21,868,533
St. Louis.....	1,524,447	3,665,151	4,714,024	1,781,255	1,793,017	760,555	1,021,390	920,225	554,457	2,377,280
Minneapolis.....		75,000	100,000		180,000	130,000	130,000	422,300	40,500	3,915,000
Kansas City.....	11,523	5,334	150,000	250,000	200,000		128,848	59,615		7,003,369
Dallas.....	3,532,502	2,184,406	3,550,000	3,280,000	2,095,000	1,380,000	370,000	714,214	1,580,000	2,240,000
San Francisco.....	13,403,536	10,837,469	9,849,232	7,584,512	14,786,862	8,541,719	13,266,885	12,688,471	11,462,688	24,689,435
Total, 1918.....	130,619,509	148,275,106	138,996,364	108,515,517	115,913,940	89,580,022	123,573,644	162,796,413	183,132,122	256,705,208
Total, 1917.....	20,617,180	70,640,679	28,152,638	41,312,691	82,544,372	135,229,697	66,864,065	72,122,802	109,046,466	86,894,182
Total, 1916.....	9,603,000	12,416,000	22,918,000	18,499,000	21,912,000	42,325,000	36,575,000	28,447,000	37,087,000	40,895,000
Total, 1915.....		2,666,000	8,356,000	4,018,000	2,865,000	4,701,000	5,986,000	4,656,000	4,548,000	6,340,000
Per cent, 1918.....	7.2	8.1	7.6	6.0	6.4	4.9	6.8	8.9	10.1	14.6
Per cent, 1917.....	1.9	6.6	2.6	3.8	7.7	12.5	6.2	6.7	10.1	8.1
Per cent, 1916.....	2.5	3.2	5.9	4.8	5.7	11.0	9.5	7.4	9.6	10.6
Per cent, 1915.....		4.1	12.9	6.2	4.4	7.3	9.2	7.2	7.0	9.8

Federal Reserve Bank.	November.	December.	Total, 1918.	Total, 1917.	Total, 1916.	Total, 1915.	Per cent.			
							1918	1917	1916	1915
Boston.....	\$29,634,813	\$22,983,966	\$194,157,686	\$91,528,205	\$52,377,000	\$14,105,000	10.7	8.5	13.6	21.7
New York.....	100,177,148	62,521,143	945,497,423	464,965,602	123,406,000	25,834,000	52.0	42.9	32.0	39.8
Philadelphia.....	6,893,200	1,335,136	77,686,322	85,913,798	53,122,000	7,565,000	4.3	7.9	13.8	11.7
Cleveland.....	15,474,755	18,225,626	122,800,420	91,109,193	27,542,000	2,963,000	6.7	8.4	7.1	4.6
Richmond.....	3,630,276	4,296,346	70,765,491	58,116,061	11,313,000	250,000	3.9	5.4	2.9	.4
Atlanta.....	4,148,098	6,701,928	45,477,368	26,392,564	12,544,000	72,000	2.5	2.4	3.2	.1
Chicago.....	15,074,220	9,917,628	122,787,257	66,714,061	27,061,000	5,782,000	7.2	6.2	7.0	8.9
St. Louis.....	1,448,156	5,536,163	26,096,120	29,732,271	20,681,000	1,801,000	1.4	2.7	5.4	2.8
Minneapolis.....	2,700,843	6,208,936	13,902,579	33,072,316	13,539,000	1,455,000	.8	3.1	3.5	2.2
Kansas City.....	3,413,592	3,468,366	14,690,587	26,825,413	8,191,000	1,788,000	.8	2.5	2.1	2.8
Dallas.....	2,600,000	1,498,000	25,024,122	35,076,917	3,543,000	.....	1.4	3.2	.9	.....
San Francisco.....	10,502,411	13,040,200	150,653,420	68,266,108	32,776,000	3,230,000	8.3	6.8	8.5	5.0
Total, 1918.....	195,697,512	155,733,438	1,809,538,795	.....	.....	.....	.....	.....	.....	.....
Total, 1917.....	186,218,728	178,069,009	.....	11,077,712,509	.....	.....	.....	.....	.....	.....
Total, 1916.....	48,547,000	66,871,000	.....	.....	386,095,000	.....	.....	.....	.....	.....
Total, 1915.....	7,919,000	12,790,000	.....	.....	.....	64,845,000	.....	.....	.....	.....
Per cent, 1918.....	10.8	8.6	.....	.....	.....	.....	100	.....	.....	.....
Per cent, 1917.....	17.3	16.5	.....	.....	.....	.....	.....	100	.....	.....
Per cent, 1916.....	12.5	17.3	.....	.....	.....	.....	.....	.....	100	.....
Per cent, 1915.....	12.2	19.7	.....	.....	.....	.....	.....	.....	.....	100

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

No. 32.—Acceptances bought in open market during each month in 1918. distributed by maturities.

MATURITIES.

Month.	Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	Total 1918.	Total 1917.	Total 1916.	Total 1915.
January.....	\$10,163,396	\$10,420,023	\$29,451,144	\$77,090,959	\$3,493,387	\$130,619,509	\$20,617,180	\$9,603,000	.....
February.....	5,714,258	12,642,259	34,252,035	91,901,419	3,765,135	148,275,106	70,640,679	12,416,000	\$2,666,000
March.....	1,476,821	11,402,728	29,733,043	90,772,458	5,011,314	138,996,364	28,152,638	22,918,000	8,356,000
April.....	2,832,790	8,551,069	26,490,371	66,879,538	3,711,149	108,515,517	41,312,691	18,499,000	4,018,000
May.....	7,027,740	16,687,239	25,981,277	63,734,124	2,483,560	115,913,940	82,544,372	21,912,000	2,865,000
June.....	8,344,335	19,506,550	21,891,317	39,254,107	583,713	89,580,022	135,229,697	42,325,000	4,701,000
July.....	6,546,558	22,259,172	38,729,263	54,430,558	1,608,093	123,573,644	66,864,065	36,575,000	5,956,000
August.....	18,486,108	27,840,126	44,821,640	71,027,379	621,160	162,796,413	72,122,802	28,447,000	4,656,000
September.....	26,897,127	32,358,684	42,745,203	80,116,518	1,014,590	183,132,122	109,046,466	37,087,000	4,548,000
October.....	31,045,245	27,066,744	49,863,590	148,159,381	570,248	256,705,208	86,894,182	40,895,000	6,340,000
November.....	18,837,937	58,448,954	66,977,207	51,057,284	376,130	195,697,512	186,218,728	48,547,000	7,919,000
December.....	24,541,541	29,471,649	55,652,982	42,115,337	3,951,929	155,733,438	178,069,009	66,871,000	12,790,000
Total 1918.....	161,963,856	276,656,397	466,589,072	876,539,062	27,790,408	1,869,538,795	.....	.....	.....
Total 1917.....	32,048,198	128,893,138	267,084,882	613,295,256	36,441,035	.....	1,077,712,569	.....	.....
Total 1916.....	.....	38,442	68,651	284,002	.....	.....	.....	386,095,000	.....
Total 1915.....	.....	2,980	9,057	52,808	.....	.....	.....	.....	64,845,000

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

No. 33.—*Rediscounts and sales of discounted and purchased paper between Federal Reserve Banks during calendar year 1918.*

CHRONOLOGICAL TABLE.

Discounted or purchased by Federal Reserve Bank of—	Date.	Rediscounted or sold by Federal Reserve Bank of—			
		Boston.	New York.	Richmond.	
		Purchased bills.	Purchased bills.	Purchased bills.	Discounted bills.
San Francisco.....	Jan. 10	\$3,759,977			
Dallas.....	Jan. 14		\$2,000,000		
Do.....	Jan. 16		300,000		
Do.....	Jan. 24		1,500,244		
San Francisco.....	do		908,145		
Dallas.....	Jan. 25		990,954		
San Francisco.....	Jan. 26		1,000,000		
Do.....	Feb. 2		995,561		
Do.....	Feb. 4		631,852		
Dallas.....	Feb. 5		737,968		
Philadelphia.....	Feb. 14			\$5,017,518	
Chicago.....	do			1,994,030	
Minneapolis.....	do			1,480,501	
Kansas City.....	do			1,467,564	
Cleveland.....	Feb. 21		2,494,410		
Dallas.....	Feb. 26		2,704,151		
Cleveland.....	Mar. 1		2,098,148		
Philadelphia.....	Mar. 5	2,529,502			
Minneapolis.....	do	2,559,350			
Kansas City.....	do	5,037,200			
Cleveland.....	Mar. 6	5,054,410			
Chicago.....	Mar. 14		5,214,143		

CHRONOLOGICAL TABLE—Continued.

Discounted or purchased by Federal Reserve Bank of—	Date.	Rediscouted or sold by Federal Reserve Bank of—								
		New York.	Richmond.		Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	
		Purchased bills.	Purchased bills.	Discounted bills.	Purchased bills.	Discounted bills.	Discounted bills.	Discounted bills.	Purchased bills.	Discounted bills.
Philadelphia.....	Mar. 26	\$5,029,195								
Cleveland.....	do.	4,996,368								
Chicago.....	do.	19,103,044								
Minneapolis.....	do.	7,534,729								
Kansas City.....	do.	7,511,147								
Atlanta.....	Mar. 27	2,514,096								
St. Louis.....	do.	2,526,276								
Philadelphia.....	Apr. 18		\$3,999,257							
Chicago.....	do.		3,007,049							
Minneapolis.....	do.		1,992,547							
Do.....	May 7								\$1,000,000	
Philadelphia.....	May 8								1,995,000	
Boston.....	May 16			\$1,828,600						
Philadelphia.....	do.			2,038,200						
Cleveland.....	do.			1,948,000						
Chicago.....	do.			2,023,000						
San Francisco.....	do.			2,028,700						
Boston.....	May 17		1,100,000							
Philadelphia.....	do.		990,450							
Cleveland.....	May 29	5,016,453	1,009,500							
Chicago.....	do.		931,000							
San Francisco.....	do.		978,500							

Cleveland.....	June 14					\$4,168,066	
Chicago.....	do.					4,362,313	
Cleveland.....	June 15						\$5,003,652
Boston.....	June 27	635,000	1,862,064				
Philadelphia.....	do.	632,719	1,934,745				
Cleveland.....	do.	1,770,350	3,924,137				
Chicago.....	do.	822,777	3,439,777				
Boston.....	July 2				\$5,000,007		
Cleveland.....	July 5						5,000,166
Do.....	July 9				7,500,002		
New York.....	July 31						5,000,009
Do.....	Aug. 1			\$9,984,130			
Philadelphia.....	Aug. 2						1,990,226
Cleveland.....	do.						2,928,052
New York.....	Aug. 3				\$5,000,000		
Boston.....	Aug. 9				2,498,478		
New York.....	do.				7,498,881		
Philadelphia.....	Aug. 13	1,352,500	3,703,200				
Cleveland.....	do.	1,350,750	3,702,000				
Do.....	Aug. 24				5,000,443		
Philadelphia.....	Aug. 27				4,999,075		
Boston.....	Aug. 30						2,000,000
Philadelphia.....	do.						3,000,000

CHRONOLOGICAL TABLE—Continued.

Discounted or purchased by Federal Reserve Bank of—	Date.	Rediscouted or sold by Federal Reserve Bank of—									
		Boston.		New York.	Philadelphia.		Richmond.		Atlanta.		Dallas.
		Purchased bills.	Discounted bills.	Purchased bills.	Purchased bills.	Discounted bills.	Purchased bills.	Discounted bills.	Purchased bills.	Discounted bills.	Discounted bills.
Philadelphia.....	Oct. 1			\$10,108,157							
Cleveland.....	do.			20,012,723							
Kansas City.....	do.										\$5,000,000
Boston.....	Oct. 3			4,973,583							
Chicago.....	do.			8,815,110							
St. Louis.....	do.			2,625,237							
San Francisco.....	Oct. 4			1,173,353							
Philadelphia.....	Oct. 8								\$250,000	\$1,750,000	
Cleveland.....	do.								200,000	1,800,000	
Kansas City.....	do.									1,000,000	
Cleveland.....	Oct. 14										2,500,000
Richmond.....	do.			331,176							
Chicago.....	do.										2,500,000
Philadelphia.....	Oct. 21									1,600,000	
Cleveland.....	do.									1,717,500	
Do.....	Oct. 23										2,500,000
Philadelphia.....	do.									2,000,000	
Chicago.....	do.										2,500,000
Minneapolis.....	do.										2,500,000
Philadelphia.....	Nov. 1	\$5,281,831									
Cleveland.....	do.	5,083,423									
Philadelphia.....	Nov. 6	5,115,575									
Cleveland.....	do.	5,111,724									2,500,000

Chicago	do								2,500,000
Minneapolis	do								5,000,000
Cleveland	do							5,000,000	
New York	Nov. 13				\$10,022,200				
Do	Nov. 14	20,118,746							
Chicago	do							5,000,000	
Minneapolis	do							5,000,000	
Cleveland	Nov. 15								2,500,000
Minneapolis	do								2,500,000
San Francisco	Nov. 18		1,801,066						
Minneapolis	Nov. 19					\$6,564,409	\$3,514,000		
Chicago	do							10,069,500	
New York	do				10,056,775				
Cleveland	do	\$25,223,947							
Minneapolis	Nov. 20								5,000,000
San Francisco	do		647,706						
Chicago	Nov. 21							5,353,600	
Do	Nov. 26							5,000,000	
Minneapolis	do								5,000,000
San Francisco	Dec. 2	10,609,945							
Minneapolis	Dec. 3								5,000,000
Chicago	Dec. 2							7,500,000	
Do	Dec. 3				10,024,077				
Do	Dec. 5					\$3,040,880			
Minneapolis	do					5,001,000			
St. Louis	do					2,000,000			
Chicago	Dec. 6		50,106,201					6,032,000	
Do	Dec. 10							5,000,000	
Minneapolis	Dec. 11	4,783,573	10,016,560						
St. Louis	Dec. 12								2,500,000
Chicago	do								5,000,000
Do	Dec. 13							5,000,000	
Minneapolis	Dec. 17				10,004,215				
Chicago	do							5,000,000	5,000,000

No. 33.—Rediscunts and sales of discounted and purchased paper between Federal Reserve Banks during calendar year 1918—Continued.

CHRONOLOGICAL TABLE—Continued.

Discounted or purchased by Federal Reserve Bank of—	Date.	Rediscouted or sold by Federal Reserve Bank of—					
		Boston.		New York.	Atlanta.		Dallas.
		Purchased bills.	Discounted bills.	Purchased bills.	Purchased bills.	Discounted bills.	Discounted bills.
Minneapolis.....	Dec. 20						\$5,000,000
Kansas City.....	Dec. 26			\$5,030,525			
Minneapolis.....	Dec. 27		\$10,015,600				
Chicago.....	do.					\$5,000,000	
Do.....	Dec. 30						5,000,000
Do.....	Dec. 31						6,000,000

MONTHLY RECAPITULATION.

1918.	Rediscouted or sold by Federal Reserve Bank of—									
	Boston.		New York.	Philadelphia.		Cleveland.	Richmond.		Atlanta.	
	Discounted bills.	Purchased bills.	Purchased bills.	Discounted bills.	Purchased bills.		Discounted bills.	Purchased bills.	Discounted bills.	Purchased bills.
January.....		\$3,759,977	\$6,708,343							
February.....			7,563,942				\$9,959,613			
March.....		15,176,462	56,527,146							
April.....							8,998,853			
May.....			5,016,453				\$9,866,500	5,009,450		

							11,160,723	3,880,846		
August.....							7,405,230	2,703,250		
September.....										
October.....			47,439,339						\$10,887,500	\$450,000
November.....	\$25,223,947	40,711,299	2,448,772		\$26,078,984		3,514,000	6,564,409	35,422,500	
December.....	20,032,100	15,393,518	55,196,726	\$20,046,235	10,024,077				33,532,000	
Total.....	45,256,047	75,041,256	180,900,721	20,046,235	30,103,061		31,946,423	37,116,421	79,842,000	450,000

1918.	Rediscounted or sold by Federal Reserve Bank of--								
	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.		San Francisco.	Total.	
	Purchased bills.	Discounted bills.	Discounted bills.	Discounted bills.	Discounted bills.	Purchased bills.		Discounted bills.	Purchased bills.
January.....									\$10,468,320
February.....									17,523,555
March.....									71,703,608
April.....									8,998,853
May.....						\$2,995,000		\$9,866,500	13,020,963
June.....				\$8,530,379	\$5,003,652			24,694,754	3,890,846
July.....		\$12,500,009			10,000,265			22,500,274	
August.....	\$9,984,139		\$24,996,877		9,927,278			42,329,355	12,687,389
September.....									
October.....					17,500,000			28,387,500	47,889,339
November.....					25,000,000			89,160,447	69,803,464
December.....					33,500,000			107,110,335	80,614,321
Total.....	9,984,139	12,500,009	24,996,877	8,530,379	100,931,195	2,995,000		324,049,165	336,590,598

SUMMARY FOR THE YEAR.

(In thousands of dollars.)

Discounted or purchased by Federal Reserve Bank of—	Rediscounted or sold by Federal Reserve Bank of—											Total.	Purchased bills.	Discounted bills.	
	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.				San Francisco.
Boston.....		4,974			5,426			5,000	2,498		2,000		19,898	6,709	13,189
New York.....	20,119		20,079				9,984		12,499		5,000		67,681	50,182	17,499
Philadelphia.....	12,927	15,137			19,688	6,620			4,999		6,994		66,365	42,321	24,044
Cleveland.....	40,473	34,619			13,706	8,718		7,500	5,000	4,168	22,931		137,115	54,199	82,916
Richmond.....		331											331	331	
Atlanta.....		2,514											2,514	2,514	
Chicago.....		83,298	13,065		12,218	58,955				4,362	28,500		200,398	100,077	100,321
St. Louis.....		4,551	2,000								2,500		9,051	4,551	4,500
Minneapolis.....	27,371	7,535	15,005		13,551	5,000					31,000		99,462	25,911	73,551
Kansas City.....	5,037	12,542			1,468	1,000					5,000		25,047	19,047	6,000
Dallas.....		8,242											8,242	8,242	
San Francisco.....	14,370	7,158			3,006								24,534	22,506	2,028
Total.....	120,297	180,901	50,149		69,063	80,293	9,984	12,500	24,996	8,530	103,925		660,638		
Purchased bills.....	75,041	180,901	30,103		37,116	450	9,984				2,997			336,560	
Discounted bills.....	45,256		20,046		31,947	79,843		12,500	24,996	8,530	100,928				324,048

No. 34.—Amounts of United States bonds (par value) purchased by Federal Reserve Banks during each month in 1918.

Federal Reserve Bank.	January.	February.	March.	April.	May.	June.	July.	August.
Boston.....	\$1,987,088	\$2,080,000	\$155,000	.....	\$509,525	\$2,623,950	.....	\$300
New York.....	.....	18,000	.....	.....	14,060,000	9,991,000	\$50,000	.....
Philadelphia.....	5,747,450	3,445,000	1,045,000	\$245,000	.....	400,000	.....	150
Cleveland.....	60,000	1,250	.....	.....	12,100	5,000	200	25,200
Richmond.....	.....	2,350	50	.....	.....	.....	500	.....
Atlanta.....	4,305,000	5,556,800	6,943,100	2,044,900	206,250	.....	91,000	167,000
Chicago.....	.....	.....	83,050	.....	.....	.....	.....	.....
St. Louis.....	.....	.....	.....	.....	.....	.....	.....	.....
Minneapolis.....	2,149,000	3,693,300	1,586,600	944,000	29,050	15,000	.....	92,000
Kansas City.....	13,100	.....	.....	.....	2,450	12,650	.....	.....
Dallas.....	50,000	.....	.....	.....	12,450	.....	.....	.....
San Francisco.....	26,000	.....	10,600	5,650	1,000,000	150	1,000,000	.....
Total, 1918.....	14,337,638	14,746,700	9,823,400	3,239,550	15,831,825	13,047,750	1,141,700	284,650
Total, 1917.....	2,431,390	144,950	8,640,510	2,870,040	52,000	1,241,900	18,366,650	3,825,460
Per cent, 1918.....	19.38	19.93	13.28	4.38	21.40	17.63	1.54	.38
Per cent, 1917.....	2.98	.18	10.60	3.52	.06	1.52	22.53	4.69
Classes of securities purchased each month:								
2 per cent bonds.....	.....	.....	.....	.....	.....	.....	.....	.....
3 per cent bonds.....	.....	.....	.....	.....	.....	405,000	50,000	.....
3½ per cent bonds.....	1,094,100	1,679,300	1,327,650	745,100	25,850	2,628,400	.....	27,050
4 per cent bonds.....	13,243,538	13,067,400	8,495,750	2,494,450	2,510,600	3,297,350	1,050,000	.....
4½ per cent bonds.....	.....	.....	.....	.....	13,295,375	6,717,000	41,700	257,600
Total, 1918.....	14,337,638	14,746,700	9,823,400	3,239,550	15,831,825	13,047,750	1,141,700	284,650
Total, 1917.....	2,431,390	144,950	8,640,510	2,870,040	52,000	1,241,900	18,366,650	3,825,460

No. 34.—Amounts of United States bonds (par value) purchased by Federal Reserve Banks during each month in 1918—Continued.

Federal Reserve Bank.	September.	October.	November.	December.	Total, 1918.	Total, 1917.	Per cent.	
							1918.	1917.
Boston.....	\$50	\$1,222,350	.....	\$800	\$8,529,063	¹ \$1,418,116	11.53	1.74
New York.....	.....	.....	.....	.....	24,119,000	7,646,600	32.59	9.38
Philadelphia.....	.....	1,500	\$78,050	10,900	10,973,050	12,274,250	14.83	15.05
Cleveland.....	50	.....	.....	100	103,900	4,159,700	.14	5.10
Richmond.....	.....	1,000	.....	.....	3,900	1,137,500	.01	1.39
Atlanta.....	96,000	31,750	15,400	25,050	19,182,250	7,924,900	26.33	9.72
Chicago.....	10,850	.....	100	.....	94,000	40,985,760	.13	50.27
St. Louis.....	.....	.....	.....	.....	.....	650,050	.....	.80
Minneapolis.....	.....	11,450	.....	.....	8,520,400	615,650	11.51	.75
Kansas City.....	.....	.....	.....	.....	28,200	1,187,240	.04	1.46
Dallas.....	.....	29,500	.....	.....	91,950	1,394,950	.12	1.71
San Francisco.....	.....	8,200	.....	.....	2,050,600	2,142,600	2.77	2.63
Total, 1918.....	106,950	1,305,750	93,550	36,850	73,996,313	¹ \$1,567,316	100.00	100.00
Total, 1917.....	20,830,650	190,400	¹ 1,546,946	21,396,420	.....	¹ \$1,537,316	.....	.....
Per cent, 1918.....	.14	1.76	.13	.05	100.00	.....	.....	.....
Per cent, 1917.....	23.55	.23	1.90	28.24	.....	100.00	.....	.....
Classes of securities purchased each month:								
2 per cent bonds.....	.....	.....	.....	.....	.....	13,997,209	.....	.....
3 per cent bonds.....	.....	.....	.....	.....	453,000	188,549	.....	.....
3½ per cent bonds.....	35,000	15,500	100	.....	7,578,050	15,862,610	.....	.....
4 per cent bonds.....	61,000	.....	.....	10,900	44,230,955	¹ 21,458,966	.....	.....
4½ per cent bonds.....	10,950	1,290,250	93,450	25,950	21,732,273	.....	.....	.....
Total, 1918.....	108,950	1,305,750	93,550	36,850	73,996,313	.....	.....	.....
Total, 1917.....	20,830,650	190,400	¹ 1,546,946	21,396,420	.....	¹ \$1,537,316	.....	.....

¹ Includes Liberty loan bonds sold to individual subscribers on partial-payment plan.

No. 35.—Amounts of United States certificates of indebtedness purchased by Federal Reserve Banks during each month in 1918.

	January.	February.	March.	April.	May.	June.	July.
Boston.....	\$165,000	\$2,250,000	\$330,000		\$125,000		
New York.....	406,870,000	448,249,000	939,130,000	\$232,088,000	178,586,000	\$389,799,000	\$19,366,000
Philadelphia.....	4,039,000	2,585,000	9,971,000	7,712,500	107,000	3,943,000	55,000
Cleveland.....	79,600,000	57,659,000	23,833,500	9,214,500	1,024,000	1,032,000	490,000
Richmond.....	573,000	25,000			10,000		225,000
Atlanta.....	700,000	3,680,000	5,521,500	2,205,100	108,000	55,000	17,500
Chicago.....	13,509,000	619,000	85,537,360	31,703,200	719,500	40,000	
St. Louis.....							
Minneapolis.....	135,000	2,987,000	22,854,500	32,976,000	2,433,500	20,043,000	1,364,000
Kansas City.....	4,551,000	86,000	313,000	1,334,500	69,000	50,000	122,500
Dallas.....	1,400,000		741,000	1,073,000	81,000		
San Francisco.....		52,000	1,000,000	3,019,500	1,162,500	838,500	157,000
Total.....	511,542,000	518,192,000	1,089,231,860	321,326,300	184,425,500	415,800,500	21,797,000

	August.	September.	October.	November.	December.	Total.
Boston.....			\$3,750,000	\$1,000,000	\$69,000,000	\$76,620,000
New York.....	\$29,285,000	\$71,858,000	561,199,500	200,390,500	1,527,083,500	5,003,904,500
Philadelphia.....	20,000	3,272,000	18,451,000	2,203,500	3,840,000	56,199,000
Cleveland.....	20,000	3,565,000	8,497,500	10,660,000	61,847,500	257,443,000
Richmond.....	1,000		1,886,000	499,000	29,500,000	32,719,000
Atlanta.....	10,000	1,000,000	2,338,000	62,000	5,059,000	20,756,100
Chicago.....		3,000,000	6,167,000	2,000,000	3,000,000	146,295,000
St. Louis.....		2,000,000	2,071,000	1,497,000	1,000,000	6,568,000
Minneapolis.....	82,500	170,000	2,844,500	175,000	1,505,500	87,570,500
Kansas City.....	52,500	235,000	2,199,500	75,000	2,015,000	11,103,000
Dallas.....	750,500	270,000	1,741,000	499,000	16,015,000	22,570,500
San Francisco.....		212,000	19,899,500	248,000	28,014,500	54,603,500
Total.....	30,221,500	85,582,000	631,044,500	219,309,000	1,747,880,000	5,776,352,160

¹ Includes \$520,000 of one-year Treasury notes.

No. 36.—Amounts of one-year 2 per cent certificates of indebtedness purchased by Federal Reserve Banks during each month in 1918 and deposited with the United States Treasurer as security for Federal Reserve bank notes.

1918.	Boston.	New York.	Philadel- phia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneap- olis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
August.....		\$6,000,000											\$6,000,000
September.....		9,000,000	\$3,000,000	\$2,000,000		\$1,000,000	\$3,000,000	\$2,000,000					20,000,000
October.....	\$3,750,000	9,955,000	356,000	2,458,000	\$1,886,000	2,298,000	6,167,000	2,071,000	\$1,350,000	\$2,000,000	\$1,176,000	\$1,750,000	35,217,000
November.....	1,000,000	1,000,000	2,000,000	3,960,000	499,000		2,000,000	1,497,000	1,000,000		499,000		12,495,000
December.....	2,000,000	9,000,000	3,499,000	2,000,000	1,500,000	1,999,000	3,000,000	1,000,000	2,000,000	1,499,000	1,500,000	1,998,000	30,995,000
Total.....	6,750,000	34,955,000	8,855,000	9,458,000	3,885,000	5,297,000	14,167,000	6,568,000	4,350,000	3,499,000	3,175,000	3,748,000	104,707,000

No. 37.—United States bonds and one-year Treasury notes redeemed by the United States Treasury during the calendar year 1918.

Federal Reserve bank.	3 per cent loan of 1918.	3 per cent 1-year Treasury notes.	Total.	Federal Reserve bank.	3 per cent loan of 1918.	3 per cent 1-year Treasury notes.	Total.
Boston.....		\$1,528,000	\$1,528,000	St. Louis.....	\$1,080,000	\$1,444,000	\$2,524,000
New York.....	\$100,000	4,492,000	4,592,000	Minneapolis.....	1,199,180	\$10,000	2,009,180
Philadelphia.....	900,000	1,723,000	2,123,000	Kansas City.....		568,000	963,000
Cleveland.....	2,658,660	2,019,000	4,677,660	Dallas.....		705,000	705,000
Richmond.....		1,070,000	1,070,000	San Francisco.....		500,000	500,000
Atlanta.....		\$24,000	824,000				
Chicago.....	2,381,000	1,938,000	4,319,000	Total.....	3,918,180	15,011,000	18,929,180

No. 38.—*Investment operations of Federal Reserve Banks during 1918, by classes of investments.*

(Figures are exclusive of rediscounts and sales of discounted and purchased paper between Federal Reserve Banks).

	Commercial paper discounted.				Acceptances bought in open market.			United States securities.					1-year Treasury notes.
	Secured by Government war obligations.	Trade acceptances.	All other.	Total.	Bankers.	Trade.	Total.	Bonds.					
								2 per cent.	3 per cent.	3½ per cent.	4 per cent.	4½ per cent.	
Boston.....	\$1,550,310,782	\$10,287,131	\$199,687,020	\$1,760,284,933	\$192,068,446	\$2,089,240	\$194,157,686		\$2,643,900	\$4,152,188	\$1,732,075		
New York.....	22,254,444,699	70,676,912	2,210,416,846	24,535,538,457	925,729,971	19,767,452	945,497,423	\$50,000		4,601,000	19,468,000	\$520,000	
Philadelphia.....	1,504,636,670	5,650,053	323,311,551	1,833,598,274	77,254,080	432,242	77,686,322	400,000	730,000	9,763,350	79,700		
Cleveland.....	1,060,687,150	24,894,291	300,536,555	1,386,117,996	117,517,671	5,282,749	122,800,420	5,000		61,250	37,650		
Richmond.....	1,625,616,690	13,389,109	520,839,572	2,159,845,371	70,765,491		70,765,491		50	2,350	1,500		
Atlanta.....	631,032,371	11,697,196	287,400,520	930,130,087	45,477,368		45,477,368		3,141,600	16,098,400	242,250		
Chicago.....	2,139,330,599	9,033,011	1,117,486,400	3,265,850,010	122,761,240	26,017	122,787,257			83,050	10,950		
St. Louis.....	777,982,270	15,681,201	291,473,783	1,085,137,254	26,096,120		26,096,120						
Minneapolis.....	242,826,420	799,371	190,166,009	433,791,800	13,885,280	17,319	13,902,579		1,035,150	7,376,150	109,100		
Kansas City.....	475,659,106	10,400,938	347,460,518	833,520,562	14,656,546	34,041	14,690,587		20,100	8,100			
Dallas.....	447,833,088	2,056,758	137,787,920	587,677,766	25,024,122		25,024,122			50,000	41,950		
San Francisco.....	679,720,046	12,806,608	248,914,683	941,441,337	117,266,510	33,386,910	150,653,420		7,250	2,035,150	8,200		
Total.....	33,390,079,891	187,372,579	6,175,481,377	39,752,933,847	1,748,502,825	61,035,970	1,809,538,795	455,000	7,578,050	44,230,988	21,732,275	520,000	

No. 38.-- Investment operations of Federal Reserve Banks during 1918, by classes of investments—Continued.

	United States securities.		Municipal warrants.				Total, 1918.	Total, 1917.
	Certificates of indebtedness.	Total.	City.	State.	All other.	Total.		
Boston.....	\$76,620,000	\$85,149,063					\$2,039,591,682	\$443,992,608
New York.....	5,003,384,500	5,028,023,500	\$50,521			\$50,521	30,509,109,901	7,018,633,903
Philadelphia.....	56,199,000	67,172,050			\$10,000	10,000	1,978,466,646	323,225,480
Cleveland.....	257,443,000	257,546,900					1,766,465,316	312,020,076
Richmond.....	32,719,000	32,722,900					2,263,333,762	461,045,246
Atlanta.....	20,756,100	40,238,350	114,644		152,229	266,873	1,016,112,678	130,197,843
Chicago.....	146,295,060	² 146,389,060		\$300,000	700,000	1,000,000	3,536,026,327	632,130,411
St. Louis.....	6,568,000	6,568,000					1,117,801,374	217,518,606
Minneapolis.....	87,570,500	96,090,900					543,785,279	119,026,868
Kansas City.....	11,103,000	11,131,200					859,342,349	271,137,854
Dallas.....	22,570,500	22,662,450	382,208			\$82,208	635,746,546	94,216,141
San Francisco.....	54,603,500	56,654,100					1,148,748,857	174,175,809
Total.....	5,775,832,160	5,850,348,473	547,373	300,000	\$62,229	1,702,602	47,414,530,717	10,197,320,845

¹ Figures for 1917 includes \$213,607,152 of paper discounted for or purchased from other Federal Reserve Banks, but exclude purchases of United States certificates of indebtedness.

² Exclusive of \$174,174,900 of United States securities taken under repurchase agreements during January and February and included among discounted bills.

No. 39.—Investment operations of Federal Reserve Banks during 1918 and 1917, by months and classes of investments.

(Figures are exclusive of rediscounts and sales of discounted and purchased paper between Federal Reserve Banks.)

Month and year.	Bills discounted for member banks.				Acceptances bought in open market.			United States bonds.			
	Secured by Government war obligations.	Trade acceptances.	All other.	Total.	Bankers'.	Trade.	Total.	2 per cent.	3 per cent.	3½ per cent.	4 per cent.
January.....	\$378,507,198	\$13,998,454	\$475,723,967	\$868,229,619	\$128,117,262	\$2,502,247	\$130,619,509			\$1,094,100	\$13,243,538
February.....	400,036,509	19,217,453	343,190,736	762,444,698	145,681,853	2,593,253	148,275,106			1,679,300	13,067,400
March.....	313,115,700	16,230,557	423,587,276	754,933,533	134,447,248	4,549,116	138,996,364			1,327,650	8,495,750
April.....	1,806,668,915	11,120,947	354,790,277	2,172,580,139	104,522,935	3,992,582	108,515,517			745,100	2,494,450
May.....	2,523,505,536	13,165,738	456,348,072	2,993,019,346	108,749,327	7,164,613	115,913,940			25,850	2,510,600
June.....	2,621,131,790	14,810,953	501,283,086	3,137,225,829	84,955,464	4,624,558	89,580,022	\$405,000		2,628,400	3,297,350
July.....	2,469,385,266	13,822,069	860,250,816	3,343,458,151	117,991,650	5,581,994	123,573,644	50,000			1,050,000
August.....	3,127,333,303	12,762,403	622,163,392	3,762,259,098	153,016,446	7,779,967	162,796,413			27,050	
September.....	4,077,897,180	20,917,189	586,325,335	4,685,139,704	178,887,336	4,244,786	183,132,122			35,000	61,000
October.....	5,308,281,571	23,519,494	572,161,812	5,903,962,877	249,326,100	7,379,108	256,705,208			15,500	
November.....	4,601,248,230	16,190,679	537,158,413	5,154,597,322	190,939,921	4,757,591	195,697,512			100	
December.....	5,760,968,693	11,616,643	442,498,195	6,215,083,531	149,867,283	5,866,155	155,733,438				10,900
Total, 1918.....	33,390,079,891	187,372,579	1,617,481,377	39,752,933,847	1,748,502,825	61,035,970	1,809,538,795		455,000	7,578,050	44,230,988
Total, 1917.....	25,884,160,624	37,771,132	3,092,254,698	9,014,186,454	1,046,764,534	30,947,975	1,077,712,509	\$13,997,200	188,540	45,862,610	21,488,966
Total, 1916.....		5,212,300	202,658,200	207,870,500	369,762,300	16,332,700	386,095,000	48,128,100	3,918,880		4,403,200
Total, 1915.....		1,958,800	159,394,200	161,353,000	64,814,000	31,000	64,845,000	11,776,350	3,167,120		770,000

¹ Includes \$19,940,200 of bankers' acceptances discounted.

² Includes member banks' collateral notes only, and is exclusive of customers' paper similarly secured, the amount of which, however, was small.

No. 39.—Investment operations of Federal Reserve Banks during 1918 and 1917, by months and classes of investments—Continued.

Month and year.	United States bonds, $\frac{1}{4}$ per cent.	United States certificates of indebtedness.	Total United States securities.	Municipal warrants.				Total investment operations.			
				City.	State.	All other.	Total.	Total, 1918.	Total, 1917.	Total, 1916.	Total, 1915.
January.....		\$511,542,000	\$525,879,638	\$236,963	\$300,000	\$719,000	\$1,255,963	\$1,525,984,729	\$49,105,356	\$37,150,980	\$23,450,300
February.....		518,192,000	532,938,700	135,049		1,500	136,549	1,443,795,073	99,502,895	40,028,950	20,345,800
March.....		1,089,231,860	1,099,055,260	32,278		62,625	94,903	1,993,080,060	66,495,153	50,981,150	26,834,900
April.....		321,326,300	324,565,850	32,270		26,000	58,270	2,605,719,776	95,738,818	50,861,300	17,838,900
May.....	\$13,295,375	184,425,500	200,257,325			16,500	16,500	3,309,207,111	174,128,766	48,199,800	21,242,500
June.....	6,717,000	415,800,500	428,848,250	5,073		4,500	9,573	3,655,663,674	887,502,360	60,785,340	23,179,300
July.....	41,700	21,797,000	22,938,700	51,121		16,000	67,121	3,490,037,616	547,434,069	64,354,450	27,048,000
August.....	257,600	30,221,500	30,506,150	45,685		4,591	50,276	3,955,611,937	297,023,452	47,902,200	29,375,000
September.....	10,950	85,582,000	85,688,950	3,631		5,133	8,764	4,953,969,540	678,062,976	58,679,500	23,556,300
October.....	1,290,250	631,044,500	632,350,250			300	300	6,793,018,635	2,770,806,092	63,282,160	23,961,000
November.....	93,450	219,309,000	219,402,550	5,303		6,080	11,383	5,569,708,767	3,394,416,518	79,644,600	38,178,700
December.....	25,950	1,747,880,000	1,747,916,850					8,118,733,819	1,137,104,390	139,531,250	33,760,100
Total, 1918.....	21,732,275	15,776,352,160	5,850,348,473	547,373	300,000	862,229	1,709,602	47,414,530,717			
Total, 1917.....		2 7,063,000	88,600,316	15,769,759	263,059	788,748	16,821,566		10,197,320,845		
Total, 1916.....		2 300,000	56,750,180	85,662,400	4,087,100	936,500	90,686,000			741,401,680	
Total, 1915.....			15,713,470				65,859,300				307,770,800

¹ Includes \$520,000 of 1-year Treasury notes.

² 1-year Treasury notes.

³ Includes \$213,607,152 of bills discounted for or purchased from other Federal Reserve Banks but excludes purchases of certificates of indebtedness.

No. 40.—Total investment operations of Federal Reserve Banks during each month of 1918.

(Figures are exclusive of rediscounts and sales of discounted and purchased paper between Federal Reserve Banks.)

Federal Reserve Banks.	January.	February.	March.	April.	May.	June.	July.
Boston.....	834,672,991	876,830,912	841,805,408	\$39,433,018	867,247,803	864,062,669	8155,084,743
New York.....	786,021,686	808,039,215	1,336,322,932	1,750,722,071	2,435,168,861	2,730,042,467	2,017,371,638
Philadelphia.....	51,165,270	42,052,051	46,003,593	57,162,158	80,508,191	104,289,787	140,269,124
Cleveland.....	133,205,720	110,832,074	74,032,730	103,058,479	77,234,301	60,006,218	146,472,656
Richmond.....	138,591,928	126,376,985	158,462,635	194,060,878	133,806,799	132,295,727	168,879,572
Atlanta.....	22,549,478	22,425,412	33,596,588	41,835,527	48,223,999	54,178,721	64,873,511
Chicago.....	218,398,031	138,201,608	132,755,063	157,239,495	172,133,229	191,618,864	588,856,725
St. Louis.....	39,721,655	34,016,112	45,217,434	64,774,142	61,347,269	95,385,131	106,057,277
Minneapolis.....	7,747,060	14,008,540	26,887,172	51,803,752	32,237,642	61,886,266	61,044,132
Kansas City.....	44,769,907	21,669,881	52,366,838	56,353,687	95,988,964	63,504,383	83,333,186
Dallas.....	12,386,992	12,652,185	24,745,932	40,723,522	39,427,055	45,453,965	52,244,194
San Francisco.....	36,754,011	36,690,078	40,883,735	48,553,047	65,883,018	52,939,476	104,902,258
Total, 1918.....	1,525,984,729	1,443,795,053	1,993,080,060	2,605,719,776	3,309,207,111	3,655,663,674	3,490,037,616
Total, 1917 ¹	49,105,356	99,502,895	66,495,153	95,738,818	174,128,766	887,502,360	547,434,069
Total, 1916.....	37,150,980	40,028,950	50,981,150	50,861,300	48,199,800	60,785,340	64,354,450
Total, 1915.....	23,450,300	20,345,800	26,834,900	17,838,900	20,242,500	23,179,300	27,048,000

Federal Reserve Banks.	August.	September.	October.	November.	December.	Total.
Boston.....	\$142,880,762	\$249,026,363	\$338,394,033	\$373,350,564	\$456,202,416	\$2,039,591,682
New York.....	2,427,233,888	3,081,248,564	4,380,072,965	3,248,858,733	5,508,007,483	30,509,109,911
Philadelphia.....	150,366,382	167,232,191	254,394,243	368,823,184	516,200,472	1,978,466,646
Cleveland.....	146,589,352	160,066,781	189,488,962	226,108,688	339,369,955	1,766,465,316
Richmond.....	174,826,575	218,416,000	230,835,275	287,101,541	299,680,044	2,263,333,762
Atlanta.....	84,170,635	123,787,635	179,821,536	167,886,039	172,763,597	1,016,112,678
Chicago.....	416,849,317	466,437,999	573,528,028	382,127,310	296,880,658	3,536,026,327
St. Louis.....	92,879,874	120,403,692	159,347,799	158,469,908	140,181,080	1,117,801,374
Minneapolis.....	87,403,974	77,127,901	65,136,063	40,879,414	17,623,363	543,785,279
Kansas City.....	58,860,158	78,861,372	126,621,271	110,124,747	86,837,955	859,342,349

No. 40.—Total investment operations of Federal Reserve Banks during each month of 1918—Continued.

Federal Reserve Banks.	August.	September.	October.	November.	December.	Total.
Dallas.....	\$69,044,935	\$76,531,393	\$89,433,580	\$77,998,599	\$95,104,214	\$635,746,546
San Francisco.....	104,506,085	134,829,649	205,944,879	126,980,039	189,882,582	1,148,748,857
Total, 1918.....	3,955,611,937	4,953,969,540	6,793,018,635	5,569,708,767	8,118,733,819	47,414,530,717
Total, 1917 ¹	297,023,452	678,062,976	2,770,806,092	3,394,416,518	1,137,104,390	* 10,197,320,845
Total, 1916.....	47,902,200	58,679,500	63,282,160	79,644,600	139,531,250	741,401,680
Total, 1915.....	29,375,000	23,556,300	23,961,000	38,178,700	33,760,100	307,770,800

No. 41.—Average amount of earning assets held by each Federal Reserve Bank during 1918; earnings from each class of earning assets, and annual rates of earnings.

Federal Reserve Banks.	Average balances for the year of the several classes of earning assets.					Earnings from—	
	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.
Boston.....	\$76,415,140	\$22,217,329	\$3,648,332	.....	\$102,280,801	\$3,068,027	\$931,701
New York.....	439,075,629	133,095,779	50,390,477	\$69,761	622,631,646	17,736,261	5,411,821
Philadelphia.....	75,556,041	18,375,123	7,135,005	1,068	101,067,237	3,241,105	756,313
Cleveland.....	73,080,025	27,175,073	17,721,554	.....	117,976,652	3,124,696	1,141,584
Richmond.....	54,299,950	6,410,716	3,392,338	.....	64,103,004	2,390,422	273,634
Atlanta.....	41,159,081	7,199,908	3,745,698	68,795	52,173,482	1,758,075	302,231
Chicago.....	150,018,487	29,574,709	11,560,288	13,699	191,167,183	6,447,466	1,253,259
St. Louis.....	51,755,325	5,406,798	3,627,370	.....	60,789,493	2,218,069	226,164
Minneapolis.....	33,463,611	4,851,231	3,813,867	139	42,128,848	1,547,842	211,602
Kansas City.....	55,732,674	3,707,610	12,069,015	.....	71,509,299	2,643,113	157,962
Dallas.....	32,083,680	4,288,783	6,039,743	197,168	42,609,374	1,497,379	175,885
San Francisco.....	57,413,505	26,119,331	5,088,635	.....	88,621,471	2,671,397	1,097,630
Total.....	1,140,053,148	288,422,390	128,232,322	350,630	1,557,058,490	48,343,852	11,939,786

¹ 1917 figures are exclusive of purchases of certificates of indebtedness.² Includes \$213,607,152, bills discounted for or purchased from other Federal Reserve Banks.

Federal Reserve Banks.	Earnings from—			Calculated annual rates of earnings from—				
	United States securities.	Municipal warrants.	Total.	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
Boston.....	\$107,719	.....	\$4,107,447	<i>Per cent.</i> 4.01	<i>Per cent.</i> 4.19	<i>Per cent.</i> 2.95	.....	<i>Per cent.</i> 4.02
New York.....	1,561,839	\$2,621	24,712,542	4.04	4.07	3.10	3.76	3.97
Philadelphia.....	233,489	49	4,230,956	4.29	4.12	3.27	4.59	4.19
Cleveland.....	611,894	.....	4,878,174	4.28	4.20	3.45	.....	4.14
Richmond.....	83,427	.....	2,747,493	4.40	4.27	2.46	.....	4.29
Atlanta.....	114,451	2,889	2,177,646	4.27	4.20	3.06	4.20	4.17
Chicago.....	310,616	662	8,012,003	4.30	4.24	2.69	4.83	4.19
St. Louis.....	89,096	.....	2,533,329	4.29	4.18	2.46	.....	4.17
Minneapolis.....	116,370	6	1,875,820	4.63	4.36	3.05	4.47	4.45
Kansas City.....	312,463	.....	3,113,538	4.74	4.28	2.59	.....	4.35
Dallas.....	152,159	7,995	1,833,418	4.67	4.10	2.52	4.05	4.30
San Francisco.....	135,268	.....	3,904,295	4.65	4.20	2.66	.....	4.41
Total.....	3,828,801	14,222	64,126,661	4.24	4.14	2.99	4.06	4.12

No. 42.—*Calculated annual rate (per cent) of earnings from total investment holdings for each Federal Reserve Bank, by months, during the calendar year 1918.*

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
Boston.....	3.68	3.77	3.81	3.85	4.19	3.95	4.34	4.24	4.23	4.18	4.09	4.05	4.02
New York.....	3.63	3.67	3.89	3.99	4.05	4.06	4.13	4.16	3.95	4.01	4.05	4.00	3.97
Philadelphia.....	3.77	3.85	3.92	4.05	4.07	4.20	4.27	4.20	4.32	4.31	4.34	4.17	4.19
Cleveland.....	3.68	3.86	3.89	4.06	4.21	4.27	4.31	4.36	4.30	4.15	4.11	4.09	4.14
Richmond.....	3.71	3.71	4.01	4.08	4.28	4.59	4.55	4.46	4.48	4.46	4.37	4.22	4.29
Atlanta.....	3.84	3.89	3.97	4.04	4.14	4.20	4.27	4.25	4.24	4.23	4.21	4.19	4.17
Chicago.....	3.98	3.94	3.59	4.14	4.23	4.28	4.30	4.29	4.28	4.15	4.21	4.25	4.19
St. Louis.....	4.08	4.08	3.90	4.01	4.24	4.19	4.33	4.33	4.27	4.22	4.18	4.10	4.17
Minneapolis.....	4.04	4.17	4.31	4.19	4.53	4.48	4.08	4.64	4.64	4.66	4.22	4.12	4.45
Kansas City.....	3.70	3.84	3.26	4.23	4.15	4.41	4.74	4.65	4.59	4.51	4.43	4.51	4.35
Dallas.....	3.70	3.41	3.75	3.93	4.36	4.16	4.44	4.54	4.70	4.25	4.42	4.57	4.30
San Francisco.....	3.96	4.06	4.01	4.12	4.26	4.42	4.40	4.43	4.50	4.51	4.41	4.37	4.41
Total.....	3.75	3.81	3.86	4.07	4.29	4.20	4.31	4.27	4.21	4.13	4.19	4.14	4.12

Exhibit E.—GOLD SETTLEMENT FUND.

No. 43.—Condensed summary of transactions, Jan. 1 to Dec. 31, 1918, both inclusive.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance Jan. 1, 1918.	Gold with- drawals.	Gold deposits.	Aggregate with- drawals and transfers to agent's fund.	Aggregate deposits and transfers from agent's fund.	Transfers.		Settlements from Jan. 1 to Dec. 31, 1918, both inclusive.				Balance in fund at close of business Dec. 31, 1918.	Summary of changes in owner- ship of gold by banks through transfers and set- tlements.		
						Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.		Decrease.	Increase.	
Boston.....	14,977	154	52,162	42,654	72,067	182,900	141,021	.....	3,734,000	3,765,784	31,784	37,295	7,097	.....
New York.....	20,854	13,020	195,058	154,020	331,058	769,460	3,308,697	2,670,339	15,507,452	12,837,113	.....	66,790	131,102	.....
Philadelphia.....	39,101	8,875	77,254	164,636	193,987	333,306	123,297	.....	4,945,855	5,124,824	178,969	37,412	31,041	.....
Cleveland.....	37,664	33,871	56,153	151,871	119,159	509,966	50,792	.....	3,728,034	4,234,381	506,347	52,125	.....	47,174
Richmond.....	22,101	9,435	25,759	60,436	38,759	150,330	90,934	.....	2,327,985	2,401,211	73,226	14,254	.....	13,829
Atlanta.....	13,007	950	21,050	105,500	115,400	108,574	87,680	.....	1,435,555	1,439,844	4,289	6,302	16,605	.....
Chicago.....	48,319	7,941	103,140	561,078	493,402	152,249	628,685	.....	5,754,276	6,407,969	649,693	106,772	.....	126,129
St. Louis.....	17,884	14,098	12,435	97,978	62,361	94,140	45,421	.....	2,863,465	2,945,891	82,426	15,974	.....	33,708
Minneapolis.....	26,487	138	16,752	58,138	43,952	209,452	17,487	.....	1,288,169	1,497,607	209,438	23,774	.....	17,474
Kansas City.....	37,087	2,911	20,666	51,410	53,666	551,354	11,369	.....	1,753,900	2,277,779	523,879	23,237	16,165	.....
Dallas.....	24,521	8,352	15,991	33,561	43,090	198,874	85,000	.....	910,553	997,112	86,559	6,935	27,114	.....
San Francisco.....	15,642	2,688	96,706	133,448	138,111	551,500	218,722	.....	1,190,443	1,513,972	323,529	11,056	9,250	.....
Total.....	311,644	102,433	693,181	1,614,730	1,705,612	4,812,105	4,812,105	2,670,339	45,439,487	45,439,487	2,670,339	401,926	238,314	238,314	

EXHIBIT F.—GOLD SETTLEMENT FUND.

No. 44.—Weekly operations through the gold settlement fund during the calendar year 1918.

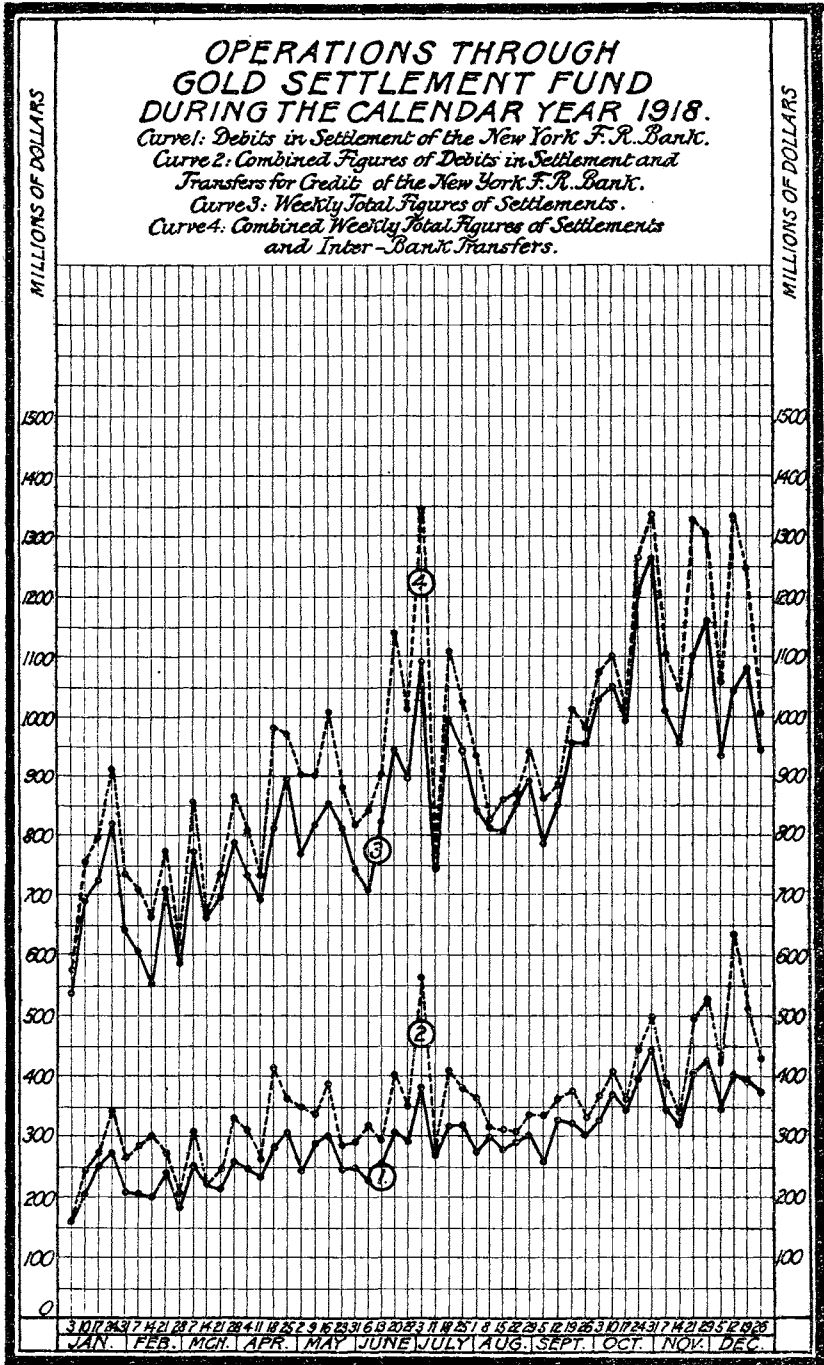
[In thousands of dollars.]

Date.	Transactions, all Federal Reserve Banks.			Transactions, Federal Reserve Bank of New York.								
	Total clearings.	Total transfers.	Total combined transfers and clearings.	Transfers for credit of New York bank.	Total debits in clearings of the New York bank.	Combined debits in clearings and transfers for credit of the New York bank.	Clearings.		Transfers.		Clearings and transfers combined.	
							Net debit.	Net credit.	Net debit.	Net credit.	Net debit.	Net credit.
1918.												
Jan. 3.....	536,945	36,400	573,345	2,000	160,147	162,147	15,752		23,900		39,652	
Jan. 10.....	690,242	63,500	753,742	41,000	203,297	244,297		13,337		30,500		43,837
Jan. 17.....	723,635	72,500	796,135	22,000	251,710	273,710	24,330		16,000		40,330	
Jan. 24.....	819,561	97,000	916,561	74,000	271,157	345,157		1,422		51,000		52,422
Jan. 31.....	642,158	96,140	738,298	56,000	208,438	264,438	24,217			16,000	8,217	
Feb. 7.....	602,539	107,000	709,539	76,000	297,878	283,878	42,264			46,000		3,736
Feb. 14.....	551,908	112,362	664,270	101,000	201,467	302,467	79,030			98,000		18,970
Feb. 21.....	710,081	64,400	774,481	32,500	240,142	272,642	54,123			8,000	46,123	
Feb. 28.....	557,027	35,000	622,027	24,000	183,998	207,998	31,494			20,900	11,494	
Mar. 7.....	771,168	85,000	856,168	55,000	253,617	308,617	39,903			32,500	7,493	
Mar. 14.....	661,936	11,330	673,266		221,385	221,385	73,991		4,000		77,991	
Mar. 21.....	696,825	37,000	733,825	34,000	213,710	247,710	14,395			31,000		16,605
Mar. 28.....	788,912	77,463	866,375	70,000	260,840	330,840	42,258			65,000		22,742
Apr. 4.....	733,068	73,000	806,068	64,000	248,987	312,187	25,278			55,000		29,722
Apr. 11.....	694,860	37,500	732,360	33,500	230,079	263,579	38,022			29,500	8,522	
Apr. 18.....	811,089	169,900	980,989	130,500	282,915	413,415	59,528			93,500		33,972
Apr. 25.....	897,166	75,000	972,166	56,000	306,703	362,703	55,749			44,500	11,249	
May 2.....	769,773	136,000	905,773	105,000	246,172	351,172	43,090			80,000		36,910
May 9.....	819,746	81,600	901,346	48,000	288,846	336,846	63,589			17,400	46,189	
May 16.....	855,420	150,700	1,006,120	88,000	299,908	387,908	60,461			50,300	10,161	

May 23.....	811,721	69,800	881,521	38,000	246,964	284,964	14,753			22,000		7,247
May 31.....	746,483	72,000	818,483	43,000	248,267	291,267	76,279			22,000	54,279	
June 6.....	711,493	131,000	842,493	89,000	228,883	317,883	13,618			47,000		34,382
June 13.....	824,499	83,000	907,499	40,000	254,468	294,468		10,324		3,000		13,324
June 20.....	944,258	196,000	1,140,258	97,000	304,608	401,608		8,213		19,000		27,213
June 27.....	898,469	114,400	1,012,869	60,000	290,582	350,582	28,472			18,000	10,472	
July 3.....	1,090,900	251,679	1,342,579	180,665	382,271	562,936	22,372			119,005		96,633
July 11.....	743,803	25,000	768,803	8,000	271,236	279,236	73,839		4,000		77,839	
July 18.....	995,740	114,000	1,109,740	95,000	313,980	408,980		35,306		77,000		112,306
July 25.....	944,335	80,000	1,024,335	65,000	317,305	382,305	31,648			50,000		18,352
Aug. 1.....	838,707	97,000	935,707	93,000	273,774	366,774	39,371			89,000		49,629
Aug. 8.....	812,164	15,000	827,164	15,000	300,421	315,421	106,173			15,000	91,173	
Aug. 15.....	896,193	55,056	951,249	35,000	278,269	313,269	84,488			35,000	49,488	
Aug. 22.....	853,803	21,000	874,803	17,000	290,989	307,989	83,814			17,000	66,814	
Aug. 29.....	894,369	47,000	941,369	35,000	302,765	337,765	81,709			35,000	46,709	
Sept. 5.....	787,282	79,000	866,282	74,000	259,372	333,372	11,027			74,000		62,973
Sept. 12.....	852,452	35,162	887,614	35,000	327,732	362,732	122,834			35,000	87,834	
Sept. 19.....	959,528	59,000	1,018,528	53,000	321,911	374,911	55,333			53,000	2,333	
Sept. 26.....	953,752	28,000	981,752	28,000	302,447	330,447	36,374			28,000	8,374	
Oct. 3.....	1,028,560	46,404	1,074,964	41,904	327,050	368,954	4,958			41,904		36,946
Oct. 10.....	1,049,820	50,960	1,100,780	39,000	369,355	408,355	41,110			39,000	2,110	
Oct. 17.....	994,260	23,000	1,017,260	19,000	344,135	363,135	52,603			19,000	33,603	
Oct. 24.....	1,208,208	56,588	1,264,796	49,000	395,147	444,147	25,012			49,000		23,988
Oct. 31.....	1,263,293	73,667	1,336,960	58,000	442,451	500,451	58,489			58,000	489	
Nov. 7.....	1,011,226	92,303	1,103,529	45,000	344,249	389,249	21,661			45,000		23,329
Nov. 14.....	955,719	93,743	1,049,462	18,583	319,087	337,670	3,148		11,417		14,565	
Nov. 21.....	1,100,760	226,058	1,326,818	89,861	405,420	495,281	117,411			79,861	37,550	
Nov. 29.....	1,160,334	144,741	1,305,075	99,631	426,856	526,487	119,072			99,631	19,441	
Dec. 5.....	930,853	127,103	1,057,956	76,171	348,230	424,401	107,731			76,171	31,560	
Dec. 12.....	1,044,159	287,468	1,331,627	234,698	401,266	635,964	133,922			234,698		100,776
Dec. 19.....	1,052,467	165,188	1,217,655	119,863	391,869	511,732	100,862			119,863		19,001
Dec. 26.....	944,679	64,651	1,009,330	54,352	374,494	428,846	156,052			54,352	101,700	
Total.....	44,608,368	4,643,766	49,252,134	3,158,228	15,185,744	18,343,972	2,611,609	68,602	59,317	2,442,685	1,043,664	884,025

EXHIBIT F—GOLD SETTLEMENT FUND.

197



No. 45.—Gold settlement fund—Changes in ownership of gold through transfers and settlements by weeks.

[In thousands of dollars; i. e., 000's omitted.]

Week ending.	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.		Chicago.	
	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.
1918														
Jan. 2 and 3.....		11,471		34,252		7,664	23,801			1,915	5,853		22,705	
10.....	14,278		43,837		10,586		58,988		2,704		3,062	3,500		
17.....	12,641			40,330		4,156	41,366		2,837		269		24,097	
24.....		4,135	52,422		4,974		3,629		2,593		1,141		37,494	
31.....		12,750		8,217		920		8,009		833		2,348	15,443	
Feb. 7.....	12,066		3,736		16,523			10,533		4,971	3,108		7,527	
14.....		19,334	18,970			14,158	15,697		3,379		6,316		11,395	
21.....	10,134			46,123	5,367		363		6,167	2,522		22,664		
28.....		7,538		11,494	333		6,868		8,982		2,553	9,034		
Mar. 7.....	18,231			7,408	3,354			1,899	3,616		4,023	1,102		
14.....		373		77,991	3,597		6,715		3,834		2,194		38,329	
21.....	3,558		16,605		563			3,831		5,008	3,668		5,916	
23.....	5,782		22,742			2,206	1,006			5,161	1,081		4,968	
Apr. 4.....		2,148		29,722		2,106		2,434	2,911		402		29,104	
11.....	5,402			8,522	12,895			1,538		2,220		5,023	3,344	
18.....	10,614			33,972			10,869		2,644		9,874	3,716	5,548	
25.....	642			11,249			19,004	27,245		8,921		3,715	2,723	
May 2.....		10,314	36,910		5,009			14,396		4,468		6,452	4,908	
9.....	370			46,189	11,830		12,559		1,250		600	6,709		
16.....	11,839			10,161		2,908		9,098		7,960	2,081		3,661	
23.....		5,958	7,247			9,682	3,910		16,254		6,006		11,716	
31.....	7,635			54,279	6,307		1,020		1,168		1,953		6,960	
June 6.....	2,513		33,382		8,961		10,604			5,862	1,965		20,319	
13.....		7,105	13,324			6,446	3,349			351	1,402		3,447	
20.....		620	27,213			17,819		40,862		4,212	2,900		16,286	
27.....		1,313		10,472	7,460		24,858		16,217		2,212		25,683	

No. 45.—Gold settlement fund—Changes in ownership of gold through transfer and settlements by weeks—Continued.

[In thousands of dollars; i. e., 000's omitted.]

Week ending,	Boston.		New York.		Philadelphia.		Cleveland.		Richmond.		Atlanta.		Chicago.	
	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.
1918														
July 5		4,043	96,633			214	9,461			23,834		5,665		18,369
11		4,634		77,839	9,111		5,574		5,525		3,818		20,053	
18		20,071	112,306		1,327		26,677		4,349		2,646		42,217	
25		7,025	18,352		4,831	1,077		3,386		2,111		9,554		20,047
Aug. 1	9,543		49,629		249		1,431		3,942		6,493			
8	17,669			91,173	1,379	8,010			1,420	2,870			43,705	
15	4,165			49,483	7,712	1,495		13,502		23		4,498		
22	9,482			66,814	3,657	13,400		4,289		2,368		14,915		
29	575		46,709	14,335		8,262		3,635		5,853		18,665		
Sept. 5		14,512	62,973		8,956		14,875		1,575		1,451		9,223	
12	7,944			87,834	651	18,794		774		5,720		24,304		
19		4,738		2,333	7,671		1,447	2,171		3,360		4,783		
26		3,983		8,374		8,234	18,266	5,962		1,300		5,015		
Oct. 3		5,654	36,946		4,951		23,106	2,613		1,747			56	
10	1,921			2,110	2,415		1,641	4,552		11,071		13,504		
17	1,404			33,603	7,049		8,662	3,349		3,062		2,845		
24	10,779		23,988		13,812		6,550	5,926		19		6,423		
31		47,015		489		3,736	10,912		6,388	11,043		11,512		
Nov. 7	28,041		23,339		22,432		22,512		11,096		6,448		7,200	
14		10,129		14,565		20,468	17,091		5,385	3,514		41,070		
21		3,020		37,550		8,611		13,842	3,609		14,581		62,945	
29		8,614		19,441	5,758		14,191	8,789		5,857		4,617		
Dec. 5	11,927		31,560	6,266		3,950		1,146		1,419		11,055		
12		11,255	100,776		6,518		26,032		3,625		2,507		56,507	
19		9,063	19,001		710		11,587		5,549		346		17,270	
26	5,877		101,700	17,951		30,628			627		657		21,353	

Dec. 27, 28, 30, 31.....	4,686		23,132			14,980	10,707			2,902		5,491	18,158	
Total.....	229,718	236,815	907,157	1,038,259	184,320	215,361	357,288	310,114	143,707	129,878	\$3,475	100,080	490,002	363,873
Net increase.....							47,174		13,829				126,129	
Net decrease.....		7,097		131,102		31,041						16,605		

Week ending.	St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.		Total.	
	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.
1918												
Jan. 2 and 3.....		3,428		2,290	747			1,414	2,472			59,006
10.....		1,855		1,561		4,361		4,776	1,396			75,452
17.....		3,151		1,736	214			1,710	17,763			75,135
24.....		2,180		4,742		752		2,485		20,851		68,699
31.....			196	160	1,322		175			3,031		26,702
Feb. 7.....			3,607		2,284		2,006		4,682		14,277	42,960
14.....		8,782		1,313	3,923		4,018			2,253		54,769
21.....		184		289	8,561			2,369	4,575			54,659
28.....		3,715		2,844	4,259			4,752		4,010		33,191
Mar. 7.....		1,238		2,409		11,050		2,548		3,027		29,950
14.....		4,372		6,925		6,575		589		6,412		78,953
21.....			1,636	5,687	2,439		659		1,952			25,776
28.....			3,705	1,259		11,473		4,283	2,444			33,055
Apr. 4.....			5,905	308	67			5,570	10,261			45,469
11.....			2,266	3,617		1,861		2,641		1,187		25,258
18.....			5,971	6,284		7,130		4,260		6,821		53,850
25.....			4,651	700	2,929		3,365			1,060		43,102
May 2.....			2,146	1,996		860		3,294		6,915		48,834
9.....		3,336		4,914		4,531		4,871		3,581		50,370
16.....		22,670		4,174		10,371		531		2,864		44,159
23.....			9,155	1,052		13,925		1,104		7,065		46,837
31.....			16,149	7,883		4,514		557		1,247		54,836

No. 45.—Gold settlement fund—Changes in ownership of gold through transfer and settlements by weeks—Continued.

[In thousands of dollars; i. e., 000's omitted.]

Week ending.	St. Louis.		Minneapolis.		Kansas City.		Dallas.		San Francisco.		Total.	
	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.
1918												
June 6.....		12,989		10,456		6,327		1,495	3,953			59,413
13.....	5,041			2,003		1,106		3,093	4,139			25,853
20.....		10,556		1,661	14,738		3,170		2,999			71,518
27.....	9,599			12,588		422		2,041		4,003		58,134
July 5.....		22,055		7,707		13,902		2,744		7,561		106,094
11.....	17,570		3,213		5,258		6,758		5,593			82,473
18.....		13,530	1,343		1,067		1,414			5,313		113,130
25.....	1,170		1,349		1,945			872		2,892		27,285
Aug. 1.....	3,667			10,061		7,471		6,497		7,146		63,088
8.....	8,903		1,925		5,925		5,244			279		94,251
15.....	8,370		4,701		3,888		1,007		168			49,506
22.....	6,289			2,324	10,778			3,736	7,696			72,874
29.....		1,749	388		7,720		600		41			54,311
Sept. 5.....		3,787		2,324		6,641	2,607			2,236		65,580
12.....		3,190	12,464		1,628		8,159		10,586			91,024
19.....	4,479		2,330			4,074	265			2,001		20,276
23.....		3,419	1,097		4,917			3,850		6,097		35,257
Oct. 3.....		7,323	3,803		333		2,915			3,833		46,670
10.....		9,495	16,559				11,058		1,532	2,822		39,340
17.....	6,877		8,890		7,758		2,864			7,352		46,862
24.....	380			1,641		3,706	678			9,578		41,770
31.....	14,621		18,501			7,585	3,361			4,737		69,950
Nov. 7.....		1,353		13,087	7,777		2,038			27,933		89,128
14.....	1,227		7,486			13,475		4,697	3,331			73,719
21.....	3,124			9,006	9,478			5,975	13,429			92,585
29.....	138		8,033		7,377		129		1,548			42,246

Dec. 5.....		4,887	1,729		5,872			2,296		4,621	43,364
12.....	1,423			2,244	2,809		5,351			1,674	116,362
19.....	7,233		254			6,007		4,499		7,417	44,468
26.....	12,273		781		7,505		2,539		4,082		102,984
Dec. 27, 28, 30, 31.....		16,174		2,818		12,335		869		11,968	59,585
Total.....	183,453	149,745	129,868	112,394	147,601	163,706	63,912	91,026	146,621	155,871	3,067,122
Net increase.....	33,708		17,474								
Net decrease.....						16,105		27,114		9,250	

*

Exhibit F.—CLEARING OPERATIONS.

No. 46.—Operation of the Federal Reserve clearing system. Jan. 1 to Dec. 31, 1918.

	Items drawn on banks in Federal Reserve city (daily average).		Items drawn on banks in district outside Federal Reserve city (daily average).		Total items drawn on banks in same, Federal Reserve district (daily average).		Items drawn on banks in other districts (daily average).		Items handled by both parent banks and branches (daily average).		Items drawn on Treasurer of United States (daily average).		Number of member banks in district.	Number of non-member banks on par list.
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.		
Boston.....	7,075	\$18,490,797	52,654	\$7,843,590	59,729	\$26,334,387	6,034	\$8,519,017	.....	.....	7,448	\$3,955,694	423	246
New York.....	10,519	77,175,000	76,406	47,168,000	86,925	124,343,000	29,727	16,070,000	.....	.....	36,660	16,292,000	723	339
Philadelphia.....	14,171	22,095,528	28,458	4,195,819	42,629	26,291,347	14,310	11,298,640	.....	.....	5,681	3,152,526	661	329
Cleveland.....	34,775	70,409,275	451,093	234,525,430	485,868	304,934,705	31,854	48,808,572	14,825	\$45,660,318	38,848	23,670,298	814	728
Richmond.....	1,084	5,575,652	32,258	11,856,573	33,942	17,432,225	3,948	5,539,430	252	880,728	1,650	427,935	565	351
Atlanta.....	2,384	3,047,848	15,355	2,636,771	17,739	5,684,619	2,032	3,023,475	1,847	1,696,660	2,805	1,358,140	426	299
Chicago.....	10,176	22,494,000	34,362	7,413,000	44,538	29,907,000	3,596	976,000	286	370,000	9,363	3,766,000	1,334	2,392
St. Louis.....	3,136	7,962,064	14,131	2,449,458	17,267	10,411,522	434	1,062,936	408	365,432	4,915	1,050,809	514	1,046
Minneapolis.....	2,997	8,040,523	16,464	1,759,087	19,461	9,790,610	987	1,702,091	.....	.....	714	183,030	867	1,169
Kansas City.....	2,840	8,883,818	39,014	11,860,487	41,854	20,744,305	3,862	4,820,368	2,631	2,117,595	4,215	548,589	994	2,200
Dallas.....	1,312	1,936,631	18,217	5,957,787	19,529	7,894,418	1,627	1,367,758	964	260,134	2,108	380,874	727	247
San Francisco.....	4,655	6,559,018	21,897	4,290,238	26,462	10,849,256	594	1,217,926	2,576	1,492,459	3,366	2,233,124	644	1,049
Total.....	95,724	252,670,154	800,219	341,947,240	895,943	594,617,394	99,035	104,318,213	23,789	52,843,326	117,773	57,018,929	8,692	10,365

No. 47.—Number and amount of items handled during 1918; also cost per item and per \$1,000.

Federal Reserve Bank.	Total number of items handled.	Total amount handled.	Expenses, transit department.	Cost per item handled.	Cost per thousand dollars.	Federal Reserve Bank.	Total number of items handled.	Total amount handled.	Expenses, transit department.	Cost per item handled.	Cost per thousand dollars.
	<i>Number.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Cents.</i>	<i>Cents.</i>		<i>Number.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Cents.</i>	<i>Cents.</i>
Boston ^a	18,782,919	12,778,761,551	159,257	0.84	1.24	Chicago ^b	17,844,934	10,957,230,000	182,242	1.02	1.66
New York ^b	46,457,582	47,518,425,000	374,265	.80	.79	St. Louis ^c	6,105,417	1,799,306,081	74,174	1.21	4.12
Philadelphia ^a	17,133,761	11,292,410,112	167,520	.97	1.48	Minneapolis ^b	6,047,726	2,112,894,212	73,503	1.20	3.47
Cleveland ^b	14,008,235	9,422,429,678	282,198	2.01	3.00	Kansas City.....	12,055,372	7,352,839,637	147,748	1.22	1.95
Richmond ^a	11,518,526	6,983,383,300	134,294	1.17	1.92	Dallas ^a	6,323,378	2,741,224,204	93,277	1.47	3.40
Atlanta ^b	7,449,479	3,588,292,660	72,260	.97	2.28	San Francisco ^b	7,115,676	4,763,954,748	107,664	1.18	2.26
						Total.....	172,843,095	121,511,151,273	1,868,402	1.08	1.54

^a Excluding Government items.

^b Including Government items.

^c Exclusive of Government and Clearing House items.

No. 48.—Number of member banks in district; also number of nonmember banks on par list in each Federal Reserve district, by months, for the calendar year 1918.

	Boston.		New York.		Philadel- phia.		Cleveland.		Rich- mond.		Atlanta.		Chicago.		St. Louis.		Minneap- olis.		Kansas City.		Dallas.		San Francisco.		Total.	
	Member banks in district.	Nonmember banks on par list.	Member banks in district.	Nonmember banks on par list.	Member banks in district.	Nonmember banks on par list.	Member banks in district.	Nonmember banks on par list.	Member banks in district.	Nonmember banks on par list.	Member banks in district.	Nonmember banks on par list.	Member banks in district.	Nonmember banks on par list.	Member banks in district.	Nonmember banks on par list.	Member banks in district.	Nonmember banks on par list.	Member banks in district.	Nonmember banks on par list.	Member banks in district.	Nonmember banks on par list.	Member banks in district.	Nonmember banks on par list.	Member banks.	Nonmember banks on par list.
Jan. 15.....	403	249	667	397	638	312	769	549	533	264	392	184	1,109	2,235	479	987	781	1,041	962	1,527	633	208	559	1,158	7,925	9,111
Feb. 15.....	406	254	674	392	642	315	771	564	535	262	394	184	1,128	2,229	479	1,003	790	1,067	960	1,529	633	218	563	1,138	7,975	9,155
Mar. 15.....	410	252	678	388	642	315	769	619	536	261	396	196	1,137	2,223	485	1,002	795	1,077	960	1,535	638	255	571	1,139	8,017	9,262
Apr. 15.....	413	249	680	384	645	317	771	626	540	259	397	199	1,151	2,260	482	1,004	803	1,077	967	1,537	651	275	578	1,128	8,078	9,315
May 15.....	414	249	684	379	646	319	775	628	540	287	403	194	1,156	2,284	484	1,002	808	1,070	967	1,559	675	269	586	1,123	8,138	9,363
June 15.....	416	249	686	376	646	321	775	635	543	341	407	197	1,164	2,278	487	1,012	818	1,143	972	1,568	678	270	600	1,114	8,192	9,504
July 15.....	416	249	689	371	646	325	782	690	546	345	411	200	1,174	2,296	489	1,014	823	1,121	973	1,573	686	281	606	1,105	8,241	9,570
Aug. 15.....	417	248	703	360	649	325	785	709	549	359	412	201	1,192	2,344	498	1,024	831	1,114	978	1,985	701	243	612	1,102	8,327	10,011
Sept. 15.....	418	248	703	360	653	325	798	697	554	356	414	203	1,253	2,409	502	1,049	842	1,109	986	2,208	707	245	621	1,083	8,451	10,292
Oct. 15.....	421	245	713	347	655	328	803	689	559	351	418	205	1,285	2,337	502	1,049	850	1,100	989	2,227	718	249	625	1,073	8,539	10,200
Nov. 15.....	421	244	717	345	656	328	806	688	560	349	420	203	1,321	2,274	513	1,041	856	1,101	993	2,217	720	251	631	1,031	8,614	10,195
Dec. 15.....	422	246	721	341	630	329	812	731	560	351	421	209	1,323	2,368	512	1,046	861	1,161	993	2,210	717	247	638	1,056	8,643	10,295
31.....	423	246	723	339	641	329	814	723	565	351	423	209	1,334	2,392	514	1,046	857	1,160	994	2,200	727	247	644	1,049	8,662	10,305

Exhibit G.—CERTIFICATES OF INDEBTEDNESS.

No. 49.—Subscriptions, by classes of subscribers, to certificates of indebtedness issued in anticipation of the third and fourth Liberty loans.

SIX ISSUES OF CERTIFICATES OF INDEBTEDNESS PRECEDING THE THIRD LIBERTY LOAN.

Federal Reserve Bank.	National banks.			State banks.			Trust companies.			Other banks.			Individuals, corporations, etc.		Total.			
	Number subscribing.	Per cent of total in district.	Amount.	Number subscribing.	Per cent of total in district.	Amount.	Number subscribing.	Per cent of total in district.	Amount.	Number subscribing.	Per cent of total in district.	Amount.	Number subscribing.	Amount.	Number of banks subscribing.	Per cent of total.	Number of individuals, corporations, etc., subscribing.	Amount.
Boston.....	350	88.16	\$136,172,500				193	75.40	\$72,472,500	70	17.16	\$5,709,000	12	\$63,000	613	57.77	12	\$214,417,000
New York.....	579	92.94	723,314,500	208	90.83	\$90,233,000	182	91.92	407,330,000	71	39.66	10,660,000	170	23,720,500	1,040	84.63	170	1,255,308,000
Philadelphia...	573	90.31	123,319,500				200	68.26	61,990,000	118	45.56	8,685,000	148	2,505,500	896	75.17	148	196,500,000
Cleveland.....	737	98.53	139,810,500	787	94.56	36,204,000	219	94.80	60,636,500				49	1,382,500	1,743	96.14	49	233,033,500
Richmond.....	342	64.04	43,115,000	448	34.57	15,521,000	71	36.41	17,058,000				8	135,500	861	40.52	8	75,829,500
Atlanta.....	332	87.36	44,019,000	843	52.43	34,502,000	7	70.00	713,500				14	338,500	1,182	59.16	14	79,573,000
Chicago.....	914	77.85	159,931,000	3,627	84.17	159,875,000							189	5,549,000	4,541	82.82	189	325,355,000
St. Louis.....	458	97.03	64,025,500	1,623	74.04	46,194,000	176	78.22	20,281,500	119	50.85	2,566,500	18	517,000	2,376	76.07	18	183,584,500
Minneapolis...	469	60.91	54,223,500	1,178	40.55	32,463,000							164	2,498,000	1,647	44.83	164	189,350,000
Kansas City...	824	83.03	80,274,500	2,065	67.59	33,781,500	52	61.90	8,593,000				502	5,875,500	2,941	72.53	502	128,524,500
Dallas.....			55,964,000						22,730,500			2,740,500		9,430,000				90,925,000e
San Francisco.	497	92.72	93,969,500	823	67.96	50,566,500	72	77.42	23,145,000				228	5,109,500	1,392	75.65	228	172,790,500
Total.....			1,718,139,000			499,345,000			635,360,500			30,361,000		57,124,500				3,000,190,500

¹ Includes \$160,500 purchased by the Federal Reserve Bank of Minneapolis.

EXHIBIT G.—CERTIFICATES OF INDEBTEDNESS.

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SEVEN ISSUES OF CERTIFICATES OF INDEBTEDNESS PRECEDING THE FOURTH LIBERTY LOAN.

Federal Reserve Bank.	National banks.			State banks.			Trust companies.			Other banks.			Individuals, corporations, etc.		Total.			
	Number subscribing.	Per cent of total in district.	Amount.	Number subscribing.	Per cent of total in district.	Amount.	Number subscribing.	Per cent of total in district.	Amount.	Number subscribing.	Per cent of total in district.	Amount.	Number subscribing.	Amount.	Number of banks subscribing.	Per cent of total.	Number of individuals, corporations, etc., subscribing.	Amount.
Boston.....	381	97.19	\$207,115,500				237	90.11	\$153,293,000	107	30.00	\$20,662,000	13	\$82,000	725	53.65	13	\$351,152,500
New York....	609	98.07	991,095,000	223	99.11	\$130,767,500	193	98.47	494,334,500	144	80.90	20,643,000	143	44,149,000	1,169	95.82	143	1,680,989,000
Philadelphia..	601	93.18	200,957,500	147	86.98	15,188,500	202	87.44	93,859,000	9	100.00	5,129,000	33	886,000	959	90.99	33	316,020,000
Cleveland.....	729	97.72	253,885,000	671	80.45	49,243,000	199	86.14	129,806,000	176	86.27	6,932,000	37	703,000	1,775	88.08	37	440,569,000
Richmond.....	379	72.61	73,289,000	365	29.15	18,582,500	59	29.95	18,473,000	10	43.48	7,335,000	11	304,000	813	40.77	11	117,983,500
Atlanta.....	315	80.00	69,015,000	832	47.46	44,658,500	7	70.00	803,500				17	379,500	1,154	53.50	17	114,867,000
Chicago.....	1,122	99.80	283,539,500	3,316	97.70	349,353,500				843	87.10	20,529,000	175	3,782,000	5,281	96.30	175	663,204,000
St. Louis.....	461	98.50	79,921,000	1,944	89.71	72,675,500	202	88.99	20,310,000	194	83.98	4,877,500	15	179,000	2,801	90.56	15	186,963,000
Minneapolis...	744	96.62	69,877,500	2,273	78.27	52,796,000							26	4,886,500	3,017	82.12	26	127,560,000
Kansas City...	852	88.38	106,536,000	2,451	78.53	56,755,000	58	69.04	11,085,000				54	2,490,000	3,361	80.61	54	176,866,000
Dallas.....	525	83.60	49,287,000	661	60.31	19,982,000				66	42.31	1,994,500	358	12,056,500	1,252	66.59	358	83,320,000
San Francisco.	531	99.06	173,516,500	975	80.51	87,504,500	76	81.71	37,741,000				40	6,258,000	1,582	85.98	40	305,020,000
Total....	7,249	92.82	2,564,035,000	13,858	78.46	897,506,500	1,233	80.48	968,705,000	1,549	62.85	88,102,000	922	76,155,500	23,889	79.81	922	4,594,504,000

NOTE.—Figures for State banks, trust companies, and other banks are only approximately correct, since in some States no distinction is made between the several classes of banks operating under State laws.

Exhibit H.—EARNINGS AND EXPENSES OF THE FEDERAL RESERVE BANKS FOR 1918.

Total earnings of the Federal Reserve Banks for the calendar year 1918 were \$67,584,417, compared with \$15,438,858 for the calendar year 1917, while total current expenses were \$12,137,438, compared with \$4,235,866 for the earlier year. Current expenses for the year under review include besides \$8,463,957 of expenses of operation proper—\$2,423,540, the cost, including expressage, insurance, and other expenses incident to the issue and retirement of Federal Reserve notes and bank notes, \$1,133,524 depreciation on furniture and equipment, and \$116,417 the cost of alterations and repairs to bank buildings.

Total expenses shown above are exclusive of the expenses of the fiscal agent departments. The latter are treated separately, being reimbursable by the United States Treasury Department. For the past year the Federal Reserve Banks, as fiscal agents of the Government, mainly in floating the certificate issues and the last two Liberty loans, disbursed a total of \$16,256,689. In addition there was outstanding at the opening of the year a reimbursable amount of \$1,699,661 disbursed by the banks during 1917. Reimbursements received from the Government during the year totaled \$8,382,709, leaving thus a reimbursable balance at the end of 1918 of \$9,573,641.

Net earnings of the banks, i. e., the excess of earnings over current expenses, totaled \$55,416,979, or at the rate of 72.6 per cent on an average aggregate paid-in capital for the year of \$76,342,000, compared with an average rate of 55.9 per cent for the first six months of the year and 18.9 per cent for the calendar year 1917. New York shows net earnings for the year at the rate of 113.5 per cent, Kansas City at the rate of 78.4 per cent, San Francisco at the rate of 70.6 per cent, and Chicago at the rate of 67.7 per cent. Of the remaining banks six show net earnings at rates between 50 and 60 per cent and 2 at rates between 40 and 50 per cent. All arrears in dividends having been paid at the end of June, dividend payments at the close of the year covered only the six months ending December.

To the net earnings above shown should be added the net profits carried over from 1917—\$1,158,715, also net amounts credited during the year direct to profits—\$74,772. This gives total gross profits of \$56,680,466. Deductions from this total, \$2,805,441, comprise depreciation allowances on bank premises \$1,609,537, on vaults \$40,500, and on United States bonds \$848,129, also special reserves of \$307,275 set aside by the New York and San Francisco banks to take care of future contingencies. This leaves available for dividends, surplus, and franchise taxes a total of \$53,875,025, out of which were paid all dividend arrears and the maximum 6 per cent dividends for the year, totaling \$5,540,684. Of the remaining amount one-half up to 40 per cent of the paid-in capital of each bank was carried to surplus, the total thus carried being \$21,605,901. The balance, \$26,728,440, was reserved for franchise tax to the Government. It will be noted that in the case of the New York bank the amount reserved for franchise tax is \$12,795,215, or more than \$5,000,000 in excess of the 40 per cent of the capital, the maximum which the bank is permitted at present to carry to surplus. For the other banks the

ratios of surplus to average paid-in capital for the year stand as follows:

	Per cent of surplus to capital paid in on Dec. 31, 1918.		Per cent of surplus to capital paid in on Dec. 31, 1918.
Boston.....	22.9	Chicago.....	29.6
New York.....	40.0	St. Louis.....	21.1
Philadelphia.....	17.2	Minneapolis.....	24.8
Cleveland.....	19.6	Kansas City.....	33.1
Richmond.....	28.5	Dallas.....	18.8
Atlanta.....	24.3	San Francisco.....	26.4

For the system as a whole the ratio of surplus to paid-in capital is 28.2 per cent.

Of the total earnings of the banks 71.5 per cent, as against 45 per cent the year before, came from discounts, largely of war paper. Bills purchased in the open market contributed 17.7 per cent of the total earnings, as against 32.2 per cent; United States securities, chiefly Treasury certificates, 5.7 per cent, as against 15.3 per cent; transfer operations yielded about 1.5 per cent of the total earnings, as against 3 per cent the year before, and the remainder came from penalties on deficient reserves, service charges, commissions, profits on foreign exchange operations, and sundry smaller profits. Expenses of operation of the banks proper, exclusive of their fiscal agent departments, totaled \$8,463,957, compared with \$2,669,855 in 1917. Of the larger total about 42 per cent, as against 28 per cent in 1917, went as compensation to the clerical staff, and 11.5 per cent, as against 23 per cent in 1917, as salaries to bank officers. Nearly 10 per cent of the total operating expenses went for postage and expressage and over 6 per cent for printing and stationery. Contributions of the banks for the support of the Federal Reserve Board aggregated \$382,641, as against \$237,795 the year before, and constitute about 4.5 per cent of the total 1918 expenses of operation, as against about 9 per cent the year before. Rent paid by the banks is about double in amount that for 1917, though some of the banks own the premises or parts thereof occupied at present by them. This is true of New York, Philadelphia, Richmond, Atlanta, Dallas, and San Francisco. With the exception of Cleveland and Minneapolis, all the banks have purchased ground on which it is proposed to erect buildings for use as permanent banking quarters. Total book value of the investments in "bank premises," after allowing \$1,609,537 for depreciation, stood at \$8,081,841 at the end of the year, compared with \$707,611 at the beginning of the year.

Earnings and expenses of each Federal Reserve Bank and of the system as a whole for the calendar year 1918.

EARNINGS.

	Boston.	New York.	Philadel- phia.	Cleveland.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Discounted bills	\$3,068,028	\$17,736,261	\$3,241,105	\$3,124,096	\$2,390,422	\$1,758,075	\$6,447,466	\$2,218,069	\$1,547,842	\$2,643,113	\$1,497,379	\$2,671,397	\$48,343,853
Purchased bills	931,791	5,411,821	756,313	1,141,585	273,034	302,231	1,253,259	226,164	211,602	157,963	175,885	1,097,630	11,939,788
United States securities	107,719	1,561,839	233,489	611,895	83,437	114,451	310,616	89,096	116,370	312,463	152,159	135,298	3,828,862
Municipal warrants		2,621	49			2,889	662		6		7,995		14,222
Transfers, net earnings				51,214		33,757	275,758	48,209	89,608	202,522	149,733	127,388	978,189
Commissions received		22,646										33,383	58,029
Deficient reserve penalties (including interest)	18,420	27,192	29,784	66,462	122,654	35,240	65,382	52,107	29,101	99,929	56,305	96,409	698,991
Net service charges received	59,695	50,167	47,714	41,029	49,065	21,752	26,570	25,943	27,719	23,493	28,323	19,862	421,332
Profits realized on United States securities	41,821			167,239		11,139	51,820					294	272,313
Sundry profits	247,805	502,189	49,286	22,744	59,836	13,524	50,214	17,240	27,706	12,453	21,747	4,154	1,028,895
Total earnings	4,475,195	25,314,736	4,357,740	5,226,864	2,979,048	2,293,058	8,481,747	2,676,828	2,049,954	3,451,936	2,089,526	4,137,755	67,584,417

Earnings and expenses of each Federal Reserve Bank and of the system as a whole for the calendar year 1918—Continued.

CURRENT EXPENSES.

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Expense of operation:													
Assessments account expenses, Fed- eral Reserve Board.....	\$32,190	\$100,876	\$33,929	\$43,073	\$19,814	\$15,369	\$49,378	\$18,397	\$14,117	\$17,998	\$15,223	\$22,277	\$382,641
Federal Advisory Council (fees and traveling expenses).....	475	1,650	372	781	150	455	996	582	1,034	270	1,894	3,043	11,702
Governors' conferences (including traveling expenses).....	70	28	.....	145	210	70	91	269	204	430	232	354	2,103
Federal Reserve Agents' conferences (including traveling expenses).....	199	113	140	191	321	142	381	283	370	328	422	601	3,491
Salaries—													
Bank officers.....	75,975	189,901	64,288	81,307	48,455	70,643	105,819	72,573	49,125	68,045	68,544	94,605	989,280
Clerical staff.....	264,942	1,082,719	283,624	297,579	173,118	124,938	405,610	206,763	123,402	188,680	170,134	287,608	3,609,117
Special officers and watchmen.....	9,115	25,854	14,976	16,901	4,868	5,280	32,550	7,218	.....	5,609	4,314	1,595	128,280
All other.....	.....	.....	.....	9,049	5,008	3,060	11,958	5,212	120	784	5,464	1,117	41,772
Directors' fees.....	4,150	19,505	4,160	3,060	3,320	2,295	4,920	8,245	3,610	8,260	1,960	4,307	67,792
Per diem allowance.....	1,220	60	670	1,060	680	2,548	740	1,750	850	3,675	995	1,480	15,728
Traveling expenses.....	938	1,282	1,120	1,709	1,218	2,689	1,941	2,317	1,562	6,553	1,487	.....	22,796
Officers' and clerks' traveling expenses	4,337	4,519	2,463	15,513	3,015	3,007	5,536	3,309	1,982	2,426	7,757	14,193	68,057
Legal fees.....	2,600	3,017	1,570	2,000	1,122	3,495	3,850	.....	1,732	1,225	2,215	2,919	25,745
Rent.....	33,328	139,008	5,050	37,465	5,206	18,722	53,078	25,739	11,288	21,263	659	18,306	369,122
Taxes and fire insurance.....	25,035	2,423	.....	1,939	1,823	3,276	513	.....	167	169	1,211	7,768	44,324
Telephone.....	6,759	13,540	6,779	5,489	2,110	766	6,781	2,323	2,213	2,481	1,883	4,859	55,983
Telegraph.....	3,970	19,514	3,170	6,680	2,960	5,030	12,311	4,775	3,193	4,455	9,668	11,716	87,442
Postage.....	52,954	99,440	40,283	54,346	45,519	28,998	63,774	34,813	36,501	60,974	24,688	41,813	584,103
Expressage.....	25,070	47,204	20,951	5,646	9,767	5,140	10,231	25,192	13,039	466	28,843	53,888	251,437
Insurance and premiums on fidelity bonds.....	10,899	32,871	16,599	20,125	8,464	2,041	25,157	6,116	7,776	6,005	10,774	9,343	156,170
Light, heat, and power.....	5,116	6,997	4,801	2,551	6,648	762	4,899	.....	.....	2,523	2,413	2,960	39,670
Printing and stationery.....	39,348	137,960	34,366	46,566	36,516	23,782	75,877	25,386	18,361	25,370	25,072	50,933	539,537
Repairs and alterations.....	2,687	42,146	2,565	15,430	12,275	133	20,261	5,092	2,016	5,020	.....	14,742	122,367
All other expenses.....	89,735	176,198	45,588	49,135	15,680	56,282	179,972	15,692	16,238	53,950	20,278	126,550	845,298
Total expense of operation.....	691,112	2,146,805	593,464	717,740	408,267	378,923	1,076,624	472,046	308,910	486,959	406,130	776,977	8,463,957
Cost of Federal Reserve currency, includ- ing expressage, insurance, etc.....	167,828	335,044	243,857	182,092	118,822	149,390	388,682	147,347	114,287	98,542	82,730	238,746	2,267,367
Miscellaneous charges account note issues.....	7,558	27,921	3,081	6,569	6,700	9,314	13,004	4,597	10,734	57,017	.....	9,678	156,173
Furniture and equipment.....	41,622	170,933	215,043	85,784	91,786	89,846	172,365	102,031	30,477	46,710	41,758	45,169	1,133,524
Repairs, alterations, etc., to bank build- ings.....	61,895	.....	31,471	.....	18,245	.....	.....	.....	.....	.....	4,806	.....	116,417
Total current expenses.....	970,015	2,680,703	1,086,916	992,185	643,820	627,473	1,650,675	726,021	464,408	689,228	535,424	1,070,570	12,137,438
Net earnings for year 1918.....	3,508,180	22,634,033	3,270,824	4,234,679	2,335,228	1,665,555	6,831,072	1,950,807	1,585,546	2,762,708	1,554,102	3,117,215	55,446,979
Per cent of average paid-in capital.....	54.7	113.5	46.3	49.3	60.3	54.7	67.7	53.9	56.5	78.4	52.2	70.6	72.6

Earnings and expenses of each Federal Reserve Bank and of the system as a whole for the calendar year 1918—Continued.

PROFIT AND LOSS ACCOUNT OF EACH FEDERAL RESERVE BANK AND OF THE SYSTEM AS A WHOLE FOR THE CALENDAR YEAR 1918.

	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Earnings.....	\$4,475,195	\$25,314,736	\$4,357,740	\$5,226,864	\$2,079,048	\$2,293,058	\$8,181,747	\$2,676,828	\$2,049,954	\$3,451,936	\$2,089,526	\$4,187,785	\$67,584,417
Current expenses.....	979,015	2,680,703	1,086,916	992,185	643,820	627,473	1,650,675	726,021	464,408	689,228	535,424	1,070,570	12,137,438
Net earnings for year.....	3,505,180	22,634,033	3,270,824	4,234,679	2,355,228	1,665,585	6,831,072	1,950,807	1,585,546	2,792,798	1,554,102	3,117,215	55,446,979
Profit and loss account Jan. 1, 1918.....			234,248	132,311				230,338		293,407	205,736	76,685	1,588,715
Total.....	3,505,180	22,634,033	3,491,062	4,366,990	2,355,228	1,665,585	6,831,072	2,181,145	1,585,546	3,056,115	1,759,838	3,193,900	56,605,694
Less amounts charged against profit and loss on account of:													
Bank premises.....	200,990	803,800	182,604		10,000	12,797				100,000	61,736	238,690	1,699,537
Vaults.....									29,500		11,000		40,500
Amounts reserved for depreciation on United States bonds.....			116,131	84,406	13,198			172,997		220,734	240,663		848,129
Special reserves.....		239,375										7,900	307,275
Miscellaneous debits during year.....		132,059		14,477		315	25,991		10,199	4,226	528	1,551	174,772
Total deductions.....	200,990	971,116	298,735	98,883	23,198	13,112	25,991	172,997	39,699	324,960	313,927	248,051	2,730,650
Net amount available for dividends, sur- plus, and franchise taxes Dec. 31, 1918.....	3,305,180	21,662,917	3,192,327	4,268,107	2,312,030	1,652,473	6,805,081	2,008,148	1,545,847	2,731,155	1,445,911	2,945,849	53,875,025
Dividends paid.....	384,180	1,195,226	583,983	716,197	232,432	182,473	604,635	494,838	168,103	309,729	261,503	497,675	5,540,684
Profit and loss Dec. 31, 1918, after pay- ment of dividends.....	2,921,000	20,467,691	2,608,344	3,552,000	2,079,598	1,470,000	6,200,446	1,603,310	1,377,744	2,421,426	1,184,408	2,448,174	48,334,341
Distribution of profit and loss:													
Carried to surplus account.....	1,460,509	7,672,676	1,304,172	1,776,000	1,039,799	735,000	3,100,223	801,655	688,872	1,210,713	592,204	1,224,087	21,605,901
Reserved for Government franchise tax.....	1,460,500	12,795,215	1,304,172	1,776,000	1,039,799	735,000	3,100,223	801,655	688,872	1,210,713	592,204	1,224,087	26,728,440

¹ Net credit.

Earnings and expenses of each Federal Reserve Bank and of the system as a whole for the calendar year 1918—Continued.

FISCAL AGENT DEPARTMENT DISBURSEMENTS OF EACH FEDERAL RESERVE BANK, AMOUNTS REIMBURSED AND BALANCES REIMBURSABLE AT THE END OF THE CALENDAR YEAR 1918.

	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Total disbursements during 1918.....	\$1,143,633	\$4,821,309	\$1,074,146	\$1,447,592	\$416,770	\$774,197	\$2,415,611	\$1,046,297	\$421,043	\$784,789	\$596,108	\$1,285,794	\$16,256,689
Amounts reimbursable Jan. 1, 1918.....	143,211	360,350	100,033	139,248	43,221	48,155	287,428	124,849	54,127	85,450	65,095	247,604	1,699,661
Total.....	1,286,844	5,181,659	1,174,179	1,586,840	489,991	822,332	2,703,039	1,171,146	475,170	871,239	661,113	1,533,398	17,956,350
Reimbursements received during 1918.....	729,235	2,132,129	415,420	820,055	263,916	363,683	1,440,554	720,804	324,958	420,019	151,973	599,963	8,382,709
Balance reimbursable Jan. 1, 1919..	557,609	3,049,530	758,759	766,785	226,075	458,649	1,261,885	450,342	150,212	451,220	509,140	933,435	9,573,641

COST OF FURNITURE AND EQUIPMENT, INCLUDING VAULTS, ALSO BANK PREMISES.

Balance as reported Jan. 1, 1918.....			\$25,581		\$9,065			\$44,499	\$29,501	\$13,750	\$11,000		\$133,395
Additional purchase during year 1918....	\$41,622	\$170,933	189,462	\$85,784 ¹	82,721	\$89,846	\$172,365	57,532	30,476	46,710	41,753	\$45,169	1,054,373
Total.....	41,622	170,933	215,043	85,784	91,786	89,846	172,365	102,031	59,977	60,460	52,753	45,169	1,187,774
Charged to current expense or profit and loss during year.....	41,622	170,933	215,043	85,784	91,786	89,846	172,365	102,031	59,977	46,710	52,758	45,169	1,174,024
Amount recovered account previous ex- penditure for vault equipment.....										6,875			6,875
Balance Jan. 1, 1919.....										6,875			6,875
Bank premises.....	800,000	2,317,692	500,000		290,000	217,000	2,936,149			400,000	221,000	400,000	8,081,841

COST OF UNISSUED FEDERAL RESERVE CURRENCY.

Balance reported Jan. 1, 1918.....			\$512			\$588		\$16,167	\$12,915		\$10,161		\$40,343
Additional cost during year 1918.....	\$167,828	\$335,044	243,345	\$182,092	\$118,822	148,802	\$388,682	131,180	101,372	\$98,542	72,569	\$238,746	2,227,024
Total.....	167,828	335,044	243,857	182,092	118,822	149,390	388,682	147,347	114,287	98,542	82,730	238,746	2,267,367
Cost of Federal Reserve notes charged to current expenses during year.....	167,828	335,044	243,857	182,092	118,822	149,390	388,682	147,347	114,287	98,542	82,730	238,746	2,267,367
Balance Jan. 1, 1919.....													

¹ Exclusive of \$638 representing cost of Federal Reserve notes in transit to branches.

Earnings and current expenses, by months, for the calendar year 1918, of each Federal Reserve Bank and of the system as a whole.

EARNINGS.

	Boston.	New York.	Philadel- phia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
January	\$229,863	\$1,338,457	\$191,710	\$323,991	\$161,076	\$88,287	\$435,984	\$157,599	\$87,962	\$184,296	\$109,953	\$177,636	\$3,486,814
February	320,216	1,324,642	175,229	268,970	141,842	80,665	380,723	126,773	82,443	143,088	92,314	219,174	3,336,089
March	276,920	1,866,517	209,376	281,121	152,822	98,726	366,369	133,235	79,780	148,032	107,067	235,202	3,975,167
April	274,298	1,838,393	226,898	339,897	195,000	120,035	510,314	189,521	109,530	243,115	135,677	233,689	4,418,367
May	263,715	1,949,912	256,525	330,207	226,812	123,881	544,357	180,044	138,007	297,308	153,537	258,778	4,713,083
June	323,463	1,964,753	292,353	328,261	248,867	127,786	546,379	206,413	158,683	292,166	146,696	264,850	4,900,670
July	455,418	1,828,034	331,912	510,415	265,603	154,957	818,755	262,522	234,198	344,592	156,379	335,374	5,698,169
August	344,092	2,085,662	370,339	509,010	277,790	186,527	884,659	211,371	250,148	337,747	188,137	410,053	6,055,535
September	407,991	2,634,482	411,267	458,327	278,659	247,396	938,386	219,923	288,150	309,762	255,610	465,024	6,915,977
October	512,690	2,825,751	509,393	553,835	302,226	339,952	1,090,029	330,758	236,362	389,591	263,725	564,012	7,918,524
November	517,025	2,862,607	693,778	608,936	364,129	356,150	979,099	320,691	182,225	407,545	234,711	482,721	8,011,807
December	549,504	2,795,526	686,760	713,894	364,132	368,696	986,692	307,978	202,466	371,684	265,720	521,272	8,134,224
Total	4,475,195	25,314,736	4,357,740	5,226,864	2,979,048	2,203,058	8,481,747	2,676,828	2,049,954	3,451,936	2,089,526	4,187,785	67,584,417

CURRENT EXPENSES.

	Boston.	New York.	Philadel- phia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
January	\$73,030	\$150,095	\$30,962	\$63,628	\$21,523	\$17,832	\$71,281	\$28,236	\$21,829	\$41,816	\$19,517	\$37,436	\$517,265
February	38,017	154,282	41,460	59,966	28,292	16,821	54,167	28,301	19,596	40,698	20,034	37,282	338,916
March	47,763	147,036	42,992	66,183	49,671	19,869	65,471	33,221	22,814	45,911	22,725	46,478	631,141
April	59,754	141,285	38,367	77,965	40,006	19,546	124,181	39,416	26,031	37,401	23,532	47,620	615,314
May	41,376	139,873	58,766	72,779	36,669	18,177	89,769	34,279	25,667	59,775	23,333	65,987	657,390
June	205,851	154,477	266,542	76,959	41,607	35,885	120,030	57,790	30,135	47,107	29,472	61,274	1,107,129
July	48,791	238,063	43,954	69,645	41,043	26,891	129,409	47,710	31,326	61,994	79,531	94,415	911,771
August	52,426	188,137	47,058	72,049	47,537	38,452	142,255	56,463	41,667	58,034	41,599	86,319	891,956
September	65,578	214,376	45,731	62,421	57,444	55,712	151,448	73,055	51,284	53,959	49,545	79,394	951,947
October	97,961	271,419	69,441	71,440	46,336	79,316	153,559	73,854	38,697	57,596	49,777	68,685	1,088,381
November	62,302	312,784	57,787	91,880	74,886	64,802	152,427	52,752	36,039	63,542	42,283	64,617	1,072,121
December	238,066	568,867	353,656	206,270	167,666	214,170	417,678	229,954	119,383	129,365	134,676	390,013	3,168,164
Total current ex- penses	970,015	2,680,707	1,086,916	992,185	643,320	627,473	1,650,673	736,021	464,408	689,223	535,424	1,070,570	12,137,433

EXHIBIT H—EARNINGS AND EXPENSES FOR 1918.

Exhibit I.—RECEIPTS AND DISBURSEMENTS OF THE FEDERAL RESERVE BOARD.

There is here given a statement of receipts and expenditures of the Federal Reserve Board in 1918. The total expenses of the Board for the year are shown on the detailed statement of commitments to have been \$427,696.89.

RECEIPTS.

Unexpended balance Jan. 1, 1918	\$16,504.44
Assessments, 1918.....	382,081.31
Transfer from "Expenses, Trading With the Enemy Act," Federal Trade Commission.....	10,000.00
Transfer from "Expenses, Trading with the Enemy Act," Treasury Department	2,500.00
Bulletin, subscriptions to.....	2,049.14
Reimbursements.....	24,207.32
Miscellaneous.....	2,152.26
Total available	439,494.47

DISBURSEMENTS.

By fiscal agent.....	\$395,018.39
Auditor's settlements.....	50,678.29
Deficiency	6,202.21
	439,494.47

GENERAL STATEMENT.

Total available	439,494.47
Balance to credit reimbursable account Jan. 1, 1918.....	\$500.71
Reimbursements during 1918.....	24,207.32
	24,708.03
Balance available for general expenses.....	414,786.44
Commitments, general expenses, 1918.....	\$427,696.89
Commitments, 1917, paid in 1918.....	13,138.80
Commitments, in excess of receipts.....	26,049.25
	440,835.69
	440,835.69
Commitments, in excess of receipts	26,049.25
Reimbursable expenditures.....	\$27,562.86
Total in reimbursable account.....	24,708.03
Reimbursable expenditures in excess of receipts.....	2,854.83
Unpaid commitments.....	22,701.87
Deficiency	6,202.21
	28,904.08
	28,904.08

Detailed statement of commitments.

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.
Personalservices:													
Board and its clerks.....	\$7,458.33	\$7,338.33	\$7,462.34	\$7,594.99	\$7,595.00	\$7,559.01	\$6,906.65	\$5,205.56	\$5,133.35	\$5,288.70	\$6,312.17	\$6,342.53	\$80,196.96
Secretary's office.....	2,414.16	2,472.33	2,506.43	2,576.66	2,400.55	2,735.01	2,944.77	3,208.13	3,431.01	3,415.82	3,371.01	3,566.67	35,043.55
Counsel's office.....	1,993.74	2,082.50	2,082.51	2,082.49	2,082.50	2,082.51	2,102.49	1,594.17	1,510.84	1,510.83	1,455.83	1,500.84	22,081.25
Division of audit and examination.....	2,720.00	2,620.00	2,745.00	3,170.00	3,220.00	3,220.00	3,401.65	4,178.33	4,327.51	4,765.80	4,487.94	4,330.02	43,186.25
Division of reports and statistics.....	1,643.31	1,673.37	1,714.46	1,853.58	1,979.16	2,360.31	3,427.21	3,684.17	3,715.04	3,675.23	3,737.89	3,728.54	33,192.27
Division of analysis and research.....									416.67	893.22	1,042.78	1,341.89	3,694.66
Division of issue.....	1,062.19	1,062.50	1,062.52	995.83	1,120.00	1,180.84	1,352.49	1,487.83	1,535.01	1,740.16	2,052.84	1,970.01	16,622.32
Messengers.....	500.00	558.50	570.00	555.66	570.00	570.00	654.99	644.33	608.01	630.32	652.00	663.68	7,177.49
Charwomen.....	66.00	66.00	66.00	66.00	66.00	66.00	78.00	78.00	78.00	71.93	75.39	57.20	834.52
Total.....	17,858.03	17,874.53	18,209.26	18,895.21	19,033.21	19,773.68	20,868.25	20,080.52	20,755.44	21,092.11	23,187.85	23,501.38	242,029.47
Nonpersonalservices: Transportation and subsistence—													
Board and its clerks.....	25.88		143.77	355.90	40.99	377.81		12.91	67.00		18.41	99.82	1,142.49
Secretary's office.....							23.81	31.70	91.25		36.54		183.30
Division of audit and examination.....	759.55	979.78	1,579.20	1,039.69	1,656.35	1,009.29	1,518.05	1,438.07	2,887.73	2,093.22	1,996.28	1,521.85	18,476.06
Division of analysis and research.....								28.32	186.70	25.62	41.37	69.39	351.40
Division of reports and statistics.....							13.50				66.62	13.38	98.50
Counsel's office.....													
Messengers.....	5.00		5.00		5.00		5.00		5.00		1.70	5.00	31.70
Communication service:													
Telephone.....	278.09	221.03	229.04	166.99	173.21	151.53	154.09	157.64	160.95	173.78	156.59	164.87	2,187.81
Telegraph.....	865.98	608.18	1,057.43	921.50	832.97	367.64	428.17	192.04	168.53	200.23	144.43	189.58	5,976.68
Postage.....	17.00			14.50		18.00			19.00		13.00		81.50
Printing, binding, etc.....	4,354.85	1,092.25	2,658.54	2,485.33	2,746.00	2,134.19	2,471.95	2,250.36	2,395.81	3,202.82	2,093.63	308.61	29,043.34
Contract repairs.....	11.67	8.37	31.00	4.30	1.20	6.70	3.00	13.25	6.30	27.50	15.85	1.50	133.44
Electricity (light and power).....	30.00	30.00	30.00	30.00	30.00	30.00	30.20	30.20	30.20	30.20	30.20	30.20	361.20
Steam (heat).....	25.00	25.00	25.00	25.00				30.20	30.20	25.00	25.00	25.00	175.00
Other nonpersonal services.....	246.47	274.73	143.04	149.54	671.70	251.14	186.63	192.22	693.20	220.50	190.12	234.00	3,342.29
Supplies:													
Stationery.....	178.95	174.43	232.62	279.46	348.14	1.05	234.97	198.89	373.07	488.96	196.54	122.67	2,829.75
Periodicals.....	19.50	87.10	12.25	22.00		26.40	13.10	32.70	7.00	56.55	134.75	11.00	428.55
Other.....	15.50	104.33	241.45	28.87	94.55	254.72	27.09	597.02	15.53	53.73	86.47	11.32	1,500.58
Equipment:													
Furniture and office equipment.....	694.98	486.89	282.33	345.13	195.48	1,692.40	234.36	835.38	1,530.53	1,380.74	297.69	477.05	8,452.96
Books.....	30.00	332.20	13.20	3.15	5.00	3.75		12.70	1.50	14.38			418.18
Gold settlement fund (including salaries).....	607.72	585.68	713.04	610.61	738.92	522.32	414.32	382.53	342.00	417.70	373.98	315.00	6,023.82
Foreign exchange (including salaries).....	2,191.76	2,022.80	8,313.91	4,820.66	5,892.40	8,332.97	10,204.67	10,263.70	9,125.04	11,591.81	9,900.56	9,912.28	9,375.36
Capital issues (including salaries).....	148.91	847.63	1,433.73	1,663.72	3,613.83								7,707.82
Rent.....	187.93	447.93	447.93	447.93	288.81	119.07	119.07	119.07	225.74	569.07	594.07	594.07	4,150.69
Total.....	19,721.74	9,218.13	17,595.48	13,414.28	17,337.55	15,299.18	16,087.98	16,737.30	18,242.08	20,580.81	16,323.80	14,109.09	185,667.42
Grand total.....	28,579.77	27,092.66	35,804.74	32,309.49	36,370.76	35,072.86	36,956.23	36,817.82	38,997.52	42,572.92	39,511.65	37,610.47	427,696.80

Exhibit J.—STATE BANKS AND TRUST COMPANIES ADMITTED TO MEMBERSHIP.

The following is a list of the State banks and trust companies which have been admitted to membership in the Federal Reserve system up to and including December 31, 1918, showing the capital, surplus, and total resources as compiled from the latest available figures.

Nine hundred and thirty-six State institutions are now members of the system, having a total capital of \$348,649,871, total surplus of \$401,967,642, and total resources of \$7,338,812,775.

	Capital.	Surplus.	Total resources.
DISTRICT No. 1.			
CONNECTICUT.			
New Britain—New Britain Trust Co.....	\$400,000	\$200,000	\$5,503,209
New Haven—Union & New Haven Trust Co.....	650,000	500,000	5,014,979
South Manchester—The Manchester Trust Co.....	100,000	25,000	1,081,220
Waterbury—Colonial Trust Co.....	400,000	500,000	6,493,973
MAINE.			
Bangor—Merrill Trust Co.....	300,000	400,000	5,349,090
Portland—Fidelity Trust Co.....	400,000	400,000	13,315,113
MASSACHUSETTS.			
Arlington—Menotomy Trust Co.....	125,000	25,000	1,070,397
Boston—			
American Trust Co.....	1,000,000	2,000,000	29,386,924
Beacon Trust Co.....	600,000	1,000,000	20,124,465
Commonwealth Trust Co.....	1,000,000	500,000	27,608,485
International Trust Co.....	1,500,000	1,500,000	24,724,425
Liberty Trust Co.....	200,000	300,000	5,797,477
Metropolitan Trust Co.....	300,000	300,000	6,610,161
New England Trust Co.....	1,000,000	2,000,000	27,633,904
Old Colony Trust Co.....	6,000,000	7,000,000	166,186,243
State Street Trust Co.....	1,000,000	1,500,000	40,011,716
United States Trust Co.....	1,000,000	1,000,000	10,684,141
Cambridge—			
Charles River Trust Co.....	200,000	200,000	3,920,225
Harvard Trust Co.....	200,000	100,000	4,845,949
Fitchburg—Fitchburg Bank & Trust Co.....	500,000	250,000	5,472,124
Holyoke—Hadley Falls Trust Co.....	500,000	250,000	6,706,573
Lawrence—Merchants Trust Co.....	300,000	150,000	7,046,040
Lynn—Security Trust Co.....	200,000	200,000	6,080,947
Newton—Newton Trust Co.....	400,000	400,000	6,129,387
Norwood—Norwood Trust Co.....	200,000	4,000	2,728,716
Salem—Nauumkeag Trust Co.....	250,000	150,000	5,302,517
Winchester—Winchester Trust Co.....	100,000	25,000	791,783
Worcester—Worcester Bank & Trust Co.....	1,250,000	500,000	26,071,361
RHODE ISLAND.			
Providence—			
Industrial Trust Co.....	3,000,000	4,000,000	81,616,670
Rhode Island Hospital Trust Co.....	5,000,000	5,500,000	61,928,640
Union Trust Co.....	1,000,000	500,000	12,225,726
Total.....	27,075,000	29,379,000	623,462,609

	Capital.	Surplus.	Total resources.
DISTRICT NO. 2.			
CONNECTICUT.			
Bridgeport—Bridgeport Trust Co.....	\$500,000	\$300,000	\$9,444,242
South Norwalk—South Norwalk Trust Co.....	100,000	78,000	2,916,148
NEW JERSEY.			
Asbury Park—Seacoast Trust Co.....	100,000	75,000	1,378,786
Bayonne—Bayonne Trust Co.....	200,000	150,000	4,112,322
Bloomfield—Bloomfield Trust Co.....	200,000	100,000	3,868,597
Boonton—Farmers & Merchants Bank.....	75,000	25,000	499,297
Cranford—Cranford Trust Co.....	100,000	20,000	1,487,335
East Orange—Savings Investment & Trust Co. of East Orange.....	150,000	300,000	8,263,327
Glen Ridge—Glen Ridge Trust Co.....	100,000	20,000	1,170,459
Hackensack—Peoples Trust & Guaranty Co.....	500,000	250,000	6,834,529
Hoboken—Jefferson Trust Co.....	200,000	50,000	3,901,392
Jersey City—			
Commercial Trust Co. of New Jersey.....	1,000,000	1,500,000	31,491,809
New Jersey Title Guarantee & Trust Co.....	1,000,000	1,000,000	15,282,703
Montclair—			
Bank of Montclair.....	100,000	80,000	3,330,009
Montclair Trust Co.....	200,000	100,000	4,588,951
Morristown—Morristown Trust Co.....	600,000	300,000	10,130,398
Newark—Federal Trust Co.....	1,000,000	500,000	10,219,940
Orange—Trust Company of Orange.....	100,000	50,988	1,089,215
Passaic—			
Peoples Bank & Trust Co.....	200,000	300,000	5,256,627
Passaic Trust & Safe Deposit Co.....	200,000	100,000	7,852,525
Plainfield—Plainfield Trust Co.....	300,000	200,000	10,095,075
Rahway—Rahway Trust Co.....	100,000	25,000	855,519
Rutherford—Rutherford Trust Co.....	100,000	25,000	1,329,337
Westfield—			
Peoples Bank & Trust Co. of Westfield.....	100,000	80,000	2,046,306
Westfield Trust Co.....	100,000	20,000	2,343,340
West Hoboken—Hudson Trust Co.....	1,000,000	1,000,000	24,481,644
NEW YORK.			
Amityville—Bank of Amityville.....	25,000	50,000	637,917
Amsterdam—Montgomery County Trust Co.....	200,000	100,000	2,734,791
Batavia—Bank of Genesee.....	100,000	100,000	1,470,903
Binghamton—Peoples Trust Co. of Binghamton.....	500,000	100,000	5,113,426
Brooklyn—			
Brooklyn Trust Co.....	1,500,000	2,518,283	45,215,138
Franklin Trust Co.....	1,000,000	1,000,000	30,798,617
Manufacturers Trust Co.....	1,000,000	300,000	36,194,392
The Peoples Trust Co.....	1,000,000	1,000,000	32,372,135
Buffalo—			
Buffalo Trust Co.....	500,000	500,000	12,210,450
Citizens Commercial Trust Co.....	1,250,000	1,250,000	23,439,944
Canisteo—First State Bank.....	50,000	25,000	532,322
Chatham—State Bank, Chatham, N. Y.....	50,000	50,000	1,539,201
East Aurora—Erie County Trust Co.....	100,000	37,500	1,104,435
Elmira—Chemung Canal Trust Co.....	600,000	400,000	8,023,309
Floral Park—Floral Park Bank.....	25,000	25,000	717,792
Gloversville—Trust Co. of Fulton County.....	200,000	100,000	1,939,494
Hammondsport—Bank of Hammondsport.....	50,000	50,000	978,783
Hicksville—Bank of Hicksville.....	25,000	70,000	948,235
Ithaca—Ithaca Trust Co.....	200,000	100,000	2,952,371
Johnson City—Workers Trust Co.....	100,000	25,000	2,110,983
Little Falls—Herkimer County Trust Co.....	350,000	350,000	4,159,054
Millbrook—Bank of Millbrook.....	50,000	50,000	853,714
Mineola—Nassau County Trust Co.....	100,000	75,000	2,247,925
New York—			
Bankers Trust Co.....	11,250,000	11,250,000	342,998,766
Bank of America.....	1,500,000	6,000,000	53,049,953
Central Union Trust Co.....	12,500,000	15,000,000	276,942,589
Columbia Bank.....	1,000,000	500,000	17,683,720
Columbia Trust Co.....	5,000,000	5,000,000	112,776,604
Commercial Exchange Bank.....	200,000	700,000	7,397,918
Commonwealth Bank.....	500,000	600,000	9,121,869
Continental Bank.....	1,000,000	500,000	14,725,138
Corn Exchange Bank.....	3,500,000	6,500,000	147,398,668
Equitable Trust Co. of New York.....	6,000,000	10,500,000	261,900,675
Farmers Loan & Trust Co.....	5,000,000	10,000,000	216,474,509
Fidelity Trust Co.....	1,000,000	1,000,000	14,383,019
Fifth Avenue Bank of New York.....	200,000	2,000,000	25,436,952
Fulton Trust Co.....	500,000	250,000	8,817,182
Guaranty Trust Co. of New York.....	25,000,000	25,000,000	606,706,220
Irving Trust Co.....	1,500,000	750,000	52,501,923
Lincoln Trust Co.....	1,000,000	500,000	22,638,816
Manhattan Co.....	2,500,000	6,000,000	125,739,732
Mercantile Trust & Deposit Co.....	1,000,000	500,000	17,113,726

	Capital.	Surplus.	Total resources.
DISTRICT NO. 2—Continued.			
NEW YORK—continued.			
New York—Continued.			
Metropolitan Bank.....	\$2,000,000	\$1,000,000	\$44,677,887
Metropolitan Trust Co.....	2,000,000	4,000,000	51,414,450
Mutual Bank.....	200,000	400,000	10,315,815
New Netherland Bank of New York.....	200,000	200,000	5,894,857
New York Trust Co.....	3,000,000	10,000,000	112,494,281
Pacific Bank.....	500,000	800,000	21,636,890
Scandinavian Trust Co.....	1,000,000	1,500,000	33,691,285
United States Trust Co. of New York.....	2,000,000	12,000,000	53,324,391
United States Mortgage & Trust Co.....	2,000,000	4,000,000	83,694,904
W. R. Grace & Co.'s Bank.....	500,000	600,000	7,109,146
Yorkville Bank.....	200,000	400,000	9,708,828
Niagara Falls—Power City Bank.....	300,000	300,000	7,279,825
Nyack—Rockland County Trust Co.....	100,000	25,000	1,876,195
Ogdensburg—St. Lawrence Trust Co.....	100,000	25,000	1,249,467
Oneida—Madison County Trust & Deposit Co.....	182,200	107,540	3,158,406
Oyster Bay—Oyster Bay Bank.....	50,000	50,000	1,332,624
Perry—Citizens Bank of Perry, N. Y.....	50,000	50,000	1,284,918
Port Chester—Mutual Trust Co. of Westchester County.....	300,000	60,000	2,140,479
Rochester—Alliance Bank.....	500,000	500,000	15,803,732
Rome—Rome Trust Co.....	300,000	60,000	3,277,875
Schenectady—Schenectady Trust Co.....	300,000	62,500	6,486,682
Stony Brook—Bank of Suffolk County.....	25,000	15,000	390,553
Syracuse—			
City Bank.....	734,073	265,036	10,071,953
Syracuse Trust Co.....	500,000	500,000	17,821,127
Trust & Deposit Co. of Onondaga.....	1,000,000	450,000	24,372,125
Trumansburg—State Bank of Trumansburg.....	25,000	15,000	335,318
Utica—			
Citizens Trust Co. of Utica.....	500,000	400,000	13,962,645
Oneida County Trust Co.....	250,000	250,000	3,498,458
Utica Trust & Deposit Co.....	600,000	400,000	17,972,908
Warsaw—Trust Co. of Wyoming County.....	100,000	20,000	1,800,731
Watertown—Northern New York Trust Co.....	400,000	400,000	10,478,108
Westbury—Bank of Westbury.....	25,000	5,000	487,615
White Plains—County Trust Co.....	100,000	50,000	2,986,852
Total.....	117,391,273	156,439,846	3,366,784,468
DISTRICT NO. 3.			
DELAWARE.			
Wilmington—			
Equitable Trust Co.....	500,000	500,000	6,130,532
Security Trust & Safe Deposit Co.....	600,000	700,000	6,639,074
Wilmington Trust Co.....	1,000,000	500,000	18,433,791
NEW JERSEY.			
Camden—Camden Safe Deposit & Trust Co.....			
	500,000	800,000	11,122,691
Gloucester City—Gloucester City Trust Co.....	100,000	25,000	928,316
Princeton—Princeton Bank & Trust Co.....	100,000	150,000	2,020,327
Riverside—Riverside Trust Co.....	100,000		100,000
Swedesboro—Swedesboro Trust Co.....	100,000	20,000	724,576
PENNSYLVANIA.			
Chester—Cambridge Trust Co.....			
	250,000	125,000	5,650,476
Harrisburg—Dauphin Deposit Trust Co.....	300,000	300,000	4,812,171
Hazleton—Markle Banking & Trust Co.....	100,000	500,000	4,359,984
Honesdale—Wayne County Savings Bank.....	200,000	325,000	3,543,460
Lyles—Miners Deposit Bank.....	50,000	110,000	728,455
Philadelphia—			
Bank of Commerce.....	300,000	140,000	2,419,583
Colonial Trust Co.....	272,725	272,725	4,874,703
Commercial Trust Co.....	1,000,000	1,750,000	23,173,337
Drovers & Merchants Bank.....	200,000	40,000	1,165,617
Fidelity Trust Co.....	5,000,000	16,000,000	62,512,027
Girard Trust Co.....	2,500,000	7,500,000	59,007,703
Logan Trust Co. of Philadelphia.....	1,000,000	250,000	11,022,856
Pennsylvania Co. for Insurance on Lives and Granting Annuities.....	2,000,000	5,000,000	37,352,572
Philadelphia Trust Co.....	1,000,000	4,000,000	31,197,336
Provident Life & Trust Co.....	2,000,000	5,000,000	17,937,572
Rittenhouse Trust Co.....	250,000	50,000	2,583,468
West Philadelphia Title & Trust Co.....	500,000	500,000	7,018,684
Scranton—American Bank of Commerce.....	312,987	34,480	843,294
Wilkes-Barre—Dime Deposit Bank.....	200,000	150,000	2,156,994
Williamsport—			
Northern Central Trust Co.....	500,000	150,000	3,687,086
Susquehanna Trust & Safe Deposit Co.....	400,000	300,000	2,984,904
Williamstown—Williams Valley Bank.....	50,000	45,000	469,290
Total.....	21,385,712	45,237,205	339,571,901

¹ Exclusive of insurance assets of \$96,019,988.

	Capital.	Surplus.	Total resources.
DISTRICT NO. 4.			
KENTUCKY.			
Brooksville—Farmers Equity Bank.....	525,000	\$12,500	\$299,972
Independence—Bank of Independence.....	40,000	8,000	277,708
Lexington—			
Security Trust Co.....	500,000	150,000	2,222,031
Title Guaranty & Trust Co.....	150,000	15,000	985,234
Maysville—First Standard Bank & Trust Co.....	175,000	75,000	1,599,310
Mount Sterling—Exchange Bank of Kentucky.....	50,000	35,000	418,050
Richmond—State Bank & Trust Co.....	150,000	50,000	1,149,441
OHIO.			
Akron—			
Central Savings & Trust Co.....	500,000	500,000	10,129,377
Depositors Savings & Trust Co.....	390,000	250,000	5,678,394
Peoples Savings & Trust Co.....	290,000	100,000	4,963,506
Alliance—			
City Savings Bank & Trust Co.....	100,000	100,000	2,646,356
Alliance Bank Co.....	150,000	120,000	3,219,412
Barberton—Peoples Savings & Banking Co.....	100,000	20,000	1,337,976
Buckeye City—Commercial & Savings Bank Co.....	25,000	2,750	258,483
Canton—Dime Savings Bank Co.....	200,000	120,000	3,991,697
Chagrin Falls—Chagrin Falls Banking Co.....	50,000	45,000	891,372
Cincinnati—			
Brighton Bank & Trust Co.....	200,000	200,000	5,718,144
Provident Savings Bank & Trust Co.....	1,400,000	1,000,000	14,026,373
Union Savings Bank & Trust Co.....	1,000,000	2,000,000	20,323,834
Western Bank & Trust Co.....	500,000	500,000	11,443,095
Cleveland—			
Citizen Savings & Trust Co.....	4,000,000	4,000,000	64,441,232
Cleveland Trust Co.....	2,500,000	2,500,000	61,738,413
Guardian Savings & Trust Co.....	3,000,000	3,000,000	56,601,412
Superior Savings & Trust Co.....	500,000	1,000,000	16,507,570
United Banking & Savings Co.....	1,000,000	1,000,000	13,636,312
Columbus—Citizens Trust & Savings Bank.....	700,000	150,000	6,198,450
Cuyahoga Falls—			
The Citizens Bank.....	50,000	3,000	351,494
Cuyahoga Falls Savings Bank Co.....	100,000	31,000	1,163,346
Dayton—Dayton Savings & Trust Co.....	500,000	420,000	10,426,874
Geneva—Geneva Savings Bank Co.....	100,000	68,000	1,018,990
Gibsonburg—Gibsonburg Banking Co.....	50,000	17,500	732,743
Home Banking Co.....	25,000	9,000	638,009
Hillsboro—Hillsboro Bank & Savings Co.....	50,000	15,000	564,770
Lodi—Lodi State Bank.....	40,000	60,000	625,130
Mesillon—Ohio Banking & Trust Co.....	150,000	37,500	1,640,731
Milan—Farmers & Citizens Banking Co.....	25,000	8,000	421,886
Minerva—Minerva Savings & Trust Co.....	50,000	40,000	1,368,347
Minster—Minster State Bank.....	25,000	20,000	341,468
Newark—Newark Trust Co.....	200,000	125,000	2,430,646
Peninsula—Peninsula Banking Co.....	25,000	4,000	230,181
Rosford—Rosford Savings Bank.....	50,000	.....	183,802
St. Marys—Home Banking Co.....	100,000	21,000	924,620
Spencer—Spencer State Bank.....	25,000	.....	150,739
Stuebenville—Stuebenville Bank & Trust Co.....	125,000	50,000	1,953,004
Struthers—Struthers Savings & Banking Co.....	50,000	30,000	1,830,273
Toledo—			
Commercial Savings Bank & Trust Co.....	200,000	60,000	5,328,534
Guardian Trust & Savings Bank of Toledo.....	200,000	200,000	4,146,437
Vermilion—Erie County Banking Co.....	50,000	10,000	479,254
Wellington—First Wellington Bank.....	85,000	75,000	1,178,192
West Lafayette—West Lafayette Bank Co.....	100,000	50,000	1,063,170
West Milton—Citizens State Bank.....	30,000	5,000	294,138
Youngstown—			
Dollar Savings & Trust Co.....	1,500,000	500,000	20,323,625
City Trust & Savings Bank.....	200,000	150,000	5,378,291
PENNSYLVANIA.			
Ambridge—Ambridge Savings & Trust Co.....	125,000	50,000	1,793,483
Beaver—Beaver Trust Co.....	300,000	100,000	1,418,283
Beaver Falls—Federal Title & Trust Co. of Beaver Falls.....	200,000	40,000	1,303,191
Bellevue—Bellevue Realty Savings & Trust Co.....	125,000	50,000	965,119
Erie—Security Savings & Trust Co.....	200,000	300,000	4,523,543
Meadville—Crawford County Trust Co.....	125,000	15,000	1,607,373
New Castle—Lawrence Savings & Trust Co.....	300,000	300,000	3,677,270
Pittsburgh—			
Allegheny Trust Co.....	700,000	500,000	4,740,929
Colonial Trust Co.....	2,600,000	2,600,000	22,301,579
Commonwealth Trust Co. of Pittsburgh.....	1,500,000	1,000,000	11,480,345
Oakland Savings & Trust Co.....	200,000	200,000	3,693,991
Pittsburgh Trust Co.....	2,000,000	1,600,000	21,075,312
Union Trust Co. of Pittsburgh.....	1,500,000	34,500,000	130,769,630
Woodlawn—Woodlawn Trust Co.....	125,000	62,500	1,847,504
Total.....	31,620,600	59,098,750	585,590,840

	Capital.	Surplus.	Total resources.
DISTRICT NO. 5.			
DISTRICT OF COLUMBIA.			
Washington—Continental Trust Co.	\$1,000,000	\$100,000	\$5,142,440
MARYLAND.			
Baltimore:			
The American Bank	300,000	100,000	3,049,171
Baltimore Commercial Bank	500,000	100,000	4,218,607
Baltimore Trust Co.	1,000,000	2,000,000	10,443,811
Maryland Trust Co.	1,000,000	.....	8,135,725
Gwynn Oak Junction—Liberty Bank of Baltimore County	25,000	5,000	327,535
Hamilton—Hamilton Bank	30,000	10,000	354,275
NORTH CAROLINA.			
Asheville—Battery Park Bank	100,000	100,000	3,201,165
Charlotte—American Trust Co.	525,000	375,000	5,876,808
High Point—Bank of Commerce	100,000	12,000	789,578
New Bern—New Bern Banking & Trust Co.	100,000	.....	925,700
Winston-Salem—Wachovia Bank & Trust Co.	1,250,000	750,000	22,545,766
SOUTH CAROLINA.			
Charleston—Carolina Savings Bank	200,000	100,000	3,189,556
Cheraw—Bank of Cheraw	110,000	50,000	721,775
Cheraw—Merchants & Farmers Bank	100,000	6,000	481,542
Chester—Commercial Bank	100,000	65,000	988,189
Darlington—Bank of Darlington	100,000	50,000	1,135,791
Florence—Commercial and Savings Bank	125,000	25,000	780,629
Georgetown:			
Bank of Georgetown	100,000	100,000	940,323
Peoples Bank	78,800	26,140	511,885
Hartsville—Bank of Hartsville	75,000	35,000	712,338
Sumter—Peoples Bank	100,000	21,000	674,836
Union—Nicholson Bank & Trust Co.	75,000	25,000	801,549
Westminster—Westminster Bank	100,000	25,000	707,104
Woodruff—Bank of Woodruff	40,700	10,500	390,204
VIRGINIA.			
Cambria—Cambria Bank (Inc.)	28,000	5,000	228,331
Chase City—Peoples Bank & Trust Co. of Chase City	100,000	11,000	319,560
Christiansburg—Bank of Christiansburg	34,000	100,000	1,145,082
Emporia—Greensville Bank	50,000	60,000	590,841
Harrisonburg—Peoples Bank of Harrisonburg (Inc.)	150,000	20,000	798,788
Norfolk:			
Citizens Bank of Norfolk	600,000	500,000	7,024,199
Marine Bank of Norfolk	220,000	110,000	2,097,194
Richmond:			
Savings Bank of Richmond	200,000	200,000	2,112,894
Union Bank	219,750	300,000	2,951,548
WEST VIRGINIA.			
Charleston—Kanawha Valley Bank	400,000	1,000,000	7,321,355
Franklin—Franklin Bank	40,000	7,500	254,219
Grafton—Grafton Banking & Trust Co.	100,000	30,000	1,093,407
Total	9,376,250	6,459,140	108,983,839
DISTRICT NO. 6.			
ALABAMA.			
Athens—Citizens Bank & Trust Co.	30,000	18,000	371,194
Birmingham:			
American Trust & Savings Bank	500,000	250,000	8,186,511
Birmingham Trust & Savings Co.	500,000	650,000	13,272,696
Center—Cherokee County Bank	25,000	.....	222,943
Cullman—Alabama Bank & Trust Co.	50,000	.....	50,000
Eufaula—Bank of Eufaula	100,000	14,000	505,135
Marion—Marion Central Bank	50,000	100,000	582,325
Mobile:			
Merchants Bank	200,000	200,000	5,242,255
Peoples Bank of Mobile	200,000	200,000	5,589,593
Montgomery—Sullivan Bank & Trust Co.	100,000	10,000	464,441
Union Springs—American Bank	50,000	5,000	276,791

	Capital.	Surplus.	Total resources.
DISTRICT No. 6—Continued.			
FLORIDA.			
Deland—Volusia County Bank.....	\$100,000	\$100,000	\$1,107,886
Jacksonville—American Trust Co.....	200,000	16,000	845,307
Leesburg—Leesburg State Bank.....	30,000	10,000	324,371
Miami—Southern Bank & Trust Co.....	100,000	.....	500,875
Plant City—Hillsboro State Bank.....	50,000	50,000	555,924
Tallahassee—Exchange Bank.....	50,000	3,000	267,387
Tampa—Citizens Bank & Trust Co.....	250,000	500,000	4,854,300
Winter Park—Union State Bank.....	30,000	.....	100,543
GEORGIA.			
Athens—American State Bank.....	100,000	20,000	522,042
Atlanta—			
Central Bank & Trust Corporation.....	1,000,000	300,000	10,898,230
Georgia Savings Bank & Trust Co.....	200,000	100,000	1,550,260
Trust Co. of Georgia.....	1,000,000	1,000,000	4,152,624
Brunswick—Brunswick Bank & Trust Co.....	100,000	80,000	1,829,793
Camilla—Bank of Camilla.....	50,000	50,000	493,476
Commerce—Northeastern Banking Co.....	100,000	35,000	787,068
Hartwell—Hartwell Bank.....	60,000	20,000	320,758
Jackson—Jackson Banking Co.....	50,000	10,000	233,623
Louisville—Bank of Louisville.....	25,000	6,000	336,142
Metter—Citizens Bank.....	30,000	15,000	241,462
Sardis—Peoples Bank.....	25,000	6,000	142,212
Savannah—			
American Bank & Trust Co.....	200,000	10,000	888,065
Citizens & Southern Bank.....	1,000,000	1,000,000	24,567,165
Savannah Bank & Trust Co.....	700,000	630,000	7,885,409
West Point—Citizens Bank.....	50,000	1,000	340,635
Winder—Farmers Bank.....	50,000	.....	291,257
Winterville—Pittard Banking Co.....	25,000	5,000	142,654
LOUISIANA.			
Baton Rouge—Union Bank & Trust Co.....	150,000	.....	1,232,625
Gretna—Jefferson Trust & Savings Bank.....	50,000	2,700	538,614
Iota—Bank of Iota.....	25,000	5,000	243,609
New Orleans—			
American Bank & Trust Co.....	200,000	20,000	469,566
Canal Bank & Trust Co.....	2,000,000	500,000	33,335,620
Citizens' Bank & Trust Co. of Louisiana.....	400,000	150,000	7,210,708
City Bank & Trust Co.....	200,000	100,000	3,457,765
Commercial Trust & Savings Bank.....	1,250,000	800,000	21,306,611
Hibernia Bank & Trust Co.....	1,500,000	2,000,000	37,408,841
Interstate Trust & Banking Co.....	750,000	500,000	10,787,127
Liberty Bank & Trust Co.....	200,000	10,000	380,312
Marine Bank & Trust Co.....	400,000	100,000	7,666,002
Metropolitan Bank.....	400,000	200,000	3,081,177
New Roads—Pointe Coupee Trust & Savings Bank.....	60,000	.....	145,547
MISSISSIPPI.			
Laurel—Commercial Bank & Trust Co.....	100,000	25,000	4,562,778
Summit—Union Bank of Pike.....	25,000	5,000	195,143
TENNESSEE.			
Chattanooga—Savings Bank.....	750,000	225,000	5,805,014
Total.....	15,840,000	10,056,760	238,500,448
DISTRICT No. 7.			
ILLINOIS.			
Auburn—Auburn State Bank.....	25,000	25,000	515,013
Barrington—First State Bank of Barrington.....	50,000	10,000	348,044
Bloomington—State Bank of Bloomington.....	100,000	150,000	1,570,037
Charleston—Charleston Trust & Savings Bank.....	30,000	12,000	788,186
Chicago—			
Austin State Bank.....	200,000	65,000	2,103,509
Capital State Savings Bank.....	200,000	20,000	1,190,978
Central Trust Co. of Illinois.....	6,000,000	1,000,000	64,712,418
Chicago Savings Bank & Trust Co.....	1,000,000	200,000	11,517,384
Depositors State & Savings Bank.....	300,000	75,000	3,518,006
First Trust & Savings Bank.....	5,000,000	5,500,000	86,229,400
Foreman Bros. Banking Co.....	1,500,000	500,000	21,282,256

	Capital.	Surplus.	Total resources.
DISTRICT No. 7—Continued.			
ILLINOIS—continued.			
Chicago—Continued.			
Illinois Trust & Savings Bank.....	\$5,000,000	\$11,000,000	\$118,248,231
Kaspar State Bank.....	500,000	300,000	6,922,574
Madison & Kedzie State Bank.....	200,000	50,000	2,166,710
Mechanics & Traders State Bank.....	200,000	50,000	2,114,550
Mercantile Trust & Savings Bank.....	250,000	50,000	4,333,545
Merchants Loan & Trust Co.....	3,000,000	9,000,000	120,103,999
Noel State Bank.....	300,000	100,000	3,271,125
Northern Trust Co.....	2,000,000	2,000,000	37,328,351
North Side State Savings Bank.....	200,000	10,000	1,669,026
North-Western Trust & Savings Bank.....	500,000	250,000	8,921,317
Security Bank of Chicago.....	400,000	250,000	6,313,544
Standard Trust & Savings Bank.....	1,000,000	500,000	11,862,473
State Bank of Chicago.....	3,000,000	3,000,000	39,822,842
Union Trust Co.....	1,500,000	1,800,000	37,014,223
United States Bank of Chicago.....	200,000	30,000	996,086
Cicero—Kirschman State Bank.....	100,000	25,000	716,439
Des Plaines—Des Plaines Bank.....	50,000	33,000	630,358
Elmhurst—Elmhurst State Bank.....	60,000	25,000	711,249
Eureka—Farmers State Bank of Eureka.....	100,000	.....	632,624
Evanston—			
Evanston Trust & Savings Bank.....	100,000	10,000	874,474
State Bank of Evanston.....	150,000	250,000	4,234,679
Geneva—State Bank of Geneva.....	50,000	6,000	557,971
Joliet—			
Commercial Trust & Savings Bank of Joliet.....	100,000	5,000	966,743
Joliet Trust & Savings Bank.....	100,000	25,000	967,704
Hinsdale—Hinsdale State Bank.....	50,000	25,000	628,496
Kewanee—Union State Savings Bank & Trust Co.....	150,000	25,000	1,310,007
La Grange—La Grange State Bank.....	50,000	25,000	1,090,337
Magnolia—First State Bank of Magnolia.....	25,000	5,000	203,462
Marshall—Marshall State Bank.....	60,000	5,000	234,986
Martinsville—Martinsville State Bank.....	50,000	20,000	358,664
Matteson—First State Bank of Matteson.....	25,000	10,000	139,490
Mttoon—Central Illinois Trust & Savings Bank.....	100,000	50,000	947,232
Moline—			
Moline Trust & Savings Bank.....	225,000	85,000	3,604,917
Peoples Savings Bank & Trust Co.....	250,000	150,000	5,693,949
State Savings Bank & Trust Co.....	300,000	125,000	4,248,387
Mount Carroll—Carroll County State Bank.....	50,000	35,000	917,026
Oak Park—			
Oak Park Trust & Savings Bank.....	200,000	50,000	3,013,155
Suburban Trust & Savings Bank.....	100,000	10,000	476,839
Oswego—Oswego State Bank.....	50,000	5,000	383,095
Shannon—State Bank of Shannon.....	25,000	15,000	268,186
St. Charles—Stewart State Bank.....	100,000	40,000	888,556
Sycamore—Pierce Trust & Savings Bank.....	100,000	50,000	787,856
Wenona—First State Bank of Wenona.....	50,000	35,000	548,667
INDIANA.			
Angola—Steuben County State Bank.....	40,000	9,340	217,936
Bargersville—Farmers State Bank.....	25,000	11,000	305,091
Connorsville—Farmers and Merchants' Trust Co.....	100,000	50,000	1,335,303
Crownwell—Sparta State Bank.....	27,500	.....	116,211
Elkhart—St. Joseph Valley Bank.....	100,000	50,000	2,930,345
Hillsboro—Hillsboro State Bank.....	25,000	6,000	233,620
Jamestown—Citizens State Bank.....	30,000	7,500	418,472
Kentland—			
Discount & Deposit State Bank.....	70,000	40,000	600,735
Kent State Bank.....	50,000	32,000	418,220
Marion—Grant Trust & Savings Co.....	100,000	100,000	1,982,240
North Liberty—North Liberty State Bank.....	25,000	10,000	353,776
Peru—Peru Trust Co.....	100,000	25,000	1,153,268
Richmond—Dickinson Trust Co.....	200,000	125,000	2,400,970
South Bend—			
American Trust Co.....	200,000	128,000	2,991,383
St. Joseph Loan & Trust Co.....	200,000	100,000	3,581,531
South Whitley—Gandy State Bank.....	25,000	10,500	359,568
Terre Haute—Terre Haute Trust Co.....	350,000	200,000	5,482,236
Tipton—Farmers Loan & Trust Co.....	50,000	45,000	723,936
Winamac—First Trust & Savings Bank.....	40,000	.....	163,264
IOWA.			
Algona—County Savings Bank.....	100,000	25,000	1,704,068
Alta Vista—Alta Vista Savings Bank.....	30,000	10,000	392,267
Ames—Story County Trust & Savings Bank.....	50,000	12,500	489,796
Avoca—Avoca State Bank.....	50,000	20,000	788,350
Audubon—Iowa Savings Bank.....	50,000	.....	179,232
Baines City—Farmers Savings Bank.....	25,000	8,000	433,491
Battle Creek—Battle Creek Savings Bank.....	40,000	45,000	847,619

	Capital.	Surplus.	Total re- sources.
DISTRICT No. 7—Continued.			
IOWA—Continued.			
Bellevue—Bellevue State Bank.....	\$30,000	\$10,000	\$745,134
Blairsburg—State Bank of Blairsburg.....	25,000	5,000	369,497
Brighton—Brighton State Bank.....	50,000	25,000	600,080
Britt—Commercial State Bank.....	60,000	50,000	1,010,382
Cedar Falls—			
Security Trust & Savings Bank.....	50,000	8,000	331,839
Iowa State Savings Bank.....	100,000	25,000	2,058,658
Chariton—State Savings Bank.....	50,000	40,000	817,370
Charter Oak—Farmers State Bank.....	40,000	8,000	483,458
Cherokee—Cherokee State Bank.....	75,000	75,000	1,208,842
Clinton—Peoples Trust & Savings Bank.....	300,000	300,000	4,787,623
College Springs—Farquhar Savings Bank.....	25,000	40,000	4,373,627
Davenport—American Commercial Savings Bank.....	600,000	600,000	14,436,251
Decorah—			
Citizens Savings Bank.....	50,000	50,000	589,018
Winesheik County State Bank.....	150,000	50,000	1,889,640
Des Moines—			
Bankers Trust Co.....	1,000,000	100,000	3,173,736
Central State Bank.....	250,000	250,000	5,262,135
Iowa Loan & Trust Co.....	500,000	250,000	8,585,663
Elberon—Farmers State Bank.....	40,000	20,000	566,600
Eldora—Citizens Savings Bank.....	50,000	15,000	253,505
Elkader—Elkader State Bank.....	50,000	15,000	917,040
Ellsworth—			
Farmers State Bank of Ellsworth.....	25,000		198,567
State Bank of Ellsworth.....	35,000	10,000	255,696
Fairbank—Fairbank State Bank.....	25,000	14,000	460,027
Fairfield—Iowa State Savings Bank.....	100,000	100,000	1,592,031
Fostoria—Citizens Savings Bank.....	25,000	2,500	156,278
Garwin—Garwin State Bank.....	50,000	25,000	522,431
Germania—Farmers & Drovers State Bank.....	30,000	6,000	251,253
Gilbert—Gilbert Savings Bank.....	25,000	5,000	245,624
Gilman—Citizens Savings Bank.....	25,000	13,000	426,515
Humboldt—Peoples State Bank.....	100,000	35,000	857,932
Jefferson—Jefferson Savings Bank.....	50,000	5,000	509,227
Kellerton—Kellerton State Bank.....	25,000	8,750	305,048
Knoxville—Guaranty State Bank.....	50,000	9,000	382,423
Leon—Farmers & Traders State Bank.....	100,000	5,000	846,252
Lockridge—Lockridge Savings Bank.....	25,000	10,000	356,774
Logan—State Savings Bank.....	50,000	10,000	518,069
Lowden—Lowden Savings Bank.....	25,000	12,000	405,307
Malcolm—Malcolm Savings Bank.....	50,000	25,000	511,661
Mapleton—Mapleton Trust & Savings Bank.....	75,000	7,000	683,990
Marshalltown—Marshalltown State Bank.....	100,000	30,000	2,252,845
Mason City—Commercial Savings Bank.....	100,000	20,000	1,236,314
Mediapolis—Commercial State Bank.....	50,000	12,500	610,731
Missouri Valley—State Savings Bank.....	50,000	10,000	517,287
Mondamin—Mondamin Savings Bank.....	35,000	5,350	290,666
Monticello—			
Lovell State Bank.....	200,000	100,000	1,170,944
Monticello State Bank.....	200,000	200,000	2,349,329
Mount Ayr—Mount Ayr State Bank.....	100,000	15,000	701,925
New Hampton—State Bank of New Hampton.....	50,000	40,000	649,252
Newton—			
Citizens State Bank.....	60,000	12,000	485,129
Jasper County Savings Bank.....	100,000	50,000	1,207,921
Ogden—City State Bank.....	50,000	5,000	507,343
Osage—Home Trust & Savings Bank.....	50,000	25,000	496,694
Ottumwa—Ottumwa Savings Bank.....	100,000	30,000	1,405,231
Perry—Peoples Trust & Savings Bank.....	50,000	750	330,608
Remsen—Farmers Savings Bank.....	50,000	10,000	449,995
Riceville—Riceville State Bank.....	25,000	10,000	216,766
Roland—Farmers Savings Bank.....	35,000	10,000	427,163
Royal—Home State Bank.....	25,000	1,500	158,019
Sac City—			
Farmers Savings Bank.....	50,000	20,000	541,028
Sac County State Bank.....	75,000	75,000	1,199,472
Sioux City—Bankers Loan & Trust Co.....	100,000	8,000	538,204
Sioux Center—Sioux Center State Bank.....	25,000	5,000	259,446
Sutherland—First Savings Bank.....	50,000	2,000	347,626
Terril—Terril Savings Bank.....	25,000	1,000	138,734
Thompson—State Bank of Thompson.....	30,000	8,000	277,803
Tipton—Farmers & Merchants Savings Bank.....	50,000	15,000	587,677
Ute—State Savings Bank.....	50,000	15,000	341,594
Vail—Farmers State Bank.....	50,000	8,000	389,078
Wapello—Wapello State Savings Bank.....	30,000	8,000	491,984
Waterloo—Waterloo Bank & Trust Co.....	200,000	50,000	1,591,951

	Capital.	Surplus.	Total resources.
DISTRICT NO. 7—Continued.			
MICHIGAN.			
Adrian—			
Adrain State Savings Bank.....	\$120,000	\$80,000	\$1,960,651
Commercial Savings Bank.....	110,000	80,000	1,209,966
Lenawee County Savings Bank.....	150,000	50,000	2,166,635
Albion—			
Albion State Bank.....	50,000	40,000	786,491
Commercial & Savings Bank.....	75,000	40,000	861,368
Alpena—Alpena County Savings Bank.....	100,000	125,000	3,125,554
Ann Arbor—			
Farmers & Mechanics Bank.....	150,000	75,000	2,140,795
State Savings Bank.....	150,000	150,000	2,895,502
Armada—Farmers State Bank.....	25,000	7,500	303,796
Bay City—			
Bay City Bank.....	250,000	250,000	4,515,837
Farmers State Savings Bank.....	100,000	25,000	1,191,804
Peoples Commercial & Savings Bank.....	400,000	400,000	7,834,221
Benton Harbor—Benton Harbor State Bank.....	100,000	27,000	1,253,213
Big Rapids—			
Big Rapids Savings Bank.....	50,000	10,000	657,054
Citizens State Bank.....	50,000	25,000	1,050,228
Carson City—Farmers & Merchants State Bank.....	25,000	5,000	342,515
Cassopolis—Cass County State Bank.....	40,000	2,000	229,713
Charlotte—Eaton County Savings Bank.....	100,000	29,000	1,061,804
Chelsea—Farmers & Merchants Bank.....	25,000	25,000	561,132
Coloma—State Bank of Coloma.....	25,000	10,000	462,802
Coopersville—Peoples Savings Bank.....	25,000	1,000	240,231
Davidson—Davidson State Bank.....	25,000	6,000	512,086
Dearborn—Dearborn State Bank.....	100,000	125,000	4,828,498
Detroit—			
American State Bank.....	500,000	191,000	8,572,586
Bank of Detroit.....	500,000	100,000	12,478,634
Detroit Savings Bank.....	750,000	750,000	20,187,043
Central Savings Bank.....	500,000	100,000	13,068,307
Dime Savings Bank.....	1,000,000	1,100,000	34,880,114
First State Bank of Detroit.....	500,000	200,000	8,921,892
Peninsular State Bank.....	2,500,000	1,000,000	27,489,812
Peoples State Bank.....	2,500,000	3,500,000	91,448,239
United Savings Bank of Detroit.....	500,000	150,000	5,610,713
Wayne County & Home Savings Bank.....	3,000,000	3,000,000	62,231,165
Edmore—Edmore State Bank.....	30,000	7,500	423,702
Elk Rapids—Elk Rapids State Bank.....	35,000	15,000	340,072
Farmington—Farmington State Savings Bank.....	25,000	5,000	364,022
Fenton—			
Commercial Savings Bank.....	25,000	10,000	364,912
Fenton State Savings Bank.....	25,000	10,000	468,654
Flint—			
Citizens Commercial & Savings Bank.....	150,000	190,000	3,589,801
Genesee County Savings Bank.....	500,000	300,000	7,692,056
Industrial Savings Bank.....	250,000	250,000	5,736,115
Union Trust & Savings Bank.....	100,000	150,000	3,641,347
Flushing—Peoples State Bank.....	25,000	15,000	237,991
Frankenmuth—Frankenmuth State Bank.....	50,000	15,000	745,459
Fremont—			
Fremont State Bank.....	25,000	23,000	570,176
Old State Bank.....	50,000	25,000	879,468
Grand Haven—			
Grand Haven State Bank.....	75,000	75,000	1,646,085
Peoples Savings Bank.....	50,000	22,000	738,427
Grand Rapids—			
City Trust & Savings Bank.....	200,000	40,000	2,661,227
Commercial Savings Bank.....	300,000	60,000	2,806,549
Grand Rapids Savings Bank.....	400,000	350,000	8,560,741
Kent State Bank.....	500,000	500,000	10,481,693
Greenville—Commercial State Savings Bank.....	50,000	10,000	775,471
Hart—Oceana County Savings Bank.....	40,000	13,000	424,315
Highland Park—Highland Park State Bank.....	1,000,000	550,000	17,850,655
Hillsdale—Hillsdale State Bank.....	60,000	25,000	1,008,504
Holland—			
First State Bank.....	100,000	20,000	2,065,919
Holland City State Bank.....	100,000	50,000	1,486,071
Hudson—			
Boies State Savings Bank.....	75,000	25,000	713,080
Thompson Savings Bank.....	100,000	50,000	1,448,165
Imlay City—			
Lapeer County Bank.....	50,000	10,000	1,002,295
Peoples State Bank of Imlay City.....	50,000	10,000	656,026
Ionia—State Savings Bank.....	100,000	100,000	1,533,580
Jackson—			
Central State Bank.....	100,000	26,000	1,282,716
Jackson State Savings Bank.....	100,000	100,000	2,220,916
Union Bank.....	400,000	100,000	5,151,345

	Capital.	Surplus.	Total resources.
DISTRICT No. 7—Continued.			
MICHIGAN—continued.			
Jonesville—Grosvenor Savings Bank.....	\$50,000	\$25,000	\$508,354
Lakeview—			
Commercial State Savings Bank.....	25,000	1,000	188,717
Farmers & Merchants State Bank.....	25,000	5,000	266,831
Lansing—Lansing State Savings Bank.....	150,000	100,000	2,922,700
Lapeer—Lapeer Savings Bank.....	50,000	10,000	624,015
Lowell—City State Bank.....	25,000	10,000	522,550
Ludington—Ludington State Bank.....	100,000	20,000	1,257,489
Manchester—			
Peoples Bank.....	25,000	12,000	452,510
Union Savings Bank.....	25,000	50,000	777,801
Manistee—Manistee County Savings Bank.....	100,000	100,000	2,160,911
Marcellus—G. W. Jones Exchange Bank.....	40,000	19,000	487,205
Marshall—Commercial Savings Bank.....	100,000	20,000	1,170,070
Milan—Milan State Savings Bank.....	25,000	7,000	228,553
Millford—First State Bank.....	25,000	6,000	443,119
Monroe—B. Dansard & Sons State Bank of Monroe.....	100,000	20,000	1,798,222
Morenci—Wakefield State Bank.....	50,000	30,000	867,102
Mount Pleasant—			
Exchange Savings Bank.....	50,000	30,000	895,811
Isabella County State Bank.....	60,000	6,000	1,077,946
Mount Clemens—Ulrich Savings Bank.....	100,000	100,000	1,416,580
Nashville—Farmers & Merchants Bank.....	30,000	35,000	667,588
Niles—Niles City Bank.....	100,000	20,000	852,731
Onsted—Onsted State Bank.....	25,000	6,000	228,400
Otsego—Citizens State Savings Bank.....	25,000	2,500	213,205
Paw Paw—Paw Paw Savings Bank.....	40,000	10,000	375,267
Petersburg—H. C. McLachlin & Co. State Bank.....	25,000	5,000	406,738
Petoskey—First State Bank of Petoskey.....	50,000	10,000	693,934
Pontiac—			
American Savings Bank.....	100,000	30,800	954,158
Pontiac Savings Bank.....	200,000	65,000	4,257,529
Port Huron—Federal Commercial & Savings Bank.....	150,000	50,000	3,996,024
Redford—Redford State Savings Bank.....	25,000	7,500	449,485
Rochester—Rochester Savings Bank.....	50,000	10,000	610,747
Rogers City—Presque Isle County Savings Bank.....	35,000	12,000	826,353
Romeo—Romeo Savings Bank.....	50,000	30,000	1,376,446
Royal Oak—			
First Commercial State Bank.....	25,000	10,000	451,379
Royal Oak Savings Bank.....	40,000	10,000	834,504
St. Clair—Commercial & Savings Bank.....	50,000	10,000	714,239
Saginaw—Bank of Saginaw.....	500,000	700,000	14,697,632
Saline—Saline Savings Bank.....	25,000	22,000	402,256
Saugatuck—Fruit Growers State Bank.....	50,000	12,500	538,044
South Haven—Citizens State Bank.....	50,000	45,000	798,199
Suttons Bay—Leelanau County.....	25,000	10,000	330,410
Tecumseh—			
Lilley State Bank.....	40,000	20,000	615,578
Tecumseh State Savings Bank.....	26,000	26,000	671,730
Traverse City—Traverse City State Bank.....	200,000	100,000	2,680,027
Warren—State Savings Bank of Warren.....	25,000	25,000	671,212
Washington—Washington Savings Bank.....	25,000	10,000	271,355
Williamston—Williamston State Bank.....	50,000	10,000	335,024
WISCONSIN.			
Baraboo—Bank of Baraboo.....	100,000	50,000	1,775,967
Burlington—Bank of Burlington.....	125,000	25,000	1,490,604
Clinton—Citizens Bank.....	50,000	10,000	421,160
Green Lake—Green Lake State Bank.....	25,000	10,000	363,089
Kenosha—Merchants & Savings Bank.....	100,000	13,000	1,500,380
Madison—Bank of Wisconsin.....	300,000	60,000	2,416,910
Milwaukee—			
American Exchange Bank.....	500,000	100,000	6,028,564
Badger State Bank.....	200,000	6,000	1,639,810
Marshall & Hsley Bank.....	1,000,000	700,000	22,493,324
Second Ward Savings Bank.....	1,000,000	700,000	24,588,210
Mineral Point—Iowa County Bank.....	100,000	50,000	1,354,464
Mosinee—State Bank of Mosinee.....	45,000	25,000	502,927
Oakfield—Bank of Oakfield.....	25,000	10,000	275,762
Platteville—State Bank of Platteville.....	50,000	10,000	999,384
Plymouth—			
Plymouth Exchange Bank.....	100,000	40,000	908,682
State Bank of Plymouth.....	125,000	32,500	980,929
Sheboygan—			
Bank of Sheboygan.....	100,000	200,000	3,734,309
Citizens State Bank.....	200,000	125,000	2,175,576
Sturgeon Bay—Bank of Sturgeon Bay.....	50,000	10,000	1,519,831
Waupun—State Bank of Waupun.....	50,000	.....	490,385
Wausau—Marathon County Bank.....	100,000	40,000	827,448
Winneconne—Union Bank of Winneconne.....	25,000	8,500	372,476
Total.....	71,994,500	63,422,490	1,330,062,231

	Capital.	Surplus.	Total resources.
DISTRICT No. 8.			
ARKANSAS.			
Blytheville—Farmers Bank & Trust Co.	\$50,000	\$25,000	\$563,118
Helena—Security Bank & Trust Co.	100,000	50,000	1,873,236
Jonesboro—			
Bank of Jonesboro.	150,000	150,000	2,747,077
Jonesboro Trust Co.	100,000	50,000	1,034,187
Little Rock—			
Bank of Commerce.	300,000	150,000	5,718,110
Bankers Trust Co.	250,000	16,500	3,259,610
Mercantile Trust Co.	300,000	60,000	2,106,469
Southern Trust Co.	500,000	100,000	3,899,542
Union Trust Co.	250,000	150,000	3,630,085
Texarkana—Merchants & Planters Bank.	200,000	11,500	1,048,806
ILLINOIS.			
East St. Louis—Illinois State Bank.	400,000	25,000	4,227,410
Edwardsville—Citizens State & Trust Bank.	60,000	33,000	890,500
Efingham—Efingham State Bank.	50,000	10,000	786,038
Gillespie—Gillespie Trust & Savings Bank.	50,000	15,000	649,197
Greenville—State Bank of Hoiles & Sons.	100,000	30,000	1,263,011
Litchfield—Litchfield Bank & Trust Co.	100,000	10,000	717,146
Quincy—State Savings Loan & Trust Co.	1,000,000	.....	8,551,720
INDIANA.			
Evansville—Mercantile-Commercial Bank.	200,000	100,000	2,653,277
Paoli—Paoli State Bank.	25,000	1,250	239,937
KENTUCKY.			
Harrodsburg—State Bank & Trust Co.	100,000	21,000	632,357
Hickman—Farmers & Merchants Bank.	65,000	57,500	446,446
Louisville—			
Kentucky Title Savings Bank & Trust Co.	350,000	70,000	6,746,245
Liberty Insurance Bank.	250,000	500,000	8,347,023
Owensboro—Central Trust Co.	200,000	40,000	1,316,781
MISSOURI.			
Bowling Green—Pike County Bank.	25,000	6,000	234,528
Jefferson City—Exchange Bank of Jefferson City.	100,000	20,000	1,182,466
Lexington—Lafayette County Trust Co.	75,000	15,000	206,184
Linn Creek—Camden County Bank.	25,000	35,000	290,628
Macon—State Exchange Bank of Macon.	100,000	20,000	718,119
Marshall—Wood & Houston Bank.	100,000	150,000	1,906,544
St. Louis—			
American Trust Co.	1,000,000	118,000	8,492,883
Farmers & Merchants Trust Co.	200,000	22,500	1,945,829
Franklin Bank.	600,000	600,000	9,758,900
Liberty Bank.	1,500,000	1,000,000	19,080,575
International Bank of St. Louis.	500,000	500,000	7,659,104
Lafayette South Side Bank of St. Louis.	800,000	400,000	14,438,345
Mercantile Trust Co.	3,000,000	6,500,000	61,728,581
Mississippi Valley Trust Co.	3,000,000	3,500,000	40,385,975
St. Louis Union Bank.	2,500,000	2,500,000	42,862,964
United States Bank.	1,000,000	700,000	11,271,713
TENNESSEE.			
Memphis—			
Bank of Commerce & Trust Co.	1,500,000	1,500,000	25,316,794
Commercial Trust & Savings Bank.	350,000	150,000	5,031,688
Guaranty Bank & Trust Co.	500,000	.....	1,827,407
Union Planters Bank & Trust Co.	1,800,000	500,000	23,919,018
Total.....	23,825,000	20,112,250	341,615,635
DISTRICT No. 9.			
MICHIGAN.			
Gladstone—Gladstone State Savings Bank.	50,000	15,000	745,406
Gwinn—Gwinn State Savings Bank.	25,000	15,000	334,413
Iron Mountain—Commercial Bank.	100,000	50,000	1,282,026
Sault Ste. Marie—Sault Savings Bank.	100,000	35,000	1,389,192
MINNESOTA.			
Benson—Swift County Bank.	50,000	50,000	1,326,851
Clarkfield—Clarkfield State Bank.	50,000	10,000	925,121
Jeffers—State Bank of Jeffers.	25,000	10,000	359,887
Lake City—Lake City Bank of Minnesota.	50,000	50,000	672,989

	Capital.	Surplus.	Total resources.
DISTRICT No. 9—Continued.			
MINNESOTA—continued.			
Lewiston—Security State Bank of Lewiston.....	\$25,000	\$30,000	\$681,563
Luverne—Rock County Bank.....	25,000	25,600	508,251
Madelia—State Bank of Madelia.....	50,000	10,000	752,936
Minneapolis—			
North American Bank.....	200,000	200,000	4,922,964
St. Anthony Falls Bank.....	300,000	60,000	4,157,309
Wells-Dickey Trust Co.....	500,000	20,000	1,440,890
New Richland—State Bank of New Richland.....	50,000	10,000	720,527
Red Wing—Bank of Pierce, Simmons & Co.....	125,000	60,000	1,222,490
St. Paul—			
Central Bank.....	200,000	40,000	2,288,818
Midland Trust & Savings Bank.....	214,136	26,890	292,758
Peoples Bank of St. Paul.....	300,000	60,000	2,714,406
South St. Paul—			
Drovers State Bank of South St. Paul.....	100,000	50,000	1,266,191
Exchange State Bank of South St. Paul.....	125,000	25,000	220,000
Spring Valley—			
Farmers State Bank.....	25,000	5,000	218,550
First State Bank of Spring Valley.....	30,000	30,000	585,557
Virginia—American Exchange Bank.....	100,000	47,000	999,185
Westbrook—Citizens State Bank.....	25,000	7,000	223,892
Winona—			
Deposit Bank.....	400,000	100,000	3,629,082
Merchants Bank of Winona.....	100,000	50,000	3,041,556
Willmar—Kandiyohi County Bank.....	100,000	20,000	1,688,255
MONTANA.			
Billings—Security Trust & Savings Bank.....	100,000		832,419
Bozeman—Gallatin Trust & Savings Bank.....	100,000	25,000	793,173
Denton—Denton State Bank.....	25,000	3,500	280,430
Dillon—			
Beaverhead State Bank.....	50,000		195,258
Security State Bank.....	50,000	3,000	156,295
Hamilton—Ravalli County Bank.....	50,000	12,500	467,472
Helena—			
Conrad Trust & Savings Bank.....	200,000	100,000	2,303,119
Union Bank & Trust Co.....	250,000	150,000	4,880,775
Hingham—Hingham State Bank.....	35,000	5,000	274,453
Inverness—Inverness State Bank.....	25,000	1,000	173,192
Lewistown—			
Bank of Fergus County.....	250,000	250,000	3,494,988
Empire Bank & Trust Co.....	100,000	1,500	925,578
Lewistown State Bank.....	50,000	15,000	335,694
Opheim—First State Bank of Opheim.....	25,000	5,000	216,988
Sidney—Yellowstone Valley Bank & Trust Co.....	100,000	5,000	594,007
White Sulphur Springs—Central State Bank.....	60,000	15,000	433,298
Wolf Point—First State Bank.....	30,000	6,000	348,155
NORTH DAKOTA.			
Enderlin—Enderlin State Bank.....	50,000	10,000	622,943
Fargo—Northern Savings Bank.....	100,000	15,000	2,037,987
Hettinger—Hettinger State Bank.....	25,000	5,000	301,701
Noonan—Security State Bank.....	25,000	5,000	339,556
Williston—Bank of Williston.....	50,000		210,500
SOUTH DAKOTA.			
Belle Fourche—Butte County Bank.....	25,000	45,000	1,045,450
Brookings—Bank of Brookings.....	150,000	10,500	2,534,861
Camp Crook—Little Missouri Bank.....	25,000		544,010
Groton—Brown County Banking Co.....	25,000	5,000	664,006
Hecla—Farmers & Merchants State Bank.....	25,000	5,000	320,810
Newell—Reclamation State Bank.....	25,000		228,163
Sioux Falls—			
Commercial & Savings Bank.....	100,000	3,000	565,915
Sioux Falls Savings Bank.....	200,000	27,500	4,980,523
Stratford—First State Bank.....	30,000		424,169
Timber Lake—Stock Growers State Bank.....	25,000	14,000	268,643
Webster—Security Bank of Webster.....	40,000	12,000	1,613,951
WISCONSIN.			
Balsam Lake—Polk County Bank.....	25,000	5,000	266,156
Boyceville—Bank of Boyceville.....	30,000	5,000	340,599
Ellsworth—Bank of Ellsworth.....	50,000	15,000	845,238
Grantwood City—First State Bank.....	42,000	300	299,228
Grantsburg—First Bank of Grantsburg.....	50,000	2,300	565,821
Merrill—Lincoln County Bank.....	100,000	25,000	1,203,420
New Richmond—Bank of New Richmond.....	35,000	15,000	603,330
West Salem—La Crosse County Bank.....	30,000	7,500	539,359
Whitehall—Peoples State Bank.....	20,000	5,000	346,341
Total.....	6,256,136	1,945,493	77,115,707

	Capital.	Surplus.	Total resources.
DISTRICT NO. 10.			
COLORADO.			
Denver—			
American Bank & Trust Co.	\$500,000	\$188,000	\$6,298,383
Denver Stock Yards Bank.....	250,000	25,000	2,651,292
International Trust Co.....	500,000	500,000	20,862,797
KANSAS.			
Fairview—Fairview State Bank.....	30,000	16,000	282,982
Fort Scott—Fort Scott State Bank.....	100,000	30,000	1,336,177
Hiawatha—Morrill & James Bank.....	100,000	50,000	1,199,788
Topeka—Kansas Reserve State Bank.....	200,000	51,500	1,806,797
Wichita—Southwest State Bank.....	200,000	50,000	2,001,876
Winfield—The State Bank.....	100,000	50,000	1,233,912
MISSOURI.			
Kansas City—			
Commerce Trust Co.....	1,000,000	1,000,000	31,125,633
Fidelity Trust Co.....	1,000,000	1,000,000	16,606,058
Savannah—Wells-Fine Trust Co.....	100,000	1,800	761,088
South St. Joseph—St. Joseph Stock Yards Bank.....	250,000	100,000	5,548,671
NEBRASKA.			
Chappell—Chappell State Bank.....	25,000	25,000	476,204
David City—Butler County State Bank.....	50,000	15,000	462,847
Elgin—Elgin State Bank.....	80,000	20,000	855,856
Lewellen—Bank of Lewellen.....	50,000	.....	281,766
Lincoln—American State Bank.....	100,000	.....	751,705
Neligh—Security State Bank.....	25,000	5,000	258,291
Pender—Pender State Bank.....	50,000	6,000	666,443
St. Edward—Farmers State Bank.....	25,000	.....	239,730
Wayne—State Bank of Wayne.....	40,000	15,000	822,015
NEW MEXICO.			
Aztec—Citizens Bank of Aztec.....	40,000	10,000	242,488
OKLAHOMA.			
Chelsea—Bank of Chelsea.....	50,000	5,000	668,048
Oklahoma City—Tradesmens State Bank.....	200,000	25,000	3,305,071
Okmulgee—Guaranty State Bank.....	100,000	11,000	1,257,590
Tonca City—Security State Bank.....	100,000	10,000	1,239,895
Total.....	5,265,000	3,209,580	103,243,414
DISTRICT NO. 11.			
ARIZONA.			
Safford—Bank of Safford.....	33,000	40,000	673,231
Tombstone—Cochise County State Bank.....	30,000	6,000	287,375
LOUISIANA.			
Lake Providence—Lake Providence Bank.....	25,000	5,000	288,537
NEW MEXICO.			
Albuquerque—American Trust & Savings Bank.....	100,000	40,000	616,590
Corona—Stockmens State Bank.....	30,000	3,000	159,538
Lovington—First Territorial Bank.....	30,000	50,000	853,608
Mountainair—Mountainair State Bank.....	25,000	10,000	145,976
Portales—Security State Bank.....	25,000	4,000	177,699
OKLAHOMA.			
Fort Towson—First State Bank.....	50,000	12,500	546,278
Valliant—Farmers State Guaranty Bank.....	40,000	11,000	588,824
TEXAS.			
Alpine—Alpine State Bank.....	\$30,000	\$30,000	\$313,626
Alto—Alto State Bank.....	25,000	7,500	229,499
Anson—Anson State Bank.....	35,000	10,000	232,712
Avery—Avery State Bank.....	25,000	5,000	158,377
Ballinger—Ballinger State Bank & Trust Co.....	60,000	12,000	199,889
Beaumont—			
Guaranty Bank & Trust Co.....	100,000	12,000	1,884,553
Texas Bank & Trust Co.....	250,000	117,500	2,664,572
Beeville—Beeville Bank & Trust Co.....	50,000	26,000	299,843

	Capital.	Surplus.	Total re- sources.
DISTRICT No. 11—Continued.			
TEXAS—continued.			
Bonham—			
Farmin County Bank.....	\$100,000	\$50,000	\$1,213,806
First State Bank of Bonham.....	200,000	100,000	1,089,229
Bremont—First State Bank.....	50,000	10,600	288,948
Brownfield—Brownfield State Bank.....	25,000	25,000	250,653
Canyon—First State Bank.....	25,000	2,500	300,172
Childress—Farmers & Mechanics State Bank.....	50,000	40,000	377,507
Collinsville—First Guaranty State Bank.....	25,000	6,000	268,579
Colorado—First State Bank.....	30,000	.....	91,391
Commerce—Citizens State Bank.....	25,000	2,500	202,313
Consecano—First State Bank.....	100,000	15,000	817,992
Crowell—First State Bank.....	30,000	20,000	204,466
Cuero—First State Bank & Trust Co.....	100,000	38,000	660,644
Dallas—			
Central State Bank & Trust Co.....	300,000	31,000	2,401,949
First State Bank of Dallas.....	400,000	100,000	4,813,858
DeKalb—First State Bank.....	50,000	.....	436,331
Denison—Denison Bank & Trust Co.....	100,000	25,000	1,658,614
Edgewood—Farmers & Merchants State Bank.....	35,000	5,000	194,616
El Paso—			
El Paso Bank & Trust Co.....	200,000	.....	1,694,864
Rio Grande Valley Bank & Trust Co.....	500,000	90,000	3,421,491
Emis—First Guaranty State Bank & Trust Co.....	100,000	20,000	673,891
Flatonja—Flatonja State Bank.....	40,000	2,000	416,222
Franklin—First State Bank.....	30,000	10,000	248,812
Frost—Citizens State Bank.....	25,000	25,000	318,988
Galveston—South Texas State Bank.....	125,000	14,000	2,188,705
Gilmer—Gilmer State Bank.....	50,000	12,500	229,751
Goldthwaite—Trent State Bank.....	50,000	25,000	464,000
Graford—First State Bank.....	25,000	7,000	145,571
Grand Prairie—First State Bank.....	40,000	20,200	284,569
Hamlin—First State Bank.....	25,000	10,000	172,643
Hansford—Guaranty State Bank.....	25,000	2,000	100,215
Hereford—First State Bank & Trust Co.....	50,000	50,000	629,921
Hillsboro—First State Bank.....	150,000	15,000	871,522
Italy—Farmers State Bank.....	25,000	12,500	485,501
Jacksonville—			
Farmers Guaranty State Bank.....	50,000	10,000	367,880
First Guaranty State Bank.....	50,000	10,000	533,448
Junction—Junction State Bank.....	50,000	50,000	378,454
Kerens—First State Bank.....	50,000	25,000	402,498
Killeen—First State Bank.....	25,000	7,500	171,264
Kirkland—First State Bank.....	25,000	10,000	156,853
Ladonia—First State Bank.....	25,000	12,500	367,584
Lamesa—First State Bank.....	30,000	20,000	269,185
Leonard—First State Bank.....	50,000	5,000	508,852
Lockney—Lockney State Bank.....	25,000	5,500	237,842
Lorenzo—First State Bank.....	25,000	.....	107,631
Lubbock—			
Lubbock State Bank.....	100,000	17,500	587,514
Security State Bank & Trust Co.....	100,000	.....	228,083
Memphis—Citizens State Bank.....	75,000	47,500	425,459
Mount Calm—First State Bank.....	25,000	7,000	168,500
Mount Pleasant—Guaranty State Bank.....	60,000	15,000	539,284
Nacogdoches—Commercial Guaranty State Bank.....	100,000	20,000	1,149,760
Normangee—First State Bank.....	25,000	25,000	209,283
Paducah—First State Bank.....	50,000	50,000	406,460
Palmer—First Guaranty State Bank.....	25,000	12,500	240,651
Paris—			
First State Bank.....	150,000	75,000	1,299,799
Lamar State Bank & Trust Co.....	150,000	17,500	1,364,469
Pecos—Pecos Valley State Bank.....	110,000	29,000	552,744
Post City—First State Bank.....	25,000	.....	88,183
Quanah—First Guaranty State Bank.....	100,000	50,000	616,217
Reagan—First State Bank.....	25,000	7,000	136,269
Richardson—Citizens State Bank.....	25,000	3,000	256,590
Rockwall—Guaranty State Bank.....	35,000	1,800	354,565
Royse City—First State Bank.....	35,000	15,000	425,020
Rusk—Farmers & Merchants State Bank.....	25,000	15,000	366,192
Sabinal—First State Bank.....	30,000	25,000	243,834
Santa Anna—First State Bank.....	35,000	8,000	179,875
Savoy—First State Bank.....	25,000	5,500	240,059
Shamrock—Farmers & Merchants State Bank.....	50,000	50,000	362,728
Sinton—Bank of Commerce.....	25,000	7,000	335,142
Snyder—First State Bank & Trust Co.....	50,000	25,000	236,188
Stamford—First State Bank.....	55,000	13,000	380,801
Sweetwater—Texas Bank & Trust Co.....	100,000	75,000	365,303
Terrell—First State Bank.....	100,000	60,000	825,022
Tioga—First Guaranty State Bank.....	30,000	7,500	208,447
Trenton—Guaranty State Bank.....	25,000	5,000	111,351

	Capital.	Surplus.	Total resources.
DISTRICT No. 11—Continued.			
TEXAS—continued.			
Tyler—			
Guaranty State Bank.....	\$200,000	\$55,000	\$1,168,086
Peoples Guaranty State Bank.....	100,000	25,000	639,890
Weatherford—First State Bank.....	125,000	15,000	750,552
Wharton—Security Bank & Trust Co.....	50,000	6,000	479,584
White Deer—First State Bank.....	25,000	.....	115,609
Winnboro—Merchants & Planters State Bank.....	30,000	30,000	412,219
Wolfe City—First State Bank.....	50,000	22,000	483,244
Wylie—First State Bank.....	30,000	15,000	389,988
Total.....	6,848,000	2,199,600	57,301,834
DISTRICT No. 12.			
ARIZONA.			
Phoenix—Valley Bank.....	500,000	100,000	4,195,679
CALIFORNIA.			
Placerville—A. Merson Banking Co.....	50,000	50,000	933,448
San Fernando—San Fernando Valley Savings Bank.....	25,000	2,500	121,873
Santa Monica—Bank of Santa Monica.....	110,000	51,000	1,524,713
Stockton—Farmers & Merchants Bank of Stockton.....	640,000	210,000	5,497,499
IDAHO.			
Ashton—Security State Bank.....	25,000	20,000	473,623
Blackfoot—Blackfoot City Bank.....	50,000	10,000	593,117
Cambridge—Peoples Bank.....	40,000	2,000	347,519
Emmett—Bank of Emmett.....	60,000	10,000	540,396
Filer—Farmers & Merchants Bank.....	25,000	.....	120,888
Genesee—Genesee Exchange Bank.....	25,000	12,500	548,740
Gooding—Citizens State Bank.....	25,000	10,000	327,173
Idaho Falls—			
Anderson Bros. Bank.....	100,000	100,000	2,074,748
Farmers & Merchants Bank.....	150,000	7,500	1,311,325
Kimberly—Bank of Kimberly.....	35,000	11,000	382,624
May—Union Central Bank.....	30,000	1,000	81,495
Menan—Jefferson State Bank.....	25,000	.....	27,388
Meridian—Meridian State Bank.....	25,000	.....	111,706
Murtaugh—Bank of Murtaugh.....	25,000	.....	81,228
Nezperce—Union State Bank.....	50,000	10,000	307,577
Orofino—Bank of Orofino.....	25,000	3,500	274,430
Parma—Parma State Bank.....	100,000	25,000	652,587
Picabo—Picabo State Bank.....	25,000	.....	80,944
Pocatello—Citizens Bank.....	100,000	20,000	1,061,866
Potlatch—Potlatch State Bank.....	50,000	10,000	772,964
Rexburg—Farmers & Merchants Bank.....	50,000	6,000	373,895
Rigby—Rigby State Bank.....	30,000	10,000	376,611
St. Anthony—St. Anthony Bank & Trust Co.....	30,000	14,000	551,434
Star—Farmers Bank.....	25,000	5,000	213,763
Sugar City—Fremont County Bank.....	25,000	2,000	234,623
Sweet—Farmers & Stockgrowers Bank.....	25,000	.....	149,937
Victor—Victor State Bank.....	25,000	.....	196,648
OREGON.			
Astoria—Scandinavian American Bank.....	100,000	10,000	1,545,914
Enterprise—Enterprise State Bank.....	50,000	10,000	286,237
Hood River—Butler Banking Co.....	100,000	20,000	1,052,121
Joseph—First Bank of Joseph.....	50,000	10,000	323,569
Marshfield—			
Bank of Southwestern Oregon.....	100,000	10,000	949,209
Scandinavian American Bank.....	25,000	5,153	259,082
Moro—Farmers State Bank.....	25,000	1,250	310,080
North Portland—Live Stock State Bank.....	100,000	20,000	1,647,472
Oregon City—Bank of Oregon City.....	100,000	50,000	1,320,011
Portland—Ladd & Tilton Bank.....	1,000,000	1,000,000	24,399,532
Redmond—Redmond Bank of Commerce.....	25,000	5,000	216,563
Tillamook—Tillamook County Bank.....	40,000	7,000	660,102
UTAH.			
Delta—Delta State Bank.....	25,000	4,000	230,872
Kaysville—Barnes Banking Co.....	50,000	50,000	436,801
Logan—Thatcher Bros. Banking Co.....	150,000	50,000	1,605,082
Magna—Magna Banking Co.....	25,000	2,500	292,791
Ogden—Ogden Savings Bank.....	150,000	150,000	1,496,188
Payson—Payson Exchange Savings Bank.....	50,000	25,000	539,958
Price—Price Commercial & Savings Bank.....	50,000	45,000	760,374
Provo—Knight Trust & Savings Bank.....	300,000	15,000	1,595,140
Richfield—			
James M. Peterson Bank.....	48,000	23,000	553,198
State Bank of Sevier.....	45,000	25,000	595,043

	Capital.	Surplus.	Total resources.
DISTRICT No. 12—Continued.			
UTAH—continued.			
Salt Lake City—			
Deseret Savings Bank.....	\$500,000	\$300,000	\$4,871,306
Farmers & Stockgrowers Bank.....	300,000	20,000	1,094,942
McCormick & Co., Bankers.....	630,000	120,000	10,889,230
Utah Savings & Trust Co.....	330,000	20,000	2,746,990
Walker Bros., Bankers.....	500,000	100,000	9,499,160
WASHINGTON.			
Albion—Albion State Bank.....	25,000	5,000	111,433
Almira—Almira State Bank.....	50,000	10,000	527,383
Centralia—Centralia State Bank.....	100,000	10,000	473,712
Chohalis—Coffman, Dobson & Co., Bankers (Inc.).....	150,000	100,000	1,955,490
Colfax—First Savings & Trust Bank of Whitman County.....	50,000	15,000	342,951
Enumclaw—Peoples State Bank.....	25,000	6,250	366,972
Farmington—Bank of Farmington.....	25,000	5,000	243,738
Hoquiam—Lumberman's Bank.....	100,000	14,500	988,965
La Crosse—First State Bank of La Crosse.....	60,000	15,000	704,258
Molson—Molson State Bank.....	25,000	4,250	227,001
North Yakima—Yakima Valley Bank.....	100,000	18,000	1,385,190
Odessa—Farmers & Merchants Bank.....	25,000	2,500	308,994
Port Townsend—Merchants Bank of Port Townsend.....	75,000	25,000	790,462
Reardan—Farmers State Bank.....	25,000	10,000	535,952
Rosalie—Bank of Rosalia.....	25,000	5,000	321,365
St. John—Farmers State Bank.....	25,000	3,125	241,042
Seattle—			
Dexter Horton Trust & Savings Bank.....	400,000	100,000	8,230,887
Metropolitan Bank.....	200,000	100,000	4,186,931
Scandinavian American Bank.....	1,000,000	500,000	21,027,514
South Bellingham—Northwestern State Bank of Bellingham.....	100,000	60,000	1,637,568
Spokane—Spokane & Eastern Trust Co.....	1,000,000	200,000	10,781,529
Stanwood—Bank of Stanwood.....	25,000	10,000	548,859
Tacoma—Fidelity Trust Co.....	500,000	300,000	7,401,332
Tekoa—			
Citizens State Bank.....	25,000	10,000	380,206
Tekoa State Bank.....	30,000	15,000	427,768
Toppenish—Traders Bank.....	25,000	10,000	305,344
Walla Walla—Farmers Savings Bank.....	290,000	40,000	1,706,039
Wilbur—State Bank of Wilbur.....	50,000	7,000	676,524
Total.....	11,773,000	4,407,528	161,579,849

Statement showing membership of State banks and trust companies in the Federal Reserve system, up to and including Dec. 31, 1918, classified by districts as to number of banks, capital, surplus, and resources.

District.	Number of banks.	Capital.	Surplus.	Total resources.
No. 1—Boston.....	31	\$27,075,000	\$29,379,000	\$628,462,609
No. 2—New York.....	101	117,391,273	156,439,846	3,366,784,468
No. 3—Philadelphia.....	30	21,385,712	45,237,205	339,571,901
No. 4—Cleveland.....	67	31,620,000	59,098,750	585,590,840
No. 5—Richmond.....	37	9,376,250	6,459,140	108,983,839
No. 6—Atlanta.....	54	15,840,000	10,056,760	238,500,448
No. 7—Chicago.....	288	71,994,500	63,422,490	1,330,062,231
No. 8—St. Louis.....	41	23,825,000	20,112,250	341,615,635
No. 9—Minneapolis.....	70	6,256,136	1,945,493	77,115,707
No. 10—Kansas City.....	27	5,265,000	3,209,580	103,243,414
No. 11—Dallas.....	100	6,848,000	2,199,600	57,301,834
No. 12—San Francisco.....	87	11,773,000	4,407,528	161,579,849
Total.....	936	348,649,871	401,967,642	7,333,812,775

Exhibit K.—FOREIGN BRANCHES AUTHORIZED.

The Board has authorized the establishment of foreign branches and subbranches of national banks as follows:

National City Bank, New York City:	Date authorized.
Buenos Aires, Argentina.....	Sept. 2, 1914
Subbranch—Montevideo, Uruguay ¹	Apr. 16, 1915
Rio de Janeiro, Brazil.....	Sept. 2, 1914
Subbranches—Santos, Sao Paulo, Pernambuco, Para, and Bahia, Brazil.....	Dec. 23, 1914
Havana, Cuba.....	Mar. 17, 1915
Subbranches—Santiago, Matanzas, Cienfuegos, Guantanamo, Camaguey, Cardenas, Manzanillo, Cuba; Kingston, Jamaica; and Santo Domingo, Santo Domingo.....	Mar. 17, 1915
Subbranch at Sagua la Grande, Cuba.....	Sept. 21, 1918
Valparaiso, Chile.....	Oct. 18, 1915
Subbranches—Antofagasta and Santiago, Chile.....	Oct. 18, 1915
Genoa, Italy.....	May 25, 1916
Subbranches—Turin, Milan, Venice, Florence, Rome, Naples, and Palermo, Italy.....	May 25, 1916
Petrograd, Russia.....	July 5, 1916
Subbranches—Moscow, Odessa, Warsaw, Riga, Baku, Astrakhan, Vladivostock, Sebastopol, Helsingfors, and Vilna, Russia.....	July 5, 1916
Lima, Peru.....	July 31, 1917
Subbranches—Payta, Callao, and Mollendo, Peru.....	July 31, 1917
Caracas, Venezuela.....	July 31, 1917
Subbranches—La Guayra, Porto Cabello, and Maracaybo.....	July 31, 1917
San Juan, P. R.....	Feb. 13, 1918
Subbranches—Arecibo, Mayaguez, and Ponce.....	Feb. 13, 1918
Lisbon, Portugal.	
Subbranch—Oporto.....	Dec. 11, 1918
Brussels or Antwerp, Belgium.	
Subbranch in the other of the said two cities.....	Dec. 11, 1918
Zurich, Switzerland.	
Subbranches—Berne and Geneva.....	Dec. 11, 1918
First National Bank, Boston, Mass.:	
Buenos Aires, Argentina.....	Jan. 29, 1917

¹ Made an independent branch Dec. 3, 1917.

Exhibit L.—FIDUCIARY POWERS GRANTED.*List of national banks given fiduciary powers from Jan. 1, 1918, to Dec. 31, 1918.*

DISTRICT NO. 1.

Location.	Name of bank.	Powers granted.
Connecticut:		
Hartford.....	First National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, and receiver.
Do.....	Phoenix National Bank.....	Do. ¹
New Haven.....	First National Bank.....	Do.
Wallingford.....	do.....	Guardian of estates and receiver and registrar of stocks and bonds. ²
Waterbury.....	Manufacturers National Bank.....	Guardian of estates and receiver.
Do.....	Waterbury National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, and receiver.
Maine:		
Portland.....	Canal National Bank.....	Assignee and receiver. ¹
Massachusetts:		
Boston.....	First National Bank.....	Guardian of estates, assignee, receiver, and conservator. ³
Do.....	Fourth Atlantic National Bank.....	Guardian of estates, assignee, and receiver. ²
Do.....	Merchants National Bank.....	Do. ²
Do.....	National Union Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Do.....	Second National Bank.....	Guardian of estates, assignee, and receiver. ³
Do.....	Webster & Atlas National Bank.....	Do. ³
Fitchburg.....	Safety Fund National Bank.....	Do. ³
Gardner.....	First National Bank.....	Guardian of estates, receiver, guardian or trustee under a will or instrument creating a trust for the care of property, conservator of the property of persons incapacitated by age. ³
Lawrence.....	Bay State National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and receiver.
Leominster.....	Merchants National Bank.....	Guardian of estates, assignee, and receiver and conservator. ³
Lynn.....	Central National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and receiver.
Do.....	Manufacturers National Bank.....	Guardian of estates, assignee, and receiver. ³
Marlborough.....	Peoples National Bank.....	Do. ³
New Bedford.....	Mechanics National Bank.....	Guardian of estates, assignee, and receiver. ³
Reading.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Salem.....	Merchants National Bank.....	Guardian of estates, assignee, and receiver. ³
Springfield.....	Chapin National Bank.....	Executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and receiver. ¹
Do.....	Chicopee National Bank.....	Guardian of estates, assignee, and receiver. ³
Do.....	Springfield National Bank.....	Trustee and registrar of stocks and bonds.
Turners Falls.....	Crocker National Bank.....	Guardian of estates, assignee, and receiver. ³
Uxbridge.....	Blackstone National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Worcester.....	Merchants National Bank.....	Guardian of estates, assignee, and receiver. ³
New Hampshire:		
Berlin.....	City National Bank.....	Trustee.
Vermont:		
Barre.....	Peoples National Bank.....	Trustee, executor, and administrator.
Bellows Falls.....	National Bank of.....	Do.
Bennington.....	County National Bank (formerly Bennington County National Bank).....	Trustee, executor, administrator, and registrar of stocks and bonds.

¹ Previously granted permission to act as trustee, executor, and registrar of stocks and bonds.² Previously granted permission to act as trustee, executor, and administrator.³ Previously granted permission to act as trustee, executor, administrator, and registrar of stocks and bonds.

List of national banks given fiduciary powers from Jan. 1, 1918, to Dec. 31, 1918—Con.
DISTRICT NO. 2.

Location.	Name of bank.	Powers granted.
Connecticut:		
Bridgeport.....	City National Bank.....	Guardian of estates and receiver. ¹
Greenwich.....	Greenwich National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, and receiver.
New Jersey:		
Asbury Park.....	Merchants National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, assignee, receiver, guardian of estates, and committee of estates of lunatics.
Frenchtown.....	Union National Bank.....	Trustee and registrar of stocks and bonds.
Morristown.....	National Iron Bank.....	Registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics. ²
Paterson.....	First National Bank.....	Registrar of stocks and bonds.
Do.....	Second National Bank.....	Guardian of estates, assignee, receiver and committee of estates of lunatics. ¹
Phillipsburg.....	Phillipsburg National Bank.....	Do. ¹
New York:		
Albany.....	National Commercial Bank.....	Trustee, executor, administrator, guardian of estates, assignee, receiver and committee of estates of lunatics. ³
Buffalo.....	Manufacturers and Traders National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics.
Canandaigua.....	Canandaigua National Bank.....	Do.
Canton.....	St. Lawrence County National Bank.....	Trustee, executor, administrator, guardian, assignee, receiver and committee of estates of lunatics.
Catskill.....	Catskill National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics.
Cooperstown.....	Second National Bank.....	Do.
Dunkirk.....	Lake Shore National Bank.....	Do.
Elmira.....	Merchants National Bank.....	Trustee, executor, administrator, guardian of estates, registrar of stocks and bonds, assignee and receiver.
Do.....	Second National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics. ³
Geneva.....	First National Bank.....	Trustee, executor, administrator, guardian of estates, assignee, receiver and committee of estates of lunatics. ³
Glens Falls.....	Merchants National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics.
Hudson.....	First National Bank.....	Do.
Jamestown.....	National Chautauqua County Bank.....	Do.
Lockport.....	Niagara County National Bank.....	Do.
New York City.....	American Exchange National Bank.....	Do.
Do.....	Atlantic National Bank.....	Trustee, executor, administrator, guardian of estates, assignee, receiver and committee of estates of lunatics. ³
Do.....	Chemical National Bank.....	Do. ³
Do.....	Citizens National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics.
Do.....	First National Bank.....	Trustee, executor, administrator, guardian of estates, assignee, receiver and committee of estates of lunatics. ³
Do.....	Hanover National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics.
Do.....	Irving National Bank.....	Trustee, executor, administrator, guardian of estates, assignee, receiver and committee of estates of lunatics. ³
Do.....	Lincoln National Bank.....	Do. ³
Do.....	Mechanics & Metals National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics. ³
Do.....	National Park Bank.....	Do. ³
Nyack.....	Nyack National Bank.....	Do.
Oneonta.....	Citizens National Bank.....	Do.
Utica.....	Utica City National Bank.....	Do.
Watertown.....	Watertown National Bank.....	Do.

¹ Previously granted permission to act as trustee, executor, administrator, and registrar of stocks and bonds.

² Previously granted permission to act as trustee, executor, and administrator.

³ Previously granted permission to act as registrar of stocks and bonds.

List of national banks given fiduciary powers from Jan. 1, 1918, to Dec. 31, 1918—Con.

DISTRICT NO. 3.

Location.	Name of bank.	Powers granted.
New Jersey: Swedesboro.....	Swedesboro National Bank.	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics.
Woodbury.....	First National Bank.....	Do.
Pennsylvania: Allentown.....	Merchants National Bank.	Do.
Atglen.....	Atglen National Bank.....	Trustee, executor, and administrator.
Boyertown.....	National Bank of.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Danville.....	First National Bank.....	Trustee, executor, and administrator.
Lancaster.....	Conestoga National Bank.	Do.
Seranton.....	Third National Bank.....	Trustee, executor, administrator, guardian of estates, assignee, receiver and committee of estates of lunatics. ¹
South Bethlehem...	South Bethlehem National Bank.	Guardian of estates, assignee, and receiver and committee of estates of lunatics. ²
Topton.....	National Bank of Topton.	Registrar of stocks and bonds. ³
Wilkes-Barre.....	Wyoming National Bank.	Trustee, executor, administrator, and registrar of stocks and bonds.
Williamsport.....	First National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics.
York.....	Western National Bank...	Do.

DISTRICT NO. 4.

Kentucky: Paris.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Ohio: Cleveland.....	Union Commerce National Bank.	Registrar of stocks and bonds.
Toledo.....	Northern National Bank..	Do.
Pennsylvania: Grove City.....	First National Bank.....	Trustee.
Pittsburgh.....	Peoples National Bank.....	Registrar of stocks and bonds.
Do.....	Western National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of lunatics.
Titusville.....	Second National Bank.....	Trustee.
Washington.....	Citizens National Bank.....	Trustee, executor, administrator, guardian of estates, assignee, and receiver.

DISTRICT NO. 5.

Maryland: Baltimore.....	Second National Bank....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and receiver, and committee of estates of lunatics.
New Windsor.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
North Carolina: High Point.....	Commercial National Bank	Do.
South Carolina: Greenville.....	Fourth National Bank....	Do.
York.....	First National Bank.....	Do.
Virginia: Chatham.....	.....do.....	Trustee, executor, and administrator.
Clifton Forge.....	.....do.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates' and assignee.
Harrisonburg.....	.....do.....	Trustee, executor, and administrator.
Reedville.....	Commonwealth National Bank.	Do.
Rocky Mount.....	Peoples National Bank....	Trustee, executor, administrator, and registrar of stocks and bonds.
West Virginia: Madison.....	Madison National Bank....	Trustee, executor and administrator, and registrar of stocks and bonds.

¹ Previously granted permission to act as registrar of stocks and bonds.² Previously granted permission to act as trustee, executor, administrator, and registrar of stocks and bonds.³ Previously granted permission to act as trustee, executor, and administrator.

List of national banks given fiduciary powers from Jan. 1, 1918, to Dec. 31, 1918—Con.

DISTRICT NO. 6.

Location.	Name of bank.	Powers granted.
Alabama: Selma.....	City National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Florida: De Funiak Springs..	First National Bank.....	Do.
Pensacola.....	National Bank of Commerce.	Registrar and Trustee of Florida State, County, and municipal bonds or bonds or notes issued by a corporation.
Tampa.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Mississippi: Canton.....	do.....	Do.
Tennessee: Dickson.....	Citizens National Bank..	Trustee and registrar of stocks and bonds.

DISTRICT NO. 7.

Illinois: Chicago.....	First National Bank of Englewood.	Trustee, executor, administrator, and registrar of stocks and bonds.
Chillicothe.....	First National Bank.....	Trustee, executor, administrator, guardian of estates, assignee, and receiver.
Decatur.....	National Bank of.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Kankakee.....	City National Bank.....	Do.
Kewanee.....	First National Bank.....	Trustee, executor, administrator, guardian of estates, assignee, and receiver.
La Salle.....	La Salle National Bank..	Trustee, executor, administrator, and registrar of stocks and bonds.
Macomb.....	Union National Bank.....	Trustee, executor, administrator, guardian of estates, assignee, and receiver.
Monticello.....	First National Bank.....	Do.
Indiana: Dana.....	do.....	Trustee, executor, and administrator.
Dublin.....	do.....	Do.
Edinburg.....	Farmers National Bank..	Trustee, executor, administrator, and registrar of stocks and bonds.
New Carlisle.....	First National Bank.....	Trustee, executor, and administrator.
Newcastle.....	do.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Thornton.....	Home National Bank.....	Trustee, executor, and administrator.
Winamac.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Iowa: Arlington.....	American National Bank (formerly German-American National Bank.)	Trustee, executor, and administrator.
Cherokee.....	First National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver.
Everly.....	do.....	Do.
Marshalltown.....	do.....	Trustee, executor, and administrator.
Royal.....	Citizens National Bank..	Do.
Washington.....	Washington National Bank.	Trustee, executor, administrator, and registrar of stocks and bonds.
Michigan: Hillsdale.....	First National Bank.....	Do.
Port Huron.....	do.....	Do.
Wisconsin: Appleton.....	Citizens National Bank..	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and receiver.
Fond du Lac.....	Commercial National Bank do.....	Do.
		Trustee, executor, administrator, registrar of stocks and bonds.

List of national banks given fiduciary powers from Jan. 1, 1918, to Dec. 31, 1918—Con.

DISTRICT NO. 8.

Location.	Name of bank.	Powers granted.
Arkansas: El Dorado.....	Citizens National Bank...	Trustee, executor, administrator, and registrar of stocks and bonds.
Illinois: Belleville.....	First National Bank.....	Trustee, executor, administrator, guardian of estates, assignee and receiver.
Mount Sterling.....	.....do.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Murphysboro.....	.....do.....	Guardian of estates, assignee, and receiver. ¹
Quincy.....	Ricker National Bank....	Trustee, executor, administrator, guardian of estates, assignee, and receiver.
Kentucky: Owensboro.....	United States National Bank.	Trustee, executor and administrator.
Paducah.....	First National Bank.....	Do.
Mississippi: Greenville.....	.....do.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Missouri: St. Louis.....	Third National Bank....	Do.

DISTRICT NO. 9.

Michigan: Manistique.....	First National Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Minnesota: Duluth.....	.....do.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and committee of estates of lunatics.
Montana: Billings.....	Merchants National Bank.	Trustee, executor, administrator, and registrar of stocks and bonds.
Do.....	Montana National Bank..	Do.
Bozeman.....	Commercial National Bank	Do.
North Dakota: Forman.....	First National Bank.....	Trustee, executor, and administrator.
Wisconsin: Ashland.....	Ashland National Bank...	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and receiver.
Do.....	Northern National Bank..	Do.
Barron.....	First National Bank.....	Trustee, executor, and administrator
Superior.....	First National Bank.....	Do.

DISTRICT NO. 10.

Colorado: Boulder.....	Boulder National Bank...	Trustee, executor, administrator, and registrar of stocks and bonds.
Englewood.....	First National Bank.....	Do.
Greeley.....	.....do.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, and committee of estates of lunatics. ¹
Longmont.....	American National Bank..	Do.
Kansas: Independence.....	Commercial National Bank	Trustee, executor, administrator, and registrar of stocks and bonds.
Troy.....	First National Bank.....	Trustee, executor, and administrator.
Missouri: Cameron.....	.....do.....	Do.
St. Joseph.....	American National Bank..	Trustee, executor, administrator, and registrar of stocks and bonds.
Nebraska: Omaha.....	Merchants National Bank.	Do.
New Mexico: Las Vegas.....	San Miguel National Bank.	Do.
Oklahoma: Pond Creek.....	Farmers National Bank...	Do.
Shawnee.....	National Bank of Commerce.	Trustee, executor, and administrator.
Tulsa.....	Central National Bank....	Trustee, executor, administrator, and registrar of stocks and bonds.
Wyoming: Casper.....	Wyoming National Bank.	Do.
Cheyenne.....	Stock Growers National Bank.	Do.
Cody.....	Shoshone National Bank..	Trustee and registrar of bonds.

¹ Previously granted permission to act as trustee, executor, administrator, and registrar of stocks and

List of national banks given fiduciary powers from Jan. 1, 1918, to Dec. 31, 1918—Con.

DISTRICT NO. 11.

Location.	Name of bank.	Powers granted.
New Mexico: Roswell.....	First National Bank.....	Trustee, executor, and administrator.
Texas: Amarillo.....	do.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Fort Worth.....	Fort Worth National Bank	Do.
Sherman.....	Commercial National Bank	Trustee, executor, administrator, guardian of estates, assignee, receiver, and committee of estates of lunatics.
Wichita Falls.....	National Bank of Commerce.	Trustee, executor, administrator, and registrar of stocks and bonds.

DISTRICT NO. 12.

California: Bakersfield.....	First National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and receiver.
Fresno.....	Farmers National Bank...	Do.
Oakland.....	Central National Bank....	Do.
San Francisco.....	Bank of California, National.	Do.
Washington: Seattle.....	National City Bank.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Do.....	Union National Bank.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and receiver.
Walla Walla.....	Third National Bank.....	Trustee, executor, and administrator.

Exhibit M.—ACCEPTANCES TO 100 PER CENT.

The following banks have been granted authority by the Federal Reserve Board to accept drafts and bills of exchange up to 100 per cent of their capital stock and surplus:

District No. 1:

Hartford Aetna National Bank, Hartford, Conn.
 Phoenix National Bank, Hartford, Conn.
 Beacon Trust Company, Boston, Mass.
 First National Bank, Boston, Mass.
 Fourth-Atlantic National Bank, Boston, Mass.
 Merchants National Bank, Boston, Mass.
 National Shawmut Bank, Boston, Mass.
 National Union Bank, Boston, Mass.
 Old Colony Trust Company, Boston, Mass.
 Second National Bank, Boston, Mass.
 State Street Trust Company, Boston, Mass.
 Webster & Atlas National Bank, Boston, Mass.
 Dedham National Bank, Dedham, Mass.
 Massasoit-Pocasset National Bank, Fall River, Mass.
 Safety Fund National Bank, Fitchburg, Mass.
 Mechanics National Bank, New Bedford, Mass.
 Springfield National Bank, Springfield, Mass.
 Merchants National Bank, Worcester, Mass.
 Blackstone Canal National Bank, Providence, R. I.
 Merchants National Bank, Providence, R. I.
 Providence National Bank, Providence, R. I.

District No. 2:

National Bank of New Jersey, New Brunswick, N. J.
 American Exchange National Bank, New York City.
 Atlantic National Bank, New York City.
 Bankers Trust Company, New York City.
 Bank of Manhattan Company, New York City.
 Bank of New York, N. A., New York City.
 Central Union Trust Company, New York City.
 Chase National Bank, New York City.
 Chemical National Bank, New York City.
 Citizens National Bank, New York City.
 Columbia Trust Company, New York City.
 Corn Exchange Bank, New York City.
 Equitable Trust Company, New York City.
 First National Bank, New York City.
 Franklin Trust Company, New York City.
 Guaranty Trust Company, New York City.
 Harriman National Bank, New York City.
 Importers & Traders National Bank, New York City.
 Irving National Bank, New York City.
 Liberty National Bank, New York City.
 Mechanics & Metals National Bank, New York City.
 Mercantile Bank of the Americas, New York City.
 Merchants National Bank, New York City.
 National Bank of Commerce, New York City.
 National City Bank, New York City.
 National Park Bank, New York City.
 New Netherland Bank, New York City.
 Scandinavian Trust Company, New York City.
 Seaboard National Bank, New York City.
 Second National Bank, New York City.
 U. S. Mortgage & Trust Company, New York City.
 W. R. Grace & Co.'s Bank, New York City.
 First National Bank, Utica, N. Y.

District No. 3:

Bank of North America, Philadelphia, Pa.
 Corn Exchange National Bank, Philadelphia, Pa.
 First National Bank, Philadelphia, Pa.
 Fourth Street National Bank, Philadelphia, Pa.
 Girard National Bank, Philadelphia, Pa.
 Market Street National Bank, Philadelphia, Pa.
 Philadelphia National Bank, Philadelphia, Pa.
 Tradesmen's National Bank, Philadelphia, Pa.

District No. 4:

Fifth-Third National Bank, Cincinnati, Ohio.
 Cleveland Trust Company, Cleveland, Ohio.
 First National Bank, Cleveland, Ohio.
 Superior Savings & Trust Company, Cleveland, Ohio.
 Union Commerce National Bank, Cleveland, Ohio.
 Bank of Pittsburgh, Pittsburgh, Pa.
 First National Bank, Pittsburgh, Pa.
 Mellon National Bank, Pittsburgh, Pa.

District No. 4—Continued.

Peoples National Bank, Pittsburgh, Pa.
Pittsburgh Trust Company, Pittsburgh, Pa.
Union Trust Company, Pittsburgh, Pa.

District No. 5:

Baltimore Trust Company, Baltimore, Md.
Farmers & Merchants National Bank, Baltimore, Md.
Merchants-Mechanics-First National Bank, Baltimore, Md.
National Bank of Commerce, Baltimore, Md.
National Union Bank of Maryland, Baltimore, Md.
Second National Bank, Baltimore, Md.
Murchison National Bank, Wilmington, N. C.
Bank of Charleston, N. B. A., Charleston, S. C.
Peoples National Bank, Charleston, S. C.
First National Bank, Danville, Va.
Merchants National Bank, Hampton, Va.
Citizens Bank, Norfolk, Va.
Norfolk National Bank, Norfolk, Va.
Seaboard National Bank, Norfolk, Va.
Virginia National Bank, Norfolk, Va.
American National Bank, Richmond, Va.
First National Bank, Richmond, Va.
Merchants National Bank, Richmond, Va.
National State and City Bank, Richmond, Va.

District No. 6:

Central National Bank, Albany, Ala.
Farmers & Merchants National Bank, Troy, Ala.
Fourth National Bank, Atlanta, Ga.
American National Bank, Cordele, Ga.
Fourth National Bank, Macon, Ga.
Macon National Bank, Macon, Ga.
National Bank of Savannah, Ga.
Savannah Bank & Trust Company, Savannah, Ga.
Canal Bank & Trust Company, New Orleans, La.
Commercial National Bank, New Orleans, La.
Commercial Trust & Savings Bank, New Orleans, La.
Hibernia Bank & Trust Company, New Orleans, La.
Interstate Trust & Banking Company, New Orleans, La.
Marine Bank & Trust Company, New Orleans, La.
New Orleans National Bank, New Orleans, La.
Whitney-Central National Bank, New Orleans, La.
Merchants National Bank, Vicksburg, Miss.
Hamilton National Bank, Chattanooga, Tenn.

District No. 7:

Continental & Commercial National Bank, Chicago, Ill.
Corn Exchange National Bank, Chicago, Ill.
Drovers National Bank, Chicago, Ill.
First National Bank, Chicago, Ill.
Fort Dearborn National Bank, Chicago, Ill.
Harris Trust & Savings Bank, Chicago, Ill.
Merchants Loan & Trust Company, Chicago, Ill.
National Bank of the Republic, Chicago, Ill.
National City Bank, Chicago, Ill.
Union Trust Company, Chicago, Ill.
First National Bank, Milwaukee, Wis.

District No. 8:

First National Bank, Canton, Miss.
 Union & Planters Bank & Trust Company, Memphis, Tenn.
 Central State National Bank, Memphis, Tenn.
 Mercantile Trust Co., St. Louis, Mo.
 Merchants Laclede National Bank, St. Louis, Mo.
 Third National Bank, St. Louis, Mo.
 Merchants-American National Bank, St. Louis, Mo.
 National Bank of Commerce, St. Louis, Mo.

District No. 9:

First & Security National Bank, Minneapolis, Minn.
 Capital National Bank, St. Paul, Minn.

District No. 10:

First National Bank, Hutchinson, Kans.
 First National Bank, St. Joseph, Mo.

District No. 11:

First National Bank, Nogales, Ariz.
 American National Bank, Austin, Tex.
 American Exchange National Bank, Dallas, Tex.
 City National Bank, Dallas, Tex.
 Tenison National Bank, Dallas, Tex.
 American National Bank, Fort Worth, Tex.
 Fort Worth National Bank, Fort Worth, Tex.
 State National Bank, Honey Grove, Tex.
 First National Bank, Houston, Tex.
 Houston National Exchange Bank, Houston, Tex.
 South Texas Commercial National Bank, Houston, Tex.
 Union National Bank, Houston, Tex.
 First National Bank, Navasota, Tex.
 First National Bank, Terrell, Tex.
 American National Bank, Terrell, Tex.

District No. 12:

American National Bank, San Francisco, Cal.
 Anglo & London-Paris National Bank, San Francisco, Cal.
 Bank of California, N. A., San Francisco, Cal.
 Crocker National Bank, San Francisco, Cal.
 First National Bank, San Francisco, Cal.
 Wells-Fargo-Nevada National Bank, San Francisco, Cal.
 First National Bank, Portland, Oreg.
 Northwestern National Bank, Portland, Oreg.
 U. S. National Bank, Portland, Oreg.
 Dexter Horton National Bank, Seattle, Wash.
 First National Bank, Seattle, Wash.
 National Bank of Commerce of Seattle, Wash.
 Seaboard National Bank, Seattle, Wash.
 Seattle National Bank, Seattle, Wash.
 Spokane & Eastern Trust Co., Spokane, Wash.
 Old National Bank, Spokane, Wash.
 Exchange National Bank, Spokane, Wash.

Exhibit N.—PERSONNEL AND SALARIES.

Salaries of officers and employees of Federal Reserve Banks.

FEDERAL RESERVE BANK OF BOSTON.

Departments.	Number of officers and employees.				Salaries.			
	1915	1916	1917	1918	1915	1916	1917	1918
Chairman and Federal Reserve agent.	1	1	1	1	\$10,000	\$10,000	\$12,000	\$12,000
Governor.....	1	1	1	1	15,000	20,000	20,000	20,000
Deputy governor.....				1				11,000
Other officers.....	2	3	5	8	8,500	10,900	17,500	32,975
Banking department.....	4	13	55	160	6,100	15,260	57,700	134,283
Bookkeeping department.....	3	12	17	29	3,100	11,360	16,530	27,343
Transit department.....	3	25	30	126	2,100	24,460	24,964	75,635
Federal Reserve agent's department.....	2	3	4	15	2,500	3,680	7,100	17,400
Fiscal agency department.....			112	211			106,200	252,873
General.....	4	13	23	30	3,560	10,280	26,378	23,477
Capital issues.....				3				2,095
Total.....	20	71	248	585	50,880	105,940	288,372	609,051

FEDERAL RESERVE BANK OF NEW YORK.

Chairman and Federal Reserve agent.	1	1	1	1	\$16,000	\$16,000	\$20,000	\$20,000
Governor.....	1	1	1	1	30,000	15,000	30,000	30,000
Deputy governor.....		1	2	4		20,000	45,000	81,000
Other officers.....	4	6	8	17	32,800	42,000	56,200	89,400
Banking department.....	47	88	287	892	60,588	97,552	301,648	945,360
Bookkeeping department.....	5	10	15	42	4,620	10,700	15,360	47,680
Transit department.....	9	57	168	446	6,430	36,480	94,480	338,430
Federal Reserve agent's department.....			6	8			9,520	17,860
Fiscal agency department:								
Bond issue.....			213	228			248,284	263,640
Certificates of indebtedness.....			34				45,340	
Government deposit.....			52	75			67,308	100,960
Securities.....				91				116,660
Partial payment.....				457				386,350
Capital issues.....				5				11,720
Liberty loan committee.....				368				634,230
General.....	6	9	42	22	5,500	8,460	37,440	21,540
Total.....	73	173	829	2,657	155,978	246,152	970,580	3,104,830

FEDERAL RESERVE BANK OF PHILADELPHIA.

Chairman and Federal Reserve agent.	1	1	1	1	\$10,000	\$10,000	\$10,000	\$10,000
Governor.....	1	1	1	1	20,000	20,000	20,000	20,000
Other officers.....	1	2	4	7	5,000	10,200	21,250	37,000
Banking department.....	8	12	38	143	14,400	15,940	34,084	137,740
Bookkeeping department.....	4	10	17	36	3,300	9,360	18,080	47,540
Transit department.....	6	35	74	98	5,880	24,180	47,790	79,560
Federal Reserve agent's department.....	5	5	6	6	5,976	7,140	8,060	7,880
Fiscal agency department.....			26	98			23,160	102,240
General.....	19	23	25	33	12,480	14,672	16,848	32,080
Total.....	45	89	192	423	77,036	111,492	199,272	474,040

FEDERAL RESERVE BANK OF CLEVELAND (INCLUDING PITTSBURGH AND CINCINNATI BRANCHES).

Chairman and Federal Reserve agent.	1	1	1	1	\$10,000	\$10,000	\$12,000	\$15,000
Governor.....	1	1	1	1	18,000	20,000	20,000	20,000
Other officers.....	2	3	6	11	7,000	10,750	21,050	48,850
Banking department.....	9	7½	21	129	16,900	13,430	23,800	155,418
Bookkeeping department.....	4	4	15	39	5,160	4,380	19,080	35,280
Transit department.....	2	36½	73	169	1,080	23,370	52,710	130,150
Federal Reserve agent's department.....	2	2	5	10	3,500	3,780	7,820	16,080
Fiscal agency department.....			70	203			87,180	321,884
General.....	10	10	19	26	6,900	8,040	16,440	22,800
Total.....	31	65	211	589	68,540	93,750	260,080	765,462

*Salaries of officers and employees of Federal Reserve Banks—Continued.*FEDERAL RESERVE BANK OF RICHMOND (INCLUDING BALTIMORE BRANCH OPENED
MAR. 1, 1918).

Departments.	Number of officers and employees.				Salaries.			
	1915	1916	1917	1918	1915	1916	1917	1918
Chairman and Federal Reserve agent.	1	1	1	1	\$10,000	\$10,000	\$10,000	\$10,000
Governor.....	1	1	1	1	10,000	12,000	15,000	15,000
Other officers.....	2	2	4	6	5,978	9,428	14,550	16,359
Banking department.....	10	11	18	63	12,742	13,956	22,880	76,953
Bookkeeping department.....	3	5	6	12	4,748	5,520	4,980	9,640
Transit department.....	7	36	43	79	2,278	11,599	21,954	59,485
Federal Reserve agent's department.....	1	1	2	4	945	916	2,400	7,202
Fiscal agency department.....			20	40			21,024	54,930
General.....	5	6	14	48	6,439	8,819	8,540	36,310
Total.....	30	63	109	254	53,130	72,238	121,328	286,379

FEDERAL RESERVE BANK OF ATLANTA (INCLUDING NEW ORLEANS, BIRMINGHAM,
AND JACKSONVILLE BRANCHES).

Chairman and Federal Reserve agent.	1	1	1	1	\$7,500	\$9,000	\$10,000	\$10,000
Governor.....	1	1	1	1	9,000	9,000	10,000	10,000
Other officers.....	4	4	3	14	13,100	12,060	11,380	53,400
Banking department.....	23	21	35	85	23,928	21,828	37,680	92,770
Bookkeeping department.....	3	5	6	15	3,600	5,100	6,480	17,100
Transit department.....	2	24	28	68	1,260	15,900	20,180	53,780
Federal Reserve agent's department.....	2	3	3	5	3,200	4,380	5,220	9,180
Fiscal agency department.....			51	93			61,010	102,240
General.....	5	6	4	35	3,180	4,080	3,120	25,598
Total.....	41	65	132	317	64,768	81,348	165,080	374,078

FEDERAL RESERVE BANK OF CHICAGO.

Chairman and Federal Reserve agent.	1	1	1	1	\$10,000	\$10,000	\$10,000	\$12,000
Governor.....	1	1	1	1	20,000	20,000	24,000	24,000
Other officers.....	2	3	7	18	14,000	17,500	33,500	79,000
Banking department.....	18	33	36	155	21,426	31,880	47,880	180,910
Bookkeeping department.....	4	9	10	24	4,100	8,700	9,520	25,100
Transit department.....	9	40	61	124	8,700	30,240	49,280	109,160
Federal Reserve agent's department.....	2	2	5	11	7,200	7,800	13,800	17,120
Fiscal agent department.....			166	292			215,930	354,370
General.....	13	21	77	189	11,134	20,985	61,130	183,800
Total.....	50	110	364	815	96,560	147,105	465,040	985,460

FEDERAL RESERVE BANK OF ST. LOUIS (INCLUDING MEMPHIS AND LOUISVILLE
BRANCHES).

Chairman and Federal Reserve agent.	1	1	1	1	\$10,000	\$10,000	\$10,000	\$10,000
Governor.....	1	1	1	1	20,000	20,000	20,000	20,000
Other officers.....	2	2	8	13	13,500	13,500	35,500	55,500
Banking department.....	8	12	43	117	12,820	17,180	44,500	123,292
Bookkeeping department.....	5	6	7	11	6,200	6,260	5,900	12,600
Transit department.....	14	24	50	60	9,560	16,140	34,620	57,540
Federal Reserve agent's department.....	3	3	2	5	5,900	5,900	3,340	7,920
Fiscal agency department.....			59	126			65,840	132,620
General.....	5	4	6	51	2,820	2,820	4,920	47,000
Total.....	39	53	177	385	80,900	91,800	224,620	465,872

Salaries of officers and employees of Federal Reserve Banks—Continued.

FEDERAL RESERVE BANK OF MINNEAPOLIS.

Departments.	Number of officers and employees.				Salaries.			
	1915	1916	1917	1918	1915	1916	1917	1918
Chairman and Federal Reserve agent.....	1	1	1	1	\$7,500	\$9,000	\$10,000	\$10,000
Governor.....	1	1	1	1	15,000	15,000	18,000	18,000
Deputy governor.....				1				6,000
Other officers.....	1	1	3	5	3,000	3,500	12,500	16,210
Banking department.....	10	14	30	71	11,940	15,850	29,120	56,629
Bookkeeping department.....	3	6	6	12	2,460	5,540	6,040	6,078
Transit department.....	1	29	37	78	2,000	19,460	24,040	33,243
Federal Reserve agent's department.....	3	2	2	3	5,520	4,080	4,580	5,636
Fiscal agency department.....			47	95			51,180	65,721
Total.....	20	54	127	267	47,420	72,430	155,460	217,517

FEDERAL RESERVE BANK OF KANSAS CITY (INCLUDING OMAHA AND DENVER BRANCHES).

Chairman and Federal Reserve agent.....	1	1	1	1	\$7,500	\$7,500	\$7,500	\$9,000
Governor.....	1	1	1	1	7,500	10,000	12,500	15,000
Other officers.....	1	2	4	12	6,000	8,800	17,400	60,000
Bookkeeping department.....	6	4	4	16	6,120	4,500	5,340	20,180
Transit department.....	16	26	26	139	10,980	18,780	22,960	108,360
Federal Reserve agent's department.....	3	3	5	5	4,080	4,380	7,680	5,760
Fiscal agency department.....			85	201			93,150	219,810
General.....	12	15	27	105	13,460	18,460	27,020	122,880
Total.....	40	52	153	480	55,640	72,420	193,590	580,990

FEDERAL RESERVE BANK OF DALLAS (INCLUDING EL PASO BRANCH FOR LATTER HALF OF 1918).

Chairman and Federal Reserve agent.....	1	1	1	1	\$7,500	\$9,000	\$10,000	\$10,000
Governor.....	1	1	1	1	10,000	10,000	12,000	12,000
Other officers.....	2	3	4	8	11,000	15,000	19,700	38,200
Banking department.....	11	12	31	113	17,140	17,760	39,300	136,200
Bookkeeping department.....	2	5	7	13	1,820	5,100	6,360	12,840
Transit department.....	2	27	39	86	2,100	20,760	33,140	74,400
Federal Reserve agent's department.....	2	2	2	5	7,400	3,700	3,700	10,800
Fiscal agency department.....			75	162			60,680	191,104
General.....	10	12	10	14	9,060	11,660	7,580	10,960
Total.....	31	63	170	403	65,820	93,000	192,470	496,564

FEDERAL RESERVE BANK OF SAN FRANCISCO (INCLUDING SPOKANE, PORTLAND, SEATTLE, AND SALT LAKE CITY BRANCHES).

Chairman and Federal Reserve agent.....	1	1	1	1	\$12,000	\$12,000	\$14,000	\$14,000
Governor.....	1	1	1	1	15,000	15,000	18,000	18,000
Other officers.....	2	3	10	18	10,200	12,200	39,500	68,280
Banking department.....	10	31	77	157	14,820	30,230	101,046	190,560
Bookkeeping department.....	2	5	17	27	2,520	4,620	18,240	30,960
Transit department.....	1	15	31	64	780	11,640	28,740	62,940
Federal Reserve agent's department.....	3	2	3	10	7,000	1,620	3,420	16,224
Fiscal agency department.....			122	207			146,100	253,140
General.....	2	4	11	41	1,800	4,620	980	60,320
Capital issues.....				5				12,600
Total.....	22	62	273	531	64,120	91,930	370,026	727,024

**SALARIES OF OFFICERS AND EMPLOYEES OF THE FEDERAL RESERVE
BOARD AS OF DECEMBER 31, 1918.**

OFFICE OF THE SECRETARY.

J. A. Broderick, secretary.....	\$8,400	
L. C. Adelson, assistant secretary.....	6,000	
W. T. Chapman, assistant secretary.....	4,500	
1 at \$3,600.....	3,600	
1 at 2,400.....	2,400	
1 at 1,800.....	1,800	
1 at 1,500.....	1,500	
2 at 1,440.....	2,880	
5 at 1,320.....	6,600	
3 at 1,200.....	3,600	
1 at 1,100.....	1,100	
1 at 1,020.....	1,020	
1 at 480.....	480	
		————— \$43,880

OFFICES OF MEMBERS OF THE BOARD.

Staff:		
2 at \$2,900.....	5,800	
1 at 2,750.....	2,750	
2 at 2,500.....	5,000	
4 at 1,560.....	6,240	
1 at 1,320.....	1,320	
		————— 21,110

OFFICE OF GENERAL COUNSEL.

Milton C. Elliott, general counsel.....	10,000	
Staff:		
2 at \$2,400.....	4,800	
1 at 1,770.....	1,770	
1 at 1,440.....	1,440	
		————— 18,010

DIVISION OF AUDIT AND EXAMINATION.

J. A. Broderick, chief examiner (secretary of Federal Reserve Board).		
L. C. Adelson, assistant chief examiner (assistant secretary of Federal Reserve Board).		
Wm. M. Imlay, fiscal agent.....	\$3,600	
Examiners:		
John A. Will.....	5,000	
S. G. Sargent.....	5,000	
James F. Herson.....	4,200	
W. W. Paddock.....	4,200	
W. E. Walter.....	4,200	
George L. Hamilton.....	3,600	
W. J. Donald.....	3,600	
		————— 33,400

¹ Sept. 16, 1918, appointed also chief of department of examination of Federal Reserve Bank of San Francisco in addition to his duties as Federal Reserve examiner.

Assistant examiners:

1 at \$2,700.....	\$2, 700
1 at 2,100.....	2, 100
2 at 2,000.....	4, 000
2 at 1,800.....	3, 600
1 at 1,500.....	1, 500
	\$13, 900

Office staff:

1 at \$1,800.....	1, 800
2 at 1,440.....	2, 880
2 at 1,320.....	2, 640
1 at 1,200.....	1, 200
1 at 720.....	720
	9, 240

DIVISION OF REPORTS AND STATISTICS.

Morris Jacobson, statistician..... 5, 400

Staff:

1 at \$3,000.....	3, 000
2 at 2,250.....	4, 500
1 at 1,920.....	1, 920
4 at 1,800.....	7, 200
1 at 1,560.....	1, 560
1 at 1,520.....	1, 520
1 at 1,500.....	1, 500
2 at 1,400.....	2, 800
7 at 1,200.....	8, 400
1 at 1,100.....	1, 100
4 at 1,000.....	4, 000
1 at 900.....	900
1 at 840.....	840
1 at 10 per week.....	520
	45, 160

DIVISION OF ANALYSIS AND RESEARCH.

H. Parker Willis, director..... 5, 000

Staff:

1 at \$2,000.....	2, 000	
1 at 1,800.....	1, 800	
2 at 1,440.....	2, 880	
1 at 1,200.....	1, 200	
1 at 1,000.....	1, 000	
1 at 720.....	720	
3 at 500.....	1, 500	
1 at 400.....		400
1 at 300.....		300
	16, 800	

DIVISION OF FEDERAL RESERVE ISSUE AND REDEMPTION.

Williard E. Buell, chief of the division.....		\$2,750
Staff:		
1 at \$2,020.....	2,020	
1 at 1,440.....	1,440	
1 at 1,320.....	1,320	
2 at 1,080.....	2,160	
4 at 1,020.....	4,080	
14 at 900.....	12,600	
1 at 720.....	720	
		————— \$27,090

DIVISION OF FOREIGN EXCHANGE.

Frederick I. Kent, director.		
Staff:		
1 at \$4,000.....	4,000	
2 at 3,000.....	6,000	
1 at 1,900.....	1,900	
2 at 1,800.....	3,600	
1 at 1,380.....	1,380	
1 at 1,320.....	1,320	
2 at 1,300.....	2,600	
17 at 1,200.....	20,400	
1 at 1,100.....	1,100	
2 at 1,020.....	2,040	
11 at 1,000.....	11,000	
2 at 960.....	1,920	
21 at 900.....	18,900	
5 at 840.....	4,200	
6 at 780.....	4,680	
2 at 750.....	1,500	
7 at 720.....	5,040	
3 at 600.....	1,800	
2 at 540.....	1,080	
1 at 480.....	480	
1 at 360.....	360	
		————— 95,300

MESSENGERS.

1 at \$1,100.....	1,100	
1 at 1,000.....	1,000	
6 at 960.....	5,760	
1 at 840.....	840	
		————— 8,700

CHARWOMEN.

3 at \$312.....		936
Total.....		————— 333,526

SALARIES OF NATIONAL BANK EXAMINERS.

[Effective in the year ending Dec. 31, 1918.]

Stephen L. Newnham, supervising examiner, not assigned to any Federal Reserve District..... \$5,000

DISTRICT No. 1—BOSTON.

(394 national member banks.)

Daniel C. Mulloney, chief examiner..... \$6,500
 1 examiner, at \$3,900; 1 examiner, at \$3,600; 1 examiner, at \$3,300;
 1 examiner, at \$3,000; 2 examiners, at \$2,700..... 19,200
 ----- 25,700

DISTRICT No. 2—NEW YORK.

(623 national member banks.)

William P. Malburn, chief examiner..... 15,000
 1 examiner, at \$6,000; 1 examiner, at \$4,500; 1 examiner, at \$3,900;
 2 examiners, at \$3,600; 3 examiners, at \$3,300; 4 examiners, at
 \$3,000..... 43,500
 ----- 58,500

DISTRICT No. 3—PHILADELPHIA.

(633 national member banks.)

Edward I. Johnson, chief examiner..... 8,500
 2 examiners, at \$4,500; 1 examiner, at \$3,900; 1 examiner, at \$3,600;
 1 examiner, at \$3,300; 3 examiners, at \$3,000; 1 examiner, at \$2,700;
 1 examiner, at \$2,400..... 33,900
 ----- 42,400

DISTRICT No. 4—CLEVELAND.

(749 national member banks.)

Silas H. L. Cooper, chief examiner..... 8,500
 4 examiners, at \$4,200; 1 examiner, at \$3,900; 1 examiner, at \$3,600;
 1 examiner, at \$3,000; 1 examiner, at \$2,700; 1 examiner, at \$2,400.. 32,400
 ----- 40,900

DISTRICT No. 5—RICHMOND.

(529 national member banks.)

James K. Doughton, chief examiner..... 7,500
 1 examiner, at \$6,500; 2 examiners, at \$3,600; 3 examiners, at \$3,300;
 3 examiners, at \$3,000; 1 examiner, at \$2,700; 3 examiners, at
 \$2,400..... 42,500
 ----- 50,000

DISTRICT No. 6—ATLANTA.

(373 national member banks.)

Elmore F. Higgins, chief examiner..... 7,500
 2 examiners, at \$3,600; 1 examiner, at \$3,300; 1 examiner, at \$3,000;
 2 examiners, at \$2,700; 1 examiner, at \$2,400..... 21,300
 ----- 28,800

DISTRICT No. 7—CHICAGO.

(1,045 national member banks.)

Sherrill Smith, chief examiner.....	\$12, 000	
1 examiner, at \$5,000; 2 examiners, at \$4,200; 1 examiner, at \$3,900; 4 examiners, at \$3,600; 4 examiners, at \$3,300; 3 examiners, at \$3,000; 1 examiner, at \$2,700; 2 examiners, at \$2,400.....	61, 400	————— \$73, 400

DISTRICT No. 8—ST. LOUIS.

(470 national member banks.)

Joseph M. Logan, chief examiner.....	8, 000	
2 examiners, at \$4,200; 1 examiner, at \$3,600; 1 examiner, at \$3,300; 1 examiner, at \$3,000; 3 examiners, at \$2,700.....	26, 400	————— 34, 400

DISTRICT No. 9—MINNEAPOLIS.

(797 national member banks.)

Fred Brown, chief examiner.....	6, 500	
2 examiners, at \$4,200; 2 examiners, at \$3,900; 2 examiners, at \$3,300; 1 examiner, at \$3,000; 2 examiners, at \$2,700; 3 examiners, at \$2,400.....	38, 400	————— 44, 900

DISTRICT No. 10—KANSAS CITY.

(968 national member banks.)

Horace R. Gaither, chief examiner.....	6, 500	
1 examiner, at \$4,200; 3 examiners, at \$3,900; 1 examiner, at \$3,600; 1 examiner, at \$3,300; 3 examiners, at \$3,000; 2 examiners, at \$2,700.....	37, 200	————— 43, 700

DISTRICT No. 11—DALLAS.

(632 national member banks.)

Richard H. Collier, chief examiner.....	7, 000	
1 examiner, at \$3,900; 1 examiner, at \$3,600; 2 examiners, at \$3,300; 1 examiner, at \$3,000; 2 examiners, at \$2,400.....	21, 900	————— 28, 900

DISTRICT No. 12—SAN FRANCISCO.

(562 national member banks.)

Walter E. Wilcox, chief examiner.....	7, 500	
3 examiners, at \$4,500; 4 examiners, at \$3,000; 2 examiners, at \$2,700; 2 examiners, at \$2,400.....	35, 700	————— 43, 200
Total.....		————— 519, 800

RECAPITULATION.

Examining staff:

Chief examiners—

At \$15,000 per annum.....	1
At \$12,000 per annum.....	1
At \$8,500 per annum.....	2
At \$8,000 per annum.....	1
At \$7,500 per annum.....	3
At \$7,000 per annum.....	1
At \$6,500 per annum.....	3

Total chief examiners..... 12

Salaries, chief examiners..... \$101,000

Other examiners—

At \$6,500 per annum.....	1
At \$6,000 per annum.....	1
At \$5,000 per annum.....	¹ 2
At \$4,500 per annum.....	6
At \$4,200 per annum.....	11
At \$3,900 per annum.....	11
At \$3,600 per annum.....	16
At \$3,300 per annum.....	19
At \$3,000 per annum.....	26
At \$2,700 per annum.....	17
At \$2,400 per annum.....	15

Total other examiners..... 125

Salaries, other examiners..... 418,800

Total examining staff..... 137

Total salaries..... 519,800

¹ Includes 1 supervising examiner.

Exhibit O.—DIRECTORY OF THE FEDERAL RESERVE BOARD AND FEDERAL RESERVE BANKS.

FEDERAL RESERVE BOARD.

EX OFFICIO MEMBERS.

CARTER GLASS,
Secretary of the Treasury, Chairman.

JOHN SKELTON WILLIAMS,
Comptroller of the Currency.

J. A. BRODERICK, *Secretary.*

L. C. ADELSON
W. T. CHAPMAN, } *Assistant Secretaries.*

W. M. IMLAY, *Fiscal Agent.*

M. JACOBSON, *Statistician.*

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

ALBERT STRAUSS, *Vice Governor.*

ADOLPH C. MILLER.

CHARLES S. HAMLIN.

M. C. ELLIOTT, *General Counsel.*

H. PARKER WILLIS,
*Director, Division of
Analysis and Research.*

F. I. KENT,
Director, Division of Foreign Exchange.

OFFICERS AND DIRECTORS OF FEDERAL RESERVE BANKS.

DISTRICT NO. 1—FEDERAL RESERVE BANK OF BOSTON.

[Frederic H. Curtiss, chairman and Federal Reserve agent. Allen Hollis, deputy chairman. Chas. A. Morss, governor.]

Director.	Residence.	Term expires.
Class A:		
Thomas P. Beal.....	Boston, Mass.....	Dec. 31, 1920
Edward S. Kennard.....	Rumford, Me.....	Dec. 31, 1921
Thos. W. Farnam.....	New Haven, Conn.....	Dec. 31, 1919
Class B:		
Philip R. Allen.....	East Walpole, Mass.....	Dec. 31, 1920
Chas. G. Washburn.....	Worcester, Mass.....	Dec. 31, 1921
Edmund R. Morse.....	Proctor, Vt.....	Dec. 31, 1919
Class C:		
Frederic H. Curtiss.....	Boston, Mass.....	Dec. 31, 1920
Allen Hollis.....	Concord, N. H.....	Dec. 21, 1921
Jesse H. Metcalf.....	Providence, R. I.....	Dec. 31, 1919

DISTRICT NO. 2—FEDERAL RESERVE BANK OF NEW YORK.

[Pierre Jay, chairman and Federal Reserve agent. George Foster Peabody, deputy chairman. Benjamin Strong, jr., governor.]

Class A:		
William Woodward.....	New York, N. Y.....	Dec. 31, 1919
R. H. Treman.....	Ithaca, N. Y.....	Dec. 31, 1920
Charles Smith.....	Oneonta, N. Y.....	Dec. 31, 1921
Class B:		
H. R. Towne.....	New York, N. Y.....	Dec. 31, 1919
W. B. Thompson.....	Yonkers, N. Y.....	Dec. 31, 1920
L. R. Palmer.....	Croton-on-Hudson, N. Y.....	Dec. 31, 1921
Class C:		
Pierre Jay.....	New York, N. Y.....	Dec. 31, 1919
George Foster Peabody.....	Lake George, N. Y.....	Dec. 31, 1921
W. L. Saunders.....	New York, N. Y.....	Dec. 31, 1920

DISTRICT NO. 3—FEDERAL RESERVE BANK OF PHILADELPHIA.

[Richard L. Austin, chairman and Federal Reserve agent. H. B. Thompson, deputy chairman. E. P. Passmore, governor.]

Class A:		
Joseph Wayne, jr.....	Philadelphia, Pa.....	Dec. 31, 1920
Francis Douglas.....	Wilkes-Barre, Pa.....	Dec. 31, 1921
M. J. Murphy.....	Clarks Green, Pa.....	Dec. 31, 1919
Class B:		
A. B. Johnson.....	Philadelphia, Pa.....	Dec. 31, 1919
E. S. Stuart.....	do.....	Dec. 31, 1920
Chas. K. Haddon.....	Camden, N. J.....	Dec. 31, 1921
Class C:		
Richard L. Austin.....	Philadelphia, Pa.....	Dec. 31, 1920
H. B. Thompson.....	Wilmington, Del.....	Dec. 31, 1919
Charles C. Harrison.....	Philadelphia, Pa.....	Dec. 31, 1921

DISTRICT NO. 4—FEDERAL RESERVE BANK OF CLEVELAND.

[D. C. Wills, chairman and Federal Reserve agent. Lyman H. Treadway, deputy chairman. E. R. Fancher, governor.]

Director.	Residence.	Term expires.
Class A:		
W. S. Rowe.....	Cincinnati, Ohio.....	Dec. 31, 1919
O. N. Sams.....	Hillsboro, Ohio.....	Dec. 31, 1921
Robert Wardrop.....	Pittsburgh, Pa.....	Dec. 31, 1920
Class B:		
R. P. Wright.....	Erie, Pa.....	Dec. 31, 1919
John Stambaugh.....	Youngstown, Ohio.....	Dec. 31, 1921
T. A. Combs.....	Lexington, Ky.....	Dec. 31, 1920
Class C:		
H. P. Wolfe.....	Columbus, Ohio.....	Dec. 31, 1921
Lyman H. Treadway.....	Cleveland, Ohio.....	Dec. 31, 1919
D. C. Wills.....	do.....	Dec. 31, 1920

DISTRICT NO. 4—PITTSBURGH BRANCH OF THE FEDERAL RESERVE BANK OF CLEVELAND.

[George De Camp, manager.]

Chas. W. Brown.....	Pittsburgh, Pa.....	Dec. 31, 1919
James D. Callery.....	do.....	Do.
T. H. Given.....	do.....	Do.
R. B. Mellon.....	do.....	Do.
George De Camp.....	do.....	Do.

DISTRICT NO. 4—CINCINNATI BRANCH OF THE FEDERAL RESERVE BANK OF CLEVELAND.

[L. W. Manning, manager.]

Judson Harmon.....	Cincinnati, Ohio.....	Dec. 31, 1919
Charles A. Hinsch.....	do.....	Do.
W. C. Procter.....	do.....	Do.
W. S. Rowe.....	do.....	Do.
L. W. Manning.....	do.....	Do.

DISTRICT NO. 5—FEDERAL RESERVE BANK OF RICHMOND.

[Caldwell Hardy, chairman and Federal Reserve agent. James A. Moncure, deputy chairman. George J. Seay, governor.]

Class A:		
J. F. Bruton.....	Wilson, N. C.....	Dec. 31, 1919
Edwin Mann.....	Bluefield, W. Va.....	Dec. 31, 1920
Chas. E. Rieman.....	Baltimore, Md.....	Dec. 31, 1921
Class B:		
James F. Oyster.....	Washington, D. C.....	Dec. 31, 1919
D. R. Coker.....	Hartsville, S. C.....	Dec. 31, 1920
Edmund Strudwick.....	Richmond, Va.....	Dec. 31, 1921
Class C:		
James A. Moncure.....	do.....	Dec. 31, 1919
Caldwell Hardy.....	do.....	Dec. 31, 1920
Howard Bruce.....	Baltimore, Md.....	Dec. 31, 1921

DISTRICT NO. 5—BALTIMORE BRANCH OF THE FEDERAL RESERVE BANK OF RICHMOND.

[M. M. Prentis, manager.]

M. M. Prentis.....	Baltimore, Md.....	Dec. 31, 1919
Chas. C. Homer.....	do.....	Do.
William Ingle.....	do.....	Do.
Waldo Newcomer.....	do.....	Do.
H. B. Wilcox.....	do.....	Do.

DISTRICT NO. 6—FEDERAL RESERVE BANK OF ATLANTA.

[M. B. Wellborn, chairman and Federal Reserve agent. Edward T. Brown, deputy chairman. Joseph A. McCord, governor.]

Director.	Residence.	Term expires.
Class A:		
John K. Ottley	Atlanta, Ga.	Dec. 31, 1921
F. W. Foote	Hattiesburg, Miss.	Dec. 31, 1919
P. R. Kittles	Sylvania, Ga.	Dec. 31, 1920
Class B:		
J. A. McCrary	Decatur, Ga.	Dec. 31, 1921
W. H. Hartford	Nashville, Tenn.	Dec. 31, 1919
Jas. E. Zunts	New Orleans, La.	Dec. 31, 1920
Class C:		
M. B. Wellborn	Anniston, Ala.	Dec. 31, 1920
Edward T. Brown	Atlanta, Ga.	Dec. 31, 1921
W. H. Kettig	Birmingham, Ala.	Dec. 31, 1919

DISTRICT NO. 6—NEW ORLEANS BRANCH OF THE FEDERAL RESERVE BANK OF ATLANTA.

[James E. Zunts, chairman. P. H. Saunders, vice chairman. Marcus Walker, manager.]

J. P. Butler, jr.	New Orleans, La.	Dec. 31, 1919
John E. Bouden, jr.	do.	Do.
P. H. Saunders	do.	Do.
Frank Roberts	Lake Charles, La.	Do.
H. B. Lightcap	Jackson, Miss.	Do.
A. P. Bush	Mobile, Ala.	Do.
James E. Zunts	New Orleans, La.	Do.

DISTRICT NO. 6.—BIRMINGHAM BRANCH OF THE FEDERAL RESERVE BANK OF ATLANTA.

[A. E. Walker, manager.]

W. H. Kettig	Birmingham, Ala.	Dec. 31, 1919
Oscar Wells	do.	Do.
T. O. Smith	do.	Do.
W. W. Crawford	do.	Do.
John H. Frye	do.	Do.

DISTRICT NO. 6.—JACKSONVILLE BRANCH OF THE FEDERAL RESERVE BANK OF ATLANTA.

[Geo. R. De Saussure, manager.]

John C. Cooper	Jacksonville, Fla.	Dec. 31, 1919
E. W. Lane	do.	Do.
Bion H. Barnett	do.	Do.
Giles L. Wilson	do.	Do.
Fulton Saussy	do.	Do.

DISTRICT NO. 7.—FEDERAL RESERVE BANK OF CHICAGO.

[William A. Heath, chairman and Federal Reserve agent. James Simpson, deputy chairman. James B. McDougal, governor.]

Class A:		
Geo. M. Reynolds	Chicago, Ill.	Dec. 31, 1921
J. B. Forgan	do.	Dec. 31, 1919
E. L. Johnson	Waterloo, Iowa.	Dec. 31, 1920
Class B:		
John W. Blodgett	Grand Rapids, Mich.	Dec. 31, 1919
Albert R. Erskine	South Bend, Ind.	Dec. 31, 1920
A. H. Vogel	Milwaukee, Wis.	Dec. 31, 1921
Class C:		
Wm. A. Heath	Evanston, Ill.	Dec. 31, 1921
James Simpson	Chicago, Ill.	Dec. 31, 1920
E. T. Meredith	Des Moines, Iowa.	Dec. 31, 1919

DISTRICT NO. 7.—DETROIT BRANCH OF THE FEDERAL RESERVE BANK OF CHICAGO.

[R. B. Locke, manager.]

Director.	Residence.	Term expires.
John Ballantyne.....	Detroit, Mich.....	Dec. 31, 1919
Emory W. Clark.....	do.....	Do.
Julius H. Haas.....	do.....	Do.
Chas. H. Hodges.....	do.....	Do.
R. B. Locke.....	do.....	Do.

DISTRICT NO. 8.—FEDERAL RESERVE BANK OF ST. LOUIS.

[William McC. Martin, chairman and Federal Reserve agent; John W. Boehne, deputy chairman; David C. Biggs, governor.]

Class A:		
Walker Hill.....	St. Louis, Mo.....	Dec. 31, 1920
J. C. Utterback.....	Paducah, Ky.....	Dec. 31, 1921
Sam A. Ziegler.....	Albion, Ill.....	Dec. 31, 1919
Class B:		
David C. Biggs.....	St. Louis, Mo.....	Dec. 31, 1921
W. B. Plunkett.....	Little Rock, Ark.....	Dec. 31, 1919
Leroy Percy.....	Greenville, Miss.....	Dec. 31, 1920
Class C:		
Wm. McC. Martin.....	St. Louis, Mo.....	Dec. 31, 1921
John W. Boehne.....	Evansville, Ind.....	Dec. 31, 1920
C. P. J. Mooney.....	Memphis, Tenn.....	Dec. 31, 1919

DISTRICT NO. 8.—LOUISVILLE BRANCH OF THE FEDERAL RESERVE BANK OF ST. LOUIS.

[W. P. Kincheloe, manager.]

Geo. W. Norton.....	Louisville, Ky.....	Dec. 31, 1919
W. C. Montgomery.....	Elizabethtown, Ky.....	Do.
W. P. Kincheloe.....	Louisville, Ky.....	Do.
F. M. Sackett.....	do.....	Do.
C. E. Hoge.....	Frankfort, Ky.....	Do.

DISTRICT NO. 8.—MEMPHIS BRANCH OF THE FEDERAL RESERVE BANK OF ST. LOUIS.

[John J. Heflin, manager.]

R. Brinkley Snowden.....	Memphis, Tenn.....	Dec. 31, 1919
John D. McDowell.....	do.....	Do.
John J. Heflin.....	do.....	Do.
T. K. Riddick.....	do.....	Do.
S. E. Ragland.....	do.....	Do.

DISTRICT NO. 8.—LITTLE ROCK BRANCH OF THE FEDERAL RESERVE BANK OF ST. LOUIS.

[John M. Davis, manager.]

Ed. Cornish.....	Little Rock, Ark.....	Dec. 31, 1919
John M. Davis.....	do.....	Do.
Moorhead Wright.....	do.....	Do.
G. W. Rogers.....	do.....	Do.
C. A. Pratt.....	do.....	Do.

DISTRICT NO. 9.—FEDERAL RESERVE BANK OF MINNEAPOLIS.

[John H. Rich, chairman and Federal Reserve agent; Wm. H. Lightner, deputy chairman; Theodore Wold, governor.]

Class A:		
E. W. Decker.....	Minneapolis, Minn.....	Dec. 31, 1919
L. B. Hanna.....	Fargo, N. Dak.....	Dec. 31, 1920
W. C. McDowell.....	Marion, N. Dak.....	Dec. 31, 1921
Class B:		
F. R. Bigelow.....	St. Paul, Minn.....	Dec. 31, 1919
F. P. Hixon.....	La Crosse, Wis.....	Dec. 31, 1921
N. B. Holter.....	Helena, Mont.....	Dec. 31, 1920
Class C:		
John H. Rich.....	Minneapolis, Minn.....	Do.
W. H. Lightner.....	St. Paul, Minn.....	Dec. 31, 1921
John W. Black.....	Houghton, Mich.....	Dec. 31, 1919

DISTRICT NO. 10.—FEDERAL RESERVE BANK OF KANSAS CITY.

[Asa E. Ramsay, chairman and Federal Reserve agent; F. W. Fleming, deputy chairman; J. Z. Miller, jr., governor.]

Director.	Residence.	Term expires.
Class A:		
W. J. Bailey	Atchison, Kans.	Dec. 31, 1919
C. E. Burnham	Norfolk, Nebr.	Dec. 31, 1920
J. C. Mitchell	Denver, Colo.	Dec. 31, 1921
Class B:		
T. C. Byrne	Omaha, Nebr.	Do.
Harry W. Gibson	Muskogee, Okla.	Dec. 31, 1920
M. L. McClure	Kansas City, Mo.	Dec. 31, 1919
Class C:		
F. W. Fleming	do.	Do.
Asa E. Ramsay	do.	Dec. 31, 1920
R. H. Malone	Denver, Colo.	Dec. 31, 1921

DISTRICT NO. 10.—DENVER BRANCH OF THE FEDERAL RESERVE BANK OF KANSAS CITY.

[C. A. Burkhardt, manager.]

C. C. Parks	Denver, Colo.	Dec. 31, 1919
A. C. Foster	do.	Do.
C. A. Burkhardt	do.	Do.
John Evans	do.	Do.
Alva Adams	Pueblo, Colo.	Do.

DISTRICT NO. 10.—OMAHA BRANCH OF THE FEDERAL RESERVE BANK OF KANSAS CITY.

[O. T. Eastman, manager.]

Luther Drake	Omaha, Nebr.	Dec. 31, 1919
J. C. McNish	do.	Do.
O. T. Eastman	do.	Do.
P. L. Hall	Lincoln, Nebr.	Do.
R. O. Marnell	Nebraska City, Nebr.	Do.

DISTRICT NO. 11.—FEDERAL RESERVE BANK OF DALLAS.

[W. F. Ramsey, chairman and Federal Reserve agent; W. B. Newsome, deputy chairman; R. L. Van Zandt, governor.]

Class A:		
John T. Scott	Houston, Tex.	Dec. 31, 1921
E. K. Smith	Shreveport, La.	Dec. 31, 1920
B. A. McKinney	Durant, Okla.	Dec. 31, 1919
Class B:		
Marion Sansom	Fort Worth, Tex.	Do.
Frank Kell	Wichita Falls, Tex.	Dec. 31, 1921
J. J. Culbertson	Paris, Tex.	Dec. 31, 1920
Class C:		
W. F. Ramsey	Dallas, Tex.	Do.
W. B. Newsome	do.	Dec. 31, 1921
H. O. Wooten	Abilene, Tex.	Dec. 31, 1919

DISTRICT NO. 11.—EL PASO BRANCH OF THE FEDERAL RESERVE BANK OF DALLAS.

[Sam R. Lawder, manager.]

U. S. Stewart	El Paso, Tex.	Dec. 31, 1919
A. F. Kerr	do.	Do.
Sam R. Lawder	do.	Do.
W. W. Turney	do.	Do.
A. P. Coles	do.	Do.

DISTRICT NO. 12—FEDERAL RESERVE BANK OF SAN FRANCISCO.

[John Perrin, chairman and Federal Reserve agent; Walton N. Moore, deputy chairman; James K. Lynch, governor.]

Director.	Residence.	Term expires.
Class A:		
C. K. McIntosh.....	San Francisco, Cal.....	Dec. 31, 1919
J. E. Fishburn.....	Los Angeles, Cal.....	Dec. 31, 1920
M. A. Buchan.....	Palo Alto, Cal.....	Dec. 31, 1921
Class B:		
A. B. C. Dohrmann.....	San Francisco, Cal.....	Dec. 31, 1920
J. A. McGregor.....	do.....	Dec. 31, 1921
E. H. Cox.....	do.....	Dec. 31, 1919
Class C:		
John Perrin.....	do.....	Dec. 31, 1920
Edward E. Elliott.....	Berkeley, Cal.....	Dec. 31, 1919
Walton N. Moore.....	San Francisco, Cal.....	Dec. 31, 1921

DISTRICT NO. 12—PORTLAND BRANCH OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO.

[C. L. Lamping, acting manager.]

E. A. Cookingham.....	Portland, Oreg.....	Dec. 31, 1919
J. C. Ainsworth.....	do.....	Do.
C. L. Lamping.....	do.....	Do.
Nathan Strauss.....	do.....	Do.
Everett Ames.....	do.....	Do.

DISTRICT NO. 12—SEATTLE BRANCH OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO.

[C. J. Shepherd, manager.]

M. F. Backus.....	Seattle, Washington.....	Dec. 31, 1919
M. A. Arnold.....	do.....	Do.
C. J. Shepherd.....	do.....	Do.
C. H. Clarke.....	do.....	Do.
Chas. E. Peabody.....	do.....	Do.

DISTRICT NO. 12—SPOKANE BRANCH OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO.

[Chas. A. McLean, manager.]

D. W. Twohy.....	Spokane, Wash.....	Dec. 31, 1919
R. L. Rulter.....	do.....	Do.
Chas. A. McLean.....	do.....	Do.
Peter McGregor.....	do.....	Do.
G. I. Toevs.....	do.....	Do.

DISTRICT NO. 12—SALT LAKE CITY BRANCH OF THE FEDERAL RESERVE BANK OF SAN FRANCISCO.

[Chas. H. Stewart, manager.]

L. H. Farnsworth.....	Salt Lake City, Utah.....	Dec. 31, 1919
Chas. H. Stewart.....	do.....	Do.
Chapin A. Day.....	Ogden, Utah.....	Do.
G. G. Wright.....	Idaho Falls, Utah.....	Do.
Lafayette Hanchett.....	Salt Lake City, Utah.....	Do.

Exhibit P.—FEDERAL ADVISORY COUNCIL.

- District No. 1.—Daniel G. Wing, president First National Bank, Boston, Mass.
- District No. 2.—A. B. Hepburn, chairman advisory board, Chase National Bank, New York City.
- District No. 3.—L. L. Rue, president Philadelphia National Bank, Philadelphia, Pa.
- District No. 4.—W. S. Rowe, president First National Bank, Cincinnati, Ohio; director Federal Reserve Bank of Cleveland.
- District No. 5.—Joseph G. Brown, president City National Bank, Raleigh, N. C.
- District No. 6.—Charles A. Lyerly, president First National Bank, Chattanooga, Tenn.
- District No. 7.—James B. Forgan, president First National Bank, Chicago, Ill.; director Federal Reserve Bank of Chicago.
- District No. 8.—F. O. Watts, president Third National Bank, St. Louis, Mo.; director Federal Reserve Bank of St. Louis.
- District No. 9.—C. T. Jaffray, president First and Security National Bank, Minneapolis, Minn.
- District No. 10.—E. F. Swinney, president First National Bank, Kansas City, Mo.
- District No. 11.—T. J. Record, president City National Bank, Paris, Tex.
- District No. 12.—A. L. Mills, president First National Bank Portland, Oreg.

Exhibit Q.—EXPORTS OF COIN, BULLION, AND CURRENCY.

Amounts of licenses granted by the Federal Reserve Board during the period Sept. 7, 1917, to Dec. 31, 1918, covering exports from the United States of coin, bullion and currency.

	Gold.	Silver.	United States currency.	Own currency.	Other currency.	Total.
Denmark.....	\$25.00	\$9,800.00		\$11,351.00	\$90,261.00	\$111,437.00
France.....	54,713.00	5,096,855.00	\$1,650,230.00	442,991.94	156,172.00	7,400,961.94
Holland.....	357.50			39,134.16	2,550.00	42,041.66
Italy.....	200.00					200.00
Norway.....		449,185.14	5,000.00	14,287.50	392,073.64	860,546.28
Portugal.....				438.00		438.00
Russia.....	370.00		27,000.00	80,908.50		108,278.50
Spain.....	4,445,183.00					4,445,183.00
Sweden.....				20,286.41	180,675.00	200,961.41
Switzerland.....		247,000.00	100.00	8,708.00	8,000.00	263,808.00
United Kingdom.....	920.97	44,439,014.99	1,322,906.00	606,701.07	3,893,942.00	50,263,485.63
Other European points.....					168,203.80	168,203.80
Total Europe.....	4,501,769.47	50,241,855.13	3,005,236.00	1,224,807.18	4,891,877.44	63,865,545.22
China.....	46,240.00	48,369,817.23	10,306.00	1,020.00	561,671.52	48,989,054.75
Java.....	1,707,639.30	537,500.00	400.00	3,002.50	370,747.00	2,619,288.80
India.....	3,885,315.00	233,242,753.35		310.00	2,785,675.52	239,914,053.87
Japan.....	1,344,143.70	500,000.00	60,500.00	84,972.93	598,790.00	2,588,406.63
Other Asiatic points.....	357,962.50	4,328,179.76	55,000.00	61,500.00	31,250.00	4,833,892.26
Total, Asia.....	7,341,300.50	286,978,250.34	126,206.00	150,805.43	4,348,134.04	298,944,696.31
Argentina.....	17,506,422.95	10,834.72	22,750.00	17,353.60	30,370.00	17,587,731.27
Bolivia.....	285,000.00			43.00		285,043.00
Brazil.....	695.00	2,570.00	60,000.00	1,321.00		64,586.00
Chile.....	15,551,031.35			3,296.70		15,554,328.05
Colombia.....	2,206,105.24	50,000.00	534,800.00	192.25	40,000.00	2,831,097.49
Ecuador.....	400.00		73,000.00	5.00		73,405.00
Peru.....	4,342,149.57		615,000.00	71,600.00	250.00	5,028,999.57
Uruguay.....		216,200.00		1,159.00		217,359.00
Venezuela.....	1,299,786.94			1,202.00		1,300,988.94
Other South American points.....	127,950.00	5,169.00	5,000.00			138,119.00
Total, South America.....	41,319,541.05	284,773.72	1,310,550.00	96,173.15	70,620.00	43,081,657.92
Canada.....	32,176,449.56	5,420,443.63	2,300,066.85	15,184,613.32	531,074.56	55,612,647.92
Africa.....	475.00	13,300.00		617.50	250.00	14,642.50
Australia.....	20.00	1,400.00	4,150.00	33,724.95	10,815.88	50,110.83
Mexico.....	43,285,862.46	7,533,148.27	16,859,866.22	941,873.66	51,445.81	68,672,196.42
Central America.....	3,108.35	324,161.00	2,230,500.00	11,075.00	237,819.10	2,806,663.45
West Indies.....	57,294.05	478,940.69	48,211,192.52	4,165.56	148,751.00	48,900,343.82
Panama.....	1,473.78	36,000.00	1,316,000.00			1,353,473.78
Miscellaneous.....	1,220.00	3,727.00	728,985.00	150.00	1,025,022.00	1,759,104.00
Total, other countries.....	75,525,903.20	13,811,120.59	71,650,760.59	16,176,219.99	2,005,178.35	179,169,182.72
Total.....	128,688,514.22	351,315,999.78	76,092,752.59	17,648,005.75	11,315,809.38	585,061,082.17

Exhibit R.—AMENDMENTS TO THE FEDERAL RESERVE ACT.

[PUBLIC—No. 218—65TH CONGRESS.]

[H. R. 11283.]

AN ACT To amend and reenact sections four, eleven, sixteen, nineteen, and twenty-two of the act approved December twenty-third, nineteen hundred and thirteen, and known as the Federal reserve act, and sections fifty-two hundred and eight and fifty-two hundred and nine, Revised Statutes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section four of the act approved December twenty-third, nineteen hundred and thirteen, known as the Federal reserve act, be amended and reenacted by striking out that part of such section which reads as follows:

“Directors of Class A and Class B shall be chosen in the following manner:

“The chairman of the board of directors of the Federal reserve bank of the district in which the bank is situated or, pending the appointment of such chairman, the organization committee shall classify the member banks of the district into three general groups or divisions. Each group shall contain as nearly as may be one-third of the aggregate number of the member banks of the district, and shall consist, as nearly as may be, of banks of similar capitalization. The groups shall be designated by number by the chairman.

“At a regularly called meeting of the board of directors of each member bank in the district it shall elect by ballot a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The chairman shall make lists of the district reserve electors thus named by banks in each of the aforesaid three groups and shall transmit one list to each elector in each group.

“Each member bank shall be permitted to nominate to the chairman one candidate for director of Class A and one candidate for director of Class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each elector.

“Every director shall, within fifteen days after the receipt of the said list, certify to the chairman his first, second, and other choices of a director of Class A and Class B, respectively, upon a preferential ballot, on a form furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each elector shall make a cross opposite the name of the first, second, and other choices for a director of Class A and for a director of Class B, but shall not vote more than one choice for any one candidate,” and by substituting therefor the following:

“Directors of Class A and Class B shall be chosen in the following manner:

“The Federal Reserve Board shall classify the member banks of the district into three general groups or divisions, designating each group by number. Each group shall consist as nearly as may be of banks of similar capitalization. Each member bank shall be permitted to nominate to the chairman of the board of directors of the Federal reserve bank of the district one candidate for director of Class A and one candidate for director of Class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each member bank. Each member bank by a resolution of the board or by an amendment to its by-laws shall authorize its president, cashier, or some other officer to cast the vote of the member bank in the elections of Class A and Class B directors.

“Within fifteen days after receipt of the list of candidates the duly authorized officer of a member bank shall certify to the chairman his first, second, and other choices for director of Class A and Class B, respectively, upon a preferential ballot upon a form

furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each such officer shall make a cross opposite the name of the first, second, and other choices for a director of Class A and for a director of Class B, but shall not vote more than one choice for any one candidate. No officer or director of a member bank shall be eligible to serve as a Class A director unless nominated and elected by banks which are members of the same group as the member bank of which he is an officer or director.

"Any person who is an officer or director of more than one member bank shall not be eligible for nomination as a Class A director except by banks in the same group as the bank having the largest aggregate resources of any of those of which such person is an officer or director."

SEC. 2. That section eleven (k) of the Federal reserve act be amended and reenacted to read as follows:

"(k) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located.

"Whenever the laws of such State authorize or permit the exercise of any or all of the foregoing powers by State banks, trust companies, or other corporations which compete with national banks, the granting to and the exercise of such powers by national banks shall not be deemed to be in contravention of State or local law within the meaning of this act.

"National banks exercising any or all of the powers enumerated in this subsection shall segregate all assets held in any fiduciary capacity from the general assets of the bank and shall keep a separate set of books and records showing in proper detail all transactions engaged in under authority of this subsection. Such books and records shall be open to inspection by the State authorities to the same extent as the books and records of corporations organized under State law which exercise fiduciary powers, but nothing in this act shall be construed as authorizing the State authorities to examine the books, records, and assets of the national bank which are not held in trust under authority of this subsection.

"No national bank shall receive in its trust department deposits of current funds subject to check or the deposit of checks, drafts, bills of exchange, or other items for collection or exchange purposes. Funds deposited or held in trust by the bank awaiting investment shall be carried in a separate account and shall not be used by the bank in the conduct of its business unless it shall first set aside in the trust department United States bonds or other securities approved by the Federal Reserve Board.

"In the event of the failure of such bank the owners of the funds held in trust for investment shall have a lien on the bonds or other securities so set apart in addition to their claim against the estate of the bank.

"Whenever the laws of a State require corporations acting in a fiduciary capacity to deposit securities with the State authorities for the protection of private or court trusts, national banks so acting shall be required to make similar deposits, and securities so deposited shall be held for the protection of private or court trusts as provided by the State law.

"National banks in such cases shall not be required to execute the bond usually required of individuals if State corporations under similar circumstances are exempt from this requirement.

"National banks shall have power to execute such bond when so required by the laws of the State.

“In any case in which the laws of a State require that a corporation acting as trustee, executor, administrator, or in any capacity specified in this section, shall take an oath or make an affidavit, the president, vice president, cashier, or trust officer of such national bank may take the necessary oath or execute the necessary affidavit.

“It shall be unlawful for any national banking association to lend any officer, director, or employee any funds held in trust under the powers conferred by this section. Any officer, director, or employee making such loan, or to whom such loan is made, may be fined not more than \$5,000, or imprisoned not more than five years, or may be both fined and imprisoned, in the discretion of the court.

“In passing upon applications for permission to exercise the powers enumerated in this subsection, the Federal Reserve Board may take into consideration the amount of capital and surplus of the applying bank, whether or not such capital and surplus is sufficient under the circumstances of the case, the needs of the community to be served, and any other facts and circumstances that seem to it proper, and may grant or refuse the application accordingly: *Provided*, That no permit shall be issued to any national banking association having a capital and surplus less than the capital and surplus required by State law of State banks, trust companies, and corporations exercising such powers.”

SEC. 3. That the ninth paragraph of section sixteen of the Federal reserve act, as amended by the acts approved September seventh, nineteen hundred and sixteen, and June twenty-first, nineteen hundred and seventeen, be further amended and reenacted so as to read as follows:

“In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, \$5,000, \$10,000 as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this act and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued.”

SEC. 4. That paragraphs (b) and (c) of section nineteen of the Federal reserve act, as amended by the acts approved August fifteenth, nineteen hundred and fourteen, and June twenty-first, nineteen hundred and seventeen, be further amended and reenacted to read as follows:

“(b) If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than ten per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however*, That if located in the outlying districts of a reserve city or in territory added to such a city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Federal Reserve Board, hold and maintain the reserve balances specified in paragraph (a) hereof.

“(c) If in a central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however*, That if located in the outlying districts of a central reserve city or in territory added to such city by the extension of its corporate charter, it may, upon the affirmative vote of five members of the Federal Reserve Board, hold and maintain the reserve balances specified in paragraphs (a) or (b) thereof.”

SEC. 5. That section twenty-two of the Federal Reserve Act, as amended by the act of June twenty-first, nineteen hundred and seventeen, be further amended and reenacted to read as follows:

“(a) No member bank and no officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given.

“Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned one year or fined not more than \$5,000, or both, and may be fined a further sum equal to the money so loaned or gratuity given, and shall forever thereafter be disqualified from holding office as a national bank examiner.

“(b) No national bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof.

“No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank without first having obtained the express permission in writing from the Comptroller of the Currency, or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress, or of either House duly authorized. Any bank examiner violating the provisions of this subsection shall be imprisoned not more than one year or fined not more than \$5,000, or both.

“(c) Except as herein provided, any officer, director, employee, or attorney of a member bank who stipulates for or receives or consents or agrees to receive any fee, commission, gift, or thing of value from any person, firm, or corporation, for procuring or endeavoring to procure for such person, firm, or corporation, or for any other person, firm, or corporation, any loan from or the purchase or discount of any paper, note, draft, check, or bill of exchange by such member bank shall be deemed guilty of a misdemeanor and shall be imprisoned not more than one year or fined not more than \$5,000, or both.

“(d) Any member bank may contract for, or purchase from, any of its directors, or from any firm of which any of its directors is a member, any securities or other property, when (and not otherwise) such purchase is made in the regular course of business upon terms not less favorable to the bank than those offered to others, or when such purchase is authorized by a majority of the board of directors not interested in the sale of such securities or property, such authority to be evidenced by the affirmative vote or written assent of such directors: *Provided, however,* That when any director, or firm of which any director is a member, acting for or on behalf of others, sells securities or other property to a member bank, the Federal Reserve Board by regulation may, in any or all cases, require a full disclosure to be made, on forms to be prescribed by it, of all commissions or other considerations received, and whenever such director or firm, acting in his or its own behalf, sells securities or other property to the bank the Federal Reserve Board, by regulation, may require a full disclosure of all profit realized from such sale.

“Any member bank may sell securities or other property to any of its directors, or to a firm of which any of its directors is a member, in the regular course of business on terms not more favorable to such director or firm than those offered to others, or when such sale is authorized by a majority of the board of directors of a member bank to be evidenced by their affirmative vote or written assent: *Provided, however,* That nothing in this subsection contained shall be construed as authorizing member banks to purchase or sell securities or other property which such banks are not otherwise authorized by law to purchase or sell.

“(e) No member bank shall pay to any director, officer, attorney, or employee a greater rate of interest on the deposits of such director, officer, attorney, or employee than that paid to other depositors on similar deposits with such member bank.

“(f) If the directors or officers of any member bank shall knowingly violate or permit any of the agents, officers, or directors of any member bank to violate any of the provisions of this section or regulations of the board made under authority thereof, every director and officer participating in or assenting to such violation shall be held liable in his personal and individual capacity for all damages which the member bank, its shareholders, or any other persons shall have sustained in consequence of such violation.”

SEC. 7. That section fifty-two hundred and eight of the Revised Statutes as amended by the act of July twelfth, eighteen hundred and eighty-two, and section fifty-two hundred and nine of the Revised Statutes as amended by the acts of April sixth, eighteen hundred and sixty-nine, and July eighth, eighteen hundred and seventy, be, and the same are hereby, amended and reenacted to read as follows:

“SEC. 5208. It shall be unlawful for any officer, director, agent, or employee of any Federal reserve bank, or of any member bank as defined in the act of December twenty-third, nineteen hundred and thirteen, known as the Federal reserve act, to certify any check drawn upon such Federal reserve bank or member bank unless the person, firm, or corporation drawing the check has on deposit with such Federal reserve bank or member bank, at the times such check is certified, an amount of money not less than the amount specified in such check. Any check so certified by a duly authorized officer, director, agent, or employee shall be a good and valid obligation against such Federal reserve bank or member bank; but the act of any officer, director, agent, or employee of any such Federal reserve bank or member bank in violation of this section shall, in the discretion of the Federal Reserve Board, subject such Federal reserve bank to the penalties imposed by section eleven, subsection (h), of the Federal reserve act, and shall subject such member bank if a national bank to the liabilities and proceedings on the part of the Comptroller of the Currency provided for in section fifty-two hundred and thirty-four, Revised Statutes, and shall, in the discretion of the Federal Reserve Board, subject any other member bank to the penalties imposed by section nine of said Federal reserve act for the violation of any of the provisions of said act. Any officer, director, agent, or employee of any Federal reserve bank or member bank who shall willfully violate the provisions of this section, or who shall resort to any device, or receive any fictitious obligation, directly or collaterally, in order to evade the provisions thereof, or who shall certify a check before the amount thereof shall have been regularly entered to the credit of the drawer upon the books of the bank, shall be deemed guilty of a misdemeanor and shall, on conviction thereof in any district court of the United States, be fined not more than \$5,000, or shall be imprisoned for not more than five years, or both, in the discretion of the court.

“SEC. 5209. Any officer, director, agent, or employee of any Federal reserve bank, or of any member bank as defined in the act of December twenty-third, nineteen hundred and thirteen, known as the Federal reserve act, who embezzles, abstracts, or willfully misapplies any of the moneys, funds, or credits of such Federal reserve bank or member bank, or who, without authority from the directors of such Federal reserve bank or member bank, issues or puts in circulation any of the notes of such Federal reserve bank or member bank, or who, without such authority, issues or puts forth any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment, or decree, or who makes any false entry in any book, report, or statement of such Federal reserve bank, or member bank, with intent in any case to injure or defraud such Federal reserve bank or member bank, or any other company, body politic or corporate, or any individual person, or to deceive any officer of such Federal reserve bank or member bank, or the Comptroller of the Currency, or any agent or examiner appointed to

examine the affairs of such Federal reserve bank or member bank, or the Federal Reserve Board; and every receiver of a national banking association who, with like intent to defraud or injure, embezzles, abstracts, purloins, or willfully misapplies any of the moneys, funds, or assets of his trust, and every person who, with like intent, aids or abets any officer, director, agent, employee, or receiver in any violation of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof in any district court of the United States shall be fined not more than \$5,000 or shall be imprisoned for not more than five years, or both, in the discretion of the court.

“Any Federal reserve agent, or any agent or employee of such Federal reserve agent, or of the Federal Reserve Board, who embezzles, abstracts, or willfully misapplies any moneys, funds, or securities intrusted to his care, or without complying with or in violation of the provisions of the Federal reserve act, issues or puts in circulation any Federal reserve notes shall be guilty of a misdemeanor and upon conviction in any district court of the United States shall be fined not more than \$5,000 or imprisoned for not more than five years, or both, in the discretion of the court.”

Approved, September 26, 1918.

PART II.

REPORTS OF FEDERAL RESERVE AGENTS TO
FEDERAL RESERVE BOARD.

DISTRICT NO. 1—BOSTON.

FREDERIC H. CURTISS, Chairman and Federal Reserve Agent.

INTRODUCTION.

The past year, the second of the Nation's participation in the war, has produced marked changes in the character of the industrial and financial activities of the New England district.

As the year progressed the increasing demands of the Government for carrying on the war have by degrees taken precedence over those for civilian purposes, so that on November 11, at the time of the signing of the armistice, the energies and resources of this community were largely directed and subservient to the successful prosecution of the war.

During the year there have been placed in New England, through the banks of the district, over \$1,000,000,000 of Government securities—Treasury certificates, Liberty loans, and war-savings certificates, besides over \$300,000,000 of Federal taxes collected. These loans and taxes have been financed where necessary through rediscounts with the Federal Reserve Bank of Boston. That these sums have been raised without undue financial disturbance, and that the loaning rates for money have been kept steady and not unduly high is an indication of the satisfactory operations of the Federal Reserve Bank and the Federal Reserve system.

Schedule 4 shows the fiscal operations of the Government during the year.

FINANCIAL RESULTS OF OPERATION.

The increased demands by member banks for rediscounts and loans to finance Government needs have brought large earnings to the Federal Reserve Bank. The net earnings for the year 1918 distributable, after making allowance for depreciation, amounted to \$3,305,000.

Dividends at the rate of 6 per cent per annum were declared on June 6, 1918, and December 5, 1918, payable to stockholding banks as of June 30, 1918, and December 31, 1918. These dividends amounted in the aggregate to \$384,000. Of the surplus earnings one-half, or \$1,460,500, was carried to the bank's surplus account, and an equal amount was set aside as a reserve for the payment of the franchise tax to the United States Government as required by the Federal Reserve Act.

Schedules 1 and 2 show earnings in detail as compared with the year 1917.

Schedule 3 shows a comparative statement of the condition of the bank on December 31, 1917, and December 31, 1918. The important changes in the balance sheet will be referred to under the proper headings in this report, the increase in most of the items clearly indicating the enlarged activities of the bank.

GENERAL BUSINESS AND BANKING CONDITIONS IN THE DISTRICT.

As the year 1918 advanced the pressure of the Government to meet war demands became increasingly heavy. Both business men and bankers were urged to give preference to industries essential to the prosecution of the war and to Government and other essential securities, and eventually the Government needs became so great that Federal control was necessary. Early in January the Capital Issues Committee assumed jurisdiction over the issue of new securities, and later, through the War Industries Board and other boards, labor and material were conserved for the Government's use.

Although Government regulations, price fixing, and constant demands for money have brought unusual burdens, banks and merchants have, with but few exceptions, made unprecedented profits. The competition for labor, skilled and unskilled, has also proved a serious problem and has forced wages to a plane hitherto unknown. Unrest and inefficiency of labor have been pronounced during this period, employees leaving one industry to go to another offering higher pay and refusing to remain steadily employed.

Money rates, during the year, both time and demand, for commercial needs, have remained practically steady at 6 per cent, being influenced by the rates charged by the Federal Reserve Bank. Rates on loans secured by Government bonds varied from $4\frac{1}{4}$ per cent to 5 per cent, being similarly influenced.

Immediately after the armistice, the Government began canceling many of its war contracts, and the manufacturer was brought face to face with the readjustment of his business to a peace basis. Peace, however, found domestic business quite generally in a satisfactory state, low inventories being prevalent with the manufacturer, wholesaler, and retailer. The large amount of raw material held by the Government, the uncertainty of the future trend of demand for raw material from foreign countries, together with the prevailing high prices both for labor and material, have resulted in a considerable slowing down of industrial activities, and are causing business to await future developments before going ahead.

The demand of the Government for money to settle its contracts and to support the large Army still in camps in this country and

overseas is so great that the banks are being called upon continuously to subscribe to war loans and have been increasing their demands for rediscounts with the Federal Reserve Bank.

It is expected that after the first of the year 1919, with the accumulation of investment money, the banks of the district will have more money to lend, but unless there should be a heavy recession in general business not looked for at the present, time rates are not expected to be materially lower until after the next Liberty loan.

DISCOUNT OPERATIONS.

The bulk of loan operations of the Federal Reserve Bank of Boston during the year 1918 was made up of borrowings on account of Government financing. As will be seen from the appended schedules, borrowings for commercial purposes have been comparatively small. Boston banks have become accustomed to borrow large amounts on notes secured by Government obligations for short periods, usually one day, whenever their reserve requirements necessitated temporary replenishing.

The total loans of the Federal Reserve Bank at the end of 1917, including notes and acceptances rediscounted with other Federal Reserve Banks or sold with this bank's indorsement, amounted to about \$120,000,000. On February 12, 1918, this loan account had been reduced to about \$62,000,000, and although later temporarily increased, further liquidation by member banks brought the loan account down on May 16 to about \$58,000,000, which was the low point of the year. During the next few weeks the Federal Reserve Bank rediscounted for other Federal Reserve Banks, but these rediscounts never at one time exceeded \$10,000,000.

From May 16 to the end of the year there was a steady increase in the bank's loans, a material expansion being shown between June 27 and July 11, when \$148,000,000 of redeposits in connection with the Federal taxes were withdrawn from member banks. Although the high point reached at that period was somewhat reduced, from August 17 there was a steady increase in the bank's loan account, owing to the withdrawal of Government funds deposited in connection with the Liberty loan, reaching \$157,000,000 on November 1, when rediscounts were resorted to with other Federal Reserve Banks. From that time to the end of the year this bank, in order to maintain its reserve more nearly on a parity with that of the Federal Reserve system, was obliged from time to time to rediscount member bank loans, or sell acceptances to other Federal Reserve Banks. Schedule 5 shows rediscounts with other Federal Reserve Banks.

The demands for accommodation from member banks, because of Government withdrawals, were very large during this period, the loans increasing to \$165,000,000 on November 12, and to \$168,000,000

on November 28. The latter was the highest point reached during the year. It is estimated that if there had not been recourse to other Federal Reserve Banks the loans would have reached a high point of \$232,000,000 on December 13. Schedules 6 and 7 and accompanying charts contain detailed figures covering all fluctuations.

TRADE ACCEPTANCES.

Very satisfactory progress has been made during the past year in the use of trade acceptances by the merchants in the New England district.

While it is difficult to procure accurate information as to the character of this development, the records of the Federal Reserve Bank show a large increase in the number and volume of trade acceptances that have been offered for rediscount by the member banks of the district. Trade acceptances have for the most part been received for rediscount from the out-of-town banks, the large Boston banks as a rule not being inclined to encourage their use. On the other hand, there has been a considerable increase in the different lines of trade which have found this character of financing attractive.

The bank has, as in the past, maintained a differential rate in favor of the trade acceptance as compared with the ordinary commercial bill.

BANKERS' ACCEPTANCES.

The past year has shown a marked growth, both in number and volume, of bankers' acceptances created by banks in this district. While it is not practicable to show the increase in volume of acceptances created by all the banks in the district, the increase in those of national banks is shown by Schedule 8.

Fully as important, however, is the satisfactory progress that has been made in creating a broader market, not only for the acceptances originating in this district, but also for those created by banks elsewhere in the country. To encourage this distribution, during the past year, the Federal Reserve Bank has maintained differential rates between indorsed and unindorsed bills and has discouraged the direct offering of bills by the accepting banks, taking such acceptances only as rediscounts and at the discount rate ruling for other commercial paper, while at the same time holding itself open to purchase the same bills at current rates, even though unindorsed, from brokers and other banks than the accepting banks.

A differential has also been maintained by the Federal Reserve Bank between indorsed and unindorsed bills, and on bills of varying maturities, encouraging the offering of short-time bills to the Federal Reserve Bank.

To encourage brokers to handle acceptances, the Federal Reserve Bank has made advances to them on acceptances with agreements to repurchase. These advances have been made on favorable terms, and this practice has also been adopted by several of the larger Boston banks. This policy has tended to distribute acceptances more freely, not only into the portfolios of large city banks, but also to out-of-town banks, both commercial and savings. The Massachusetts savings banks have taken advantage of the law passed last May which allows such investments.

Frequent conferences with officials of accepting banks have not only brought about a more satisfactory character of acceptance but have also been a benefit in developing a policy which has materially broadened their market.

It would appear desirable to have a policy adopted by Federal Reserve Banks with reference to bankers' acceptances, so that on the date of payment the proceeds would be available as reserve funds by the holding bank.

During the year the number of accepting national banks has increased from 32 to 40 and, as will be seen by Schedule 10, six additional banks have been given the special privilege of accepting up to 100 per cent of their capital and surplus.

UNITED STATES SECURITIES.

The holdings of United States securities have shown several changes during the year. Early in the year member banks, having purchased certificates of indebtedness and wishing to obtain funds for short periods, sold small amounts to this bank with their agreement to repurchase, but after a few months the practice was discontinued.

In connection with the handling of subscriptions to the first Liberty loan, there was allotted to this bank \$2,600,000 of 3½ per cent bonds in excess of the subscriptions received. On June 29, 1918, on vote of the directors of the bank, these were taken over from the Treasury Department and paid for. On July 8, \$2,000,000 were sold to the War Finance Corporation. During the balance of the year, several sales were made until the bank had disposed of its entire holdings.

Several small amounts of Liberty loan bonds of different issues were taken over by the bank from one source or another, until at the end of the year our holdings, exclusive of bonds sold on the installment plan, amounted to about \$8,000. There were also \$529,000 conversion 3s remaining unsold from the conversion of 2 per cent bonds into 3 per cent bonds and one-year notes.

It has been the policy of the Government during the current year to pay its one-year notes on maturity instead of renewing, as it is

privileged to do. Of the \$1,416,000 United States notes held at the close of last year, \$750,000 matured October 1, 1918, and were paid. As these had been pledged to secure Federal Reserve bank notes, a like amount of one-year 2 per cent certificates of indebtedness was purchased and pledged in their place. In addition there have been purchased \$6,000,000 2 per cent certificates of indebtedness to be pledged against Federal Reserve bank note circulation, making the total amount of notes and certificates so pledged at the end of the year \$7,416,000.

During December, anticipating withdrawals from Government depositaries, the Treasurer of the United States on several occasions sold to the Federal Reserve Bank one and two day 2 per cent certificates of indebtedness, the proceeds being credited to his account. The largest amount held at any one time was \$18,000,000, the total so purchased being \$67,000,000.

RESERVE POSITION.

Enlargement of the bank's activities has had the effect of causing marked fluctuations in its reserve position, as shown by Schedule 11 and accompanying charts.

The amount of gold held by the bank has varied widely but with a decided upward tendency. Banks in this district, both member and nonmember, have turned over their gold freely to the Boston Federal Reserve Bank, taking Federal Reserve notes in exchange.

Several conflicting factors account prominently for the reserve fluctuations: First, the increase in gold holdings mentioned above; second, the large increase in required reserves due to larger net deposits and increased note issues; third, the heavy rediscounts by member banks following Government withdrawals of funds on deposit with member and nonmember banks; fourth, the placing of call loans in New York City by banks holding large Government deposits and the consequent temporary losses by this bank of gold, through the settlement fund.

From the end of August until the close of the year there was a downward tendency in the reserve position of the bank, due to the expansion of the bank's loan account and to the increase in Federal Reserve notes outstanding. The former condition was brought about through large transfers by the Government to other Federal Reserve districts to meet its heavy payments, causing a loss of gold, and the latter was caused by increased need for circulation, requiring larger gold reserves.

MOVEMENT OF MEMBERSHIP.

The movement to convert national banks into nonmember trust companies, so prevalent in this district in the early days of the

Federal Reserve system, has entirely abated and several of the banks which gave up national bank charters to operate under State laws have made application and been admitted to membership in the Federal Reserve Bank of Boston during the year. The only bank to surrender its entire holdings of Federal Reserve Bank stock was the Yale National Bank, of New Haven, which consolidated with the First National Bank of New Haven.

Three new national banks have commenced business and 18 trust companies have been admitted to membership, making a net increase in members of 20. The total number of member banks at the end of 1918 was 423, holding 133,835 shares of stock, compared with 403 banks, holding 117,169 shares at the end of 1917.

RELATIONS WITH NATIONAL-BANK MEMBERS.

Continued progress has been made during the past year in developing a closer relationship between the Federal Reserve Bank and its members. The payment by the Federal Reserve Bank of shipping charges on currency, assumption of the cost of telegrams, and free collections of checks and other items have been appreciated by all member banks.

In order to maintain closer relations with those banks located in Vermont and New Hampshire, E. A. Davis, cashier of the National White River Bank, of Bethel, Vt., was procured to act as the representative of this bank in that section and to instruct the bank's members regarding the various facilities available for their use.

The fullest cooperation in the matter of placing Liberty loans and certificates of indebtedness has been secured both from members and nonmembers, and member banks have not hesitated to seek rediscounts when their needs demanded.

Applications for fiduciary powers were received from numerous national banks during the first part of the year, and with the amendments of the Federal Reserve Act in September, allowing an increased scope, many banks which had formerly been granted the limited powers allowed, applied for the additional powers now available. Schedules 16 and 17 show the banks given these special powers.

RELATIONS WITH STATE BANKS AND TRUST COMPANIES.

As in the case of the national banks, the activities of this bank as fiscal agent have brought it into closer touch with the trust companies during the year.

The larger banks have been favorably inclined toward the system and many have made application and been admitted to membership. During the year 18 trust companies became members, making over 65 per cent of the resources of eligible trust companies represented in the system.

Several reasons can be ascribed for the failure of others to become members, the principal ones being (1) The banking laws of several of the New England States are not such as to encourage membership in the reserve system; (2) the character of the business of many trust companies is more nearly that of savings banks than commercial banks, and as such membership is not particularly attractive either from the viewpoint of the bank or of the Federal Reserve system; (3) Some banks are waiting for neighboring banks to move first; (4) Many of the smaller banks have not as yet given the matter sufficient study to realize the possibilities to themselves as members.

Liberty loan operations have caused many nonmembers to borrow from the Federal Reserve Bank through members, and this has resulted in bringing them to appreciate more fully the services rendered by this bank to the community.

During the last few months much interest has been manifested in membership by medium-sized and small trust companies, and several applications have been received. Schedule 14 shows all member trust companies.

CREDIT DEPARTMENT AND BANK EXAMINATIONS.

The credit department, in so far as it pertains to commercial credits, has increased its scope but little during the year. Statements on all notes or trade acceptances of over \$5,000 are required, but no attempt has been made to give the service of checking credits to member banks. Accepting banks and bankers have been investigated, and where their bills have been purchased unindorsed they have been required to furnish statements.

The nucleus of an examining department has been established and is working in conjunction with the credit department. Statements of condition of member banks are carefully analyzed and every attempt made to keep in close touch with their condition. State member banks are either examined annually by this bank's examining department, or a representative participates in the examination by the State authorities or public accountants, although in some cases the examinations of State banking departments have been accepted without participation.

DEPOSITS.

Member bank deposits with this bank have shown a steady increase throughout the year, having expanded from about \$80,000,000 at the end of 1917 to an average of about \$100,000,000 toward the end of 1918. This has been due to increase in membership by the admission of trust companies during the year and the increase which member banks in general have had in their own deposits, necessitating the carrying by them of larger reserves.

Taken as a whole, little trouble has been experienced in having member banks maintain the required reserves, although at times members have been inclined to allow their accounts to drop below the requirements, taking care to see that their balances were built up during the month so that no average deficiency occurred. It may be found desirable at an early date to obtain weekly instead of monthly reports of required reserve. The policy of penalizing those which have insufficient reserves has been continued throughout the year.

PERIODIC REPORTS REGARDING MEMBER BANKS.

The system of weekly reports of member banks in the larger centers, begun late last year, has been continued. Weekly reports of clearings of banks in the principal cities of the district are received each week.

There have been four calls by the Federal Reserve Board for conditions of member trust companies during the year and six calls by the Comptroller of the Currency for the conditions of national banks. Copies of these reports have been received by the Federal Reserve Bank.

A report of at least two examinations of each national bank is received each year from the chief national bank examiner, and at least one examination is made of each other member, as mentioned elsewhere.

FISCAL AGENCY OPERATIONS FOR TREASURY DEPARTMENT.

CERTIFICATES OF INDEBTEDNESS AND GOVERNMENT DEPOSITS.

Fiscal operations of the Government have been a more dominant factor in the activities of the Federal Reserve Bank than in any previous year, becoming increasingly heavy as the year advanced and as participation of the country in the European war became greater. Throughout the entire year, as will be seen by Schedule 22, the Treasury Department made offerings of United States certificates almost fortnightly—certificates issued in anticipation of the payment of taxes and those to be refunded by Liberty loan bonds. As regards issues other than those for tax purposes, each Federal Reserve district was allotted an amount based on a percentage of its banking resources. To handle these frequent offerings, a committee was formed, consisting of Storer P. Ware, chairman; Charles A. Morss, governor; and Frederic H. Curtiss, Federal Reserve agent. This committee was supplemented by representatives from 16 centers in the district. The committee urged every bank to set aside 2½ per cent of its resources every two weeks to invest in certificates, and in time most of the banks were able to adopt this program. Schedule 23 shows the amount of subscriptions in the district.

Many subscribing banks paid for their certificates by crediting the Government on their books, deposits being secured by collateral as specified by the Treasury Department. These deposits were gradually withdrawn by the Government and placed on deposit with the Federal Reserve Bank, being checked against or transferred by the Government, as needed. At each withdrawal, which was on a uniform percentage basis from each bank, members financed themselves when necessary through rediscounting with the Federal Reserve Bank. Fluctuations of rediscounts in the Federal Reserve Bank, shown by chart D, illustrate graphically how this demand was met. A similar method of financing was adopted in connection with the payment of Federal taxes on June 15. These taxes amounted in New England to over \$300,000,000. These payments falling largely on the Boston banks, a great part of the receipts was deposited with those banks, proportionate to the amount drawn on each. These deposits were likewise secured by collateral and gradually withdrawn. Schedules 24 and 25 and accompanying chart show details of Government deposits.

FLOTATION OF LIBERTY LOANS.

The organization built up during the first and second campaigns was maintained and further improved to handle the third and fourth Liberty loans.

The chairman of the Liberty loan committee was the governor of the Federal Reserve Bank of Boston, Charles A. Morss. The active management was in the hands of N. Penrose Hallowell, executive chairman; J. R. Macomber, assistant executive chairman; James Dean, chairman of distributing committee; and Mrs. F. L. Higginson, chairman of the women's committee.

The handling of these loans and other fiscal operations has required a large increase in the banking force and accommodations. Details of the loans are contained in Schedules 26 to 34.

The epidemic of influenza which continued until almost the end of the fourth Liberty loan campaign prevented all forms of public demonstrations, which had proved so effectual in previous campaigns, and other methods to stimulate subscriptions had to be adopted. Individual solicitations had to be increased and the Federal Reserve Bank established a 4 per-cent 90-day rate on rediscounts of loans on bonds of the fourth Liberty loan in order to stimulate subscriptions against future income.

The quota allotted to this district for the third campaign was \$250,000,000 and for the fourth campaign, \$500,000,000. The subscriptions received were \$354,537,250, or 141 per cent, and \$632,221,850, or 126 per cent, respectively.

WAR-SAVINGS CERTIFICATES.

Until November 15, 1918, the war-savings campaign was conducted by the Treasury Department. The Federal Reserve Bank simply carried and distributed stamps to the qualified agents. Early in November, acting under instructions from Washington, the campaign for war savings was placed under the direction of the governors of the Federal Reserve banks. Until the end of the year, the same organization as in the past has been continued. Frequent meetings have been held by the governor with the chairmen of the different State committees, and efforts have been made to stimulate sales of war-savings and thrift stamps. After the first of the year, Mrs. F. L. Higginson, chairman of the women's Liberty loan committee, will become district chairman of the war-savings campaign, and she is at present perfecting an organization whereby that important work will be placed in the hands of committees of women, who will work closely in touch with the Liberty loan organizations, and who hope to develop a general campaign for thrift and economy throughout the district. Schedule 35 shows sales by States.

CAPITAL ISSUES COMMITTEE.

Acting under instructions from the Federal Reserve Board, following a request from the Secretary of the Treasury, a committee was formed to pass on all applications with "respect to capital expenditures or the issue of new securities" originating within the New England district. This committee reported its conclusions to a central committee in Washington, the reports being based upon whether such expenditures or issues were compatible with the national interest.

This committee consisted of Frederic H. Curtiss, chairman; Charles A. Morss, vice chairman; Charles Francis Adams, Henry G. Bradlee, Philip Cabot, Allen Curtis, Henry B. Day, Francis R. Hart, James F. Jackson, John E. Oldham, and Robert Winsor. Its first meeting was held on February 1, 1918, and thereafter weekly.

The committee acted under the direction of the Federal Reserve Board until April 5, 1918, when the War Finance Corporation law went into effect. After that date these same persons, together with Thomas W. Farnum, Allan Forbes, Arthur M. Heard, Robert W. Huntington, Frank W. Matteson, Edmund R. Morse, and H. M. Verrill, continued to serve as a permanent committee until they were authorized to dissolve on December 31, 1918. The committee secured the services of George Tyson as a consulting member and E. H. Kirtledge as secretary. The bankers and brokers of the district gave their fullest support to the activities of the committee.

Schedule 36 shows to some extent the scope of the committee's activities. The committee, besides assuming jurisdiction over securities, supervised to a large extent the bank loans of public utilities and assisted in investigating and recommending needed Federal legislation to safeguard the public against issues of fraudulent securities.

WAR FINANCE CORPORATION.

The War Finance Corporation has been called upon to assist to a very limited extent in the New England district. In those cases where advances have been made, the Federal Reserve Bank has acted as agent, delivering funds furnished by the corporation and receiving and holding securities and documents as directed by it.

FEDERAL RESERVE NOTE ISSUES.

The amount of Federal Reserve notes outstanding has increased steadily throughout the year, the gold held by the bank being thus increased and conserved. The amount outstanding at the end of the year was considerably more than double the amount on January 1, 1918, as is shown by Schedules 37 and 38.

Under arrangements between the bank and the Federal Reserve agent, the total bill holdings of the bank are pledged at all times as security for these notes in addition to the required gold reserve. The large demand for currency has necessitated the printing and maintenance of a larger supply, and the standing order on file in Washington for notes of this bank has been increased several times during the year.

Under the amendment to the Federal Reserve Act of September 26, 1918, authorizing the issuance of Federal Reserve notes of \$500, \$1,000, \$5,000, and \$10,000 denominations, orders have been filed for an amount aggregating \$52,000,000 of these denominations for this bank. Including notes in process of printing and the above notes of large denominations, it is intended to have available at all times a supply aggregating about \$225,000,000.

FEDERAL RESERVE BANK NOTES.

Under the law providing for the temporary retirement of a large quantity of silver certificates and the melting of the silver dollars, against which these were issued, this bank has put into circulation nearly \$7,000,000 of Federal Reserve bank notes. These are secured by United States notes and certificates, and are issued in denominations of \$1, \$2, and \$5.

POSITION OF COMMERCIAL BANKS AS THE RESULT OF WAR FINANCING.

Apart from temporary Government deposits in the banks, deposits at the end of the year show very little change in volume from that shown at a similar date in 1917, the general movement being an in-

crease in demand deposits and a decrease in time deposits. Schedule 40 shows a comparison of items of thirty-six of the larger banks in the district in December, 1917, and December, 1918.

The heavy increase in the amount of United States securities owned is due largely to the holding of short-time Treasury certificates, the bank holdings of Liberty loan bonds showing a rather moderate increase. On the other hand, there is a heavy increase in loans secured by United States securities.

While banks were urged to purchase short-term certificates of indebtedness as they were issued, they have been discouraged from tying up their commercial deposits in long-term Government bonds. Banks were urged during the war period to conserve their resources for Government uses, to assist industries engaged in war work, and to curtail as far as possible, credits to industries not essential to the war.

POLICY TO BE PURSUED IN RESTORING LIQUIDITY OF BANKS.

As the industries of this district when hostilities ceased were largely given to Government work, the cancellation of war orders will probably bring about a considerable reduction in commercial loans. Banks of the district are carrying a very large volume of loans against Liberty bonds, and on December 31 about 75 per cent of the loans in the Federal Reserve Bank and of loans discounted by that bank with other Federal Reserve Banks were against Government securities. As early as possible, means should be taken to encourage liquidation of such loans. The most effective means would appear to be the gradual increasing of the Federal Reserve Bank's discount rate on bond-secured loans. How fast and how far this rate should be increased will depend on its effect on the future offering of Government securities and the rate at which such securities are offered. No other method than by rate increase seems practicable, although banks should be urged to bring some pressure on their borrowers of this class, either by increasing rates or by demanding an additional margin of collateral. How soon this war paper can be liquidated, it is difficult to say. If liquidation comes in commercial loans, banks may liquidate their Federal Reserve Bank borrowings, but as soon as the Government's requirements have been met, liquidation should be steadily and consistently forced by the Federal Reserve Bank increasing its rates

INTERNAL ORGANIZATION.

There have been several changes in the official organization of

during the first half of the year, and Philip R. Allen, of East Walpole, Mass., was elected by banks in group 1, on July 1, 1918, to fill the unexpired term, running until January 1, 1921. The Federal Reserve Board, on August 6, appointed Jesse H. Metcalf, of Providence, R. I., a class C director, to fill the unexpired term of Andrew J. Peters, who had resigned to become mayor of Boston. This term runs until January 1, 1920. The terms of Arthur M. Heard, class A director, and Charles G. Washburn, class B director, expired January 1, 1919. Under the amendments to the Federal Reserve Act in September, 1918, Mr. Heard was not eligible for reelection, being an officer of a bank in a different group from that which he represented as director of this bank.

Elections were held during the fall months. Charles G. Washburn was reelected and Edward S. Kennard, cashier of the Rumford National Bank of Rumford, Me., was elected to succeed Arthur M. Heard. The terms of these directors expire January 1, 1922.

Allen Hollis, class C director, whose term expired January 1, 1919, was reappointed by the Federal Reserve Board for a term running to January 1, 1922, and was redesignated as vice chairman. At a meeting of the board of directors held January 3, 1918, Daniel G. Wing, president of the First National Bank of Boston, was reelected as a member of the Federal Advisory Council.

The growth of the bank has necessitated the election of additional officers. On January 3, Charles E. Spencer, jr., treasurer of the Colonial Trust Co. of Waterbury, Conn., was elected deputy governor, taking office February 1, 1918. On January 31, William N. Kenyon was elected assistant cashier, to take effect February 1, 1918, and on March 28, Frank W. Chase and L. Wallace Sweetser were elected assistant cashiers to take effect April 1, 1918.

The clerical force of the bank has been doubled during the year, there being 499 employees on December 31, as compared with 256 at the end of 1917. Of this force, about 60 per cent are women. In addition, about 86 clerks are employed by the Liberty loan committee.

CLEARINGS AND COLLECTIONS.

The check collection department has had rapid growth during the year, the clerical force having increased from 35 to 109. The number of New England items has increased from 9,000 to approximately 35,000 loose checks a day, not including checks received from Boston banks. The latter are received in packages divided by banks on which drawn. This method has not been entirely satisfactory, and it is expected that before long all checks will be

7,500. Boston Clearing House checks have increased correspondingly.

The large increase in checks handled was brought about by two factors: First, the elimination on June 15 of the service charge for collection; second, by the New York Clearing House rule, which made it necessary for New York banks to collect all checks through the Federal Reserve Banks, if they were unable to collect them as expeditiously through their other correspondents. Previous to the elimination of the service charge, it was customary to make a per item charge sufficient to cover the actual cost of collection. This cost is now absorbed by the Federal Reserve Bank.

The collection system for time items, while not so well developed as that for check collections, has made considerable progress during the year. The elimination of the service charge on checks also applied to time collections and brought about an increase necessitating the enlargement of that department. All items are collected free except for the charge made to the Federal Reserve Bank by the collecting agent, and a charge of 15 cents on items returned unpaid. The time collection system, however, is far from satisfactory, and some uniform basis for collection charges should be agreed upon by the Federal Reserve Banks instead of leaving the charge subject to the pleasure of the collecting bank.

GOLD SETTLEMENT FUND.

Commencing in May, the Federal Reserve agent of Boston transferred to the gold settlement fund the entire amount of gold certificates held by him against Federal Reserve notes, and these are now held in Washington, subject to his order.

Schedule 12 shows the amounts cleared during the year, not including direct transfers caused by special transactions and which did not enter into clearing, such as transfers between the bank and the Federal Reserve agent of Boston.

BANKING QUARTERS.

One of the most serious problems which the large increase in the Federal Reserve Bank's activities has produced has been to secure adequate quarters in which to house its large force of clerks and to properly handle the immense volume of work that this increased activity has brought about.

At the beginning of the year the bank occupied about 16,000 square feet of working space, its quarters, besides the main banking room at 53 State Street, extending to 84 State Street and 131 State Street. These were later increased by renting a building at 20

This has given the bank, at the end of the year, about 40,000 square feet of working floor space. Having banking quarters so poorly located has prevented economic and efficient handling of work and a permanent building was deemed vital.

After careful survey of the available sites, the board of directors voted to purchase the land and building at 95 Milk Street. This property, covering about 13,363 square feet of land, was purchased on June 27 for slightly over \$1,000,000. The lot has a frontage of 63.51 feet on Post Office Square and of about 129 feet on Pearl Street, and is conveniently situated with respect to the financial section of Boston. It is proposed to tear down the present building and to erect at an early date a building which will accommodate all of the bank's activities.

In order that this subject might be given careful consideration and study, a building committee was appointed by the board of directors, consisting of E. R. Morse, chairman; Charles G. Washburn, Philip R. Allen, Charles A. Morss, governor; and Frederic H. Curtiss, Federal Reserve agent.

CONCLUSION.

Business and banking have not as yet had time to adjust themselves since the signing of the armistice. The impetus of war work is still felt in almost every trade, and the year has ended with most of the industries fairly active, and with a strong demand for money, the continued requirements of the Government for loans more than offsetting any liquidation of Government commitments on war contracts. As yet there is no marked oversupply of labor in the district. The readjustment of New England industries from a war to a peace basis will be no easy task, as this is largely an industrial community.

The raw material market will, no doubt, within a short time adjust itself, but the problem of labor is more difficult to solve. If the mills and manufacturers of New England are to be dependent upon domestic trade, there must be reasonable protection for them from foreign competition, and if on foreign trade, they must be in a position to compete against scales of wages prevailing in the industrial centers of other countries. Manufacturers must be able to transport goods and finance sales to foreign markets in a satisfactory manner, if they are to compete with foreign-made goods.

The large increase in our merchant marine, it is expected, will make it possible to transport goods economically in American bottoms, and the large banks in New England are organized and fitted to give satisfactory service in financing any foreign demand for goods manufactured in the district.

The readjustment of the industries of the district and the liquidation of the heavy loans now being carried by the banks through the financing of subscriptions to Government securities will require the most careful study and handling, both by the local bankers and by the officials of the Federal Reserve Bank.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of Boston during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Discounted paper secured by United States war obligations.	Other discounted paper.	(1+2.)	Bills bought in open market.	Total bills discounted and bought.	Per cent (1+5).	Total earning assets.
	1	2	3	4	5	6	7
Jan. 4.....	39,730	17,591	57,321	9,633	66,954	59.3	69,758
Jan. 11.....	37,103	14,104	51,210	5,832	57,042	65.1	59,846
Jan. 18.....	39,187	11,441	50,628	6,350	56,978	68.8	61,932
Jan. 25.....	40,214	12,630	52,844	9,307	62,151	64.7	67,105
Feb. 1.....	38,720	10,943	49,663	11,724	61,387	63.1	66,191
Feb. 8.....	37,510	10,526	48,036	13,757	61,793	60.7	64,597
Feb. 15.....	44,160	11,643	55,803	14,923	70,726	62.4	73,550
Feb. 21.....	48,567	10,869	59,436	16,287	75,723	64.1	79,247
Mar. 1.....	50,822	10,137	60,959	21,685	82,644	61.5	85,803
Mar. 8.....	49,813	10,436	60,249	8,072	68,321	72.9	71,475
Mar. 15.....	46,560	8,201	54,761	9,477	64,238	72.5	67,217
Mar. 22.....	46,905	9,924	56,829	11,475	68,304	68.7	71,448
Mar. 29.....	49,103	10,638	59,741	12,746	72,487	67.7	75,801
Apr. 5.....	47,933	10,895	58,828	13,589	72,417	66.2	74,743
Apr. 12.....	46,966	9,946	56,912	13,475	70,387	66.7	72,719
Apr. 19.....	41,436	8,137	49,573	14,267	63,840	64.9	66,172
Apr. 26.....	44,594	9,713	54,307	16,606	70,913	62.9	73,195
May 3.....	43,256	8,826	52,082	18,618	70,700	61.2	72,852
May 10.....	40,805	9,460	50,265	18,862	69,127	59.0	71,164
May 17.....	26,203	9,846	36,049	21,037	57,086	45.9	59,123
May 24.....	31,242	10,035	41,277	22,314	63,591	49.1	65,628
May 31.....	32,134	11,681	43,815	23,060	66,875	48.1	69,032
June 7.....	35,165	11,848	47,013	21,811	68,824	51.1	70,981
June 14.....	36,481	11,575	48,056	21,303	69,359	52.6	71,516
June 21.....	33,457	12,387	45,844	20,336	66,180	50.6	68,212
June 28.....	34,813	16,360	51,173	21,638	72,811	47.8	74,843
July 5.....	50,578	21,929	72,507	22,241	94,748	53.4	99,404
July 12.....	58,132	27,192	85,324	26,267	111,591	52.1	113,947
July 19.....	57,810	28,363	86,173	24,683	110,856	52.1	113,401
July 26.....	64,518	26,656	91,174	24,297	115,471	55.9	118,009
Aug. 2.....	61,565	22,905	84,470	20,636	105,106	58.6	107,644
Aug. 9.....	60,728	24,229	84,957	18,938	103,895	58.5	106,432
Aug. 16.....	42,814	22,167	64,981	21,616	86,597	49.4	88,959
Aug. 23.....	46,603	20,811	67,414	26,440	93,854	49.7	96,212
Aug. 30.....	51,439	20,749	72,188	28,746	100,934	51.0	103,282
Sept. 6.....	62,611	19,374	81,985	29,353	111,338	56.2	113,496
Sept. 13.....	65,887	17,617	83,504	29,821	113,325	58.1	115,279
Sept. 20.....	67,555	16,504	84,059	29,311	113,370	59.6	115,324
Sept. 27.....	71,246	15,594	86,840	35,812	122,652	58.1	124,636
Oct. 4.....	76,516	13,139	89,655	46,968	136,623	56.0	139,576
Oct. 10.....	75,205	11,830	87,035	53,825	140,860	53.4	143,813
Oct. 18.....	67,306	11,079	78,385	59,744	138,129	48.7	141,083
Oct. 25.....	77,591	11,653	89,244	55,880	145,124	53.5	148,077
Nov. 1.....	93,849	10,635	104,484	43,863	148,347	63.3	154,523
Nov. 8.....	116,843	11,616	128,459	30,710	159,169	73.4	165,345
Nov. 15.....	134,813	11,472	146,285	11,941	158,226	85.2	164,401
Nov. 22.....	120,908	12,578	133,486	15,448	148,934	81.1	154,763
Nov. 29.....	131,096	12,616	143,712	25,229	168,941	77.6	175,760
Dec. 6.....	122,877	12,747	135,624	16,942	152,566	80.5	159,385
Dec. 13.....	127,797	10,840	138,637	14,660	153,297	83.4	160,116
Dec. 20.....	108,438	9,224	117,662	12,843	130,505	83.1	153,027
Dec. 27.....	116,328	13,814	130,142	15,944	146,086	79.6	154,607

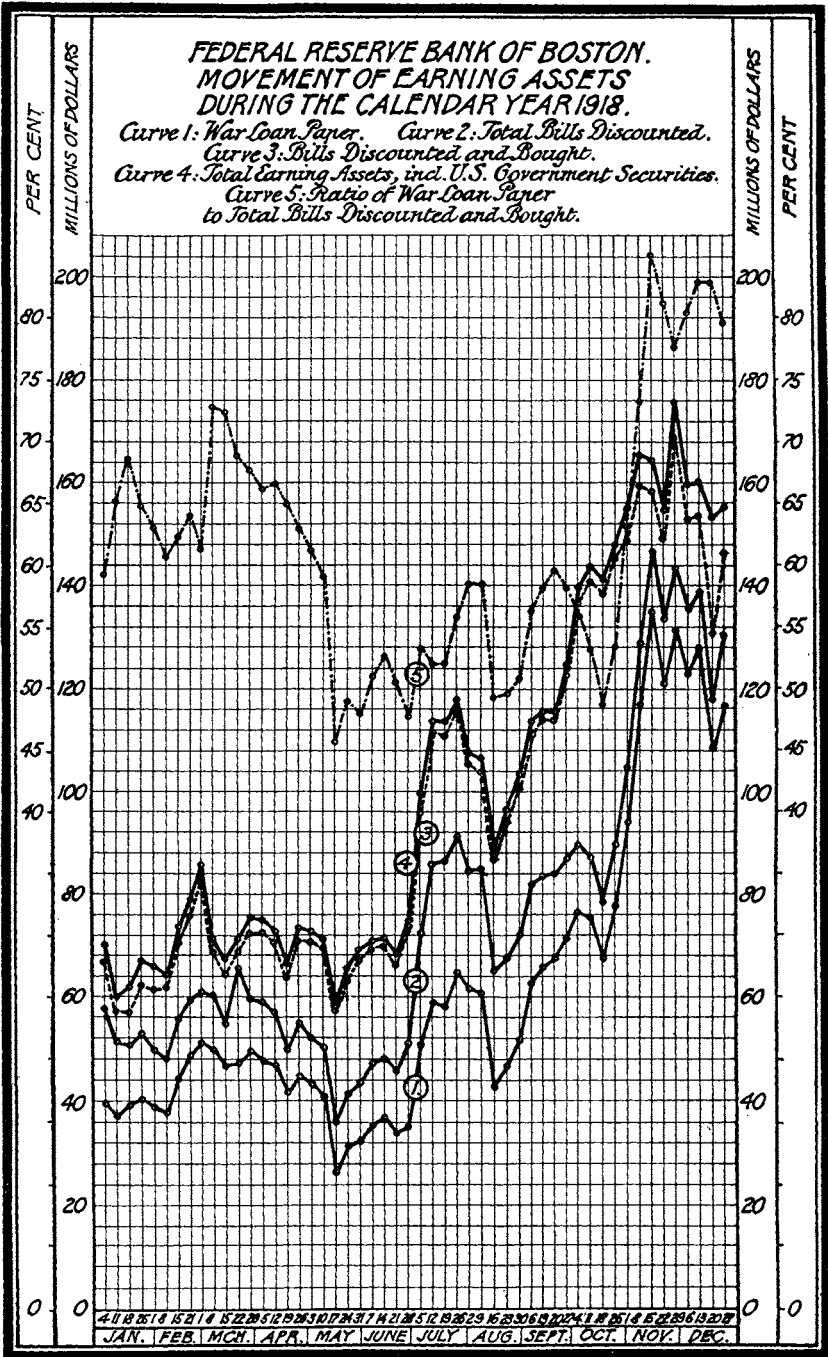
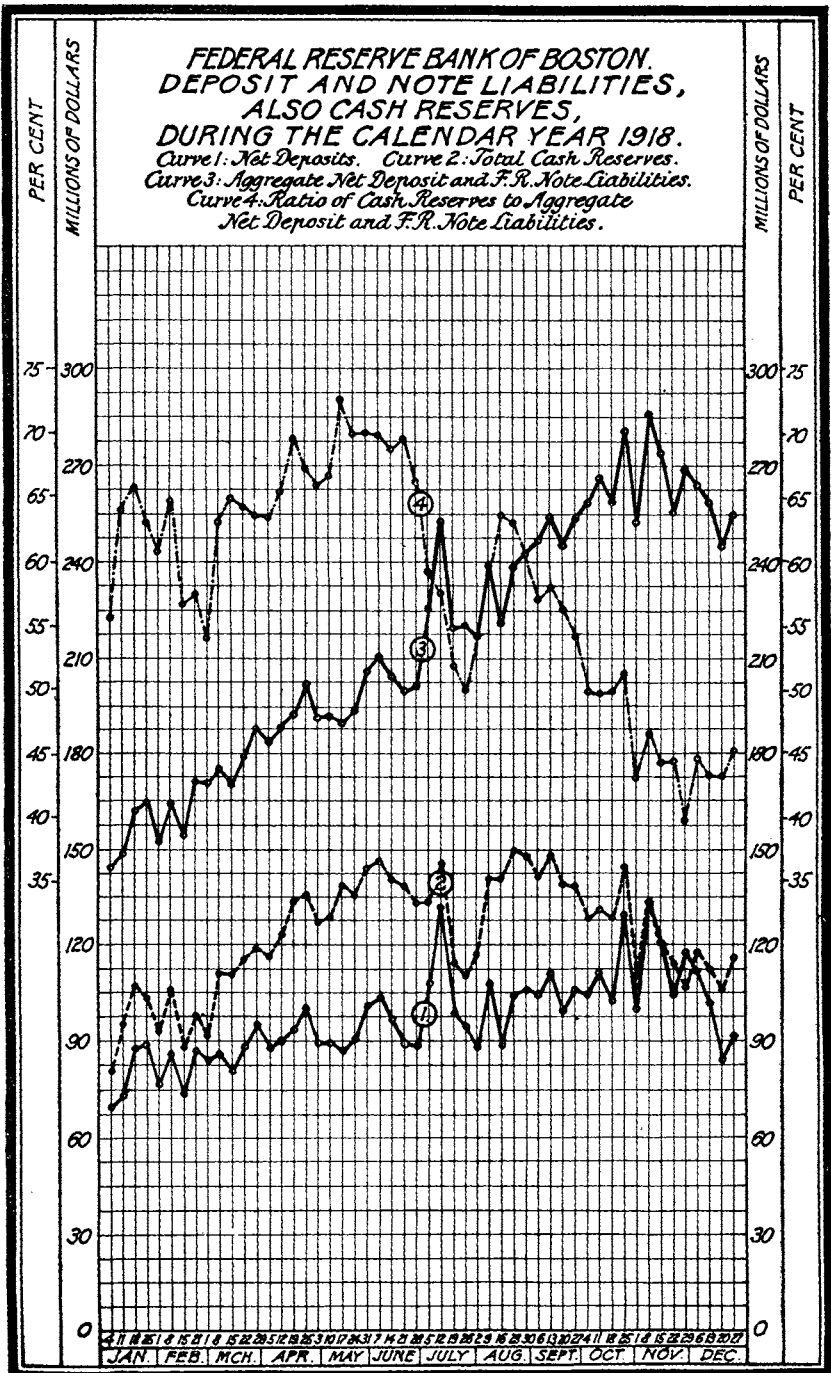


CHART A.

EXHIBIT B.—Movement of cash reserves, net deposits, Federal reserve note liabilities and the reserve percentage of the Federal Reserve Bank of Boston during the calendar year 1918.

[In thousands of dollars; i. e., 000 omitted.]

	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circulation.	(2+3.)	Ratio of cash reserves to net deposit and Federal Reserve note liabilities combined.
	1	2	3	4	5
Jan. 4.....	80,408	69,791	74,246	144,037	55.8
Jan. 11.....	94,650	73,076	75,308	148,384	63.8
Jan. 18.....	106,414	87,505	74,682	162,187	65.6
Jan. 25.....	103,530	88,459	75,872	164,331	63.0
Feb. 1.....	92,888	76,257	76,434	152,691	60.8
Feb. 8.....	106,072	85,438	78,755	164,193	64.6
Feb. 15.....	87,574	73,390	80,985	154,375	56.7
Feb. 21.....	98,291	86,973	83,701	170,674	57.6
Mar. 1.....	91,455	83,041	87,273	170,314	53.7
Mar. 8.....	110,497	86,096	88,908	175,004	63.1
Mar. 15.....	110,005	80,124	89,932	170,056	64.7
Mar. 22.....	114,706	88,084	90,844	178,928	64.1
Mar. 29.....	118,737	94,480	92,789	187,209	63.4
Apr. 5.....	116,237	87,659	95,978	183,637	63.3
Apr. 12.....	122,937	90,081	98,138	188,219	65.3
Apr. 19.....	133,596	93,014	99,437	192,451	69.4
Apr. 26.....	135,658	100,068	101,467	201,535	67.3
May 3.....	126,150	89,101	102,547	191,648	65.8
May 10.....	127,714	89,377	102,484	191,861	66.6
May 17.....	137,710	86,991	102,818	189,809	72.6
May 24.....	135,353	91,040	102,898	193,938	69.8
May 31.....	143,597	100,960	104,475	205,435	69.9
June 7.....	146,612	103,013	107,327	210,340	69.7
June 14.....	139,718	96,156	107,808	203,964	68.5
June 21.....	138,026	89,002	109,955	198,957	69.4
June 28.....	132,912	88,381	112,533	200,914	66.2
July 5.....	133,236	107,245	118,328	225,573	59.1
July 12.....	145,442	131,149	121,153	252,302	57.6
July 19.....	113,799	98,199	121,466	219,665	51.8
July 26.....	109,863	94,517	125,759	220,276	49.9
Aug. 2.....	116,975	88,099	128,844	216,943	53.9
Aug. 9.....	140,326	107,249	131,725	238,974	58.7
Aug. 16.....	140,317	88,533	132,857	221,390	63.4
Aug. 23.....	150,000	104,053	134,157	238,210	63.0
Aug. 30.....	147,403	105,846	136,817	242,663	60.7
Sept. 6.....	140,992	104,507	141,840	246,347	57.2
Sept. 13.....	147,900	110,396	144,288	254,684	58.1
Sept. 20.....	138,551	99,472	145,676	245,048	56.5
Sept. 27.....	137,810	105,521	148,053	253,574	54.3
Oct. 4.....	127,713	104,648	152,981	257,629	49.6
Oct. 10.....	131,446	110,062	155,320	265,382	49.5
Oct. 18.....	127,928	102,510	155,629	258,139	49.6
Oct. 25.....	143,694	128,988	151,792	280,780	51.2
Nov. 1.....	109,166	100,075	152,460	252,535	43.2
Nov. 8.....	133,125	132,907	153,267	286,174	46.5
Nov. 15.....	121,186	120,544	152,980	273,524	44.3
Nov. 22.....	113,350	104,193	150,983	255,176	44.4
Nov. 29.....	106,501	118,012	150,906	268,918	39.6
Dec. 6.....	117,488	111,273	151,943	263,216	44.6
Dec. 13.....	111,919	102,160	155,817	257,977	43.4
Dec. 20.....	106,131	83,512	161,359	244,871	43.3
Dec. 27.....	115,168	91,835	163,205	255,040	45.2



SCHEDULE 1.—*Income and expense.*

Expense.	1917		1918		
	1917	1918	Income.	1917	1918
Paid in lieu of dividends on stock canceled.....	\$3,926.85	\$271.89	Balance Jan. 1.....	\$11,596.56	.....
Current expenses.....	51,288.75	151,852.48	Bills discounted for member banks.....	571,117.13	\$3,068,027.38
Directors' fees.....	5,781.10	1,230.00	Acceptances purchased.....	502,397.30	931,700.98
Rent.....	15,246.49	26,681.56	State, city, and town notes.....	5,202.73	.....
Salaries.....	93,193.65	274,361.49	Interest on United States securities.....	94,784.86	107,719.03
Exchange paid.....	69.10	245.71	Profit on United States securities.....	11,101.60	41,821.34
Cost of Federal Reserve notes.....	102,621.37	167,828.00	Penalties for deficient reserves.....	6,105.39	18,425.71
Assessment for expenses of Federal Reserve Board.....	21,226.35	29,554.02	Sundry profits.....	7,299.67	212,760.27
Real estate expenses.....	.....	27,811.14			
Furniture and equipment.....	8,973.83	24,173.97			
Difference account.....	814.83	4,557.70			
Repairs and alterations.....	10,450.00	61,894.92			
Sundries.....	1,462.24	3,554.20			
Transit department.....	8,255.87	101,529.38			
Real estate charged off.....	.....	200,000.00			
To balance.....	886,294.79	3,304,908.25			
Total.....	1,209,605.24	4,380,454.71	Total.....	1,209,605.24	4,380,454.71

SCHEDULE 2.—*Distribution of net earnings.*

	Year ending Dec. 31, 1917.	Year ending Dec. 31, 1918.		1917	1918
	Dividend paid member banks.....	\$597,828.54		\$383,908.25	Available for distribution.....	$886,294.79	$3,304,908.25
Reserve for depreciation on United States securities.....	138,266.25	.....		
Balance.....	150,200.00	2,921,000.00			
	886,294.79	3,301,908.25		886,294.79	3,301,908.25
Reserve for franchise tax.....	75,100.00	1,460,500.00	Jan. 2, balance.....	150,200.00	2,921,000.00
Carried to surplus account.....	75,100.00	1,460,500.00			
	150,200.00	2,921,000.00		150,200.00	2,921,000.00

SCHEDULE 3.—*Comparative balance sheet, Dec. 31, 1917, and Dec. 31, 1918.*

	Dec. 31, 1917.	Dec. 31, 1918.
RESOURCES.		
Earning assets:		
Bills discounted secured by United States war obligations.....	\$43,897,560.83	\$120,515,666.97
Other bills discounted (commercial).....	21,984,798.52	13,059,656.44
Acceptances purchased.....	9,037,506.04	15,084,299.96
United States bonds.....	609,750.00	537,750.00
United States short-term obligations.....	2,194,000.00	7,416,000.00
Total.....	77,723,615.39	156,613,373.37
Reserve cash:		
Gold (coin and certificates).....	18,690,900.00	3,317,260.00
Gold settlement fund.....	16,977,000.00	37,292,607.33
Bank of England sterling gold account.....	3,675,000.00	408,021.21
Other lawful money.....	3,574,566.00	2,287,793.10
Total.....	42,917,466.00	43,305,681.64

SCHEDULE 3.—Comparative balance sheet, Dec. 31, 1917, and Dec. 31, 1918—Contd.

	Dec. 31, 1917.	Dec. 31, 1918.
RESOURCES—continued.		
Reserves against Federal Reserve notes:		
Gold with Federal Reserve agent	\$40,896,820.00	\$59,733,330.00
Gold redemption fund	2,000,000.00	7,812,380.00
Other resources:		
Interest accrued on United States securities	21,958.75	33,133.69
Due from Liberty loan subscriptions	118,035.40	567,480.00
Expense, Liberty loan, etc. (recoverable)	144,167.62	573,091.80
Items in process of collection ¹	15,007,383.44	52,910,810.45
Exchanges for clearing house and cash items	3,216,597.70	10,548,466.02
Federal Reserve notes and other cash on hand	4,661,035.81	13,809,622.36
Due from Government depositories	66,489,691.55	30,014,655.68
Redemption fund Federal Reserve bank notes		320,400.00
Real estate for bank quarters		800,000.00
Total	253,196,771.66	377,042,425.01
LIABILITIES.		
Capital fund:		
Capital paid in	5,858,450.00	6,691,750.00
Surplus	75,100.00	1,535,600.00
Deposits:		
Due to member banks, reserve account	82,842,197.76	101,806,494.59
Due to Federal Reserve banks, collected funds ¹	3,870,139.46	17,467,049.53
Due to banks, uncollected funds ¹	13,780,544.93	29,969,374.00
Due to Treasurer of United States, general account	2,419,414.94	10,499,061.56
Due to Treasurer of United States, special account	66,489,691.55	30,014,655.68
Cashiers' checks outstanding	20,416.38	411,417.98
Other liabilities:		
Federal Reserve notes outstanding	77,296,820.00	168,986,330.00
Federal Reserve bank notes outstanding		6,889,000.00
Unearned discount and interest	468,896.64	467,850.01
Reserve for depreciation and interest		93,341.66
Reserve for franchise tax	75,100.00	1,460,500.00
Mortgage on real estate		750,000.00
Total	253,196,771.66	377,042,425.01
Liability for rediscounts with other Federal Reserve banks	44,477,789.09	48,962,693.27

¹ Offsetting items to be cleared through gold-settlement fund.

SCHEDULE 4.—Items of interest from the schedules of this and other official reports in connection with the fiscal operations of the United States in this district during 1918.

RECEIPTS.

Proceeds of the second Liberty loan and final payment Jan. 15, 1918	\$42,000,000
Proceeds of the third Liberty loan	355,000,000
Proceeds of the fourth Liberty loan and payments of Dec. 31, 1918	560,000,000
Proceeds of United States tax certificates (1918)	\$62,000,000
Proceeds of United States tax certificates (1919)	100,000,000
Proceeds of United States certificates (third Liberty loan)	214,000,000
Proceeds of United States certificates (fourth Liberty loan)	381,000,000
Proceeds of United States certificates (fifth Liberty loan)	92,000,000
Total certificates sold	\$49,889,000,000
Federal taxes collected	311,000,000
Proceeds of war savings stamps to Dec. 1, 1918	54,000,000

DISBURSEMENTS.

Expenditures disbursed by check	1,167,000,000
Transfers to other Federal Reserve banks, net	581,000,000
Total United States certificates paid	609,000,000

SCHEDULE 5.—*Transactions with other Federal Reserve Banks.*

	Acceptances allotted to and rediscounts with—		Acceptances allotted by and rediscounts for—	
	Acceptances.	Rediscounts.	Acceptances.	Rediscounts.
New York	\$20,118,745	.....	\$4,973,582	.....
Philadelphia	12,926,908	.....	¹ 5,281,831	.....
Cleveland	15,249,557	\$25,223,947	.....	.....
Richmond .....	.....	.....	² 1,940,214	\$3,485,450
St. Louis .....	.....	.....	.....	5,000,006
Minneapolis	7,338,923	20,032,100	.....	2,498,477
Kansas City	5,037,199	.....	.....	2,000,000
Dallas .....	.....	.....	.....	.....
San Francisco	14,369,921	.....	.....	.....
Total	75,041,253	45,256,047	12,195,627	12,983,933

¹ Represents a repurchase, before maturity, of acceptances sold to another Federal Reserve Bank.
² Includes \$205,214 of discounted trade acceptances.

SCHEDULE 6.—*Maturities of invested funds on last day of each month, 1918.*

	Within 15 days.	16 to 30 days.	31 to 60 days.	61 to 90 days.	Over 90 days.	Total.
January	\$7,260,607.00	\$4,201,636.64	\$10,266,870.74	\$41,599,277.57	.....	\$63,328,391.95
February	15,310,545.37	7,636,843.93	15,553,582.45	43,854,262.61	\$6,236.00	\$2,361,470.36
March	11,410,624.69	8,886,990.48	39,355,805.75	13,533,558.89	4,475.00	73,191,454.81
April	42,844,800.50	6,362,382.24	15,406,640.21	6,002,280.38	927.00	70,617,030.33
May	16,236,141.56	9,177,357.06	12,965,018.05	28,495,707.79	1,272.50	66,875,496.96
June	16,129,385.56	12,196,011.21	34,437,479.31	10,347,824.04	7,574.50	73,118,274.62
July	65,427,550.06	13,687,004.60	17,720,477.64	13,012,445.16	25,221.16	109,872,698.62
August	36,113,229.99	13,160,917.28	20,290,722.29	30,087,233.13	13,573.00	99,665,675.69
September	54,822,459.58	12,257,240.13	45,843,514.53	14,299,226.04	842,056.56	128,064,496.84
October	39,695,092.43	22,884,716.98	9,276,232.55	36,369,377.10	30,003.04	108,255,422.10
November	53,420,151.67	8,474,961.32	66,722,182.30	14,483,884.21	32,053.04	143,133,422.54
December	46,273,134.94	38,892,259.94	36,703,662.05	10,834,135.09	872,131.39	133,575,323.41

SCHEDULE 7.—*Maturities of commercial paper and trade acceptances at time of discount for member banks (rediscounts secured by United States obligations not included).*

	15 days or less.	16 to 30 days.	31 to 60 days.	61 to 90 days.	Over 90 days.	Total.
January	\$4,940,842.86	\$2,077,970.58	\$2,306,021.32	\$1,957,627.97	\$35,250.00	\$11,317,712.73
February	8,631,816.10	496,505.97	1,466,247.40	1,517,832.32	40,000.00	12,152,401.79
March	5,365,867.56	1,136,779.20	3,097,966.76	2,414,968.69	36,259.43	12,051,842.64
April	4,084,190.95	447,721.32	1,454,916.12	2,540,466.89	23,310.92	8,580,606.20
May	3,065,000.41	1,300,465.78	2,145,837.92	2,527,223.11	138,342.33	9,176,809.55
June	3,613,275.74	1,645,681.67	2,519,039.94	3,985,465.44	19,959.52	11,783,422.31
July	5,613,633.65	3,123,510.93	5,092,147.32	6,607,342.24	54,742.18	20,491,376.32
August	2,304,369.95	1,621,607.80	1,913,107.87	1,535,285.90	72,132.78	7,446,504.30
September	3,565,719.54	1,221,534.56	2,597,690.17	2,914,018.82	2,700.00	10,301,663.09
October	1,462,043.39	1,052,532.83	3,268,778.71	2,374,837.39	48,103.04	8,206,295.36
November	2,995,282.20	1,276,678.09	2,287,310.10	2,742,662.44	110,511.87	9,322,444.70
December	2,900,648.85	927,088.05	1,979,526.47	4,993,084.08	995,882.27	11,796,229.72
Total	48,452,691.20	16,328,016.78	30,128,590.10	36,410,816.29	1,577,194.34	132,897,308.71

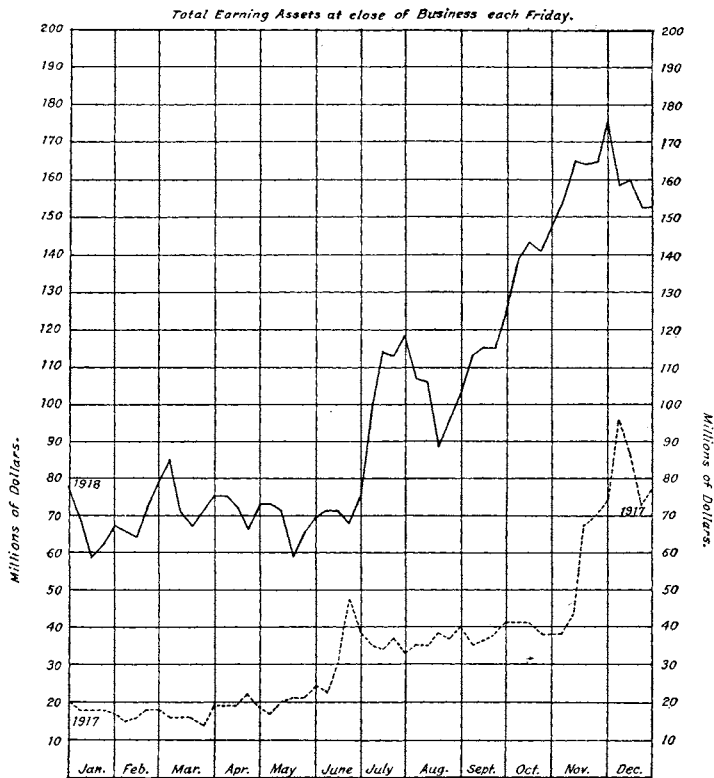


CHART C.



SCHEDULE 8.—*Acceptance liability of national banks in New England at date of Comptroller's calls 1917-18.*

1917		1918	
Mar. 5.....	\$24,372,000	Mar. 4.....	\$58,373,000
May 1.....	25,459,000	May 10.....	49,704,000
June 20.....	33,147,000	June 29.....	48,599,000
Sept. 11.....	35,082,000	Aug. 31.....	48,744,000
Nov. 20.....	44,500,000	Nov. 1.....	57,937,000
Dec. 31.....	49,558,000	Dec. 31.....	59,759,000

SCHEDULE 9.—*Acceptances.*

	Foreign acceptances purchased.				Domestic acceptances purchased.			
	Number.		Amount.		Number.		Amount.	
	1917	1918	1917	1918	1917	1918	1917	1918
January.....	90	150	\$2,522,546	\$5,782,302	20	71	\$515,292	\$2,219,399
February.....	187	291	4,461,805	8,021,246	19	121	800,416	3,177,431
March.....	163	245	4,803,854	7,793,672	8	150	353,407	3,332,815
April.....	17	201	786,937	5,675,454	20	102	458,149	3,263,609
May.....	233	309	9,077,342	8,060,987	57	194	1,140,471	5,226,176
June.....	185	165	6,153,140	5,910,878	70	124	2,390,740	3,227,240
July.....	67	210	2,300,664	7,666,570	22	148	1,102,781	4,301,286
August.....	228	272	6,068,808	11,280,146	49	269	1,253,165	7,461,252
September.....	409	219	10,654,363	11,191,263	102	285	3,958,850	8,492,786
October.....	97	602	4,179,893	21,493,691	54	437	1,400,099	11,607,466
November.....	373	474	7,831,447	17,520,488	79	533	3,505,018	11,314,325
December.....	123	400	3,891,621	15,054,694	266	329	8,508,144	7,599,840
Total.....	2,172	3,538	62,732,420	125,451,391	766	2,763	25,386,532	71,223,625

	Foreign trade acceptances purchased.				Bankers' acceptances to create dollar exchange purchased.		Trade acceptances discounted.	Foreign trade acceptances discounted.
	Number.		Amount.		Number.	Amount.	Amount.	Amount.
	1917	1918	1917	1918	1918	1918	1918	1918
January.....							\$1,681,760	
February.....		9		\$525,200			623,541	
March.....		40		377,598			1,441,003	
April.....							287,007	
May.....		2		250,000			901,692	
June.....		3		258,670			1,053,260	
July.....							525,841	\$25,994
August.....	24		\$229,553				602,987	
September.....	101		2,020,406				541,833	496,967
October.....	8		60,733		26	\$1,252,000	498,977	590,153
November.....	50		499,881		12	800,000	454,511	116,565
December.....	45		597,664	279,430	1	50,000	445,041	
Total.....	228	54	3,408,237	1,690,898	39	2,102,000	9,057,453	1,229,679

¹ In addition, \$398,340 of domestic trade acceptances were purchased during August.

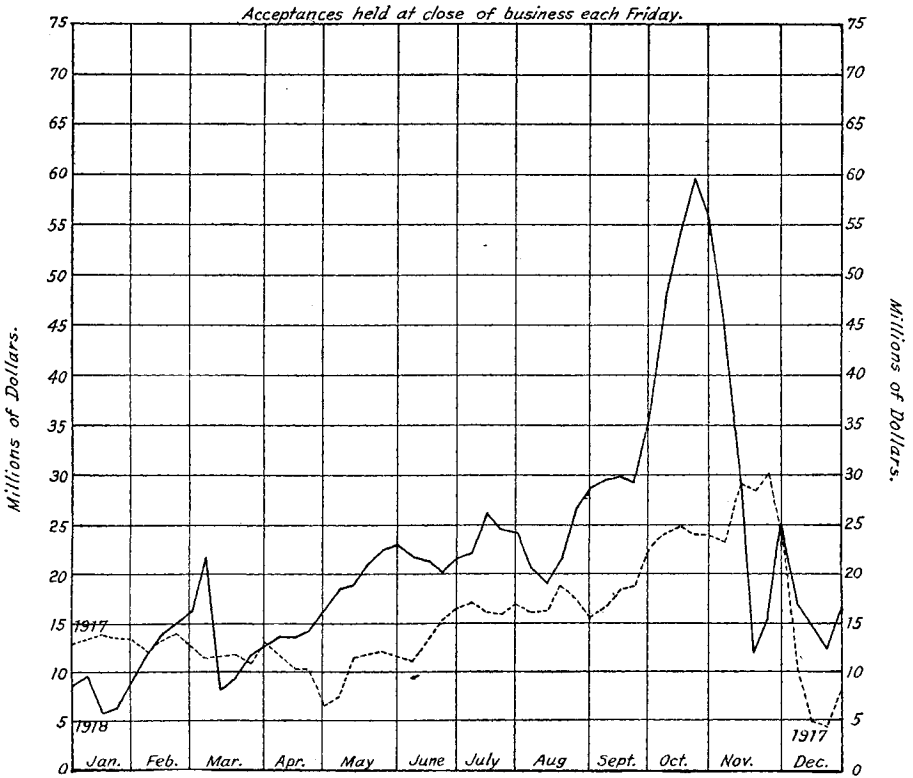


CHART E.

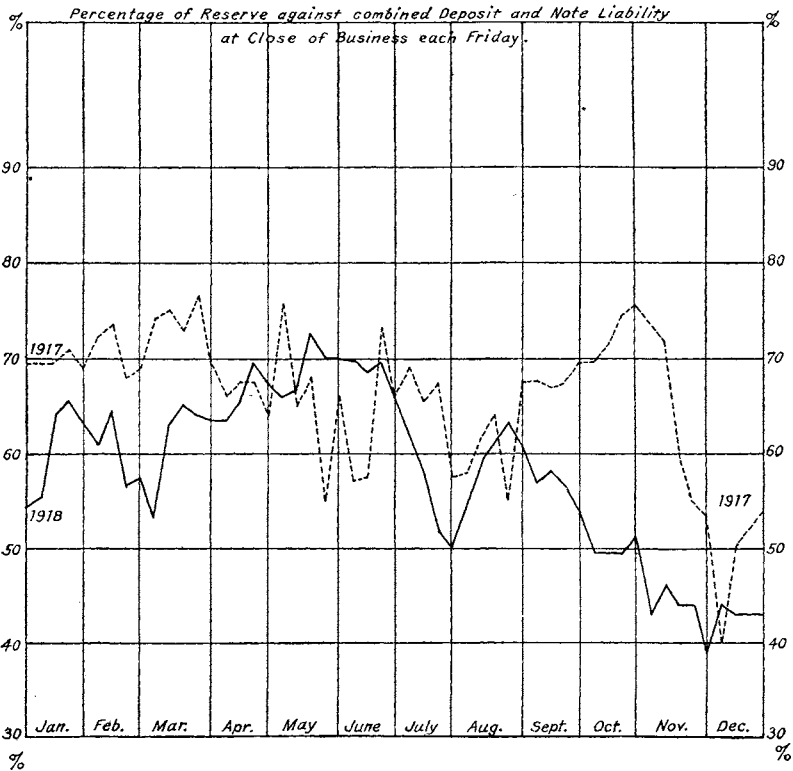
SCHEDULE 10.—All banks granted permission to accept up to 100 per cent of their capital and surplus.

Date granted.	Name.	Location.
May 8, 1918	Beacon Trust Co.	Boston, Mass
Apr. 14, 1915	First National Bank	Do.
Apr. 24, 1918	Fourth Atlantic National Bank	Do.
Mar. 30, 1916	Merchants National Bank	Do.
June 7, 1915	National Shawmut Bank	Do.
Dec. 11, 1917	National Union Bank	Do.
May 25, 1916	Old Colony Trust Co.	Do.
Jan. 27, 1916	Second National Bank	Do.
July 28, 1916	Webster & Atlas National Bank	Do.
Apr. 11, 1918	Dedham National Bank	Dedham, Mass.
Nov. 13, 1917	Massasoit-Pocasset National Bank	Fall River, Mass.
Oct. 5, 1917	Safety Fund National Bank	Fitchburg, Mass.
July 1, 1918	Phoenix National Bank	Hartford, Conn.
Nov. 6, 1917	Mechanics National Bank	New Bedford, Mass.
July 12, 1917	Blackstone-Canal National Bank	Providence, R. I.
Dec. 17, 1918	Merchants National Bank	Do.
Jan. 25, 1918	Springfield National Bank	Springfield, Mass.
May 4, 1916	Merchants National Bank	Worcester, Mass.
Oct. 27, 1917	Hartford Aetna National Bank	Hartford, Conn.
Dec. 16, 1918	Providence National Bank	Providence, R. I.

SCHEDULE 11.—Reserve position on first of each month.

[000 omitted.]

Date.	Net deposits.	Federal Reserve notes in circulation, net.	Total combined liability.	Required reserve.	Total reserve.	Excess reserve.	Per cent reserve.
January	\$79,306	\$73,602	\$152,908	\$57,197	\$86,132	\$28,935	56
February	76,256	76,434	152,690	57,262	92,886	35,624	61
March	83,041	87,273	170,314	63,073	91,455	27,482	54
April	93,416	93,047	186,463	69,914	118,715	48,801	64
May	98,749	102,264	201,013	75,467	136,117	60,650	68
June	101,349	104,603	205,952	77,313	143,790	66,477	70
July	80,819	113,437	194,256	73,661	123,703	50,042	64
August	89,666	127,571	217,237	82,545	113,680	31,135	51
September	91,912	138,783	230,695	87,682	129,624	41,942	55
October	95,283	151,765	247,049	94,055	132,201	39,146	54
November	100,105	152,460	252,565	96,020	109,166	13,146	43
December	110,453	154,007	264,460	100,261	119,385	19,124	45



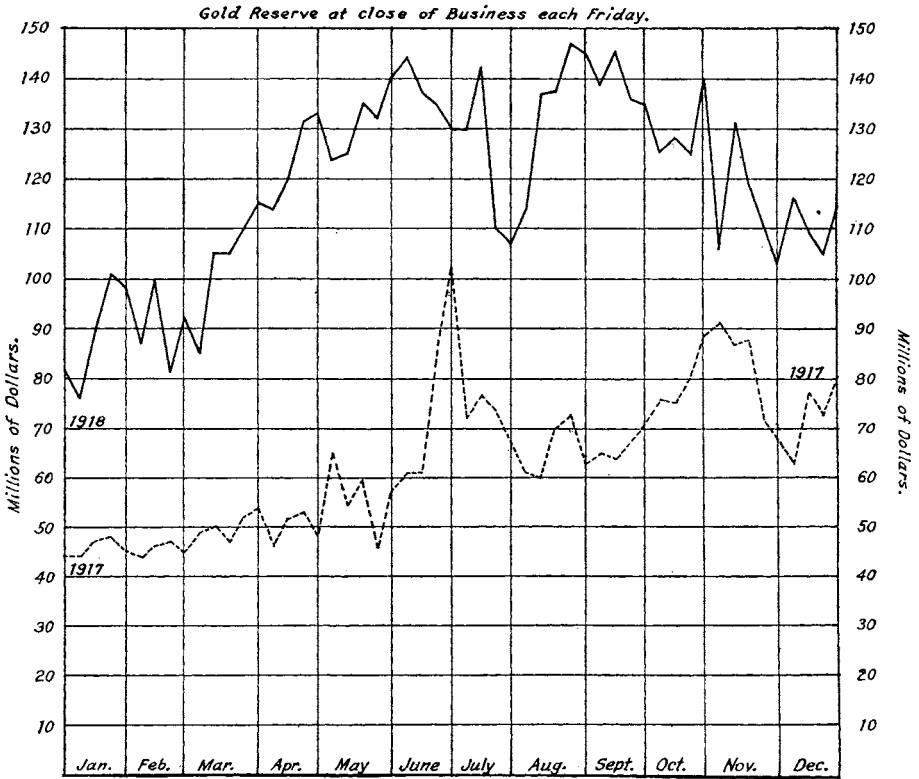


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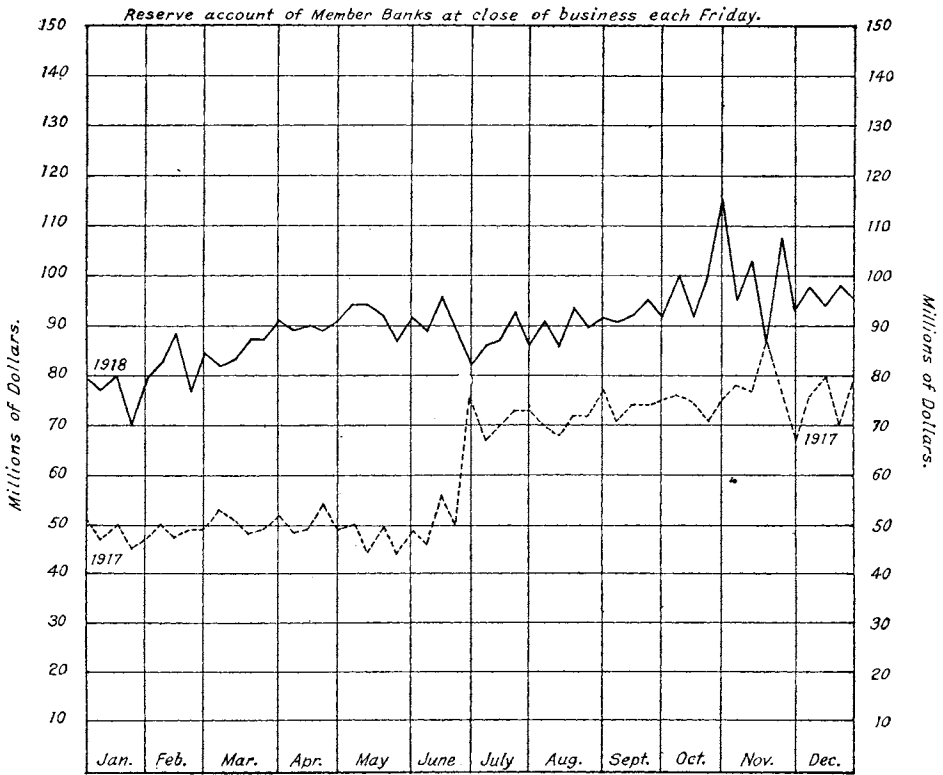


CHART H.

SCHEDULE 12.—*Monthly operations of gold settlement fund.*

[000 omitted.]

Month.	Total credits. ¹	Total debits. ¹	Gained through weekly settle-ments.	Loss through weekly settle-ments.	Net gain for month.
January.....	\$270,559	\$276,622	\$30,284	\$24,221	\$6,063
February.....	183,990	194,318	17,866	7,538	10,328
March.....	199,073	216,068	19,333	2,373	16,960
April.....	254,995	269,505	16,658	2,148	14,510
May.....	306,385	300,857	8,005	13,533	25,528
June.....	263,532	259,507	3,700	7,725	24,025
July.....	358,666	328,893	1,957	31,730	229,773
August.....	297,999	339,433	41,434	.....	41,434
September.....	289,366	276,077	7,944	21,233	213,289
October.....	506,839	468,274	14,104	52,669	238,565
November.....	383,406	380,351	24,688	27,743	3,055
December.....	434,652	477,126	42,474	.....	42,474
Total.....	3,749,467	3,787,001	228,447	190,913	37,534

¹ Does not include direct transfers.

² Loss.

SCHEDULE 13.—*New national banks taking out stock in the Federal Reserve Bank.*

Mattapan National Bank, Boston, Mass.....	Feb. 19, 1918
Manufacturers National Bank, Cambridge, Mass.....	Apr. 3, 1918
State National Bank, Lynn, Mass.....	June 1, 1918

SCHEDULE 14.—*Member trust companies.*

City.	Name of bank.	Date ad-mitted.
MAINE.		
Bangor.....	Merrill Trust Co.....	Mar. 14, 1918
Portland.....	Fidelity Trust Co.....	Mar. 18, 1918
MASSACHUSETTS.		
Arlington.....	Menotomy Trust Co.....	Nov. 9, 1918
Boston.....	American Trust Co.....	Sept. 4, 1917
	Beacon Trust Co.....	Jan. 15, 1918
	Commonwealth Trust Co.....	Feb. 12, 1917
	International Trust Co.....	June 9, 1917
	Liberty Trust Co.....	Mar. 12, 1918
	Metropolitan Trust Co.....	Dec. 7, 1917
	Old Colony Trust Co.....	Aug. 24, 1915
	State Street Trust Co.....	Dec. 26, 1918
	U. S. Trust Co.....	Apr. 9, 1918
	New England Trust Co.....	Dec. 14, 1918
Cambridge.....	Charles River Trust Co.....	Dec. 11, 1917
	Harvard Trust Co.....	Mar. 6, 1918
Fitchburg.....	Fitchburg Bank & Trust Co.....	Feb. 25, 1917
Holyoke.....	Hadley Falls Trust Co.....	Jan. 19, 1918
Lawrence.....	Merchants Trust Co.....	Feb. 27, 1918
Lynn.....	Security Trust Co.....	Oct. 14, 1918
Newton.....	Newton Trust Co.....	Nov. 6, 1917
Norwood.....	Norwood Trust Co.....	Aug. 14, 1917
Salem.....	Naumkeag Trust Co.....	Oct. 28, 1918
Winchester.....	Winchester Trust Co.....	May 29, 1917
Worcester.....	Worcester Bank & Trust Co.....	Dec. 26, 1917
RHODE ISLAND.		
Providence.....	Industrial Trust Co.....	Nov. 9, 1917
	Rhode Island Hospital Trust Co.....	Mar. 13, 1918
	Union Trust Co.....	Sept. 24, 1918
CONNECTICUT.		
South Manchester.....	Manchester Trust Co.....	Dec. 30, 1918
New Haven.....	Union & New Haven Trust Co.....	Dec. 15, 1917
Waterbury.....	Colonial Trust Co.....	Apr. 6, 1918
New Britain.....	New Britain Trust Co.....	Aug. 21, 1918

SCHEDULE 15.—Member trust companies compared with total trust companies in this district.

	Member trust companies.			Total trust companies. ¹		
	Number.	Capital surplus. ²	Deposits.	Number.	Capital surplus. ²	Deposits.
Maine.....	2	\$1,731,000	\$16,789,000	50	\$10,148,000	\$79,784,000
New Hampshire.....				14	2,117,000	15,769,000
Vermont.....				36	4,838,000	50,164,000
Massachusetts.....	22	43,915,000	385,395,000	100	75,757,000	547,032,000
Rhode Island.....	3	17,019,000	134,214,000	13	20,557,000	145,733,000
Connecticut.....	4	3,306,000	14,675,000	64	16,803,000	108,195,000
Total.....	31	65,971,000	551,073,000	277	130,220,000	946,677,000

¹ Figures from 1918 edition "Trust companies."² Includes undivided profits.

SCHEDULE 16.—Banks granted fiduciary powers under section 11 (k) of the Federal Reserve Act.

Date.	Name.	Location.
Jan. 21	National Bank of Bellows Falls.....	Bellows Falls, Vt.
Jan. 28	City National Bank.....	Berlin, N. H.
Feb. 9	County National Bank.....	Bennington, Vt.
Apr. 24	First National Bank.....	Reading, Mass.
Do...	Springfield National Bank.....	Springfield, Mass.
Do...	Phoenix National Bank.....	Hartford, Conn.
June 3	Blackstone National Bank.....	Uxbridge, Mass.
July 27	Peoples National Bank.....	Barre, Vt.
Aug. 20	National Union Bank.....	Boston, Mass.

SCHEDULE 17.—Banks granted fiduciary powers under section 11 (k) of the Federal Reserve Act, as amended by the act of Sept. 26, 1918.

Date.	Name.	Location.
Dec. 4	Manufacturers National Bank ¹	Waterbury, Conn.
Do...	Phoenix National Bank ¹	Hartford, Conn.
Do...	Waterbury National Bank.....	Waterbury, Conn.
Do...	First National Bank.....	New Haven, Conn.
Do...	do.....	Hartford, Conn.
Do...	do ¹	Wallingford, Conn.
Dec. 6	do.....	Boston, Mass.
Do...	Merchants National Bank ¹	Worcester, Mass.
Do...	do.....	Salem, Mass.
Do...	Webster & Atlas National Bank ¹	Boston, Mass.
Do...	Safety Fund National Bank ¹	Fitchburg, Mass.
Do...	Crocker National Bank ¹	Turners Falls, Mass.
Do...	First National Bank ¹	Gardner, Mass.
Do...	Mechanics National Bank ¹	New Bedford, Mass.
Do...	Mechanics National Bank ¹	Boston, Mass.
Do...	Fourth-Atlantic National Bank ¹	Do.
Do...	Central National Bank.....	Lynn, Mass.
Do...	Canal National Bank ¹	Portland, Me.
Do...	Merchants National Bank ¹	Leominster, Mass.
Do...	Chicopee National Bank ¹	Springfield, Mass.
Do...	Second National Bank ¹	Boston, Mass.
Do...	Bay State National Bank.....	Lawrence, Mass.
Do...	Peoples National Bank ¹	Marlboro, Mass.
Dec. 12	Chapin National Bank ¹	Springfield, Mass.
Do...	Manufacturers National Bank ¹	Lynn, Mass.

¹ Supplementary application for additional fiduciary powers.

SCHEDULE 18.—Amounts due to member banks and rediscounts for member banks, by States.

	Reserve accounts.		Rediscounts. Dec. 31, 1918. ¹	Ratio of re- discounts to re- serve accounts, Dec. 31, 1918.
	Dec. 31, 1917.	Dec. 31, 1918.		
Maine.....	\$3,317,195.05	\$4,155,555.98	\$1,126,936.85	27.11
New Hampshire.....	2,203,338.09	2,265,575.13	447,057.80	19.73
Vermont.....	1,558,536.24	1,560,675.31	605,506.90	38.79
Massachusetts.....	63,691,658.07	76,358,009.76	9,134,642.09	11.95
Rhode Island.....	5,526,049.59	9,272,003.10	1,146,850.23	12.38
Connecticut.....	6,544,638.54	8,188,378.02	373,462.57	4.56
Total.....	82,841,415.58	101,800,197.30	12,834,456.44	12.12

¹ Does not include rediscounts secured by United States obligations or member banks' collateral notes.

SCHEDULE 19.—Reserves of national banks in New England as reported by Comptroller of the Currency.

Date.	Total reserve.	Required reserve.	Excess reserve.
Dec. 31, 1917.....	\$59,948,000	\$55,557,000	\$4,391,000
Mar. 4, 1918.....	57,001,000	55,866,000	1,135,000
May 10, 1918.....	61,274,000	56,021,000	5,253,000
June 29, 1918.....	56,392,000	54,900,000	¹ 1,492,000
Aug. 31, 1918.....	59,032,000	59,041,000	¹ 9,000
Nov. 1, 1918.....	63,115,000	63,472,000	357,000

¹ Deficit.

SCHEDULE 20.—Condition of national banks in New England on dates of comptroller's calls, 1918.

[000 omitted.]

Date.	Net amount upon which reserve is required.	Loans.	Borrowed from Federal Reserve Bank, including rediscounts.	Borrowed elsewhere, including rediscounts.	Total borrow- ings.	Per cent borrowed at Federal Reserve Bank.
Mar. 4.....	\$696,469	\$661,860	\$73,467	\$2,890	\$76,357	96.2
May 1.....	697,779	714,788	64,741	4,186	68,927	93.9
June 29.....	705,450	735,411	33,068	5,140	38,208	86.5
Aug. 31.....	734,418	694,072	43,138	4,132	47,270	91.2
Nov. 1.....	786,518	797,579	112,878	1,877	114,755	98.4

SCHEDULE 21.—Comparison of items reported by member banks in selected cities, 1918.

[000 omitted.]

	Number of banks.	United States se- curities owned.	Loans se- cured by United States se- curities.	Other loans.	Net de- mand de- posits.	Reserve.
Jan. 1.....	36	\$28,426	\$44,142	\$659,419	\$528,147	\$56,722
Feb. 1.....	38	31,978	41,800	701,823	603,074	60,214
Mar. 1.....	38	53,693	30,613	691,976	602,747	58,993
Apr. 5.....	38	47,355	34,528	728,383	611,766	61,727
May 3.....	41	75,865	33,582	772,229	662,882	66,720
June 7.....	42	60,543	52,816	771,650	666,094	63,158
July 5.....	42	55,943	52,346	784,842	650,476	61,931
Aug. 2.....	42	75,875	47,228	776,760	658,741	65,967
Sept. 6.....	42	101,476	40,029	762,252	659,755	63,782
Oct. 4.....	44	154,322	40,475	768,186	683,727	72,065
Nov. 1.....	44	120,530	116,826	784,349	682,006	66,732
Dec. 6.....	44	100,816	110,075	757,899	696,756	74,897

SCHEDULE 22.—*Certificates of indebtedness sales and payments.*

THIRD LOAN CERTIFICATES.

Date.	Due.	Rate (per cent).	Allotment to sell.	Total issued.	Paid for by credit.	Number of days before withdrawal of deposits.
Jan. 22.....	Apr. 22.....	4	\$30,000,000	\$20,025,000	\$17,580,000	42
Feb. 8.....	May 9.....	4	35,000,000	29,134,000	24,870,000	46
Feb. 27.....	May 28.....	4½	33,000,000	35,369,000	30,059,000	43
Mar. 20.....	June 18.....	4½	33,000,000	53,690,000	49,264,500	33
Apr. 10.....	July 9.....	4½	35,000,000	39,731,000	36,084,000	27
Apr. 20.....	July 18.....	4½	35,000,000	36,468,000	27,167,000	32
Total.....			201,000,000	214,417,000	185,024,500	

FOURTH LOAN CERTIFICATES.

Date.	Due.	Rate (per cent).	Allotment to sell.	Total issued.	Paid for by credit.	Number of days before withdrawal of deposits.
June 25.....	Oct. 25.....	4½	\$68,000,000	\$64,590,000	\$58,593,000	24
July 19.....	Nov. 7.....	4½	65,000,000	56,273,500	51,922,000	23
July 23.....	Nov. 21.....	4½	43,300,000	48,267,500	45,165,000	37
Aug. 6.....	Dec. 5.....	4½	43,300,000	49,509,000	46,100,000	39
Sept. 3.....	Jan. 2.....	4½	43,300,000	57,424,000	52,885,000	28
Sept. 17.....	Jan. 16.....	4½	52,000,000	54,710,000	51,103,000	26
Oct. 1.....	Jan. 30.....	4½	43,300,000	50,378,500	47,016,000	25
Total.....			358,200,000	381,152,500	352,784,000	

FIFTH LOAN CERTIFICATES.

Date.	Due.	Rate (per cent).	Allotment to sell.	Total issued.	Paid for by credit.	Number of days before withdrawal of deposits.
Dec. 5.....	May 6.....	4½	\$52,000,000	\$47,901,000	\$44,200,000	25
Dec. 19.....	May 20.....	4½	43,300,000	45,010,500	40,400,000	20
Total.....			95,300,000	92,911,500	84,600,000	

1918 TAX CERTIFICATES.

Date.	Due.	Rate (per cent).	Allotment to sell.	Total issued.	Paid for by credit.	Number of days before withdrawal of deposits.
Jan. 2.....	June 25.....			16,163,500	\$13,219,000	71
Feb. 15.....	do.....			8,790,500	7,535,500	41
Mar. 15.....	do.....			6,735,500	4,864,000	38
Apr. 15.....	do.....			6,071,500	4,651,000	43
May 15.....	do.....			24,578,000	22,238,000	34
Total.....				62,339,000	51,907,000	

1919 TAX CERTIFICATES.

Date.	Due.	Rate (per cent).	Allotment to sell.	Total issued.	Paid for by credit.	Number of days before withdrawal of deposits.
Aug. 20.....	July 15.....	4		\$12,025,500	\$10,353,000	92
Nov. 7.....	Mar. 15.....	4½		88,728,000	72,700,000	35
Total.....				100,753,500	83,053,000	

SCHEDULE 23.—*Distribution by issues of certificates of indebtedness sold.*

THIRD LIBERTY LOAN.

Dated.	National banks.			Trust companies.			Other banks and individuals.			Total.	
	Num-ber.	Amount.	Per cent of issue.	Num-ber.	Amount.	Per cent of issue.	Num-ber.	Amount.	Per cent of issue.	Num-ber.	Amount.
Jan. 22.....	109	\$12,131,000	61	45	\$7,407,000	37	14	\$487,000	2	168	\$20,025,000
Feb. 8.....	261	16,902,000	58	111	11,072,000	38	23	1,160,000	4	395	29,134,000
Feb. 27.....	247	20,681,500	60	140	14,130,500	39	23	557,000	1	410	35,369,000
Mar. 20.....	232	36,031,500	67	115	16,842,000	31	30	816,500	2	377	53,690,000
Apr. 10.....	168	27,757,000	70	90	10,768,000	27	21	1,206,000	3	279	39,731,000
Apr. 22.....	184	22,669,500	62	104	12,253,000	34	25	1,545,500	4	313	36,468,000
Total.....	1350	136,172,500	64	1193	72,472,500	34	82	5,772,000	2	1625	214,417,000

SCHEDULE 23.—*Distribution by issues of certificates of indebtedness sold—Continued.*

FOURTH LIBERTY LOAN.

Dated.	National banks.			Trust companies.			Other banks and individuals.			Total.	
	Number.	Amount.	Per cent of issue.	Number.	Amount.	Per cent of issue.	Number.	Amount.	Per cent of issue.	Number.	Amount.
June 25.....	304	\$39,817,500	62	162	\$22,545,500	35	35	\$2,227,000	3	501	\$64,590,000
July 9.....	310	30,953,500	55	162	21,064,500	37	54	4,255,500	8	526	56,273,500
July 23.....	286	24,191,000	51	138	22,191,500	45	58	1,885,000	4	580	48,267,500
Aug. 6.....	296	26,178,000	53	157	19,900,500	40	90	3,430,500	7	543	49,509,000
Sept. 3.....	290	32,199,000	56	161	21,421,500	37	102	3,803,500	7	553	57,424,000
Sept. 17.....	294	28,702,500	53	145	22,425,500	41	86	3,582,000	6	525	54,710,000
Oct. 1.....	234	25,074,000	50	123	23,744,000	47	51	1,560,500	3	418	50,378,500
Total.	1 381	207,115,500	54	1 237	153,293,000	40	1 120	20,744,000	6	1 738	381,152,500

¹ Actual number of different subscribers.SCHEDULE 24.—*Report of payments by credit and withdrawals since Jan. 1, 1918.*

	Payment by credit.	Withdrawals.	Date.	Balance.
January.....	\$64,000,000	\$78,500,000	Jan. 1, 1918	\$66,500,000
February.....	52,000,000	50,000,000	Feb. 1, 1918	52,000,000
March.....	57,000,000	36,000,000	Mar. 1, 1918	54,000,000
April.....	81,000,000	105,000,000	Apr. 1, 1918	75,000,000
May.....	177,500,000	92,000,000	May 1, 1918	51,000,000
June.....	200,000,000	166,500,000	June 1, 1918	136,500,000
July.....	144,000,000	212,000,000	July 1, 1918	170,000,000
August.....	79,000,000	109,000,000	Aug. 1, 1918	102,000,000
September.....	109,000,000	121,000,000	Sept. 1, 1918	72,000,000
October.....	318,000,000	143,000,000	Oct. 1, 1918	60,000,000
November.....	141,000,000	296,000,000	Nov. 1, 1918	235,000,000
December.....	126,000,000	177,000,000	Dec. 1, 1918	80,000,000
Total.....	1,548,500,000	1,586,000,000	Jan. 1, 1919	29,000,000

SCHEDULE 25.—*Redeposits of internal-revenue funds.*

REDEPOSITS.

June 11, 1918.....	\$3,758,600
June 12, 1918.....	4,747,000
June 13, 1918.....	6,531,000
June 14, 1918.....	10,302,000
June 15, 1918.....	19,160,000
June 17, 1918.....	48,471,400
June 18, 1918.....	17,426,000
June 19, 1918.....	6,755,000
June 20, 1918.....	3,996,000
June 21, 1918.....	4,840,000
June 22, 1918.....	857,000
June 24, 1918.....	2,220,000
June 25, 1918.....	1,076,000
June 26, 1918.....	14,465,000
June 27, 1918.....	1,134,000
June 28, 1918.....	785,000
June 29, 1918.....	1,505,000
July 1 and 2, 1918.....	340,000
July 3, 1918.....	57,000
	<u>148,423,000</u>

WITHDRAWALS.

Advance payments.....	\$1,113,000
June 27.....	28,706,400
July 2.....	29,551,600
July 3.....	29,665,000
July 9.....	26,724,150
July 11.....	32,662,850

148,423,000

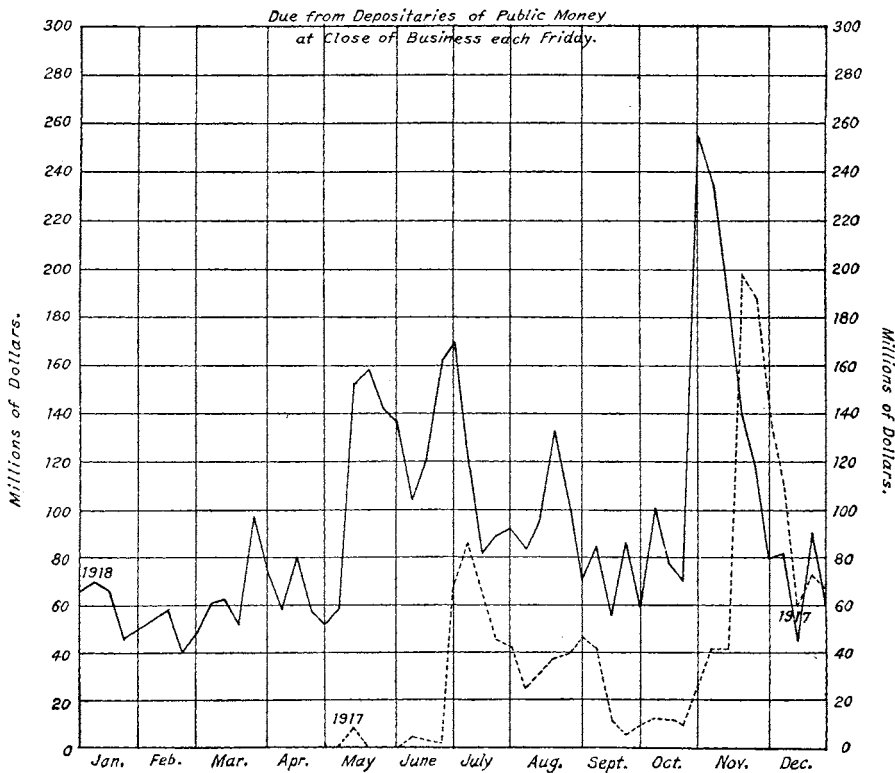


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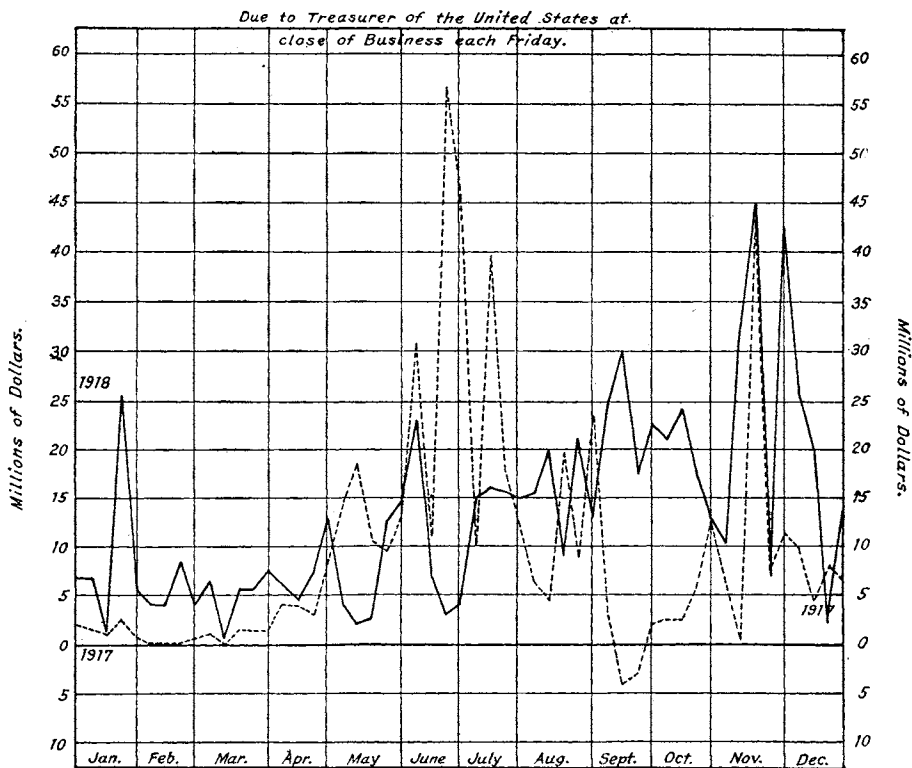


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SCHEDULE 26.—Subscriptions to Liberty loan bonds.

1918	Third Liberty loan.		1918	Fourth Liberty loan.	
	Day.	Total.		Day.	Total.
Apr. 9.....	\$20,421,600	\$20,421,600	Sept. 30.....	\$44,290,850	\$44,290,850
Apr. 10.....	15,145,900	35,567,500	Oct. 1.....	22,867,300	67,158,150
Apr. 11.....	10,793,700	46,361,200	Oct. 2.....	29,250,850	96,409,000
Apr. 12.....	7,325,500	53,686,700	Oct. 3.....	24,644,300	121,053,300
Apr. 13.....	7,506,450	61,193,150	Oct. 4.....	22,544,600	143,597,900
Apr. 15.....	7,449,100	68,642,250	Oct. 5.....	24,157,750	167,755,650
Apr. 16.....	11,691,700	80,333,950	Oct. 7.....	13,839,150	181,594,800
Apr. 17.....	10,743,750	91,077,700	Oct. 8.....	17,521,100	199,115,900
Apr. 18.....	9,152,100	100,229,800	Oct. 9.....	21,413,950	220,529,850
Apr. 19.....	10,155,300	110,385,100	Oct. 10.....	14,942,150	235,472,000
Apr. 20.....	3,319,050	113,704,150	Oct. 11.....	14,050,400	249,522,400
Apr. 22.....	9,112,450	122,816,600	Oct. 12.....	10,683,750	269,206,150
Apr. 23.....	8,881,350	131,697,950	Oct. 14.....	17,027,850	286,234,000
Apr. 24.....	12,356,350	144,054,300	Oct. 15.....	12,294,000	298,528,000
Apr. 25.....	10,488,100	154,542,400	Oct. 16.....	39,075,950	337,603,950
Apr. 26.....	12,319,750	166,862,150	Oct. 17.....	37,837,750	375,441,700
Apr. 27.....	17,056,400	183,918,550	Oct. 18.....	34,988,400	410,430,100
Apr. 29.....	12,619,450	196,538,000	Oct. 19.....	48,696,950	459,127,050
Apr. 30.....	12,539,450	209,077,450	Oct. 21.....	85,193,050	544,320,100
May 1.....	12,893,700	221,971,150	Oct. 22.....	30,748,050	575,068,150
May 2.....	22,200,850	244,172,000	Oct. 23.....	57,153,700	632,221,850
May 3.....	18,159,850	262,331,850			
May 4.....	21,917,050	284,248,900			
May 6.....	21,047,850	305,296,750			
May 7.....	17,348,450	322,645,200			
May 8.....	11,091,600	333,736,800			
May 9.....	20,800,450	354,537,250			

SCHEDULE 27.—Liberty loan subscriptions through Federal Reserve Bank of Boston.

Size of subscription.	Third loan.	Fourth loan.
\$50 to \$10,000.....	\$189,597,050	\$264,402,700
\$10,050 to \$50,000.....	50,892,800	111,497,450
\$50,050 to \$100,000.....	32,220,050	68,348,050
\$100,050 to \$200,000.....	24,218,200	54,750,950
\$200,050 and over.....	57,607,550	133,222,100
Total.....	354,537,250	632,221,850

SCHEDULE 28.—The Liberty loans.

State.	Number of subscribers.		Subscriptions.	
	Third loan.	Fourth loan.	Third loan.	Fourth loan.
Maine.....	77,259	118,270	\$18,348,100	\$27,694,150
New Hampshire.....	55,632	103,905	14,252,000	21,979,050
Vermont.....	41,972	62,038	9,330,750	15,315,450
Massachusetts.....	508,401	910,228	228,329,750	405,354,500
Rhode Island.....	104,324	128,101	28,717,700	61,350,300
Connecticut.....	164,767	325,092	55,558,950	100,528,400
Total.....	952,355	1,647,634	354,537,250	632,221,850

SCHEDULE 29.—*Liberty loan subscriptions of principal cities of New England.*

	Third loan.		Fourth loan.	
	Estimated number of subscribers.	Amount.	Estimated number of subscribers.	Amount.
Boston.....	201,900	\$77,202,500	139,336	\$139,800,000
Brockton.....	14,144	2,737,500	14,315	4,817,400
Cambridge.....	22,316	4,585,725	46,555	8,800,850
Fall River.....	18,886	5,467,950	16,967	8,931,650
Hartford, Conn.....	29,780	21,045,250	72,286	36,422,600
Holyoke, Mass.....	12,707	2,934,500	57,730	5,836,850
Lawrence, Mass.....	40,707	4,415,500	85,892	7,402,200
Lowell, Mass.....	9,712	4,192,350	31,266	8,354,350
Lynn, Mass.....	8,967	3,391,550	89,336	6,476,075
Manchester, N. H.....	15,734	4,054,500	11,879	7,386,340
New Bedford, Mass.....	23,315	5,840,800	96,652	8,707,550
New Haven, Conn.....	35,763	7,702,550	64,102	15,507,600
Portland, Me.....	25,549	4,278,850	58,571	6,054,550
Providence, R. I.....	100,619	17,486,450	73,029	38,103,300
Somerville, Mass.....	8,102	1,583,700	18,516	3,076,000
Springfield, Mass.....	38,048	7,502,500	88,926	16,147,350
Waterbury, Conn.....	30,497	5,759,350	73,141	8,977,200
Worcester, Mass.....	43,779	8,462,400	145,986	19,239,150

SCHEDULE 30.—*Character of Liberty loan payments.*

SECOND LOAN.

Date.	By cash.	By credit, Government deposit.	Certificates of indebtedness.	Total.	Accrued interest.
Cash sales.....	\$14,245,150.00	\$3,084,100.00	.....	\$17,329,250.00	.....
2 per cent payments.....	4,055,738.00	5,153,004.00	.....	9,208,742.00	.....
Nov. 15.....	55,630,311.50	170,328,176.50	\$40,435,000.00	266,393,488.00	.....
Dec. 15.....	14,183,028.28	59,793,191.55	.....	73,976,219.83	\$106,799.83
Jan. 15.....	6,397,980.02	35,750,717.02	.....	42,148,697.04	419,597.04
Total.....	94,512,207.80	274,109,189.07	40,435,000.00	409,056,396.87	526,396.87

THIRD LOAN.

Cash sales.....	\$13,056,150.00	\$23,208,900.00	\$13,415,500.00	\$49,680,550.00	.....
May 9.....	18,579,541.07	108,941,621.43	43,172,500.00	170,693,662.50	.....
May 28.....	7,851,470.42	36,551,792.35	4,911,500.00	49,314,762.77	.....
July 18.....	10,483,010.07	39,176,294.97	.....	49,659,305.04	.....
Aug. 15.....	5,671,195.46	30,426,761.62	.....	36,097,957.08	.....
Total.....	55,641,367.02	238,305,370.37	61,499,500.00	355,446,237.39	\$908,987.39

FOURTH LOAN.

Cash sales.....	\$14,694,150.00	\$53,235,500.00	\$4,700,000.00	\$72,629,650.00	.....
Oct. 24.....	42,556,496.13	214,358,733.87	94,217,500.00	351,162,730.00	.....
Nov. 21.....	12,374,479.64	67,543,038.43	6,985,500.00	86,903,018.07	.....
Dec. 19.....	8,396,782.16	41,185,043.87	.....	49,581,826.03	.....
Total.....	78,021,907.93	376,322,316.17	105,933,000.00	560,277,224.10	\$323,224.10

SCHEDULE 31.—*Transactions during the fourth Liberty loan payments.*

[000 omitted.]

Week ending, 1918—	Total payments on ac- count of Liberty loan and cer- tificates.	Rede- posits with quali- fied deposi- taries.	Pay- ments by cer- tificates.	Certi- ficates cashed.	Member banks reserve ac- counts, in- crease.	Loans and rede- posits, in- crease.	With- drawals from deposi- taries.	Trans- fers out of dis- trict by Treas- ury.	Gain in set- tle- ment fund through clear- ing. ¹
Oct. 18.....	\$20,900	\$16,400			\$7,000	\$4,200	\$24,700	\$13,000	\$9,900
Oct. 25.....	337,800	211,500	\$96,200	\$44,300	17,500	7,000	25,900	1,000	16,000
Nov 1.....	29,000	14,400	4,500	500	² 19,100	13,400	35,400	24,000	³ 20,900
Nov 8.....	48,500	42,300			7,800	21,800	89,700	1,000	3,200
Nov. 15.....	13,000	9,400			² 15,200	19,100	52,800	23,000	³ 7,600
Nov. 22.....	88,800	67,500	6,300	72,300	21,000	15,900	92,500	45,000	³ 12,500
Total.....	538,000	361,500	107,000	117,100	19,000	³ 81,400	321,000	107,000	³ 11,900

¹ Does not include direct transfers.

² Decrease.

³ Rediscounted with other Federal Reserve banks \$65,000,000 of this amount.

SCHEDULE 32.—*Liberty loan conversions.*

	Issued.	Exchanged into—			Exchanged by other Federal Reserve banks.	Outstand- ing.
		3½s.	4s.	4½s.		
First loan interim certi- ficates:						
Allotment.....	\$265,017,900	\$167,453,400	\$63,828,100	.....	\$35,582,000	\$769,100
Other Federal Reserve banks.....	2,614,700	.....	.....	.....	.....	.....
Total.....	267,632,600	167,453,400	63,828,100	.....	35,582,000	769,100
First 3½s.....	267,632,600	.....	9,390,150	.....	\$878,350	¹ 156,888,750
First 4s.....	73,218,250	.....	48,832,800	.....	.....	¹ 24,384,450
Second 4s.....	408,530,000	.....	317,633,550	.....	.....	¹ 90,896,450

¹ Difference between amount issued by this bank and amount presented for conversion.

SCHEDULE 33.—*Bond and certificate deliveries.*

THIRD LIBERTY LOAN.

	Bond coupons.	Bonds registered.	Certificates of in- debtedness.	1918 tax certifi- cates.
	<i>Pieces.</i>	<i>Pieces.</i>	<i>Pieces.</i>	<i>Pieces.</i>
\$50.....	1,060,798	12,531	.....	.....
100.....	409,412	23,131	.....	.....
500.....	42,282	4,911	6,873	1,460
1,000.....	131,732	4,573	34,449	7,075
5,000.....	5,206	511	10,674	2,609
10,000.....	5,243	965	9,656	3,561
50,000.....	.....	57	.....	.....
100,000.....	.....	27	266	14,268
Total.....	1,684,673	46,706	61,918	28,973

SCHEDULE 33.—*Bond and certificate deliveries*—Continued.

FOURTH LIBERTY LOAN.

	Bond coupons.	Bonds registered.	Certificates of indebtedness.	1919 tax certificates.
	<i>Pieces.</i>	<i>Pieces.</i>	<i>Pieces.</i>	<i>Pieces.</i>
\$50.....	759,726	2,560		
100.....	384,967	4,923		
500.....	42,096	1,159	9,237	1,842
1,000.....	162,838	1,185	43,724	6,794
5,000.....	6,425	140	20,938	2,927
10,000.....	8,396	212	17,722	4,053
50,000.....		24		
100,000.....		8	509	374
Total.....	1,364,447	10,211	92,130	15,990

SCHEDULE 34.—*United States certificates of indebtedness redeemed from Jan. 1, 1918, to Dec. 31, 1918.*

	Cash redemption.	Bond payments.	For new issues.	Government withdrawals.	Tax payments.	Total.
Jan. 22 to Apr. 22.....	\$15,099,000		\$3,859,000	\$2,218,000		\$21,176,000
Feb. 8 to May 9.....	14,444,000	\$14,271,000				28,715,000
Feb. 27 to May 28.....	24,402,500	9,680,000		1,566,500		35,655,000
Mar. 20 to June 18.....	45,549,500	7,974,000				53,523,500
Apr. 10 to July 9.....	22,229,000	17,618,500				39,847,500
Apr. 22 to July 13.....	24,759,500	11,950,000				36,709,500
Nov. 30 to June 25.....	7,804,000				\$8,046,500	15,850,500
Jan. 2 to June 25.....	8,106,500				9,550,500	17,657,000
Feb. 15 to June 25.....	4,993,000				4,237,500	9,230,500
Mar. 15 to June 25.....	2,282,500				4,837,500	7,120,000
Apr. 15 to June 25.....	1,221,500				6,262,000	7,483,500
May 15 to June 25.....	9,596,000				5,402,000	14,998,000
June 25 to Oct. 24.....	45,233,500	17,781,500				63,015,000
July 9 to Nov. 7.....	46,575,000	9,067,000	5,000			55,647,000
July 23 to Nov. 21.....	38,098,500	8,638,000	706,000			47,442,500
Aug. 6 to Dec. 5 (called Nov. 21).....	36,713,500	11,560,000	319,000			48,592,500
Sept. 3 to Jan. 2 (called Dec. 19).....	34,459,000	21,922,500	135,000			56,516,500
Sept. 17 to Jan. 16.....		17,337,500	1,015,000			18,352,500
Oct. 1 to Jan. 30.....		20,684,000	885,000			21,569,000
Aug. 20 to July 15.....			8,797,500		200,000	8,997,500
Nov. 7 to Mar. 15.....					424,000	424,000
Total.....	381,566,500	168,490,000	15,721,500	3,784,500	38,960,000	608,522,500

SCHEDULE 35.—*War-savings stamps issued during year 1918.*

	Number of war savings stamps issued.	Number of thrift stamps issued.	Total amount sold.
Boston.....	117,279	335,884	\$568,996.51
Massachusetts (outside Boston).....	179,710	607,295	898,686.36
Maine.....	141,331	454,659	702,130.10
New Hampshire.....	166,109	292,279	766,391.04
Vermont.....	128,649	159,432	564,398.28
Rhode Island.....	177,705	443,445	852,386.21
Connecticut.....	159,265	705,705	839,184.29
Sundries.....	7		
Total.....	1,067,055	2,998,700	15,192,162.79

¹ Amount issued by Federal Reserve Bank of Boston. The Treasury Department reports total sales of \$54,685,000 in this district up to Dec. 1, 1918.

SCHEDULE 36.—*Capital Issues Committee.*

	Approved.		Disapproved.		
	Number.	Amount.	Number.	Amount.	
District opinions rendered:					
Public service.....	4	\$276,000	.....	.....
Municipal.....	27	770,775	2	\$34,800	
Industrial.....	17	1,115,225	5	370,000	
Total.....	48	2,162,000	7	404,800	
Central opinions rendered:					
Public service.....	49	52,046,971.47	1	200,000	
Municipal.....	45	10,377,045.83	6	1,600,000	
Industrial.....	97	99,428,796.67	21	28,874,080	
Total.....	191	161,852,813.97	28	30,674,080	
		Applications withdrawn.		Applications transferred.	
		Number.	Amount.	Number.	Amount.
Public service.....	4	\$4,053,775
Municipal.....	3	2,140,000	2	\$180,000
Industrial.....	15	5,670,950	2	1,150,000
Total.....	22	11,864,725	4	1,330,000

Building operations postponed during the war, 43; total, \$10,895,200.
 Bank loans for capital purposes approved, 25; total, \$9,172,791.
 Public-service corporation notes registered, \$43,844,025.

SCHEDULE 37.—*Federal Reserve notes issued by Federal Reserve agent.*

	Outstanding on first of month.	Issued during month.	Retired during month.	Net increase.
January.....	\$77,296,820	\$5,540,000	\$2,102,700	\$3,437,300
February.....	80,734,120	9,420,000	1,374,585	8,045,415
March.....	88,779,535	7,760,000	1,086,050	6,673,950
April.....	95,453,485	11,980,000	2,245,535	9,734,465
May.....	105,187,950	8,300,000	4,075,610	4,224,390
June.....	109,412,340	10,500,000	3,239,000	7,261,000
July.....	116,673,340	16,500,000	2,452,150	14,047,850
August.....	130,721,190	13,500,000	2,556,530	10,943,470
September.....	141,664,660	16,000,000	2,707,300	13,292,700
October.....	154,957,360	14,040,000	2,287,450	11,752,550
November.....	166,709,910	2,640,000	7,012,150	¹ 4,372,190
December.....	162,337,720	13,900,000	7,251,390	6,648,610
Total.....		130,080,000	38,390,490	91,689,510

¹ Decrease.

SCHEDULE 38.—*Number of Federal Reserve notes issued and retired by denominations.*

	Outstanding Jan. 1, 1918.	Issued.	Retired.	Outstanding Dec. 31, 1918.
Fives.....	2,566,832	5,292,000	2,412,092	5,446,740
Tens.....	4,047,743	4,980,000	1,844,266	7,183,477
Twenties.....	689,754	2,236,000	260,851	2,664,903
Fifties.....	74,987	70,000	18,725	126,262
Hundreds.....	64,408	56,000	17,341	103,067
Total.....	7,443,724	12,634,000	4,553,275	15,524,449

SCHEDULE 39.—*Inter-district Federal Reserve note movement.*

Bank.	Received from—	Sent to—	Net excess returned.
New York.....	\$15,729,700	\$27,182,800	\$11,453,100
Philadelphia.....	2,176,000	2,374,800	198,800
Cleveland.....	340,970	2,145,540	1,804,570
Richmond.....	734,750	1,620,600	885,850
Atlanta.....	494,850	622,250	127,400
Chicago.....	1,017,250	2,219,810	1,202,560
St. Louis.....	403,515	380,400	¹ 23,115
Minneapolis.....	114,500	338,700	224,200
Kansas City.....	61,600	450,000	388,400
Dallas.....	419,450	176,500	¹ 242,950
San Francisco.....	167,720	420,300	252,580
Total.....	21,660,305	37,931,700	16,271,395

¹ Excess received.SCHEDULE 40.—*Principal items from statement of selected banks, Dec. 28, 1917, and Dec. 27, 1918.*

[000 omitted.]

	Number of banks.	United States certificates of indebtedness.	Total United States securities owned.	Loans secured by United States bonds and certificates.	All other loans and investments.	Reserve with Federal Reserve Bank.	Cash in vault.	Net demand deposits on which reserve is computed.	Time deposits.	Government deposits.
Boston:										
1917.....	14		\$14,188	\$36,753	\$489,467	\$46,537	\$18,369	\$408,104	\$28,433	\$33,767
1918.....	14	\$45,921	61,172	69,055	462,268	45,727	17,231	449,855	22,227	26,762
Outside of Boston:										
1917.....	22		14,238	7,389	169,952	10,185	6,711	120,043	48,452	5,707
1918.....	22	14,374	34,420	16,069	175,720	10,346	7,597	127,298	50,117	7,596

SCHEDULE 41.—*Amount of checks handled by the transit department.*

[000 omitted.]

	On banks in Boston Clearing House.		On other banks in this district.			
			Received from Boston banks.		Received from other banks.	
	1917	1918	1917	1918	1917	1918
January.....	\$128,625	\$341,288	\$63,272	\$76,733	\$19,540	\$44,692
February.....	130,031	288,249	52,326	66,470	17,938	43,562
March.....	168,669	347,749	64,364	91,118	21,788	47,853
April.....	195,460	405,416	67,646	94,130	26,957	54,561
May.....	209,634	442,529	71,096	98,310	32,686	59,995
June.....	269,424	580,029	70,958	100,511	36,389	127,931
July.....	288,942	501,702	74,640	116,980	34,370	75,392
August.....	289,565	456,349	72,286	142,491	34,834	82,741
September.....	204,028	425,558	67,992	132,202	34,079	83,837
October.....	292,272	612,811	83,132	150,409	38,927	126,280
November.....	357,385	598,042	84,105	142,774	41,100	131,603
December.....	353,688	587,616	82,047	142,664	42,845	135,317
Total.....	2,947,723	5,588,238	853,864	1,354,792	381,453	1,013,764

SCHEDULE 41.—Amount of checks handled by the transit department—Continued.

	On Treasurer of United States.		On banks in other districts.		Total.	
	1917	1918	1917	1918	1917	1918
January.....	\$3,918	\$53,693	\$63,589	\$115,432	\$278,944	\$631,838
February.....	2,467	49,067	69,303	84,305	272,065	531,653
March.....	3,950	62,452	86,059	92,665	344,830	641,837
April.....	3,886	64,188	103,066	113,823	397,015	732,118
May.....	3,777	82,473	103,043	101,513	420,236	784,820
June.....	10,121	89,943	125,289	98,339	512,181	997,653
July.....	21,625	105,785	129,308	129,361	548,885	929,220
August.....	23,867	156,068	116,805	115,132	537,417	952,781
September.....	31,243	108,790	95,340	117,629	492,682	868,016
October.....	39,531	124,663	97,404	145,919	551,266	1,160,082
November.....	49,831	123,211	98,228	122,909	630,649	1,118,539
December.....	51,981	147,094	93,276	90,160	623,837	1,102,851
Total.....	246,197	1,167,427	1,180,770	1,327,187	5,610,007	10,451,408

SCHEDULE 42.—Collateral department—Coupons cut.

	Number of banks.	Number of coupons.	Amount of coupons.
May.....	257	62,559	\$651,341
June.....	142	15,941	127,297
July.....	74	2,191	47,320
August.....	73	1,637	43,135
September.....	217	65,150	318,607
October.....	114	6,424	158,672
November.....	307	37,137	708,569
December.....	230	14,530	179,257
Total.....	1,414	205,569	2,234,198

SCHEDULE 43.—Discount rates.

	Maturities of 15 days or less.	Maturities of 16 to 90 days.	Agricultural and live-stock paper, 91 days to 6 months.	Trade acceptances.	Secured by United States obligations.		
					15 days or less.	16 to 90 days.	Carrying coupon rate fourth Liberty loan bond, 16 to 90 days.
Dec. 12, 1917.....	4	5	5	4	3½	4	-----
Jan. 7, 1918.....	4	5	5	4½	3½	4	-----
Apr. 8, 1918.....	4	4½	5	4½	4	4½	-----
Oct. 1, 1918.....	4	4½	5	4½	4	4½	4

SCHEDULE 44.—Money rates in Boston, 1918.

	January.	February.	March.	April.	May.	June.
Demand money.....	0-6	6-6	6-6	5-6	5-6	5-6
Commercial paper discounted:						
90 days or under.....	5½-6	5½-6	5½-6	5½-6	5½-6	5½-6
Over 90 days.....	5½-6½	5½-6½	5½-6½	5½-6½	5½-6½	5½-6½
Commercial paper purchased:						
90 days or under.....	5½-6	5½-6	5½-6	5½-6	5½-6	6-6
Over 90 days.....	5½-6½	5½-6½	5½-6½	5½-6½	5½-6½	5½-6½
Bank borrowings.....	5½	5½	5½	5½	5½	5½
Acceptances:						
Indorsed.....	3½-4½	3½-4½	4½-4½	5½-4½	4½-4½	4½-4½
Unindorsed.....	4-4½	4-4½	4½-4½	4½-4½	4½-4½	4½-4½
Year money.....	6	6	6	6	6	6
Town notes.....	4.75-5.63	5.06-5.39	5.0-5.74	5.06-5.72	4.69-5.50	4.43-5.04
Loans secured by United States obligations.....	4-5	4-5	4-5	4-5	4½-5	4½-5

SCHEDULE 44.—*Money rates in Boston, 1918—Continued.*

	July.	August.	Septem- ber.	October.	Novem- ber.	Decem- ber.
Demand money.....	5½-6	6-6	6-6	6-6	6-6	5½-6
Commercial paper discounted:						
90 days or under.....	5½-6	5½-6	5½-6½	6-6½	6-6½	5½-6½
Over 90 days.....	5½-6	5½-6	5½-6½	6-6½	6-6½	6-6½
Commercial paper purchased:						
90 days or under.....	4½-6	6-6	6-6½	6-6½	6-6½	5½-6½
Over 90 days.....	6-6	6-6	6-6½	6-6½	6-6½	6-6½
Bank borrowings.....	5½	5½	5½	5½	5½	5½
Acceptances:						
Indorsed.....	4-4½	4-4½	4-4½	4½-½	4½-4½	4½-4½
Unindorsed.....	4½-4½	4-4½	4½-½	4½-½	4½-4½	4½-4½
Year money.....	6	6	6	6	6	6
Town notes.....	4.22-5	4-4.38	4.19-4.65	4.70-4.91	4.24-4.60	4-4.37
Loans secured by United States obligations.....	4½-5	4½-5	4½-5	4½-5	4½-5	4½-5

SCHEDULE 45.—*Bank clearings in New England.*[Figures in thousands of dollars from clearing-house cities.]¹

	1915	1916	1917	1918	1918 ²
January.....	774,008	1,040,224	1,237,922	1,349,779	.....
February.....	670,835	952,310	1,063,847	1,108,908	.....
March.....	783,254	1,099,879	1,159,100	1,288,689	.....
April.....	851,617	1,060,009	1,199,335	1,414,114	.....
May.....	803,485	1,076,603	1,200,624	1,619,670	.....
June.....	780,657	1,056,426	1,251,661	1,720,029	.....
July.....	829,872	1,041,174	1,308,358	1,588,308	.....
August.....	702,790	890,888	1,195,002	1,481,533	.....
September.....	704,006	940,031	1,107,104	1,306,456	.....
October.....	1,008,557	1,172,621	1,374,657	1,751,890	2,477,136
November.....	1,019,200	1,298,280	1,447,019	1,650,132	2,581,875
December.....	999,816	1,234,647	1,365,268	1,631,883	2,967,972
Total.....	9,928,097	12,863,092	14,909,897	17,911,191	8,026,983

¹ As reported in the Commercial and Financial Chronicle.² As reported to Federal Reserve Board, includes all checks on members of clearing houses, whether "cleared" or not.SCHEDULE 46.—*Building activity in New England.*

	First half year.	Second half year.	Total.
1912.....	\$102,960,000	\$68,207,000	\$171,167,000
1913.....	86,174,000	113,291,000	199,465,000
1914.....	89,212,000	82,655,000	171,867,000
1915.....	88,475,000	74,471,000	162,946,000
1916.....	106,890,000	74,998,000	181,888,000
1917.....	99,950,000	109,150,000	209,100,000
1918.....	73,142,000	125,732,000	198,874,000
Average.....	92,400,000	81,063,000	161,913,000

SCHEDULE 47.—*Business through the port of Boston.*

[000 omitted.]

	Exports.		Imports.		Excess of imports.	
	1917	1918	1917	1918	1917	1918
January.....	\$24,193	\$20,910	\$32,419	\$31,656	\$8,226	\$10,746
February.....	22,390	11,294	21,743	15,965	¹ 6,471	4,671
March.....	19,707	21,108	24,816	27,106	5,109	5,998
April.....	20,509	22,369	25,810	27,527	5,301	5,158
May.....	18,034	23,889	20,306	35,147	2,272	11,258
June.....	14,882	17,262	21,158	37,554	6,276	20,292
July.....	13,913	20,725	16,415	22,611	2,502	1,886
August.....	17,286	12,936	14,350	17,422	¹ 2,936	4,486
September.....	10,815	10,534	14,117	17,674	3,302	7,140
October.....	14,495	19,326	8,033	25,096	¹ 6,462	5,770
November.....	13,513	19,257	9,356	26,243	¹ 4,157	6,986
December.....	19,141	22,987	26,658	22,862	7,517	¹ 125
Total.....	208,878	222,597	235,181	306,863	26,303	84,266

¹ Excess of exports.SCHEDULE 48.—*Commercial failures in New England.*¹

	1916		1917		1918	
	Number.	Liabilities.	Number.	Liabilities.	Number.	Liabilities.
Maine.....	220	\$1,994,616	151	\$1,424,353	135	\$1,516,696
New Hampshire.....	63	223,117	49	380,768	38	243,919
Vermont.....	59	602,544	48	422,831	36	363,240
Massachusetts.....	928	10,326,675	805	10,777,064	739	13,010,340
Rhode Island.....	113	586,464	105	503,488	124	683,456
Connecticut.....	307	2,132,970	319	8,642,146	272	4,167,709
Total.....	1,690	15,866,386	1,567	22,150,650	1,344	19,885,360

¹ Figures as reported by R. G. Dun & Co.

DISTRICT NO. 2—NEW YORK.

PIERRE JAY, Chairman and Federal Reserve Agent.

RESULTS OF OPERATION.

BALANCE SHEET.

Schedule 1 shows the condition of the Federal Reserve Bank of New York on December 31, 1918, 1917, and 1916.

The increase in nearly every item in the balance sheet for 1918 is an indication of the increased use by member banks of the facilities of the Federal Reserve Bank in order to maintain their reserves and to provide the loan expansion which the financing of the war has necessitated. The various items will be commented on in detail under the appropriate headings. A table and chart showing by weeks the volume of notes and deposits, together with the course of the reserve percentage, are given on pages 382 and 383.

INCOME AND EXPENSE.

The income and expenses of the bank during the years 1918 and 1917 are shown in Schedule 2.

The great expansion in the business of the bank during 1918 has been reflected not only in increased income, but also in increased expenses, although earnings naturally increased far more than expenses. Most of the items of income are self-explanatory. The amount of service charges received decreased because these charges, imposed to cover the cost of collecting checks, were abandoned on June 15.

The items of expense have been further subdivided during 1918, many items heretofore included under general expense having been placed under separate headings. Almost every item reflects the expansion in staff, space and equipment which the immense volume of business transacted during the year has necessitated.

At the close of the year, with the approval of the Federal Reserve Board, a further amount of \$299,375 was set aside in the depreciation reserve account to provide against certain penalties for canceling leases in the Equitable Building should the bank erect its own building, and to provide against possible unascertained losses. Also, under the same approval, \$803,800 was charged off, representing the estimated value of buildings now standing on the site pur-

chased during the year. Dividends at the rate of 6 per cent for the year were paid; \$7,672,676.44 was carried to surplus, bringing the surplus up to the 40 per cent of paid-in capital which the present law permits; and \$12,795,214.57, being the balance of the net earnings, was set aside as a franchise tax payment subject to the call of the Treasury Department, pending the consideration by Congress of a bill recommended by the Federal Reserve Board which would permit larger amounts of the net earnings of Federal Reserve Banks to be retained as surplus.

The expenses shown in the foregoing statement do not include the expenses of the departments of the bank performing its fiscal agency functions or the expenses of the Liberty loan and certificate of indebtedness selling and publicity organizations, all of which are reimbursed directly by the Treasury Department.

DISCOUNT RATES.

The discount rates established by the bank during the year and the rates at which bankers' acceptances have been purchased in the open market are shown in Schedule 3.

Throughout the year the rate policy of the bank has been necessarily influenced by the policy of the Treasury Department with respect to the interest rates on the bonds and certificates of indebtedness which it has sold. The only change occurred on April 6, when an understanding was reached, with the approval of the Federal Reserve Board, under which all of the Federal Reserve Banks established a rate of 4½ per cent for discounting 90-day paper secured by United States Government obligations. This rate, conforming to the coupon rate of the third and fourth Liberty bonds, was continued for the balance of the year. At the same time the rate of this bank on 90-day commercial paper was advanced to 4¾ per cent, at which level it was still below the market rate for such paper, as it has been ever since the United States entered the war. While the rates of the Federal Reserve Bank normally should remain at or above the market rate, under prevailing abnormal conditions this was impracticable, since it was felt that a further advance in the 90-day rate on commercial paper might affect unfavorably the rates at which the Government was financing and that, in view of the Government's policy of financing at low rates of interest, the Federal Reserve Bank should maintain steady and correspondingly low discount rates and endeavor in individual cases to check any tendency toward taking advantage of the low rates for the mere purpose of profit making.

Owing to the differential of one-half of 1 per cent between the rate on commercial paper and the rate on Government-secured paper, the bulk of the paper held by the bank has been of the latter class, which was natural in any event, since it was primarily the Govern-

ment borrowings which compelled the banks to discount so heavily at the Federal Reserve Bank.

Since early in 1915 the bank has established maximum and minimum rates within which it has purchased bankers' acceptances. This policy was adopted at the inauguration of open-market transactions, as it did not seem wise at that time to establish a fixed discount rate on these bills. During the past year, however, the development of the market has reached a point at which a stabilizing influence was necessary and fixed rediscount rates as shown in the table for bankers' acceptances were accordingly established on October 1, under authority of section 13 of the Federal Reserve Act. While the banks have not yet needed to exercise their rediscounting privilege under this rate, as the market rate has been steadily lower, its establishment has undoubtedly exercised a beneficial influence on the stability of open-market operations.

During the year member banks, especially those in New York City, have continued to use the 15-day rate very extensively. In fact, the great bulk of their accommodations has been for periods of 15 days or less and many of the largest banks borrow for from one to three days only. By providing for these "day-to-day" loans, the Federal Reserve Bank has furnished its members a recourse as quick and flexible as the call-money market, which, in view of the wide fluctuations in their liabilities caused by Government financing, has been of great service to them and enabled them not merely to secure promptly such large accommodations as they have required from time to time, but to pay them off with equal promptness and facility. The arrangements made permitted these short discounts and advances to be effected on either commercial or Government-secured paper and at the same rate.

INVESTMENTS OF THE FEDERAL RESERVE BANK OF NEW YORK DURING 1918.

DISCOUNTS, ADVANCES, AND PURCHASES, AND THEIR RELATION TO RESERVES.

As the war progressed it became increasingly necessary for the banks to have recourse to the Federal Reserve Bank. The following figures show the maximum use of its credit facilities in each of the Liberty loan financing periods to date:

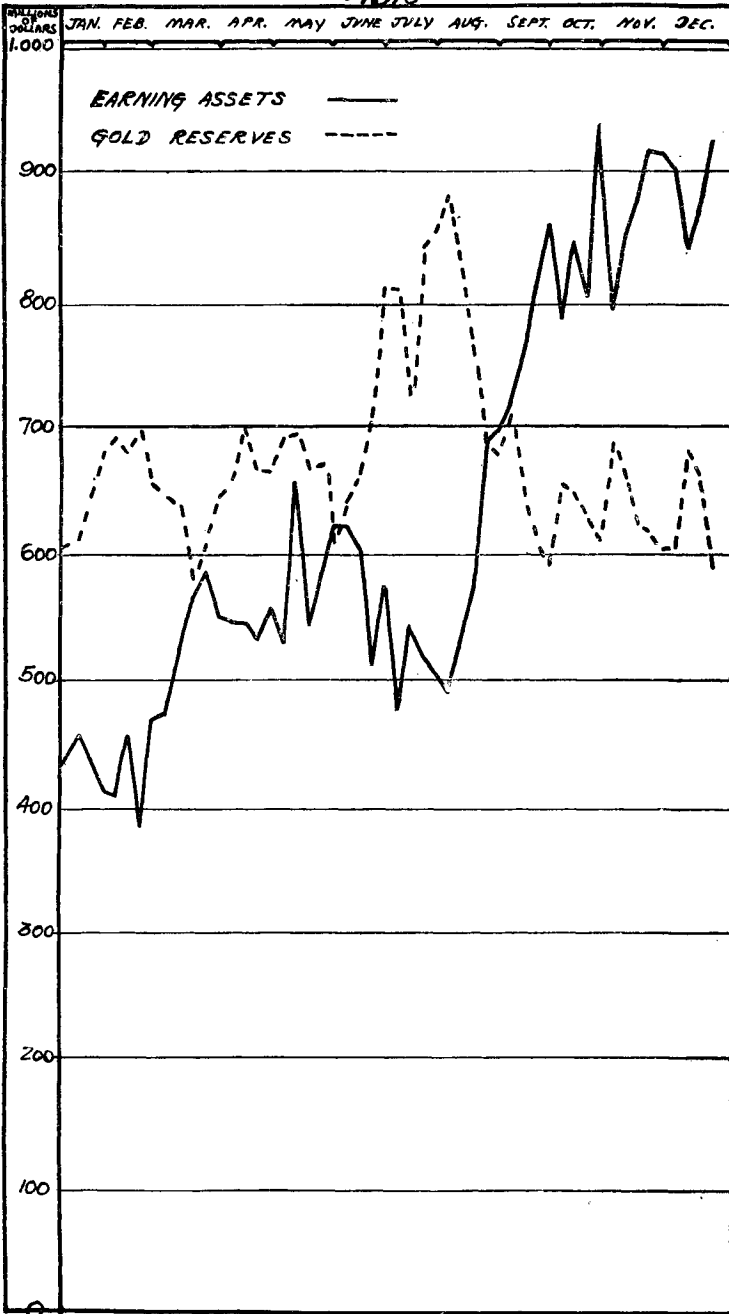
Financing period.	Maximum discounts, advances, and investments.	
	Amount.	Date.
First Liberty loan.....	\$278,649,000	June 19, 1917
Second Liberty loan.....	522,363,000	Nov. 30, 1917
Third Liberty loan.....	655,587,000	May 10, 1918
Fourth Liberty loan.....	965,293,000	Dec. 30, 1918

Each of these high points was followed by a period of contraction which, however, never reached the preceding base, so that the expansion was progressive, though not continuous.

While this heavy borrowing from the Federal Reserve Bank was caused fundamentally by Government financing, its direct relation was to the condition of the reserves of member banks rather than to the sales of Government securities. As the Government deposits created by the sales of securities and not requiring reserves to be maintained against them were transformed through Government disbursement into private deposits upon which reserves had to be maintained, the banks had to borrow to create these additional reserves. Furthermore, interior banks throughout the year continued to meet withdrawals of Government deposits by drafts on their New York correspondents, thereby causing a constant flow of funds from New York to the interior and requiring the New York banks to replenish their reserves at the Federal Reserve Bank until the funds thus withdrawn were returned again through Government transfers.

The following chart shows the gold holdings of the bank during the year and the aggregate amount of its loans and discounts. Aside from the gradual but steady increase of the gold held by the system, the fluctuations in the amount of gold held by this bank represent its gains or losses through the settlement of balances with other Federal Reserve Banks. The closeness with which the borrowings of member banks follow the fluctuations in the gold holdings of this bank clearly substantiates the views expressed in the foregoing paragraph.

EARNING ASSETS % GOLD RESERVES
 FEDERAL RESERVE BANK OF NEW YORK
 → 1918 ←



100823°—19—21

The increase in the note and deposit credits granted by the Federal Reserve Bank of New York during the year has at times reduced the reserve of the bank very materially. At the close of 1917 the average reserve against all liabilities was 61.7 per cent. At the close of 1918 this had fallen to 44.5 per cent. The corresponding figures for the entire Federal Reserve system are 61.8 per cent and 50.6 per cent. These figures are far more significant than those of any individual Federal Reserve Bank, since through rediscounting or the sale of bills or other securities, the reserves of the various Federal Reserve Banks are so readily equalized. Twice during the year, in order to strengthen its reserve position, this bank sold bills, aggregating in all \$97,274,364.32, to other Federal Reserve Banks. At other times during the year it rediscounted paper totaling \$67,680,848.93 for other Federal Reserve Banks in order to strengthen their reserves. These transactions indicate the effectiveness of the transfer of reserves through the Federal Reserve system as a whole concurrently with the operation of the system as twelve separate units, each especially equipped to understand and care for the needs of its own district.

The figures of the reserves of this bank and of the Federal Reserve system when the United States entered the war and at the close of 1918 are as follows:

Cash reserves of—	Dec. 27, 1918.		Apr. 6, 1917.	
	Per cent.	Amount.	Per cent.	Amount.
Federal Reserve Bank of New York.....	42.5	\$637,295,000	92.9	\$426,814,000
All Federal Reserve Banks.....	50.6	2,146,219,000	84.7	962,662,000

The following is a statement of member bank discounts and advances during 1918 and 1917:

	1918		1917	
	Number of items.	Amount.	Number of items.	Amount.
January.....	5,552	\$299,141,079.59	148	\$598,162.06
February.....	7,441	267,801,380.25	171	1,925,351.05
March.....	7,882	321,342,092.09	237	3,062,583.13
April.....	6,446	1,460,681,317.41	267	2,439,223.25
May.....	10,802	2,181,143,351.44	523	6,545,273.25
June.....	11,653	2,290,684,904.35	2,034	552,976,458.11
July.....	14,323	1,935,041,787.56	1,346	262,366,105.28
August.....	15,016	2,306,086,869.85	1,254	53,024,394.21
September.....	11,993	2,893,616,075.93	1,625	319,543,993.34
October.....	13,498	3,713,305,674.14	2,544	2,382,893,110.97
November.....	15,457	2,948,291,085.09	3,213	2,663,667,291.90
December.....	8,975	3,918,402,840.07	9,122	262,232,974.93
Total.....	129,038	24,535,538,457.77	22,484	6,511,274,921.48

The immense volume of discounts and advances shown arises from the practice which many member banks pursue of borrowing for a few days, often only one day, with renewals, as required, for varying amounts.

On several occasions the bank has purchased from the Treasury special certificates of indebtedness payable within a few days, aggregating in all \$3,133,000,000, in order to supply the special needs of the Treasury pending the transfer of funds from other Federal Reserve Banks or the withdrawal of funds from depositary banks. The largest amount thus held at any one time was \$195,000,000.

In order to facilitate the purchase of certificates of indebtedness by nonmember banks, the bank has been ready to purchase such certificates, with an agreement on the part of the nonmember Bank to repurchase within 15 days. The largest amount thus held at any one time was \$12,313,500 on November 19.

In order to assist in making a more stable carrying market for bankers' acceptances for houses which deal in such bills, the bank has from time to time during the year purchased bills at slightly above current rates from such houses with an agreement on their part to repurchase within 15 days, the largest amount of such purchases at any one time having been \$8,222,000, on October 9. This, however, has been considered as a purely temporary policy during the development period of the discount market.

The following figures give certain data concerning the discounts and advances of 1918 and 1917:

	1918	1917
Number of applications received.....	14,831	2,513
Amount of applications received.....	\$24,552,063,650.44	\$6,528,455,050.30
Amount of applications accepted and discounted or advanced upon.....	\$24,535,538,457.77	\$6,513,225,285.60
Largest application.....	\$135,000,000.00	\$167,000,000.00
Smallest application.....	\$5.02	\$50.00
Number of pieces of paper discounted or advanced upon.....	129,038	22,484
Largest piece of paper discounted or advanced upon.....	\$135,000,000.00	\$147,000,000.00
Smallest piece of paper discounted or advanced upon.....	\$5.02	\$25.00
Average size of notes discounted or advanced upon.....	\$190,141.96	\$289,682.67
Number of banks rediscounting.....	522	322

BANKERS' ACCEPTANCES AND THE DISCOUNT MARKET.

The monthly purchases of bankers' acceptances and indorsed trade bills by this bank for itself and other Federal Reserve Banks during 1918 have been as follows:

Month.	For account of Federal Reserve Bank of New York.		For account of other Federal Reserve Banks.	
	Number of items.	Amount.	Number of items.	Amount.
January.....	4,154	\$80,010,607.18	819	\$13,130,089.64
February.....	3,910	91,970,834.83	540	11,618,304.90
March.....	3,175	75,850,840.39	447	8,294,522.94
April.....	2,775	57,952,753.91	286	3,175,214.24
May.....	2,866	61,379,509.85	320	4,024,431.26
June.....	1,573	39,507,561.89	442	7,540,528.48
July.....	2,172	62,862,728.69	430	11,714,855.80
August.....	3,190	91,862,018.00	574	14,002,126.66
September.....	4,211	115,774,488.26	849	18,736,191.24
October.....	3,414	105,507,788.66	1,635	42,586,604.09
November.....	3,519	100,177,148.45	1,018	21,587,604.22
December.....	2,202	62,521,143.43	812	18,454,071.11
Total.....	37,161	945,497,423.54	8,142	174,864,544.58
CLASSIFICATION.				
Import and export.....		609,705,533.69		113,870,892.74
Domestic.....		246,957,108.74		59,348,612.76
Indorsed trade bills of foreign origin.....		16,224,317.49		1,391,552.93
Bills drawn to furnish dollar exchange.....		5,452,702.24		246,490.70
Domestic trade acceptances.....		3,543,133.62		7,086.15
Repurchase agreement.....		63,614,629.70		
Total.....		945,497,423.54		174,864,544.58

Increased and more general use of the bankers' acceptance has been a striking development of the past year, especially in financing domestic transactions and in the storage and movements of the grain and cotton crops. The volume of foreign drawn bills appearing in this market, while reflecting the increased trade with the Orient, has not increased proportionately with the volume of domestic bills, due in part to shipping difficulties and in part to the settlement of a greater volume of both imports and exports by cash rather than by drawing bills.

As compared with estimates of \$400,000,000 to \$500,000,000 of bankers' acceptances and foreign trade bills on American merchants outstanding at the end of 1917, it is now believed that there are between \$700,000,000 to \$800,000,000 of bankers' acceptances alone outstanding in the United States.

The following figures, taken from published reports of institutions in this Federal Reserve district, show the amounts of acceptance liabilities of national banks, trust companies, and State banks on the dates indicated:

	September, 1918.	September, 1917.	September, 1916.
National banks.....	\$141,934,391.42	\$73,717,000	\$44,300,877
Trust companies.....	124,038,547.88	91,424,509	68,588,558
State banks.....	9,841,533.62	7,355,910	2,787,995
Total.....	275,814,472.92	172,497,419	115,677,430

These figures, however, do not indicate the full measure of increase for the country. The number of well-known banks located in other cities that are now accepting is greatly increased and much of their paper comes to New York for discount.

With the increase in number of accepting banks and volume of bills circulating, the number of bill buyers has likewise increased. Out-of-town banks are buying more freely, and many of those which are now acceptors have also become buyers. Dealers report increased activity and interest in almost all parts of the country. The turnover of some houses has more than doubled that of last year. One house reports sales of \$720,000,000 for this year as against \$358,000,000 in 1917.

During the year there have been accessions to the number of houses that specialize as dealers in bankers' acceptances. Also several corporations organized to operate as discount houses have been formed. Some of them are in operation and others are still in process of organization. Also several important foreign trade banks have come into existence and are operating. Perhaps, however, more significant of the trend of intelligent opinion as to the future of New York as an international financial center is the number of foreign banks and bankers that have already established or are about to establish branches or relations here.

The outstanding development of the year 1918 toward the firmer establishment of an open discount market in America was recognition of the fundamental necessity for a stable volume of call and short time money available to dealers and discount houses at rates related to the open-market rates for bills as distinguished from rates for loans against investment securities or so-called brokers' loans. While money of this character has occasionally been available, it was not until a leading banking house publicly announced its policy of lending freely on bills at preferred rates—a policy subsequently adopted by several other institutions and houses—that money in sufficient volume was available to enable dealers to carry portfolios of bills without the risk of such interest losses as to render it impracticable for them to operate other than as mere traders. As has already been stated, the Federal Reserve Bank has from time to time purchased bills from dealers, under their agreement to repurchase within short periods, at a rate of 4½ per cent per annum. Their recourse to this

aid has been moderate and not continuous. It is hoped that more and more banks, recognizing the advantages to the country and to themselves of a broad and active open market, and the important relation of dealers in bills to the development of such a market, will add their support by providing dealers normally with the necessary funds at rates closely related to the current bill rates, as is customary in foreign markets.

Bill rates in the open market have been the most stable and the lowest of all money rates. As compared with short-time United States certificates of indebtedness bearing interest at from 4 per cent to $4\frac{1}{2}$ per cent, the primary market discount rates on bills of the best-known names has not exceeded $4\frac{1}{2}$ per cent for the 90-day maturity and has ranged down to $3\frac{7}{8}$ per cent. The ruling rates were, during January and February, 4 per cent; from February to July, $4\frac{1}{8}$ per cent to $4\frac{1}{4}$ per cent, the higher rate being reached during the period of Federal income tax payments; after slight recessions rates advanced gradually to from $4\frac{3}{8}$ per cent to $4\frac{1}{2}$ per cent in October when fourth Liberty loan financing was at the peak; later, rates declined, on easier money conditions, to $4\frac{1}{4}$ per cent at the year's end. Generally speaking, the rates referred to were those quoted for unindorsed bills which are offered for resale to investors at slightly lower rates of yield.

The Federal Reserve Bank has maintained its policy, established last year, of buying practically only indorsed bills and at rates related to those established by competition and supply and demand in the open market. In purchasing it has continued to emphasize its preference for short bills by paying rates graduated down to published minima, according to maturities. While its purchases have supported and stabilized the market, its rates have been generally above the market for maturities other than the shortest period. Consequently the average maturity of bills held by the bank has been reduced and a wider distribution of bills to an increased number of buyers has been effected, with a correspondingly increased diversification of indorsers on bills held by the bank.

The Federal Reserve Bank as a further stabilizing step, and in addition to its open-market purchases, established special rediscount rates for the rediscount of bankers' acceptances under section 13 of the act. These rates, established October 1, remain unchanged and are: Maturities up to 15 days, 4 per cent; maturities 16 to 60 days, inclusive, $4\frac{1}{4}$ per cent; maturities 61 to 90 days, inclusive, $4\frac{1}{2}$ per cent.

During the year other Federal Reserve Banks did not participate as freely as heretofore in the open-market purchases of the New York bank, owing to increased demands in their respective districts and also to the greater activity of their own member banks in both accepting and buying bills, many of which found their way to their district banks. Nevertheless there have been many transactions between

Federal Reserve Banks, the Federal Reserve Bank of New York having bought from and sold to other Federal Reserve Banks, as well as having bought in the market for their account.

During the year the banking laws of the State of New York were modified to permit savings banks to invest in bankers' acceptances. While a few of them have purchased from time to time in the open market, the volume of their purchases has not been in proportion to their indicated desire to carry portfolios of bills, as funds which otherwise would have been employed in this way have been largely invested in United States Treasury certificates of indebtedness.

TRADE ACCEPTANCES.

The increased number of domestic trade acceptances offered for rediscount at the Federal Reserve Bank not only is evidence of the progress of the movement, but indicates also that commercial banks are discounting them for customers more freely and are purchasing them in the open market. The amount rediscounted and purchased by the Federal Reserve Bank during 1918 was \$31,903,092.74.

Much progress has been made during the year in the development of the trade acceptance plan of closing accounts in domestic merchandise transactions. Under the direction of the American Trade Acceptance Council many informal meetings were held at which plans for adapting the system to particular lines of trade were discussed and developed. Much was also accomplished through economic discussions at more formal gatherings.

Trade associations, chambers of commerce, and credit associations have formally recommended the use of the trade acceptance and emphasized the importance of the movement. Many trade and business associations have formally recommended that their members adopt the system, and in some lines selling terms have been modified to include settlement by trade acceptances in all transactions not settled by spot cash or short discounts. In others modified terms, attractive to the buyer, have been offered as inducements to their use. It has been estimated that more than 4,000 representative concerns now use the system.

Domestic trade acceptances have appeared in the open discount market more generally this year than before, and where the names are well known they find ready sales at favorable rates. These bills usually come in fair-sized pieces—say, from \$5,000 up—and to avoid too large pieces several bills of marketable size are often drawn to cover in their aggregate larger transactions. A new development this year has been the offering in the open market of trade acceptances bearing banking indorsements. This class of bill resembles more nearly the bankers' acceptance as to the credit involved and commands a lower rate than those not so indorsed.

The character, form, and manner of execution of bills offered as trade acceptances for rediscount at the Federal Reserve Bank indicate that merchants and bankers would do well to give more careful consideration both to the inherent limitation of the instrument to current bona fide transactions between buyer and seller and to technical details, such as legal or official signatures of drawers, acceptors, and indorsers, and the avoidance of change or alteration in date, domicile, or any other of the terms of the bill as drawn. Any such irregularities render the paper practically unsalable in the open market and ineligible for rediscount at Federal Reserve Banks. It is perhaps not unnatural that with many presentations from different points of view, of the theories and practices involved in the establishment of the trade acceptance system some misinformation and misunderstanding has developed, but it is expected that with continued study of its problems these will be overcome and disappear.

The American Trade Acceptance Council is in process of reorganization into The Acceptance Council, and in its new organization will combine trade acceptances and bankers' acceptances as the dual subject of its activities.

UNITED STATES BOND OPERATIONS.

In 1917 the Federal Reserve Board did not require Federal Reserve Banks to purchase United States 2 per cent bonds bearing the circulation privilege from member banks. This policy has been continued during 1918. During the year the Treasury has paid off \$4,492,000 of 1-year 3 per cent notes previously received by the bank in exchange for United States 2 per cent bonds. The Federal Reserve Bank has purchased \$34,955,000 United States 2 per cent certificates of indebtedness of a special character which it has hypothecated as security for Federal Reserve bank notes.

MUNICIPAL WARRANTS.

During 1918 only one purchase of a municipal warrant was made, the amount being \$50,000.

MATURITIES.

The following statement shows the maturities of discounts and advances held by the bank on December 31, 1918:

	Discounts or advances based on commercial paper.	Discounts or advances based on United States securities.	Bankers' acceptances.	Total.
Within 15 days	\$32,804,406.83	\$498,635,511.87	\$32,258,211.94	\$563,698,130.64
16-30 days	4,168,348.13	106,051,692.49	13,011,993.37	123,232,033.99
31-60 days	5,866,121.59	34,093,216.75	27,073,860.31	67,033,198.65
61-90 days	1,934,028.42	13,787,253.61	5,232,567.32	20,953,849.35
Over 90 days	876.00	.....	.....	876.00
Total	44,773,780.97	652,567,674.72	77,576,632.94	774,918,088.63

NOTE ISSUES AND THE ACCUMULATION OF GOLD.

Throughout the year Federal Reserve notes have been freely issued, as required by member banks, and the interchangeability of Federal Reserve bank deposits and notes has been maintained as heretofore.

The net circulation of Federal Reserve notes of this bank rose during the year from \$397,000,000 to \$729,000,000, an increase of \$332,000,000. While some part of the increase is due to the policy of exchanging Federal Reserve notes for gold or gold certificates, which has been consistently pursued since the bank began business, the chief cause of the expansion was the demand for more notes with which to carry on the constantly increasing volume of trade at rising price levels. Higher prices and higher wages, with the larger pay rolls and larger amounts of till and pocket money which they necessitate, inevitably cause a large demand for circulating media, and during the war this phenomenon has been common to all the belligerent countries, even in Great Britain, where, as in the United States, settlements are made mainly by checks. A considerable quantity of Federal Reserve notes has been shipped during the year to Central American and West Indian countries for circulation purposes, and since the signing of the armistice the War Department has sent considerable amounts of Federal Reserve notes to France, in order that our returning soldiers may be supplied with American instead of French currency. The note expansion has been perfectly natural and not in any way forced; the notes have been redeemable at all times in gold; and the aggregate increase in the amount of Federal Reserve notes outstanding does not represent a net addition to our circulating media, since a large part of the increase represents merely an exchange of Federal Reserve notes for gold.

The amendment of September 26, 1918, now permits the issue of Federal Reserve notes in denominations of \$500, \$1,000, \$5,000, and \$10,000. These notes, of which a supply of the \$1,000 denomination has already been received, will be of service in enabling the banks to avoid the necessity of paying out gold certificates of large denominations.

The redemption of Federal Reserve notes of this bank unfit for circulation during 1918 amounted to \$226,722,730.

Since August, in order to cooperate with the Treasury Department in its desire to secure silver certificates and break up the silver which they represent for export to India and other countries, the bank, by authority of the Federal Reserve Board, has issued Federal Reserve bank notes in denominations of \$1, \$2, \$5, and \$10. These notes, which are similar to national-bank notes, are secured by special 1-year 2 per cent certificates of indebtedness issued for the purpose to the Federal Reserve banks by the Treasury and held by it

as security for the notes. The amount of Federal Reserve bank notes of this bank issued and outstanding on December 31 was \$33,034,000, of which \$10,585,000 were fives, \$1,434,800 tens, and the balance ones and twos. The total amount of silver notes shipped by this bank to the Treasury Department during the same period was \$21,528,000. Both member and nonmember banks have cordially cooperated by sending in silver certificates for exchange into Federal Reserve bank notes at the expense of this bank.

In order to assist in accumulating gold, since America entered the war this bank has asked its member banks to sort out gold certificates from incoming cash and send them to the Federal Reserve Bank in exchange for Federal Reserve notes. In this way this bank and its member banks have been able to contribute their share to the increased gold holdings of the Federal Reserve System. Furthermore, the United States Treasury has continued its policy of returning Federal Reserve notes to banks forwarding gold certificates for redemption.

No premium has arisen on gold in this district, and this bank has at all times been ready to pay out gold to its member banks as required by them for purposes consistent with the policy of the Government.

Under the provisions of the President's embargo proclamation of December 7, 1917, the Federal Reserve Bank of New York during 1918 forwarded to the Federal Reserve Board 1,163 applications for permission to export gold, silver, or currency aggregating \$295,000,000, of which it recommended that 349 applications aggregating \$26,000,000 should be granted.

COLLECTIONS AND CLEARINGS.

THE COLLECTION SYSTEM.

The following table shows the various classes and amounts of checks handled during 1918 by this bank and its check-collection department:

[000's omitted in columns headed "amount."]

	Items on other Federal Reserve Banks.		Items on banks in other Federal Reserve districts.		Items on banks in district No. 2.		Items on New York Clearing House.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
January.....	388	\$4, 111	551, 505	\$360, 051	1, 037, 390	\$843, 307	144, 012	\$1, 614, 331
February.....	314	4, 543	490, 797	288, 902	910, 890	736, 730	135, 040	1, 484, 633
March.....	557	5, 460	614, 882	384, 265	1, 144, 571	935, 942	173, 025	1, 617, 768
April.....	513	6, 394	687, 963	411, 076	1, 266, 645	1, 026, 071	202, 939	1, 927, 746
May.....	419	6, 636	686, 939	421, 714	1, 336, 806	1, 085, 440	240, 871	1, 894, 694
June.....	330	3, 706	704, 897	414, 156	1, 520, 043	1, 110, 744	350, 557	1, 849, 555
July.....	286	2, 016	867, 169	438, 666	1, 907, 089	1, 227, 186	295, 222	1, 903, 747
August.....	240	1, 500	891, 802	443, 513	2, 059, 871	1, 286, 131	254, 256	1, 952, 715
September.....	216	1, 277	910, 132	484, 428	1, 985, 111	1, 256, 126	267, 919	2, 092, 561
October.....	191	203	941, 333	426, 656	3, 086, 818	1, 900, 815	363, 935	2, 593, 787
November.....	240	177	810, 338	394, 011	3, 335, 218	1, 620, 297	349, 557	2, 214, 451
December.....	165	376	849, 563	401, 835	3, 560, 669	1, 263, 356	408, 968	2, 238, 028
Total.....	3, 859	36, 399	9, 007, 320	4, 869, 273	23, 151, 121	14, 292, 145	3, 187, 301	23, 384, 016

The growth of the check-collection department may best be illustrated by the following figures:

Period.	Number of items handled.	Amount.
1915 (June 1-Dec. 31).....	1,262,211	\$1,334,015,772
1916.....	6,841,364	5,160,192,000
1917.....	19,408,179	20,104,527,000
1918.....	35,349,601	42,581,833,000

The development of the collection department showed greater progress in 1918 than any preceding year. This was due to several reasons: (a) The elimination on June 15 of the service charge of 1 cent per item for collecting checks and cash items; (b) the rule adopted by the New York Clearing House, effective October 1, providing that its members should neither pay a higher charge for the collection of checks on banks on the Federal Reserve par list than would be incurred in collecting such items through the Federal Reserve Bank, nor allow the paying bank to hold back the remittance beyond the day on which the item is received; (c) the abandonment by the New York Clearing House on November 15 of its out-of-town collection system; (d) the increase in the number of banks throughout the United States on which checks could be collected by the Federal Reserve banks at par, from 17,144 in January, to 18,997 in December.

The Federal Reserve Bank of New York has continued to accept at par checks on every national bank, State bank, and trust company in the district, although, as stated in the last report, a few of the banks are not yet willing to remit at par and the Federal Reserve Bank has been obliged to collect checks drawn upon them either through express companies or by the establishment of local collecting agencies. The number of these banks on January 1 was 76; on December 31 it had been reduced to 42.

The result of the change in the constitution of the New York Clearing House, above referred to, was to make it advantageous to the members of the association to send to the Federal Reserve Bank their out-of-town items on banks that were on its par list. This caused the number of checks handled on banks outside of New York City to increase from 2,895,243 in September to 4,028,151 in October. The prevalence of the influenza epidemic during these months made it impossible to augment the staff of the transit department, even with inexperienced clerks, sufficiently to handle this immense volume of items with promptness and efficiency, and for a few weeks the work fell below the normal standard. Contemporaneously with the great increase during October in the volume of checks actually handled by the department, a large volume of

checks began to be sent by New York City banks direct to other Federal Reserve Banks for their credit with this bank. While this saved one handling, it complicated the accounting considerably, especially with respect to "returned items," and for a time added to the difficulties caused by the increased volume. To meet this situation, a staff of about 60 clerks was engaged to begin work at 5 p. m. and to continue until midnight in addition to the normal staff working from midnight to 8 a. m., and the main day staff. These three shifts, together with further subdivision of the work of the department, have solved the main difficulties encountered, and the increased volume of checks, averaging in December 186,706 per day, is now being handled in a satisfactory manner. The staff of the department increased from 152 in January to 445 in December.

The facilities of the Federal Reserve Bank are also being increasingly used for the collection of notes and drafts, both in and out of New York City, the number of such items having increased from 6,201 in January to 13,695 in December. The machinery of the New York Clearing House has facilitated the collection of these items in certain parts of the city, and plans are under consideration which will enable the bank to collect more satisfactorily in other parts of the city. The volume of noncash items, payable in New York City, to be collected by presentation, has been greatly reduced by the action of the New York Clearing House on August 1, which permitted bankers' acceptances and notes to be cleared on the morning of the maturity date.

The two rules of the New York Clearing House above referred to, effective August 1 and October 1, respectively, had the effect of reducing substantially the "float" carried by the banks and trust companies, as well as that which the Federal Reserve Bank had been compelled to carry. The action of the New York Clearing House on August 12, further reducing the charges which its members are required to impose for the collection of out-of-town checks for their customers, is evidence that the commercial and industrial interests of the country are receiving the benefit of the par collection system. Charges on most items which were receivable formerly at a charge of one-tenth of 1 per cent are now discretionary, and on items formerly subject to a charge of one-fourth of 1 per cent the present charges vary from one-fortieth to one-eighth of 1 per cent.

GOLD SETTLEMENT FUND.

Transactions through the gold settlement fund have naturally grown in volume as Government fiscal operations increased and general business expanded. Banks in other Federal Reserve districts have continued to make their payments on account of deposits

arising from subscriptions to certificates of indebtedness and Liberty loan bonds to a very large extent by drawing upon their New York correspondents, thus temporarily drawing funds away from New York. On the other hand, the Treasury has transferred enormous amounts to this bank, which, together with the natural return of funds for redeposit, has substantially balanced the outward flow just mentioned. Payments by this bank to other Federal Reserve Banks through the gold settlement fund amounted to \$16,438,319,755.03 during 1918, as compared with \$8,692,024,000 during 1917, and payments received from other reserve banks totaled \$16,499,256,210.79, as compared with \$8,426,893,000 the previous year, a net gain by this bank during the year of \$60,936,455.76.

Instead of weekly settlements, which had previously sufficed, daily settlements were inaugurated July 1, 1918, and these have practically eliminated interim telegraphic settlements through the gold settlement fund except transfers made for Government account. A summary of gold settlement fund operations is given in the appendix (Schedule 17).

The importance of this fund, not only for the immense transfers which Government operations have necessitated, but for the daily settlement at par of all interdistrict balances, can not be over-emphasized.

THE TELEGRAPHIC TRANSFER SYSTEM.

Telegraphic transfers of available funds have been made for member banks without limit as to amount, and no charge whatever has been made for the service since the installation of private telegraph wires connecting the Federal Reserve Board, the Treasury Department, and every head office and branch of a Federal Reserve Bank. The volume of these transfers has been as follows:

	Daily average.	
	Number of transfers.	Amount.
January.....	65	\$49,137,729.59
February.....	80	50,063,542.32
March.....	88	42,693,293.87
April.....	101	54,739,515.64
May.....	112	55,045,758.84
June.....	110	70,647,040.30
July.....	135	67,710,105.00
August.....	142	54,046,227.58
September.....	168	55,639,814.09
October.....	188	98,785,077.26
November.....	187	68,017,973.77
December.....	209	86,148,696.73

The transfers handled include not only transactions between banks, but also payments through member banks to individuals. With telegraphic facilities thus made available without charge of private wires, mail transfers have been greatly lessened. The telegraphic transfer system has greatly reduced the buying and selling of domestic exchange, since funds actually available are transferable at par by telegraph.

RELATIONS WITH BANKS IN THE DISTRICT.

RELATIONS WITH MEMBER BANKS.

In Federal Reserve District No. 2 the number of member banks during the year has increased from 667 to 723, the location and character of the members being as follows:

Location.	National banks.	State banks.	Trust companies.	Total.
Connecticut.....	14		2	16
New Jersey.....	123	2	22	152
New York (Manhattan).....	32	14	16	62
New York (elsewhere).....	448	16	29	493
New York, total.....	480	30	45	555
Total.....	622	32	69	723

During the year 59 State banks and trust companies were admitted to membership, a list of these members being shown in Schedule 4. Four national institutions in the district were liquidated, all for the purpose of combining with other institutions, which either were or became members of the Federal Reserve Bank.

Relations with member banks have been necessarily close and constant. The selling of two issues of Liberty bonds, the numerous sales of certificates of indebtedness, together with the payments by book credit, the withdrawals of these credits, the custody of securities, the correspondence, the accounting and the deliveries in connection therewith, all have served to bring the Federal Reserve Bank into intimate touch with every banking institution in the district, member and nonmember alike. In all of these dealings for account of the Treasury Department there has been no distinction whatever between member banks and nonmember banks; all have been on exactly the same footing. While the Federal Reserve Bank could not discount directly for nonmember banks, it has freely purchased from them whenever necessary, at the same rate at which it was discounting for its member banks, certificates of indebtedness with an agreement on their part to repurchase within 15 days, and under authority of the Federal Reserve Board has offered to rediscount their paper when secured by Government obligations, with the indorsement of

a member bank. The response of the banks throughout the district to the requests of the Treasury Department for the purchase of certificates and for assistance in selling and financing Liberty loans has been almost without exception of the most generous and enthusiastic nature. The distribution of Liberty bonds effected during 1918 was more general throughout the country than during 1917. The sale of certificates in other districts was markedly better, as the Second Federal Reserve District was called upon during 1918 to take only 38 per cent of the certificates issued, whereas in 1917 it absorbed 64 per cent of the total issued, and the burden on the banks of this district, especially on those in New York City, has been lightened proportionately. There has been no diminution in the patriotic readiness of the banks in New York City during 1918 as during 1917 to do everything in their power to assist the financing of the war.

Member banks in New York City and certain other cities have also cooperated with the Federal Reserve Board by sending to this bank weekly reports of condition and of checks paid by them, to form part of the statistics published by the board each week upon banking conditions and transactions.

The banking facilities of the Federal Reserve Bank were used very freely by member banks during 1918. More banks rediscounted, used the collection system, transferred funds by wire, and relied on this bank for supplies of currency than ever before. In order to equalize the service given to all member banks and to give all banks in the district facilities as nearly as possible equal to those enjoyed by banks in the same city with the Federal Reserve Bank, this bank on October 8, under authorization from the Federal Reserve Board, paid the cost of shipping currency to and from member banks and undertook to pay charges on all telegrams received from or sent to member banks in connection with currency, exchange transfers, and deposit transactions. There are still many member banks, however, who have never used any of the facilities of this bank and do not appear to understand the advantages of so doing.

FIDUCIARY POWERS FOR NATIONAL BANKS.

Following the amendment to the Federal Reserve Act, enacted September 26, a considerable number of national banks in this district filed applications for authority to exercise fiduciary powers. The number of applications received to the end of the year was 54, of which 34 were approved, 1 disapproved, and 19 were pending. The list of banks which have been granted authority during 1918 to exercise fiduciary powers will be found in the appendix (Schedule 18).

CHANGES IN RESERVE REQUIREMENTS.

Under the provisions of the amendment of September 26 to section 19 of the Federal Reserve Act, the Federal Reserve Board in October reduced the reserves of member banks in the boroughs of Brooklyn and Bronx to 10 per cent of demand and 3 per cent of time deposits; and the reserves of member banks in the boroughs of Richmond and Queens to 7 per cent of demand and 3 per cent of time deposits; but an institution having branches in a more populous borough is obliged to carry the reserves required for institutions in such borough.

RESERVE PENALTIES.

Throughout the year, under regulations of the Federal Reserve Board, member banks which have failed properly to maintain their reserve deposits with this bank have been required to pay a penalty upon the amount of the deficiency. The penalty rate, fixed by the Federal Reserve Board at 2 per cent in excess of the 90-day discount rate has been as follows: January, 6 per cent; February to April, inclusive, 6½ per cent; May to November, inclusive, 6¾ per cent.

The amount collected was \$27,191.89, as compared with \$18,585.29 during 1917, and the average number of banks penalized each month has been 21, as compared with 12 during the preceding year. The increase in the number of banks penalized is due to the increased number of members, to mail and clerical difficulties, and to the general preoccupation of the banks with Government work.

The Federal Reserve Bank has recently adopted the practice of sending a representative to visit banks which do not appear to understand completely the requirement for the maintenance of reserves, and it is expected that this will result in smaller deficiencies in the future.

RELATIONS WITH NONMEMBER BANKS.

As the war progressed and its financial burdens increased, with a corresponding decline in the reserve percentage of the Federal Reserve system, the officers of the Federal Reserve Bank felt it their duty to call to the attention of the nonmember banks the importance of their contributing their strength to the system which was compelled to furnish the entire amount of additional credit required to carry on the war. Accordingly, during the spring and summer a series of conferences were held at the Federal Reserve Bank, attended in all by officers of 134 out-of-town nonmember institutions, at which the operations of the Federal Reserve Bank were explained and the needs of the Government emphasized. These conferences permitted the establishment of personal relations with the officers of the banks in attendance, and resulted in a considerable number of applications for membership.

The State institutions which became members of this bank during 1918 are given in Schedule 4.

At the close of the year, the Federal Reserve Bank of New York had 101 State bank and trust company members, with total resources of \$3,488,611,000; or 28.4 per cent in number and over 75 per cent in resources of the eligible State banks and trust companies in the district. Figures which have recently been published in the Federal Reserve Bulletin indicate that with regard to the percentage of both the number and the total resources of its eligible State institutions now included within its membership, the New York Reserve District leads all the other districts.

As already indicated, the fiscal agency functions of the Federal Reserve Bank have brought it into relationship with all nonmember banks, and their readiness to cooperate in assisting Government financing has been in continuous evidence throughout the year.

The cordial relations which have hitherto prevailed have continued throughout the year with the chiefs of the banking departments of the States within the district, who have given many evidences of their desire to assist in the development of the system and to recommend legislation for the purpose when necessary.

RELATIONS WITH NEW YORK CLEARING HOUSE ASSOCIATION.

In respect to both measures which would assist Government financing and measures which would make for progress in banking conditions, the relationship of the New York Clearing House Association with the Federal Reserve Bank has continued to be of a most cooperative nature.

During the early months of the year, it became evident that the increasing pressure for credit was leading in some directions toward competitive bidding for deposits which might become injurious to Government financing and to the general banking situation. The New York Clearing House Association invited the Governor of the Federal Reserve Board to address its members upon the subject, and after considerable study, it adopted, effective October 1, the following schedule of maximum rates which members of the clearing house might pay upon deposits, which were also concurred in by the important institutions not members of the clearing house:

(a) On deposits of all banks, trust companies, and private bankers (except mutual savings banks in this district), a rate not in excess of one-half of the 90-day rate of the Federal Reserve Bank of New York;

(b) On other demand deposits, not in excess of 3 per cent;

(c) On time deposits, not in excess of 3½ per cent.

Similar action was subsequently taken by a number of other important clearing house associations throughout the country, resulting in the curbing of practices undesirable at any time, and peculiarly unsettling under war conditions.

During the summer the Federal Reserve Bank discussed with the New York Clearing House Association the desirability of the payment of bankers' acceptances in cash on the day of maturity instead of by check collectible through the clearing house on the following day. After due consideration the association adopted a ruling, effective August 1, permitting members to clear on the morning of the maturity date not only bankers' acceptances, but notes payable at clearing banks. This action saved an immense amount of labor heretofore expended in obtaining checks for accepted drafts and certifications of notes, and eliminated from banking statements a considerable volume of one day "float."

On August 12 the New York Clearing House Association reduced substantially the exchange charges which its rules compelled its members to impose for collecting out-of-town checks, and on October 1 made effective a rule in substance limiting in accordance with the time schedule of the Federal Reserve collection system the maximum compensation its members might pay out-of-town banks for collecting checks on banks on the Federal Reserve par list. The effect of these rules has already been commented upon on pages 330-332.

On November 15, by agreement between the Federal Reserve Bank and the New York Clearing House, the latter abandoned its out-of-town collection department and the former its collection by messenger of items on bankers and firms, not members of the association, who were willing to settle daily for items drawn upon them, through machinery established by the association. This eliminated duplication of services by the two institutions and tended toward consolidation of effort in spheres for which each of the two institutions was respectively especially equipped.

Throughout the year there have been a number of joint meetings between the clearing house committee and the executive committee of this bank, and at several other meetings of the clearing house committee the governor or a deputy governor of this bank has been present by invitation.

RELATIONS WITH FOREIGN BANKS AND THE PROGRESS OF FOREIGN BANKING.

With the prospect during 1919 of a return to more natural and normal conditions in international commerce and exchange, it seems appropriate to outline briefly (a) the arrangements which the Federal Reserve Bank of New York has entered into with foreign banks or

Governments; and (b) the progress which America has made, since the beginning of the European War, in the establishment of international banking relations.

The following relationships, with the approval of the Federal Reserve Board, have been concluded between the Federal Reserve Bank of New York and foreign banks or Governments:

Bank of England.—This is an arrangement of a formal character, covered by written agreement, ratified by the directors of the two institutions, covering in detail the basis of the principal operations and making a close, effective, and complete agency. The business thus far transacted has been very limited, but under the agreement can be extended whenever the need arises. In June, 1917, the Federal Reserve Bank of New York, acting for itself and other Federal Reserve Banks, paid for account of certain English banks a loan of \$52,500,000 with interest, maturing in New York, and accepted in return earmarked sovereigns of equivalent value in the Bank of England. During 1918 all but a small amount of this gold was either shipped to New York or furnished to the Treasury Department for the use of the United States Government or its allies in Europe.

Bank of France.—A somewhat limited agreement has been effected with the Bank of France which it is hoped and expected by both institutions will soon ripen into a closer relationship.

Bank of Italy.—A mutual arrangement has been entered into between this institution and the Federal Reserve Bank of New York, whereby each has appointed the other its correspondent. No business has been or is likely to be transacted between the two institutions as long as arrangements for dealing with exchange problems growing out of the war are dealt with by the Governments of the two nations.

Bank of Japan.—Mutual arrangements, similar to those established with the Bank of Italy, have been concluded with the Bank of Japan, and although no active business has yet been transacted, it is hoped that, as in the case of other foreign agents and correspondents, a more active relationship will develop when international commerce resumes its natural course.

Philippine National Bank.—In May, 1917, mutual agency appointments were effected between the Philippine National Bank and this bank, but as the former has an active branch of its own in New York, the relationship, while ready for operations at any time, is likely to be largely of an emergency character.

De Nederlandsche Bank.—During 1918, at the request of the Treasury Department, this bank opened a current account with de Nederlandsche Bank for the purpose of receiving therein, for the use of the Treasury Department, the proceeds in guilders of wheat and other commodities.

Sveriges Riksbank and Norges Bank.—During 1918 accounts were also opened with the Sveriges Riksbank of Stockholm and the Norges Bank of Christiania for purposes analogous to those mentioned in the foregoing paragraph.

Argentina.—Early in 1918 an important arrangement was entered into between the United States and the Argentine Governments whereby the Federal Reserve Bank of New York and the Banco de la Nacion appointed each other as correspondents, and the former undertook to receive deposits not exceeding \$100,000,000 exportable in gold coin after the proclamation of peace and the deposit of over \$16,000,000 of gold coin then on deposit, earmarked, in New York and since then withdrawn and exported. The purpose of this agreement, which has proved successful in operation, was to stabilize the badly demoralized exchange situation between the two countries.

Bolivia.—A somewhat similar agreement has been entered into between the Governments of the United States and of Bolivia whereby this bank agrees to receive not exceeding \$5,000,000 on deposit which may be exported in gold six months after the proclamation of peace.

Peru.—Another similar agreement for the stabilization of exchange has been entered into between the Governments of the United States and of Peru with this bank as banker, and with a maximum of \$15,000,000 to be received on deposit subject to export at the termination of the present embargo. The agreement is not yet in actual operation pending the conclusion of certain minor details.

Indian Government.—A very comprehensive arrangement has been made between the United States and the British Government whereby the latter supplies the Federal Reserve Bank of New York, acting for all Federal Reserve Banks, with sufficient rupee exchange each month to enable importers in the United States to pay for necessary imports from India. Up to December 31 the Federal Reserve Bank of New York had received credits aggregating Rs. 192,500,000, of which Rs. 187,476,132 have been sold and transferred, with a most satisfactory result in the stabilization of exchange between the United States and the East.

Prior to the passage of the Federal Reserve Act, national banks were not permitted to establish branches or agencies abroad, although some of the State institutions had enjoyed this privilege. During the past four years some of the State institutions have extended their foreign branches. The National City Bank of New York with its affiliated institution, the International Banking Corporation, has established many branches abroad, and two banking corporations organized in the United States to carry on banking in foreign countries have established a large number of branches and relations, particularly with Latin-American countries. It is probable that further development along these lines will occur during the coming year.

A list of these institutions with their foreign branches and affiliations is given in Schedule 5, those marked with a footnote reference being branches which were established prior to the outbreak of the European War.

It has been estimated that in July, 1914, not less than 150 foreign banking institutions maintained branches or agencies in London in addition to the home offices of many British banks doing business in all parts of the world. The closest kind of banking contact was thus maintained between London and foreign countries, and conduits were established through which money flowed into and out of London in accordance with the movements of trade and the relation of London rates to those prevailing in other centers. The number of such branches and agencies of foreign banks in New York and other American cities has increased considerably during the European War, but the limited nature of the business which the law of New York State permits branches or agencies of foreign institutions to transact, undoubtedly acts as a deterrent to the progress of the movement. A branch of a foreign bank may receive no deposits in New York State, and several foreign institutions, in order to obtain broader banking privileges than the New York law would permit their branches to exercise have acquired substantial ownership or control of American institutions conducting business in New York City. Among these may be mentioned the Royal Bank of Canada with its interest in the Merchants National Bank of New York; the Banca Commerciale Italiana of Milan with a branch of its own in New York and control of the Lincoln Trust Company of New York, and The Banco di Sconto del Circondario, owning jointly with the Guaranty Trust Company the Italian Discount & Trust Company of New York.

A list of the foreign banking institutions having branches or agencies in New York and other American cities at the close of 1918 is given in Schedule 6, those established before the outbreak of the European War being indicated by a footnote.

Many of these banks are large lenders of money and purchasers of bills in the United States. Many others are large buyers of bills drawn in foreign countries on American banks, the market for which in such countries is doubtless much facilitated by the existence of branches of local institutions in the United States through which such bills can be readily negotiated. While it may be said that the establishment of such branches or agencies of foreign banks in the United States constitutes competition of a certain kind with American banks, nevertheless the undoubted widening of banking contact between the United States and foreign countries which they bring, and the beneficial effect of such contact upon the development of dollar exchange and of our discount market, would seem to justify

a reconsideration of the situation from a broad point of view and possibly some liberalization of the operations which such institutions may conduct in New York State.

REGISTRATION OF DEALERS IN FOREIGN EXCHANGE.

Under the operation of the Executive order of the President, dated January 26, 1918, all dealers in foreign exchange, including bankers, brokers, and exporters and importers who carry accounts in foreign countries or carry accounts in the United States for foreign correspondents, are required to register with the Division of Foreign Exchange of the Federal Reserve Board through the Federal Reserve Banks of their respective districts. Two thousand six hundred and sixteen such dealers registered through this bank. These dealers were required to apply through this bank for permission to carry out a number of classes of operations and to file weekly or monthly reports with this bank covering their foreign business. Passing upon these applications and recording these reports has required a large amount of consideration and work.

ORGANIZATION OF THE BANK.

INTERNAL MANAGEMENT.

The problems of management and operation of the Federal Reserve Bank have become increasingly complex and difficult during the past year by reason of the many and important problems arising in connection with war finance. The directors have given close attention and study to these problems, meeting 53 times during the year. The executive committee, consisting of the governor or deputy governor, the chairman and four directors (all the directors serving in turn), held 246 meetings, and other committees held 57 meetings.

The directors, at their first meeting held in 1918, reelected the officers of the bank for the ensuing year. With the increased activities of the bank, many additions to and promotions in the staff, both official and clerical, have become necessary. The following officers have been appointed during the year:

Officer.	Elected.	Date.	Formerly—
L. F. Sailer.....	Deputy governor (in addition to cashier).	Jan. 3	Cashier.
J. F. Curtis.....	Deputy governor (in addition to secretary ¹ and counsel).	Jan. 23	Secretary and counsel.
D. H. Barrows.....	Assistant secretary.....	Feb. 6	With Farmers Loan & Trust Co.
L. H. Hendricks.....	Cashier.....	June 26	Assistant cashier.
E. R. Kenzel.....	Manager of investments.....	June 26	Assistant cashier.
L. R. Rounds.....	Assistant cashier.....	June 26	Acting assistant cashier.
I. W. Waters.....	Assistant cashier.....	June 26	Chief clerk.
J. E. Raasch.....	Assistant cashier.....	June 26	Manager of partial payment division.
J. Emison.....	Assistant auditor.....	Sept. 12	Head of division, auditing department.
G. M. Hayward.....	Assistant auditor.....	Sept. 12	Head of division, auditing department.
W. G. Simpson.....	Assistant auditor.....	Sept. 12	Head of division, auditing department.

¹ Resigned as secretary to take effect Dec. 31, 1918.

On December 31, 1917, the bank, including the fiscal agency departments, had 16 officers and 829 clerks, 351 of the clerks being women; at the end of 1918 the staff consisted of 23 officers and 2,630 clerks, and 1,495 of the clerks were women. To maintain the efficiency of its organization as a necessary war instrumentality of the Government the directors of the bank took the steps contemplated under the regulations of the selective service act to have deferred classification on industrial grounds granted those of its employees whose services were regarded as essential to the adequate and effective operation of the bank.

A list of the departments of the bank and the number of employees in each is given in Schedule 7.

The employees have responded effectively and in fine spirit to the extraordinary demands upon their time and energy during the year. In spite of heavy tasks, inadequate, crowded, and scattered quarters, and the large number of inexperienced clerks, the work of the bank has been kept up, and in the departments handling Liberty-bond work the apparently impossible has often been accomplished. Owing to the very long hours imposed upon many departments, the earlier practice of allowing supper money to employees working into the evening was discontinued in February, and a fixed allowance for overtime substituted.

Living costs having continued to increase because of war conditions, the directors at the end of June and at the close of the year, with the approval of the Federal Reserve Board, supplemented the normal compensation of employees by additional payments as follows: Period January 1 to June 30: 15 per cent on salaries up to and including \$1,500; 10 per cent on salaries of more than \$1,500, up to and including \$5,000. Period July 1 to December 31: 25 per cent on salaries up to and including \$1,500; 20 per cent on salaries of more than \$1,500 and up to and including \$3,000; 15 per cent on salaries of more than \$3,000 up to and including \$5,000.

To keep pace with the growth of the bank and to meet changing conditions, several new departments have been organized and existing departments subdivided, as will be noted from the foregoing list. The growing work of the transit department has already been described, and the activities of the discount and other departments may be inferred from the figures which have been given to show the volume of the bank's business.

The money department, which handles all currency received on deposit, now has 74 regular employees, of whom 39 are women, and in addition receives assistance from some 60 other employees from this and other banks when overtime work is necessary. Federal Reserve notes handled in this department during the year and paid out again as fit for use have amounted to about \$423,816,000, while

unfit notes shipped to Washington for cancellation were 23,164,000 in number and \$204,160,000 in amount.

The activity of the money-shipping department during the year may also be taken as a fair indication of the enormous increase in the volume of transactions of purely banking character. In the month of January, 1918, the department handled 1,760 shipments, which included currency shipments amounting to \$13,091,655, security shipments amounting to \$22,342,499, and notes shipped to Washington for cancellation amounting to \$11,420,000. In December the number of shipments was 5,227, which included currency shipments amounting to \$34,391,694, security shipments amounting to \$41,576,948, and notes shipped to Washington for cancellation amounting to \$19,260,000.

The Federal Reserve agent's department has been enlarged to include a Federal Reserve examiner, whose duties will include the custody of examination reports and reports of condition of all member banks; investigation and recommendation in connection with applications of national banks for permission to exercise fiduciary powers, or of member banks to accept drafts and bills of exchange up to 100 per cent of capital and surplus; investigation of reports and data submitted with applications made by State banks for membership; examinations, in cooperation with State authorities, of State member banks or banks applying for membership; and special credit investigations of either national or State member banks. An assistant has also been employed to develop work of statistical character in the bank, and to report on business and economic conditions.

The duties of the auditing department have been increased, both in importance and extent, by the rapid expansion of the bank's activities. The number of employees in the department has increased from 29 to 106, though some portion of this increase is no doubt temporary, having been necessary to bring up to date work which had fallen behind during the influenza epidemic in October.

The custody department was inaugurated at the close of 1917 to take custody of all securities held for the securities department, including the securities of this bank and those held for other Federal Reserve Banks, for member banks, for the Government deposit department, for the bond issue division, and for the third and fourth Liberty loan partial payment associations of New York City banks and trust companies. The department also has custody of the collateral to loans and discounts held by the bank's discount department. The securities received by the department during the year totaled about \$28,000,000,000, deliveries about \$26,000,000,000, and the balance held December 31, almost \$2,000,000,000.

A department has been organized to control all purchases of supplies and the payment of all bills and salaries, and to make reports upon and analyze all expenses for the directors and officers of the bank and the Federal Reserve Board. By the organization of this department substantial economies in buying have been effected, and unnecessary expenditures avoided.

A complaint and fraud department, organized in June, has handled several hundred cases of complaint or fraud, principally in connection with Liberty loan campaigns and other war-time matters.

An employment department, in charge of an assistant cashier, has been created. All applicants for clerical positions are interviewed, and their qualifications and records carefully inquired into, as appointments are made entirely upon the basis of merit and no effort is spared to insure the best selections possible. About 100 applicants for positions, many of whom have called in response to advertisements inserted from time to time, have been interviewed daily.

An efficiency engineer was employed by the bank during the latter part of the year to study the office methods of the larger departments of the bank, and suggest changes where needed.

On March 1 a department was organized at the 50 Wall Street office to promote the welfare of the women employees of the bank. Early in September the department was moved to attractive quarters in the main office at 15 Nassau Street, and enlarged to include a welfare office and a rest room and library. A medical department was established, with a visiting woman physician, a head nurse and two assistants. A cafeteria has also been opened in which about 750 women lunch daily. Well-balanced menus of first quality food are supplied at prices based on actual cost of food plus the cost of service, without allowance for overhead charges. The checks average 24 cents and the cafeteria is proving an unqualified success. Official visitors from the welfare department call upon all absent employees, both men and women, who fail to communicate their reasons for absence from the bank, and this practice has appreciably reduced the number of absentees.

The Federal Reserve Club, which was originally organized among the employees of the bank in 1914, has grown in membership and the scope of its activities. Its objects have been the promotion of social relations, of good fellowship among the employees of the bank, and educational advancement. The membership now numbers 1,400, including many of the women employees of the bank. The first issue of a monthly magazine, to be called "Federal Reserve Club Magazine," will appear early in January, 1919.

BANK PREMISES.

The great expansion of the staff during 1918 has made necessary the occupation of additional space. The bank, including the Liberty loan organization, has occupied not only its office on the ground floor, portions of the third, fourth, fifth, eleventh, twenty-third, and thirty-first floors, and the entire twenty-fourth and twenty-fifth floors of the Equitable Building, but the entire building at 50 Wall Street, six floors at 37 Liberty Street, and space at 39 and 41 Liberty Street and 19 West Forty-fourth Street, amounting altogether to 203,258 square feet, as compared with 65,000 at the close of 1917 and 21,625 at the close of 1916.

The most unsatisfactory working conditions under which the bank has been operated led the directors of the bank in May, with the approval of the Federal Reserve Board, to purchase a plot of land extending from Liberty Street to Maiden Lane and running eastward from Nassau Street, covering 33,509 square feet, at a cost of \$3,121,492.39, upon which the bank will erect its own building in due time.

On September 3 a consulting architect was engaged to study the special requirements of the various departments of the bank, in order to obtain data for the preparation of a basis for a competition among architects when the bank is ready to ask for plans for a building. This preliminary work is expected to require almost a year of study.

ELECTION OF DIRECTORS.

The amendment to section 4 of the Federal Reserve Act, approved September 26, 1918, provided that for the purpose of the election of directors the Federal Reserve Board should classify the member banks of the district into three groups, each group to consist as nearly as may be of banks of similar capitalization, the earlier requirement that the groups should be of approximately equal numbers having been eliminated. The Federal Reserve Board classified the banks of this district as follows: Group 1, banks having capital and surplus in excess of \$1,999,000; group 2, banks having capital and surplus not exceeding \$1,999,000 and not below \$201,000; group 3, banks having capital and surplus below \$201,000.

The result of this classification was to place in group 1, which will elect directors at the end of 1919, 55 banks, of which all but 5 are in New York City or adjacent territory. Group 2, which will elect directors at the end of 1920, includes 180 banks located in the larger and medium-sized cities of the district, and group 3, which participated in the 1918 election, includes 479 banks located for the most part in the smaller towns and villages.

To fill the vacancies caused by the expiration on December 31, 1918, of the terms of Franklin D. Locke and Leslie R. Palmer, as directors of class A and class B, respectively, an election was held from November 19 to December 10. Of the 479 banks in the group which were entitled to vote this year 337, or 70 per cent, voted, a much higher percentage than in any previous election. The following candidates were nominated:

For class A director: William S. Gavitt, of Lyons, N. Y.; Robert J. Gross, of Dunkirk, N. Y.; Charles Smith, of Oneonta, N. Y.

For class B director: George Alfred Cluett, Troy, N. Y.; Manton B. Metcalf, of Orange, N. J.; Leslie R. Palmer, of Croton-on-Hudson, N. Y.

At the closing of the polls it appeared that the following votes had been cast in the column of first choice: For class A director: William S. Gavitt, 109; Robert J. Gross, 21; Charles Smith, 197. For class B director: George Alfred Cluett, 65; Manton B. Metcalf, 71; Leslie R. Palmer, 195. Mr. Smith was declared elected class A director and Mr. Palmer class B director, each for a term of three years, beginning January 1, 1919.

George Foster Peabody, class C director, whose term expired December 31, 1918, has been reappointed by the Federal Reserve Board for a three-year term ending December 31, 1921, and designated deputy chairman of the board for 1919. On December 11 the Federal Reserve Board designated Pierre Jay as chairman of the board and Federal Reserve agent for 1919.

MEMBER OF ADVISORY COUNCIL.

On January 9 the directors reelected J. P. Morgan, of New York City, a member of the Federal Advisory Council from Federal Reserve District No. 2 for the year 1918.

FISCAL AGENCY OPERATIONS.

The major financial undertaking of the war was the floating of Liberty loans. The problem was not limited to selling bonds; it involved the creation of a new public state of mind toward investments. The Federal Reserve Banks of the country were the chief agencies through which the Secretary of the Treasury operated in meeting this problem. To them at all times and in all circumstances the Treasury Department gave the fullest support within its power, thereby lightening materially the burden of their obligations. They were the administrative centers for the work of numberless local Liberty loan committees, which, under the leadership of the director of war loan organization in Washington, formed the greatest bond selling organization ever created. To the Second Federal Reserve District fell the necessity of

absorbing nearly a third of all the bonds and nearly one-half of all the certificates of indebtedness issued by the Treasury. In the 19 months of our participation in the war the banks and organizations working with the Federal Reserve Bank of New York sold \$4,942,374,000 of Liberty bonds, and up to December 31, 1918, certificates of indebtedness amounting to \$6,512,835,500.

On the Federal Reserve Banks, also, rested the responsibility of so administering the financing of the loans that the expansion of credits should be no greater than necessary to insure successful flotation and that the money markets of the country should not suffer dislocation. These problems have been met with measurable success. In the main the Liberty loans have been sold to investors, thus sparing bank funds for commercial and other Government necessities.

CERTIFICATES OF INDEBTEDNESS.

The sale of certificates of indebtedness in anticipation of the Liberty loans provided the Treasury with funds to meet the current requirements of the war. The Liberty loans converted these short credits into long-time credits and spread them among individual investors.

In the 12 months of 1918 the Federal Reserve Bank of New York sold a total of \$4,091,260,000 of these certificates of indebtedness. This total includes both the issues made in anticipation of Liberty loans and the issues of tax certificates. On February 8, in anticipation of the third loan, the Secretary of the Treasury notified the banks that its requirements probably would be \$3,000,000,000, and therefore requested every bank and trust company to set aside each week 1 per cent of its total resources for investment in certificates. The plan, as he then outlined it, was to continue for 10 weeks. On June 12, in anticipation of the fourth loan, the weekly quota was fixed at $1\frac{1}{4}$ per cent of the total resources of each bank and trust company. The anticipated requirements were \$6,000,000,000. The same rate of subscription was requested during the month of December in anticipation of the fifth loan.

The record of subscriptions in the Second Federal Reserve District during 1918 is given in Schedule 8.

The largest volume of these loan certificates outstanding at any one time in this district in the third Liberty loan financing period was \$835,938,000. In the fourth Liberty loan financing period the corresponding figure was \$1,680,989,000.

The banks of the district gave the heartiest response to the call of the Secretary of the Treasury. Of the 1,234 banks, all but 45 subscribed to the issues. The list of subscribers included even a great majority of the savings banks. Further, the sales were far more

general throughout the district and the country than in 1917, when the New York City banks subscribed far in excess of their quota. The satisfactory change to a wider distribution of the fourth loan certificates was the result of intensive work by a newly developed sales organization established along county lines, with a county director as supervisor of sales in his neighborhood. The county directors, each of whom was a representative banker in his own community, met in New York and received the details of the plan from the deputy governor of the bank and the director of sales. Similar meetings were held in the local communities at the call of the county directors, who prosecuted their work with the greatest energy, and in many cases organized county bankers' associations.

In addition to discussing with the banks the Government's necessities, and the fairness of the plan by which its temporary credit should be supplied by the banks ratably in proportion to their resources, the organization explained to the bankers the method of paying by book credit and of obtaining advances from the Federal Reserve Bank, which many of them had not understood.

Stated in tabulated form, the subscriptions allotted to the various classes of banks were as follows:

Class of bank.	Number in second district.	Number subscribing.	Allotment.	Per cent of total allotment.
National.....	625	616	\$2,429,518,000	59.4
State.....	229	225	272,319,500	6.6
Trust companies.....	202	195	1,222,246,500	29.9
Savings.....	178	153	40,529,000	1.0
Individuals and firms.....			126,647,000	3.1
Total.....	1,234	1,189	4,091,260,000	100.0

The amounts shown as purchased by individuals and firms are very largely tax certificates purchased in anticipation of the payment of income taxes.

The banks outside New York City subscribed to fourth loan certificates 108 per cent of their total quota, as against 53 per cent to third loan certificates; the New York City banks subscribed 139 per cent of their quota to fourth loan certificates as against 129 per cent to third loan certificates, despite the fact that the quotas assigned were materially increased.

Although advances against certificates purchased by both member and nonmember banks were made, the volume which the Federal Reserve Bank was called upon to carry was comparatively moderate. On October 23, for example, when the certificates preceding the fourth loan were at their maximum \$1,681,000,000, the amount carried by the Federal Reserve Bank was \$424,000,000, or about 26 per cent of the total.

THE LIBERTY LOANS.

The record of sales of Liberty bonds in the Second Federal Reserve District shows, in common with other districts, that quotas assigned have been generally exceeded. In the report of the Federal Reserve Bank of New York for last year it was shown that the subscriptions received far exceeded the informal apportionments made by the Treasury Department, and were also in excess of the amounts ultimately allotted. Subscriptions made in 1918 were accepted in full.

The comparative statement showing the results of all loans reflects a remarkable increase in amounts, as well as in the number of individual subscribers. The second district's total sales in the fourth loan were greater than the entire sum accepted by the Treasury from all districts in the first loan. Further, and of greater importance to the financial position of the country is the fact that the subscribers to the third loan were 50 per cent more numerous than in the second. By this fact it is possible to measure the success with which the third loan, as compared with previous loans, was sold to individual investors.

The more widely extended sale is also indicated in the reduction of the size of the average subscription of \$1,212.29 in the first loan to \$366.47 in the third, a figure which, however, was increased in the fourth loan, when the quotas for the country and district were twice as great.

The record of the Second Federal Reserve District is as follows:

	Quota.	Amount subscribed.	Amount allotted.	Number of subscribers.	Average subscription.	Amount per capita.
First loan	\$600,000,000	\$1,186,788,400	\$617,831,650	978,959	\$1,212.29	\$94.67
Second loan	900,000,000	1,550,453,450	1,164,366,950	2,182,017	710.55	123.69
Third loan	900,000,000	1,115,243,650	1,115,243,650	3,043,123	366.47	88.98
Fourth loan	1,800,000,000	2,044,901,750	2,044,901,750	3,604,101	567.39	163.14

Hardly less significant than the great growth of the individual subscriptions from loan to loan is the increase in the number of large subscriptions in the fourth Liberty loan as compared with the third. The number of subscriptions in excess of \$10,000 more than doubled, and the number of subscribers in amounts exceeding \$200,000 increased from 430 to 967. Part of this great increase is attributable to the willingness of the banks to extend generous credits to subscribers. The "borrow and buy" campaign, adopted from necessity, was very productive of large subscriptions. The terms made by New York banks allowed the investor to borrow at 4½ per cent for 90 days; thereafter the banks made varying agreements with subscribers, some to carry on successive renewals for a year at the coupon rate; others at one-half of 1 per cent above the Federal Reserve Bank rate. The figures

for the third and fourth loans are given in Schedule 9 for purposes of comparison.

The work of the banks of the district in the loan campaigns was most enthusiastic. The tabulation of results shows a very even ratio of subscriptions received through the several classes of banks in the two loans. In Schedule 10 are stated in tabulated form the subscriptions, classified accordingly to the kind of bank through which they were made.

The record made by the different geographic subdivisions of the district is given in Schedule 11. It should be understood in considering the figures for the city of New York, that many persons living in other parts of New York have subscribed in Manhattan and have paid for their subscriptions with funds drawn from Manhattan banks; hence the low apparent per capita subscriptions in certain of the other boroughs. Further, the per capita for Manhattan is materially increased because of the immense corporation subscriptions placed with Manhattan banks.

FIXED ORGANIZATION ESTABLISHED.

The progression of the Liberty loans forced this bank to modify radically its plan of administration. In the first loan, so rapid were the steps from the announcement to the close of the sale that the Federal Reserve Bank of New York depended almost exclusively upon volunteers whom bond houses, banks, and corporations could spare for the emergency. This plan of organization applied not only to the selling force but to that division of the bank which received subscriptions and made deliveries of bonds. It became apparent very soon that a closer organization was necessary, and the bond-issue division was created accordingly, with its staff of fixed employees.

During the second Liberty loan the principal responsibility for selling bonds in this district again rested upon volunteers, who served with unabated industry during the period of the campaign and for some time before it. But with the mapping out of plans for the third loan, it was seen that there was little or no interval between the close of one loan and the preparation for the next. Conditions were changing. In the earlier loans the patriotism of the country carried the campaign through successfully. But with the diminution of surpluses and the necessity of striking deeper, of enlisting the support of every American, a more intensive campaign was requisite, and for it a more closely knit organization. A fixed establishment of paid employees was therefore built up, which enlarges and contracts as the demands of the campaign prescribe. At the close of 1918 the paid personnel of the Liberty loan organization in this district numbered 1,210 persons, including the employees

in the fiscal-agency departments of the bank working on the Liberty loan and certificates of indebtedness activities.

A great many volunteers nevertheless remain, but save for a few executives permanently associated with the central organization, they are engaged in the work of the loan only during the campaign and the period just before it. Among them are not only those who act as chief advisers in framing and carrying out the policies of the campaign but a great number of chairmen and members of Liberty loan committees, who have the hard task of carrying to a successful finish the loan campaigns in the local communities.

In the early loans local committees assumed many of the expenses of their work, but because of the succession of campaigns and the recognition of Liberty loan activities as a continuous operation of the Government, these expenses have become more and more a charge upon the Treasury. Further, because of the very fact that Liberty loan campaigns by their repetition have ceased to be novelties, it has been necessary to carry on at once a more extensive and a more intensive canvass. The results have been apparent in the vastly increased volume of individual subscriptions and also in the amount of bonds sold. But the expenses, especially as between the second and third loans, have increased materially.

To administer the disbursement of funds in more systematic fashion, the comptroller's department early in 1918 became a part of the continuing organization. It purchases all equipment and supplies, pays all salaries, reimburses local committees for their expenses, maintains all accounts and is the custodian for the committee's property. Its disbursements in 1918, including the costs of the fiscal agency divisions of the bank, amounted to about \$4,250,000, all of which it paid with Federal Reserve Bank funds. These expenditures in turn are revouchered to the Treasury Department, by which the bank is repaid. A closely segregated budget for the regular organization and separate budgets for the campaign activities have been framed. Through a system of weekly reports of liabilities registered the comptroller is advised at all times whether the various branches of the organization are living within their appropriations.

The Federal Reserve Bank of New York wishes here to record and acknowledge the services rendered to the Government by all those who labored for the success of Government financing in its fixed and its volunteer organizations. Regardless of their own convenience, interests and health, they worked for the successful performance of whatever tasks were assigned to them with the utmost devotion and patriotism.

THE CENTRAL LIBERTY LOAN COMMITTEE.

The central Liberty loan committee in this district is the dynamic center of the whole organization. It was established at the opening of the first Liberty loan campaign, was enlarged prior to the second, and is now composed of 15 bankers, with the governor of the Federal Reserve Bank of New York as chairman. Its membership includes the responsible heads of many of the largest banks and banking houses in New York. The committee meets frequently during the progress of the loans and at such other times as business of importance develops. It is far more than an advisory committee; it is the body which determines the policies to be followed in selling the loan, the nature of the appeal to be made to the buyers, and the financial measures of an extraordinary nature to be taken for insuring the success of the loan. The attitude of these bankers has at all times been of the most patriotic nature and their services have been of inestimable value to the success of the Government's financial programme.

THE SALES ORGANIZATION.

Immediately in charge of sales is the distribution organization, of which a member of the central Liberty loan committee has been chairman. Its members are bankers or partners in bond houses. Eight of their number act as chairmen, respectively, of the eight subdistricts into which the Second Federal Reserve District (with the exception of three boroughs of the City of New York) is divided.

Working at headquarters is the permanent staff of the distribution committee, at the head of which is the director of distribution, whose function is that of a responsible executive in charge of an immense and very active bond-selling organization. The headquarters' business of the distribution committee is handled by a staff which numbers 99 persons, including the executive secretaries who act as assistants to the subdistrict chairmen.

ORGANIZATION OUTSIDE METROPOLITAN DISTRICT.

The subdistrict chairmen establish the connection between the central organization and the local Liberty loan committees. Each is the adviser of the local chairmen within his subdistrict, and is responsible for the success of the loan within its limits. He transmits and adapts to the requirement of local communities the plans prepared at headquarters, and sees that the local committees make full use of material prepared there, in so far as it is fitted to local requirements. The local committees develop ideas and plans of their own with the greatest ingenuity, making their campaigns personal and direct to their own citizens.

The highly creditable showing made in the subdistricts is directly attributable to the energy and capacity of the chairmen of the local committees, who have served with a high sense of patriotism, entirely forgetting their personal affairs during the loan campaigns and devoting themselves to their success. In the small towns the local chairman has worked with limited resources, but has covered his territory personally and with his committee, soliciting subscriptions and arousing people to a full sense of their obligation.

In the larger towns the methods have been similar to those employed in the metropolitan district. Many of the chairmen responsible for large or populous areas have made card indexes of all possible subscribers, working out in detail the plan of assigning quotas to component communities. Subscriptions have been sought, however, on a purely voluntary basis.

In the third loan campaign there were 1,425 local men's committees, each with its chairman and members drawn from the leading citizens of the neighborhood, numbering in all 21,200. The number of men's committees in the fourth loan rose to 2,075, with a total membership of 30,800, to which should be added a vast army of volunteers composed of associate members, members of allied organizations, canvassers, speakers and workers, all serving with the single purpose of achieving this district's share of the Liberty loan.

ORGANIZATION IN METROPOLITAN DISTRICT.

Only two of the five boroughs of the city of New York were included in the subdistrict organization. These were Queens and Richmond, which were regarded as parts of the Long Island subdistrict. The other three boroughs, Manhattan, Brooklyn, and The Bronx, because of their immense population and special character, were treated separately as constituting the Metropolitan District. Brooklyn and The Bronx each had its own borough organization. Manhattan was covered by many organizations, some of which inevitably overlapped, and was in many ways the center for the whole campaign in the Second Federal Reserve District.

The organizations which concentrated on the Borough of Manhattan were not for the most part limited by geographic lines, but Manhattan was the chief field of activity. These organizations included an advisory trades committee, which alone accounted for half of the subscriptions secured in the Second Federal Reserve District; a metropolitan canvass committee, composed of 90,000 workers, which devoted itself to the house-to-house and man-to-man campaign; the commercial banks and trust companies committee, which was organized for the first time shortly before the third loan for the purpose of coordinating the Liberty loan work of the financial institutions of the city; the municipal employees committee,

which canvassed the 100,000 employees of the city of New York; the insurance committee; the New York Stock Exchange committee; the Consolidated Stock Exchange committee; the public utilities committee; the New York Cotton Exchange committee, and the religious organizations committee. Of these, the two largest in point of membership were the advisory trades committee and the Metropolitan canvass committee.

The advisory trades committee.—This committee, composed of 11 executive members, each of whom in turn was responsible for the campaign among five to twelve groups of trades, aimed to secure corporation and firm subscriptions, and the subscriptions of employes. In the fourth loan every effort was made to have the employees of large concerns control their own Liberty loan committees, thereby removing the element of employer's compulsion in securing subscriptions. The quota assigned to the advisory trades committee in the third loan was arbitrarily fixed at half the total quota for the Second Federal Reserve District. A week before the end of the campaign the committee passed its second loan total, and on the day before the close exceeded its quota. Over 5,000 industrial honor flags were awarded to individual firms or plants where 60 per cent or more of the employees subscribed. In the fourth loan a complete card index of all industrial concerns was prepared, forming a list of prospects which was allotted among 85 subcommittees, having an aggregate membership of 3,485 and an organization of 18,000 volunteer workers, which canvassed approximately 125,000 concerns in the greater city. The quota, fixed at 90 per cent above the quota assigned for the third loan, was greatly exceeded. The committee's record was:

	Quota.	Amount of subscriptions.
Third loan.....	\$450,000,000	\$564,767,950
Fourth loan.....	865,205,000	1,083,851,000

The metropolitan canvass committee.—This committee undertook the house-to-house canvass in the Boroughs of Manhattan, Brooklyn, and The Bronx. It was organized according to the precincts of the municipal police department, with a borough chairman, and a captain and lieutenants in each precinct. Aside from the intensive work within the precincts it carried on a campaign through the public schools, held innumerable street meetings, many large mass meetings in public halls and armories, and supervised a flying squadron of "traveling banks" which took subscriptions in many parts of the city. In the fourth loan it augmented its plan of organization by making use of the extraordinary ability of the police and fire depart-

ments to sell bonds. The total number of subscriptions received through the committee was:

	Number of subscribers.	Amount of subscriptions.
Third loan.....	1,099,367	\$145,475,500
Fourth loan.....	1,296,511	378,480,050

WOMAN'S COMMITTEE.

This committee was developed from the comparatively haphazard association of workers in the first Liberty loan to a closely knit well-administered organization in the fourth Liberty loan. The activity of women in support of the Liberty loan has been one of the particular features of the campaigns in this district. They have shown an increasing desire to work for the loans and in many cases have regarded it as a privilege.

In preparation for the third loan campaign 1,310 local committees were organized in 70 counties, with about 18,500 volunteer workers—a threefold increase from the second loan. The returns indicate that the woman's committee procured at least \$110,000,000 of subscriptions. This figure is probably considerably less than the actual total secured, because in many cases the results were merged with reports of the men's local committees.

In the fourth loan campaign they were still more intensively organized, with commensurate results. There were 1,861 local committees in 72 counties, and about 35,000 workers. The subscriptions secured amounted to \$203,383,850, almost all in small amounts. More than 562,000 individual subscriptions were in amounts of less than \$500. In other words, the woman's organization was responsible for 16 per cent of the number of subscriptions, and 10 per cent of the amount of bonds sold in this district.

PARTIAL PAYMENTS.

From the first of the Liberty loans there was a very general demand throughout the country for installment purchases on an easier basis than that provided in the Government plan. Various expedients were resorted to. In many cases employers carried the bonds for their employees. In others, banks agreed to carry bonds for subscribers in their neighborhoods on the basis of weekly or monthly payments. A duplicate card system, enabling banks by a single punch to record payments made by subscribers, was made available for free distribution to the banks generally in this district, besides which a number of banks developed their own plans. In the first campaign, in so far as figures are available, the number of partial

payment subscribers was comparatively small. But as greater efforts were made in the second campaign, a large number of small subscribers was secured, the estimated number for Greater New York being 318,000, with an aggregate subscription of \$29,500,000. The result, from the standpoint of both banks and subscribers, was far from satisfactory. Subscribers found that paying week after week at the same bank during the usual banking hours cost them time and carfare equal perhaps to the value of the bonds which they were purchasing. Further, banks and branches of banks in outlying districts and in centers of dense population carried by far the greatest part of the burden, while the large banks in the financial district whose resources and staff were best able to take care of the work had comparatively little to do.

With the approach of the third loan, the Liberty loan organization had to choose between discontinuing partial payments in the Metropolitan district or providing a mechanism whereby the operation could be handled under the supervision of the Federal Reserve Bank. The latter alternative was taken and, with the approval of the Treasury Department, the Liberty Loan Association of banks and trust companies of New York City was formed. This was a syndicate of 130 banks, which agreed to subscribe for and carry a total of not over \$100,000,000 in bonds for the benefit of small subscribers. Coupon books were sold at \$2 each for \$50 bonds and \$4 each for \$100 bonds with the understanding that payments should be made once a week for 48 weeks. The subscriber presented his book at any one of the 680 banks or payment stations throughout the greater city, which received the payment, stamped a coupon, detached it, and sent it to the administration office of the Liberty loan association where the payment was recorded, and through which, when the payments had been completed, the bond was delivered. This undertaking involved the handling of more than 800,000 active accounts, some of which are constantly being closed out with adjustments of interest and the return of the principal, and many of which are delinquent and require a notification and adjustment. The staff required to handle this operation is at present 317 persons. When the books were first opened work went on in two shifts through most of the 24 hours of the day.

In the fourth loan, the plan was again adopted, but with important administrative changes reducing materially the cost of the operation. Instead of the detachable coupon, the subscriber purchases gummed receipts which are placed in the books as a record of payments. The plan also provided for a follow-up method of reaching delinquent subscribers. The cost of administration has been materially less and the number of employees required to handle it is about 130.

The smaller number of subscriptions received in the fourth loan plan is undoubtedly accounted for because the initial payment was 8 per cent., and because payments were to be completed in 23 instead of 48 weeks. The comparison is as follows:

	Third loan.	Fourth loan.	Total.
Books sold.....	836,363	786,000	1,622,363
Value of bonds.....	\$46,700,000	\$44,100,000	\$90,800,000

The two plans require the handling of upward of 1,600,000 current accounts. The number of persons calling at the office of the association to pay up in full and receive their bonds or to make inquiry about their subscriptions has reached in a single day as high as 15,000.

PUBLICITY.

Hand in hand with the sales organization, and as an essential accompaniment to its purpose of selling bonds is the publicity organization. But the publicity department has had before it a purpose not limited to the sale of the Liberty loan, nor even limited to the immensely greater object of producing in the minds of the American people a desire to save and to invest. Liberty loan publicity has consistently worked to spread the ideas America had in entering the war and to declare the need for attaining a decisive victory. In every newspaper and magazine, on every billboard, on every fence, on almost every lamppost, vehicle, and flagstaff, and in almost every store and householder's window the message of the Liberty loan and of America has been carried.

The publicity of the first and second loans laid the groundwork of a genuinely American appeal, showing the necessity for winning the war and the obligation of every American to participate in its high purposes. With the opening of the third loan our active part in the armed conflict had begun. The German spring campaign was in its full flood, and everywhere was a lurking fear as to how far it might go. The note of danger, of the very serious menace confronting the free nations of the world, together with the determination of the United States to see it through, was the burden of the printed and spoken word carried in the publicity material. The events in France furnished the visible support to all that was said and written, and the selective service act had brought the fact of war to every neighborhood in a most concrete way. These things, dwelt upon in pamphlet, poster, and public speech, were reflected in the immensely increased volume of popular subscriptions.

When the early preparations were under way for the fourth loan it seemed likely that similar conditions would prevail and that the ideas behind fourth loan publicity should be to the same effect as

before. The designs for posters selected in Washington in June for the whole country depicted war in its grimmest aspects, and even went to the point of warning America against German invasion of our own shores. Some of the advertising and pamphlets prepared in that early time reflected the same thought. But by the time the campaign had arrived the face of the war had completely changed—to a degree far greater than the most optimistic in June had dared to hope. Added to the tendency toward relaxation of concrete efforts which victories on all fronts induced was the German peace proposal, launched in the midst of the loan campaign. The complete shift in conditions forced a corresponding change of methods in the very heat of the campaign. This district threw out a last-minute appeal to "Double the third," the effect of which was to put the campaign in competition with its forerunner, and on a domestic basis.

Special acknowledgment should be made of the invaluable services rendered to this district by the publicity bureau of the Treasury Department.

PUBLICITY ORGANIZATION AND RESULTS.

The publicity department in this district carries on its work along five lines, each administered by a separate bureau—press bureau, feature bureau, advertising bureau, the bureau of speakers and meetings, and the foreign language bureau.

The press bureau is established on the plan of a modern newspaper office with editors, editorial writers, writers of special articles, and reporters. Prior to the campaign it supplies articles of a general nature to magazines throughout the United States and prepares special material for production in Sunday newspapers during the period of the campaign. Included in this material are cartoons, editorials, poems, articles for trade, technical, and financial magazines, farm periodicals, theater programs, and labor magazines. During the campaign it gives daily news, not only of the results of sales, but of the numerous activities carried on by various Liberty loan organizations throughout the city and district, including a very considerable amount of plate matter sent out to weekly newspapers. All told, during the third loan the press bureau records show that 26,850 columns of matter was printed in the form furnished; in the fourth loan the total rose by 7,000 columns. The total number of Liberty loan articles printed in the district increased from 111,207 to 141,443, with a total of 59,932 columns.

The feature bureau, which has the work of preparing and producing special Liberty loan features of a publicity nature, undertook the direction of all parades, indoor and outdoor exhibits, the production of moving pictures, and the supply of flags, banners, badges, and novelties. In the third loan it had as the principal feature of its New

York City campaign, "Liberty land," a war exhibit in the Sixty-ninth Regiment Armory, where the first veterans to return to this country from Gen. Pershing's forces and a detachment of French chasseurs, the "Blue Devils," were presented in a dramatic way to audiences aggregating 250,000 in 19 days. In the fourth loan it made the "Liberty altar" at Madison Square the center of Liberty loan activities. It was at the foot of "The Avenue of the Allies" into which Fifth Avenue was transformed. This great center for Liberty loan pageantry was an expression of the idea of unity among the free nations of the world. Members of the French Foreign Legion, the Italian Bersaglieri, the Alpini, the French Army Band, and the Italian Grenadier Band participated in the campaign under the direction of the bureau. Certain of them appeared in the Liberty day parade led by President Wilson, in which 35,000 persons marched. Others served throughout the district, singly and on special trains.

The advertising bureau, the largest branch of the publicity organization, prepared all newspaper advertising put out from headquarters, secured advertising space, and developed advertising printed matter in great variety, which it distributed through the district. The value of the advertising space obtained through the generosity of merchants, bankers, manufacturers, and private contributors for the third loan between January 1 and June 1 was estimated at \$1,750,000; in the fourth loan at more than \$2,000,000. For the third loan the bureau distributed nearly 85,000,000 pieces of printed matter, of which 47,000,000 were published in this district; in the fourth loan 96,000,000 pieces were distributed. In the fourth loan the services of many artists known throughout the country were used in the production of special canvasses for window display and for billboard reproduction.

In response to requests made to the speakers' bureau, many members of the diplomatic corps and officers of the Federal and State governments, as well as many hundred men and women of prominence, spoke at Liberty loan meetings throughout the district. The chief of these was held at the Metropolitan Opera House in New York City just prior to the opening of the fourth loan campaign, when President Wilson made his last public address before Germany entered upon the discussion of peace.

The work of the foreign language bureau, coordinated with the other bureaus of the publicity department and with the distribution committee, carried the work of the Liberty loan among the foreign-born residents of the district. The increase of their interest is shown by the fact that in the second loan about 25 per cent of the foreign-born residents subscribed to Liberty bonds, in the third 55 per cent, and in the fourth 80 per cent.

The publicity department, in addition to many volunteers, had a personnel of 664 paid employees in the fourth loan campaign, including 201 persons in its fixed organization.

RECEIPTS, DELIVERIES, EXCHANGES, AND CONVERSIONS.

An index to the size of the Second Federal Reserve District's participation in the Liberty loans appears in the record of transactions of the bond issue division of the Federal Reserve Bank; but to comprehend their volume it is necessary to imagine a corporation with over 3,000,000 bondholders, with bonds in many denominations, of seven different issues, and distributed among holders unaccustomed to financial practices. As a matter of fact the bond issue division, which handles this vast volume of business, deals also with bonds sold in other districts which find their way to New York for exchange or conversion.

Through the ability of the Treasury Department to supply definitive bonds early in each of the two campaigns of 1918, it has been possible for the bond issue division to give far more prompt service than during 1917. In the case of bonds sold for cash during the campaign deliveries have been made immediately. In the third Liberty loan the number of pieces so delivered was 999,378. This figure rose to 1,352,586 in the fourth Liberty loan. At the close of business Monday, November 4, the day on which payments and deliveries should be made on coupon bonds of the fourth loan paid for in full, a total of certificates of indebtedness, credits, and cash had been received against subscriptions amounting to \$1,484,329,895. On that day also 2,560,473 pieces were available for delivery by banks throughout the district and out-of-town banks were able, because of prior receipts of bonds, to make deliveries to subscribers on exactly the same footing as banks in New York City.

The following table shows the comparative transactions in the third and fourth loans, the transactions in the latter running only to December 31:

	Third Liberty loan	Fourth Liberty loan.
Cash sales during campaign.....	\$144,276,250.00	\$224,640,050.00
Total receipts, including cash sales:		
Principal.....	1,115,243,650.00	1,854,038,500.00
Accrued interest.....	2,048,165.46	920,626.41
Method of payment:		
Certificates of indebtedness.....	187,223,000.00	712,758,500.00
Advice of credit.....	797,301,916.55	999,295,804.89
Cash.....	132,766,898.91	142,904,821.52
Bonds full-paid with:		
First installment date.....	796,886,900.00	1,422,001,550.00
Second installment date.....	58,296,650.00	151,405,500.00
Third installment date.....	78,823,300.00	91,112,400.00
Fourth installment date.....	181,266,800.00	.....
Bond deliveries:		
Coupon bonds.....	1,049,020,350.00	1,517,611,800.00
Registered bonds.....	66,223,300.00	5,201,150.00
Number of pieces delivered:		
Coupon bonds.....	4,149,163	4,145,150
Registered bonds.....	71,514	8,721

Throughout the year exchanges were freely made from one denomination to another of the same issue, immediate deliveries being made in every case. The exchanges indicate that a large number of small denomination bonds which have been sold by subscribers are in constant process of exchange into bonds of \$1,000 denomination. The total volume exchanged during 1918 was in excess of \$1,100,000,000. The number of pieces handled was: Received, 4,103,229 pieces; delivered, 1,637,490 pieces.

The conversion privilege attaching to the two earlier issues has also resulted in large deliveries of new bonds. The bank made every effort by repeated transmission of circulars to the banks of the district and by advertising in the newspapers to induce holders of the earlier issues to convert within the time prescribed by the Secretary of the Treasury, which terminated on November 9, 1918. The following is a statement of the conversions to December 31, a small number of items still remaining unadjusted:

Converted from one interest rate to another:

First 3½ per cent bonds to 4 per cent (Nov. 8, 1917–May 15, 1918).....	\$113,385,650
Number of deliveries, pieces.....	737,852
First 3½ per cent bonds to 4¼ per cent.....	\$1,806,600
First 4 per cent bonds to 4¼ per cent.....	\$74,117,750
Number of deliveries, including deliveries made on converting	
first 3½ per cent to 4¼ per cent, pieces.....	262,173
Second 4 per cent bonds to 4¼ per cent.....	\$1,045,931,500
Number of deliveries, pieces.....	1,596,990
Aggregate number of pieces handled, incoming and outgoing.....	4,098,205

Special provision was made for converting bonds without delay for owners who called in person. The largest number of such applications received in any one day was 2,161. In the last eleven days of the conversion period approximately 25 per cent of the total number of conversions handled in this way were made.

GOVERNMENT DEPOSITS.

The depositing of the proceeds of sales of Liberty loans and certificates of indebtedness was undertaken in accordance with law at the request of the Secretary of the Treasury. Depositaries were appointed by the Federal Reserve Bank, which had the responsibility of receiving and approving collateral, depositing and withdrawing funds and collecting interest on deposits, all under the instruction and supervision of the Treasury Department. The duly qualified depositary banks were permitted under the law to pay for certificates of indebtedness and Liberty bonds by opening book credits in favor of the Treasury. Because a large proportion of the deposits were created in this way possible disturbances to the money market were reduced to a minimum.

The withdrawal of deposits from depository banks, created by the opening of credits resulting from the sale of Liberty bonds or certificates of indebtedness, has been uniformly made on instructions from the Treasury Department on a pro rata basis which has been the same for all banks in the district, and a notice of 48 hours has been given whenever possible. In order to assist in stabilizing the money market, funds transferred by the Treasury Department from other Federal Reserve Banks to the Federal Reserve Bank of New York in excess of the amounts needed for immediate disbursement have on several occasions been redeposited at interest with qualified depositories in New York City, subject to withdrawal without notice, and as far as possible have been placed in banks to which disbursements for account of loans to foreign Governments were likely soon to be made.

In order to minimize disturbances due to the withdrawal of funds representing payments of income and excess profit taxes during June, 1918, arrangements were made whereby the seven collectors of internal revenue in the district deposited their receipts of cash, checks, and certificates of indebtedness with this bank and all checks on banks which had been designated United States depositories were forwarded to such banks for credit in the "war loan deposit account" of the Government, subject to withdrawal gradually in accordance with the Government's requirements. The number of such checks received was about 300,000, aggregating about \$600,000,000.

During the first loan 306 banks qualified as depositories; in the second 533, in the third 801, and in the fourth 867. In order to facilitate the pledging of collateral, local custodians were appointed in 49 cities, but the number was later reduced to 36.

The Government deposit division of the Federal Reserve Bank, with a personnel of 63 employees, administered this function. The following shows the magnitude of the deposits and the volume of securities pledged against them:

LIBERTY LOAN FUNDS.

Third loan, largest amount on deposit, May 14.....	\$517, 537, 883. 00
Fourth loan, largest amount on deposit, Nov. 4.....	609, 182, 509. 63

CERTIFICATES OF INDEBTEDNESS FUNDS.

Third loan, largest amount on deposit, Apr. 4.....	370, 500, 000. 00
Fourth loan, largest amount on deposit, July 10.....	496, 300, 000. 00

SECURITIES IN VAULT.

Third loan, largest amount, May 21.....	754, 230, 106. 65
Fourth loan, largest amount, Oct. 26.....	754, 633, 510. 49

SECURITIES WITH CUSTODIANS.

Third loan, largest amount, June 18.....	379, 241, 241. 88
Fourth loan, largest amount, Oct. 26.....	309, 849, 331. 41

GOVERNMENT DISBURSEMENTS.

Prior to America's entry into the war the only function undertaken by the Federal Reserve Bank as fiscal agent for the Treasury Department was the payment of Government checks. With the coming of war this work has increased manifold. Checks are of all sorts and sizes, varying from checks of less than \$1 for interest on \$50 registered bonds to Treasury drafts for large sums on war contracts. The growing volume of work handled in this department has necessitated the employment of an increasing number of clerks. The following table shows the number of checks handled each month, their amount and the average number of employees:

	Number of checks handled.	Amount.	Average number of employees.
January.....	513,383	\$217,659,000	15
February.....	583,719	209,917,000	15
March.....	689,958	298,885,000	20
April.....	729,716	356,249,000	20
May.....	901,319	377,466,000	20
June.....	975,381	389,225,000	25
July.....	1,023,146	425,430,000	25
August.....	1,063,603	561,663,000	30
September.....	1,066,270	413,990,000	30
October.....	1,128,706	515,999,000	35
November.....	1,101,626	533,637,000	40
December.....	1,331,154	616,472,000	40
Total.....	11,107,981	4,936,592,000	.....

The record day was December 26, when 102,175 checks were handled.

The payments of the Treasury through this bank, since April 1, 1917, exclusive of maturing certificates and coupons, have included \$7,400,000,000 of advances to foreign governments and \$5,900,000,000 in miscellaneous Treasury checks, aggregating \$13,300,000,000 in all, or about one-half of the entire Treasury payments, exclusive of certificates and coupons, during the 21 months.

EXPENSES OF LOANS.

The cost of conducting the two campaigns of 1918, of maintaining the regular sales and publicity organizations of the Liberty loan, and of carrying on the fiscal agency operations of the Federal Reserve Bank, in so far as they relate to the third and fourth Liberty loans, amounted on December 31 to \$4,244,822.12. The detailed figures, as reported by the comptroller of the Liberty loan organization, are shown in Schedule 12. The cost of operating the two partial payment plans are included in the figures for the distribution organization, and amount to date for the third and fourth loans, respectively, to \$460,076.18 and \$205,817.21.

NEW GOVERNMENT LOAN ORGANIZATION.

At the close of the year, following instructions from the Secretary of the Treasury, arrangements were made to consolidate the work of the Liberty loan committee and the war savings organizations within the district under the control of the governor of the Federal Reserve Bank of New York as a unified Government loan organization. The war savings staff has been incorporated with the headquarters departments of the Liberty loan committee with a prospect of material reduction in administration costs, and with the expectation of coordinating the activities of the two committees more closely together than heretofore. The consolidated organization will have as its head a director of Government loan organization for the district with several vice directors. The operations of the new organization begin on January 1, 1919.

WAR SAVINGS AND THRIFT STAMPS.

From December 7, 1917, to December 31, 1918, the Federal Reserve Bank of New York sold war savings and thrift stamps as follows:

	War savings stamps (pieces).	Thrift stamps (pieces).
Greater New York.....	2,043,486	10,992,771
New York State.....	929,208	2,682,448
New Jersey.....	335,305	2,570,566
Connecticut.....	11,394	31,734
Philippine Islands.....	5,000	.....
Haiti.....	12	200
Total.....	3,324,405	16,277,719

STABILIZATION OF THE MONEY MARKET.

Before the close of the first Liberty loan campaign, in May, 1917, it became apparent to the officers of the Federal Reserve Bank and to the members of the Liberty loan committee that steps must be taken to stabilize interest rates in the stock exchange loan market in order that rates on such loans might not reach such levels as to embarrass the Treasury. The natural result of the increasing volume of Government borrowing from New York City and interior banks was the calling of loans secured by stock exchange collateral, a tendency which was increased by the desire of the banks of the country to accumulate larger amounts of paper available for discount at the Federal Reserve Bank.

For some months the institutions represented on the Liberty loan committee undertook from day to day to find the large amounts of money required to be loaned on the exchange in order to avoid disturbed conditions.

By September, 1917, however, the amount had become too large for these institutions to assume without injustice to themselves and to their customers, and a subcommittee of the Liberty loan committee was appointed, with the governor of the Federal Reserve Bank as chairman, for the purpose of effecting a more equitable distribution of the loans and devising plans for providing the funds required for the needs of the stock exchange.

Under the general supervision of the Federal Reserve Bank this so-called "money committee" perfected an organization of 63 of the banks and trust companies in New York City which agreed to place at the committee's disposal a fund to be used when necessary in making loans on stock exchange collateral, the participation of each institution being determined according to its assets. This arrangement, undertaken at first in consultation with the Secretary of the Treasury, has been renewed from time to time at his request.

As experience was obtained changes were effected in the plan of participation, and an arrangement was finally reached which reapportioned among the participating banks, on the basis of their assets, the aggregate volume of stock exchange call loans which they were then carrying in the aggregate and provided for an additional loaning fund of \$200,000,000 to be used when necessary.

In October owing to military and political developments it became evident that a large speculation in securities was developing, notwithstanding the fact that the fourth Liberty loan was in course of being placed and the Government requirements for credit were at a maximum. Under these circumstances the committee felt it necessary to adopt some positive measures of restriction and arranged with the banks participating in the fund to increase the margins required for stock exchange loans from the customary minimum of 20 per cent to a minimum of 30 per cent. At the same time, by arrangement with the officers and a committee of the stock exchange, to which all members of the exchange were reporting the total amount of their borrowings, such reports were made available to the money committee. During this period the demands upon the additional loaning fund were very heavy, due primarily to the calling of loans by out-of-town institutions and by local lenders not in the group of participant banks.

Upon the representation of the committee of the stock exchange that the continued enforcement of the requirements for additional margin might work hardship and in some cases even injustice, the arrangement was withdrawn on December 5 upon the assurance of the committee that the exchange would take steps to prevent any considerable increase in the total of the loan account of its members.

The activities of the money committee were undertaken solely to insure the Government against developments in the money market

in New York which would in any way militate against the success of its borrowing program. Its aims may be summarized as follows:

First. To maintain a free market for securities and thereby protect the investment situation and the integrity of a great volume of bank loans made upon stock-exchange collateral.

Second. To prevent high rates and wide fluctuations in the money market.

Third. To prevent an increase in the total amount of credit employed in stock-exchange transactions.

The records indicate that the work was successfully done after the formation of the committee. The rates for call loans on stock-exchange collateral, set forth in full on page 376, have ranged principally between 4 per cent and 6 per cent, never exceeding the latter figure; a free market for securities has been maintained and the amount of stock-exchange loans has been held within reasonable bounds. It seems clear that if some agency of this character had not been functioning the Government's financial plans might have been seriously embarrassed. The New York banking institutions participating in the arrangement, as well as the officers and members of the stock exchange, have at all times accorded the money committee their support and evidenced their readiness to cooperate in rendering this important assistance to Government finance; while the members of the money committee undertook a difficult and responsible piece of work in a most public-spirited manner, and in carrying it out gave generously of their time and consideration.

CAPITAL ISSUES COMMITTEE.

On January 11, 1918, the Secretary of the Treasury requested the Federal Reserve Board, "pending action by Congress," to pass upon capital expenditures and issues of new securities from the standpoint of their necessity as compared with the Government's large needs of capital, labor, material, and transportation facilities. The Board accordingly appointed from its membership a Capital Issues Committee, which secured the assistance of an advisory committee of bankers and caused subcommittees to be organized in each of the Federal Reserve districts.

In the War Finance Corporation Act, approved April 5, 1918, Congress sanctioned by law the continuance of the work of the committee, and pursuant to that act the President appointed a permanent Capital Issues Committee, which in turn appointed permanent district committees in each of the Federal Reserve districts.

The district committee for the Second Federal Reserve District, of which, as in other districts, the chairman of the Federal Reserve Bank was chairman and the governor vice chairman, consisted of 30 bankers, manufacturers, officers of public utilities, and others.

It held regular meetings, usually twice and sometimes three times weekly, usually lasting from three to five hours and attended by five or more members, in rotation, from the date of its organization until December 31, 1918, when by vote of the central committee, and with the concurrence of the Secretary of the Treasury, the active work of the committee was discontinued.

Nine hundred and seventy-two applications, totaling \$2,069,613,-048.66, have been formally considered by the district committee, and in the majority of cases hearings were granted to applicants. With respect to 181 of these applications the district committee took final jurisdiction. Detailed reports were rendered to the Capital Issues Committee at Washington with respect to 791 applications, aggregating \$1,875,123,043.80. Out of this total the district committee recommended approval of applications aggregating \$1,775,343,629.80, and recommended disapproval of \$99,779,414. The action of the central committee with respect to these applications was as follows: It approved \$1,722,404,611.50 and disapproved \$119,368,795.25, and on or about December 31, 1918, when the committee discontinued its operations, it dismissed applications still pending aggregating \$33,349,637.05.

The various matters considered by the district committee have covered every variety of security issue, including issues by States, counties, and municipalities, by public utility companies, by industrial corporations, by banks, insurance and trust companies, by syndicates and membership associations. Inasmuch as the fundamental purpose of the committee was to conserve capital, labor, materials, and transportation facilities for purposes contributing directly to the prosecution of the war, the district committee asked for and obtained from practically all public and private organizations within the Second Federal Reserve District statements of their construction programs prior to the letting of contracts for such programs. By this means much construction work which would ultimately have led to the issuance of securities was deferred, labor and materials have been released for war purposes, and the investment market has been relieved of the necessity of absorbing large amounts of securities.

This committee has also obtained reports on private construction as well as on public construction to be paid for by taxation or assessment, as distinguished from the sale of securities. In this connection the district committee reviewed the tax budgets of all municipalities in the Federal Reserve District which had been prepared prior to the signing of the armistice. It also followed up all advertised construction of churches, clubs, private residences, etc., prior to the date when machinery was instituted by the War Industries Board requiring the licensing of all nonwar construction costing more than \$2,500.

The committee's usefulness should not be measured only by the applications formally presented to it and approved or disapproved by it, since the mere fact of the committee's existence in itself constituted a strong restraint upon the issuance of new securities, and few, if any, applications were presented to the committee except by those who believed that their applications would be approved.

The members of the committee gave most generously of their time and enjoyed the heartiest cooperation from public and private officials, from bankers, investment houses, lawyers, manufacturers, and merchants, as well as from the Investment Bankers' Association, the American Bankers' Association, the New York Stock Exchange, and the New York Curb Market Association. Without the cooperation of these individuals and associations the work of the committee would have been almost impossible.

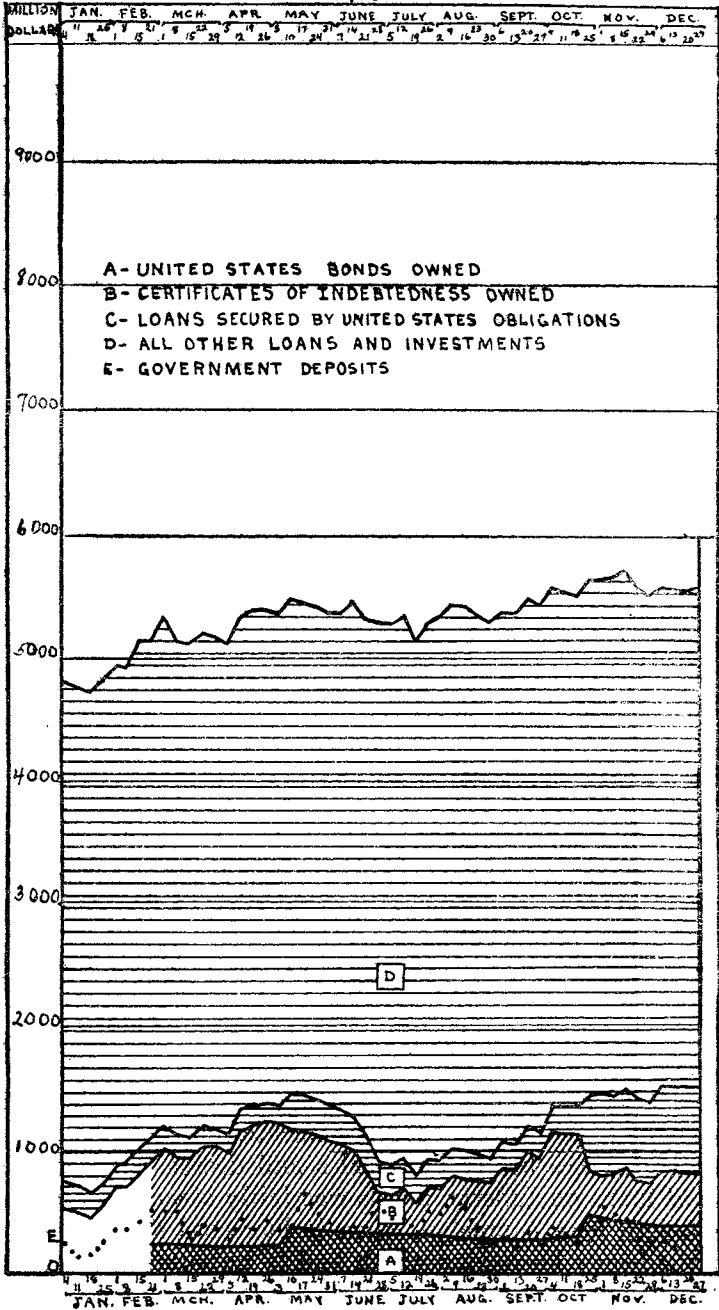
FINANCIAL CONDITIONS.

BANKING IN THE SECOND FEDERAL RESERVE DISTRICT.

The chart on the following page shows certain significant figures from the weekly reports of 107 banks in this district, being all the member banks in New York City, Brooklyn, Buffalo, Rochester, Newark, Albany, and Syracuse, N. Y.; Jersey City, N. J.; and Bridgeport, Conn. This chart probably gives the best picture obtainable of banking conditions in this district throughout the year. With the exception of January and February when the reports did not distinguish between Government bonds and certificates of indebtedness, the chart shows, week by week, the volume of (a) United States bonds owned, (b) certificates of indebtedness owned; (c) loans secured by United States obligations; (d) all other loans and deposits. The dotted line (e) indicates the volume of Government deposits in the reporting banks throughout the year.

It will be noted that the volume of "other loans and investments" was almost exactly the same at the beginning of the year as at the end; namely, \$4,100,000,000. In fact the volume actually decreased somewhat, as 11 institutions with resources of about \$350,000,000 were added to the list of reporting banks during the year. The expansion is entirely in Government securities and loans thereon. The Government bonds owned rose substantially at the close of both the third and fourth loan campaigns, with a tendency to decrease slightly thereafter. The certificates of indebtedness show the usual increases before bond sales and decreases thereafter; the volume of loans on Liberty bonds was fairly steady up to the close of the fourth loan campaign, when it increased sharply, indicating clearly the heavy borrowing which had to be resorted to in order to subscribe the quota assigned to this Federal reserve district.

CLASSIFICATION OF LOANS AND INVESTMENTS
 REPORTING MEMBER BANKS, SECOND FEDERAL RESERVE DISTRICT
 1918



In the following chart the two upper lines show the movements of the loans and deposits of New York Clearing House banks, while the lower line shows the course of the loans and investments of the Federal Reserve Bank. The close relationship of the two is quite apparent.

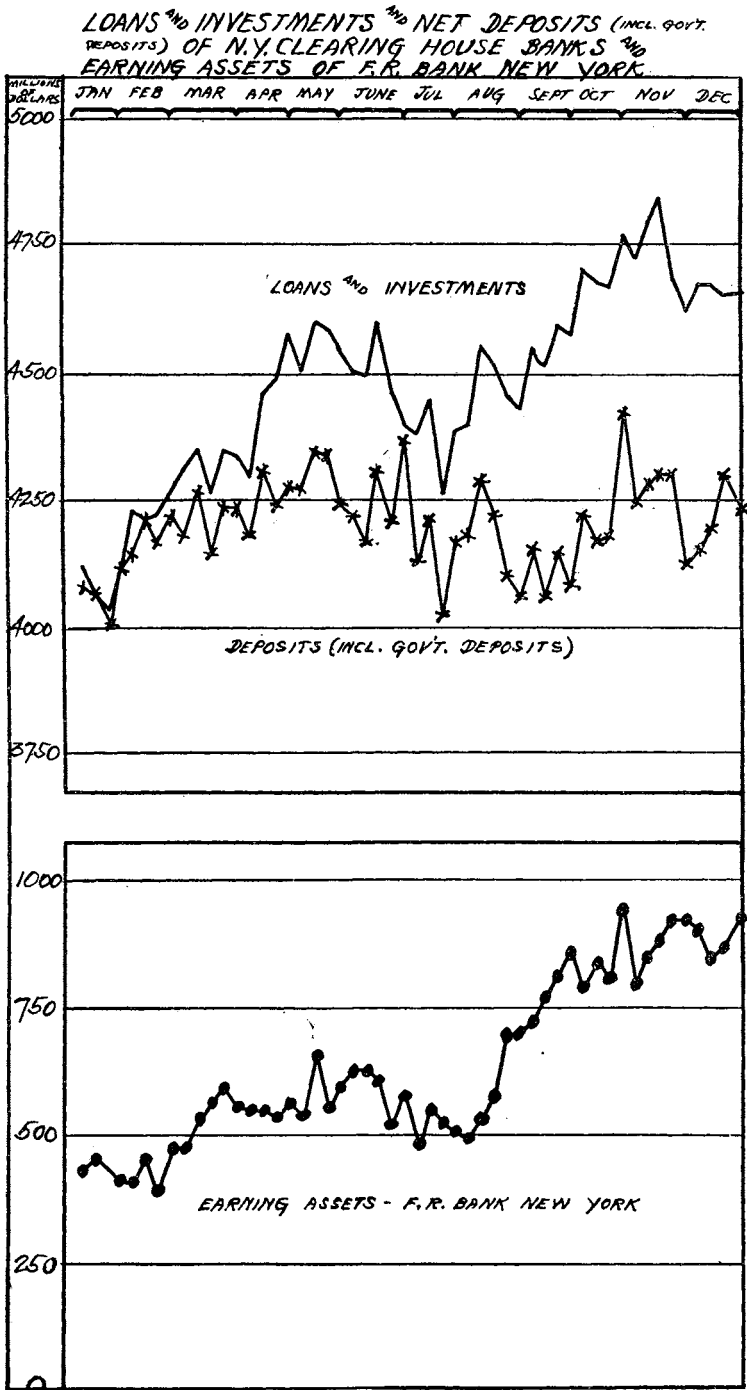
Government financing and the resulting expansion of banking figures are so clearly portrayed in these two charts and have so completely overshadowed all other banking developments as to make further comment unnecessary.

The action of the New York Clearing House, however, in fixing maximum rates of interest on deposits was a step of such importance toward sounder banking that the extension of similar control to other communities in the district is much to be desired.

The high interest rates prevailing in many parts of this district are a constant element of danger in our banking situation. Often the banks and trust companies, paying such rates, have felt impelled to invest largely in bonds of high yield. The depreciation in the market value of these securities has been so heavy during the past two years that it is believed that the institutions in which high interest rates prevail may be more ready now than in the past for a reconsideration of this whole subject. It is hoped that some substantial progress in this direction may be made during 1919.

GENERAL BUSINESS CONDITIONS.

During January and February business and industry in this district were hampered seriously by congestion in railroad transportation and acute fuel shortage, a condition which was aggravated by extremely severe weather. Conditions improved in March, traffic began to move more freely, production increased, and, until October, industry was at its maximum capacity, with civilian needs more and more subordinated to the requirements of war. A steadily increasing proportion of manufacturing capacity was utilized for the production of war supplies, and Government supervision over industry was constantly increased, especially through control of raw materials and transportation. Of basic materials, such as iron and copper, only a very small percentage was available for other than war needs. In the textile trade, with almost no wool available for manufacture for civilian use, approximately 50 per cent of knit goods, 75 per cent of denim, and 100 per cent of cotton duck were being applied to war purposes. In every line, similar developments occurred to a greater or lesser extent.



An influenza epidemic swept over the district in October, keeping many people from work and slowing up business in general. This was fairly well checked by November, and business was proceeding at top speed with most of the necessary adjustments to war conditions effected when, on November 11, the armistice was signed. Then followed a period of uncertainty and hesitation with regard to the steps necessary to readjust business to a peace basis. Gradually Government restrictions, such as priority rules, were removed, and many lines were able promptly to return to approximately their prewar bases. Many other industries, however, felt obliged to pursue a waiting policy pending announcement of the Government's program for cancellations and the disposal of Government-owned stocks of raw materials. While the general attitude at the close of the year is one of caution, with buying limited to immediate requirements, jobbers and merchants are inclined to cooperate in effecting a gradual rather than a sudden decline in prices, and many manufacturers are disposed to retain their labor in spite of lessened output.

Prices, as indicated by Bradstreet's commodity index, rose from \$17.5996 on December 1, 1917, to \$19.0376 on December 1, 1918, an increase of 8 per cent, indicating the decline in the purchasing power of the dollar during the period.

LABOR.

During the first 10 months of 1918 all lines of business and industry experienced great difficulty in obtaining and holding a sufficient supply of labor. The great scarcity of both skilled and unskilled labor led to high competitive wage offers, resulting in a large turnover. The increasing flow of women into industry helped somewhat to supply the demand, but the shortage, nevertheless, was great. The "work or fight" order in July and Federal supervision of employment of unskilled labor helped the situation to some extent, but by the time these measures had become really effective matters were made worse again by the October influenza epidemic and the prospective operation of the enlarged draft law.

Very soon after the armistice was signed the labor shortage practically disappeared. Here and there unemployment became noticeable, especially where cancellation of Government contracts resulted in closing down important plants. Unemployment was evidently on the increase throughout the month of December, and some unrest was apparent.

Reports of the New York State Department of Labor, based on returns from 1,648 representative firms employing one-third of the factory workers in New York State, show that while the number of employees decreased 1 per cent during the year ending November, 1918, aggregate wages increased 21 per cent, and that for the two-year

period ending November, 1918, aggregate wages increased 43 per cent, while the number of employees increased only 6 per cent.

INDUSTRIES AND STAPLES.

Although limited during the winter by bad traffic, fuel, and weather conditions, and throughout the year by labor scarcity, the more essential industries in general operated at their maximum capacity up to the armistice. Less essential production was curtailed to a considerable extent, but such plants were often able to produce essential articles. The building trades were quieter than for many years, little construction other than necessary alteration and repairs being done, except for the Government or war industries.

Steel production lagged somewhat through the first months of the year, due to the bitter weather and the fuel shortage. After that it began to approach the standard set in 1917 and gained an impetus which continued till well toward the end of the year. The present situation in the steel industry, however, is in marked contrast with that of a year ago. Then every effort was being made to meet war requirements; now the Government has practically retired from the market and steel makers face the necessity of readjusting to a peace basis, with great dullness in the building trades and the expected foreign demand not yet materializing. Maximum price-fixing by the Government was stopped January 1, 1919; before that time steel producers had made a reduction which averaged about \$4 a ton on the various grades quoted, yet prices were still about \$30 above those of 1907, the highest of recent prewar years. Pig-iron production during 1918 is estimated at 38,506,249 tons, which is slightly above that of 1917, and ingot production at 42,212,000 tons, which is substantially above that of 1917.

For a variety of reasons the stock of copper in process was large at the end of 1916, despite the heavy demand throughout the year. The price was lowered from 26 cents to 23 cents in December, and at the close of the year to 20 cents, though these prices were really nominal and trading was at a standstill.

Cotton prices fluctuated widely during 1918, ranging from 23 cents to 37.5 cents, the spot price at the year's end being 32.6 cents. The crop was larger than that of either 1917 or 1916. Mills worked at full capacity, largely on Government orders, and netted profits in excess of expectations.

Woolen mill output was taken almost exclusively for Government purposes until toward the end of November. A decided fall in prices of woolen goods occurred during December.

The country's wheat production for 1918 was 917,000,000 bushels, as against 636,600,000 bushels in 1917, and the Government's guaranteed price of \$2.28 per bushel, which is to continue up to June,

1920, gave to the crop an extraordinarily high value. Corn production, on the other hand, was 2,582,814,000 bushels, as against 3,000,000,000 bushels in 1917, and prices rose from \$1.279 per bushel to \$1.366. Other grains, with the exception of barley and rye, showed similar price tendencies.

LOCAL CROPS.

The total value of farm products, including milk, in New York State is estimated at \$801,840,360 for 1918, as compared with \$659,787,980 for 1917. In many crops the actual yield increased as well as the value. The wheat crop, valued at \$18,900,000, showed a production of 9,000,000 bushels as compared with 8,286,000 bushels in 1917. In corn the increase was nearly 10,000,000 bushels, the production being 30,852,000 bushels, valued at \$55,065,000. Other crops showing a substantial increase in actual yield over 1917 were oats, onions, and cabbage. Buckwheat, rye, potatoes, beans, peaches, and grapes showed a decrease as compared with 1917, while hay decreased in tonnage but increased \$14,000,000 in value.

Similar data for northern New Jersey are not available.

MERCHANDISING.

Merchandising was fairly active throughout the year. During the first ten months, retail sales of less essential articles were considerably curtailed due to war conditions, while demand for staples continued strong. The influenza epidemic caused a very excessive slackening in business during October. Following the signing of the armistice, retail sales increased decidedly in nearly all lines, due partly to the decrease of influenza, but principally to the relaxation of the rigid economies practiced during the war. The result was a holiday trade of record proportions. Up to the time of the armistice the purchases of jobbers and retailers seemed limited only by inability to obtain supplies. With the certainty of peace, however, buying became extremely conservative because of large stocks on hand and the belief that declining prices were to be anticipated.

MONEY RATES.

Money rates averaged firmer throughout the year than during 1917. During the first half of the year the call loan rate was subject to frequent fluctuations, ranging between 4 per cent and 6 per cent from January to August. From the middle of August until the beginning of November it remained steadily at 6 per cent and was only prevented from going higher by the cooperation of the money committee and its associated banks. After the armistice the rate fluctuated, declining to 4 per cent at times, but returning to 6 per cent at the close of the year.

THE SECURITIES MARKET.

Following a sharp upward turn in stock prices in the closing week of 1917, a fairly continuous rise continued throughout 1918, reaching its high point about the middle of November, since which time prices have showed a declining tendency, although they retained at the end of the year a very substantial gain from the low point of December a year ago. In May and November there was trading in very heavy volume and indication of a strong upward movement. These movements, however, were not long continued, and the general course of the market has been a moderate upward rise with trading for the most part in moderate volume, the total number of shares of stock sold during the year being approximately 141,000,000, as against 184,000,000 in 1917.

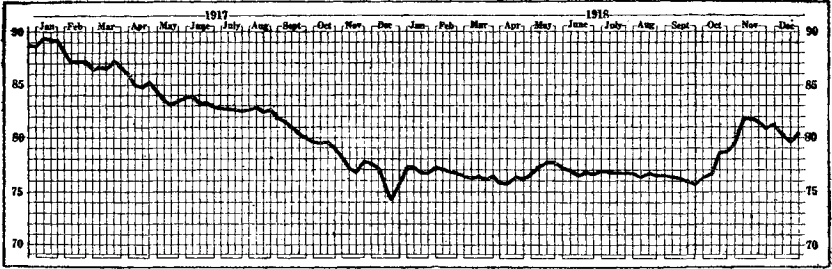
Unlike stock prices, prices of bonds listed on the exchange showed a declining tendency from January to April, a rather marked rise during May, followed by a further downward movement until the end of September, when apparently because of increased certainty of early victory for the allies, prices began a strong upward movement which continued well into November. Though there was a slight fall between that date and the end of the year, the level reached was over three points above that of January, and about six points above the low point reached in December, 1917. Over four-fifths of the total volume of bond sales consisted of Liberty bonds.

With the improvement in bond prices toward the end of the year it became possible in a limited way for railroad and other corporations with good credit to place bond issues of fairly long maturity, instead of borrowing on short term issues. Several important issues were offered and oversubscribed during the closing weeks of the year.

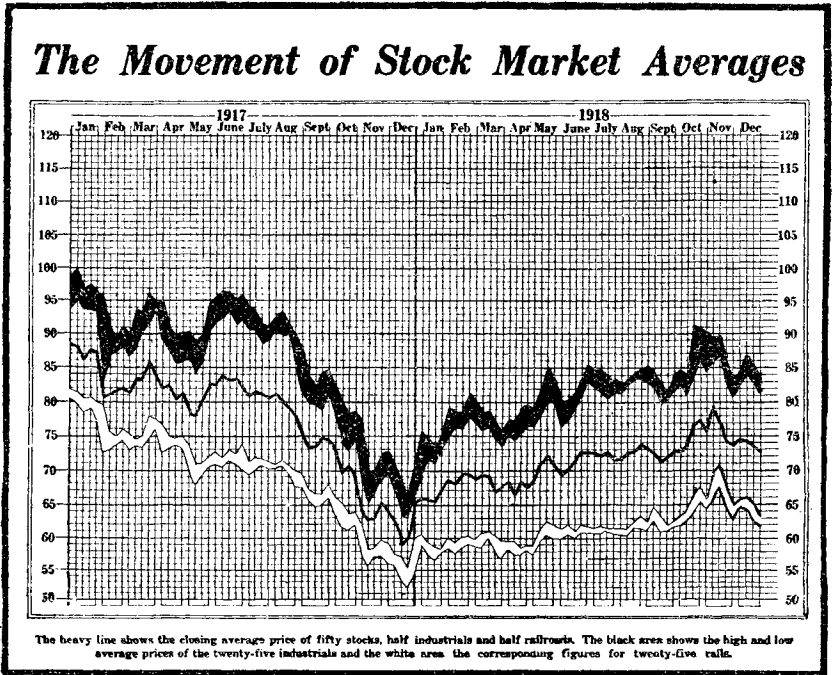
The charts on the following page, reproduced from "The Annalist," show the movement of average prices for 50 stocks, half industrials and half railroads, and the trend of bond prices during 1917 and 1918. Following are figures, also taken from "The Annalist," showing the volume of stock and bond sales, by months, during the year.

	Shares.	Government bonds.	Total all bonds (including Government).
January.....	13,504,774	\$73,928,500	\$107,265,000
February.....	11,316,152	61,281,500	84,708,500
March.....	8,207,918	99,552,500	119,630,000
April.....	7,436,714	110,783,000	128,271,500
May.....	21,104,078	135,966,500	166,478,000
June.....	11,598,715	120,382,000	143,519,000
July.....	8,347,851	102,688,500	120,489,000
August.....	6,864,812	147,339,000	167,288,500
September.....	8,030,449	156,175,000	179,696,500
October.....	20,285,334	176,390,500	233,984,500
November.....	14,720,163	202,558,500	256,211,000
December.....	11,961,135	310,056,000	385,711,000
Total.....	143,378,095	1,697,041,500	2,093,257,500

The Trend of Bond Prices—Average of 40 Listed Issues



The Movement of Stock Market Averages



FOREIGN TRADE.

Total exports from the United States during 1918 are estimated at \$6,100,000,000, a decrease of about \$100,000,000 from the preceding year; while imports are estimated at \$3,100,000,000, an increase of about \$100,000,000 over 1917. Exports from this customs district, excluding Government shipments, aggregated \$3,834,677,239, a decrease of \$432,727,353 from 1917, and imports were \$1,296,345,823, a decrease of \$66,081,165. If exports carried on Government vessels, which did not clear at, or report to the customs house, were included, exports through this port would doubtless exceed those of 1917.

New York's decrease in foreign trade was shared with other ports on the Atlantic coast, this whole division showing a decrease of 14 per cent in exports and 7 per cent in imports, while the Pacific coast gained 70 per cent in exports and 30 per cent in imports. This shifting in trade is the result of the slight decrease in exports to Europe, other than Government exports, coupled with the decided decrease in imports from that continent and on the other hand, of the large gain in both exports to and imports from Asia and Oceania. Total imports from Europe are estimated at \$350,000,000, compared with \$550,000,000 in 1917 and \$900,000,000 in 1912, a representative prewar year. Imports from Asia are estimated at \$900,000,000 against \$758,000,000 in 1917 and from Oceania \$165,000,000 against \$100,000,000 in 1917. Exports to Asia are estimated at \$450,000,000 as compared with \$430,000,000 in 1917 and to Oceania \$150,000,000 as compared with \$117,000,000 in 1917. There was little change in the amount of either exports to or imports from South America as a whole. Imports from Mexico increased about 12 per cent while exports decreased slightly. There was a considerable increase in trade with Canada.

Our excess of exports over imports during the European war totaled about \$11,000,000,000.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of New York during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	(1) Discounted paper secured by United States war obligations.	(2) Other discounted paper.	(3) (1+2)	(4) Bills bought in open market.	(5) Total bills discounted and bought.	(6) Per cent (1+5)	(7) Total earning assets.
Jan. 4.....	150,325	92,293	242,618	152,377	394,995	38.1	432,786
11.....	152,525	79,905	232,430	150,982	383,412	39.8	457,188
15.....	157,625	69,689	227,314	155,570	382,884	41.2	437,696
25.....	152,421	70,199	222,620	168,278	390,898	39.0	411,742
Feb. 1.....	138,450	77,079	215,529	177,407	392,936	35.2	407,792
8.....	117,450	59,787	177,237	166,237	343,474	34.2	435,671
15.....	97,488	63,918	161,396	170,760	332,156	29.3	383,419
21.....	110,008	67,322	177,330	176,737	354,067	31.1	471,441
Mar. 1.....	129,739	88,062	217,801	165,545	383,346	33.8	475,894
8.....	137,025	86,271	223,296	178,256	401,552	34.1	528,073
15.....	144,570	96,576	241,146	182,116	423,262	34.2	565,452
22.....	161,618	87,662	249,280	179,905	429,185	37.7	586,637
28-29.....	162,968	84,949	247,917	130,887	378,804	43.0	550,915
Apr. 5.....	160,427	74,086	234,513	127,743	362,256	44.3	547,488
12.....	288,119	58,388	346,507	123,108	469,615	61.4	547,627
19.....	356,477	52,895	409,372	117,406	526,778	67.7	532,803
26.....	379,846	54,410	434,256	121,027	555,283	68.4	559,196
May 3.....	348,867	52,225	401,092	124,463	525,555	66.4	529,660
10.....	373,301	76,723	450,024	126,650	576,674	64.7	655,586
17.....	304,298	64,416	368,714	130,439	499,153	61.0	544,203
24.....	380,004	62,171	442,175	138,983	581,158	65.4	587,389
31.....	340,803	67,472	408,275	133,420	541,695	62.9	621,960
June 7.....	395,970	66,129	462,099	130,580	592,679	66.8	622,776
14.....	399,341	69,194	468,535	127,966	596,501	66.9	603,324
21.....	306,311	76,992	383,303	123,458	506,761	60.4	512,797
28.....	165,469	93,796	259,265	115,813	375,078	44.1	574,590
July 5.....	237,382	124,640	362,022	112,416	474,438	50.0	478,623
12.....	280,342	132,659	413,001	113,256	526,257	53.3	546,062
19.....	261,718	147,452	409,170	104,561	513,731	50.9	518,519
26.....	272,185	124,210	396,395	104,033	500,428	54.4	505,584
Aug. 2.....	264,326	104,832	369,158	116,722	485,880	54.4	491,445
9.....	285,454	127,001	412,455	113,106	525,561	54.3	530,650
16.....	315,593	126,472	442,065	112,692	554,757	56.9	574,996
23.....	405,029	147,380	552,409	125,276	677,685	59.8	689,296
30.....	415,221	146,418	561,639	121,875	683,514	60.7	697,404
Sept. 6.....	453,900	130,199	584,099	120,762	704,861	64.4	720,192
13.....	487,811	134,034	621,845	123,016	744,861	65.5	764,640
20.....	524,966	132,421	657,387	131,978	789,365	66.5	813,092
27.....	564,288	113,074	677,362	155,575	832,937	67.7	860,446
Oct. 4.....	546,522	99,157	645,679	112,506	758,185	72.1	785,051
10-11.....	589,817	106,391	696,208	118,702	814,910	72.4	845,594
18.....	547,420	96,543	643,963	127,040	771,003	71.0	802,387
25.....	476,068	104,749	580,817	142,156	722,973	65.8	937,343
Nov. 1.....	514,153	110,459	624,612	129,944	754,556	68.1	791,894
8.....	574,655	103,678	678,333	134,045	812,378	70.7	850,867
15.....	580,548	94,444	674,992	166,938	841,930	69.0	880,356
22.....	555,534	95,812	650,846	172,204	823,050	67.5	919,007
29.....	626,905	84,263	711,168	166,732	877,900	71.4	914,721
Dec. 6.....	669,840	83,704	753,544	107,883	861,427	77.8	901,158
13.....	624,953	73,314	698,267	99,521	797,788	78.3	840,973
20.....	534,748	54,114	588,862	84,491	673,353	79.4	869,299
27.....	610,770	41,605	652,375	69,323	721,698	84.6	925,424

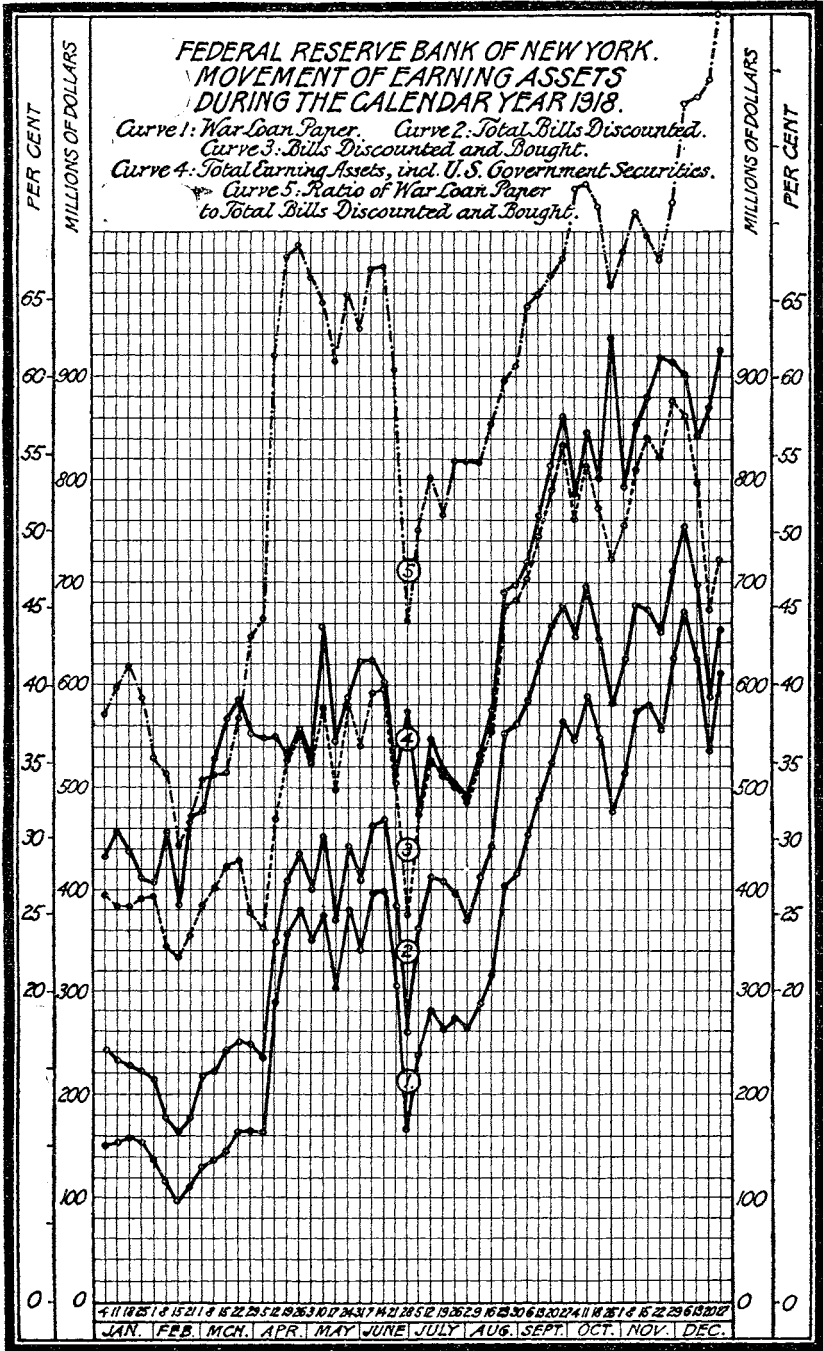
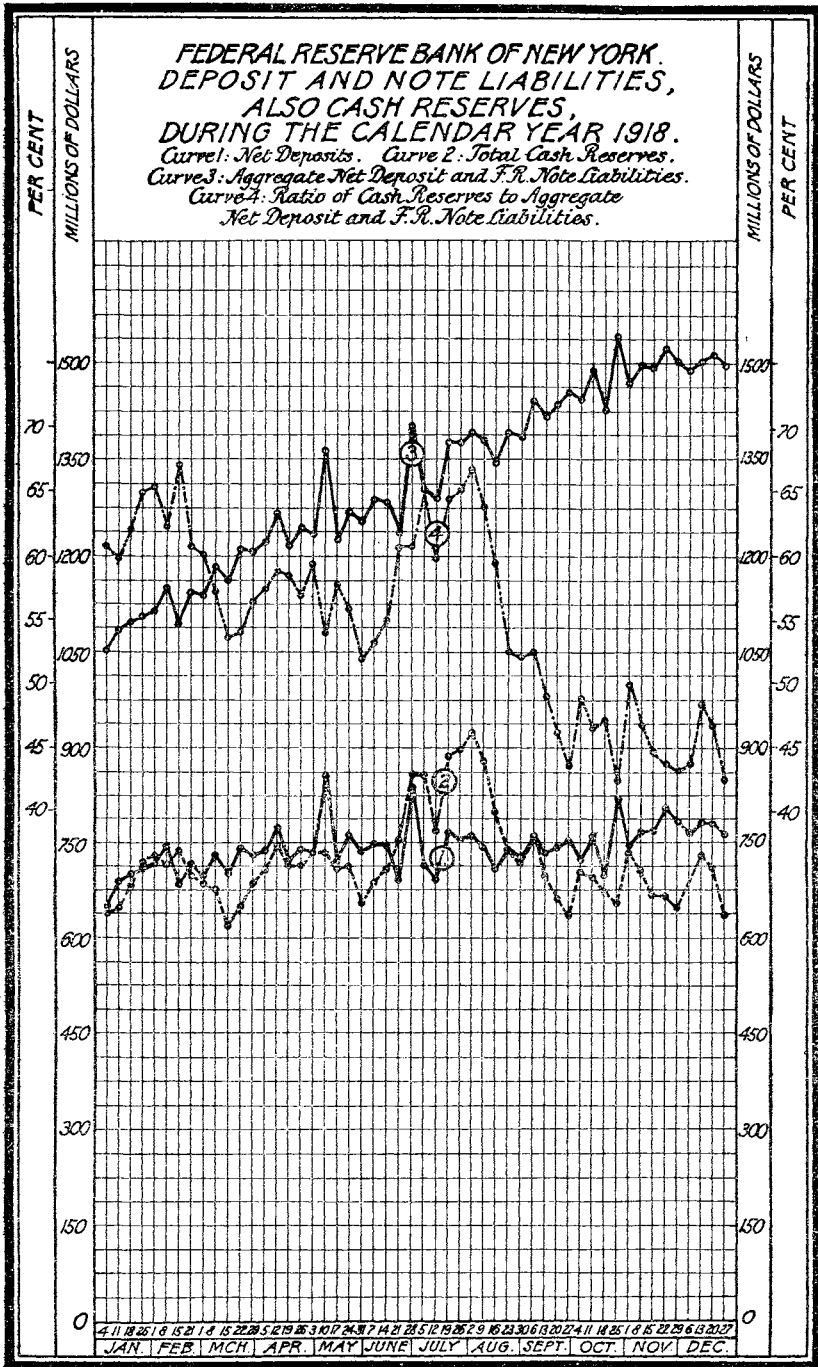


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal reserve note liabilities and the reserve percentage of the Federal Reserve Bank of New York during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	(1)	(2)	(3)	(4)	(5)
	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circulation.	(2+3)	Ratio of cash reserves to net deposits and Federal Reserve note liabilities combined.
Jan. 4.....	\$640, 449	\$649, 728	\$402, 900	\$1, 052, 628	60. 8
11.....	647, 594	689, 642	394, 466	1, 084, 108	59. 7
18.....	681, 512	699, 814	398, 610	1, 097, 924	62. 1
25.....	716, 663	709, 060	397, 462	1, 106, 522	64. 8
Feb. 1.....	728, 939	715, 718	398, 933	1, 114, 651	65. 4
8.....	716, 255	745, 540	404, 131	1, 149, 671	62. 3
15.....	734, 370	682, 224	412, 449	1, 094, 673	67. 1
21.....	694, 694	716, 017	426, 557	1, 142, 574	60. 8
Mar. 1.....	684, 538	695, 370	441, 025	1, 136, 395	60. 2
8.....	678, 705	730, 452	451, 781	1, 182, 233	57. 4
15.....	620, 106	699, 005	461, 719	1, 160, 724	53. 4
22.....	650, 091	741, 594	469, 752	1, 211, 346	53. 7
29.....	684, 332	732, 152	477, 598	1, 209, 750	56. 6
Apr. 5.....	703, 264	739, 605	485, 233	1, 224, 838	57. 4
12.....	744, 828	774, 289	491, 776	1, 286, 065	58. 8
19.....	711, 656	720, 948	496, 636	1, 217, 584	58. 4
26.....	711, 038	742, 478	500, 640	1, 243, 118	57. 2
May 3.....	735, 128	731, 063	508, 560	1, 239, 623	59. 3
10.....	735, 903	852, 880	511, 004	1, 363, 884	54. 0
17.....	708, 919	717, 333	507, 826	1, 225, 159	57. 9
24.....	710, 674	763, 313	506, 342	1, 269, 655	56. 0
31.....	652, 310	736, 719	517, 108	1, 253, 827	52. 0
June 7.....	684, 387	749, 376	536, 764	1, 286, 140	53. 2
14.....	705, 992	745, 005	537, 918	1, 282, 923	55. 0
21.....	751, 183	690, 637	546, 707	1, 237, 344	60. 7
28.....	853, 123	837, 944	562, 848	1, 400, 792	60. 9
July 5.....	851, 681	711, 714	591, 791	1, 303, 505	65. 3
12.....	768, 413	689, 972	598, 007	1, 287, 979	59. 7
19.....	834, 969	768, 761	607, 890	1, 376, 651	64. 3
26.....	896, 063	755, 235	620, 439	1, 375, 674	65. 1
Aug. 2.....	926, 410	762, 001	628, 402	1, 390, 403	66. 6
9.....	876, 985	740, 875	638, 917	1, 379, 792	63. 6
16.....	798, 687	704, 423	640, 879	1, 345, 302	59. 4
23.....	728, 728	738, 765	649, 650	1, 388, 415	52. 5
30.....	721, 916	726, 035	659, 766	1, 385, 801	52. 1
Sept. 6.....	755, 426	761, 648	678, 298	1, 439, 946	52. 5
13.....	691, 481	730, 560	686, 399	1, 416, 959	48. 8
20.....	662, 477	740, 561	693, 083	1, 433, 644	46. 2
27.....	635, 562	753, 465	699, 650	1, 453, 115	43. 7
Oct. 4.....	700, 831	721, 785	719, 317	1, 441, 102	48. 6
10.....	693, 328	762, 126	727, 384	1, 489, 510	46. 5
18.....	672, 474	696, 141	728, 859	1, 425, 000	47. 2
25.....	655, 720	819, 690	721, 939	1, 541, 629	42. 5
Nov. 1.....	730, 124	746, 415	722, 067	1, 468, 482	49. 7
8.....	703, 461	768, 139	730, 483	1, 498, 622	46. 9
15.....	667, 630	769, 217	723, 355	1, 492, 572	44. 7
22.....	664, 232	805, 863	718, 784	1, 524, 647	43. 6
29.....	648, 654	783, 288	720, 294	1, 503, 582	43. 1
Dec. 6.....	649, 955	767, 534	721, 544	1, 489, 078	43. 6
13.....	726, 168	784, 023	718, 518	1, 502, 541	48. 3
20.....	709, 809	781, 452	734, 065	1, 515, 517	46. 8
27.....	637, 295	763, 230	736, 552	1, 499, 782	42. 5



SCHEDULE 1.—Balance sheet.

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 31, 1916.
RESOURCES.			
Reserves:			
Gold with Federal Reserve agent	\$274,392,165.00	\$250,598,565.00	\$107,003,765.00
Gold redemption fund for Federal Reserve notes	25,000,000.00	10,000,000.00	250,000.00
Gold settlement fund	66,790,455.76	5,854,000.00	20,570,000.00
Gold bullion	79,101,340.83	68,113,616.99	
Gold coin and certificates	179,674,646.70	275,130,455.00	159,321,257.50
Legal tender notes	43,038,200.00	31,322,275.00	11,188,200.00
Silver certificates and coin	4,531,976.85	8,925,743.85	4,077,274.80
Total reserves	672,528,785.14	649,944,655.84	302,410,497.30
Loans and discounts:			
Bills discounted for member banks	697,341,455.69	225,117,913.30	7,071,158.55
Acceptances purchased	77,576,632.94	148,770,185.44	41,457,184.04
Rediscounts for other Federal Reserve Banks		25,191,033.66	
United States bonds	1,447,700.00	5,168,599.64	1,042,550.00
United States one-year Treasury notes	521,000.00	4,493,000.00	1,205,000.00
United States certificates of indebtedness	93,374,500.00	15,000,000.00	
United States securities held to secure Federal Reserve bank notes	34,955,000.00		
Municipal warrants		510,701.32	972,311.62
Total investments	905,216,288.63	424,251,433.36	51,748,204.21
Other resources:			
Federal Reserve notes and other cash	97,048,219.95	59,752,685.24	13,865,897.46
Federal Reserve bank notes	751,000.00		
Redemption fund Federal Reserve bank notes	1,689,250.00		
Items in process of collection	145,736,177.53	48,091,790.20	23,077,418.64
Exchanges for clearing house and sundry cash items	36,401,491.78	26,429,660.74	2,503,168.21
Due from foreign banks	6,770,374.11		
Interest accrued on United States bonds	172,878.27	73,620.28	12,501.88
Deferred charges and prepaid expenses	150,194.29	20,458.22	8,753.52
Advances made for Treasurer United States, account expenses Liberty loan and war savings committees	3,023,724.56	360,350.01	
Real estate	2,317,692.39		
Cost of unissued Federal Reserve notes			235,598.86
Total other resources	294,061,002.88	134,728,564.69	39,703,338.57
Total resources	1,871,806,076.65	1,208,924,653.89	393,862,040.08
LIABILITIES.			
Capital:			
Capital paid in	20,820,100.00	18,695,950.00	11,855,750.00
Surplus	8,322,040.00	649,363.56	
Profit and loss			163,063.98
Total capital fund	29,142,140.00	19,345,313.56	12,028,813.98
Deposits:			
Due to United States Government	5,705,629.16	11,870,767.74	3,571,391.94
Due to foreign governments and banks	95,976,172.85	3,335,930.00	
Due to member banks, reserve balances	705,062,061.27	652,791,808.26	237,907,354.87
Due to member banks, uncollected funds	72,173,899.90	35,553,478.43	18,552,984.84
Due to nonmember banks, deposit account	5,382,207.29	10,317,630.16	
Due to other Federal Reserve Banks, collected funds	78,986,137.26	7,610,609.86	12,373,721.91
Due to other Federal Reserve Banks, uncollected funds	6,934,425.41	5,156,779.75	2,085,975.49
Cashiers' checks outstanding	4,998,919.04	4,821,683.09	188,275.81
Gross deposits	975,219,452.18	731,458,687.29	274,679,704.86
Notes:			
Federal Reserve notes outstanding	819,015,835.00	456,338,565.00	107,003,765.00
Federal Reserve bank notes outstanding	33,785,000.00		
Total	852,800,835.00	456,338,565.00	107,003,765.00
Other liabilities:			
Depreciation reserve account	505,255.00	205,880.00	
Unearned discount and interest	1,308,769.90	1,348,238.04	149,756.24
Participation certificates Liberty loan bonds	34,410.00	227,970.00	
Reserve for franchise tax	12,795,214.57		
Total other liabilities	14,643,649.47	1,782,088.04	149,756.24
Total liabilities	1,871,806,076.65	1,208,924,653.89	393,862,040.08

SCHEDULE 2.—Income and expense statement.

	1918	1917
INCOME.		
Bills discounted for members.....	\$17,736,260.94	\$2,455,532.87
Acceptances bought.....	5,411,820.70	1,843,324.87
United States securities.....	1,561,839.17	378,668.40
Municipal warrants.....	2,621.23	66,470.41
Profit realized on United States bonds.....		14,335.50
Commissions received.....	22,645.93	38,537.54
Profit on bills sold.....	10,393.07	8,077.03
Penalties for deficient reserves.....	27,191.89	18,565.29
Service charges.....	50,167.06	80,922.53
Sundry profits.....	491,795.99	24,779.51
Total.....	25,314,735.98	4,929,213.95
EXPENSE.		
Directors' fees, outside conferences, and Federal Advisory Council.....	22,618.96	18,301.61
Salaries.....	1,298,474.26	398,282.81
Rent.....	139,007.62	55,550.91
Cost of furniture and equipment.....	170,933.02	
Repairs and alterations.....	42,145.52	
Stationery and printing.....	137,960.30	
Telephone and telegraph.....	33,053.49	
Postage.....	99,439.80	
Expressage.....	47,204.28	
Insurance.....	35,294.48	
Employees' supper allowance, due to late work.....	48,459.52	
Postage and insurance on our Federal Reserve notes returned.....	20,491.24	
General expense.....	121,779.43	329,096.98
Cost of Federal Reserve notes.....	335,043.65	343,764.88
Cost of Federal Reserve bank note plates.....	27,920.93	
Assessment for expenses of Federal Reserve Board.....	100,876.18	50,252.09
Total.....	2,680,702.68	1,195,249.28
Net earnings.....	22,634,033.30	3,733,964.67
Net credits to profit and loss during year.....	132,058.91	
Net debits to profit and loss during year.....		158,708.77
Total.....	22,766,092.21	3,892,673.44
Deductions December 31, 1918:		
Additional transfer to depreciation reserve account.....	\$299,375.00	
Estimated value of buildings now standing on site, charged off.....	803,800.00	
		1,103,175.00
Dividends paid during 1918:		
Jan. 1 to June 30.....	586,271.98	
July 1 to Dec. 31.....	608,754.22	
		1,195,026.20
Reserve for franchise tax.....	12,795,214.57	
Carried to surplus.....	7,672,676.44	
Total.....	22,766,092.21	

SCHEDULE 3.—Discount rates.

Months.	15 days or less (including collateral loans).	16 to 90 days, inclusive.	Agricultural paper, 91 days to 6 months.	Special secured by Liberty bonds or United States certificates of indebtedness, 16-90 days.	Special 1-day collateral notes in connection with Government financing.	Trade acceptances, 16 to 90 days.	Rediscounts of bankers' acceptances, 15-60-90 days.	Open-market purchases, bankers' acceptances.	
								Authorized rates.	Actual rates.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
January.....	3½	4½	5	4	3-4½	4		3-4½	3½-4½
February.....	3½	4½	5	4	3-4½	4		3-4½	3½-4½
March.....	3½	4½	5	4	3-4½	4		3-4½	3½-4½
April 1-5.....	3½	4½	5	4	3-4½	4		3-4½	4-4½
April 6-30.....	4	4½	5	4½		4½		Min. 4	4-4½
May.....	4	4½	5	4½		4½		Min. 4	4-4½
June.....	4	4½	5	4½		4½		Min. 4	4-4½
July.....	4	4½	5	4½		4½		Min. 4	4-4½
August.....	4	4½	5	4½		4½		Min. 4	4-4½
September.....	4	4½	5	4½		4½		Min. 4	4-4½
October.....	4	4½	5	4½		4½	4 4½ 4½	Min. 4	4-4½
November.....	4	4½	5	4½		4½	4 4½ 4½	Min. 4	4-4½
December.....	4	4½	5	4½		4½	4 4½ 4½	Min. 4	4-4½

SCHEDULE 4.—*State banks admitted to system during 1918.*

Admitted to membership, 1918.	Bank or trust company.	Location.	Resources.
January	Bloomfield Trust Co.	Bloomfield, N. J.	\$3,980,809.35
	Trust Company of Fulton County.	Gloversville, N. Y.	1,096,337.04
February	Hudson Trust Co.	Hoboken, N. J.	24,834,270.11
	Lincoln Trust Co.	New York, N. Y.	22,716,183.28
	Peoples Bank & Trust Co.	Passaic, N. J.	6,354,559.68
	Peoples Bank & Trust Co.	Westfield, N. J.	2,206,055.70
	Farmers Loan & Trust Co.	New York, N. Y.	195,244,763.59
	Peoples Trust & Guaranty Co.	Hackensack, N. J.	6,178,884.38
	The Bank of Hammondsport.	Hammondsport, N. Y.	928,171.87
	Rutherford Trust Co.	Rutherford, N. J.	1,467,624.92
	Peoples Trust Co.	Binghamton, N. Y.	5,142,020.30
	March	Commercial Trust Co. of New Jersey	Jersey City, N. J.	32,340,202.34
Trust Co. of Wyoming County		Warsaw, N. Y.	752,403.25
April	Glen Ridge Trust Co.	Glen Ridge, N. J.	1,178,459.86
	Ithaca Trust Co.	Ithaca, N. Y.	3,150,215.03
	Workers Trust Co.	Johnson City, N. Y.	1,923,885.43
	Nassau County Trust Co.	Mineola, N. Y.	2,430,346.92
	Montclair Trust Co.	Montclair, N. J.	3,960,638.14
	Power City Bank.	Niagara Falls, N. Y.	9,365,827.67
	Schenectady Trust Co.	Schenectady, N. Y.	6,956,030.22
May	Savings Investment & Trust Co.	East Orange, N. J.	9,894,876.94
	Fulton Trust Co.	New York, N. Y.	9,268,016.24
June	New Jersey Title Guarantee & Trust Co.	Jersey City, N. J.	16,135,179.24
	Montgomery County Trust Co.	Amsterdam, N. Y.	2,734,794.60
July	First State Bank.	Canisteo, N. Y.	552,322.09
	Commercial Exchange Bank.	New York, N. Y.	8,920,147.25
	Fifth Avenue Bank of New York.	New York, N. Y.	25,436,952.05
	New Netherland Bank.	New York, N. Y.	7,031,510.21
	Bank of Suffolk County.	Stony Brook, N. Y.	394,329.61
	The County Trust Co.	White Plains, N. Y.	3,043,852.76
	Bank of Amityville.	Amityville, N. Y.	599,358.88
	Cranford Trust Co.	Cranford, N. J.	1,489,602.24
	Erle County Trust Co.	East Aurora, N. Y.	1,092,579.59
	Jefferson Trust Co.	Hoboken, N. J.	4,363,259.33
August	Oyster Bay Bank.	Oyster Bay, N. Y.	1,270,314.21
	Mutual Trust Co. of Westchester County	Port Chester, N. Y.	2,242,711.20
	Westfield Trust Co.	Westfield, N. J.	2,202,034.48
	Seacoast Trust Co.	Asbury Park, N. J.	1,978,786.27
	Bayonne Trust Co.	Bayonne, N. J.	4,159,396.89
	State Bank of Chatham.	Chatham, N. Y.	1,534,480.35
	Herkimer County Trust Co.	Little Falls, N. Y.	4,660,446.77
	Bank of Millbrook.	Millbrook, N. Y.	677,703.27
	Rockland County Trust Co.	Nyack, N. Y.	2,124,275.39
	South Norwalk Trust Co.	South Norwalk, Conn.	3,049,727.25
September	The State Bank.	Trumansburg, N. Y.	368,934.77
	Bank of Westbury.	Westbury, N. Y.	481,639.34
	Yorkville Bank.	New York, N. Y.	10,885,255.90
	Farmers & Merchants Bank.	Boonton, N. J.	480,869.99
	Bank of Hicksville.	Hicksville, N. Y.	986,407.62
	Federal Trust Co.	Newark, N. J.	9,793,898.23
	Columbia Bank.	New York, N. Y.	13,295,353.40
	Citizens Bank.	Perry, N. Y.	1,330,203.89
	Alliance Bank.	Rochester, N. Y.	15,318,076.66
	Floral Park Bank.	Floral Park, N. Y.	706,034.53
October	Morristown Trust Co.	Morristown, N. J.	9,225,186.77
	Mutual Bank.	New York, N. Y.	10,872,924.46
	Trust Co. of Orange.	Orange, N. J.	957,837.10
	Syracuse Trust Co.	Syracuse, N. Y.	17,821,127.40
	Trust & Deposit Co. of Onondaga.	Syracuse, N. Y.	24,364,091.52

SCHEDULE 5.—*Foreign branches of American banks, December 31, 1918.*

American Foreign Banking Corporation:	Equitable Trust Co.:
Branches—	Branches—
Port au Prince, Haiti.	Paris, ¹ France.
Panama City, Republic of Panama.	London, ¹ England.
Cristobal, Canal Zone.	Farmers Loan and Trust Co.:
Havana, Cuba.	Branches—
Empire Trust Co.:	London (2), ¹ England.
Branch—	Paris, ¹ France.
London, ¹ England.	Bordeaux, France.
	St. Nazaire, France.
	Neufchateau, France.

¹ Branches established before August, 1914.

SCHEDULE 5.—*Foreign branches of American banks, December 31, 1918—Continued.*

Guaranty Trust Co.:

Branches—

London,¹ England.
 Paris, France.
 Tours, France.
 Brussels, Belgium.
 Buenos Aires, Argentina.

International Banking Corporation:

Branches—

London,¹ England.
 Yokohama,¹ Japan.
 Kobe,¹ Japan.
 Shanghai,¹ China.
 Peking,¹ China.
 Hankow,¹ China.
 Tientsin,¹ China.
 Hong Kong,¹ China.
 Canton,¹ China.
 Manila,¹ Philippine Islands.
 Cebu,¹ Philippine Islands.
 Singapore,¹ Straits Settlements.
 Batavia, East Indies.
 Sourabaya, East Indies.
 Calcutta,¹ India.
 Bombay,¹ India.
 Panama,¹ Republic of Panama.
 Colon,¹ Republic of Panama.
 Medellin, Colombia.
 Santo Domingo, Dominican Republic.

San Pedro de Macoris, Dominican Republic.
 Santiago, Dominican Republic.
 Puerto Plata, Dominican Republic.

Mercantile Bank of the Americas (Inc.):

Branches—

Paris, France.
 Barcelona, Spain.

Affiliated Institutions—

American Mercantile Bank of Brazil—
 Para, Brazil.
 Pernambuco, Brazil.

Banco Mercantile Americana de Caracas—
 Caracas, Venezuela.
 La Guayra, Venezuela.

Banco Mercantile Americano del Peru—
 Lima, Peru.

Mercantile Bank of the Americas—Con.

Affiliated Institutions—Continued.

Banco Mercantile Americano del Peru—Continued.
 Arequipa, Peru.
 Chiclayo, Peru.
 Callao, Peru.

Banco Mercantile Americano de Colombia—

Bogota, Colombia.
 Barranquilla, Colombia.
 Cartagena, Colombia.
 Medellin, Colombia.
 Cali, Colombia.
 Manizales, Colombia.

Banco Mercantile Americano de Cuba—

Havana, Cuba.

Mercantile Overseas Corporation—

Guayaquil, Ecuador.
 Maracaibo, Venezuela.

National Bank of Nicaragua—

Managua, Nicaragua.
 Bluefields, Nicaragua.
 Leon, Nicaragua.
 Granada, Nicaragua.

Panama Banking Corporation:

Branches:

Colon,¹ Republic of Panama.
 Panama,¹ Republic of Panama.

National City Bank:

Branches—

Havana,¹ Cuba.
 Cienfuegos, Cuba.
 Matanzas, Cuba.
 Santiago, Cuba.
 Sagua la Grande, Cuba.
 San Juan, Porto Rico.
 Caracas, Venezuela.
 Bahia, Brazil.
 Rio de Janeiro, Brazil.
 Sao Paulo, Brazil.
 Santos, Brazil.
 Santiago, Chile.
 Valparaiso, Chile.
 Buenos Aires,¹ Argentina.
 Montevideo, Uruguay.
 Genoa, Italy.
 Moscow, Russia.
 Petrograd, Russia.
 Vladivostok, Russia.

¹ Branches established before August, 1914.

SCHEDULE 6.—*American branches of foreign banks, December 31, 1918.*

African Banking Corporation: New York. ¹	Commercial Bank of Spanish America: New York. ¹
Anglo-South American Bank (Ltd.): New York. ¹	San Francisco.
Banca Commerciale Italiana: New York.	Credito Italiano: New York (agency).
Banca di Napoli: New York. ¹	Hongkong & Shanghai Banking Corporation: New York. ¹
Chicago.	San Francisco. ¹
Banco Nacional de Cuba: New York. ¹	London & Brazilian Bank (Ltd.): New York. ¹
Bank of Montreal: New York. ¹	London & River Plate Bank (Ltd.): New York. ¹
San Francisco. ¹	Merchants Bank of Canada: New York. ¹
Chicago. ¹	National Bank of Santo Domingo: New York. ¹
Spokane.	National Bank of India: New York. ¹
Bank of Nova Scotia: New York. ¹	National Bank of South Africa: New York.
Boston. ¹	Philippine National Bank: New York.
Chicago. ¹	Royal Bank of Canada: New York. ¹
Bank of British West Africa (Ltd.): New York.	Standard Bank of South Africa (Ltd.): New York. ¹
Bank of Taiwan (Ltd.): New York (agency).	Sumitomo Bank (Ltd.): San Francisco.
Banque Belge Pour l'Etranger: New York.	Seattle.
Banque Nationale de la Republique d'Haiti: New York.	New York (agency).
Canadian Bank of Commerce: New York. ¹	Union Bank of Canada: New York. ¹
Portland, Oreg. ¹	Yokohama Specie Bank (Ltd.): San Francisco. ¹
San Francisco. ¹	Seattle.
Seattle, Wash. ¹	Los Angeles. ¹
Chartered Bank of India, Australia, and China: New York. ¹	New York. ¹
Colonial Bank of London: New York. ¹	

¹ Branches established before August, 1914.

SCHEDULE 7.—*Employees of the bank.*

	Men.	Women.	Total, 1918.	Total, 1917.
BANK DEPARTMENTS.				
Accounting and reconciling.....	11	1	12	.....
Accounting reference files.....	1	19	20	.....
Adjustment.....	15	4	19	.....
Architectural.....	2	.....	2	.....
Auditing.....	60	46	106	29
Bookkeeping.....	23	18	41	16
Cafeteria.....	.....	26	26	.....
Chief clerk.....	4	4	8	7
City collection.....	34	1	35	.....
Code.....	1	1	2	.....
Complaint and fraud.....	3	2	5	.....
Comptroller.....	4	8	12	.....
Country collection.....	11	37	48	11
Coupon collection.....	12	12	24	.....
Credit.....	25	8	33	11
Custody.....	11	2	13	.....
Discount.....	50	33	83	21
Distributing.....	9	4	13	5
Employment.....	2	9	11	.....
Federal Reserve agent.....	5	2	5	5
Filing and library.....	.....	19	19	18
Float force.....	1	.....	1	.....
Foreign exchange.....	6	1	7	.....
Gold shipments.....	3	.....	3	.....
Mail—officers'.....	1	1	1	2
Mail—outgoing.....	11	1	12	.....
Mail teller—day.....	28	8	36	17
Mail teller—night.....	13	.....	13	13
Miscellaneous.....	.....	.....	.....	8
Money.....	35	39	74	37
Money shipments.....	7	.....	7	5
Note teller.....	6	2	8	8
Officers' assistants.....	3	.....	3	.....
Pages.....	11	.....	11	9
Paying teller.....	3	.....	3	2
Porters.....	21	.....	21	17
Protection.....	21	.....	21	25
Protection—night.....	15	.....	15	.....
Purchasing.....	3	5	8	.....
Receiving teller.....	3	2	5	3
Reserve penalties.....	3	2	5	.....
Return items.....	8	12	20	17
Secretaries.....	1	8	9	3
Signatures.....	1	.....	1	.....
Special statements.....	6	4	10	.....
Stenographers.....	2	24	26	23
Supply.....	2	2	4	2
Telegraph.....	2	2	4	.....
Telephone.....	.....	12	12	6
Transit—day.....	32	308	340	167
Transit (5 p. m. to 12 p. m.).....	10	63	75	.....
Transit (12 p. m. to 8 a. m.).....	32	.....	32	.....
Vault.....	4	.....	4	2
Warehouse.....	4	.....	4	.....
Welfare.....	.....	11	11	.....
Wire transfer.....	6	3	9	7
Total.....	585	765	1,350	496
GOVERNMENT DEPARTMENTS.				
Bond issue and exchange.....	115	105	220	228
Capital issues committee.....	4	1	5	.....
Coupon payment.....	4	19	23	.....
Custody.....	40	2	42	.....
Government check.....	31	11	42	19
Government deposit.....	44	19	63	52
Certificate of indebtedness:				
Clerical.....	38	35	73	34
Sales.....	4	.....	4	.....
Total.....	280	192	472	333
LIBERTY LOAN ORGANIZATION.				
Administration.....	53	28	81	.....
Distribution.....	36	63	99	.....
Partial payment—third.....	45	272	317	.....
Partial payment—fourth.....	53	77	130	.....
Publicity.....	103	98	201	.....
Total.....	270	538	808	.....
Grand total.....	1,135	1,495	2,630	829

SCHEDULE 8.—*Certificates of indebtedness.*

Loan.	Date of issue.	Maturity date.	Rate.	Total sale.	Total allotment, second district.
			<i>Per cent.</i>		
Third.....	Jan. 2, 1918	June 25, 1918	1 4	\$491,822,500	\$239,954,000
Third.....	Jan. 22, 1918	Apr. 22, 1918	4	400,000,000	² 209,685,000
Third.....	Feb. 8, 1918	May 9, 1918	4	500,000,000	241,322,000
Third.....	Feb. 15, 1918	June 25, 1918	1 4	74,100,000	14,007,500
Third.....	Feb. 27, 1918	May 28, 1918	4 1/2	500,000,000	³ 172,666,500
Third.....	Mar. 20, 1918	June 18, 1918	4 1/2	543,032,500	193,700,500
Third.....	Mar. 15, 1918	June 25, 1918	1 4	110,962,000	10,252,500
Third.....	Apr. 10, 1918	July 9, 1918	4 1/2	551,226,500	215,448,000
Third.....	Apr. 22, 1918	July 18, 1918	4 1/2	517,826,500	222,486,000
.....	Apr. 15, 1918	June 25, 1918	1 4	71,880,000	12,000,500
.....	May 15, 1918	.....do.....	1 4	183,767,000	61,188,000
Fourth.....	June 25, 1918	Oct. 24, 1918	4 1/2	839,646,500	312,844,500
Fourth.....	July 9, 1918	Nov. 7, 1918	4 1/2	753,938,000	273,219,500
Fourth.....	July 23, 1918	Nov. 21, 1918	4 1/2	584,750,500	211,714,000
Fourth.....	Aug. 6, 1918	Dec. 5, 1918	4 1/2	575,706,500	207,287,000
Fourth.....	Aug. 20, 1918	July 15, 1919	1 4	157,552,500	44,766,000
Fourth.....	Sept. 3, 1918	Jan. 2, 1919	4 1/2	639,493,000	210,068,500
Fourth.....	Sept. 17, 1918	Jan. 16, 1919	4 1/2	625,216,500	216,264,500
Fourth.....	Oct. 1, 1918	Jan. 30, 1919	4 1/2	641,069,000	249,591,000
Fourth.....	Nov. 7, 1918	Mar. 15, 1919	1 4 1/2	794,172,500	350,847,500
Fifth.....	Dec. 5, 1918	May 6, 1919	4 1/2	613,438,000	222,830,000
Fifth.....	Dec. 19, 1918	June 20, 1919	4 1/2	572,494,000	199,117,000
				10,742,094,000	4,091,260,000

¹ Tax certificates.² Subscription of \$230,917,000.³ Subscription of \$197,715,000.SCHEDULE 9.—*Liberty loan subscriptions.*

THIRD LOAN.

Class.	Amount of subscriptions.	Number of subscribers.
\$50.....	\$96,284,350	1,925,687
\$100.....	57,711,700	577,117
\$150 to \$450.....	69,651,100	298,921
\$500.....	46,789,500	93,579
\$550 to \$950.....	3,072,300	4,417
\$1,000.....	106,447,000	106,447
\$1,050 to \$4,950.....	35,509,650	15,800
\$5,000.....	38,175,000	7,635
\$5,050 to \$9,950.....	9,533,050	1,371
\$10,000.....	60,060,000	6,006
\$10,050 to \$50,000.....	127,456,850	4,628
\$50,050 to \$100,000.....	68,557,600	783
\$100,050 to \$200,000.....	50,145,050	322
Over \$200,000.....	345,850,500	430
Total.....	1,115,243,650	3,043,123

FOURTH LOAN.

\$50.....	\$113,958,250	2,279,165
\$100.....	88,741,300	887,413
\$150 to \$450.....	33,005,800	138,509
\$500.....	43,682,000	87,364
\$550 to \$950.....	9,735,100	14,483
\$1,000.....	118,376,000	118,376
\$1,050 to \$4,950.....	81,242,250	35,570
\$5,000.....	68,225,000	13,645
\$5,050 to \$9,950.....	32,927,400	4,710
\$10,000.....	104,830,000	10,483
\$10,050 to \$50,000.....	279,570,800	10,596
\$50,050 to \$100,000.....	156,613,950	1,886
\$100,050 to \$200,000.....	145,827,950	933
Over \$200,000.....	768,167,950	967
Total.....	2,044,901,750	2,069,806.17

SCHEDULE 10.—Ratio of subscriptions received, third and fourth loans.

THIRD LOAN.

Class of bank.	Number in second district.	Number subscribing.	Amount of subscriptions.	Per cent of total subscription.
National banks.....	625	624	\$541,400,250	48.6
State banks.....	229	228	147,024,900	13.2
Trust companies.....	202	193	393,092,200	35.2
Savings banks.....	178	105	21,990,850	2.0
Individuals (including foreign and private bankers).....			11,735,450	1.0
Total.....			1,115,243,650	100.0

Quota, \$900,000,000.

FOURTH LOAN.

Class of bank.	Number in second district.	Number subscribing.	Amount of subscriptions.	Per cent of total subscription.
National banks.....	625	622	\$962,662,650	47.1
State banks.....	229	228	272,686,300	13.3
Trust companies.....	202	196	759,660,100	37.2
Savings banks.....	178	89	26,440,250	1.3
Individuals (including foreign and private bankers).....			23,452,450	1.1
Total.....			2,044,901,750	100.0

Quota, \$1,800,000,000.

SCHEDULE 11.—Subscriptions, third and fourth loans, by geographic subdivisions.

THIRD LOAN.

Division.	Quota.	Amount of subscriptions.	Number of subscribers.	Average size.	Subscriptions per capita.
Subdistrict No. 1 (Buffalo and vicinity).....	\$43,626,500	\$57,525,500	286,426	\$201	\$56.51
Subdistrict No. 2 (Rochester and vicinity).....	20,969,400	24,777,450	115,090	215	41.74
Subdistrict No. 3 (Utica and Syracuse and vicinity).....	29,071,800	35,669,550	183,152	194	41.66
Subdistrict No. 4 (Binghamton and vicinity).....	9,449,900	13,248,550	74,474	178	33.53
Subdistrict No. 5 (Albany and Troy and vicinity).....	34,691,000	48,346,150	201,346	240	40.69
Subdistrict No. 6 (Long Island).....	10,872,100	12,527,500	50,966	245	38.98
Subdistrict No. 7 (Northern New Jersey).....	71,925,000	114,867,200	495,041	232	52.14
Subdistrict No. 8 (Westchester County, N. Y., and Fairfield County, Conn.).....	17,696,300	34,539,850	181,750	190	56.25
Total outside of Greater New York.....	238,272,000	341,500,750	1,588,245	215	48.18
Manhattan.....	618,794,000	701,167,700	1,248,327	561	276.42
Brooklyn.....	39,616,900	53,001,950	116,855	453	29.46
Bronx.....	3,317,100	5,361,150	24,417	219	8.70
Richmond ¹	1,032,900	3,386,800	19,262	176	34.33
Queens ¹	4,364,400	10,825,300	47,493	228	27.29
Total, Greater New York.....	661,728,000	773,742,900	1,456,354	531	142.07
Total for the district.....	900,000,000	1,115,243,650	3,044,599	366	88.98

¹ Parts of, but not included in figures for subdistrict No. 6.

SCHEDULE 11.—Subscriptions, third and fourth loans, by geographic subdivisions—Con.

FOURTH LOAN.

Division.	Quota.	Amount of subscriptions.	Number of subscribers.	Average size.	Subscriptions per capita.
Subdistrict No. 1 (Buffalo and vicinity).....	\$87,253,400	\$95,231,250	324,310	\$293	\$93.55
Subdistrict No. 2 (Rochester and vicinity).....	42,214,800	45,628,100	191,997	237	76.87
Subdistrict No. 3 (Utica and Syracuse and vicinity).....	58,143,600	63,054,850	219,833	286	73.64
Subdistrict No. 4 (Binghamton and vicinity).....	18,900,000	22,225,900	100,851	220	56.25
Subdistrict No. 5 (Albany and Troy and vicinity).....	69,382,000	77,653,100	224,847	345	65.36
Subdistrict No. 6 (Long Island).....	10,841,400	19,228,950	62,077	309	86.94
Subdistrict No. 7 (Northern New Jersey).....	143,850,000	199,131,150	607,089	327	90.39
Subdistrict No. 8 (Westchester County, N. Y., and Fairfield County, Conn.).....	35,332,400	53,029,700	215,310	246	86.37
Total outside of Greater New York.....	465,917,600	575,183,000	1,946,314	295	81.14
Manhattan.....	1,236,605,800	1,339,841,950	1,168,270	1,146	528.17
Brooklyn.....	79,233,800	101,032,950	290,453	347	56.17
Bronx.....	6,634,200	5,812,300	34,140	170	9.44
Richmond ¹	2,173,900	5,109,650	33,650	152	51.80
Queens ¹	9,434,700	17,951,900	131,263	136	45.25
Total, Greater New York.....	1,334,082,400	1,469,748,150	1,657,788	886	269.86
Total for the district.....	1,800,000,000	2,044,901,750	3,604,100	567	163.14

¹ Parts of, but not included in figures for subdistrict No. 6.

SCHEDULE 12.—Expenses of third and fourth Liberty loans to December 31, 1918.

THIRD LOAN.

Expense classification.	Fiscal agency organization.			Liberty loan organization.			
	Bond issue.	Certificates of indebtedness.	Government deposit.	Distribution.	Publicity.	Administration.	Total.
Salaries, regular.....	\$144,649.81	\$41,476.45	\$53,031.35	\$306,974.97	\$225,401.28	\$25,159.65	\$886,693.51
Salaries, overtime.....	8,202.31	5,560.62	7,226.29	50,799.10	13,833.52	2,284.64	87,906.48
Printing, stationery, and forms.....	15,017.47	4,138.73	2,391.77	189,640.02	16,331.22	24,365.57	251,884.78
Printing circulars and descriptive matter.....	2,050.00	756.58	491.62	83,302.32	143,270.82	9,859.80	239,731.14
Traveling expenses.....	1,106.54	2.40	.....	45,677.08	20,485.22	24.14	67,295.38
Telephone and telegraph.....	2,964.56	1,627.75	792.11	17,009.65	8,357.85	747.55	31,499.47
Expressage.....	247.88	22.26	.....	8,239.03	14,030.73	2,984.47	25,524.37
Postage.....	6,560.38	10.00	71.08	4,542.26	357.06	8.77	11,549.55
Equipment.....	23,736.48	4,038.25	2,013.19	40,871.03	18,226.33	8,372.75	97,258.03
Rent.....	12,687.43	2,585.13	3,172.33	42,628.30	8,774.74	10,778.60	80,626.53
Newspapers and directories.....	1.50	.....	103.65	276.50	3,533.11	7.00	3,921.76
Bands, music, and speeches.....	.....	.....	.....	18,932.63	21,617.83	.....	40,550.46
Banners, booths, and signs.....	.....	.....	.....	34,993.31	75,781.86	174.25	110,949.42
Miscellaneous supplies.....	11,705.31	1,648.32	395.42	31,250.95	17,017.01	11,359.12	73,376.13
General plant service.....	57,750.74	1,331.45	810.24	70,708.28	34,534.56	1,113.67	166,248.94
Total.....	286,680.41	63,197.94	70,499.05	1,035,845.43	621,553.14	97,239.98	2,175,015.95

SCHEDULE 12.—*Expenses of third and fourth Liberty loans to December 31, 1918—*
Continued.

FOURTH LOAN.

Expense classification.	Fiscal agency organization.			Liberty loan organization.			
	Bond issue.	Certificates of indebtedness.	Government deposit.	Distribution.	Publicity.	Administration.	Total.
Salaries, regular.....	\$107,606.02	\$41,746.17	\$34,033.57	\$217,384.11	\$246,655.45	\$37,626.24	\$685,051.56
Salaries, overtime....	15,386.39	5,925.51	1,630.66	41,085.07	31,576.62	4,396.89	100,001.14
Printing, stationery, and forms.....	11,048.08	3,758.39	3,163.26	272,667.06	27,865.34	14,424.71	332,926.84
Printing circulars and descriptive matter.....	536.73	4,380.09	135.00	41,188.24	235,983.61	2,480.83	284,704.50
Traveling expenses..	11.30	.....	.....	37,744.19	20,432.59	97.91	58,285.99
Telephone and telegraph.....	18.28	197.77	.....	12,215.25	1,060.14	1,851.27	15,342.71
Expressage.....	204.66	.....	61	7,882.60	19,619.16	4,233.39	31,940.42
Postage.....	5,023.17	.....	.....	50,521.34	347.59	171.50	56,063.60
Equipment.....	8,713.94	2,230.73	654.00	51,188.65	21,347.91	7,374.50	91,309.73
Rent.....	7,021.32	1,801.64	1,248.34	33,604.74	14,808.59	3,155.65	61,640.28
Newspapers and directories.....	.....	53.25	13.65	1,150.12	3,170.67	3.78	4,391.47
Bands, music, and speeches.....	.....	.....	.....	51,347.01	95,048.35	.....	146,395.36
Banners, booths, and signs.....	.....	35.00	.....	48,616.07	68,294.56	267.72	117,213.35
Miscellaneous supplies.....	3,262.76	388.69	90.07	9,892.19	8,440.52	7,210.36	29,284.59
General plant service.....	4,035.46	1,215.44	168.91	36,084.45	12,133.52	1,416.85	55,054.63
Total.....	162,868.11	61,732.68	41,138.07	912,571.09	806,784.62	84,711.60	2,069,806.17

SCHEDULE 13.—*Capital account reconciliation, Jan. 1 to Dec. 31, 1918.*

Capital paid in Jan. 1, 1918.....	\$18,684,850
Sundry increases:	
Due to increase of capital and surplus of member banks.....	\$1,221,850
Due to organization of new national banks.....	1,350
Due to admission of State banks and trust companies.....	1,071,350
	<u>2,294,550</u>
	20,979,400
Sundry decreases:	
Due to decrease in capital and surplus of member banks.....	300
Due to banks liquidated.....	174,000
	<u>174,300</u>
Paid in capital Dec. 31, 1918.....	20,805,100

SCHEDULE 14.—*Summary of Federal Reserve notes.*

Total issued to bank:	
1914, 1915, 1916, 1917.....	\$601,513,000
1918.....	589,400,000
	<u>1,190,913,000</u>
Less notes unfit for circulation retired 1914, 1915, 1916, 1917.....	¹ \$145,174,435
Less notes unfit for circulation retired 1918.....	226,722,730
	<u>371,897,165</u>
Amount outstanding Dec. 31, 1918.....	819,015,835
As follows:	
In actual circulation.....	729,824,330
Held by Federal Reserve Bank Dec. 31, 1918.....	89,191,505
	<u>819,015,835</u>
On Dec. 31, 1918, the Federal Reserve agent held against Federal Reserve notes:	
Gold certificates.....	274,392,165.00
Commercial paper.....	774,918,088.63
Total.....	<u>1,049,310,253.63</u>

SCHEDULE 15.—*Total of Federal Reserve notes paid out by the Federal Reserve Bank of New York, by months, 1918.*

	To member banks.	To nonmember banks.
January.....	\$41,763,000	\$3,129,000
February.....	61,278,000	2,022,000
March.....	60,386,000	2,605,000
April.....	67,543,000	2,342,000
May.....	55,262,000	1,776,000
June.....	77,418,000	2,983,000
July.....	92,593,000	1,413,000
August.....	89,244,000	755,000
September.....	88,573,000	1,019,000
October.....	86,150,000	1,203,000
November.....	73,627,000	1,547,000
December.....	104,185,000	2,352,000
Total paid to nonmember banks.....	907,022,000	23,146,000
Total received from Federal Reserve agent.....	930,168,000	589,400,000

SCHEDULE 16.—*Movement of Federal Reserve notes between Federal Reserve Bank of New York and other Federal Reserve Banks, Jan. 1 to Dec. 31, 1918.*

From Federal Reserve Bank of—	Notes of Federal Reserve Bank of New York received.	To Federal Reserve Bank of—	Their notes shipped.
Atlanta.....	\$6,163,750	Atlanta.....	\$9,300,050
Boston.....	28,023,300	Boston.....	16,415,400
Chicago.....	11,226,000	Chicago.....	14,085,950
Cleveland.....	9,517,450	Cleveland.....	13,639,700
Dallas.....	2,989,850	Dallas.....	1,977,800
Kansas City.....	691,050	Kansas City.....	3,406,000
Minneapolis.....	1,001,300	Minneapolis.....	2,312,750
Philadelphia.....	43,178,000	Philadelphia.....	31,085,350
Richmond.....	9,742,900	Richmond.....	17,519,100
St. Louis.....	4,274,050	St. Louis.....	3,013,150
San Francisco.....	1,240,820	San Francisco.....	5,873,950
Total.....	118,050,470		118,629,200

SCHEDULE 17.—*Summary of gold settlement fund operations, Jan. 1 to Dec. 31, 1918.*

From or to Federal Reserve Bank of—	Amounts received and paid by the New York Federal Reserve Bank in settlement of accounts due.		Net gain.	Net loss.
	Received.	Paid.		
Boston.....	\$2,653,341,793.38	\$2,677,384,815.43		\$24,043,022.05
Philadelphia.....	3,120,296,067.46	2,981,806,142.38	\$138,489,925.08	
Cleveland.....	2,170,184,540.50	1,836,466,723.75	333,717,816.75	
Richmond.....	1,221,227,283.37	1,364,498,250.70		143,270,977.33
Atlanta.....	1,501,450,567.96	752,163,009.71		250,712,441.75
Chicago.....	2,700,218,462.26	3,248,800,608.65		548,582,143.39
St. Louis.....	791,185,425.53	582,125,736.46	209,059,689.07	
Minneapolis.....	631,171,389.45	725,818,908.49		94,647,517.04
Kansas City.....	763,295,709.41	594,527,787.62	168,767,921.79	
Dallas.....	438,858,198.13	448,527,571.09		14,669,373.56
San Francisco.....	1,180,968,773.34	1,071,180,195.15	109,788,578.19	
Federal Reserve agent.....	172,000,000.00	101,000,000.00	71,000,000.00	
Treasurer of United States.....	159,053,000.00	53,020,000.00	106,033,000.00	
Total.....	16,498,256,210.79	16,437,319,755.03	1,136,861,930.88	1,075,925,475.12
Gain.....		60,936,455.76		60,936,455.75

SCHEDULE 18.—*Fiduciary powers granted national banks during 1918 in Second District by Federal Reserve Board.*

Powers granted—Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics:

Asbury Park, N. J., Merchants National Bank.
 Morristown, N. J., National Iron Bank.
 Paterson, N. J., Second National Bank.
 Phillipsburg, N. J., Phillipsburg National Bank.
 Albany, N. Y., National Commercial Bank.
 Buffalo, N. Y., Manufacturers & Traders National Bank.
 Canandaigua, N. Y., Canandaigua National Bank.
 Canton, N. Y., St. Lawrence County National Bank.
 Catskill, N. Y., Catskill National Bank.
 Cooperstown, N. Y., Second National Bank.
 Dunkirk, N. Y., Lake Shore National Bank.
 Elmira, N. Y., Second National Bank.
 Geneva, N. Y., First National Bank.
 Glens Falls, N. Y., Merchants National Bank.
 Hudson, N. Y., First National Bank.
 Jamestown, N. Y., National Chautauqua County Bank.
 Lockport, N. Y., Niagara County National Bank.
 New York, N. Y., American Exchange National Bank.
 New York, N. Y., Atlantic National Bank.
 New York, N. Y., Chemical National Bank.
 New York, N. Y., Citizens National Bank.
 New York, N. Y., First National Bank.
 New York, N. Y., Hanover National Bank.
 New York, N. Y., Irving National Bank.
 New York, N. Y., Lincoln National Bank.
 New York, N. Y., Mechanics & Metals National Bank.
 New York, N. Y., National Park Bank.
 Nyack, N. Y., Nyack National Bank.
 Oneonta, N. Y., Citizens National Bank.
 Utica, N. Y., Utica City National Bank.
 Watertown, N. Y., Watertown National Bank.

Powers granted—Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, receiver:

Bridgeport, Conn., City National Bank.

Powers granted—Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver:

Elmira, N. Y., Merchants National Bank.

Powers granted—Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, receiver:

Greenwich, Conn., Greenwich National Bank.

Powers granted—Trustee, registrar of stocks and bonds:

Frenchtown, N. J., Union National Bank.

Powers granted—Registrar of stocks and bonds:

Paterson, N. J., First National Bank.

SCHEDULE 19.—*Honor roll of employees in the military or naval service of the United States.*

Name.	Entered service.	Branch of service.
Aitken, Harold R.	Apr. 6, 1918	Marines.
Anderson, Harry A.	May 10, 1918	Navy.
Anderson, William C.	Mar. 9, 1918	Army.
Bedell, Henry M.	Apr. 5, 1918	Naval Reserve.
Behan, William F.	Mar. 1, 1918	Do.
Berger, Harry A.	Aug. 15, 1918	Signal Corps.
Black, Norman P.	Apr. 5, 1918	Army.
Blackford, Eugene G.	Jan. 15, 1918	Do.
Blackman, Harry R., jr.	Dec. 15, 1917	Do.
Blumberg, Leo.	Sept. 21, 1918	Student Army Training Corps, Harvard.
Bowen, Harold J.	Apr. 13, 1918	Navy.
Bronnan, Thomas S.	Apr. 23, 1918	Army.
Byrne, Edmund J.	Apr. 12, 1918	Do.
Cameron, Donald J.	Aug. 31, 1918	Do.
Carey, Jack H.	July 15, 1918	Canadian Royal Flying Corps.
Carnahan, Robert S.	Sept. 14, 1918	Student Army Training Corps, Columbia.
Cokelet, William Van	May 25, 1918	Army.
Conover, William H.	June 22, 1918	Do.
Cook, James R.	July 19, 1918	Do.
Curtis, Frank M.	Sept. 4, 1918	Do.
Cuyler, Theodore L.	Dec. 15, 1917	Navy.
Dackerman, Frank.	Aug. 9, 1918	Do.
Dencker, Rudolph R.	Aug. 3, 1918	Signal Corps.
Denny, Daniel.	May 24, 1918	Army.
Donaldson, Guy	Dec. 15, 1917	Navy.
Doyle, Frank P.	July 20, 1918	Army.
Drew, Earl.	May 1, 1918	Do.
Dunn, John A.	Apr. 27, 1918	Do.
Duvall, Steele.	Apr. 23, 1918	Do.
Ehm, William A.	July 16, 1917	National Guard.
Ermete, Martin C.	Sept. 28, 1918	Student Army Training Corps, St. John's.
Ernest, Frank, jr.	Sept. 15, 1918	Naval Reserve.
Farrell, Frank.	May 23, 1918	Army.
Felton, William.	Mar. 1, 1918	Do.
Ferens, Albert W.	June 30, 1918	Do.
Flanagan, James K.	Oct. 15, 1918	Do.
Fleming, John.	Mar. 19, 1918	Navy.
Foulon, Clement	July 27, 1918	Do.
Furnald, George.	Sept. 1, 1918	Merchant Marine.
Gardner, Douglas F.	May 22, 1918	Army.
Ghia, Arthur.	July 27, 1918	Do.
Gilchrist, William J.	July 15, 1918	Do.
Gleason, Parker A.	June 6, 1918	Naval Reserve.
Goddard, L. W.	Oct. 1, 1918	Navy.
Gorman, Wilbur B.	Aug. 3, 1918	Naval Reserve.
Griffis, Frederick.	Nov. 30, 1917	Royal Flying Corps.
Griffiths, Wilbur C.	May 5, 1918	Army.
Guy, Earl.	Dec. 31, 1917	Do.
Hamilton, Charles C.	July 12, 1918	Navy.
Hannett, Arthur.	Aug. 31, 1918	Do.
Hanson, Michael A.	June, 1917	Do.
Hart, William.	Nov. 30, 1917	Army.
Haviland, Roger M.	Dec. 15, 1917	Navy.
Helfrich, Henry W. A.	July 15, 1918	National Guard.
Henry, Thomas.	Sept. 4, 1918	Army.
Hughes, George Y.	Dec. 8, 1917	Navy.
Jacobus, Joseph L.	Sept. 3, 1918	Army.
O'Grady, Robert.	Aug. 15, 1918	Do.
Lange, William.	Sept. 23, 1918	Student Army Training Corps.
Steiger, Geo.	July 31, 1918	Merchant Marine.
Jearson, Adolf.	July 24, 1918	Army.
Johnson, Frank.	May 20, 1918	Do.
Judge, Joseph A.	Oct. 31, 1918	Student Army Training Corps.
Judson, Henry.	Aug. 24, 1918	Army.
Keeler, Charles J.	Nov. 15, 1917	Navy.
Keys, Howard E.	Nov. 4, 1918	Army.
Klausner, Joseph.	Sept. 4, 1918	Do.
Klein, Ralph.	Mar. 31, 1918	Do.
Kniffin, Frederick.	Mar. 28, 1918	Do.
Lackaye, George J.	June 22, 1918	Do.
Langan, William, jr.	July 10, 1918	Navy.
Leger, Louis Wm.	Apr. 30, 1918	Army.
Leonard, William J.	July 27, 1918	Navy.
Lewis, Conrad B.	Dec. 15, 1917	Do.
Lewis, Donald J.	Do.	Do.
Lewis, Ernest E.	Sept. 1, 1918	Merchant Marine.
Lord, Lyman C., jr.	May 23, 1918	Army.
Lowell, Charles.	Nov. 21, 1917	Navy.
McCormick, George T.	Dec. 1, 1917	Army.

SCHEDULE 19.—Honor roll of employees in the military or naval service of the United States—Continued.

Name.	Entered service.	Branch of service.
Marcus, Warren, jr.	Dec. 10, 1917	Do.
Markert, Russell E.	Mar. 15, 1918	Do.
Mellor, Walter	Nov. 30, 1917	Navy.
Meyran, George D., jr.	Nov. 23, 1917	Army.
Miller, Edward A.	Apr. 30, 1916	Do.
Moore, W. B. J.	July 15, 1917	National Guard.
Muller, Carl	Mar. 14, 1918	Army.
North, James C.	June 15, 1918	Navy.
Pannick, Frank, jr.	Mar. 2, 1918	Army.
Peper, John L.	Sept. 15, 1918	Student Army Training Corps, Columbia.
Prescott, Harvey B.	Dec. 31, 1917	Navy.
Pronek, Lawrence J.	Oct. 24, 1918	Army.
Quirk, William A.	Sept. 21, 1917	Do.
Reinbrecht, Downing A.	Dec. 1, 1917	Do.
Ross, Irwin G.	Sept. 30, 1918	Do.
Schultz, George W.	May 1917	Navy.
Schwartz, Roland J.	Sept. 7, 1918	Army.
Scott, Joseph D.	June 3, 1918	Navy.
Seifert, Louis J.	May 23, 1918	Army.
Senior, Charles, jr.	Sept. 15, 1917	Do.
Simpson, James L.	Feb. 27, 1918	Do.
Somers, Sutphen M.	June 2, 1918	Naval Reserve.
Stiess, Henry F.	May 21, 1918	Army.
Suker, George	Sept. 1, 1918	Do.
Tomkins, Edward J.	Nov. 24, 1917	Do.
Weaver, Luther O.	June 1916	Navy.
Wiese, Rudolph E.	Dec. 15, 1916	Army.
Wightman, Walter H.	May 15, 1918	Marines.
Wills, Ralph G.	July 27, 1918	Navy.
Winget, Clifford	July 21, 1917	New Jersey National Guard.
Wise, John B.	Oct. 1, 1918	Navy.
Wonsor, Edward	Dec. 28, 1917	Do.
York, Clarence S.	July 20, 1918	Army.

Two of those named above died in the performance of their duty. William Fraser Behan, a cadet flyer, in training at Bay Shore, Long Island, was killed in the fall of a hydroplane, and Luther Oberlin Weaver was among those lost with the United States patrol boat *Alcedo*, which was sunk by an enemy submarine.

SCHEDULE 20.—Schedule showing when the proceeds of items will become available.

Immediate credit:

New York (Manhattan); when received by 9. a. m.

One day after receipt:

Boston. †Baltimore.
 Philadelphia. †Pittsburgh.
 Richmond.
 Roanoke, Va. (see par
 list).

Two days after receipt:

	Banks in—	
Cleveland.	Connecticut.	New Jersey.
†Cincinnati.	Delaware.	*New York.
Chicago.	District of Columbia.	*Pennsylvania.
†Detroit.	Maine.	Rhode Island.
Atlanta.	*Maryland.	Vermont.
Minneapolis.	*Massachusetts.	*Virginia.
St. Paul.	New Hampshire.	
St. Louis.		
Kansas City, Mo.		
Kansas City, Kans.		
†Louisville.		

† Branch banks.

* Except banks in cities referred to in first column.

Four days after receipt:

Dallas.
 †New Orleans.
 †Denver.
 †Omaha.
 †Spokane.
 †Salt Lake City.
 †Portland, Oreg.
 †Seattle.
 San Francisco.

Alabama.
 Arkansas.
 Florida.
 *Georgia.
 *Illinois.
 Indiana.
 Iowa.
 *Kansas.
 *Kentucky.
 *Michigan.

Banks in—

*Minnesota.
 Mississippi.
 *Missouri.
 North Carolina.
 *Ohio.
 South Carolina.
 Tennessee.
 West Virginia.
 Wisconsin.

Eight days after receipt:

Arizona.
 *California.
 *Colorado.
 Idaho.
 *Louisiana.
 Montana.
 *Nebraska.
 Nevada.
 New Mexico.

Banks in—

North Dakota.
 Oklahoma.
 *Oregon.
 South Dakota.
 *Texas.
 *Utah.
 *Washington.
 Wyoming.

 † Branch banks.

* Except banks in cities referred to in first column.

NOTE.—Two day items we forward on Saturday will be available Tuesday.

Four day items we forward Thursday will be available Tuesday and those forwarded Friday and Saturday on Wednesday.

To obtain quickest availability of funds, sort and list checks in accordance with above time schedule; with a separate cash letter for each separate time group.

Banks desiring to send checks direct to other Reserve Banks or their branches will please secure from us the circulars showing the territory handled by the branches.

JUNE 1, 1918.

DISTRICT NO. 3—PHILADELPHIA.

R. L. AUSTIN, Chairman and Federal Reserve Agent.

INTRODUCTION.

The report of the Federal Reserve Bank of Philadelphia for the year 1918 shows a great increase in operations over the previous year, and reflects the effect of the war on financial operations. The ease with which this district absorbed its allotments of the great Government loans and financed the industries engaged in war work, was due to the greater availability of the credit resources of the country made effective through the Federal Reserve system.

The banks of the district cooperated with the Government in its financing of the war to the fullest extent possible by loaning freely to subscribers to Liberty bonds, which they were able to do through the rediscounting facilities of the Federal Reserve Bank.

RESULTS OF OPERATION.

A comparative statement of the condition of the Federal Reserve Bank of Philadelphia is given in the appendix of this report (Schedule 1).

The resources of the bank more than doubled during the year and are eight times greater than the figures for the close of 1916. On December 31, 1914, less than two months after the bank opened for business, the resources amounted to \$21,501,000.

Compared with December 31, 1917, figures at the end of 1918 indicate an increase of \$12,068,480 in the gold holdings and an increase of \$144,544,990 in the amount of Federal Reserve notes in circulation. The work of gathering in the gold in circulation throughout the district, which had been begun in the previous year, was continued, and the increase noted above is due largely to this work.

The paid-in capital increased \$1,420,300 during the year. This was brought about principally by the admission of State banks and trust companies, having combined capital and surplus of \$38,812,917.

The item "Federal Reserve bank notes" appears in the statement for the first time. Further reference to it is made hereinafter.

Net earnings reached the large amount of \$3,270,824, or 46 per cent on the average paid-in capital stock for the year. After payment of

dividends of \$366,383.14 covering the period from July 1, 1917, to June 30, 1918, and \$216,825.56 covering the period from July 1, 1918, to December 31, 1918, there remained in the profit and loss account \$2,608,343.91, one-half of which was placed to surplus account, the remainder, under the terms of the act, going to the Government as a franchise tax.

Schedules 2, 3, and 4 show profit and loss statement, monthly statement of earnings and expenses, and chart of earnings and expenses.

RESERVE POSITION.

While deposit liabilities of the bank have remained fairly steady, liabilities for Federal Reserve notes have increased from \$97,325,755 to \$241,870,745. The percentage of reserve against combined liabilities fell from 68.7 at the beginning of the year to 44.6 at the close. The lowest point reached was 39.6 per cent on November 22.

During November and December, owing to continued demands for funds and the consequent decline in reserve, the bank found it necessary to strengthen its reserve position by rediscounting with other Federal Reserve Banks.

A chart showing the reserve position of the bank, and a table of its liabilities and reserve percentages, are given in the appendix of this report (Schedules 5 and 6).

DISCOUNT RATES.

The only changes in the discount rates during the year were made on April 8, when the 15-day rate for paper secured by Government obligations was increased from 3½ to 4 per cent; the 16 to 90 day rate for such paper from 4 to 4½ per cent; the 16 to 90 day rate for commercial paper from 4½ to 4¾ per cent; and the 16 to 90 day rate for trade acceptances from 4 to 4½ per cent.

It was considered inadvisable to increase further the discount rates, notwithstanding the heavy borrowings by member banks, resulting from the large subscriptions to Liberty bonds and United States certificates of indebtedness.

Changes in discount rates during calendar year 1918.

	Rate in effect—		
	Jan. 1, 1918.	Apr. 8, 1918.	Jan. 1, 1919.
Discounts maturing within 15 days, including member banks' collateral notes.....	4	4	4
Paper, including member banks' collateral notes, secured by United States certificates of indebtedness, or Liberty loan bonds maturing within 15 days.....	3½	4	4
Paper maturing within 16 to 90 days.....	4½	4½	4½
Paper secured by United States certificates of indebtedness or Liberty loan bonds maturing within 16 to 90 days.....	4	4½	4½
Agricultural and live-stock paper maturing after 90 days.....	5	5	5
Trade acceptances maturing from 1 to 15 days.....	4	4	4
Trade acceptances maturing from 16 to 90 days.....	4	4½	4½

Bankers' acceptances purchased at the market rate, subject to agreement.

INVESTMENTS.

The discount facilities of the bank were used extensively, loans increasing continually throughout the year. Total operations, exclusive of purchases of Government securities, amounted to \$1,977,660,746, of which 77 per cent represented paper secured by obligations of the Government. The largest amount of borrowing at any one period occurred in connection with the issue of the fourth Liberty loan, earning assets increasing from \$118,694,530 on September 28, the opening date of the campaign, to \$209,449,707 on December 3.

There were practically no dealings in municipal warrants throughout the year.

Of the 660 member banks in the district, 457, located in 355 cities and towns, borrowed from the bank during the year. The heaviest transactions occurred on November 7, when total loan and investment operations amounted to \$39,135,472. Total earnings from investments amounted to \$4,230,955, compared with \$987,057 the preceding year. The average rate of return from all classes of investments was 4.19 per cent, compared with 3.32 per cent in 1917, and 2.42 per cent in 1916.

A chart showing discount operations, and tables showing total operations, average holdings, earnings, and rate of earnings are given in the appendix of this report (Schedules 7 to 11).

The maturities of the bank's earning assets on the last Friday of the year are shown in Schedule 12.

It is difficult to estimate the probable time in which members can clear up all their "war paper" at the Reserve Bank. Not very much progress can be made until the Government has completed its war financing. If prior to the next bond issue considerable liquidation in business should take place, it would release funds for investment in United States certificates of indebtedness and possibly prevent material increase in the loans of the bank. In pursuance of the policy of banking institutions, loans not essential to the prosecution of the war were very largely curtailed, while loans for war purposes were greatly expanded, and it is the latter class of loans in which there is the possibility of considerable contraction owing to the cessation of the war.

In the meantime it should be the policy of the Federal Reserve Bank to use every effort to bring about as rapidly as possible the liquidation of war paper and at the same time do everything it can to encourage legitimate business by extending as far as possible necessary credit facilities.

BILLS DISCOUNTED—MEMBERS.

Bills discounted for members constituted the major part of the loan operations, the amount of such discounts increasing throughout the year. The maximum loans in any one month were made in December, the total being \$511,014,436.

The number of banks rediscounting commercial paper was relatively small. By far the largest amount of borrowing was on notes secured by Government obligations, as this was more convenient, the rates of discount were less, and much of the necessity for borrowing arose out of the subscriptions to Government bonds and certificates of indebtedness.

The amount of trade acceptances discounted was \$5,650,053, compared with \$726,078 the preceding year. Many inquiries were received regarding the use of these acceptances, and an increasing number of concerns is employing them. The movement toward their use, however, has apparently not yet made marked progress in this district, although the advantages of their adoption are recognized.

Bills discounted during each month, distributed by classes of paper.

	For member banks.			For other Federal Reserve Banks.	Total discounts.	
	Secured by Government obligations.	Trade acceptances	All other.		1918	1917
January.....	\$7,964,580	\$118,747	\$28,117,655	.....	\$36,200,982	\$665,122
February.....	20,683,056	120,612	11,064,700	.....	31,868,368	1,682,222
March.....	11,439,160	957,654	17,020,113	.....	29,416,927	3,009,293
April.....	30,063,191	762,997	11,556,490	.....	42,382,598	2,385,421
May.....	55,890,797	355,851	15,720,246	\$2,038,200	74,005,094	20,445,040
June.....	66,967,771	451,466	25,376,674	1,934,745	94,769,656	42,724,908
July.....	77,023,763	513,811	56,928,602	.....	134,466,076	22,175,858
August.....	110,986,997	557,442	35,721,623	13,701,501	160,967,563	18,170,441
September.....	136,022,458	347,038	24,848,904	.....	161,218,400	18,934,001
October.....	189,441,414	132,300	25,699,482	6,370,000	221,683,196	16,819,730
November.....	324,175,834	522,651	34,949,949	.....	359,648,434	31,478,602
December.....	473,947,739	759,484	36,307,213	.....	511,014,436	45,025,375
Total, 1918.....	1,504,636,670	5,650,053	323,311,551	24,014,446	1,857,642,720	.....
Total, 1917.....	32,803,226	726,078	189,896,704	.....	.....	223,416,008

BANKERS' ACCEPTANCES.

Bankers' acceptances purchased amount to \$120,008,026, compared with \$85,913,796 the preceding year. Most of the bills were purchased for our account by the Federal Reserve Bank of New York.

As yet there is no real market for bankers' bills in Philadelphia outside of the Federal Reserve Bank, and until the present urgent demand for money subsides and the banks have funds for investment in such paper it will be hard to establish one. It is hoped that ultimately such a market will be established and that all banks will

liquidity and at the same time further the development of international commerce and banking.

This bank has purchased from its members all bills offered by them, and has at times made large purchases in the New York market when bills of the banks in this district were offered there.

Acceptances bought in the open market and from other Federal Reserve Banks.

	Open-market purchases.		Purchases from other Federal Reserve banks.	Total.	
	Bankers' acceptances.	Trade acceptances.		1918	1917
January.....	\$4,893,266	\$274,572	.....	\$5,167,838	\$2,107,327
February.....	4,153,683	.....	\$5,017,518	9,171,201	10,058,886
March.....	5,561,666	9,000	7,558,697	13,129,363	4,610,296
April.....	6,743,065	79,065	3,999,257	10,821,327	5,268,807
May.....	8,434,297	.....	2,985,450	11,419,747	5,404,559
June.....	7,120,876	.....	652,719	7,773,595	3,441,475
July.....	5,748,048	.....	.....	5,748,048	11,472,425
August.....	3,089,170	.....	1,352,500	4,432,670	7,450,793
September.....	2,741,791	.....	.....	2,741,791	6,056,282
October.....	20,593,547	25,000	10,358,157	30,976,704	4,565,180
November.....	6,869,061	24,139	10,397,406	17,290,606	19,479,626
December.....	1,314,610	20,526	.....	1,335,136	5,998,140
Total, 1918.....	77,254,090	432,242	42,321,704	120,008,026	.....
Total, 1917.....	83,976,401	1,937,395	.....	.....	85,913,796

FEDERAL RESERVE NOTES.

Federal Reserve notes supplied satisfactorily the currency needs of the community. The establishment throughout the district of large shipyards and munitions plants necessitated huge pay rolls and demands for currency were incessant. Notes of the denomination of \$20 were especially in demand and seemed to disappear from circulation. The bank has rendered a distinct service to its members in the matter of furnishing currency, which had formerly been done by the Subtreasury.

The amount of money shipped to the bank by members and non-members averaged \$1,750,000 daily and required the services of 30 employees to assort and count it.

Federal Reserve notes outstanding reached the high mark of \$243,142,700 on December 26. The act now provides for the issue of Federal Reserve notes in the denominations of \$500, \$1,000, \$5,000, and \$10,000, but so far none have been issued. The required gold reserve of 40 per cent against Federal Reserve notes in actual circulation was maintained throughout the year.

Schedules 13 to 16 give a comparative statement of condition of the Federal Reserve agent's accounts, notes in circulation, denominations issued, notes outstanding at close of each month, and inter-district movement of notes.

FEDERAL RESERVE BANK NOTES.

The Pittman bill, which became law on April 23, 1918, provided for the issuance of Federal Reserve bank notes of the denominations of \$1 and \$2. These notes took the place of silver certificates, which were retired from circulation, and the coin securing them was melted down and disposed of as bullion.

At the close of the year, \$8,926,163 of these notes were in actual circulation. These were secured by \$825,000 one-year Treasury notes, and \$8,855,000 United States certificates of indebtedness deposited with the Treasurer of the United States.

As the purpose of issuing Federal Reserve bank notes was their substitution for silver certificates in order that the silver might be used in supplying the urgent demand for silver bullion, efforts were made to obtain all the silver certificates possible, and a considerable amount of such certificates was shipped through this bank for cancellation.

Tables showing denominations issued and amount outstanding at end of each month are given in Schedules 17 and 18.

INTERNAL MANAGEMENT OF THE BANK.

OFFICERS AND DIRECTORS.

Richard J. Austin, Chairman and Federal Reserve Agent; Henry B. Thompson, Deputy Chairman; E. Pusey Passmore, Governor; Edwin S. Stuart, Deputy Governor; William H. Hutt, Deputy Governor.

Class.	Name.	Residence.	Term expires.
A	Group 1... Joseph Wayne, jr., president Girard National Bank, Philadelphia, Pa.	Philadelphia, Pa.....	Dec. 31, 1920
	Group 2... Francis Douglas, cashier First National Bank, Wilkes-Barre, Pa.	Wilkes-Barre, Pa.....	Dec. 31, 1921
	Group 3... M. J. Murphy, c/o A. B. Leach & Co., bankers, New York City.	Clarks Green, Pa.....	Dec. 31, 1919
B	Group 1... Alba B. Johnson, president Baldwin Locomotive Works, Philadelphia, Pa.	Rosemont, Pa.....	Do.
	Group 2... Edwin S. Stuart, merchant, Philadelphia, Pa.	Philadelphia, Pa.....	Dec. 31, 1920
	Group 3... Charles K. Haddon, vice president Victor Talking Machine Co., Camden, N. J.	Camden, N. J.....	Dec. 31, 1921
C	Richard L. Austin.....	Philadelphia, Pa.....	Dec. 31, 1920
	Henry B. Thompson, president U. S. Finishing Co., New York City.....	Wilmington, Del.....	Dec. 31, 1919
	Charles C. Harrison.....	Philadelphia, Pa.....	Dec. 31, 1921

Mr. Levi L. Rue, president of the Philadelphia National Bank, was reelected a member of the Federal Advisory Council to represent the Third Federal Reserve District for the year 1918.

Mr. Charles J. Rhoads, who had been governor since the organization of the bank, resigned on February 8, 1918, to undertake war work with the Y. M. C. A. The following minute relative to his withdrawal was adopted by the board of directors:

The directors of the Federal Reserve Bank of Philadelphia desire to record their appreciation of the services rendered this bank by Mr. Rhoads as its governor, since organization, and the great reluctance with which they have accepted his resignation.

In their judgment, no one could have filled the office more capably than he has filled it, or have secured for the Federal Reserve system greater support, cooperation and confidence on the part of the banks and trust companies in this district. Since his resignation was presented on December 19, 1917, the directors have hoped that he might be induced to withdraw it. His decision, however, has been unalterable. His purpose in resigning to devote his abilities to the humanitarian work incident to the war deserves the particular admiration of all who know those abilities, as the directors of this bank have learned to know them. While regretting the termination of Mr. Rhoads's association with this bank, the directors appreciate the serious conviction and sense of duty which led to his resignation. They also recognize what he will contribute to the work upon which he enters, needing as it does just such ability, character, and purposes as Mr. Rhoads will bring to it.

Mr. E. Pusey Passmore, then vice president of the Franklin National Bank, Philadelphia, was elected to succeed Mr. Rhoads, on February 8, 1918. Mr. Frank M. Hardt, deputy governor and cashier of the bank, resigned on June 30, to accept the position of vice president and treasurer of the Philadelphia Trust Co. Upon motion duly made and seconded, a minute reading in part as follows was unanimously adopted by the board of directors:

It is the desire of the board that this record be made of the regret with which Mr. Hardt's resignation has been accepted and of the appreciation with which his valuable services will be remembered. Absolutely unsparing of self, the bank's interests were at all times foremost with him. To its organization, its accomplishment, its service to its members and to the Nation, he has constantly given his every effort, and all have borne the mark of rare ability.

Mr. William A. Dyer, then vice president and treasurer of the Cambridge Trust Co., Chester, Pa., a member of the Reserve system, was elected cashier on May 29, 1918. The office of deputy governor being vacant, Mr. William H. Hutt, treasurer of the University of Pennsylvania, was elected to the position on May 29, 1918. Mr. James M. Toy, an employee of the bank, was elected an assistant cashier on May 29, 1918.

A vacancy in the board of directors was caused by the death on September 24, 1918, of Hon. George W. F. Gaunt, a class B director, whose term would have expired on December 31, 1918. A minute reading in part as follows was adopted by the board of directors on October 2, 1918:

The directors of the Federal Reserve Bank of Philadelphia have learned with sorrow of the death on September 24, 1918, of George W. F. Gaunt, a director of this bank since its organization. His fellow directors have decided by this minute to express their admiration of his useful and honored life, as well as their appreciation of the service he has rendered this institution. They also desire to express their deep sympathy for his family.

Mr. Charles K. Haddon, of Camden, N. J., was elected by group 3 banks to succeed Mr. Gaunt. Mr. William H. Peck, president of the Third National Bank, Scranton, Pa., a class A director, whose term

an amendment to the Federal Reserve Act. Mr Peck was one of the original directors of the bank. Mr. Francis Douglas, of Wilkes-Barre, Pa., was elected by group 2 banks to succeed Mr. Peck.

The results of the regular election for a class A and a class B director, held from November 19 to December 3, are shown in Schedule 19.

At the end of 1917 the bank had 6 officers and 186 clerks and other employees, compared with 11 officers and 419 clerks and other employees at the end of 1918.

Departments.	Number of employees, 1918.	Departments.	Number of employees, 1918.
BANK.		BANK.	
Officers	11	Telegraph	3
Analysis	8	Telephone	3
Auditing	14	Transit	103
Bookkeeping	22	Vault custodian	3
Building (porters, charwomen, etc.)	29		
Chauffeurs	3		
Coupon	5		
Discount	16		
Examination	2		
Federal Reserve agent	5		
Filing	8		
Mail	5		
Miscellaneous	10		
Money	42		
Pages	9		
Printing	7		
Runners and guards	23		
Secretaries	4		
		GOVERNMENT.	
		Liberty loan	48
		Government depository	25
		Government check	11
		Liberty loan statistics	5
		Liberty loan committee	3
		Capital Issues Committee	3
			95

The bank secured early in the year the building at 925 Chestnut Street, formerly occupied by the Penn Mutual Life Insurance Co. The building is centrally located and is very near the city's main post office.

DEPARTMENT OF EXAMINATION.

The large increase in the number of State bank and trust company members made it necessary to arrange for keeping informed about them and to provide for such examinations and inspections as might be necessary. Mr. W. W. Paddock, a national-bank examiner in this district, was engaged as Federal Reserve examiner and put in charge of this work. On August 15 he resigned to accept a position as bank examiner for the Federal Reserve Board, and Mr. Walter T. Grosseup, a bank examiner under the Commissioner of Banking of New Jersey, was engaged to fill the position.

COLLECTION DEPARTMENT.

For several months after the institution of the collection department, the greater portion of its business was received from other Federal Reserve Banks. At the present time only a comparatively small part is received from that source. The service charge of 10

cents an item was discontinued on July 1, 1918, and while this bank does not now make any charge for its service, items are sometimes subject to charges made by the collecting banks. The number of items handled is given herewith:

	Items received.	Number paid.	Number returned.
1918.			
January.....	255	248	7
February.....	244	217	27
March.....	322	290	32
April.....	413	354	59
May.....	385	324	61
June.....	725	609	116
July.....	1,090	946	144
August.....	1,637	1,487	150
September.....	2,190	1,992	198
October.....	1,148	891	257
November.....	1,096	903	193
December.....	1,356	1,156	200
Total.....	10,861	9,417	1,444

COUPON DEPARTMENT.

The paying and handling of coupons representing interest on the various issues of Liberty bonds involved a large amount of work, and a special department was organized for this purpose, in which there are five clerks. This force had to be considerably augmented, however, at interest-paying periods. The number and amount of coupons handled are given herewith:

	Number.	Amount.
1918.		
January.....	76,567	\$260,907
February.....	170,048	53,536
March.....	8,863	19,640
April.....	8,293	30,977
May.....	437,577	2,411,898
June.....	260,664	1,298,396
July.....	228,066	410,064
August.....	87,304	160,373
September.....	240,287	1,184,568
October.....	527,434	1,496,681
November.....	201,274	1,534,622
December.....	430,314	2,220,509
Total.....	2,728,361	11,735,022

CLEARING DEPARTMENT.

Figures showing transactions through the gold settlement fund and operations of the check-collection department of this bank are given in Schedules 20 and 21.

GENERAL BANKING CONDITIONS IN DISTRICT AND RELATIONS WITH
MEMBER BANKS.

There has been no change in the boundary lines of the Third Federal Reserve District, the territory comprised being as follows:

Delaware (population 215,160).

New Jersey, southern part (population 652,499), counties:

Atlantic.	Cape May.	Mercer.
Burlington.	Cumberland.	Ocean.
Camden.	Gloucester.	Salem.

Pennsylvania, eastern part (population 5,764,952), counties:

Adams.	Delaware.	Montour.
Bedford.	Elk.	Northampton.
Berks.	Franklin.	Northumberland.
Blair.	Fulton.	Perry.
Bradford.	Huntingdon.	Philadelphia.
Bucks.	Juniata.	Pike.
Cambria.	Lackawanna.	Potter.
Cameron.	Lancaster.	Schuylkill.
Carbon.	Lebanon.	Snyder.
Center.	Lehigh.	Sullivan.
Chester.	Luzerne.	Susquehanna.
Clearfield.	Lycoming.	Tioga.
Clinton.	McKean.	Union.
Columbia.	Mifflin.	Wayne.
Cumberland.	Monroe.	Wyoming.
Dauphin.	Montgomery.	York.

The banking resources of national banks in the district increased 8 per cent during the year, and State institutions 14 per cent, making an increase in the combined banking resources of 10 per cent. The figures are given in Schedules 22 and 23.

There were 628 national bank members at the beginning of the year; 5 went into liquidation, and 8 new banks were organized, making 631 national bank members at the end of the year. There were 7 State bank members at the beginning of the year; 22 new institutions were admitted, making 29 State bank members at the end of the year, and the total number of member banks 660.

While the number of State institutions in the district which have already joined the Federal Reserve system is 29 out of 259 eligible institutions, yet those which were members at the end of the year represented 54 per cent of the resources of all eligible State institutions. Among the trust companies and State banks which have joined the system are included the largest in Philadelphia and in some other parts of the district.

While applications for membership are coming in slowly, bankers seem to appreciate the advantages of membership, and there is every reason to hope that most of the institutions will eventually come in. Such State institutions as have become members have availed them-

selves freely of the discount facilities of the bank. Our relations have been materially profitable and helpful; members speak with satisfaction of the results and have been of much assistance in obtaining new members.

The banking departments of the States in the district have sent us, upon request, copies of reports of examinations of State bank members, which rendered it unnecessary to have special examinations made by our own examiners.

One of the effects of trust companies joining the system has been somewhat of a change in the investments of such companies. A number of them now carry lines of paper eligible for rediscount at the Federal Reserve Bank, making their assets, to that extent, more liquid than heretofore.

The list of State institutions which are now members is given in Schedule 24. The first seven joined in 1917.

In the fall of the year 95 per cent of total borrowings by member banks represented borrowings from the Federal Reserve Bank. Prior to June, 1917, when the first Liberty loan was issued, the bulk of the loans had been made with correspondent banks. The banks of the district have always been conservative, and their borrowings usually small, but during the past year they subscribed liberally to Liberty bonds and United States certificates of indebtedness, which necessitated a great increase in the amount of their borrowings. This, however, was less than anticipated, as early in the war the necessity for conserving capital and credit was appreciated and the policy of curtailment of credit for purposes not essential to the prosecution of the war was undertaken and generally maintained throughout the district.

Holdings of Liberty bonds by national banks of the district on September 11, 1917, amounted to \$23,903,000; on December 31, 1917, \$48,066,000; on June 29, 1918, \$64,071,000; and on November 1, 1918, \$152,007,000.

As the Government was constantly in the market for funds money rates were high throughout the year, 6 per cent being the prevailing rate for paper. The banks bought comparatively little. Transactions in municipal, industrial, railroad, and public-utility securities were also at a minimum owing to restrictions on credit and the diversion of funds to investment in Government bonds.

At the time of the influenza epidemic the staffs of banking institutions, in common with other business concerns, were in some cases so seriously affected that the operations of the banks could not be carried on without outside help. Upon the request of several institutions, this bank furnished them clerks from its staff which enabled such banks to carry on their operations.

ACCEPTANCES UP TO 100 PER CENT.

During the year the Bank of North America and the First National Bank, both of Philadelphia, were authorized to accept drafts up to 100 per cent of their capital and surplus. The increase in acceptance liabilities of member banks is given herewith:

Date of comptroller's call.	Amount.
Dec. 31, 1915.....	\$2,809,000
Dec. 27, 1916.....	8,309,000
Dec. 31, 1917.....	14,165,000
Nov. 1, 1918.....	25,683,000

PHILADELPHIA CLEARING HOUSE MEMBERS.

In the latter part of the year the ratio of loans to deposits of the Philadelphia Clearing House was above 100 per cent.

The relation of loans to deposits is shown in Schedule 25.

FIDUCIARY POWERS GRANTED.

The applications of the following banks for fiduciary powers in accordance with section 11 (k) of the Federal Reserve Act as originally enacted were approved in 1918:

- Atglen National Bank, Atglen, Pa.
- National Bank of Boyertown, Boyertown, Pa.
- First National Bank, Danville, Pa.
- Conestoga National Bank, Lancaster, Pa.
- South Bethlehem National Bank, South Bethlehem, Pa.
- Wyoming National Bank, Wilkes-Barre, Pa.
- National Bank of Topton, Topton, Pa.
- First National Bank, Williamsport, Pa.
- Western National Bank, York, Pa.

The Phelan amendment to the Federal Reserve Act, which became law on September 26, 1918, in addition to authorizing the Federal Reserve Board to permit banks to act as trustee, executor, administrator, and registrar of stocks and bonds, also permitted the granting of the right to act as guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act under the laws of the State in which the national bank is located. No permit can be issued to any national banking association having a capital and surplus less than the capital and surplus required by State law of State banks, trust companies, and corporations exercising such powers.

The minimum capital required for institutions exercising fiduciary powers in Pennsylvania is \$125,000; in New Jersey, \$100,000; in Delaware, \$25,000. By capital is meant the amount actually credited to capital and takes no account of surplus. The applications of many institutions which desired authority to exercise fiduciary

powers could not be approved owing to their not having sufficient capital. The following institutions were granted these powers under the new act:

Merchants National Bank, Allentown, Pa.
 Third National Bank, Scranton, Pa.
 South Bethlehem National Bank, South Bethlehem, Pa.
 Swedesboro National Bank, Swedesboro, N. J.
 First National Bank, Williamsport, Pa.
 First National Bank, Woodbury, N. J.
 Western National Bank, York, Pa.

CLAYTON ACT.

Only a few applications for permission to serve as director under the terms of the Clayton Act and Kern amendment were received during the year, the bulk of such applications having been made in the fall of 1916.

FISCAL AGENCY OF THE UNITED STATES.

The Federal Reserve Bank has been brought prominently before the public through its activities as fiscal agent of the Government in the placing of the Liberty bonds and certificates of indebtedness. There has been a realization of the importance of the system through the comparative ease of the money market that was maintained during the war and the facility with which the financial transactions of the Government were carried through.

Schedule 26 shows subscriptions to the four Liberty loan issues.

LIBERTY LOANS.

Two campaigns for the sale of Liberty bonds were conducted during the year, and from the standpoint of distribution the third Liberty loan campaign was by far the most successful, 1,870,928 subscribers having been obtained. It should be said, however, that the work of the fourth Liberty loan was hampered very much by the influenza epidemic, which was at its height during the campaign. At one time more than half the loan workers were ill, or else occupied in nursing the sick; also theaters, churches, schools, etc., were closed and it was found necessary in soliciting subscriptions for the fourth loan to appeal for large subscriptions rather than a great number of subscribers.

Previous to the opening of these campaigns the work of the organization of the various committees had been completed, a conference was held of the secretaries of all the districts into which the Philadelphia Federal Reserve District had been divided and opportunity afforded to familiarize themselves with the details of the loan and the work they were about to undertake. The intensive work of the campaigns was begun on the first day.

: One of the objectives of the campaigns was the obtaining of small subscriptions and this was greatly facilitated by the cooperation of banks in agreeing to take subscriptions for bonds to be paid in installments at the rate of \$1 a week for \$50 bonds and proportionately larger amounts based upon the denomination of the bonds subscribed for. Subscriptions placed under these conditions involved the banks in a great amount of work and much expense.

A committee that played a large part in making the campaigns a success was that having charge of all publicity matters for the district. It forwarded to all organizations and subcommittees posters, buttons, etc., for use in the campaigns and attended to all the newspaper advertising, etc. In connection with this committee a press bureau was established, which kept in touch with the newspapers of the district, and through the hearty cooperation of the papers a large amount of space was allotted in them for news incident to the campaigns. As no funds could be provided out of the proceeds of the sale of bonds for advertising purposes, all newspaper advertising for the campaigns was contributed by manufacturers, merchants, banking institutions, insurance companies, and other corporations of the district. The cost of such advertising was very large and the country is under great obligation to those who contributed so generously for this purpose.

In addition to the newspaper publicity, two innovations of marked value were adopted before the opening of the third campaign. A replica of Bartholdi's Statue of Liberty was erected on Broad Street, Philadelphia, immediately south of the city hall, at which, almost continuously, night and day, during the entire period of the third campaign, there was public speaking, band concerts, and other demonstrations, which created a spirit of enthusiasm and gave encouragement to the workers. During the fourth campaign, owing to the influenza epidemic, public assemblages were forbidden, consequently no meetings were held around the statue. From the balcony of this statue the Secretary of the Treasury, Hon. W. G. McAdoo, delivered an address on April 6, at the opening of the third campaign.

Another feature which was very helpful was the publication of the "Liberty Line," a journal issued weekly by the committee, through which every worker was informed as to the operation of the campaigns and the methods being used by the various organizations and committees to promote the work. The encouragement and help given by these suggestions and advice was instructive and stimulating.

In the emergency during the fourth liberty loan campaign caused by the epidemic the Boy Scouts were called upon and rendered invaluable service, temporarily performing many of the duties of the regular workers.

Special reference should be made of the work of the industrial committee for the city of Philadelphia, which secured \$78,000,000 subscriptions to the third and \$164,000,000 to the fourth loans. The industries of the city were divided into 19 groups, 136 trade committees being organized to work in these groups, and 1,800 workers enrolled. The committee issued a daily bulletin, stating the progress made.

In this district, whose population contains a large percentage of foreign born, the foreign-language division had an important part to play. It urged "Americanization"—the speaking of the American language, adoption of American customs, and, above all, the owning of Liberty bonds. The executive secretary spoke in eight different languages throughout the district. The response was spontaneous from all nationalities and an interesting feature of the canvas was that the German-Americans made the best showing of all in the city of Philadelphia, with over twenty millions of bonds to their credit in the fourth loan out of a total foreign sale of thirty-three millions.

In the Philadelphia Federal Reserve District, as elsewhere, the services of the women were invaluable in the loan campaigns. In the third campaign their organization was on State lines, and did not cooperate so closely with the Liberty loan committee, but in the fourth campaign their organization was coextensive with that of the central Liberty loan committee of the district. They took an important part in the house-to-house canvass throughout the city, made public addresses, visited schools, and maintained booths in the streets of the cities and towns of the district, at which subscriptions were received. Their organization was well carried out, and, if possible, more completely marshaled than that of the men.

UNITED STATES CERTIFICATES OF INDEBTEDNESS.

About 7 per cent of each issue of United States certificates of indebtedness was allotted to this district, the allotments being placed with the banks of the district in amounts proportionate to their resources. Previous to the third Liberty loan this work was performed by the officers of the bank, but as the amount of the issues increased they were unable to continue it and the matter was placed in the hands of Mr. John H. Mason, of Philadelphia, as director of sales. The district has oversubscribed its quota for almost every issue.

In connection with these operations, 647 of the banks availed themselves of the opportunity to become depositaries of United States loan funds, as a result of which the payments made for the purchase of certificates were withdrawn gradually from the banks, thus making the purchase of certificates by the banks much more facile. The results of the subscriptions are given in Schedule 27.

CAPITAL ISSUES COMMITTEE.

Early in the year the Capital Issues Committee appointed subcommittees at each of the Federal Reserve Banks. The chairman of the board of directors of each Federal Reserve Bank acted as chairman of the subcommittee, and the governor of the Federal Reserve Bank as vice chairman.

Richard L. Austin, chairman, appointed the following committee for the Philadelphia Federal Reserve district: E. P. Passmore, vice chairman; Clarence M. Clark, John Gribbel, Albert A. Jackson, Lewis Lillie, Howard S. Graham, Robert W. Daniels, Charles Fearon, George H. Frazier, A. C. Dinkey, Thomas S. Gates, Charles C. Harrison, jr., Walter C. Janney, Horatio G. Lloyd, W. S. Maddox, John S. Newbold, F. B. Snyder, Ira Vaughn, Joseph Wayne, jr., and Charles W. Welsh, all of Philadelphia; John Brooks, Scranton, Pa.; Benjamin E. Mann, Lancaster, Pa.; George K. Reilly, Harrisburg, Pa.; Ferdinand, W. Roebing, jr., Trenton, N. J.; H. B. Schooley, Wilkes-Barre, Pa.; and L. Scott Townsend, Wilmington, Del.

A good deal of educational work was necessary to bring this matter to the attention of bankers and the general public. Notices were given to the press for publication in all the newspapers of the district. Communications reflecting the policy of the Government and stating in detail the procedure which should be followed by those interested in issuing securities were sent to all bankers, corporations, and municipalities interested in the issue of securities, and the necessary staff was provided to take care of the work. Ninety-three thousand copies of a pamphlet entitled "Economy the Gospel in England" were distributed.

For some months the work of the committee continued on a purely voluntary or unofficial basis. On April 5, 1918, however, the War Finance Corporation Act was approved and under it district committees were reappointed in each Federal Reserve district throughout the country, all new issues of securities being submitted to and passed upon by the district committee in whose district the issues originated and then referred to the Washington committee for final action.

In order that the work of the district committee might be carried out in the most expeditious and effective manner, a permanent executive committee, a secretary, and an assistant secretary were appointed. The executive committee consisted of: Richard L. Austin, chairman; E. P. Passmore, vice chairman; Clarence M. Clark, Howard S. Graham, John Gribbel, Albert A. Jackson, and Lewis Lillie. Other members of the main committee were called in rotation for a period of 60 days to serve with the executive committee, and Messrs. Charles W. Welsh, Charles Fearon, John S. Newbold, and Joseph Wayne, jr., gave their assistance in this manner. Arthur E. Post, assistant Federal Reserve agent, was named as secretary of the

committee, and Edward V. Kane, of the firm of Edward V. Kane & Co., was appointed assistant secretary.

The capital issues committee of this district passed upon 182 applications, approximating \$139,830,339. Of these, 149 applications, approximating \$98,888,649, were approved, while 22 applications, approximating \$40,941,690, were disapproved. In the case of 11 applications, securities aggregating \$10,215,000 were tied up, under agreement not to be sold during the period of the war. Aside from those officially disapproved, prospective issues approximating \$75,000,000, which would serve no military or economic purpose, were, in response to the committee's arguments, discouraged and postponed.

While it was not part of the committee's duty to pass upon the merits of any issue of securities, its functions being confined to the question of timeliness as applied to the Government's war needs, the large and increasing number of doubtful issues of miscellaneous stocks pertinently suggests the desirability of continued Federal supervision, with a view to the protection of the public from reckless and unscrupulous promoters. Supervision and restraint, with penalty-enforcing power, are especially important in view of the persistent efforts of promoters to exchange their shares for Liberty bonds. The effect of this business upon the market price of Government issues is obvious, since the latter are promptly converted into cash as soon as an exchange has been effected.

Simultaneously with the closing of the work of the Capital Issues Committee at the end of the year, Chairman Hamlin, of the main committee at Washington, addressed a letter to the chairman of the committee for this district, reading in part as follows:

As we approach the end of our work, it is the sincere wish of the committee and myself that you and the other members of the Philadelphia district committee may realize how grateful we are for the splendid patriotic cooperation you have given us.

We all know that the idea back of the Capital Issues Committee would have had little effect without the help of the district committees, which have shown themselves to be composed of the most intelligent, loyal, and unselfish men that could be gathered together in the service of the Government. The district committeemen scattered throughout the country, and not we here in Washington, have been the bulwark of the committee. We know it and appreciate it and the success of the control of capital issues is due very largely to the efforts of yourself and your associates.

The work throughout has been arduous, difficult, and to a large degree thankless, but we are assured by the Treasury Department that it has been of tremendous value, and every member of your committee has a right to be proud of his part in it.

BUSINESS CONDITIONS IN THE DISTRICT.

The large number of plants for the manufacture of iron and steel and all their products in this district made it naturally one of the most important centers for the production of munitions of war. The largest plants for the manufacture of guns and small arms are

located here, including the several plants of the Baldwin Locomotive Works, Midvale Steel & Ordnance Co., Bethlehem Steel Co., numbers of steel-casting plants, and the great shipyards along the Delaware River.

There was no unemployment in the district throughout the year. All lines of industry were hampered by the scarcity of labor, this scarcity being aggravated by reductions in the number of workers through enlistments and draft calls. Wage earners were attracted to munitions factories, shipyards, and other war plants by the high wages paid. The competition for labor and the steadily increasing wages resulted in much shifting of labor and consequent inefficiency. The employment of women in new lines of work did much to relieve the labor scarcity. After the signing of the armistice many plants either closed down or reduced operations, and in so doing released thousands of workers. This, in connection with the return of some thousands more from military service, improved the labor situation greatly, but as yet there appears to be no surplus of labor.

Old shipyards were greatly enlarged and extended, new ones created, and the industrial area along the Delaware River witnessed an almost unthinkable expansion in shipbuilding.

The Emergency Fleet Corporation let contracts to 11 yards in the district for the delivery of 3,442,577 dead-weight tons, equivalent to one-fourth of the tonnage provided for in the national shipbuilding program. Ten of the yards are manufacturing steel ships and have received contracts from the Fleet Corporation for a total of 412 ships, with an aggregate tonnage of 3,407,577. They employ very nearly 100,000 persons, the majority of whom are skilled workers. Up to November 30, 1918, the number of vessels delivered and launched was 79, of an aggregate tonnage of 523,442. Ninety-four ships of 765,120 total tonnage were in process of construction. The other shipyard is for the construction of wooden ships and has received awards for 10 wooden steamers of 3,500 dead-weight tons each. The total value of the above contracts is \$689,390,000.

The war's demands threw an immense amount of work upon the textile machinery of the district, the orders placed for underwear, hosiery, other knit goods, and material for clothing being sufficient to absorb all the productive capacity of the mills. At times, every loom in the district was employed in making cloth for the Government. While operations were much embarrassed by the shortage of labor and by difficulties in obtaining supplies, yet large quantities of goods were produced.

Building operations, apart from those incident to war work, were the smallest on record for years. Inability to secure financial accommodation and the high cost and scarcity of materials and labor brought building for strictly civilian purposes almost to a

standstill. Builders regard the prospect for active operations as good and are anticipating a better supply of labor and lower prices for materials following the curtailment of Government operations.

The coal output of the district has, for the most part, been in excess of the two previous years. The severe shortage, due to scarcity of cars and other transportation difficulties, which was so disastrous last winter, has been avoided this winter. While a heavy loss in production was occasioned by the influenza epidemic, the situation at the end of the year showed considerable improvement, it being apparent that all requirements for fuel could be supplied. The production of anthracite coal for 1918 amounted to 88,840,000 tons, indicating but little change from the high figures of the immediately preceding year. Reports of the production of bituminous coal indicate an increase for the year of about 18 per cent.

The year 1918 has been successful for the farmers in the district. There was no unusual damage from frost or storm, the greatest damage being caused by a prolonged drought during part of the summer, which hurt particularly the potato crop.

The estimated total acreage of the nine principal crops in Pennsylvania was 8,379,054 tons, an increase of 320,219 over 1917. The estimated total value of these crops was \$377,000,000, which is \$25,000,000 more than 1917. The tobacco production was 58,000,000 pounds, an increase of 14 per cent over the preceding year. The average price was 25 cents per pound, compared with 22 cents last year. At the close of the year, the condition of wheat in the ground was 111 per cent, compared with 91 per cent a year ago, while that of rye was 109 per cent, 17 per cent more than the preceding year.

The truck farmers in New Jersey had generally good crops. The tomato crop was very good, but the berry crop was short, in some places being only 25 per cent of normal. The hay and rye crops were unusually large.

In Delaware, pasturage, hay, and dairying were about normal in production, but above normal in profit. The apple crop was 50 per cent above the 10-year average. The peach crop, which was only half the normal one, was worth \$1,000,000. There were normal crops of tomatoes and other vegetables, with prices 50 per cent higher than prewar figures.

BANK CLEARINGS.

Bank clearings in the district for the year reached the highest level ever recorded, the maximum for any one month being \$2,003,307,000, during October. Schedule 28 shows comparative volume of clearings for each month, 1915-1918.

Clearings in the third district.

1918	Philadelphia.	District out- side of Philadelphia.	Total for district.	Per cent increase or decrease compared with 1917.
January.....	\$1,522,827,616	\$98,170,474	\$1,620,998,090	+ 8
February.....	1,223,305,964	81,216,155	1,304,522,120	- 2
March.....	1,427,175,557	101,811,793	1,528,987,350	- 2
April.....	1,579,825,000	120,777,000	1,700,602,000	+12
May.....	1,711,945,000	111,232,000	1,823,177,000	+16
June.....	1,700,306,000	107,643,000	1,807,949,000	+12
July.....	1,765,812,000	115,622,000	1,881,434,000	+31
August.....	1,734,633,000	107,676,000	1,842,314,000	+26
September.....	1,610,611,000	104,638,000	1,715,249,000	+20
October.....	1,836,419,000	116,888,000	2,003,307,000	+19
November.....	1,781,704,327	103,117,922	1,884,822,249	+15
December.....	1,772,418,777	106,031,694	1,878,450,471	+14
Total, 1918.....	19,716,983,241	1,274,824,039	20,991,812,280	+14
Total, 1917.....	17,197,733,209	1,174,144,540	18,371,877,749	.....

COMMERCIAL FAILURES.

The number of commercial failures fell sharply, and in October there were only 19 in the Third Federal Reserve District, which is the lowest number recorded in some years. It is interesting to note that during other wars the experience has been that the inflation of commodity prices reached its peak about the time that peace comes definitely in sight, followed by a period of a few months in which there was a marked decline in the number of commercial failures. A decline in commodity prices generally followed the termination of the war, which in turn was followed by a sharp rise in the number of commercial failures.

According to Bradstreet's commodity index number, prices have been gradually declining since the apparent peak reached last July, so that an increase in the number of failures may be expected.

Bradstreet's report of commercial failures in the Third Federal Reserve District, classified as to capital employed.

	\$5,000 and less.	\$5,000 to \$20,000.	\$20,000 to \$50,000.	\$50,000 to \$100,000.	\$100,000 to \$500,000.	Total.	
						1918	1917
January.....	71	7	.....	.....	1	79	75
February.....	68	7	.....	2	1	78	51
March.....	54	4	3	2	.....	63	61
April.....	36	1	2	.....	.....	39	50
May.....	48	4	2	2	.....	56	61
June.....	33	.....	.....	.....	.....	33	45
July.....	28	.....	1	.....	.....	29	48
August.....	30	2	.....	.....	.....	32	49
September.....	28	3	1	.....	.....	32	40
October.....	16	3	.....	.....	.....	19	65
November.....	20	3	.....	.....	3	26	60
December.....	23	1	2	.....	.....	25	63
Total, 1918.....	455	35	11	9	2	512	.....
Total, 1917.....	629	27	14	2	2	.....	674

IMPORTS AND EXPORTS.

The foreign business through the port of Philadelphia was quite heavy throughout the year, although exports were not as large as in the preceding year. Imports were uniformly greater than during 1917.

Business through the port of Philadelphia.

	Exports.		Imports.	
	1918	1917	1918	1917
January.....	\$38,975,065	\$43,634,046	\$7,082,709	\$9,093,459
February.....	26,534,875	57,652,322	8,021,153	9,041,889
March.....	32,903,058	38,879,748	10,082,475	7,488,947
April.....	39,962,456	39,889,979	13,086,630	11,103,862
May.....	40,919,371	42,507,832	13,533,749	11,424,218
June.....	26,786,000	41,284,111	9,932,000	14,304,452
July.....	28,493,000	21,451,383	11,181,681	8,953,507
August.....	39,307,314	57,381,188	8,387,120	9,217,073
September.....	54,356,000	24,033,366	9,567,000	8,276,928
October.....	38,650,995	62,724,000	8,776,160	4,486,000
November.....	28,920,174	32,309,000	8,850,830	4,136,000
December.....	31,224,722	40,158,000	6,069,889	4,415,000
Total.....	427,033,030	501,964,975	114,571,396	101,971,531

FREIGHT-CAR MOVEMENTS.

During the early part of the year the movement of freight by railroads in the district was seriously hampered by congestion at terminal points, fuel shortage, and unusually cold weather. Beginning with the month of May conditions showed much improvement. Eastbound shipments of bituminous coal at Lewistown Junction, on the Pennsylvania Railroad, were 18 per cent larger than the preceding year.

Pennsylvania Railroad freight-car movements at Lewistown Junction.

	Bituminous coal eastbound.		Coke eastbound.		Miscellaneous eastbound.		Miscellaneous westbound.		Total.	
	1918	1917	1918	1917	1918	1917	1918	1917	1918	1917
January.....	33,397	41,132	3,111	5,563	17,946	33,820	7,908	21,047	62,362	101,552
February.....	37,728	35,216	3,692	4,290	21,822	31,024	10,509	18,733	73,751	89,263
March.....	44,505	45,843	4,279	5,751	33,325	38,833	14,524	24,629	96,633	115,036
April.....	42,502	41,102	5,816	5,552	34,331	39,103	17,196	24,375	99,845	110,222
May.....	53,156	45,785	5,608	5,643	34,234	38,085	18,333	26,201	111,331	115,714
June.....	54,479	42,824	5,114	6,034	32,581	34,382	19,018	26,257	111,192	109,497
July.....	53,614	41,367	5,566	6,366	34,115	33,057	21,459	25,479	114,754	105,269
August.....	54,562	40,442	5,277	5,796	33,697	30,618	17,238	24,775	110,774	101,631
September.....	55,101	38,215	4,709	5,596	31,787	31,766	16,884	22,821	108,481	98,398
October.....	53,396	38,009	4,737	5,503	31,635	30,211	15,821	20,834	105,589	94,557
November.....	43,464	40,031	4,133	5,404	33,441	26,917	15,358	17,641	96,396	89,993
December.....	45,297	32,193	4,076	4,449	33,993	19,300	15,216	9,958	98,582	65,900
Total.....	571,201	482,249	56,118	65,947	372,907	387,116	189,464	262,750	1,180,690	1,198,062

POST OFFICE BUSINESS.

The business of the post offices throughout the district was considerably ahead of last year, both in postal receipts and money-order transactions. Increased industrial activity resulted in a heavy increase in the use of the mails.

Postal and money-order business.

Post office at—	Postal business.		Money-order business.	
	1918	1917	1918	1917
Allentown, Pa.....	\$343, 514	\$266, 749	\$694, 929	\$591, 399
Atlantic City, N. J.....	480, 929	372, 626		
Altoona, Pa.....	241, 825	180, 894	856, 649	663, 064
Camden, N. J.....	422, 751	343, 359	1, 643, 848	1, 159, 072
Harrisburg, Pa.....	701, 948	626, 976	2, 146, 215	1, 731, 978
Lancaster, Pa.....	276, 280	226, 946	318, 737	278, 888
Lebanon, Pa.....	75, 869	63, 820	348, 491	312, 759
Philadelphia, Pa.....	11, 730, 505	10, 505, 242	33, 077, 822	26, 724, 046
Scranton, Pa.....	668, 231	543, 725	781, 922	628, 827
Trenton, N. J.....	804, 233	442, 749	3, 265, 560	2, 545, 547
Wilkes-Barre, Pa.....	354, 827	277, 661	778, 196	646, 367
Williamsport, Pa.....	226, 253	205, 136	318, 281	289, 350
Wilmington, Del.....	681, 965	471, 830	1, 634, 200	967, 631

RÉSUMÉ OF BUSINESS CONDITIONS.

January.—General business was disturbed by the inauguration of “heatless Mondays,” which caused the shutting down of industry for several days for the purpose of relieving the freight congestion and expediting the distribution of coal. All branches of business directly connected with the war continually absorbed more and more of the productive capacity of the district and gave constant employment to labor at high wages. Labor conditions were unsatisfactory and much complaint was made about the shifting of workers and the loss incident to the continual reemployment of men. Iron and steel plants operated at about 30 per cent of capacity in the middle of the month, the situation being worse than at any time since the beginning of the war. Iron and steel producers were hampered not only by their inability to secure coal and coke, but by the sweeping embargoes on outgoing traffic. Retail trade was much better than might have been expected after the holiday season. The demand for necessities was preeminent, the demand for luxuries declining. The money market was quiet but firm. Call money ruled at 6 per cent, and choice commercial paper from 5½ to 6 per cent.

February.—Aside from the interruption in business caused by the closing down order on Mondays, there was no important change in conditions, manufacturers as a rule continuing to operate to as near capacity as circumstances permitted. Retail trade was ahead of last year, both in quantity of goods sold and in value of sales. Due to the railroad congestion, large quantities of finished goods accumulated, which resulted in curtailing production and the tying up of much capital. The iron and steel industry was still partly paralyzed by the lack of fuel and transportation facilities, production being about 50 per cent of capacity. The banks were unable to accumulate surplus funds owing to the continuous purchases of Treasury certificates of indebtedness and the renewal of notes by their customers, whose business was seriously hampered by the railroad freight tie-up. Rates for money advanced slightly, commercial paper selling at 6 per cent, a slight concession being made, however, for the best names of short maturities.

March.—Favorable weather conditions and the consequent easing up of the fuel situation resulted in increasing activity in many lines of industry. There was a strong retail demand for seasonable apparel. Considerable difficulty was experienced in obtaining adequate help, and necessary advances in wages added to the already greatly increased cost of doing business. The moderation in the weather permitted of steady improvement in the movement of freight cars. The supply of sugar showed some increase, but flour was scarce and substitutes hard to get. Iron and steel production recovered slowly, plants running at from 60 to 75 per cent of capacity. The impossibility of securing heavy leathers limited the production of turned shoes. The textile mills ran to capacity. Money rates remained high, the market being on a 6 per cent basis. Very little choice commercial paper was offered, but there was a liberal supply of the medium grade. Banks were preparing for the third Liberty loan campaign. The Philadelphia institutions rediscounted in considerable volume, borrowings by out-of-town banks being comparatively small.

April.—The industrial capacity of the district was devoted increasingly to the production of materials essential to the conduct of the war. This was accomplished through the extension of the system of Government priority orders, which controlled the distribution of raw materials. Many concerns which had been engaged in the production of nonessentials diverted their plants to the manufacture of some kind of war materials and supplies. The gradual shifting of labor to the more essential war industries, in addition to the difficulties in obtaining supplies, reduced the output of nonessential goods. Although buyers displayed conservatism, the volume of sales in retail lines was very satisfactory. Business during the first part of the month was slightly behind that of last year because of an early Easter and bad weather. On account of high wages, wage earners were the principal purchasers of goods, being able to buy goods which they had previously been unable to purchase. Proprietors of small stores in some of the large cities closed their stores and took employment in the shipyards and other places where they could earn more money. Farmers financed themselves by cash payments, due, apparently, to the prosperity brought about by high prices during the last few years. The use of bank loans or notes to implement dealers to finance such transactions fell off to a very noticeable extent. Some industries were embarrassed by the rapidly increasing costs of production and inability to secure a sufficient supply of labor. Money rates remained firm, the prevailing rate for commercial paper being 6 per cent.

May.—The industries of the district were almost completely adjusted to a war basis. Retail trade was about 40 per cent ahead of last year. Business was hampered considerably by scarcity of many kinds of raw materials and the inadequate supply of competent labor.

The production of iron and steel was about 95 per cent of capacity. The economy campaign resulted in an easing in the food situation. Motor trucks came more and more into use as the congestion increased around the principal industrial centers of the district. Shipments between cities were made on regular schedules maintained by numerous companies operating trucks. A firm money market prevailed, 6 per cent being asked on both call and time loans. Borrowings by member banks were not as heavy as anticipated, and the third Liberty loan was floated apparently without any undue strain on the money market.

June.—General confidence in the business situation was denoted by the liberal advance buying throughout the district. Retail demand for seasonable merchandise continued active, although the steady decrease in the variety of goods offered by the leading stores and the uniformly high prices caused a well-defined tendency toward economy. In all lines increasing difficulty was experienced in replenishing supplies. The railroad freight-car movement improved greatly and coal moved more freely. The crops throughout the district were reported up to the average for the past 10 years. The building situation continued quiet, new construction being confined almost exclusively to the erection of buildings for the Government or war industries. The money market remained firm at 6 per cent. Increased activity was noted in the sale of bonds and other securities.

July.—Notwithstanding the shortage of supplies affecting practically all lines, marked activity in general business continued, the demand for most kinds of merchandise being greater than the supply. Midsummer influences were not very noticeable. Business at the South Jersey seashore resorts was quiet. Hotels which were normally crowded in July were not half filled, and the stores felt the effects of war-time economies. There was little inclination among the majority of people to go away for any extended time. Many who formerly went to the seashore or mountain resorts for the better part of the summer remained in or about town. The shipyards and war industries in the vicinity of Philadelphia absorbed workmen from all points, and created a severe shortage of rentable property. The stringency was not relieved materially by new home construction, as building was still quiet. Difficulty in obtaining financial accommodation and high costs and scarcity of materials and labor continued to operate as restrictive factors in this industry, which was at the lowest mark for a decade. Prospects of early-sown crops faded somewhat owing to the prolonged dry weather, but the shading of estimates thus rendered necessary was not material. The rate for money ruled at 6 per cent. The market was freed from much unnecessary financing by the Capital Issues Committee and the banks responded to the war needs of the Government by curtailing their credits to nonessential industries. Business on the Philadelphia Stock Exchange was dull, although

there was continued absorption by investors of high-grade railroad securities.

August.—General business throughout the district was back to substantially the maximum level of a year ago. The demand for goods necessary to the conduct of the war was sufficient to more than employ all available machinery and labor. The distribution of goods through the jobbers and retailers was satisfactory and collections were very good. The coal situation was more satisfactory mainly because the car supply showed improvement. The wool business was taken over by the Government. No wool was sold for civilian purposes, and all importation of foreign wools was suspended, except for Government use. The largest possible tonnage of iron and steel was being turned out, the July output of iron being better than for any similar month and the number of furnaces in blast the greatest ever known. Government financing and the requirements of business maintained an active demand for money. Rates throughout the district continued firm at 6 per cent for nearly all classes of loans. The large subscriptions of banks to United States certificates of indebtedness caused them to restrict credits wherever possible, and the tendency was to curtail accommodations to lines of business not necessary to public welfare or essential to the conduct of the war. Sentiment was helped by the announcement that the interest rate of the fourth Liberty loan would not be higher than that of the third loan, and increasing confidence in the security markets was noted.

September.—Business conditions throughout the district continued favorable, trade in most lines surpassing last year's records. Manufacturers in all important lines operated to the fullest extent permitted by the available supplies of materials and labor. Retailers reported a steady demand for all kinds of staple commodities, but experienced difficulty in obtaining sufficient merchandise to meet the requirements of their customers. Retail distributors of women's wearing apparel did a large business, the demand for high-class goods being greater than ever before. Wholesale dry-goods houses reported the receipt of large orders, but in some instances, actual sales ran behind those of last year owing to the physical impossibility of getting out orders, due to the deficiency in the supply of labor. The raw cotton market was unsettled by the price-fixing plans. Textile mills continued very busy. Money was still quoted at 6 per cent. Banks sought little or no paper from brokers and loans were scrutinized closely.

October.—Efforts to increase the output of iron and steel plants and other industries which had large Government contracts caused improvement in both the number of hands employed and in the quantity of production. Retail trade showed a large increase during the month up to the beginning of the influenza epidemic. Since that time the number of customers visiting the stores decreased about

one-third and the volume of sales from 30 to 50 per cent, and working forces of all business concerns were affected very much; at times as many as one-third of the employees were unfit for duty. The epidemic also greatly affected the coal output, causing a decline in the production of anthracite of from 250,000 to 300,000 tons per week, some of the collieries being compelled to close. The scarcity of pig iron became more acute, there not being enough of any grade to take care of the demand. Results of the efforts to speed up pig iron production are reflected in the figures for September, which show a daily average of 113,942 tons, the highest in the history of the industry. Financial transactions were overshadowed by the Liberty loan campaign. The minimum rate for paper remained at 6 per cent. During the month Bradstreet's report showed only 19 failures in the district, the lowest for a long time.

November.—A more normal business situation resulted from the waning of the influenza epidemic. Retail trade improved wonderfully and merchants expressed the belief that the buying during the balance of the year would more than make up the loss caused by the epidemic. While there was a strongly defined tendency to mark time, with a view to determining the probable extent of readjustment after the war, the consensus of opinion was that the period of readjustment would be relatively short, to be followed by an era of industrial activity. Overtime and Sunday work were abolished in war and shipbuilding industries. The situation with regard to supplies of fuel reflected considerable improvement, despite the loss in output occasioned by the influenza epidemic. There was a downward tendency in cotton yarn prices while the Government was adjusting contracts. Some wool was released by the Government for civilian use. Sentiment among builders was particularly optimistic, as they looked for a pronounced increase in activity with the removal of Government restrictions and the probable increased supply of labor that was expected to follow a curtailment of Government construction. The prevailing rate for paper was 6 per cent, with banks buying very little.

December.—The readjustment to peace conditions proceeded very rapidly and with much less disturbance to business than was generally expected, especially in industrial lines, where the principal effect of the ending of the war appeared to be reflected in the elimination of overtime work. Retail trade was exceptionally good, retailers of men's wearing apparel reporting business 25 per cent ahead of December, 1917. With the war over, the public believed there was no further need for stringent economy and felt free to purchase liberally all kinds of goods. Thousands of wage earners were released

which had been pushed to the utmost for the past few years on war work, experienced a let-up in the strain with the cancellation of war orders, the amount of accumulated civilian orders not being large. The outlook, however, was considered bright. Dealers in automobile pleasure cars were very optimistic regarding the future. The money market in Philadelphia remained firm at 6 per cent. Public participation in the speculative markets was at a low ebb, owing to money restrictions and uncertainty regarding the readjustment period and the future of the railroads.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of Philadelphia during the calendar year 1918.*

[In thousands of dollars; i. e., 600 omitted.]

	Discounted paper secured by United States war obligations.	Other discounted paper.	(1+2)	Bills bought in open market.	Total bills discounted and bought.	Per cent. (1÷5)	Total earning assets.
	1	2	3	4	5	6	7
Jan. 4.	19,971	12,992	32,963	18,364	51,327	38.9	60,441
Jan. 11.	18,410	10,746	29,156	17,045	46,201	39.8	54,918
Jan. 18.	18,015	13,148	31,163	14,269	45,432	39.7	53,998
Jan. 25.	18,797	15,013	33,810	14,179	47,989	39.2	57,329
Feb. 1.	17,640	15,989	33,629	13,860	47,489	37.1	58,331
Feb. 8.	14,234	10,919	25,153	13,200	38,413	37.1	48,832
Feb. 15.	15,345	10,881	26,226	17,738	43,964	34.9	53,396
Feb. 21.	16,249	8,600	24,849	18,264	43,113	37.7	53,778
Mar. 1.	14,733	7,516	22,249	17,475	39,724	37.1	51,640
Mar. 8.	16,002	9,050	25,052	18,901	43,953	36.4	54,706
Mar. 15.	15,232	9,058	24,290	19,172	43,462	35.0	55,056
Mar. 22.	19,957	9,308	29,265	18,172	47,437	42.1	60,960
Mar. 28.	21,828	9,591	31,419	22,440	53,859	40.5	66,899
Apr. 5.	18,617	8,380	26,997	21,898	48,895	38.1	61,548
Apr. 12.	19,671	7,254	26,925	21,290	48,215	40.8	62,543
Apr. 19.	22,057	4,555	26,612	27,440	54,052	40.8	62,064
Apr. 26.	27,806	7,545	35,351	26,303	61,654	45.1	67,846
May 3.	28,798	10,510	39,308	23,933	63,241	45.5	68,555
May 10.	29,251	9,178	38,429	25,727	64,156	45.6	67,893
May 17.	26,185	10,091	36,276	26,956	63,232	41.4	66,900
May 24.	29,541	11,149	40,690	23,438	64,128	46.1	67,796
May 31.	31,517	11,323	42,840	20,968	63,808	49.4	67,298
June 7.	36,066	13,593	49,599	23,114	72,713	49.5	76,187
June 14.	37,762	12,534	50,296	21,281	71,577	52.8	74,894
June 21.	40,530	14,485	55,015	19,944	74,959	54.1	82,364
June 28.	43,933	16,284	60,217	18,104	78,321	56.1	81,711
July 5.	47,755	23,491	71,246	16,756	88,002	54.3	91,036
July 12.	41,423	25,761	67,184	16,033	83,217	49.8	88,149
July 19.	42,867	29,042	71,909	12,157	84,066	51.0	86,995
July 26.	50,589	30,802	81,391	13,430	94,821	53.4	97,800
Aug. 2.	53,961	29,020	82,981	14,026	97,007	55.6	99,566
Aug. 9.	64,321	28,025	92,346	11,684	104,030	61.8	108,589
Aug. 16.	65,021	28,964	93,985	11,326	105,311	61.7	107,879
Aug. 23.	59,304	25,879	85,183	11,035	96,218	61.6	98,776
Aug. 30.	65,357	25,913	91,270	9,762	101,032	64.7	103,591
Sept. 6.	70,185	29,508	99,693	8,856	108,549	64.7	111,107
Sept. 13.	70,650	26,678	97,328	9,693	107,021	66.0	116,779
Sept. 20.	80,609	21,030	101,639	9,044	110,683	72.8	115,251
Sept. 27.	86,718	21,112	107,830	7,976	115,806	74.9	121,411
Oct. 4.	88,904	19,718	108,622	21,754	130,376	68.2	136,001
Oct. 10.	90,362	18,477	108,839	24,883	133,722	67.6	139,391
Oct. 18.	91,648	14,739	106,387	26,082	132,469	69.2	138,069
Oct. 25.	78,354	12,992	91,346	30,915	122,261	64.1	145,791
Nov. 1.	98,409	17,958	116,007	36,613	152,620	64.2	160,150
Nov. 8.	123,571	15,239	138,810	42,343	181,153	68.2	188,829
Nov. 15.	147,006	10,992	157,998	33,262	191,260	76.9	198,937
Nov. 22.	146,472	15,890	162,362	20,586	182,948	80.1	190,609
Nov. 29.	165,505	16,486	181,991	15,875	197,866	83.6	205,540
Dec. 6.	164,232	18,334	182,566	6,042	188,608	87.1	198,320
Dec. 13.	163,285	18,584	181,869	5,694	187,563	87.1	197,897
Dec. 20.	153,085	14,557	167,642	8,833	176,475	88.2	193,769
Dec. 27.	161,417	19,247	180,664	3,248	183,912	87.8	195,331

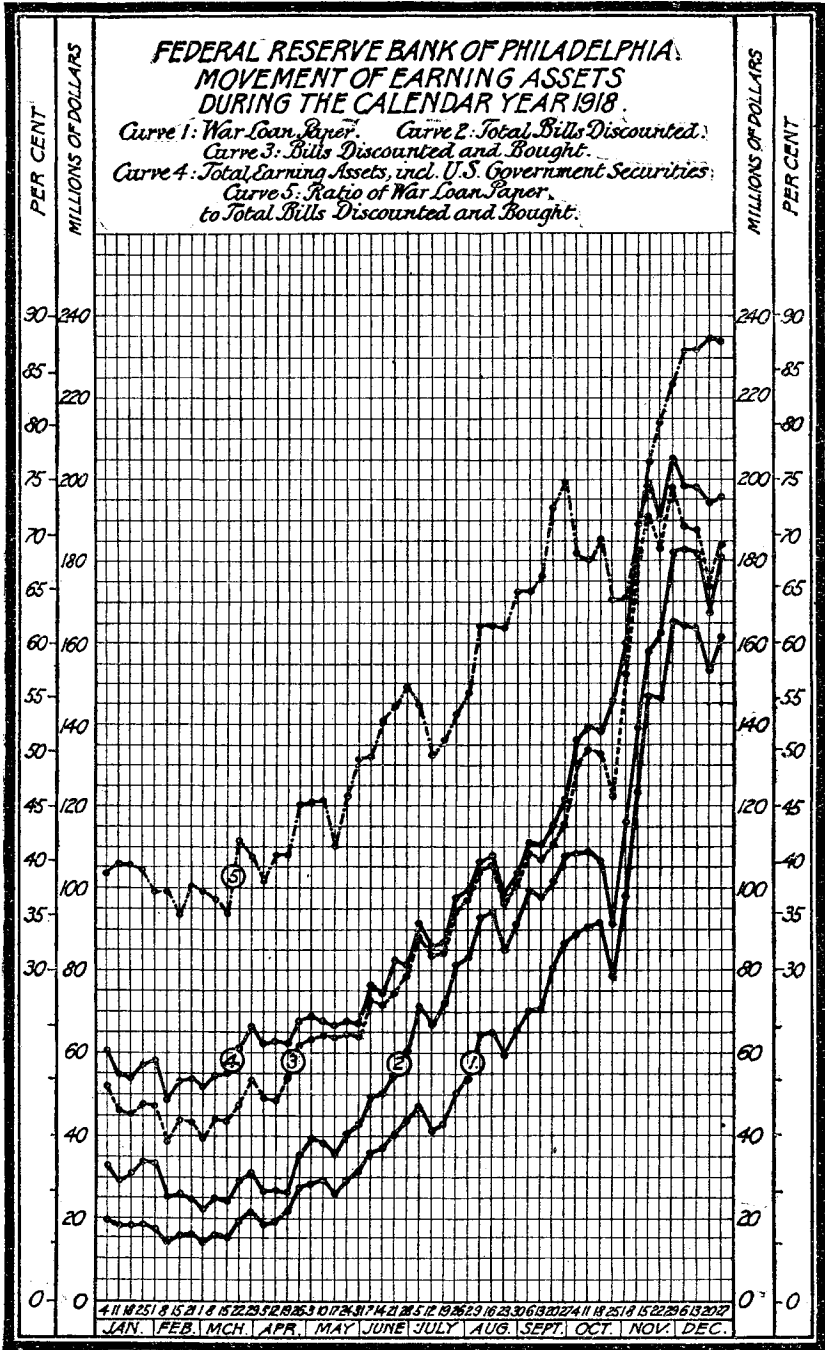
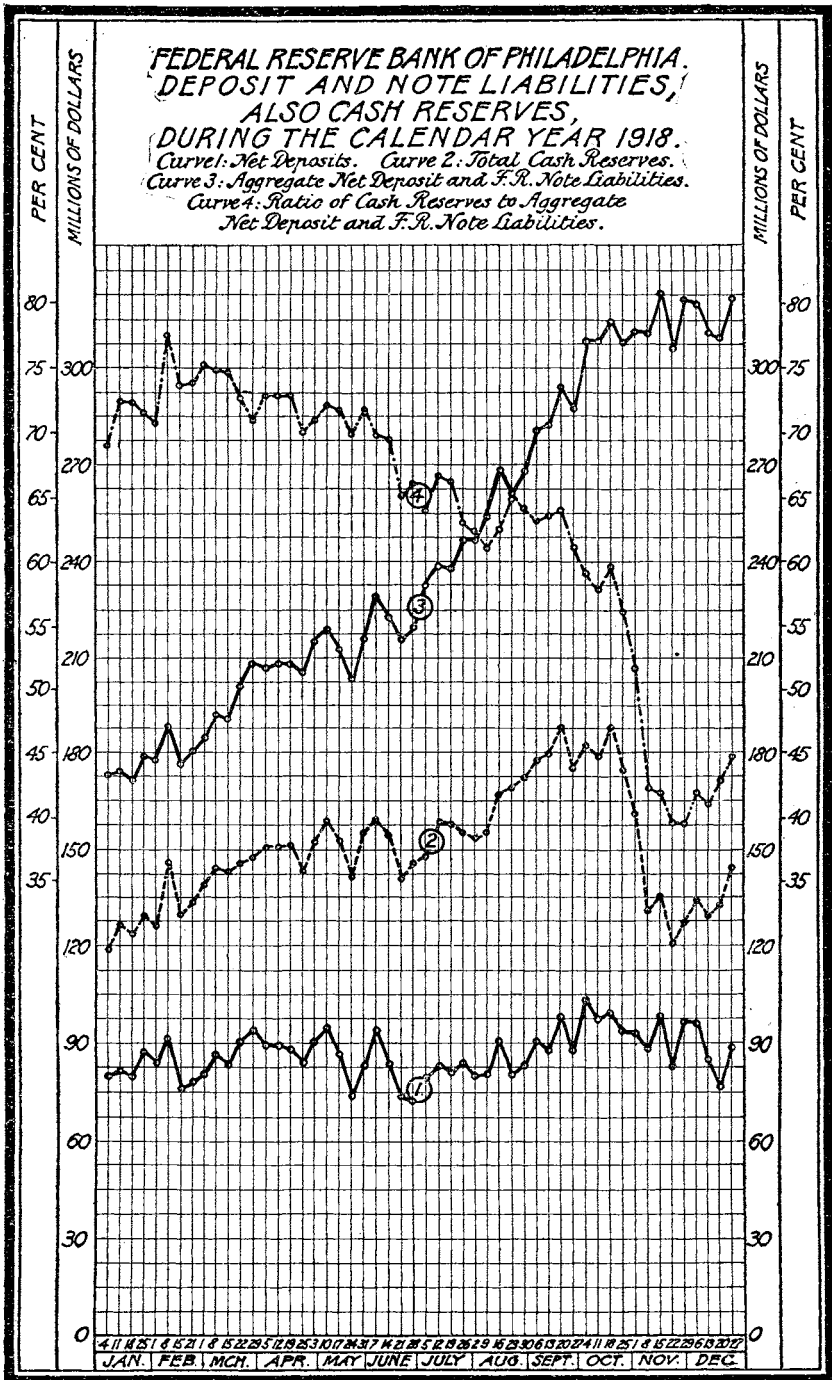


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal Reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of Philadelphia during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Total cash reserve.	Net deposits.	Federal Reserve notes in actual circulation.	(2+3)	Ratio of cash re- serves to net deposit and Federal Re- serve note liabilities combined.
	1	2	3	4	5
Jan. 4.....	118,722	79,587	93,229	172,816	68.7
Jan. 11.....	126,288	81,057	93,218	174,275	72.5
Jan. 18.....	123,748	79,002	91,823	170,825	72.4
Jan. 25.....	128,320	87,225	91,450	178,653	71.8
Feb. 1.....	125,780	83,467	94,214	177,681	70.8
Feb. 8.....	146,161	91,434	97,199	188,633	77.5
Feb. 15.....	129,839	76,153	100,613	176,766	73.5
Feb. 21.....	133,148	78,292	102,175	180,468	73.8
Mar. 1.....	138,889	80,108	103,983	184,091	75.4
Mar. 8.....	143,622	87,014	104,796	191,810	74.9
Mar. 15.....	142,095	83,080	107,594	190,674	74.5
Mar. 22.....	144,934	90,456	108,915	199,371	72.7
Mar. 28.....	147,522	93,592	114,262	207,854	71.0
Apr. 5.....	151,129	89,706	116,878	206,584	73.1
Apr. 12.....	151,488	89,263	118,179	207,442	73.0
Apr. 19.....	151,709	87,938	119,181	207,119	73.2
Apr. 26.....	142,947	83,164	121,076	204,240	70.0
May 3.....	152,660	90,540	124,084	214,624	71.1
May 10.....	158,236	94,044	125,241	219,285	72.2
May 17.....	152,714	86,072	126,600	212,762	71.8
May 24.....	141,331	73,864	128,414	202,278	69.9
May 31.....	155,205	82,012	133,759	215,771	71.9
June 7.....	159,644	93,796	135,004	228,800	69.8
June 14.....	154,463	83,068	139,316	222,384	69.5
June 21.....	140,084	73,924	141,675	215,569	65.0
June 28.....	145,287	72,492	147,430	219,922	66.1
July 5.....	147,889	78,905	153,360	232,265	63.7
July 12.....	158,810	82,823	155,357	238,180	66.7
July 19.....	157,676	80,550	157,340	237,890	66.3
July 26.....	155,222	83,361	162,918	246,279	63.0
Aug. 2.....	153,997	79,542	167,206	246,748	62.4
Aug. 9.....	155,525	80,162	174,714	254,876	61.9
Aug. 16.....	167,165	90,539	177,232	257,771	62.4
Aug. 23.....	168,678	79,887	180,425	260,313	64.8
Aug. 30.....	171,685	82,499	185,243	267,742	64.1
Sept. 6.....	177,666	90,586	190,452	281,028	63.2
Sept. 13.....	179,090	87,187	195,109	282,296	63.4
Sept. 20.....	187,183	97,274	196,028	293,302	63.8
Sept. 27.....	174,828	87,065	199,772	286,837	61.0
Oct. 4.....	182,089	103,282	205,191	308,473	59.0
Oct. 10.....	178,634	97,006	211,234	308,240	58.9
Oct. 18.....	187,206	98,792	216,071	314,866	59.5
Oct. 25.....	173,443	93,622	214,793	308,415	56.2
Nov. 1.....	161,412	93,469	217,924	311,393	51.8
Nov. 8.....	131,274	87,954	222,840	310,794	42.2
Nov. 15.....	135,592	97,675	225,022	322,697	42.0
Nov. 22.....	120,988	82,847	222,906	305,753	39.6
Nov. 29.....	126,920	96,871	223,730	320,601	39.6
Dec. 6.....	134,187	95,852	223,981	319,833	42.0
Dec. 13.....	128,147	84,557	226,458	311,015	41.2
Dec. 20.....	132,306	76,920	232,227	309,147	42.8
Dec. 27.....	143,556	88,174	233,481	321,655	44.6

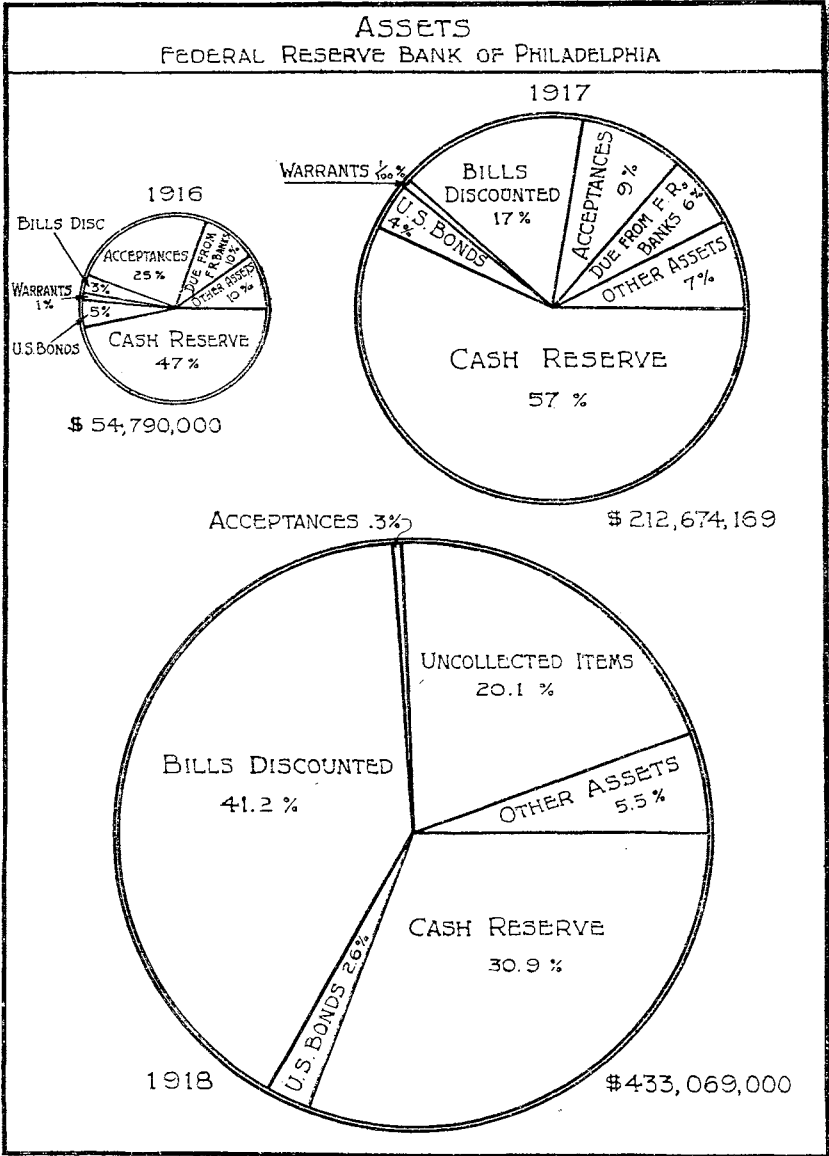


SCHEDULE 1.—Comparative statement of condition of the Federal Reserve Bank of Philadelphia.

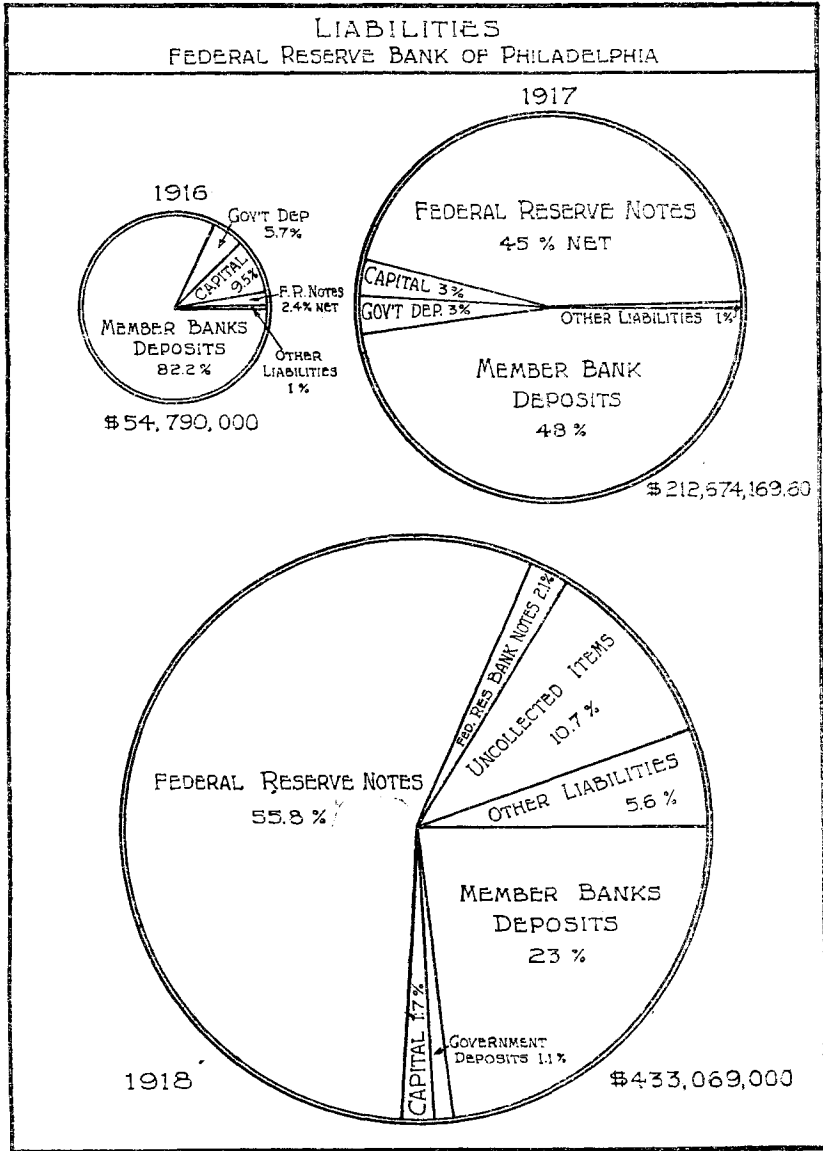
	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 30, 1916.
RESOURCES.			
Collateral notes—members.....	\$135,032,810.41	\$4,008,400.00	\$900,000.00
Bills discounted—members.....	43,787,151.29	31,903,836.94	663,076.79
Bills bought in open market.....	3,011,280.08	18,390,067.91	13,656,430.08
United States bonds and notes.....	11,417,000.00	9,649,950.00	2,825,000.00
Municipal warrants.....		10,000.00	465,112.22
Earning assets.....	103,249,141.78	63,962,254.85	18,509,619.09
Interest accrued on United States bonds and notes.....	43,309.74	58,906.44	17,057.93
Cost of unissued Federal Reserve notes.....		1,517,804.61	27,708.01
Expenses paid in advance.....	763,279.17	2,055.51	2,445.83
Transit department expenses.....			1,367.18
Furniture and equipment—transit department.....		25,580.56	15,409.87
Bank premises.....	500,000.00		
Due from Federal Reserve Banks—net.....		12,370,908.10	5,382,501.30
Due from banks and bankers.....		1,517,804.61	609,389.97
Exchanges for clearing house, cash items, etc.....	33,558,293.29	7,378,564.69	3,864,733.22
Uncollected items—Federal Reserve Banks.....	41,527,634.40		
Uncollected items—banks, member and nonmember.....	12,029,710.01		
Member banks—overdrafts.....	59,024.31	12,804.81	
Difference account.....	1,527.68		
Federal Reserve notes on hand.....	11,739,400.00	4,348,590.00	171,140.00
Federal Reserve bank notes on hand.....	332,037.00		
Due from Treasury—5 per cent fund Federal Reserve bank notes.....	475,000.00		
Notes of national and other Federal Reserve Banks.....	3,737,000.00	1,353,500.00	463,476.00
Mutilated currency forwarded for redemption.....		56,027.50	132,500.00
Mutilated Federal Reserve notes.....	1,019,340.00	209.09	121.89
Nickels and cents.....	271.16		
Liberty loan bonds sold on instalment plan.....	11,371.00		
Miscellaneous assets.....		110,032.85	
Gold with Federal Reserve agent.....	85,583,245.00	63,945,735.00	
Gold redemption fund ¹	7,993,000.00	1,500,000.00	100,000.00
Gold settlement fund.....	37,412,406.54	32,101,000.00	8,042,000.00
Gold coin and certificates.....	1,459,351.21	19,064,667.59	16,988,892.50
Bank of England sterling gold account.....		3,675,000.00	
Other lawful money.....	1,667,646.00	1,189,996.10	466,154.30
Reserve.....	134,022,648.75	121,476,418.60	25,597,046.80
Total resources.....	433,069,038.29	212,674,169.60	54,794,517.09
LIABILITIES.			
Capital.....	7,562,450.00	6,142,150.00	5,228,100.00
Profit and loss.....		220,238.27	89,966.68
Surplus.....	1,304,171.92		
Unearned discount and interest.....	153,540.69	160,902.51	39,559.33
Reserve for franchise tax.....	1,304,171.92		
Reserve for depreciation United States securities.....	116,131.00		
Government deposits.....	5,039,128.17	5,387,488.53	3,145,549.05
Due to other Federal Reserve Banks.....	19,445,515.88		
Uncollected items—Federal Reserve Banks.....	6,018,177.38		
Uncollected items—member banks.....	40,453,645.33		
Due to member banks.....	99,720,124.95	103,000,930.13	44,965,072.26
Cashier's checks.....	823,036.05	435,026.66	26,015.72
Federal Reserve notes outstanding.....	241,870,745.00	97,325,755.00	1,300,000.00
Federal Reserve bank notes outstanding.....	9,258,200.00		
Miscellaneous liabilities.....		1,678.50	254.05
Total liabilities.....	433,069,038.29	212,674,169.60	54,794,517.09

¹ In June, 1917, the statement was changed so as to include gold with Federal Reserve Agent under "Gold redemption fund" and "Federal Reserve notes" now represent gross liability for Federal Reserve notes, instead of only the net liability.

SCHEDULE 1 A.



SCHEDULE I B.



SCHEDULE 2.—*Profit and loss statement.*

Earnings for 1918.....	\$4,357,740.39
Expense of operation.....	\$596,545.08
Cost of Federal Reserve currency (including expressage, insurance, etc.).....	243,857.27
Repairs, alterations, improvements, etc., to bank building.	31,471.31
Furniture and equipment—total amount charged off during year.....	215,042.72
Total current expenses.....	1,086,916.38
Net earnings for year.....	3,270,824.01
Profit and loss, Jan. 1, 1918.....	220,238.27
Total.....	3,491,062.28
Less:	
Depreciation on bank premises.....	182,604.74
Amount transferred to account reserved for deprecia- tion on United States bonds.....	116,131.00
	298,735.74
Net amount available for dividends, surplus, and franchise taxes.	3,192,326.54

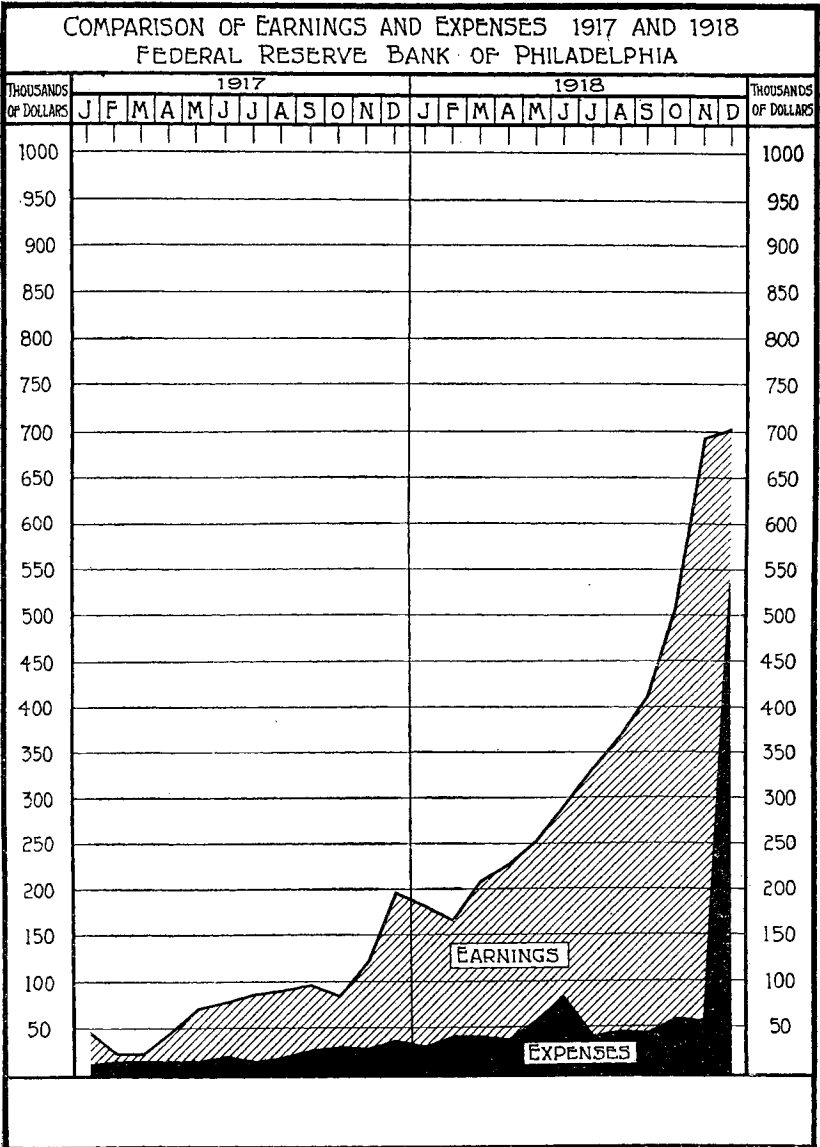
Dividends paid:

Date paid, June 29, 1918; period covered, 12 months.	\$366,383.14
Date paid, Dec. 31, 1918; period covered, 6 months..	215,798.06
Interest paid on stock surrendered.....	1,801.50
Total dividend payments.....	583,982.70
Carried to surplus fund.....	1,304,171.92
Transferred to account "reserve for franchise tax".....	1,304,171.92
Total.....	3,192,326.54

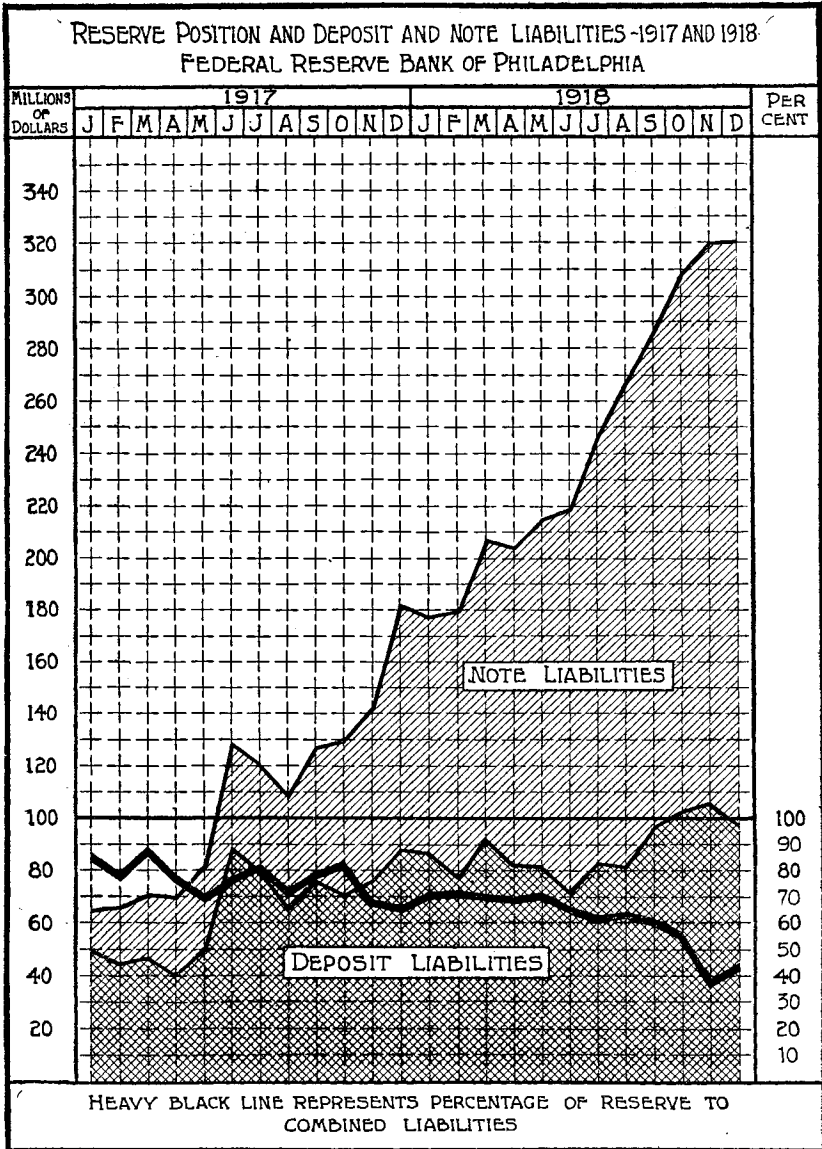
SCHEDULE 3.—*Earnings and expenses.*

	Earnings.				Expenses.				Net earnings.	Annual rate of net earnings.
	From invest-ments.	Defi- cient reserve penal- ties.	Sun- dry prof- its.	Total earn- ings.	Ex- pense of oper- ation.	Note issues.	Depre- ciation charges.	Total ex- pense.		
1918.										
January.....	\$181,212	\$1,272	\$696	\$183,181	\$29,100	\$1,320	\$541	\$30,962	\$152,218	26.4
February.....	158,443	3,455	5,899	167,797	30,419	10,460	560	41,459	126,337	24.2
March.....	194,085	1,422	13,861	209,376	30,674	11,720	595	42,990	166,385	27.8
April.....	212,439	1,422	13,036	226,898	31,967	5,920	679	38,567	188,331	33.2
May.....	239,501	3,190	13,832	256,524	38,621	19,400	745	58,767	197,757	33.6
June.....	267,264	2,376	22,712	292,353	69,266	15,680	936	85,883	206,470	36.4
July.....	321,741	3,012	7,158	331,912	43,910	.....	44	43,954	287,957	48.8
August.....	365,628	3,212	1,497	370,339	46,958	.....	99	47,058	323,280	53.5
September.....	407,492	3,472	302	411,266	45,598	.....	132	45,731	365,535	60.5
October.....	506,544	2,876	171	509,592	59,824	.....	616	60,441	449,151	71.7
November.....	691,796	2,900	1,081	695,777	57,101	.....	685	57,786	637,991	110.5
December.....	684,810	1,169	16,755	702,734	144,578	179,337	209,410	533,318	168,612	26.2
Total, 1918.....	4,230,955	29,784	97,000	4,357,740	628,016	243,857	215,042	1,086,916	3,270,824	46.0
Total, 1917....	987,057	6,877	22,025	1,015,959	185,630	70,340	240	256,210	759,749	12.2

SCHEDULE 4.



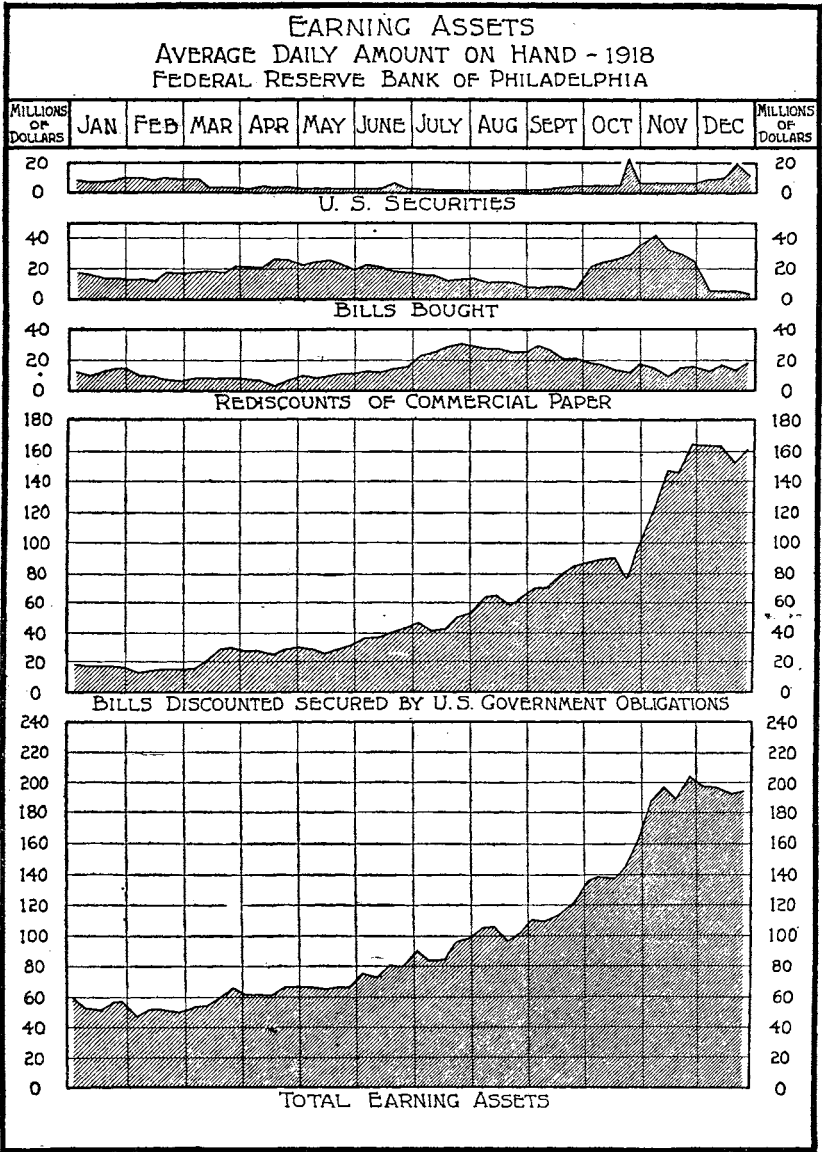
SCHEDULE 5.



SCHEDULE 6.—Reserve position on last Friday of each month.

	Liabilities (net).			Reserves.			Reserve percentage.			
	Deposit.	Note.	Total.	Total gold.	Other lawful reserve.	Total.	Ratio of gold and lawful money to net deposits.	Ratio of gold reserve to Federal Reserve notes in actual circulation.	Ratio of total reserve to net deposit and Federal Reserve note liabilities combined	Ratio of gold reserve to Federal Reserve notes in actual circulation after setting aside 35 per cent against net deposit liabilities.
1918.										
January.....	\$87,223,000	\$91,430,000	\$178,653,000	\$126,076,910	\$2,242,941	\$128,319,851	70.9	72.6	71.8	104.6
February.....	78,292,000	102,176,000	180,468,000	132,210,405	937,673	133,148,078	77.4	71.0	73.8	102.2
March.....	93,592,000	114,262,000	207,854,000	145,953,925	1,567,683	147,521,608	70.3	71.5	71.0	99.1
April.....	83,164,000	121,076,000	204,240,000	141,497,110	1,449,552	142,946,662	69.4	70.4	70.0	92.8
May.....	82,012,000	133,759,000	215,771,000	154,926,067	1,178,549	155,204,616	80.7	66.6	71.9	93.7
June.....	72,492,000	147,430,000	219,922,000	144,734,867	551,864	145,286,731	67.3	65.5	66.1	81.0
July.....	83,361,000	162,918,000	246,279,000	154,535,101	687,789	155,222,890	62.8	63.2	63.0	77.0
August.....	82,499,000	185,243,000	267,742,000	170,901,041	784,397	171,685,438	66.0	63.3	64.1	77.1
September.....	87,065,000	199,772,000	286,837,000	174,037,306	790,448	174,827,754	67.9	57.9	61.0	72.3
October.....	93,622,000	214,793,000	308,415,000	172,698,381	745,202	173,443,583	51.0	58.5	56.2	65.5
November.....	96,870,000	223,730,000	320,600,000	126,345,828	573,904	126,919,732	41.9	38.6	39.6	41.6
December.....	88,173,000	233,480,000	321,653,000	142,658,169	897,645	143,555,814	39.4	50.4	44.6	47.7

SCHEDULE 7.



SCHEDULE 8.—Loans and investments made, by months, 1918.

	Rediscounts of eligible paper for members and for other Federal Reserve Banks.	Acceptances purchased in open market and from other Federal Reserve Banks.	United States securities taken under repurchase agreements.	Other United States securities purchased.
January.....	\$36,200,982	\$5,167,838	\$9,786,450	.....
February.....	31,898,368	9,171,201	6,030,000	.....
March.....	29,416,927	13,129,363	9,344,500	\$1,671,500
April.....	42,382,588	10,821,327	4,818,000	3,139,500
May.....	74,005,094	11,419,747	.....	107,000
June.....	94,760,656	7,773,595	.....	4,343,000
July.....	134,466,076	5,748,048	.....	55,000
August.....	160,967,563	4,432,670	.....	20,150
September.....	161,218,400	2,741,791	.....	3,272,000
October.....	221,693,196	30,976,704	.....	18,452,500
November.....	359,648,434	17,290,606	.....	2,281,550
December.....	511,014,436	1,335,136	.....	3,850,900
Total, 1918.....	1,857,642,720	120,008,026	29,978,950	37,193,100
Percent of total.....	90.8	5.9	1.5	1.8
Total, 1917.....	223,416,008	85,913,796	.....	18,792,250
Percent of increase or decrease 1918 over 1917.....	+731	+39	.....	+258

	Municipal warrants.	Total.		Number of member banks accommodated.
		1918	1917	
January.....	\$10,000	\$51,165,270	\$3,940,771	86
February.....	.....	47,069,569	11,765,311	65
March.....	.....	53,562,290	12,220,424	34
April.....	.....	61,161,415	7,780,936	135
May.....	.....	85,531,841	25,878,818	202
June.....	.....	106,877,251	46,166,378	217
July.....	.....	140,269,124	33,648,283	245
August.....	.....	165,420,383	26,064,872	270
September.....	.....	167,232,191	25,000,483	305
October.....	.....	271,122,400	21,394,910	318
November.....	.....	379,220,590	50,991,728	315
December.....	.....	516,200,472	64,889,565	342
Total, 1918.....	10,000	2,044,832,796	.....	457
Percent of total.....	.....	.....	.....	.....
Total, 1917.....	1,621,424	.....	329,743,478	201
Percent of increase or decrease 1918 over 1917.....	-99	+520	.....	.....

SCHEDULE 9.—Average daily holdings of the several classes of earning assets for each month and calendar year 1918.

	Bills discounted.	Bills bought.	United States securities.	Municipal warrants.	Total.	
					1918	1917
January.....	\$31,990,666	\$15,582,286	\$9,017,042	\$2,580	\$56,592,574	\$14,931,136
February.....	26,462,460	16,792,076	10,311,798	10,000	53,576,334	18,235,230
March.....	26,466,272	19,578,914	12,150,505	968	58,196,659	16,717,766
April.....	29,444,641	23,873,444	10,362,697	.....	63,680,782	20,325,853
May.....	39,987,333	25,205,982	3,962,400	.....	69,155,715	26,796,594
June.....	51,902,348	20,680,337	4,732,850	.....	77,315,535	29,541,435
July.....	70,513,203	15,106,579	3,006,351	.....	88,626,133	29,509,799
August.....	88,101,492	11,640,219	2,562,608	.....	102,304,319	31,787,718
September.....	100,833,261	9,830,323	3,976,516	.....	114,640,100	34,467,512
October.....	105,708,472	26,254,322	6,172,614	.....	138,135,408	29,005,633
November.....	151,510,450	30,326,700	7,649,618	.....	189,486,768	43,187,433
December.....	180,015,946	5,838,714	11,963,835	.....	197,818,495	62,337,298
Average for year 1918.....	75,556,041	18,375,123	7,135,005	1,068	101,067,237	.....
Per cent.....	74.8	18.2	7.0	.....	100.0	.....
Average for 1917.....	9,923,917	14,916,598	4,268,200	628,228	29,736,951	29,736,951
Percent of increase or decrease 1918 over 1917.....	+658	+23	+68	-100	+239	.....

SCHEDULE 10.—*Earnings from loans and investments for the calendar year 1918.*

	Bills dis- counted.	Bills bought in open market.	United States securi- ties.	Municipal warrants.	Total.	
					1918	1917
January.....	\$105,896	\$47,639	\$27,666	89	\$181,212	\$36,836
February.....	81,895	46,912	29,600	35	158,443	42,115
March.....	91,247	63,175	39,659	3	194,085	43,664
April.....	98,800	80,108	33,530	.....	212,439	46,988
May.....	141,698	85,775	12,027	.....	239,501	69,525
June.....	182,914	70,973	13,377	.....	267,264	76,934
July.....	258,924	54,375	8,441	.....	321,741	85,997
August.....	316,525	41,849	7,254	.....	365,628	89,911
September.....	363,644	34,364	9,482	.....	407,492	94,804
October.....	394,057	99,344	13,142	.....	506,544	84,170
November.....	551,142	125,349	15,303	.....	691,796	121,412
December.....	654,358	24,847	24,002	.....	703,207	194,747
Total.....	3,241,104	756,313	233,489	49	4,230,955	987,057
Per cent of total.....	76.6	17.9	5.5	.....	100.0	.....

SCHEDULE 11.—*Calculated annual rates of earnings from loans and investments.*

	Bills dis- counted members.	Bills bought in open market.	United States securi- ties.	Municipal warrants.	Total.	
					1918	1917
January.....	3.89	3.59	3.61	4.49	3.77	2.90
February.....	4.03	3.64	3.74	4.56	3.85	3.01
March.....	4.05	3.79	3.84	4.56	3.92	3.07
April.....	4.08	4.08	3.93	.....	4.05	2.90
May.....	4.17	4.00	3.57	.....	4.07	2.99
June.....	4.28	4.17	3.43	.....	4.20	3.18
July.....	4.32	4.23	3.30	.....	4.27	3.43
August.....	4.23	4.23	3.33	.....	4.20	3.33
September.....	4.38	4.25	2.90	.....	4.32	3.34
October.....	4.38	4.45	2.50	.....	4.31	3.41
November.....	4.42	4.29	2.43	.....	4.32	3.42
December.....	4.27	5.01	2.36	.....	4.18	3.67
Average for 1918.....	4.29	4.12	3.27	4.59	4.19	.....
Average for 1917.....	3.73	3.18	2.90	2.89	.....	3.32

SCHEDULE 12.—Distribution by maturities of paper and short-term investments held by the Federal Reserve Bank and the Federal Reserve agent at close of business Dec. 27, 1918.

	Maturities—					Total.
	Within 15 days.	From 16 to 30 days.	From 31 to 60 days.	From 61 to 90 days.	Over 90 days.	
1. Bills discounted—members:						
Secured by Liberty bonds and certificates—						
Member banks' collateral notes.....						\$133,280,937.08
Nonmember bank paper, indorsed by member banks.....						
All other bills.....						28,135,988.46
Member banks' collateral notes other than above specified.....						
Commodity paper.....						628,682.03
Trade acceptances.....						18,618,684.30
All other bills not above specified.....						
Total.....	\$159,235,029.85	\$16,781,121.71	\$2,691,127.46	\$1,948,246.28	\$8,766.57	180,664,291.87
2. Acceptances bought:						
Bankers' acceptances—						
Foreign.....						1,797,205.05
Domestic.....						1,180,540.62
Dollar exchange bills (sec. 13, amended).....						250,000.00
Trade acceptances—						
Foreign.....						20,526.00
Domestic.....						
Total.....	1,188,459.64	293,516.92	1,599,100.36	167,194.75		3,248,271.67
3. Rediscounts for other Federal Reserve Banks.....						
4. Municipal warrants.....						
5. United States short-term securities.....	825,000.00	42,500.00		500.00	9,166,000.00	10,034,000.00
Grand total.....	161,248,489.49	17,117,138.63	4,290,227.82	2,115,941.03	9,174,766.57	193,946,563.54

Amounts of the several classes of discounted paper held by the Federal Reserve Bank and the Federal Reserve agent on above dates:

	Amount.
Agricultural paper.....	\$170,032.15
Live-stock paper.....	300.00
Commercial and industrial paper.....	47,213,022.64
All other, N. S.....	133,280,937.08
Total bills discounted.....	180,664,291.87

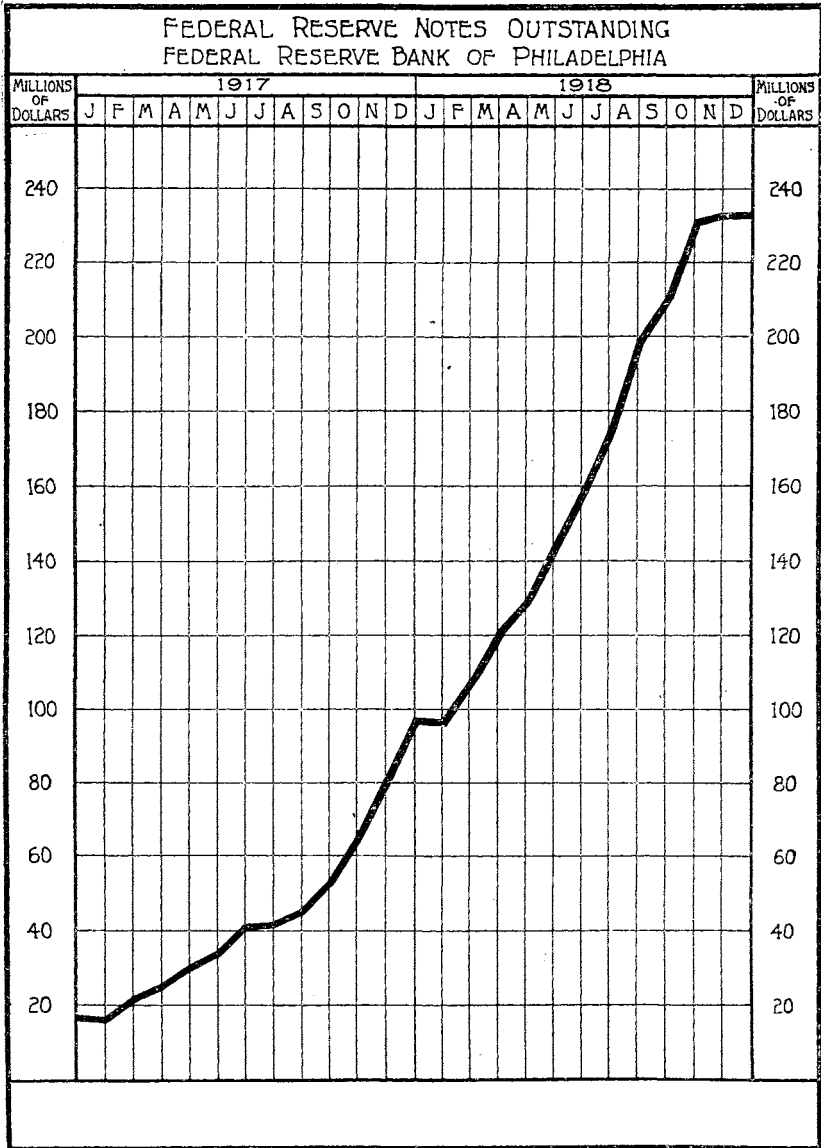
SCHEDULE 13.—Comparative statement of the Federal Reserve agent's accounts.

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 30, 1916.
RESOURCES.			
Federal Reserve notes on hand.....	\$17,640,000.00	\$10,160,000	\$7,230,000
Federal Reserve notes outstanding.....	241,870,745.00	97,325,755	17,069,590
Federal Reserve notes sent to Comptroller of Currency for destruction.....	64,909,255.00	17,994,245	6,150,410
Bills to secure Federal Reserve notes.....	159,787,037.99	34,855,506	1,300,000
Funds to redeem Federal Reserve notes:			
Gold coin and certificates on hand.....		4,220,000	3,730,000
Lawful money on hand.....			
Gold redemption fund.....	13,296,465.00	4,966,755	859,590
Gold with Federal Reserve Board.....	72,286,780.00	54,759,000	11,180,000
Total.....	85,583,245.00	63,945,755	15,769,590
Total resources.....	569,790,282.99	224,281,261	47,549,500
LIABILITIES.			
Federal Reserve notes received from the Comptroller of the Currency (gross amount).....	324,420,000.00	125,480,000	30,480,000
Collateral received from Federal Reserve Bank.....	85,583,245.00	34,855,506	1,300,000
Provision for redemption of Federal Reserve notes.....	159,787,037.99	63,945,755	15,769,590
Total liabilities.....	569,790,282.99	224,281,261	47,549,500

SCHEDULE 14.—Federal Reserve notes issued and in actual circulation.

	Outstand- ing at be- ginning of month.	Issued during month.	Re- deemed.	Outstand- ing at end of month.	Held by Federal Re- serve Bank at end of month.	In actual circulation at end of month.	
						1918	1917
January.....	\$97,325,755	\$2,640,000	\$2,776,680	\$97,189,075	\$5,185,420	\$92,003,655	\$16,087,095
February.....	97,189,075	13,600,000	2,696,470	108,092,605	3,873,545	104,219,060	23,849,495
March.....	108,092,605	15,800,000	2,221,875	121,670,730	6,359,360	115,311,370	24,337,435
April.....	121,670,730	9,900,000	2,106,635	129,464,095	7,649,647	121,814,448	23,097,125
May.....	129,464,095	19,200,000	4,185,105	144,478,990	10,019,565	134,459,425	33,179,915
June.....	144,478,990	18,740,000	4,817,200	158,401,790	10,755,755	147,646,035	33,888,820
July.....	158,401,790	23,500,000	3,734,900	175,166,890	10,419,305	164,747,585	41,351,040
August.....	175,166,890	28,420,000	5,304,140	198,282,750	12,688,355	185,594,395	43,202,660
September.....	198,282,750	15,460,000	3,216,000	210,526,750	10,100,720	200,426,030	51,026,510
October.....	210,526,750	24,280,000	3,043,800	231,742,950	15,617,340	216,125,610	61,113,105
November.....	231,742,950	6,420,000	4,330,210	233,832,740	7,141,825	226,690,915	78,424,400
December.....	233,832,740	16,520,000	8,481,995	241,870,745	12,758,740	229,112,005	92,977,165

SCHEDULE 14A.



SCHEDULE 15.—Denominations of Federal Reserve notes issued during 1918.

	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.	
						1918	1917
January.....		\$240,000	\$2,000,000	\$400,000		\$2,640,000	
February.....	\$440,000	6,280,000	6,480,000	400,000		13,600,000	\$6,060,000
March.....	1,640,000	4,400,000	7,360,000	1,200,000	\$1,200,000	15,800,000	4,040,000
April.....	900,000	3,000,000	5,200,000	400,000	400,000	9,900,000	5,280,000
May.....	3,680,000	6,400,000	7,520,000	1,200,000	400,000	19,200,000	4,400,000
June.....	3,180,000	4,200,000	9,760,000	800,000	800,000	18,740,000	8,400,000
July.....	4,380,000	5,520,000	10,000,000	600,000		20,500,000	1,000,000
August.....	4,700,000	8,120,000	11,600,000	3,200,000	800,000	28,420,000	4,100,000
September.....	3,020,000	5,680,000	5,360,000	1,000,000	400,000	15,460,000	10,700,000
October.....	2,530,000	4,680,000	14,080,000	1,800,000	1,200,000	24,280,000	14,700,000
November.....	740,000	1,320,000	3,360,000	600,000	400,000	6,420,000	17,000,000
December.....	4,520,000	4,120,000	6,880,000	1,000,000		16,520,000	17,920,000
Total.....	29,700,000	53,960,000	89,600,000	12,600,000	5,600,000	191,460,000	93,600,000

SCHEDULE 16.—Interdistrict movement of notes.

	Received from.	Returned to.		Received from.	Returned to.
Boston.....	\$1,734,700	\$2,101,400	Minneapolis.....	\$150,000	\$418,000
New York.....	26,000,590	41,454,750	Kansas City.....	106,050	655,250
Cleveland.....	4,465,900	7,037,500	Dallas.....	393,300	307,150
Richmond.....	3,281,000	4,728,250	San Francisco.....	195,530	533,260
Atlanta.....	976,740	1,402,100			
Chicago.....	1,575,500	3,061,500	Total, 1918.....	39,531,395	62,354,660
St. Louis.....	651,995	655,500	Total, 1917.....	8,006,790	14,960,902

SCHEDULE 17.—Federal Reserve bank notes issued and in actual circulation.

	Outstanding at beginning of month.	Issued during month.	Redeemed.	Outstanding at end of month.	Held by bank at end of month.	In actual circulation at end of month.
August.....		\$800,000		\$800,000	\$448,322	\$351,678
September.....	\$300,000	1,828,000		2,628,000	429,784	2,198,216
October.....	2,628,000	1,096,000	\$1,200	3,722,800	190,358	3,532,442
November.....	3,728,800	2,117,000	23,800	5,816,000	271,140	5,544,860
December.....	5,816,000	3,564,000	121,800	9,258,200	332,037	8,926,163

SCHEDULE 18.—Federal Reserve bank notes issued.

	One dollar.	Two dollar.	Five dollar.	Total.
August.....	\$800,000			\$800,000
September.....	1,288,000	\$200,000	\$340,000	1,828,000
October.....	872,000	224,000		1,096,000
November.....	1,436,000	280,000	401,000	2,117,000
December.....	1,964,000	440,000	1,160,000	3,564,000
Total.....	6,360,000	1,144,000	1,901,000	9,405,000

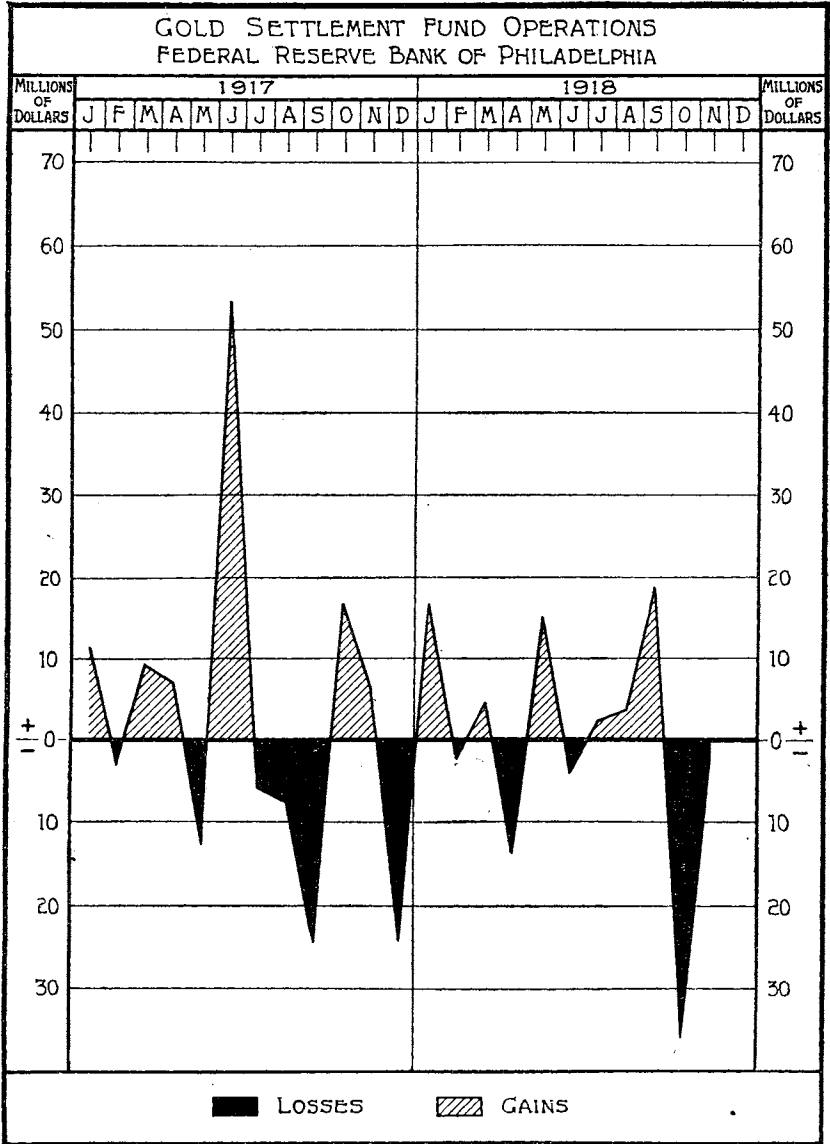
SCHEDULE 19.—*Votes cast for class A and B directors.*

Candidates.	First choice.	Second choice.	Third choice.	Fourth choice.	Fifth choice.
GROUP 2, CLASS A.					
John Barbey, president, Keystone National Bank, Reading, Pa.	7	15	35	24	31
David Barry, cashier First National Bank, Johnstown, Pa.	5	21	23	45	23
Francis Douglas, cashier First National Bank, Wilkes-Barre, Pa.	82	24	7	4	5
Montgomery Evans, president Norristown Trust Co., Norristown, Pa.	22	44	23	8	18
Frank Hastings, president Second National Bank, Altoona, Pa.	7	13	29	25	30
GROUP 3, CLASS B.					
Charles K. Haddon, vice president Victor Talking Machine Co., Camden, N. J.	91	21	24	7	12
Elmer E. Low, farmer, Lime Ridge, Pa.	19	37	28	45	14
John C. Ogden, superintendent Cambria Steel Co., Johnstown, Pa.	35	43	47	18	9
Henry W. Stokes, manufacturer, Philadelphia, Pa.	14	43	52	37	7
E. H. Zeigler, farmer, Madisonburg, Pa.	2	12	12	22	89

SCHEDULE 20.—*Gold settlement fund operations for 1918.*

	Total debits.	Total credits.	Net gain for month.	Net loss for month.	Balance at close.
January	\$415,180,000.00	\$398,545,000.00	\$16,635,000.00		\$48,736,000.00
February	315,386,000.00	317,493,000.00		\$2,110,000.00	46,626,000.00
March	355,155,000.00	350,795,000.00	4,359,000.00		50,985,000.00
April	381,900,000.00	395,872,000.00		13,972,000.00	37,013,000.00
May	501,538,000.00	486,282,000.00	15,256,000.00		52,169,000.00
June	392,768,150.00	396,833,750.00		4,065,600.00	48,103,400.00
July	482,715,084.04	480,182,928.90	2,532,155.14		50,635,555.14
August	445,511,503.93	441,633,156.58	3,878,347.35		54,513,902.49
September	419,890,371.99	401,108,491.94	18,781,880.05		73,295,782.54
October	582,848,438.89	613,453,461.56		30,607,022.67	42,688,759.87
November	559,740,694.24	561,393,246.55		1,652,552.31	41,036,207.56
December	587,501,336.75	591,128,137.77		3,627,801.02	37,412,406.54
Total	5,440,137,579.84	5,434,826,173.30	61,342,382.54	55,030,976.00	

SCHEDULE 20A.



SCHEDULE 21.—Check clearing and collection.

AVERAGE DAILY NUMBER AND AMOUNT OF CHECKS HANDLED.

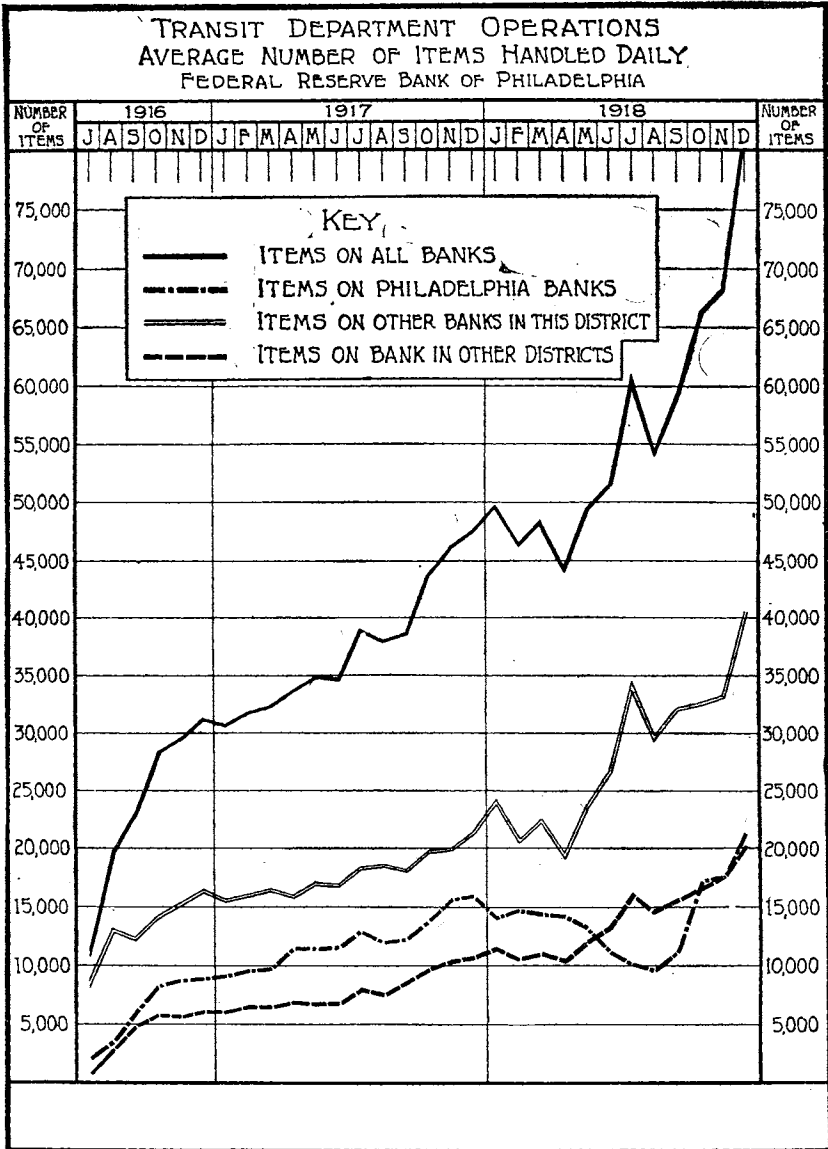
	On Philadelphia banks.		On banks elsewhere in district.		On banks in other reserve districts.		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1918.								
January.....	14,057	\$18,783,831	24,115	\$3,563,853	11,672	\$12,556,526	49,844	\$34,904,210
February.....	14,924	15,903,733	20,952	2,990,444	10,880	10,812,264	46,756	29,706,441
March.....	14,572	17,123,767	22,686	3,189,916	11,199	11,450,111	48,457	31,763,794
April.....	14,356	17,086,630	19,690	3,052,656	10,641	7,393,766	44,687	27,533,052
May.....	13,347	22,216,373	23,990	3,953,230	12,154	12,379,149	49,491	38,548,752
June.....	11,354	22,021,806	26,928	4,453,483	13,494	11,860,297	51,776	38,335,586
July.....	10,199	23,748,311	34,570	4,320,728	16,254	12,081,782	61,023	40,150,821
August.....	9,867	20,331,686	29,856	4,138,372	14,858	10,252,070	54,581	34,722,128
September.....	11,356	23,604,779	32,149	4,635,734	15,798	11,201,015	59,303	39,441,528
October.....	17,134	27,768,625	32,532	5,164,894	16,808	12,938,592	66,474	45,872,111
November.....	17,668	28,833,029	33,182	5,216,339	17,503	11,278,488	68,353	45,327,856
December.....	21,219	27,723,766	40,851	5,670,185	20,461	10,299,623	82,531	43,693,574
Average.....	14,171	22,095,528	28,458	4,195,819	14,310	11,208,640	56,939	37,499,987
Average for 1917..	12,087	12,273,306	17,674	2,581,355	7,481	8,825,030	37,603	23,679,692

TOTAL NUMBER AND AMOUNT OF CHECKS HANDLED MONTHLY.

	On Philadelphia banks.		On banks elsewhere in district.		On banks in other reserve districts.		Total.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1918.								
January.....	373,263	\$444,252,374	511,935	\$79,369,064	276,667	\$192,237,928	1,161,865	\$715,859,366
February.....	328,332	349,882,128	460,945	65,789,777	239,359	237,869,807	1,028,636	653,541,712
March.....	364,293	428,094,175	567,149	79,747,911	279,990	286,252,776	1,211,432	794,094,862
April.....	365,502	483,379,621	626,986	92,660,184	303,473	326,469,658	1,295,961	907,509,463
May.....	347,022	577,625,699	623,739	102,783,982	316,010	321,857,862	1,286,771	1,002,267,543
June.....	283,843	550,545,153	673,199	111,337,087	337,368	286,507,430	1,294,410	958,389,670
July.....	254,971	593,707,781	864,251	108,018,187	406,358	302,044,570	1,525,580	1,003,770,538
August.....	266,422	548,955,519	806,120	111,736,048	401,163	276,805,911	1,473,705	937,497,478
September.....	272,536	566,514,715	771,587	111,267,607	379,172	268,824,350	1,423,295	946,596,672
October.....	445,482	721,984,258	845,819	134,287,251	437,031	336,403,397	1,728,332	1,192,674,906
November.....	424,030	691,932,700	796,373	125,192,142	420,082	270,683,705	1,640,485	1,087,868,545
December.....	530,471	693,094,152	1,021,290	141,754,639	511,528	257,490,566	2,063,289	1,092,339,357
Total, 1918.	4,256,167	6,655,028,275	8,569,393	1,263,933,879	4,308,201	3,373,447,958	17,133,761	11,292,410,112
Total, 1917.	3,648,181	3,704,029,949	5,339,710	778,780,708	2,364,381	2,663,681,129	11,352,272	7,146,491,786

Disbursements, transit department..... \$167,520
 Cost per item..... cents. 0.97
 Cost per \$1,000..... do. 1.48

SCHEDULE 21A.



SCHEDULE 22.—*Banking resources, district No. 3.*

[000 omitted.]

	Capital.	Surplus.	Undi- vided profits.	Indi- vidual deposits.	Bank deposits.	Total resources.	
						1918	1917
Pennsylvania:							
National banks (537)	\$74,474	\$94,853	\$24,998	\$817,442	\$162,455	\$1,293,164	\$1,209,099
State institutions (353)	81,113	115,572	28,213	823,516	14,090	1,113,693	981,001
Total (\$90)	155,587	210,425	53,211	1,640,958	176,545	2,406,857	2,191,000
New Jersey:							
National banks (72)	6,295	7,177	3,210	58,734	1,637	128,256	109,515
State institutions (42)	5,640	5,064	1,702	64,473	5,386	80,544	71,563
Total (114)	11,935	12,241	4,912	123,328	7,023	208,800	181,078
Delaware:							
National banks (20)	1,459	1,542	700	14,063	542	20,229	19,297
State institutions (25)	3,396	2,034	1,106	30,747	545	66,306	56,041
Total (45)	4,855	3,576	1,806	44,810	1,087	86,535	75,338
Totals:							
National banks (629)	76,228	103,571	28,908	906,943	164,629	1,441,649	1,338,811
State institutions (429)	90,150	122,671	31,022	918,737	20,022	1,260,544	1,108,664
Total (1,049), 1918	166,378	226,242	59,930	1,825,680	184,651	2,702,193	.....
Total (997), 1917	159,422	204,617	78,516	1,589,826	238,775	.....	2,447,474

SCHEDULE 23.—*Combined statement of condition of member national banks.*

	Date of comptroller's call.			
	Sept. 2, 1915.	Sept. 12, 1916.	Sept. 11, 1917.	Aug. 31, 1918.
RESOURCES.				
Loans and discounts	\$527,799,000	\$597,371,000	\$647,542,000	\$635,753,000
Liberty bonds .....	.....	.....	23,903,000	66,791,000
Other United States bonds	61,438,000	58,812,000	67,804,000	142,412,000
Other bonds, securities, etc.	198,582,000	244,462,000	283,356,000	271,998,000
All other resources	267,289,000	295,333,000	316,206,000	323,395,000
Total	1,055,108,000	1,195,983,000	1,338,811,000	1,440,349,000
LIABILITIES.				
Capital stock	77,248,000	76,814,000	76,708,000	76,178,000
Surplus	98,150,000	97,304,000	99,037,000	103,463,000
Undivided profits	21,109,000	24,469,000	28,766,000	28,908,000
National-bank notes outstanding ..	58,278,000	56,291,000	55,596,000	54,212,000
Individual deposits	640,890,000	759,894,000	877,549,000	905,834,000
Bank deposits	149,604,000	166,926,000	166,175,000	164,629,000
All other liabilities	9,868,000	14,294,000	34,980,000	197,120,000
Total	1,955,108,000	1,195,983,000	1,338,811,000	1,440,349,000

SCHEDULE 24.—*State banks and trust companies in the Third Federal Reserve District admitted to membership in the Federal Reserve system.*

Name of bank.	Capital.	Surplus.	Deposits. ¹
1. Girard Trust Co., Philadelphia, Pa.....	\$2,500,000	\$7,500,000	\$37,423,775.82
2. Miners Deposit Bank, Lykens, Pa.....	50,000	110,000	484,000.00
3. Philadelphia Trust Co., Philadelphia, Pa.....	1,000,000	4,000,000	23,731,531.48
4. Commercial Trust Co., Philadelphia, Pa.....	1,000,000	1,750,000	14,035,264.64
5. Camden Safe Deposit & Trust Co., Camden, N. J.....	500,000	800,000	8,593,346.84
6. Wilmington Trust Co., Wilmington, Del.....	1,000,000	500,000	13,527,713.10
7. Pennsylvania Co., Philadelphia, Pa.....	2,000,000	5,000,000	25,434,553.61
8. Fidelity Trust Co., Philadelphia, Pa.....	5,000,000	16,000,000	22,515,615.07
9. Dime Deposit Bank, Wilkes-Barre, Pa.....	200,000	150,000	1,371,346.36
10. Security Trust & Safe Deposit Co., Wilmington, Del.....	600,000	700,000	4,410,486.64
11. Markle Banking & Trust Co., Hazleton, Pa.....	100,000	500,000	3,437,176.85
12. Rittenhouse Trust Co., Philadelphia, Pa.....	250,000	50,000	1,426,965.39
13. Cambridge Trust Co., Chester, Pa.....	250,000	125,000	5,137,308.15
14. Williams Valley Bank, Williamstown, Pa.....	50,000	45,000	302,058.38
15. Dauphin Deposit Trust Co., Harrisburg, Pa.....	300,000	300,000	3,188,925.85
16. Gloucester City Trust Co., Gloucester City, N. J.....	100,000	25,000	548,816.56
17. Provident Life & Trust Co., Philadelphia, Pa.....	2,000,000	5,000,000	10,271,978.37
18. Princeton Bank & Trust Co., Princeton, N. J.....	100,000	150,000	1,428,965.39
19. Bank of Commerce, Philadelphia, Pa.....	300,000	140,000	1,640,000.36
20. West Philadelphia Title & Trust Co., Philadelphia, Pa.....	500,000	500,000	4,154,985.28
21. Colonial Trust Co., Philadelphia, Pa.....	272,725	272,725	2,910,107.41
22. American Bank of Commerce, Scranton, Pa.....	312,987	34,480	378,027.41
23. Equitable Trust Co., Wilmington, Del.....	500,000	500,000	3,693,216.23
24. Drovers & Merchants Bank, Philadelphia, Pa.....	200,000	40,000	540,986.29
25. Swedesboro Trust Co., Swedesboro, N. J.....	100,000	20,000	615,174.43
26. Northern Central Trust Co., Williamsport, Pa.....	500,000	150,000	2,631,339.68
27. Susquehanna Trust Co., Williamsport, Pa.....	400,000	300,000	2,029,433.60
28. Logan Trust Co., Philadelphia, Pa.....	1,000,000	250,000	7,509,445.22
29. Wayne County Savings Bank, Honesdale, Pa.....	200,000	325,000	2,663,000.00

¹ Exclusive of Government deposits.

SCHEDULE 25.—*Philadelphia clearing-house members, 1918.*

[000 omitted.]

	Loans, dis- counts, and invest- ments.	Deposits.			Ratio of loans to deposits.
		Bank.	Individual.	Total.	
January.....	\$579,246	\$164,861	\$456,806	\$621,667	<i>Per cent.</i> 93.2
February.....	578,976	167,232	448,754	615,986	94.0
March.....	587,344	169,717	450,834	620,551	94.7
April.....	606,940	166,408	467,529	633,937	95.7
May.....	619,773	164,976	463,732	628,708	98.6
June.....	623,872	170,239	454,517	624,756	99.8
July.....	611,044	155,531	439,783	595,314	102.7
August.....	613,842	166,494	451,144	617,638	99.4
September.....	630,491	168,869	474,576	643,445	98.0
October.....	716,478	167,562	461,075	628,637	113.9
November.....	743,957	159,622	479,005	638,627	116.5
December.....	713,802	159,665	464,080	619,645	115.1

SCHEDULE 26.—*Subscriptions to the four Liberty loan issues.*

FIRST LOAN.

States.	Apportion- ment.	Amount subscribed.	Allotments.	Number of subscribers.	Per cent of population subscrib- ing.	Per capita subscrip- tion.
Delaware.....	\$6,136,000	\$11,917,850	\$6,136,100	No record.	No record.	\$50.00
New Jersey.....	8,817,400	11,702,700	8,812,100	No record.	No record.	17.60
Philadelphia.....	94,964,750	145,172,950	96,809,650	No record.	No record.	80.50
Pennsylvania (not including Philadelphia).....	53,339,150	63,515,750	53,389,750	No record.	No record.	16.70
	163,257,300	232,309,250	165,147,600	.....	.....	35.70

SCHEDULE 26.—Subscriptions to the four Liberty loan issues—Continued.

SECOND LOAN.

States.	Apportionment.	Amount subscribed.	Allotments.	Number of subscribers.	Per cent of population subscribing.	Per capita subscription.
Delaware.....	\$7,705,700	\$8,314,200	\$7,705,700	16,570	6.9	\$35.00
New Jersey.....	17,527,950	18,188,150	16,950,400	52,849	7.9	27.30
Philadelphia.....	139,499,950	234,901,000	148,327,350	245,123	13.6	130.00
Pennsylvania (not including Philadelphia).....	108,067,200	118,946,900	107,200,650	309,033	7.9	31.40
	272,800,800	380,350,250	280,184,100	623,575	9.6	58.50

THIRD LOAN.

Delaware.....	\$8,474,500	\$25,391,400	\$25,391,400	50,873	21.3	\$94.00
New Jersey.....	19,379,400	24,990,850	24,990,850	164,573	24.7	37.40
Philadelphia.....	139,499,950	142,230,650	142,230,650	651,931	36.2	93.00
Pennsylvania (not including Philadelphia).....	101,587,640	169,350,600	169,350,600	1,003,551	26.4	37.00
	268,941,490	361,963,500	361,963,500	1,870,928	28.8	54.50

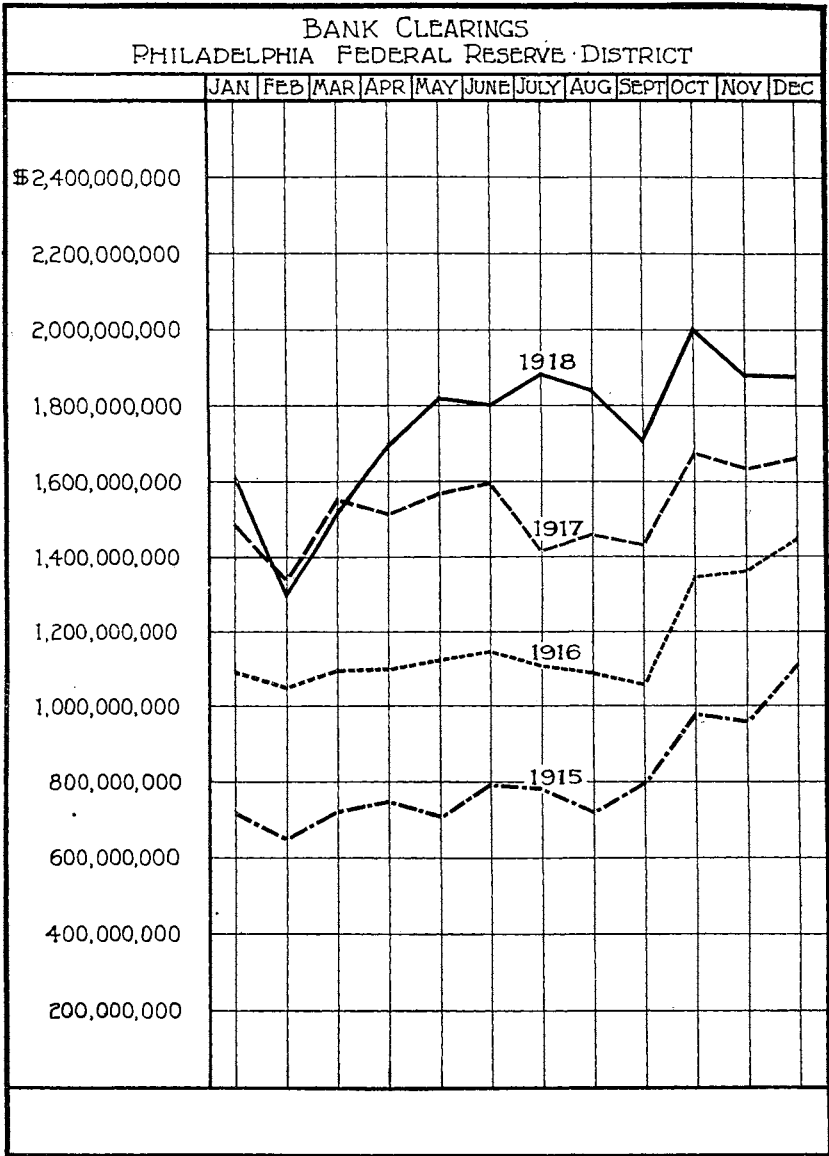
FOURTH LOAN.

Delaware.....	\$16,013,280	\$22,621,300	\$22,621,300	58,647	24.6	\$95.50
New Jersey.....	38,694,970	42,363,450	42,363,450	206,516	31.2	63.50
Philadelphia.....	259,198,000	306,870,950	306,870,950	502,700	27.8	167.00
Pennsylvania (not including Philadelphia).....	202,000,000	226,907,950	226,907,950	1,003,268	26.5	59.50
	515,906,250	598,763,650	598,763,650	1,771,131	27.3	92.00

SCHEDULE 27.—Number of banks and of other subscribers, also amounts subscribed to certificates of indebtedness.

	Six issues preceding the third Liberty loan.	Seven issues preceding the fourth Liberty loan.
National banks:		
Number subscribing.....	578	601
Per cent of total in district.....	90.31	93.18
Amount subscribed.....	\$123,319,500	\$200,957,500
State banks:		
Number subscribing.....		147
Per cent of total in district.....		86.98
Amount subscribed.....		\$15,188,500
Trust companies:		
Number subscribing.....	200	202
Per cent of total in district.....	68.26	87.44
Amount subscribed.....	\$61,990,000	\$93,859,000
Other banks:		
Number subscribing.....	118	0
Per cent of total in district.....	45.56	100
Amount subscribed.....	\$8,685,000	\$5,129,000
Individuals, corporations, etc.:		
Number subscribing.....	148	33
Amount subscribed.....	\$2,505,500	\$886,000
Total:		
Number of banks subscribing.....	896	959
Per cent of total in district.....	75.17	90.99
Number of individuals, corporations, etc., subscribing.....	148	33
Amount subscribed.....	\$196,500,000	\$316,020,000

SCHEDULE 28.



DISTRICT NO. 4—CLEVELAND.

D. C. WILLS, Chairman and Federal Reserve Agent.

RESULTS OF OPERATION.

Gross earnings of the Federal Reserve Bank of Cleveland during the year just past have amounted to \$5,226,000, or more than \$100,000 per week. The expenses, including expense of branches, this district's proportion of Federal Reserve Board expense, cost of Federal Reserve currency, and all items of equipment (which have been charged uniformly to current expense) have been a little less than \$1,000,000. On June 1 a dividend was paid for the period beginning July 1, 1917, to date, thus completing the payment of all accumulated dividends, and the regular dividend was paid on December 31. After setting aside a reserve sufficient to meet all depreciation of assets, the sum of \$1,776,000 was transferred to surplus account, and a like amount reserved for the payment of franchise tax provided for in the Federal Reserve Act.

Schedule 1, appended hereto, shows the balance sheet for December 31, 1918, with comparative figures for December 31, 1917.

Schedule 2 shows the principal charges and credits to profit and loss account for 1918 as compared with 1917.

Schedule 3 shows the gross earnings classified according to principal sources of revenue by months, together with the expenses and net earnings, and the same data appear in graphic form in chart 1.

Schedule 4 shows the daily average of earning assets divided into the principal sources of revenue, with the total earnings and the average rate on each principal class of investments, and also the rate of gross and net earnings to daily average capital for the years 1918 and 1917, respectively.

Schedule 5 shows the total volume of loans, discounts, and investments, divided into principal classifications, for the year 1918 as compared with 1917.

GENERAL BUSINESS AND BANKING CONDITIONS.

At the beginning of the year the transition of business from a peace to a war basis had not been accomplished, and it was not fully realized that all energies must, of necessity, be devoted to the pro-

duction of war materials and the accessories necessary to the most intensive waging of war. The rapid growth of a genuine patriotic desire to cooperate in the policies agreed upon at Washington and the official embargoes and curtailment of supplies operated to hasten the readjustment, so that by April 1 the business of the district was on a war basis.

Despite shortage of transportation, coal shortage, closing orders, capital restrictions, weather unprecedented in its severity, and an epidemic which would have produced at least a partial paralysis even in normal times, the volume of business, gauged not only by the changing standard of money value, but in many instances by tonnage and number of articles, has exceeded all previous records. Exceptions were only in restricted lines and not of sufficient consequence to change the very satisfactory result.

This district, while noted for its manufactures, is probably exceeded by few others in the amount and value of its agricultural products. The crops have generally exceeded the average, the acreage has been large, farms are well stocked, and there has been an entire freedom from the epidemics to which stock is oftentimes subject. In view of the high prices, the farmer has been very prosperous.

Labor has been scarce and at times inclined to be exacting. The scarcity, which gave concern to employers and at times seemed as if it would be very serious, did not, however, obtain to such an extent as materially to decrease production. It was overcome largely by the employment of women and a proper distribution. In many lines wages reached record heights, and there was employment for everyone.

There has been a continuous and strong demand for money, both investment and short time, with a slight easing of the latter in December by reason of the hesitation in business due to the signing of the armistice. The ruling rate of 6 per cent held firm till well along in the year, when with the approach of the fourth Liberty loan there were some advances, mainly in the rural districts.

DISCOUNT OPERATIONS.

While the Federal Reserve Bank of Cleveland has maintained a very strong reserve position during the entire year, this bank, with the others, has been called upon for a volume of rediscounts which presents a rather startling contrast to the figures for 1917. The number of applications handled during the present year was 5,714, as against 1,206 for 1917. The number of member banks accommodated is exactly twice the total number for the previous year. The total rediscounts and loans were in excess of \$1,386,000,000, as against \$212,000,000 for 1917. Of this amount, \$988,000,000 were discounts of member banks' collateral notes secured by United

States securities, and \$72,000,000 were rediscounts of notes to member banks secured by United States securities. This total of \$1,060,000,000 is large in comparison with the \$326,000,000 of rediscounts of commercial and agricultural paper. It must be borne in mind, however, that member banks prefer to use their own collateral notes secured by Liberty loan bonds or Treasury certificates of indebtedness, or to rediscount paper similarly secured, both on account of the simpler procedure and the lower rate, so that it is certain that the proportion borne by the one class of paper to the other on our books does not represent the true proportion of the two classes of demands upon the member banks.

Nearly \$25,000,000 of trade acceptances were rediscounted for our member banks during the year, almost 8 per cent of the total of rediscounts of commercial, agricultural, and industrial paper. While this is but a beginning, the proportion is (somewhat to our gratification) larger in this bank than in any other of the Federal Reserve Banks, and is one of many indications that the trade acceptance system is growing in popularity, if not in proportion to its merits, at least so markedly as to indicate that it will come generally into vogue much sooner than could have been expected. One of the outstanding features of the development of the trade acceptance system in this district and elsewhere has been the adoption of the system by a number of iron and coal producers. A meeting of the Lake Superior Iron Ore Association which will take place in the near future is expected to result in the further adoption of the system in connection with iron ore contracts by several if not all of the leaders in that great basic industry.

Schedule 6 is a tabular statement of the rediscount transactions of the year.

ACCEPTANCES.

The open-market purchase of bills of exchange (chiefly bankers' acceptances) has been a feature of the year. A considerable number of banks of this district have adopted a progressive policy, both in making their own acceptances and in purchasing acceptances of other banks. Of our total purchases in 1918, of more than \$175,000,000, nearly \$52,000,000, or approximately 30 per cent, were purchased from member banks in district No. 4. In view of the fact that this bank has, during most of the year, participated to the extent of 10 per cent in the open-market purchases of the Federal Reserve Bank of New York, this showing of the banks of this district is very creditable, particularly when it is added that no inconsiderable proportion of the bills shared by us with the New York bank likewise represents acceptances of member banks in this district. The great value of acceptances as a secondary reserve is beginning to be recognized, and the development of the market is such that the instant liquidity of such paper is beginning to be realized.

During the year the following banks have been granted permission to accept up to 100 per cent of their capital and surplus:

Union Commerce National Bank, Cleveland, Ohio.

Superior Savings & Trust Co., Cleveland, Ohio.

Bank of Pittsburgh, N. A., Pittsburgh, Pa.

First National Bank, Pittsburgh, Pa.

Pittsburgh Trust Co., Pittsburgh, Pa.

Mellon National Bank, Pittsburgh, Pa.

The Federal Reserve Bank of Cleveland in its open-market purchases has consistently discriminated in favor of indorsed bills, which are always purchased at a lower rate than acceptances which have been discounted by the accepting bank. While it has seemed unwise to refuse absolutely the purchase of such acceptances, in view of the fact that the open market was not readily available to some accepting banks in the smaller cities of this district, as time goes on the development of the open market will doubtless permit this bank to do more than merely to discourage such transactions by a differential rate, without the hardship that such course would now work upon some of the accepting banks.

Early in December a conference of the accepting banks in the district was held at Cleveland, at which Mr. E. R. Kenzel, manager of investments of the Federal Reserve Bank of New York, outlined the general principles of open-market transactions.

Schedule 7 is a summary of the open-market transactions of the year.

In the early part of the year a number of transactions appearing on the books as purchases of United States Treasury certificates of indebtedness represented purchases made under a resale agreement, and took the place of member bank collateral loans. This practice was discontinued in April. Other similar transactions have consisted practically entirely of certificates maturing within 15 to 30 days of the date of our purchase.

Schedule 8 shows the total of the purchases of Government securities during the year.

RESERVE POSITION.

The reserve position of the bank has been exceptionally strong during all of the year, the combined reserve against net deposit liabilities and Federal Reserve notes having dropped below 50 per cent on only two occasions despite the fact that frequent rediscounts have been made for other Federal Reserve Banks in whose districts loan demands had been relatively greater than in ours, and in several instances considerable blocks of bankers' bills have been purchased from other Federal Reserve Banks in lieu of rediscounts.

MOVEMENT OF MEMBERSHIP.

Eight national banks in this district have gone out of existence during the year, of which two consolidated, two were absorbed by other national banks, one was absorbed by a State bank member of the Federal Reserve system, one was succeeded by a State bank which took over the national bank charter, and two were succeeded by State banks. There have been five new national bank members, of which one was the result of the consolidation above referred to. Fifty-three State banks and trust companies in this district were admitted to membership during the year. The net result was an increase in the membership of 50 banks, the total number of members on December 31, 1918, being 814. A tabular statement of the changes in membership is appended as Schedule 9.

While the advantages of membership, both for eligible banks themselves, and for the strengthening of the general financial and economic situation as well as for patriotic considerations, have impressed themselves repeatedly upon nonmember banks during the year, it is of course necessary to secure personal contact in order to bring to a head applications for membership. The Federal Reserve Bank of Cleveland has persistently cultivated such contacts during the year, not only through the activities of the Federal Reserve agent and his assistant as well as other officers, but also through the work of the 30 "field agents" of the central Liberty loan committee who, in the intervals between Liberty loans and offerings of Treasury certificates, have been intensively schooled in the matters connected with membership in the system, and have secured a number of applications. (See Schedule 10.)

RELATIONS WITH NATIONAL BANK MEMBERS.

Naturally the very large majority of rediscount transactions have been for national bank members, although a considerable proportion of the total volume has been for State bank members, largely for carrying Government securities. About 80 per cent, however, of the total volume was for national banks.

A list of the national banks which have been granted fiduciary powers under section 11 (k) of the Federal Reserve Act is appended as Schedule 11, which shows the powers granted in each case.

The increasing cordiality of our relationship with national bank members makes it difficult to realize at times that a considerable degree of irritation, doubtless the result of the "enforced" membership rather than logical objection to the essentials of the Federal Reserve system, was to be seriously reckoned with during the early years of our work. While there are still rare cases of persistence of this feeling, the strength and capacity of the system have been dem-

onstrated so indubitably during the past year, and its aid has been so essential and so well rendered, that ungrudging appreciation is expressed by the vast majority of the original members of the system in this district as elsewhere.

RELATIONS WITH STATE BANKS AND TRUST COMPANIES.

The discount operations for State banks and trust companies, amounting to \$270,000,000, or approximately 20 per cent of the total, have been, as above stated, very largely for carrying Liberty loan and Treasury certificate subscriptions. The total number of State bank members in the district is but 8 per cent of our membership, but this number includes the largest of such institutions. Some of these have, of course, expanded their commercial activities partly as a result of their membership, and in a few instances the State bank members have been notably active in the acceptance field, so that the open-market transactions have included considerable purchase of acceptances from such members.

The Federal Reserve Bank of Cleveland has not yet participated in examinations of the State bank members, the examinations of the State departments being of a high grade and quite satisfactory. With the new year it is the intention to establish a small staff of examiners who will join with the State examiners at the time of making their examinations.

FISCAL AGENCY OPERATIONS.

An adequate account of the campaigns for the third and fourth Liberty loans and the sales of Treasury certificates is impossible in the space which can reasonably be occupied by this report. While the experience of each campaign has led to perfecting details of the scheme of organization, in the main the fundamentals of the organization have remained as for the earlier loans, an account of which appeared in last year's report, and the personnel has been changed but little, except that throughout the local committees there has been a constant increase in both number and efficiency of workers.

Under the plan of allotment of Treasury certificates of indebtedness adopted by the Secretary of the Treasury, an organization was perfected in this district for the series offered in anticipation of the fourth Liberty loan under the direction of Mr. E. S. Burke, jr., a business man and capitalist of Cleveland, who devoted his energies unceasingly to the task. Under his direction the 30 field agents of the central Liberty loan committee covered the banks of the district outside of the principal centers with personal visits. The results are represented in the several tables marked Schedule 12, appended

hereto, and the figures therein will tell the story more adequately than words.

Through the procedure for the qualification of depositaries of war loan funds, a very large proportion of the payments for both certificates of indebtedness and Liberty loan bonds were, in effect, distributed over a longer period for qualified banks. A detailed report of these transactions would be profitless, but in the tables appended hereto a sufficient record will appear, especially in tables included under Schedule 13. The task of handling depositary transactions and the withdrawal of funds as needed has kept a considerable department of the bank fully occupied.

It will be noted that the collateral value of securities pledged was at all times very largely in excess of the total deposits, and that more than one-third of the total par value of securities pledged consisted of United States bonds and Treasury certificates at the close of the year; approximately the same proportion obtained during the entire year. The total volume of transactions during the year was not far from \$3,000,000,000, while the high point of deposits, reached on October 28, was \$189,000,000. In this connection it may be noted that one-third of all the Treasury certificates find their way into the hands of the custodies department of this bank when issued, for the most part pledged as collateral to secure Government deposits, but, to some extent, left by the owners for safe-keeping.

The flotation of the Liberty loans has been above referred to in general terms. Analyses of the subscriptions and payments appear in the tables appended hereto, marked Schedules 14 and 15. The Federal Reserve Bank of Cleveland feels that it may congratulate itself on having handled through its Liberty loan or fiscal agency departments, with a modest staff, not only the subscriptions and payments, but the deliveries, conversions, and exchanges of the third and fourth loans and the various issues of Treasury certificates with all possible dispatch and with a minimum of errors. The tremendous number of small bonds required by subscribers, far exceeding the largest estimates, involved a delay in production of the bonds themselves at Washington, which was inevitable, but delays at this bank and its branches were, fortunately, negligible; and it is well known that conditions at Washington and throughout the Federal Reserve Banks improved with each loan, in spite of the tremendous difficulties, and in the fourth loan in spite of the influenza epidemic.

While during the greater part of the year the Federal Reserve Banks were asked to assume no responsibilities in campaigns for war-savings certificates and thrift stamps, it was the pleasure of this bank to assist in every possible way in the disposition of these securities. The banks and other agents in the State of Ohio and that part of western Pennsylvania included in district No. 4 were supplied

through this bank, except in so far as they preferred to make purchases through the post office; and when late in the year the supervision of sales was definitely placed in the Federal Reserve Banks, the same territory was assigned to this bank, all of Kentucky and West Virginia being retained under the supervision of the eighth and fifth Federal Reserve districts, respectively, as a matter of convenience. (See Schedule 16.)

While numerous inquiries concerning the possible aid of the War Finance Corporation originated in this district, the actual number of transactions in which this bank acted as fiscal agent of the corporation was small. Doubtless, as in many other instances, the mere existence of a resource of this character served a purpose equal to its actual assistance.

The work of the capital issues subcommittee for this district, especially during the period from June 1 until the signing of the armistice, was of heavy volume. Besides the chairman and governor of this bank, serving ex officio, the members were:

- A. E. Adams, president First National Bank, Youngstown, Ohio.
- W. M. Bell, William Bell & Co., Pittsburgh, Pa.
- E. H. Cady, president Guardian Trust & Savings Bank, Toledo, Ohio.
- C. W. Dupuis, vice president Citizens National Bank, Cincinnati, Ohio.
- J. A. House, president Guardian Savings & Trust Co., Cleveland, Ohio.
- F. R. Huntington, president Huntington National Bank, Columbus, Ohio.
- C. N. Manning, president Security Trust Co., Lexington, Ky.
- H. C. McEldowney, president Union Trust Co., Pittsburgh, Pa.
- H. B. McGraw, counsel, Cleveland, Ohio.
- Baird Mitchell, Mitchell & Stevenson (Inc.), Wheeling, W. Va.
- J. R. Nutt, president Citizens Savings & Trust Co., Cleveland, Ohio.
- John Sherwin, president First National Bank, Cleveland, Ohio.
- C. E. Sullivan, vice president Central National Bank, Cleveland, Ohio.
- C. B. Wright, president Union Savings Bank & Trust Co., Cincinnati, Ohio.

Many projects, both municipal and private, were postponed, as well as much unnecessary use of capital avoided by means of propaganda work undertaken during the early days of the committee. A representative of the committee was sent to all the large cities in the Fourth Federal Reserve District for the purpose of acquainting bankers, newspapers, investment houses, municipalities, and others with the aims of the committee and for the purpose of enlisting their cooperation. This work bore fruit, and a large number of contemplated projects were postponed until conditions became more nearly normal. The culmination of this propaganda work was a meeting held in the city of Pittsburgh and attended by over 500 bankers and municipal officials, at which the chairman of the district committee outlined in detail the policies of the Government as applied to "war business first."

Tabular statements showing the work of the committee are appended hereto as Schedule 17.

NOTE ISSUES.

The issues of Federal Reserve notes by the Federal Reserve Bank of Cleveland have been merely a reflection in this district of conditions which were nation-wide, and have been fully covered by the Federal Reserve Board in the Federal Reserve Bulletins as well as in its annual report. The same can be said of the issues of Federal Reserve bank notes for the purpose chiefly of replacing silver certificates, and greatly needed in this district as elsewhere to supply the demand for currency in the smaller denominations. Schedules 18 and 19 show the operations of this bank in these currency issues.

POSITION OF COMMERCIAL BANKS AS A RESULT OF WAR FINANCING.

Schedule 20, appended hereto, shows the resources of member banks in November, 1918, as compared with December, 1917. The situation of increased obligations, due chiefly to war financing and the attendant expansion, is not more marked in this district than elsewhere, and the results are, of course, the subject of widespread comment which needs no elaboration here.

The effect on the commercial paper market in this district has been, as elsewhere, to produce a greater firmness of rates concurrently with the increased demand. There has been no crippling of essential business but a marked limitation of enterprises not essential to the winning of the war. The natural reaction following the signing of the armistice has produced a tremendous increase in the holiday business of retail establishments, and a disposition to resume full activities as rapidly as possible on the part of many enterprises which have suffered from war conditions.

POLICY TO BE PURSUED IN RESTORING LIQUIDITY OF BANKS.

In practically every community of district No. 4, with one or two exceptions, the Government securities appear to have been subscribed almost completely by individuals and corporations, and few subscriptions, comparatively, were made by the banks for their own account. The amount of loans to subscribers for carrying bonds of the fourth Liberty loan, however, is large and it is evident that some of the subscribers intended to carry loans on their bonds for at least a year. Reports indicate, however, that few agreements have been made by banks in the district to carry loans on fourth Liberty loan bonds at the coupon rate for longer than 90 days, and this bank has encouraged the banks of the district in the policy of an increasing rate to stimulate liquidation at as early a date as possible. It is our own policy to accept ordinarily one renewal of a member bank's own 15-day collateral note secured by Government securities at the

bear the 90-day rate of $4\frac{1}{4}$ per cent; and it is the judgment of our directors that with all due liberality of policy, every proper influence should be exerted toward early liquidation. If there is one policy which appears to be unquestionably desirable in the difficult period of readjustment that immediately confronts us, it would seem to be that of encouraging by all possible means the continuation of saving and the thorough absorption of the Government securities, which can not now be said to be fully digested; and it is equally certain that all of the influences that can be brought to bear to that end will be none too potent.

OPERATIONS OF FEDERAL RESERVE BANK BRANCHES.

The Cincinnati branch began its operations on January 10 and the Pittsburgh branch began its money operations on March 11, following with the assumption of full transit operations on April 22. Member banks in the cities where these branches are located, and their vicinity, have repeatedly expressed their gratification at the results of the operations of the branches, which have reduced the time for the collection of checks and facilitated the money and currency operations, as well as the deliveries of United States securities. While no books are kept at the branches (all entries being made on the books of this bank by means of daily transcripts and private telegraph connections) and therefore no discount operations are directly consummated at the branches, discount operations for the banks in the branch cities are nevertheless facilitated; their paper may be presented at the branches, if desired, the proceeds to be credited on our books on the following day as of the day when presented at the branch. With the increasing number of transactions based upon Government securities, it has also been a great convenience to deposit the collateral at the branch bank.

In all respects the establishment of our two branches is properly to be regarded as wholly successful and a means of improving markedly the service rendered by this institution to our member banks.

The transit operations of the branches are recorded in the tables, to which reference is made hereinafter, covering the collection and clearing operations of the bank.

MISCELLANEOUS.

There have been few changes in the official list or in the main outlines of the organization of this bank, which had been quite distinctly departmentalized before the beginning of the year. In January, Mr. J. C. Nevin of Avalon, Pa., was made assistant Federal Reserve agent. In April, Mr. H. F. Strater, of Cleveland, was made an assistant cashier, and some rearrangement of the supervision of departments under the several officers was effected. In

other respects, the development of the organization has been merely an expansion, with minor adjustments, of the departments already in existence. At the end of the year, there were 153 employees in banking departments as against 64 last year; 116 in the check collection and bookkeeping departments as against 75 a year ago, and 108 in the fiscal agency departments as against 58 in December, 1917—a total of 377 employees in the bank of Cleveland; there were 68 employees in the Cincinnati branch and 64 in the Pittsburgh branch. Expansion in physical quarters has been of course necessary, and through the cooperation of the owners of the building occupied at Cleveland, the necessary space has been obtained with a surprisingly satisfactory location of departments for efficiency.

The tabular statements under the caption of Schedule 21, appended hereto, show the growth in the volume of check collection and clearing, both in the bank at Cleveland and the branches at Cincinnati and Pittsburgh, both of which have greatly facilitated and increased the service rendered in their vicinity.

During the year there has been a net increase of 163 in the number of nonmember banks on the par list in this district, which now includes 79 per cent of the total number of banks in the district which handle any commercial business. While this progress is gratifying, it is not yet entirely satisfactory, and efforts are in progress constantly to increase the number, and thus increase the value of the service to member banks.

Monthly totals of debits and credits to this bank in the gold settlement fund are shown in Schedule 22. The daily settlement in this fund has vastly increased the usefulness of that most efficient instrument, and the fund, with its tremendous volume of transactions without dislocation of funds, has been no small factor in preventing the serious disturbances that such a year of vast transactions would otherwise have inevitably produced.

While the Federal Reserve Bank of Cleveland has been able to carry on its greatly expanded operations with far less inconvenience than some Federal Reserve Banks in cities where the requisite space could not be obtained in one building, yet our banking rooms are far from being ideally arranged, and it is obvious that in the near future provision will have to be made for more convenient working space in an environment more conducive to efficiency and more worthy of the institution. Accordingly, at the December meeting of our board of directors, a committee of the board was authorized to conduct negotiations for a suitable site upon which an adequate structure may be erected when conditions permit.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of Cleveland during the calendar year 1918.*

[In thousands of dollars: i. e., 000 omitted.]

	Dis- counted paper secured by United States war obligations.	Other dis- counted paper.	(1+2)	Bills bought in open market.	Total bills dis- counted and bought.	Per cent. (1+5)	Total earning assets.
	1	2	3	4	5	6	7
Jan. 4.....	16,516	24,496	41,012	18,968	59,980	27.5	103,519
Jan. 11.....	15,335	18,337	33,672	17,309	50,972	30.1	103,011
Jan. 18.....	14,770	22,803	37,573	13,397	50,970	29.0	99,007
Jan. 25.....	26,707	22,653	49,360	12,978	62,338	42.8	96,874
Feb. 1.....	25,632	21,566	47,198	10,689	57,887	44.3	99,611
Feb. 8.....	23,656	17,538	41,194	9,418	50,612	46.7	90,781
Feb. 15.....	18,838	19,763	38,601	8,905	47,506	39.7	84,490
Feb. 21.....	14,977	20,415	35,392	8,938	44,330	33.8	78,853
Mar. 1.....	14,403	19,110	33,513	14,175	47,688	30.2	73,205
Mar. 8.....	15,414	17,308	32,722	22,735	55,457	27.8	80,406
Mar. 15.....	10,297	20,372	30,669	22,644	53,313	19.3	76,206
Mar. 22.....	8,613	23,069	31,682	22,351	54,033	15.9	79,788
Mar. 29.....	10,668	28,557	39,225	26,914	66,139	16.1	92,220
Apr. 5.....	11,526	27,540	39,066	27,202	66,268	17.4	90,713
Apr. 12.....	23,242	28,229	51,471	26,692	78,163	29.7	101,145
Apr. 19.....	24,154	26,631	50,785	24,527	75,312	32.1	94,350
Apr. 26.....	28,529	29,683	58,212	20,628	78,840	36.2	97,632
May 3.....	27,037	27,851	54,888	18,022	72,910	37.1	91,909
May 10.....	23,824	31,325	55,149	14,417	69,566	34.2	86,703
May 17.....	28,598	35,506	64,104	13,480	77,584	36.9	94,771
May 24.....	23,833	30,185	54,018	10,827	64,845	36.8	82,467
May 31.....	18,980	28,278	47,258	10,492	57,750	32.9	75,007
June 7.....	19,058	26,738	45,796	10,953	55,849	34.1	73,341
June 14.....	19,729	30,233	49,962	11,935	61,897	31.9	79,473
June 21.....	21,938	32,482	54,420	12,384	66,804	32.8	84,255
June 28.....	19,641	36,537	56,178	13,980	70,158	28.0	80,491
July 5.....	29,181	43,379	72,560	12,806	85,366	34.1	94,699
July 12.....	35,951	52,703	88,654	12,931	101,585	35.4	110,639
July 19.....	38,176	52,338	90,514	15,556	106,070	36.0	114,633
July 26.....	45,904	53,121	99,025	15,776	114,801	40.0	123,195
Aug. 2.....	41,844	53,094	94,938	17,112	112,050	37.3	119,779
Aug. 9.....	47,488	51,230	98,718	19,112	117,830	40.3	125,309
Aug. 16.....	43,600	48,728	92,328	21,960	114,288	38.1	119,123
Aug. 23.....	36,701	45,811	82,512	26,111	108,623	33.8	112,878
Aug. 30.....	43,835	46,127	89,962	26,077	116,039	37.8	120,056
Sept. 6.....	52,554	44,993	97,547	27,653	125,200	42.0	129,217
Sept. 13.....	54,259	40,680	94,939	29,476	124,415	43.6	128,432
Sept. 20.....	54,158	36,775	90,933	30,100	121,033	44.7	125,584
Sept. 27.....	50,597	34,382	84,979	32,016	116,995	43.2	122,046
Oct. 4.....	54,396	30,136	84,532	52,602	137,134	39.7	146,607
Oct. 10.....	55,686	28,807	84,493	53,568	138,061	40.3	150,403
Oct. 18.....	59,054	24,755	83,809	56,229	140,038	42.2	152,769
Oct. 25.....	61,128	19,075	80,203	57,458	137,661	44.4	149,631
Nov. 1.....	69,571	20,737	90,308	60,571	150,879	46.1	162,849
Nov. 8.....	73,214	19,374	92,588	60,597	153,185	47.8	165,098
Nov. 15.....	77,002	17,903	94,905	57,934	152,839	50.4	166,352
Nov. 22.....	95,473	16,380	111,853	52,754	164,607	58.0	173,401
Nov. 29.....	107,287	17,313	124,600	50,673	175,273	61.2	185,092
Dec. 6.....	113,831	16,031	129,862	51,501	181,363	62.8	195,500
Dec. 13.....	145,823	15,863	161,686	49,466	211,152	69.1	225,289
Dec. 20.....	124,246	9,349	133,595	46,882	180,477	68.8	205,260
Dec. 27.....	118,006	10,139	128,145	39,276	167,421	70.5	180,187

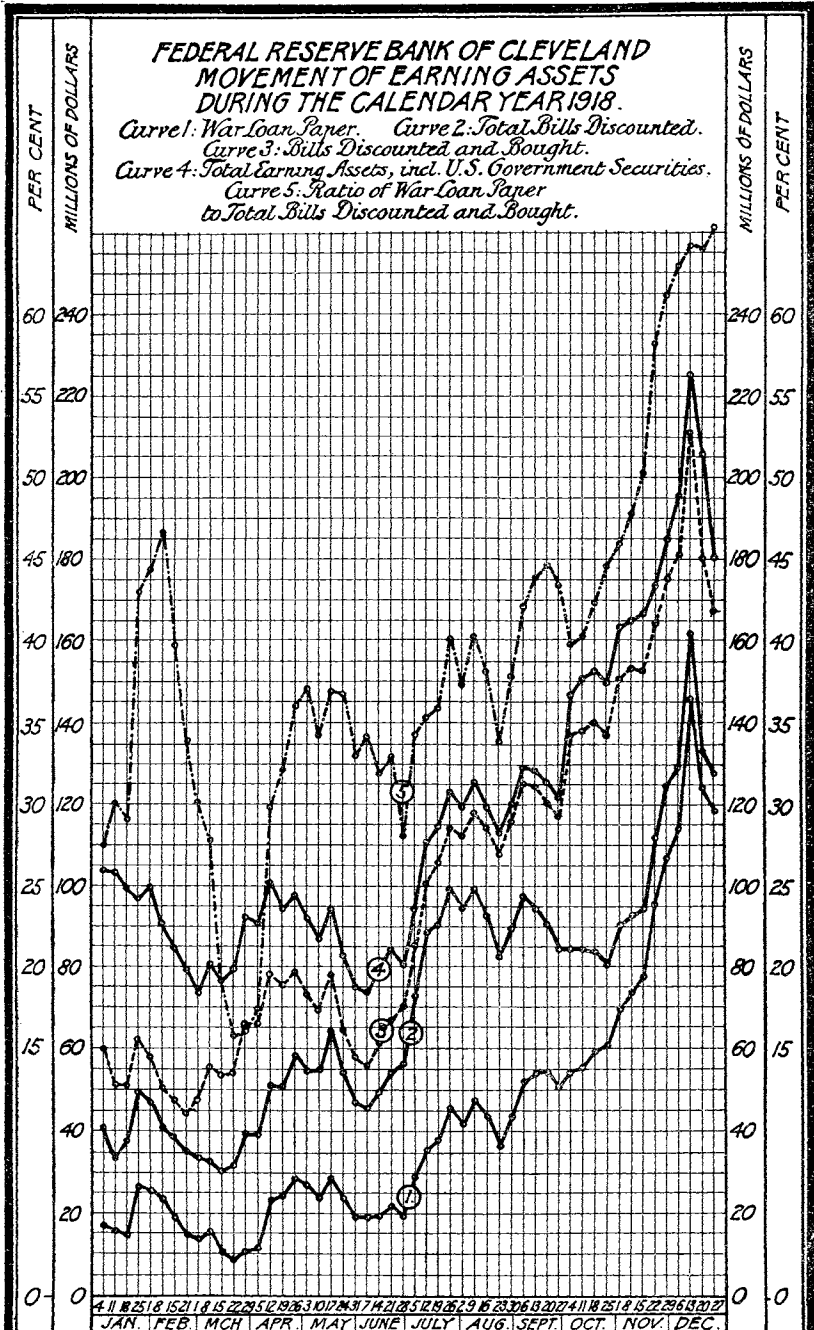
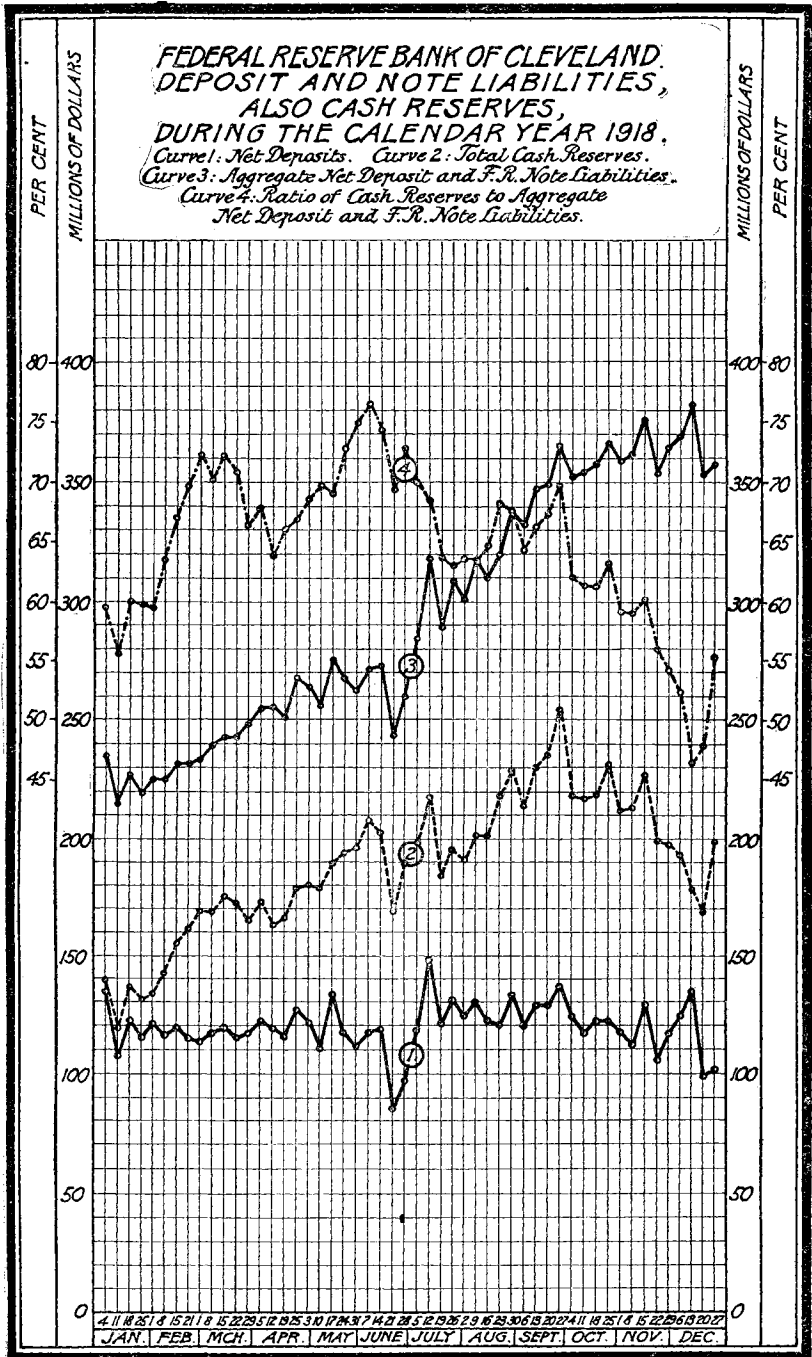


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal Reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of Cleveland during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circulation.	(2+3)	Ratio of cash reserves to net deposit and Federal Reserve note liabilities combined.
	1	2	3	4	5
Jan. 4.....	139,509	133,727	101,225	234,952	59.4
Jan. 11.....	118,903	107,621	106,115	213,736	55.6
Jan. 18.....	126,443	121,967	105,282	227,279	60.0
Jan. 25.....	131,269	114,874	104,756	219,630	59.8
Feb. 1.....	133,585	121,037	103,714	224,751	59.4
Feb. 8.....	143,024	115,248	109,979	225,227	63.5
Feb. 15.....	155,828	119,839	111,960	231,790	67.2
Feb. 21.....	161,382	114,085	117,434	231,519	69.7
Mar. 1.....	168,642	113,366	119,920	233,286	72.3
Mar. 8.....	168,399	116,455	123,410	239,895	70.2
Mar. 15.....	175,682	118,623	124,392	243,015	72.3
Mar. 22.....	172,471	114,756	128,566	243,322	70.9
Mar. 29.....	164,813	116,594	131,479	248,073	66.4
Apr. 5.....	172,790	122,229	132,257	254,486	67.9
Apr. 12.....	162,930	118,149	136,762	254,911	63.9
Apr. 19.....	165,567	114,515	136,147	250,662	66.1
Apr. 26.....	178,449	126,580	140,236	266,816	66.9
May 3.....	180,070	121,466	141,306	262,772	68.5
May 10.....	178,366	110,834	145,092	255,926	69.7
May 17.....	189,883	132,498	142,917	275,415	68.9
May 24.....	194,191	116,291	150,987	267,278	72.7
May 31.....	196,650	111,899	150,428	262,327	75.0
June 7.....	207,377	116,988	154,347	271,335	76.4
June 14.....	202,662	117,656	155,032	272,688	74.3
June 21.....	168,788	85,765	157,884	243,649	69.3
June 28.....	189,145	97,084	162,918	260,002	72.7
July 5.....	198,894	117,593	166,778	284,281	70.0
July 12.....	217,428	148,089	170,477	318,566	68.3
July 19.....	184,566	130,857	168,717	289,574	63.7
July 26.....	195,018	130,856	177,616	308,472	63.2
Aug. 2.....	191,532	124,144	177,291	301,435	63.5
Aug. 9.....	202,059	130,257	187,075	317,332	63.7
Aug. 16.....	201,927	122,449	188,467	310,916	64.9
Aug. 23.....	218,153	120,713	206,159	320,872	68.0
Aug. 30.....	228,560	132,639	205,591	338,230	67.6
Sept. 6.....	213,635	119,763	212,398	332,181	64.3
Sept. 13.....	230,032	128,393	219,108	347,501	63.2
Sept. 20.....	234,963	128,226	221,084	349,310	67.3
Sept. 27.....	254,284	136,491	228,082	364,573	69.7
Oct. 4.....	218,445	123,693	228,809	352,502	62.0
Oct. 10.....	217,487	116,733	237,403	354,136	61.4
Oct. 18.....	219,198	121,726	235,596	357,322	61.3
Oct. 25.....	231,274	121,209	244,571	365,780	63.2
Nov. 1.....	211,963	117,082	242,113	359,193	59.0
Nov. 8.....	213,342	112,479	249,764	362,243	58.9
Nov. 15.....	227,221	128,763	248,204	376,987	60.3
Nov. 22.....	198,637	105,982	248,597	354,579	56.0
Nov. 29.....	197,038	116,432	247,533	363,967	54.1
Dec. 6.....	193,547	123,869	246,044	369,913	52.3
Dec. 13.....	177,443	134,034	248,583	382,617	46.4
Dec. 20.....	168,365	99,531	253,275	352,806	47.7
Dec. 27.....	198,579	102,029	253,486	357,515	55.5



SCHEDULE 1.—*Statement of condition of the Federal Reserve Bank of Cleveland, Dec. 31, 1918, compared with Dec. 31, 1917.*

	1918	1917
RESOURCES.		
Bills discounted.....	\$28,412,284.55	\$37,163,027.27
Member banks collateral notes.....	77,339,400.00	33,733,150.00
Rediscounts for other Federal Reserve Banks.....	21,583,497.09	
Acceptances bought.....	37,445,215.53	21,111,990.95
Investments—short-time municipal obligations.....		7,233.38
United States bonds and securities:		
2 per cent Treasury certificates of indebtedness to secure circulation.....	9,458,000.00	
3 per cent one-year Treasury notes.....	1,202,000.00	3,221,000.00
3 per cent conversion bonds.....	414,800.00	414,800.00
3½ per cent Liberty loan bonds.....	266,200.00	2,027,000.00
4½ per cent Liberty loan bonds.....	427,850.00	
4½ per cent Treasury certificates of indebtedness.....	1,065,500.00	
2 per cent bonds (consols and Panamas).....		473,600.00
3 per cent bonds 1918.....		2,653,660.00
4 per cent second Liberty loan bonds.....		320,750.00
4 per cent Treasury certificates of indebtedness.....		50,000.00
4 per cent bonds 1925.....		2,378,200.00
Total earning assets.....	177,614,747.17	103,554,411.60
Gold coin and certificates on hand.....	12,865,862.50	29,153,275.00
Gold settlement fund.....	52,125,485.35	37,664,000.00
Gold redemption fund—Federal Reserve notes.....	1,368,280.00	98,800.00
Gold with Federal Reserve agent.....	138,277,370.00	55,369,700.00
Gold with foreign agencies.....	524,598.71	4,725,000.00
Gold in transit for redemption.....	391,322.50	737,165.00
Total gold reserve.....	205,552,919.06	127,747,940.00
Legal-tender notes and silver certificates.....	846,650.00	238,369.00
Legals and silver in transit for redemption.....	865,724.00	129,100.00
Total reserves.....	207,265,293.06	128,115,409.00
Accrued interest on United States securities.....	58,514.53	62,878.48
War loan expenses advanced.....	784,431.49	139,247.83
Due from banks and bankers.....	1,725.73	11,792.01
Uncollected transit items.....	58,554,835.47	68,339,457.12
National-bank notes and notes of other Federal Reserve banks.....	4,275,119.00	1,080,260.00
Federal Reserve notes on hand.....	14,147,660.00	3,666,525.00
Federal Reserve bank notes on hand.....	869,385.00	
Due from Treasurer United States 5 per cent fund (Federal Reserve bank notes).....	531,800.00	
Other cash and coin.....	5,004.93	1,042.20
Due from banks—war loan accounts.....	38,413,558.56	68,051,154.98
Total resources.....	502,522,074.94	373,022,178.22
LIABILITIES.		
Capital paid in.....	9,072,700.00	8,026,100.00
Surplus fund.....	1,776,000.00	
Reserve for depreciation.....	84,406.79	
Reserve for franchise tax.....	1,776,000.00	
Profit and loss.....		132,311.58
Unearned discount and interest.....	314,121.08	190,543.23
United States Government deposits.....	749,987.69	30,578,247.23
Due to member banks (reserve accounts).....	123,423,976.31	109,724,561.05
Due to nonmember banks (clearing accounts).....		94,160.59
Deferred credits.....	49,581,406.40	50,523,993.99
Official checks outstanding.....	192,616.86	30,574.69
Federal Reserve notes outstanding.....	266,519,915.00	105,669,700.00
Federal Reserve bank notes outstanding.....	10,600,000.00	
Treasurer of the United States (special deposit account).....	26,468,812.78	34,242,100.00
Treasurer of the United States (Liberty loan deposit account).....	11,946,745.78	33,809,054.98
Other liabilities.....	17,386.25	730.88
Total.....	502,522,074.94	373,022,178.22

SCHEDULE 2.—Comparative statement, profit and loss account, 1918-1917.

	1918	1917
Profit and loss.....	\$132,311.58	\$94,797.44
Earnings from:		
Bills discounted members.....	3,124,696.41	375,169.00
Bills bought in open market.....	1,141,584.25	496,711.58
United States securities.....	783,021.85	342,185.11
Municipal warrants.....		48,131.73
Sundry earnings, penalties, and transfers bought and sold.....	177,560.68	63,145.30
Total.....	5,359,174.77	1,420,140.16
Expenses:		
Assessment for expenses Federal Reserve Board.....	43,073.46	25,783.40
Cost of Federal Reserve notes.....	182,092.48	91,256.39
Premium on United States bonds and securities charged off.....	98,882.79	209,469.52
Operating expenses.....	767,018.82	245,150.97
Dividends paid.....	716,107.22	716,168.30
Balance profit and loss Dec. 30, 1917.....		132,311.58
Transferred to surplus account.....	1,776,000.00	
Transferred to reserve for franchise tax.....	1,776,000.00	
Total.....	5,359,174.77	1,420,140.16

SCHEDULE 3.—Gross earnings, classified, expenses and net earnings, 1918.

	Bills dis- counted, members.	Bills bought in open market.	United States securities.	All other earnings.	Total earnings.	Total expenses.	Net earnings.
January.....	\$136,930.23	\$48,096.00	\$122,987.25	\$15,977.10	\$323,990.58	\$63,628.39	\$260,362.19
February.....	122,986.04	32,591.26	101,394.20	11,999.15	268,970.65	59,966.25	209,004.40
March.....	116,791.26	79,119.38	70,434.84	14,776.00	281,121.48	66,182.94	214,938.54
April.....	175,702.02	83,523.01	67,039.38	13,632.52	339,896.93	77,964.65	261,932.28
May.....	210,955.48	48,827.14	54,439.31	15,984.27	330,206.20	72,779.53	257,426.67
June.....	186,184.48	42,620.29	78,036.18	21,420.11	328,261.06	76,958.40	251,302.66
July.....	324,636.96	52,300.84	113,951.20	19,526.03	510,415.03	69,644.72	440,770.31
August.....	352,422.37	80,130.09	63,487.55	12,970.19	509,010.20	72,048.64	436,961.56
September.....	331,657.98	102,874.72	12,592.94	11,201.52	458,327.16	63,421.17	394,905.99
October.....	306,691.94	198,476.00	35,377.59	13,289.95	553,835.48	71,439.90	482,395.58
November.....	367,143.13	199,416.62	30,974.10	11,401.53	608,935.38	91,880.33	517,055.05
December.....	492,594.52	173,608.90	32,307.31	15,382.73	713,893.46	206,270.26	507,623.20
Total.....	3,124,696.41	1,141,584.25	783,021.85	177,561.10	5,226,863.61	992,185.18	4,234,678.43

SCHEDULE 4.—Daily average earning assets, earnings thereon, and average rate per annum, year 1918 compared with year 1917; also other earnings.

	Earning assets.		Earnings.		Average rate.	
	1918	1917	1918	1917	1918	1917
Bills discounted, members and Federal Reserve banks.....	\$73,080,025.35	\$9,531,458.45	\$3,124,696.41	\$375,168.90	4.28	3.94
Acceptances bought.....	27,175,072.99	15,348,152.44	1,141,584.25	496,711.58	4.20	3.23
Municipal warrants.....		1,457,325.80		48,131.73		3.30
United States bonds, notes, and certificates.....	17,721,544.11	11,314,574.40	611,894.58	317,924.42	3.45	2.21
Total.....	117,976,642.45	37,651,511.09	4,878,175.24	1,237,936.63	4.13	3.29

SCHEDULE 4.—Daily average earning assets, earnings thereon, and average rate per annum, year 1918 compared with year 1917; also other earnings—Continued.

OTHER EARNINGS.

	1918	1917
Profits realized on earning assets.....	\$4,878,175.24	\$1,237,936.63
Profits realized on United States securities.....	167,238.95	24,260.69
Service charges—net.....	41,029.48	.....
Sundry profits.....	22,744.38	2,995.98
Penalties on deficient reserves.....	66,462.03	17,843.62
Transfers.....	60,213.53	14,022.22
Total earnings.....	5,226,863.61	1,297,059.14
Total expenses.....	992,185.18	319,304.31
Net earnings.....	4,234,678.43	977,754.83
Capital, daily average.....	8,585,995.89	6,433,207.00
Rate per annum—gross earnings to capital (per cent).....	68.76	20
Rate per annum—net earnings to capital (per cent).....	48.16	15.91

SCHEDULE 5.—Volume of loans, discounts and investments handled during year 1918 compared with year 1917.

	1918	1917
DISCOUNTED AND PURCHASED.		
Bills discounted—members.....	\$392,524,428.41	\$92,642,455.36
Member bank collateral notes.....	993,593,567.01	118,533,650.00
Acceptances bought.....	1,173,717,828.21	91,109,193.06
Rediscunts—Federal Reserve banks.....	82,915,964.44	.....
Municipal warrants.....	.....	2,949,074.30
United States securities.....	229,123,450.00	69,707,100.00
Total.....	1,903,875,236.07	374,941,471.72
Increase over 1917.....	1,528,933,764.35	.....
PAID AND SOLD.		
Bills discounted—members.....	401,275,171.13	56,486,201.59
Member bank collateral notes.....	921,987,317.01	112,800,500.00
Acceptances bought from members and Federal Reserve banks.....	159,384,601.63	80,150,896.86
Rediscunts—Federal Reserve banks.....	61,352,467.35	.....
Municipal warrants.....	7,233.38	5,626,430.56
United States securities.....	285,852,410.00	38,147,550.00
Total.....	1,829,859,200.50	293,211,579.01
Increase over 1917.....	1,536,647,621.49	.....

¹ Excludes \$1,280,852 of acceptances purchased by the New York Federal Reserve Bank for our account on Dec. 31, 1918.

² Includes \$1,202,000 of 1-year Treasury notes renewed by United States Treasurer on Jan. 1, 1918, and \$374,550 of 4½ per cent bonds converted from 4 per cent bonds.

SCHEDULE 6.—Rediscunts—Members and member bank collateral notes, 1918.

	Kentucky.	Pennsylvania.	Ohio.	West Virginia.	Total.
Applications.....	669	1,210	3,746	59	5,714
Banks accommodated.....	32	100	184	4	320
Commercial and industrial paper.....	\$5,294,194.63	\$29,680,032.10	\$259,512,546.37	\$90,996.40	\$294,577,769.50
Trade acceptances.....	709,635.22	4,979,358.30	19,154,626.59	50,670.73	24,894,290.84
Agricultural and live stock.....	139,779.53	27,662.34	654,006.19	808.00	822,256.06
Bankers' acceptances.....	.....	.....	196,530.22	.....	196,530.22
Liberty loan secured rediscunts.....	2,125,912.81	7,881,196.20	61,340,472.78	686,000.00	72,033,581.79
Member collateral notes:					
Secured by commercial paper.....	100,000.00	3,010,000.00	1,830,000.00	.....	4,940,000.00
Secured by United States securities.....	27,117,365.00	509,896,465.00	447,920,737.01	3,719,000.00	988,653,567.01
Total rediscunts and loans.....	35,486,887.19	555,474,713.94	790,608,919.16	4,547,475.13	1,386,117,995.42

NOTE.—Included in above were rediscunts and loans to state bank members as follows:

Commercial and industrial paper rediscunted.....	\$24,914,733.98
Customers notes secured by Liberty loan bonds.....	14,760,903.61
Direct loans secured by United States government bonds.....	230,694,650.00
Total.....	270,370,287.59

The total of rediscunts made for other Federal Reserve Banks (not included in above tables) was.....

\$2,915,964.44

SCHEDULE 7.—*Acceptances purchased in open market and acquired from other Federal Reserve Banks.*

Bankers', foreign.....	\$79,253,973.24
Bankers', domestic.....	88,425,763.62
Dollar exchange.....	2,725,000.00
Trade acceptances, foreign.....	1,272,431.64
Trade acceptances, domestic.....	4,040,657.71
Total.....	175,717,826.21
Acceptances purchased—	
From or through other Federal Reserve Banks.....	123,526,132.27
From Kentucky banks.....	1,318,900.55
From Ohio banks.....	44,231,853.17
From Pennsylvania banks.....	6,640,940.22
Total.....	175,717,826.21

SCHEDULE 8.—*United States securities purchased.*

Special 2 per cent certificates of indebtedness.....	\$65,458,000
United States 3 per cent notes and bonds.....	21,207,000
United States 4 per cent bonds.....	61,250
United States 4 per cent certificates of indebtedness.....	171,256,000
United States 4½ per cent certificates of indebtedness.....	20,729,000
United States 4½ per cent Liberty loan bonds.....	3,412,200
Total.....	259,123,450

SCHEDULE 9.—*Member banks liquidated during 1918.*

Name of bank.	Location.	Disposition.	Shares sub- scribed.
First National Bank.....	Bentleyville, Pa.	Absorbed by Farmers & Miners National Bank, Bentleyville, Pa.	15
Bank of Commerce, and the Union National Bank.....	Cleveland, Ohio.	Formed the Union Commerce National Bank, Cleveland, Ohio.	1,800
First National Bank.....	Derry, Pa.	Succeeded by First Savings & Trust Co., Derry, Pa.	60
Fourth National Bank.....	Dayton, Ohio.	Absorbed by Dayton Savings & Trust Co. Dayton, Ohio.	510
St. Clair National Bank.....	Freedom, Pa.	Absorbed by Freedom National Bank, Freedom, Pa.	60
First National Bank.....	Loudonville, Ohio.	Succeeded by First & Savings Bank, Loudonville, Ohio.	19
Norwalk National Bank.....	Norwalk, Ohio.	Succeeded by Citizens National Bank, Norwalk, Ohio.	90
Total shares.....			4,354

Member banks in District No. 4.

Number of member banks Dec. 31, 1917.....	764
New national banks organized.....	5
State banks and trust companies admitted.....	53
Total.....	822
Liquidated during 1918.....	8
Total.....	814
Number of member banks Dec. 31, 1918.....	814
Capital stock paid in, Dec. 31, 1917.....	\$8,026,100
Capital stock paid in, Dec. 31, 1918.....	9,072,700
Increase for the year.....	1,046,600

¹ Exclusive of \$1,280,852 of acceptances purchased by the New York Federal Reserve Bank for our account on Dec. 31, 1918.

² Includes \$1,202,000 of 1-year Treasury notes renewed by U. S. Treasurer on Jan. 1, 1918.

³ Includes conversion of \$374,550 4 per cent Liberty loan to 4½ per cent.

SCHEDULE 10.—*New National and State bank members during 1918.*

NATIONAL BANKS.

Date of admission.	Name of bank.	Location.	Shares sub- scribed.
Mar. 8	The Union Commerce National Bank.....	Cleveland, Ohio.....	3,600
Sept. 5	Prairie Depot National Bank of Freeport.....	Prairie Depot, Ohio.....	10
Oct. 25	First National Bank.....	Timblin, Pa.....	13
Nov. 23	First National Bank.....	Chagrin Falls, Ohio.....	12
Dec. 30	Citizens National Bank.....	Norwalk, Ohio.....	120

STATE BANKS ADMITTED TO SYSTEM.

Date of admission.	Name of bank.	Location.	Capital and surplus.	Deposits when admitted.
Jan. 4	Oakland Savings & Trust Co.....	Pittsburgh, Pa.....	\$400,000	\$3,684,000
Jan. 5	The Steubenville Bank & Trust Co.....	Steubenville, Ohio.....	175,000	1,367,000
Jan. 5	The Newark Trust Co.....	Newark, Ohio.....	325,000	2,128,000
Jan. 9	Security Savings & Trust Co.....	Erie, Pa.....	500,000	3,291,000
Jan. 22	Colonial Trust Co.....	Pittsburgh, Pa.....	5,200,000	13,511,000
Feb. 12	The Superior Savings & Trust Co.....	Cleveland, Ohio.....	1,500,000	14,781,000
Feb. 12	The Central Savings & Trust Co.....	Akron, Ohio.....	1,000,000	9,259,000
Feb. 12	The Western Bank & Trust Co.....	Cincinnati, Ohio.....	875,000	9,660,000
Mar. 21	The First Wellington Bank.....	Wellington, Ohio.....	155,000	1,074,000
Apr. 2	The Depositors Savings & Trust Co.....	Akron, Ohio.....	550,000	3,386,000
Apr. 12	The Union Savings Bank & Trust Co.....	Cincinnati, Ohio.....	3,000,000	17,779,000
Apr. 13	Allegheny Trust Co.....	Pittsburgh, Pa.....	1,200,000	3,606,000
May 7	Crawford County Trust Co.....	Meadville, Pa.....	135,000	1,403,000
May 14	Commercial Savings Bank & Trust Co.....	Toledo, Ohio.....	250,000	4,377,000
May 17	The Minster State Bank.....	Minster, Ohio.....	40,000	308,000
June 3	Security Trust Co.....	Lexington, Ky.....	650,000	1,120,000
June 28	Bellevue Realty Savings & Trust Co.....	Bellevue, Pa.....	175,000	739,000
July 1	The City Savings Bank & Trust Co.....	Alliance, Ohio.....	200,000	2,189,000
July 2	The Struthers Savings & Banking Co.....	Struthers, Ohio.....	100,000	1,616,000
July 3	The Dayton Savings & Trust Co.....	Dayton, Ohio.....	500,000	7,511,000
July 9	The Dime Savings Bank Co.....	Canton, Ohio.....	320,000	3,197,000
July 18	The Peoples Savings & Trust Co.....	Akron, Ohio.....	300,000	3,938,000
July 20	The Geneva Savings Bank Co.....	Geneva, Ohio.....	165,000	781,000
July 23	The Citizens State Bank.....	West Milton, Ohio.....	35,000	256,000
July 31	The West Lafayette Bank Co.....	West Lafayette, Ohio.....	150,000	865,000
July 31	The Cuyahoga Falls Savings Bank Co.....	Cuyahoga Falls, Ohio.....	130,150	996,000
Aug. 8	The Gibsonburg Banking Co.....	Gibsonburg, Ohio.....	67,500	617,000
Aug. 8	The Provident Savings Bank & Trust Co.....	Cincinnati, Ohio.....	2,400,000	10,034,000
Aug. 13	The Chagrin Falls Banking Co.....	Chagrin Falls, Ohio.....	95,000	637,000
Aug. 15	The Home Banking Co.....	Gibsonburg, Ohio.....	34,000	511,000
Aug. 17	The Rossford Savings Bank.....	Rossford, Ohio.....	50,000	.....
Aug. 22	The Peoples Savings & Banking Co.....	Barberton, Ohio.....	120,000	1,048,000
Aug. 24	The Citizens Bank.....	Cuyahoga Falls, Ohio.....	52,000	294,000
Aug. 26	The Commercial & Savings Bank Co.....	Buckeye City, Ohio.....	27,750	158,000
Aug. 26	The Farmers & Citizens Banking Co.....	Milan, Ohio.....	33,000	315,000
Sept. 10	The Home Banking Co.....	St. Marys, Ohio.....	120,000	764,000
Sept. 17	Woodlawn Trust Co.....	Woodlawn, Pa.....	187,500	1,446,000
Sept. 17	Ambridge Savings & Trust Co.....	Ambridge, Pa.....	175,000	1,345,000
Sept. 20	The Peninsula Banking Co.....	Peninsula, Ohio.....	29,000	165,000
Sept. 23	Beaver Trust Co.....	Beaver, Pa.....	400,000	1,087,000
Sept. 26	Federal Title & Trust Co.....	Beaver Falls, Pa.....	225,000	890,000
Sept. 30	State Bank & Trust Co.....	Richmond, Ky.....	200,000	738,000
Oct. 1	The Brighton Bank & Trust Co.....	Cincinnati, Ohio.....	400,000	4,994,000
Oct. 8	The Lodi State Bank.....	Lodi, Ohio.....	100,000	490,000
Oct. 22	The Dollar Savings & Trust Co.....	Youngstown, Ohio.....	2,000,000	16,805,000
Nov. 19	The Minerva Savings & Trust Co.....	Minerva, Ohio.....	90,000	1,258,000
Nov. 23	Bank of Independence.....	Independence, Ky.....	48,000	226,000
Dec. 5	The Erie County Banking Co.....	Vermilion, Ohio.....	150,000	414,000
Dec. 9	The Spencer State Bank.....	Spencer, Ohio.....	25,000	115,000
Dec. 9	Title Guarantee & Trust Co.....	Lexington, Ky.....	165,000	678,000
Dec. 16	The Alliance Bank Co.....	Alliance, Ohio.....	270,000	2,905,000
Dec. 21	Commonwealth Trust Co.....	Pittsburgh, Pa.....	2,500,000	8,424,000
Dec. 30	The United Banking & Savings Co.....	Cleveland, Ohio.....	1,400,000	12,044,000
Total.....			29,393,900	181,224,000

SCHEDULE 11.—Banks granted fiduciary powers under Section 11 of Federal Reserve Act.

Date.	Name.	Location.	Powers granted.
Apr. 5	Union Commerce National Bank	Cleveland, Ohio.....	Registrar of stocks and bonds.
May 31	Northern National Bank.....	Toledo, Ohio.....	Do.
Feb. 16	Second National Bank.....	Titusville, Pa.....	Trustee.
Mar. 13	Peoples National Bank.....	Pittsburgh, Pa.....	Registrar and transfer agent of stocks and bonds in so far as relate to registering.
Sept. 10	First National Bank.....	Grove City, Pa.....	Trustee.
Dec. 30	Western National Bank.....	Pittsburgh, Pa.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics.
Dec. 30	Citizens National Bank.....	Washington, Pa.....	Trustee, executor, administrator, guardian of estates, assignee, and receiver.
Feb. 20	First National Bank.....	Paris, Ky.....	Trustee, executor, administrator, and registrar of stocks and bonds.

SCHEDULE 12.—Certificates of indebtedness.

ISSUED IN ANTICIPATION OF THIRD LIBERTY LOAN, 1918.

Date.	National banks.				State banks.			
	Number of banks.	Per cent of total banks in district.	Per cent of total bank subscriptions.	Amount.	Number of banks.	Per cent of total banks in district.	Per cent of total bank subscriptions.	Amount.
Jan. 22.....	358	47.86	65.29	\$16,974,000	188	22.54	16.70	\$4,342,000
Feb. 8.....	532	71.12	60.56	20,592,000	415	49.76	13.27	4,512,000
Feb. 27.....	728	97.32	58.44	26,096,500	467	55.99	19.79	8,808,500
Mar. 20.....	554	74.06	57.85	27,999,000	492	58.75	16.51	7,990,500
Apr. 10.....	373	49.86	57.97	26,668,500	300	35.84	9.66	4,443,000
Apr. 22.....	313	38.70	55.12	21,570,500	231	26.83	15.61	6,108,000

Date.	Trust companies.				Miscellaneous and private banks.			
	Number of banks.	Per cent of total banks in district.	Per cent of total bank subscriptions.	Amount.	Number of banks.	Per cent of total banks in district.	Per cent of total bank subscriptions.	Amount.
Jan. 22.....	86	37.23	16.78	\$4,363,000	1	1.89	1.23	\$321,000
Feb. 8.....	120	51.52	24.91	8,468,000	2	3.77	1.26	428,000
Feb. 27.....	190	56.28	21.65	9,633,000	6	11.52	.12	52,000
Mar. 20.....	133	57.57	25.08	12,139,000	41	77.36	.56	271,500
Apr. 10.....	115	49.78	32.01	14,724,500	28	52.83	.36	164,000
Apr. 22.....	86	37.23	28.89	11,309,000	10	18.86	.38	146,000

RECAPITULATION.

District banks.	Number of banks in district.	Banks subscribing.	Per cent of total banks subscribing in district.	Per cent of total of banks subscriptions.	Total subscriptions.
National.....	748	737	98.53	58.74	\$139,810,500
State.....	834	787	94.36	15.20	36,204,000
Trust companies.....	231	219	94.80	25.48	60,636,500
Private and miscellaneous banks.....		49		.58	1,382,500
Total banks.....	1,813	1,743	96.14	100.00	238,033,500

SCHEDULE 12.—*Certificates of indebtedness*—Continued.

ISSUED IN ANTICIPATION OF FOURTH LIBERTY LOAN.

Date.	National banks.				State banks.			
	Number of banks.	Per cent of total banks in district.	Per cent of total bank subscriptions.	Amount.	Number of banks.	Per cent of total banks in district.	Per cent of total bank subscriptions.	Amount.
June 25.....	533	71.45	63.32	\$50,653,500	340	40.65	8.98	\$7,185,000
July 9.....	540	72.38	58.92	59,212,500	345	41.36	9.23	6,141,000
July 23.....	547	73.32	61.17	34,209,000	407	48.80	10.92	6,110,500
Aug. 6.....	533	71.45	57.90	30,397,500	399	47.84	13.51	7,093,500
Sept. 3.....	599	74.93	45.78	33,921,000	465	55.75	10.36	7,670,500
Sept. 17.....	583	78.15	60.04	35,615,500	492	58.99	12.69	7,527,000
Oct. 1.....	498	66.75	57.26	29,876,000	336	40.29	14.40	7,515,500

Date.	Trust companies.				Miscellaneous and private banks.				Individuals.		
	Number of banks.	Per cent of total banks in district.	Per cent of total bank subscriptions.	Amount.	Number of banks.	Per cent of total banks in district.	Per cent of total bank subscriptions.	Amount.	Number of individuals.	Per cent of total individual subscriptions.	Amount.
June 25.....	134	58.01	26.74	\$21,395,000	85	41.66	0.83	\$668,000	5	0.13	\$98,500
July 9.....	142	61.47	30.48	20,285,500	97	47.55	1.32	879,500	9	.05	31,500
July 23.....	149	64.50	28.13	14,613,500	94	46.08	1.68	938,500	4	.10	55,500
Aug. 6.....	145	62.77	26.32	13,819,500	110	53.92	1.99	1,043,500	8	.28	146,000
Sept. 3.....	163	70.56	41.56	30,788,500	122	59.80	2.07	1,540,000	7	.23	168,000
Sept. 17.....	162	70.12	25.24	14,974,500	120	58.82	1.86	1,104,500	1	.07	109,000
Oct. 1.....	131	56.71	26.70	13,929,500	70	34.31	1.45	758,000	3	.19	103,500

RECAPITULATION.

District banks.	Number of banks in district.	Banks subscribing.	Per cent of banks subscribing in district.	Per cent of total bank subscriptions.	Total subscriptions.
National.....	746	729	97.72	57.63	\$253,885,000
State.....	834	671	80.44	11.18	49,243,000
Trust companies.....	231	199	86.14	29.46	129,806,000
Miscellaneous and private banks.....	204	176	86.27	1.57	6,932,000
Individuals.....		37		.18	703,000
Total.....	2,015	1,812	88.08	100.00	440,569,000

FIRST TAX SERIES, 1918.

Date.	National banks.				State banks.			
	Number of banks.	Per cent of total banks in district.	Per cent of total bank subscriptions.	Amount.	Number of banks.	Per cent of total banks in district.	Per cent of total subscriptions.	Amount.
Jan. 2.....	147	19.71	67.87	\$47,558,500	35	4.20	2.48	\$1,736,000
Feb. 15.....	123	16.49	68.19	10,503,000	45	5.40	6.56	1,011,000
Mar. 15.....	99	13.27	73.05	40,629,500	30	3.60	2.81	1,564,000
Apr. 15.....	56	7.51	84.39	8,934,500	13	1.56	1.88	199,500
May 15.....	61	8.18	79.25	14,698,000	22	2.64	2.25	418,000

SCHEDULE 12.—*Certificates of indebtedness*—Continued.

FIRST TAX SERIES, 1918—Continued.

Date.	Trust companies.			Miscellaneous and private banks.			Individuals.				
	Number of banks.	Per cent of total banks in district.	Per cent of total subscriptions.	Amount.	Number of banks.	Per cent of total banks in district.	Per cent of total bank subscriptions.	Amount.	Number of individuals.	Per cent of total individual subscriptions.	Amount.
Jan. 2.....	44	19.05	23.89	\$16,741,500	6	2.94	0.15	\$100,500	23	5.61	\$3,933,000
Feb. 25.....	37	16.02	24.29	3,742,000	14	6.86	.72	110,000	3	.24	36,500
Mar. 15.....	44	19.05	22.90	12,734,500	8	3.92	.34	187,000	12	.90	500,500
Apr. 15.....	15	6.49	12.81	1,355,500					5	.92	97,500
May 15.....	23	9.96	18.45	3,421,500					1	.05	10,000

RECAPITULATION.

District banks.	Number of banks in district.	Banks subscribing.	Per cent of total national banks subscribing in district.	Per cent of total bank subscriptions.	Total subscriptions.
National.....	746	147	19.71	71.86	\$122,323,500
State.....	834	45	5.40	2.90	4,928,500
Trust companies.....	231	44	19.05	22.32	37,995,000
Miscellaneous.....	204	14	6.86	.23	397,500
Individuals.....		44		2.69	4,577,500
Total.....	2,015	294		100	170,222,000

TAX ISSUE, DATED NOV. 7, 1918; 4½ PER CENT; DUE MAR. 15, 1919.

ANALYSIS OF SUBSCRIPTIONS.

	Number subscribing.	Per cent.	Amount.
Total subscriptions for district.....			\$112,500,000
National banks.....	215	46.68	52,515,500
State banks.....	80	6.79	7,639,500
Trust companies.....	76	45.89	51,628,000
Miscellaneous banks.....	22	.53	596,000
Individuals.....	14	.11	121,000
Total.....	407	100.00	112,500,000

PERCENTAGE OF BANKS SUBSCRIBING.

	Number subscribing.	Total in district.	Per cent.
National banks.....	215	746	28.82
State banks.....	80	834	9.59
Trust companies.....	76	231	32.90
Miscellaneous banks.....	22	204	10.78
Total.....	393	2,015	19.50

Fourteen individuals subscribed.

SCHEDULE 12.—*Certificates of indebtedness*—Continued.

TAX ISSUE, DATED AUG. 20, 1918; 4 PER CENT; DUE JULY 15, 1919.

ANALYSIS OF SUBSCRIPTIONS.

	Number subscrib- ing.	Per cent.	Amount.
Total subscriptions for district.....			\$29,968,500
National banks.....	157	69.28	20,761,000
State banks.....	44	3.34	1,001,000
Trust companies.....	64	26.27	7,872,500
Miscellaneous and private banks.....	10	.68	205,000
Individuals.....	9	.43	129,000
Total.....	284	100.00	29,968,500

PERCENTAGE OF BANKS SUBSCRIBING.

	Number subscrib- ing.	Total in district.	Per cent.
National banks.....	157	746	\$21.05
State banks.....	44	834	5.28
Trust companies.....	64	231	27.71
Miscellaneous and private banks.....	10	204	4.90
Total.....	275	2,015	13.65

Nine individuals subscribed.

SCHEDULE 13.—*Depositaries department.*

REPORT FOR YEAR ENDED DEC. 31, 1918.

Depositary banks, Jan. 1, 1918.....		293
New depositaries.....		360
Depositaries discontinued.....		653
Depositary banks, Dec. 31, 1918.....		41
Total in depositary banks, Jan. 1, 1918.....		612
Total in depositary banks, Jan. 1, 1918.....		\$68,051,154.98
Payment by depositary banks by credit to war loan deposit account:		
For Treasury certificates of indebtedness.....	\$783,762,572.36	
For Liberty loan bonds.....	465,373,409.53	
	\$1,249,135,981.89	
Redeposits with depositary banks:		
Treasury certificates of indebtedness funds.....	20,165,000.00	
Liberty loan bonds funds.....	16,050,000.00	
Income and excess profits tax funds.....	97,791,000.00	
	134,006,000.00	
		1,383,141,981.89
Withdrawals.....		1,451,193,136.87
		1,422,853,078.31
Total balances with depositary banks, Dec. 31, 1918.....		28,340,058.56
Largest aggregate deposits, Oct. 28, 1918, \$189,757,237.23.		
Interest collected on daily balances, \$1,748,457.25.		

SECURITIES PLEDGED BY DEPOSITORY BANKS AS COLLATERAL FOR WAR LOAN DEPOSITS.

	Par value.	Valued as collateral.
Total pledged Jan. 1, 1918.....	\$127,113,000	\$106,431,000
Total pledged Dec 31, 1918.....	151,729,000	124,300,000
Largest aggregate pledged Oct. 30, 1918.....	245,642,000	203,350,000

SCHEDULE 13.—*Depositaries department*—Continued.

CHARACTER OF SECURITIES PLEDGED, DEC. 31, 1918.

	Par value.
United States bonds and certificates of indebtedness.....	\$52,284,000
Municipal bonds and warrants.....	8,294,000
Foreign Government and municipal bonds.....	24,323,000
Corporation bonds.....	43,952,000
Commercial paper.....	20,876,000
Total.....	151,729,000

SCHEDULE 14.—*Third Liberty loan.*

[Dated May 9, 1918; 4½ per cent; callable June 15, 1925-1937.]

ANALYSIS OF SUBSCRIPTIONS.

	Number sub- scribing.	Per cent.	Amount.
Total subscriptions for district.....			\$405,051,150
National banks.....	744	56.71	229,691,000
State banks.....	711	15.31	61,998,650
Trust companies.....	222	25.39	102,860,600
Miscellaneous banks.....	218	2.52	10,232,900
Individuals.....	634	.07	268,100
Total.....	2,529	100.00	405,051,150

PERCENTAGE OF BANKS SUBSCRIBING.

	Number sub- scribing.	Total in district.	Per cent.
National banks.....	744	746	99.73
State banks.....	711	834	85.25
Trust companies.....	222	231	96.10
Miscellaneous banks.....	218	224	97.32
Total.....	1,895	2,035	93.12

Six hundred and thirty-four individuals subscribed.

SCHEDULE 15.—*Fourth Liberty loan.*

[Dated Oct. 24, 1918; collectible Oct. 15, 1933-1938.]

ANALYSIS OF SUBSCRIPTIONS.

	Number sub- scribing.	Per cent.	Amount.
Total subscriptions for district.....			\$701,909,800
National banks.....	746	55.63	390,457,200
State banks.....	711	15.05	105,661,650
Trust companies.....	223	26.97	189,274,800
Miscellaneous banks.....	224	2.34	16,448,050
Individuals.....	128	.01	68,100
Total.....	2,032	100.00	701,909,800

SCHEDULE 15.—*Fourth Liberty Loan*—Continued.

PERCENTAGE OF BANKS SUBSCRIBING.

	Number sub- scribing.	Total in district.	Per cent.
National banks.....	746	746	100.00
State banks.....	717	834	85.97
Trust companies.....	223	231	93.54
Miscellaneous banks.....	224	224	100.00
Total.....	1,910		93.86

One hundred and twenty-eight individuals subscribed.

SCHEDULE 16.—*War-savings certificates and thrift stamp sales, 1918.*

	War-savings certificate stamps.	Thrift stamps.		War-savings certificate stamps.	Thrift stamps.
January.....	\$1,322,099.76	\$216,525.25	August.....	\$2,999,609.32	\$257,389.50
February.....	1,066,314.37	134,313.00	September.....	2,402,040.77	600,374.50
March.....	1,421,173.70	176,912.75	October.....	1,534,930.15	312,037.75
April.....	1,596,369.59	231,858.00	November.....	852,338.29	266,717.00
May.....	942,115.98	225,658.25	December.....	1,098,125.57	185,219.75
June.....	3,378,942.23	256,603.00	Total.....	22,643,933.29	3,075,045.00
July.....	4,059,873.56	211,436.25			

SCHEDULE 17.—*District Committee on Capital Issues—Summary of work of district committee for period May 17 to Dec. 1, 1918.*

[A.—Report as to cases involving \$100,000 and less, and over which the district committee exercised final jurisdiction.]

Classification of applications.	Number of applications.	Total applied for.	Construction and equipment.	Working capital.	Refunding.	Exchange, etc.	Total passed.	Total disapproved.
States and subdivisions	84	\$2,098,383.37	\$1,568,277.88		\$397,405.49	\$132,000	\$1,849,682.37	\$248,701
Public utilities	2	107,000.00		\$32,000.00	75,000.00		107,000.00	
Manufacturing	21	1,495,450.00	114,000.00	734,000.00	278,300.00	369,150	1,110,450.00	385,000
Development	14	689,265.00	232,265.00	265,307.22	41,692.78	147,000	504,000.00	185,265
Commercial and financial	9	825,000.00	200,000.00	325,000.00	100,000.00	200,000	625,000.00	200,000
Total	130	5,215,098.37	2,114,542.88	1,356,307.22	895,398.27	848,150	4,193,132.37	1,018,966

SUMMARY.

Total applied for	\$5,215,098.37
Amount passed involving use of labor and material	1,672,576.88
Working capital only	879,307.22
Refunding only	845,398.27
	<u>3,397,282.37</u>
Securities passed involving no use of capital, labor, or material because issued directly in exchange for property or other securities, or as stock dividends, bonus, etc., and withheld from sale for period of the war	793,850.00
Disapproved, mostly for new extensions not necessary at this time	1,018,966.00
	<u>1,817,816.00</u>

DISTRICT NO. 4—CLEVELAND.

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SCHEDULE 17.—District Committee on Capital Issues—Summary of work of district committee for period May 17 to Dec. 1, 1918—Continued.

B.—Report as to cases involving amounts in excess of \$100,000.]

Classification of applications.	Number of applications.	Total applied for.	Construction and equipment.	Working capital.	Refunding.	Exchange, etc.	Total passed.	Total disapproved.
States and subdivisions.....	81	\$17,066,371.78	\$16,248,543.24	.....	\$516,728.54	\$301,100	\$12,967,327.36	\$4,099,044.42
Public utilities.....	18	20,170,300.00	3,120,500.00	\$837,000.00	14,582,800.00	1,630,000	19,670,300.00	500,000.00
Manufacturing.....	120	109,859,240.00	21,590,825.00	24,229,659.22	22,743,955.78	41,294,800	97,066,100.00	12,793,140.00
Development.....	45	37,048,700.00	4,287,129.00	8,652,960.09	2,988,239.91	21,120,371	25,554,034.00	11,494,666.00
Commercial and financial.....	27	14,990,400.00	1,646,149.39	7,079,100.00	5,290,150.61	975,000	9,851,100.00	5,139,300.00
Charitable and miscellaneous.....	6	1,625,000.00	715,000.00	.....	260,000.00	650,000	1,425,000.00	200,000.00
Total.....	297	200,760,011.78	47,608,146.63	40,798,719.31	46,381,874.84	65,971,271	166,533,861.36	34,226,150.42

SUMMARY.

Total applied for.....	\$200,760,011.78
Amount passed involving use of labor and material.....	36,301,936.21
Working capital only.....	27,486,929.31
Refunding only.....	41,954,924.84
	<u>105,743,790.36</u>
Securities passed involving no use of capital, labor, or material because issued directly in exchange for property or other securities, or as stock dividends, bonus, etc., and withheld from sale for period of the war.....	61,790,071.00
Disapproved, mostly for new extensions not necessary at this time.....	34,226,150.42
	<u>96,016,221.42</u>

SCHEDULE 18.—*Federal Reserve notes issued and redeemed during the year and comparative statement of outstanding notes, Dec. 31, 1917, and Dec. 31, 1918.*

Denominations.	Outstanding Dec. 31, 1917.	1918		Total outstanding.
		Issued.	Redeemed.	
Fives.....	\$8,947,750	\$23,600,000	\$5,357,305	\$27,190,445
Tens.....	23,708,050	40,553,000	9,797,080	54,470,980
Twenties.....	51,885,140	84,560,000	9,803,200	126,621,940
Fifties.....	15,700,750	34,200,000	2,957,000	46,943,750
Hundreds.....	5,448,000	7,300,000	1,457,200	11,292,800
Total.....	105,659,700	190,220,000	29,369,785	266,519,915

SCHEDULE 19.—*Federal Reserve bank notes issued and redeemed during the year.*

Denominations.	Received from comptroller.	Returned for redemption.	Outstanding Dec. 31, 1918.
Ones.....	\$4,828,000	\$36,390	\$4,791,610
Twos.....	1,496,000	1,610	1,494,390
Fives.....	4,325,000	11,000	4,314,000
Total.....	10,649,000	49,000	10,600,000

SCHEDULE 20.—*Comparative statement of aggregate resources and liabilities of member banks, Dec. 31, 1917, to Nov. 1, 1918.*

[000 omitted.]

	Nov. 1, 1918.	Dec. 31, 1917.
RESOURCES.		
Loans and discounts.....	\$1,153,039	\$1,000,426
Overdrafts.....	1,118	736
Acceptances and letters of credit.....	23,680	12,091
United States securities.....	220,182	142,357
Liberty loan bonds.....	155,617	68,230
All other bonds, securities, etc.....	396,794	399,027
Banking house, furniture, and fixtures.....	57,103	50,908
Other real estate.....	16,802	8,844
Reserve with Federal Reserve Bank.....	117,770	118,991
Cash and due from banks.....	206,969	338,349
5 per cent redemption fund.....	5,541	6,217
Other assets.....	15,266	8,526
Total resources.....	2,453,881	2,151,802
LIABILITIES.		
Capital.....	151,316	137,349
Surplus.....	145,028	131,300
Undivided profits.....	49,119	34,350
Circulation.....	89,500	90,040
Due to banks and bankers.....	222,200	243,427
Demand deposits.....	1,003,348	946,092
Time deposits.....	510,950	443,791
United States deposits.....	149,202	67,835
Bonds borrowed.....	16,440	16,151
Bills payable.....	61,463	16,212
Acceptances and letters of credit.....	22,636	12,354
Other liabilities.....	33,049	12,901
Total liabilities.....	2,453,881	2,151,802

SCHEDULE 21.—*Transit department.*

CHECK CLEARINGS AND COLLECTION.

	Number of items.	Amount.
On Cleveland banks.....	881,956	\$1,786,217,547.85
On other banks in district No. 4.....	4,746,362	2,105,916,178.52
On banks in other districts.....	438,570	813,373,736.58
On Treasurer of the United States.....	499,014	385,598,439.40
	6,565,902	5,091,105,902.35

CINCINNATI BRANCH.

On Cincinnati banks.....	609,682	\$993,447,932.30
On other banks in district No. 4.....	2,572,370	537,365,974.18
On banks in other districts.....	132,640	114,375,433.82
On Treasurer of the United States.....	310,416	61,938,513.26
	3,625,108	1,707,127,853.56

PITTSBURGH BRANCH.

On Pittsburgh banks.....	1,045,397	\$1,761,093,703.81
On other banks in district No. 4.....	2,365,196	409,485,236.35
On banks in other districts.....	229,569	300,641,668.07
On Treasurer of the United States.....	177,063	152,975,314.16
	3,817,225	2,624,195,922.39

CHECKS DRAWN ON THE TREASURER OF THE UNITED STATES, HANDLED BY THE FEDERAL RESERVE BANK OF CLEVELAND AND ITS BRANCHES DURING THE YEAR.

	Items.	Amount.
January.....	15,768	\$11,084,762.91
February.....	21,621	12,540,707.78
March.....	29,093	18,075,472.93
April.....	25,928	22,203,979.17
May.....	54,504	36,882,427.67
June.....	111,498	71,696,690.78
July.....	85,892	59,802,186.09
August.....	69,838	63,535,522.98
September.....	109,279	63,555,407.43
October.....	108,364	75,135,952.07
November.....	112,467	79,661,089.63
December.....	212,241	86,340,067.38
Total.....	986,493	600,512,266.82

VOLUME OF CHECKS HANDLED FOR MEMBERS AND OTHER FEDERAL RESERVE BANKS BY THE FEDERAL RESERVE BANK OF CLEVELAND AND ITS BRANCHES JAN. 1, 1918, TO DEC. 31, 1918.

	Items.	Amount.	Daily average.	
			Items.	Amount.
January.....	627,427	\$451,453,395.05	25,038	\$18,086,994.60
February.....	572,330	464,392,761.09	24,883	20,190,989.22
March.....	743,355	560,818,785.17	29,734	22,432,751.40
April.....	822,971	643,767,572.41	35,121	29,958,474.97
May.....	876,055	783,553,182.22	33,693	30,136,660.85
June.....	1,078,471	1,000,772,488.47	43,138	40,030,899.44
July.....	1,330,669	894,066,017.25	51,140	34,387,154.51
August.....	1,386,509	848,290,975.43	51,349	31,418,184.28
September.....	1,379,233	842,543,702.22	57,458	35,105,987.59
October.....	1,715,623	1,056,600,369.28	65,986	40,638,475.74
November.....	1,591,943	902,534,907.92	63,677	36,101,306.32
December.....	1,883,649	973,635,521.79	75,347	38,945,417.87

This schedule includes Government checks scheduled under "checks drawn on Treasurer of the United States."

Items handled by both parent bank and branches and duplicated in above schedule, 376,706; amount, \$1,159,690,343.29.

Total number of items handled, 14,008,235.

Total amount handled, \$9,422,429,678.30.

Disbursements, transit department, \$282,198.33.

Cost per item handled, 2.01 cents.

Cost per \$1,000, 3 cents.

SCHEDULE 22.—*Gold settlement fund operations, Jan. 1, 1918, to Dec. 31, 1918.*

	Debits.	Credits.	Gain.	Loss.
Boston.....	\$153,442,600	\$119,371,000	\$34,071,000	.....
New York.....	1,806,466,000	1,797,280,000	9,186,000	.....
Philadelphia.....	600,610,000	524,802,000	75,808,000	.....
Richmond.....	244,475,000	218,043,000	26,432,000	.....
Atlanta.....	86,104,000	79,216,000	6,888,000	.....
Chicago.....	850,804,000	621,412,000	229,392,000	.....
St. Louis.....	261,378,000	264,981,000	.....	\$3,603,000
Minneapolis.....	47,022,000	12,579,000	34,443,000	.....
Kansas City.....	86,456,000	34,031,000	52,425,000	.....
Dallas.....	43,752,000	22,225,000	21,527,000	.....
San Francisco.....	53,872,000	34,094,000	19,778,000	.....
Total.....	4,234,381,000	3,728,034,000	506,347,000	3,603,000

Gain through settlement..... \$506,347,000
 Net loss through transfers..... 491,886,000
 Net gain through transfers and settlement..... 14,461,000

100823°—19—31

DISTRICT NO. 5—RICHMOND.

CALDWELL HARDY, Chairman and Federal Reserve Agent.

FINANCIAL RESULTS OF OPERATION.

The financial results of the operations of the Federal Reserve Bank of Richmond for 1918 have been most satisfactory. The increase in the productive assets from \$46,000,000 on December 31, 1917, to over \$97,000,000 on December 31, 1918, is reflected in the earnings for the year. These show a gross increase from \$770,000 in 1917 to \$2,979,000 in 1918, which, with an increase in expenses from \$307,000 to \$667,000, results in a corresponding increase in net earnings from \$462,000 to \$2,300,000. After payment of dividends, there remains \$2,079,000, one-half of which was carried to surplus, the other half being payable to the Government as a franchise tax. Earnings, dividends, and comparative report of profit and loss are shown in Schedule 1, and expenses in detail in Schedule 2.

Schedule 3, comparative balance sheet for December, 1917-18, shows an increase in total assets and liabilities from \$111,700,000 to \$204,800,000. While deposit liabilities show an increase of less than \$7,000,000, Federal Reserve notes have increased approximately \$81,000,000, from \$56,500,000 to \$137,478,000. This expansion in Federal Reserve notes is a striking illustration of the elasticity and power of the Federal Reserve system.

GENERAL BUSINESS AND BANKING CONDITIONS.

The year 1918 was the most prosperous ever enjoyed by the territory comprising this district. The most notable activities are, of course, agricultural. The cotton crop has been the largest ever produced, with one or two exceptions. Prices have averaged in the neighborhood of 30 cents per pound as against a normal average of about 10 cents, but the cost of producing the present crop has been much greater than usual. Farmers who have sold their crops are in better position than ever before, but much cotton is being held for higher prices.

The tobacco crop has been large in acreage and output, South Carolina in particular having increased her acreage considerably.

The average price has been in the neighborhood of 30 cents and the return the highest ever received for a tobacco crop. There have been unusual farm developments, transactions in farm lands have increased largely in volume, large farms have been subdivided, and a great deal of money spent for building houses, barns and other buildings. These conditions have been reflected in an unprecedented volume of business and great activity in commercial and banking circles.

Labor has been very scarce and inefficient, and wages have been limited only by what has been demanded. Money has circulated freely, the volume exceeding anything ever before known, and has been liberally spent.

The money market has been active, and while the supply of credit has been ample for all purposes, the prevailing rate has not fallen below 6 per cent. Bank profits have been satisfactory after providing for heavy Federal taxes.

DISCOUNT OPERATIONS.

The volume of commercial paper handled during the year, including trade and bankers' acceptances and Liberty loans, is shown on Schedule 4, by quarters, including daily average during the year and balance held on December 31, 1918. The volume classified by States is shown in Schedule 5. The schedules show an increase in the total bills held from \$42,800,000, December 31, 1917, to \$91,700,000, December 31, 1918. The principal increase has been in loans secured by Government obligations. Discount rates current for the year 1918 are shown in Schedule 6.

TRADE ACCEPTANCES.

Trade acceptances have been used to an increasing extent, particularly in financing sales of cotton to mills. The volume of bankers' and trade acceptances actually discounted has been much larger than the average volume held would indicate. Our contingent liability on bills rediscounted with other Federal Reserve Banks on December 31, was \$4,787,000. This was due to our rediscounting commercial paper and bankers' acceptances from time to time with other Federal Reserve Banks (to an aggregate of \$69,000,000 during the year) in order to maintain our reserve on a fair parity with those of other Federal Reserve Banks and at the same time meet the increasing demands of member banks for loans on Liberty bonds and United States certificates of indebtedness.

OPEN MARKET FOR ACCEPTANCES.

We have maintained an open market for bankers' acceptances originating in this district. Large transactions have been financed by these acceptances to a very considerable extent, particularly in cotton and tobacco. While we have endeavored to see that such

acceptances are issued only under legitimate conditions and in conformity with the regulations of the Federal Reserve Board, our policy has been to foster their use. There are 19 banks in the district now authorized by the Federal Reserve Board to issue acceptances to 100 per cent of their total capital and surplus, aggregating \$28,000,000.

RESERVE POSITION.

Schedule 7 shows deposit liability to member banks and to the United States Government, the average increase of deposits of member banks in the past year being from \$31,000,000 to \$46,000,000, or nearly 50 per cent. Schedule 8 shows average liability by months to member banks and the Government, net deposit liability, net liability in outstanding Federal Reserve notes, net liability to all deposits and Federal Reserve notes combined, amount of legal reserve percentage of legal reserve to net liabilities and percentage of reserve against Federal Reserve notes after allowing 35 per cent reserve against deposit liability. This percentage against Federal Reserve notes shows a decline from a maximum of 80.33 in March to 53.40 in December, with an average of 61.19 for the year, this decline being due to an increase in the volume of loans and a corresponding increase in the amount of Federal Reserve notes outstanding.

MOVEMENT OF MEMBERSHIP.

National bank and State bank membership is shown in Schedule 9, by States and in total. The number of national bank members has increased 11 in the year—from 517 to 528—and State bank members 23—from 14 to 37. Total stock subscriptions have increased during the year from 73,279 shares (50 per cent paid—\$3,663,950) to 81,244 shares (50 per cent paid—\$4,062,200). State institutions have been admitted to membership as follows:

Liberty Bank of Baltimore County, Arlington, Md.
 American Bank, Baltimore, Md.
 Hamilton Bank, Hamilton, Md.
 Cambria Bank, Cambria, Va.
 Bank of Christiansburg, Christiansburg, Va.
 Greensville Bank, Emporia, Va.
 The Marine Bank, Norfolk, Va.
 Union Bank, Richmond, Va.
 Kanawha Valley Bank, Charleston, W. Va.
 The Franklin Bank, Franklin, W. Va.
 Battery Park Bank, Asheville, N. C.
 American Trust Co., Charlotte, N. C.
 Bank of Commerce, High Point, N. C.
 Newbern Banking & Trust Co., Newbern, N. C.
 Wachovia Bank & Trust Co., Winston-Salem, N. C.
 Carolina Savings Bank, Charleston, S. C.
 Bank of Cheraw, Cheraw, S. C.
 The Commercial Bank, Chester, S. C.

Bank of Darlington, Darlington, S. C.
 Commercial & Savings Bank, Florence, S. C.
 Bank of Georgetown, Georgetown, S. C.
 Peoples Bank, Georgetown, S. C.
 Nicholson Bank & Trust Co., Union, S. C.

Their resources amount to about \$62,000,000, capital and surplus \$7,580,000, and their stock subscriptions are for 4,551 shares (50 per cent paid—\$227,550).

RELATIONS WITH NATIONAL BANK MEMBERS.

Relations with national bank members have been more extended than ever before and have emphasized the importance of mutual cooperation. The demand for national financing has been met only by the cooperation of all interests, particularly the banks, coordinated through and in turn supported by the Federal Reserve Bank.

Commercial and agricultural demands have been unusually large, particularly for carrying cotton, which has moved slowly and is still being largely held. Member banks have expressed their realization of the need for the Federal Reserve system and appreciation of its assistance in meeting this situation, which would otherwise have proved embarrassing. Figures on discounts are shown in Schedules 4 and 5, heretofore referred to.

It is hoped during the coming year to promote even closer relations, smoother operation of current business, and the rendering of increasingly valuable service to our members. The service charge of 1½ cents per item on items outside of Richmond was discontinued after June 15, 1918, and on October 24 we assumed all charges on the shipment between the Federal Reserve Bank and member banks of Federal Reserve notes, Federal Reserve bank notes, and lawful money. We were already bearing the expense of gold shipped to us and Federal Reserve notes given in exchange for gold. Many expressions of appreciation were received from our member banks.

FIDUCIARY POWERS.

Applications for the exercise of fiduciary powers have been increasing and those granted are as follows:

Date.	Name.	Location.	Powers granted.
1918.			
Jan. 23	Commercial National Bank.....	High Point, N. C. . . .	Trustee, executor, administrator, and registrar of stocks and bonds.
Mar. 29	Madison National Bank.....	Madison, W. Va.	Registrar of stocks and bonds. (Granted permission Aug. 19, 1915, to act as trustee, executor, and administrator.)
Apr. 1	Peoples National Bank.....	Rocky Mount, Va. . . .	Trustee, executor, administrator, and registrar of stocks and bonds.
Apr. 15	Commonwealth National Bank.....	Reedville, Va.	Trustee, executor, and administrator.
May 31	First National Bank.....	Harrisonburg, Va. . . .	Do.

Date.	Name.	Location.	Powers granted.
June 26	Fourth National Bank.....	Greenville, S. C.....	Trustee, executor, administrator, and registrar of stocks and bonds.
June 26	First National Bank.....	York, S. C.....	Do.
July 25	.....do.....	Chatham, Va.....	Trustee, executor, and administrator.
Aug. 24	.....do.....	New Windsor, Md.....	Trustee, executor, administrator, and registrar of stocks and bonds.
Dec. 2	Second National Bank.....	Baltimore, Md.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics.
Dec. 6	First National Bank.....	Clifton Forge, Va.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, and assignee.

RELATIONS WITH STATE BANKS AND TRUST COMPANIES.

The examinations of State institutions by their own banking departments have been recognized and accepted in applications for membership. We hope to carry such cooperation further, to the mutual advantage of the State banking departments, our State bank members, and ourselves.

Of the nearly 1,500 State institutions in this district, only about one-third have the capital required for eligibility in the Federal Reserve system. Membership has received some consideration during the year among those eligible, but not to the extent desired. The President's appeal received some consideration, but was minimized as only a war incident, without due appreciation of our future responsibilities and increasing need for coordinating all our financial power.

STATE LAWS ON RESERVES AND BANKERS' ACCEPTANCES.

The following data relate to State laws regulating reserves required of State institutions, and power to issue bankers' acceptances; also proposed amendments regarding these powers, particularly as to reserves required of State institutions joining the Federal Reserve system:

Maryland.—Banks of discount and deposit must keep on hand a reserve fund of 5 per cent of demand deposits in cash and 10 per cent in cash or reserve balances. Trust companies must keep on hand a reserve fund of 10 per cent of demand deposits in cash or in reserve balances and an additional 5 per cent in cash, reserve balances, or in registered bonds of the United States, Maryland, City of Baltimore, or some county or municipal corporation of Maryland. Member banks are required to keep only such reserves as are prescribed by the Federal Reserve Act.

North Carolina.—Every banking institution must keep on hand a reserve fund of 6 per cent of its total deposits in cash and an additional 9 per cent in cash or reserve balances. We have suggested an amendment permitting member banks to keep only such reserves as are required by the Federal Reserve Act.

South Carolina.—No reserve is required of State banks.

Virginia.—No reserve is required of State banks.

West Virginia.—All banking institutions are required to keep on hand a reserve of at least 6 per cent of their demand deposits in lawful money and an additional reserve of 9 per cent in lawful money or reserve balances. We have suggested legislation which will permit member banks to keep only such reserves as are required by the Federal Reserve Act.

District of Columbia.—The provision of the Federal Reserve Act covering reserves applies to members in the District of Columbia.

BANKERS' ACCEPTANCES.

In Virginia and Maryland banks are authorized by State statutes to accept drafts growing out of transactions involving the exportation and importation, domestic storage or shipment of goods, substantially to the same extent that this power is given national banks by the Federal Reserve Act. Trust companies of the District of Columbia which are members have the power to accept drafts by virtue of the provisions of the Federal Reserve Act itself. In West Virginia, North Carolina, and South Carolina banks have no power to accept drafts drawn upon them, but in all of these States we have suggested legislation which will give them this power.

FISCAL AGENCY OPERATIONS.

The general scheme of organization for the third and fourth Liberty loans was practically the same as that adopted in the first and second loans—that is to say, the governor of the Federal Reserve Bank was chairman of the district organization, consisting of the chairmen of the central Liberty loan committees of the several States and the publicity chairman of the district. The State committees consisted of members from the various important sections of each State, representing varied forms of industry.

It was decided that the county should be made a unit of the organization, which had not been done in previous loans, the chairmen for the counties being appointed by the State chairmen, subject to the approval of the district chairman. Each of the county chairmen appointed committees to look after the publicity, the soliciting of subscriptions, and the handling of all work in connection with loans in their respective counties. District chairmen were appointed by several of the State committees to supervise the work in groups of counties.

Before the beginning of each loan, the majority of States held conferences of their Liberty loan workers, and plans of organization were thoroughly worked out and definitely decided upon. All of the

chairmen were volunteers, quite a number of whom not only contributed liberally of their time, but also paid all expenses incident to their work.

The publicity committee for the district had its headquarters in Richmond, and the chairman of this committee had associated with him a chairman to look after the newspaper work, a chairman of a wholesale trade committee to work through the big wholesale houses of the district, and a chairman of a retail trade committee to handle similar work through the retail stores.

The speakers' bureau for the fifth district had its headquarters in Washington, and arrangements for speakers for the different States were made by the chairman of that bureau direct with the State chairmen. Through this bureau the message was carried to the churches, schools, theaters, factories, and public gatherings.

Apportionments to each of these loans were assigned to each individual banking institution and trust company in the district, based on total banking resources, as of December 31, 1917, the latest figures available, the county apportionments being based on banking resources and population.

The fifth district's quota for the third loan was \$130,000,000, and the total subscriptions aggregated \$186,259,050, an oversubscription of 43 per cent. The individual subscribers numbered 858,358. The district's quota in the fourth loan was \$280,000,000, a sum which seemed staggering at the outset, but when the last subscription was received, the total had mounted to \$352,685,200, an oversubscription of 26 per cent, which was exceeded only by the Boston district. The number of subscribers to the fourth loan was approximately 1,226,000.

Subscriptions during 1918 for United States tax certificates and certificates in anticipation of the third, fourth, and fifth Liberty loans and for the third and fourth Liberty loan bonds are shown in Schedule 10. This gives the total number of banks in the district, the number of banks subscribing, the amount of subscriptions, payments made in cash and by credit in the war loan deposit account. Certificates sold totaled \$267,398,500, and third and fourth Liberty loan bonds sold amounted to \$538,944,250, making the total of Government securities sold during the year \$806,342,750.

The deposit of Treasury funds with subscribing banks in the war loan deposit account and the gradual withdrawal of these funds as needed has made it possible to handle Government business without disturbance in the general financial situation. Sales of war-savings stamps and thrift stamps during the year have aggregated \$10,926,000, as shown in Schedule 11.

The opportunity for loans offered by the War Finance Corporation has been availed of through us in only one case. This was a loan for

\$8,000 to the Bank of Youngsville, S. C., about September 30. It was secured by customers' notes for \$11,000, secured by an equal amount (par value) of Liberty loan bonds, and was paid about December 12.

THE CAPITAL ISSUES COMMITTEE.

The Federal Reserve Board appointed three of its members as the Capital Issues Committee, and these gentlemen, acting with an advisory committee, requested all persons issuing securities in amounts exceeding \$500,000 to submit their applications to the committee and be guided by its advice as to whether it was compatible with the national interest to issue the securities. In order to facilitate the work of the committee, it appointed district committees, whose duty it was to investigate and report upon the issues of securities submitted to the Capital Issues Committee. Each of these district committees was composed of the chairman of the board of the Federal Reserve Bank, the governor of the Federal Reserve Bank, and other members selected from among the bankers and business men of the district. The district capital issues committee appointed for the fifth district was as follows:

DISTRICT COMMITTEE.

Caldwell Hardy, chairman, Richmond, Va.
 George J. Seay, vice chairman, Richmond, Va.
 E. L. Bemis, Richmond, Va.
 Herbert W. Jackson, Richmond, Va.
 John M. Miller, jr., Richmond, Va.
 S. T. Morgan, Richmond, Va.
 Frederic W. Scott, Richmond, Va.

ASSOCIATE MEMBERS.

B. H. Griswold, jr., Baltimore, Md.
 Waldo Newcomer, Baltimore, Md.
 John Joy Edson, Washington, D. C.
 E. E. Thompson, Washington, D. C.
 John L. Dickinson, Charleston, W. Va.
 Col. F. H. Fries, Winston-Salem, N. C.
 George A. Holderness, Tarboro, N. C.
 John A. Law, Spartanburg, S. C.
 R. G. Rhett, Charleston, S. C.

This same committee continued to serve after the passage of the War Finance Corporation Act. That act required the Capital Issues Committee to pass upon all securities when the amount of such securities, together with all other securities issued by the same issuing principal since April 5, 1918, exceeded \$100,000. The committee required all applicants to submit their applications simultaneously to the Capital Issues Committee and to the district committee, which latter committee investigated and reported to the Capital Issues Committee. The district committee, in carrying out its duty to investigate, referred the application to its nonresident committeeman nearest to the applicant's place of business, and also wrote to bankers and others, inquiring into the financial and personal standing of the applicant and the economic and industrial condition in the vicinity in which he proposed to operate. The report of the examining committeeman and all other data was then submitted to the resident committeemen, who met weekly in the Federal Reserve Bank, and a report was forwarded to the Capital Issues Committee.

As the need of conserving capital became more pressing during the summer, the Capital Issues Committee requested persons issuing securities in amounts less than \$100,000 to submit their plans to the district committee and be guided by its judgment. Submission of these smaller amounts was entirely voluntary, but almost all parties to whose attention this request was brought gladly acceded to it, and the district committee passed upon 42 applications of this class, the larger number of which were by cities and towns issuing small blocks of securities.

A statement showing the number of applications submitted and the action taken on them is given below; also an analysis showing the amount of securities approved and the reasons for their approval, and also the amount disapproved:

Applications passed on by the district committee.

	Involving over \$100,000.	Involving \$100,000 or less.
Private corporations—		
Approved.....	65	7
Approved in part.....	2	.....
Disapproved.....	25	2
Unfinished.....	9	5
Municipal subdivision:		
Approved.....	12	20
Approved in part.....	.....	2
Disapproved.....	7	6
Total.....	120	42

Securities acted on by the district committee.

	Involving more than \$100,000.		Involving \$100,000 or less.	
	Approved.	Disapproved.	Approved.	Disapproved.
Private corporation, essential mining, manufacturing, or agriculture.....	\$16,538,300		\$110,000	.....
Public utilities, housing, hotels, etc.....	14,242,600		75,000	.....
Mercantile, banking, and general purposes.....	3,323,900		50,000	.....
Refunding, reorganizations involving no new capital.....	28,145,000		141,000	.....
Incompatible with national interest.....		\$68,030,310		\$229,300
States and subdivisions, necessary for public welfare.....	4,135,000		434,900	.....
Refunding.....	1,628,000		353,000	.....
Nonessential.....		1,628,000		320,000
Total.....	68,012,800	69,658,310	1,163,900	549,300
Total refunding.....	29,773,000		494,000	.....
Total new issues.....	38,239,800	69,658,310	669,900	549,300

The above tabulation shows the securities approved or disapproved prior to November 11. After that date the committee in some measure relaxed the strictness of its ruling, and many applications previously disapproved were reconsidered and approved.

On December 31 the Capital Issues Committee suspended its operations, feeling that the emergency was in some measure past and that it was better that the public be freed from restriction, imposed upon business expansion and left to determine for itself what expansion was proper and what should be deferred.

NOTE ISSUES.

Schedule 12 gives a complete record of the issue and redemption of Federal Reserve notes, the amount in circulation December 31, 1918, as shown by the general balance sheet, being \$137,478,000.

Federal Reserve bank notes in circulation December 31, 1918, amounted to \$4,005,500. These are secured by the deposit with the Treasurer of the United States of—

One year United States 3 per cent Treasury notes.....	\$899, 000
United States 2 per cent certificates (special).....	3, 885, 000
Total.....	4, 784, 000

These Federal Reserve bank notes are issued only in \$1 and \$2 denominations, and for the purpose of replacing silver certificates, these latter being retired in order to facilitate Treasury transactions in silver.

POSITION OF COMMERCIAL BANKS AS RESULT OF FINANCING.

As war financing has progressed and increased, rediscount applications filed with the Federal Reserve Bank by those member banks which have participated in it have, as a rule, also increased in somewhat the same ratio. The volume of rediscounts against United States certificates and bonds and against commercial paper held by the Federal Reserve Bank can hardly be accepted as an accurate index of the relative borrowing by the banks for participation in Government financing and for commercial uses. Banks which have paid for bonds in full out of their own resources and have later needed funds for commercial purposes, have undoubtedly borrowed against their bonds instead of rediscounting commercial paper because of the lower rate obtained on bond-secured obligations.

While the rediscount lines of banks which have participated in Government financing have increased, many of them to large amounts, commercial needs have been liberally taken care of. In fact, in many cases, commercial credits apparently have not only been not restricted, but have been unduly liberal, and we have felt it judicious to offer cautions against this practice. The slow marketing of the cotton crop and the disposition of farmers to hold for higher prices, which in many cases have seemed unreasonable, have been potent factors in this situation. As domestic mills have been fully supplied, however, and the surplus held represents what would under normal

conditions have been exported, it is a question whether a larger volume of the crop could have been marketed without forcing an earlier and larger decline in prices. While the cotton situation has obstructed customary liquidation and the credit situation is therefore abnormally extended at the close of the year, the cotton is on hand as an asset. Its value may be undetermined as yet, but distribution by export to countries where it is needed must come on some basis, and the result, whatever it may be, will be accepted and absorbed.

POLICY TO BE PURSUED IN RESTORING LIQUIDITY OF BANKS.

Those banks which purchased bonds themselves and induced their customers to do so by agreeing to carry them, have, as a rule, gone as far in this direction as is judicious. At present prices, liquidation of war paper would entail considerable losses, and public sentiment does not approve of forced liquidation under such circumstances. This is particularly true in view of the coming campaign for the fifth war loan. The terms of this loan will have an important bearing on present bank war obligations. This will necessarily delay liquidation of the present situation. Under these conditions, the Federal Reserve Bank must shape its policy toward member banks as daily conditions may arise. These being unknown, it is problematical as to how soon war paper can be cleared up. The volume of this paper, together with cotton paper, is so large that it will probably need the proceeds of another crop to relieve the undigested condition.

OPERATIONS OF FEDERAL RESERVE BANK BRANCH.

A branch at Baltimore, Md., was opened for business March 1, 1918, with the following officers and directors:

Officers: M. M. Prentis, manager; Charles H. Wyatt, cashier; Charles N. Duley, assistant Federal Reserve agent, and auditor.

Directors: M. M. Prentis; Charles C. Homer, jr., president of the Second National Bank and the Savings Bank of Baltimore; William Ingle, president Baltimore Trust Co.; Waldo Newcomer, president National Exchange Bank; H. B. Wilcox, vice-president Merchants-Mechanics-First National Bank.

The building formerly occupied by the Mechanics National Bank at the corner of South and German Streets was purchased for the use of the branch at a cost of \$200,000. The building was originally designed for a banking house, and its arrangement is admirably adapted to this purpose.

Mr. Henry Schutz was appointed in June as assistant Federal Reserve agent and assistant auditor. In December, Mr. Frank McL. Leeke, formerly head teller, was appointed assistant cashier. The board of directors was reappointed to serve for 1919 and the

official staff who are to serve for the coming year are as follows: Charles N. Duley, assistant Federal Reserve agent and auditor; Henry Schutz, assistant Federal Reserve agent and assistant auditor; M. M. Prentis, manager; Charles H. Wyatt, cashier; Frank McL. Leeke, assistant cashier.

The operation of the branch at Baltimore has been most satisfactory to the banks of that city and State. Before its establishment, member banks in the city of Baltimore, in order to make checks on them available for immediate credit in Richmond, were obliged to keep excess balances (over and above required reserve) to an amount equal to the volume of checks for one or two days. As the checks on these banks are now sent direct to the Baltimore branch (but settled for through Richmond, as before) by other Federal Reserve Banks, the Baltimore banks have been relieved of the considerable burden of carrying excess available balances.

While discounts made by the branch are forwarded to Richmond, subject to approval, immediate credit is given in Baltimore and currency supplied at once against such credit when needed. The total volume of discounts since its establishment March 1, 1918, is shown on Schedule 13, and amounts to \$263,000,000. The branch has taken over the Baltimore Country Clearing House and has cleared a total of 3,100,000 items, averaging 12,700 items daily, and amounting to \$2,066,000,000, a daily average of \$8,467,000, as shown in Schedule 14.

INTERNAL ORGANIZATION.

Our 254 officers and employees are classified in Schedule 15, and the increase in the number for the years 1916-17-18 is a fair index of the great growth of the business of the bank. Every department of the bank has been extended and organized with a view to efficiency and the prompt handling of the enormous volume of business committed to it. During the year the following additions to the official force have been made: W. W. Dillard, assistant cashier; Maxwell G. Wallace, assistant counsel; J. G. Fry, assistant Federal Reserve agent; W. E. Cadwallader, comptroller; R. H. Broaddus, deputy governor.

Mr. Edmund Strudwick, of Richmond, Va., was reelected class B director, and Mr. Charles E. Rieman, of Baltimore, Md., was elected class A director to succeed Mr. H. B. Wilcox, who declined reelection. The official staff and directors who are to serve for the coming year are as follows:

Officers.—Caldwell Hardy, chairman of the board and Federal Reserve agent; A. H. Dudley, assistant Federal Reserve agent; J. G. Fry, assistant Federal Reserve agent; George J. Seay, governor; Charles A. Peple, deputy governor; R. H. Broaddus, deputy governor;

George H. Keesee, cashier; C. V. Blackburn, assistant cashier; Thomas Marshall, Jr., assistant cashier; W. W. Dillard, assistant cashier; W. E. Cadwallader, comptroller.

Directors.

	Occupation.	Residence.
Class A:		
J. F. Bruton.....	President First National Bank.....	Wilson, N. C.
Edwin Mann.....	do.....	Bluefield, W. Va.
Charles E. Rieman.....	President Western National Bank.....	Baltimore, Md.
Class B:		
James F. Oyster.....	Merchant.....	Washington, D. C.
D. R. Coker.....	Merchant and planter.....	Hartsville, S. C.
Edmund Strudwick.....	President Atlantic Life Insurance Co.....	Richmond, Va.
Class C:		
James A. Moncure.....	Secretary and treasurer Richmond Guano Co.....	Do.
Caldwell Hardy.....	Chairman and Federal Reserve agent.....	Do.
Howard Bruce.....	President Bartlett-Hayward Co.....	Baltimore, Md.

CLEARINGS.

Schedule 16 shows clearing operations for the year. Over 12,000,000 items were handled, averaging nearly 40,000 daily, with an aggregate of over \$7,113,000,000 and a daily average of over \$23,000,000 for 304 business days. This large volume was handled promptly, accurately and without loss, and, after June 15, without any charge to members for service.

COLLECTIONS.

Collection items handled were negligible in number and amount, the services of the bank in this direction not having been availed of to any extent by its members.

GOLD SETTLEMENT FUND.

The establishment of a leased-wire system between the Federal Reserve Board at Washington and the 12 Federal Reserve Banks, affording prompt intercommunication, has greatly facilitated the prompt and efficient handling of business.

Daily settlements through the gold settlement fund have proved efficient. Our transactions through this fund, maintained in Washington under the control of the Federal Reserve Board, and under the custody of the Treasurer of the United States, have reached the totals of \$1,633,232,342 in receipts and \$1,641,094,813 in payments. These have been handled by bookkeeping entries without moving a dollar of actual gold, but with the same efficiency as if the coin had been actually handled.

BANKING QUARTERS.

The bank is occupying at present two store buildings (partially three and four stories) Nos. 1107 and 1109 East Main Street. The quarters are crude and insufficient and afford a very undesirable fire

risk. It has been necessary to make extensive alterations at a cost, which, at best, has afforded very inadequate results. Vault facilities, even with a considerable expenditure, are still very unsatisfactory. In addition to these two buildings, we have maintained another office at No. 1016 East Main Street for our bond delivery department, and during the Liberty loan campaigns, we have found it necessary to rent additional quarters outside. A suitable and very desirable site for a new building was purchased nearly two years ago at the corner of Franklin and Ninth Streets, facing Capitol Square. The lot is 93 by 120 feet, with streets on two sides, a 20-foot lane on the third side, and the fourth side will also be left open for light, air, and fire protection by a vacant space. The location is one short square from the financial center of the city at the corner of Ninth and Main Streets. Plans and specifications have been procured for an adequate and attractive building, particularly designed for good light and efficiency and the early erection of such a building is contemplated.

SPECIAL DEVELOPMENTS IN THE DISTRICT.

Agriculture, manufacturing, trade and banking have been at high-water mark throughout the district during the year. Products include cotton, tobacco, corn, wheat, and other grain; peanuts, truck crops of vegetables and fruits of infinite variety; cattle and hogs; cotton mill products, fertilizers, oil, canned goods and packing house products; coal, iron, and the commodities usually embraced in general trade.

Special developments in the Tidewater section have been unprecedented.

The Bethlehem Steel Co. is estimated to have spent \$30,000,000 at its Sparrows Point shipyard, near Baltimore. The production of ammunition at various plants in and around Baltimore has been almost beyond computation. The Newport News Shipbuilding & Dry Dock Co., at the entrance of the James River into Hampton Roads, has had over 10,000 men on its pay roll, and has been extensively engaged in Government and other shipbuilding. Government camps extend for 20 miles out of Newport News along the Chesapeake & Ohio Railway toward Richmond, and the volume of shipping at Newport News has crowded its facilities. The Du Pont Co. has had powder plants on the James River and York River, producing millions of pounds of explosives.

In addition to the Norfolk Navy Yard on the Elizabeth River, the greatest (permanent) naval base in the country has been established on Hampton Roads below Norfolk, and contiguous to it, extensive docks and an Army base. Norfolk has doubled its population, which is now estimated to approach 200,000. Wilmington, N. C., and

Army camps of enormous size have been located near Baltimore, Md., Petersburg, Va., Charlotte, N. C., Columbia and Spartanburg, S. C.

While a considerable volume of these activities will cease with peace, the Tidewater plants are mostly permanent, and Chesapeake Bay, Hampton Roads, and their tributaries will be the locus of great future shipping activities, naval and commercial, served as it is by eight trunk line railroads—Pennsylvania, Norfolk & Western, Virginian, Southern, Seaboard Air Line, Atlantic Coast Line, Chesapeake & Ohio, and Norfolk-Southern.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of Richmond during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	(1) Dis- counted paper secured by U. S. war ob- ligations.	(2) Other dis- counted paper.	(3) 1+2.	(4) Bills bought in open market.	(5) Total bills dis- counted and bought.	(6) Per cent 1+5.	(7) Total earning assets.
Jan. 4.....	10,547	16,539	27,086	13,829	40,915	25.8	44,145
11.....	7,900	15,628	23,528	13,770	37,308	21.2	40,520
18.....	11,197	21,864	33,061	12,586	45,647	24.5	48,989
25.....	11,892	20,362	32,254	13,403	45,657	26.0	48,523
Feb. 1.....	11,644	18,677	30,321	14,368	44,689	26.1	48,493
8.....	10,641	17,808	28,449	12,968	41,417	25.7	44,648
15.....	12,300	22,539	34,839	3,264	38,193	32.4	41,393
21.....	13,491	21,625	35,116	3,497	38,613	34.9	41,826
Mar. 1.....	11,941	19,780	31,721	4,293	36,014	33.2	39,241
8.....	12,755	19,529	32,284	5,555	37,839	33.7	41,066
15.....	12,573	16,081	28,654	6,939	35,593	35.3	38,820
22.....	13,046	18,244	31,290	8,625	39,915	32.7	43,142
29.....	14,299	22,182	36,481	9,585	46,069	31.0	49,236
Apr. 5.....	14,872	22,759	37,631	11,371	49,002	30.3	51,773
12.....	17,051	22,690	39,741	12,701	52,442	32.5	55,213
19.....	20,383	20,408	40,791	4,191	44,982	45.3	47,753
26.....	25,064	22,269	47,333	5,177	52,510	47.7	55,266
May 3.....	25,966	25,235	51,201	5,029	56,221	46.2	58,977
10.....	24,553	27,684	51,637	5,695	57,332	42.8	60,089
17.....	27,232	19,101	46,333	1,893	48,226	56.5	50,983
24.....	26,493	19,565	46,058	2,494	48,552	54.6	51,309
31.....	28,638	20,389	49,027	2,797	51,824	55.3	54,581
June 7.....	23,802	25,753	49,555	3,512	53,067	44.9	55,824
14.....	29,991	21,610	51,601	4,244	55,845	63.7	58,602
21.....	21,207	29,278	50,485	6,158	56,643	37.4	59,399
28.....	32,135	21,769	53,904	2,946	56,850	56.5	59,596
July 5.....	27,891	30,586	58,477	3,618	62,095	44.9	64,613
12.....	23,411	34,705	58,116	3,777	61,893	37.8	64,636
19.....	27,740	30,021	57,761	3,221	60,982	45.5	63,725
26.....	30,464	29,346	59,810	4,118	63,928	47.7	66,671
Aug. 2.....	33,469	29,806	63,275	6,021	69,296	48.3	72,040
9.....	33,788	39,605	64,393	7,072	71,465	47.3	74,209
16.....	32,959	22,475	55,434	4,988	60,422	54.5	63,165
23.....	33,853	22,714	56,567	5,588	62,155	54.5	64,898
30.....	41,587	17,055	58,642	4,742	63,384	65.6	66,127
Sept. 6.....	45,187	19,020	64,207	4,649	68,856	65.6	71,599
13.....	51,048	17,656	68,704	4,548	73,252	69.7	75,995
20.....	47,726	18,100	65,826	4,600	70,426	67.8	73,169
27.....	48,751	18,921	67,672	4,585	72,258	67.5	75,001
Oct. 4.....	52,414	18,702	71,116	4,866	75,982	69.0	78,726
10.....	49,945	17,373	67,318	5,020	72,338	69.0	75,082
18.....	51,948	15,776	67,724	6,320	74,044	70.2	76,788
25.....	44,710	16,910	61,620	7,936	69,556	64.3	72,075
Nov. 1.....	59,780	18,885	78,665	9,761	88,426	67.6	92,445
8.....	65,848	20,197	85,545	9,660	95,205	68.6	99,224
15.....	69,728	20,412	90,140	9,661	99,801	69.9	103,820
22.....	69,306	18,049	87,355	2,657	90,012	77.0	94,061
29.....	65,683	18,956	84,639	2,724	87,363	75.2	91,881

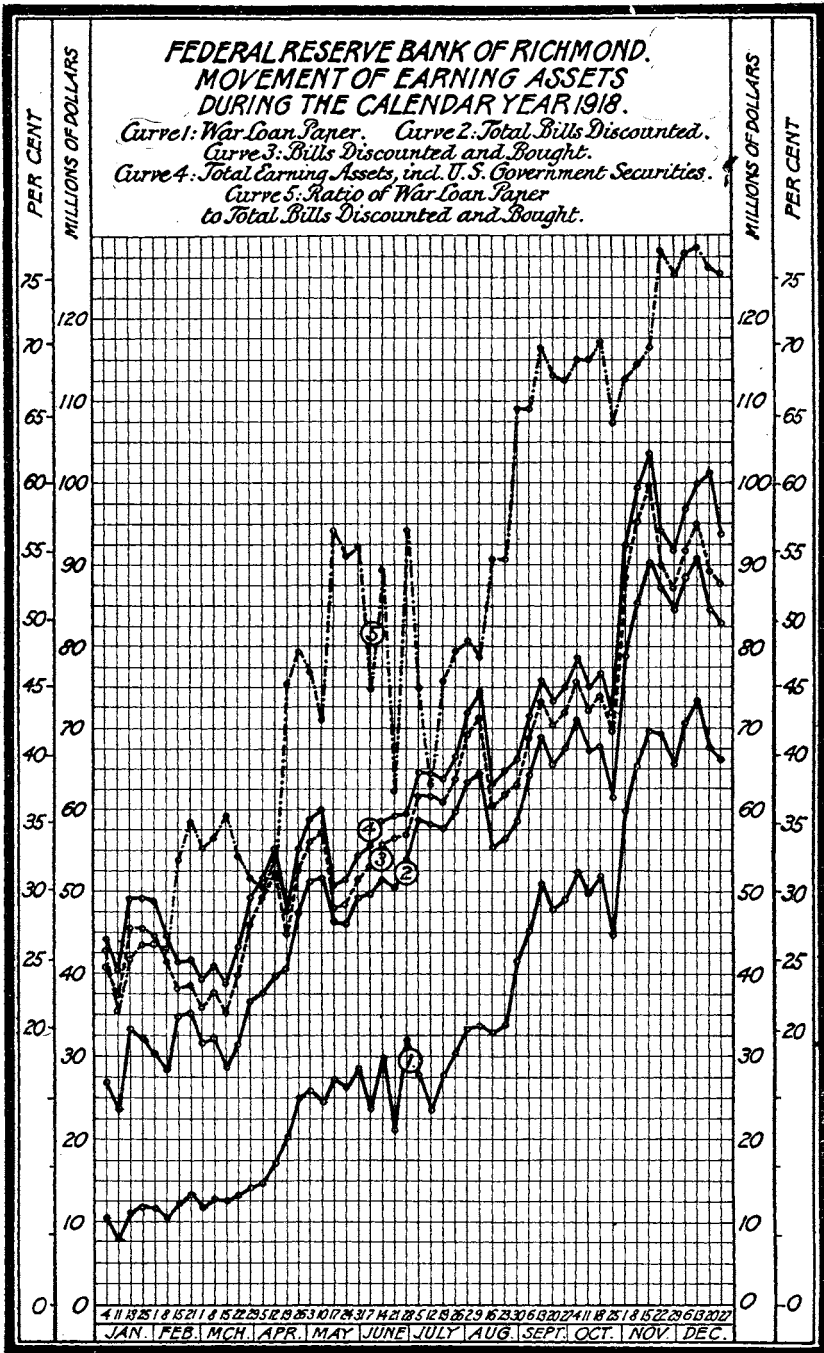
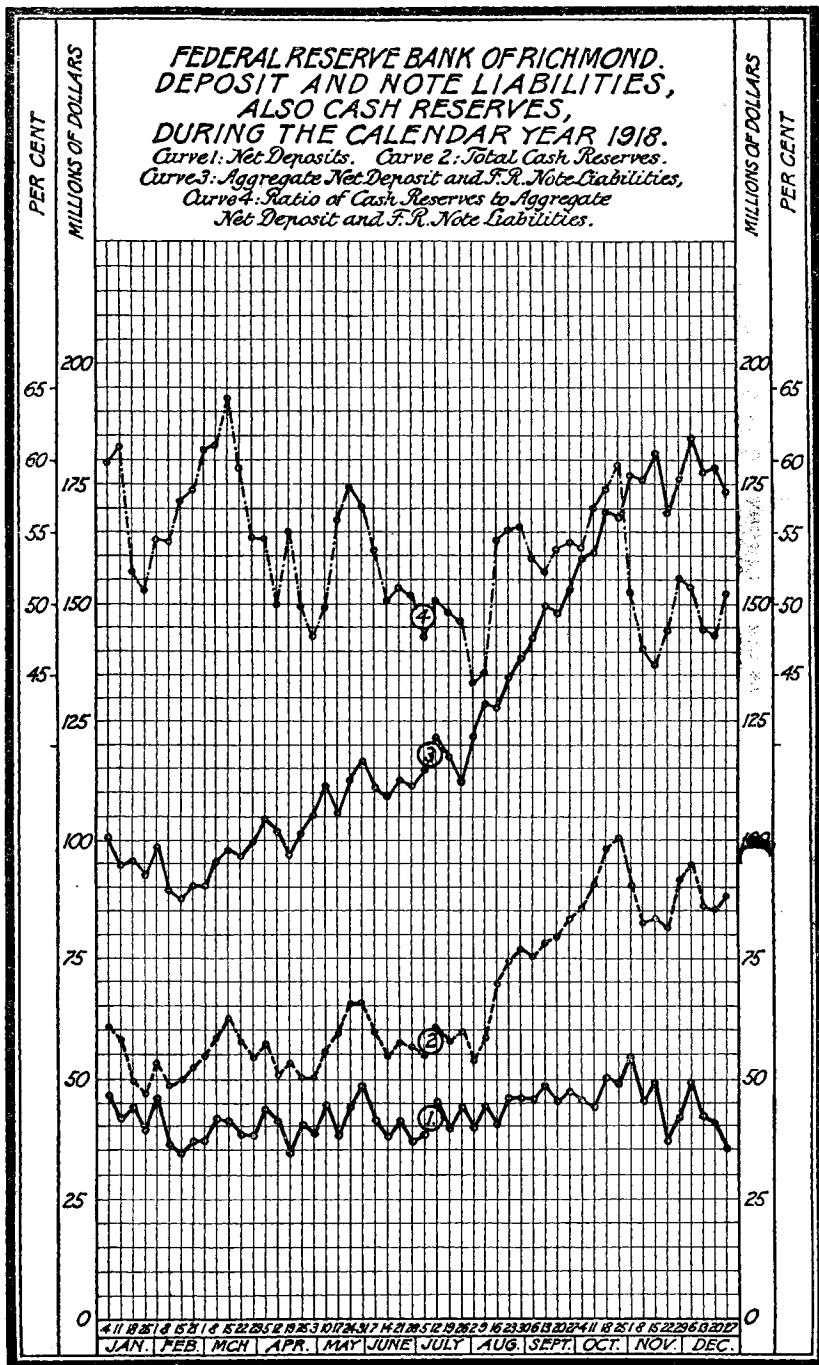


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of Richmond during the calendar year 1918.*

[In thousands of dollars, i. e., 000 omitted.]

	(1)	(2)	(3)	(4)	(5)
	Total cash reserves.	Net deposits.	F. R. notes in actual circulation.	2+3.	Ratio of cash reserves to net deposit and F. R. note liabilities, combined.
Jan. 4.....	60,403	46,559	54,448	101,007	59.8
11.....	57,783	41,844	53,046	94,890	60.9
18.....	49,843	44,010	51,248	95,258	52.3
25.....	47,193	39,251	53,143	92,394	51.1
Feb. 1.....	53,656	46,097	52,282	98,379	54.5
8.....	48,549	36,770	52,610	89,380	54.3
15.....	50,064	34,513	53,079	87,592	57.2
21.....	52,445	37,015	53,415	90,430	58.0
Mar. 1.....	54,957	37,116	53,367	90,483	60.7
8.....	58,092	41,783	53,508	95,291	61.0
15.....	62,505	41,142	56,363	97,505	64.1
22.....	57,488	38,499	58,339	96,838	59.4
29.....	54,379	38,135	61,592	99,727	54.5
Apr. 5.....	57,093	43,551	61,307	104,858	54.4
12.....	51,168	41,097	61,248	102,345	50.0
19.....	53,249	34,361	62,536	96,897	55.0
26.....	50,729	40,411	61,580	101,991	49.7
May 3.....	50,285	38,673	66,558	105,231	47.8
10.....	55,479	44,885	66,658	111,543	49.7
17.....	59,260	39,035	67,981	106,016	55.9
24.....	65,583	44,563	68,281	112,844	58.1
31.....	65,870	48,732	67,611	116,343	56.6
June 7.....	69,786	41,370	70,016	111,386	53.7
14.....	54,915	38,139	71,043	109,182	50.3
21.....	57,667	41,153	71,745	112,898	51.1
28.....	56,463	37,165	74,525	111,690	50.6
July 5.....	54,919	33,520	76,478	114,998	47.8
12.....	61,087	45,264	76,128	121,392	50.3
19.....	57,765	39,717	77,316	117,033	49.4
26.....	59,937	43,904	78,819	112,723	48.8
Aug. 2.....	53,954	39,861	81,563	121,424	44.4
9.....	58,138	44,309	84,433	128,742	45.2
16.....	69,612	41,014	86,950	127,964	54.4
23.....	74,318	46,780	87,767	134,547	55.2
30.....	77,086	46,452	92,316	138,768	55.6
Sept. 6.....	75,862	46,046	96,678	142,724	53.2
13.....	78,376	48,992	100,450	149,442	52.4
20.....	79,565	45,888	102,603	147,891	53.8
27.....	83,025	47,588	105,499	153,087	54.2
Oct. 4.....	85,832	45,955	113,258	159,213	53.9
10.....	90,863	44,183	116,401	160,584	56.6
18.....	98,056	50,300	118,797	169,097	58.0
25.....	100,172	49,125	118,810	167,935	59.6
Nov. 1.....	90,167	54,923	122,088	177,011	50.9
8.....	82,793	45,528	130,770	176,298	47.0
15.....	83,147	49,297	132,122	181,419	45.8
22.....	81,392	37,117	131,960	169,077	48.1
29.....	91,572	41,920	134,467	176,387	51.9
Dec. 6.....	94,944	49,589	135,386	184,975	51.3
13.....	86,017	42,116	135,667	177,783	48.4
20.....	85,636	40,141	138,682	178,823	47.9
27.....	88,234	35,285	138,118	173,403	50.9



SCHEDULE 1.—Earnings, dividends, and comparative profit and loss.

	1918	1917
Gross earnings:		
On loans and investments.....	\$2,747,492.79	\$716,340.78
Profits on United States securities sold.....		16,711.75
Service charges (net over transit expenses).....		4,386.69
Service charges (collected Jan. 1 to June 15, 1918).....	49,064.71	
Penalties for deficiencies in reserve.....	122,653.93	31,362.02
Miscellaneous.....	59,836.11	1,207.69
	\$2,979,047.54	\$770,008.93
Deduct—		
Expenses.....	653,820.07	257,785.67
Reserve for depreciation in United States securities.....	13,198.00	50,000.00
	667,018.07	307,785.67
Net profit for the year.....	2,312,029.47	462,223.26
Balance in undivided profits, Jan. 1, 1917.....		11,664.70
		473,887.96
Dividends paid:		
6 per cent Nov. 1, 1916, to June 30, 1917.....		135,690.71
6 per cent July 1, 1917, to Dec. 31, 1917.....		105,253.79
		240,944.50
6 per cent Dec. 31, 1917, to June 30, 1918.....	112,844.20	
6 per cent July 1, 1918, to Dec. 31, 1918.....	119,458.71	
Interest paid on stock surrendered.....	129.03	
	232,431.94	
Balance available for surplus and franchise tax..	2,079,597.53	232,943.46
Deduct—		
Franchise tax paid to United States Government.....	1,039,798.76	116,471.73
Carried to surplus account.....	1,039,798.77	116,471.73
	2,079,597.53	232,943.46

SCHEDULE 2.—Expenses for the year 1918.

Particulars.	Current.	Transit.	Total.
Assessments account of expenses Federal Reserve Board.....	\$19,814.43		\$19,814.43
Federal Advisory Council (fees and traveling expenses).....	150.00		150.00
Governors' conferences (including traveling expenses).....	209.70		209.70
Federal reserve agents' conferences (including traveling expenses).....	321.12		321.12
Salaries:			
Bank officers.....	41,358.73	\$7,095.91	48,454.64
Clerical staff.....	122,994.92	50,122.90	173,117.82
Special officers and watchmen.....	3,429.04	1,438.50	4,867.54
All other.....	4,180.54	827.55	5,008.09
Directors:			
Fees.....	3,320.00		3,320.00
Per diem allowance.....	680.00		680.00
Traveling expenses.....	1,218.32		1,218.32
Officers' and clerks' traveling expenses.....	2,514.55	500.00	3,014.55
Legal fees.....	1,122.26		1,122.26
Rent.....	4,658.50	547.50	5,206.00
Taxes and fire insurance.....	1,822.71		1,822.71
Telephone.....	1,743.41	367.06	2,110.47
Telegraph.....	2,822.07	138.30	2,960.37
Postage.....	13,592.75	31,925.78	45,518.53
Expressage.....	9,092.72	674.27	9,766.99
Insurance and premiums on fidelity bonds.....	7,997.32	466.79	8,464.11
Light, heat, and power.....	5,125.20	1,523.08	6,648.28
Printing and stationery.....	28,521.31	7,994.37	36,515.68
Repairs and alterations.....	10,201.08	2,074.37	12,275.45
All other expenses.....	12,514.74	3,164.76	15,679.50
Total expenses of operation.....	299,405.42	108,861.14	408,266.56
Cost of Federal reserve currency issued by bank.....	118,821.54		118,821.84
Miscellaneous charges account of note issues.....	6,699.91		6,699.91
Depreciation in furniture and equipment.....	66,353.64	23,432.87	91,786.51
Depreciation in bank premises.....	28,245.25		28,245.25
Total current expenses.....	519,526.06	134,294.01	653,820.07

SCHEDULE 3.—Comparative balance sheets (condensed).

	Dec. 31, 1918.	Dec. 31, 1917.
ASSETS:		
Cash:		
Gold reserve.....	\$85,175,274.60	\$62,342,094.65
Legal tender, silver, etc.....	223,543.45	164,264.85
Total reserve.....	85,398,818.05	62,506,359.50
Other cash and cash items.....	11,494,650.94	597,613.72
Total cash.....	\$96,893,468.99	\$63,103,973.22
Transit items, net.....	9,304,775.33	2,395,561.04
Overdrafts.....	168,622.52	50,074.18
5 per cent fund against bank notes.....	309,900.00	.....
Productive assets:		
Loans and bills purchased.....	91,706,438.88	42,812,846.02
United States Govern- ment securi- ties.....	6,018,200.00	3,205,450.00
Par values.....	97,724,638.88	46,018,296.02
Add accrued inter- est receivable.....	22,159.86	21,575.24
Deduct—	97,746,798.74	46,039,871.26
Reserve for de- preciation in United States bonds.....	\$63,198.00	\$50,000.00
Unearned disc- count.....	190,567.40	100,204.38
Liquid values.....	253,765.40	150,204.38
Real estate, furniture and equipment.....	290,000.00	309,065.24
Deferred charges.....	4,915.53	.....
Advances to Govern- ment committees.....	345,436.19	43,221.74
.....	640,351.72	352,286.98
.....	204,810,151.90	111,791,562.30
LIABILITIES:		
Federal Reserve notes outstanding, net.....	137,478,030.00	56,563,805.00
Federal Reserve bank notes outstanding, net.....	4,005,500.00	.....
Deposits:		
Treasurer of United States.....	2,795,094.97	2,253,761.15
Members' reserves.....	54,161,937.72	45,356,855.67
Cashier's checks.....	111,319.95	192,256.97
Reserve for fran- chise tax.....	1,039,798.76	.....
Other Federal Re- serve banks, net.....	.....	3,644,461.78
.....	58,108,151.40	51,447,335.57
Liability to share- holders:		
Capital stock.....	4,062,200.00	3,663,950.00
Surplus.....	1,156,270.50	116,471.73
.....	5,218,470.50	3,780,421.73
.....	204,810,151.90	111,791,562.30
Due from depository banks and payable to United States Treas- urer (special account).....	20,500,680.07	24,474,583.36
Contingent liability in bills rediscounted with or sold other Federal Reserve Banks.....	4,787,079.38	.....
Percentage of reserves to net liability in de- posits and Federal Reserve notes.....	48.58	59.48

SCHEDULE 4.—Daily averages (by quarters) of bills discounted and bought and balances held as of Dec. 31, 1918, classified.

Classification.	Quarter ended Mar. 31.	Quarter ended June 30.	Quarter ended Sept. 30.
Notes secured by Government war obligations:			
Members.....	\$6,143,691.44	\$19,277,576.12	\$32,279,427.04
Nonmembers indorsed by members.....	707,056.38	745,350.27	1,406,421.38
Others indorsed by members.....	4,840,746.62	4,113,880.12	5,234,842.38
Otherwise secured:			
Members by customers' notes.....	16,416.67	935,676.92	781,469.57
Others by agricultural products.....	370,534.55	653,574.78	409,130.48
Merchandise (including commodity).....	79,162.36	2,346.85	870.00
Drafts with bill of lading.....	65,855.29	19,027.55	2,816.75
Trade acceptances.....	1,255,325.66	1,784,434.55	1,451,984.92
Unsecured notes.....	17,494,190.32	19,097,871.29	18,537,250.77
Total discounted.....	30,972,979.29	46,629,738.45	60,104,213.29
Bankers' acceptances:			
Foreign.....	6,415,829.95	3,675,294.78	2,785,204.35
Domestic.....	3,256,598.56	1,993,493.04	1,790,953.29
Total bought.....	9,672,428.51	5,668,787.82	4,576,157.64
Total bills.....	40,645,407.80	52,298,526.27	64,680,370.93
RECAPITULATION.			
Secured by Government war obligations.....	11,691,494.44	24,136,806.51	38,920,690.80
Otherwise secured.....	531,968.87	1,610,626.10	1,194,286.80
Unsecured.....	18,749,515.98	20,882,305.84	19,989,235.69
Total discounted.....	30,972,979.29	46,629,738.45	60,104,213.29
Bankers' acceptances bought.....	9,672,428.51	5,668,787.82	4,576,157.64
Total bills.....	40,645,407.80	52,298,526.27	64,680,370.93
<hr/>			
Classification.	Quarter ended Dec. 31.	Daily average over the year.	Balance held as of Dec. 31, 1918.
Notes secured by Government war obligations:			
Members.....	\$50,614,664.12	\$27,214,926.26	\$58,008,847.72
Nonmembers indorsed by members.....	1,710,365.86	1,145,768.82	2,093,671.88
Others indorsed by members.....	9,225,515.82	5,864,063.68	12,331,812.15
Otherwise secured:			
Members by customers' notes.....	626,461.74	592,202.14	56,350.00
Others by agricultural products.....	869,427.17	576,577.31	1,651,194.10
Live stock.....	29,731.25	7,493.90	.....
Merchandise (including commodity).....	.....	20,323.77	.....
Drafts with bill of lading.....	6,448.60	23,317.52	.....
Trade acceptances.....	2,373,749.20	1,718,713.40	2,525,536.12
Unsecured notes.....	13,414,036.08	17,128,498.10	9,573,860.68
Total discounted.....	78,870,399.84	54,291,884.90	86,241,272.65
Bankers' acceptances:			
Foreign.....	3,002,071.72	3,957,002.51	2,557,500.00
Domestic.....	2,789,928.74	2,454,638.04	2,907,666.23
Total bought.....	5,792,000.46	6,411,640.55	5,465,166.23
Total bills.....	84,662,400.30	60,703,525.45	91,706,438.88
RECAPITULATION.			
Secured by Government war obligations.....	61,550,545.80	34,224,758.76	72,434,331.75
Otherwise secured.....	1,532,068.76	1,219,914.64	1,707,544.10
Unsecured.....	15,787,785.28	18,847,211.50	12,099,396.80
Total discounted.....	78,870,399.84	54,291,884.90	86,241,272.65
Bankers' acceptances bought.....	5,792,000.46	6,411,640.55	5,465,166.23
Total bills.....	84,662,400.30	60,703,525.45	91,706,438.88

SCHEDULE 5.—Daily averages of bills discounted and bought (by quarters), classified as to States.

State.	First quarter.	Second quarter.	Third quarter.	Fourth quarter.	Total during year.
Maryland.....	\$8,128,700	\$11,050,253	\$11,542,131	\$12,076,305	\$10,712,471
District of Columbia.....	669,967	1,562,176	1,086,924	3,520,587	1,716,016
Virginia.....	18,571,489	22,252,966	25,732,978	35,045,587	25,448,644
West Virginia.....	820,955	1,661,505	1,985,293	1,910,804	1,598,696
North Carolina.....	6,828,444	8,666,000	12,176,065	15,232,293	10,752,699
South Carolina.....	4,843,556	7,524,694	12,199,511	17,177,750	10,475,500
Total.....	39,863,111	52,717,594	64,722,902	84,963,326	50,703,526

State.	Number of banks accommodated quarterly.				During year.	Balance of bills held Dec. 31, 1918.
	First.	Second.	Third.	Fourth.		
Maryland.....	28	40	53	48	65	\$10,844,627.41
District of Columbia.....	7	7	5	7	9	3,960,155.15
Virginia.....	50	81	93	86	107	38,497,829.04
West Virginia.....	14	26	31	22	35	2,456,130.56
North Carolina.....	45	64	65	63	74	14,236,263.33
South Carolina.....	38	69	70	73	83	21,711,433.39
Total.....	182	287	317	299	373	91,706,438.88

NOTE.—During 1918, 52,648 pieces, aggregating \$2,230,000,000 were handled, a daily average of 173 pieces, aggregating \$12,900,000.

SCHEDULE 6.—Discount rates current for the year 1918.

Classification.	Effective Jan. 1. ¹	Effective Apr. 8.	Effective May 22.	Effective Oct. 19.	Effective Dec. 30.
Member banks' collateral notes:					
Secured by customers' notes.....	4	4 $\frac{1}{4}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$
Secured by fourth Liberty bonds.....				4 $\frac{3}{4}$	4 $\frac{3}{4}$
Secured by other Liberty bonds and United States certificates.....	3 $\frac{1}{2}$	4	4 $\frac{1}{4}$	4 $\frac{1}{4}$	4 $\frac{1}{4}$
Other paper secured by United States securities:					
15 days or less.....	3 $\frac{1}{2}$	4	4 $\frac{1}{4}$	4 $\frac{1}{4}$	4 $\frac{1}{4}$
16 to 90 days.....	4	4 $\frac{1}{4}$	4 $\frac{1}{4}$	4 $\frac{1}{4}$	4 $\frac{1}{4}$
Secured by fourth Liberty bonds.....				4	4
Commercial paper:					
15 days or less.....	4	4 $\frac{1}{4}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$
16 to 90 days.....	4 $\frac{1}{2}$	4 $\frac{3}{4}$	5	5	4 $\frac{3}{4}$
Agricultural and live-stock paper:					
15 days or less.....	4	4 $\frac{1}{4}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$
16 to 90 days.....	4 $\frac{1}{2}$	4 $\frac{3}{4}$	5	5	4 $\frac{3}{4}$
91 days to 6 months.....	4 $\frac{3}{4}$	5	5 $\frac{1}{4}$	5 $\frac{1}{4}$	5
Commodity paper:					
15 days or less.....	4	(²)	(²)	(²)	(²)
16 to 90 days.....	4 $\frac{1}{2}$	(²)	(²)	(²)	(²)
Trade acceptances:					
60 days or less.....	4	4 $\frac{1}{4}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$
61 to 90 days.....	4	4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$

¹ Unchanged since Nov. 30, 1917.

² Classification discontinued.

SCHEDULE 7.—Deposits—daily averages by months—1918 compared with 1917.

	Member banks.		United States Government.	
	1918	1917	1918	1917
January.....	\$42,714,558.37	\$26,023,616.67	\$6,192,589.75	\$1,940,979.43
February.....	43,792,064.88	25,719,944.94	3,441,880.51	1,460,930.46
March.....	45,475,617.61	26,255,281.88	3,465,995.36	4,086,850.04
April.....	44,093,297.79	25,649,251.37	5,372,214.54	1,188,082.41
May.....	42,953,272.62	25,600,111.52	5,210,366.00	3,468,857.52
June.....	43,059,352.57	28,290,347.84	10,303,545.35	7,979,110.88
July.....	42,891,498.85	33,950,883.34	8,211,546.69	10,375,597.34
August.....	45,205,453.43	37,060,405.42	5,435,535.68	5,148,718.32
September.....	47,455,743.00	36,922,969.42	6,730,880.92	3,210,445.18
October.....	50,052,999.82	40,217,988.13	8,313,378.99	3,466,750.03
November.....	51,336,162.22	42,282,302.89	7,704,000.02	11,646,835.94
December.....	53,081,357.77	43,673,086.54	2,262,944.63	11,607,529.73
Year.....	46,022,279.44	31,704,936.90	6,249,427.51	5,524,462.85

SCHEDULE 8.—Deposits—daily averages by months for the year ended Dec. 31, 1918.

(In thousands of dollars.)

	Depository balances (United States Treasury special).	Members' deposits.	Due United States Treasury general account.	Net deposit liability.	Net liability in outstanding Federal Reserve notes.	Net liabilities in deposit and Federal Reserve notes.	Legal reserve held.	Percentage of legal reserve to net liabilities.	Percentage against Federal Reserve notes after fixing 35 per cent against deposits.
January.....	22,364	42,715	6,193	43,168	53,134	96,302	54,405	56.31	73.98
February.....	14,824	43,792	3,442	39,002	52,707	91,709	47,572	51.87	64.35
March.....	20,236	45,476	3,406	33,627	56,983	90,310	57,299	63.44	80.33
April.....	15,554	44,093	5,372	40,788	62,822	193,610	53,311	51.45	62.13
May.....	33,165	42,953	5,210	40,185	67,291	107,476	57,141	53.17	64.01
June.....	36,852	43,059	10,304	42,013	68,331	110,344	55,953	50.71	60.36
July.....	28,185	42,892	8,212	41,313	74,401	115,714	58,097	50.21	58.65
August.....	33,104	45,205	5,436	43,783	85,881	129,664	67,133	51.77	60.32
September.....	23,334	47,456	6,731	46,595	101,109	147,704	75,838	51.34	58.87
October.....	33,121	50,053	8,313	47,453	117,435	164,889	92,469	56.08	64.59
November.....	44,303	51,336	7,704	46,119	131,111	177,230	86,798	48.97	53.89
December.....	28,205	53,081	2,263	41,574	139,364	180,938	88,972	49.17	53.40
Year.....	27,852	46,022	6,249	42,135	84,376	126,511	66,384	52.47	61.19

SCHEDULE 9.—Capital stock analysis for year 1918.

	Maryland.		District of Columbia.		Virginia.		West Virginia.		North Carolina.		South Carolina.		Total.	
	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.
Balance, Jan. 1, 1918.....	97	19,234	15	8,124	151	21,500	103	8,602	81	7,841	83	7,978	530	73,279
Additional allotments on increased capital and surplus of members.....		111		270		891		171		371		376		2,190
Total.....		19,345		8,394		22,391		8,773		8,212		8,354		75,469
Addition to membership during year.....	6	1,272			10	817	3	869	7	2,081	11	852	37	5,891
Total.....	103	20,617	15	8,394	161	23,208	106	9,642	88	10,293	94	9,206	567	81,360
Liquidations during year.....				2		116							2	116
Balance, Dec. 31, 1918..	103	20,617	15	8,394	159	23,092	106	9,642	88	10,293	94	9,206	565	81,244
RECAPITULATION.														
National banks.....	97	17,558	14	7,734	150	21,347	103	8,755	83	8,305	81	8,106	528	71,805
State banks and trust companies.....	6	3,059	1	660	9	1,745	3	887	5	1,988	13	1,100	37	9,439
Total, Dec. 31, 1918.....	103	20,617	15	8,394	159	23,092	106	9,642	88	10,293	94	9,206	565	81,244

SCHEDULE 10.—*Liberty loans.*

Tax certificates sold during 1918, anticipating taxes due June 25, 1918.....	\$18,407,000.00
Certificates sold during 1918 anticipating third Liberty loan.....	75,829,500.00
Certificates sold during 1918 anticipating fourth Liberty loan ¹	117,983,500.00
Cash.....	\$27,535,500.00
Payment by credit in war loan deposit account.....	90,448,000.00
	117,983,500.00

DISTRIBUTION OF SALES.

	Total number.	Number subscribing.	Percentage.	Amount subscribed in district.
National banks.....	522	379	72.61	\$73,289,000
State banks.....	1,252	365	29.15	18,582,500
Trust companies.....	197	59	29.95	18,473,000
Other banks (savings).....	23	10	43.48	7,335,000
Total banks.....	1,994	813	40.77	117,679,500
Individuals, corporations, etc.....		11		304,000
Total.....		824		117,983,500

Tax certificates sold during 1918 anticipating taxes due in 1919..... \$16,663,000

Payment for same being made as follows:

Cash.....	\$3,740,500
Payment by credit in war loan deposit account.....	8,623,500
Payment made by certificates.....	4,299,000
	16,663,000

Certificates sold during 1918 anticipating fifth Liberty loan..... 38,515,500

Payment for same being made as follows:

Cash.....	\$7,817,000
Payment by credit in war loan deposit account.....	30,698,500
	38,515,500

DISTRIBUTION OF SALES.

	Total number.	Number subscribing.	Percentage.	Amount subscribed.
National banks.....	522	220	42.14	\$23,919,500
State banks.....	1,252	174	13.89	5,364,000
Trust companies.....	197	34	17.25	6,014,500
Other banks (savings).....	23	8	34.78	3,165,000
Total banks.....	1,994	436	21.86	38,463,000
Individuals, corporations, etc.....		16		52,500
Total.....		452		38,515,500

Third Liberty loan bonds allotted.

States.	Population.	Banking resources.	Apportionment.	Amount subscribed.	Number of subscribers.	Per cent of population subscribing.	Per capita subscription.
Maryland.....	1,412,030	\$544,911,000	\$38,259,000	\$48,729,800	253,916	17.98	\$34.51
District of Columbia.....	400,000	183,684,000	12,870,000	25,992,250	135,824	33.96	65.00
Virginia.....	2,148,050	424,796,000	29,809,000	44,048,750	173,787	8.08	20.51
West Virginia (Fifth district).....	1,239,000	224,738,000	15,782,000	23,461,500	125,344	11.12	18.94
North Carolina.....	2,400,314	265,672,000	18,655,000	24,582,250	81,582	3.40	10.24
South Carolina.....	1,595,000	209,594,000	14,625,000	19,426,250	87,905	5.51	12.18
Total.....	9,194,394	1,853,395,000	130,000,000	186,240,800	858,358	9.34	20.26
Sundry subscriptions, Army and Navy.....				18,250			
				186,259,050			

Payment for same being made as follows:

Cash.....	\$70,335,274.21
Credit in war loan deposit account.....	93,016,365.79
Certificates of indebtedness.....	22,907,000.00

Total payments.....	186,258,640.00
Unpaid balances, account Army and Navy.....	410.00

\$186,259,050.00

¹ Details shown as to this issue were not requested as to previous issues and were therefore not kept as to those.

Fourth Liberty loan bonds allotted.

State.	Quota.	Subscription.	
Maryland	\$82,180,000.00	\$86,316,450.00	
District of Columbia	27,608,000.00	37,561,400.00	
West Virginia	33,880,000.00	40,189,750.00	
Virginia	63,980,000.00	83,557,200.00	
North Carolina	39,900,000.00	47,184,300.00	
South Carolina	32,452,000.00	38,178,050.00	
Miscellaneous railways, other Federal Reserve Banks for our account		19,698,050.00	
Total	280,000.00		\$352,685,200.00
Payments made as follows:			
Cash		105,952,390.07	
Credit in war loan deposit account		154,938,474.93	
Certificates of indebtedness		31,464,000.00	
			292,354,865.00
Unpaid balances			60,330,335.00
			352,685,200.00

¹ Payments not completed Dec. 31, and details by states, population, total number of subscribers, etc., not yet available.

SCHEDULE 11.—Net sales of war savings stamps and thrift stamps during the year 1918.

	Number.	Amount.
War savings stamps, at—		
\$4. 12	147,539	\$607,860.68
\$4. 13	121,636	502,356.68
\$4. 14	139,495	577,509.30
\$4. 15	161,913	671,938.95
\$4. 16	99,688	414,702.08
\$4. 17	532,192	2,219,240.64
\$4. 18	372,541	1,557,221.38
\$4. 19	206,726	866,181.94
\$4. 20	230,706	968,965.20
\$4. 21	208,801	879,052.21
\$4. 22	160,741	678,327.02
\$4. 23	119,589	505,861.47
Total	2,501,567	10,449,217.55
Thrift stamps at \$0.25	1,908,038	477,009.50
Total	4,409,605	10,926,227.05

SCHEDULE 12.—Federal Reserve agent's record of Federal Reserve notes during the year 1918.

Denominations.	Number of pieces.						Redemptions as advised by United States Treasurer.		
	Held as of Dec. 31, 1917.	Received from Comptroller.	Re-deemed for Federal Reserve Bank, Richmond.	Gross.	Issued and reissued to Federal Reserve Bank.	Balance held as of Dec. 31, 1918.	Pieces.	Per cent of total pieces.	Per cent of total values.
Fives	32,000	3,504,000	273,000	3,809,000	3,809,000	1,317,117	54.57	30.25	
Tens	72,000	2,756,000	509,500	3,337,500	3,237,500	748,282	31	34.37	
Twenties	8,000	2,080,000	213,500	2,301,500	2,265,500	36,000	327,878	13.58	
Fifties	8,000	340,000	10,500	358,500	326,500	32,000	17,770	.75	
Hundreds	4,000	128,000	21,100	153,100	124,100	29,000	2,579	.10	
Total	124,000	8,808,000	1,027,600	9,959,600	9,762,600	197,000	2,413,626	100	100
Values	\$1,840,000	\$116,480,000	\$13,365,000	\$131,685,000	\$125,465,000	\$6,220,000	\$21,772,365		

SCHEDULE 13.—*Volume of bills discounted and purchased (by rates) at Baltimore branch from March 1 to December 31, 1918.*

Month.	3½ per cent.	4 per cent.	4¼ per cent.	4½ per cent.	4¾ per cent.	5 per cent.	5½ per cent.	Total.
March.....	\$2,004,464	\$8,321,098	\$915,000	\$808,491	.....	.....	.....	\$12,049,653
April.....	927,430	10,748,405	8,430,275	1,368,000	\$4,925,740	.....	.....	26,399,850
May.....	.....	12,283,350	6,242,303	909,000	2,123,138	\$983,000	.....	22,540,791
June.....	.....	.....	11,102,680	.....	3,411,724	5,082,405	.....	19,596,809
July.....	.....	.....	17,887,975	9,269	3,201,861	3,205,937	\$1,300	24,306,342
August.....	.....	.....	14,722,758	39,752	5,183,749	807,849	155	20,754,263
September.....	.....	.....	20,193,823	.....	1,112,231	1,809,650	.....	23,115,704
October.....	.....	951,453	45,289,976	.....	1,376,269	2,140,438	.....	49,764,956
November.....	.....	3,963,497	32,578,191	.....	1,070,496	240,133	.....	37,852,317
December.....	.....	7,223,274	19,456,680	.....	642,362	85,425	.....	27,408,052
Total.....	2,931,894	43,491,077	176,819,661	3,141,652	23,047,561	14,354,837	1,455	263,788,137
RECAPITULATION.								
Discounted.....	2,931,894	43,491,077	175,508,161	1,100,383	7,603,721	14,354,837	1,455	244,991,528
Purchased.....	.....	.....	1,311,500	2,041,269	15,443,840	.....	.....	18,796,609
Total.....	2,931,894	43,491,077	176,819,661	3,141,652	23,047,561	14,354,837	1,455	263,788,137

NOTE.—The Baltimore branch was opened the 1st day of March, 1918.

SCHEDULE 14.—*Volume of clearing operations handled by the Baltimore branch, from Mar. 1 to Dec. 31, 1918.*

	Payable.		Items through transit department.	
	Number.	Amount.	Number.	Amount.
Through Baltimore clearing house.....	651,944	\$1,042,292,000	.....	.....
Elsewhere in fifth district.....	2,001,980	532,915,000	.....	.....
In other districts.....	447,756	490,817,000	.....	.....
Total.....	3,101,680	2,036,024,000	.....	.....
Average per day for the period of 244 business days.....	12,712	8,467,311	.....	.....

SCHEDULE 15.—*Salaries of officers and employees (including Baltimore branch, opened Mar. 1, 1918).*

	Number.			Salaries.		
	1916	1917	1918	1916	1917	1918
Chairman and Federal Reserve agent.....	1	1	1	\$10,000.00	\$10,000.00	\$10,000.00
Governor.....	1	1	1	12,000.00	15,000.00	15,000.00
Other officers.....	2	4	6	9,428.00	14,550.00	16,358.73
Banking department.....	11.	18	63	13,956.00	22,880.00	76,952.90
Bookkeeping department.....	5	6	12	5,520.00	4,980.00	9,639.71
Transit department.....	36	43	79	11,599.00	21,954.00	59,484.86
Federal Reserve agent's department.....	1	2	4	916.00	2,400.00	7,201.69
Fiscal agency department.....	.....	20	40	.....	21,024.00	54,930.26
General.....	6	14	48	8,819.00	8,510.00	36,810.20
Total.....	63	109	254	72,238.00	121,328.00	286,378.35

SCHEDULE 16.—*Clearing operations for the year 1918.*

	Number of items.	Amount.	Daily averages, 304 business days.		Average amount per item.
			Number items.	Amount.	
Government checks.....	501,542	\$130,092,000	1,650	\$427,934	\$259
Checks through Richmond clearing house.....	512,005	1,694,998,300	1,684	5,575,652	3,311
Checks on other points in district No. 5....	9,806,417	3,604,398,300	32,258	11,856,573	368
Checks on points in other Federal Reserve districts.....	1,200,104	1,683,986,700	3,948	5,539,430	1,403
Total.....	12,020,068	7,113,475,300	39,540	23,399,589	591

NOTE.—A service charge of $1\frac{1}{2}$ cents per item, collected from members on items payable outside of Richmond, was discontinued June 15, 1918. Disbursements on account of the transit department amounted to \$134,294, which does not include cost of handling Government checks. This represents cost of 1.17 cents per item, or 1.32 cents per \$1,000 of volume in values handled.

DISTRICT NO. 6—ATLANTA.

M. B. WELLBORN, Chairman and Federal Reserve Agent.

INTRODUCTION.

The year 1918 has been the most momentous in the financial history of this district. Sudden demands occasioned by war conditions brought about rapid changes in financial and commercial activities. The financing of Government requirements and the war-savings campaigns brought the Federal Reserve Bank of Atlanta to the front in such a way that even that portion of the general public not actively engaged in business now fully realizes the worth of the Federal Reserve system.

FINANCIAL RESULTS OF OPERATION.

Schedule 1 shows comparative statements of the earnings and expenses for 1917 and 1918. The gross earnings in 1918 increased 323 per cent over the earnings for 1917, while the expenses of operation increased 159 per cent. This includes the expenses of the Birmingham and Jacksonville branches since their establishment on August 1, 1918. The total expenses, which, in addition to the cost of operation, include the cost of Federal Reserve notes, furniture and equipment, and depreciation of banking premises, increased 152 per cent, while the net earnings for 1918 were 474 per cent greater than in 1917.

Dividends for 1918 were \$182,472.68, as compared with \$145,465.61 for 1917. The annual rate of net earnings on the paid-in capital stock was 11.08 per cent and 54.07 per cent for 1917 and 1918, respectively.

COMPARATIVE BALANCE SHEETS FOR DECEMBER 31, 1917-18.

Comparative statements of the condition of the Federal Reserve Bank of Atlanta, as of December 31, 1917-18, are shown in Schedule 2. The total resources have increased from \$121,661,062.53 to \$207,270,170.97. The earning assets have increased from \$25,697,104.43 to \$103,182,946.54, or an increase of 302 per cent.

Member banks' reserve deposits showed an increase of approximately \$10,000,000 on December 31, 1918, as compared with December 31, 1917. The Federal Reserve note circulation has increased for the

year approximately \$57,000,000. At the close of December 31, 1918, Federal Reserve bank note circulation amounted to \$5,816,000.

PROFIT AND LOSS.

The profit-and-loss statement (Schedule 3) shows that the net profits, after deducting dividends of \$182,472.68, amount to \$1,470,000, of which \$735,000 has been credited to the surplus account and a like amount to reserve franchise tax.

GENERAL BUSINESS AND BANKING CONDITIONS.

Except for the construction of a number of large shipbuilding plants, the year did not record any new industrial enterprises, although there has been a vast enlargement of operations in old industries, especially in the iron, steel, and coal fields. The most marked activity has been in the Birmingham manufacturing district and in the shipbuilding plants at New Orleans, Mobile, Jacksonville, Savannah, Brunswick, and practically every seaport town. In plants at these places there appears to be no lessening of activity since the signing of the armistice. War demands enlivened the lumber market, and with the opening of the sea traffic this trade, as well as that in naval stores, has taken on new life.

Owing to the great yields and high prices for nearly all crops the producer finds himself in a strong financial condition. The cotton yields were larger than in 1917, and during the early picking season the prevalence of satisfactory prices enabled the disposal of such an amount of the crop as sufficed to liquidate pressing obligations, the producers, however, depending on their better financial condition and improved food situation to enable them to carry their surplus crop for better prices. The end of the year finds prices lower than in the early season and the cotton holding movement largely in force. Cotton buyers are experiencing some difficulty in purchasing the staple at the prevailing prices, which are deemed to be too close to the cost of production. The banks have shown a general willingness to assist the farmer in carrying his cotton, though the producer has not found it necessary to borrow in great volume.

Generally speaking, almost every line of business was handicapped during the year by a shortage of labor. The wages paid and the rules practiced with reference to compensation and overtime have somewhat demoralized labor for normal conditions. With the increasing progress in army demobilization there will be some relief, but with little or no immigration expected for some years, labor conditions are viewed as extremely uncertain.

Little or no engineering or construction work was carried on after

There has been great diversification of farming operations, and practically all industrial plants show increased capacity and output and are in better position to supply the foreign trade. Shipping has begun to open up and there will be a gradual movement of raw materials, especially cotton, with larger demand and better prices.

Collections were reported unusually good during almost the entire year, with monthly increases in bank clearings, railroad and post-office receipts.

MONEY MARKET.

Interest rates for loans prevailing in financial centers in this district have increased somewhat. Rates for several years past have ranged from 5 to 6 per cent, but during the latter half of 1918 were advanced to 6½ and 7 per cent. These rates have advanced notwithstanding the increase in bank deposits.

DISCOUNT OPERATIONS.

(A) REDISCOUNTS—COMMERCIAL PAPER.

Discount operations of this bank have been very active during the past 12 months. This was due largely to the fact that as each of the Liberty loans was placed on the market member banks accommodated their customers and in turn used the discount privileges of the Federal Reserve Bank.

In November, 1917, there were 122 banks availing themselves of the privilege of rediscounting with us. The volume of rediscounts was then \$12,343,823.69, whereas on November 23, 1918, 260 banks were availing themselves of this privilege, and the total amount of rediscounts on that date was \$74,979,123.10, or a little over six times as much as in November, 1917. This ratio has prevailed throughout the year. At the same time the acceptances purchased by us from our member banks in November, 1917, amounted to \$4,307,783.42, whereas on November 23, 1918, they were \$13,170,936.35, or about three times as much as in 1917.

The discounting banks are distributed over the entire six States, Tennessee and Mississippi possibly discounting smaller amounts proportionately to the number of banks. There are 426 members in the district, and of these 260 were using the discount privilege on November 23.

(B) REDISCOUNTS—LIBERTY LOAN.

As to the classification of the discount holdings of this bank, out of \$74,979,123.10 there were \$36,844,736.92 secured by Liberty loan bonds and United States Treasury certificates of indebtedness; and, while all of this possibly could not be charged to Government financing, yet it is believed that several member banks have used their Government securities for the privilege of rediscounting largely

to take care of needs of their customers, using their Government securities because of the preferential rate given to that class of discounts, our rate to member banks presenting Government bonds and certificates as collateral to member bank notes being 4 per cent per annum, whereas our commercial rates ranged from 4½ to 4¾ per cent.

TRADE ACCEPTANCES.

Trade acceptances, we believe, are being used by business interests in this district to a greater extent than rediscounts of this class of paper with us show. We believe that quite a number of the firms are using their own paper with the member banks for discount and retaining the trade acceptances in their own portfolios, sending them out for collection through the member banks. But the movement has been started for the use of trade acceptances, and this is being done to some extent in sections where oil mills are buying from the farmers the products to be crushed into the oil products. We have quite a number in items, but a small amount in dollars and cents. We have under discount trade acceptances amounting to \$2,745,900.44.

ACCEPTANCES.

GROWTH OF OPEN MARKET FOR ACCEPTANCES.

There is practically no open market for acceptances, and the proper development of bankers' acceptances is rather difficult in the Sixth Federal Reserve District; that is, for bank acceptances to be handled by the drawer of the draft and sold in the open market.

The reason for this state of affairs is the high rate prevailing for commercial paper originating outside the district and offered by brokers through our member banks at rates around 6 per cent. We are fully aware of the fact that the ideal way of handling bankers' acceptances is to have the member banks accept the paper, then throwing it upon the open market to be sold with the possibility that it will find its way into the Federal Reserve Banks. It would then be a two-name paper. Whenever business conditions get back to normal, commercial paper will not bear so high a rate and there will be a better opportunity for the marketing of bankers' acceptances in this district. This will probably take some time and will not be accomplished until the readjustment of financial conditions arising out of war transactions has been completed.

POLICY REGARDING ACCEPTANCE PURCHASES.

The policy adopted for the present is to purchase from member banks their acceptances for the account and credit of their customer with that member bank, and should such acceptances be for less than 10 per cent of the capital and surplus of the bank to mark the

acceptances "documents detached" and thus purchase the paper. But where the acceptances aggregate more than 10 per cent of the capital and surplus of a member bank it is our policy to have the documents, such as warehouse receipts, order-notify, bills of lading, port or dock receipts, and specific insurance policies, accompany the acceptances which are discounted with the "documents attached."

RESERVE POSITION.

The extent to which the Federal Reserve Bank has aided member banks during the past year in financing the sale of Liberty loan bonds has had a very marked effect on our reserves.

The banks of this country could not unaided finance the subscriptions of their customers and the public generally to an extent which would enable all the people to participate as subscribers. For that reason a large part of the resources of the Federal Reserve Banks was made available to member banks through the privilege of rediscounting customers' notes and member banks' collateral notes secured by Liberty loan bonds at rates of discount corresponding approximately to the rate of interest borne by the bonds. Federal Reserve Banks accordingly carried throughout the entire year a large amount of bond-secured discounts and rediscounts, the amount varying with the periods of the Liberty loans, the largest amounts being carried for a short period subsequent to the closing of each campaign.

Federal Reserve Banks also aided member banks in financing their subscriptions to Treasury certificates of indebtedness issued in anticipation of each loan. The method of extending this accommodation was the same as that used in financing the Liberty loans, the Treasury certificates being used as collateral to notes.

The effect of this financing was very largely to increase our discounts with a corresponding decrease in our reserves.

The decrease in our reserves during the year was only partly due, however, to financing the issues of bonds and certificates. Our rediscounts of commercial, industrial, and agricultural paper increased very materially, as did also our issue of Federal Reserve notes. These were two of the factors largely responsible for reduction of the percentage of our reserve.

Our reserve percentages on December 31, 1917, were as follows:

	Per cent.
Gold reserve against Federal Reserve notes in circulation.....	93
Gold and lawful money reserve against net deposits.....	67
Total reserve against net deposits and note liability.....	84

Our reserve percentages at the close of 1918 were as follows:

Gold reserve against Federal Reserve notes in circulation.....	41
Gold and lawful money reserve against net deposits.....	39
Total reserves against net deposits and note liability.....	40

MOVEMENT OF MEMBERS.

NATIONAL AND STATE BANKS.

The feeling of State banks has shown considerable change during the past 12 months, and these institutions now have a clearer understanding of the workings and benefits of the Federal Reserve system. During 1918 the following 32 State banks joined the Federal Reserve Bank of Atlanta, with combined capital and surplus aggregating \$9,735,980, viz:

Name of bank.	Location.	Capital.	Surplus.
Citizens Bank & Trust Co.	Athens, Ala.	\$30,000	\$18,000
Birmingham Trust & Savings Co.	Birmingham, Ala.	500,000	715,060
Cherokee County Bank	Center, Ala.	25,000	15,000
Merchants Bank.	Mobile, Ala.	200,000	275,000
Peoples Bank.	do	200,000	363,310
American Bank.	Union Springs, Ala.	50,000	12,900
Leesburg State Bank	Leesburg, Fla.	30,000	13,100
Southern Bank & Trust Co.	Miami, Fla.	100,000	2,030
Hillsboro State Bank	Plant City, Fla.	50,000	75,000
Exchange Bank.	Tallahassee, Fla.	50,000	3,000
Union State Bank.	Winter Park, Fla.	30,000	2,000
Georgia Savings Bank & Trust Co.	Atlanta, Ga.	200,000	141,280
Bank of Camilla	Camilla, Ga.	50,000	53,700
Northeastern Banking Co.	Commerce, Ga.	100,000	41,470
Hartwell Bank	Hartwell, Ga.	60,000	34,000
Jackson Banking Co.	Jackson, Ga.	50,000	28,710
Bank of Louisville.	Louisville, Ga.	25,000	36,000
Citizens Bank.	Metter, Ga.	30,000	20,000
Peoples Bank.	Sardis, Ga.	25,000	9,600
American Bank & Trust Co.	Savannah, Ga.	200,000	19,210
Farmers Bank.	Winder, Ga.	50,000	3,000
Pittard Banking Co.	Winterville, Ga.	25,000	14,290
Commercial Bank & Trust Co.	Laurel, Miss.	100,000	33,600
Union Bank & Trust Co.	Baton Rouge, La.	150,000	5,500
American Bank & Trust Co.	New Orleans, La.	200,000	20,000
Citizens Bank & Trust Co.	do.	400,000	240,000
City Bank & Trust Co.	do.	200,000	170,140
Commercial Trust & Savings Bank	do.	1,250,000	961,440
Liberty Bank & Trust Co.	do.	200,000	12,000
Maine Bank & Trust Co.	do.	400,000	132,000
Pointe Coupee Trust & Savings Bank	New Roads, La.	60,000	33,330
Chattanooga Savings Bank	Chattanooga, Tenn.	750,000	323,430
Total		5,865,000	3,870,980

The following is of interest as to the results to date with reference to State bank members:

State banks joining the Federal Reserve Bank of Atlanta during 1918.	32
Total State bank members of the Federal Reserve Bank of Atlanta.	54
Percentage of total eligible banks in the Sixth District members of the Federal Reserve Bank of Atlanta.	7.2
Total capital of State bank members, sixth district.	\$15,790,000
Estimated percentage of total capital of eligible banks in district.	28.7
Capital and surplus of State bank members.	\$25,932,000
Estimated percentage of total of capital and surplus of eligible banks in district.	23.6
Total resources of State bank members.	\$238,500,000
Estimated percentage of total resources of all eligible banks in sixth district.	53.5

During the year the capital stock of the Federal Reserve Bank of Atlanta was increased by 7,007 shares, with a decrease of 251 shares, including liquidations and surrender of stock on account of reduction of capital and surplus, showing a net increase of 6,756 shares. Since the establishment of the Federal Reserve Bank of Atlanta no State bank joining the system has withdrawn its membership, this being substantial proof of general satisfaction with the advantages accruing to members of the system.

There were no bank failures among the members of the Federal Reserve Bank of Atlanta during the past year, and only five national banks, representing 161 shares, were liquidated, their capital and surplus aggregating \$268,334.

In addition to the 32 State banks which became members, 7 new national banks were granted charters, with paid-in capital totaling \$343,334, representing 206 shares of stock in the Federal Reserve System.

As of December 31, 1918, there are 372 national and 54 State bank members of the Federal Reserve Bank of Atlanta. The generally unsettled condition of affairs and the large amount of extra work in connection with war activities has somewhat handicapped the State bank member campaign in this district, but with the resumption of more normal conditions a more intensive and energetic campaign during 1919 will be possible.

RELATIONS WITH NATIONAL BANK MEMBERS.

DISCOUNT OPERATIONS.

As previously reported under the caption "Reserve position," discount operations increased very materially during the year. The greater part of the increase is directly attributable to war financing. Member banks had to obtain aid in order to finance the Liberty loan bond and certificate issues. This business was augmented by the financial aid extended by the banks to war industries.

During the latter months of the year the stagnation of the cotton market called for extension of aid to the cotton farmer and the country merchant pending the development of a free movement of cotton. The increase in our discount operations was about equally divided, proportionate to their number, between national and State bank members. The total amount of paper under discount and rediscount for State and national bank members, and of paper bought in open market December 31, 1918, was as follows:

Collateral notes of member banks.....	\$47, 626, 800. 00
Rediscounts.....	36, 408, 710. 93
Bills bought.....	12, 514, 685. 61
Total.....	<hr/> 96, 550, 196. 54

FIDUCIARY POWERS.

The fiduciary powers made available to national banks by the Federal Reserve Act as originally drawn and subsequently amended have introduced an entirely new feature into the operations of those national banks which have acquired this privilege.

In this district the national banks have been very deliberate in acquiring this new power, principally for the reason, probably, that banking and financial conditions have been abnormal from the beginning of the operation of the Federal Reserve Act, so that the majority of banks have deemed it prudent not to venture into new fields of activity.

Fiduciary powers have been granted to and are being more or less actively exercised by national banks in the States of this district as follows: Alabama, 11; Florida, 7; Georgia, 6; Louisiana, 2; Mississippi, 4; Tennessee, 7.

RELATIONS WITH STATE BANKS AND TRUST COMPANIES.

DISCOUNT OPERATIONS.

The 54 State banks now members of the Federal Reserve System in this district have had an opportunity to test the practical value of membership and are distinctly satisfied with the result.

In proportion to their number they have as liberally availed themselves of the privileges of membership as have the national banks. This is evidenced by the volume of discounts offered by them.

RESERVES.

Though the matter of carrying their reserve with the Federal Reserve Bank called for readjustment of State bank members' relations with their former reserve agents, they have without exception rapidly accommodated themselves to this new relation without difficulty or inconvenience. They find that membership in the system has enabled them to release a large portion of the cash reserve that they felt it incumbent to carry in their own vaults previous to becoming members and that their relatively small cash reserve involves no hazard because of the fact that the discounted paper in their portfolios eligible for rediscount with the Federal Reserve Bank is in reality a secondary reserve which they may utilize whenever they deem it necessary or desirable.

By materially reducing their reserves they have increased their loaning power and are able better and more satisfactorily to serve the business interests of their respective communities. This means more business and more earning power for them and their stockholders and they have not been slow to avail themselves of the full advantage of doing more business and doing it with perfect safety.

EXAMINATIONS.

All State banks and trust companies applying for membership during 1918 were examined, except newly organized banks. These were admitted upon a certificate that the laws had been complied with and that they were open for business. Examinations have been made of all State bank members by the departments of banking in the various States of the Sixth Federal Reserve District and copies of examination reports have been furnished the Federal Reserve Bank of Atlanta.

The superintendents of banks of the several States in the Sixth District have shown their willingness to cooperate with the Federal Reserve Bank of Atlanta in every way possible, and while their forms for reporting examinations are not in every instance in accordance with the form required by the Federal Reserve Board, they have unhesitatingly agreed to furnish the additional information. In some instances, at the request of the superintendents of banks, the Federal Reserve examiner has assisted in the examinations.

There have been no withdrawals of State bank members and in most instances all of them have availed themselves of the benefits to be derived from membership in the Federal Reserve system.

FISCAL AGENCY OPERATIONS.

The fiscal agent's department of the Federal Reserve Bank of Atlanta, for the year ending December 31, 1918, shows a tremendous increase in operations.

Certificates of indebtedness were sold during the year 1918 in anticipation of the third and fourth Liberty loans. These offerings were made in advance of the Liberty loans at intervals of about two weeks. The Treasury Department undertook to outline the amount necessary for each bank to subscribe, in order to attain the required results that sufficient funds might be procured to meet the ever-increasing current expenses of the department. Six offerings of certificates prior to the third Liberty loan met with fair response from the banks in this district, and an analysis of the subscriptions by national banks, State banks, and trust companies is given in Schedule 4, the national banks attaining the largest per cent of subscriptions in proportion to the number of banks being 87.36 per cent, while the State banks purchased 52.43 per cent, and the trust companies 70 per cent. Member and nonmember banks were able to scale their loans on nonessentials and to divert their funds to the purchase of Treasury certificates.

In the main certificates of indebtedness were purchased by banks and paid for by credit, which of course was of some material help to the banks.

DEPOSIT OF TREASURY FUNDS WITH BANKS AND THEIR WITHDRAWAL.

Treasury funds arising out of the sale of Liberty loan bonds and certificates of indebtedness were redeposited in banks. The process of qualifying as depositary bank was simple, and could be carried out by almost any bank in this district if it so desired. In the main such funds redeposited with banks were secured by Government obligations. Withdrawals were promptly made by the Treasury Department. Little difficulty was experienced by the banks in responding to the calls. In most cases the entire amount was withdrawn within probably two weeks from the date of the deposit. The depositary banks thus obtained the securities so purchased, which of course could be hypothecated, if they cared to do so, with their correspondent banks, or with the Federal Reserve Bank, if they were members of the system. On the other hand, a good many banks when finding that the funds remained with them so short a time chose rather to pay for certificates of indebtedness and bonds either in cash or on the instalment basis.

Funds redeposited with depositary banks in 1918.

Amount of redeposits with depositary banks representing payments on account of subscriptions to Liberty loan bonds made by credit in the war loan deposit accounts, as follows:

Third Liberty loan.....	\$77, 572, 776. 28
Fourth Liberty loan.....	109, 257, 055. 16
Total.....	<u>186, 829, 831. 44</u>

Amount of redeposits with depositary banks representing payments on account of subscriptions to Treasury certificates of indebtedness made by credit in the special deposit account, as follows:

Treasury certificates (third loan).....	53, 330, 850. 00
Treasury certificates (fourth loan).....	95, 671, 500. 00
Treasury certificates (fifth loan).....	16, 089, 000. 00
Total.....	<u>165, 091, 350. 00</u>

Treasury certificates, tax series, 1918..... 13, 938, 500. 00

These funds remained with the depositary banks for periods ranging from 10 to 30 days and were withdrawn gradually by direction of the Secretary of the Treasury.

THE FLOTATION OF LIBERTY LOANS.

The flotation of the Liberty loans met with large success in this district. Many of the best and most conservative bankers felt fearful of the result of the second loan, but when the time arrived to offer it a largely increased number of subscribers was found. The third Liberty loan was taken by a number of purchasers, probably 200 per cent larger than the second loan, and the fourth loan showed a corresponding increase.

An analysis is given in Schedules 7 and 8 of the taking of Liberty loans in this district by State banks, national banks, and trust com-

panies, and also by States, giving their 1910 population; also by cities with populations in excess of 25,000 inhabitants; also a classification of subscriptions as outlined by the Treasury Department.

WORK IN CONNECTION WITH THE SALE OF WAR-SAVINGS CERTIFICATES.

The sale of war-savings and thrift stamps has been the occasion of a campaign of education. In the future stamps will probably be purchased as a mode of general saving. An analysis of war-savings stamps sales for the year 1918 is here given.

Sale of war-savings certificate stamps and thrift stamps for the year 1918.

Alabama.....	\$718, 925. 10
Florida.....	697, 414. 52
Georgia.....	2, 310, 740. 45
Tennessee.....	3, 362, 054. 39
Louisiana.....	4, 170, 315. 66
Mississippi.....	2, 131, 379. 57
Total.....	13, 390, 829. 69

WAR FINANCE CORPORATION.

Necessary machinery was provided for the handling of business incident to the War Finance Corporation, and a considerable amount of correspondence and literature found its way from the Federal Reserve Bank to the banks of the district. The need for such loans was not, however, as great in the sixth district as was anticipated, and only one loan was made to a bank during the year. This was promptly liquidated at maturity.

CAPITAL ISSUES COMMITTEE.

At the invitation of the Federal Reserve Board, the district committee on capital issues for the sixth district was organized as follows: Messrs. M. B. Wellborn, chairman; Joseph M. Slattery, secretary; Joseph A. McCord, Hollins N. Randolph, Roby Robinson, Frank Hawkins, all of Atlanta; with an auxiliary committee composed of Messrs. Otto Marx, Birmingham, Ala.; Edward W. Lane, Jacksonville, Fla.; James E. Caldwell, Nashville, Tenn.; W. H. Hassinger, Birmingham, Ala.; F. E. Gunter, New Orleans, La.; A. M. Baldwin, Montgomery, Ala.; Harry Hall, Mobile, Ala.; W. F. McCauley, Savannah, Ga.; L. M. Pool, New Orleans, La.; T. R. Preston, Chattanooga, Tenn.; T. C. Taliaferro, Tampa, Fla.; and H. V. Watkins, Jackson, Miss.

Publicity was given to the work and the committee obtained satisfactory cooperation. Very few instances occurred where issues

were put upon the market without the consent of the Capital Issues Committee and even these are said to have been due to ignorance.

Hundreds of cases involving amounts ranging from \$1,000 to \$25,000,000 were considered by the district committee, and through general correspondence and newspaper work the organization was successful in discouraging a great many anticipated issues. The work consumed a considerable amount of the committeemen's time. Meetings were held almost daily and involved a very large amount of correspondence.

As of December 31, 1918, the District Capital Issues Committee, at the request of the Capital Issues Committee at Washington, temporarily suspended supervision of the issue and sale of stocks and bonds, to resume operations at a later date, should it be deemed advisable by the Government authorities.

FEDERAL RESERVE NOTES

The issue of Federal Reserve notes has been an important feature of the year's operations, due in a large measure to the increased pay rolls and high cost of commodities. The statement of December 31, 1918, shows \$196,240,000 "Federal Reserve notes received from the Comptroller of the Currency," with "Federal Reserve notes outstanding" in amount, \$123,620,285, as compared with \$66,867,420 "Federal Reserve notes outstanding," on December 31, 1917, or an increase of \$56,752,865.

During the year 1918, the Federal Reserve Bank of Atlanta received from other Federal Reserve Banks \$21,107,515 of its own Federal Reserve notes and returned to other Federal Reserve banks \$20,438,925 of their notes, showing only a slight difference of \$668,590 in the interdistrict movement of notes. This movement of notes was practically the same in amounts exchanged to and from Atlanta, with the exception of shipments to New York of its notes, being \$9,131,200, and our notes returned by New York in amount, \$6,068,945; and shipments from Cleveland of \$297,900, compared with Federal Reserve notes returned to Cleveland in amount, \$2,003,865.

FEDERAL RESERVE BANK NOTES.

The power of issuing bond-secured currency is conferred upon the Federal Reserve Banks by the act as originally drawn, but it was not found necessary or desirable to resort to any large exercise of this power until this year. Accordingly, Federal Reserve bank notes were not issued by the majority of the Federal Reserve Banks until June. On the 10th day of that month the first bank notes of the Atlanta bank were issued.

The issues have been practically continuous and more or less equally distributed over the past six months. There were outstanding on December 31, 1918, \$6,085,600.

POSITION OF COMMERCIAL BANKS AS A RESULT OF WAR FINANCING.

The volume of war financing handled by banks necessarily caused general credit expansion, with the logical and unavoidable result that banks are showing in their statements of condition more re-discounts and bills payable than usual. Credit has not, however, been expanded to an alarming extent and there should be no cause for apprehension on this score. It is expected that a healthy and necessary contraction of credit will soon be in evidence. Increase of bank deposits has about kept pace with credit expansion and as a whole the banks of this district are in a very strong position.

EFFECT ON COMMERCIAL PAPER OF THE DISTRICT.

Commercial paper originating in this district does not appear to have been materially affected by war financing, but it has been affected by war conditions which operated to prevent normal marketing of some crops and an abnormal demand for other crops. Food production of the district has been large and has been marketed at high prices. This condition called for more liberal financing of the producer and that, together with increased cost of production, has manifested itself in an increased volume of agricultural and commercial paper.

Paper which directly owes its origin to war financing has found a rather ready market in this district and there is a much larger volume of short-term notes issued by northern commercial industries in this district than ever before.

RELATION TO, AND EFFECT ON GENERAL BUSINESS.

Business generally has been abnormally stimulated by war financing and by war conditions. Though difficulty has at times been experienced in obtaining products of trade and commerce in sufficient quantity to satisfy the demand, the total volume of business has been greater than for any previous year in the history of the southeast, and the total volume of general business of the banks has been greater than ever before. It has been a year of intense activity for the banks and also a year of very profitable business for them as a whole.

POLICY TO BE PURSUED IN RESTORING LIQUIDITY OF BANKS.

It would be very difficult to say at what time we may expect member banks to clear up their war paper. This is due largely to the fact that the main products in this section, such as cotton, cotton seed, peanuts, rosin, and turpentine, of this year's crop, have not yet been sold. The decrease in the price of cotton in the fall created a disposition in the minds of the producers to hold their products for a better price; and, with increased prices, liquidation will set in from that source. This, in turn, will restore the liquidity of the banks and will enable them to settle their loans secured by Liberty bonds and United States Treasury certificates.

POLICY OF FEDERAL RESERVE BANK TOWARD MEMBER BANKS.

The policy of the Federal Reserve Bank of this district will be to aid these member banks by carrying their discounts for them until such time as this liquidation will materially set in, which it is expected will be during the months of January, February, and the early part of March. We are extending to member banks the facilities of this bank in every way.

OPERATION OF FEDERAL RESERVE BANK BRANCHES.

In addition to the branch already in operation at New Orleans, a branch of the Federal Reserve Bank of Atlanta was established at Birmingham, Ala., on August 1, 1918. Mr. A. E. Walker, formerly State bank superintendent of Alabama, was elected manager, and Mr. J. B. Cobbs was appointed assistant Federal Reserve agent. The entire clerical force consists of 15 employees, including the officers. The following members compose the board of directors of the branch: Messrs. W. H. Kettig, chairman; Oscar Wells, T. O. Smith, W. W. Crawford and John H. Frye, all of Birmingham.

As of the same date a branch was established at Jacksonville, Fla. Mr. Geo. R. DeSaussure, prominent for many years in banking circles in that city, was elected manager, and Geo. R. Martin was appointed assistant Federal Reserve agent. The entire clerical force consists of 16 employees, including officers. The branch board of directors is composed of Messrs. John C. Cooper, chairman; Edward W. Lane, B. H. Barnett, Giles L. Wilson, Fulton Saussy, all of Jacksonville.

These branches are operated under the limited form of by-laws in force at Pittsburgh and Cincinnati, providing for a daily settlement plan with the parent bank. All accounts with member banks in the zone covered by the branches are kept by the parent bank, the branches reporting to it by private wire daily both their immediate and deferred entries and the parent bank carrying the "float." The plan in operation has proven generally satisfactory to both the member banks in the branch zone and to the parent bank.

INTERNAL ORGANIZATION.

The war called 23 employees to the colors; and, with the numerous Army camps in this district and a great volume of Government work under way, many employees were attracted by the high wages paid, and competent clerical help has been exceedingly scarce, this scarcity handicapping operations seriously. Since the signing of the armistice old clerks have been returning to their former positions and clerical service is rapidly improving.

During the year, Mr. Edgar B. Stern resigned as a class B director of the Federal Reserve Bank of Atlanta to accept a commission as captain in the United States Army. Mr. James E. Zunts, of New Orleans, La., was elected to fill the unexpired term caused by Mr. Stern's resignation. Mr. J. A. McCrary, of Decatur, Ga., was re-elected a class B director for the three-year term ending December 31, 1921. Mr. J. B. Pike, cashier, was promoted to the position of deputy governor on November 8 and resigned on December 10. Mr. M. W. Bell, assistant cashier, was elected cashier, the position of deputy governor being left unfilled. Mr. J. L. Campbell, formerly assistant manager of the New Orleans branch, was transferred to the parent bank as assistant cashier, in charge of the department of discounts and credits.

CLEARINGS.

Transit operations have shown a steady increase during 1918, especially since June, when the service charge for handling items was discontinued. The increase for December over January, 1918, is 111 per cent, which, if the direct sendings were considered, would be about 115 per cent. The cost of handling items for the year has been \$0.0097 per item and \$0.0228 per \$1,000. The report submitted herewith shows an increase in the number of items handled over 1917 of 95.8 per cent, and in amount of money 94 per cent.

In comparing these figures with those reported for 1917 it should be borne in mind that 10 of our largest member banks have been sending direct to other Federal Reserve Banks such items as were payable in other Federal Reserve districts, and the number of items and amounts handled in this manner are not shown in the report. This method has been in operation several months. The average daily sending of these banks to other Federal Reserve Banks is approximately 2,000 items, amounting to approximately \$1,000,000.

During the year 35 banks were added to our par list. Thirty banks were withdrawn, leaving a net gain of five banks. We now have in the Sixth District 635 banks remitting at par. A statement of transit operations is shown in Schedule 10.

COLLECTIONS.

The collection department has increased the volume of items handled to a very considerable extent during the year 1918, notwithstanding the fact that we have no banks remitting collections at par. We handle all items forwarded us as "Collection items," either by Federal Reserve Banks or member banks for their accounts, including member banks of other districts. The greater volume of items handled consists of notes, drafts, and checks, and only a small proportion has consisted of bill-of-lading drafts. Under the ruling of the Federal Reserve Board sight drafts customarily used in settling cotton transactions are classed as ineligible and member banks have arrangements whereby they secure immediate credit for this kind of draft, which explains the large volume of drafts of this character handled through sources other than the Federal Reserve Bank.

While very few "dunning" drafts have been handled through our collection department, it is thought that the elimination of the service charge may operate as an incentive toward an increase in this character of items.

During the year 1918 the collection department handled 5,208 items, amounting to \$10,868,815.30.

GOLD SETTLEMENT FUND.

The change on July 1 from a weekly to a daily settlement with other Federal Reserve Banks through the gold settlement fund has resulted in making payment daily for all available credits to another Federal Reserve Bank. Under the weekly plan of settlement a "due to" or "due from" balance existed between Federal Reserve Banks which was not paid until the regular settlement day. At times these balances were considerable and when such a condition existed the reserve of the Federal Reserve Bank having a large "due from" balance was affected until settlement day.

Under the daily settlement plan, by receiving credit daily in the gold fund, the "due from" collected balance is eliminated and each Federal Reserve Bank receives full benefit of all available funds in its reserve.

The daily settlement plan is regarded as a great improvement over the weekly plan, especially in view of the increased volume of transactions between Federal Reserve Banks.

BANKING QUARTERS—NEW BUILDING.

On October 1 the Federal Reserve Bank of Atlanta moved into its permanent home on Marietta Street. The building is a two-story structure, with commodious basement, being of reinforced concrete, with granite exterior, fireproof, and of thoroughly modern construc-

tion. While the new quarters are adequate for the bank proper at present, additional space will have to be provided in the near future, as the business of the institution is rapidly increasing and it is now necessary to operate the fiscal agent department in a near-by building. Plans for the new building were drawn and excavation began in the late spring of 1917, and the growth of the institution has been more rapid than was anticipated. The building cost approximately \$150,000 and the vaults \$33,000.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of Atlanta during the calendar year 1918.*

[In thousands of dollars.; i. e., 000 omitted.]

	Dis- counted paper se- cured by United States war obliga- tions.	Other dis- counted paper.	(1+2)	Bills bought in open market.	Total bills dis- counted and bought.	Per cent (1+5).	Total earning assets.
	1	2	3	4	5	6	7
Jan 4	2,070	2,617	14,687	6,373	21,060	9.8	25,802
Jan. 11	1,736	13,566	15,302	2,424	17,726	9.8	21,798
Jan. 18	3,835	8,860	12,695	6,750	19,445	19.7	23,250
Jan. 25	3,753	7,595	11,348	6,824	18,172	20.7	22,018
Feb. 1	1,987	7,171	9,158	7,076	16,234	12.2	22,963
Feb. 8	1,837	8,704	10,541	6,634	17,175	10.7	24,589
Feb. 15	1,974	8,346	10,320	6,620	16,940	11.7	23,884
Feb. 21	1,928	7,534	9,462	6,719	16,181	11.9	23,024
Mar. 1	1,781	7,768	9,549	6,512	16,061	11.1	23,699
Mar. 8	1,827	9,113	10,940	7,104	18,044	10.1	25,959
Mar. 15	1,820	7,901	9,711	7,188	16,899	10.7	25,010
Mar. 22	2,891	9,228	12,119	7,470	19,589	14.8	28,554
Mar. 28-29	2,392	11,315	13,707	7,417	21,124	11.3	29,243
Apr. 5	4,562	8,391	12,953	10,275	23,228	19.6	30,240
Apr. 12	4,368	9,136	13,504	9,756	23,260	18.8	29,613
Apr. 19	9,439	10,845	20,284	9,709	29,993	31.5	33,349
Apr. 26	10,722	9,684	20,406	8,997	29,403	36.5	31,489
May 3	12,685	11,509	24,194	8,027	32,221	39.4	34,345
May 10	11,946	12,127	24,073	6,885	30,958	38.6	33,263
May 17	10,168	11,135	21,303	5,567	26,870	37.8	28,854
May 24	11,890	11,924	23,814	4,569	28,383	41.9	30,371
May 31	12,511	12,328	24,839	3,840	28,679	43.6	30,664
June 7	12,437	13,486	25,923	4,380	30,303	41.0	32,292
June 14	15,724	16,900	32,624	4,125	36,749	42.8	38,769
June 21	11,336	14,709	26,045	4,474	30,519	37.1	32,503
June 28	12,058	16,187	28,245	4,131	32,376	37.2	34,288
July 5	14,442	18,057	32,499	3,931	36,430	39.6	38,166
July 12	11,733	19,620	31,353	4,020	35,373	33.2	37,083
July 19	13,220	20,529	33,749	3,642	37,391	35.4	39,101
July 26	16,102	22,160	38,262	3,563	41,825	38.5	43,594
Aug. 2	20,333	21,820	42,153	3,263	45,416	44.8	47,149
Aug. 9	24,118	21,338	45,456	3,489	48,945	49.3	50,674
Aug. 16	22,998	20,557	43,555	3,361	46,916	49.0	48,649
Aug. 23	23,841	23,124	46,965	3,122	50,087	47.6	51,765
Aug. 30	26,783	23,073	49,856	3,557	53,413	50.1	55,091
Sept. 6	31,314	23,728	55,042	3,436	58,478	53.5	60,156
Sept. 13	36,024	25,807	61,831	3,702	65,533	55.0	67,215
Sept. 20	39,650	28,125	67,775	4,622	72,397	54.8	74,035
Sept. 27	45,133	31,051	76,184	6,104	82,288	54.8	84,981
Oct. 4	49,522	30,104	79,626	7,648	87,274	56.7	89,907
Oct. 10	47,644	29,579	77,223	8,749	85,972	55.4	88,530
Oct. 18	52,365	30,188	82,553	9,874	92,427	56.7	94,983
Oct. 25	45,531	31,178	76,709	10,533	87,242	52.2	89,777
Nov. 1	53,964	32,832	86,796	12,331	99,127	54.4	103,702
Nov. 8	48,894	36,556	85,450	12,560	98,010	49.9	102,525
Nov. 15	45,508	36,538	82,046	13,039	95,085	47.9	99,605
Nov. 22	32,742	38,357	71,099	13,112	84,211	38.9	88,779
Nov. 29	41,205	39,135	80,340	12,927	93,267	44.2	97,835
Dec. 6	43,067	39,524	82,591	12,715	95,306	45.2	100,383
Dec. 13	50,096	38,294	88,390	11,807	100,197	50.0	105,769
Dec. 20	45,475	31,250	76,725	12,175	88,900	51.2	95,501
Dec. 27	47,960	29,204	77,164	12,239	89,403	53.6	96,034

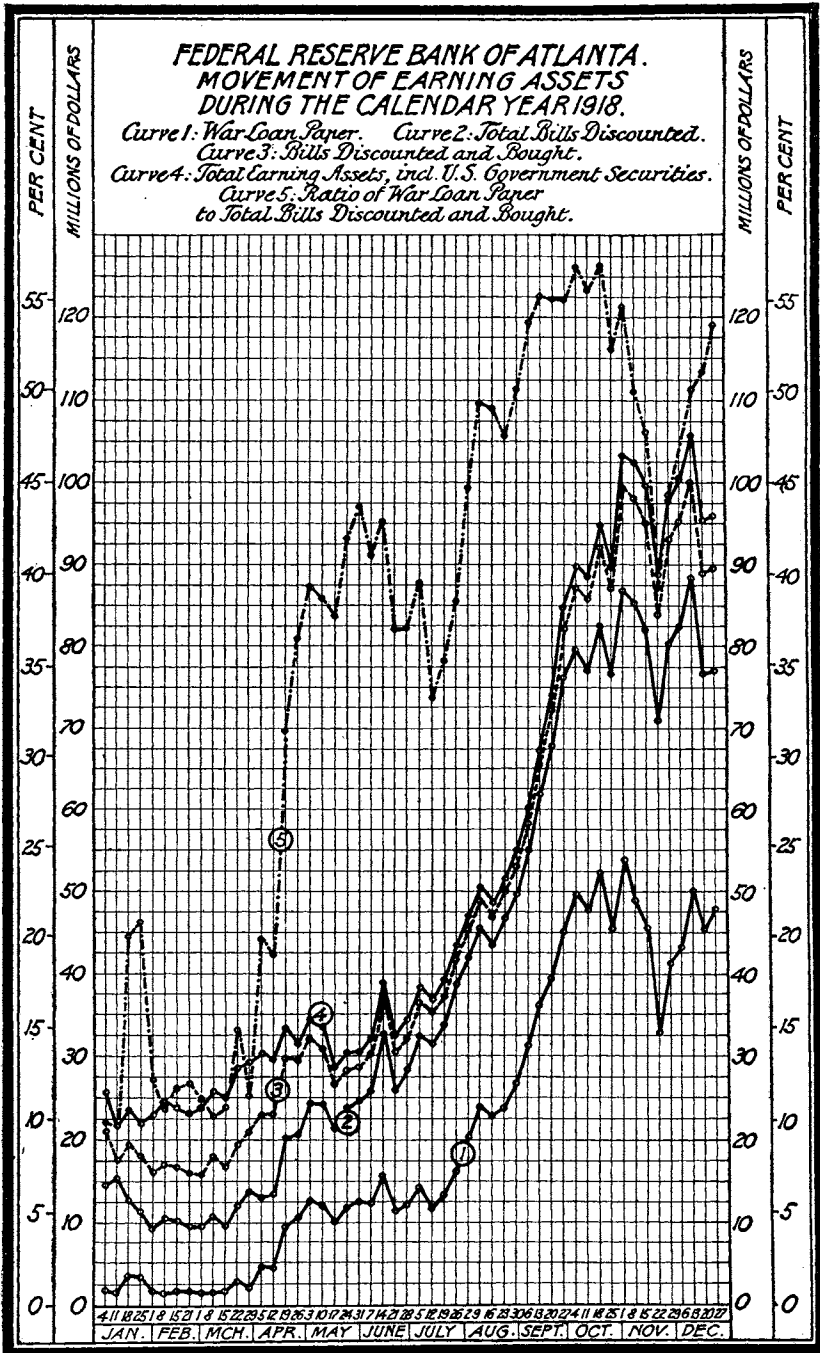
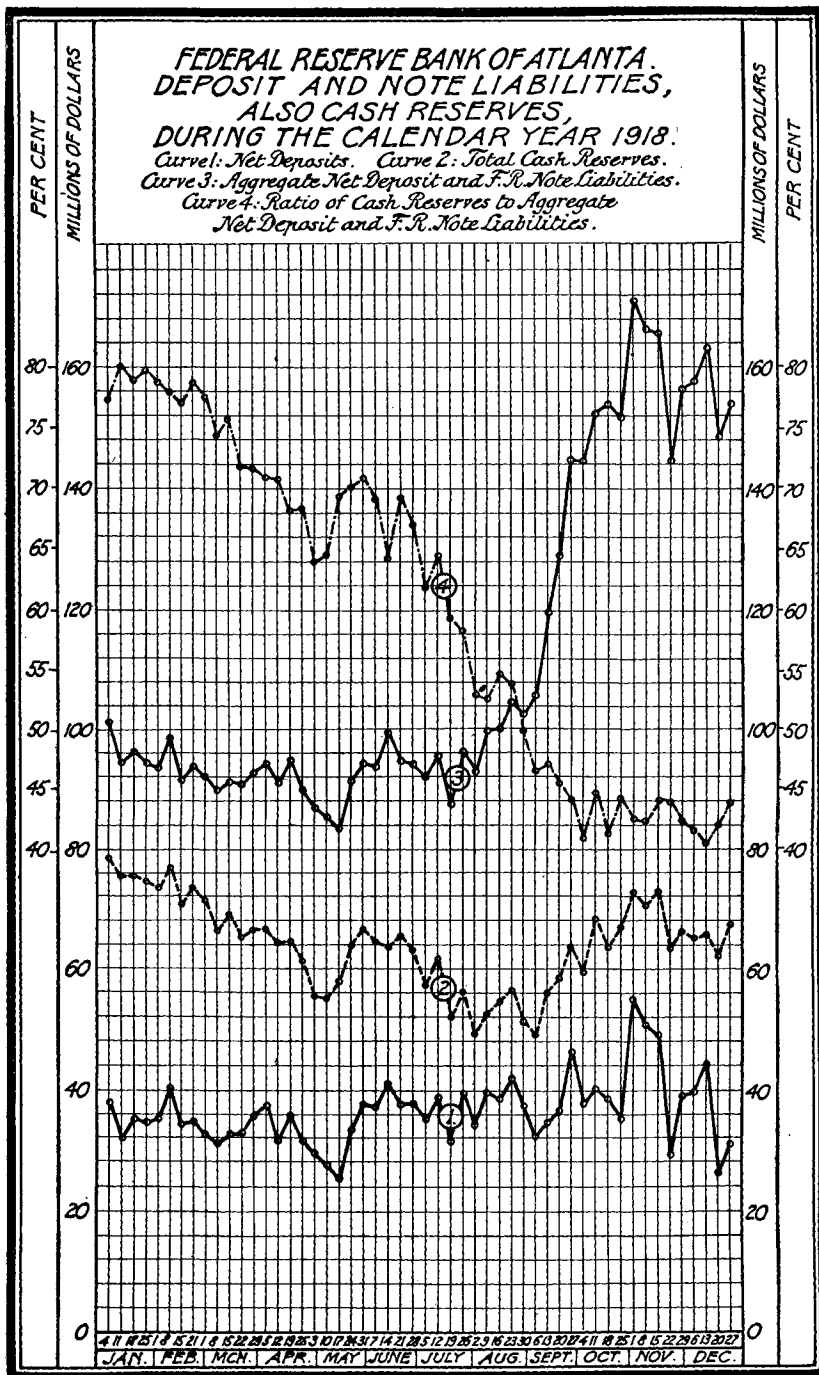


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal Reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of Atlanta during the calendar year, 1918.*

[In thousands of dollars, i. e., 000 omitted.]

	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circulation.	(2+3)	Ratio of cash reserves to net deposit and Federal Reserve note liabilities combined.
	1	2	3	4	5
Jan. 4.....	78,217	37,438	63,839	101,277	77.2
Jan. 11.....	75,774	31,907	62,850	94,757	80.0
Jan. 18.....	75,707	35,181	60,975	96,156	78.7
Jan. 25.....	74,928	34,383	59,739	94,122	79.6
Feb. 1.....	73,544	35,180	58,511	93,691	78.5
Feb. 8.....	76,813	40,707	57,835	98,542	77.9
Feb. 15.....	70,406	34,158	57,262	91,420	77.0
Feb. 21.....	73,652	34,888	58,937	93,826	78.5
Mar. 1.....	71,212	32,980	59,057	92,037	77.4
Mar. 8.....	66,703	31,296	58,486	89,782	74.3
Mar. 15.....	69,075	32,847	58,355	91,202	75.7
Mar. 22.....	65,295	32,957	58,006	90,963	71.8
Mar. 28-29.....	66,485	35,900	56,928	92,828	71.6
Apr. 5.....	66,932	37,490	56,744	94,234	71.0
Apr. 12.....	64,439	31,742	59,334	91,076	70.8
Apr. 19.....	64,641	36,077	58,921	94,998	68.0
Apr. 26.....	61,431	31,378	58,541	89,919	68.3
May 3.....	55,743	29,489	57,605	87,094	64.0
May 10.....	55,182	27,939	57,490	85,429	64.6
May 17.....	57,968	25,814	57,952	83,766	69.2
May 24.....	64,011	33,538	57,780	91,318	70.1
May 31.....	66,807	37,301	57,089	94,390	70.8
June 7.....	64,689	37,128	56,748	93,876	68.9
June 14.....	63,797	41,367	58,074	99,441	64.2
June 21.....	65,619	37,501	57,477	94,978	69.1
June 28.....	63,002	37,983	56,139	94,122	66.9
July 5.....	57,104	35,290	56,826	92,116	62.0
July 12.....	61,827	38,953	56,709	95,662	64.6
July 19.....	52,027	31,513	56,366	87,879	59.2
July 26.....	56,102	39,204	57,237	96,441	58.2
Aug. 2.....	49,063	34,403	58,558	92,961	52.8
Aug. 9.....	52,405	39,938	59,866	99,804	52.5
Aug. 16.....	54,643	38,434	61,589	100,023	54.6
Aug. 23.....	56,437	42,186	62,722	104,908	53.8
Aug. 30.....	51,077	37,490	65,345	102,835	49.7
Sept. 6.....	49,184	32,626	73,303	105,929	46.4
Sept. 13.....	56,120	31,800	85,078	119,878	46.8
Sept. 20.....	58,468	36,610	92,294	128,904	45.4
Sept. 27.....	63,732	46,765	97,941	144,706	44.0
Oct. 4.....	59,140	37,667	107,013	144,680	40.9
Oct. 10.....	68,286	40,558	111,640	152,198	44.9
Oct. 18.....	63,545	38,672	115,145	153,817	41.3
Oct. 25.....	67,094	35,250	116,582	151,832	44.2
Nov. 1.....	72,725	55,076	116,070	171,146	42.5
Nov. 8.....	70,423	50,924	115,450	166,374	42.3
Nov. 15.....	72,977	49,031	116,910	165,941	44.0
Nov. 22.....	63,548	29,212	115,609	144,821	43.9
Nov. 29.....	66,163	39,090	117,151	156,241	42.3
Dec. 6.....	65,350	39,898	117,432	157,330	41.5
Dec. 13.....	65,993	44,222	118,822	163,044	40.5
Dec. 20.....	62,343	26,418	121,922	148,340	42.9
Dec. 27.....	67,538	31,017	122,764	153,781	43.0



SCHEDULE 1.—*Comparative statement of earnings and expenses. Federal Reserve Bank of Atlanta.*

[Combined statement of head office and branches.]

	1918	1917
EARNINGS.		
Bills discounted and bought:		
Bills discounted—members and Federal Reserve banks.....	\$1,758,074.69	\$231,635.57
Acceptances bought in open market.....	302,231.06	102,311.56
Investments:		
United States securities.....	114,451.31	140,820.48
Municipal warrants.....	2,889.31	3,629.26
Bill of lading drafts.....	3,654.65	.....
Profits realized on United States securities.....	11,139.06	25,568.99
Transfers—net earnings.....	33,756.92	17,134.05
Deficient reserve penalties (including interest).....	35,240.00	13,526.88
Net service charges received.....	21,752.62	.....
Sundry profits.....	9,868.94	6,758.45
Total earnings.....	2,293,058.56	541,385.24
EXPENSES.		
Assessments, expenses Federal Reserve Board.....	15,368.71	9,442.27
Federal Advisory Council.....	454.73	466.63
Governors' conferences.....	70.36	299.98
Federal Reserve Agents' conferences.....	142.30	.....
Salaries:		
Officers.....	70,643.45	36,470.93
Clerks.....	124,938.35	37,892.48
Special officers and watchmen.....	5,280.40	3,424.10
All other.....	3,059.67	.....
Directors' fees.....	2,295.00	2,188.08
Directors' per diem.....	2,548.40	2,540.00
Directors' traveling expenses.....	2,688.70	2,471.42
Officers' and clerks' traveling expenses.....	3,006.84	1,066.94
Legal fees.....	3,494.87	600.00
Rent.....	18,722.10	12,152.92
Taxes and fire insurance.....	3,275.90	1,210.64
Telephone.....	765.82	535.05
Telegraph.....	5,030.41	842.86
Postage.....	28,997.62	6,825.77
Currency shipments.....	4,665.11	.....
Expressage.....	5,140.14	2,483.33
Insurance and premiums on fidelity bonds.....	2,041.04	1,801.90
Light, heat, and power.....	762.35	174.67
Printing and stationery.....	23,781.58	7,062.67
Repairs and alterations.....	132.43	27.86
All other expenses.....	53,332.90	16,494.72
Total expenses of operation.....	380,639.18	146,475.22
Cost of Federal Reserve currency issued.....	149,390.49	54,808.22
Cost of Federal Reserve notes unissued (on hand).....	.....	14,320.00
Miscellaneous charges a/c Federal Reserve bank note issues.....	9,313.22	.....
Depreciation:		
Furniture and equipment.....	88,130.35	8,177.80
Bank premises.....	12,797.34	2,500.00
Total current expenses.....	640,270.58	226,281.24
Gross earnings.....	2,293,058.56	541,385.24
Less total expenses.....	640,270.58	226,281.24
Net earnings.....	1,652,787.98	315,104.00

SCHEDULE 2.—*Statement of the condition of the Federal Reserve Bank of Atlanta.*

[Combined statement of head office and branches.]

	Dec. 31, 1918.	Dec. 31, 1917
RESOURCES.		
Bills discounted—members.....	\$36,408,710.93	\$11,895,589.16
Member banks' collateral notes.....	47,626,800.00	2,628,250.00
Acceptances bought in open market.....	12,514,685.61	6,497,061.67
United States bonds to secure circulation.....	261,600.00	.....
Other United States bonds owned.....	292,150.00	2,397,000.00
One-year Treasury notes.....	667,000.00	1,491,000.00
United States Treasury certificates of indebtedness.....	102,000.00	.....
Municipal warrants.....	13,000.00	284,372.00
Certificates of indebtedness to secure circulation.....	5,297,000.00	.....
Bill of lading drafts.....	.....	503,831.60

SCHEDULE 2.—Statement of the condition of the Federal Reserve Bank of Atlanta—Con.

	Dec. 31, 1918.	Dec. 31, 1917.
RESOURCES—continued.		
Cost of unissued Federal Reserve currency.....		588.24
Interest accrued on United States securities.....	24,961.80	25,814.07
Other deferred charges.....	2,957.31	2,237.36
Bank premises.....	217,000.00	140,875.20
Disbursements, fiscal agent department.....	456,208.21	45,694.07
Total.....	701,127.32	215,208.94
Due from other Federal Reserve banks.....		2,182,401.91
Due from branches and offices.....		354,061.46
Exchanges for clearing house.....	2,876,114.04	2,552,616.60
Checks and other cash items.....	122,324.66	56,940.23
National bank notes and notes of other Federal Reserve banks.....	4,119,829.00	2,395,950.00
Other mutilated currency for redemption.....		232,250.00
Deferred debits:		
Federal Reserve Banks—		
Transfers bought.....		803,000.00
Other items.....	9,981,436.18	3,668,787.35
Branches and offices.....	2,518,975.61	674,174.47
Member and nonmember banks.....	16,399,909.62	8,865,130.93
Total.....	36,018,589.11	21,785,312.95
Due from United States Treasury 5 per cent fund.....	310,690.00	
Federal Reserve bank notes on hand.....	269,000.00	
Federal Reserve notes on hand.....	2,786,200.00	1,909,030.00
Mutilated Federal Reserve notes for redemption.....	161,655.00	43,500.00
Nickels and cents.....	1,336.40	407.51
Total.....	3,528,881.40	1,952,937.51
Gold with Federal Reserve agent.....	42,179,185.00	50,701,320.00
Due from United States Treasury gold redemption fund.....	6,957,760.00	1,119,140.98
Gold settlement fund.....	6,302,193.45	12,482,000.00
Gold bullion and coin.....	1,900,488.42	1,548,322.72
Gold certificates (including clearing-house certificates).....	6,086,890.00	4,169,000.00
Gold with foreign agencies.....	174,866.23	1,575,000.00
Silver certificates (including clearing-house certificates).....	55,544.00	397,889.00
Legal-tender notes (including clearing-house certificates).....	165,009.00	13,200.00
Silver coin.....	16,690.50	4,626.00
Total reserve.....	63,838,626.60	72,010,498.70
Total resources.....	207,270,170.97	121,661,062.53
LIABILITIES.		
Capital paid in.....	3,191,350.00	2,812,750.00
Surplus.....	775,000.00	40,000.00
Profit and loss.....		40,000.00
Total.....	3,966,350.00	2,892,750.00
Discount on United States bonds.....	830.70	
Unearned discount—bills discounted.....	163,689.75	37,292.75
Unearned discount—acceptances bought.....	64,460.60	26,635.01
Unearned interest on municipal warrants.....	75.11	1,229.25
Reserved for sundry expenses.....	47,572.19	59,492.92
Difference account.....	384.04	
Total.....	277,012.39	124,649.93
United States Government deposits.....	2,839,711.85	4,476,782.74
Due to other Federal Reserve Banks.....		1,334,971.41
Due to member banks, reserve account.....	46,222,851.15	36,849,923.90
Due to nonmember banks, clearing account.....	40,931.30	97,903.27
Reserved for franchise tax.....	735,000.00	
Cashier's expense, return item and dividend checks.....	173,956.21	276,724.34
Gold settlement fund—suspense.....	6,973,458.15	
Deferred credits:		
Federal Reserve Banks.....	5,199,568.72	3,094,279.83
Branches and offices.....	375,302.29	222,655.30
Member and nonmember banks.....	9,013,287.09	5,423,001.18
Miscellaneous.....	1,746,856.82	.33
Total.....	73,320,923.58	51,776,242.60
Federal Reserve notes outstanding.....	123,620,285.00	66,867,420.00
Federal Reserve bank notes outstanding.....	6,085,600.00	
Total.....	129,705,885.00	66,867,420.00
Total liabilities.....	207,270,170.97	121,661,062.53

SCHEDULE 3.—Earnings, expenses, and dividend payments for calendar year 1918, also amounts carried to surplus fund and reserved for Government franchise tax.

Capital Dec. 31, 1918.....		\$3,191,350.00
Earnings for 1918.....		2,293,058.56
Expense of operation.....	\$380,639.18	
Cost of Federal Reserve currency (including expressage, insurance, etc.).....	149,390.49	
Miscellaneous charges account note issues ¹	9,313.22	
Furniture and equipment, total amount charged off during year.....	88,130.35	
Total current expenses.....		627,473.24
Net earnings for year.....		1,665,585.32
Less:		
Depreciation on bank premises.....	\$12,797.34	
Other depreciation allowances or extraordinary items charged to profit and loss account.....	315.30	
Total deductions.....		13,112.64
Net amount available for dividends, surplus, and franchise taxes.....		1,652,472.68
Dividends paid:		
Date paid, June 30, 1918; period covered, Jan. 1, 1918-June 30, 1918.....	\$88,078.07	
Date paid, Dec. 31, 1918; period covered, June 30, 1918-Dec. 31, 1918.....	94,349.49	
Interest paid on stock surrendered.....	45.12	
Total dividend payments.....		182,472.68
Carried to surplus fund.....		735,000.00
Transferred to account "Reserve for franchise tax".....		735,000.00
Total.....		1,652,472.68

SCHEDULE 4.—Third Liberty loan—Analysis of subscriptions to Treasury certificates of indebtedness, series of Jan. 22, Feb. 8, Feb. 27, Mar. 20, Apr. 10, and Apr. 22, 1918.

	Number of banks in district.	Number of banks subscribing.	Percentage of banks in district subscribing.	Percentage of banks to number subscribing.	Amount of subscriptions.
National banks.....	380	332	87.36	28.09	\$44,019,000
State banks.....	1,608	843	52.43	71.32	34,502,000
Trust companies.....	10	7	70.00	.59	713,500
Total.....	1,998	1,182	59.16	100.00	79,234,500
Miscellaneous.....		14			
Grand total.....	1,998	1,196			79,573,000

SCHEDULE 5.—Fourth Liberty loan—Analysis of subscriptions to Treasury certificates of indebtedness, series of June 25, July 9, July 23, Aug. 6, Sept. 3, Sept. 17, and Oct. 1.

	Number of banks in district.	Number of banks subscribing.	Percentage of banks in district subscribing.	Percentage of banks to number subscribing.	Amount of subscriptions.
National banks.....	394	315	80.00	27.30	\$69,015,500
State banks.....	1,753	832	47.46	72.10	44,658,500
Trust companies.....	10	7	70.00	.60	808,500
Total.....	2,157	1,154	53.50	100.00	114,477,500
Miscellaneous.....		17			379,500
Grand total.....	2,157	1,171			114,857,000

¹ Including both Federal Reserve notes and Federal Reserve bank notes.

SCHEDULE 6.—*Tax series—Analysis of subscriptions to Treasury certificates of indebtedness, tax series of Jan. 2, Feb. 15, Mar. 15, Apr. 15, May 15, Aug. 20, and Nov. 7, 1918.*

	Number of banks in district.	Number of banks subscribing.	Percentage of banks subscribing.	Percentage of banks to number subscribing.	Amount of subscriptions.
National banks.....	394	124	31.47	35.63	\$15,440,500
State banks.....	1,753	220	12.55	63.22	10,483,500
Trust companies.....	10	4	40.00	1.15	155,000
Total.....	2,157	348	16.11	100.00	26,079,000
Miscellaneous.....		18			271,000
Grand total.....	2,157	366			26,350,000

SCHEDULE 7.—*Analysis of subscriptions to third Liberty loan.*

ALABAMA.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	91	91	100	\$12,278,800
State banks.....	257	240	93	10,821,550
Trust companies.....	1	1	100	60,100
Miscellaneous.....				21,000
Total.....	349	332	95	23,181,450

FLORIDA.

National banks.....	56	56	100	\$11,068,550
State banks.....	197	180	91	6,902,000
Trust companies.....	1	1	100	60,850
Miscellaneous.....				22,500
Total.....	254	237	93	18,053,900

GEORGIA.

National banks.....	97	95	98	\$16,050,950
State banks.....	671	612	91	22,294,650
Trust companies.....	4	4	100	448,200
Miscellaneous.....				237,300
Total.....	772	711	92	39,031,100

TENNESSEE.

National banks.....	89	89	100	\$16,025,650
State banks.....	253	229	90	6,392,100
Trust companies.....	2	2	100	364,200
Miscellaneous.....				4,450
Total.....	344	320	93	22,786,400

LOUISIANA.

National banks.....	27	24	89	\$8,620,800
State banks.....	137	127	97	17,182,750
Trust companies.....				702,350
Miscellaneous.....				
Total.....	164	151	93	26,505,900

SCHEDULE 7.—*Analysis of subscriptions to third Liberty loan—Continued.*

MISSISSIPPI.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	18	16	89	\$3,640,400
State banks.....	120	104	86	4,449,750
Trust companies.....				
Miscellaneous.....				50
Total.....	138	120	90	8,090,200

RECAPITULATION.

National banks.....	378	371	96	\$67,685,150
State banks.....	1,635	1,492	71	68,042,800
Trust companies.....	8	8	100	933,350
Miscellaneous.....				987,650
Central American.....				500
Total.....	2,021	1,871	92	137,649,450

SCHEDULE 8.—*Analysis of subscriptions to fourth Liberty loan.*

ALABAMA.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	91	91	100	\$18,559,850
State banks.....	260	251	97	17,568,700
Trust companies.....	1	1	100	39,000
Miscellaneous.....				48,950
Total.....	352	343	99	36,216,500

FLORIDA.

National banks.....	55	55	100	\$7,063,550
State banks.....	198	181	92	10,298,250
Trust companies.....	1	1	100	132,000
Miscellaneous.....				44,550
Total.....	254	237	93	27,538,350

GEORGIA.

National banks.....	98	96	98	\$27,034,250
State banks.....	670	622	93	31,886,850
Trust companies.....	4	4	100	902,900
Miscellaneous.....				2,990,550
Total.....	772	722	93	62,814,550

TENNESSEE.

National banks.....	90	90	100	\$26,115,450
State banks.....	257	238	92	10,747,700
Trust companies.....	2	2	100	720,050
Miscellaneous.....				600
Total.....	349	330	94	37,583,800

SCHEDULE 8.—*Analysis of subscriptions to fourth Liberty loan—Continued.*

LOUISIANA.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	27	26	96	\$13,685,300
State banks.....	135	122	90	26,093,250
Trust companies.....	2	1	50	15,450
Miscellaneous.....				882,200
Total.....	164	149	91	40,676,200

MISSISSIPPI.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	18	17	95	\$5,941,550
State banks.....	120	108	90	7,114,150
Trust companies.....				100
Miscellaneous.....				
Total.....	138	125	92	13,055,800

RECAPITULATION.

	Number of banks in State.	Number of banks subscribing.	Per cent of banks subscribing.	Amount of subscriptions.
National banks.....	379	375	98	\$108,399,950
State banks.....	1,640	1,522	92	103,708,900
Trust companies.....	10	9	90	1,809,400
Miscellaneous.....				3,966,950
Total.....	2,029	1,906	94	217,885,200

Total subscriptions in sixth district.....	\$217,885,200
Quota of sixth district.....	192,000,000
Number of subscribers in sixth district.....	947,047

State.	Population, 1910.	Quota.	Subscription.	Number of subscribers.
Alabama.....	2,138,093	\$30,230,000	\$36,216,500	203,230
Florida.....	752,619	23,931,000	27,538,350	113,051
Georgia.....	2,609,121	54,319,000	62,814,550	251,961
Tennessee.....	1,536,298	32,701,000	37,583,800	166,193
Louisiana.....	1,167,265	38,529,000	40,676,200	94,792
Mississippi.....	895,516	12,290,000	13,055,800	117,830
Total.....	9,098,912	192,000,000	217,885,200	947,047

City.	Population, 1910.	Quota.	Subscription.	Number of subscribers.
Birmingham.....	132,685	\$8,332,650	\$9,698,000	47,515
Mobile.....	51,521	3,225,950	3,516,100	10,565
Montgomery.....	38,136	2,455,950	2,514,100	10,302
Jacksonville.....	57,699	6,704,800	8,678,450	27,131
Tampa.....	37,782	3,416,000	3,440,750	11,601
Atlanta.....	154,839	14,204,150	17,342,000	39,031
Savannah.....	65,054	6,282,200	6,364,400	23,579
Augusta.....	41,040	3,117,350	3,635,650	11,645
Macon.....	40,665	2,872,050	3,070,150	9,672
Nashville.....	110,364	9,532,850	11,949,150	38,856
Chattanooga.....	44,604	6,361,350	6,761,550	26,105
Knoxville.....	36,346	3,685,550	4,397,200	15,420
New Orleans.....	339,075	28,904,500	28,373,900	67,031

SCHEDULE 9.—Confirmation and classification of subscriptions.

Number of subscribers.	Amount.
540,150 at \$50.....	\$27,007,500
280,360 at \$100.....	28,036,900
46,558 at \$150 to \$450, inclusive.....	12,179,350
34,583 at \$500.....	17,291,500
5,166 at \$550 to \$950, inclusive.....	4,090,550
27,583 at \$1,000 to \$1,950, inclusive.....	29,981,000
3,850 at \$2,000 to \$2,950, inclusive.....	8,104,100
1,134 at \$3,000 to \$3,950, inclusive.....	3,694,750
559 at \$4,000 to \$4,950, inclusive.....	2,262,400
2,910 at \$5,000.....	14,521,000
126 at \$5,050 to \$5,950, inclusive.....	749,300
271 at \$6,000 to \$6,950, inclusive.....	1,329,700
185 at \$7,000 to \$7,950, inclusive.....	1,387,950
88 at \$8,000 to \$8,950, inclusive.....	738,400
109 at \$9,000 to \$9,950, inclusive.....	949,700
1,909 at \$10,000.....	19,145,000
1,352 at \$10,050 to \$50,000, inclusive.....	29,111,150
95 at \$50,000 to \$100,000, inclusive.....	7,391,300
39 at \$100,050 to \$200,000, inclusive.....	5,686,650
LIST OF SUBSCRIPTIONS OVER \$ 00,000.	
1 at.....	300,000
1 at.....	550,000
NEW ORLEANS BRANCH.	
1 at.....	202,000
2 at.....	600,000
1 at.....	400,000
1 at.....	500,000
1 at.....	750,000
947,047 Total.....	217,885,200

SCHEDULE 10.—Annual report of transit operations, Federal Reserve Bank, Atlanta, Ga., 1918.

NUMBER OF ITEMS HANDLED.

	Clearing house.	Sixth district.	Other Federal Reserve.	Total.
January.....	40,169	287,035	37,262	364,466
February.....	43,700	289,211	36,763	369,674
March.....	45,475	325,750	44,798	416,023
April.....	46,706	322,603	47,450	416,759
May.....	50,787	350,232	43,427	444,446
June.....	43,808	367,241	46,048	457,097
July.....	42,128	469,200	59,186	570,514
August.....	44,958	562,823	51,275	659,056
September.....	44,753	511,329	47,548	603,630
October.....	66,270	581,777	61,355	709,402
November.....	124,026	579,509	79,483	783,018
December.....	134,510	593,997	65,217	793,724
Total.....	727,290	5,246,707	619,812	6,593,809

AMOUNTS.

January.....	\$64,143,841.54	\$68,548,581.38	\$36,535,142.67	\$169,227,565.59
February.....	57,752,180.12	61,476,669.41	34,639,098.57	323,095,513.69
March.....	73,148,311.95	60,261,062.55	73,285,421.96	206,694,796.46
April.....	65,104,900.03	67,136,481.71	83,273,019.40	215,514,401.14
May.....	82,144,994.50	85,097,634.45	97,123,007.88	264,365,636.83
June.....	61,880,737.10	91,767,015.28	80,583,988.32	234,231,740.76
July.....	39,961,669.88	119,989,920.10	75,147,610.38	235,099,200.36
August.....	39,595,972.02	134,770,803.01	71,876,343.41	246,243,198.44
September.....	49,749,262.56	156,969,393.16	72,491,290.92	279,209,856.64
October.....	107,738,577.59	155,494,377.86	102,297,315.25	365,530,270.70
November.....	145,261,313.82	175,294,144.68	101,736,080.81	422,291,539.31
December.....	143,111,913.77	144,890,486.27	93,781,413.28	381,783,813.32
Total.....	929,593,674.94	1,321,696,559.86	922,769,732.85	3,174,059,967.65

SCHEDULE 10.—*Annual report of transit operations, Federal Reserve Bank, Atlanta, Ga., 1918—Continued.*

NUMBER OF ITEMS AND AMOUNTS OF UNITED STATES TREASURER CHECKS.

	Number of Items.	Amounts.
January.....	37, 594	\$13, 420, 862. 91
February.....	36, 334	12, 244, 613. 61
March.....	43, 896	23, 382, 729. 60
April.....	52, 504	40, 731, 960. 50
May.....	48, 540	58, 136, 035. 93
June.....	46, 980	52, 489, 162. 88
July.....	72, 140	40, 235, 329. 40
August.....	85, 276	26, 546, 173. 66
September.....	109, 780	34, 109, 501. 56
October.....	125, 470	44, 162, 364. 74
November.....	104, 720	36, 913, 912. 45
December.....	92, 346	31, 860, 045. 37
Total.....	855, 670	414, 232, 692. 61

Average number of items handled per day, 24,423; average amount of items handled per day, \$11,764,-894.26; number of banks in this district remitting at par, 635.

DISTRICT NO 7.—CHICAGO.

WILLIAM A. HEATH, Chairman and Federal Reserve Agent.

Measured both by performance and by the financial result of operation, the Federal Reserve Bank of Chicago has just closed a remarkable year.

Without the facilities made available through the bank, the burden of war financing would have been a serious handicap to industrial activity for war purposes in a district where resources are largely agricultural and the business turnover is necessarily slow.

The task of obtaining subscriptions to and providing the facilities for the payments for Liberty bonds, in addition to the heavy war taxes in a single year, and at the same time caring for abnormal business requirements, afforded a severe test of the various functions of the Federal Reserve Bank. In its fiscal agency operations in 1918 the Federal Reserve Bank of Chicago distributed 11,096,577 coupon bonds, involving 208,956 registered shipments, through its bond department, while it financed the Treasury through the cash sale and distribution to banks, corporations, and individuals of bonds and certificates of indebtedness to the extent of approximately \$3,000,000,000.

This expansion of facilities, so as to render the greatest possible service to the Treasury, the member banks, and to business in general, necessarily involved a considerable increase in the cost of operation, but despite the increased expenditure, the Federal Reserve Bank of Chicago showed a surplus of \$3,100,000 for the year 1918, after all charges, payment of dividends, and reservation for the statutory franchise tax.

In extending the facilities of the Federal Reserve Bank of Chicago to member banks it has been necessary to expand its note issue. Federal Reserve notes in circulation at the close of the year aggregated \$428,820,000, as compared with \$181,160,000 at the beginning of the year, an increase of \$247,660,000. It is safe to say that Government financial operations were chiefly responsible for this abnormal expansion. On the other hand, comparative statements of the Federal Reserve Bank of Chicago at the beginning and close of 1918 show an increase of approximately \$192,738,000 in its gold stock. On De-

ember 31, 1918, the gold available as reserve against Federal Reserve notes in circulation, after setting aside 35 per cent against net deposit liability, was 81.5 per cent. On the same day the total reserve against combined net deposit and note liability was 66.1 per cent. The campaign for the transfer of gold from individual banks to the Federal Reserve Bank accounts for \$53,000,000 of the 1918 increase in the stock of gold. There also has been collected during the year and turned into the Treasury approximately \$12,400,000 in silver and silver certificates. In its fiscal agency operations the Federal Reserve Bank of Chicago not only has had the cooperation of banks and bond distributing organizations, but also the services of individuals identified with these organizations, contributed as a patriotic duty. Such cooperation has contributed greatly to the success of the year's undertakings.

Appreciation of the services and facilities afforded by membership in the Federal Reserve system is indicated by the interest taken by State banks in the Seventh Federal Reserve District. Considerably more than one-half of the total resources of eligible banks operating under State charters are now represented by memberships in the Federal Reserve Bank of Chicago.

The character of the services performed in the year 1918 is clearly depicted in the following résumé of the operations of the Federal Reserve Bank of Chicago and in the statistics and charts accompanying this report.

FINANCIAL RESULTS OF OPERATION.

Earnings for the year 1918 aggregated \$8,481,747, compared with \$2,020,714 in 1917 and \$665,955 in 1916. From the gross earnings of 1918, however, there should be deducted \$155,672 because of the discontinuance of the service charges in the transit department, the disbursements without income in the second half of the year more than absorbing the income in excess of disbursements covering the first half. This made the total earnings of the bank \$8,326,075, which compares with \$2,022,278 for 1917, the latter figure including a credit from the transit department operations.

The total expenses for the year 1918 aggregated \$1,495,002, compared with \$792,526 in 1917 and \$262,730 in 1916. The net income for the year, however, was \$6,805,081, compared with \$1,229,751 in 1917 and \$403,205 in 1916. The earnings for the year 1918 were equivalent to 60.84 per cent on the paid-in capital as of December 31, 1918.

The balance sheet as of December 31, 1918, shows \$247,091,000 of total earning assets, compared with \$125,490,000 at the close of the previous year and \$26,475,000 at the end of 1916.

The total cash reserve at the close of 1918 was \$423,574,000, compared with \$230,833,000 at the close of 1917 and \$54,379,000

at the close of 1916. The total assets shown were \$779,187,000 at the close of business December 31, 1918, compared with \$401,905,000 at the end of the previous year and \$118,790,000 at the end of 1916. The capital account showed \$11,185,050 in capital paid in and \$3,316,022 in surplus, compared with \$9,091,700 paid-in capital and \$215,799 surplus at the close of 1917, and \$6,683,550 paid-in capital at the close of 1916.

The total Government deposits on December 31, 1918, were \$6,566,000, compared with \$3,052,000 at the close of 1917 and \$2,045,000 at the close of 1916. The total "due to member banks—reserve" at the close of 1918 aggregated \$230,604,000, against \$169,174,000 at the end of 1917 and \$95,390,000 in 1916. The balance sheet also showed \$450,938,000 of Federal Reserve notes at the end of 1918, compared with \$190,788,000 at the close of the previous year.

The detailed profit-and-loss account and balance sheet will be found in the appendix accompanying this report (Schedules 1 and 3).

TREND OF DEPOSITS.

The trend of deposits for the year 1918 has been consistently upward. Reference to net deposit figures compiled as at the close of business each Friday during the year shows that the lowest point touched was about \$116,000,000, while the high point for the year was \$226,000,000. For the first six months deposits averaged about \$152,000,000, while for the last six months the average was about \$196,000,000. This considerable increase is attributed to the increase in the deposit accounts of member banks, necessitating larger reserves, as well as to the growth in our membership through the addition of 217 State banks during the year.

GENERAL BUSINESS CONDITIONS.

General business was active at the close of the year, with banking conditions in the Seventh Federal Reserve District sound. Necessarily the volume of business is being somewhat curtailed as war contracts are completed or canceled, but in the readjustment to peace conditions the volume of accumulated business, which during the war it was impossible to care for, has taken up a considerable amount of the slack caused by the let down in war production. Instances of this are found in the automobile industry, in the manufacture of furniture and other articles which war economy and conservation of manufacturing facilities affected. The agricultural situation is promising, the seed going into the ground last fall under favorable conditions, and the wheat acreage in this district is large.

The labor situation in consequence of this readjustment is slowly improving. There is still a shortage in some lines of skilled work-

men, but a noticeable improvement in the supply of common labor available, whereas before the signing of the armistice this class of labor was exceedingly scarce. Women are being released from factories and shops where they were engaged in war production, and are returning to their former lines of activity, while a general effort is being made among employers to care for those released from military service by the Government. A striking feature in the general business situation at the close of the year was an apparent desire of all elements to contribute as far as possible to an orderly readjustment to a peace basis. The readjustment of wages to a peace basis is apparently being deferred until commodity prices and other items entering into the cost of living have shown a substantial decline.

The money market, which during the year ruled remarkably steady for a war period, closed the year with rates ranging from $5\frac{1}{2}$ to $6\frac{1}{2}$ per cent, but with 6 per cent quotable as the prevailing rate in most instances.

DISCOUNT OPERATIONS.

Throughout the year 1918 the greater portion of the total earning assets of this bank was represented by discounts for member banks involving United States Government war obligations as security in one form or another. On January 2, 1918, the percentage of the "bills discounted" by this bank representing war financing was 25 per cent. Until September 13 there was no segregation on our ledgers of the item "bills discounted" into paper given for the purchase of Government obligations and paper given for commercial or industrial purposes. Figures available after September 13 show that of total "bills discounted" as high as 77 per cent was war paper, while the lowest percentage shown in the subsequent weeks of 1918 was 62 per cent.

For the first half of the year the financial operations of the United States Government in the Seventh Federal Reserve District were not reflected in a particularly striking manner in borrowing from the Federal Reserve Bank of Chicago, "bills discounted" ranging between \$62,000,000 to \$125,000,000, with the average somewhat below \$100,000,000. That "total earning assets" ranged between \$100,000,000 and \$150,000,000 in that period, averaging in the neighborhood of \$125,000,000, was due to the accumulation of acceptances aggregating in amount \$50,000,000 in the early part of April. The amount of acceptances later was allowed to run down to a nominal figure, but acquisition was resumed again later in the year, reaching almost \$100,000,000 in the middle of December.

The middle of the year found practically all banks in the district short of surplus funds, due to their absorption by the successive

indebtedness, and the exceedingly large requirements of essential business. This condition made recourse to the Federal Reserve Bank of Chicago imperative, and such recourse was immediately reflected in a growth of the item "bills discounted" from about \$125,000,000 to \$250,000,000 at the end of July. This was maintained with but negligible fluctuations until the peak \$279,308,000 was reached in the early part of November. There followed between the middle and the end of November a sharp decline, amounting to about \$70,000,000, \$183,400,000 being touched before a brief recovery set in. In the first three weeks in December there was a decline to around \$154,000,000, with a subsequent recovery to nearly \$160,000,000. The highest point reached by the item "total earning assets" was recorded at the beginning of November, when the total touched \$326,944,000.

Investment operations were confined to one purchase, amounting to \$1,000,000 of municipal warrants, on January 23 and sold on January 28, and to United States securities, which ran along between \$5,000,000 and \$15,000,000, until the last Friday in October, when the total increased to \$47,000,000, receding sharply to \$15,000,000 in the first week in November. This total again increased, and at the end of the year amounted to slightly more than \$20,100,000.

During the year there were 22,864 applications for rediscount approved for 850 banks, as follows:

	Number of banks.	Amount.
Illinois.....	168	\$1,741,500,084
Indiana.....	125	184,405,140
Iowa.....	333	385,191,839
Michigan.....	128	612,080,430
Wisconsin.....	96	342,672,516
Total.....	850	3,265,850,010

In addition to this, \$222,838,671 in bankers' acceptances were purchased in the open market and from other Federal Reserve Banks, represented by bills drawn in connection with imports or exports or based upon domestic shipments or storage of goods and accepted by institutions of known responsibility. The amount of United States Government bonds, certificates of indebtedness, and notes purchased by the Federal Reserve Bank of Chicago during the year aggregated \$30,276,950, exclusive of bonds and certificates taken under repurchase agreements. The amount of these sold during the year aggregated \$14,342,550. The investment of the Federal Reserve Bank of Chicago in warrants and bonds of four municipalities with maturities ranging from 60 to 143 days, purchased in the open market and sold, was \$1,000,000.

Naturally, in a war period, with such unprecedented imperative financing as took place in the year just closed, the rediscounting operations of the Federal Reserve banks were very large in volume, and the Federal Reserve Bank of Chicago, operating in a territory the wealth of which is very considerably invested in agricultural and allied pursuits, shared liberally in this class of rediscounting. In the general rediscounting operations, however, paper was carefully scrutinized in order to determine whether it represented essential or nonessential enterprises, and as far as practicable the policy was adhered to of caring for the extensions of credit regarded as essential to the successful prosecution of the war.

TRADE ACCEPTANCES.

In the very nature of things the development of the use of trade acceptances in this district has been slow, but some progress has been made during the last year, as is evidenced by a moderate increase in the volume in the hands of banks and the number of concerns which have adopted trade acceptances in their business.

There appears to be an active interest in most lines of business in the subject of trade acceptances, but from the information received from the users of trade acceptances and also those considering their adoption, it would seem that the banks of this district are not actively promoting the use of the trade acceptance by their customers. Probably this is explained by the pressure under which the banks have been working. While they realize the necessity of rendering the reserve money more mobile through the creation of a broader discount market for commercial paper, the banks may not yet have fully appreciated the value of the machinery provided by the Federal Reserve system by which high-grade business paper can be rediscounted throughout the country, nor have business concerns fully realized how the use of trade acceptances and bankers' acceptances commands preferential rates.

BANKERS' ACCEPTANCES.

It also has been the policy of the Federal Reserve Bank of Chicago to encourage the development of an open market for bankers' acceptances in this district, but this, too, is very slow in developing. Thus far the chief support of business in bankers' acceptances has come from the Federal Reserve Banks. It is appreciated by the officers of the Federal Reserve Bank of Chicago that acceptances, however, must depend upon a broader market than that afforded by the Federal Reserve Banks if this class of paper is to come into general use as a form of credit and that business is to be expanded. At present there are comparatively few banks in the Seventh Federal Reserve District which regularly buy bankers' acceptances, and these are

among the larger institutions. The number doubtless would be much larger were it not for the great volume of United States Government certificates of indebtedness absorbing available funds seeking employment.

Public and private corporations at times having funds for which it is desirable to find temporary employment are showing increasing interest in acceptances. Some already have adopted the policy of investing these funds in a well-assorted list of eligible bankers' acceptances because of their liquidity and the more satisfactory interest return.

The storage and movement of grain, meats, provisions, woollens, and tobacco, which heretofore have been financed largely through acceptances known as "domestic bills," also is stimulating interest among banks in the development of a broad mid-West acceptance market.

The limited amount of surplus funds available for investment in acceptances probably accounts for the slight encouragement which the few brokers offering acceptances here have received from the Middle West banks. Some of the brokers and banking houses say they have been unable to make any progress even in the purchase and sale of the acceptances of local concerns from and to local banks.

During the year 1918 seven Chicago banks and one Wisconsin bank applied for powers to accept up to 100 per cent of their combined capital stock and surplus. The approval of these banks last year brought the list of authorized accepting banks up to 11, all of which, with the one exception mentioned, were Chicago banks. The list of banks authorized to accept up to 100 per cent of their capital and surplus will be found in the appendix (Schedule 6).

PURCHASE OF ACCEPTANCES.

The policy of the Federal Reserve Bank of Chicago in the purchase of acceptances has been to absorb such acceptances as are offered direct by member banks of this district, and also to sell acceptances to banks in this district whenever the member banks inquire for them. It seems necessary, however, in order to develop any considerable volume of business, that an active campaign be made to interest banks and banking houses of this district more generally in the handling of acceptances.

RESERVE POSITION.

That in spite of the heaviest demands ever made upon the sources of the Federal Reserve Bank of Chicago it was possible to maintain cash reserves at a figure averaging above 60 per cent for the whole year has been due chiefly to the patriotic response to the appeal for mobilization of gold and gold certificates throughout the district,

into the regional bank, as well as to the growth of its deposits through the gratifying increase in the membership of State banks. An intensive campaign in which member and nonmember banks were canvassed and asked to turn in their gold and gold certificates, accepting Federal Reserve notes in exchange therefor, bore fruit, and too much can not be said for the banks whose spirit of cooperation was so helpful.

During the unprecedented advance in the loan item in the month of July, the consequent upward trend of the deposit and note liability resulted in a decline of cash reserves from about 65 per cent to approximately 45 per cent, the low point for the year. Though deposit and note liability continued to expand to almost \$650,000,000, at the end of the year the ratio of cash reserves had advanced by a consistent upward trend from never below 49 per cent to about 67 per cent. At the close of the year it was slightly in excess of 66 per cent.

GROWTH OF MEMBERSHIP.

During the year the Federal Reserve Board approved applications for stock in the Federal Reserve Bank of Chicago from 13 national banks and applications for surrender of stock from 9 national banks. In the appendix (Schedules 7 and 8) will be found the names of the institutions whose stock was surrendered, as well as the disposition made of them; also a list of the new national bank members.

The following table contains figures showing the growth in membership of State banks in the Federal Reserve Bank of Chicago.

State bank membership statistics, Federal Reserve Bank of Chicago, by years of admission.

	1914	1915	1916	1917	1918	Total
Illinois	1	2	.....	19	35	57
Indiana .....	.....	.....	.....	2	17	19
Iowa .....	.....	.....	1	8	68	77
Michigan .....	.....	2	.....	31	80	113
Wisconsin	1	1	.....	3	17	22
Total	2	5	1	63	217	288

The increase in State bank membership from 63 in 1917 to 288 in 1918 is very gratifying and has added considerably to the strength of the Chicago Reserve Bank. These institutions on December 31, 1918, held in excess of one-third of the total capital stock in their regional bank. This may be ascribed to the exigencies of the financial situation, which made it necessary for State institutions to enlist help in carrying their share of the Government's war obligations, as well as to an intensive campaign from this office through which their membership was solicited. State bank members admitted in 1918 appear in Schedule 9.

FIDUCIARY POWERS.

During the year 25 applications from national banks for power, under section 11 (k) of the Federal Reserve Act were approved, bringing the total number of banks having such powers up to 125. Schedule 10 in the appendix lists the banks granted these powers in 1918.

DEPARTMENT OF BANK EXAMINATIONS.

Among the provisions of the Federal Reserve Act are the following:

The Federal Reserve Board shall be authorized and empowered to examine at its discretion the accounts, books, and affairs of each Federal Reserve Bank and of each member bank, and to require such statements and reports as it may deem necessary.

* * * Every Federal Reserve Bank may, with the approval of the Federal Reserve agent or the Federal Reserve Board, provide for special examination of member banks within its district. * * * Special examinations shall be so conducted as to inform the Federal Reserve Bank of the condition of its member banks and of the lines of credit which are being extended by them * * *.

As a condition of membership, such banks (State) shall likewise be subject to examinations made at the direction of the Federal Reserve Board or of the Federal Reserve Bank by examiners selected or approved by the Federal Reserve Board. Whenever the directors of Federal Reserve Banks shall approve the examinations made by the State authorities such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Federal Reserve Board * * *.

Early in the present year the Federal Reserve Bank of Chicago organized a department of bank examinations in order to be prepared to meet the requirements of the act in this particular. During the year some examinations of national banks have been made by this department. A number of State banks applying for membership have been specially examined, and in a large number of instances representatives of this department have visited State banks applying for membership in order to satisfy themselves as to conditions which were not made clear by reports of State examinations submitted.

It has been the endeavor of this department to cultivate friendly relations with the State banking departments in all of the States included in this district, and it is pleasing to note that most cordial relations exist between this department and the various State banking departments. The disposition to be mutually helpful is manifest on both sides.

Examinations of national banks are largely standardized; on the contrary, each State has a method of its own. It is obvious, therefore, that the reports of State examinations, no matter how efficiently conducted, do not in all cases contain all of the essential or detailed information which is deemed necessary by the Federal Reserve Bank or the Federal Reserve Board. The latter body has recently suggested an outline of more complete cooperation between Federal Reserve Banks and the various State banking departments, and the

Federal Reserve Bank of Chicago has enlarged its examining force in order that the proposed plan may be more effectively carried out. Under this plan examinations will, as a rule, be conducted as heretofore by the State banking departments; but representatives from the Federal Reserve Bank will, so far as practicable, be present during the progress of such examinations, and it is believed that through such practice closer coordination may be had and more efficient results obtained for the benefit of all those interested. It is gratifying to state that this plan appears to have met with the approval of the banking departments of the various States.

STATE BANK RESERVES.

The reserve percentages against deposit liability required by the banking departments of the five States in the Seventh Federal Reserve District differs from those required under the Federal Reserve Act. In the State of Michigan, however, an amendment to the banking law provides that Michigan State bank members of the Federal Reserve system may satisfy reserve requirements of their State departments by complying with percentages obligatory under the Federal Reserve Act. Moreover, in the other States there is a liberal attitude toward member banks in the matter of reserves, providing they maintain a percentage which satisfies the requirements of the Federal Reserve Act.

GOVERNMENT WAR FINANCING.

In the very nature of things Government war financing overshadowed all other classes of business in the Federal Reserve Bank of Chicago. The Seventh Federal Reserve District is composed almost entirely of agricultural territory, and this made the problem of financing its quota of subscription payments for the various issues difficult. It is true the district contains several important manufacturing and commercial centers and that dotted all through the territory are manufacturing cities, but the bulk of the wealth is invested in either agriculture or industries closely allied to agriculture, and hence the income is dependent largely upon that business and the turnover is slow.

Despite this handicap, however, the quota of the third and fourth Liberty loans, aggregating between 14 and 15 per cent of the total offerings, was oversubscribed in each instance, the Treasury being financed in advance of actual payment for the bonds through the absorption of certificates of indebtedness offered to the banks from time to time. The statistics relating to the fiscal agency operations appearing in the appendix of this report indicate the character of the response to the Treasury offering (Schedules 11 to 16).

In obtaining a wide distribution of the certificates of indebtedness the allotment system proved beneficial, because it gave all banks an amount which should equal their subscriptions, and afforded an incentive to bring their subscriptions up to the amount of their quota by stimulating a spirit of competition between banks. The effect of the general and wide distribution under the Government war financing program has been to acquaint many banks, especially the smaller institutions, with the advantages of holding as secondary reserve short-time paper—a development which would have been ordinarily difficult to bring about through voluntary offerings. The educational value of this experience, therefore, is great, and is expected to prove far-reaching in its effect.

The record of subscriptions of all banks in the Seventh Federal Reserve District to the first four series of Treasury certificates indicates a steadily increasing interest in these short-term war obligations. The figures compare as follows:

	Series I.	Series II.	Series III.	Series IV.
Allotment.....	\$77,693,000	\$138,597,000	\$325,355,000	\$663,204,000
Number of subscriptions.....	1,348	3,121	13,792	29,544

At the closing of the subscription lists two-thirds of all the banks in the district were recorded as having subscribed for an amount equal at least to the minimum quota of the anticipation certificates of the fourth Liberty loan assigned them. Allotted subscriptions to certificates of indebtedness in anticipation of loans and in payment of Federal taxes in the Seventh Federal Reserve District aggregated \$1,427,609,500 in 1918, of which \$988,559,000 were certificates in anticipation of the third and fourth loans, and \$132,794,500 were in anticipation of the 1918 taxes. The total also includes \$125,831,000 sold in anticipation of taxes due in 1918 and 1919, and \$180,425,000 in anticipation of the fifth Liberty loan.

DEPOSITS OF TREASURY FUNDS WITH BANKS.

During 1918 the number of depositary banks increased from 288 to 1,060. The maximum payment by depositary credit increased from \$96,000,000 on the occasion of the first payment on the second Liberty loan to \$174,000,000 on the October 24 payment of the fourth Liberty loan. The latter amount represents 31 per cent of the total amount paid on that date, the remainder being 27 per cent in cash and 42 per cent paid by certificates of indebtedness. On the December 5 issue of certificates the amount paid by depositary credit was \$65,598,000, or 67½ per cent of the total subscriptions. From January 1 to December 1, 1918, a grand total of \$1,464,093,765 had been deposited to the credit of the Government in depositary

banks. The collateral held to secure deposits increased from \$139,000,000 on January 1 to \$257,000,000 on October 30 last.

In conducting the work of this division it has been the endeavor to simplify the forms and operations necessary, and as a result the depository banks are now handling transactions with the use of fewer forms and in a more direct manner than before and are showing an increasingly cooperative spirit. It has been possible to adjust the work so that within about two hours after receiving a call from Washington for funds, notices of withdrawal are in the mails.

Payments made by banks against calls on war loan deposit accounts are now prompt in practically every instance, and whereas six months ago on every payment date there were from 30 to 40 delinquents, the delinquent list now rarely exceeds half a dozen, although the number of depositories has increased 100 per cent. This has been accomplished through the systematic use of the mails and wires in regard to overdue payments to show the necessity of promptly making funds available for the use of the Treasury on the date set in notices.

There has been the fullest cooperation from State custodians and securities committees and no effort has been spared by custodians to render services promptly or to anticipate any difficulties which might arise through error on the part of depository banks.

FLOTATION OF LIBERTY LOANS.

The accompanying statistics show the character of the undertaking in obtaining subscriptions for and in allotting and delivering to subscribers Liberty bonds in the volume represented by the quota given to the Seventh Federal Reserve District and in the wide distribution of these subscribers. Every effort was made to simplify and standardize all forms used in connection with the Liberty loan subscriptions and payments, with the view of reducing the number of errors made by banks in submitting subscriptions or loan payments. This found its reflection in the decrease in the volume of correspondence compared with the experience with relation to the first and second Liberty loans.

In the distribution of the third and fourth Liberty loans in the Seventh Federal Reserve District, which comprises 58 counties in the northern part of Illinois, 68 counties embracing the northern two-thirds of Indiana, 68 counties embracing all of Michigan excepting the northern peninsula, 45 counties embracing the southern two-thirds of Wisconsin, and 99 counties comprising the entire State of Iowa—a total of 338 counties for the entire district—a comprehensive sales organization was found necessary. This Liberty loan organization, formed under the direction of the Federal Reserve

sisted of a general committee, composed of representative citizens, two of whom were women, appointed directly by the governor of the Federal Reserve Bank, represented six subdivisions, embracing: (1) Chicago and Cook County, (2) Illinois outside Cook County, (3) Indiana, (4) Iowa, (5) Michigan, (6) Wisconsin. This general committee in turn operated through an executive committee, composed of executives of representative banks and allied interests. This executive committee directed the campaign through the Liberty loan campaign committee, composed of a director, and in the instance of the fourth loan, an assistant director, and a cabinet made up of the sales director of each of the six subdivisions, director of publicity, director of the speakers' bureau, and a secretary-treasurer. In the fourth loan the position of executive secretary was abolished and his duties were combined with that of the treasurer, an arrangement which proved very satisfactory and efficient. So satisfactory has this general organization proved that it is contemplated utilizing it practically in this form in connection with the fifth Liberty loan. (See Schedule 17, appendix.)

In the campaign for subscriptions the Seventh Federal Reserve District Liberty loan committee used largely what is called the "individual quota" system outside of Cook County and Chicago, and had the war continued this system would in time probably have been perfected so as to apply to the Chicago territory. No effort, however, was made to add to the quota allotted, so that the results in subscriptions to the two loans were exceedingly satisfactory.

It is asserted on the basis of statistical information that more people per thousand have bought Liberty bonds in this district than in any other in the country. The Central West has learned to buy bonds. In the first loan the Seventh Federal Reserve District showed 600,000 total subscribers, on the basis of 4 per cent of population computed on the 1910 census. The per cent of quota subscribed on the "basis of official report of application" was 118. The amount of subscriptions equaled \$26.79 per capita, with an average subscription of \$586, whereas in the second loan the total number of subscribers on the "basis of official report of application" was 1,809,497, or 14 per cent of the population, the per cent of quota subscribed being 139, the per capita \$44.63, and the average subscription \$324, while in the third loan the total number of subscribers on the "basis of official report of application" was 3,535,792, or 27 per cent of population, with a total subscription equivalent to \$46.44 per capita, and 143 per cent of quota subscribed, and an average subscription of \$172. The total subscriptions in the Seventh Federal Reserve District to the third loan were \$608,878,000.

Analysis of the official assignments, subscriptions, and subscribers

Federal Reserve District of 4,241,703, with an average application of \$229. The per cent of quota subscribed was 111; the per capita application amounted to \$73.88. Subscriptions in the Seventh Federal Reserve District to the fourth Liberty loan aggregated \$969,646,600.

Fully 85 per cent of all railroad employees in the Seventh Federal Reserve District were enlisted as purchasers of bonds of the third Liberty loan issue. The average subscription was \$65.48, and the total amount, \$12,826,600, was distributed to 195,876 employees. In the fourth loan the percentage of railroad employees who subscribed for Liberty bonds was in excess of 97, with an average subscription of \$100. The distribution, therefore, was increased between 12 and 15 per cent and the average purchase was increased \$35.

The Liberty loan sales organization embraced 48 organizers and 365 paid employees during the peak of the campaign. To this should be added approximately 300,000 volunteer workers. In the central clearing house in Chicago 400 were employed at the peak of the campaign, while 80 were distributed among the 35 ward stations. The cost of handling this business in the third loan was \$30,000, while in the fourth loan it aggregated about \$40,000. Three hundred and twenty-five were employed in the distribution and publicity department. A maximum of 80,000 pieces was distributed. The maximum volume of applications cleared at Chicago in a single day was 82,000 pieces (subscriptions), involving \$18,000,000.

The various activities of the fiscal agent's department has resulted in a great increase in the number of employees other than in the Liberty loan sales organization. On January 1, 1918, 129 employees were engaged in this department, whereas at the close of the year 1918 the number reached 300.

WAR-SAVINGS CERTIFICATES.

The work of the Federal Reserve Bank of Chicago in connection with the sale of war-savings certificates and thrift stamps has been comparatively light. This bank was not called upon to direct that feature of the war financing until the middle of October, so that it was impossible to increase the results of the organization already in existence during 1918. The bank, therefore, has furnished only about one-eighth of the total sales of stamps in this district, the remainder having been put out by the Post Office Department. Considerable attention, however, has been given to the matter of broadening the scope of the organization for sales of the war-savings certificates and thrift stamps for the purpose of increasing the sale during the coming year.

WAR FINANCE CORPORATION.

The Federal Reserve Bank of Chicago has not participated in any of the functions of the War Finance Corporation. This bank was not called upon to act as representative of the corporation in handling applications for loans under the terms of the act, and such applications or inquiries as were directed here were redirected to Washington.

DISTRICT COMMITTEE ON CAPITAL ISSUES.

The activities of the district committee on capital issues for the Seventh Federal Reserve District began immediately after the appointment of the main committee. Its membership consisted of 17 (afterwards increased to 19), the majority being from Illinois and residents of Chicago. Each of the other States included in the seventh district, however (Indiana, Iowa, Michigan, and Wisconsin), was most efficiently represented in the committee's membership.

The first meeting of the committee was held on February 2, 1918. An executive committee of five (afterwards increased to seven) was selected by the main committee at Washington, and acting under the plan of procedure recommended for all districts, assumed charge of activities for the district, the remaining members forming an advisory body to be called into consultation as necessity required. Regular sessions of the executive committee were had, usually on Tuesdays and Thursdays, and during the life of the body 75 meetings were held in all. It became apparent at the outset that the volume and importance of matters to be presented for consideration called for systematic procedure. Therefore, a competent and experienced secretary was at once appointed, with power to employ necessary assistants. As a result, each application as received was carefully analyzed, additional information obtained, if needful and possible, and tabulated in very condensed and concrete form for presentation. In this way a very large number of applications was disposed of at each session without delay in any cases where all essential facts were available.

It was the policy of the committee to grant special hearings whenever asked for, and in some cases the committee requested applicants to appear before it. The total number of such hearings was, however, not large. Few appeals from the committee's findings were made, and few of the recommendations of the district committee were overruled by the main committee at Washington. In all, some 600 applications were considered. An exhibit of these, classified and giving figures, appears in the appendix (Schedules 18 and 19). This, however, by no means represents all the results accomplished, for hundreds of projects, totaling probably very large figures, were de-

ferred merely on oral advice of committee members. It was impossible to keep a proper record of them.

The response of the public generally to the appeal of the committee for cooperation was widespread and very gratifying. The committee was aware, however, that at times its existence was ignored (but not in all cases deliberately) and that in parts of the district the credulous were still being importuned to exchange their cash and Liberty bonds for unauthorized or "wildcat" issues. It was, however, powerless to correct this situation.

FEDERAL RESERVE NOTE ISSUE.

Elsewhere in the text of this report there has been furnished a discussion of the issue of Federal Reserve currency by this bank during the year. In the appendix will be found a table and chart covering the trend of the liability on account of Federal Reserve note issue; also a table indicating interdistrict movement of Federal Reserve currency and a table recording the amount of notes issued by the Federal Reserve Bank of Chicago and outstanding December 31, 1918. (See Schedules 20 to 22, Exhibit B, and chart.)

FEDERAL RESERVE BANK NOTE ISSUE.

At the close of business December 31, 1918, there were outstanding \$18,525,800 in Federal Reserve bank notes. This currency is at present available in \$1, \$2, \$5, \$10, and \$20 denominations. During the campaign for the withdrawal from circulation of silver certificates it has been the policy of this bank to pay out Federal Reserve bank notes in an amount approximating the amount of incoming silver certificates. The appendix contains a table covering the amount of these notes put in circulation and redeemed during the year. At the close of the year \$19,609,800 in United States securities were on deposit with the United States Treasurer as security for outstanding Federal Reserve bank notes.

POSITION OF COMMERCIAL BANKS.

Necessarily the commercial banks of the district not only felt the effects of the demands of the Government upon their resources in the matter of purchasing Government securities, but also they have felt the effect of the high prices of practically all raw materials. Naturally these high prices made it necessary for borrowers to use much more money for the same volume of business than was needed before the war. These two elements have caused the banks generally throughout the district to borrow liberally from the Federal Reserve Bank of Chicago.

The effect of war financing on commercial paper from the standpoint of the banks naturally would be that of subjecting makers to a more careful scrutiny of the credit risk. Credits extended before the armistice was signed were based primarily upon their essential character to a very considerable extent, whereas after the armistice was signed and war needs relaxed, credits were viewed from the standpoint of ability to get back to a safe and profitable peace basis. The consequence of this shift in viewpoint necessarily has contributed to a most careful examination of credits, which in the war period were regarded as the strongest. Notwithstanding the heavy war demands, the banks in the Seventh Federal Reserve District are believed to be in a relatively strong position and hence able to care for all reasonable demands of general business.

In the performance of the functions for which it is created, the Federal Reserve Bank of Chicago will continue to meet the situations as they arise, extending to deserving member banks its facilities of discounting with a view to aiding them in caring for credit requirements of general business, and at the same time conserving credits to the extent necessary for the furtherance of Government financing yet to be done.

DETROIT BRANCH.

The branch bank at Detroit, Mich., authorized by the board of directors at its regular meeting on November 27, 1917, was formally opened for business on March 18, 1918.

The branch immediately began to justify its creation in handling with expedition certain dealings formerly had by Detroit member banks direct with the parent bank. There is effected a saving of a day's time in receiving credit for paper offered for discount, as well as the immediate accessibility of an adequate supply of Federal Reserve currency. Up to the present time the Detroit branch handles checks on banks located in the city of Detroit alone.

By the deposit of currency or the discount of paper Detroit member banks are immediately supplied with Chicago exchange in the form of a credit on the books of the Federal Reserve Bank of Chicago. This business has been handled to the satisfaction of both the Detroit member bankers and the board of directors of the Federal Reserve Bank of Chicago. While the results of the operation of the branch are combined in the profit and loss statement for the head office, an idea of the scope of its operations may be gained from the balance sheet appearing in the appendix (Schedule 2).

INTERNAL ORGANIZATION.

M. B. Hutchison, of Ottumwa, Iowa, a class B director, group 2, of the Federal Reserve Bank of Chicago, died August 6. This vacancy was filled by the election of A. R. Erskine, president of the Studebaker Corporation, South Bend, Ind., who will fill the unexpired term ending December 31, 1920. George M. Reynolds, Chicago, class A, group 1, and A. H. Vogel, of Milwaukee, class B, group 3, were reelected for the full three-year term. William A. Heath was reappointed by the Federal Reserve Board as a class C director for the full three-year term, and designated as Federal Reserve agent and chairman of the board. The board held 12 regular meetings during the year.

The executive committee is composed of James B. McDougal, governor; J. B. Forgan, George M. Reynolds, James Simpson, and the Federal Reserve agent. This committee had two regular meetings each week during the last year. The membership committee is composed of the Federal Reserve agent, James B. McDougal, governor, and A. H. Vogel, a director.

The plan of holding daily informal meetings of the officers of the bank has been followed throughout the year, except where it was interfered with in some instances by unusual activities in connection with the Liberty loan campaigns and other emergencies.

B. G. McCloud was promoted from cashier, the position which he has filled since the organization of the bank, to a newly created position, "assistant to the governor," and S. B. Cramer, an assistant cashier, was elected cashier. This change took place in the closing weeks of 1918. During the year it became advisable to increase the official staff of the bank, and seven additional assistant cashiers were appointed as follows: Kent C. Childs, F. Bateman, J. H. Dillard, A. H. Vogt, O. J. Netterstrom, F. R. Hanrahan, F. A. Lindsten. Mark A. Lies, assistant Federal Reserve agent, having entered the service of the United States Army early in November, 1918, W. H. White, manager of the department of bank examinations, was appointed as assistant Federal Reserve agent to fill the vacancy.

The officers and directors of the Detroit branch, organized early in 1918, consisted of John Ballantyne, Emory W. Clark, Julius H. Haass, Charles H. Hodges, and Robert B. Locke, all of Detroit. The officers of that branch are: Robert B. Locke, manager and chairman of the board; J. G. Baskin, assistant Federal Reserve agent; William M. Cation, cashier; and J. B. Dew, assistant cashier.

FEDERAL RESERVE CLEARING SYSTEM.

Operations of the clearing system show a remarkable increase in volume. The daily average in the number of items drawn on banks in Chicago increased approximately 70 per cent, while the daily average of items on banks outside of the Federal Reserve cities increased approximately 137 per cent. The daily average of items drawn on banks in other districts increased approximately 111 per cent. The number of member banks in the district at the close of the year was 1,332, compared with 1,103 at the close of the preceding year and 992 at the close of 1916, whereas the number of non-member banks on the par list at the end of 1918 was 2,392, compared with 2,240 at the end of 1917 and 1,265 at the close of 1916.

In connection with the clearing operations attention is called to the fact that the direct-sending system has been granted to a number of banks when time can be saved. For instance, under such conditions, if the volume of items warrants it, arrangements may be made with the Federal Reserve Bank of Chicago for direct routing between member banks of this district and other Federal Reserve Banks and their branches. In this way there is a considerable saving in time, but this also results in a decrease in the number of items handled through the clearing system by the Federal Reserve Bank of Chicago. The Federal Reserve Bank of Chicago now settles the clearing balances not only for Chicago, in accordance with arrangements made more than a year ago, but also for Detroit and Milwaukee. The Detroit balances are settled through the Detroit branch, while the Milwaukee balances are settled through the Federal Reserve Bank of Chicago by telegraphic transfer. The increase in the Government checks approximates 236 per cent. (See Schedules 24 and 25.)

TRANSFER OPERATIONS AND LEASED-WIRE SYSTEM.

It having become evident that the encouragement of telegraphic transfers of credit would be advisable, in order to conserve banking reserves and thus strengthen the banking position, this was undertaken early in 1918 by the Federal Reserve Board through a series of steps increasing the cost of mail transfers and reducing the cost to member banks of telegraphic transfers.

At the beginning of 1918, the Federal Reserve Bank of Chicago was purchasing from member banks transfer drafts or exchanges on other Federal Reserve cities and branch cities at the rate of 5 cents per thousand per day discount, which was equivalent to about 2 per cent per annum. Sales were made at the same rate. During January, 1918, the bank purchased mail exchange amounting to \$254,181,000, and sold mail exchange amounting to \$53,635,000. During that

period no telegraphic transfers were purchased, but the bank sold \$5,000,000 of telegraphic transfers at par. On April 15 the rates for purchases of mail exchange were increased from 5 cents per thousand per day discount to 10 cents per thousand per day discount, or about $3\frac{1}{2}$ per cent per annum. The selling rate was increased from 5 cents per thousand per day discount to $7\frac{1}{2}$ per cent per thousand per day discount. The bank still continued to receive a large volume of mail exchange for immediate credit, which in April amounted to \$253,656,000.

In order that the reserve position of the bank might be strengthened as far as possible, the rates on purchases of mail exchange were again increased on August 1, so that this volume might be reduced to a minimum. Telegraphic transfers of funds were made without cost, and transactions of this nature were encouraged. The bank's purchasing rate on mail exchange was increased from 10 cents per thousand per day discount to 15 cents per thousand per day discount, which was equivalent to about $5\frac{1}{2}$ per cent per annum, while the selling price remained the same, $7\frac{1}{2}$ cents per thousand per day discount.

This had the desired effect, as purchases by draft dropped from \$208,000,000 for the month of July to \$77,000,000 for the month of August, while there was a corresponding increase in transfers bought by wire. During July the bank purchased \$84,000,000 telegraphic transfers, while in August the purchases amounted to \$205,000,000. The total of all purchases by draft has steadily decreased, until now it averages less than \$50,000,000 a month, while the banks' telegraphic transfers purchased average \$200,000,000 a month. (See Schedule 23.)

In order to give prompt attention and efficient service to the member banks in telegraphic transfer, and to afford quicker communication between the Treasury and the Federal Reserve Board at Washington and the various Federal Reserve Banks, it was deemed advisable by the Board to install a leased-wire system between the Board and the Federal Reserve Banks. This leased-wire system was put into operation during the week beginning June 3, 1918. Additional wires have since been installed, and now all branch banks are included in the system. Washington and Chicago were made relay points for the East and West, respectively. The Federal Reserve Bank of Chicago was given charge of the operations of the system, and the chief telegraph operator is stationed in this office, with a supervising operator at Washington (the other relay office) as an assistant.

Since the installation of the system the volume of business has grown until it has become necessary to make the Chicago-Cleveland-Washington wire a full duplex. An additional wire from Chicago

to New York, via Washington, has been added, also one from Chicago to St. Louis, making the total of the leased-wire system centering in the Federal Reserve Bank of Chicago in excess of 10,000 miles.

At present 29 operators, including the chief, are employed in the main-line offices, and about 20,000 messages are carried monthly over the system, while 65 per cent of this number are relay.

COLLECTION DEPARTMENT.

Under date of July 1, 1917, the Federal Reserve Bank of Chicago advised its member banks that it would receive for collection clearing-house notes and bills and miscellaneous drafts drawn on any point in the United States, subject to a service charge of 10 cents per item in addition to the actual exchange deduction made by the collecting bank. For a time the member banks were very slow to avail themselves of this privilege, and the majority of the items received by the Federal Reserve Bank were drawn on Chicago. The majority of the items drawn outside of Chicago were received from the large Chicago banks, and in most instances were drawn on Federal Reserve cities. These items could be collected without an exchange deduction.

In the first year of the operation of this collection feature the Federal Reserve Bank of Chicago handled an average of 76 items a day, 49 of which were drawn on Chicago. In order to stimulate interest in this collection system, the Federal Reserve Bank of Chicago on July 1, 1918, suspended the service charge of 10 cents per item, and after that date no charge was made other than to cover the charges made by the collecting bank, except that a charge of 15 cents per item was made for items returned unpaid. The purpose of the charge on returned items was to discourage the use of "dunning drafts," which many banks have found burdensome.

In the six months ending December 31, 1918, during which no service charge per item was made other than those referred to, the Federal Reserve Bank of Chicago handled an average of 362 collection items a day, which were received from banks distributed as follows:

	Items.	Per cent.		Items.	Per cent.
Other Federal Reserve Banks.....	156	43	Chicago banks.....	36	10
Member banks located in other Federal Reserve districts.....	50	14	Iowa banks.....	22	6
Indiana banks.....	33	9	Wisconsin banks.....	22	6
Illinois banks (outside of Chicago).	25	7	Michigan banks.....	18	5

GOLD SETTLEMENT FUND.

The importance of the gold settlement fund in developing the rapid transfer of credit, thus enabling elimination of an unnecessarily large float resulting from the slower method of communication by mail, has been clearly demonstrated by the experiences of the Federal Reserve Bank of Chicago in the last year. These experiences, however, except as to volume, do not differ materially from those of other Federal Reserve Banks. The statistics covering the changes which have taken place from time to time on the gold settlement fund as it relates to the Federal Reserve Bank of Chicago are shown in Schedule 26.

FOREIGN ACCOUNTS.

In 1918 no new foreign accounts were established by the Federal Reserve Bank of Chicago. A year ago the Federal Reserve Bank had a sterling gold account with the Bank of England aggregating \$7,350,000. In the course of the year this decreased, until on December 31, 1918, it amounted to only \$816,042. It is expected that the export business of the country will increase with the restoration of peace and the free movement of international commerce, and the Federal Reserve Bank of Chicago, in order to enable business interests to take full advantage of the opportunity for developing commerce in foreign fields, is pursuing the policy of assisting in the development of proper banking facilities.

BANKING QUARTERS.

During the year it has been necessary, in order to accommodate the various features of the bank's operations, for the Federal Reserve Bank of Chicago practically to double its space in the Rector Building, 79 West Monroe Street. In addition to this, it occupies practically the entire floor of another office building and a very large floor space in a third building to house its fiscal agency operations, besides using vault space in several of the large banks and trust companies in Chicago.

In planning for the future, the directors, at the end of 1918, purchased a site with a street frontage of 165 feet and a depth of 160 feet on La Salle, extending from Quincy Street to Jackson Boulevard. This is probably the most desirable site for the purposes of the Federal Reserve Bank in the city of Chicago, and the ground was acquired at an exceedingly low cost, the purchase price being \$2,936,149. Plans for building operations have not yet been fully developed.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of Chicago during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Discounted paper secured by United States war obligations.	Other discounted paper.	(1+2)	Bills bought in open market.	Total bills discounted and bought.	Per cent (1+5)	Total earning assets.
	1	2	3	4	5	6	7
Jan. 4.	25,863	68,249	94,112	8,370	102,482	25.2	113,635
Jan. 11.	26,032	54,857	80,889	8,578	89,467	29.1	100,504
Jan. 18.	38,838	67,332	106,170	9,002	115,172	33.7	128,663
Jan. 25.	41,468	69,456	110,924	8,521	119,445	34.7	133,981
Feb. 1.	50,704	49,958	100,662	10,039	110,701	45.8	126,473
Feb. 8.	43,034	34,668	77,702	10,899	88,601	48.6	101,417
Feb. 15.	46,587	37,254	83,841	14,401	98,242	47.4	110,931
Feb. 21.	43,025	35,085	78,110	15,927	94,037	45.8	106,465
Mar. 1.	5,303	30,360	35,663	19,073	54,736	9.7	107,449
Mar. 8.	8,030	28,189	36,219	19,432	55,651	14.4	99,385
Mar. 15.	4,357	29,490	33,847	20,649	54,496	8.0	92,682
Mar. 22.	5,035	29,142	34,177	27,025	61,202	8.2	101,884
Mar. 29.	6,164	31,673	37,837	27,655	65,492	9.4	115,890
Apr. 5.	5,957	29,542	35,499	47,024	82,523	7.2	135,118
Apr. 12.	20,988	25,153	46,141	46,446	92,587	22.7	126,624
Apr. 19.	33,614	30,103	63,717	48,103	111,820	30.1	128,370
Apr. 26.	56,496	32,057	88,553	48,002	136,555	41.4	148,741
May 3.	48,965	34,903	83,868	47,356	131,224	37.3	142,799
May 10.	38,974	48,908	87,882	45,665	133,547	29.2	144,556
May 17.	34,390	49,599	83,989	42,627	126,616	27.2	137,116
May 24.	32,719	48,052	80,771	41,011	121,782	26.9	132,261
May 31.	34,678	51,596	86,274	30,621	116,895	29.7	127,043
June 7.	36,318	56,842	93,160	26,151	119,311	30.4	129,427
June 14.	33,822	60,513	94,335	24,380	118,715	28.5	128,807
June 21.	40,308	72,608	112,916	21,681	134,597	29.9	144,681
June 28.	47,452	78,548	126,000	18,414	144,414	32.9	154,466
July 5.	67,132	85,682	152,814	18,831	171,645	39.1	180,847
July 12.	77,649	91,790	169,439	19,251	188,690	41.2	197,892
July 19.	79,893	111,568	191,461	18,368	209,829	38.1	219,031
July 26.	99,914	138,527	238,441	17,284	255,725	39.1	264,927
Aug. 2.	109,210	128,575	237,785	8,583	246,368	44.3	252,989
Aug. 9.	121,416	112,568	233,984	9,549	243,533	49.9	250,154
Aug. 16.	112,132	90,432	202,564	13,180	215,744	52.0	222,304
Aug. 23.	126,725	82,904	209,629	14,714	224,343	56.5	230,964
Aug. 30.	120,533	93,619	214,152	15,740	229,892	52.4	236,513
Sept. 6.	146,992	97,367	244,359	16,549	260,908	56.3	267,528
Sept. 13.	151,361	92,500	243,861	16,393	260,254	58.2	266,874
Sept. 20.	157,717	80,792	238,509	17,211	255,720	61.7	264,341
Sept. 27.	169,044	72,618	241,662	20,272	261,934	64.5	271,565
Oct. 4.	187,576	66,974	254,550	34,047	288,597	65.0	298,228
Oct. 10.	198,575	59,144	257,719	37,063	294,782	66.8	301,403
Oct. 18.	188,736	64,015	252,751	37,295	290,046	65.1	302,667
Oct. 25.	152,405	84,967	237,372	37,583	274,955	55.4	322,570
Nov. 1.	184,276	95,032	279,308	32,515	311,823	59.1	326,944
Nov. 8.	158,336	93,877	252,213	32,684	284,897	55.6	300,018
Nov. 15.	143,363	81,640	225,003	32,145	257,148	55.8	272,269
Nov. 22.	116,878	66,548	183,426	36,015	219,441	53.3	236,563
Nov. 29.	123,047	60,987	184,034	37,357	221,391	55.6	238,512
Dec. 6.	113,544	65,515	179,059	97,624	276,683	43.0	283,805
Dec. 13.	116,904	56,104	173,008	98,137	271,145	43.1	288,266
Dec. 20.	103,493	50,401	153,894	90,361	244,255	42.4	263,376
Dec. 27.	106,124	54,668	160,792	75,068	235,860	45.0	255,981

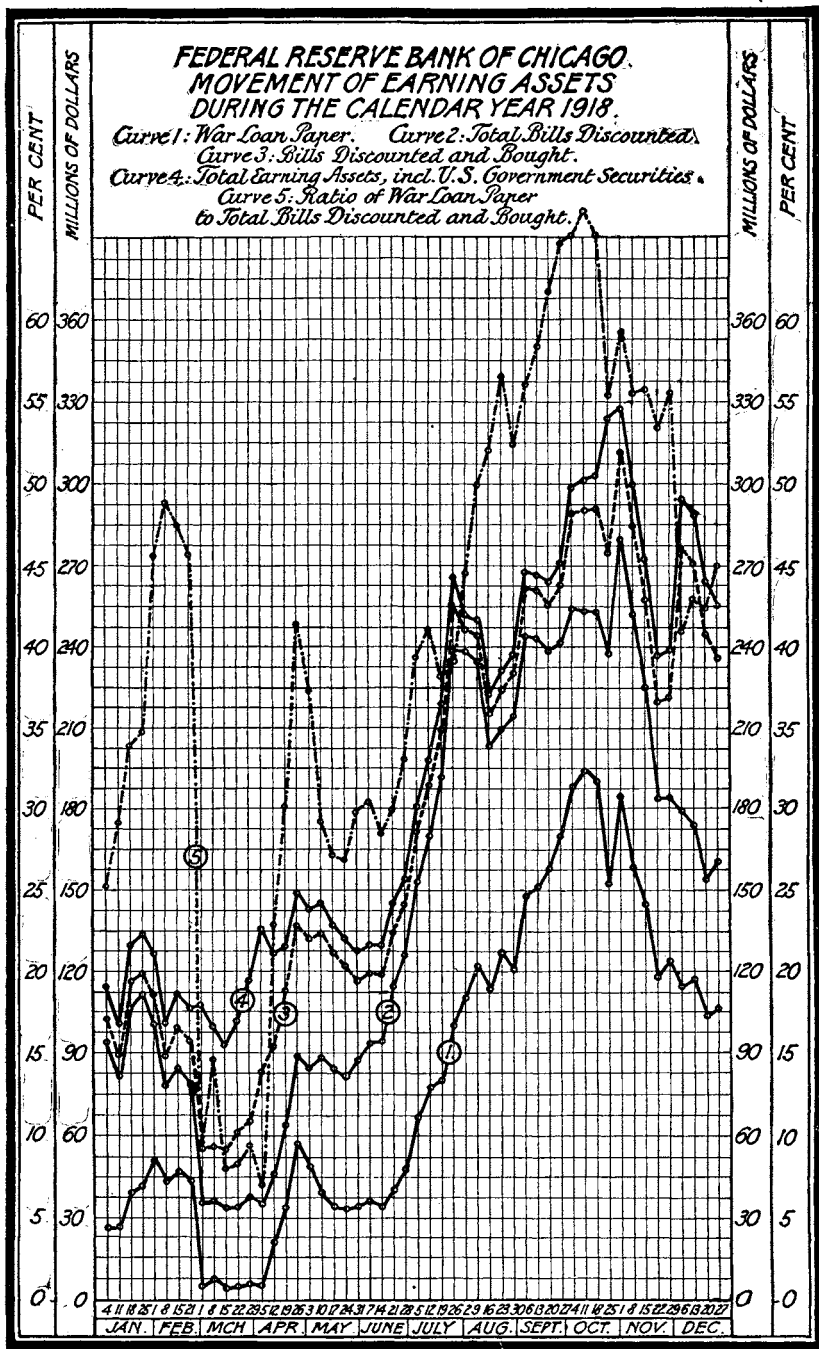
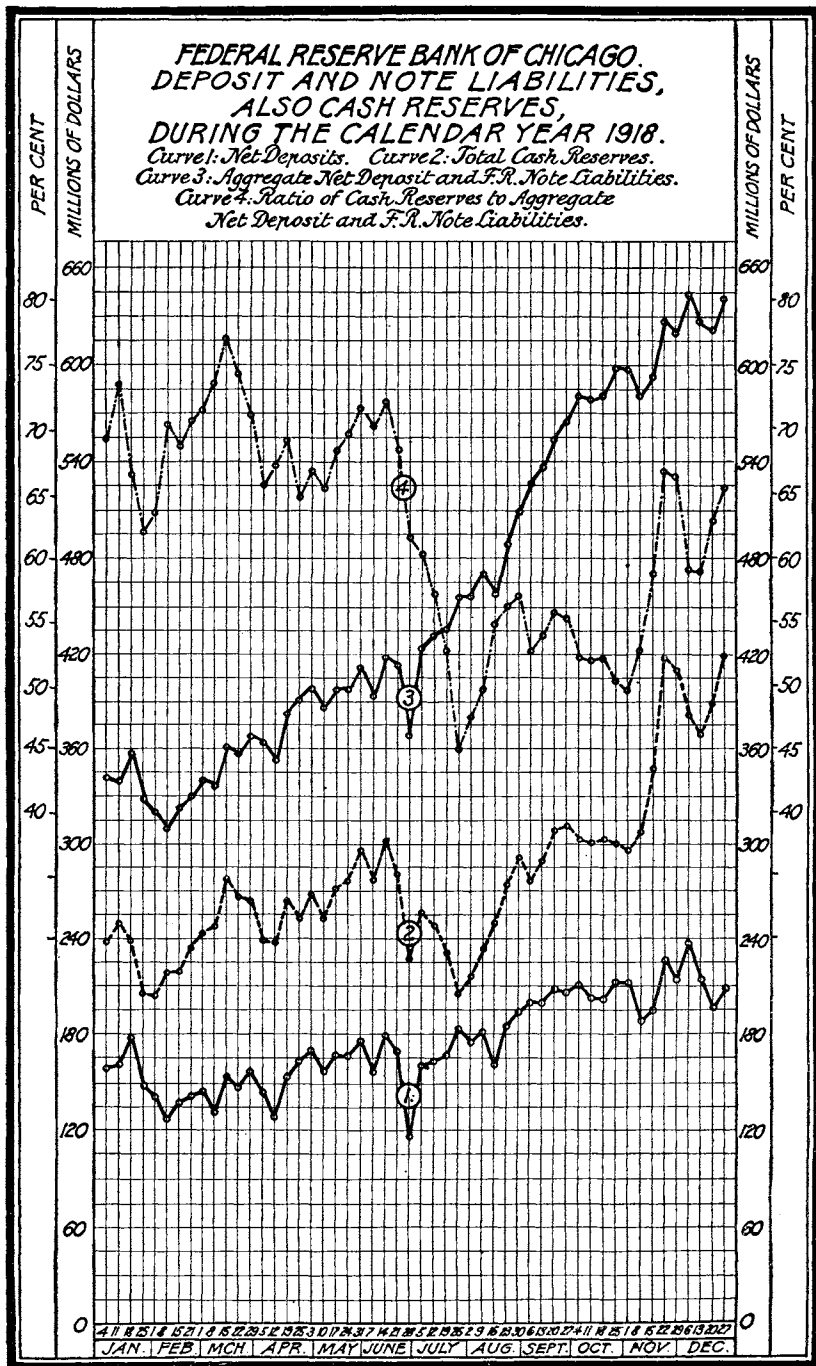


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal Reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of Chicago during the calendar year 1918.*

[In thousands of dollars: i. e., 000 omitted.]

	Total cash reserves.	Net deposits	Federal reserve notes in actual circulation.	(2+3)	Ratio of cash reserves to net deposit and Federal Reserve note liabilities combined.
	1	2	3	4	5
Jan. 4.....	236,802	159,312	181,798	341,110	69.4
Jan. 11.....	249,523	162,426	178,199	340,625	73.3
Jan.....	238,427	177,494	180,276	357,770	66.6
Jan. 25.....	203,704	147,982	180,165	328,147	62.1
Feb. 1.....	202,411	139,725	179,667	319,392	63.4
Feb. 8.....	219,023	126,420	184,211	310,631	70.5
Feb. 15.....	220,173	135,136	186,355	321,491	68.5
Feb. 21.....	233,702	139,764	190,442	330,206	70.8
Mar. 1.....	243,639	142,788	198,477	341,265	71.4
Mar. 8.....	247,211	131,453	205,084	336,537	73.5
Mar. 15.....	278,034	153,363	207,284	360,647	77.1
Mar. 22.....	265,194	146,042	210,776	356,818	74.3
Mar. 29.....	261,845	155,574	211,770	367,344	71.3
Apr. 5.....	239,273	142,404	221,851	364,255	65.7
Apr. 12.....	236,333	128,756	223,405	352,161	67.1
Apr. 19.....	262,551	152,490	227,620	380,110	69.1
Apr. 26.....	252,423	163,124	227,155	390,279	64.7
May 3.....	266,666	169,015	229,526	398,541	66.9
May 10.....	252,724	155,659	230,506	386,165	65.4
May 17.....	271,463	166,674	230,818	397,492	68.3
May 24.....	276,816	166,336	231,690	398,026	69.5
May 31.....	295,292	175,604	235,163	410,767	71.9
June 7.....	277,117	155,188	238,498	398,686	70.4
June 14.....	302,891	179,941	238,809	418,750	72.3
June 21.....	281,607	168,302	244,152	412,954	68.2
June 28.....	227,365	115,994	252,639	368,633	61.7
July 5.....	256,272	160,483	263,271	423,754	60.5
July 12.....	247,587	163,975	267,879	431,854	57.3
July 19.....	230,246	166,603	268,790	435,393	52.9
July 26.....	204,385	183,779	271,777	455,556	44.9
Aug. 2.....	216,016	175,420	279,752	455,172	47.5
Aug. 9.....	232,457	180,380	287,829	468,209	49.6
Aug. 16.....	249,523	162,095	294,071	456,166	54.7
Aug. 23.....	274,142	185,195	302,269	487,464	56.2
Aug. 30.....	291,129	194,436	314,806	509,242	57.2
Sept. 6.....	277,601	198,604	323,297	526,901	52.7
Sept. 13.....	288,879	199,049	337,548	536,597	53.8
Sept. 20.....	309,424	206,344	347,805	554,149	55.8
Sept. 27.....	311,907	204,397	358,816	563,213	55.4
Oct. 4.....	303,561	211,335	369,597	580,932	52.3
Oct. 10.....	301,089	202,433	375,749	578,242	52.1
Oct. 18.....	303,136	200,823	379,965	580,793	52.2
Oct. 25.....	300,976	212,957	385,037	597,994	50.3
Nov. 1.....	286,369	212,438	384,530	596,968	49.6
Nov. 8.....	307,025	189,121	391,325	580,446	52.9
Nov. 15.....	347,284	195,137	396,231	591,368	58.7
Nov. 22.....	417,729	226,070	398,554	625,224	66.8
Nov. 29.....	409,635	214,491	403,634	618,125	66.3
Dec. 6.....	380,823	235,864	408,642	644,506	59.1
Dec. 13.....	368,943	214,094	411,823	625,917	58.9
Dec. 20.....	389,387	196,022	424,282	620,304	62.9
Dec. 27.....	419,842	208,289	433,775	642,004	65.4



SCHEDULE 1.—*Balance Sheet—Comparative statement of condition of the Federal Reserve Bank of Chicago.*

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 31, 1916.
ASSETS.			
Bills discounted, members.....	\$164,088,997.94	\$105,923,175.99	\$4,437,460.35
Bills discounted, bought.....	62,880,918.85	9,182,429.93	10,337,161.09
United States bonds and notes.....	20,121,500.00	10,384,600.00	10,375,100.00
Investments.....			1,325,760.88
Total earning assets.....	247,091,416.79	125,490,205.92	26,475,482.32
Real estate (site for new building).....	2,936,149.26		
Interest accrued on United States bonds and notes.....	86,001.33	63,695.00	50,896.48
Premium on United States bonds.....			193,311.66
5 per cent redemption fund against Federal Reserve bank notes.....	829,390.00		
Liberty loan bonds, \$10 participation certificates.....	9,450.00	163,100.00	
Furniture and fixtures.....			28,304.53
Cost of unissued Federal Reserve notes.....			67,957.83
Due from member banks, overdrafts.....	30,941.45	330,615.85	1,723.57
Due from Federal Reserve Banks.....	26,784,494.45	5,992,720.41	29,913,819.08
Federal Reserve Banks, transfers bought.....	6,565,000.00	8,178,412.26	
Transit and exchanges for clearing house.....	41,060,921.89	19,868,657.09	4,692,553.71
Federal Reserve and national bank notes.....	26,819,995.00	10,635,500.00	2,986,185.00
Gold coin and gold certificates.....	23,234,185.00	32,189,305.00	27,600,625.00
Bank of England sterling gold account.....	816,042.43	7,350,000.00	
Other lawful money.....	1,797,544.96	963,872.27	396,102.95
Gold settlement fund.....	106,772,373.57	58,960,460.00	26,183,000.00
Gold with Federal Reserve agent.....	275,803,010.00	130,723,530.00	
Gold redemption fund Federal Reserve notes.....	15,151,205.00	646,490.00	200,000.00
Total cash reserve.....	423,574,360.96	230,833,657.27	54,379,727.95
Other assets.....	1,399,491.71	349,181.34	
Total assets.....	777,187,612.84	401,905,745.14	118,789,962.13
LIABILITIES.			
Capital paid in.....	11,185,050.00	9,091,700.00	6,683,550.00
Surplus.....	3,316,022.56	215,799.18	
Profit and loss.....			61,978.07
Reserve for franchise tax.....	3,100,223.38		
Discount on United States bonds.....	89,248.50	77,603.50	
Unearned discount.....	514,586.45	318,087.33	46,451.23
Unearned interest, investments.....			6,051.22
Reserved for sundry expenses.....	19,612.60	4,833.62	5,391.08
Difference account.....	1,784.72	254.61	
Federal Reserve notes outstanding.....	450,938,010.00	190,788,530.00	
Federal Reserve bank notes outstanding.....	18,525,800.00		
Federal Reserve bank transfers sold.....	3,700,116.20	1,471,347.45	
Liberty loan, \$10 participation certificates sold.....	9,450.00	163,100.00	
Uncollected funds.....	32,545,315.02	18,183,306.82	
United States Government deposits.....	6,566,290.10	3,052,436.84	2,045,784.95
Due to Federal Reserve Banks.....	14,743,259.20	6,165,983.77	14,550,742.93
Due to member banks, reserves.....	230,604,383.69	169,174,348.05	95,390,012.65
Due to nonmember clearing banks.....	1,328,460.42	3,198,413.97	
Total liabilities.....	777,187,612.84	401,905,745.14	118,789,962.13

SCHEDULE 2.—*Balance sheet of the Detroit branch, Federal Reserve Bank of Chicago, as at the close of business Dec. 31, 1918.*

ASSETS.	
Rediscounts.....	\$308,928.50
Rediscounts secured by United States securities.....	163,194.00
Collateral notes, United States securities.....	12,640,750.00
Acceptances.....	1,185,041.95
Total discounts and investments.....	14,297,914.45
Transit items, member and nonmember banks.....	4,373.32
Exchanges for clearing house.....	67,939.32
Total transit and exchanges for clearing house.....	72,312.64
Federal Reserve notes on hand.....	8,609,490.00
Nation Bank notes and notes of other Federal Reserve Banks.....	1,680,300.00
Gold coin and gold certificates.....	260,000.00
Other lawful money.....	595,003.84
Total cash reserve.....	855,003.84
Total assets.....	25,515,020.93

LIABILITIES.

Unearned discount.....	\$16,373.69
Difference account.....	100.90
Cashiers' checks, etc.....	672.63
Due to head office.....	25,497,873.71
Total liabilities.....	25,515,020.98

SCHEDULE 3.—*Profit and loss statement of Federal Reserve Bank of Chicago covering 1918, 1917, and 1916.*

	1918	1917	1916
Earnings for year.....	\$8,481,747	\$2,020,714	\$665,935
Net service charges in excess of transit department disbursement.....	155,672	1,564	.....
Total earnings.....	8,326,075	2,022,278	665,935
Expense of operation of bank proper.....	1,093,317	317,113	232,370
Other expenses.....	.....	929	243
Cost of Federal Reserve currency issued (including expressage, insurance, etc.).....	375,002	159,824	5,113
Cost of Federal Reserve currency unissued, charged off.....	13,679	43,001	.....
Miscellaneous charges account note issued.....	13,004	2,314	.....
Depreciation on furniture and equipment.....	.....	32,225	25,000
Depreciation on United States bonds.....	.....	237,118	.....
Total expenses.....	1,495,002	792,526	262,730
Earnings for year.....	6,831,073	1,229,751	403,205
Less miscellaneous deductions.....	25,992	.....	.....
Net earnings for year.....	6,805,081	1,229,751	403,205
Profit and loss, Jan. 1.....	.....	61,978	20,091
Amount paid by Federal Reserve Bank, Minneapolis, Jan. 30, 1917, to equalize stock of said bank transferred to Federal Reserve Bank of Chicago, capital stock.....	.....	2,127	.....
Net income.....	6,805,081	21,293,856	423,296
Dividends paid.....	603,602	862,131	360,648
Interest paid on stock surrendered.....	1,033	126	669
Profit and loss, Dec. 31, 1917.....	6,200,446	431,598	61,978

¹ Deduct from earnings. Figure represents cost of operation of transit department in excess of service charges which were discontinued June 15, 1918.

² Dividends paid on June 29, 1917, covered the period from Jan. 1, 1916, to June 30, 1916, inclusive, and amounted to \$205,710. Dividends paid on Dec. 29, 1917, covered the period from July 1, 1916, to Dec. 31, 1917, inclusive, and amounted to \$654,347.

SCHEDULE 4.—*Discount rates, Federal Reserve Bank of Chicago, 1918.*

	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.
Collateral loans, 15 days or less.....	4	4	4	4	4	4	4	4	4	4	4	4
Rediscounts:												
16 to 30 days.....	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½
31 to 60 days.....	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½	4½
61 to 90 days.....	5	5	5	5	5	5	5	4½	4½	4½	4½	4½
Agricultural paper, 91 days to 6 months.....	5½	5½	5½	5½	5½	5½	5½	5½	5½	5½	5½	5½
Secured by Government obligations, 1 to 15 days.....	3½	3½	3½	3½	4	4	4	4	4	4	4	4
Secured by Government obligations, 16 to 90 days.....	4	4	4	4	4½	4½	4½	4½	4½	4½	4½	4½
Trade acceptances:												
1 to 15 days.....	3½	3½	3½	3½	4½	4½	4½	4½	4½	4½	4½	4½
16 to 60 days.....	3½	3½	3½	3½	4½	4½	4½	4½	4½	4½	4½	4½
61 to 90 days.....	4	4	4	4	4½	4½	4½	4½	4½	4½	4½	4½

¹ Preferential rate of 4 per cent on paper secured by Fourth Liberty loan bonds where banks do not charge rate exceeding 4½ per cent.

SCHEDULE 5.—Money rates in Chicago, 1918.

	January.		February.		March.		April.		May.		June.	
	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.
Demand money.....	5½	6	5½	6	6	6	6	6	6	6	6	6
Commercial paper.....	5½	6	6	6	6	6	6	6	6	6	6	6
Brokers' 6 months' paper...	5½	6	6	6	6	6	6	6	6	6	6	6
Year money.....	5½	6	5½	6	5½	6	5½	6	5½	6	5½	6
Acceptances.....			4½		4½	4½						
Notes secured by certificates of indebtedness.....	5		5		5		5		5		5	

	July.		August.		September.		October.		November.		December.	
	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.	Low.	High.
Demand money.....	6	6½	6	6½	6	6½	6	6½	6	6½	6	6½
Commercial paper.....	6	6	6	6	6	6	6	6	6	6	5½	6
Brokers' 6 months' paper...	6	6½	6	6½	6	6½	6	6½	6	6½	5½	6½
Year money.....	5½	6½	5½	6½	5½	6½	5½	6½	5½	6½	5½	6½
Acceptances.....											4½	4½
Notes secured by certificates of indebtedness.....	5		5		5		5		5		5	

SCHEDULE 6.—Member banks in the Federal Reserve district of Chicago authorized to accept up to 100 per cent of their individual capital and surplus.

Name.	Location.	Approved.
First National Bank.....	Chicago, Ill.....	1915
National Bank of the Republic.....	do.....	1916
Continental & Commercial National Bank.....	do.....	1917
Merchants Loan & Trust Co.....	do.....	1918
National City Bank.....	do.....	1918
Drovers National Bank.....	do.....	1918
Fort Dearborn National Bank.....	do.....	1918
Corn Exchange National Bank.....	do.....	1918
Harris Trust & Savings Bank.....	do.....	1918
Union Trust Co.....	do.....	1918
First National Bank.....	Milwaukee, Wis.....	1918

SCHEDULE 7.—New national bank members, 1918.

Name of bank.	Location.	Shares subscribed.
First National Bank.....	Hume, Ill.....	20
Minonk National Bank.....	Minonk, Ill.....	17
First National Bank.....	Horicon, Wis.....	24
Do.....	Blanchardville, Wis.....	17
First-Merchants National Bank.....	La Fayette, Ind.....	90
First National Bank.....	Cuba, Ill.....	26
Security National Bank.....	Sheboygan, Wis.....	300
Citizens National Bank.....	Webb, Iowa.....	30
First National Bank.....	Hinckley, Ill.....	19
Do.....	Gridley, Ill.....	11
Seymour National Bank.....	Seymour, Iowa.....	36
First National Bank.....	Roland, Iowa.....	22
Liberty National Bank.....	Marine City, Mich.....	38

SCHEDULE 8.—National banks liquidated during 1918.

Name of bank.	Location.	Disposition.	Shares surrendered.
Farmers National Bank.....	Virginia, Ill.....	Absorbed by Petefish, Skiles & Co., Virginia, Ill.	50
American National Bank.....	La Fayette, Ind.....	Succeeded by First-Merchants National Bank, La Fayette, Ind.	83
First National Bank.....	do.....		189
Merchants National Bank.....	do.....		240
State National Bank.....	Bloomington, Ill.....	Succeeded by State Bank of Bloomington, Ill.	210
First National Bank.....	Carsonville, Mich.....	Absorbed by State Bank of Carsonville, Mich.	18
Fond du Lac National Bank.....	Fond du Lac, Wis.....	Merged with First National Bank, Fond du Lac, into First-Fond du Lac National Bank.	150
Farmers National Bank.....	Valparaiso, Ind.....	Converted into Farmers State Bank, Valparaiso, Ind.	60
Fayette National Bank.....	Connersville, Ind.....	Consolidated with Farmers & Merchants Trust Co., Connersville, Ind.	84

SCHEDULE 9.—Additions to State bank membership in the Federal Reserve Bank of Chicago in 1918.

ILLINOIS.

Auburn.....	Auburn State Bank.	Geneva.....	State Bank of Geneva.
Barrington.....	First State Bank.	Hinsdale.....	Hinsdale State Bank.
Bloomington.....	State Bank of Bloomington.	La Grange.....	The La Grange State Bank.
Charleston.....	Charleston Trust & Savings Bank.	Magnolia.....	First State Bank.
Chicago.....	Capital State Savings Bank.	Marshall.....	The Marshall State Bank.
	Depositors State Savings Bank.	Martinsville.....	Martinsville State Bank. ¹
	Home Bank & Trust Co.	Matteson.....	First State Bank.
	Illinois Trust & Savings Bank.	Mattoon.....	Central Illinois Trust & Savings Bank.
	Madison & Kedzie State Bank.		Moline.....
	Mechanics & Traders State Bank.		Moline Trust & Savings.
	Mercantile Trust & Savings Bank.		Peoples Savings Bank & Trust Co.
	Northern Trust Co.		State Savings Bank & Trust Co.
	North Side State Savings Bank.	Mount Carroll.....	Carroll County State Bank.
	North Western Trust & Savings Bank.	Oak Park.....	Oak Park Trust & Savings Bank.
	Security Bank of Chicago.	Oswego.....	Oswego State Bank.
Des Plaines.....	Des Plaines State Bank.	Shannon.....	State Bank of Shannon.
Eureka.....	Farmers State Bank.	St. Charles.....	Stewart State Bank.
Evanston.....	Evanston Trust & Savings Bank.	Sycamore.....	Pieree Trust & Savings Bank.
		Wenona.....	First State Bank of Wenona.

INDIANA.

Angola.....	Steuben County State Bank.	Peru.....	The Peru Trust Co.
Bargersville.....	Farmers State Bank.	Richmond.....	Dickinson Trust Co.
Connersville.....	Farmers & Merchants Trust Co.	South Bend.....	American Trust Co.
Cornwell.....	Sparta State Bank.		St. Joseph Loan & Trust Co.
Hillsboro.....	Hillsboro State Bank.	South Whitley.....	Gandy State Bank.
Jamestown.....	Citizens State Bank.	Terre Haute.....	The Terre Haute Trust Co.
Kentland.....	Kent State Bank.	Tipton.....	Farmers Loan & Trust Co.
Marion.....	Grant Trust & Savings Co.	Winamac.....	First Trust & Savings Bank.
North Liberty.....	North Liberty State Bank.		

IOWA.

Algona.....	County Savings Bank.	Decorah.....	Citizens Savings Bank.
Alta Vista.....	Alta Vista Savings Bank.		Winneshiek County State Bank.
Ames.....	Story County Trust & Savings Bank.	Des Moines.....	Bankers Trust Co.
Audubon.....	Iowa Savings Bank.		Central State Bank.
Avoca.....	Avoca State Bank.	Elberon.....	Farmers State Bank.
Barnes City.....	Farmers Savings Bank.	Eldora.....	Citizens Savings Bank.
Battle Creek.....	Battle Creek Savings Bank.	Elkader.....	Elkader State Bank.
Bellevue.....	Bellevue State Bank.	Ellsworth.....	Farmers State Bank.
Blairsburg.....	State Bank of Blairsburg.		State Bank of Ellsworth.
Brighton.....	Brighton State Bank.	Fairbank.....	Fairbank State Bank.
Britt.....	Commercial State Bank.	Fairfield.....	Iowa State Savings Bank.
Cedar Rapids.....	Iowa State Savings Bank.	Fostoria.....	Citizens Savings Bank.
Chariton.....	State Savings Bank.	Garwin.....	Garwin State Bank.
Charter Oak.....	Farmers State Bank.	Germania.....	Farmers & Drovers State Bank.
Cherokee.....	Cherokee State Bank.	Gilbert.....	Gilbert Savings Bank.
College Springs.....	Farquhar Savings Bank.	Humboldt.....	Peoples State Bank.
Davenport.....	American Commercial & Savings Bank.	Jefferson.....	Jefferson Savings Bank.
		Kellerton.....	Kellerton State Bank.
		Knoxville.....	Guarantee State Bank.

¹ Approved in 1917; capital and reserve paid in 1918.

SCHEDULE 9.—Additions to State bank membership in the Federal Reserve Bank of Chicago in 1918—Continued.

IOWA—Continued.

Leon.....	Farmers & Traders State Bank.	Perry.....	Peoples Trust & Savings Bank.
Lockridge.....	Lockridge Savings Bank.	Remsen.....	Farmers Savings Bank.
Logan.....	State Savings Bank.	Royal.....	Home State Bank.
Lowden.....	Lowden Savings Bank.	Riceville.....	Riceville State Bank.
Malcom.....	Malcom Savings Bank.	Roland.....	Farmers Savings Bank.
Mapleton.....	Mapleton Trust & Savings Bank.	Sac City.....	Farmers Savings Bank.
Marshalltown.....	Marshalltown State Bank.	Sioux Center.....	Sac County State Bank.
Mediapolis.....	Commercial State Bank.	Sioux Center.....	Sioux Center State Bank.
Missouri Valley.....	State Savings Bank.	Sutherland.....	First Savings Bank. ¹
Mondamin.....	Mondamin Savings Bank.	Terrill.....	Terrill Savings Bank.
Monticello.....	Lovell State Bank.	Thompson.....	State Bank of Thompson.
Mount Air.....	Monticello State Bank.	Tipton.....	Farmers & Merchants Savings Bank.
New Hampton.....	Mount Air State Bank.	Ute.....	Iowa State Savings Bank.
Newton.....	State Bank of New Hampton.	Vail.....	Farmers State Bank. ²
Ogden.....	Citizens State Bank.	Wapello.....	Wapello State Savings Bank.
Osage.....	Jasper County Savings Bank.	Waterloo.....	Waterloo Bank & Trust Co.
	City State Bank.		
	The Home Trust & Savings Bank.		

MICHIGAN.

Adrian.....	Adrian State Savings Bank.	Hudson.....	Thompson Savings Bank.
	Commercial Savings Bank.	Imlay City.....	Lapeer County Bank.
	Lenawee County Savings Bank.		Peoples State Bank.
Albion.....	Albion State Bank.	Tonia.....	State Savings Bank.
Alpena.....	Alpena County Savings Bank.	Jackson.....	Jackson State Savings Bank.
Ann Arbor.....	Farmers & Mechanics Bank.	Jonesville.....	Grosvenor Savings Bank.
	State Savings Bank.	Lakeview.....	Commercial State Savings Bank.
Armada.....	Farmers State Bank.		Farmers & Merchants State Bank.
Bay City.....	Bay City Bank.	Lansing.....	Lansing State Savings Bank. ²
	Farmers State Savings Bank.	Lowell.....	City State Bank.
	Peoples Commercial & Savings Bank.	Ludington.....	Ludington State Bank.
Benton Harbor.....	Benton Harbor State Bank.	Manchester.....	The Peoples Bank.
Big Rapids.....	Big Rapids Savings Bank.		The Union Savings Bank.
	Citizens State Bank.	Manistee.....	Manistee County Savings Bank.
Carson City.....	Farmers & Merchants State Bank.	Marcellus.....	G. W. Jones Exchange Bank.
Cassopolis.....	Cass County State Bank.	Marshall.....	Commercial Savings Bank.
Chelsea.....	Farmers & Merchants Bank.	Milan.....	Milan State Savings Bank.
Coloma.....	State Bank of Coloma.	Milford.....	First State Bank.
Coopersville.....	Peoples Savings Bank.	Morenci.....	Wakefield State Bank.
Davidson.....	Davidson State Bank.	Mount Clemens.....	The Ulrich Savings Bank.
Dearborn.....	Dearborn State Bank.	Mount Pleasant.....	Isabella County State Bank.
Detroit.....	Bank of Detroit.	Nashville.....	Farmers & Merchants Bank.
	The United Savings Bank of Detroit.	Onsted.....	Onsted State Bank.
	American State Bank. ²	Otsego.....	Citizens State Savings Bank.
	Peninsular State Bank. ²	Paw Paw.....	Paw Paw Savings Bank.
Edmore.....	Edmore State Bank.	Petoskey.....	First State Bank of Petoskey.
Elk Rapids.....	Elk Rapids State Bank.	Pontiac.....	Pontiac Savings Bank.
Farmington.....	Farmington State Savings Bank.		American Savings Bank.
Fenton.....	Commercial Savings Bank.	Redford.....	Redford State Savings Bank.
	Fenton State Savings Bank.	Rochester.....	Rochester Savings Bank. ²
Flint.....	Genesee County Savings Bank.	Rogers City.....	Presque Isle County Savings Bank.
Flushing.....	Peoples State Bank.	Royal Oak.....	First Commercial State Bank.
Frankenmuth.....	Frankenmuth State Bank.		Royal Oak Savings Bank.
Fremont.....	Fremont State Bank.	St. Clair.....	Commercial & Savings Bank. ²
	Old State Bank. ²	Saginaw.....	Bank of Saginaw.
Grand Haven.....	Peoples Savings Bank.	Saline.....	Saline Savings Bank.
Grand Rapids.....	City Trust & Savings Bank.	South Haven.....	Citizens State Bank.
	Commercial Savings Bank.	Suttons Bay.....	Leelanau County Savings Bank.
Greenville.....	Commercial State Savings Bank.	Tecumseh.....	Lilley State Bank.
Hart.....	Oceana County Savings Bank. ²		Tecumseh State Savings Bank.
Hillsdale.....	Hillsdale Savings Bank.	Traverse City.....	Traverse City State Bank.
Holland.....	First State Bank.	Warren.....	State Savings Bank of Warren.
	Holland City State Bank.	Washington.....	Washington Savings Bank.
		Williamston.....	Williamston State Bank.

WISCONSIN.

Baraboo.....	Bank of Baraboo.	Platteville.....	State Bank of Platteville.
Burlington.....	Bank of Burlington.	Plymouth.....	Plymouth Exchange Bank.
Green Lake.....	Green Lake State Bank.		State Bank of Plymouth.
Kenosha.....	Merchants & Savings Bank.	Sheboygan.....	Bank of Sheboygan.
Milwaukee.....	Second Ward Savings Bank.		Citizens State Bank.
	American Exchange Bank. ²	Sturgeon Bay.....	Bank of Sturgeon Bay.
Mineral Point.....	Iowa County Bank.	Waupun.....	State Bank of Waupun.
Mosinee.....	State Bank of Mosinee.	Wausau.....	Marathon County Bank.
Oakfield.....	Bank of Oakfield.	Winneconne.....	The Union Bank of Winneconne.

¹ Approved in 1917; reserve paid in 1918.² Approved in 1917; capital and reserve paid in 1918.

SCHEDULE 10.—Member banks authorized and approved in 1918 to exercise fiduciary powers.

Bank.	Location.	Bank.	Location.
First National Bank.....	Dana, Ind.	First National Exchange Bank.	Port Huron, Mich.
Farmers' National Bank.....	Edinburg, Ind.	First National Bank.....	New Castle, Ind.
Citizens' National Bank.....	Royal, Iowa.	Do.....	New Carlisle, Ind.
National Bank of Decatur.....	Decatur, Ia.	Do.....	Marshalltown, Iowa.
First National Bank.....	Everly, Iowa.	Do.....	Hillsdale, Mich.
Do.....	Chillicothe, Ill.	Do.....	Dublin, Ind.
Commercial National Bank..	Appleton, Wis.	German-American National Bank.	Arlington, Iowa.
First National Bank.....	Kewanee, Ill.	First National Bank of Englewood.	Chicago, Ill.
Union National Bank.....	Macomb, Ill.	City National Bank.....	Kankakee, Ill.
First National Bank.....	Monticello, Ill.	La Salle National Bank.....	La Salle, Ill.
Commercial National Bank..	Fond du Lac, Wis.	First National Bank.....	Winamac, Ind.
First National Bank.....	Cherokee, Iowa.		
Citizens' National Bank.....	Appleton, Wis.		
Home National Bank.....	Thornton, Ind.		

SCHEDULE 11.—Certificates of indebtedness.

ANTICIPATING THIRD LIBERTY LOAN.

Date of issue.	Total issue.	Allotted to Chicago district.	Rate of interest.	Date of maturity.	Subscribers.
			<i>Per cent.</i>		
Jan. 22, 1918.....	\$400,000,000	\$30,359,000	4	Apr. 22, 1918	910
Feb. 8, 1918.....	500,000,000	42,352,000	4	May 9, 1918	2,193
Feb. 27, 1918.....	500,000,000	59,168,000	4½	May 28, 1918	2,856
Mar. 20, 1918.....	543,032,000	84,414,000	4½	June 18, 1918	3,115
Apr. 10, 1918.....	551,226,500	65,850,000	4½	July 9, 1918	2,662
Apr. 22, 1918.....	517,026,000	63,212,000	4½	July 18, 1918	2,056
Total.....	3,011,284,500	325,355,000			

ANTICIPATING TAXES, 1918.

Nov. 30, 1917.....	\$691,872,000	\$30,139,500	4	June 25, 1918	89
Jan. 2, 1918.....	491,822,500	48,054,500	4	do.....	230
Feb. 15, 1918.....	74,100,000	15,709,000	4	do.....	233
Mar. 15, 1918.....	110,962,000	13,286,500	4	do.....	183
Apr. 15, 1918.....	71,880,000	15,742,000	4	do.....	155
May 15, 1918.....	183,767,000	40,002,500	4	do.....	155
Total.....	1,624,403,500	162,934,000			

ANTICIPATING FOURTH LIBERTY LOAN.

June 25, 1918.....	\$838,553,500	\$131,481,500	4½	Oct. 24, 1918	4,084
July 9, 1918.....	759,438,000	101,203,000	4½	Nov. 7, 1918	4,258
July 23, 1918.....	584,750,500	83,310,500	4½	Nov. 21, 1918	4,240
Aug. 6, 1918.....	575,706,500	87,292,500	4½	Dec. 5, 1918	4,187
Sept. 3, 1918.....	639,493,000	88,279,000	4½	Jan. 2, 1919	3,904
Sept. 17, 1918.....	625,216,500	88,878,500	4½	Jan. 16, 1919	3,858
Oct. 1, 1918.....	641,069,000	82,759,000	4½	Jan. 30, 1919	3,641
Total.....	4,664,227,000	663,204,000			

ANTICIPATING TAXES, 1919.

Aug. 20, 1918.....	\$157,550,500	\$22,003,000	4	July 15, 1919	363
Nov. 7, 1918.....	794,172,500	103,828,000	4½	Mar. 15, 1919	1,082
Total.....	951,723,000	125,831,000			

ANTICIPATING FIFTH LIBERTY LOAN.

Dec. 5, 1918.....	\$613,438,000	\$97,235,500	4½	May 6, 1919	3,795
Dec. 19, 1918.....	572,494,000	83,189,500	4½	May 20, 1919	3,656
Total.....	1,185,932,000	180,425,000			

SCHEDULE 12.—*Depository bank division statistics.*

SECOND LIBERTY LOAN.

Payment dates.	Amount paid by credit war loan deposit account.
Nov. 15, 1917.....	\$96,081,844
Dec. 15, 1917.....	74,541,061
Jan. 15, 1918.....	43,212,229
Total.....	213,835,134

Number of depository banks, 288.

CERTIFICATES OF INDEBTEDNESS.

[Issued in anticipation of third Liberty loan.]

Jan. 22, 1918.....	\$17,899,126
Feb. 8, 1918.....	23,516,276
Feb. 27, 1918.....	36,224,616
Mar. 20, 1918.....	39,114,281
Apr. 10, 1918.....	44,461,836
Apr. 22, 1918.....	39,138,754
Total.....	200,354,889

Number of depository banks, 375, Feb. 8; and 580, Apr. 10.

CERTIFICATES OF INDEBTEDNESS.

[Issued in anticipation of taxes.]

Due June 25, 1918.....	\$97,324,184
Due July 15, 1919.....	14,736,162
Due Mar. 15, 1919.....	65,366,052
Total.....	177,423,398

THIRD LIBERTY LOAN.

Payment dates.	Amount paid by credit war loan deposit account.
May 9, 1918.....	\$114,306,519
May 28, 1918.....	37,685,209
July 18, 1918.....	44,111,982
Aug. 15, 1918.....	33,591,970
Total.....	229,645,680

Number of depository banks, 603.

CERTIFICATES OF INDEBTEDNESS.

[Issued in anticipation of fourth Liberty loan.]

June 25, 1918.....	\$73,205,054
July 9, 1918.....	65,193,195
July 23, 1918.....	54,546,570
Aug. 6, 1918.....	60,621,087
Sept. 3, 1918.....	60,338,177
Sept. 17, 1918.....	62,256,957
Oct. 1, 1918.....	55,503,385
Total.....	431,664,425

Number of depository banks, 721.

REDEPOSIT OF INCOME AND EXCESS-PROFITS TAXES.

June 25, 1918.....	\$96,494,624
--------------------	--------------

Number of depository banks participating, 225.

SCHEDULE 12.—*Depository bank division statistics*—Continued.

FOURTH LIBERTY LOAN PAYMENTS.

Oct. 24, 1918.....	\$174, 631, 079
Nov. 21, 1918.....	71, 188, 268
Total.....	245, 819, 347

ANTICIPATION OF FIFTH LIBERTY LOAN.

Dec. 5, 1918.....	\$65, 597, 671
-------------------	----------------

Number of depository banks, 1,060.

COLLATERAL HELD BY CUSTODIANS.

Jan. 1, 1918.....	\$139, 133, 633
Apr. 14, 1918.....	149, 496, 020
July 1, 1918.....	237, 165, 171
Dec. 15, 1918.....	177, 980, 779

SCHEDULE 13.—*Classification of Liberty loan subscriptions in 1918.*

	Third Liberty loan classifica- tion.	Fourth Liberty loan classifica- tion.
Illinois:		
National banks.....	\$96, 394, 350	\$131, 915, 650
State banks and trust companies.....	138, 886, 050	274, 777, 500
Private banks.....	10, 977, 450	16, 565, 800
Total.....	246, 257, 850	423, 258, 950
Indiana:		
National banks.....	33, 391, 400	54, 524, 350
State banks and trust companies.....	32, 926, 050	54, 025, 100
Private banks.....	4, 413, 400	7, 107, 850
Total.....	70, 730, 850	115, 657, 300
Iowa:		
National banks.....	33, 330, 650	50, 164, 800
State banks and trust companies.....	69, 869, 650	94, 483, 300
Private banks.....	13, 959, 750	13, 199, 450
Total.....	117, 160, 050	157, 847, 550
Michigan:		
National banks.....	28, 470, 900	50, 812, 100
State banks and trust companies.....	65, 338, 850	107, 454, 400
Private banks.....	4, 154, 400	5, 946, 550
Total.....	97, 964, 150	164, 213, 050
Wisconsin:		
National banks.....	35, 082, 050	51, 488, 700
State banks and trust companies.....	39, 858, 450	55, 404, 450
Total.....	74, 940, 500	106, 893, 150
Individuals and corporations.....	1, 825, 200	1, 339, 000
Grand total.....	608, 878, 600	969, 209, 000

SCHEDULE 14.—*Statistics in connection with third Liberty loan.*

Group.	Subscriptions ranging from—	Number of subscribers.	Amount.
One.....	\$50 to \$10,000.....	3, 476, 765	\$468, 469, 950
Two.....	\$10,050 to \$50,000.....	2, 061	56, 378, 000
Three.....	\$50,050 to \$100,000.....	295	26, 719, 150
Four.....	\$100,050 to \$200,000.....	102	16, 154, 600
Five.....	\$200,050 and up.....	92	41, 156, 900
Total.....		3, 479, 315	608, 878, 600

SCHEDULE 14.—*Statistics in connection with third Liberty loan—Continued.*

State.	Quota of subscribers.	Number of subscriptions.	Quota of subscriptions.	Subscriptions.	Per cent of sub- scriptions to quota.
Cook County, Ill.....	571,686	892,190	\$126,180,000	\$167,503,050	132.62
Outside Cook County.....	423,791	525,051	52,800,000	80,123,350	151.74
Total, Illinois.....	995,477	1,417,241	178,980,000	247,626,400	138.70
Indiana.....	445,468	404,191	53,770,000	70,822,450	131.71
Iowa.....	444,954	660,942	71,050,000	117,211,450	164.97
Michigan.....	544,346	569,570	75,600,000	98,033,050	130.07
Wisconsin.....	400,589	427,371	45,600,000	75,185,250	164.88
	2,830,834	3,479,315	425,000,000	608,878,600	143.23

Denomination.	Number of pieces.	Amount.
\$50.....	2,405,310	\$120,265,500
\$100.....	1,402,127	140,212,700
\$500.....	148,771	74,385,500
\$1,000.....	143,474	143,474,000
\$5,000.....	5,839	29,195,000
\$10,000.....	3,498	34,980,000
	4,109,019	1,542,512,700

¹ The difference between this figure and the total subscriptions is represented by registered bonds.

SCHEDULE 15.—*Statistics in connection with fourth Liberty loan.*

Group.	Subscriptions ranging from—	Number of subscribers.	Amount.
One.....	\$50 to \$10,000.....	4,292,990	\$720,786,300
Two.....	\$10,050 to \$50,000.....	6,420	106,008,700
Three.....	\$50,050 to \$100,000.....	576	42,172,700
Four.....	\$100,050 to \$200,000.....	144	20,791,200
Five.....	\$200,050 and up.....	182	79,450,100
Total.....		4,300,312	969,209,000

State.	Number of subscriptions.	Quota of subscriptions.	Subscriptions.	Per cent of sub- scriptions to quota.
Cook County, Ill.....		\$252,300,000	\$298,739,350	118.40
Outside Cook County.....		113,100,000	124,255,300	109.86
Total, Illinois.....	1,866,064	365,400,000	422,994,650	115.76
Indiana.....	588,194	108,750,000	116,081,100	106.74
Iowa.....	587,773	147,900,000	158,155,400	106.93
Michigan.....	821,799	147,900,000	164,784,200	111.41
Wisconsin.....	436,482	100,050,000	107,193,650	107.14
Total.....	4,300,312	870,000,000	969,209,000	111.40

ESTIMATE OF COUPON BONDS REQUIRED.

Denomination.	Number of pieces.	Amount.
Fifty dollars.....	3,195,298	\$159,764,900
One hundred dollars.....	2,026,986	202,698,600
Five hundred dollars.....	229,707	114,853,500
One thousand dollars.....	224,382	224,382,000
Five thousand dollars.....	10,637	53,185,000
Ten thousand dollars.....	6,433	64,330,000
Total.....	5,693,443	1,819,214,000

¹ The difference between this figure and the total subscriptions is represented by registered bonds.

SCHEDULE 16.—Total amount and number of subscribers to the fourth Liberty loan in cities with population of 25,000 and over.

ILLINOIS.

City.	Population.	Number of subscribers.	Amount of subscriptions.
Aurora	34,204	10,199	\$1,998,700
Bloomington	27,258	8,591	1,539,850
Chicago	¹ 2,497,722	1,000,711	288,211,750
Danville	32,261	6,611	1,700,150
Decatur	39,631	8,820	2,637,250
Elgin	28,203	7,553	1,636,850
Evanston	28,591	12,896	2,344,000
Joliet	38,010	18,127	3,147,100
Moline	27,451	16,704	2,532,000
Oak Park	26,634	9,395	1,072,350
Peoria	71,458	31,228	5,423,900
Rockford	55,185	19,325	4,673,900
Rock Island	28,926	13,616	2,622,350
Springfield	61,120	13,408	4,851,100
Total		1,175,193	325,011,250

INDIANA.

East Chicago	28,743	13,073	\$2,101,700
Fort Wayne	76,183	33,650	7,028,700
Gary	65,000	28,882	2,918,100
Hammond	26,171	12,582	1,524,250
Indianapolis	271,708	94,368	23,811,850
Muncie	35,085	10,979	2,015,550
South Bend	68,946	20,092	4,259,900
Terre Haute	66,083	18,951	5,230,800
Total		232,577	48,890,850

IOWA.

Burlington	25,030	5,451	\$1,364,700
Cedar Rapids	37,308	19,137	3,224,400
Clinton	27,386	3,890	1,031,850
Council Bluffs	31,434	5,528	1,835,400
Davenport	48,811	23,307	4,876,600
Des Moines	101,598	22,321	7,610,200
Dubuque	39,873	10,063	2,258,100
Sioux City	57,078	16,057	3,931,300
Waterloo	35,559	9,789	2,145,000
Total		115,543	28,277,550

MICHIGAN.

Battle Creek	29,480	12,488	\$3,430,200
Bay City	47,942	12,930	3,226,900
Detroit	571,784	209,632	73,842,050
Flint	80,000	34,955	4,733,350
Grand Rapids	128,291	47,913	11,943,050
Hamtramck	25,000	3,737	278,300
Highland Park	25,000	7,023	4,755,350
Jackson	35,363	18,729	2,207,850
Kalamazoo	48,886	11,989	2,425,100
Lansing	40,498	15,390	2,111,200
Muskegon	26,100	15,306	2,118,650
Saginaw	55,642	15,310	4,896,000
Total		405,402	115,968,000

¹ School census, Chicago.

SCHEDULE 16.—*Total amount and number of subscribers to the fourth Liberty loan in cities with population of 25,000 and over—Continued.*

WISCONSIN.

City.	Population.	Number of subscriptions.	Amount of subscriptions.
Green Bay.....	29,353	9,146	\$1,672,550
Kenosha.....	31,576	15,094	3,446,550
Madison.....	30,699	13,780	3,168,200
Milwaukee.....	436,535	69,047	34,139,950
Oshkosh.....	36,065	7,008	2,088,200
Racine.....	46,486	19,514	3,663,800
Sheboygan.....	28,559	7,151	1,635,950
Total.....		140,740	49,815,200

SCHEDULE 17.—*Seventh Federal Reserve Liberty Loan Organization.*

EXECUTIVE COMMITTEE.

Chairman, F. O. Wetmore, Chicago.
 Vice chairman, C. H. Schweppe, Chicago.
 Secretary, Eugene M. Stevens, Chicago.
 H. L. Stuart, Chicago.
 J. B. McDougal, governor, Federal Reserve Bank, Chicago.
 W. A. Heath, chairman, Federal Reserve Bank, Chicago.
 John E. Blunt, jr., Chicago.
 Howard W. Fenton, Chicago.
 W. M. L. Fiske, Chicago.
 Miss Grace Dixon, Chicago.
 Arthur W. Reynolds, Chicago.
 Watkin W. Kneath, Chicago.
 Solomon A. Smith, Chicago.
 John Jay Abbott, Chicago.
 M. A. Traylor, Chicago.
 E. K. Boisot, Chicago.
 O. T. Reeves, Chicago.
 Frank O. Lowden, governor of Illinois, Springfield, Ill.
 F. W. Merrick, commissioner of banking, Lansing, Mich.
 Ashton Clemens, Des Moines, Iowa.
 Henry W. Bennett, Indianapolis, Ind.
 Fred Vogel, jr., Milwaukee, Wis.
 George Woodruff, Joliet, Ill.

CAMPAIGN COMMITTEE.

Director of campaign, C. H. Schweppe.
 Assistant director of campaign, James L. Martin.
 Secretary and treasurer, Frederick Merritt.
 Director of publicity, B. F. McCutcheon.
 Director of speakers' bureau, Henry P. Chandler.
 Director for women, Miss Grace Dixon.
 Director of foreign language division, F. J. Streyckmans.
 Director of sales for Chicago and Cook County, Charles W. Folds.
 Director of sales for Illinois, Heman Gifford.
 Director of sales for Indiana, Will H. Wade.
 Director of sales for Iowa, C. H. McNider.
 Director of sales for Michigan, F. R. Fenton.

Director of sales for Wisconsin, E. J. Kearney.
 Chairman finance committee, Howard W. Fenton.
 Chairman bank committee, John E. Blunt, jr.
 Ex-officio, J. B. McDougal, governor Federal Reserve Bank of Chicago.

WOMEN'S ORGANIZATION.

Chairman for women, Miss Grace Dixon, Chicago.
 Chairman women's committee for Chicago and Cook County, Mrs. Bertha D. Baur, Chicago.
 Chairman women's committee for Illinois, Mrs. Howard T. Willson, Springfield.
 Chairman women's committee for Indiana, Mrs. F. H. McCulloch, Fort Wayne.
 Chairman women's committee for Iowa, Mrs. Wilbur W. Marsh, Waterloo.
 Chairman women's committee for Michigan, Mrs. D. D. Ashbaugh, Detroit.
 Chairman women's committee for Wisconsin, Mrs. John W. Mariner, Milwaukee.

SCHEDULE 18.—District committee on capital issues.

Chairman, W. A. Heath, Chicago.
 Vice-chairman, J. B. McDougal, Chicago.
 Executive committee:
 Rufus C. Dawes, Chicago.
 E. D. Hulbert, Chicago.
 Joy Morton, Chicago.
 James Simpson, Chicago.
 Frank O. Wetmore, Chicago.
 Secretary, Lyman A. Walton.
 E. J. Buffington, Chicago.
 Simon Casady, Des Moines
 Emory W. Clark, Detroit.

Executive Committee—Continued.
 B. A. Eckhart, Chicago.
 Louis A. Ferguson, Chicago.
 S. A. Fletcher, Indianapolis.
 Oliver C. Fuller, Milwaukee.
 Chauncey Keep, Chicago.
 John J. Mitchell, Chicago.
 John J. O'Brien, Chicago.
 George M. Reynolds, Chicago.
 B. E. Sunny, Chicago.
 E. K. Boisot, Chicago.
 D. R. McLennan, Chicago.

SCHEDULE 19.—Summary of the activities of the district committee on capital issues to Dec. 31, 1918.

Applications—		Number.	Amount.												
1. Passed on by Chicago committee only		101	\$5,128,892												
<table border="1"> <thead> <tr> <th></th> <th>Amount.</th> <th>Per cent.</th> </tr> </thead> <tbody> <tr> <td>Approved.....</td> <td>\$4,145,392</td> <td>81.36</td> </tr> <tr> <td>Disapproved.....</td> <td>949,500</td> <td>18.64</td> </tr> <tr> <td>Total.....</td> <td>\$5,094,892</td> <td>100.00</td> </tr> </tbody> </table>			Amount.	Per cent.	Approved.....	\$4,145,392	81.36	Disapproved.....	949,500	18.64	Total.....	\$5,094,892	100.00		
	Amount.	Per cent.													
Approved.....	\$4,145,392	81.36													
Disapproved.....	949,500	18.64													
Total.....	\$5,094,892	100.00													
2. Considered by Chicago, but not acted on by Washington for various reasons.....		11	\$7,306,380												
3. Acted on by both Chicago and Washington committees.....		369	475,076,435												
Analyzing items 2 and 3, recommended by Chicago committee for—		380	\$2,482,382,815												
<table border="1"> <thead> <tr> <th></th> <th>Amount.</th> <th>Per cent.</th> </tr> </thead> <tbody> <tr> <td>Approval.....</td> <td>\$391,246,633</td> <td>85.03</td> </tr> <tr> <td>Disapproval.....</td> <td>68,860,400</td> <td>14.97</td> </tr> <tr> <td>Total.....</td> <td>\$460,107,033</td> <td>100.00</td> </tr> </tbody> </table>			Amount.	Per cent.	Approval.....	\$391,246,633	85.03	Disapproval.....	68,860,400	14.97	Total.....	\$460,107,033	100.00		
	Amount.	Per cent.													
Approval.....	\$391,246,633	85.03													
Disapproval.....	68,860,400	14.97													
Total.....	\$460,107,033	100.00													

¹ Discrepancy between these amounts accounted for by difference between face of application and amount passed on.
² Discrepancy between these amounts accounted for by difference between face of application and amount passed on.

SCHEDULE 19.—*Summary of the activities of the district committee on capital issues to Dec. 31, 1918—Continued.*

Applications—		Number.	Amount.
4. Acted on by Washington without recommendation from Chicago.....		35	\$22,017,500
Total.....		516	509,527,207
Classification of total:			
	Number.	Amount.	Per cent.
Public utility.....	39	\$42,638,650	8.35
Industrial.....	334	420,446,852	82.51
Municipal.....	107	41,799,705	8.23
Bank applications.....	36	4,632,000	.91
Total.....	516	509,527,207	100.00
This total is divided—			
Stocks.....		\$286,130,902	
Bonds.....		115,880,805	
Notes.....		107,515,500	
5. Acted on by Washington without reference to Chicago committee.....		24	24,814,700
6. Considered by Chicago committee as to personnel only—properties located in other districts.....		45	37,228,392
7. Not considered—applications cover amounts not considered at various times per rulings of Washington committee.....		25	2,343,525
8. Withdrawn or canceled.....		24	12,562,435
9. Not acted on by either Washington or Chicago committees.....		7	1,670,000
Total of all applications originating in Seventh Federal Reserve District.....		641	588,146,259

NOTE.—A great number of applications were modified or abandoned after conferences or correspondence with the officers of the district committee; therefore, the statement submitted does not completely reflect the work of the committee. No memorandum was kept of these consultations or the amounts involved, but much of the time of the chairman and the secretary was devoted to them.

SCHEDULE 20.—*Federal Reserve notes of the Federal Reserve Bank of Chicago received from other Federal Reserve Banks for redemption or credit, and notes of other Federal Reserve Banks returned by the Federal Reserve Bank of Chicago for redemption or credit.*

	Received.				Returned.			
	1914-15	1916	1917	1918	1914-15	1916	1917	1918
Boston.....	\$22,925	\$24,000	\$347,800	\$2,247,800	\$7,400	\$96,500	\$218,500	\$1,209,500
New York.....	77,955	140,410	1,760,420	14,071,550	212,200	1,615,500	3,425,000	10,923,000
Philadelphia.....	11,995	16,970	406,000	3,237,500	11,540	124,000	357,500	1,931,500
Cleveland.....	2,000	17,190	420,040	3,294,050	51,280	572,000	939,500	6,654,000
Richmond.....	2,865	2,600	128,610	2,765,850	54,735	328,000	332,000	1,553,000
Atlanta.....	1,870	8,795	224,550	2,493,075	66,925	603,000	747,500	2,013,000
St. Louis.....	41,040	49,950	1,050,350	12,486,965	38,155	545,500	1,205,000	5,146,000
Minneapolis.....	5,970	53,380	219,500	4,261,800	252,795	2,286,500	3,418,000	7,347,000
Kansas City.....	950	2,895	142,150	1,285,100	192,770	1,496,500	2,776,500	8,578,500
Dallas.....	1,065	4,795	128,835	1,722,150	148,680	930,500	974,000	1,816,000
San Francisco.....	8,900	9,380	301,010	1,842,315	40,895	391,500	875,000	4,285,100
Total.....	174,935	330,365	5,129,265	49,708,155	1,077,375	8,989,500	15,268,500	51,456,600

SCHEDULE 21.—*Federal Reserve Bank notes, Dec. 31, 1918.*

	Denominations.					Total.
	\$1	\$2	\$5	\$10	\$20	
Total notes received from Comptroller of the Currency.....	\$7,884,000	\$2,096,000	\$5,300,000	\$2,623,760	\$865,600	\$18,769,360
Total notes returned to Comptroller of the Currency for destruction.....	57,450	7,800	124,650	47,560	6,100	243,560
Total notes in circulation and on the hand.....	7,826,550	2,088,200	5,175,350	2,576,200	859,500	18,525,800

SCHEDULE 22.—*Federal Reserve notes.*

	Notes outstanding Dec. 31, 1917.	Notes issued to bank during 1918.	Notes re-deemed during 1918.	Notes outstanding Dec. 31, 1918.
Fives	\$19,145,050	\$59,480,000	\$9,174,290	\$69,450,760
Tens	68,439,270	89,840,000	17,591,020	140,688,250
Twenties	81,072,760	124,320,000	13,847,260	191,545,500
Fifties	11,378,350	19,400,000	2,340,950	28,437,400
Hundreds	10,753,100	10,400,000	337,000	20,816,100
Total	190,788,530	303,440,000	43,290,520	450,938,010

SCHEDULE 23.—*Transfers bought and sold 1918.*

	Bought by draft.	Bought by wire.	Sold by draft.	Sold by wire.
January	\$254,181,000	.....	\$53,635,000	\$5,000,000
February	257,840,000	.....	62,425,000	4,000,090
March	255,353,000	.....	65,270,000	6,100,090
April	253,656,000	\$23,000,000	43,850,000	3,750,090
May	157,233,000	10,220,000	43,040,000	.....
June	189,610,000	85,690,000	29,933,000	12,850,000
July	208,120,000	84,275,000	22,590,000	12,665,000
August	76,967,000	205,215,000	13,655,000	12,035,000
September	59,244,000	164,677,000	12,065,000	11,690,000
October	76,395,000	202,096,000	7,635,000	22,134,000
November	47,989,000	200,671,000	10,765,000	5,401,000
December	53,049,000	323,119,000	12,806,000	25,035,000
Total	1,889,639,000	1,298,963,000	377,669,000	120,660,000

SCHEDULE 24.—*Operation of the Federal Reserve clearing system; daily average number of checks handled monthly and during the calendar year 1918.*

	Items drawn on banks in Federal Reserve city.	Amount.	Items drawn on banks in seventh district outside Federal Reserve city.	Amount.	Items drawn on banks in other districts.	Amount.
January	7,072	\$17,596,000	17,663	\$3,748,000	1,549	\$605,000
February	8,638	17,816,000	20,147	4,290,000	2,714	665,000
March	9,113	20,802,000	23,343	5,977,000	1,911	1,233,000
April	9,119	21,600,000	23,954	5,416,000	2,099	776,000
May	8,540	22,463,000	23,988	6,095,000	2,167	750,000
June	9,158	23,540,000	28,215	7,823,000	2,854	812,000
July	9,961	22,696,000	39,203	8,435,000	4,446	1,038,000
August	9,623	20,339,000	40,898	8,891,000	4,086	1,090,000
September	10,475	23,645,000	46,284	10,610,000	4,811	1,150,000
October	13,318	27,458,000	48,163	11,350,000	5,300	1,244,000
November	12,990	25,553,000	49,914	8,800,000	5,610	1,278,000
December	14,102	26,424,000	50,570	7,520,000	5,606	1,070,000
Daily average, 1918	10,176	22,494,000	34,362	7,413,000	3,596	976,000
Total, 1918	3,047,109	6,748,151,000	10,289,902	2,225,581,000	1,073,410	292,992,000
Total, 1917	1,807,728	3,985,878,000	4,362,436	987,821,000	511,438	187,450,000
Total, 1916	950,596	1,549,148,000	2,722,827	616,111,000	778,959	873,758,000

SCHEDULE 24.—Operation of the Federal Reserve clearing system; daily average number of checks handled monthly and during the calendar year 1918—Continued.

	Total, exclusive of item drawn on Treasurer United States.	Amount.	Items handled by both parent bank and branch.	Amount.	Items drawn on Treasurer United States.	Amount.	Number member banks in district.	Non-member banks on par list.
January	26,284	\$21,949,000			5,896	\$1,987,000	1,109	2,235
February	31,499	22,771,000			6,412	1,678,000	1,128	2,229
March	34,366	28,012,000	784	\$575,000	5,257	2,041,000	1,137	2,223
April	35,173	27,792,000	164	315,000	7,523	2,301,000	1,151	2,260
May	34,694	29,310,000	179	422,000	7,840	2,874,000	1,156	2,284
June	40,227	32,175,000	485	1,525,000	7,782	3,669,000	1,164	2,278
July	53,610	32,169,000	280	306,000	9,616	4,109,000	1,174	2,296
August	54,608	30,319,000	249	259,000	8,367	4,463,000	1,192	2,344
September	61,570	35,405,000	269	215,000	12,269	5,164,000	1,253	2,409
October	66,781	40,052,000	362	356,000	14,034	5,514,000	1,285	2,337
November	68,514	35,632,000	335	242,000	11,486	5,848,000	1,321	2,274
December	70,279	35,014,000	325	233,000	15,879	5,546,000	1,326	2,383
Daily average, 1918	48,134	30,883,000	286	370,000	9,363	3,766,000		
Total, 1918	14,410,421	9,266,724,000	76,476	105,000,000	2,801,637	1,128,269,000	1,332	2,392
Total, 1917	6,681,602	5,161,149,000			850,764	202,461,000	1,103	2,240
Total, 1916	4,452,382	3,039,017,000			713,003	74,740,000	992	1,265

SCHEDULE 25.—Clearing operations, Detroit branch.

	Number.	Amount.
Drawn on banks located in Detroit:		
Mar. 18 to Apr. 15	24,700	\$27,080,400
Apr. 16 to May 15	28,054	35,198,445
May 16 to June 15	36,166	42,957,938
June 16 to July 15	52,806	56,570,452
July 16 to Aug. 15	50,700	44,939,662
Aug. 16 to Sept. 15	62,374	46,139,704
Sept. 16 to Oct. 15	63,232	49,726,622
Oct. 16 to Nov. 15	88,738	55,617,941
Nov. 16 to 30	40,508	28,547,394
Dec. 1 to 31	83,837	59,899,151
General average per month	55,906	47,018,717
Average daily number of items handled on Detroit:		
April	950	1,042,000
May	1,079	1,354,000
June	1,391	1,652,000
July	2,031	2,176,000
August	1,950	1,728,000
September	1,976	1,797,000
October	2,399	1,775,000
November	3,413	2,139,000
December	3,117	2,196,000
Drawn on the Treasurer of the United States:		
Sept. 23 to Oct. 15	20,325	21,430,655
Oct. 16 to Nov. 15	25,896	30,897,528
Nov. 16 to 30	16,146	18,795,302
Dec. 1 to 31	39,394	44,436,710
General average per month	29,074	33,071,198

SCHEDULE 26.—*Gold settlement fund operations, Jan. 1, 1918, to Dec. 31, 1918.*

Federal Reserve Bank.	Amount received in settlement of accounts due from other Federal Reserve Banks.	Amount paid in settlement of accounts due to other Federal Reserve Banks.	Gain through settlements.	Loss through settlements.	Transfers.	
					Debits.	Credits.
Boston.....	\$337,860,000	\$249,539,000	\$88,321,000	.....	\$7,000,000	\$694,000
New York.....	2,779,820,000	1,650,228,000	1,129,594,000	.....	438,000,000	1,014,000,000
Philadelphia.....	385,846,000	361,268,000	24,578,000	.....	6,000,000	13,000,000
Cleveland.....	621,410,000	850,809,000	.....	\$229,399,000	18,000,000	.....
Richmond.....	111,850,000	105,050,000	6,800,000	.....	.....	14,100,000
Atlanta.....	116,277,000	118,187,000	.....	1,910,000	74,034,000	58,955,000
St. Louis.....	788,411,000	709,853,000	78,555,000	.....	8,960,000	.....
Minneapolis.....	465,234,000	582,292,000	.....	117,058,000	6,000,000	.....
Kansas City.....	462,114,000	766,350,000	.....	304,236,000	22,000,000	4,000,000
Dallas.....	115,333,000	95,588,000	19,745,000	.....	9,671,000	23,500,000
San Francisco.....	219,806,000	265,103,000	.....	45,297,000	5,000,000	.....
Total.....	6,403,961,000	5,754,268,000	1,347,859,000	697,900,000	594,685,000	1,128,249,000
Excess.....	.....	.....	649,693,000	.....	.....	533,564,000
Gain through settlement.....	.....	.....	.....	.....	.....	\$649,693,000
Net loss through transfers.....	.....	.....	.....	.....	.....	533,564,000
Net gain through transfers and settlement.....	.....	.....	.....	.....	.....	116,129,000

DISTRICT NO. 8—ST LOUIS.

WILLIAM McC. MARTIN, Chairman and Federal Reserve Agent.

FINANCIAL RESULTS OF OPERATION.

The gross earnings of the Federal Reserve Bank of St. Louis for the year 1918 amounted to \$2,676,828.35, and the current expenses were \$726,021.11, including the charging off of all furniture and fixtures amounting to \$102,030.55. This left net earnings of \$1,950,807.24, which was an increase of \$1,448,651.20 over the net earnings for 1917. Out of the net earnings the bank paid dividends for the years 1917 and 1918, amounting to \$404,837.60; set aside a reserve of \$172,997 for depreciation in United States securities, and also a reserve of \$801,655.61 for the franchise tax. The balance of \$571,317.03 was transferred to surplus, together with the balance of \$230,338.58 of undivided profits at the close of 1917, making \$801,655.61 in that account on December 31, 1918.

The principal source of revenue during 1918 was bills discounted for member banks. Of the \$2,676,828.35 of gross earnings, \$2,197,795.40 was derived from this source. During 1917 the earnings from bills discounted amounted to only \$347,871.10. The percentage of earnings derived from each source during 1917 and 1918 is as follows:

	1917	1918
	<i>Per cent.</i>	<i>Per cent.</i>
Bills discounted for other Federal Reserve Banks	1	1
Bills discounted and loans to member banks	47	82
Acceptances	23	9
Municipal warrants	2	-----
Interest on United States securities	15	3
Transfers bought	8	2
Sundry	4	3
Total	100	100

Attached hereto as Schedule 1 is a comparative profit and loss statement, covering the years 1917 and 1918.

The total resources of the Federal Reserve Bank of St. Louis increased from \$159,619,896.96 on December 31, 1917, to \$229,496,229.05 on December 31, 1918. Its earning assets increased from \$45,066,896.64 to \$85,717,141.81 within that time. The greatest

increase in the earning assets was the paper discounted for member banks, which amounted to \$70,702,653.85 on December 31, 1918, as compared to \$28,584,397.60 on December 31, 1917.

The total cash reserve increased from \$59,136.094 on December 31, 1917, to \$89,256,994.89 on December 31, 1918. The reserve deposits of member banks also increased, due in great measure to the admission of State banks and trust companies into the System.

Attached hereto as Schedule 2 are comparative balance sheets as of December 31, 1917 and 1918.

GENERAL BUSINESS AND BANKING CONDITIONS.

The beginning of 1918 found industries in this district busy, especially those contributing articles necessary for the prosecution of the war. This activity continued with increasing vigor until the termination of hostilities in November. The needs of the Government received first consideration, and the production of nonessentials gave way to those things necessary in carrying on the war. Many concerns worked almost exclusively on Government contracts.

The signing of the armistice on November 11 resulted in the cancellation of many war contracts in this district, and business men have since been engaged in restoring their enterprises to a peace basis. It is believed that the resumption of normal demands, the production of those articles heretofore designated as nonessential, and the development of foreign trade, will largely offset the suspension of war work. Business men as a rule are optimistic regarding the future, but are acting cautiously and buying only for their immediate needs, anticipating a readjustment of prices.

Since the termination of the war, general business has been greatly helped by the lifting of Government restrictions, and many industries are preparing for increased activity. This is especially true of the building, construction, and engineering industries, whose activities were greatly curtailed during the war.

The wholesale and retail trade has been good in this district, and merchants generally have enjoyed a prosperous year. Some lines of business were hampered by Government restrictions, while practically all suffered on account of the extraordinarily high prices and the scarcity of merchandise. Collections, as a rule, have been good, except in some of the southern portions of the district where cotton has moved slowly.

Business has been greatly helped by the high wages paid to labor in the cities and the bountiful returns to the farmer during the past year. The crop of winter and spring wheat in this district was considerably larger than that of last year, and also larger than the average for the five years previous. The production of cotton also exceeded that of last year and the five year average. The corn crop

was a good deal below the record crop of 1917, but only slightly less than the average for the previous five years. The corn in this district was greatly damaged during the summer by dry and excessive temperature, accompanied by hot winds.

Until the termination of the war, there was a strong demand for both skilled and unskilled workmen in the district. This demand brought about competition among employers, which resulted in a migratory tendency on the part of labor. However, this situation was helped by the work of the United States Employment Service Committee. The shortage of workmen was greatly relieved by the employment of women, who entered munition plants and filled many other places formerly occupied by men. Farmers also experienced difficulty in obtaining sufficient help, but many overcame the problem to a great extent by purchasing tractors and other labor-saving machinery. Toward the close of the year the supply of labor became more ample, due to the release of soldiers from the Army and the release of many employees who had been engaged in the manufacture of munitions, etc. The labor situation in this district was seriously affected by the influenza epidemic, which became severe about October, and did not let up until the close of the year. There were a number of strikes and threats to strike during the past year. However, these were settled, and outside of some labor demands which were being arbitrated, there were very few disturbances in this district at the close of the year. Much credit is due to the Federal mediators who assisted in settling the strikes that arose.

During the past year, the demand for money has continued good in this district, and there has been little variance in the bank rate to customers. In the large cities it has remained at about 6 per cent and in the country districts somewhat higher. However, toward the close of the year an easier tone became apparent. The banks have liberally supported the Government in the flotation of the Liberty loans and certificates of indebtedness, and have also taken care of their commercial requirements. This has been accomplished without disturbance to the money market, due to the service rendered by the Federal Reserve Bank.

The commercial paper business has been considerably below normal throughout the year. The rate was practically 6 per cent until December, when it ranged from 5½ per cent to 6 per cent. Brokers have encouraged the issuance of short maturities, so they would be readily available for rediscount at the Federal Reserve Bank.

An open market for bankers' acceptances is being gradually developed, which will be of benefit to business interests.

As the year closes there is a conservative tone of optimism in business and financial circles in the district.

DISCOUNT OPERATIONS.

The total amount of paper discounted for member banks by the Federal Reserve Bank of St. Louis during the year 1918 was \$1,085,-137,254, exclusive of bankers' acceptances. Of this amount \$303,-792,122 was commercial, or single-name paper, \$15,681,201 consisted of trade acceptances, or two-name paper, and \$765,663,931 consisted of member banks' 15-day collateral notes. Of the \$303,-792,122 of commercial paper discounted, \$13,765,838 was secured by Liberty bonds and certificates of indebtedness, and of the \$765,-663,931 of member banks' collateral notes \$764,216,431 was secured by such Government obligations.

During the year 1917, the total paper discounted for member banks amounted to \$181,117,651.14. Thus there was an increase of \$904,019,603 in the amount of paper discounted by the Federal Reserve Bank of St. Louis during 1918 over the previous year.

Of the 513 member banks, 278 different member banks rediscounted with this bank during 1918. The number for 1917 was 149, showing an increase of 129 in the number of different member banks accommodated.

Attached hereto as Schedule 3 is a table showing the volume of the different classes of paper discounted by the Federal Reserve Bank of St. Louis and by each branch during each month of the year, and attached as Schedule 4 is a table showing the volume of paper accepted from each State during each month of the year, and the number of different banks in each State discounting during the year.

Attached hereto as Exhibit A is a table and chart showing (1) paper secured by Liberty bonds and Treasury certificates; (2) other discounted paper; (3) total discounts; (4) bills bought in open market; (5) total bills discounted and purchased; (6) ratio of paper secured by Government war obligations to total discounted and purchased bills; and (7) total earning assets, including United States securities.

On December 5 the Federal Reserve Bank of St. Louis rediscounted \$2,000,000 of paper for the Federal Reserve Bank of Philadelphia, and on December 11, it rediscounted \$2,500,000 of paper for the Federal Reserve Bank of Dallas. On July 2 the Federal Reserve Bank of Boston rediscounted \$5,000,006.91 of paper for the Federal Reserve Bank of St. Louis, and on July 9 the Federal Reserve Bank of Cleveland rediscounted \$7,500,001.62 of paper for this bank.

Only two changes were made in the discount rates of this bank throughout the year. These were on April 8, when practically all the rates were slightly raised, and on October 5, when a special rate of 4 per cent instead of $4\frac{1}{4}$ per cent was established for paper maturing within 16 to 90 days secured by fourth Liberty bonds, provided such paper was taken by the member bank at a rate not in excess of the fourth Liberty loan coupon rate of $4\frac{1}{4}$ per cent.

Schedule 5 shows the discount rates in effect at the opening and closing of the year and the changes made during the year.

TRADE ACCEPTANCES.

During 1918 this bank discounted a total of \$15,681,201 of trade acceptances for member banks, which is an increase of \$12,566,695 over the amount for 1917. This bank has encouraged the use of trade acceptances and throughout the year has maintained a rate for them $\frac{1}{2}$ to $\frac{1}{4}$ per cent lower than the rate on commercial paper. That progress has been made is indicated by the large increase in the amount handled during the year.

ACCEPTANCES.

During the past year this bank purchased a total of \$30,647,633.18 of bankers' acceptances, of which \$26,096,119.64 were purchased from banks and dealers and \$4,551,513.54 from the Federal Reserve Bank of New York. This is an increase of \$915,361.39 over the amount purchased during 1917. The rates on these acceptances ranged from $3\frac{3}{8}$ per cent to $4\frac{3}{4}$ per cent.

This bank has been endeavoring in every way possible to interest financial institutions in the district in the support of the open market, through the purchase of bankers' acceptances, and some progress has been made. To this end the bank has avoided as much as possible direct purchases of bills from accepting institutions, taking bills from only such institutions as found it impossible to sell their obligations in the open market. When the bills were purchased direct from the accepting banks, the commercial paper rate was charged instead of the acceptance rate. Recently this bank has adopted the policy of assisting local dealers in carrying the bills in their portfolios under a 15-day purchase and resale agreement. This enables them to carry the bills until they can be disposed of in the open market.

Schedule 6 is a table showing the amount of bankers' acceptances purchased by this bank and each of its branches each month during 1918.

During the past year the following member banks were authorized by the Federal Reserve Board to accept drafts and bills of exchange growing out of transactions involving the importation or exportation of goods up to 100 per cent of their capital and surplus, as provided in section 13 of the Federal Reserve Act:

Name and location:	Date authorized.
Mercantile Trust Co., St. Louis, Mo.....	Mar 11, 1918
Merchants' Laclede National Bank, St. Louis, Mo.....	Mar. 18, 1918
Third National Bank, St. Louis, Mo.....	Oct. 10, 1918
Mechanics-American National Bank, St. Louis, Mo.....	Oct. 15, 1918
National Bank of Commerce, St. Louis, Mo.....	Oct. 15, 1918
Union & Planters Bank & Trust Co., Memphis, Tenn.....	Apr. 17, 1918
Central State National Bank, Memphis, Tenn.....	Oct. 22, 1918

RESERVE POSITION.

On December 31, 1917, the total reserve of this bank against all liabilities was 58.8 per cent, and on the same date this year the percentage was 54.5. The following table shows the reserve position of the Federal Reserve Bank of St. Louis at the close of each month during 1918:

1918.	Net deposits.	Outstanding Federal Reserve notes.	Total.	Total reserves.	Per cent.
Jan. 31.....	\$53,054,367.43	\$56,290,945.00	\$109,345,312.43	\$70,506,434.00	64.5
Feb. 28.....	47,936,349.65	59,835,985.00	107,772,334.65	79,313,022.00	73.6
Mar. 31.....	59,352,279.66	63,602,780.00	122,955,059.66	78,980,775.00	69.9
Apr. 30.....	49,266,153.51	61,464,460.00	110,730,613.51	57,763,379.00	52.2
May 31.....	60,342,801.32	64,716,560.00	125,059,361.32	88,493,018.00	70.8
June 30.....	60,052,695.42	65,899,305.00	125,952,000.42	56,540,668.19	44.9
July 31.....	52,362,046.97	73,809,310.00	126,171,356.97	65,018,672.36	51.5
Aug. 31.....	47,578,440.41	86,253,825.00	133,832,265.41	82,102,360.06	61.3
Sept. 30.....	48,512,713.09	100,114,835.00	148,627,548.09	76,886,858.69	51.7
Oct. 31.....	64,683,433.36	107,606,485.00	172,289,918.36	84,903,230.00	49.3
Nov. 30.....	55,309,169.90	111,788,895.00	167,098,064.90	90,697,846.96	54.3
Dec. 31.....	43,814,815.54	120,037,040.00	163,851,855.54	89,256,994.89	54.5

Attached hereto as Exhibit B is a table and chart showing (1) total cash reserves, (2) net deposit liability, (3) Federal Reserve notes in circulation, (4) net deposits plus Federal Reserve notes in actual circulation, and (5) ratio of total cash reserves to combined net deposit and Federal Reserve note liabilities.

MOVEMENT OF MEMBERSHIP.

On January 1, 1918, the Federal Reserve Bank of St. Louis had 478 member banks, and its authorized capital was \$6,949,200, of which one-half, or \$3,474,600, was paid in. Of the 478 members, 465 were national banks. During the year 11 national banks became members and 7 national banks surrendered their membership through liquidation.

At the close of 1917, 9 State banks and 4 trust companies, making a total of 13 State institutions, were members of the Federal Reserve Bank of St. Louis. During 1918, 18 State banks and 13 trust companies became members, making a total of 44 member State banks at the close of the year.

On December 31, 1918, this bank had a total of 513 member banks, consisting of 469 national banks, 27 State banks, and 17 trust companies, and its authorized capital was \$7,599,200, of which \$3,799,600 was paid in. This shows a net increase of 35 in the number of member banks, and a net increase in the paid-up capital stock of \$325,000 over December 31, 1917.

Attached hereto as Schedule 7 is a list of the State banks and trust companies admitted to membership during 1918, showing their capital and surplus, total resources, and date of admission.

There are 959 eligible nonmember State banks and trust companies in this district, with total resources aggregating approximately \$500,000,000. The total resources of the 44 State banks and trust companies that are members of the Federal Reserve Bank of St. Louis amount to \$347,683,000. Thus the State institutions that have become members represent almost 70 per cent of the total resources of all the eligible nonmember banks in the district.

RELATIONS WITH NATIONAL BANK MEMBERS.

During the past year more national banks in this district have availed themselves of the rediscount privilege and to a greater extent than during the previous year. Through the assistance rendered them by the Federal Reserve Bank during the past year, the banks have become more appreciative of the advantages offered by the reserve system and the strength given them by membership. They are more and more reducing their bills payable with their correspondents and increasing their bills rediscounted with the Federal Reserve Bank.

Nine national banks in this district were granted permission by the Federal Reserve Board during 1918 to act as trustee, executor, etc., under the provisions of section 11 (k) of the Federal Reserve Act. From the opening of the bank to the close of 1917, 29 national banks had been granted permission, making a total of 38 national banks in this district authorized to exercise fiduciary powers. Of these banks, 3 are located in Arkansas, 9 in Illinois, 6 in Indiana, 10 in Kentucky, 1 in Mississippi, 8 in Missouri, and 1 in Tennessee.

The amendment of September 26, 1918, to section 11 (k) of the Federal Reserve Act, empowering the Federal Reserve Board to authorize national banks, in addition to trustee, executor, administrator, and registrar of stocks and bonds, "to act as guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity in which State banks, trust companies, or other corporations which come into competition with national banks are permitted to act, under the laws of the State in which the national bank is located," has resulted in a number of national banks in this district applying for these powers.

Attached hereto as Schedule 8 is a list of the national banks granted permission during 1918 to exercise fiduciary powers.

In the early part of April, 1918, the Federal Reserve Bank of St. Louis, as an added facility for member national banks, began to make deposits for them to their 5 per cent redemption accounts with the Treasurer of the United States in Washington, through the medium of the Federal Reserve Board and the gold-settlement fund. The table following shows the volume of such deposits.

Month.	Number of deposits.	Amount.	Month.	Number of deposits.	Amount.
April (18 to 30).....	179	\$315,095.00	October.....	383	\$756,204.90
May.....	598	1,105,320.00	November.....	313	855,462.50
June.....	551	1,042,112.50	December.....	275	774,390.00
July.....	521	959,692.50	Total.....	3,631	7,424,446.80
August.....	443	\$34,059.40			
September.....	368	791,110.00			

RELATIONS WITH STATE BANKS AND TRUST COMPANIES.

Activities in connection with subscriptions to the Liberty loans and the financing of such subscriptions have brought the State banks of this district into closer touch with the Federal Reserve Bank. The member State banks have availed themselves freely of the discount privilege, and the amount of discounts accepted from them has steadily increased throughout the year. They have also taken advantage of the collection system and the other facilities offered by the Federal Reserve Bank.

Of the \$52,830,678.16 of reserve deposits of all member banks in the Federal Reserve Bank of St. Louis at the close of business December 31, 1918, the reserves of the 44 member State banks and trust companies amounted to \$15,817,208.92.

It has not been necessary to make a separate examination of any of the member State banks or those applying for membership during the past year. The various State banking departments have fully cooperated in furnishing duplicate copies of their reports of examinations of member State banks and of those applying for membership. However, toward the close of the year an arrangement was made with the Missouri State Banking Department at its request, to have the examiner of the Federal Reserve Bank participate with the State examiner in examinations of member State banks in Missouri, and it is expected to make a similar arrangement with the banking departments of the other States in this district.

FISCAL AGENCY OPERATIONS.

As fiscal agent of the United States Government, during the past year the Federal Reserve Bank of St. Louis has continued to receive and disburse funds for its account. Acting in this capacity, it has also handled the sales of certificates of indebtedness, Liberty bonds, and war savings stamps in this district for the Treasury Department. It has also assisted in the work of the War Finance Corporation and the Capital Issues Committee.

TREASURY CERTIFICATES OF INDEBTEDNESS.

Certificates of indebtedness were issued in anticipation of the Liberty loans, and were used to a great extent in making payment

for the Liberty bonds. This obviated any disturbance which might have occurred if the payments had had to be made all at once in cash.

In anticipation of the third Liberty loan, there were 6 offerings of certificates of indebtedness aggregating \$2,900,000,000. The aggregate quota assigned to this district amounted to \$135,000,000, and the total subscriptions received aggregated \$133,584,500. Of the 3,123 banking institutions in this district, 2,376, or 76.07 per cent, subscribed for these certificates.

Schedule 9 is a statement showing the various issues of certificates of indebtedness prior to the third Liberty loan and also the subscriptions received from the different classes of banking institutions in the district.

In anticipation of the fourth Liberty loan there were seven offerings of certificates of indebtedness, aggregating \$4,100,000,000. The aggregate quota assigned to this district amounted to \$164,000,000 and the total subscriptions received aggregated \$186,963,000. Of the 3,093 banks in this district, 2,801, or 90.56 per cent, subscribed for these certificates.

Attached hereto as Schedule 10 is a statement showing the various issues of certificates of indebtedness prior to the fourth Liberty loan and also the subscriptions received from the various classes of banking institutions in the district.

In December there were also two offerings of certificates of indebtedness, aggregating \$1,100,000,000, issued in anticipation of the fifth Liberty loan which is expected to be launched in the spring. The aggregate quota of these certificates for this district amounted to \$44,000,000, and the total subscriptions received aggregated \$45,551,000. Of the 3,093 banks in this district, only 1,757, or 56.8 per cent, subscribed for these certificates.

Schedule 11 shows the two offerings of certificates of indebtedness issued in anticipation of the fifth Liberty loan and also the subscriptions received from the different classes of banks in the district.

During the year seven offerings of tax certificates were also issued in anticipation of income and excess profits taxes due the Government. The first five issues were in anticipation of the taxes due June 15, 1918. The banks, corporations, and individuals in this district subscribed to \$18,870,000 of these issues. The last two issues were in anticipation of the taxes to be paid in 1919; \$21,821,500 of these two issues were taken in this district.

Attached hereto as Schedule 12 is a statement showing the various offerings of tax certificates issued during 1918 and the subscriptions to each received in this district.

DEPOSITS OF TREASURY FUNDS WITH BANKS AND THEIR WITHDRAWAL.

Such banks and trust companies, incorporated under the laws of the United States or any State, as made application through the Federal Reserve Bank of St. Louis, accompanied by acceptable collateral, were designated as depositaries of funds arising out of the sales of Treasury certificates of indebtedness and Liberty loan bonds in this district. Two hundred and ninety-eight banks qualified for deposits of the third loan and 120 banks for deposits of the fourth loan, which, with those which qualified prior to January, 1918, made a total of 537 Government depositaries at the end of the year.

This bank had custody of all collateral offered as security for these deposits and performed all duties incident to the deposit and withdrawal of funds, collection of interest, etc. It also handled the deposits and withdrawals of funds redeposited with qualified depositaries accruing from the payment of income and excess profits taxes last June. The largest amount of collateral in its custody at any one time was on October 26, when the securities held by it totaled \$102,616,000. The largest amount of deposits outstanding with depositaries at any one time was \$87,000,000 on October 28. The total amount of deposits made with depositaries during the year amounted to \$581,260,000, of which at close of business December 31 about \$12,135,000 was still outstanding. The interest collected by the Federal Reserve Bank for account of the United States Government on such deposits during the year amounted to about \$700,000.

FLOTATION OF LIBERTY LOANS.

The campaign for the third Liberty loan opened on April 6. The amount was \$3,000,000,000, and the quota assigned to this district was \$130,000,000. This was the first district to meet its quota. The total subscriptions received amounted to \$199,835,900, over-subscribing the quota by \$69,835,900. These subscriptions were allotted by the Treasury Department in full. The subscriptions were widely distributed, the number of subscribers being 1,185,709. Of the 3,066 banking institutions in this district 3,044, or 98.27 per cent, sent in subscriptions for themselves and their customers. Of the \$199,835,900 of subscriptions \$56,290,303 was paid in cash, \$54,124,000 in certificates of indebtedness, and \$89,421,597 by credit on the books of the Federal Reserve Bank by banks authorized to act as Government depositaries.

Attached hereto, as Schedule 13, is a table showing the quota, subscriptions, number of subscribers in each State, the subscriptions received from each class of banking institutions, and the methods of payment for subscriptions to the third Liberty loan.

The fourth Liberty loan was launched on September 28. Its amount was \$6,000,000,000 and the quota assigned to this district

was \$260,000,000. As in the case of the third Liberty loan, this was the first district to meet its quota. The total subscriptions received amounted to \$295,329,750, oversubscribing the quota by \$35,329,750. These subscriptions were also allotted in full. The number of subscribers was 1,395,299. Of the 3,087 banking institutions in this district, 3,059, or 99.093 per cent, sent in subscriptions for themselves and their customers. Total payments amounting to \$270,547,025 have been made on the \$295,329,750 of subscriptions to the fourth Liberty loan, in the following manner: \$54,313,997.64 in cash, \$82,274,000 in certificates of indebtedness, and \$133,959,027.36 by credit on the books of the Federal Reserve Bank by banks authorized to act as Government depositories. There is an unpaid balance of \$24,782,725, not yet due, on \$49,570,450 of subscriptions which are being paid on the Government plan.

Attached hereto, as Schedule 14, is a table showing the quota, subscriptions, the number of subscribers in each State, the subscriptions received from each class of banking institutions, and the methods of payment for subscriptions to the fourth Liberty loan.

The campaign work in connection with both the third and fourth Liberty loans was conducted by the Liberty Loan Organization, under the supervision of the Federal Reserve Bank, as was done in the case of the first and second loans. Gov. Rolla Wells was chairman of this organization. However, the previous plans were somewhat changed. The central committee, of which Mr. William R. Compton was chairman, Mr. T. K. Smith, vice-chairman, and Mr. George O. Carpenter, jr., secretary, was the active administrative body. In addition to these gentlemen, the committee consisted of a chairman for each State and directors in charge of the various departments of the organization. With the exception of the secretary, all the members of the central committee were volunteers and devoted practically their entire time to the work during the active campaigns.

After the third Liberty loan, the Liberty Loan Organization also acted as sales agent in distributing the certificates of indebtedness, and rendered valuable assistance through its 86 district managers.

Early in the year the organization moved to the sixteenth floor of the Railway Exchange Building and occupied the entire southwest corner of that floor. These quarters were occupied until the close of the fourth Liberty loan, when the organization moved to the fifth and sixth floors of the building at 210 North Broadway, adjoining the Federal Reserve Bank Building.

WAR-SAVINGS AND THRIFT STAMPS.

An issue of war-savings stamps and thrift stamps, authorized by act of Congress approved September 24, 1917, was offered to the

people of the United States on December 3, 1917, through the banks, post-offices, and other agencies. The issue was dated January 1, 1918, and was for a period of five years. The Federal Reserve Bank has supplied the stamps to banks and other agencies.

The war-savings campaign was handled originally by the Treasury Department in Washington through State directors, each director being responsible for one State. This plan was followed until September, 1918, when the Treasury Department placed the war-savings campaign under the supervision of the Federal Reserve Bank.

From December, 1917, to December, 1918, inclusive, 6,102,613 war-savings stamps, of a maturity value of \$30,513,065, and 2,210,693 thrift stamps, amounting to \$552,673.25, were delivered through the Federal Reserve Bank of St. Louis. In addition, 212,048 filled thrift cards were exchanged for war-savings stamps, which were cancelled and shipped to Washington. There were 2,220 agents in this district, as follows: Arkansas, 330; Illinois, 195; Indiana, 109; Kentucky, 116; Mississippi, 166; Missouri, 1,204; Tennessee, 100. Eighteen thousand deliveries of stamps were made to these agents, being an average shipment of \$1,418. Stamps were also shipped to agents on a consignment basis against a pledge of approved collateral. Securities aggregating \$1,300,000 were on deposit with the Federal Reserve Bank covering such transactions.

The following table shows the war-savings stamps delivered through the Federal Reserve Bank of St. Louis for each month since the campaign started:

	Number of stamps.	Maturity value.		Number of stamps.	Maturity value.
1917			1918		
December.....	221,779	\$1,108,895	June.....	956,564	\$4,782,820
1918			July.....	1,226,468	6,132,340
January.....	590,730	2,953,650	August.....	634,181	3,170,905
February.....	296,396	1,481,980	September.....	488,122	2,440,610
March.....	292,230	1,461,150	October.....	364,113	1,820,565
April.....	217,785	1,088,925	November.....	317,478	1,587,390
May.....	184,480	922,400	December.....	312,287	1,561,435
			Total.....	6,102,613	30,513,065

The third and fourth Liberty loan drives are reflected in the war-savings campaign by periods of marked decreases in sales during May and November. An unusual period of activity occurred in January, 1918, occasioned by an intensive drive in St. Louis. During February, March, April, and May the sales showed a gradual, but steady decline for each month, reaching in the month of May the lowest point of the campaign. As a result of the President's appeal of June 28, war-savings pledge cards were signed throughout this district causing a tremendous increase in the sales for July and August. The figures

show that almost one-third of the total sales for the year were made during these two months. After July, the sales again fell off, August, September, October, November and December each showing a decrease in the sales as compared with the preceding month, but at no time did they reach the low level of the first months of the campaign.

WAR FINANCE CORPORATION.

During the past year this bank has also acted as fiscal agent of the War Finance Corporation, which was created by an act of Congress approved April 5, 1918. Although the Federal Reserve Bank of St. Louis sent out circulars from time to time explaining the purposes and requirements of the War Finance Corporation, only one loan was made by it as fiscal agent of that corporation. This was to a national bank in this district and amounted to \$75,000. However, several loans were obtained direct from the War Finance Corporation in Washington by public utility companies and others in the district, and this bank acted as custodian in holding the collateral pledged as security therefor.

CAPITAL ISSUES COMMITTEE.

On January 11, 1918, the Federal Reserve Board appointed a Capital Issues Committee to pass upon such applications as might be submitted to it in respect to capital expenditures or issues of new securities, the purpose being to discourage unnecessary undertakings, so as to release capital, labor, and materials for war purposes. This committee in turn appointed a subcommittee in each of the 12 Federal Reserve districts. Each subcommittee was at first divided into a permanent committee and an auxiliary committee. The permanent committee in this district consisted of Mr. Wm. McC. Martin, chairman, Mr. Rolla Wells, vice chairman, and Messrs. F. O. Watts, W. K. Bixby, and W. R. Compton, all of St. Louis. The auxiliary committee consisted of Messrs. N. A. McMillan, Breckinridge Jones, Walker Hill, Festus J. Wade, Wm. E. Guy, and Benj. Gratz, all of St. Louis, Mr. J. A. Omberg of Memphis, Tenn., Messrs. S. T. Ballard and Embry L. Swearingen, of Louisville, Ky., Mr. W. L. Hemingway, of Little Rock, Ark., and Mr. M. S. Sonntag, of Evansville, Ind.

The Capital Issues Committee, by an act of Congress approved April 5, 1918, was created by law and its functions defined. Following the passage of this act, in July, the permanent and auxiliary committees were merged into one, known as the "District Committee on Capital Issues." The personnel remained the same, the only change being that an executive committee from its number was appointed, consisting of Mr. Wm. McC. Martin, chairman, Mr. Rolla Wells, vice-chairman, and Messrs. W. K. Bixby, W. R. Compton, Walker Hill, and F. O. Watts. In the beginning, Mr. C. M. Stewart, assistant

Federal Reserve agent, acted as secretary of the local committee, but as the work progressed, it became too burdensome in connection with his other duties and Mr. L. A. Wilson was appointed July 11 to take his place. The members of the committee served without remuneration.

Applications began coming in to the committee in February and the first formal meeting was held on March 8, 1918. From that time to the close of the year it held a total of 46 meetings. During that time the committee considered and passed upon 283 applications of all classes, involving a total of \$92,418,031.10. Of these 283 cases 143 involved more than \$100,000 each and 140 involved \$100,000 or less. Of the 143 major cases, 100 were approved wholly or in part, aggregating \$60,325,527, and 43 cases disapproved wholly or in part, aggregating \$25,617,782. Of the 140 minor cases, 110 were approved wholly or in part, aggregating \$5,053,150, and 30 were disapproved wholly or in part, aggregating \$1,421,572.10. Thus a total of 210 applications was approved, involving \$65,378,677, and 73 cases disapproved, involving \$27,039,354.10.

In addition to the foregoing applications, about 140 unnecessary undertakings, involving approximately \$40,000,000 were postponed in this district, after the necessities of the Government, through correspondence and personal interviews, were brought to the attention of prospective applicants by members of the committee. These postponed issues which did not reach the stage of formal applications, together with the applications definitely disapproved by the committee, aggregated \$67,039,354.10. These figures, of course, do not fully reflect the conservation in this district of capital, labor, and materials that was effected as a result of the disapproval or postponement of proposed issues; nor do they reflect the great moral effect and general restraining influence that the activities of the Capital Issues Committee has had on the general public.

The work of the committee was most active during the months of August, September, October, and November, due no doubt to the fact that the law had become better known and understood. During those four months the committee held 25 meetings and passed upon 204 cases, or an average of more than 8 cases at each session. Under instructions from the Capital Issues Committee at Washington, the district committee suspended operations on December 31, 1918.

FEDERAL RESERVE NOTES.

During the past year, the Federal Reserve agent issued to the Federal Reserve Bank of St. Louis a total of \$102,605,000 of Federal Reserve notes, which is an increase of \$47,345,000 over the amount issued last year. The greatest demand for notes was during the months of July, August, September, and December. As was the case

in 1917, considerably more notes of the \$10 and \$20 denominations were issued than of the other denominations.

Attached hereto as Schedule 15 is a table showing the denominations and amounts of Federal Reserve notes issued by the Federal Reserve agent to the Federal Reserve Bank of St. Louis each month during the year and the totals from the opening of the bank on November 16, 1914, to December 31, 1918.

On December 31, 1918, the total amount of Federal Reserve notes outstanding was \$129,119,875. Of this amount, \$66,673,935 was covered by gold deposited with the Federal Reserve agent and the balance of \$62,445,940 by eligible paper hypothecated with him.

This bank has continued to acquire gold from banks of the district in exchange for Federal Reserve notes. Both member and non-member banks have cooperated in this, so that at the end of the year the greater part of the gold in the district was deposited in the Federal Reserve Bank.

During 1918 the Federal Reserve Bank of St. Louis received from other Federal Reserve Banks for redemption or credit \$15,019,535 of its own Federal Reserve notes and returned to other Federal Reserve Banks for redemption or credit \$37,557,760 of their Federal Reserve notes. In other words, this bank returned \$22,538,225 more notes of other banks than it received of its own. As was the case in 1916 and 1917, the Federal Reserve Banks of Chicago and New York returned to this bank during 1918 more of the notes of the Federal Reserve Bank of St. Louis than did any other districts. However, whereas during the years mentioned this bank returned more notes of the Kansas City and Dallas Federal Reserve Banks, during 1918 it returned more notes of the Chicago and Kansas City Federal Reserve Banks than of any other districts.

Attached hereto as Schedule 16 is a table showing the amounts of Federal Reserve notes of this bank received from other Federal Reserve Banks for redemption or credit and notes of other Federal Reserve Banks returned by this bank to them for redemption or credit, from January 1, 1918, to December 31, 1918.

During 1918 the Treasurer of the United States redeemed out of the redemption fund maintained with him by the Federal Reserve agent \$20,843,555 of unfit notes of the Federal Reserve Bank of St. Louis, making a total of \$29,270,125 redeemed from the opening of the bank to December 31, 1918, in the following denominations: Fives, \$10,615,615; tens, \$12,417,680; twenties, \$5,943,280; fifties, \$240,050, and hundreds, \$53,500. These unfit notes were turned over to the Comptroller of the Currency for destruction.

Out of the redemption fund maintained by the Federal Reserve Bank of St. Louis with the United States Treasurer, he redeemed \$690,050 of fit Federal Reserve notes during 1918, making a total of

\$2,456,750 from the opening of the bank to the close of 1918. These were returned to the bank for reissuance.

In addition to the supply of Federal Reserve notes kept in Washington and in the vaults of the Federal Reserve agent, the amount maintained in the subtreasury at St. Louis has been greatly increased so that an adequate supply would be immediately available at all times.

During the year the Federal Reserve agent received from the Comptroller of the Currency Federal Reserve notes aggregating \$88,280,000, the majority being received during August, September, October, and December.

Attached hereto as Schedule 17 is a table showing the amounts of Federal Reserve notes of the various denominations received by the Federal Reserve agent from the Comptroller of the Currency each month during 1918 and the totals from November 16, 1914, to December 31, 1918.

There is also attached as Schedule 18 a summarized statement of the receipt and disposition of all Federal Reserve notes by the Federal Reserve agent from November 16, 1914, to December 31, 1918, as well as of all funds and securities in his possession.

FEDERAL RESERVE BANK NOTES.

During the year 1918 the Federal Reserve Bank of St. Louis received \$6,472,000 of Federal Reserve bank notes in the following denominations: Ones, \$3,232,000; twos, \$1,000,000; fives, \$1,240,000; tens, \$1,000,000. The first shipment was received on September 13, 1918, and from then to the close of the year it issued \$6,248,000 of Federal Reserve bank notes, of which \$32,000 were redeemed. These Federal Reserve bank notes were secured by \$6,568,000 of United States certificates of indebtedness, deposited with the Treasurer of the United States.

POSITION OF COMMERCIAL BANKS AS A RESULT OF WAR FINANCING.

In Federal Reserve District No. 8 a total of \$710,804,500 was sold of all four issues of Liberty bonds. The total amount of certificates of indebtedness taken by this district in anticipation of all Liberty loans was \$444,543,500, but of these certificates \$353,454,000 have matured and been paid by the Government, leaving \$91,089,500 outstanding. Of this \$91,089,500 of certificates, some were used in making payments on fourth Liberty bonds, so that the amount actually outstanding is less than \$91,000,000. Assuming, however, that the amount is \$91,000,000, this, added to the \$710,804,500 of Liberty bonds, gives a total of approximately \$800,000,000 of war obligations taken by this district and outstanding at the end of 1918.

The banks in the five centers of this district, St. Louis, Louisville, Memphis, Little Rock, and Evansville, at the close of 1918 held approximately \$40,000,000 of Liberty bonds and approximately \$35,000,000 of certificates of indebtedness, or an aggregate of \$75,000,000 of war obligations. This would indicate that out of the \$800,000,000 of war obligations taken and outstanding in this district, a very large amount, probably five to seven hundred millions of dollars, was absorbed by the general public. Under the circumstances, this indicates a not unsatisfactory condition in this district.

Of the total paper discounted for member banks during the year 1918, amounting \$1,085,137,254.22, \$777,982,268.83 was secured by Government war obligations, showing the extent to which the Federal Reserve Bank has been called on to give assistance. Due to this assistance the support rendered by the banks to the Government has had little effect on the general business in this district. At the request of the Federal Reserve Board many banks discriminated against loans for nonessential purposes, but legitimate essential business demands have been taken care of by the banks without hesitation at a fair rate of interest.

The following figures show the assistance given member banks during the period of the war: On April 1, 1917, just prior to the entrance of the United States into the war, the bills rediscounted by the Federal Reserve Bank of St. Louis for member banks amounted to only \$251,806.43, and the advances made to member banks on their 15-day collateral notes amounted to only \$1,310,000. On December 31, 1918, after a year and eight months of war financing, the bills discounted for member banks amounted to \$21,249,353.85, of which \$3,904,341.50 were secured by Liberty bonds and Treasury certificates of indebtedness, and the advances to member banks on their 15-day collateral notes amounted to \$49,453,300, of which \$49,213,300 was secured by such Government securities. Thus from our entrance into the war to the close of 1918, member banks' paper discounted by the Federal Reserve Bank of St. Louis increased from \$1,561,806.43 to \$70,702,653.85, of which \$53,117,641.50 was secured by war obligations.

The effect of war financing on commercial paper in this district has been very noticeable. The market has been considerably below normal. Slight revivals have occurred between the Liberty loan campaigns, but on the whole the commercial paper business has been quiet. The rate on commercial paper during 1918 remained at practically 6 per cent until December, when a downward tendency became apparent.

OPERATIONS OF FEDERAL RESERVE BANK BRANCHES.

LOUISVILLE BRANCH.

The total earnings of the Louisville branch for the year 1918 amounted to \$166,666.28, and its expenses amounted to \$61,841.22, leaving net earnings of \$104,825.06. Of the total earnings of \$166,666.26, \$149,678.20 was derived from bills discounted for members. During the year the Louisville branch discounted for member banks a total of \$83,438,291.71 of paper, and purchased a total of \$804,907.72 of bankers' acceptances. Schedule 3 shows the amounts of the different classes of paper discounted by the Louisville branch each month, and Schedule 6 shows the amount of bankers' acceptances purchased by it each month.

For 1918 this bank reappointed Mr. W. P. Kincheloe as manager and Mr. John T. Moore as cashier. It also reelected the following directors for the Louisville branch: Messrs. W. P. Kincheloe, Geo. W. Norton, and W. C. Montgomery. The following directors were reappointed by the Federal Reserve Board: Messrs. S. M. Sackett and Charles E. Hoge.

At the close of the year the Louisville branch had 23 employees.

MEMPHIS BRANCH.

On June 5, 1918, the Federal Reserve Bank of St. Louis granted a petition for a branch in Memphis, Tenn., which was later approved by the Federal Reserve Board. This bank appointed as officers of the branch Mr. John J. Hefin, manager, and Mr. A. J. Williams, cashier. As directors of the branch it appointed Messrs. John J. Hefin, J. D. McDowell, and R. B. Snowden. The directors appointed by the Federal Reserve Board were Messrs. T. K. Riddick and S. E. Ragland.

The Memphis branch opened for business on September 2, 1918. From that time to the close of the year its earnings amounted to \$155,973.91 and its expenses amounted to \$68,339.65, leaving net earnings of \$87,634.26. Of the \$155,973.91 of earnings, \$143,211.29 was derived from bills discounted for members. From September 2 to December 31, 1918, this branch discounted for its member banks a total of \$71,166,365.40 of paper, and purchased a total of \$820,488.75 of bankers' acceptances. Schedule 3 shows the amounts of the different classes of paper discounted by the Memphis branch each month during that period, and Schedule 6 shows the amounts of bankers' acceptances purchased by it each month.

At the close of the year the Memphis branch had 29 employees.

LITTLE ROCK BRANCH.

On June 10, 1918, the Federal Reserve Bank of St. Louis granted

by the Federal Reserve Board. This bank appointed as officers of the branch Mr. John M. Davis, manager, and Mr. A. F. Bailey, cashier. As directors of the branch it appointed Messrs. John M. Davis, Ed. Cornish, and W. L. Hemingway. The directors appointed by the Federal Reserve Board were Messrs. Moorehead Wright and Geo. W. Rogers.

The branch did not open for business during 1918, but it is expected to open on January 6, 1919.

INTERNAL ORGANIZATION.

The directors of the Federal Reserve Bank of St. Louis during 1918 were as follows: Messrs. Frank O. Watts, Walker Hill, and Sam A. Ziegler, class A directors; Messrs. David C. Biggs, W. B. Plunkett, and Le Roy Percy, class B directors; and Messrs. Wm. McC. Martin, John W. Boehne, and C. P. J. Mooney, class C directors. Mr. Wm. McC. Martin was also chairman of the board and Federal Reserve agent, and Mr. John W. Boehne was deputy chairman. Of these directors, the terms of Messrs. Frank O. Watts, David C. Biggs, and Wm. McC. Martin expired on December 31, 1918.

An election was held from November 19 to December 6, 1918, for the selection of class A and class B directors to succeed those whose terms expired December 31, 1918. Mr. David C. Biggs was reelected by the banks in group No. 1 as a class B director, to serve for three years from January 1, 1919, and Mr. J. C. Utterback, president of the City National Bank, Paducah, Ky., was elected by the banks in group No. 2 as a class A director, to serve for three years from January 1, 1919, to succeed Mr. Frank O. Watts. By reason of the amendment of September 26, 1918, to the Federal Reserve Act, which provided that no officer or director of a member bank should serve as a class A director of the Federal Reserve Bank unless elected by the group to which his bank is assigned, Mr. Frank O. Watts was ineligible for reelection by the banks in group 2 as the Third National Bank, St. Louis, of which he was president, was in group 1. As required by the amendment referred to, the banks in this district were reclassified by the Federal Reserve Board, as follows: Group 1, all banks with capital and surplus in excess of \$599,000; group 2, all banks with capital and surplus not exceeding \$599,000 and not below \$100,000; and group 3, all banks with capital and surplus below \$100,000. In group 1 there were 34 banks, of which 31 qualified to vote and 29 voted. In group 2 there were 168 banks, of which 126 qualified and 114 voted. There were 307 banks in group 3, but they did not participate in the election, as the term of no director elected by that group expired on December 31, 1918. Considerably more interest was manifested in this election than in the previous ones.

On December 11 the Federal Reserve Board reappointed Mr. Wm. McC. Martin as a class C director, for three years from January 1,

1919, and redesignated him as chairman of the board and Federal Reserve agent.

The directors held 22 meetings during the year, with an average attendance of 8.

The executive committee during 1918 consisted of the governor of the bank, the Federal Reserve agent, and Directors Walker Hill, F. O. Watts, and D. C. Biggs. From the first of the year to the early part of July it met twice each week, but since then it has met daily.

On January 9 the directors elected the following officers for the year 1918: Mr. Rolla Wells, governor; Mr. W. W. Hoxton, deputy governor; James G. McConkey, secretary and counsel; Mr. O. M. Attebery, cashier; Messrs. R. R. Clabaugh, A. H. Hail, J. W. White, and J. W. Rinkleff, assistant cashiers; and Mr. John A. Will, general auditor. Mr. F. O. Watts was also reelected to represent this bank on the Federal Advisory Council during 1918. The duties of Mr. Hoxton, who had previously acted as both deputy governor and cashier, were divided by the election of Mr. Attebery as cashier. Messrs. White and Rinkleff were newly elected assistant cashiers. On July 31, 1918, Mr. John A. Will, general auditor, resigned, to accept a position with the Federal Reserve Board as a Federal Reserve Examiner. On September 4 Mr. E. J. Novy, assistant auditor, was appointed general auditor to succeed Mr. Will.

At the close of 1918 the bank, with its branches, had 385 employees, including the officers, of whom 126 were employed on fiscal agency work. At the close of 1917 the bank had 171 employees, of whom 66 were employed on fiscal agency work.

CLEARINGS.

The clearing plan which went into effect on July 15, 1916, has continued with very satisfactory results. The volume of business handled and the number of State banks clearing at par are constantly increasing.

At the close of 1917 the Federal Reserve Bank of St. Louis was able to collect at par on 1,476 banks in the Eighth Federal Reserve District. At the close of 1918 the number of such banks had increased to 1,558. At the close of 1918, 25 nonmember banks were carrying collection accounts with the Federal Reserve Bank of St. Louis and its branches. Nineteen of such accounts were carried with the parent bank at St. Louis, one with the Louisville branch and five with the Memphis branch.

Attached hereto as Schedule 19 is a table showing total number and amount of city items, country items in this district, and other district items, handled by the Federal Reserve Bank of St. Louis and its branches each month during 1918.

This table shows that the number of items, both city and country, handled for the month of December was more than double that handled for the month of January. This is due, somewhat, to a natural increase in business, but principally to the suspension of the service charge on June 15, 1918. It will also be seen that the number of items handled, payable in other districts, shows an increase after the suspension of the service charge, but a decrease during the latter part of the year. This is the result of the bank's encouraging its members to route items payable in other districts direct to the Federal Reserve Bank or branch thereof serving the territory in which the items are payable, thus avoiding unnecessary handling and insuring the utmost promptness in the presentation of all such items.

On September 3, 1918, the limit for which a Federal Reserve exchange draft could be drawn was increased from \$250 to \$5,000. Since that time 16 member banks have asked for permission to use these drafts and have been furnished with a supply of them. Of these banks, 5 are attached to the Louisville branch, 2 to the Memphis branch, and 9 to the parent bank at St. Louis. Several of these member banks are making active use of this form of exchange in lieu of carrying accounts in other districts for exchange purposes, while others have not as yet used any of the drafts which were furnished them.

Schedule 20 shows the number and amount of checks and warrants on the United States Treasurer handled by the Federal Reserve Bank of St. Louis and its branches each month during 1918; Schedule 21 shows the volume of coupons handled. The volume of checks, warrants, and coupons handled for the Treasurer of the United States shows a constant increase for the year 1918.

Arrangements were made, effective on and after December 17, 1918, whereby the clearing-house balances of the Assistant Treasurer of the United States at St. Louis were settled as a transfer of funds between general account of the Treasurer of the United States with the Assistant Treasurer at St. Louis and the Federal Reserve Bank, without the actual transfer of currency, the balances being disposed of simply by book entries. This does away with the necessity of the Federal Reserve Bank of St. Louis transporting funds between its office and the Assistant Treasurer's office, except as it supplies the Assistant Treasurer with Federal Reserve notes to meet his current needs.

COLLECTIONS.

The service charge on collection items was suspended on June 15, 1918. This resulted in the member banks making greater use of the facilities afforded by this bank for the collection of notes, drafts, and

other items. For the year 1918 the following collection items were handled by the Federal Reserve Bank of St. Louis and its branches:

	Number of items.	Amounts.
St. Louis.....	7,681	\$24,280,916.05
Branch at Louisville.....	2,898	6,530,080.56
Branch at Memphis.....	783	2,658,609.94
Total.....	11,362	33,469,606.55

GOLD SETTLEMENT FUND.

During 1918 the transfers through the gold settlement fund in Washington have increased, and it has proven to be an ideal medium for the settlement of exchange operations without the actual transfer of funds from one Federal Reserve Bank to another. Until July 1, 1918, settlements through the gold settlement fund were made weekly, but since that date they have been made daily.

Attached hereto as Schedule 22 is a table showing the total debits and credits of the Federal Reserve Bank of St. Louis through the gold settlement fund for each week during 1918, and also the balance to its credit each week in the fund.

BANKING QUARTERS.

The Federal Reserve Bank outgrew the quarters which it occupied a year ago, and in addition to its quarters on the second and fourth floors of the Federal Reserve Bank Building, it was necessary to take the second, third, fifth, and sixth floors of the building adjoining this building, so as to provide working space for the bank proper and the fiscal agency departments.

On December 18, 1918, the directors decided to secure permanent quarters for the bank and authorized, subject to the approval of the Federal Reserve Board, the purchase of the premises occupied by the St. Louis Union Trust Co. and the St. Louis Union Bank, on the northwest corner of Fourth and Locust Streets, having a frontage of 88 feet on the west side of Fourth Street and a frontage of 127 feet 3½ inches on the north side of Locust Street to an alley, and also three pieces of property contiguous to and immediately north of this property, thereby affording an additional frontage of 72 feet on Fourth Street, running back to the alley. This is a thoroughly satisfactory location for the Federal Reserve Bank, as it is convenient to all of the large downtown banks. The building is in good condition, and its interior can be rearranged at an extremely small cost to meet the requirements of the Federal Reserve Bank. It has one of the best and largest safe-deposit vaults west of the Mississippi River, which can be easily adapted to the use of the Federal Reserve Bank

and, in addition, there are a number of strong well-built money vaults which are now being used by the bank and the trust company. The purchase of these premises was approved by the Federal Reserve Board on December 27, 1918, and the deal is now being consummated.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of St. Louis during the calendar year 1918.*

[In thousands of dollars: i. e., 000 omitted.]

	Dis- counted paper secured by United States war obli- gations.	Other dis- counted paper.	(1+2)	Bills bought in open market.	Total bills dis- counted and bought.	Per cent. (1÷5)	Total earning assets.
	1	2	3	4	5	6	7
Jan. 4	8,548	25,751	34,299	7,416	41,715	20.5	46,165
11	7,087	21,524	28,611	7,584	35,995	19.7	40,435
18	5,767	22,619	28,386	6,241	34,627	16.7	38,771
25	5,217	24,749	29,966	5,930	35,896	14.5	39,853
Feb. 1	6,877	25,147	32,024	5,727	37,751	18.2	41,611
8	7,144	24,826	31,970	5,213	37,183	19.2	41,143
15	5,378	18,237	23,615	5,431	29,046	18.5	32,869
21	5,451	16,019	21,470	6,323	27,793	19.6	31,629
Mar. 1	7,069	15,505	22,574	6,204	28,778	24.6	32,729
8	9,162	16,444	25,606	6,376	31,982	28.6	35,956
15	9,578	13,149	22,727	7,258	29,985	31.9	34,050
22	9,260	15,558	24,818	8,208	33,026	28.0	37,223
29	13,561	18,506	32,067	8,537	40,604	33.4	44,242
Apr. 5	15,202	19,881	35,083	11,150	46,233	32.9	49,107
12	11,785	18,890	30,665	10,793	41,458	28.4	44,578
19	19,042	20,116	39,158	11,090	50,248	37.9	53,451
26	24,695	18,961	43,656	11,381	55,037	44.9	58,072
May 3	19,229	21,016	40,245	10,944	51,189	37.6	54,358
10	19,480	24,372	43,852	8,999	52,851	36.9	55,796
17	20,241	8,909	29,150	7,697	36,847	54.9	39,715
24	13,039	17,775	30,814	6,955	37,769	34.5	40,571
31	13,851	17,406	31,257	6,643	37,900	36.5	40,674
June 7	16,508	22,777	39,285	5,959	45,244	36.5	48,018
14	22,951	24,782	47,733	4,803	52,536	43.7	55,284
21	23,606	22,751	46,357	3,775	50,132	47.1	52,880
28	30,427	33,814	64,241	3,121	67,362	45.2	70,106
July 5	30,653	33,829	64,482	2,948	67,430	45.5	69,984
12	26,069	27,458	53,527	2,962	56,489	46.1	59,043
19	29,916	27,234	57,150	2,493	59,643	50.2	62,198
26	30,145	29,521	59,666	2,373	62,039	48.6	64,593
Aug. 2	29,761	29,125	58,886	2,347	61,233	48.6	63,787
9	33,367	24,011	57,378	2,721	60,099	55.5	61,573
16	25,771	22,884	48,655	2,055	50,710	50.8	52,184
23	28,359	19,298	47,657	1,965	49,622	57.2	51,096
30	32,712	19,881	52,593	1,701	54,294	60.2	55,768
Sept. 6	36,471	24,316	60,787	1,644	62,431	58.4	63,906
13	38,847	24,972	63,819	1,600	65,419	59.4	66,893
20	44,763	23,455	68,218	1,829	70,047	63.9	72,521
27	50,293	26,888	77,181	2,000	79,181	63.5	81,655
Oct. 4	54,164	27,808	81,972	4,233	86,205	62.8	89,782
10	52,128	28,036	80,164	4,454	84,618	61.6	89,129
18	54,536	27,365	81,901	4,866	86,767	62.9	91,253
25	44,283	28,531	72,814	4,643	77,457	57.2	81,931
Nov. 1	54,162	32,084	86,246	3,717	89,963	60.2	95,187
8	54,264	31,255	85,519	3,399	88,918	61.0	95,141
15	52,234	29,289	81,523	3,102	84,625	61.7	90,848
22	42,984	34,064	77,048	3,429	80,477	53.4	86,700
29	47,819	32,233	80,052	3,756	83,808	57.1	90,529
Dec. 6	49,249	29,784	79,033	4,745	83,778	58.8	90,499
13	54,493	29,992	78,485	6,926	85,411	63.8	92,132
20	50,409	20,927	71,336	7,833	79,169	63.7	86,890
27	49,309	16,268	65,577	7,824	73,401	67.2	81,122

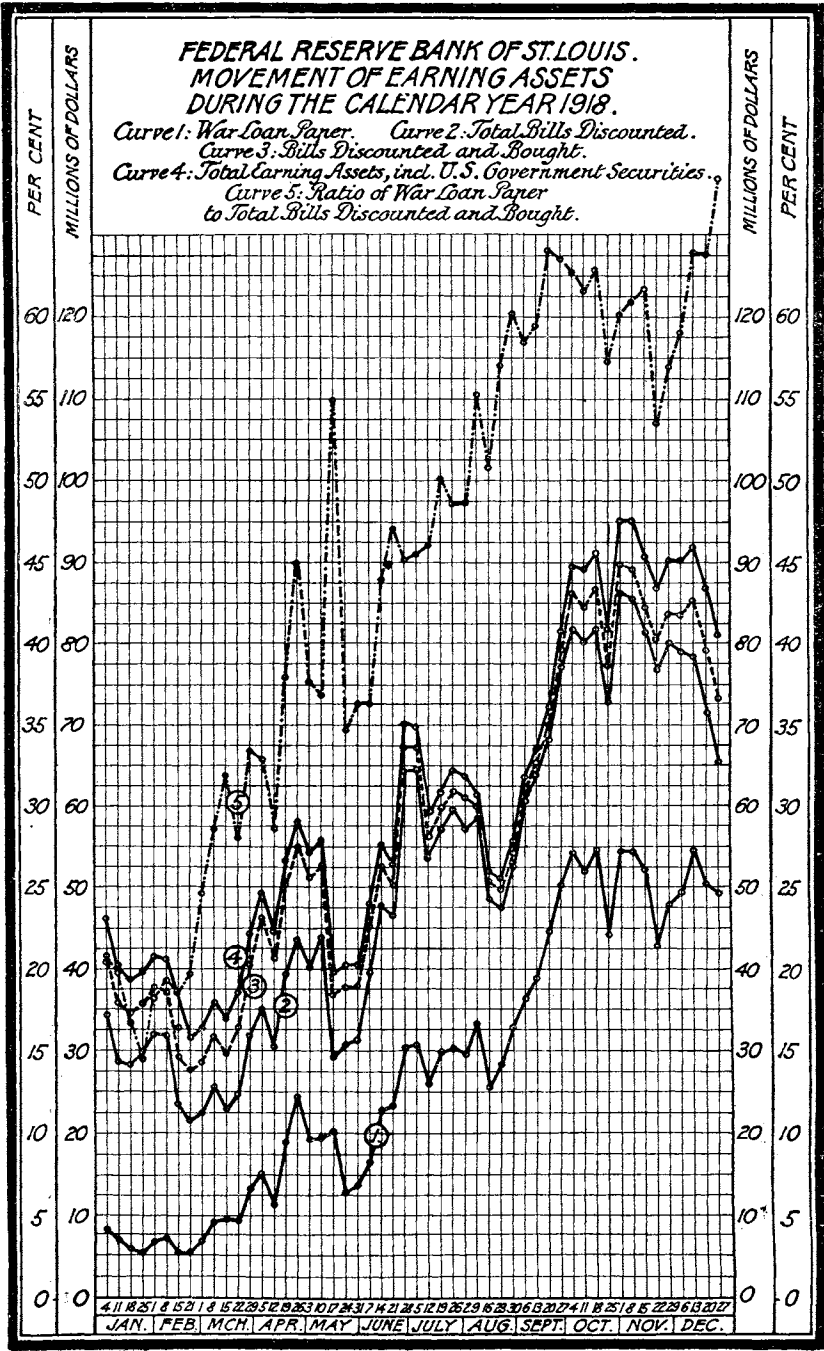
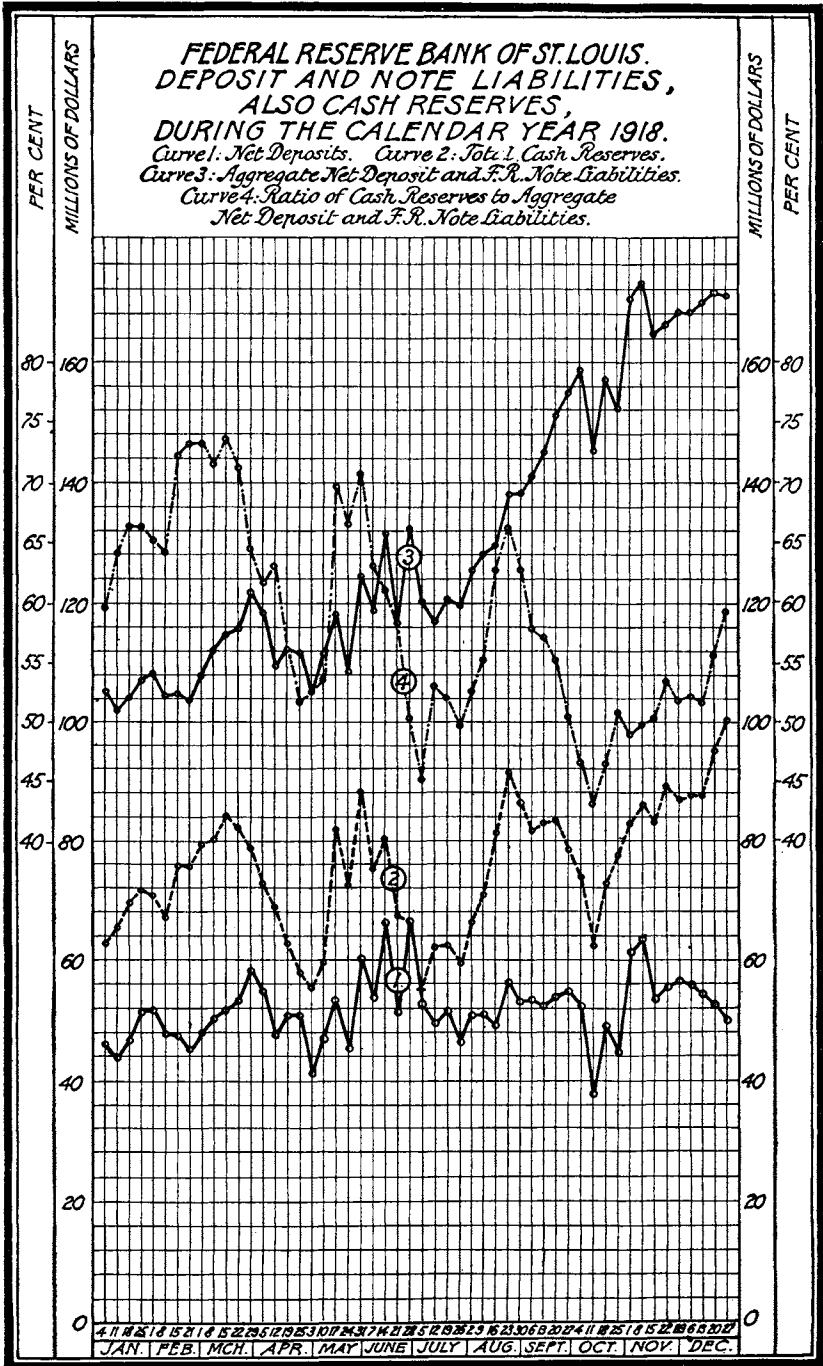


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal Reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of St. Louis during the calendar year 1918.*

[In thousands of dollars: i. e., 000 omitted.]

	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circulation.	(2+3)	Ratio of cash reserves to net deposit and Federal Reserve note liabilities combined.
	1	2	3	4	5
Jan. 4	62,847	46,221	59,146	105,367	59.6
11	65,404	44,144	58,054	102,198	64.1
18	69,113	47,044	57,142	104,186	66.3
25	71,336	51,393	56,061	107,454	66.4
Feb. 1	70,518	51,993	56,379	108,372	65.1
8	67,165	48,120	56,389	104,509	64.3
15	75,948	47,745	57,265	105,010	72.3
21	75,971	45,297	58,445	103,742	73.2
Mar. 1	79,282	48,161	59,966	108,127	73.3
8	80,266	50,418	61,894	112,312	71.5
15	84,362	51,849	62,706	114,555	73.6
22	82,530	53,108	62,770	115,878	71.2
29	78,810	58,263	63,558	121,821	64.7
Apr. 5	72,959	54,722	63,349	118,071	61.8
12	68,987	47,893	61,671	109,564	63.0
19	62,866	51,067	61,228	112,295	56.0
26	57,879	51,072	60,867	111,939	51.7
May 3	55,365	41,642	64,124	105,666	52.4
10	59,638	47,165	64,198	111,363	53.6
17	82,150	53,396	64,446	117,842	69.7
24	72,407	45,559	63,276	108,835	66.5
31	88,493	60,342	64,716	125,058	70.8
June 7	75,055	53,863	65,004	118,867	63.1
14	80,268	60,426	64,921	131,347	61.1
21	67,901	51,434	65,211	116,645	58.2
28	66,510	66,641	65,662	132,303	50.3
July 5	54,401	52,945	67,617	120,562	45.1
12	62,263	49,337	67,932	117,269	53.1
19	62,987	51,758	69,314	121,072	52.0
26	59,235	46,911	72,726	119,637	49.5
Aug. 2	66,375	51,008	74,926	125,934	52.7
9	70,736	51,012	77,037	128,049	55.2
16	81,408	49,191	80,158	129,349	62.9
23	91,238	56,190	81,825	138,015	66.1
30	86,611	53,175	84,918	138,093	62.7
Sept. 6	81,829	53,592	87,705	141,297	57.9
13	83,065	52,536	92,866	145,402	57.1
20	83,533	53,908	97,294	151,202	55.2
27	78,252	54,734	100,170	154,904	50.5
Oct. 4	73,821	52,135	106,462	158,597	46.5
10	62,575	37,944	107,506	145,450	43.0
18	72,822	49,035	108,382	157,417	46.3
25	77,238	45,069	107,164	152,233	50.7
Nov. 1	83,031	61,637	108,542	170,179	48.8
8	86,146	63,852	109,188	173,040	49.8
15	83,196	53,354	111,636	164,990	50.4
22	89,008	55,387	110,985	166,322	53.3
29	87,202	56,698	111,403	168,101	51.9
Dec. 6	87,761	55,816	112,342	168,158	52.2
13	87,716	54,577	115,110	169,687	51.7
20	95,338	52,902	118,433	171,335	55.6
27	100,892	50,097	120,722	170,819	59.1



SCHEDULE 1.—Comparative profit and loss statement, 1917-18.

	Jan. 1, 1917, to Dec. 31, 1917.	Jan. 1, 1918, to Dec. 31, 1918.
Earnings from—		
Bills discounted—members.....	\$347,871.10	\$2,197,795.40
Bills discounted—Federal Reserve Banks.....	10,367.40	20,273.21
Bills purchased—acceptances.....	170,233.26	226,163.86
United States securities.....	110,300.98	89,096.26
Municipal warrants.....	13,691.40	.....
Exchange.....	57,919.95	48,209.16
Bill of lading drafts.....	7,492.56	5,703.16
Depleted reserve penalties.....	14,968.34	52,106.85
Sundry profits.....	1,203.26	11,404.14
Transit department income.....	4,665.13	26,076.31
Total earnings.....	738,713.38	2,676,828.35
Expenses:		
Current expenses.. {Operating.....	\$174,461.12	\$472,885.40
{Charged off.....	.....	87,391.10
Federal Reserve Board assessments.....	12,733.22	18,397.54
Cost of Federal Reserve currency.....	49,363.00	147,347.07
	236,557.34	726,021.11
Profit on operation.....	502,156.04	1,950,807.24
Dividends paid during year.....	284,565.61	404,837.60
Reserve for depreciation, United States securities.....	.....	172,997.00
Reserve for franchise tax.....	.....	801,655.61
	284,565.61	1,379,490.21
Undivided profits for year.....	217,590.43	571,317.03
Undivided profits, previous years.....	12,748.15	230,338.58
Total undivided profits.....	230,338.58	801,655.61
Surplus.....	.....	801,655.61

SCHEDULE 2.—Comparative balance sheets, 1917-18.

	Dec. 31, 1917.	Dec. 31, 1918.
RESOURCES.		
Bills discounted, members.....	\$28,584,397.60	\$70,702,653.85
Bills discounted, other Federal Reserve Banks.....	4,875,838.00	.....
Bills bought in open market.....	7,362,724.15	7,293,087.96
Bill of lading drafts.....	566,536.89	.....
United States bonds.....	2,233,400.00	1,153,400.00
United States gold notes.....	1,444,000.00	.....
United States certificates of indebtedness securing circulation.....	.....	6,568,000.00
Total earning assets.....	45,066,896.64	85,717,141.81
Premium on United States bonds.....	6,353.15	.....
Interest accrued on United States bonds.....	24,850.94	33,499.35
Furniture and equipment.....	44,498.74	.....
Cost of unissued Federal Reserve notes.....	16,166.61	.....
Expenses paid in advance.....	1,626.51	8,551.80
Due from member banks' overdrafts.....	.....	.....
Expenses due as fiscal agent from United States Treasury.....	124,849.47	448,223.89
Total.....	218,345.42	490,275.04
Due from Federal Reserve Banks.....	36,678,287.04	24,892,196.40
Due from branches.....	261,950.52	.....
Deferred debits, transient account.....	13,715,178.67	13,839,536.66
Exchange for clearing house.....	514,252.43	1,735,820.86
Total deductions from gross deposits.....	51,169,668.66	40,467,553.92
Gold coin and gold certificates.....	5,089,137.50	4,056,010.00
Gold settlement fund.....	17,884,000.00	12,474,094.52
Gold redemption fund, United States Treasurer.....	929,900.00	3,369,850.00
Gold deposited with Federal Reserve agent.....	32,366,430.00	66,673,935.00
Sterling gold account.....	2,100,000.00	233,154.97
Other lawful money.....	766,626.50	2,449,950.40
Total reserve cash.....	59,136,094.00	89,256,994.89
Due from Treasurer United States, Federal Reserve bank-note redemption fund.....	.....	317,400.00
National bank notes and Federal Reserve notes, other banks.....	2,047,705.00	3,921,420.00

SCHEDULE 2.—Comparative balance sheets, 1917-18—Continued.

	Dec. 31, 1917.	Dec. 31, 1918.
RESOURCES—continued.		
Federal Reserve notes on hand.....	\$1,980,400.00	\$9,082,835.00
Federal Reserve bank notes on hand.....		224,000.00
Nickels and cents.....	787.24	18,608.39
Total other cash.....	4,028,892.24	13,564,263.39
Total resources.....	159,619,896.96	229,496,229.05
LIABILITIES.		
Capital paid in.....	3,474,600.00	3,799,600.00
Surplus.....		801,655.61
Undivided profits.....	230,338.58	
Unearned discount and interest.....	133,422.20	149,980.73
Reserve for sundry expenses.....	853.65	5,898.75
Reserve for depreciation on United States securities.....		172,997.00
Reserve for franchise tax.....		801,655.61
Gold settlement fund suspense.....		776.89
United States Government deposits.....	5,430,359.99	3,333,007.84
Due to Federal Reserve Banks.....	30,445,011.49	7,484,495.01
Due to member banks.....	45,796,967.60	52,830,678.16
Due to nonmember banks' clearing account.....	93,432.34	201,070.66
Deferred credits, transit department.....	11,954,257.21	20,425,347.21
Dividend and expense checks.....	197,223.90	1,750,667.31
Due to branches.....		2,178,523.27
Gross deposits.....	93,917,252.53	88,203,789.46
Federal Reserve notes issued.....	61,863,430.00	129,119,875.00
Federal Reserve bank notes issued, secured by United States securities.....		6,440,000.00
Total liabilities.....	159,619,896.96	229,496,229.05

SCHEDULE 3.—Volume of the different classes of paper discounted by Federal Reserve Bank of St. Louis and by each of its branches each month during 1918.

100823°—19—39

	January.	February.	March.	April.	May.	June.	July.
ST. LOUIS PARENT BANK.							
Member banks' collateral notes secured by Government obligations.....	\$8,905,100.00	\$9,447,382.66	\$20,348,483.00	\$36,022,091.00	\$31,302,841.00	\$54,186,150.00	\$63,199,267.00
Member banks' collateral notes otherwise secured.....		75,000.00	50,000.00			95,000.00	110,000.00
Commercial paper otherwise secured and unsecured.....	25,772,950.33	16,806,758.97	15,302,817.54	21,408,480.39	20,214,244.25	32,915,216.32	31,629,909.61
Commercial paper secured by Government obligations.....	65,000.00	497,029.96	1,688,293.02	1,777,000.00	515,164.16	1,252,519.12	806,215.92
Trade acceptances.....	1,108,623.82	1,754,782.84	2,238,661.03	1,491,415.04	947,941.85	861,466.26	1,172,460.33
Total.....	35,851,674.15	28,580,954.43	39,628,254.59	59,098,986.43	52,980,191.26	89,310,351.70	96,917,852.86
LOUISVILLE BRANCH.							
Member banks' collateral notes secured by Government obligations.....	458,000.00	147,500.00	150,500.00	1,571,700.00	2,274,100.00	1,835,600.00	5,099,800.00
Member banks' collateral notes otherwise secured.....							
Commercial paper, otherwise secured and unsecured.....	1,642,569.16	1,622,506.14	495,836.67	2,171,313.09	3,963,517.12	3,179,615.97	2,795,707.59
Commercial paper secured by Government obligations.....	244,964.76			3,033.75	79,097.50	50,631.90	40,294.08
Trade acceptances.....			128,818.98	147,853.57	257,346.06	248,376.84	182,232.67
Total.....	2,345,533.92	1,770,006.14	775,155.65	3,893,900.41	6,574,060.68	5,314,224.71	8,118,034.34
Member banks' collateral notes secured by Government obligations.....	9,363,100.00	9,594,882.66	20,498,983.00	37,593,791.00	33,576,941.00	56,021,750.00	66,299,067.00
Member banks' collateral notes otherwise secured.....		75,000.00	50,000.00			95,000.00	110,000.00
Commercial paper, otherwise secured and unsecured.....	27,415,519.49	18,429,265.11	15,798,654.21	23,579,793.48	24,177,761.37	36,094,832.29	34,425,617.20
Commercial paper secured by Government obligations.....	309,964.76	497,029.96	1,688,293.02	180,033.75	594,261.66	1,303,151.02	846,510.00
Trade acceptances.....	1,108,623.82	1,754,782.84	2,367,480.01	1,639,268.61	1,205,287.91	1,109,843.10	1,354,693.00
Grand total.....	38,197,208.07	30,350,960.57	40,403,410.24	62,992,886.84	59,554,251.94	94,624,576.41	105,035,887.20

DISTRICT NO. 8—ST. LOUIS.

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SCHEDULE 3.—Volume of the different classes of paper discounted by Federal Reserve Bank of St. Louis and by each of its branches each month during 1918—Continued.

	August.	September.	October.	November.	December.	Total.
ST. LOUIS PARENT BANK.						
Member banks' collateral notes secured by Government obligations.	\$66,098,883.00	\$75,066,250.00	\$99,919,800.00	\$97,676,375.00	\$93,309,708.00	\$655,482,330.66
Member banks' collateral notes otherwise secured.	50,000.00	100,000.00	542,500.00	325,000.00	100,000.00	1,447,500.00
Commercial paper otherwise secured and unsecured.	17,202,826.34	21,882,196.25	24,779,813.97	19,071,878.60	3,799,538.50	250,786,631.07
Commercial paper secured by Government obligations.	731,644.00	326,744.13	821,243.93	1,720,691.92	1,868,674.32	10,470,220.48
Trade acceptances.	502,012.16	928,875.97	740,088.62	169,664.94	429,922.04	12,345,914.90
Total	84,585,365.50	98,304,066.35	126,803,446.52	118,963,610.46	99,507,842.86	930,532,597.11
LOUISVILLE BRANCH.						
Member banks' collateral notes secured by Government obligations.	5,193,300.00	6,736,800.00	9,988,000.00	12,862,900.00	7,769,900.00	54,088,100.00
Member banks' collateral notes otherwise secured.						
Commercial paper, otherwise secured and unsecured.	2,114,669.14	440,702.27	2,161,602.85	2,197,224.64	3,223,340.42	26,008,605.06
Commercial paper secured by Government obligations.	5,075.00	18,618.87	325,832.82	199,719.08	457,543.68	1,424,811.44
Trade acceptances.	161,239.06	30,900.00	551,472.89	209,435.14		1,916,775.21
Total	7,474,283.20	7,226,121.14	13,026,908.56	15,469,278.86	11,450,784.10	83,438,291.71
MEMPHIS BRANCH.						
Member banks' collateral notes secured by Government obligations.		8,291,500.00	11,164,500.00	17,384,000.00	17,806,000.00	54,646,000.00
Member banks' collateral notes otherwise secured.						
Commercial paper, otherwise secured and unsecured.		3,373,270.95	3,156,827.60	2,689,369.18	4,011,581.02	13,231,048.75
Commercial paper secured by Government obligations.		522,750.00	315,756.25	352,600.00	679,700.00	1,870,806.25
Trade acceptances.		131,527.03	432,080.49	665,893.92	189,008.96	1,418,510.40
Total		12,319,047.98	15,069,164.34	21,091,863.10	22,686,289.98	71,166,365.40
MEMBER BANKS' COLLATERAL NOTES SECURED BY GOVERNMENT OBLIGATIONS.						
Member banks' collateral notes otherwise secured.	71,292,183.00	90,094,550.00	121,072,300.00	127,923,275.00	118,885,608.00	764,216,430.66
Commercial paper, otherwise secured and unsecured.	50,000.00	100,000.00	542,500.00	325,000.00	100,000.00	1,447,500.00
Commercial paper secured by Government obligations.	19,317,495.48	25,696,169.47	30,098,244.42	23,958,472.42	11,034,459.94	290,026,284.88
Trade acceptances.	736,719.00	868,113.00	1,462,833.00	2,273,011.00	3,005,918.00	13,765,838.17
	693,251.22	1,090,403.00	1,723,642.00	1,044,994.00	618,931.00	15,681,200.51
Grand total	92,059,648.70	117,849,235.47	154,899,519.42	155,524,752.42	133,644,916.94	1,085,137,254.22

SCHEDULE A. — Volume of paper discounted for the member banks in each State each month and the number of different banks in each State discounting during 1918.

	January.	February.	March.	April.	May.	June.	July.
Arkansas.....	\$1,556,922.63	\$2,256,817.83	\$2,777,638.80	\$2,464,801.84	\$2,346,585.92	\$2,973,025.92	\$3,918,477.16
Illinois.....	341,117.03	374,246.99	372,035.24	3,244,488.68	7,005,879.23	6,463,530.66	2,605,949.66
Indiana.....	857,566.60	598,700.00	887,000.00	974,829.31	609,131.76	2,108,500.00	4,182,623.58
Kentucky.....	2,271,433.92	1,700,306.14	661,155.65	3,810,400.41	6,129,928.92	5,015,724.71	7,854,785.30
Mississippi.....	81,973.95	195,217.12	167,470.56	77,000.00	287,550.70	586,550.00	624,475.13
Missouri.....	28,565,796.80	23,554,332.64	31,068,443.54	49,782,978.16	40,851,272.54	73,144,052.13	79,119,865.50
Tennessee.....	4,522,397.14	1,671,339.85	4,469,666.45	2,638,388.44	2,323,902.87	4,333,192.99	6,729,710.87
Total.....	38,197,208.07	30,350,960.57	40,403,410.24	62,992,886.84	59,554,251.94	94,624,576.41	105,035,887.20

	August.	September.	October.	November.	December.	Total amount discounted during 1918.	Total number of banks discounting.	Total number member banks Dec. 31, 1918.
Arkansas.....	\$6,434,385.47	\$10,227,203.01	\$11,105,388.83	\$8,535,540.26	\$6,637,877.85	\$61,234,665.52	61	88
Illinois.....	1,660,510.47	3,790,237.50	11,027,978.91	6,305,444.09	3,485,792.09	46,677,210.55	61	161
Indiana.....	3,224,068.73	3,639,026.18	4,901,113.85	4,334,986.59	2,037,555.00	28,356,101.60	26	64
Kentucky.....	7,196,968.20	6,900,621.14	12,526,808.56	15,154,028.86	11,350,784.10	80,572,945.91	40	68
Mississippi.....	574,555.94	975,046.69	1,174,139.82	767,000.00	851,272.59	6,362,252.50	16	16
Missouri.....	64,830,155.64	81,874,561.76	101,098,064.93	101,313,242.73	88,071,491.96	763,274,258.33	54	95
Tennessee.....	8,139,004.25	10,442,539.19	13,066,024.52	19,114,509.89	21,210,143.35	98,660,819.81	20	21
Total.....	92,059,648.70	117,849,235.47	154,899,519.42	155,524,752.42	133,644,916.94	1,085,137,254.22	278	513

DISTRICT NO. 8—ST. LOUIS.

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SCHEDULE 5.—Discount rates of the Federal Reserve Bank of St. Louis during 1918.

In effect—	15-day collateral notes.		Rediscounts secured by Liberty bonds or certificates of indebtedness.				Rediscounts, commercial paper.				Agricultural and live-stock paper.					Trade acceptances.			
	Secured by Liberty bonds or certificates of indebtedness.	Secured by bills receivable.	15 days.	30 days.	60 days.	90 days.	15 days.	30 days.	60 days.	90 days.	15 days.	30 days.	60 days.	90 days.	6 months.	15 days.	30 days.	60 days.	90 days.
Jan. 1, 1918.....	3½	4	3½	4	4	4	4	4½	4½	4½	4	4½	4½	4½	5½	4	4	4	4
Apr. 8, 1918.....	4	4	4	4½	4½	4½	4	4½	4½	4½	4	4½	4½	4½	5½	4	4½	4½	4½
Dec. 31, 1918.....	4	4	4	4½	4½	4½	4	4½	4½	4½	4	4½	4½	4½	5½	4	4½	4½	4½

¹ On Oct. 5 a special rate of 4 per cent was established for paper with 16 to 90 day maturity, secured by fourth Liberty bonds, provided such paper was taken by the member bank at a rate not in excess of the fourth Liberty loan coupon rate of 4½ per cent.

SCHEDULE 6.—Acceptances purchased by the Federal Reserve Bank of St. Louis and by each of its branches each month during 1918.

	January.	February.	March.	April.	May.	June.	July.
St. Louis, parent bank:							
From member banks and dealers.....	\$1,517,314.52	\$3,597,195.70	\$4,693,173.69	\$1,334,014.06	\$1,786,190.51	\$750,634.98	\$1,021,389.74
From New York Federal Reserve Bank.....			2,526,276.07				
Total.....							
Memphis branch:							
From member banks.....							
Louisville branch:							
From member banks.....	7,132.92	67,954.80	20,849.79	447,241.23	6,826.97	9,920.11	
Total from banks and dealers.....	1,524,447.44	3,665,150.50	4,714,023.48	1,781,255.29	1,793,017.48	760,555.09	1,021,389.74
Total from other Federal Reserve Banks.....			2,526,276.07				
Grand total.....	1,524,447.44	3,665,150.50	7,240,299.55	1,781,255.29	1,793,017.48	760,555.09	1,021,389.74

	August.	September.	October.	November.	December.	Total.
St. Louis, parent bank:						
From member banks and dealers	\$880,000.00	\$240,000.00	\$1,691,491.52	\$1,443,155.78	\$5,516,162.67	\$24,470,723.17
From New York Federal Reserve Bank			2,025,237.47			4,551,513.54
Total						29,022,236.71
Memphis branch:						
From member banks		160,000.00	640,488.75		20,000.00	820,488.75
Louisville branch:						
From member banks	40,225.00	154,456.90	45,300.00	5,000.00		804,907.72
Total from banks and dealers	920,225.00	554,456.90	2,377,280.27	1,448,155.78	5,536,162.67	26,096,119.64
Total from other Federal Reserve Banks			2,025,237.47			4,551,513.54
Grand total	920,225.00	554,456.90	4,402,517.74	1,448,155.78	5,536,162.67	30,647,633.18

SCHEDULE 7.—*State banks and trust companies admitted to membership in Federal Reserve Bank of St. Louis during 1918.*

Date of admission.	Name.	Location	Capital and surplus.	Total resources.
Aug. 23	Farmers Bank & Trust Co.	Blytheville, Ark.	\$75,000.00	\$563,118.85
May 6	Security Bank & Trust Co.	Helena, Ark.	150,000.00	1,873,256.76
Aug. 2	Bank of Jonesboro.	Jonesboro, Ark.	300,000.00	2,057,857.00
Nov. 2	Jonesboro Trust Co.	do.	150,000.00	927,639.00
July 30	Bankers Trust Co.	Little Rock, Ark.	255,408.00	2,244,217.00
Aug. 21	Bank of Commerce.	do.	450,000.00	4,082,535.00
May 2	Mercantile Trust Co.	do.	380,000.00	1,804,691.00
Aug. 9	Southern Trust Co.	do.	600,000.00	3,417,445.00
Aug. 21	Union Trust Co.	do.	400,000.00	3,091,887.00
Mar. 25	Merchants & Planters Bank.	Texarkana, Ark.	210,000.00	1,190,085.00
Mar. 20	Illinois State Bank.	East St. Louis, Ill.	400,000.00	3,149,355.00
Feb. 18	Citizens State & Trust Bank.	Edwardsville, Ill.	93,000.00	688,985.00
July 31	Gillespie Trust & Savings Bank.	Gillespie, Ill.	65,000.00	536,859.00
Nov. 6	State Bank of Hoiles & Sons.	Greenville, Ill.	130,000.00	1,153,117.00
Aug. 21	Litchfield Bank & Trust Co.	Litchfield, Ill.	110,000.00	615,801.00
Sept. 3	Mercantile-Commercial Bank.	Evansville, Ind.	300,000.00	2,483,706.00
Oct. 25	State Bank & Trust Co.	Harrodsburg, Ky.	121,000.00	608,677.00
Dec. 28	Farmers & Merchants Bank.	Hickman, Ky.	122,500.00	446,446.00
Nov. 1	Kentucky Title Savings Bank & Trust Co.	Louisville, Ky.	415,000.00	6,703,035.00
Sept. 12	Central Trust Co.	Owensboro, Ky.	234,000.00	1,403,590.00
Nov. 6	Pike County Bank.	Bowling Green, Mo.	30,000.00	216,764.00
Feb. 20	Exchange Bank.	Jefferson City, Mo.	120,000.00	1,111,788.00
Aug. 21	Lafayette County Trust Co.	Lexington, Mo.	90,000.00	198,142.00
Nov. 1	Camden County Bank.	Linn Creek, Mo.	60,000.00	252,098.00
Mar. 27	State Exchange Bank.	Macon, Mo.	120,000.00	817,544.00
Jan. 22	Wood & Huston Bank.	Marshall, Mo.	250,000.00	1,485,071.00
Mar. 30	American Trust Co.	St. Louis, Mo.	1,115,000.00	8,967,883.41
Oct. 29	Farmers & Merchants Trust Co.	do.	222,500.00	1,980,844.00
May 17	Bank of Commerce & Trust Co.	Memphis, Tenn.	2,500,000.00	20,009,436.00
Feb. 20	Guaranty Bank & Trust Co.	do.	500,000.00	620,000.00
Aug. 21	Commercial Trust & Savings Bank.	do.	450,000.00	5,782,735.00

SCHEDULE 8.—*National banks granted fiduciary powers under section 11 (k) of the Federal Reserve Act during 1918.*

Citizens National Bank, Eldorado, Ark., authorized to act as trustee, executor, administrator, and registrar of stocks and bonds.

First National Bank, Belleville, Ill., authorized to act as trustee, executor, administrator, guardian of estates, assignee, and receiver.

First National Bank, Mount Sterling, Ill., authorized to act as trustee, executor, administrator, and registrar of stocks and bonds.

First National Bank, Murphysboro, Ill., authorized to act as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, and receiver.

Ricker National Bank, Quincy, Ill., authorized to act as trustee, executor, administrator, guardian of estates, assignee, and receiver.

United States National Bank, Owensboro, Ky., authorized to act as trustee, executor, administrator, and registrar of stocks and bonds.

First National Bank, Paducah, Ky., authorized to act as trustee, executor, and administrator.

First National Bank, Greenville, Miss., authorized to act as trustee, executor, administrator, and registrar of stocks and bonds.

Third National Bank, St. Louis, Mo., authorized to act as trustee, executor, administrator, and registrar of stocks and bonds.

SCHEDULE 9.—*Treasury certificates of indebtedness issued in anticipation of third Liberty loan.*

Date of issue.	Maturity.	Total offering.	Quota for district.	Subscription.
Jan. 22, 1918.	Apr. 22, 1918.	\$400,000,000	\$12,000,000	\$18,090,000
Feb. 8, 1918.	May 9, 1918.	500,000,000	25,000,000	20,064,000
Feb. 27, 1918.	May 28, 1918.	500,000,000	25,000,000	25,709,000
Mar. 20, 1918.	June 18, 1918.	500,000,000	25,000,000	22,842,000
Apr. 10, 1918.	July 9, 1918.	500,000,000	25,000,000	21,181,000
Apr. 22, 1918.	July 18, 1918.	500,000,000	23,000,000	25,698,500
Total.		2,900,000,000	135,000,000	133,584,500

SCHEDULE 9.—*Treasury certificates of indebtedness issued in anticipation of third Liberty loan—Continued.*

ANALYSIS OF SUBSCRIPTIONS.

Class of banks.	Total banks in district.	Number of banks subscribing.	Percentage of banks.	Amount of subscription.
National banks	472	458	97.03	\$64,025,500
State banks	2,192	1,623	74.04	46,194,000
Trust companies	225	176	78.22	20,251,500
Private banks	234	119	50.85	2,566,500
Total	3,123	2,376	76.07	133,067,500
Subscription of 18 individuals, corporations, etc				517,000
Total subscriptions				133,584,500

SCHEDULE 10.—*Treasury certificates of indebtedness issued in anticipation of fourth Liberty loan.*

Date of issue.	Maturity.	Total offering.	Quota for district.	Subscription.
June 25, 1918	Oct. 24, 1918	\$750,000,000	\$30,000,000	\$34,654,000
July 9, 1918	Nov. 7, 1918	750,000,000	30,000,000	31,260,500
July 23, 1918	Nov. 21, 1918	500,000,000	20,000,000	25,952,500
Aug. 6, 1918	Dec. 5, 1918	500,000,000	20,000,000	24,056,000
Sept. 3, 1918	Jan. 2, 1919	500,000,000	20,000,000	25,501,500
Sept. 17, 1918	Jan. 16, 1919	600,000,000	24,000,000	24,178,500
Oct. 1, 1918	Jan. 30, 1919	500,000,000	20,000,000	21,360,000
Total		4,100,000,000	164,000,000	186,963,000

ANALYSIS OF SUBSCRIPTIONS.

Class of banks.	Total banks in district.	Number of banks subscribing.	Percentage of banks.	Amount of subscription.
National banks	468	461	98.50	\$79,922,000
State banks	2,167	1,944	89.71	72,675,000
Trust companies	227	202	88.99	29,310,000
Private banks	231	194	83.98	4,877,000
Total	3,093	2,801	90.56	186,784,000
Subscription of 15 individuals, corporations, etc				179,000
Total				186,963,000

SCHEDULE 11.—*Treasury certificates of indebtedness issued in anticipation of fifth Liberty loan.*

Date of issue.	Maturity.	Total offering.	Quota for district.	Subscription.
Dec. 5, 1918	May 6, 1919	\$600,000,000	\$24,000,000	\$24,231,500
Dec. 19, 1918	May 20, 1919	500,000,000	20,000,000	21,319,500
Total		1,100,000,000	44,000,000	45,551,000

ANALYSIS OF SUBSCRIPTIONS.

Class of banks.	Total banks in district.	Number of banks subscribing.	Percentage of banks.	Amount of subscription.
National banks	471	371	78.76	\$20,383,500
State banks	2,179	1,130	51.85	16,803,500
Trust companies	218	128	58.71	6,980,500
Private banks	225	128	56.88	1,362,500
Total	3,093	1,757	56.80	45,530,000
Subscription of seven individuals, corporations, etc				21,000
Total				45,551,000

SCHEDULE 12.—Offerings of tax certificates during 1918 and the subscriptions received from District No. 8 to each.

IN ANTICIPATION OF TAXES DUE JUNE 15, 1918.

Date of issue.	Maturity.	Subscription.
Jan. 2, 1918.....	June 25, 1918.....	\$11,168,500
Feb. 15, 1918.....	do.....	1,661,500
Mar. 15, 1918.....	do.....	2,063,500
Apr. 15, 1918.....	do.....	901,500
May 15, 1918.....	do.....	3,075,000
Total.....		18,870,000

IN ANTICIPATION OF TAXES DUE IN 1919.

Date of issue.	Maturity.	Subscription.
Aug. 20, 1918.....	July 15, 1919.....	\$4,712,000
Nov. 7, 1918.....	Mar. 15, 1919.....	17,109,500
Total.....		21,821,500

SCHEDULE 13.—Third Liberty loan.

[Amount, \$3,000,000,000; dated May 9, 1918; due Sept. 15, 1928; rate, 4½ per cent.]

State.	Quota.	Subscriptions (allotted in full).	Number of subscribers.
Arkansas.....	\$15,351,550	\$22,714,450	163,015
Illinois.....	18,158,050	31,633,600	190,430
Indiana.....	9,137,300	13,909,450	74,838
Kentucky.....	15,943,550	28,389,900	134,052
Mississippi.....	7,114,700	9,726,850	54,388
Missouri:			
St. Louis.....	39,107,350	44,608,050	242,804
Elsewhere.....	21,508,450	37,856,750	264,760
Tennessee.....	9,620,000	10,996,850	61,422
Total.....	130,000,000	199,835,900	1,185,709

ANALYSIS OF SUBSCRIPTIONS.

Class of banks.	Number of banks in district.	Number of banks subscribing.	Percentage of banks subscribing.	Amount of subscriptions.
National banks.....	464	464	100.00	\$69,205,300
State banks.....	2,167	2,153	99.35	91,537,350
Trust companies.....	216	212	98.14	33,010,600
Private banks.....	219	215	98.12	5,888,900
Total.....	3,066	3,044	98.27	199,642,150
Subscriptions of 70 individuals, corporations, etc.....				193,750
Total subscriptions.....				199,835,900

ANALYSIS OF PAYMENTS.

	Cash.	Credit.	Certificates of indebtedness.	Total.
National banks.....	\$14,026,720.95	\$30,550,526.55	\$24,628,052.50	\$69,205,300
State banks.....	31,747,750.67	39,329,106.83	20,460,492.50	91,537,350
Trust companies.....	7,502,413.08	18,085,361.92	7,422,825.00	33,010,600
Private banks.....	2,909,970.80	1,454,549.20	1,524,380.00	5,888,900
Individuals, corporations, etc.....	103,447.50	2,052.50	88,250.00	193,750
Total.....	56,290,303.00	89,421,597.00	54,124,000.00	199,835,900

SCHEDULE 14.—*Fourth Liberty loan.*

(Amount, \$6,000,000,000; dated Oct. 24, 1918; due Oct. 15, 1938; rate, 4½ per cent.)

State.	Quota.	Subscriptions (allotted in full).	Number of subscribers.
Arkansas.....	\$23,842,000	\$26,657,650	152,111
Illinois.....	40,927,000	44,296,550	258,282
Indiana.....	18,765,000	20,672,700	98,446
Kentucky.....	37,379,000	39,848,300	176,789
Mississippi.....	13,498,000	14,771,050	61,285
Missouri:			
St. Louis.....	75,856,900	79,009,800	287,654
Elsewhere.....	47,553,100	51,790,250	296,113
Tennessee.....	18,238,000	18,283,450	64,619
Total.....	260,000,000	295,329,750	1,395,299

ANALYSIS OF SUBSCRIPTIONS.

Class of banks.	Number of banks in district.	Number of banks sub- scribing.	Percentage of banks sub- scribing.	Amount of subscription.
National banks.....	467	466	99.786	\$104,614,650
State banks.....	2,163	2,144	99.122	127,376,100
Trust companies.....	225	221	98.222	53,164,000
Private banks.....	232	228	98.275	7,690,300
Total.....	3,087	3,059	99.093	292,845,050
Subscriptions of 52 individuals, corporations, etc.....				2,484,700
Total subscriptions.....				295,329,750

ANALYSIS OF PAYMENTS.

	Cash.	Credit.	Certificates of indebtedness.	Total.
National banks.....	\$15,612,867.08	\$45,912,462.92	\$32,621,770	\$94,147,100
State banks.....	29,798,002.56	49,934,277.44	37,434,495	117,166,775
Trust companies.....	6,073,003.00	34,746,737.00	8,877,010	49,696,750
Private banks.....	2,716,650.00	1,243,800.00	3,339,725	7,300,175
Individuals, corporations, etc.....	113,475.00	2,121,750.00	1,000	2,236,225
Total.....	54,313,997.64	133,959,027.36	82,274,000	270,547,025
Balance not yet due on \$49,570,450, being paid on Government plan.....				24,782,725
Total payments.....				295,329,750

SCHEDULE 15.—*Denominations and amounts of Federal Reserve notes issued by Federal Reserve agent to the Federal Reserve Bank of St. Louis each month during 1918, and the totals from Nov. 16, 1914, to Dec. 31, 1918.*

Month.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
January.....	\$100,000	.....	\$500,000	\$100,000	\$450,000	\$1,150,000
February.....	550,000	\$1,810,000	2,280,000	400,000	250,000	5,290,000
March.....	955,000	2,060,000	2,560,000	200,000	150,000	5,865,000
April.....	480,000	280,000	720,000	.....	.....	1,480,000
May.....	1,240,000	2,800,000	1,040,000	.....	.....	5,080,000
June.....	1,860,000	920,000	1,120,000	390,000	200,000	4,490,000
July.....	3,540,000	4,560,000	6,720,000	300,000	200,000	15,320,000
August.....	3,820,000	4,640,000	5,840,000	700,000	1,000,000	16,000,000
September.....	5,060,000	4,920,000	4,880,000	1,000,000	.....	15,860,000
October.....	1,400,000	2,100,000	3,040,000	400,000	200,000	7,140,000
November.....	.....	2,400,000	5,280,000	400,000	600,000	8,680,000
December.....	2,640,000	4,870,000	7,340,000	600,000	800,000	16,250,000
Total issued during 1918.....	21,645,000	31,300,000	41,320,000	4,490,000	3,850,000	102,605,000
Total issued from Nov. 16, 1914, to Dec. 31, 1917.....	18,632,950	28,672,940	23,452,160	2,960,050	2,550,000	76,268,100
Total issued up to Dec. 31, 1918.....	40,277,950	59,972,940	64,772,160	7,450,050	6,400,000	178,873,100

SCHEDULE 16.—Amounts of Federal Reserve notes of the several denominations received from other Federal Reserve Banks for redemption or credit and returned to other Federal Reserve Banks for redemption or credit by the Federal Reserve Bank of St. Louis during 1918.

Exchanged with Federal Reserve Bank of—	Fives.		Tens.		Twenties.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston.....	\$52,200	\$68,075	\$203,700	\$237,550	\$110,800	\$85,620
New York.....	484,500	611,545	1,295,000	1,485,890	995,400	1,215,140
Philadelphia.....	89,000	99,740	279,500	290,230	241,500	321,820
Cleveland.....	39,000	278,360	128,500	928,600	148,000	1,161,960
Richmond.....	33,000	151,445	209,500	274,280	101,000	415,700
Atlanta.....	595,780	856,680	843,950	1,394,490	800,280	1,328,820
Chicago.....	1,353,500	1,343,295	2,157,000	3,691,670	1,344,000	5,598,100
St. Louis.....						
Minneapolis.....	59,500	281,515	120,000	403,780	90,000	372,820
Kansas City.....	310,500	2,099,510	465,000	1,926,570	202,000	2,132,380
Dallas.....	266,750	1,052,210	648,500	1,472,360	534,000	1,204,380
San Francisco.....	32,145	163,575	87,230	202,880	85,600	383,520
Total.....	3,315,875	7,005,900	6,437,880	12,308,300	4,652,580	14,220,260

Exchanged with Federal Reserve Bank of—	Fifties.		Hundreds.		Total.	
	Received.	Returned.	Received.	Returned.	Received.	Returned.
Boston.....	\$12,000	\$26,356	\$2,900	\$18,200	\$381,600	\$435,795
New York.....	112,650	248,350	80,300	226,500	2,967,850	3,787,425
Philadelphia.....	21,500	49,200	12,500	20,200	644,000	781,190
Cleveland.....	27,800	214,650	13,200	86,900	356,500	2,670,470
Richmond.....	8,500	130,300	11,500	27,000	363,500	998,725
Atlanta.....	44,300	218,300	24,700	49,400	2,309,010	3,847,640
Chicago.....	102,500	2,095,900	48,000	230,100	5,005,000	12,959,065
St. Louis.....						
Minneapolis.....	9,200	23,050	1,800	18,600	280,500	1,099,765
Kansas City.....	7,000	117,800	3,300	60,400	987,800	6,336,660
Dallas.....	24,100	40,650	26,700	27,800	1,500,050	3,797,400
San Francisco.....	11,350	49,350	7,400	44,300	223,725	843,625
Total.....	380,900	3,213,906	232,300	809,400	15,019,535	37,557,760

SCHEDULE 17.—Denominations and amounts of Federal Reserve notes received by the Federal Reserve agent from the Comptroller of the Currency each month during 1918, and the totals from Nov. 16, 1914, to Dec. 31, 1918.

Month.	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
January.....	\$400,000	\$360,000				\$760,000
February.....		600,000	\$1,040,000	\$200,000	\$400,000	2,240,000
March.....	1,200,000	2,200,000	2,800,000	800,000	400,000	7,400,000
April.....	400,000	1,000,000	2,000,000			3,400,000
May.....	1,500,000	3,000,000	800,000			5,300,000
June.....	1,000,000					1,000,000
July.....	3,800,000	2,600,000	2,800,000	400,000		9,600,000
August.....	3,680,000	5,400,000	5,600,000	400,000		15,080,000
September.....	5,040,000	3,120,000	4,880,000	1,200,000	800,000	15,040,000
October.....	2,720,000	4,560,000	7,600,000			14,880,000
November.....		1,480,000	2,000,000			3,480,000
December.....	700,000	2,920,000	5,680,000	800,000		10,100,000
Total received during 1918.....	20,440,000	27,240,000	35,200,000	3,800,000	1,600,000	88,280,000
Total received from Nov. 16, 1914, to Dec. 31, 1917.....	16,580,000	27,520,000	23,600,000	3,000,000	2,400,000	73,100,000
Total received up to Dec. 31, 1918.....	37,020,000	54,760,000	58,800,000	6,800,000	4,000,000	161,380,000

SCHEDULE 18.—*Statement of receipts and disposition of Federal Reserve notes by Federal Reserve agent from opening of the bank on Nov. 16, 1914, and of funds and securities in his possession on Dec. 31, 1918.*

Federal Reserve notes received from Comptroller of Currency.....		\$161,380,000.00
Notes issued and reissued to Federal Reserve Bank.....	\$178,873,100.00	
Notes returned by Federal Reserve Bank to Federal Reserve agent.....	\$20,471,500.00	
Fit notes returned by United States Treasurer to Federal Reserve agent.....	11,600.00	
Unfit notes received by comptroller from United States Treasurer for destruction.....	29,270,125.00	
	49,753,225.00	
Federal Reserve notes outstanding.....		129,119,875.00
Federal Reserve notes in hands of Federal Reserve agent.....		2,990,000.00
Gold for retirement of Federal Reserve notes:		
In gold redemption fund at Washington.....	\$2,543,335.00	
In Federal Reserve agents' fund at Washington.....	64,130,600.00	
	66,673,935.00	
Paper pledged to secure Federal Reserve notes.....		75,085,896.33

SCHEDULE 19.—*Table showing total number and amount of city items, country items in this district, and other district items, handled by the Federal Reserve Bank of St. Louis and its Louisville and Memphis branches each month during 1918.*

CITY ITEMS.

	Louisville		Memphis.	
	Number of items.	Amount.	Number of items.	Amount.
January.....	22,449	\$13,771,179.45		
February.....	19,821	24,168,708.03		
March.....	24,794	34,152,108.10		
April.....	24,556	31,916,229.41		
May.....	24,999	36,950,731.39		
June.....	25,632	38,937,514.22		
July.....	28,390	51,969,075.10		
August.....	33,077	36,553,745.83		
September.....	31,954	41,939,417.83	26,439	\$18,680,477.46
October.....	56,682	52,964,109.00	34,571	29,204,790.36
November.....	47,098	48,398,168.65	35,521	30,760,337.72
December.....	46,023	57,475,723.75	39,459	31,897,108.77
Total.....	385,475	469,196,710.76	135,990	110,542,714.31

	St. Louis.		Consolidated.	
	Number of items.	Amount.	Number of items.	Amount.
January.....	56,158	\$226,850,421.12	78,607	\$240,621,600.57
February.....	53,417	157,337,496.68	73,238	181,506,204.71
March.....	59,120	172,223,510.12	83,914	206,375,618.22
April.....	50,375	159,532,977.94	74,931	191,449,207.35
May.....	50,732	191,019,076.08	75,731	227,969,807.47
June.....	61,056	208,605,794.89	86,688	247,543,309.11
July.....	74,618	191,214,536.72	103,008	243,183,611.82
August.....	94,448	202,620,703.04	127,525	239,174,448.87
September.....	96,669	209,277,676.63	155,062	269,897,571.92
October.....	122,651	252,215,454.21	213,904	334,384,353.57
November.....	105,378	218,046,885.96	187,997	297,205,392.33
December.....	128,723	231,522,966.58	214,205	320,895,799.10
Total.....	953,345	2,420,467,499.97	1,474,810	3,000,206,925.04

SCHEDULE 19.—Table showing total number and amount of city items, etc.—Continued.

COUNTRY ITEMS.

	Louisville.		Memphis.	
	Number of items.	Amount.	Number of items.	Amount.
January.....	40,921	\$5,578,146.79		
February.....	40,613	5,651,358.79		
March.....	50,534	7,913,879.82		
April.....	57,080	8,793,498.95		
May.....	64,568	9,881,357.11		
June.....	74,966	9,984,875.22		
July.....	105,588	10,889,644.00		
August.....	108,933	10,196,912.34		
September.....	105,562	10,492,073.25	28,370	\$4,344,252.57
October.....	114,294	11,858,974.07	39,127	6,864,471.55
November.....	109,356	10,852,627.16	37,537	5,882,794.70
December.....	121,371	13,620,756.84	42,512	6,398,785.51
Total.....	993,786	115,714,104.34	147,546	23,490,304.33

	St. Louis.		Consolidated.	
	Number of items.	Amount.	Number of items.	Amount.
January.....	220,348	\$47,818,660.12	261,269	\$53,396,806.91
February.....	220,652	43,219,702.65	261,265	48,871,061.44
March.....	262,732	73,484,072.05	313,266	81,397,951.87
April.....	239,951	75,581,930.98	297,031	84,375,429.93
May.....	254,784	55,710,219.34	319,352	65,591,576.45
June.....	298,630	59,488,166.48	373,596	69,473,041.70
July.....	424,958	67,427,831.07	530,546	78,317,475.07
August.....	492,052	75,237,019.19	600,985	85,433,931.53
September.....	403,160	56,795,714.23	537,092	71,632,040.05
October.....	476,380	63,334,172.52	629,801	82,057,618.14
November.....	496,866	62,569,130.01	643,759	79,304,551.87
December.....	505,313	63,968,735.19	669,196	83,988,277.54
Total.....	4,295,826	744,635,353.83	5,437,158	883,839,762.50

OTHER DISTRICT ITEMS.

	Louisville.		Memphis.	
	Number of items.	Amount.	Number of items.	Amount.
January.....	301	\$107,741.04		
February.....	316	151,235.83		
March.....	355	112,977.27		
April.....	560	610,695.54		
May.....	662	442,962.25		
June.....	711	365,168.21		
July.....	1,087	283,664.94		
August.....	1,126	536,457.40		
September.....	1,107	716,223.29	302	\$220,740.49
October.....	2,278	6,632,132.26	532	465,594.09
November.....	2,131	542,634.77	487	487,307.71
December.....	2,043	646,985.65	609	271,790.89
Total.....	12,677	11,148,878.45	1,930	1,445,433.18

SCHEDULE 19.—Table showing total number and amount of city items, etc.—Continued.

OTHER DISTRICT ITEMS—Continued.

	St. Louis.		Consolidated.	
	Number of items.	Amount.	Number of items.	Amount.
January.....	4,863	\$29,723,283.90	5,164	\$29,831,024.94
February.....	4,353	25,537,607.01	4,669	25,688,842.84
March.....	3,793	31,365,755.08	4,148	31,478,732.35
April.....	3,795	31,645,991.49	4,355	32,256,387.03
May.....	4,205	30,385,379.79	4,867	30,828,342.04
June.....	7,237	27,282,070.67	7,948	27,647,238.88
July.....	13,067	29,736,956.06	14,154	30,020,621.00
August.....	20,329	29,333,331.95	21,455	29,869,789.35
September.....	18,688	30,548,801.69	20,097	31,485,765.47
October.....	22,354	16,621,257.29	25,164	23,718,983.64
November.....	16,714	22,171,873.10	19,332	23,201,815.58
December.....	12,789	18,780,573.82	15,441	19,699,350.36
Total.....	132,187	323,132,581.85	146,794	335,726,893.48

SCHEDULE 20.—Number and amount of checks and warrants on the United States Treasurer handled by the Federal Reserve Bank of St. Louis and its Louisville and Memphis branches each month during 1918.

	Louisville.		Memphis.	
	Number of items.	Amount.	Number of items.	Amount.
October.....	58	\$513,397.74	3,649	\$274,984.22
November.....	116	3,972,087.06	10,071	777,341.17
December.....	1,372	3,819,770.72	17,738	1,313,802.44
Total.....	1,746	8,305,205.52	31,458	2,366,127.83

	St. Louis.		Consolidated.	
	Number of items.	Amount.	Number of items.	Amount.
January.....	66,836	\$18,236,072.95	66,836	\$18,236,072.95
February.....	120,273	27,721,444.07	120,273	27,721,444.07
March.....	72,878	20,319,449.23	72,878	20,319,449.23
April.....	86,062	18,192,286.18	86,062	18,192,286.18
May.....	124,103	21,528,591.53	124,103	21,528,591.53
June.....	100,468	21,065,499.88	100,468	21,065,499.88
July.....	97,177	23,240,855.80	97,177	23,240,855.80
August.....	137,003	30,218,926.60	137,003	30,218,926.60
September.....	140,083	30,161,203.75	140,083	30,161,203.75
October.....	164,346	32,992,171.60	168,053	33,780,553.56
November.....	161,928	35,660,524.09	172,115	40,409,902.32
December.....	223,343	40,108,863.54	242,653	45,242,376.70
Total.....	1,494,500	319,445,829.22	1,527,704	330,117,162.57

SCHEDULE 21.—Number and amount of United States coupons handled by the Federal Reserve Bank of St. Louis and its Louisville and Memphis branches each month during 1918.

	Louisville.		Memphis.	
	Coupons handled.	Amount.	Coupons handled.	Amount.
September.....	26,928	\$83,313.45	.....	.....
October.....	30,280	82,367.99	.....	.....
November.....	39,540	238,948.92	7,740	\$33,371.32
December.....	41,193	211,496.14	12,607	53,872.00
Total.....	137,941	616,126.50	20,347	87,243.32

SCHEDULE 21.—Number and amount of United States coupons, etc.—Continued.

	St. Louis.		Consolidated.	
	Coupons handled.	Amount.	Coupons handled.	Amount.
January.....	33,100	\$133,613.32	33,100	\$133,613.32
February.....	11,171	34,401.90	11,171	34,401.90
March.....	6,089	14,631.83	6,089	14,631.83
April.....	5,961	34,173.72	5,961	34,173.72
May.....	257,569	1,120,392.19	257,559	1,120,392.19
June.....	156,853	652,136.11	156,853	652,136.11
July.....	61,450	205,358.82	61,450	205,358.82
August.....	26,438	69,685.12	26,438	69,685.12
September.....	321,945	694,355.44	348,873	777,668.89
October.....	184,606	378,967.16	214,886	461,355.15
November.....	270,652	1,077,210.99	317,932	1,349,531.23
December.....	214,013	804,029.35	267,813	1,069,397.49
Total.....	1,549,837	5,218,955.95	1,708,125	5,922,325.77

Average per month on total coupons handled, 142,344; amount \$493,527.15.

SCHEDULE 22.—Total debits and credits of Federal Reserve Bank of St. Louis through gold settlement fund in Washington for each week during 1918, and the balance to its credit on the dates shown.

For week ending—	Total debits.	Total credits.	Balance to credit of Federal Reserve Bank of St. Louis.
Jan. 3.....	\$38,252,000	\$41,680,000	\$21,314,400
Jan. 10.....	43,943,000	45,798,000	23,169,400
Jan. 17.....	40,008,000	43,159,000	20,820,400
Jan. 24.....	44,323,000	46,503,000	26,656,400
Jan. 31.....	43,524,000	43,328,000	26,968,900
Feb. 7.....	43,816,000	40,209,000	23,402,400
Feb. 14.....	33,439,000	42,221,000	32,184,400
Feb. 21.....	46,600,000	46,784,000	26,776,400
Feb. 28.....	42,877,000	46,592,000	30,519,900
Mar. 7.....	49,505,000	50,743,000	30,270,400
Mar. 14.....	44,694,000	49,066,000	34,642,400
Mar. 21.....	49,060,000	47,424,000	33,169,900
Mar. 28.....	51,579,000	47,874,000	29,485,900
Apr. 4.....	47,188,000	41,283,000	23,780,900
Apr. 11.....	53,093,000	50,827,000	21,693,400
Apr. 18.....	55,322,000	49,751,000	18,368,400
Apr. 25.....	57,464,000	52,813,000	16,187,800
May 2.....	55,401,000	53,255,000	17,605,800
May 9.....	51,341,000	53,077,000	23,122,800
May 16.....	54,553,000	65,523,000	37,421,000
May 23.....	61,304,000	52,149,000	23,401,500
May 31.....	41,500,000	57,649,000	40,636,600
June 6.....	57,283,000	44,294,000	27,488,300
June 13.....	56,128,000	55,169,000	33,247,300
June 20.....	80,225,000	49,669,000	22,476,000
June 27.....	54,224,000	63,823,000	32,352,300
July 5.....	85,058,000	62,783,000	23,235,000
July 11.....	37,620,000	55,190,000	35,052,000
July 18.....	64,969,000	51,439,000	21,279,000
July 25.....	55,463,000	56,639,000	22,270,000
Aug. 1.....	54,152,000	57,819,000	25,768,000
Aug. 8.....	44,804,000	53,707,000	35,270,000
Aug. 15.....	55,619,000	58,989,000	28,162,000
Aug. 22.....	54,011,000	60,300,000	29,180,000
Aug. 29.....	61,546,000	59,797,000	27,584,000
Sept. 5.....	51,188,000	47,401,000	24,932,000
Sept. 12.....	58,996,000	55,806,000	16,513,000
Sept. 19.....	60,476,000	64,955,000	21,116,000
Sept. 26.....	66,022,000	62,603,000	17,510,000
Oct. 3.....	62,822,000	55,499,000	13,934,000
Oct. 10.....	68,187,000	80,652,000	10,713,000
Oct. 17.....	59,060,000	65,937,000	17,261,000
Oct. 24.....	74,860,000	75,240,000	17,578,000
Oct. 31.....	63,717,000	83,338,000	28,999,000
Nov. 7.....	62,251,000	60,898,000	27,699,000
Nov. 14.....	62,092,000	63,319,000	30,372,000
Nov. 21.....	62,315,000	72,439,000	33,356,000
Nov. 29.....	65,574,000	74,712,000	26,493,000
Dec. 5.....	48,216,000	57,329,000	21,388,000
Dec. 12.....	50,603,000	67,529,000	23,963,000
Dec. 19.....	55,659,000	72,211,000	31,141,000
Dec. 26.....	48,775,000	61,048,000	30,038,000
Total.....	2,815,701,000	2,898,242,000	.....

DISTRICT NO. 9—MINNEAPOLIS.

JOHN H. RICH, Chairman and Federal Reserve Agent.

The year 1918 was of peculiar significance to the Federal Reserve Bank of Minneapolis and constituted the first period since organization during which it had opportunity for the full exercise of its powers in supporting member banks as well as the banking situation in the district generally, and during which its facilities could be made useful in a broad way throughout the area under its jurisdiction. Beginning, as it did, with a period of hesitation, the year developed many serious and unusual problems, and will be remembered as one which created an unlooked-for and unusual expansion in all departments, bringing the bank for the first time into close and intimate contact with all banks, both member and nonmember, within this district, and imposing upon it responsibilities arising out of the services it rendered, which were of a particularly important character.¹

FINANCIAL RESULTS OF OPERATION.

There is attached hereto as Schedule 1 a comparative statement of condition at the close of 1917 and at the close of 1918, together with profit and loss account, December 31, 1918. The gross earnings for the year arising out of the largely increased volume of business amounted to \$2,049,954.80. Operating expenses were \$325,269.80. The cost of Federal Reserve notes and Federal Reserve bank notes printed during the year was \$125,021.66, in addition to which the current assessments for expenses of the Federal Reserve Board were charged to expense. Total operating and current expenses were \$464,408.23, leaving an excess of earnings over current expenses amounting to \$1,585,545.84.

¹ There are appended to this report the following schedules: Schedule 1, Comparative statement of condition at the close of 1917 and 1918, and profit and loss account, Dec. 31, 1918; Schedule 2, Gross earnings by months; Schedule 3, Changes in discount rates; Schedule 4, Details of rediscount operations; Schedule 4a, Volume of rediscounts; Schedule 5, Collateral loans; Schedule 6, Trade acceptances; Schedule 7, Domestic acceptances bought; Schedule 8, Acceptances purchased; Schedule 9, Rediscounts for other Federal Reserve Banks; Schedule 10, Data on offerings of certificates of indebtedness; Schedule 11, Government deposits for 1918; Schedule 12, Subscriptions to third Liberty loan; Schedule 13, Subscriptions to fourth Liberty loan; Schedule 14, Bond issue data, 1918; Schedule 15, Bonds delivered, 1918; Schedule 16, War-savings and thrift stamp sales; Schedule 17, Check clearing statistics; Schedule 18, Federal Reserve note issues and data; Schedule 19, Federal Reserve bank notes; and Schedule 20, Gold holdings of Federal Reserve agent and Federal Reserve Bank.

Under authority of the Federal Reserve Board, the bank was permitted to charge off the balance on the construction of its main vault, amounting to \$29,500, and abrasion on gold received from member and nonmember banks amounting to \$10,199.23. Dividends fully paid on December 31 amounted to \$168,102.97. Out of the substantial remainder, the bank was able to transfer \$688,871.82 to its surplus account, pursuant to law, while transferring an equal amount to special account reserved for franchise tax. Capital and surplus at the end of the year represented the satisfactory total of \$3,657,571.82, as against \$2,620,150 at the close of the previous year.

GENERAL BUSINESS AND BANKING CONDITIONS.

The unusual conditions attending the advent of 1918 produced reactions which were strongly felt in all lines of trade and industry and which have not yet entirely disappeared. The momentous events attending the progress of the war produced a natural hesitation in merchandising activities everywhere, resulting almost immediately in the adoption of a well-defined "hand-to-mouth" policy, under which retail stocks were reduced to the minimum requirements and replenished by small and frequent purchases. This resulted in sharply fluctuating and irregular demands on all wholesale and distributing concerns. The unending changes in price levels in the earlier part of the year, together with the scarcity of goods, which became more serious as Government requisitions made themselves felt, produced conditions which caused considerable uncertainty in merchandising operations. In industrial lines, also, there was much uncertainty as to the course of the Government in requisitioning the producing capacity of the district.

The States of this district were fortunate, however, in having an attractive agricultural outlook, with a promise of excellent planting conditions and good prices for the farm products which are the chief production of this area. Under the influence of a very favorable planting season with adequate moisture, trade conditions became somewhat more settled, and as the Government called increasingly upon the manufacturing institutions of the district for production, directly and indirectly, on account of the war, the business situation steadied perceptibly and continued to show a satisfactory condition throughout the remainder of the year.

The very favorable crop outlook during the early part of the growing season was seriously altered in late June and July by the lack of moisture when urgently needed in practically all of the northern and eastern section of Montana and throughout the western portion of North Dakota. Crop yields in the areas referred to were very seriously reduced, while the production of the district as a whole was short of the returns indicated during the spring and early summer

months. The money returns were considerably in excess of those of an average year, due to guaranteed Government prices and the heavy demand for coarse and fine grains, live stock, dairy products, and all other items of agricultural production.

In the western portion of the district there were large areas where the 1917 crop was short. Fall and early winter conditions in that year practically ruined the available supply of seed corn, and the spring planting season of 1918 brought on a very severe shortage. The Federal Reserve Bank and other interests were obliged to make the closest investigation as to available seed supplies, but by means of energetic cooperation were able to locate and advertise all the seed within the district that could be spared for shipment. By effecting proper distribution, sufficient seed was obtained to plant a normal acreage, and the 1918 crop was very large and of good quality. In common with corn, other seed was also high in price. The demands of the spring planting season put an unusually heavy burden on all commercial banks, reflected in a sharp rise of the rediscounted paper of the Federal Reserve Bank in April, followed by a steady and rapid increase, which continued until after harvest in the fall. With the beginning of the movement of the new crop, there was rapid liquidation, and the amount of rediscounted paper held fell off to moderate figures in December.

These conditions, together with unusual demands arising out of the Liberty loans of 1918, subjected member and nonmember banks alike to a much heavier demand than in a normal year, and the banks did not hesitate to use the facilities of the Federal Reserve Bank, both in the rediscount of paper and for short-time loans, thus relieving the strain upon correspondents at the larger centers and making available to the district as a whole a large volume of credit that, except for the facilities of the Federal Reserve Bank, in large part at least, would not have been available.

The steady drawing of men for military service produced a severe shortage of farm labor in all parts of the district, while at the larger centers the expansion in manufactures created a steady labor demand. Labor was fully employed throughout the year at excellent rates, and the district was free from labor disturbances.

Bank rates steadied during the early part of the year, and after a gradual advance remained very firm and were free from fluctuation during the remainder of the period. Some slight softening was apparent during the closing months of the year, but the rate levels did not appreciably change.

DISCOUNT OPERATIONS.

Discount rates of the Federal Reserve Bank were altered in harmony with the movement of bank rates during the year. These

changes were infrequent and the policy of the bank was to maintain stability, while avoiding too frequent fluctuations, but to preserve at the same time a proper and consistent relation between discount rates and the general level of rates throughout the district.

In view of changing conditions, the rate on 30 and 60 day rediscounts was changed on April 8 by an advance of one-fourth of 1 per cent to $4\frac{1}{4}$ per cent. The rate on trade acceptances of 15 to 60 days' maturity was advanced, from $3\frac{1}{2}$ to 4 and $4\frac{1}{2}$ per cent; and the 4 per cent rate on 90-day acceptances was advanced to $4\frac{1}{2}$ per cent. Advances were also made in rates for notes secured by Government bonds and collateral notes. No further change was made until September 10, when the 15-day rediscount rate was advanced from 4 to $4\frac{1}{2}$ per cent. The 30, 60, and 90 day rates remained unchanged. The 15-day rate on trade acceptances was advanced from 4 to $4\frac{1}{2}$ per cent, and the rate on 15-day notes supported by eligible collateral was advanced from 4 to $4\frac{1}{2}$ per cent.

The total amount of paper rediscounted during January was comparatively small. In February there was a small increase, but in March there was a decrease. With the opening of spring farming operations in April, the total amount of paper rediscounted rose rapidly, the steady advance continuing during May, June, July, and August. There was some falling off in September, followed by moderate liquidation in October and very rapid liquidation in November and December.

The service afforded by the discount facilities of the bank was extended to 580 institutions during the year and covered 32,226 separate items, aggregating \$433,791,800.07. Collateral loans secured by eligible paper or Government securities assumed, during 1918, considerable importance. The figures remained small during the first quarter, but advanced rapidly under the influence of the second Liberty loan in May, and continued strong until the close of the year. Large advances were made to representative city institutions in anticipation of the fall crop moving and of the pressure resulting from the third Liberty loan following almost immediately and coming in conjunction with the heavy movement of farm products to their markets.

The movement of collateral loan totals during the year was practically parallel with the changing volume of rediscounts. A sharp drop in the totals was noticeable during November and December. The accommodation extended during the year amounted to \$276,916,606.

It is not the policy of the bank to carry separate accounts showing loans upon eligible collateral and collateral loans upon Government securities. Government securities were, however, very freely used

secured was throughout the year in excess of that on the security of other acceptable collateral.

TRADE ACCEPTANCES.

The figures presented by the bank's books for the discount of trade acceptances during the year are an unsatisfactory guide as to the progress made in extending the use of this form of paper. Total discounts in this class amounted to \$799,371, arising largely from the oil and lumber distributing business, but representing as well some extension of trade acceptances into flour milling and quarrying. Money conditions were such that trade acceptances did not reach this bank in any volume except in periods of unusual demand, and it is noticeable that in anticipation of the Liberty loan and crop moving financing, the amounts held showed increases, while in other months of the year the figures fell off. The advantages of trade acceptances are better known than they were a year ago, but progress in the development of general use of this form of paper is slow in consequence of the difficulty of changing established customs and of altering methods of settlement that have become thoroughly rooted through many years of use.

ACCEPTANCES.

The policy of the bank during the year was to buy both domestic and foreign acceptances at periods when the rediscounting demand was light. Domestic acceptances bought aggregated \$17,730,727.71, while total acceptances purchased in the open market and from other Federal Reserve Banks amounted to \$39,167,834.03.

Pursuing the same general policy that has governed the purchase of acceptances, the bank has, from time to time, on the call of the Federal Reserve Board, discounted substantial amounts of rediscounted paper of other Federal Reserve Banks. Accommodation so extended amounted to \$73,551,455, consisting of paper received from the Federal Reserve Banks of Dallas, Boston, Philadelphia, Atlanta, and Richmond.

RESERVE POSITION.

Although there was an increase of approximately \$23,000,000 in the gold holdings of the Federal Reserve agent and the Federal Reserve Bank during the year, as a result of continuous and successful efforts to gather in gold from both member and nonmember banks, the cash reserve against net deposits and note liabilities showed rather sharper fluctuations than during 1917. Due to moderate rediscounting it was able to maintain comparatively strong reserves during the first four months of the year, running 77.8 per cent in January, 78 per cent in February, 81.9 per cent in March,

and 73.9 per cent in April. The effect of the spring planting demand upon the rediscounts of the bank was apparent in the reduction of the reserve to 69.3 per cent in May, with a further drop to 63.2 per cent in June. In July it dropped to 48 per cent, and in August, during which the demand was heavy, it reached the low point of 43.6 per cent, rising to 44.7 per cent in September and advancing to 61.9 per cent in October, 67.8 per cent in November, and averaging 67.1 per cent in December, reflecting in the last three months of the year the effect of liquidation following the crop movement.

At the close of 1916 the combined gold holdings of the bank and the Federal Reserve agent amounted to \$36,323,000. At the close of 1917 the figure had risen to \$70,334,000, and at the close of 1918 the combined holdings had increased to \$93,147,939. Except for the success of the bank in attracting gold, the fluctuations in the reserve percentages would have been even sharper than those experienced during the periods of very active rediscounting which occurred during the year.

MOVEMENT OF MEMBERSHIP.

The Federal Reserve Bank of Minneapolis received additions to membership during 1918 resulting from the chartering of 17 new national banks. During the same period 54 State banks acquired membership by application to the Federal Reserve Board, retaining their State charters. Nineteen additional State banks automatically acquired membership by conversion into national banks, making a net gain for the year of 90 banks. Membership at the close of the period consisted of 866 institutions, as against 776 at the end of the previous year. It may be noted in this connection that since organization a total of 68 State banks have acquired membership while 79 State banks have acquired membership by conversion, making a total of 147 State institutions now members in the Ninth Federal Reserve District.

State banks are taking a keener interest in the Federal Reserve system than before. This results in part from their closer contact with the Reserve Bank due to the multitudinous operations in connection with the Liberty loans and partly from a gradually widening appreciation of the important service that the Federal Reserve system renders to the general banking structure of the country. At the close of the year there were a number of substantial State institutions that had the question of membership under consideration and early and favorable action on their part is anticipated.

RELATIONS WITH MEMBER AND NONMEMBER BANKS.

The unusual problems of the year, and particularly those relating to Government financing, were such as to bring the Federal Reserve Bank into much closer contact with all the banking institutions in

the district than at any time since its organization. In the heavy burdens resulting from the Liberty loans no distinction was made as between member and nonmember banks, the object sought being to consolidate the banking resources of the district behind the Government in the most complete and effective way.

The check collection system has been utilized to a larger extent than before, and has shown a steady gain in importance during the year.

Many banks have applied for and been granted fiduciary powers. These are, however, subject to certain limitations, resulting from the character of State law. In Michigan, the Federal Reserve Board has found it possible to extend these powers to approved banks in cities of 100,000 population having \$150,000 capital or more, and in larger cities, to banks having a capital of \$300,000 or more. In Wisconsin, banks in cities with less than 100,000 population, having \$50,000 capital, are eligible, while in cities with more than 100,000 population, the minimum capital requirement is \$100,000. In Minnesota, \$50,000 capital is required in cities of less than 25,000 population, while in cities of from 25,000 to 100,000 population, a capital of \$75,000 is required. In cities of more than 100,000 and less than 200,000 population, the capital requirement is \$100,000, while in cities with more than 200,000 population \$200,000 is the capital required. In South Dakota the capital required in cities with less than 5,000 population is \$50,000, while in cities with more than 5,000 population \$100,000 capital is required. The requirement in North Dakota is \$100,000 capital irrespective of population. The law in Montana is the same.

This has somewhat restricted the number of banks privileged to apply for these powers, but still permits a large number of active and well-managed institutions to considerably broaden their functions. Applications granted by the Federal Reserve Board during 1918 included the following: Merchants National Bank, Billings, Mont.; Montana National Bank, Billings, Mont.; Commercial National Bank, Bozeman, Mont.; First National Bank, Duluth, Minn.; First National Bank, Manistique, Mich.; Northern National Bank, Ashland, Wis.; Ashland National Bank, Ashland, Wis.; Metropolitan National Bank, Minneapolis, Minn.; First National Bank, Superior, Wis.

FISCAL AGENCY OPERATIONS.

The issue of an unfamiliar form of Government obligation in the shape of certificates of indebtedness in anticipation of Liberty loan payments created a particularly difficult problem early in the year, which required a large amount of work before banks and banking institutions and the general public became familiar with the great usefulness of this form of security. Twenty-two different issues

were offered during the year with increasing participation, and the total amount of certificates sold reached \$285,379,500. Details of the respective issues are shown in Schedule 10.

TREASURY DEPOSITS AND WITHDRAWALS.

Approximately 2,500 banks in the district executed deposit agreements in accordance with the instructions of the Treasury during 1918. The plan of making payment by crediting the Federal Reserve Bank as fiscal agent was of the utmost value in adjusting the heavy load of Government financing and facilitating operations of great magnitude. Treasury deposits under agreements with the specially designated Government depositaries aggregated \$411,493,795 during the year, and by the adoption of this method of making payments, the depositary banks gained an additional period of time in which to make transfers of funds to the United States Government. A proper adjustment of their own burdens was thereby made easier and the smoothness and lack of strain with which these operations were conducted is to be credited, to a very large extent, to this method, which is responsible for the excellent financial position the district retained throughout the year in the face of very heavy withdrawals.

The details of Government deposits and withdrawals and monthly balances are given in Schedule 11.

The third and fourth Liberty loans, coming in the early summer and fall of 1918, were handled in much the same manner as the first and second loans during 1917. The subscriptions to the public were received through a largely extended and improved organization, controlled by a central committee, working under the direction of the bank, and the allotments were substantially exceeded. The details of the subscriptions to the third loan are shown in Schedule 12, the details of the fourth loan in Schedule 13, and additional data of interest in Schedules 14 and 15.

Schedule 16 shows war-savings and thrift stamp sales during the year, but includes only the figures of the Federal Reserve Bank and does not show the large volume of sales made by the post-offices throughout the district.

War-savings stamps to the value of \$14,125,634 were sold through the banks, together with thrift stamps amounting to \$489,185.50.

WAR FINANCE CORPORATION.

Early in August, a general circular was issued to all banks and trust companies in the western portion of the district which had suffered from dry weather and crop failure, advising them of the operations of the War Finance Corporation and the conditions under which the latter stood prepared to make advances in support of the

agricultural situation. A few days later a second circular of instructions was issued advising banks and trust companies of conditions under which crop-moving loans would be made by the War Finance Corporation. Applications were comparatively few, and advances were made to five different banks for an amount aggregating \$36,000. Two of the loans were for crop-moving purposes and aggregated \$14,500, and three were for agricultural purposes in the dry district, and aggregated \$21,500.

CAPITAL ISSUES COMMITTEE.

Pursuant to instructions, the Federal Reserve agent early in February formed a representative committee in the Ninth Federal Reserve District to inquire into the use of funds for capital purposes and to exercise general supervision and control over security issues within this jurisdiction, acting under a central committee at Washington. Its policy was to encourage those interested in the issue of securities to present their matters to the district committee for examination and report to the national committee in Washington.

Early in July the membership of the district committee for the ninth district was increased and the work of the committee reorganized and considerably expanded. It became apparent that the greatest competition, not only with Government financing, but with all legitimate security issues, arises out of the widespread, shrewdly organized, and wholly unscrupulous operations of promoters of unsound, worthless, or fraudulent securities. The committee found many forms of evasion of the provisions of the War Finance Corporation Act. In such cases no attempt was made to issue the commonly recognized forms of securities, but in lieu thereof, participating certificates, certificates under trust agreement, memberships, contracts, service agreements, and other devices were used, and these were sold broadcast to unsuspecting investors, to whom they were represented as having value and being the equivalent of the ordinary kinds of securities.

The committee became convinced after patient investigation, and especially after it had analyzed numerous reports from its own investigation, that the sale of unsound and fraudulent securities has for several years past created a drain of not less than \$15,000,000, and in all probability, \$20,000,000 per year upon the ninth district.

The committee handled during the year 373 applications for security issues with the resulting investigations, many of which were involved and assumed considerable importance. It handled in addition several hundred subjects presented informally, which were disposed of by consultation or correspondence. It recommended to the Capital Issues Committee for disapproval proposed security issues aggregating \$10,424,125, and secured in addition the post-

ponement until the close of the war of projects involving security issues aggregating \$8,313,000.

Especial attention was given to the subject of issues proposed, but on which no active proceedings had been taken, and the latter figure would have been substantially increased if there had been added to it the projects which were discouraged and deferred on advice of the committee before they had reached a point where the security issues involved could be definitely determined.

Pursuant to instructions of the Capital Issues Committee, the district committee ceased active operations and cleared its docket on December 31.

CHECK CLEARING AND COLLECTION.

The service charge of 1½ cents per item on out-of-town items was discontinued on June 15, thereby eliminating the charge on all except special collection items deposited with the Federal Reserve Bank. This resulted in the extension of the facilities of the check clearing and collection system as there was a slight gain in the number of banks on the par list shortly after this provision became effective. In order to popularize the use of Federal Reserve exchange and transfer drafts, provision was made whereby the maximum amount for which Federal Reserve exchange drafts might be drawn was increased from \$250 to \$5,000. No change was made, however, affecting the use of Federal Reserve transfer drafts, except that the minimum amount for which such drafts might be issued was increased from \$250 to \$5,000.

In view of the large volume of telegraphic transfers of funds and the development of the collection system, and in order to expedite the handling of business, a system of private telegraph wires was installed connecting the Federal Reserve Banks, their branches, and the Federal Reserve Board at Washington. In order to encourage the transfer of funds by wire, it was decided that the Federal Reserve Bank would absorb the cost of telegrams on telegraphic transfers. This arrangement is now in effect.

During September, owing to prevailing conditions and in order that our remittance letters might make the mails promptly, the hour when items on out-of-town banks were credited on day of receipt by us, subject to final payment, was advanced from 3 to 2 p. m. (except Saturday, when the hour is 12 o'clock noon). As practically all of the incoming mail is delivered by that hour and local banks had previously adopted the same rule, this arrangement has been quite satisfactory.

In conformity with the policy of rendering additional service to the banks in this district, it was decided to inclose self-addressed stamped envelopes in our remittance letters, to be used by banks

in remitting for items inclosed therein. Announcement of our intention to do this resulted in the addition of 62 nonmember banks to our par list. At the beginning of the year there were 1,817 banks on the par list out of a total of 3,647 banks in the Ninth Federal Reserve District. There are now 3,713 banks in this district and of these 2,035 are remitting at par. Of the latter number, 866 are member and 1,169 nonmember banks.

The volume of business handled has shown a steady growth during the past year. At the beginning of the year the average number of items handled daily was approximately 16,000, while at the end of the year the average was nearly 28,000, aside from the items exchanged through the Twin City clearings by Minneapolis and St. Paul banks.

The figures for the Twin City Clearing House (Minneapolis and St. Paul banks) also show a substantial gain. The operations of the Twin City Clearing House by months for the past year were as follows:

January.....	\$138, 831, 655. 33	August.....	\$171, 304, 734. 00
February.....	115, 310, 847. 14	September.....	219, 425, 715. 33
March.....	151, 675, 069. 78	October.....	321, 184, 497. 18
April.....	160, 124, 336. 87	November.....	235, 491, 816. 37
May.....	180, 120, 587. 30	December.....	258, 719, 169. 05
June.....	165, 687, 789. 95		
July.....	178, 917, 082. 15	Total.....	2, 296, 793, 300. 45

In the transit department vacancies created by the withdrawal of employees to enter military service resulted in the employment of women.

FEDERAL RESERVE NOTE ISSUES.

The total issue of notes since the organization of the bank reached \$123,252,000 at the end of the year. During 1918 a total of \$57,140,000 was put into circulation. At no time during the year did the Federal Reserve agent have on hand any used notes fit for circulation, and the steady demand therefor necessitated a continuous issue of new bills. An unexpected feature of the issue was that the demand for notes of \$5 denomination showed little variation from 1917, while the demand for notes of \$20 denomination increased 40 per cent. The large gain in the issue of \$10 notes was partially accounted for by the fact that during November and December the Treasury Department at Washington made use of notes of the Federal Reserve Bank of Minneapolis aggregating \$9,000,000.

The cost of preparing notes at Washington, as shown by the figures of July 1, increased 23 per cent, the advance being from \$36.36 to \$44.75 per 1,000 sheets. During the year a total of \$114,286.84 was charged off, covering the cost of Federal Reserve notes. Of this

prepared during 1918 but not yet issued. The total cost of Federal Reserve notes since the founding of the bank amounts to \$186,589.99.

The arrangement with the Federal Reserve Board to maintain at all times in Washington and in the subtreasury at Chicago a supply of \$50,000,000 of the notes of this bank was continued in effect. The Board, however, ordered an additional supply of approximately \$13,000,000 during October. Ten million dollars were held in the subtreasury at Chicago at the close of the year; \$21,240,000 at Washington or in transit; and \$22,280,000 in process of being printed at Washington, in addition to which \$6,000,000 of \$1,000 bills were in process of printing, making a total of \$59,520,000, or a substantial excess over the normal supply.

FEDERAL RESERVE BANK NOTES.

The first issue of Federal Reserve bank notes occurred on September 20; at which time the Federal Reserve Bank held in Washington as security \$880,000 in one-year Treasury notes. The tax based on this security was $1\frac{1}{2}$ per cent. At the close of the year the balance of the bank's Treasury notes matured and were replaced with special United States 2 per cent certificates of indebtedness. Two per cent United States certificates of indebtedness, amounting to \$4,350,000, and 3 per cent one-year Treasury notes, amounting to \$530,000, or a total of \$4,880,000, were held at the close of the period with the Treasurer of the United States to secure circulation.

The bank received during the latter part of the year a total of \$4,392,000 of \$1, \$2, and \$5 bills, of which \$4,139,608 were placed in circulation.

The cost for plates and expressage was \$7,898.01, while the circulation tax to the end of the year, covering 103 days, was \$2,836.81. Since the Government's contract with the express companies will not be renewed, shipping charges on both Federal Reserve bank notes and Federal Reserve notes, which represent substantial items of expense, promise to be materially higher in 1919:

GOLD HOLDINGS.

Note has been made of the encouraging increase in the total gold holdings of the bank and the Federal Reserve agent. The amount of gold coin and certificates held in the banks' vaults was substantially less at the end of the year than at the close of 1917, due to the fact that \$10,000,000 in gold coin and \$7,300,000 in gold certificates were shipped to the subtreasury at Chicago for the credit of this bank in the gold fund. In addition approximately \$5,000,000 were shipped direct to the subtreasury by member banks for our credit. A material gain in gold from other Federal Reserve districts, due to drawings

offset by transfers out of the gold fund covering rediscounts for other Federal Reserve banks. During 1918 the Federal Reserve agent's gold fund was charged \$9,400,000, covering unfit notes redeemed by the Treasury Department. The percentage of unfit notes increased materially during the year. The destruction of notes during 1918 was not far short of the total destruction during the preceding three years, which amounted to \$9,900,000.

Daily settlements in the gold fund are in effect and statements are sent weekly by the Federal Reserve Board for verification. The Treasury Department also submits weekly statements of the various redemption funds.

The total gold holdings of the bank and the Federal Reserve agent are shown in Schedule 20, which indicates an average balance in the gold settlement fund during 1918 of \$15,908,000, and an average balance in the Federal Reserve agent's gold fund of \$39,300,000.

RESULTS OF WAR FINANCING.

The demands of the year had the unavoidable result of increasing heavily the obligations of all commercial banks. The flotation of the two Liberty loans of 1918, the handling of the subscribers' deferred payments, and participation in the successive issues of Treasury certificates were elements which when added to the normal demand during the crop planting and crop moving period, subjected the banks to unusual strain. The district being, however, largely agricultural, the liquidation following the movement of crops in the fall was heavy, and the banks were able to make rapid progress toward a return to normal conditions. At the close of the year liquidation had been such as to reduce the obligations of member banks close to a normal level, while State institutions and trust companies were practically on the same basis.

The demands of commercial institutions were on a minimum basis during the year. New financing was avoided wherever possible. Their bank loans were held at the lowest levels consistent with their requirements. This was a factor in assisting to bridge over a difficult period. Business as a whole did not suffer during 1918 and was able to obtain accommodation when needed at fair rates, although the rate level was substantially increased as compared with previous years. Manufacturing institutions had an active year, and the distributing and merchandising business maintained itself in good shape.

RESTORATION OF LIQUIDITY.

The policy of the Federal Reserve Bank from the beginning of the war has been to vigorously discourage bank investments in Liberty bonds, believing that it was highly necessary that all banking institutions give especial care to the preservation of their ability to promptly

take care of their customers and assist in the problem of war financing in their home communities. The banks of the district have therefore avoided large holdings of their own. The amount of Liberty bonds taken on through failure to complete deferred payments was insignificant as compared with the total. At the end of the year the commercial banks of the district were not holders of Liberty bonds to a large extent or to a degree appreciably threatening their liquidity.

During the period in which Liberty bonds can not be readily liquidated at par the policy of the Federal Reserve Bank will be to accept Government obligations as collateral for loans upon a minimum rate basis, enabling member banks to convert such holdings into cash or credit, as occasion may demand.

CHANGES IN DIRECTORATE AND STAFF.

At the close of the year Mr. J. C. Bassett, of Aberdeen, S. Dak., who had served since the organization of the bank as class A director, retired and was succeeded by Mr. Wesley C. McDowell, of Marion, N. Dak. At the same time Mr. F. P. Hixon, of La Crosse, Wis., was reelected to succeed himself as class B director, and Mr. William H. Lightner, of St. Paul, Minn., was appointed to succeed himself as class C director and reappointed deputy chairman. In December Mr. Roy A. Young, assistant to the governor, was elected by the board of directors as deputy governor. In July Mr. R. E. Towle and Mr. L. E. Rast were elected assistant cashiers. In December Mr. L. W. Long was appointed acting auditor in place of Mr. Howard H. Hall, who resigned to accept service elsewhere.

The current affairs of the bank have been closely supervised by the board of directors, which at well-attended regular meetings has given a considerable amount of time to the supervision of the institution. Individual members of the board made frequent visits to the bank between meetings and have familiarized themselves with the details of its operation.

The number of officers and employees increased from 127 at the beginning of the year to 260, and considerable additions were made to the space occupied by the institution.

The honor roll hung in the lobby of the bank showed at the end of the year the names of 45 men in the service or abroad with the Canadian forces. A number of our employees have seen long and active service, and the bank during the year placed a gold star over the name of Garrett T. Mandeville, who gave his life in service to his country.

A number of those who have been in service were released before the close of the year and are returning to their old posts in the bank.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of Minneapolis during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Dis- counted paper se- cured by United States war obliga- tions.	Other dis- counted paper.	(1+2)	Bills bought in open market.	Total bills dis- counted and bought.	Per cent (1+5)	Total earning assets.
	1	2	3	4	5	6	7
Jan. 4.....	1,056	11,618	12,764	6,425	19,189	5.5	23,973
Jan. 11.....	1,050	11,170	12,220	4,973	17,193	6.1	22,050
Jan. 18.....	1,087	11,418	12,505	2,687	15,192	7.2	20,085
Jan. 25.....	958	12,182	13,140	2,225	15,366	6.2	22,308
Feb. 1.....	662	11,945	12,607	1,937	14,544	4.6	21,927
Feb. 8.....	282	11,729	12,011	500	12,511	2.3	23,303
Feb. 15.....	381	11,277	11,658	1,957	13,615	2.8	23,002
Feb. 21.....	370	10,495	10,865	1,896	12,761	2.9	21,171
Mar. 1.....	281	8,415	8,696	8,696	10,391	2.7	23,144
Mar. 8.....	168	6,009	6,177	3,986	10,163	1.7	18,249
Mar. 15.....	136	5,462	5,598	3,611	9,209	1.5	16,000
Mar. 22.....	146	5,093	5,239	3,611	8,850	1.6	17,064
Mar. 28.....	161	5,112	5,273	11,122	16,395	1.0	24,108
Apr. 5.....	191	5,772	5,963	11,133	17,096	1.1	24,365
Apr. 12.....	1,050	7,361	8,411	10,523	18,934	5.5	26,305
Apr. 19.....	3,436	8,187	11,623	12,515	24,138	14.2	29,602
Apr. 26.....	5,010	9,581	14,591	11,546	26,137	19.2	30,777
May 3.....	6,464	10,594	17,058	10,684	27,742	23.3	31,452
May 10.....	6,619	14,291	20,910	10,128	31,038	21.3	34,322
May 17.....	6,456	15,568	22,024	7,116	29,140	22.2	32,561
May 24.....	7,087	16,964	24,051	4,745	28,796	24.6	32,039
May 31.....	7,162	19,168	26,330	3,013	29,343	24.4	32,596
June 7.....	7,622	23,081	30,703	2,375	33,078	23.0	35,285
June 14.....	8,511	24,969	33,480	1,092	34,572	24.6	37,789
June 21.....	7,077	27,299	34,376	740	35,116	20.2	38,278
June 28.....	11,322	33,228	44,550	795	45,345	25.0	50,646
July 5.....	12,322	38,658	50,980	825	51,805	23.8	54,376
July 12.....	13,616	38,951	52,567	825	53,392	25.5	55,522
July 19.....	10,288	41,111	51,399	410	51,709	19.9	54,017
July 26.....	10,593	45,097	55,690	410	56,100	18.9	58,363
Aug. 2.....	14,168	45,613	59,781	345	60,126	23.6	62,329
Aug. 9.....	20,424	35,291	55,715	583	56,298	36.3	58,565
Aug. 16.....	21,274	36,486	57,760	580	58,340	36.5	59,607
Aug. 23.....	22,563	41,725	64,288	435	64,723	34.9	65,771
Aug. 30.....	24,767	35,174	59,941	336	60,277	41.1	61,311
Sept. 6.....	25,774	39,041	64,815	259	65,074	39.6	66,130
Sept. 13.....	25,911	51,457	77,368	262	77,630	33.4	78,730
Sept. 20.....	25,873	44,985	70,858	142	71,000	36.4	72,151
Sept. 27.....	25,822	41,940	67,202	133	67,335	37.5	68,425
Oct. 4.....	23,262	34,122	57,390	115	57,505	40.5	58,651
Oct. 10.....	22,572	34,309	56,881	1,070	57,951	39.0	59,049
Oct. 18.....	20,704	30,792	51,496	3,116	54,612	37.9	55,666
Oct. 25.....	10,878	27,616	38,494	3,691	42,185	25.8	45,383
Nov. 1.....	14,167	32,636	46,803	3,907	50,710	27.9	52,765
Nov. 8.....	9,943	28,405	38,348	3,843	42,191	23.6	45,383
Nov. 15.....	11,908	25,019	36,927	4,558	41,485	28.7	44,516
Nov. 22.....	21,655	22,222	43,877	5,336	49,213	44.0	52,252
Nov. 29.....	21,180	11,827	33,007	12,436	45,443	46.6	48,565
Dec. 6.....	22,539	7,787	30,326	13,482	43,808	51.4	48,071
Dec. 13.....	24,631	6,105	30,736	18,984	49,720	49.5	54,771
Dec. 20.....	31,120	5,645	36,765	19,019	55,784	55.8	61,093
Dec. 27.....	32,143	5,555	37,698	20,078	57,776	55.6	63,062

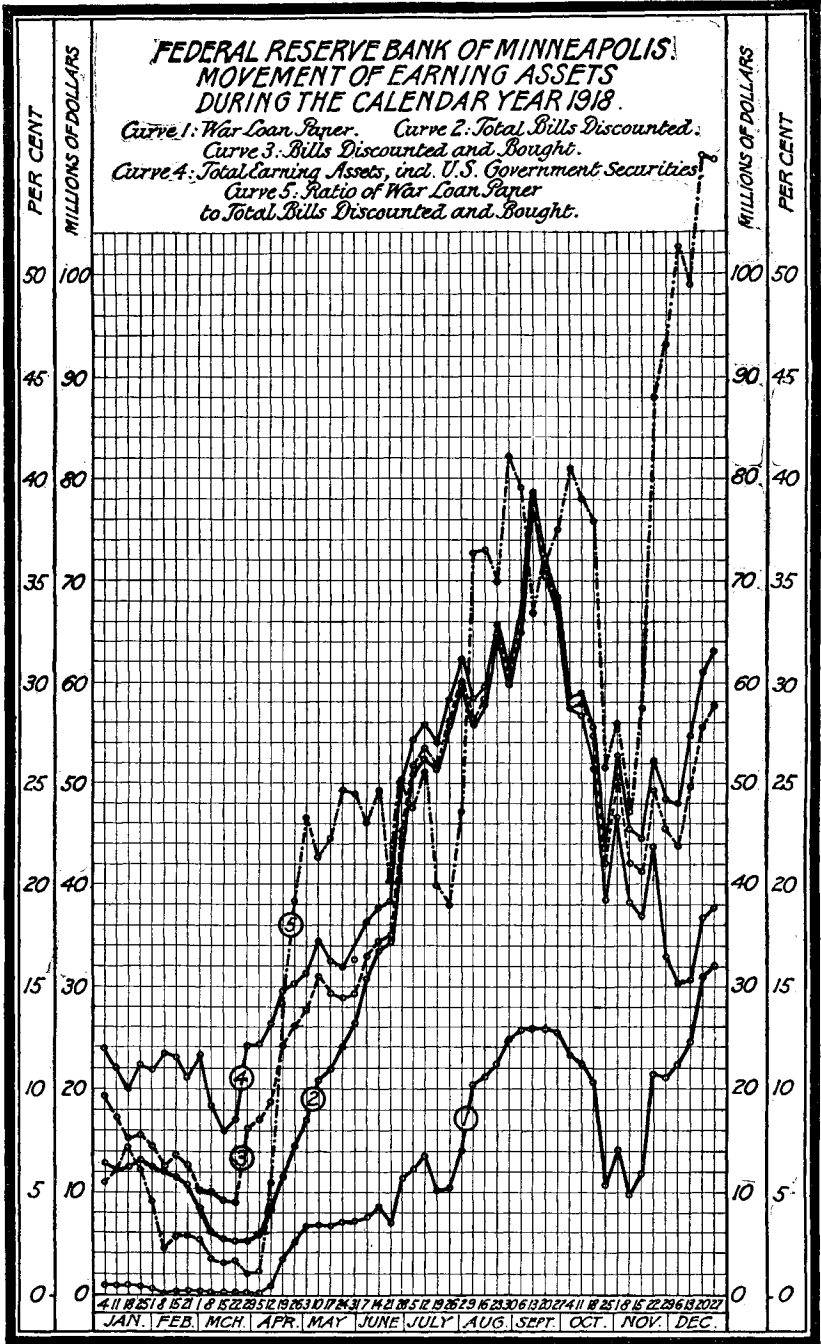
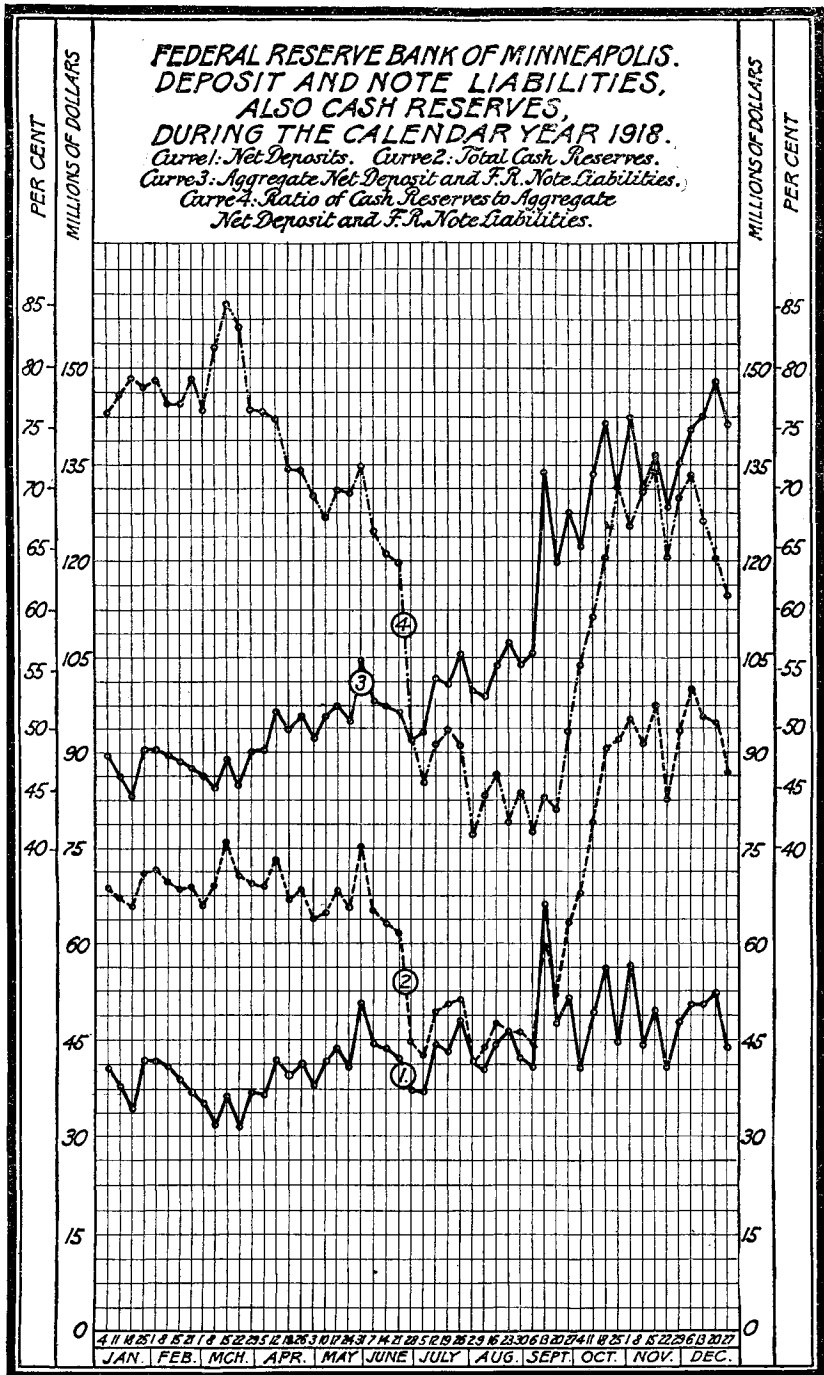


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal Reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of Minneapolis during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Total cash reserves.	Net deposits.	Federal Reserve notes in actual cir- culation.	(2+3)	Ratio of cash res- erves to net deposit and Federal Reserve note liabi- lities com- bined.
	1	2	3	4	5
Jan. 4.	68,586	40,343	49,543	89,886	76.3
Jan. 11.	67,349	37,430	49,266	86,696	77.7
Jan. 18.	65,854	34,071	49,172	83,243	79.1
Jan. 25.	71,143	41,792	48,930	90,722	78.4
Feb. 1.	71,448	41,534	49,103	90,637	78.8
Feb. 8.	69,304	40,425	49,432	89,857	77.1
Feb. 15.	68,278	38,504	50,007	88,511	77.1
Feb. 21.	68,844	36,717	50,507	87,224	72.9
Mar. 1.	66,945	35,136	51,251	86,387	76.5
Mar. 8.	68,822	31,971	52,248	84,219	81.7
Mar. 15.	76,014	36,291	52,854	89,145	85.3
Mar. 22.	70,413	31,584	53,225	84,609	83.2
Mar. 28.	69,008	36,654	53,538	90,192	76.5
Apr. 5.	68,977	36,453	53,918	90,371	76.3
Apr. 12.	73,000	41,833	54,469	96,302	75.8
Apr. 19.	67,162	39,137	54,619	93,756	71.6
Apr. 26.	68,464	41,074	54,731	95,805	71.5
May 3.	64,090	37,670	54,779	92,449	69.3
May 10.	64,808	41,548	54,440	95,988	67.5
May 17.	68,183	43,365	54,213	97,578	69.9
May 24.	65,780	40,744	53,887	94,631	69.5
May 31.	75,115	50,870	53,610	104,480	71.9
June 7.	65,087	44,453	53,635	98,088	66.4
June 14.	63,138	43,548	54,071	97,619	64.7
June 21.	61,793	42,001	54,693	96,694	63.9
June 28.	44,977	36,972	55,213	92,185	48.8
July 5.	42,310	36,749	56,478	93,227	45.4
July 12.	49,290	44,186	57,430	101,616	48.5
July 19.	50,305	43,020	57,749	100,769	49.9
July 26.	51,290	47,902	58,088	105,990	48.4
Aug. 2.	40,867	41,142	58,346	99,488	41.1
Aug. 9.	44,032	40,243	58,657	98,900	44.5
Aug. 16.	47,784	44,326	59,328	103,654	46.1
Aug. 23.	45,424	46,748	60,607	107,355	42.3
Aug. 30.	46,432	41,944	61,939	103,883	44.7
Sept. 6.	43,897	40,624	65,410	106,034	41.4
Sept. 13.	59,350	66,172	67,772	133,944	44.3
Sept. 20.	51,928	47,665	72,267	119,932	43.3
Sept. 27.	63,558	51,417	76,421	127,838	49.7
Oct. 4.	67,969	40,759	81,571	122,330	55.6
Oct. 10.	79,337	49,321	84,272	133,593	59.4
Oct. 18.	90,958	55,853	85,843	141,696	64.2
Oct. 25.	92,377	44,660	86,531	131,191	70.4
Nov. 1.	95,336	56,551	85,997	142,548	66.9
Nov. 8.	91,638	44,196	87,171	131,367	69.8
Nov. 15.	97,627	49,295	87,131	136,426	71.6
Nov. 22.	82,509	40,894	87,483	128,377	64.3
Nov. 29.	93,610	47,981	87,597	135,578	69.0
Dec. 6.	99,945	50,335	90,315	140,650	71.1
Dec. 13.	95,695	50,384	92,291	142,675	67.1
Dec. 20.	94,816	52,416	95,291	147,707	64.2
Dec. 27.	86,644	43,295	97,361	141,286	61.3



SCHEDULE 1.—Statement of condition, Dec. 31, 1918.

	Condition Dec. 31, 1918.	Condition Dec. 31, 1917.
RESOURCES.		
Bills discounted and collateral loans to members.....	\$6,220,023.91	\$8,082,327.78
Bankers' acceptances and rediscounts for other Federal Reserve Banks.....	48,368,612.63	12,154,798.99
United States Securities.....	5,267,030.00	3,228,490.00
Municipal warrants.....		25,380.00
Accrued interest on United States securities.....	16,659.09	17,841.63
Furniture and equipment (including vault and safes).....	1.00	29,501.00
Cost of unissued Federal Reserve currency.....		12,915.48
Expenses paid in advance.....	2,878.74	2,127.12
Disbursements for Treasury Department (to be reimbursed).....	162,212.34	54,126.89
Due from other Federal Reserve Banks.....	4,948,934.00	13,247,610.72
Due from banks and bankers, also deferred debits to member banks.....	7,877,759.73	4,403,830.21
National banks notes and notes of other Federal Reserve Banks.....	375,135.00	169,361.00
Five per cent redemption fund for Federal Reserve bank notes.....	236,200.00	
Federal Reserve bank notes on hand.....	463,454.00	
Federal Reserve notes on hand.....	1,813,495.00	1,420,865.00
Mutilated Federal Reserve notes forwarded for redemption.....	340,195.00	171,000.00
Other lawful money.....	72,855.85	413,165.61
Gold certificates and gold coin.....	13,271,960.00	15,837,955.00
Gold held with foreign agency.....	233,154.97	2,100,000.00
Gold in settlement fund.....	23,774,414.92	19,486,500.00
Gold with Federal Reserve agent.....	55,868,410.00	32,909,950.00
Total.....	169,313,386.18	113,767,746.43
LIABILITIES.		
Capital.....	2,931,200.00	2,620,150.00
Surplus.....	726,371.82	
Profit and loss.....		75,137.13
Discount and interest unearned.....	153,102.02	94,280.60
Discount and premium on United States bonds.....	47,430.48	20,682.39
Reserve for franchise tax.....	688,871.82	
Reserved for sundry expenses.....	23,299.21	6,500.00
Government deposits.....	5,347,546.30	8,716,529.47
Cashiers' checks.....	367,634.47	31,488.47
Due to other Federal Reserve Banks.....	4,513,330.70	10,524,486.54
Due to member banks.....	51,126,389.36	40,603,711.83
Due to nonmember banks.....	29,800.00	68,810.00
Federal Reserve bank notes outstanding.....	4,632,000.00	
Federal Reserve notes outstanding.....	98,724,410.00	51,005,950.00
Total.....	169,313,386.18	113,767,746.43

PROFIT AND LOSS ACCOUNT, DEC. 31, 1918.

Gross earnings, Jan. 1, 1918, to Dec. 31, 1918.....	\$2,049,954.07
Less:	
Assessment for expenses Federal Reserve Board.....	\$14,116.77
Cost of Federal Reserve notes and Federal Reserve bank notes during year.....	125,021.66
Operating expenses.....	325,269.80
	464,408.23
Excess of earnings over current expenses.....	1,585,545.84
Less the following items charged off:	
Vault account.....	29,500.00
Reserved for abrasion on gold, etc.....	10,199.23
Dividends for period Jan. 1, 1918, to Dec. 31, 1918.....	168,102.97
Transferred to surplus.....	688,871.82
Transferred to account "Reserve for franchise tax".....	688,871.82
Total.....	1,585,545.84

SCHEDULE 2.—Gross earnings, by months.

	1918	1917		1918	1917
January.....	\$87,961.88	\$32,120.87	August.....	\$250,147.62	\$60,826.02
February.....	82,443.09	31,310.36	September.....	288,150.06	70,234.08
March.....	79,780.38	31,094.02	October.....	236,362.03	58,688.36
April.....	109,529.86	34,681.81	November.....	182,225.19	83,835.51
May.....	138,007.07	43,184.05	December.....	202,466.59	93,589.13
June.....	138,682.75	39,952.37			
July.....	231,197.55	49,421.86	Total.....	2,049,954.07	628,338.44

SCHEDULE 3.—Changes in discount rates.

	15 days.	30 days.	60 days.	90 days.	Over 90 days.	Trade acceptances.			Notes secured by Government bonds.			Collateral notes secured by Government bonds.	Collateral notes secured by various notes.
						15 days.	60 days.	90 days.	15 days.	60 days.	90 days.		
1918.	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>P. ct.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Jan. 1.....	4	4½	4½	5	5½	3½	3½	4	3½	4	4	3½	4
Apr. 11.....	4	4½	4½	5	5½	4	4½	4½	4	4½	4½	4	4½
Sept. 10.....	4½	4½	4½	5	5½	4½	4½	4½	4	4½	4½	4	4½

SCHEDULE 4.—Rediscount operations.

	Number of banks served.	Number of items received.	Total rediscounted, by months.
January.....	129	1,095	\$5,463,059.55
February.....	88	825	7,253,240.18
March.....	72	576	2,346,071.96
April.....	174	1,843	17,883,752.56
May.....	276	4,353	29,585,092.29
June.....	304	4,369	41,698,265.84
July.....	399	6,642	59,550,131.97
August.....	395	5,359	86,807,174.37
September.....	291	2,893	76,917,401.09
October.....	211	1,604	58,365,112.90
November.....	197	1,764	38,003,570.50
December.....	161	903	9,908,926.95
Total.....	580	32,226	433,791,800.07

SCHEDULE 4a.—Volume of rediscounts.

	Minne- sota.	North Dakota.	South Dakota.	Wiscon- sin.	Mon- tana.	Michi- gan.	Total.
Number of pieces rediscounted.....	15,963	5,070	4,999	1,205	4,649	340	32,228
Total amount rediscounted.....	\$358,768,785	\$17,518,176	\$31,766,675	\$10,284,681	\$11,794,375	\$3,659,108	\$433,791,800
Total amount, 1917.....	70,234,993	3,060,613	2,357,925	1,204,175	2,815,187	481,822	80,154,715
Total amount, 1916.....	4,284,590	527,890	768,393	157,801	215,893	27,501	5,982,068

SCHEDULE 5.—Collateral loans.

January.....	\$2,120,788	August.....	\$61,898,403
February.....	482,000	September.....	48,320,335
March.....	396,960	October.....	46,817,950
April.....	10,151,834	November.....	29,367,180
May.....	16,110,781	December.....	8,636,550
June.....	22,403,920	Total.....	276,916,603
July.....	39,209,995		

SCHEDULE 6.—Trade acceptances.

January.....	\$65,349	September.....	\$40,221
February.....	33,394	October.....	4,629
March.....	11,662	November.....	50,576
April.....	28,039	December.....	4,075
May.....	213,950	Total.....	793,371
July.....	246,619		
August.....	100,857		

SCHEDULE 7.—*Domestic acceptances bought.*

January.....		August.....	\$422,300.00
February.....	\$618,500.51	September.....	40,500.00
March.....	3,142,252.73	October.....	3,915,000.00
April.....	593,500.00	November.....	3,724,315.03
May.....	630,000.00	December.....	4,412,359.44
June.....	130,000.00	Total.....	17,730,727.71
July.....	130,000.00		

SCHEDULE 8.—*Total amount acceptances purchased in open market and from other Federal Reserve Banks.*

January.....		August.....	\$422,300.00
February.....	\$1,553,500.51	September.....	40,500.00
March.....	10,190,079.53	October.....	3,915,000.00
April.....	1,992,547.18	November.....	3,285,251.74
May.....	1,180,000.00	December.....	10,346,655.07
June.....	130,000.00	Total.....	139,167,834.03
July.....	130,000.00		

SCHEDULE 9.—*Rediscounts for other Federal Reserve Banks.*

Federal Reserve Bank of—			
Dallas.....			\$30,000,000
Boston.....			20,032,100
Philadelphia.....			15,005,355
Atlanta.....			5,000,000
Richmond.....			3,514,000
Total.....			73,551,455

¹ Exclusive of \$645,854 bought for our account by the Federal Reserve Bank of New York on December 31, 1918.

SCHEDULE 10.—United States certificates of indebtedness issued during the year 1918.

Date of issue.	\$25,000 and less.	Number of subscribers.	\$25,000 to \$50,000.	Number of subscribers.	\$50,000 to \$100,000.	Number of subscribers.	\$100,000 to \$250,000.	Number of subscribers.	\$250,000 to \$500,000.	Number of subscribers.	\$500,000 to \$1,000,000 and over.	Number of subscribers.	Total each issue.	Total subscribers each issue.
Jan. 2.....	\$826,500	45	\$610,000	13	\$765,000	9	\$1,478,500	8	\$800,000	2	\$750,000	1	\$5,230,000	128
Jan. 22.....	2,857,000	313	935,000	23	1,069,000	12	957,000	6	500,000	1	4,432,000	5	10,750,000	330
Feb. 8.....	6,949,000	1,154	1,759,000	43	1,032,000	11	695,000	4	310,000	1	4,255,000	5	15,000,000	1,220
Feb. 15.....	295,000	52	345,000	8	215,000	3			400,000	1		1	1,255,000	64
Feb. 27.....	8,200,000	1,352	1,999,500	50	1,810,000	22	830,500	5	315,000	1	3,845,000	6	17,000,000	1,436
Mar. 15.....	183,000	19	90,000	2	150,000	2	297,000	2					720,000	25
Mar. 20.....	8,763,000	1,376	2,611,000	63	1,646,500	20	1,020,000	6	1,108,000	3	851,500	1	16,000,000	1,469
Apr. 10.....	7,886,500	1,216	2,516,000	60	1,365,000	15	2,092,500	12	1,000,000	2	740,000	1	15,600,000	1,306
Apr. 15.....	104,000	10	50,000	1	117,500	2	578,500	3					850,000	16
Apr. 22.....	5,620,000	822	1,131,000	27	880,000	9	1,029,000	6	1,850,000	5	4,490,000	4	15,000,000	873
May 15.....	736,000	116	150,000	6	264,000	4	450,000	3					1,600,000	129
June 25.....	5,878,000	835	2,251,500	54	2,778,500	33	1,414,500	9	600,000	2	7,077,500	7	20,000,000	940
July 9.....	8,793,500	1,334	2,286,000	56	2,041,000	25	2,450,500	15	1,878,000	5	4,651,000	4	22,100,000	1,440
July 23.....	9,046,500	1,605	2,014,000	49	1,777,000	21	887,500	6	500,000	1	2,575,000	3	16,800,000	1,685
Aug. 6.....	7,238,500	1,289	1,635,500	41	1,494,500	18	891,500	6	300,000	1	700,000	1	12,260,000	1,356
Aug. 20.....	987,000	262	285,000	6	57,000	1			500,000	1			1,829,000	270
Sept. 3.....	9,652,000	1,501	2,367,500	60	1,510,500	17	520,000	3	400,000	1	2,750,000	2	17,200,000	1,584
Sept. 17.....	9,840,000	1,460	2,968,500	73	1,905,000	21	1,389,000	8	950,000	2	656,500	1	17,700,000	1,565
Oct. 1.....	10,833,500	1,504	3,759,500	90	2,399,000	28	209,000	1	1,300,000	3	3,008,000	3	21,500,000	1,629
Nov. 7.....	3,818,000	555	1,004,000	25	1,057,500	13	751,000	4	1,700,000	5	1,890,000	1	10,220,500	603
Dec. 5.....	12,263,000	1,731	2,010,500	36	3,041,000	12	3,619,000	28	1,101,000	4	3,265,500	5	24,500,000	1,816
Dec. 19.....	11,758,500	1,595	3,214,500	79	2,211,000	26	1,035,000	6	695,000	2	3,351,000	4	22,265,000	1,712
Total.....	132,528,500	20,196	35,193,000	867	29,586,000	325	22,577,000	111	16,207,000	43	49,288,000	54		

Total allotment, all groups..... \$285,379,500
 Total subscribers, all groups..... 21,626

SCHEDULE 11.—Government deposits for the year 1918.

	Deposits.	Withdrawals.	Balances.
Dec. 31, 1917.....			\$17,983,628.35
January.....	\$16,535,556.22	\$18,924,915.01	15,594,269.56
February.....	19,365,680.00	14,870,117.89	20,089,831.67
March.....	10,689,000.00	14,914,031.67	15,855,800.00
April.....	21,906,700.00	23,687,338.56	14,075,161.44
May.....	45,009,938.58	26,503,650.73	32,581,449.29
June.....	32,966,019.96	37,163,476.86	28,383,992.39
July.....	57,421,661.63	41,528,844.11	44,276,809.91
August.....	39,573,556.13	46,676,477.07	37,173,888.97
September.....	38,250,600.85	53,671,153.72	21,753,336.10
October.....	69,543,616.67	60,974,556.38	30,322,396.39
November.....	19,462,526.06	39,289,797.64	10,495,124.81
December.....	40,777,939.14	36,311,267.73	14,961,796.22
Total.....	411,493,795.24		

SCHEDULE 12.—Subscriptions to third Liberty loan.

	Number of subscribers.	Amount.
MICHIGAN.		
\$50 to \$10,000.....	62,898	\$9,004,930
\$10,050 to \$50,000.....	8	434,950
\$50,050 to \$100,000.....	0	0
\$100,050 to \$200,000.....	1	200,000
\$200,050 and over.....	0	0
	62,907	9,639,850
MINNESOTA.		
\$50 to \$10,000.....	594,250	\$2,481,350
\$10,050 to \$50,000.....	274	7,861,100
\$50,050 to \$100,000.....	38	3,168,350
\$100,050 to \$200,000.....	17	2,707,050
\$200,050 and over.....	6	200,225
	594,585	98,442,850
MONTANA.		
\$50 to \$10,000.....	112,992	\$14,109,560
\$10,050 to \$50,000.....	38	966,000
\$50,050 to \$100,000.....	3	285,000
\$100,050 to \$200,000.....	2	525,000
\$200,050 and over.....	3	1,750,000
	113,038	17,635,560
NORTH DAKOTA.		
\$50 to \$10,000.....	135,041	\$12,042,400
\$10,050 to \$50,000.....	3	60,000
\$50,050 to \$100,000.....	0	0
\$100,050 to \$200,000.....	0	0
\$200,050 and over.....	0	0
	135,044	12,102,400
SOUTH DAKOTA.		
\$50 to \$10,000.....	208,349	\$31,323,550
\$10,050 to \$50,000.....	4	68,500
\$50,050 to \$100,000.....	1	56,600
\$100,050 to \$200,000.....	0	0
\$200,050 and over.....	0	0
	208,354	31,448,650
WISCONSIN.		
\$50 to \$10,000.....	103,560	\$11,060,300
\$10,050 to \$50,000.....	7	240,500
\$50,050 to \$100,000.....	0	0
\$100,050 to \$200,000.....	0	0
\$200,050 and over.....	0	0
Miscellaneous subscriptions.....	103,567	11,300,800
	2,650	322,050
Grand total.....	1,220,145	180,892,100

SCHEDULE 13.—Subscriptions to fourth Liberty loan.

	Number of subscribers.	Amount.
MICHIGAN.		
\$50 to \$10,000.....	70,349	\$9,630,800
\$10,050 to \$50,000.....	44	1,033,000
\$50,050 to \$100,000.....	10	676,000
\$100,050 to \$200,000.....	6	975,000
\$200,050 and over.....	1	250,000
	70,410	12,564,800
MINNESOTA.		
\$50 to \$10,000.....	642,755	115,687,400
\$10,050 to \$50,000.....	138	8,930,850
\$50,050 to \$100,000.....	28	4,032,000
\$100,050 to \$200,000.....	20	2,990,000
\$200,050 and over.....	7	1,675,000
	642,948	133,315,250
MONTANA.		
\$50 to \$10,000.....	129,005	17,185,500
\$10,050 to \$50,000.....	94	5,303,550
\$50,050 to \$100,000.....	0	.....
\$100,050 to \$200,000.....	0	.....
\$200,050 and over.....	0	.....
	129,099	22,489,050
NORTH DAKOTA.		
\$50 to \$10,000.....	169,083	21,472,800
\$10,050 to \$50,000.....	7	124,650
\$50,050 to \$100,000.....	1	60,000
\$100,050 to \$200,000.....	0	.....
\$200,050 and over.....	0	.....
	169,091	21,657,450
SOUTH DAKOTA.		
\$50 to \$10,000.....	188,955	36,342,500
\$10,050 to \$50,000.....	16	318,350
\$50,050 to \$100,000.....	2	155,000
\$100,050 to \$200,000.....	0	.....
\$200,050 and over.....	0	.....
	188,973	36,815,850
WISCONSIN.		
\$50 to \$10,000.....	101,329	15,103,650
\$10,050 to \$50,000.....	6	100,000
\$50,050 to \$100,000.....	0	.....
\$100,050 to \$200,000.....	0	.....
\$200,050 and over.....	0	.....
	101,336	15,203,650
Grand total.....	1,301,856	242,046,050

SCHEDULE 14.—Fiscal agent's department.

BOND ISSUES DURING YEAR 1918.

	Quota.	Subscription.	Allotments.	Paid on allotment.	Balance due.
Third Liberty loan.....	\$105,000,000	\$180,892,100	\$180,892,100	\$180,877,457.50	\$14,642.50
Fourth Liberty loan.....	210,000,000	242,046,050	242,046,050	197,034,125.87	45,011,924.13

SCHEDULE 14.—*Fiscal agent's department*—Continued.

BONDS RECEIVED FOR CONVERSION.

3½ PER CENT FIRST LIBERTY LOAN COUPON BONDS.

Denomination.	Number of pieces.	Amount.
\$50.....	610	\$30,500
\$100.....	453	45,300
\$500.....	55	27,500
\$1,000.....	23	23,000
	1,147	129,300

3½ PER CENT FIRST LIBERTY LOAN REGISTERED BONDS.

\$50.....		
\$100.....	153	\$15,300
\$500.....	27	13,500
\$1,000.....	13	13,000
	210	48,000

4 PER CENT FIRST LIBERTY LOAN CONVERTED COUPON BONDS.

\$50.....	13,219	\$660,950
\$100.....	11,097	1,109,700
\$500.....	1,581	790,500
\$1,000.....	1,817	1,817,000
\$5,000.....	24	120,000
\$10,000.....	8	80,000
	27,746	4,578,150

4 PER CENT FIRST LIBERTY LOAN CONVERTED REGISTERED BONDS.

\$50.....	9	\$450
\$100.....	907	90,700
\$500.....	257	128,500
\$1,000.....	271	271,000
\$5,000.....	35	175,000
\$10,000.....	27	270,000
\$50,000.....	1	50,000
	1,397	985,650

4 PER CENT SECOND LIBERTY LOAN COUPON BONDS.

\$50.....	100,236	\$5,011,300
\$100.....	77,288	7,728,800
\$500.....	11,312	5,656,000
\$1,000.....	16,335	16,335,000
\$5,000.....	1,007	5,035,000
\$10,000.....	463	4,630,000
	206,951	41,659,100

4 PER CENT SECOND LIBERTY LOAN REGISTERED BONDS.

\$50.....	1,134	\$56,700
\$100.....	4,637	460,700
\$500.....	1,200	600,000
\$1,000.....	1,425	1,425,000
\$5,000.....	106	530,000
\$10,000.....	106	1,060,000
\$50,000.....	12	630,000
	8,590	4,732,400

SCHEDULE 15.—*Bonds delivered to Jan. 1, 1919.*

THIRD LIBERTY LOAN COUPON BONDS.

Denomination.	Number of pieces.	Amount.
\$50.....	804,011	\$40,200,550
\$100.....	564,291	56,429,100
\$500.....	36,421	18,210,500
\$1,000.....	27,727	27,727,000
\$5,000.....	1,390	6,950,000
\$10,000.....	1,138	11,380,000
	1,434,978	160,897,150

THIRD LIBERTY LOAN REGISTERED BONDS.

\$50.....	28,919	\$1,445,950
\$100.....	59,727	5,972,700
\$500.....	7,970	3,985,000
\$1,000.....	3,494	3,494,000
\$5,000.....	196	980,000
\$10,000.....	180	1,800,000
\$50,000.....	22	1,100,000
\$100,000.....	12	1,200,000
	100,520	19,977,650

4½ PER CENT SECOND LIBERTY LOAN CONVERTED COUPON BONDS.

\$50.....	70,074	\$3,503,700
\$100.....	65,157	6,515,700
\$500.....	11,097	5,548,500
\$1,000.....	16,371	16,371,000
\$5,000.....	993	4,965,000
\$10,000.....	740	7,400,000
	164,432	44,303,900

4½ PER CENT SECOND LIBERTY LOAN CONVERTED REGISTERED BONDS.

\$50.....	588	\$29,400
\$100.....	2,522	252,200
\$500.....	594	297,000
\$1,000.....	600	600,000
\$5,000.....	72	360,000
\$10,000.....	61	610,000
\$50,000.....	11	550,000
	4,448	2,698,600

4½ PER CENT FIRST LIBERTY LOAN CONVERTED COUPON BONDS.

\$50.....	10,379	\$518,950
\$100.....	10,245	1,024,500
\$500.....	1,619	809,500
\$1,000.....	1,859	1,859,000
\$5,000.....	50	250,000
\$10,000.....	21	210,000
	24,173	4,671,950

4½ PER CENT FIRST LIBERTY LOAN CONVERTED REGISTERED BONDS.

\$50.....	28	\$1,400
\$100.....	382	38,200
\$500.....	139	69,500
\$1,000.....	99	99,000
\$5,000.....	20	100,000
\$10,000.....	11	110,000
\$50,000.....	1	50,000
	680	468,100

SCHEDULE 15.—*Bonds delivered to Jan. 1, 1919*—Continued.

FOURTH LIBERTY LOAN COUPON BONDS.

Denomination.	Number of pieces.	Amount.
\$50.....	471,134	\$23,556,700
\$100.....	483,695	48,369,500
\$500.....	34,185	17,092,500
\$1,000.....	21,703	21,703,000
\$5,000.....	1,048	5,240,000
\$10,000.....	782	7,820,000
	1,012,547	123,781,700

FOURTH LIBERTY LOAN REGISTERED BONDS.

\$50.....	6,824	\$341,200
\$100.....	19,343	1,934,300
\$500.....	2,752	1,376,000
\$1,000.....	1,101	1,101,000
\$5,000.....	38	190,000
\$10,000.....	35	350,000
\$50,000.....	2	100,000
\$100,000.....	3	300,000
	30,068	5,692,500

SCHEDULE 16.—*War-savings and thrift stamps sales, 1918, through Federal Reserve Bank*

[Does not include sales made through post offices.]

States.	War-savings certificate stamps.	Thrift stamps.	Total.
Michigan.....	\$185,981.36	\$39,783.75	\$225,765.11
Minnesota.....	7,935,024.27	277,499.25	8,212,523.52
Montana.....	340,565.08	25,470.50	366,025.58
North Dakota.....	1,806,191.50	57,286.50	1,863,478.00
South Dakota.....	2,863,364.94	71,151.50	2,934,526.44
Wisconsin.....	994,507.59	17,994.00	1,012,501.59
Total.....	14,125,634.74	489,185.50	14,614,820.24

SCHEDULE 17.—Clearing statistics.

Date.	Clearings.			Member and nonmember.			Other Reserve Banks.			Treasurer of United States.			Service charge, out-of-town checks, 1½ cents, equal to cost per \$1,000.	Average number of remittance letters sent out daily.
	Average number daily.	Average amount daily.	Average amount per item.	Average number daily.	Average amount daily.	Average amount per item.	Average number daily.	Average amount daily.	Average amount per item.	Average number daily.	Average amount daily.	Average amount per item.		
1918.														
January.....	2,523	\$2,016,545.19	\$799.19	12,001	\$1,144,049.35	\$95.32	941	\$1,681,757.84	\$1,785.59	333	\$116,697.28	\$304.60	6.87	1,168
February.....	2,905	2,049,157.27	705.36	12,634	1,092,140.50	86.44	917	1,520,402.83	1,656.54	374	101,611.88	271.35	7.78	1,178
March.....	2,679	2,301,458.51	859.02	13,494	1,298,306.79	96.20	900	1,709,249.55	1,898.74	314	84,815.31	269.33	7.17	1,187
April.....	2,475	2,546,030.53	1,028.46	13,610	1,323,337.51	97.23	915	1,370,766.97	1,411.74	503	80,071.73	159.13	8.08	1,194
May.....	2,471	3,141,597.83	1,271.13	13,384	1,453,107.35	108.57	831	1,373,778.50	1,558.66	640	101,065.07	157.83	7.57	1,204
June.....	2,566	3,189,590.78	1,243.12	14,369	1,586,266.69	110.39	839	1,070,638.15	1,204.69	607	147,405.16	242.73	8.76	1,505
July.....	2,628	3,329,507.81	1,266.63	15,021	1,634,854.68	108.83	887	1,284,582.84	1,447.98	700	173,169.27	252.38	8.17	1,320
August.....	2,727	3,203,404.01	1,174.61	14,647	1,517,254.45	103.58	840	1,549,409.96	1,842.91	537	171,725.79	319.69	7.57	1,285
September.....	2,739	4,296,502.96	1,568.35	16,949	1,888,957.26	111.46	923	2,203,850.99	2,385.76	778	258,927.59	332.74	6.54	1,304
October.....	2,929	6,444,237.72	2,199.81	19,176	2,408,504.74	125.59	1,008	2,243,054.49	2,223.94	1,067	246,587.07	231.03	6.50	1,323
November.....	3,421	4,591,089.83	1,341.81	19,866	2,153,981.11	108.42	969	1,538,309.28	1,536.77	1,200	306,605.81	356.41	8.46	1,364
December.....	3,883	5,065,776.96	1,304.37	21,549	2,290,878.99	106.30	1,150	1,850,833.48	1,609.14	1,274	291,127.90	228.37	8.22	1,379

Date.	Clearings.		Member and nonmember.		Other Reserve Banks.		Direct to members of other districts.		Treasurer of United States.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1918.										
January.....	65,604	\$32,430,175.17	312,028	\$29,745,283.32	24,260	\$41,663,468.82	228	\$2,062,235.17	9,961	\$3,034,129.37
February.....	63,912	45,081,460.12	277,950	24,027,091.10	19,969	31,587,524.80	223	1,861,337.56	8,238	2,235,461.49
March.....	66,979	37,536,462.96	337,364	32,457,669.75	22,176	40,544,759.83	329	2,186,479.04	7,873	2,120,382.92
April.....	64,356	66,196,793.97	353,868	34,406,775.47	23,449	33,102,019.82	362	2,537,921.55	13,089	2,081,865.10
May.....	64,259	81,681,543.77	347,985	37,780,791.12	22,502	32,233,712.41	414	3,484,528.65	16,649	2,627,691.93
June.....	64,145	79,739,769.61	359,215	39,655,167.46	21,943	24,289,141.17	275	2,476,812.76	15,182	3,685,129.91
July.....	68,344	86,567,205.19	390,563	42,506,221.83	22,780	30,645,875.97	286	2,753,277.89	18,200	4,502,401.02
August.....	73,631	86,491,908.46	395,490	40,965,870.32	22,540	40,052,806.71	160	1,781,262.31	14,503	4,636,596.51
September.....	65,748	103,116,071.08	406,795	45,344,974.44	22,448	51,163,770.37	122	1,728,653.60	18,676	6,214,262.28
October.....	79,095	173,984,418.64	517,767	65,029,628.20	27,034	57,793,454.50	198	2,769,016.73	28,818	6,657,850.92
November.....	82,117	110,186,156.12	476,802	51,695,546.78	23,110	34,820,549.34	157	2,098,873.60	11,493	7,358,539.62
December.....	97,092	126,644,424.04	538,743	57,271,974.96	28,580	44,100,510.84	175	2,170,326.33	31,869	7,278,197.39
Total.....	855,285	1,069,666,389.13	4,714,570	500,886,904.75	280,391	461,997,594.58	2,929	27,910,725.20	194,551	52,432,508.66

Grand total of items, 6,047,726. Grand total of amounts, \$2,112,394,212.32.

SCHEDULE 18.—Federal Reserve notes issued by agent during 1913.

Fives (new).....	\$11,763,000
Tens (new).....	24,280,000
Twenties (new).....	13,640,000
Fifties (new).....	1,033,000
Hundreds (new).....	1,430,000
Total (new).....	57,140,000

	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
Held in subtreasury at Chicago.	\$5,200,000	\$1,960,000	\$1,840,000	\$200,000	\$300,000	\$10,000,000
Held at Washington (prepared) or in transit.....	8,160,000	1,360,000	8,720,000	1,800,000	1,200,000	21,240,000
Being printed at Washington.....	5,040,000	7,240,000	9,600,000		400,000	22,280,000
						53,520,000
\$1,000 bills being printed at Washington.....						6,000,000
						59,520,000

SCHEDULE 19.—Federal Reserve Bank notes.

CIRCULATION ACCOUNT CLOSE OF BUSINESS DEC. 31, 1913.

	Ones.	Twos.	Fives.	Total.
Received from comptroller.....	\$2,820,000	\$992,000	\$320,000	\$4,632,000
On hand.....	265,902	75,952	121,600	463,454
In circulation.....	2,554,098	916,048	698,400	4,168,546

UNITED STATES SECURITIES WITH TREASURER UNITED STATES TO SECURE CIRCULATION

One-year Treasury notes, 3 per cent.....	\$530,000
United States certificates of indebtedness, 2 per cent.....	4,330,000
	4,860,000

SCHEDULE 20.—Gold holdings of the bank and the Federal Reserve agent, close of business Dec. 31, 1918, as compared to close of business Dec. 31, 1917.

	Bank, 1918.	Bank, 1917.
Gold coin.....	\$2,172,390	\$6,689,000
Gold certificates.....	6,150,720	8,271,000
Sterling gold account.....	233,155	2,100,000
Gold settlement fund.....	23,774,411	19,486,000
Gold redemption fund.....	4,948,850	878,000
Total.....	37,279,529	37,424,000
	Agent, 1918.	Agent, 1917.
Gold coin.....	\$3,000,000	\$3,000,000
Gold certificates.....	10,052,000	10,102,000
Gold settlement fund.....	40,800,000	18,500,000
Gold redemption fund.....	2,015,410	1,308,000
Total.....	55,868,410	32,910,000
Grand total.....	93,147,939	70,334,000

Average balance in gold settlement fund of bank during 1918.....	\$15,998,000
Average balance in gold settlement fund of agent during 1918.....	39,300,000

DISTRICT NO. 10—KANSAS CITY.

ASA E. RAMSAY, Chairman and Federal Reserve Agent.

FINANCIAL RESULTS OF OPERATION.

At the beginning of the year 1918 undistributed earnings were shown amounting to \$295,759.08. At that time unpaid dividends had accumulated for the latter half of the year 1917, and some depreciation existed in the holdings of United States bonds; consequently no distribution was made.

Gross earnings for the year 1918, as shown in Schedule 1, which is appended hereto, were \$3,451,936.13. Current expenses as reflected by Schedule 1 were \$689,228.11, leaving net earnings for the year of \$2,762,708.02. This, together with undistributed earnings on hand at the beginning of the year, left \$3,058,467.10 available for distribution. The depreciation charge of \$100,000 against banking premises recently acquired, \$6,577.14 miscellaneous depreciation items, and \$220,734 set aside as reserve for depreciation on United States bonds left a net amount available for dividends, surplus, and franchise taxes of \$2,731,155.96.

Dividends paid for the period July 1, 1917, to December 31, 1918, amounted to \$309,729.25; \$1,210,713.35 was carried to surplus fund and an equivalent amount set aside in reserve for franchise tax.

Reference is made to Schedule 3 for the 1918 balance sheet as of December 31, 1918, as compared to those for December 31, 1917, 1916, and 1915.

GENERAL BUSINESS AND BANKING CONDITIONS.

Business and banking in 1918 responded to war-time requirements, although handicapped by acute labor shortage, a season of hot and dry weather at midsummer, and an epidemic of Spanish influenza at the end of the year. As a producer of food and other war essentials, the problem for the Tenth Federal Reserve District was that of bringing production up to market demands, while for the bankers the task was that of providing a sound money market with a plentiful supply of loanable funds at favorable rates of interest for the proper financing of production and movement to markets.

How the district met current requirements may be judged by the annual reports, which show that, all in all, 1918 was the high

record business and banking year of history. The bank clearings of the 15 clearing-house cities of the district, which may be taken as an index to the volume of business, show banking transactions aggregating approximately \$17,000,000,000, or about \$4,000,000,000 more than the aggregate of transactions in 1917.

The district in 1918 sent to its six market cities approximately 26,288,000 meat animals, as against 22,847,000 in 1917, the increase being 1,055,000 cattle, 2,104,000 hogs, and 281,000 sheep, which enabled the meat-packing plants to turn out by far their largest volume of products in any twelve-month period. In spite of a long season of dry weather, which cut down the corn crop to less than 50 per cent of normal, and also affected other crops, the year brought to the six markets of the district the largest movement of grains and foods in any one year. It was also the year of greatest production of coal, lead, zinc, petroleum and by-products, but the poorest year in 20 in gold and silver mining. The volume of mercantile trade was larger than in any other year, despite the fact that dealers were restricted at times by a shortage of stocks. Manufacturing industries, save those engaged in producing nonessentials or in work that could wait until after the war, were operated on as high a plane of productive efficiency as was possible under existing conditions.

The calling of some 400,000 young men from the district to the colors and the taking of many other thousands of men for work in munitions plants, shipyards, and other war activities were responsible for the great shortage of man power. Efforts to relieve this situation by shifting men from nonessential to essential employment were only partly successful. Wage increases were readily granted by employers to meet the high cost of living until the wage scale reached the highest level ever known in the district. A few local strikes occurred, but all were settled by arbitration or through the War Labor Board with the exception of a strike of street railway employees in Kansas City.

Under these conditions production was maintained on a war-winning basis through the year until in late autumn the influenza epidemic prostrated many thousands of wage earners and their families and caused a slump in productive activity.

The vast volume of business which was recorded for 1918 naturally opened up new and larger problems for bankers and called for business and crop financing on a larger scale than anything before attempted. There was at all times of the year plenty of money available for all legitimate business and at no time was the rate increased to check re-discounting made necessary by the unusually high level of prices on all products and the further fact that merchants' and manufacturers' stocks and labor called for vastly more money than ever before to keep business moving. Therefore, the only restrictions laid upon business were physical rather than financial.

DISCOUNT OPERATIONS.

The credit transactions of the Federal Reserve Bank of Kansas City represented by advances to member banks for the year 1918 far exceeded previous years, as may be observed in detail from Schedule 4 appended to this report. This result has been due to two primary causes—the demand on the part of member banks growing out of cooperation with Government war financing, and the larger needs of commercial banks to supply productive enterprises, occasioned by increased costs and higher standard of values. The discount operations, directly and indirectly incident to the cooperation of banks in war financing, have overshadowed the purely commercial credit transactions, although the latter activities have shown a marked increase in volume, as is exhibited by Schedule 4. This schedule provides full classified record and detailed information covering the discount transactions for 1918, which aggregate over \$833,000,000, as compared with \$237,000,000 of the previous year, all classes of paper showing increased lines.

The purely rediscount operations have been almost altogether representative of “commercial paper” transactions, the proportion of bills discounted secured by war obligations being small. These credit instruments, however, were in turn representative of war conditions in that the enterprises financed were in most cases of a character contributory to the winning of the war; essential war industries had, in large measure, the first call on the commercial bankers of the district; and the volume in dollars and cents was augmented by war-time values. Notwithstanding these facts, the commercial paper transactions reflect the business activities of the district within the period because this territory is a producing section, providing for the market at all times commodities essential in times of peace and more especially when war exists.

For practical purposes the credit advances styled “member banks’ collateral notes secured by Government war obligations” are the index of the extent to which discount operations based upon Liberty loan bonds and certificates were conducted. In this section local conditions make the 15-day paper undesirable for general use commercially, and the operations of the Federal Reserve Bank of Kansas City in this class of paper were, in a large measure, confined to direct assistance to commercial banks based upon war obligations. It will be observed from Schedule 4 of the appendix that the aggregate transactions represented by advances on account of war obligations amounted to almost \$500,000,000 within the year, and multiplied several times the experience of the previous year. Demands of this character from commercial banks have fluctuated as immediate needs recurred and declined, and the discount facility has helped materially to supply expeditiously and with equitable proportion from this district the funds required by the Government.

TRADE ACCEPTANCES.

While the use of the trade acceptance has not grown to any considerable extent in this district, transactions in this class of paper are occurring more frequently. The trade acceptance is not altogether unknown in the credit instrument field of this section, but the offerings submitted to this bank are mainly representative of the production and sale of oil, or in some cases of the cotton industry, rather than of changed methods on the part of the mercantile establishments growing out of the educational program of credit men and large wholesale and industrial concerns.

ACCEPTANCES.

The acceptance in its true character is not generally used in the business activities of the Kansas City district. There are exceptional occasions promoting inquiries from time to time in particular lines of industry, and in a few instances the adoption of the bankers' acceptances covering domestic transactions of larger concerns in this territory. The volume of bankers' acceptances originating within the tenth district has been proportionately small, but the number of transactions representing the offering of this class of paper by local member banks is showing some increase.

The management of the Kansas City Bank has continued its policy of participating from time to time in open-market acceptance transactions, both foreign and domestic, with the Federal Reserve Bank of New York, and periodically with the Federal Reserve Bank of Boston. When local demand requires the conserving of reserve funds, these purchases are discontinued. Schedule 5 provides a record of open-market transactions in bankers' acceptances.

RESERVE POSITION.

The average reserve for the year 1918 has at all times been considerably in excess of the legal requirements, although reduced from the 1917 record, as indicated by Schedule 9, the yearly average for 1918 being 55 per cent as compared with 70 per cent for 1917. This was a natural consequence of increased operations and heavier demands, which have been handled expeditiously and met promptly. Large credit lines requested by a limited number of banks at certain seasons of heavy demand have caused a temporary decline from the general average reserve status.

MOVEMENT OF MEMBERSHIP.

During the past year there was a net increase of 33 member banks within the district, the membership now being 994, of which 239 are within the Omaha branch district and 139 are served by the Denver branch.

Within the year 23 national-bank charters were granted in this district, which, with eight consolidations and liquidations, made a net increase of 15 national-bank members.

In 1915 but one trust company and two State banks applied for and were granted membership in this institution and no State-bank members were added in 1916. At the end of 1917 two trust companies and seven State banks located in four States were enrolled as members, Oklahoma, New Mexico, and Wyoming being without a State-bank or trust-company member of District No. 10.

Four Oklahoma State banks became members of the Federal Reserve Bank of Kansas City in 1918, including the largest State bank of that State. New Mexico added one State-bank member to this district and another application is pending at the close of the year. In Wyoming, the only State not now represented, the laws are unfavorable to the membership of State banks, and it is hoped that the coming legislature will pass necessary amendments to the State banking laws. Seven State banks from Nebraska, one State bank and one trust company, both of Denver, Colo., were added, which new memberships were undoubtedly due to the opening of the branch bank at Denver and the operation of the branch bank at Omaha. With two new members added from Kansas and two from Missouri, 18 State banks and trust companies in this district joined the Federal Reserve system in 1918.

Since the organization of the Federal Reserve system there never has been a failure of a member bank in this district. Reference is made to the movement of membership for the past year in Schedule 10 of this report.

RELATIONS WITH NATIONAL BANK MEMBERS.

The cordial relation with executive heads of member banks has been strengthened by the activities of the past year. The strength of the system, the necessity for its facilities, and the direct benefit and protection of financial interests has been demonstrated to the individual banker in his own transactions. The measure of cooperation resulting in a practical way has been noticeably distinguished from any mere support based upon theory or principle. The operation of this institution in all its functions has, in the main, been conducted with the support and encouragement of the member banks. There continue to be cases of neglect to maintain proper reserve balances, as exhibited by the appendix, notwithstanding the penalties assessed, based upon a progressive rate in effect during the year 1918. The necessity to maintain these balances intact at all times is being brought home to delinquent member bankers by conference and correspondence, in addition to the corrective feature of the penalty assessment.

It has been the policy of the directors and officers of this bank to accord to members every facility and service which can be consistently given, even to the extent of absorbing incidental costs where practicable. This policy has gone far toward producing a more thorough understanding on the part of members that the privileges of membership in a practical way, and in addition to the general benefits, are as marked as its obligations.

With a larger number of banks availing themselves of the discount facilities, and with the greater volume of transactions, there has been a wider opportunity to clearly define eligible paper and to influence the preparation of credit instruments in the district along lines which will more clearly distinguish liquidity, security, eligibility, and essential credits.

The opportunity afforded this bank within the year 1918 to extend aid to sections of the district where drought conditions affected the productivity thereof, and taxed worthy financial institutions, has also strengthened the relations with banks of those sections.

The directors and officers of this bank have given serious consideration to a condition attending increasing discount operations where member bankers, in some instances, have apparently been prompted by profit considerations to use the facilities of the Federal Reserve Bank as an outlet for paper sought by them at a higher rate from sources not naturally tributary to their banks. Provisions have been made to discourage and control this practice.

FIDUCIARY POWERS.

From the time of the establishment of the Federal Reserve system to the close of the year 1918, 64 national banks in this district were granted permission by the Federal Reserve Board to act as trustee, executor, administrator, and registrar of stocks and bonds, under section 11 (k) of the Federal Reserve Act, and two national banks were granted these powers, together with additional powers under the amended act approved September 26, 1918. Of the banks granted fiduciary powers 20 are located in Colorado, 11 in Kansas, 9 in Missouri, 8 in Nebraska, 1 in New Mexico, 8 in Oklahoma, and 9 in Wyoming. Sixteen of these applications were granted during the year 1918.

Since the passage of the Phelan Act, which gives other fiduciary powers to national banks, more interest in the granting of these powers is indicated by recent inquiries. However, but two banks granted fiduciary powers under the former act have made application for the additional powers under the amended law.

RELATIONS WITH STATE BANKS AND TRUST COMPANIES.

The relations of this bank with State institutions have been very cordial since it was authorized to accept from member banks paper

discounted with them by nonmember banks when secured by Liberty bonds or certificates of indebtedness, and it has received splendid cooperation from State institutions in all matters wherein the banks generally were called upon to assist in financing the Government's needs for war purposes. When the appeal was made to banks to send their gold coin and gold certificates to the Federal Reserve Bank the State institutions responded very liberally.

More than 2,000 nonmember banks in this district are clearing at par the items of this bank, and there has been more than \$2,000,000 redeposited by the fiscal agency with 262 nonmember banks. While the length of time these funds remained on deposit with nonmember banks was not long, yet it was the means of bringing the Federal Reserve Bank and the State institutions into closer contact, and they are more impressed now with the real service which the Federal Reserve Bank can perform for them than ever before, and it is believed that as soon as the various legislatures amend their banking laws to permit State institutions which become members of the Federal Reserve system to operate on the same reserves as national banks, membership will be materially increased.

The bank has been very liberal in handling the bills receivable of State banks and trust companies when offered by member banks where it was reasonably sure that the agricultural, industrial, or commercial interests of the communities represented by the notes were in need of the proceeds, but it has not hesitated to return such paper when it was apparent that the member bank offering it had taken it solely for the profit resulting between the Federal Reserve Bank's rate and the rate at which it discounted it.

It has not been felt necessary to examine any State bank member for the reason that the various States of this district have well-organized banking departments and competent examiners. The bank commissioners of three of the States in this district are requiring the examiners to use the forms approved by the Federal Reserve Board for the examination of State bank members; the others state that it would entail considerable cost to change their office records to conform to these forms, but express the hope that in the near future arrangements can be made whereby the examination of all banking institutions will be uniform, and we have the assurance of their cooperation to this end later on. The bank commissioners of all the States in this district permit the State bank members to count their balances with the Federal Reserve Bank as a part of their legal reserves.

FISCAL AGENCY OPERATIONS.

The Government's requirements for war activities during the year 1918 met with commendable response from the citizens of the district.

With the exception of the sale of war-savings stamps, over which the governors of the Federal Reserve Banks were not requested to take jurisdiction until practically the close of the year, other Government securities have been sold by campaigns conducted by a central organization, organized and conducted under the direct supervision of the governor's office of the Federal Reserve Bank.

Treasury certificates of indebtedness anticipatory of the third Liberty loan were sold in the district in the amount of \$128,524,500, against aggregate quotas assigned by the Treasury Department of \$116,000,000. Schedule 19, appended hereto, reflects the distribution. Certificates anticipatory of the fourth loan was sold in the district in the amount of \$176,866,000, against aggregate quotas assigned by the Treasury Department of \$164,000,000. Schedule 20, appended hereto, reflects the distribution.

Practically all of the large banking institutions and a great number of the smaller ones throughout the district qualified as special Government depositories for war loan deposits, and a large percentage of payments for certificates and bond sales was made through this medium, as is reflected by Schedules 21, 22, 23, 26, and 27.

Many qualified depositories expressed disappointment on account of the very rapid withdrawals of funds, notwithstanding repeated advices to them that this method of payment was only an expedient resorted to for the purpose of affording temporary relief of short duration, opportunity thus being given to make preparation for the required payments.

The Liberty loans were placed through the same central organization handling other Government securities, under the direction of the governor's office of the Federal Reserve Bank. State campaign organizations were formed, each State being subdivided into districts containing a number of counties, varying as to conditions and transportation facilities.

Sales of bonds of the third loan were made in amount of \$204,092,800, against quota assigned by the Treasury Department of \$130,000,000. Sales of bonds of the fourth loan were made in amount of \$295,951,450, against quota assigned by the Treasury Department of \$260,000,000. The distribution, as will be seen from Schedules 24 and 25, appended hereto, is very gratifying. Of the entire population of the district, 16 per cent subscribed to the third loan and 17.6 per cent to the fourth loan.

In addition to the sale and delivery of bonds of the third and fourth loans aggregating \$500,044,250, approximately 100,000 requests for conversion have been handled during the year, more than 450,000 bonds having been surrendered, aggregating an amount in excess of \$125,000,000, and exchanges of bonds have been made in an aggregate amount of \$11,500,000.

The Federal Reserve Bank was not impressed in the selling campaigns for war-savings stamps until practically the close of the year. It served as custodian and redemption agent principally, and in this connection the Federal Reserve Bank of Kansas City sold and delivered war-savings stamps and thrift stamps (not including stamps in the hands of agents of the second class) as follows: 7,184,213 war-savings stamps, maturity value, \$35,921,065; 3,031,028 thrift stamps, maturity value, \$757,757.

A postal substation is conducted in the fiscal agency department of the bank and has proven to be a great convenience. The total number of registered shipments handled during the year for the department proper was 104,746, in addition to which the station handled for the general public a total of 2,139 C. O. D. and insured packages and made sales of stamps aggregating \$28,753.03.

The War Finance Corporation established a cattle loan agency at Kansas City in October to serve Federal Reserve Districts Nos. 8, 9, 10, and 12. Operating details were consummated early in November and were discontinued in December. Ninety-two applications for loans, aggregating \$4,799,696.58, were considered, of which 19, aggregating \$1,765,187.94, were approved.

The district committee on capital issues had constantly before it about 200 applications, aggregating probably \$20,000,000, due to the rapid development of the oil, gas, and mining industries of the district. This large number of applications coming before the committee required semiweekly meetings. The aggregate amount of applications refused and discouraged was about \$500,000,000.

FEDERAL RESERVE NOTES.

The circulation of Federal Reserve notes at the end of 1918 was more than double the amount outstanding at the end of 1917. At the close of 1918 this bank had received from the Comptroller of the Currency Federal Reserve notes to the amount of \$155,700,000, of which \$76,960,000 were received during the past year, an increase of practically 50 per cent over 1917.

Immediately following this bank's general letter of October 24, 1918, in which it advised member banks of its policy to absorb costs incidental to shipments of currency, there was a very free movement of Federal Reserve notes to the Federal Reserve Bank. Of the notes received there was a sufficient amount fit for circulation to more than offset shipment demands. Between the dates of October 25, 1918, and December 11, 1918, no notes were delivered to the bank proper. During the year, however, only \$1,660,000 in notes was returned by the bank to the agent, as compared with a total amount of \$10,435,000 withdrawn from actual circulation in the same manner during the previous year.

In addition to keeping the customary supply of approximately

and Washington, a supply of \$5,000,000 of Federal Reserve notes is constantly maintained with the Denver mint for the convenience of the Denver branch. Detailed statements with reference to Federal Reserve notes, including the issuance, redemption, and expense, are to be found in Schedules 13, 14, 15, and 16 of this report.

FEDERAL RESERVE BANK NOTES.

The demand for \$1 and \$2 bills since the call for retirement of \$1 and \$2 silver certificates has been met in this district by the issuance of Federal Reserve bank notes secured by one-year United States certificates of indebtedness. At the close of the year the bank had an actual outstanding Federal Reserve bank note circulation of \$11,448,481, which includes \$8,000,000 in circulation at the close of 1917.

POSITION OF COMMERCIAL BANKS AS A RESULT OF WAR FINANCING.

The comparative statements at the close of this year and last exhibited in schedules accompanying this report reflect a showing of member banks' obligations which may be taken as a general index to extension of credits throughout the district incidental to war financing and accentuated by the prevailing high prices of commodities. It is impractical to obtain accurate information as to the amount of credits directly attributable to war financing, as many obligations of customers to commercial banks are the result of customers' purchases of Government securities, and, unless loans are secured by the securities purchased, reports from banks will not indicate the true nature of the loan.

War financing has had the effect of narrowing the market for commercial paper in the district due to two related causes—first, the diversion of funds to loans to customers for purchasing Government securities, and second, the outside markets for cattle paper emanating from this district have been somewhat narrowed, making it necessary for the district to absorb larger amounts of its own paper than has generally been the custom heretofore.

General business conditions throughout the year have been good. The fact that the district is principally agricultural and live-stock producing, both of which are classed as imperative war necessities, resulted in increased production at higher prices. The industries of the cities were largely diverted to war contracts, and while this business may be said to be comparatively small in volume, the enterprises have been satisfactorily profitable.

POLICY TO BE PURSUED IN RESTORING LIQUIDITY OF BANKS.

The winter wheat crop to be marketed in the spring and the cattle which will come on the market at that time will have a tendency to ease the situation to some extent, but this will be largely offset by the fifth Liberty loan to be sold at that time. With fair crops, a considerable liquidation should be possible in the fall of 1919.

The policy of the Federal Reserve Bank must obviously be liberal in necessary conditions, but interest rates should be held firm and incline upward in order to prevent the already apparent tendency for banks to extend themselves imprudently for new business and profits.

With the Government guaranty of price for wheat and the abnormally large acreage which has been seeded, and with the present ideal weather conditions, the feeling is justified that next year should help materially in restoring the liquidity of banks in this district.

OPERATIONS OF FEDERAL RESERVE BANK BRANCHES.

Two branches of the Federal Reserve Bank of Kansas City are in operation, located, respectively, at Omaha, Nebr., and Denver, Colo. The Omaha branch began active business in September, 1917, and the Denver branch within the year 1918. The volume of business transacted at each of these points indicates that the service provided for member banks in the territory tributary to each has been of value to these respective territories. The member banks in both sub-districts have accorded the branches hearty support during the year, and have in turn benefited by increased and more accessible facilities.

All current and ordinary transactions for member banks in the States of Nebraska and Wyoming are handled at Omaha, and those for member banks in the States of Colorado and that portion of New Mexico within the tenth district are handled at Denver.

The operation of the branches is under the direct control and supervision of the head office, and reports are made daily, or less frequently, as the nature of the transactions requires, to the head office for approval. The policies formulated by the management of the Federal Reserve Bank of Kansas City are closely followed at the branches, and the operations of the institutions are coordinated and harmonized.

Mining, agriculture, and stock raising are the chief industries of the branch districts.

OMAHA BRANCH.

The operation of this institution was well under way at the beginning of the year 1918. The officers and directors are as follows: O. T. Eastman, manager; E. D. McAllister, cashier; Luther Drake, director; P. L. Hall, director; J. C. McNish, director; R. O. Marnell, director.

The business transactions of the branch in every department have increased in volume within the year by reason of war conditions and the activities of industries contributory thereto. Discount transactions were at a maximum directly following the floating of the Liberty loans, but have decreased steadily since that time, indicating the ability of the district to absorb its investment in Government securities. The total membership tributary to the Omaha branch is 239,

68 per cent of the membership having engaged in discount transactions, an increase of more than one-third within the year 1918. The added volume of business has necessitated a considerably larger force of employees proportionate to the increased service rendered to the banking institutions and business interests of the territory.

The directors of the branch meet monthly, the supervision of operations in the interim being charged to the discount committee, which reviews for approval the current offerings of member banks.

General conditions in the Omaha territory have been on the whole fairly satisfactory, the oil industries in Wyoming developing, the live-stock interests in the mountain regions enjoying prosperous conditions, the agricultural products being about normal in the southern half of Nebraska, and better in the northern half.

DENVER BRANCH.

The Denver branch was opened for business on January 14, 1918, operating on a modified plan, more as an office or agency of the Kansas City Bank, until experience developed that the distance from the head office and the two days' time intervening made the continuance of that plan impracticable. On April 1 the accounts of member banks in territory served by the Denver branch were transferred to that institution, and its powers were so altered as to place its operation in the same class as that of the Omaha branch.

Banks of this subterritory have enjoyed an increased and profitable business, the prosperous condition of the agricultural and live-stock industries having been reflected in augmented bank deposits. The demand for money has been greater than heretofore, and while rates have shown a firmer tendency during the year, advances were moderate and reasonable. Many banks within the Denver territory unaccustomed to rediscount transactions have resorted to the facilities provided for them within the year 1918, partly on account of increased agricultural demands, and more especially because of the cooperation of the banks and their customers in Government financing. When the Denver branch began business there were 134 member banks tributary to this institution, and the present number is 140. The State bank membership is small and the number of eligible State banks limited. As a result of war financing, the obligations of member banks for borrowed money, directly and indirectly, have been larger than heretofore, and the commercial paper purchased by the banks has declined in volume. In general, the legitimate demand of customers has been met as usual.

The board of directors is as follows: Alva Adams, Pueblo; C. A. Burkhardt, Denver; John Evans, Denver; A. C. Foster, Denver; C. C. Parks, Denver. Regular meetings of the directors are held monthly, a discount committee meeting daily to supervise the operation of

the branch and pass on offerings for discount. The officers of the branch are C. A. Burkhardt, manager, and P. R. Fredman, acting cashier.

MISCELLANEOUS.

INTERNAL ORGANIZATION.

The personnel of the directorate remains unchanged from 1917, except in the case of the chairman of the board; the term of Mr. Charles M. Sawyer as class C director expired with the close of 1917 and Mr. Asa E. Ramsay was designated as his successor and appointed chairman of the board and Federal Reserve agent. Messrs. Burnham and Gibson, classes A and B directors, respectively, were reelected to succeed themselves. The official staff was reelected for the year 1918 as follows: E. F. Swinney, member of the Advisory Council; J. Z. Miller, jr., governor; J. L. Cross, deputy governor; Arch W. Anderson, secretary-cashier; C. A. Worthington, assistant cashier; M. A. Thompson, assistant cashier.

C. K. Boardman was reappointed assistant Federal Reserve agent. On June 27 Mr. E. P. Tyner, formerly chief clerk of the bank, was designated acting assistant cashier. Effective October 1, Mr. M. A. Thompson resigned as assistant cashier to accept a position with a local commercial bank. The following members of the clerical force were designated acting assistant cashiers on September 12: J. W. Helm, L. H. Earhart, John Phillips, jr. With the additional functions incident to the increased volume of business and to war-time conditions the organization has increased proportionately, and, with the fiscal agency department, now includes over 400 employees, exclusive of the branches. The acting assistant cashiers have each been charged with the immediate detail supervision of the work of certain departments, all departments being in charge of an experienced department head.

The senior officers have regular morning conferences with respect to policies and current matters of importance. The junior officers meet periodically with one or more of the senior officers for discussion and instruction on points of general interest. The auditing work of the various departments and branches has been centralized for purposes of supervision under S. A. Wardell, acting auditor, at the main office.

Notwithstanding the increase of operations, the scarcity of trained help, and the necessity of engaging inexperienced clerks, the work of the bank has proceeded satisfactorily and the general clerical organization has performed its functions with an increasing degree of coordination and efficiency.

The executive committee continues to meet daily to pass upon discount and investment operations, and, within the period between regular meetings of the board of directors, matters of executive

policy. The proceedings of executive committee meetings are reviewed by the board of directors at its regular sessions for approval. The directors meet on the second and fourth Thursday of each month, and the member of the Advisory Council from time to time attends the board meetings. The meetings are well attended by the directors, who, individually and collectively, give expression to their sincere interest in all matters affecting the operation of the bank and the welfare of the system.

CLEARINGS.

The growth and development of the clearing operations of this bank, commented on in the annual report for last year, are far overshadowed by the experience of the year 1918.

The discontinuance altogether of the service charge previously made for the collection of cash items became effective on June 15, and the volume of items together with the average amount per item began at once to show a marked change, the former increasing and the latter decreasing. Detailed information covering the year's operation is given in Schedule 18.

Within the year 1918 more than 700 par banks have been added to the list for the tenth district, so that items are now handled at par on approximately 3,200 banks within this district, there being about 1,000 institutions not represented on the Federal Reserve par list. From an average of 12,000 to 14,000 items daily, handled by the Kansas City office in the early part of the year, the present business of the clearing department comprises an average of about 50,000 items daily, aggregating approximately \$20,000,000. The increased volume of clearing business has been proportionate at the Omaha and Denver branches. At the beginning of the year the Kansas City office and the Omaha branch were handling 18,000 items daily, aggregating around \$20,000,000, whereas at the close the head office with the two branches now clear 70,000 items daily, amounting to about \$28,000,000. Local checks and drafts presented by the Federal Reserve Bank through the Kansas City Clearing House have increased from a daily average of approximately 3,500 items to 5,000 or more, and the aggregate amount thereof is 40 per cent to 50 per cent larger than at the beginning of the year. Schedule 18 of the appendix provides in detail a recapitulation of city and country clearings, and a classified record of the business handled, with statistical data, both for the head office and the two branches, separately and combined.

The work of the transit department of this bank is under the supervision of an acting assistant cashier, and as the volume has increased the department has been subdivided into divisions, each with a competent head.

COLLECTIONS.

Within the year 1918 it developed that the use of the collection facilities provided for maturing bills and notes, and items of like character, is necessitating provision for handling this class of business in larger measure than had been anticipated. With the beginning of the year, collections reaching the Federal Reserve Bank of Kansas City were infrequent, but about 75 such items are now handled daily. The increase in this business, with the prospect of still further development, has made necessary the consideration of service; and the scope of the collection department, together with facilities for prompt and accurate accounting, is being enlarged.

GOLD SETTLEMENT FUND.

The method of settling balances as between Federal Reserve districts through the gold settlement fund has continued to benefit the banking and business interests of this district, especially since the adoption of the daily settlement on July 1, 1918. This method of settlement has been noticeably effective in providing a means of transferring credit in war financing times without cumbersome, expensive, and unsatisfactory transfers of the actual funds.

Since the inauguration in June, 1918, of the private-wire system connecting all Federal Reserve Banks, their branches, and the Federal Reserve Board, the volume of telegraphic transfers with other Federal Reserve districts has developed in large degree, and expeditious settlement of balances has been provided only by the operation of the gold fund. Time and use have demonstrated that the principle underlying this plan is thoroughly practicable, and its advantage to the tenth district has been marked by reason of seasonal ebb and flow of funds and credit as between this section and the East.

FOREIGN ACCOUNTS.

The Federal Reserve Bank of Kansas City has no foreign accounts, but in 1917 it participated with the Federal Reserve Bank of New York in acquiring foreign earmarked gold, by means of payments made in this country for foreign accounts. The balance held at the close of 1918 is \$291,443.73, a decrease of \$2,333,556.27 within the year.

BANKING QUARTERS—NEW BUILDING.

In the 1917 annual report of this bank it was stated that informal consideration had been given to the erection of a proper banking house, because of the fact that present quarters are inadequate in space and arrangement, and that it is necessary to house departments of this institution in separate buildings. The volume of business handled in 1918 and the largely increased clerical force has made necessary almost continual alterations and rearrangement and the securing of still further quarters removed from the main office. The institution necessarily operates under handicap and with hazard.

On January 24 a committee was appointed to investigate the matter of securing a proper location, which resulted in the purchase on

July 11 of a well-located plot, 144 by 115 feet. The building committee was continued, pending arrangement for the erection of suitable premises, and since conditions have made it possible to anticipate the securing of sufficient material and labor, the committee on November 22, after conducting a hearing with architects, entered into an agreement for the preparation of plans and supervision of the erection of a building with Messrs. Graham, Anderson, Probst & White, of Chicago. Preliminary plans are in preparation, and it is contemplated that the building will be erected with a view to providing ample space and proper equipment for present needs of all departments, and provision for such natural increase of business as may be anticipated.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of Kansas City during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Discounted paper secured by United States war obligations.	Other discounted paper.	(1+2)	Bills bought in open market.	Total bills discounted and bought.	Per cent. (1+5)	Total earning assets.
	1	2	3	4	5	6	7
Jan. 4	3,364	32,120	35,484	544	36,028	9.3	50,561
Jan. 11	3,015	29,858	32,873	32	32,905	9.2	47,551
Jan. 18	2,449	27,069	29,518	35	29,553	8.3	44,199
Jan. 25	2,519	30,026	32,545	35	32,580	7.7	47,226
Feb. 1	3,450	31,852	35,302	29	35,331	9.8	50,176
Feb. 8	4,304	28,277	32,581	27	32,608	13.2	46,897
Feb. 15	1,477	16,120	17,597	1,494	19,091	7.7	33,019
Feb. 21	1,680	17,131	18,811	1,489	20,300	8.3	33,615
Mar. 1	1,512	15,013	16,525	1,481	18,006	8.4	31,226
Mar. 8	1,846	18,913	20,759	6,519	27,278	6.8	40,441
Mar. 15	2,229	20,349	22,578	6,165	28,743	7.8	41,796
Mar. 22	2,983	21,087	24,070	6,150	30,220	9.9	43,143
Mar. 29	5,911	26,427	32,338	13,806	46,144	12.8	59,237
Apr. 5	7,663	27,556	35,219	13,470	48,689	15.7	61,465
Apr. 12	11,684	24,984	36,668	13,223	49,891	23.4	62,618
Apr. 19	12,866	26,211	39,077	10,391	49,468	26.0	63,069
Apr. 26	14,984	28,928	43,912	7,132	51,044	29.4	64,672
May 3	21,155	25,249	46,404	3,507	49,911	42.4	63,490
May 10	19,845	31,480	51,325	2,604	53,929	36.8	67,400
May 17	20,560	48,507	69,067	2,041	71,108	28.9	84,428
May 24	21,185	50,392	71,577	1,446	73,023	29.0	86,308
May 31	15,627	49,836	65,463	635	66,098	23.6	78,669
June 7	16,010	52,140	68,150	600	68,750	23.3	81,228
June 14	16,358	45,692	62,050	600	62,650	26.1	75,150
June 21	13,146	43,466	56,612	250	56,862	23.1	69,337
June 28	12,166	44,230	56,396	250	56,646	21.5	67,265
July 5	14,516	46,231	60,747	3	60,750	23.9	71,163
July 12	12,199	50,654	62,853	70	62,923	19.4	73,017
July 19	12,630	56,230	68,860	129	68,989	18.3	79,084
July 26	17,491	60,764	78,255	129	78,384	22.3	88,519
Aug. 2	19,307	58,285	77,592	159	77,751	24.8	87,899
Aug. 9	19,541	52,269	71,810	129	71,939	27.2	82,114
Aug. 16	18,981	47,465	66,394	129	66,523	28.5	76,098
Aug. 23	18,386	44,103	62,489	129	62,618	29.4	72,728
Aug. 30	16,909	42,026	58,935	135	59,071	28.6	69,186
Sept. 6	17,595	39,742	57,337	136	57,473	30.6	67,610
Sept. 13	23,820	41,243	65,063	136	65,199	36.5	75,390
Sept. 20	29,108	42,078	71,186	136	71,322	40.8	81,513
Sept. 27	28,344	45,460	73,804	136	73,940	38.3	84,152
Oct. 4	29,647	47,658	77,305	270	77,575	38.2	87,525
Oct. 10	32,971	48,599	81,570	1,547	83,117	39.7	93,029
Oct. 18	37,320	41,814	79,134	5,027	84,161	44.3	94,129
Oct. 25	33,762	47,084	80,846	6,576	87,422	38.6	97,384
Nov. 1	35,070	54,133	89,203	6,993	96,246	36.4	108,193
Nov. 11	29,999	53,542	83,541	7,442	90,983	33.0	102,886
Nov. 15	31,057	49,740	80,797	8,212	89,009	34.9	100,872
Nov. 22	22,804	48,831	71,635	8,613	80,248	28.4	92,024
Nov. 29	22,390	47,765	70,155	9,304	79,459	28.2	91,285
Dec. 6	27,355	43,125	70,480	9,788	80,268	34.1	92,538
Dec. 13	27,850	41,982	69,832	9,895	79,727	34.9	92,100
Dec. 20	23,275	35,813	59,088	10,222	69,310	33.6	82,544
Dec. 27	20,245	36,153	56,398	14,403	70,801	28.6	84,064

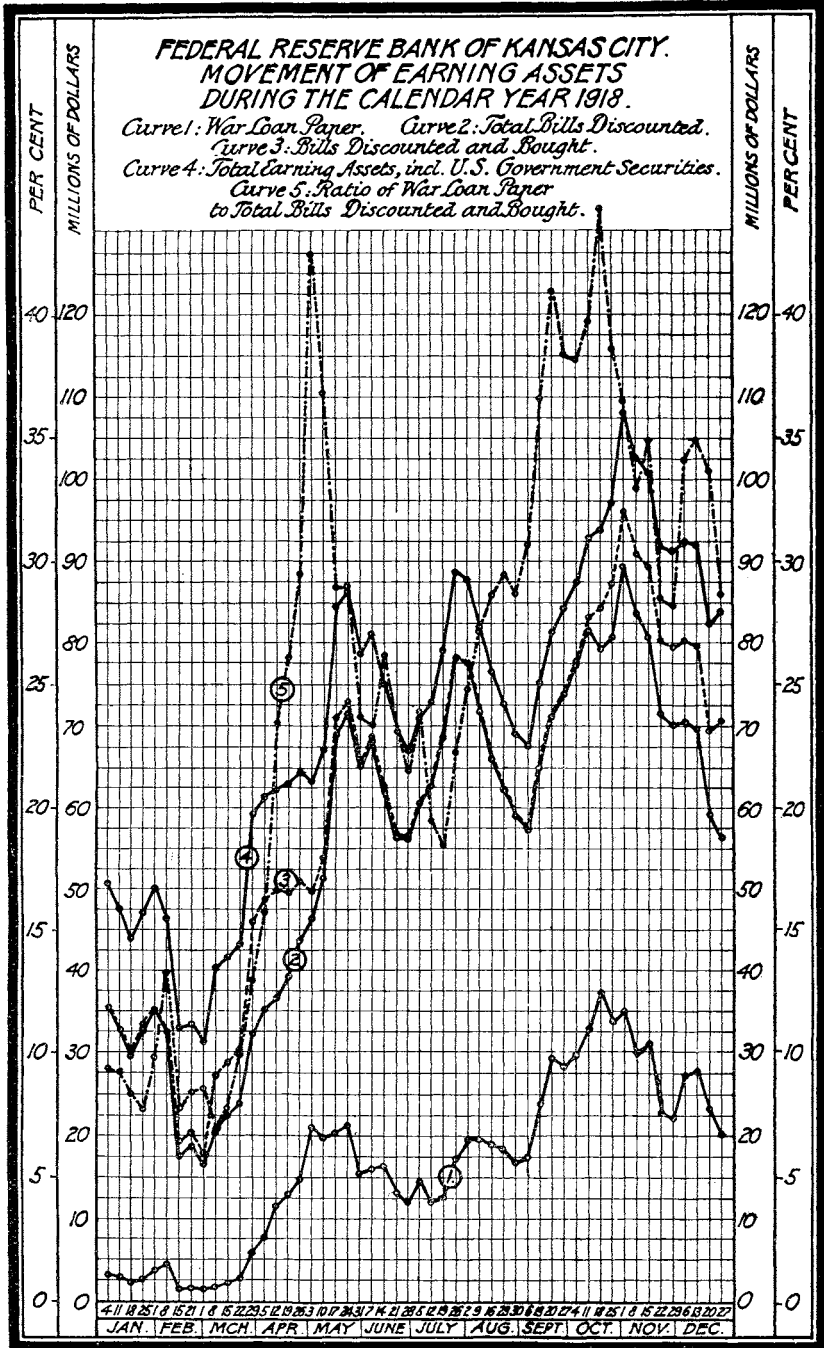
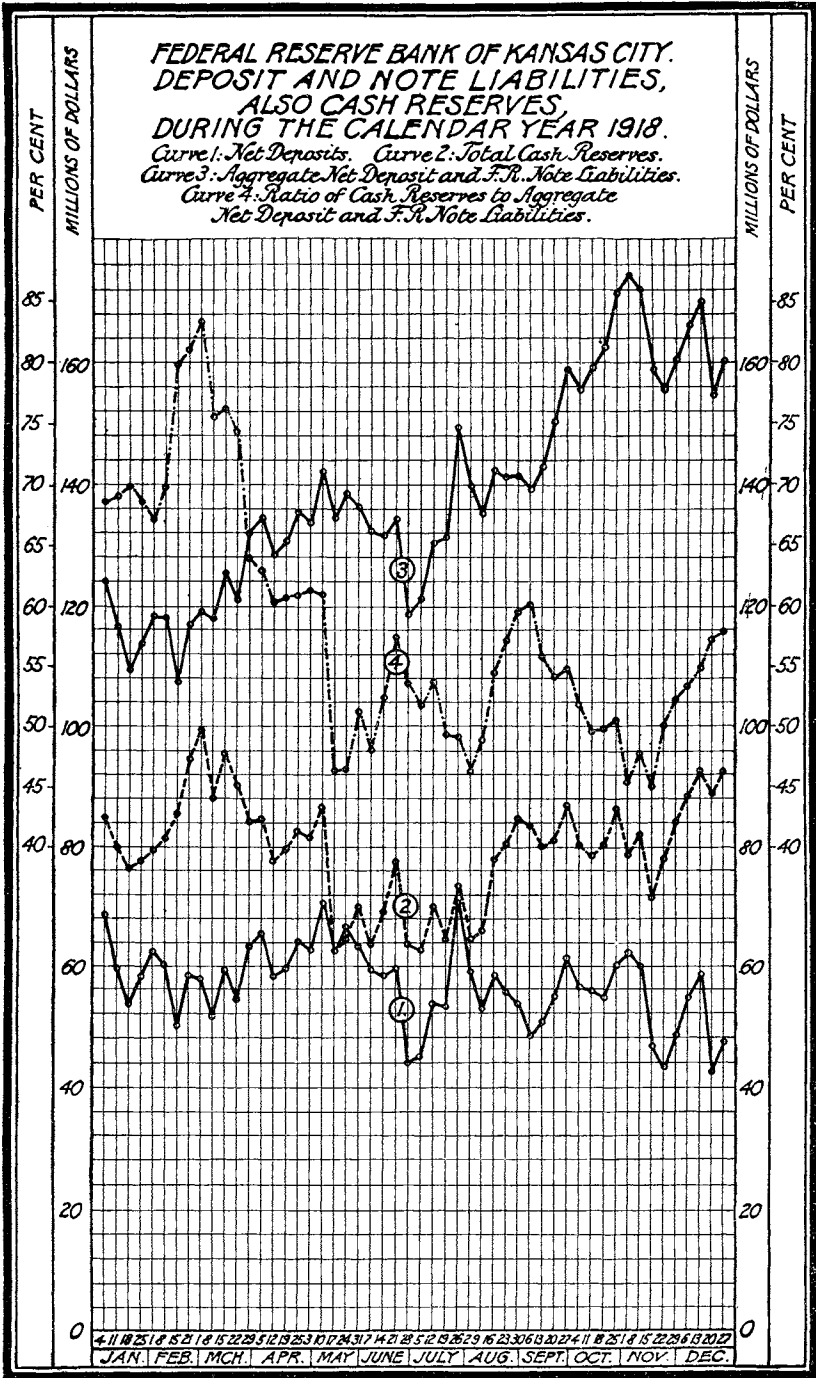


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal Reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of Kansas City during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circulation.	(2+3)	Ratio of cash reserve to net deposit and Federal Reserve note liabilities combined.
	1	2	3	4	5
Jan. 4	85,120	68,894	55,585	124,479	68.4
Jan. 11	80,130	59,547	56,817	116,364	68.9
Jan. 18	76,414	53,440	55,852	109,292	69.9
Jan. 25	77,574	58,161	55,278	113,439	68.4
Feb. 1	79,102	62,693	55,196	117,889	67.1
Feb. 8	81,782	60,164	57,084	117,248	69.8
Feb. 15	85,711	49,883	57,416	107,299	79.9
Feb. 21	94,753	58,180	58,719	116,899	81.1
Mar. 1	99,144	57,993	60,912	118,905	83.4
Mar. 8	88,580	51,775	65,707	117,482	75.4
Mar. 15	95,398	59,298	66,300	125,598	76.0
Mar. 22	90,054	54,300	67,271	121,571	74.1
Mar. 29	84,476	63,629	68,392	132,021	64.0
Apr. 5	84,798	65,315	69,314	134,629	63.0
Apr. 12	77,561	58,166	70,222	128,388	60.4
Apr. 19	79,427	59,735	70,913	130,648	60.8
Apr. 26	82,690	64,224	71,330	135,554	61.0
May 3	81,994	62,990	70,531	133,521	61.4
May 10	86,871	70,591	71,741	142,332	61.0
May 17	62,600	62,795	72,112	134,907	46.4
May 24	64,438	66,375	72,299	138,674	46.5
May 31	69,671	63,393	72,554	136,247	51.2
June 7	63,606	59,127	73,374	132,501	48.0
June 14	69,048	58,102	73,627	131,729	52.4
June 21	77,200	59,937	74,186	134,123	57.6
June 28	63,447	44,093	74,396	118,489	53.5
July 5	62,744	45,599	75,871	121,470	51.7
July 12	69,827	53,765	76,553	130,318	53.6
July 19	64,739	53,381	77,938	131,319	49.3
July 26	73,233	70,290	78,761	149,051	49.1
Aug. 2	64,724	59,058	80,858	139,916	46.3
Aug. 9	66,091	52,878	82,666	135,544	48.8
Aug. 16	77,883	58,198	84,358	142,556	54.6
Aug. 23	80,925	55,667	85,958	141,625	57.1
Aug. 30	84,611	53,734	87,997	141,731	59.7
Sept. 6	83,700	48,546	90,500	139,046	60.2
Sept. 13	80,116	50,449	92,850	143,299	55.9
Sept. 20	81,381	55,088	95,386	150,474	54.1
Sept. 27	87,168	61,640	97,350	158,990	54.8
Oct. 4	80,720	56,123	99,543	155,666	51.9
Oct. 10	78,500	55,925	103,135	159,060	49.4
Oct. 18	80,984	54,981	107,525	162,506	49.8
Oct. 25	86,472	60,132	111,045	171,177	50.5
Nov. 1	78,883	62,289	111,899	174,188	45.3
Nov. 8	82,322	60,077	111,998	172,075	47.8
Nov. 15	71,278	47,086	111,653	158,739	44.9
Nov. 22	77,784	43,501	112,160	155,661	50.0
Nov. 29	84,120	48,916	111,958	160,874	52.3
Dec. 6	88,649	54,864	111,537	166,401	53.3
Dec. 13	92,863	58,592	111,231	169,823	54.7
Dec. 20	88,815	42,903	112,055	154,958	57.3
Dec. 27	92,740	47,626	112,510	160,136	57.9



SCHEDULE 1.—Income—Profit and loss account, at close of business Dec. 31, 1918, Dec. 31, 1917, Dec. 30, 1916, and Dec. 31, 1915.

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
Earnings from:				
Bills discounted for member banks	\$2,643,113.16	\$438,831.43	\$84,291.71	\$64,257.59
Bills bought, acceptance	157,982.45	171,112.15	29,601.03	7,831.51
Trade acceptances				391.10
United States bonds	312,442.84	256,792.18	186,411.19	20,630.85
Municipal warrants		5,136.63	14,366.41	9,575.48
Bill-of-lading drafts	877.55			
Profits on United States securities sold			14,407.50	
Transfers bought and sold	202,521.45	45,569.84		
Sundry profits	11,576.59	1,111.99	181.91	673.76
Deficient reserve penalties (including interest)	99,928.66	37,395.78		
Service charges, net	23,493.43			
Appreciation profit, United States bonds			34,463.96	
Exchange			962.96	
Total earnings	3,451,936.13	955,950.00	364,966.67	103,360.29
Expenses:				
Federal Reserve Board assessments	17,998.37	13,118.24	10,574.64	5,928.48
Federal Advisory Council	270.00	370.00	305.85	357.10
Governors' conferences	430.09	665.23	1,244.74	924.13
Federal Reserve agents' conferences	327.87		423.08	717.20
Salaries—				
Bank officers	68,045.47	37,781.97	25,972.81	28,820.82
Clerical staff	188,679.56	39,684.21	32,231.06	34,915.95
Special officers and watchman	5,609.11		805.00	2,591.83
All others	784.50	1,570.05	1,599.42	
Directors' fees	8,260.00	3,975.00	3,705.00	3,480.00
Per diem allowance	3,675.00	3,660.00	2,385.00	4,316.00
Traveling expenses	6,553.24	4,192.65	3,628.04	4,662.51
Officers' traveling expenses	2,425.80	1,203.09	633.31	514.72
Legal fees	1,225.00	775.00	600.00	1,501.20
Rent	21,262.71	8,849.96	7,949.96	9,538.85
Taxes and fire insurance	169.04			
Telephone	2,481.04	810.40	495.29	607.18
Telegraph	4,454.90	565.11	351.55	572.17
Postage	60,973.84	4,971.74	6,457.19	10,347.01
Postage and insurance on gold concentration	35,800.81	9,283.80		
Postage and insurance on silver concentration	1,076.30			
Currency shipments	1,412.27			
Expressage	466.38	1,233.64	824.85	103.24
Fidelity bond premiums	6,004.52	1,626.28	1,226.52	1,354.28
Light, heat, and power	2,522.58	1,184.56	979.50	1,241.00
Printing and stationery	25,369.88	5,658.42	3,136.34	9,171.34
Repairs and alterations	5,020.04	286.74	213.36	86.63
All other expenses not specified herein	15,660.13	7,216.69	4,108.18	4,227.68
Operating expenses	486,958.45	148,682.78	109,850.69	125,979.32
Extraordinary expenses:				
Commissions paid				861.03
Cost of Federal Reserve notes issued		48,679.35	20,436.16	
Cost of Federal Reserve notes issued and unissued	98,542.01			
Cost of Federal Reserve Bank notes (including taxes)	57,017.18	20,885.26	5,790.54	
Amortization organization Federal Reserve notes			5,523.16	
Amortization organization expenses		887.35	26,484.44	
Depreciation, furniture and equipment	46,710.47	19,130.59	3,900.00	
Total extraordinary expenses	202,269.66	89,582.55	62,134.30	861.03
Total all chargeable expenses	689,228.11	238,265.33	171,984.99	126,840.35
Net earnings	2,762,708.02	717,684.67	192,981.68	23,480.06
Profit and loss account, 1916-17	295,759.08	91,381.23		
Total earnings for distribution	3,058,467.10	809,065.90	192,981.68	
Less dividends paid	309,729.25	364,502.73	66,706.96	
Less organization expenses			34,768.71	
Less transit department disbursements, net deficiency		8,196.09		
Less premiums on United States bonds		75,462.42		
Less cost of unissued Federal Reserve notes		42,507.74		
Less depreciation of furniture and fixtures		19,222.63		

SCHEDULE 1.—*Income—Profit and loss account, at close of business Dec. 31, 1918, Dec. 31, 1917, Dec. 30, 1916, and Dec. 31, 1915—Continued.*

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
Less other deferred charges.....	\$6,577.14	\$5,766.89		
Less depreciation on bank premises.....	100,000.00			
Less amount transferred to account reserved for depreciation on United States bonds.....	220,734.00			
Total deductions.....	637,040.39	515,658.50		
Net earnings to profit and loss account.....	2,421,426.71	293,407.40	\$101,475.67	
Carried to surplus fund.....	1,210,713.35			
Transferred to account surplus reserve fund franchise tax.....	1,210,713.36			

SCHEDULE 2.—*Earnings and expenses for calendar years 1917 and 1918, also profit and loss on Dec. 31, 1917, and Dec. 31, 1918.*

	Dec. 31, 1918.	Dec. 31, 1917.
Earnings as shown on Form 95.....	\$3,451,936.13	\$955,950.00
Expense of operation of bank proper.....	\$486,958.45	\$148,682.78
Cost of Federal Reserve currency issued (including expressage, insurance, etc.).....	198,542.01	48,679.35
Miscellaneous charges account note issues.....	57,017.18	20,885.26
Depreciation on furniture and equipment.....	46,710.47	19,130.59
Transit department disbursements in excess of net service charges received.....		8,196.09
Total.....	689,228.11	245,574.07
Net earnings for year.....	2,762,708.02	710,375.93
Profit and loss, Jan. 1, 1918.....	293,407.40	191,381.23
Profit added to profit and loss account (correction entries during the year 1918).....	2,351.68	
Total.....	3,058,467.10	801,757.16
Less dividends paid:		
Jan. 25, 1917, for period Jan. 1, 1915, to Dec. 31, 1915.....		92,188.26
June 30, 1917, for period Jan. 1, 1916, to June 30, 1916.....		89,116.92
Dec. 31, 1917, for period July 1, 1916, to June 30, 1917.....		183,197.54
June 30, 1918, for period July 1, 1917, to June 30, 1918.....	201,795.20	
Dec. 31, 1918, for period June 30, 1918, to Dec. 31, 1918.....	107,934.05	
Depreciation bank premises.....	100,000.00	
Depreciation on United States bonds.....	220,734.00	
Premium on United States bonds.....		75,462.42
Cost of unissued Federal Reserve currency.....		42,507.74
Furniture and equipment.....		19,222.63
Other deferred charges.....	6,577.14	5,766.89
Organization expense.....		887.35
Total deductions.....	637,040.39	508,349.76
Profit and loss Jan. 1, 1918, and Jan. 1, 1919.....	2,421,426.71	293,407.40
Carried to surplus fund.....	1,210,713.35	
Carried reserve for franchise tax.....	1,210,713.36	
Total.....	2,421,426.71	

¹ Including cost of Federal Reserve currency.

² Jan. 1, 1917.

SCHEDULE 3.—Comparative detailed statement at close of business Dec. 31, 1918, Dec. 31, 1917, Dec. 30, 1916, and Dec. 31, 1915.

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
RESOURCES.				
Bills discounted, members	\$28,751,159.24	\$12,773,682.45	\$479,067.72	\$428,872.29
Bills discounted, members secured by war obligations	623,170.66			
Member banks' collateral notes	8,203,888.30	17,277,467.89	35,820.74	
Member banks' collateral notes secured by war obligations	19,875,419.19			
Bills bought in open market	14,203,695.36	1,337,928.75	3,945,180.94	3,580,463.35
Rediscouts for other Federal Reserve Banks		5,003,293.86		
Municipal warrants			163,813.65	288,015.84
United States bonds to secure circulation	8,000,000.00	8,000,000.00	6,000,000.00	
United States Treasury certificates of indebtedness to secure circulation	821,000.00			
United States one-year Treasury notes to secure circulation	3,499,000.00			
Other United States bonds	867,450.00	849,090.00	2,492,850.00	2,151,650.00
Other United States certificates of indebtedness	58,000.00			
Premium and discount on United States bonds			85,887.20	
Interest accrued on United States bonds	62,257.78	60,504.90	53,978.18	8,862.18
United States gold notes		1,784,000.00	963,000.00	
Bank premises	400,000.00			
Disbursements, Capital Issues Committee	1,845.77			
Liberty bonds sold to employees on installment plan	16,749.50			
Expense organization				52,984.44
Expenses paid in advance			2,062.70	9,870.48
Cost of unissued Federal Reserve notes			27,614.85	11,252.52
Furniture and equipment			15,982.54	31,828.85
Furniture and fixtures, recoverable	6,875.00	13,750.00	25,978.29	15,000.00
Cost of unissued Federal Reserve Bank notes			983.82	
Expense Liberty loan	449,452.85	86,449.96		
Suspense account		13,071.00		
Due from other Federal Reserve Banks	22,262,948.23	2,731,547.83	11,952,040.60	1,849,365.44
Due from branches	11,663,783.48			
Due from member banks, overdrafts	119,854.93		17,688.57	11,783.74
Deferred debits, member and nonmember banks and bankers	27,302,389.47	17,786,692.79	5,632,457.86	
Exchanges for clearing house	986,343.93	72,871.41	10,899.57	5,000.00
Checks and other cash items	837,859.80	160,809.46	6,415.95	363.85
Miscellaneous transfers bought		6,883,190.00		
Due from United States Treasurer, 5 per cent fund (account Federal Reserve Bank notes)	565,600.00	400,000.00	300,000.00	
National bank notes and Federal Reserve notes of other banks	1,839,565.00	216,300.00	107,645.00	348,318.00
Federal Reserve Bank notes on hand	723,519.00		6,000,000.00	
Federal Reserve notes on hand	7,872,040.00	2,650,710.00	517,120.00	564,850.00
Nicksels and cents	514.43	350.63	26.75	2.07
Gold settlement fund, credit balances	23,236,521.55	37,263,377.50	21,235,500.00	2,464,000.00
Gold with Federal Reserve agent	54,483,690.00	42,025,170.00		
Due from United States Treasurer, gold redemption fund (Federal Reserve notes)	3,590,042.20	507,045.00	150,095.00	107,000.00
Gold bullion and coin	3,472.50	118,742.50	371,195.00	3,933,700.00
Gold held with foreign agencies	291,443.73	2,625,000.00		
Gold certificates	151,710.00	1,591,780.00	5,799,590.00	4,533,310.00
Silver certificates	59,594.00	45,810.00	30,131.00	45,694.00
Legal-tender notes	38,187.00	11,000.00	113,845.00	70,375.00
Silver coin	3,680.00	843.00	1,287.00	5,500.00
Total resources	241,862,722.90	162,290,478.93	66,532,157.93	20,519,071.05
LIABILITIES.				
Capital paid in	3,659,450.00	3,396,750.00	3,073,950.00	3,037,800.00
Surplus	1,210,713.35			
Reserve for franchise tax	1,210,713.36			
Reserve for depreciation on United States bonds	220,734.00			
Unearned interest and discount	366,225.90	119,799.05	17,748.50	54,665.89
Government deposits	5,450,293.54	7,860,957.17	275,778.80	
Due to other Federal Reserve Banks			10,336,961.54	492,750.72
Due to member banks	84,751,722.25	72,976,491.13	44,191,246.07	14,930,086.68

SCHEDULE 3.—Comparative detailed statement at close of business Dec. 31, 1918, Dec. 31, 1917, Dec. 30, 1916, and Dec. 31, 1915—Continued.

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 30, 1916.	Dec. 31, 1915.
LIABILITIES—continued.				
Due to clearing members, deposit account.....	\$164. 47	\$25, 319. 87		
Cashier's and expense checks outstanding.....	338, 194. 86	971, 533. 33	\$2, 137. 68	\$2, 767. 76
Federal Reserve transfer and exchange drafts.....	354, 189. 07			
Deferred credits, transit account.....	11, 786, 394. 31	10, 622, 800. 98		
Federal Reserve Bank notes.....	12, 172, 000. 00	8, 000, 000. 00	6, 000, 000. 00	
Net liability Federal Reserve notes.....			2, 540, 000. 00	2, 000, 000. 00
Federal Reserve notes issued.....	120, 317, 330. 00	58, 023, 420. 00		
Reserved for taxes.....	24, 597. 79		2, 829. 32	
Profit and loss undistributed earnings.....		293, 407. 40	91, 506. 02	
Total.....	241, 862, 722. 90	162, 290, 478. 93	66, 532, 157. 93	20, 518, 071. 05

SCHEDULE 4.—Discount operations for the year 1918.

REDISCOUNTS FOR MEMBER BANKS, DISTRIBUTED BY STATES.

State.	Number of member banks Dec. 31.	Number of banks accommodated.	Number of transactions.	Total.	Balance on hand Dec. 31.
Colorado.....	127	76	1, 000	\$68, 956, 666. 94	\$5, 297, 170. 49
Kansas.....	243	100	1, 392	41, 575, 488. 54	4, 245, 655. 74
Missouri.....	57	30	977	361, 055, 504. 28	20, 095, 435. 72
Nebraska.....	209	105	1, 649	213, 410, 673. 42	11, 388, 963. 54
New Mexico.....	12	8	116	2, 461, 667. 13	486, 318. 20
Oklahoma.....	316	213	3, 832	138, 788, 664. 02	15, 713, 153. 93
Wyoming.....	39	22	214	7, 271, 898. 04	226, 930. 77
Total.....	994	554	9, 240	833, 520, 562. 37	57, 453, 637. 39

VOLUME BY MONTHS.

January.....	\$40, 194, 283. 73
February.....	21, 489, 413. 98
March.....	31, 992, 971. 02
April.....	54, 739, 187. 41
May.....	95, 717, 514. 03
June.....	63, 441, 732. 66
July.....	83, 131, 838. 34
August.....	58, 748, 042. 76
September.....	78, 626, 372. 90
October.....	117, 418, 461. 81
November.....	105, 636, 154. 50
December.....	81, 354, 589. 23
Total.....	\$33, 520, 562. 37

NATURE OF PAPER DISCOUNTED—Con.

Member banks' collateral loans:	
Secured by United States war obligations.....	470, 765, 469. 60
Otherwise secured.....	148, 369, 224. 87
Total.....	833, 520, 562. 37

MISCELLANEOUS.

49,964 notes rediscounted, average amount.....	\$4, 320. 00
6,252 collateral loans made, average amount.....	99, 060. 00
Maximum amount held.....	99, 203, 886. 61
Minimum amount held.....	15, 597, 156. 76
Offerings rejected:	
In part—1,584 offerings, 5,352 notes.....	15, 956, 671. 14
In whole—78 offerings, 217 notes.....	813, 447. 80
Total.....	16, 770, 118. 94

NATURE OF PAPER DISCOUNTED.

Trade acceptances.....	\$10, 400, 938. 42
Bankers' acceptances.....	10, 157. 41
Agricultural paper.....	13, 373, 506. 96
Live-stock paper.....	98, 191, 258. 93
Commercial and industrial paper.....	89, 588, 765. 41
Commercial and industrial paper secured by United States war obligations.....	4, 893, 636. 74

REDISCOUNT RELATIONS WITH OTHER FEDERAL RESERVE BANKS DURING 1918.

June 14, 1918, rediscounted with Federal Reserve Bank of Chicago.....	\$4, 362, 312. 62
June 14, 1918, rediscounted with Federal Reserve Bank of Cleveland.....	4, 168, 066. 08
Total.....	8, 530, 378. 70
Oct. 1, 1918, rediscounted for Federal Reserve Bank of Dallas.....	5, 000, 000. 00
Oct. 8, 1918, rediscounted for Federal Reserve Bank of Atlanta.....	1, 000, 000. 00
Total.....	6, 000, 000. 00

SCHEDULE 4.—Discount operations for the year 1918—Continued.

CHANGES IN DISCOUNT RATES DURING CALENDAR YEAR 1918.

	Rate in effect—				
	Jan. 1, 1918.	Apr. 8, 1918.	May 20, 1918.	Sept. 23, 1918.	Jan. 1, 1919.
Discounts maturing within 15 days, including member banks' collateral notes.....	<i>Per cent.</i> 4	.....	4½	.....	4½
Paper, including member banks' collateral notes, secured by United States certificates of indebtedness or Liberty loan bonds maturing within 15 days....	3½	4	4½	.....	4½
Paper maturing within 16 to 60 days.....	4½	4¾	5½	5	5
Paper maturing within 61 to 90 days.....	4½	4¾	5½	5	5
Paper secured by United States certificates of indebtedness or Liberty loan bonds maturing from 16 to 90 days.....	4	4½	.....	.....	4½
Agricultural and live stock paper maturing after 90 days.....	5	.....	5½	.....	5½
Trade acceptances maturing in 15 days or less.....	4	.....	4½	.....	4½
Trade acceptances maturing in 16 to 90 days.....	4	4½	4¾	.....	4¾

In addition to above, effective Oct. 1, 1918, special rate of 4 per cent on 16 to 90 day paper secured by Liberty loan bonds, provided rate charged by member bank was not in excess of 4½ per cent.

SCHEDULE 5.—Open-market transactions for the year 1918.

BILLS BOUGHT IN OPEN MARKET AND FROM OTHER FEDERAL RESERVE BANKS.

1,256 items purchased in above period. total..... \$33,221,285.75

At the following discount rates:

4 per cent.....	\$11,489,037.59	4½ per cent.....	\$25,000.00
4¼ per cent.....	6,790,233.77	4¾ per cent.....	9,041.33
4½ per cent.....	1,798,022.27	5 per cent.....	556,667.46
4¾ per cent.....	10,018,547.73	5½ per cent.....	2,536.40
4½ per cent.....	88,549.85	Total.....	1 33,221,285.75
4¾ per cent.....	33,629.35		
4½ per cent.....	2,410,000.00		

By maturities at date of purchase:

Up to 30 days.....	\$8,229,188.03
30 to 60 days.....	14,554,331.09
60 to 90 days.....	10,437,766.63
Total.....	1 33,221,285.75

Classification:

Domestic.....	11,219,906.35
Export or import.....	22,001,379.40
Total.....	1 33,221,285.75

SCHEDULE 6.—Open-market transactions for the year 1918.

WARRANTS.

Purchases, none.

SCHEDULE 7.—Open-market transactions for the year 1918—United States securities.

PURCHASES.

3½ per cent United States Liberty loan bonds (first issue) 1947.....	\$217,650.00
4 per cent United States Liberty loan bonds (second issue) 1942.....	8,100.00
2 per cent United States special certificates of indebtedness.....	3,499,000.00
4 per cent United States certificates of indebtedness (sundry issues).....	4,891,000.00
4½ per cent United States certificates of indebtedness (sundry issues).....	2,713,000.00
Total.....	11,128,750.00

SALES.

2 per cent Panamas, 1936.....	\$2,240.00
2 per cent Consols of 1930.....	850.00
3½ per cent United States Liberty loan bonds (first issue) 1947.....	5,200.00
4 per cent United States certificates of indebtedness (sundry issues).....	2,803,500.00
4½ per cent United States certificates of indebtedness (sundry issues).....	1,861,300.00
4 per cent United States Liberty loan bonds (second issue) 1942.....	100.00
Total.....	4,673,390.00

1 Exclusive of \$515,737 purchased by the Federal Reserve Bank of New York for our account on Dec. 31, 1918.

2 Exclusive of purchases of 3½ per cent interim certificates secured by the Federal Reserve Bank of St. Louis.

CONVERSIONS.

One-year Treasury notes.....	\$821,000.00
4 per cent United States Liberty loan bonds (second issue) converted to 4½ per cent.....	8,000.00
Total.....	829,000.00

UNITED STATES SECURITIES ON HAND DEC. 31, 1918.

3 per cent United States conversion bonds 1916-1946.....	\$16,600.00
3 per cent United States conversion bonds 1917-1947.....	821,900.00
4 per cent United States bonds, 1925.....	825,000.00
2 per cent Panamas, 1936.....	20,000.00
3½ per cent United States Liberty loan bonds (first issue) 1947.....	19,950.00
4½ per cent converted United States Liberty loan bonds (second issue) 1942.....	8,000.00
2 per cent United States one year certificates of indebtedness.....	3,497,000.00
4½ per cent United States certificates of indebtedness (sundry issue).....	58,000.00
2 per cent consols, 1930.....	7,155,000.00
One-year Treasury notes, Jan. 1, 1919.....	821,000.00
Liberty bonds to secure participation certificates.....	1,000.00
Total.....	13,245,450.00

SCHEDULE 8.—Discount and investment operations for the year 1918—average amount of each class of earning assets held, total earnings, and average annual rates thereon.

	Average holdings.	Earnings.	Average rate.
Bills discounted, members.....	\$55,732,674	\$2,643,113	Per cent. 4.74
Bills bought in open market.....	3,707,610	157,982	4.26
United States securities.....	12,069,015	312,443	2.59
Total.....	71,509,299	3,113,538	4.35

SCHEDULE 9.—Reserve position.

[Monthly averages.]

Month.	Percentage carried.		Percentage re-quired.	Percentage excess over require-ments.		Month.	Percentage carried.		Percentage re-quired.	Percentage excess over require-ments.	
	1918	1917		1918	1917		1918	1917		1918	1917
January.....	58.1	74.8	35	23.1	39.8	August.....	54.0	73.6	35	19.0	38.6
February.....	60.5	74.2	35	25.5	39.2	September.....	58.0	69.8	35	23.0	34.8
March.....	64.9	71.9	35	29.9	36.9	October.....	52.7	69.9	35	17.3	34.9
April.....	48.3	67.4	35	13.3	32.4	November.....	49.3	78.8	35	14.3	43.8
May.....	52.9	62.6	35	17.9	27.6	December.....	63.9	64.0	35	28.9	29.0
June.....	51.7	58.7	35	16.7	23.7	Yearly averages.....	55.4	70.6	35	20.4	35.6
July.....	51.1	71.5	35	16.1	36.5						

SCHEDULE 10.—Membership—Additions and withdrawals and effect on the total capital stock.

ADDITIONS.

State.	Number of banks.	Capital subscription Federal Reserve Bank of Kansas City.	Capital and surplus of member banks.
Colorado.....	7	\$77,200	\$1,285,500
Kansas.....	9	36,300	602,500
Missouri.....	2	27,200	451,800
Nebraska.....	9	31,000	516,000
New Mexico.....	3	6,900	115,000
Oklahoma.....	9	45,900	763,500
Wyoming.....	2	2,900	47,500

SCHEDULE 10—*Membership—Additions and withdrawals and effect on the total capital stock—Continued.*

WITHDRAWALS.

State.	Number of banks.	Capital surrendered.	Capital and surplus of member banks.
Colorado.....	1	\$4,400	\$73,000
Kansas.....	1	12,000	200,000
Oklahoma.....	6	24,000	398,500
Total.....	8	40,400	671,500

SCHEDULE 11.—*Member-bank deposits.*

[Net daily averages for the year 1918.]

Month.	Amount.	Month.	Amount.
January.....	\$75,325,076.83	July.....	\$77,907,664.90
February.....	77,089,289.18	August.....	81,790,194.82
March.....	77,276,628.70	September.....	83,455,991.96
April.....	77,983,701.33	October.....	86,124,318.40
May.....	76,557,467.58	November.....	86,866,847.61
June.....	77,606,546.55	December.....	86,954,231.89

DEFICIENT RESERVES.

[Daily averages for the year 1918.]

Period.	Number of banks.	Daily average deficiency.	Amount of penalties.
January.....	92	\$1,476,977	\$7,804.43
February.....	134	1,149,391	6,408.87
March.....	118	608,080	3,083.46
April.....	119	755,859	4,339.91
May.....	102	724,648	5,260.03
June.....	85	1,000,568	7,068.87
July.....	93	527,626	4,643.97
August.....	151	1,293,206	10,472.32
September.....	160	674,395	4,987.09
October.....	192	1,772,244	11,501.31
November.....	171	2,770,121	20,577.28
December.....	180	1,809,327	13,781.12
Total.....	1,597	1,130,203	99,928.66

SCHEDULE 12.—*Government account from Jan. 1, 1918, to Dec. 31, 1918.*

[Including balance to credit of United States Treasurer, Dec. 31, 1917.]

Balance to credit of United States Treasurer, December 31, 1917.....	\$18,756,046.49
Total amount of transfers from other Federal Reserve Banks.....	None.
Receipts from sale of Liberty bonds.....	460,371,818.00
Receipts from sale of Treasury certificates.....	378,254,500.00
Total amount of other net credits to United States Treasurer.....	175,844,929.05
Total.....	1,033,227,293.54
Total amount of warrants paid.....	127,083,000.00
Total amount of certificates of indebtedness paid.....	302,424,000.00
Total amount transferred by order of United States Treasurer.....	598,270,000.00
Balances to credit of United States Treasurer December 31, 1918.....	5,450,293.54
Total.....	1,033,227,293.54

SCHEDULE 12.—*Federal Reserve agent's statement of Federal Reserve notes on hand, outstanding, received, from Comptroller of the Currency, canceled, and coverage of total issue as of Dec. 31, 1918.*

RESOURCES.	
Federal Reserve notes on hand.....	\$7,520,000.00
Federal Reserve notes outstanding.....	120,317,330.00
Rediscunts to secure Federal Reserve notes.....	71,657,332.75
Credit balance in gold redemption fund.....	\$3,123,690.00
Credit balance with Federal Reserve Board.....	51,360,000.00
Federal Reserve notes sent to Comptroller of Currency for cancellation and destruction....	54,483,690.00
	27,862,670.00
Total.....	281,841,022.75

LIABILITIES.	
Federal Reserve notes from Comptroller of Currency—gross amount.....	155,700,000.00
Collateral received from Federal Reserve Bank:	
Eligible paper.....	71,657,332.75
Gold.....	54,483,690.00
Total.....	281,841,022.75

SCHEDULE 14.—*Federal Reserve notes, statement of Federal Reserve Agent, from organization to Dec. 31, 1918.*

	Number of pieces.					Aggregate amount.
	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	
Received from Comptroller.....	8,956,000	4,504,000	2,704,000	108,000	64,000	\$155,700,000
Received from Federal Reserve Bank.....	532,800	244,700	251,700	100,000	.....	15,145,000
Received from Treasurer of United States (fit notes).....		300				3,000
Received by Comptroller from Treasurer of United States for destruction and credit of Federal Reserve Agent's account (unfit notes):						
(a) From other Federal Reserve Banks.....	915,842	332,659	112,503	656	107	10,199,360
(b) Direct from reporting Federal Reserve Banks and from other sources.....	2,111,692	474,305	108,920	2,812	428	17,663,310
Total.....	12,516,334	5,555,964	3,177,123	211,468	64,535	198,710,670
Issued to Federal Reserve Bank.....	9,264,800	4,561,000	2,855,700	177,200	54,200	163,328,000
Returned to Comptroller of the Currency for destruction, including notes returned by United States Treasurer for credit of Federal Reserve Agent's account.....	3,027,534	806,964	221,423	3,468	535	27,862,670
Fit notes on hand.....	224,000	188,000	100,000	30,800	9,800	7,520,000
Total.....	12,516,334	5,555,964	3,177,123	211,468	64,535	198,710,670

SCHEDULE 15.—*Federal Reserve notes received and returned.*

[Amounts of Federal Reserve notes of the several denominations received from other Federal Reserve Banks for redemption or credit by the Federal Reserve Bank of Kansas City during the period since Jan. 1, 1917.]

Exchanged with Federal Reserve Bank of—	Fives.		Tens.		Twenties.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$117,310	\$13,215	\$166,240	\$42,700	\$269,000	\$6,400
New York.....	947,500	151,900	1,294,000	339,300	1,761,850	249,700
Philadelphia.....	128,000	15,250	217,000	47,550	427,500	35,700
Cleveland.....	77,090	29,050	143,050	98,100	212,400	97,100
Richmond.....	69,250	22,950	334,490	36,690	381,000	41,900
Atlanta.....	276,565	82,600	370,640	111,450	546,400	90,100
Chicago.....	3,987,495	224,750	3,771,000	540,400	2,966,000	370,800
St. Louis.....	2,976,210	390,750	2,448,260	547,100	2,472,100	234,200
Minneapolis.....	405,160	198,050	360,410	231,150	428,380	136,500

SCHEDULE 15.—Federal notes received and returned—Continued.

Exchanged with Federal Reserve Bank of—	Fifties.		Hundreds.		Total.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$14,550	\$2,800	\$10,100	\$4,800	\$577,200	\$69,915
New York.....	159,700	23,550	145,200	52,000	4,308,250	816,450
Philadelphia.....	27,100	4,000	21,900	3,400	821,500	105,900
Cleveland.....	20,600	13,950	10,300	7,600	463,440	245,800
Richmond.....	11,900	10,700	6,600	48,200	803,240	160,440
Atlanta.....	21,250	5,450	13,500	2,200	1,228,355	291,800
Chicago.....	175,400	77,900	161,100	145,000	11,060,995	1,358,850
St. Louis.....	137,700	9,450	73,700	3,700	8,107,970	1,185,200
Minneapolis.....	23,650	4,900	17,400	8,100	1,235,000	578,700
Dallas.....	107,900	5,750	56,250	3,400	3,166,470	1,077,400
San Francisco.....	74,750	15,250	41,800	26,400	1,831,940	430,150
Total.....	774,500	173,700	557,850	304,800	33,604,360	6,320,605

SCHEDULE 16.—Federal Reserve notes—Federal Reserve Agent.

Issued to bank, 1918.....	\$62,433,910.00
Received by Comptroller for cancellation and destruction.....	18,127,430.00
Federal Reserve notes on hand, new, unissued.....	7,520,000.00
Cost of issued and unissued notes for the year.....	98,542.01

The cost of issued notes was made on the following basis:

DENOMINATIONS.

DENOMINATIONS.	Cost per \$1,000.
Fives.....	\$2.59
Tens.....	1.33
Twenties.....	.79
Fifties.....	.35
Hundreds.....	.28

Federal Reserve notes of the Federal Reserve Bank of Kansas City received from other districts amounted to \$25,821,185. Shipment cost averaged approximately 29 cents per 1,000, and is not included in the above schedule.

SCHEDULE 17.—Official and clerical staff.

	1918	1917
Number of officers.....	14	7
Number of employees in various departments.....	466	59

MONTHLY PAY ROLL, EMPLOYEES.

Department.	1918		1917	
	Number.	Monthly salaries.	Number.	Monthly salaries.
Federal Reserve agent's office and credit bureau.....	5	\$510	4	\$365.00
General clerical force, including discount, auditing, and all other departments except transit.....	121	9,300	27	2,709.99
Transit department.....	139	10,000	28	2,053.33
Fiscal agent department (recoverable through United States Treasurer).....	201	17,800	.....	.....
Total.....	466	37,610	59	5,128.32

SCHEDULE 18.—Recapitulation, city and country clearings, December, 1914, to Dec. 31, 1918.

NUMBER OF ITEMS.

Period.	City.	Country.	Total.
1914 (December).....	\$5,860	\$69,773	\$75,633
1915.....	134,219	1,819,767	1,953,986
1916 (to July 14, inclusive).....	78,229	1,214,570	1,292,799
1916 (July 15 to Dec. 30, inclusive).....	303,644	1,259,216	1,562,860
1917.....	706,951	3,221,608	3,928,559
1918.....	861,583	4,745,318	5,606,901
Total.....	2,090,486	12,360,252	14,450,738

CLEARINGS.

1914 (December).....	\$17,559,936.75	\$21,082,772.04	\$38,642,708.79
1915.....	297,183,974.98	413,007,012.52	710,190,987.50
1916 (to July 14, inclusive).....	149,992,445.19	224,807,003.08	374,799,448.27
1916 (July 15 to Dec. 30, inclusive).....	317,971,832.66	527,182,424.44	845,154,257.10
1917.....	1,387,192,764.73	969,652,395.23	2,356,845,159.96
1918.....	2,615,094,874.86	1,841,680,624.15	4,456,774,499.01
Total.....	4,784,995,829.17	3,997,412,231.46	8,782,407,060.63

MEMBER BANKS, KANSAS CITY (PROPER).

Month.	City.		Country.		Total.	
	Items.	Amount.	Items.	Amount.	Items.	Amount.
1918.						
January.....	55,793	\$212,670,281.24	232,731	\$137,643,853.71	288,524	\$350,314,134.95
February.....	49,604	178,638,432.82	209,122	112,891,607.89	258,728	291,330,040.71
March.....	58,820	237,469,764.26	247,042	150,205,498.91	305,862	387,675,263.17
April.....	57,740	185,156,141.30	223,297	112,727,943.09	281,037	297,884,084.39
May.....	54,279	183,369,926.42	206,775	119,578,103.99	261,054	302,948,030.41
June.....	118,760	211,616,435.54	426,116	144,045,009.77	544,876	355,661,445.31
July.....	66,486	219,261,301.78	476,925	100,630,393.68	543,411	379,891,695.45
August.....	63,340	212,851,580.96	477,501	148,062,248.21	540,841	360,903,829.17
September.....	64,679	197,828,808.20	475,551	151,624,554.00	540,230	349,453,662.20
October.....	90,177	280,615,011.34	542,813	219,166,223.71	632,990	499,781,235.05
November.....	87,728	241,243,068.94	594,069	195,726,245.84	681,797	436,969,314.78
December.....	94,177	254,374,122.06	633,376	189,588,641.32	727,553	443,962,763.38
Total.....	801,583	2,615,094,874.86	4,745,318	1,841,890,624.12	5,606,903	4,456,775,493.97

ITEMS ON OTHER DISTRICTS.

1918						
January.....	3,153	\$91,400,986.18	13,140	\$7,846,824.81	16,293	\$99,247,810.99
February.....	3,412	54,348,608.22	11,552	6,560,355.62	14,964	60,908,963.84
March.....	3,790	54,295,562.00	12,229	8,594,660.79	16,019	62,890,222.79
April.....	3,513	65,169,952.53	10,807	5,223,400.73	14,320	70,393,353.26
May.....	3,729	58,916,577.66	11,226	7,126,497.58	14,955	66,043,075.24
June.....	5,050	62,461,601.21	43,098	47,308,227.86	48,148	109,769,829.07
July.....	9,316	96,975,876.06	71,078	12,292,222.86	60,393	109,268,098.92
August.....	10,839	104,749,070.10	80,090	11,436,308.74	90,929	116,185,378.84
September.....	8,471	87,982,247.00	78,625	12,504,317.79	87,096	100,486,564.79
October.....	9,461	104,808,652.76	80,914	15,528,491.78	90,375	120,337,144.54
November.....	8,342	103,658,137.40	75,193	11,279,833.35	83,535	114,937,970.75
December.....	8,127	77,864,163.58	73,257	10,629,343.11	81,384	88,493,506.69
Total.....	77,203	962,631,434.70	561,209	156,330,485.02	618,411	1,118,961,919.72

SCHEDULE 18.—Recapitulation, city and country clearings, December, 1914, to Dec. 31, 1918—Continued.

STATE BANKS.

Month.	Items.	Amount.	Month.	Items.	Amount.
1918			1918		
January.....	46,241	\$4,942,124.29	August.....	233,074	\$15,227,792.15
February.....	42,598	3,979,045.77	September.....	298,652	20,363,654.36
March.....	48,184	5,653,723.98	October.....	366,034	24,811,147.60
April.....	45,661	4,253,081.60	November.....	382,113	23,415,295.38
May.....	40,925	4,889,697.68	December.....	399,960	21,985,032.87
June.....	120,528	9,424,942.60			
July.....	197,862	11,883,458.96	Total.....	2,211,832	150,818,947.24

DAILY AVERAGE.

Month.	City.		Transit.	
	Items.	Amount.	Items.	Amount.
1918				
January.....	2,146	\$8,179,626.20	11,356	\$8,301,299.65
February.....	2,156	7,766,688.38	11,594	7,720,852.93
March.....	2,262	9,133,452.47	11,971	8,413,440.21
April.....	2,309	7,406,245.65	11,331	7,494,973.11
May.....	2,049	7,052,689.47	7,952	4,599,157.84
June.....	4,750	8,464,857.42	23,791	10,529,591.25
July.....	2,557	8,433,126.80	31,802	10,837,767.33
August.....	2,436	8,186,599.27	30,827	10,748,669.97
September.....	2,695	8,242,870.00	35,934	11,265,930.00
October.....	3,229	10,393,148.56	37,009	13,493,130.22
November.....	3,814	10,488,829.08	46,074	14,525,196.17
December.....	3,767	10,174,964.88	44,189	11,603,687.23
Yearly average.....	2,847	8,660,241.52	25,320	9,953,557.99

MEMBER BANKS, OMAHA BRANCH.

Month.	City.		Country.		Total.	
	Items.	Amount.	Items.	Amount.	Items.	Amount.
1918						
January.....	39,256	\$32,451,425.00	57,688	\$30,331,147.00	96,944	\$62,782,572.00
February.....	35,488	29,113,572.00	47,131	31,193,218.00	82,619	60,306,790.00
March.....	41,530	53,848,499.00	60,486	45,861,600.00	102,016	99,700,099.00
April.....	40,806	51,332,909.00	57,600	27,161,821.00	98,406	78,494,730.00
May.....	37,455	57,546,959.00	65,007	22,073,900.00	102,462	79,620,859.00
June.....	37,959	46,307,599.00	70,476	20,925,097.00	108,435	67,232,696.00
July.....	40,506	45,979,802.00	83,855	23,352,786.00	124,361	69,332,588.00
August.....	40,593	53,627,402.00	171,798	44,533,117.00	212,391	98,160,519.00
September.....	43,787	54,460,298.95	114,305	31,144,530.09	158,092	85,604,829.04
October.....	54,606	89,522,503.00	132,912	34,788,331.31	187,518	124,310,834.31
November.....	48,502	59,882,361.00	95,201	20,350,215.00	143,703	80,232,576.00
December.....	49,385	41,210,896.85	108,970	16,244,929.73	158,355	57,455,826.58
Total.....	509,853	615,284,226.80	1,065,429	347,950,692.13	1,575,282	963,234,918.93

ITEMS ON OTHER DISTRICTS, OMAHA BRANCH.

Month.	Items.	Amount.	Month.	Items.	Amount.
1918.			1918.		
January.....	7,017	\$10,304,232.00	August.....	35,692	\$18,695,807.00
February.....	9,125	8,383,817.00	September.....	36,207	22,026,970.00
March.....	11,098	13,331,711.00	October.....	32,196	27,563,728.00
April.....	10,292	12,331,633.00	November.....	46,363	27,740,701.00
May.....	2,415	12,919,777.00	December.....	62,325	30,425,301.28
June.....	8,926	11,289,257.00			
July.....	29,587	16,050,418.00	Total.....	291,213	211,063,352.28

SCHEDULE 18.—Recapitulation, city and country clearings, December, 1914, to Dec. 31, 1918—Continued.

STATE BANKS.

Month.	Items.	Amount.	Month.	Items.	Amount.
1918.			1918.		
January.....	15,916	\$1,012,749.00	August.....	32,260	\$3,220,211.00
February.....	13,882	917,384.00	September.....	48,887	4,139,356.00
March.....	17,069	1,938,350.00	October.....	64,850	5,519,656.00
April.....	15,920	1,489,876.00	November.....	61,998	5,027,792.00
May.....	15,700	1,666,657.00	December.....	79,889	5,003,500.59
June.....	16,545	1,815,200.00			
July.....	20,822	2,143,448.00	Total.....	403,738	33,894,179.59

DAILY AVERAGE, OMAHA BRANCH.

Month.	City.		Transit.	
	Items.	Amount.	Items.	Amount.
1918.				
January.....	1,510	\$1,248,131.75	3,100	\$1,601,851.23
February.....	1,613	1,323,344.28	3,180	1,840,655.40
March.....	1,597	2,071,096.11	3,409	2,350,833.11
April.....	1,632	2,053,316.36	3,351	1,639,333.20
May.....	1,440	2,213,344.57	2,500	848,906.15
June.....	1,518	1,853,039.96	3,833	1,381,182.16
July.....	1,558	1,768,553.90	5,164	1,597,948.15
August.....	1,503	1,986,200.17	6,363	1,649,374.70
September.....	1,824	2,269,178.00	8,308	2,387,952.00
October.....	2,022	3,241,574.18	8,516	2,513,767.23
November.....	1,940	2,395,294.44	8,142	2,124,748.32
December.....	1,974	1,648,435.87	10,047	2,066,949.26
Yearly average.....	1,661	2,005,959.13	5,493	1,833,632.57

MEMBER BANKS, DENVER BRANCH.

Month.	City.		Country.		Total.	
	Items.	Amount.	Items.	Amount.	Items.	Amount.
1918.						
April.....	30,318	\$21,774,341.76	47,648	\$7,411,381.61	77,966	\$29,185,723.37
May.....	21,618	18,692,095.35	49,935	7,667,425.34	71,553	26,359,520.69
June.....	16,877	16,463,207.29	53,973	7,935,393.33	70,850	24,399,600.62
July.....	22,541	23,397,929.16	67,101	8,724,329.13	89,642	32,122,258.29
August.....	24,312	23,424,852.74	111,258	31,919,800.08	135,570	55,344,652.82
September.....	27,809	31,741,440.92	81,036	9,936,284.29	108,845	41,677,725.21
October.....	36,926	40,124,728.26	95,870	12,063,946.56	132,796	52,188,674.82
November.....	35,983	44,932,555.01	100,004	15,930,492.21	135,987	60,863,047.22
December.....	37,892	37,109,756.45	108,137	12,642,989.32	146,029	49,752,745.77
Total.....	254,276	257,660,906.94	714,962	114,233,041.87	969,238	371,893,948.81

ITEMS ON OTHER DISTRICTS, DENVER BRANCH.

Month.	Items.	Amount.	Month.	Items.	Amount.
1918			1918—Continued.		
April.....	4,973	\$17,969,726.07	October.....	19,553	\$32,479,859.81
May.....	11,822	23,523,000.87	November.....	19,021	34,789,905.11
June.....	4,212	17,825,908.97	December.....	24,692	29,987,622.34
July.....	13,915	22,291,380.98			
August.....	14,542	22,601,802.23	Total.....	129,578	231,116,057.31
September.....	16,848	29,646,850.93			

SCHEDULE 18.—*Recapitulation, city and country clearings, December, 1914, to Dec. 31, 1918—Continued.*

STATE BANKS.

Month.	Items.	Amount.	Month.	Items.	Amount.
1918.			1918—Continued.		
April.....	4, 946	\$438, 066. 82	October.....	53, 861	\$3, 458, 838. 07
May.....	5, 147	461, 508. 15	November.....	53, 565	3, 237, 058. 88
June.....	7, 096	443, 930. 57	December.....	58, 015	3, 013, 248. 86
July.....	11, 163	677, 797. 31	Total.....	259, 156	15, 100, 813. 96
August.....	24, 406	1, 190, 367. 91			
September.....	40, 957	2, 179, 997. 39			

DAILY AVERAGE.

Month.	City.		Transit.	
	Items.	Amount.	Items.	Amount.
1918.				
April.....	1, 166	\$837, 474. 68	2, 214	\$993, 008. 71
May.....	831	718, 926. 74	1, 920	294, 900. 97
June.....	675	658, 528. 29	2, 611	1, 048, 249. 31
July.....	867	899, 920. 35	3, 544	1, 218, 981. 05
August.....	900	867, 587. 14	4, 121	1, 182, 214. 82
September.....	1, 158	1, 322, 558. 00	5, 784	1, 740, 130. 00
October.....	1, 368	1, 486, 101. 05	6, 269	1, 777, 875. 72
November.....	1, 564	1, 953, 569. 35	7, 504	2, 345, 976. 35
December.....	1, 516	1, 484, 390. 26	7, 674	1, 825, 754. 42
Yearly average.....	1, 116	1, 136, 561. 76	4, 627	1, 380, 797. 93

COMBINED DAILY AVERAGE, KANSAS CITY, OMAHA, AND DENVER BRANCHES.

1918.				
January.....	3, 656	\$9, 427, 757. 93	14, 456	\$10, 903, 150. 88
February.....	3, 769	9, 090, 232. 68	14, 782	9, 581, 502. 33
March.....	3, 859	11, 204, 548. 58	15, 380	10, 764, 273. 32
April.....	5, 107	10, 297, 036. 69	16, 896	10, 127, 313. 02
May.....	4, 359	9, 984, 960. 79	12, 373	5, 743, 054. 97
June.....	6, 944	10, 975, 489. 67	30, 241	12, 939, 022. 73
July.....	4, 982	14, 551, 933. 21	40, 310	13, 654, 696. 53
August.....	4, 839	11, 040, 386. 48	41, 311	13, 580, 259. 19
September.....	5, 677	11, 834, 606. 00	50, 026	15, 438, 012. 00
October.....	6, 619	15, 120, 623. 79	51, 794	17, 784, 773. 17
November.....	7, 318	14, 837, 712. 87	61, 720	18, 995, 920. 84
December.....	7, 257	13, 307, 791. 01	61, 910	15, 495, 390. 91
Yearly average.....	5, 365	11, 764, 398. 31	34, 267	12, 917, 284. 65

SCHEDULE 19.—*Certificates of indebtedness anticipatory of third Liberty loan.*

Total subscriptions for district.....		\$128, 524, 500
824 national banks subscribed.....	\$80, 274, 500	
2,065 State banks subscribed.....	33, 781, 500	
52 trust companies subscribed.....	8, 593, 000	
502 individuals subscribed.....	5, 875, 500	
		128, 524, 500
		Per cent.
824 national banks subscribed out of total of 936.....		88. 03
2,065 State banks subscribed out of total of 3,055.....		67. 59
52 trust companies subscribed out of total of 84.....		61. 90

SCHEDULE 20.—*Certificates of indebtedness anticipatory of fourth Liberty loan.*

Total subscriptions for district.....		\$176, 866, 000
852 national banks subscribed.....	\$106, 536, 000	
2,451 State banks subscribed.....	56, 755, 000	
58 trust companies subscribed.....	11, 085, 000	
54 individuals subscribed.....	2, 490, 000	
		176, 866, 000

SCHEDULE 21.—*Certificates of indebtedness anticipatory of third Liberty loan.*

Date.	Due.	Rate.	Number of subscribers.	Paid by credit.	Total subscription.
		<i>Per cent.</i>			
Jan. 22, 1918.....	Apr. 22, 1918.....	4	510	\$5,999,044.96	\$12,000,000
Feb. 8, 1918.....	May 9, 1918.....	4	1,517	10,550,461.56	21,411,000
Feb. 27, 1918.....	May 28, 1918.....	4½	1,913	13,947,322.04	23,736,500
Mar. 20, 1918.....	June 18, 1918.....	4½	1,750	12,779,509.87	26,116,500
Apr. 10, 1918.....	July 9, 1918.....	4½	1,440	13,795,528.60	25,000,000
Apr. 22, 1918.....	July 18, 1918.....	4½	1,241	9,919,972.55	20,260,500
Total.....				66,991,839.58	128,524,500

SCHEDULE 22.—*Certificates of indebtedness anticipatory of fourth Liberty loan.*

Date.	Due.	Rate.	Number of subscribers.	Paid by credit.	Total subscription.
		<i>Per cent.</i>			
June 25, 1918.....	Oct. 24, 1918.....	4½	1,339	\$16,644,543.62	\$28,410,500
July 9, 1918.....	Nov. 7, 1918.....	4½	1,989	18,387,862.73	30,031,500
July 23, 1918.....	Nov. 21, 1918.....	4½	1,767	15,455,789.06	23,369,000
Aug. 6, 1918.....	Dec. 5, 1918.....	4½	1,923	16,585,102.34	25,126,000
Sept. 3, 1918.....	Jan. 2, 1919.....	4½	1,731	17,676,783.50	25,913,000
Sept. 17, 1918.....	Jan. 16, 1919.....	4½	1,428	15,920,891.17	22,816,000
Oct. 1, 1918.....	Jan. 30, 1919.....	4½	1,312	15,003,061.34	21,200,000
Total.....				115,674,033.76	176,866,000

SCHEDULE 23.—*Certificates of indebtedness, tax series.*

Date.	Due.	Rate.	Number of subscribers.	Paid by credit.	Total subscription.
		<i>Per cent.</i>			
Nov. 30, 1917.....	June 25, 1918.....	4	41	\$405,000.00	\$1,072,000
Jan. 2, 1918.....	do.....	4	183	9,286,000.00	17,075,000
Feb. 15, 1918.....	do.....	4	32	209,001.32	498,500
Mar. 15, 1918.....	do.....	4	56	261,081.55	824,500
Apr. 15, 1918.....	do.....	4	39	239,000.00	1,028,000
May 15, 1918.....	do.....	4	12	420,000.00	538,500
Aug. 20, 1918.....	July 15, 1919.....	4	189	2,113,206.77	3,662,500
Total.....				12,933,289.64	24,699,000

SCHEDULE No. 24.—*Liberty loan bonds.*

States.	Number of subscribers.		Subscriptions and allotments.		
	Third Liberty loan.	Fourth Liberty loan.	Third Liberty loan.	Fourth Liberty loan.	Total.
Colorado.....	177,937	193,965	\$31,295,750	\$42,007,550	\$73,303,300
Kansas.....	317,469	331,824	47,381,200	73,914,550	121,295,750
Missouri.....	141,352	177,528	29,868,100	46,433,750	76,301,850
Nebraska.....	244,584	271,532	50,524,400	75,583,200	126,107,600
New Mexico.....	12,694	12,009	2,228,750	2,144,200	4,372,950
Oklahoma.....	249,208	261,123	36,057,600	45,685,050	81,742,650
Wyoming.....	47,089	63,645	6,737,000	10,183,150	16,920,150
Total.....	1,190,333	1,311,626	204,092,800	295,951,450	500,044,250

SCHEDULE NO. 25.—*Classification of subscriptions, Liberty loan bonds.*

Size of subscriptions.	Third Liberty loan.	Fourth Liberty loan.	Class.	Third Liberty loan.	Fourth Liberty loan.
\$50 to \$10,000.....	\$179,027,650	\$254,611,600	National banks.....	\$99,966,650	\$140,741,950
\$10,050 to \$50,000.....	15,172,500	24,158,400	State banks.....	93,380,400	127,503,050
\$50,050 to \$100,000.....	4,467,050	6,454,550	Trust companies.....	8,684,150	15,828,900
\$100,050 to \$200,000.....	3,120,600	5,782,600	Individuals.....	2,061,600	11,877,550
\$200,050 and over.....	2,305,000	4,944,300			
Total.....	204,092,800	295,951,450	Total.....	204,092,800	295,951,450

SCHEDULE NO. 26.—*Character of payments, third Liberty loan.*

Date.	By cash.	By credit war loan account.	By certificate of indebtedness.	Total principal.	Accrued interest.
5 per cent payment and cash sales to May 9.....	\$67,797,993.64	\$34,533,231.36	\$39,328,000.00	\$141,659,225.00	\$208.55
Installment, May 28.....	5,095,399.11	6,491,003.39	2,415,000.00	14,001,402.50	13,611.20
Installment, July 18.....	17,578,234.01	11,198,390.99	676,500.00	29,453,125.00	78,404.75
Installment, Aug. 15.....	9,929,121.73	9,049,813.27	.....	18,978,935.00	345,648.82
Total.....	100,400,748.49	61,272,439.01	42,419,500.00	204,092,687.50	437,873.32

SCHEDULE NO. 27.—*Character of payments, fourth Liberty loan.*

Date.	By cash.	By credit war loan account.	By certificate of indebtedness.	Total principal.	Accrued interest.
10 per cent payment and cash sales to Oct. 19.....	\$53,304,608.81	\$68,393,901.19	\$69,087,000.00	\$190,785,510.00	\$393.08
Installment, Nov. 21.....	15,081,275.41	19,417,829.59	3,841,500.00	38,340,605.00	62,099.57
Installment, Dec. 19.....	11,587,871.64	14,281,548.36	574,000.00	26,443,420.00	72,856.89
Total.....	79,973,755.86	102,093,279.14	73,502,500.00	255,569,535.00	135,349.54

DISTRICT NO. 11—DALLAS.

W. F. RAMSEY, Chairman and Federal Reserve Agent.

FINANCIAL RESULTS OF OPERATION.

EARNINGS, EXPENSES, DIVIDENDS, ETC.

The Federal Reserve Bank of Dallas has made great headway in the matter of earnings in 1918, as is shown by Schedule 1. Total earnings for the year amounted to \$2,089,526 and were 66 per cent of the bank's capital, as compared with 1917, when the total earnings were \$568,592, or 20 per cent of its capital. Liberal deductions from earnings have been made for depreciation on certain asset items, as shown in the attached analysis of the profit-and-loss account.

The bank has paid dividends up to date, and it is expected that future dividend requirements will be promptly met. On June 30, 1918, a dividend of 6 per cent was paid member banks covering the operating period from July 1, 1917, to June 30, 1918. The amount distributed was \$168,871.16. After paying this dividend, and allowing for liberal depreciations, \$610,496.88 remained in the profit-and-loss account. At its meeting on December 12 the board of directors declared a dividend at the rate of 6 per cent per annum for the operating period from July 1 to December 31, 1918, payable on the latter date. The dividend amounted to \$92,328.75. After making the distribution, and providing for depreciation and all proper deductions, \$1,184,408 remained in the profit-and-loss account, enabling the bank to set up a surplus fund of \$592,204, and reserve an equal amount as a franchise tax payable to the Government on call.

The great expansion in the bank's operations has also necessitated an increase in the expense account. It has been necessary to make extensive additions to the equipment, pay out large amounts for furniture and fixtures, stationery, and supplies, and to make revisions in and additions to the pay roll.

Expenses amounted to \$535,424 in 1918 and were 26 per cent of the earnings.

COMPARATIVE BALANCE SHEETS FOR DEC. 31, 1916, 1917, AND 1918.

Comparative balance sheets or statements of condition of the bank as of the above dates are attached as Schedule 2.

PROFIT-AND-LOSS STATEMENTS FOR 1916, 1917, AND 1918.

An analysis of the profit-and-loss statements for the above dates is attached as Schedule 3.

GENERAL BUSINESS AND BANKING CONDITIONS.

VOLUME OF BUSINESS.

In spite of disturbed conditions and the serious curtailment of many industries, on account of the war and the drought existing over a large area of the district, the volume of business transacted has been generally satisfactory. The high prices of all classes of merchandise more than offset the decreased number of orders in certain lines, and the financial returns from the year's operations are expected to be as good as in 1917. The prices obtaining for goods had the effect of restricting purchases mainly to essentials, and non-essential lines have suffered. The influenza epidemic seriously affected trade during the early fall months. Retail lines suffered, especially, and have not yet completely recovered. With the signing of the armistice, and the removal of various governmental restrictions, some improvement was noticeable, and a general restoration of activities is anticipated in the near future.

The year 1918 opened with depressed business in the western and southwestern portions of the district on account of the very serious drought, and while conditions improved somewhat in the early spring as the result of good rains, this relief was only temporary, and throughout the summer and early fall months trade in those sections was very unsatisfactory. During the fall and winter, however, the protracted drought was effectually broken.

Crops in the eleventh district in 1918 were disappointing. The yield of feed was light, and much below that of a normal year. The production of small grain in the district was approximately 8,500,000 bushels of wheat, 25,000,000 bushels of oats, and 80,000,000 bushels of corn. These yields were much below the production of 1917, which was approximately 15,000,000 bushels of wheat, 35,000,000 bushels of oats, and 85,000,000 bushels of corn, and were not sufficient for local consumption. The wheat crop was especially disappointing in the counties of west and northwest Texas, the principal grain producing section of the district. In many counties the grain did not even germinate on account of dry weather.

As an offset, however, to these poor agricultural returns, business in the larger cities has been good. Plenty of work was available and wages have been the highest on record. At cantonment cities and towns adjacent to military posts especially, local business has been the heaviest ever experienced.

Manufacturing has been as active as fuel restrictions, labor conditions, and the supply of raw materials would permit. War contracts took precedence over ordinary operations.

The cattle and sheep industries, of great importance in this district, have been heavily damaged and demoralized on account of drought conditions. Poor ranges and high prices of feed have forced many stockmen to sacrifice their herds. Market receipts, reflecting this condition, have been very heavy, and consisted principally of stock cattle in an unfinished shape, sacrificed by stockmen on account of the high cost of feed.

Post-office receipts and bank clearings have increased at the principal cities of the district throughout the year. Postal receipts for the first 11 months of 1918 at the principal cities show an increase of 41.3 per cent over the same period the previous year. Clearings at the same cities, covering a similar period, show an increase of 16.7 per cent.

The number of business failures in the district during 1918 shows a reduction of 37.9 per cent, as compared with 1917, and is indicative of generally healthy conditions. Every month has shown a reduction, both in the number of suspensions and the amount of liabilities involved, the latter decreasing 12.8 per cent during the year.

The building industry has been inactive throughout 1918, and governmental regulations have caused operations to be subordinated entirely to war activities. The valuation of permits issued at the principal cities shows a decrease of 17.9 per cent over 1917. The year closes, however, with a very bright prospect for building, and with the removal of all regulations, authorities anticipate that the new year will be one of unprecedented activity.

The discovery of oil in the vicinity of Ranger has caused much activity in that section and made local business excellent. The field has been greatly extended, and the general belief seems justified that the Ranger district is destined to become one of the most important oil-producing sections in the United States.

LABOR.

Labor conditions have been unsettled throughout the year. The wage scale has been very high, but there has been a dearth of workmen. The selective draft demoralized forces, causing a scarcity of men, skilled and unskilled, and the substitution of women in large numbers has resulted. In many instances this change has been very satisfactory and the efficiency of organizations in many lines has not materially suffered, and has, we learn, in some establishments been improved.

MONEY MARKET.

The year 1918 has proven a year of borrowing rather than liquidation. The exhibits attached show the large expansion in discount operations, and the extent to which the facilities of this institution have been availed of. There is little evidence at present of any slackening in the demand. It has been the policy of this institution during the year to impress upon member banks the necessity of keeping their assets in a liquid condition, to curtail the extension of credits to those lines essential to the Government's war program, to carefully scrutinize new financing, and by the purchase of Treasury certificates to be prepared to meet their bond payments without inconvenience. Many banks have adhered strictly to this policy, others, less conservative and patriotic, have disregarded our admonition and as a result have found it difficult, without outside assistance, to make their instalment payments when due, or "keep their house in order."

Member banks in the drouth section have had the heaviest demand throughout the year and had practically no liquidation. On account of disturbed market conditions and the scarcity of shipping, the 1918 cotton crop moved very slowly, and many banks have been badly extended as a result. Some of them have been carrying large amounts of cotton, bought on a high market, which their customers were always reluctant and usually unwilling to sell on account of the loss involved.

Rates have not changed materially and have been steady to firm throughout the year. The heavy demand for funds, and the inevitable credit expansion which resulted, have not, on the whole, unduly disturbed financial conditions, and if immediate relief is afforded by the movement of cotton, as now seems likely, there is no reason why basic conditions should not be sound.

DISCOUNT OPERATIONS.

REDISCOUNTS—COMMERCIAL PAPER.

Schedule 4 shows the discount operations of the bank during 1918. This exhibit covers the rediscounting of commercial, industrial, and agricultural paper. It will be noted that the aggregate of such paper handled in 1918 was \$587,677,767, against \$57,052,636 in 1917. The total number of banks accommodated in 1918 was 548, of which 205 were new banks which had not previously used our facilities. The largest note discounted was \$3,750,000; the smallest, \$10.50.

REDISCOUNTS—LIBERTY LOAN.

Schedule 5 shows by months the volume of paper discounted, including largely member banks' promissory notes secured by Gov-

ernment obligations. The amount of such paper handled has been unusually heavy, and the bank's facilities in this regard have been freely availed of by member banks. This method of temporary advances has proven attractive to member banks, but the purpose of the same has unquestionably been often misunderstood, and such facilities not infrequently abused. A large number of banks seem to look upon this institution as an inexhaustible supply of funds, and instead of using its rediscount machinery for the maintenance of reserves have sought advances for their own gain.

TRADE ACCEPTANCES.

During the past year an increasing number of inquiries have been received as to the use of acceptances, and some of the larger firms of the district have substituted this credit instrument for the open-book accounts. Further progress in this regard is expected, but the transition will be gradual and it will take considerable time to effect the general use of trade acceptances. In the first place, on account of keen competition among wholesalers and jobbers, it is not unlikely that the merchant will continue to trade with those firms which permit the open account, with dates of payment uncertain, rather than with their competitors who use acceptances which provide for liquidation at a fixed maturity. Schedule 8 shows the volume of trade acceptances rediscounted by this bank during the year.

GROWTH OF OPEN MARKET FOR ACCEPTANCES.

The volume of acceptances handled in the open market in this district is negligible. In fact, there is really no "open market" for this class of paper, the transactions which the bank has handled consisting principally of purchases from the larger banks of their own acceptances, although it has purchased bills from other Federal Reserve Banks when the demand in the district was light.

POLICY ON ACCEPTANCE PURCHASES.

The executive committee has always favored the purchase of acceptances and has made as attractive rates on such paper as market conditions warranted. Schedules 7 to 10 show total investments in acceptances, maturity of same, and rates at which purchased.

RESERVE POSITION.

The reserve position of the bank throughout the year is indicated by Exhibit B and attached chart. The required reserves have been fairly well maintained during the year, although during the fall months there was an unprecedented demand for loans, which made it necessary to rediscount with other Federal Reserve Banks in order to maintain reserve requirements.

MOVEMENT OF MEMBERSHIP.

NATIONAL BANKS.

On January 1, 1918, there were 621 national banks in this district, with a total capital and surplus of \$93,732,000. Seventeen national banks, with a total capital and surplus of \$5,272,000, have been added during the year; and during the same period eight national banks, with a total capital and surplus of \$468,000, have liquidated. On December 31, 1918, the total national bank membership was 630, with capital and surplus of \$96,879,000.

The paid-in capital of this bank on December 31, 1917, was \$2,794,900, which has been increased by the addition of State banks and through increases in capital and surplus of national banks to \$3,154,300 on December 31, 1918.

STATE BANKS.

On January 1, 1918, there were 11 State bank members in this district, with a capital of \$960,000 and total resources of \$11,133,000. During the year the bank has made reasonably satisfactory progress in State bank memberships and has added 87 banks, having a total capital and surplus of \$7,372,000 and total resources, according to the latest figures available, of \$43,305,000. One State bank, with capital and surplus of \$63,000, retired from the system by liquidation during the year. Schedule 15 shows the total membership in the district, by States, as of December 31, 1918.

CAPITAL STOCK ACCOUNT.

Schedule 17 shows the changes in the capital stock account during the year; also a summary of the movement of member banks.

RELATIONS WITH NATIONAL BANK MEMBERS.

DISCOUNT OPERATIONS.

The relations existing between this bank and its national bank members through discount operations are for the most part extremely cordial and friendly, and the service extended during the past year has been very satisfactory, fully meeting the expectations of members. The exhibits attached show the volume of discount operations in 1918. There has been a steady increase in the volume of paper handled. A large number of banks which had not heretofore discounted with the Reserve Banks have availed themselves freely of its facilities. The number of notes offered has been very large. Failure to comply with regulations has necessitated the return of considerable paper on account of ineligibility. An improvement has been shown in this respect during the year, however, and disregard of discount regulations is less frequent than formerly.

FIDUCIARY POWERS.

The number of banks in the district which have been granted fiduciary powers up to December 31, 1918, is shown on Schedule 19. Such powers were granted to five banks in 1918. Prior to the passage of the amendment to the Federal Reserve Act on September 26 the number of such applications was not large. More recently, however, several inquiries have been received. Four are now pending, and from the revived interest, as evidenced by inquiries for blanks, it is probably only a question of time until many additional banks will seek these powers.

RELATIONS WITH STATE BANKS AND TRUST COMPANIES.

DISCOUNT OPERATIONS.

As a result of the unfavorable conditions which have existed in parts of the district, and the unprecedented demand for loans, a good many State banks have joined the system largely for the purpose of using the Reserve Bank's rediscount facilities.

EXAMINATIONS.

The bank's relations with State banks and trust companies in connection with examinations are confined mainly to the investigation of their condition when they make application for membership. This examination not only enables the executive committee to secure first-hand information regarding the applying bank, and to base its recommendation on the same, but it permits the bank to readily make the analysis required by the Federal Reserve Board. The banking commissioners of the various States in this district furnish two copies of their report of the last examination made. It frequently happens, however, that a State bank has not been recently examined. The reports received from the State banking department would not, therefore, reflect the bank's true condition, and this has led to an independent examination by the Reserve Bank. After a State bank is admitted the department's reports are accepted and it has not been necessary to conduct a special examination of State bank members.

RESERVES.

The banking laws of Texas have been amended and permit State banks which join the Federal Reserve system to conform to its reserve requirements. As this permits a distinct reduction in reserves it has proven an inducement to State banks to join the system. In the other States in this district, however, the banking laws are not so favorable, and while permitting State banks to join the system, and count balances with the Reserve Bank as part of their required reserve with approved reserve agents, they do not accept the same in lieu

of their statutory requirements. In Louisiana the State law permits balances with the Federal Reserve Bank to count only as cash reserves on hand. This is the sole concession made by the statutes of that State, and the situation obviously interferes with progress in State bank membership in Louisiana.

FISCAL AGENCY OPERATIONS.

ALLOTMENT OF TREASURY CERTIFICATES AMONG BANKS IN DISTRICT.

Schedules 20 and 21 show the allotment of Treasury certificates, the amount subscribed, number of subscribers, and other data covering all issues offered in 1918.

A very active campaign under the supervision of Mr. Nathan Adams was conducted throughout the year to promote the sale of these securities. While fair headway has been made and the campaign has been reasonably successful, the results, due to the extreme drought and inability to market cotton, have not been as satisfactory as desired.

DEPOSITS OF TREASURY FUNDS WITH BANKS AND THEIR WITHDRAWAL.

Schedule 22 shows, by months, the amount of funds with depositary banks throughout the year.

FLOTATION OF LIBERTY LOANS.

During the third Liberty loan campaign the members of the central advisory committee and the executive committee who had served for the first and second loan campaigns continued in office. Mr. J. W. Hoopes again acted as executive manager.

Intensive organization work was conducted for two months previous to the actual selling period, business men being sent into practically every county in the district to appoint suitable county chairmen and advise on sales methods. The loan was oversubscribed by nearly \$31,000,000. The women's Liberty loan organization, under the chairmanship of Mrs. E. E. Reppert, collected about \$23,000,000 in subscriptions.

The fourth Liberty loan campaign held in September and October, 1918, under the same management as previous efforts, resulted in an oversubscription of approximately 12 per cent in spite of crop and cattle raising conditions which in some sections were merely unsatisfactory and in others deplorable. The women's Liberty loan organization collected about \$36,000,000.

Few bonds were bought as investments by bankers or with a view to helping out in gaining quotas, they doing their part rather in accommodating customers and very effectively pushing the sale of bonds to the public. The work of inducing the public to keep their bonds and to prepare for another loan is being conducted vigorously.

WAR-SAVINGS CERTIFICATES.

The activities of the fiscal agency department in connection with the sale of war-savings certificates and stamps have been confined to the receipt and distribution of the stamps.

WAR FINANCE CORPORATION.

The War Finance Corporation, acting through this bank, has made advances to banks in the cattle-raising and agricultural sections on their promissory notes, secured by the paper of farmers and cattlemen. On July 22 the corporation announced that it would make loans to banks located in drought-stricken sections of the district, such advances to be adequately secured. Up to December 31, 23 applications for loans aggregating \$899,263 had been received. Supporting the applications was collateral aggregating \$1,185,639. The proposed plan has not been generally availed of, and only 12 applications were accepted by the executive committee and the War Finance Corporation. These applications aggregated \$377,000 and were secured by collateral aggregating \$520,841. On August 22 the corporation announced its willingness to make advances for crop-moving purposes, but no applications were received.

In September the cattle loan agency of the War Finance Corporation was opened, the purpose of the organization being to make loans to stock raisers in this district. From the date the agency opened there was a deluge of applications for loans, and the aggregate received up to December 1 was \$16,254,312. Of this amount, loans aggregating \$3,750,090 were made. In the latter part of November the corporation announced that no additional applications would be received after December 1. It is anticipated that the active work of the agency will be closed soon after the beginning of the year. The aid extended by the local cattle loan agency has been of incalculable benefit. Cattle conditions in the West have been quite distressing for many months past on account of the drought; the banks were unable to render necessary financial assistance to their customers among the stockmen. The year closed with conditions greatly improved in the cattle country, and it is hoped that before many months pass the industry will again be on its feet and contribute to the prosperity of the district. The agency reestablished confidence in this industry and brought about a more liberal treatment of such loans both by the banks and the investing public.

CAPITAL ISSUES COMMITTEE.

In the latter part of January a district or subcommittee of the Capital Issues Committee was appointed, consisting of W. F. Ramsey, chairman; R. L. Van Zandt, vice chairman; Edward Gray, Dallas; Howell E. Smith, McKinney, Tex.; W. C. Stripling, Fort Worth, Tex. An advisory or auxiliary committee was appointed, consisting of W. R. Grim, Texarkana, Tex.; Edward Rotan, Waco, Tex.; John Sealy, Galveston, Tex.; J. O. Terrell, San Antonio, Tex.; D. E. Waggoner, Dallas, Tex.; E. O. Tenison, Dallas, Tex.; Lewis Hancock, Austin, Tex.; John W. Poe, Roswell, N. Mex.; L. C. Shattuck, Bisbee, Ariz.; R. D. Wilbor, Hugo, Okla.; H. W. Smith, Ruston, La.

When the War Finance Corporation Act was passed in April, and the Capital Issues Committee formally created, the above-named gentlemen were reappointed, and have served throughout the year.

The activities of the local Capital Issues Committee in the early weeks of its organization were not extensive. As more publicity was given the matter, however, and an active campaign made to conserve capital and credit and restrict the operations of stock salesmen, the number of applications greatly increased, and the functions of the committee expanded materially.

The committee, while not attempting to throttle legitimate new financing necessary to the national welfare, has done much to conserve capital and protect the public. The rapid development of the oil fields of Ranger, Burkburnett, and adjacent territory caused the district to be flooded with issues of stocks in oil companies. The majority of such issues were highly speculative, and many of the projects were absolutely without merit. It was, of course, impossible to keep the public, especially in rural communities, from investing in worthless stocks, and many cases were reported of the exchange of Liberty bonds and securities of recognized value for stock in various companies. The committee, however, has constantly endeavored to protect the people from these stock swindlers, and many dishonest operators have felt the effects of its supervisory powers.

The following data describes the committee's operations:

It is estimated that 250 issues of securities, aggregating \$50,000,000, have been passed upon by the committee.

Total number of applications withdrawn or abandoned upon the advice of Chairman Ramsey, either through correspondence or at the committee's meetings, 21.

Aggregate amount of securities thus discouraged (estimated), \$24,107,500.

Total number of applicants induced to content themselves with smaller issues than originally applied for, 36.

Aggregate amount of these reductions, \$1,829,000.

Total securities effectively suppressed, \$25,937,300.

NOTE ISSUES.

FEDERAL RESERVE NOTES.

There is attached, as Schedule 24, a chart showing the amount of Federal Reserve notes outstanding in 1918. Schedule 25 shows similar data for 1917. The increase is quite conspicuous. The seasonal movement of currency started about August 1 and continued until the middle of October. During that period our note circulation increased approximately \$30,000,000. The amounts issued, by weeks, between those dates were:

Week ending—

August 3.....	\$375,000
August 10.....	490,000
August 17.....	2,280,000
August 24.....	3,255,000
August 31.....	6,640,000
September 7.....	5,765,000
September 14.....	3,730,000
September 21.....	3,345,000
September 28.....	580,000
October 5.....	4,230,000
October 12.....	1,555,000
October 19.....	385,000

The bank has continued its practice of issuing notes to supply currency during the fall crop-moving season and against the deposit of gold. Through the substitution of notes for gold we have greatly strengthened our position. We have conducted an active campaign to increase our gold holdings by the exchange of currency therefor. The reserve against notes outstanding has always been above requirements, and the cover of gold and commercial paper far in excess of the amount required.

FEDERAL RESERVE BANK NOTES.

The bank has had occasion during the year to issue Federal Reserve bank notes in large amounts, and on December 31 the bank's liability on account of such notes in actual circulation was \$5,539,900.

POSITION OF COMMERCIAL BANKS AS A RESULT OF WAR FINANCING.

INCREASE OF THEIR OBLIGATIONS.

The position of commercial banks in this district has fluctuated materially during the year. There is attached, as Schedule 18, a statement showing the condition of national banks on the dates of the first five calls of the comptroller in 1918. On account of the peculiar conditions obtaining in the district during practically the entire year, and the unprecedented demand for funds, the banks have found it necessary to borrow heavily.

EFFECT ON COMMERCIAL PAPER OF DISTRICT.

The large amount of the assets of member banks put in Government obligations during the year has resulted in a very dull market for commercial paper. Purchases of such paper have been negligible. During normal times there is a rather active demand for commercial paper in this district, and in the early months of the year it was the practice of the larger banks especially to make quite an investment in the same, the banks finding commercial paper an attractive investment. In 1919 some of the larger banks employed a portion of their funds in this manner, but the amount so invested has been much smaller than in former years, as surplus funds were not available for that purpose. We do not expect an active market for commercial paper for some time yet; certainly not until the banking situation is more settled.

RELATIONS TO AND EFFECT ON GENERAL BUSINESS.

The necessity of the banks lending their resources to the Government has forced them to a policy of conservatism, and the extension of new credits has been curtailed. This policy has not interfered unduly with business. It has probably affected the financing of nonessential industries, but this was absolutely necessary in the financial situation of the past year if the Government's requirements were to be successfully met.

POLICY TO BE PURSUED IN RESTORING LIQUIDITY OF BANKS.

PROBABLE TIME IN WHICH THEY CAN CLEAR UP THEIR "WAR PAPER."

Any statement as to the period of carrying "war paper" or paper secured by Government war obligations would be hazardous. We do not think many banks will desire to carry this paper for long periods, as most of the banks make such loans at low rates of interest, and mainly through patriotic motives. Of course, the time required for the resumption of normal conditions will be an important factor, for, if money matters are not unduly strained and conditions return to normal within a reasonable time, the banks will soon be able to get rid of most of their "war paper." The period of one year could probably be conservatively fixed as the time for liquidating paper of the character referred to. We believe the general public appreciate the importance of holding their Liberty bonds and paying therefor out of their earnings. In extreme cases the assistance of banks will be sought.

POLICY OF FEDERAL RESERVE BANK TOWARD THEM MEANWHILE.

This bank's policy toward banks which have assisted in the extensive financial program of the Government will continue to be one of service, and the facilities of this institution will be freely extended in every way consistent with sound banking principles. At the

same time it has been the practice of our officials to discourage undue expansion and restrict advances to legitimate needs, until the return of normal conditions. We desire to assist the banks in the period of financial readjustment upon which they are now entering, and confidently expect the transition to be made without undue disturbance.

OPERATIONS OF FEDERAL RESERVE BANK BRANCHES.

The activities of the El Paso branch during the six and one-half months of its existence have fully justified the wisdom of its establishment. Schedule 31 shows the condition of the branch on July 15 (a month after its opening) and on December 31, 1918. Drought conditions in the El Paso section have created a very heavy demand for funds from the branch. The use of the Reserve Bank's collection facilities has also greatly developed, and the number of items handled daily has increased from approximately 3,000 during the early days of the bank's operations to 7,000 at the close of the year. This increase has been principally from items received from members within the territory of the branch. All nonmember banks in the El Paso branch territory are now remitting for items to the branch at par, except five in Arizona, nine in New Mexico, and nine in Texas.

The shipping facilities of the branch for currency and coin have been utilized very freely, and from the day of opening to the end of the year outgoing money shipments were: Currency, \$7,400,370; silver, \$576,963; gold, \$692,865. Incoming shipments during the same period were: Currency, \$6,092,659; silver, \$530,871; gold, \$97,185. A supply of currency and coin sufficient for the needs of the territory served by the branch is kept on hand, as well as a supply of unissued Federal Reserve notes.

The branch opened with 60 member banks. There have since been added six State banks, making a total membership on December 31, 1918, of 66.

The territory assigned to the branch includes 18 counties in Texas, as follows:

Andrews.	Hudspeth.	Presidio.
Brewster.	Jeff Davis.	Reeves.
Crane.	Loving.	Terrell.
Culberson.	Martin.	Val Verde.
Ector.	Midland.	Ward.
El Paso.	Pecos.	Winkler.

Sixteen counties in New Mexico (or all the territory in that State included in the Eleventh District), as follows:

Bernalillo.	Guadalupe.	Sierra.
Chaves.	Lincoln.	Socorro.
Curry.	Luna.	Torrance.
Dona Ana.	Otero.	Valencia.
Eddy.	Quay.	
Grant.	Roosevelt.	

Five counties in Arizona (or all the territory in that State included in the Eleventh District), as follows:

Cochise.
Graham.

Greenlee.
Pima.

Santa Cruz.

The directors appointed by the Federal Reserve Board for the first year were W. W. Turney and A. P. Coles, of El Paso; those selected by the board of directors of the head office were U. S. Stewart and A. F. Kerr, of El Paso, and Sam R. Lawder, of Dallas. Mr. Lawder was appointed manager. All of these gentlemen have been reelected to serve during 1919, and Mr. Lawder was again designated as manager.

The branch was opened in quarters on the third floor of the First National Bank Building, together with vault and cage space in the safe deposit section of the First National Bank. These quarters have now proven inadequate and additional room has been arranged for to provide for the rapidly increasing operations of the branch. A force of 14 was employed upon opening on June 17. The work expanded so rapidly that additional clerks were necessary, and on December 31 the force numbered 34, including officers.

The executive committee of the branch meets every day to pass upon discount offerings and consider other important matters affecting operations.

A classification of paper under rediscount shows that 80 per cent of the rediscounts for member banks in the El Paso territory are based on live stock and agriculture.

Member banks are rapidly learning that as practically all of their payments, on account of withdrawals of funds, maturing obligations, and otherwise, are made through the branch bank, it is to their advantage to accumulate all of their funds there. Banks are also finding it convenient to use the trust department of the branch for the keeping of their Government securities, and as a portion of the general account of the Treasurer of the United States is carried at the branch, Government vouchers are paid by the branch upon presentation, and members are given immediate credit for these items.

The total expense of operation of the branch from date of opening to December 31 was \$61,472.08, which includes cost of equipment, \$20,163.01. Revenues from all sources within branch territory for the same period were \$81,484.04, which includes earned discount on all rediscounts and member bank collateral notes handled through the branch since the date of opening.

MISCELLANEOUS.

INTERNAL ORGANIZATION.

The board of directors has held 12 meetings during 1918, at which a quorum was present. No change has occurred in the personnel

of the board during the year. On December 21, 1917, Mr. W. F. Ramsey was reelected a class C director for the three-year term beginning January 1, 1918, and redesignated as chairman of the board and Federal Reserve agent. On December 11, 1918, he was reappointed chairman and Federal Reserve agent for the year 1919. On the same date Mr. W. B. Newsome was reelected class C director and redesignated deputy chairman of the board for 1919. Mr. Newsome has, upon written request of Chairman Ramsey, and in the latter's enforced absence from the office, generally served as a member of the executive committee. Class A Director B. A. McKinney has at various times during the year served as governor of the bank in the absence of Governor Van Zandt and the necessity of Deputy Governor Hoopes giving attention to Liberty loan matters.

The terms of Messrs. John T. Scott, class A director representing banks in group 1, and Frank Kell, class B director representing banks in group 2, expired on December 31, 1918. In accordance with the provisions of the Federal Reserve Act, as amended on September 26, 1918, an election of directors was held for the successors of the above named. The polls opened on November 19 and closed December 3, Messrs. Scott and Kell being reelected to serve for the three-year term beginning January 1, 1919. Little interest was manifested in the election, and a very small per cent of the banks eligible and entitled to vote took advantage of the privilege.

On January 10, Dr. E. P. Wilmot, president of the Austin National Bank, Austin, Tex., was elected a member of the Federal Advisory Council, representing this district. Dr. Wilmot has attended the various meetings of the council, and upon his return made an interesting oral report to the board of directors.

The officers of the bank meet daily from 9.30 to 10 a. m. to discuss various matters of operation and present important correspondence.

The executive committee meets daily to pass upon offerings for rediscount and other important matters. It has been the policy of the executive committee to adhere as closely as practicable to the typical organization chart submitted by the Federal Reserve Board in March last. In so doing it has, of course, required a complete reorganization of some departments, and with the natural growth in operations and the creation of new divisions, on account of fiscal agency functions, the bank's force has greatly expanded. To keep the work on a current basis (which has always been the bank's policy) has been extremely difficult. It has been necessary to substitute women and untrained men and to educate them in the work of the bank. In the early summer months authority of the Federal Reserve Board for the payment of a salary bonus was obtained. The bonus was distributed on December 31 and amounted to \$45,103.59.

The selection of Mr. Sam R. Lawder as manager of the El Paso branch created a vacancy in the staff of the head office. Mr. Lawder for several months past had devoted his entire time to work in the war loan department in connection with Assistant Cashier Gilbert. Upon Mr. Lawder's removal to El Paso, Mr. Gilbert, as managing head, remained in sole charge of fiscal agency matters. The work of that bureau developed to such proportions that it was necessary to provide capable assistants, which was done by the appointment of Messrs. D. P. Reordan and Floyd Ikard as assistant managers.

At the board meeting on April 5 Mr. Paul G. Taylor, formerly assistant cashier of the South Texas Commercial National Bank of Houston, was elected assistant cashier. Mr. Taylor has immediate supervision of employment of needed help, the district clearing house, bookkeeping, mail and purchasing department, and the private wire operations. At the same meeting Mr. R. B. Coleman, who since September, 1917, had been serving as acting assistant cashier, was elected assistant cashier in immediate charge of the cash division, including currency shipments, vault custodies, and transfers. On June 3 Mr. Fred Harris, manager of the loan and discount department, was elected assistant cashier, continuing in general charge of the discount department. The detailed operations and clerical force of that division are handled by Mr. C. E. Breg, appointed assistant manager in the late summer. Mr. James L. Lumpkin in May last was designated manager of the credit department. Mr. Lumpkin had been acting in that capacity for several months previously. In August last Mr. John A. Monroe was assigned to the credit department as assistant to Mr. Lumpkin.

Mr. R. E. Chambers was in February selected as chief examiner of State banks. Mr. J. H. Blocker, formerly an examiner for the banking department of Texas was employed early in the year to do special examination work under direction of the Federal Reserve agent. Heretofore the duties of both Messrs. Chambers and Blocker, for the most part, consisted in examining State banks applying for membership.

There has been no change in the personnel of the Federal Reserve agent's department. Notwithstanding the fact that the work in the department increased greatly during the year, no additions have been made to the force. Under the supervision of Agent Ramsey, the department is handled by Assistant Federal Reserve Agent Charles C. Hall with a force of two. Agent Ramsey, in addition to his work as such, has found it necessary to devote a large portion of his time to the Capital Issues Committee, the cattle loan agency, and drought relief matters. The latter work, which consisted in the distribution of \$5,000,000 set aside by the Treasury Department for deposit in banks in the West and Southwest, and the custody and substitution

of collateral security to the same, has been one of responsibility and much detail.

The details of State bank membership, the issuance and receipt of Federal Reserve notes, applications for fiduciary powers, preparation of weekly, monthly, and annual reports, applications affecting member banks' stock holdings, monthly letter on business conditions, and correspondence relating to these matters are handled by Assistant Federal Reserve Agent Hall.

CLEARINGS.

The check-collection system approved by the Federal Reserve Board, which went into effect July 15, 1916, has been continued throughout the year 1918 with very satisfactory results. There has been a marked increase in the number and amount of checks handled, notwithstanding the fact that no active campaign has been conducted or set program followed in soliciting new clearing accounts or additions to the par list. The number of checks handled in January was 378,625, and the amount was \$213,811,405. The number handled in December was 725,141, and the amount was \$277,583,048, an increase of 91 per cent in the number and of 30 per cent in the amount of items handled during the first and last months of the year.

For some time after general clearing operations were undertaken the number of checks handled for account of other Federal Reserve Banks greatly exceeded the number received from and handled for the account of our member banks. The situation is now reversed, and the number of checks deposited by banks of this district constitutes over 60 per cent of the total number. This increase in the number of items and the additions to the number of clearing accounts has created a feeling of optimism, and we believe that the next year will witness an even greater growth and development of the clearing operations of the bank.

The majority of items handled for the account of member banks is, of course, received from the larger banks of this district. They find it very much to their advantage, in that it enables them to make quicker collection, obviates the necessity of having their funds scattered over a wide territory, and saves the expense of extra accounting. A large number of the checks which they receive from their country correspondents are deposited for collection in the district clearing house. A number of country banks, however, which heretofore have preferred sending their miscellaneous items to their city correspondents, are now availing themselves of the par collection system and find it quite as satisfactory, and in some instances more convenient, because it permits of quicker presentation, quicker advice of non-payment, and enables them to maintain their reserve balances without making so many transfers of funds.

One other feature that has no doubt encouraged the use of the par collection facilities was the discontinuance on June 15 of the service charge of 1½ cents on cash items handled through the district clearing house.

EFFECT UPON RESERVES.

Our method of collecting the amounts of checks forwarded to member banks by making charge to their reserve accounts has not materially affected the reserves for the reason that the charge is not made until sufficient time has elapsed for them to receive our district clearing house letters and make remittance to cover. The banks of this district have become thoroughly familiar with this method and handle our cash letters accordingly.

Only occasional delays in the mails cause reserve deficiencies. These are adjusted by making an improvement in reserve accounts, where it is found that deficiency was due to mail delay and not to lack of diligence on the part of the paying bank. We are satisfied that this method of collection is the quickest and best. It is a safeguard against the holding up of remittances and absolutely assures prompt collection.

Under our method of handling checks the maintenance of reserves is very much simplified. A clearing is made of the items received from and items sent to a member bank, and only the net balance is entered in the reserve account. This method permits the member banks to pay for the items we send them with items of similar character.

During the year a number of penalties have been assessed for reserve deficiencies and there have been occasional overdrafts, yet the aggregate reserves have been well maintained.

IMMEDIATE CREDIT ENTRY.

It would be inconvenient for the majority of our member banks to make settlement of their district clearing house debit balances were it not for the fact that provision has been made to accept for immediate credit checks and drafts other than those drawn on banks in the Federal Reserve city.

In addition to drafts on Dallas, member banks may remit for immediate credit in reserve account drafts drawn on banks in other Federal Reserve cities and points on which other Federal Reserve Banks allow us immediate credit.

The reserve city clearing house also provides a convenient facility for the country banks and has been of much assistance to them in making quick settlement of their district clearing house balances.

RESERVE CITY CLEARING HOUSE.

The reserve city clearing house, which is now regarded as almost a necessity, has for the year 1918 very well served the purpose for which it was established. It is operated for the convenience of former reserve city banks and at their expense. The members continue to send the actual checks and drafts which they receive to the drawee banks for credit. Against these sendings they draw drafts in favor of the Federal Reserve Bank and forward them for their credit in the reserve city clearing house. A clearing is effected and resultant balances are advised by wire. Settlement of balances is made on the same day by charging or crediting reserve account. All members are situated so that mail dispatched for Dallas will be received by the Federal Reserve Bank in time for clearings at 11.30 a. m. This permits advising of resultant balances by 12 m., and gives the members three hours in which to prepare their reserves to meet the charges.

By reason of the members of the reserve city clearing house granting permission to the majority of their country correspondents to draw drafts payable through the reserve city clearing house, a large number of the country banks of this district that do not find it convenient to carry a Dallas account are provided with means of making settlement of their district clearing house balances in immediately available funds.

The operation of the reserve city clearing house, in addition to saving for its members one day's time in making collection of the checks they receive drawn on other members, obviates the necessity of handling a great number of miscellaneous items by the Federal Reserve Bank.

COLLECTIONS.

Upon the authority of the Federal Reserve Board and by its direction, the Federal Reserve Bank of Dallas, on January 1, 1918, established a collection department for the handling of all forms of collection items, and during the year we have handled for our member banks and other Federal Reserve Banks a total number of 4,962 collection items, or an average of 413 a month.

A circular letter was issued December 27, 1917, to banks of this district, stating the conditions and regulations governing the operations of this department. The banks of the district, however, have not made much use of this facility, the majority of our collections being received from other Federal Reserve Banks or from their members.

All items handled through this department are sent to banks in the cities where they are payable, and the collecting banks are requested, if they find it inconvenient to remit in Dallas exchange, to remit to the Federal Reserve Bank of their district for our account.

The greater part of our collection business has consisted of items payable at Dallas.

GOLD SETTLEMENT FUND.

The gold settlement fund continues as an ideal medium for making settlement balances between Federal Reserve Banks and as a stabilizer of the exchange market. It has proven especially valuable in making transfers for the account of the Treasurer, which have been extraordinarily heavy, due to the Government's fiscal activities.

Schedule 33 shows the amount of gold this bank received and paid out through the gold settlement fund for the year 1918.

In our opinion, a great improvement in operation was made when on July 1, 1918, the Federal Reserve Banks commenced to make daily settlement of their balances through the gold fund.

BANKING QUARTERS—NEW BUILDING.

The bank proper and the fiscal agency department have been seriously crowded throughout the year, and, as a result, great difficulty has been experienced in handling the increased volume of business. The additional functions undertaken, as a result of the war, and the normal expansion in operations of the bank now find it badly crowded in every department—in fact, the business of all divisions, both of the bank proper and of the fiscal agency, has so greatly expanded that it is necessary to use four different buildings. This, of course, is quite inconvenient, to say nothing of the risk involved in the handling of securities between the various departments. Because of lack of office space, it was necessary in the early summer months to put on a night force in the discount department. This was in the nature of an experiment, as additional clerks could not be accommodated. It has, however, proven advantageous.

The board of directors and the executive committee, after much deliberation and careful thought as to various offers of buildings and lots, in the early fall purchased a site 162 by 183 feet on South Akard Street, one block removed from Commerce Street, one of the principal down-town thoroughfares. The location, while slightly out of the principal business and banking district of the city, is very convenient. Plans are now being prepared by the well-known architectural firm of Graham, Anderson, Probst & White, of Chicago, for a building adequate for all departments of the bank. The building committee, of which Gov. Van Zandt is chairman, has also employed Thomas Bruce Boyd (Inc.), of New York, to arrange the interior. It is hoped that, without unnecessary delay, the bank will have a structure which will not only answer present needs, but, as far as can be reasonably determined, adequately meet future requirements and care for the rapid growth in its operations.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of Dallas during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Dis- counted paper se- cured by United States war obli- gations.	Other dis- counted paper.	(1+2)	Bills bought in open market.	Total bills dis- counted and bought.	Per cent. (1+5)	Total earning assets.
	1	2	3	4	5	6	7
Jan. 4.....	5,255	3,742	8,997	13,623	22,620	23.2	30,813
Jan. 11.....	4,657	3,978	8,635	13,563	22,198	21.0	30,389
Jan. 18.....	4,998	3,651	8,649	13,531	22,180	22.5	29,924
Jan. 25.....	5,218	4,281	9,499	13,263	22,762	22.9	29,970
Feb. 1.....	5,490	5,148	10,638	12,445	23,083	23.8	30,858
Feb. 8.....	5,611	5,384	10,995	12,171	23,166	24.2	31,288
Feb. 15.....	2,257	5,871	8,128	11,291	19,419	11.6	27,522
Feb. 21.....	2,369	5,935	8,304	9,971	18,275	13.0	25,949
Mar. 1.....	4,021	6,718	10,739	10,722	21,461	18.7	29,392
Mar. 8.....	4,445	8,238	12,683	10,060	22,743	19.5	31,585
Mar. 15.....	3,725	8,114	11,839	8,110	19,949	18.7	28,694
Mar. 22.....	5,664	8,142	13,806	6,417	20,223	28.0	28,948
Mar. 29.....	8,415	9,953	18,368	5,480	23,848	35.3	32,678
Apr. 5.....	11,160	11,175	22,335	5,256	27,591	40.4	36,078
Apr. 12.....	12,840	11,569	24,409	5,927	30,336	42.3	39,049
Apr. 19.....	13,078	12,211	25,289	4,980	30,269	43.2	38,753
Apr. 26.....	13,448	12,719	26,167	4,555	30,722	43.8	39,572
May 3.....	13,379	13,139	26,518	4,960	31,478	42.5	38,611
May 10.....	13,452	14,253	27,705	1,555	29,260	46.0	36,272
May 17.....	11,668	15,465	27,133	845	27,978	41.7	35,028
May 24.....	12,407	15,753	28,160	770	28,930	42.9	35,484
May 31.....	14,289	15,793	30,082	920	31,002	46.1	37,046
June 7.....	17,070	16,373	33,443	720	34,163	50.0	40,153
June 14.....	19,265	17,594	36,859	1,320	38,179	50.5	44,117
June 21.....	15,321	13,431	28,752	1,170	29,922	51.2	35,393
June 28.....	12,428	14,738	27,166	1,850	28,816	43.1	34,270
July 5.....	15,312	12,646	27,958	1,630	29,588	51.8	34,517
July 12.....	12,642	16,119	28,761	1,380	30,141	41.9	35,037
July 19.....	13,176	18,676	31,852	1,550	33,402	39.4	38,314
July 26.....	15,789	22,427	38,216	1,320	39,536	39.9	44,453
Aug. 2.....	14,918	15,023	29,941	1,120	31,061	48.0	35,970
Aug. 9.....	20,817	16,978	37,795	971	38,766	53.7	43,671
Aug. 16.....	21,205	18,351	39,556	470	40,026	53.0	45,276
Aug. 23.....	22,849	20,068	42,917	634	43,551	52.5	48,799
Aug. 30.....	24,729	17,702	42,431	619	43,050	57.4	48,299
Sept. 6.....	23,906	21,666	45,572	554	46,126	51.8	51,754
Sept. 13.....	24,435	21,924	46,359	634	46,993	52.0	52,621
Sept. 20.....	28,504	23,085	51,589	695	52,284	54.5	57,163
Sept. 27.....	30,815	25,193	56,008	1,300	57,308	53.8	62,437
Oct. 4.....	27,703	25,155	52,858	1,910	54,768	50.6	60,417
Oct. 10.....	30,008	26,947	56,955	1,925	58,880	51.0	64,529
Oct. 18.....	29,009	27,658	56,667	1,700	58,367	49.7	63,516
Oct. 25.....	15,672	30,005	45,677	2,400	48,077	32.6	53,189
Nov. 1.....	20,336	29,750	50,086	2,195	52,281	38.9	58,188
Nov. 8.....	14,394	28,995	43,389	2,940	46,329	31.1	52,234
Nov. 15.....	13,887	28,768	42,655	2,910	45,565	30.5	51,470
Nov. 22.....	15,971	29,749	45,720	3,585	49,305	32.4	55,209
Nov. 29.....	16,646	32,327	48,973	4,025	52,998	31.4	59,398
Dec. 6.....	18,048	31,800	49,848	3,600	53,448	33.8	60,358
Dec. 13.....	16,666	32,898	49,564	3,300	52,864	31.5	59,779
Dec. 20.....	9,711	31,765	41,476	2,403	43,879	22.1	54,779
Dec. 27.....	19,705	31,229	50,934	2,678	53,612	36.8	61,512

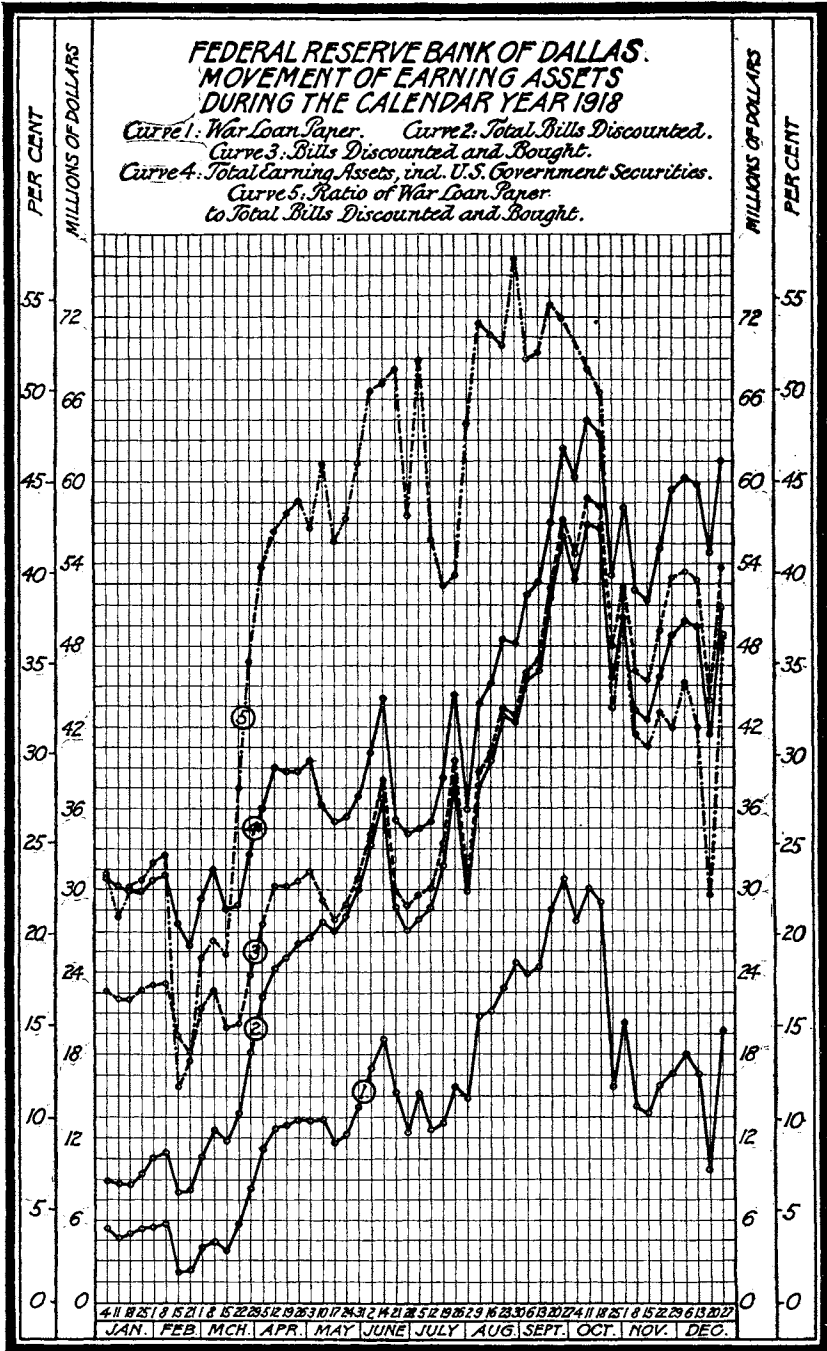


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal Reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of Dallas, during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circulation.	(2+3)	Ratio of cash reserves to net deposit and Federal Reserve note liabilities combined.
	1	2	3	4	5
Jan. 4.	63,923	45,490	46,523	92,013	69.5
Jan. 11.	59,243	40,872	46,073	86,945	68.1
Jan. 13.	54,604	36,298	45,510	81,808	66.8
Jan. 23.	55,395	37,994	44,017	82,011	67.1
Feb. 1.	53,190	37,033	44,251	81,284	65.4
Feb. 8.	51,700	36,711	43,507	80,218	64.4
Feb. 15.	55,044	36,826	42,976	79,802	69.0
Feb. 21.	53,971	34,769	42,369	77,138	70.0
Mar. 1.	49,435	34,229	41,815	76,044	65.0
Mar. 8.	47,244	34,575	41,453	76,028	62.1
Mar. 15.	47,036	31,777	41,150	72,927	64.5
Mar. 22.	47,768	33,139	40,760	73,899	64.6
Mar. 29.	43,449	33,173	40,096	73,269	59.3
Apr. 5.	36,952	30,605	39,525	70,130	52.7
Apr. 12.	34,983	34,254	36,850	71,104	49.2
Apr. 19.	33,792	33,357	36,227	69,584	48.6
Apr. 26.	35,374	35,445	35,622	71,067	49.8
May 3.	31,344	32,588	35,207	67,795	46.2
May 10.	37,305	35,844	34,740	70,584	52.9
May 17.	37,743	35,518	34,131	69,649	54.2
May 24.	39,012	37,802	33,557	71,359	54.7
May 31.	38,145	38,807	33,198	72,005	53.0
June 7.	36,902	39,766	34,073	73,829	50.0
June 14.	31,058	38,164	33,758	71,922	43.2
June 21.	34,603	33,828	33,254	67,082	51.6
June 28.	32,596	31,037	32,626	63,663	51.2
July 5.	34,758	32,859	33,328	66,187	52.5
July 12.	36,420	35,064	33,190	68,254	53.4
July 19.	36,166	38,268	32,984	71,252	50.8
July 26.	36,543	44,962	32,750	77,712	47.0
Aug. 2.	30,455	29,761	33,020	62,781	48.5
Aug. 9.	31,290	36,178	33,154	69,332	45.1
Aug. 16.	35,115	39,727	34,852	74,579	47.1
Aug. 23.	30,222	34,985	38,079	73,064	41.4
Aug. 30.	32,363	31,396	43,304	74,700	43.3
Sept. 6.	33,335	28,775	50,384	79,159	42.1
Sept. 13.	38,661	32,342	53,223	85,565	45.2
Sept. 20.	41,483	36,919	56,398	93,317	44.5
Sept. 27.	38,674	38,440	57,191	95,631	40.4
Oct. 4.	41,187	34,655	61,150	95,805	43.0
Oct. 10.	39,008	34,556	62,373	96,959	40.2
Oct. 18.	41,384	35,951	62,512	98,463	42.0
Oct. 25.	43,368	28,097	61,942	90,039	48.2
Nov. 1.	47,712	38,493	60,800	99,353	48.0
Nov. 8.	48,063	31,766	62,192	93,957	51.2
Nov. 15.	48,438	32,066	61,063	93,129	52.9
Nov. 22.	34,833	23,185	59,847	83,032	42.0
Nov. 29.	38,337	31,337	58,792	90,129	42.5
Dec. 6.	38,539	32,018	59,286	91,304	42.2
Dec. 13.	37,757	31,125	58,360	89,485	42.2
Dec. 20.	40,436	26,621	59,666	86,287	46.3
Dec. 27.	35,353	28,046	59,578	87,624	40.9

SCHEDULE 1.—Comparative statement of earnings and expenses of bank for years 1916, 1917, and 1918, and since organization.

	1918	1917	1916	Since organization.
EARNINGS.				
Bills discounted, members.....	\$1,477,035.49	\$198,571.22	\$205,232.29	\$2,123,074.96
Bills discounted, other Federal Reserve Banks.....	20,343.34	10,493.44		30,836.78
Acceptances bought in open market.....	175,884.70	138,512.74	10,879.64	325,277.08
United States bonds and Treasury notes.....	152,159.48	159,431.61	64,576.25	376,802.22
Municipal warrants.....	7,995.08	6,832.79	736.80	15,833.57
Profits realized on United States securities.....		4,007.67		4,007.67
Transfers, net earnings.....	149,732.95	34,027.34	7,305.20	192,285.14
Deficient reserve, penalties.....	56,304.89	12,968.16		69,273.05
Sundry profits.....	8,106.16	3,747.42	18,144.46	30,283.56
Bill of lading drafts.....	13,641.29			13,641.29
Service charges (net).....	28,322.70			28,322.70
Total.....	2,089,526.08	568,592.39	306,874.64	3,209,658.02
EXPENSES.				
Assessment account expense Federal Reserve Board.....	15,222.96	11,438.78	9,664.82	63,537.82
Federal Advisory Council expenses.....	1,894.06	150.00	752.80	3,240.27
Governors' Conferences.....	232.20	398.42	1,300.80	1,931.42
Federal Reserve Agents' Conferences.....	421.66	207.64	613.55	1,242.85
Salaries:				
Bank officers.....	68,544.44	41,050.54	33,055.08	179,495.66
Clerical staff.....	170,134.31	39,940.27	28,361.56	273,551.54
Special officers and watchmen.....	4,313.68	2,761.68	1,771.02	9,275.38
All other.....	5,463.64	2,980.78	2,585.33	13,076.75
Directors' remuneration and expenses.....	4,442.05	3,521.89	4,259.10	18,147.85
Officers' and clerks' traveling expenses.....	7,756.95	1,138.77	1,234.33	12,710.68
Legal fees.....	2,215.00	2,400.00	2,422.40	7,451.25
Rent.....	658.50			10,738.28
Taxes and fire insurance.....	1,211.12	927.20		4,650.30
Telephone.....	1,882.50	869.47	871.74	4,270.79
Telegraph.....	9,667.78	584.46	645.24	11,353.58
Postage.....	24,088.43	3,166.32	3,088.43	34,814.81
Expressage.....	28,842.84	8,424.31	10,783.23	59,533.71
Insurance and premiums on fidelity bonds.....	10,774.23	1,517.92	476.73	17,145.37
Light, heat, and power.....	2,413.82	1,468.24	1,318.65	5,379.11
Printing and stationery.....	25,072.20	6,327.37	496.97	41,308.27
Repairs and alterations.....	4,805.62	2,472.86	209.30	7,978.71
All others not specified.....	20,278.20	5,154.00	6,298.69	39,106.77
Cost of Federal Reserve currency issued.....	82,729.93	30,910.82	12,346.43	133,370.74
Equipment.....	41,758.32			41,758.32
Total.....	535,424.44	167,811.74	122,556.20	995,070.23

SCHEDULE 2.—Comparative statement of the Federal Reserve Bank of Dallas.

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 31, 1916.
RESOURCES.			
Bills discounted and bought.....	\$47,973,536.64	\$22,880,546.54	\$3,032,115.69
United States bonds to secure circulation.....	6,632,400.00	2,732,400.00	2,000,000.00
Other United States bonds and Treasury notes.....	1,757,400.00	3,193,700.00	3,033,250.00
Investments—municipal warrants.....		150,458.74	127,318.87
Bill of lading—drafts.....		682,058.19	11,072.50
Bank premises.....	220,783.39	136,736.31	144,246.31
Furniture and fixtures.....		11,000.00	37,164.32
Cash and due from banks (not reserve).....	3,073,875.88	5,227,722.99	1,407,448.37
Federal Reserve bank notes on hand.....	696,500.00	2,732,400.00	2,000,000.00
Actual balance in gold settlement fund.....	6,923,261.30	24,520,700.00	14,946,500.00
Gold with agent for retirement of outstanding Federal Reserve notes.....	24,545,645.00	25,036,675.00	22,862,855.00
Gold and lawful money.....	7,095,685.50	13,896,493.91	5,308,894.50
Gold held with foreign agencies.....	204,010.61	1,837,500.00	
Deferred debits.....			5,022,023.23
Deferred debits—checks and drafts in process of collection.....	9,526,636.32	6,581,975.95	
Federal Reserve Banks—transfers bought (net).....	4,455,917.04	3,619,774.36	
War loan expenses (collectible).....	511,736.79		
Due from other Federal Reserve Banks (net).....	2,295,468.51		
Total.....	115,912,856.98	113,240,141.99	59,932,888.79

SCHEDULE 2.—Comparative statement of the Federal Reserve Bank of Dallas—Continued.

	Dec. 31, 1918.	Dec. 31, 1917.	Dec. 31, 1916.
LIABILITIES.			
Capital stock.....	\$3,154,300.00	\$2,794,900.00	\$2,696,050.00
Net profits.....	226,216.69	217,906.06	33,864.51
Federal Reserve notes issued.....	60,495,030.00	47,716,950.00	24,162,855.00
Reserve deposits (net).....	32,550,876.94	44,155,240.99	25,742,902.95
Government deposits.....	2,493,217.68	6,609,284.55	1,493,691.05
Due to other Federal Reserve banks (net).....	.....	1,515,970.49	1,292,435.51
Deferred credits—checks and drafts in process of collection Federal Reserve bank notes (secured by United States bonds).....	9,323,668.58	7,497,489.90	2,511,089.77
Surplus.....	6,236,400.00	2,732,400.00	2,000,000.00
Reserve for franchise tax.....	592,204.25	.....	.....
War Finance Corporation.....	592,204.24	.....	.....
Reserve for depreciation.....	8,026.10	.....	.....
Reserve for depreciation.....	240,662.50	.....	.....
Total.....	115,912,856.98	113,240,141.99	59,932,888.79

SCHEDULE 3.—Earnings, expenses, and dividend payments for calendar year 1918, also amounts carried to surplus fund and reserved for Government franchise taxes.

Capital Dec. 31, 1918.....		\$3,154,300.00
Earnings for 1918.....		2,089,526.08
Expense of operation.....	\$447,888.89	
Cost of Federal Reserve currency (including expressage, insurance, etc.) ¹	82,729.93	
Miscellaneous charges; account note issues ¹	None.	
Repairs, alterations, improvements, etc., to bank building.....	4,805.62	
Furniture and equipment—total amount charged off during year.....	None.	
Total current expenses.....		535,424.44
Net earnings for year.....		1,554,101.64
Profit and loss, Jan. 1, 1918.....		205,353.08
Total.....		1,759,454.72
Less:		
Depreciation on bank premises.....	61,736.31	
Other depreciation allowances or extraordinary items charged to profit-and-loss account.....	11,145.01	
Amount transferred to account reserved for depreciation on United States bonds.....	240,662.50	
		313,543.82
Net amount available for dividends, surplus, and franchise taxes.....		1,445,910.90
Dividends paid:		
Date paid June 30, 1918; period covered, July 1, 1917—June 30, 1918.....	168,871.16	
Date paid, Dec. 31, 1918; period covered, July 1, 1918—Dec. 31, 1918.....	92,328.75	
Interest paid on stock surrendered.....	302.50	
Total dividend payments.....		261,502.41
Carried to surplus fund.....		592,204.25
Transferred to account "reserve for franchise tax".....		592,204.24
Total.....		1,445,910.90

SCHEDULE 4.—Discounts.

Volume of discounts for 1918:		
Discounts for member banks.....		\$587,677,767.27
Bankers' acceptances purchased in open market and from other Federal Reserve Banks.....		33,266,438.76
Total.....		620,944,206.03
Volume of discounts for 1917:		
Discounts for member banks.....		52,052,599.99
Bankers' acceptances purchased.....		35,076,917.00
Rediscounts for other Federal Reserve Banks.....		5,000,036.00
Total.....		92,129,552.99
Total number of banks accommodated in 1918.....		548
Total number of new banks accommodated in 1918.....		205
Largest note rediscounted, \$3,750,000.00; smallest, \$10.50.		

¹ Including both Federal Reserve notes and Federal Reserve Bank notes.

SCHEDULE 5.—*Rediscounts for 1918, by months, and distribution, by States.*

Month.	Texas.	Oklahoma.	New Mexico.	Arizona.	Louisiana.
January.....	\$6,522,196.12		\$653,412.63		
February.....	9,886,183.09		394,401.99	\$52,145.79	
March.....	18,966,084.28	\$112,747.28	842,822.34		\$515,000.00
April.....	33,695,694.49	525,751.49	900,927.52	79,531.18	1,168,617.32
May.....	34,514,488.73	582,290.82	996,955.92	334,849.53	810,000.00
June.....	40,342,470.20	559,632.15	1,062,570.46	134,864.57	1,974,427.62
July.....	45,840,895.35	956,301.98	1,363,669.92	25,880.00	3,687,446.96
August.....	62,721,903.95	1,324,376.14	1,098,830.81	197,507.27	2,237,602.92
September.....	68,042,604.53	1,444,491.80	1,242,317.71	259,089.90	3,692,860.11
October.....	78,256,327.36	1,551,199.15	1,213,461.14	271,181.20	4,130,911.25
November.....	68,989,177.62	1,176,668.25	774,561.65	207,345.62	3,751,844.97
December.....	72,380,719.64	1,323,863.18	978,065.38	265,628.25	2,642,937.74
Total.....	540,158,745.36	9,557,232.24	11,521,997.47	1,828,023.31	24,611,768.89

Total paper rediscounted as shown above, \$587,677,767.27.

SCHEDULE 6.—*Discount rates for 1918 and dates on which effective.*

Class of paper.	Time.	Jan. 1.	Apr. 15.	Sept. 5.
		Per cent.	Per cent.	Per cent.
Industrial and commercial.....	Up to 15 days.....	4	4	4 $\frac{1}{2}$
Do.....	16 to 60 days.....	4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$
Do.....	61 to 90 days.....	4 $\frac{3}{4}$	5	5
Agricultural and live-stock.....	Up to 15 days.....	4	4	4 $\frac{1}{2}$
Do.....	16 to 60 days.....	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{3}{4}$
Do.....	61 to 90 days.....	4 $\frac{1}{2}$	5	5
Do.....	91 days to 6 months.....	5	5 $\frac{1}{2}$	5 $\frac{1}{2}$
Trade acceptances.....	Up to 15 days.....	3 $\frac{1}{2}$	4	4 $\frac{1}{2}$
Do.....	16 to 60 days.....	3 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$
Do.....	61 to 90 days.....	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$
Member bank rediscounts, United States securities.....	Up to 15 days.....	3 $\frac{1}{2}$	4	4
Do.....	16 to 90 days.....	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$
Member bank collateral notes, United States securities.....	Up to 15 days.....	3 $\frac{1}{2}$	4	4
Member bank collateral notes, other securities.....	Up to 15 days.....	4	4	4 $\frac{1}{2}$

SCHEDULE 7.—*Classification by maturities of bills discounted in 1918.*

Due within 15 days.....	\$463,304,003.00
Due 16 to 30 days.....	14,505,472.00
Due 31 to 60 days.....	37,687,307.00
Due 61 to 90 days.....	49,113,554.00
Due 91 days to 6 months.....	23,066,430.00
Total.....	587,677,766.00

SCHEDULE 8.—*Classification of trade acceptances by maturities.*

Due within 15 days.....	\$137,186.71
Due 16 to 30 days.....	389,260.18
Due 31 to 60 days.....	923,320.50
Due 61 to 90 days.....	606,990.53
Total.....	2,056,757.92

SCHEDULE 9.—*Bills of lading drafts.*

Based on grain and grain products.....	\$618,093.96
Based on alfalfa.....	458,865.37
Based on hay.....	238,076.04
Based on cotton and cotton products.....	6,756,180.27
Based on miscellaneous produce.....	401,479.65
Total.....	8,472,695.29

SCHEDULE 10.—*Statement of bankers' acceptances—Rates and time.*

Purchased at 4½ per cent.	\$2,030,000.00
Purchased at 4¼ per cent.	9,383,000.00
Purchased at 4¼ per cent.	6,969,214.02
Purchased at 4¼ per cent.	100,000.00
Purchased at 4 per cent.	4,266,013.78
Purchased at 3¾ per cent.	347,534.49
Purchased at 3¾ per cent.	1,289,133.09
Purchased at 3¾ per cent.	3,340,728.89
Purchased at 3¾ per cent.	3,247,953.93
Purchased at 3¾ per cent.	50,000.00
Purchased at 3¾ per cent.	1,493,360.56
Purchased at 3¾ per cent.	730,000.00
Total	33,266,438.76

TIME CLASSIFICATION.

Due within 15 days.	\$1,931,100.00
Due 16 to 30 days.	10,501,878.17
Due 31 to 60 days.	14,988,908.70
Due 61 to 90 days.	5,844,551.89
Total	33,266,438.76

SCHEDULE 11.—*Operations in United States bonds and securities for the year 1918.*

BONDS AND TREASURY NOTES HELD ON DEC. 31, 1917.

Registered 2 per cent consols of 1930.	\$2,450,900.00
Registered 2 per cent Panamas, series 1938.	155,000.00
Registered 2 per cent Panamas, series 1936.	126,500.00
Registered 3 per cent conversion bonds, series 1946.	507,400.00
Registered 3 per cent conversion bonds, series 1947.	726,200.00
Registered 3 per cent 1-year Treasury notes.	1,430,000.00
First series 3½ per cent Liberty bonds.	477,100.00
Second series 4 per cent Liberty bonds.	53,000.00
Total	5,926,100.00

BONDS AND TREASURY NOTES—PURCHASES, SALES, AND CONVERSIONS.

United States 3 per cent 1-year Treasury notes charged to Treasurer of the United States. .	\$705,000.00
First series 3½ per cent Liberty bonds sold at par.	476,500.00
Second series 4 per cent Liberty bonds:	
Purchased from member banks.	50,000.00
Sold at par.	101,900.00
Third series 4½ per cent Liberty bonds:	
Purchased from Treasury Department.	12,450.00
Sold at par.	7,050.00
Fourth series 4½ per cent Liberty bonds.	29,500.00
Sold at par.	12,800.00
Special 2 per cent Treasury certificates of indebtedness purchased from Treasury Department.	3,175,000.00
One-day 2 per cent Treasury certificates of indebtedness:	
Purchased from Treasury Department.	14,000,000.00
Charged to Treasury of United States.	14,000,000.00
United States 4 per cent bearer certificates of indebtedness:	
Purchased from Treasury Department.	1,687,000.00
Purchased from member banks.	875,000.00
Sold at par.	1,315,000.00
Charged to Treasurer of United States.	1,247,000.00
United States 4½ per cent bearer certificates of indebtedness:	
Purchased from Treasury Department.	515,000.00
Purchased from member banks.	318,500.00
Purchased in the open market.	2,000,000.00
Sold at par.	2,039,000.00
Charged to Treasurer of United States.	294,500.00

BONDS AND TREASURY NOTES HELD ON DEC. 31, 1918.

Registered 2 per cent consols of 1930.	2,450,900.00
Registered 2 per cent Panamas, series 1938.	155,000.00
Registered 2 per cent Panamas, series 1936.	126,500.00
Registered 3 per cent conversion bonds, series 1946.	507,400.00
Registered 3 per cent conversion bonds, series 1947.	726,200.00
Registered 3 per cent one-year Treasury notes.	725,000.00
Registered 2 per cent United States special certificates of indebtedness.	3,175,000.00
United States 3½ per cent bearer certificates of indebtedness.	500,000.00
First series 3½ per cent Liberty bonds.	600.00
Second series 4 per cent Liberty bonds.	1,100.00
Third series 4½ per cent Liberty bonds.	5,400.00
Fourth series 4½ per cent Liberty bonds.	16,700.00
Total	8,389,800.00

SCHEDULE 12.—*Purchases of municipal warrants.*

Municipality.	Rate.	Maturity at time of discount.	Maturity value.
San Antonio.....	<i>Per cent.</i> 4	After 90 days but within 6 months.....	\$382,207.98

SCHEDULE 13.—*Member banks' collateral notes.*

Total of member banks' collateral notes.....	\$459,888,553.00
Number of banks accommodated in this manner.....	426
Paper secured by United States bonds and certificates of indebtedness:	
Member banks' collateral notes.....	440,935,658.00
Member banks' rediscounts.....	6,897,430.00
Total.....	447,833,088.00

SCHEDULE 14.—*Average reserves of member banks, 1918.*

	Actual reserves.	Overdrafts.	Required reserves.	Excess reserves.	Deficient reserves.
January.....	\$42,597,822.97	\$14,540.52	\$37,397,700.00	\$5,185,582.45	.....
February.....	40,731,629.71	6,338.38	34,955,108.00	5,770,183.33	.....
March.....	38,651,032.72	9,565.92	34,056,119.00	4,585,347.80	.....
April.....	37,200,961.11	56,765.33	33,174,200.00	3,969,995.78	.....
May.....	38,232,456.43	58,911.27	30,297,000.00	7,876,545.16	.....
June.....	34,374,337.24	271,410.00	27,365,200.00	6,737,727.24	.....
July.....	31,013,321.88	80,640.52	26,698,062.00	4,234,619.36	.....
August.....	28,283,741.46	119,388.13	27,555,300.00	609,053.33	.....
September.....	30,235,990.97	180,029.76	30,541,100.00	.....	\$485,138.79
October.....	30,613,159.65	411,142.43	30,232,100.00	.....	30,082.78
November.....	29,118,507.53	318,043.43	29,790,600.00	.....	990,135.90
December.....	29,655,621.39	344,857.16	29,891,800.00	.....	581,035.77
Yearly average.....	34,225,715.25	155,969.40	30,996,190.75	3,073,555.10	.....

SCHEDULE 15.—*Number of member banks, by States, Eleventh Federal Reserve District, Dec. 31, 1918.*

State.	National.	State.	Total.
Arizona.....	8	2	10
Louisiana.....	13	1	14
New Mexico.....	32	5	37
Oklahoma.....	34	2	36
Texas.....	543	37	630
Total.....	630	97	727

SCHEDULE 16.—*Total State bank membership, Eleventh Federal Reserve District, Dec. 31, 1918.*

		Capital.	Surplus.	Total resources.
ARIZONA.				
Safford.....	Bank of Safford.....	\$33,000	\$40,000	\$640,000
Tombstone.....	Cochise County State Bank.....	30,000	5,000	301,000
LOUISIANA.				
Lake Providence.....	Lake Providence Bank.....	25,000	5,000	235,000
NEW MEXICO.				
Albuquerque.....	American Trust & Savings Bank.....	100,000	40,000	599,000
Corona.....	Stockmens State Bank.....	25,000	5,000	190,000
Lovington.....	First Territorial Bank.....	30,000	50,000	589,000
Mountainair.....	Mountainair State Bank.....	25,000	10,000	153,000
Portales.....	Security State Bank.....	25,000	4,000	206,000

SCHEDULE 16.—Total State bank membership, Eleventh Federal Reserve District, Dec. 31, 1918—Continued.

		Capital.	Surplus.	Total resources.
OKLAHOMA.				
Fort Towson.....	First State Bank.....	\$50,000	\$5,000	\$460,000
Valliant.....	Farmers State Guaranty Bank.....	40,000	11,000	462,000
TEXAS.				
Alpine.....	Alpine State Bank.....	30,000	30,000	314,000
Alto.....	Alto State Bank.....	25,000	7,500	390,562
Anson.....	Anson State Bank.....	35,000	10,000	223,000
Avery.....	Avery State Bank.....	25,000	5,000	110,000
Ballinger.....	Ballinger State Bank & Trust Co.....	60,000	12,000	217,000
Beaumont.....	Guaranty Bank & Trust Co.....	100,000	12,000	1,229,000
Do.....	Texas Bank & Trust Co.....	250,000	115,000	2,721,000
Beeville.....	Beeville Bank & Trust Co.....	50,000	25,000	273,000
Bonham.....	Pannin County Bank.....	100,000	50,000	894,000
Do.....	First State Bank.....	200,000	100,000	1,079,000
Bremond.....	.....do.....	50,000	10,600	263,000
Brownfield.....	Brownfield State Bank.....	25,000	25,000	251,000
Canyon.....	First State Bank.....	25,000	2,500	296,000
Childress.....	Farmers & Mechanics State Bank.....	50,000	40,000	345,000
Colorado.....	First State Bank.....	30,000	2,608	92,000
Commerce.....	Citizens State Bank.....	25,000	2,500	202,000
Corsicana.....	First State Bank.....	100,000	30,000	840,000
Curo.....	First State Bank & Trust Co.....	100,000	38,000	544,000
Dallas.....	Central State Bank.....	200,000	8,000	2,086,000
Do.....	First State Bank.....	250,000	35,000	3,702,000
De Kalb.....	.....do.....	50,000	34,937	403,000
Denison.....	Denison Bank & Trust Co.....	100,000	25,000	1,659,000
Edgewood.....	Farmers & Merchants State Bank.....	35,000	5,000	153,000
El Paso.....	El Paso Bank & Trust Co.....	200,000	.....	1,695,000
Do.....	Rio Grande Valley Bank & Trust Co.....	500,000	90,000	3,613,000
Ennis.....	First Guaranty State Bank & Trust Co.....	100,000	20,000	536,000
Flatonia.....	Flatonia State Bank.....	40,000	2,000	321,000
Franklin.....	First State Bank.....	30,000	10,000	206,000
Frost.....	Citizens State Bank.....	25,000	25,000	210,000
Galveston.....	South Texas State Bank.....	125,000	12,500	1,927,000
Gilmer.....	Gilmer State Bank.....	50,000	12,500	230,000
Goldthwaite.....	Trent State Bank.....	50,000	25,000	464,000
Grafrod.....	First State Bank.....	25,000	7,000	133,000
Grand Prairie.....	.....do.....	40,000	20,200	247,000
Hamlin.....	First State Bank.....	25,000	10,000	145,000
Hansford.....	Guaranty State Bank.....	25,000	2,000	83,000
Hereford.....	First State Bank & Trust Co.....	50,000	50,000	561,000
Hillsboro.....	Farmers State Bank.....	150,000	15,000	705,000
Italy.....	Farmers State Bank.....	25,000	12,500	299,000
Jacksonville.....	Farmers Guaranty State Bank.....	50,000	10,000	366,000
Do.....	First Guaranty State Bank.....	50,000	10,000	553,000
Junction.....	Junction State Bank.....	50,000	50,000	378,000
Kerens.....	First State Bank.....	50,000	25,000	402,498
Killeen.....	.....do.....	25,000	7,500	171,000
Kirkland.....	.....do.....	25,000	10,000	157,000
Ladonia.....	.....do.....	25,000	12,500	423,000
Lamesa.....	.....do.....	30,000	20,000	251,000
Leonard.....	.....do.....	50,000	5,000	509,000
Lockney.....	Lockney State Bank.....	25,000	5,500	238,000
Lorenzo.....	First State Bank.....	25,000	.....	107,000
Lubbock.....	Lubbock State Bank.....	100,000	17,500	582,000
Do.....	Security State Bank & Trust Co.....	100,000	.....	185,000
Memphis.....	Citizens State Bank.....	75,000	47,500	366,000
Mount Calm.....	First State Bank.....	25,000	7,000	126,000
Mount Pleasant.....	Guaranty State Bank.....	60,000	15,000	450,000
Nacogdoches.....	Commercial Guaranty State Bank.....	100,000	20,000	1,150,000
Normangee.....	First State Bank.....	25,000	25,000	130,000
Paducah.....	.....do.....	50,000	50,000	425,000
Palmer.....	First Guaranty State Bank.....	25,000	12,500	241,000
Paris.....	First State Bank.....	150,000	75,000	1,334,000
Do.....	Lamar State Bank & Trust Co.....	150,000	17,500	1,156,000
Pecos.....	Pecos Valley State Bank.....	110,000	29,000	553,000
Post City.....	First State Bank.....	25,000	.....	62,000
Quanah.....	First Guaranty State Bank.....	100,000	50,000	616,000
Reagan.....	First State Bank.....	25,000	7,000	123,000
Richardson.....	Citizens State Bank.....	25,000	3,000	257,000
Rockwall.....	Guaranty State Bank.....	35,000	1,800	220,000
Royse.....	First State Bank.....	35,000	15,000	425,000
Rusk.....	Farmers & Merchants State Bank.....	25,000	15,000	281,000
Sabinal.....	First State Bank.....	30,000	25,000	252,000
Santa Anna.....	.....do.....	35,000	8,000	182,000
Savoy.....	.....do.....	25,000	5,500	171,000
Shamrock.....	Farmers & Merchants State Bank.....	25,000	25,000	303,000

SCHEDULE 16.—Total State bank membership, Eleventh Federal Reserve District, Dec. 31, 1918.—Continued.

		Capital.	Surplus.	Total resources.
TEXAS—continued.				
Sinton	Bank of Commerce	\$25,000	\$7,000	\$154,000
Stamford	First State Bank	55,000	13,000	381,000
Sweetwater	Texas Bank & Trust Co.	100,000	75,000	365,000
Terrell	First State Bank	100,000	60,000	786,000
Tioga	First Guaranty State Bank	30,000	7,500	224,000
Trenton	Guaranty State Bank	25,000	5,000	105,000
Tyler	do	200,000	55,000	1,085,000
Do	Peoples Guaranty State Bank	100,000	25,000	640,000
Weatherford	First State Bank	125,000	15,000	577,000
Wharton	Security Bank & Trust Co.	50,000	6,000	295,000
White Deer	First State Bank	25,000		87,000
Wimmsboro	Merchants & Planters State Bank	50,000	21,000	317,000
Wolfe City	First State Bank	50,000	22,000	339,000
Wylie	do	30,000	15,000	390,000
		6,483,000	2,065,645	51,914,000

Capital	\$6,483,000
Surplus	2,065,645
Total capital and surplus	8,548,645

SCHEDULE 17.—Recapitulation of capital-stock account, 1918.

Number of member banks Dec. 31, 1917 (national)	621
Number of member banks Dec. 31, 1917 (State)	11
New national banks organized during 1918	17
State banks and trust companies admitted during 1918	87
	736
National banks liquidating during 1918	8
State banks liquidating during 1918	1
	9
Total number member banks Dec. 31, 1918	727
Total capital stock Dec. 31, 1917	\$5,589,800
Stock allotted member banks for quarter ending—	
Mar. 31, 1918	\$81,700
June 30, 1918	333,700
Sept. 30, 1918	240,700
Dec. 31, 1918	112,700
	771,600
Total	6,361,400
Stock surrendered quarter ending—	
Mar. 31, 1918	\$12,300
June 30, 1918	14,100
Sept. 30, 1918	8,800
Dec. 31, 1918	17,600
	52,800
Total capital stock Dec. 31, 1918	6,308,600
Total paid-up capital stock Dec. 31, 1917	2,794,900
Subscriptions paid in quarter ending—	
Mar. 31, 1918	\$40,750
June 30, 1918	168,350
Sept. 30, 1918	120,350
Dec. 31, 1918	56,350
	385,800
Total	3,180,700
Cash subscriptions refunded for surrender of stock quarter ending—	
Mar. 31, 1918	\$6,150
June 30, 1918	7,050
Sept. 30, 1918	4,400
Dec. 31, 1918	8,800
	26,400
Total paid-up capital Dec. 31, 1918	3,154,300

SCHEDULE 18.—Combined statement of condition of member national banks, Eleventh Federal Reserve District.

[In thousands of dollars.]

	Number of banks, 619; Mar. 4, 1918.	Number of banks, 623; May 10, 1918.	Number of banks, 626; June 29, 1918.	Number of banks, 627; Aug. 31, 1918.	Number of banks, 628; Nov. 1, 1918.
RESOURCES.					
Loans and discounts.....	407,483	382,853	371,887	385,139	410,219
United States bonds.....	97,342	121,239	98,288	106,215	118,450
Other bonds, securities, etc.....	15,267	15,108	15,788	15,622	12,592
All other resources.....	207,196	182,269	158,984	172,766	186,753
Total.....	727,288	701,469	644,947	679,742	728,014
LIABILITIES.					
Capital stock.....	60,430	60,999	61,243	61,435	61,770
Surplus.....	33,862	34,008	34,736	34,816	34,929
Undivided profits.....	16,659	19,033	16,970	17,923	17,664
National-bank notes outstanding.....	43,250	43,896	44,001	44,370	44,352
Individual deposits.....	451,846	440,930	393,868	402,212	399,600
Bank deposits.....	103,264	70,115	61,729	73,414	73,125
All other liabilities.....	17,977	32,488	32,400	45,572	96,574
Total.....	727,288	701,469	644,947	679,742	728,014

SCHEDULE 19.—List of member banks which have been granted fiduciary powers.

Location.	Name of bank.	Application approved.
Abilene, Tex.....	Citizens National Bank.....	July 13, 1915
Albuquerque, N. Mex.....	State National Bank.....	Dec. 30, 1915
Amarillo, Tex.....	First National Bank.....	June 10, 1918
Austin, Tex.....	American National Bank.....	Dec. 11, 1916
Beaumont, Tex.....	First National Bank.....	Apr. 5, 1916
Bonham, Tex.....	do.....	May 4, 1915
Campbell, Tex.....	Campbell National Exchange Bank.....	Oct. 29, 1917
Carlsbad, N. Mex.....	First National Bank.....	Oct. 6, 1917
Colorado, Tex.....	City National Bank.....	Apr. 27, 1915
Corsicana, Tex.....	Corsicana National Bank.....	Aug. 8, 1916
Dallas, Tex.....	City National Bank.....	Nov. 29, 1915
Do.....	National Bank of Commerce.....	Apr. 27, 1915
Do.....	Tenison National Bank.....	Aug. 16, 1917
Fort Worth, Tex.....	First National Bank.....	Aug. 24, 1915
Do.....	Fort Worth National Bank.....	Apr. 22, 1918
Do.....	Stockyards National Bank.....	Apr. 27, 1915
Galveston, Tex.....	First National Bank.....	Nov. 29, 1915
Granger, Tex.....	do.....	May 8, 1915
Greenville, Tex.....	Greenville National Exchange Bank.....	Apr. 27, 1915
McKinney, Tex.....	First National Bank.....	Apr. 22, 1915
Marshall, Tex.....	do.....	Sept. 10, 1915
Do.....	Marshall National Bank.....	Oct. 19, 1915
Mexia, Tex.....	First National Bank.....	May 28, 1915
Orange, Tex.....	do.....	June 16, 1917
Palestine, Tex.....	Royal National Bank.....	Dec. 26, 1917
Port Arthur, Tex.....	First National Bank.....	July 19, 1915
Roswell, N. Mex.....	Citizens National Bank.....	Mar. 7, 1917
Do.....	First National Bank.....	Apr. 1, 1918
San Angelo, Tex.....	Central National Bank.....	July 20, 1916
Do.....	First National Bank.....	Apr. 17, 1915
Do.....	San Angelo National Bank.....	Oct. 29, 1917
Sealy, Tex.....	Sealy National Bank.....	July 19, 1915
Sherman, Tex.....	Commercial National Bank.....	Dec. 4, 1918
Shreveport, La.....	do.....	June 15, 1917
Do.....	First National Bank.....	Feb. 21, 1916
Stanton, Tex.....	do.....	Apr. 27, 1915
Troup, Tex.....	do.....	Apr. 5, 1916
Tucson, Ariz.....	Consolidated National Bank.....	July 30, 1915
Tyler, Tex.....	Citizens National Bank.....	Aug. 21, 1916
Victoria, Tex.....	Victoria National Bank.....	Oct. 20, 1916
Wichita Falls, Tex.....	National Bank of Commerce.....	Apr. 24, 1918

SCHEDULE 20.—*Liberty bond subscriptions—Third loan.*

State.	National banks.	State banks.	Private banks.	Individuals and corporations.	Total amount of subscriptions.
Texas.....	\$62,808,700	\$28,056,350	\$4,413,050	\$2,034,500	\$97,312,600
Arizona.....	1,294,350	2,918,350	.....	.....	4,212,700
Louisiana.....	4,119,400	3,930,000	.....	.....	8,049,400
New Mexico.....	2,553,800	1,121,150	.....	.....	3,674,950
Oklahoma.....	1,972,950	998,050	.....	.....	2,971,000
Total.....	72,749,200	37,023,900	4,413,050	2,034,500	116,220,650

State.	Number of subscribers.	Amount of subscriptions.	Quota.	Amount over subscribed.	Per cent.
Texas.....	611,741	\$97,312,600	\$73,910,000	\$23,402,600	32
Arizona.....	16,263	4,212,700	1,500,000	2,712,700	181
Louisiana.....	41,405	8,049,400	5,500,000	2,549,400	46
New Mexico.....	26,092	3,674,950	2,550,000	1,124,950	44
Oklahoma.....	23,709	2,971,000	2,003,500	967,500	48
Total.....	719,210	116,220,650	85,463,500	30,757,150	36

METHOD OF PAYMENT.

Cash.....	\$37,786,774.89
Depository credit.....	63,249,947.61
Certificates of indebtedness.....	15,136,500.00
Total paid.....	116,173,222.50
Unpaid balance.....	47,427.50
Grand total.....	116,220,650.00

LEADING CITIES.

Cities.	Number of subscribers.	Amount of subscriptions.
Austin, Tex.....	7,871	\$1,436,800
Beaumont, Tex.....	8,728	2,258,000
Dallas, Tex.....	25,116	8,609,150
El Paso, Tex.....	7,979	2,444,950
Fort Worth, Tex.....	14,733	5,377,100
Galveston, Tex.....	4,745	2,248,550
Houston, Tex.....	32,553	9,742,950
San Antonio, Tex.....	20,832	4,231,650
Waco, Tex.....	8,947	1,705,900
Shreveport, La.....	10,841	3,505,400

SCHEDULE 21.—*Liberty bond subscriptions—Fourth loan.*

State.	National banks.	State banks.	Private banks.	Individuals and corporations.	Total amount of subscriptions.
Texas.....	\$79,374,500	\$35,756,800	\$5,589,850	\$3,920,050	\$124,641,200
Arizona.....	1,583,150	3,419,150	.....	50	5,002,350
Louisiana.....	4,773,350	4,848,800	.....	21,300	9,643,450
New Mexico.....	2,650,400	993,600	.....	109,950	3,753,950
Oklahoma.....	1,912,950	1,045,950	.....	80,350	3,039,250
Total.....	90,294,350	46,064,300	5,589,850	4,131,700	146,080,200

SCHEDULE 21.—*Liberty bond subscriptions—Fourth loan—Continued.*

State.	Number of subscribers.	Amount of subscriptions.	Quota.	Amount oversubscribed.	Per cent (over).
Texas.....	632,026	\$124,641,200	\$107,784,000	\$16,857,200	16
Arizona.....	28,360	5,002,350	4,865,000	137,350	3
Louisiana.....	46,618	9,643,450	8,631,000	1,012,450	12
New Mexico.....	23,068	3,753,950	2,031,000	1,722,950	85
Oklahoma.....	23,888	3,039,250	2,869,000	170,250	6
Total.....	753,960	146,080,200	126,000,000	20,080,200	16

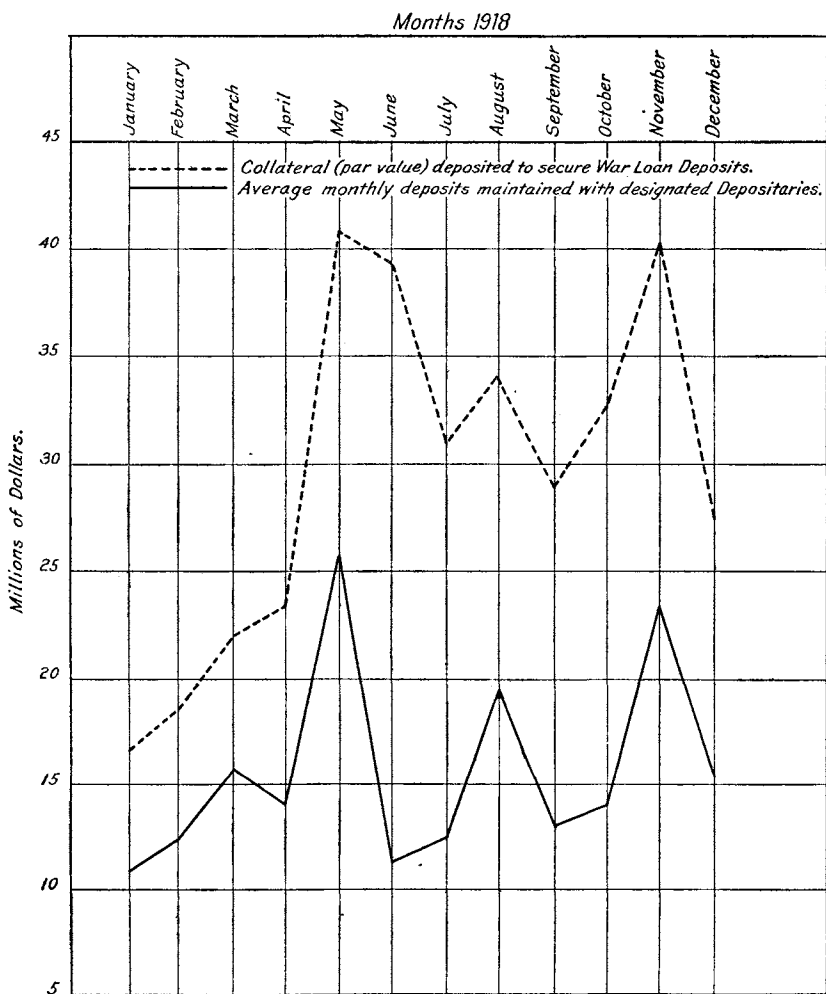
METHOD OF PAYMENT.

Cash.....	\$30,961,186.21
Depository credit.....	69,194,478.79
Certificates of indebtedness.....	14,536,150.00
Total paid.....	114,741,815.00
Unpaid balance.....	31,338,385.00
Grand total.....	146,080,200.00

LEADING CITIES.

Cities.	Number of subscribers.	Amount of subscriptions.
Austin, Tex.....	5,461	\$1,607,050
Beaumont, Tex.....	11,840	2,607,450
Dallas, Tex.....	35,838	12,708,200
El Paso, Tex.....	9,962	2,830,450
Fort Worth, Tex.....	18,142	5,939,600
Galveston, Tex.....	6,840	2,849,400
Houston, Tex.....	33,185	12,624,450
San Antonio, Tex.....	25,704	5,316,450
Waco, Tex.....	10,833	4,255,950
Shreveport, La.....	9,177	2,246,200

SCHEDULE 22.—Chart showing average monthly balances maintained with war loan depositaries in Eleventh Federal Reserve District, 1918, and par value of securities pledged as collateral to such deposits.

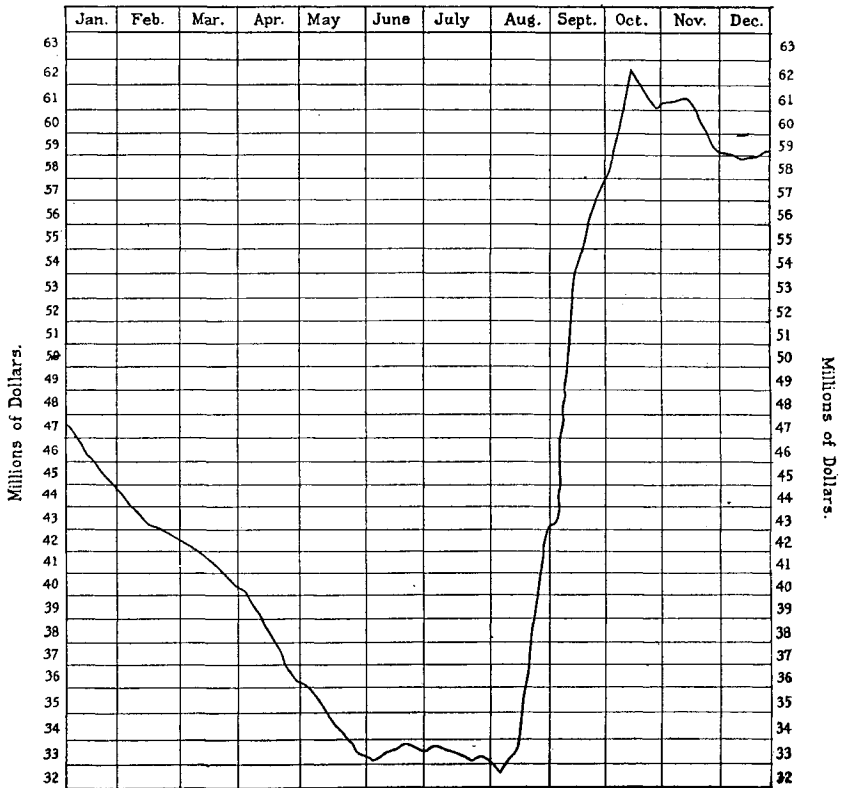


SCHEDULE 23.—Applications received by the Cattle Loan Agency up to Dec. 31, 1918.

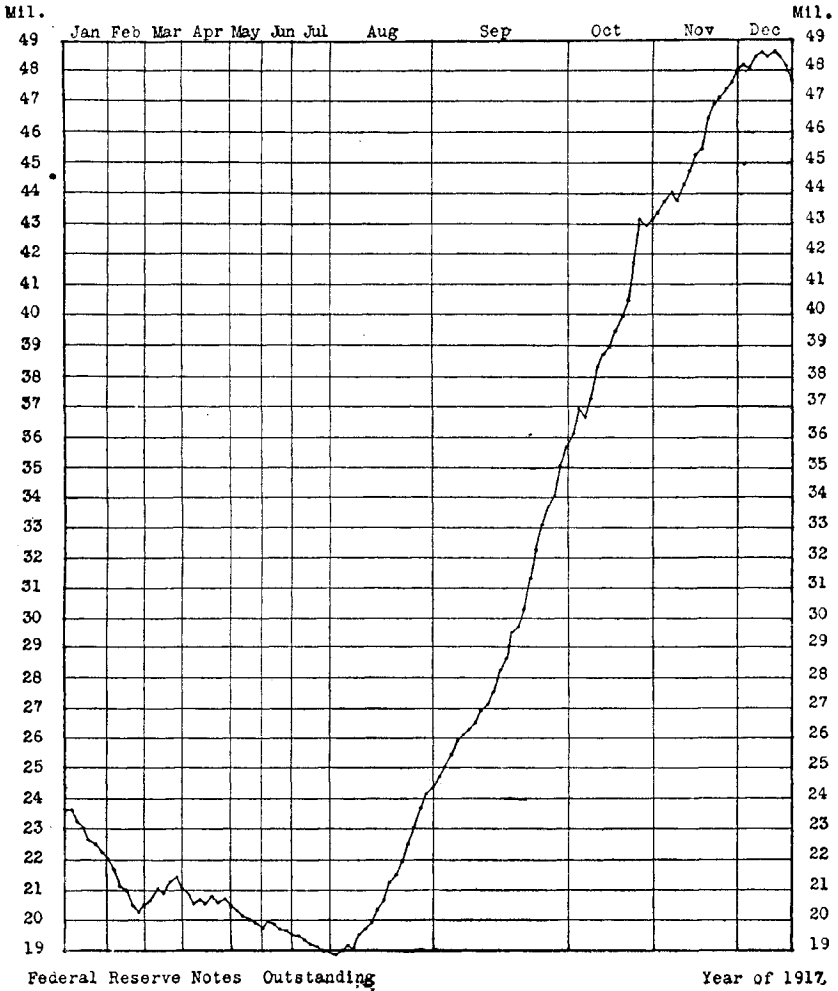
Total number of applications received.....	678
Aggregate amount.....	\$16,254,312.00
Total number of applications approved, on which the money was actually paid.....	135
Amount actually paid.....	\$3,750,090.50
Amount of largest loan paid out.....	\$380,000.00
Amount of smallest loan.....	\$1,500.00

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SCHEDULE 24—*Federal Reserve notes outstanding, year 1918.*



SCHEDULE 25.—Federal Reserve notes outstanding, 1917.



SCHEDULE 26.—*Number of Federal Reserve notes, by denominations and aggregate amounts received, issued to the bank, and returned to the comptroller during the year 1918.*

	Number of notes.					Aggregate amount.
	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	
Received from comptroller.....	1,700,000	1,068,000	612,000	0	0	\$31,420,000
Received from Federal Reserve Bank....	429,000	694,000	342,500	22,700	14,200	18,490,000
Received by comptroller from Treasurer of the United States for destruction and credit of Federal Reserve agent's account (unfit notes):						
(a) From other Federal Reserve Banks.....	269,970	178,651	54,884	565	122	4,274,490
(b) Direct from reporting Federal Reserve Banks and from other sources.....	388,323	224,745½	50,685½	718	137	5,252,380
Total.....	2,787,293	2,165,396½	1,060,069½	23,983	14,459	59,436,870
Issued to Federal Reserve Bank.....	1,560,000	1,411,500	841,000	10,600	15,300	40,795,000
Returned to Comptroller of the Currency for destruction, including notes returned by the United States Treasurer for credit of Federal Reserve agent's account.....	658,293	403,396½	105,569½	1,283	259	9,526,870
Total.....	2,218,293	1,814,896½	946,569½	11,883	15,559	50,321,870

SCHEDULE 27.—*Number of Federal Reserve notes, by denominations and aggregate amounts received, issued to the bank, and returned to the comptroller since organization and on hand at close of business on Dec. 31, 1918.*

	Number of notes.					Aggregate amount.
	Fives.	Tens.	Twenties.	Fifties.	Hundreds.	
Received from comptroller.....	4,728,000	3,396,000	1,776,000	56,000	40,000	\$99,920,000
Received from Federal Reserve Bank....	888,250	1,380,350	601,950	52,100	45,950	37,483,750
Received from Treasurer of the United States (fit notes).....	350	140	180	13	0	7,400
Received by comptroller from Treasurer of the United States for destruction and credit of Federal Reserve agent's account (unfit notes):						
(a) From other Federal Reserve Banks.....	379,453	248,577	78,324	834	154	6,006,615
(b) Direct from reporting Federal Reserve Banks and from other sources.....	1,246,953	591,286	142,604	2,370	291	15,147,305
Total.....	7,243,006	5,616,353	2,599,058	111,317	86,395	158,565,070
Issued to Federal Reserve Bank.....	4,636,000	4,255,590	2,171,930	76,013	61,650	119,140,150
Returned to Comptroller of the Currency for destruction, including notes returned by the United States Treasurer for credit of Federal Reserve agent's account.....	1,664,006	874,763	226,128	3,204	445	21,794,920
Notes on hand at end of month.....	943,000	485,000	201,000	32,100	24,300	17,630,000
Total.....	7,243,006	5,616,353	2,599,058	111,317	86,395	158,565,070

SCHEDULE 28.—Amounts of Federal Reserve notes of the several denominations received from other Federal Reserve Banks for redemption or credit and returned to other Federal Reserve Banks for redemption or credit by the Federal Reserve Bank of Dallas during the period Jan. 1, 1918, to Dec. 31, 1918.

Federal Reserve Bank of—	Fives.		Tens.		Twenties.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$27,730	\$34,500	\$72,050	\$365,500	\$61,020	\$25,100
New York.....	320,100	216,750	838,000	1,310,500	704,600	506,000
Philadelphia.....	47,500	63,000	115,500	243,500	139,500	80,750
Cleveland.....	8,000	47,750	42,000	726,500	53,500	279,000
Richmond.....	32,500	80,000	57,000	88,000	49,500	103,000
Atlanta.....	505,460	274,500	665,720	662,000	556,680	579,000
Chicago.....	353,500	114,500	768,000	882,500	631,000	449,000
St. Louis.....	975,275	256,250	1,390,900	621,000	1,153,200	510,000
Minneapolis.....	19,500	48,000	52,000	99,500	50,000	88,000
Kansas City.....	192,500	490,500	389,000	807,500	190,000	789,000
San Francisco.....	51,310	76,250	101,390	133,140	154,260	205,620
Total.....	2,533,375	1,702,000	4,491,560	5,939,640	3,743,260	3,614,470

Federal Reserve Bank of—	Fifties.		Hundreds.		Totals.	
	Received from.	Returned to.	Received from.	Returned to.	Received from.	Returned to.
Boston.....	\$3,700	\$3,400	\$2,000	\$3,600	\$168,500	\$432,100
New York.....	52,750	40,750	42,200	53,300	1,957,650	2,127,300
Philadelphia.....	7,000	7,600	10,000	3,100	319,500	397,950
Cleveland.....	5,450	18,450	3,000	6,600	111,950	1,078,300
Richmond.....	2,250	8,950	1,000	3,000	142,250	282,950
Atlanta.....	22,900	123,000	20,500	41,500	1,771,260	1,680,000
Chicago.....	30,500	30,600	21,000	24,800	1,804,000	1,501,400
St. Louis.....	39,400	23,850	27,100	25,700	3,585,375	1,436,800
Minneapolis.....	2,200	3,550	1,800	3,100	125,500	242,150
Kansas City.....	4,350	103,650	2,100	37,700	777,950	2,228,350
San Francisco.....	8,350	12,300	6,200	20,600	321,510	447,910
Total.....	178,850	376,100	136,900	223,000	11,083,945	11,855,210

SCHEDULE 29.—Cost of Federal Reserve notes during year 1918.

	Cost of unissued.	Cost of issued.	Trans- portation.	Insurance.	Total.
Balance carried over for 1917.....	\$10,161.62	-----	-----	-----	\$10,161.62
January.....	3,480.62	-----	-----	-----	3,480.62
February.....	7,477.71	-----	-----	-----	7,477.71
March.....	9,374.24	-----	-----	-----	9,374.24
May.....	2,888.24	\$73.12	-----	-----	2,961.36
June.....	-----	987.12	-----	-----	987.12
August.....	268.56	-----	-----	-----	268.56
September.....	767.88	-----	\$834.55	\$2,203.20	3,805.63
October.....	-----	23,896.50	465.07	120.00	24,481.57
November.....	-----	268.50	479.25	-----	747.75
December.....	-----	18,123.75	-----	500.00	18,623.75
New plates for engraving.....	360.00	-----	-----	-----	360.00
Total.....	34,778.87	43,348.99	1,778.87	2,823.20	82,729.93

SCHEDULE 30.—*Federal Reserve agent's statement of Federal Reserve notes on hand, outstanding, received from Comptroller of the Currency, canceled, and coverage of total issue as of Dec. 31, 1918.*

RESOURCES.	
Federal Reserve notes on hand.....	\$17,630,000.00
Federal Reserve notes outstanding.....	60,495,080.00
Federal Reserve notes sent to Comptroller of the Currency for destruction.....	21,794,920.00
Bills to secure Federal Reserve notes.....	44,429,120.86
Gold coin and certificates on hand.....	12,581,000.00
Credit balance in gold redemption fund.....	3,087,295.00
Credit balance with Federal Reserve Board.....	6,684,008.00
Total.....	166,701,415.86
LIABILITIES.	
Federal Reserve notes received from Comptroller of Currency, gross amount.....	\$99,920,000.00
Funds received in reduction of liability for Federal Reserve notes.....	22,352,295.00
Collateral pledged against outstanding Federal Reserve notes.....	44,429,120.86
Total.....	166,701,415.86

SCHEDULE 31.—*Comparative statements of condition of the El Paso Branch of the Federal Reserve Bank of Dallas as of dates shown.*

	July 15, 1918.	Dec. 31, 1918.
RESOURCES.		
Bills discounted, members.....		\$2,666,895.51
Member bank collateral notes.....		858,450.00
Bill of lading drafts.....	\$27,447.48	19,070.27
Overdrafts, member banks.....	2,500.58	
Due from head office.....	405,745.75	
Exchanges for clearing house.....	43,451.33	33,653.14
Collection items, debits.....	2,469,549.78	1,549,458.62
Trust custodies.....	1,000.00	743,745.00
Total cash.....	955,079.33	1,037,830.05
All other resources.....	3,311.27	55.00
Total.....	3,908,085.52	6,909,157.59
LIABILITIES.		
United States Government deposits.....		315,465.47
Due to member bank-reserve accounts.....	2,850,496.76	3,277,599.98
Due to head office.....		138,371.23
Due to nonmember clearing accounts.....	4,281.37	
Collection items, credits.....	901,467.92	1,560,638.64
Cashier's expense and return item checks.....	580.53	19,390.02
Federal Reserve notes outstanding.....	150,000.00	825,000.00
Liabilities as custodian.....	1,000.00	743,745.00
All other liabilities.....	258.94	28,947.25
Total.....	3,908,085.52	6,909,157.59

SCHEDULE 32.—*Number and amount of checks (exclusive of Government checks) handled by the Federal Reserve Bank of Dallas for the year 1918.*

	Number.	Amount.
Jan. 1 to 15.....	196,716	\$111,855,408
Jan. 16 to Feb. 15.....	363,818	203,911,994
Feb. 16 to Mar. 15.....	347,204	186,074,240
Mar. 16 to Apr. 15.....	438,100	205,646,272
Apr. 16 to May 15.....	368,525	180,201,850
May 16 to June 15.....	395,275	189,501,375
June 16 to July 15.....	530,832	190,621,440
July 16 to Aug. 15.....	556,088	201,422,572
Aug. 16 to Sept. 15.....	581,664	225,973,272
Sept. 16 to Oct. 15.....	679,975	287,148,800
Oct. 16 to Nov. 15.....	740,818	314,364,570
Nov. 16 to Dec. 15.....	728,664	284,607,312
Dec. 16 to 31.....	395,699	154,306,189
	6,323,378	2,741,224,294

SCHEDULE 33.—Funds paid out and received through gold settlement fund during year 1918.

PAYMENTS BY MONTHS.

	Debit.	Credit.
1918.		
January.....	\$93,529,400.00	\$89,063,000.00
February.....	78,976,400.00	69,269,000.00
March.....	75,878,900.00	77,279,670.00
April.....	71,533,100.00	70,180,160.00
May.....	86,377,650.00	83,968,660.00
June.....	73,996,923.00	74,702,602.00
July.....	82,821,652.65	76,804,864.73
August.....	92,991,598.16	95,909,874.45
September.....	98,211,732.38	95,183,126.72
October.....	119,795,524.67	127,653,709.82
November.....	138,609,716.64	132,491,263.79
December.....	129,200,836.24	131,820,063.53
Total.....	1,141,923,433.74	1,124,325,995.04
Balance Dec. 31, 1917, brought forward.....		24,520,700.00
Balance Dec. 31, 1918.....	6,923,261.30	
	1,148,846,695.04	1,148,846,695.04
Gold settlement fund balances, Dec. 31, 1918.....		6,923,261.30

SCHEDULE 34.—Statement showing, by months, the gold settlement fund settlements and resultant balances, both debit and credit, for year 1918.

Month.	Funds wired by us.	Funds wired to us.	Debit balance.	Credit balance.
January.....	\$80,812,000.00	\$81,742,000.00		\$930,000.00
February.....	65,782,000.00	67,497,000.00		1,715,000.00
March.....	61,011,000.00	66,250,000.00		5,239,000.00
April.....	64,961,000.00	59,855,000.00	\$5,106,000.00	
May.....	70,778,000.00	81,433,000.00		10,665,000.00
June.....	60,343,000.00	60,984,000.00		641,000.00
July.....	68,715,026.40	70,980,625.48		2,265,599.08
August.....	67,877,363.16	90,597,524.45		22,720,161.29
September.....	68,279,677.38	94,914,646.72		26,634,969.34
October.....	95,806,442.65	122,590,379.82		26,783,937.17
November.....	96,301,956.74	102,370,691.29		6,068,734.55
December.....	109,685,991.32	97,898,003.63	11,787,987.69	
Total for year.....	910,353,457.65	997,112,871.39	16,893,987.67	103,653,401.43
Net for year.....		86,759,413.74		36,759,413.74

SCHEDULE 35.—Statement showing amount of currency and coin shipped to member banks, by months, during 1918, detailed as to nature and denomination.

[Including El Paso Branch.]

PAPER MONEY.

Month.	Ones and twos.	Fives.	Tens.	Twenties.	Other.
January.....	\$131,500	\$90,500	\$217,500	\$248,000	\$766,500
February.....	239,000	305,250	436,000	535,500	156,000
March.....	211,895	146,550	607,520	563,840	83,000
April.....	280,632	247,150	460,040	469,600	196,050
May.....	388,510	504,970	798,195	934,520	102,300
June.....	649,107	1,148,155	1,458,530	1,205,260	187,400
July.....	645,045	1,090,305	1,757,890	1,714,600	151,000
August.....	559,995	2,898,100	5,429,110	6,357,780	290,500
September.....	1,024,570	3,000,155	5,867,880	5,822,460	236,500
October.....	447,607	756,010	2,260,260	2,293,460	224,000
November.....	303,594	342,295	955,820	1,225,990	112,000
December.....	483,095	1,220,600	1,814,350	1,783,100	905,500
Total.....	5,414,550	11,760,040	22,063,095	23,154,110	3,410,750

SCHEDULE 35.—Statement showing amount of currency and coin shipped to member banks, by months, during 1918, detailed as to nature and denomination—Continued.

SILVER AND SUBSIDIARY COIN.

Month.	Ones.	50, 25, and 10 cent pieces.	Nickels and pennies.	Total, paper and silver.
January.....	\$500	\$18,260.00	\$7,270.00	\$1,530,030.00
February.....	36,700	28,750.00	9,640.00	1,746,840.00
March.....	38,790	44,475.65	11,220.68	1,707,291.33
April.....	42,700	42,500.00	10,220.00	1,748,892.00
May.....	46,000	48,900.00	14,515.00	2,837,910.00
June.....	75,400	132,350.00	18,662.50	4,874,864.50
July.....	231,530	224,200.00	22,642.00	5,837,212.00
August.....	235,600	226,150.00	34,950.00	16,032,185.00
September.....	301,050	299,750.00	43,950.00	16,590,315.00
October.....	56,265	87,250.00	18,310.00	6,153,162.00
November.....	58,850	66,702.50	16,460.00	3,078,711.50
December.....	59,440	184,900.30	23,505.02	6,474,490.32
Total.....	1,179,825	1,398,188.45	231,345.20	68,611,903.65

DISTRICT NO. 12.—SAN FRANCISCO.

JOHN PERRIN, Chairman and Federal Reserve Agent.

FINANCIAL RESULTS OF OPERATIONS.

COMPARATIVE STATEMENT.

The expansion of the Federal Reserve Bank of San Francisco during the period from April 6, 1917, when the United States declared war, to December 31, 1918, is shown in the comparative statement in Schedule 1. Deposits of member banks have increased from \$38,497,162 to \$73,235,000; bills discounted for member banks from \$340,372 on April 6, 1917, to \$25,780,201 on December 31, 1917, and to \$78,759,000 on December 31, 1918; gold reserves from \$41,030,130 on April 6, 1917, to \$94,018,470 on December 31, 1917, and to \$150,973,000 on December 31, 1918; Federal Reserve note circulation from \$15,398,695 on April 6, 1917, to \$67,744,305 on December 31, 1917, and to \$212,243,000 on December 31, 1918.

EARNINGS, EXPENSES, AND DIVIDENDS.

Net earnings of \$547,043.86 in 1917 rose to \$2,869,164.14 in 1918. Dividends at the rate of 6 per cent per annum for the period January 1, 1917, to December 31, 1918, were paid, amounting to \$497,674.40, and \$2,448,175.11 credited, half to surplus account and half to the United States Government as a franchise tax. A comparative statement of earnings and expenses is given in Schedule 2.

GENERAL BUSINESS CONDITIONS.

Unprecedented agricultural, commercial, and industrial activity, with equally unprecedented profits, has prevailed throughout this district during the war, the largest industrial development having been in shipbuilding. Of 408 ships, aggregating 2,376,362 tons deadweight, built and delivered to the United States Shipping Board between August, 1917, and October 1, 1918, 162, of 1,149,685 tons, were built in this district, the estimated value of ships produced on the Pacific coast during 1918 being over \$500,000,000. In spite of the armistice, steel shipbuilding is proceeding at an undiminished pace, but wood shipbuilding has practically ceased for the time being.

Agriculture remains the principal industry of the district, production during the war having been increased to some extent by urgent need and high prices. The Department of Agriculture estimates the value of the agricultural products of this district during 1918 at \$851,427,000, as compared with \$822,579,000 in 1917. That this increased value is partly the result of increased yield is evidenced by the following examples: In this district production of wheat totaled 79,584,000 bushels as compared with 70,899,000 bushels in 1917; of sugar beets more than 2,600,000 tons, as compared with 2,400,000 in 1917; of California rice approximately 400,000,000 pounds, as compared with 280,000,000 in 1917; of beans in California 8,868,000 bushels as compared with 8,091,000 in 1917; the area planted to cotton in Arizona 92,000 acres, as compared with 46,000 in 1917, and in California 194,000, as compared with 117,000 in 1917. Shipments of California deciduous fruits totaled 28,204 cars, as compared with 24,961 in 1917.

The year has been generally favorable for agricultural products, as shown in the comparative statement of production in Schedules 3, 4, and 5.

The salmon pack of the Pacific Northwest is estimated at 9,300,000 cases, which is approximately 825,000 less than in 1917. The southern California fish pack, chiefly of tuna and sardines, was 52,000 cases in excess of the 1917 pack, amounting this year to 1,075,000 cases.

Change in statistical methods makes accurate comparison of changes in stored stocks of California petroleum impossible. Stored stocks, which on December 31, 1917, totaled 30,450,465 barrels, were reported on October 31, 1918, as 37,400,859. This increase is due almost entirely to exclusion of refinery stocks from the former figures and their inclusion in the latter, production having approximated consumption. Stored stocks, exclusive of refinery stocks, amounted on December 31, 1915, to 57,147,051 barrels and on December 31, 1916, to 44,036,190 barrels.

The lumber situation has been exceptionally complex, due to labor problems, changed character of demands, car shortage, and the uncertainty regarding wooden ships. However, the volume of production and of consumption has been practically normal. Following the signing of the armistice, all Government lumber contracts were canceled, causing temporarily upset conditions, but as the year closes the situation is favorable.

Labor has been fully employed at an unprecedentedly high level of wages. There has been some agitation and dissatisfaction, but labor disturbances have been at a minimum during the year.

Building permits throughout the district have shown a decided decrease, due to the request of the Government that all unnecessary building be postponed until after the termination of the war.

Bank clearings have ranged between 25 per cent and 30 per cent in excess of those of 1917. Import and export trade, in spite of shortage of shipping space, is at record point in values. Washington (Seattle and Tacoma) foreign trade exceeds that of California (San Francisco and Los Angeles), the totals for the first 10 months of 1918 amounting to \$493,393,000 and \$404,333,000, respectively. Imports and exports from Oregon ports totaled \$12,784,000.

Comparative statements of building permits, bank clearings, and foreign trade are given in Schedules 6 to 8.

Money rates have been stable, there being a steady and active demand, with rates firm at 6 per cent in industrial centers and 7 per cent in agricultural communities.

DISCOUNT OPERATIONS.

REDISCOUNTS—COMMERCIAL PAPER.

Discounts which, during 1916, aggregated \$1,973,355 expanded to a total of \$102,981,205 during 1917 and \$941,441,337 during 1918. Rediscounts of commercial paper exceeded discounts of collateral notes during the major portion of the year. Holdings of such rediscounts increased from \$24,211,000 on January 1 to \$34,326,000 on July 5, the first date on which they exceeded \$30,000,000. They reached their peak, \$49,152,000, on September 13, after which date they gradually decreased, amounting on November 30 to \$30,038,000 and on December 31 to \$33,732,000. Particular assistance was granted in the Northwest in handling the grain crop and the wool clip. A steadily growing tendency to offer short maturities has been manifested.

REDISCOUNTS—LIBERTY LOANS.

Holdings of member banks' notes, practically all secured by Government obligations, totaled \$2,533,000 on January 1. These gradually increased until on April 26 the amount held reached \$10,904,000, the daily holdings fluctuating during the succeeding months between \$10,000,000 and \$20,000,000, reaching \$22,299,000 on August 2 and increasing from that date until October 10, when they were \$61,561,000. Following the close of the fourth Liberty loan campaign, holdings of such paper gradually declined, amounting to \$44,136,000 on November 30 and \$45,027,000 on December 31.

TRADE ACCEPTANCES.

There has been increased interest in trade acceptances and their volume is expanding, several conventions of retail and wholesale dealers and various credit men's associations on the Pacific coast having indorsed their use. Chambers of commerce and associations of merchants have made greater efforts than bankers to secure their adoption.

BANKERS' ACCEPTANCES.

This bank has bid consistently for all offerings of prime bankers' acceptances originating in this district, whether offered locally or from other districts, thereby maintaining a market for them in this district as constant and stable as that of New York for acceptances originating there. The rates bid have been, as nearly as ascertainable, identical with those prevailing in New York. The principal market being in New York, and the obligation resting upon the whole Federal Reserve system to maintain an open market under all conditions for bankers' acceptances, this bank has regularly participated pro rata in the purchases of acceptances by the Federal Reserve Bank of New York, and on occasions has also made purchases from other Federal Reserve Banks needing to replenish reserves.

Some banks in this district are buyers of acceptances from time to time, but their purchases are usually made either when offered by their customers for discount or through purchases in the New York market. With only a small volume of bankers' acceptances originating in this district and even these being offered intermittently, it has been obviously more convenient for a bank in this district to adjust its investments from day to day by purchases in the New York market where there is a sufficient volume to make daily purchases possible, but in some cases this bank has sold bankers' acceptances to its member banks and is disposed to extend this service more generally with a view to broadening the market.

RESERVE POSITION.

Exhibit B shows the reserve position throughout the year. The heavy demands of member banks resulted in a considerable decrease in the reserve percentages. On January 11 the reserve percentage, 73.1 per cent, was the highest at any time during the year. At that time gold held equaled \$104,939,000, and combined deposit and Federal Reserve note liability, \$144,125,000. In spite of the large increase in gold holdings there was a gradual reduction in the reserve percentage, the lowest point being reached on October 25, when \$126,114,000 of gold held amounted to only 46.2 per cent of \$272,809,000 combined deposit and Federal Reserve note liability. After the latter date, reserves increased somewhat, rising to 57.4 per cent on December 31, when the gold holdings were \$150,973,000 and combined deposit and Federal Reserve note liability \$262,939,000. During a large part of the year reserves ranged between 57 and 67 per cent. That they did not fall below 46.2 per cent is due to the cooperation of the banks of this district in forwarding their gold to the Federal Reserve Bank for its reserve.

MOVEMENT OF MEMBERSHIP.

NATIONAL BANKS.

During the past year the number of national banks in this district has increased from 530 to 554. This increase consisted of 14 newly organized banks and 15 conversions of State banks, and was partially offset by the liquidation of 5 banks. Of these, two were absorbed by State banks, two by national banks, and one failed. A statement showing the movement in membership by States appears in Schedule 9.

STATE BANKS.

The number of State member banks in this district increased from 17 on December 31, 1917, with combined capital and surplus of \$5,820,000 and resources of \$65,697,000, to 86 on December 31, 1918, with combined capital and surplus of \$16,061,000 and resources of \$160,690,000. A list of State member banks, with capital, surplus, and resources, appears in Schedule 10.

Active and definite inclination for membership has been manifested in Washington, Idaho, Utah, and Oregon, in which four States 81 of the 86 State member banks are located. With the opening of a branch of the Federal Reserve Bank in Salt Lake City on April 1, 1918, all eligible State banks in that city immediately applied for membership, followed by other banks in the sections served by this branch.

On April 16, 1918, Mr. R. L. Rutter, president of the Spokane & Eastern Trust Co., Spokane, Wash., a member bank, was appointed Twelfth Federal Reserve District member of the Federal Reserve membership campaign committee of the American Bankers Association, a committee having for its purpose the conduct of a campaign of education to make clear to nonmember banks the advantages of membership. His effective efforts have led to a considerable increase in State bank membership.

The resources of California State banks approximate half those of all State banks in this district, but, in spite of the appeal of the President that all eligible State banks as a patriotic duty join the Federal Reserve system, only four California State banks, with approximately eight-tenths of 1 per cent of the total resources of California State banks, have become members, the provisions of the California bank act being unfavorable. Representatives of State banks of San Francisco, Los Angeles, and Oakland, having deposits aggregating more than \$500,000,000, have held conferences during 1917 and 1918 to consider the situation, and in May, 1918, the California Bankers Association referred to its legislative committee the matter of recommending amendments to the California bank act to enable California State banks to avail themselves of the advantage of

Federal Reserve membership, which is fundamentally an increase of power to render service and incidentally a corresponding increase in profits. Such proposed amendments will be considered by the legislature convening in January, 1919.

Schedule 11 gives by States a comparative statement of the number, capital, and resources of State member banks on November 1, 1918, as compared with all State banks in the district.

RELATIONS WITH NATIONAL BANK MEMBERS.

DISCOUNT OPERATIONS.

The major portion of the discounts of the Federal Reserve Bank have naturally been for national-bank members. Three hundred and fifty-seven national banks out of a total of 554 have discounted with the Federal Reserve Bank during the year, as compared with 156 out of a total of 530 during 1917. Discounts for national banks totaled approximately \$887,400,000 during 1918.

FIDUCIARY POWERS.

During 1918 permission was granted to seven banks to exercise fiduciary powers. Subsequent to the amendment of the Federal Reserve Act, broadening the fiduciary powers to be exercised by national banks, 15, as follows, have applied to the Federal Reserve Board for the required permission:

State.	Number.	Capital of applying banks.	Surplus of applying banks.	Resources of applying banks.
California.....	7	\$10,650,000	\$8,000,000	\$125,753,000
Idaho.....	1	50,000	22,500	582,000
Washington.....	7	4,175,000	1,205,500	60,572,000
Total.....	15	14,875,000	9,228,000	186,907,000

PERMISSION TO ACCEPT TO 100 PER CENT OF CAPITAL AND SURPLUS.

Four banks in Seattle and three in Spokane were granted permission to accept drafts and bills of exchange up to 100 per cent of capital and surplus during 1918. Such powers were required primarily for the purpose of assisting the United States Grain Corporation in its transactions in the Pacific Northwest.

A list of banks having authority to accept to 100 per cent is given in Schedule 12.

RELATION WITH STATE BANKS AND TRUST COMPANIES.

DISCOUNT OPERATIONS.

State bank members during the first 11 months of 1918 discounted with the Federal Reserve Bank \$54,037,000, of which \$14,836,000

represented rediscounts and \$39,201,000 collateral notes secured by Government obligations. During the same period nonmember State banks availed themselves of the privilege of borrowing through member banks on their collateral notes secured by Government obligations to the extent of \$4,230,092.94.

EXAMINATIONS.

The Federal Reserve Bank, in accordance with agreements with the clearing-house associations, has conducted the clearing-house examinations in the four branch cities (Spokane, Seattle, Portland, Salt, Lake City), and has also examined five State-bank members during the year and 29 State banks applying for membership.

State banking departments have shown for the most part a spirit of cordial cooperation. Examinations have been made in California, Idaho, Utah, and Washington jointly with State banking departments, and copies of reports of examinations by State banking departments have been furnished. For further cooperation, arrangements are now being made for State-bank members to authorize the interchange of examiner's reports, reports of condition, etc., between State authorities and the Federal Reserve Bank. In addition, there has been considerable discussion with a view to establishing uniformity of forms of the several State banking departments and those of the Federal Reserve Board. Such uniformity would not only simplify but would add materially to the value of statistical tabulations.

The Federal Reserve Bank has created a department of examinations, appointing as manager Mr. S. G. Sargent, former superintendent of banks in the State of Oregon. While it may cease conducting the clearing-house examinations in the four branch cities, it is expected that the examinations made will be of increasing effectiveness and value.

RESERVES.

State member banks' required reserve deposits with the Federal Reserve Bank on November 1 amounted to \$6,539,000, being 8.7 per cent of the total member banks' reserve accounts on that date. As a general rule the required reserves have been maintained.

FISCAL AGENCY OPERATIONS FOR TREASURY DEPARTMENT.

ALLOTMENT OF TREASURY CERTIFICATES AMONG BANKS OF THE DISTRICT.

The financing of Liberty loan subscriptions and tax payments by purchase of Treasury certificates of indebtedness has been of great value in avoiding the strain that would otherwise have been felt throughout the district from the withdrawal at one time of the

large sums involved. In the earlier issues the quota for this district was not reached, but later the oversubscription was enough to overcome the earlier deficiency. Mr. E. W. Wilson, vice president of the Anglo and London Paris National Bank, San Francisco, has acted as director of sales. Schedules 13 to 15 show in detail the amount of these certificates subscribed through the Federal Reserve Bank for each of the issues during 1918.

DEPOSITS OF TREASURY FUNDS WITH BANKS AND THEIR WITHDRAWAL.

Of the 1,866 banks in this district, 433 have qualified as Government depositaries for war loan deposit accounts, making payment by credit on their books for their subscriptions to Treasury certificates and Liberty loans, the deposits being gradually withdrawn as needed by the Government. Out of total subscriptions of \$287,975,000 to the third Liberty loan, payments by credit, aggregating \$105,950,000, were made by 326 qualified depositaries. Out of the \$305,020,000 of Treasury certificates of indebtedness sold in this district in anticipation of the fourth Liberty loan, payment for \$191,685,000 was made in this manner. Fifty-four banks purchasing Treasury certificates in anticipation of income and excess profit taxes qualified for and received redeposits aggregating approximately \$39,000,000.

FLOTATION OF LIBERTY LOANS.

The general plan of organization followed during the Liberty loans in 1917 was continued for the third and fourth loans in 1918. The district quota for the third Liberty loan was \$210,000,000. Subscriptions received totaled \$287,975,000, every State, county, and city exceeding its quota. Similarly the quotas for the fourth Liberty loan were exceeded in every State, county, and city, the quota for the district being \$402,000,000, and final subscriptions \$462,250,000. Distribution of Liberty loan purchases by States and principal cities, methods of payment for bonds taken, etc., are shown in Schedules 16 to 21.

WORK IN CONNECTION WITH WAR-SAVINGS CERTIFICATES.

The Federal Reserve Bank has acted as agent of the Government in selling war-savings stamps and certificates to banks and trust companies in the district and to individuals who qualified as collateral agents by the deposit of Liberty bonds as security against the withdrawal of stamps. Prior to September, the campaign was handled by the National War Savings Committee in Washington, which appointed State directors who reported directly to Washington. In September this committee retired and the governor of the Federal Reserve Bank was placed in charge of the war-savings campaign in

this district. The same directors and their organizations were retained. A statement of sales of thrift stamps and war-savings certificates through the Federal Reserve Bank is given in Schedule 22.

WAR FINANCE CORPORATION.

In this district only five applications for loans from the War Finance Corporation were received, one of these for \$10,000 being approved.

CAPITAL ISSUES COMMITTEE.

The Capital Issues Committee, created by act of Congress, approved April 5, 1918, took office on May 17, succeeding an informal committee constituted by the Federal Reserve Board in January. The present district committee was appointed by the Capital Issues Committee late in May and entered upon its duties as the successor to a subcommittee which had been serving in the district under the informal committee. The district committee terminated its work on December 31, 1918.

The district committee was composed of 26 members, four in Los Angeles, two each in Portland and Seattle, and one each in Tacoma, Spokane, Boise, Salt Lake City, Elko (Nev.), and Phoenix (Ariz.). In San Francisco there were 13 committeemen, six of whom, together with one of the Los Angeles members, constitute the executive committee of seven, which has met on Friday morning of each week. The chairman of the board and the governor of the Federal Reserve Bank were respectively the chairman and vice chairman of the district committee and of the executive committee. The committeemen investigated the applications referred to them, reporting with recommendations to the executive committee. The detail work of digesting information for presentation at executive committee meetings, and of conducting the correspondence, was performed by a force consisting of the secretary, assistant secretary, a stenographer-clerk, and three stenographers. All of the committeemen served without pay.

During 1918 the district committee and its predecessor together considered a total of 543 applications for approval of security issues amounting to \$386,145,257, of which 384 applications, amounting to \$194,015,197, were approved, and 137 applications, amounting to \$163,155,490, were disapproved. The remainder, or 22 applications, amounting to \$28,974,570, were reported to the Capital Issues Committee, Washington, without recommendation. In addition, 30 applications for approval of issues, amounting to \$24,000,000, arising in the district, were acted upon directly by the Capital Issues Committee without reference to the district committee. Of the total considered, 185 applications, amounting to \$91,322,823, represented public issues; that is to say, the issues of States or subdivisions thereof,

and 358 applications, amounting to \$294,822,434, represented issues of private corporations or individuals. In addition to the business transacted at its meetings, the effectiveness of the committee is further illustrated by the fact that 61 projects, the issues of which would have amounted to \$75,000,000, were discouraged at their inception as nonessential.

Schedule 23 gives an analysis of the business transacted by the committee.

NOTE ISSUES.

FEDERAL RESERVE NOTES.

The substitution of paper for gold as the ordinary currency of this district has been greatly accelerated during the past year. For almost three years after the establishment of the Federal Reserve Bank small need developed for the use of Federal Reserve notes, the amount outstanding on April 6, 1917, being only \$15,398,695. During the latter part of 1917 the need for a greater volume appeared, the amount in the hands of the public on December 31, 1917, being \$67,744,305. Especially during 1918 the need for increasing the gold reserve of the Federal Reserve Bank led to substitution of Federal Reserve notes for gold as the principal circulating medium with the result that, in this district, where gold has been the traditional currency, paper money now circulates almost exclusively, the amount of Federal Reserve notes of this bank in circulation on December 31, 1918, being \$212,243,000. The gold has been mobilized in the Federal Reserve Bank. Many banks and treasurers of public funds have cooperated in building up the gold reserve of the Federal Reserve Bank by exchanging gold for Federal Reserve notes. It has been through such aid that the Federal Reserve Bank has been able to maintain so strong a position in the face of the large calls made upon it for assistance. From April 9, 1918, to December 27 the following shipments of gold were received by the Federal Reserve Bank from throughout this district:

Source.	Amount.
National banks.....	\$25,688,655
State banks.....	26,682,985
State, city, and county treasurers.....	3,391,645
Total.....	55,763,285
Number of shipments.....	4,367

In all States except California the response of State banks to the request to exchange gold for Federal Reserve notes was as prompt as that of national banks. In California the bank act provided that a certain proportion of the reserves must be carried in gold coin, gold certificates, or United States notes, and as Federal Reserve notes

were not construed by the State banking department as United States notes, State banks did not feel free to release any of their gold except that held in excess of reserve requirements, their gold holdings decreasing only \$7,000,000 between June 29 and August 31, from \$26,640,000 to \$19,623,000. Because of this, on August 28, the Superintendent of Banks wrote to the Chairman of the Board of the Federal Reserve Bank, stating that, under the discretion vested in him by the bank act, he would waive the right to impose penalties upon State banks which held their reserves on hand in Federal Reserve notes. The publication of this communication resulted in considerable shipments to the Federal Reserve Bank, the gold holdings of California State banks decreasing to \$12,245,000 on November 1. Between April 9 and December 21, California State banks have shipped \$22,752,000 in gold and gold certificates to the Federal Reserve Bank. If proposed amendments to the California bank act are approved, it is to be expected that California State banks will release further amounts of gold.

That the major portion of the increase in Federal Reserve note circulation during 1918 resulted from issues in exchange for gold is strikingly illustrated by the fact that on January 1 Federal Reserve notes in the hands of the public were \$67,744,305 and net deposits \$69,922,002, amounting together to \$137,666,307, gold reserve amounting to \$94,018,470, or 68.69 per cent, while on December 1 Federal Reserve notes in circulation had increased to \$201,404,000 and net deposits to \$76,102,000, the gold reserve increasing to \$172,217,000, or 62.59 per cent, a decrease of 6.10 per cent, while on December 31 the net circulation of Federal Reserve notes amounted to \$212,243,000; net deposits, \$50,696,000; and combined gold reserve, \$150,973,000, or 57.41 per cent.

A statement of Federal Reserve notes issued and redeemed during the year is contained in Schedule 24.

FEDERAL RESERVE BANK NOTES.

As provided by the Pittman Act, the Federal Reserve Board is requiring Federal Reserve Banks to issue Federal Reserve bank notes to take the place of \$350,000,000 standard silver dollars now being melted to ship to the Orient as bullion, the allotment of the Federal Reserve Bank of San Francisco being approximately 6 $\frac{3}{4}$ per cent of the entire issue. The first shipment of \$5 Federal Reserve bank notes was received on June 10, of \$1 notes on October 9, and of \$2 notes on October 28. Those received are being gradually put into circulation, the total outstanding on December 31 being \$6,253,000.

POSITION OF COMMERCIAL BANKS AS A RESULT OF WAR FINANCING.

INCREASE OF THEIR OBLIGATIONS.

With expansion of business and increase of prices, resources of the national banks of the district have increased from \$1,065,191,000, on March 5, 1917, the date of the last report made by them prior to the entrance of the United States into the war, to \$1,360,534,000 on November 1, 1918. During this period capital increased from \$89,880,000 to \$93,689,000 and surplus and profits from \$61,804,000 to \$70,467,000; deposits due to other banks decreased from \$198,060,000 to \$172,061,000; demand deposits increased from \$485,149,000 to \$679,494,000; time deposits from \$160,421,000 to \$184,282,000; rediscounts from less than \$500,000 to \$38,517,000; money borrowed from \$704,000 to \$57,780,000, practically all secured by Government obligations; and loans and discounts from \$559,469,000 to \$691,176,000.

EFFECT ON COMMERCIAL PAPER OF DISTRICT.

Production on Government contracts has had a tendency to lessen the offerings of so-called commercial paper (that sold through brokers), many concerns which hitherto financed themselves in this manner looking to the Government for funds. On the other hand, the decreasing purchasing power of the dollar has increased the credit needs of many concerns with the result that the volume of paper offered in this district has not appreciably changed. Rates on commercial paper have remained stable and all offerings have been readily absorbed.

RELATION TO AND EFFECT UPON GENERAL BUSINESS.

The most salutary effect of the war upon the credit situation in this district has been the curtailment of credit periods, many concerns which formerly sold goods upon a basis of 90 days to 6 months now requiring payment within 30 days. This condition has made for curtailment of inflation.

POLICY TO BE PURSUED IN RESTORING LIQUIDITY OF BANKS.

PROBABLE TIME IN WHICH THEY CAN CLEAR UP THEIR WAR PAPER.

As the products of this district are primarily agricultural, the sale for which has been certain, and as there has been some tendency to shorten the time of commercial credit and enforce prompt payment, part of the loans of the banks in this district will liquidate rapidly. Borrowing upon Government obligations has extended to considerable proportions, but these loans are being gradually liquidated. In proportion to their total resources, investments by banks in Liberty

bonds are comparatively small, those of all national banks, through which practically half of the subscriptions were received, amounting to \$56,854,000 on November 1, 1918, as compared with \$1,360,534,000 total resources, \$691,176,000 total loans and discounts, and \$321,723,000 securities held. Liberty bonds held by national banks represent only 4.9 per cent of \$1,154,345,850 of Liberty bonds sold in this district.

The rate at which banks are liquidating their borrowings is shown by the reduction in rediscounts of commercial paper held by the Federal Reserve Bank from \$49,289,000 on September 13 to \$39,337,000 on November 8, to \$30,038,000 on November 30, and \$33,732,000 on December 31. This compares with \$23,464,000 held on January 1, 1918. Similarly, borrowings on Government obligations are being reduced, member banks' collateral notes, practically all secured by Government obligations, held by the Federal Reserve Bank decreasing from \$61,561,000 on October 10 to \$44,136,000 on November 30 and \$45,027,000 on December 31.

If the next Liberty loan is not offered before April or May, it seems probable that the principal part of the Federal Reserve Bank's present loans based on Liberty bonds will be liquidated by that time. But meanwhile new loans will presumably appear based on the succeeding issues of certificates of indebtedness. It seems probable, therefore, that borrowings from the Federal Reserve Bank on paper secured by Government obligations will continue in substantial amount until after the next Liberty loan and that there will be steady liquidation of such paper thereafter. There seems reason to expect that they will be practically eliminated during the coming year.

POLICY OF FEDERAL RESERVE BANK TOWARD THEM MEANWHILE.

It is and has steadily been the policy of the Federal Reserve Bank to assist its member banks in meeting the special demands made upon them. This has been particularly true in connection with unusual requirements for handling crops. Rarely has it been necessary to criticise the attitude of a rediscounting bank. An occasional bank, however, has shown a deliberate determination to use Federal Reserve Bank funds for extending its business by taking on new loans much as if funds obtained by rediscount were new deposits. In such cases the desirable course is pointed out, with such insistence as the case seems to require.

OPERATIONS OF FEDERAL RESERVE BANK BRANCHES.

During 1917 branches were established at Spokane and Seattle, Wash., and Portland, Oreg., serving, respectively, the territory of east-

tory assigned to it being Utah, southern Idaho, and the eastern counties of Nevada, the territory served directly by the head office being California, Arizona, and western Nevada.

The relative importance of the various branches may be judged from the following figures:

Branch.	Average monthly, 1918.				
	Total rediscounts.	Currency shipments from head office.	Transit items handled.		Earnings, excluding head office expense.
			Number.	Amount.	
Portland.....	\$3, 220, 557	\$1, 974, 160	66, 996	\$16, 347, 388	\$9, 239
Salt Lake City.....	18, 003, 304	1, 093, 000	157, 943	26, 846, 295	45, 599
Seattle.....	6, 433, 553	2, 543, 750	86, 466	15, 900, 983	7, 074
Spokane.....	6, 989, 709	707, 500	96, 350	14, 695, 134	24, 423

Branch.	Nov. 1, 1918.		
	Number of mem- ber banks.	Capital of member banks.	Resources of member banks.
Portland.....	97	\$12, 241, 000	\$204, 603, 000
Salt Lake City.....	112	3, 425, 000	41, 516, 000
Seattle.....	49	10, 475, 000	213, 421, 000
Spokane.....	80	7, 625, 000	109, 737, 000
Total.....	338	33, 766, 000	569, 277, 000

INTERNAL ORGANIZATION.

An increasing volume of transactions, largely necessitated by Government financing, rendered necessary an increase in staff from 313 on January 1 to 523, of whom 275 were women, on November 30. Sixty of the most experienced men have gone into the Army and Navy and in addition the epidemic of influenza has at times temporarily incapacitated more than 15 per cent of the clerical force. The bank has in no case claimed exemption from the draft for any of its employees.

CLEARING-HOUSE SETTLEMENTS.

Clearing-house balances in Los Angeles, Ogden, Portland, Salt Lake City, San Francisco, Seattle, Spokane, and Tacoma are now settled by transfers on the books of the Federal Reserve Bank, thereby decreasing in a large measure the requirements for cash in vault on the part of the clearing-house banks in these cities.

COLLECTIONS.

Between January and November the daily average number of out-of-town checks handled increased from 14,836, for an amount averaging \$2,206,441, to 29,783, for an amount averaging \$6,554,231.

The increase in the number of the items between June, when the service charge of 1½ cents per item was removed, and November, was 11,139. Similarly, there was a large increase in the number of notes, bills, and collection items handled after the removal of the service charge of 10 cents per item on June 5. In both cases it was the larger banks of the district which made increasing use of collection facilities. The smaller banks are gaining information as to the benefits of the Federal Reserve Bank collection system and it seems probable that during the next year they will take increasing advantage of the facilities offered.

Out of a total of 1,310 State banks in the district all but 153 were remitting at par on November 30.

GOLD-SETTLEMENT FUND.

The system of leased wires installed early in June between all Federal Reserve Banks, their branches, and the Federal Reserve Board, has greatly increased the utility of the gold-settlement fund. As a result, daily settlements between Federal Reserve Banks were inaugurated in July, and on December 2 the branches of the Federal Reserve Bank which had previously been settling with other Federal Reserve Banks through the head office began direct settlement through the gold-settlement fund.

The Federal Reserve Bank now makes telegraphic transfers for member banks free of charge and in addition absorbs all charges for telegrams to and from it in connection with such transfers, with the result that member banks are making increasing use of Federal Reserve Bank telegraphic transfers.

BANKING QUARTERS.

The Federal Reserve Bank purchased as a site for the erection of a permanent home a plot of ground 119 feet 6 inches by 275 feet, bounded by Sansome, Commercial, Battery, and Sacramento Streets. War conditions, however, deferred construction, and a six-story loft building situated on one part of the ground was overhauled and fitted up to serve temporarily for the bank's use. This building is numbered 315 Battery Street, and on September 28 the executive and banking department and fiscal agent department were brought here. Vaults and tellers' cages are located on the first floor; telegraphic, stenographic, purchasing, and supply departments on the second; executive offices, discount department, and Federal Reserve agent's department upon the third; mail, statistical, and accounting departments upon the fourth; department of examinations, filing, and auditing departments upon the fifth; and the accounting department of fiscal agent department upon the sixth floor.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of San Francisco during the calendar year 1918.*

[On thousands of dollars, i. e., 000 omitted.]

	Discounted paper secured by United States war obligations.	Other discounted paper.	(1+2)	Bills bought in open market.	Total bills discounted and bought.	Per cent. (1+5)	Total earning assets.
	1	2	3	4	5	6	7
Jan. 4.	2,674	21,796	24,470	15,416	39,886	6.7	43,845
Jan. 11.	2,161	19,978	22,139	16,817	38,956	5.5	42,961
Jan. 18.	2,500	23,326	25,826	17,386	43,212	5.8	47,223
Jan. 25.	3,356	25,966	29,352	18,968	48,320	6.9	52,341
Feb. 1.	4,408	25,639	30,047	24,504	54,551	8.1	58,594
Feb. 8.	3,599	25,653	29,252	29,621	58,873	6.1	62,965
Feb. 15.	3,328	26,474	29,802	30,479	60,281	5.5	64,514
Feb. 21.	5,790	24,599	30,389	30,122	60,511	9.6	64,799
Mar. 1.	7,590	24,946	32,536	30,353	62,889	12.1	67,183
Mar. 8.	8,014	26,339	34,353	30,956	65,309	12.3	70,031
Mar. 15.	6,554	25,110	31,664	29,919	61,583	10.6	66,152
Mar. 22.	6,844	23,700	30,544	29,471	60,015	11.4	64,523
Mar. 29.	5,981	22,874	28,855	27,473	56,328	10.6	60,874
Apr. 5.	5,985	23,831	29,796	26,392	56,188	10.6	60,669
Apr. 12.	7,861	23,592	31,453	24,923	56,376	13.9	63,781
Apr. 19.	8,742	23,022	31,764	23,658	55,422	15.8	62,849
Apr. 26.	11,235	23,764	34,999	21,490	56,489	19.9	61,004
May 3.	10,829	25,755	36,584	21,495	58,079	18.6	62,661
May 10.	10,274	27,516	37,790	18,848	56,639	18.1	60,855
May 17.	10,164	27,959	38,123	20,188	58,311	17.4	64,038
May 24.	11,059	28,835	39,894	20,689	60,583	18.3	65,591
May 31.	12,803	29,084	41,887	19,964	61,851	20.7	67,090
June 7.	11,059	28,707	39,766	19,287	59,053	18.7	64,301
June 14.	13,928	26,572	40,500	19,874	60,374	23.1	65,685
June 21.	9,956	27,189	37,145	18,102	55,247	18.0	60,503
June 28.	12,665	29,175	41,840	16,006	57,846	21.9	62,840
July 5.	16,332	34,158	50,490	15,942	66,432	24.6	71,426
July 12.	13,432	35,671	49,103	17,692	66,795	20.1	71,287
July 19.	13,969	39,379	53,348	19,162	72,510	19.3	76,975
July 26.	19,537	46,289	65,826	18,541	84,367	23.2	88,832
Aug. 2.	23,059	46,900	69,959	18,851	88,810	25.0	93,398
Aug. 9.	30,114	47,352	77,466	21,203	98,669	30.5	103,529
Aug. 16.	29,817	48,274	78,091	19,847	97,938	30.4	102,737
Aug. 23.	29,295	46,430	75,725	21,117	96,842	30.3	101,303
Aug. 30.	32,326	44,230	76,556	19,312	95,868	33.7	100,349
Sept. 6.	40,877	45,654	86,531	19,915	106,446	38.4	110,918
Sept. 13.	41,251	47,375	88,626	20,469	109,095	37.8	113,570
Sept. 20.	45,728	46,439	92,167	20,364	112,531	40.6	117,018
Sept. 27.	51,042	45,664	96,706	22,451	119,157	42.8	123,811
Oct. 4.	61,155	41,746	102,901	23,898	126,799	48.2	131,557
Oct. 10.	64,470	40,594	105,064	27,784	132,848	48.5	137,666
Oct. 18.	62,711	41,075	103,786	32,843	136,629	45.9	141,522
Oct. 25.	52,035	38,987	91,022	38,852	129,874	40.1	153,637
Nov. 1.	55,527	37,858	93,385	34,656	128,041	43.4	134,436
Nov. 8.	47,506	37,537	85,043	34,299	119,342	39.8	125,723
Nov. 15.	51,362	33,175	84,537	34,175	118,712	43.3	125,194
Nov. 22.	40,518	30,210	70,728	35,045	105,773	38.3	112,222
Nov. 29.	43,748	28,776	72,524	34,303	106,827	41.0	113,291
Dec. 6.	52,075	30,185	82,260	43,702	125,962	41.3	133,011
Dec. 13.	38,143	29,927	68,070	44,114	132,184	44.0	139,661
Dec. 20.	47,838	26,911	74,749	43,942	118,691	40.3	134,181
Dec. 27.	32,136	28,039	60,175	38,489	118,664	43.9	126,851

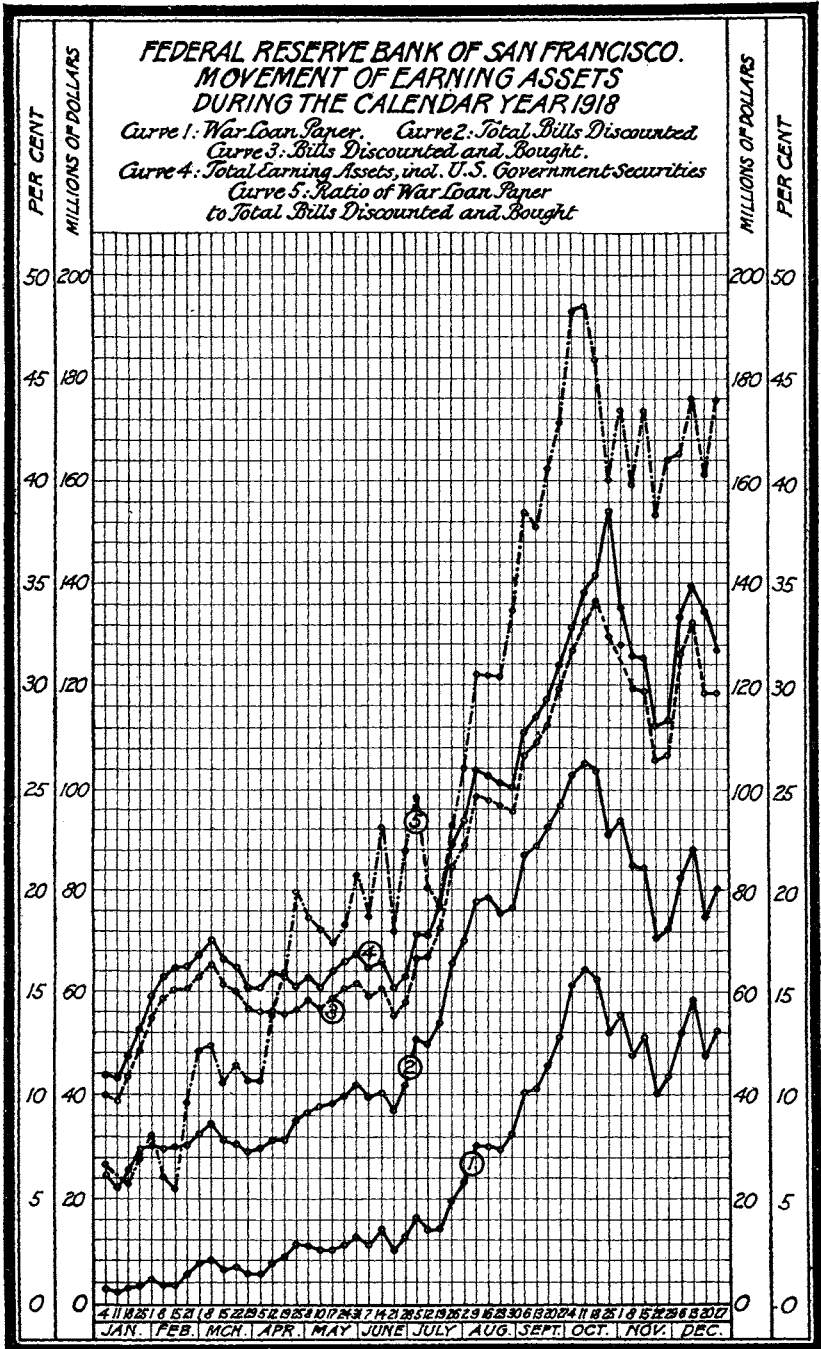
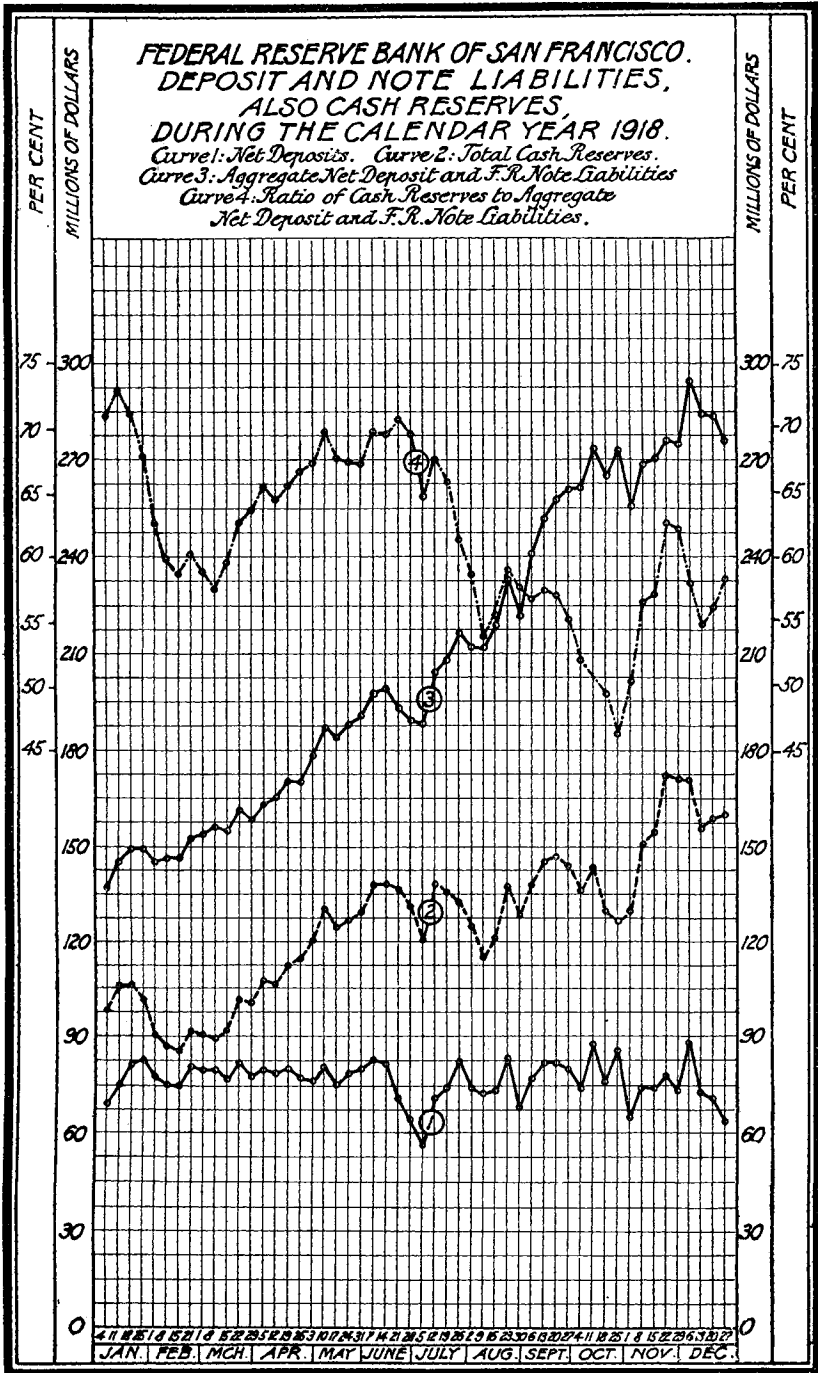


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal Reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of San Francisco during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	Total cash reserves.	Net deposits.	Federal Reserve notes in actual circulation.	(2+3)	Ratio of cash reserves to net deposit and Federal Reserve note liabilities combined.
	1	2	3	4	5
Jan. 4.	98,044	69,138	68,723	137,861	71.1
Jan. 11.	105,330	75,338	68,787	144,125	73.1
Jan. 18.	106,228	81,030	68,225	149,255	71.2
Jan. 25.	101,704	82,306	67,481	249,787	67.9
Feb. 1.	90,398	77,302	67,417	144,719	62.5
Feb. 8.	87,246	75,876	70,087	145,963	59.8
Feb. 15.	85,501	75,272	70,678	145,950	58.6
Feb. 21.	91,671	80,829	71,879	152,508	60.1
Mar. 1.	90,535	79,599	74,045	153,644	58.9
Mar. 8.	89,742	79,121	76,715	155,836	57.6
Mar. 15.	81,881	77,120	77,579	154,699	59.4
Mar. 22.	101,430	81,455	80,285	161,740	62.7
Mar. 29.	100,207	77,221	80,836	158,057	63.4
Apr. 5.	107,029	79,625	83,566	163,191	65.6
Apr. 12.	106,341	78,304	87,323	165,627	64.2
Apr. 19.	112,091	79,607	90,822	170,429	65.8
Apr. 26.	113,863	77,285	92,987	170,272	66.9
May 3.	120,488	76,820	101,833	178,653	67.4
May 10.	130,274	80,558	106,024	186,582	69.8
May 17.	124,119	75,962	107,541	183,503	67.6
May 24.	126,460	78,193	109,210	187,403	67.5
May 31.	128,554	79,969	110,957	190,926	67.3
June 7.	137,462	82,296	114,789	197,085	69.7
June 14.	137,313	81,199	117,123	198,322	69.2
June 21.	136,640	71,419	121,012	192,431	71.0
June 28.	131,372	64,033	125,237	189,320	69.4
July 5.	120,955	56,115	131,443	187,558	64.5
July 12.	137,590	71,087	132,610	203,697	67.5
July 19.	135,850	74,053	133,175	207,228	65.6
July 26.	132,438	81,949	133,945	215,894	61.3
Aug. 2.	124,550	74,400	137,699	212,099	58.7
Aug. 9.	114,479	72,841	139,243	212,044	54.0
Aug. 16.	121,459	73,578	144,678	218,256	55.6
Aug. 23.	137,001	82,899	149,213	232,117	59.0
Aug. 30.	128,092	67,252	154,666	221,918	57.7
Sept. 6.	137,357	76,313	165,414	241,727	56.8
Sept. 13.	144,662	81,289	170,758	252,027	57.4
Sept. 20.	147,063	81,309	175,813	257,122	57.2
Sept. 27.	143,376	79,586	180,381	259,967	55.2
Oct. 4.	136,063	74,225	186,112	260,337	52.3
Oct. 10.	142,805	87,222	185,961	273,183	52.3
Oct. 18.	129,994	76,013	188,161	264,174	49.2
Oct. 25.	126,341	85,103	187,706	272,809	46.3
Nov. 1.	128,777	64,629	190,954	255,883	50.3
Nov. 8.	151,207	74,579	193,748	268,327	56.4
Nov. 15.	154,240	74,192	196,210	270,402	57.0
Nov. 22.	172,247	77,921	197,397	275,318	62.6
Nov. 29.	170,619	73,247	201,209	274,456	62.2
Dec. 6.	170,179	87,439	206,071	293,510	58.0
Dec. 13.	155,602	72,842	211,900	284,742	54.6
Dec. 20.	159,642	70,912	212,444	283,356	56.3
Dec. 27.	160,378	63,339	211,692	275,031	58.3



SCHEDULE 1.—Comparative statement.

	Dec. 31, 1918.	Dec. 31, 1917.	Apr. 6, 1917.
RESOURCES.			
Total gold reserve.....	\$150,972,012	\$94,018,470	\$41,030,130
Legal tender notes.....	518,639	408,823	65,105
Total reserves.....	151,490,651	94,427,293	41,095,235
Bills discounted, members.....	33,734,845	23,463,513	340,372
Member banks, collateral notes.....	45,024,533	2,316,688	.....
Bills bought in open market.....	36,279,727	17,082,456	6,882,369
Total bills on hand.....	115,039,155	42,862,657	7,222,741
United States Government, long-term securities.....	2,460,950	2,455,060	2,428,750
United States Government, short-term securities.....	5,724,000	1,500,000	4,030,000
Municipal warrants.....	.....	.....	811,145
Total earning assets.....	123,224,105	46,817,657	14,462,636
Due from other Federal Reserve Banks, net.....	.....	5,908,934	1,008,437
Uncollected items.....	44,671,524	12,809,375	7,763,756
Total deductions from gross deposits.....	44,671,524	18,718,309	8,772,193
Five per cent redemption fund against Federal Reserve bank notes.....	356,400	.....	.....
All other resources.....	1,701,065	583,807	.....
Total resources.....	321,443,745	160,547,066	64,330,064
LIABILITIES.			
Capital paid in.....	4,636,550	4,162,450	3,941,000
Surplus.....	1,224,088	.....	.....
Government deposits.....	410,992	12,353,939	3,730,741
Due members' reserve account.....	73,235,715	63,779,910	38,497,162
Other deposits, including foreign Government credits.....	2,643,648	6,620,985	.....
Collection items.....	19,076,038	9,885,477	2,654,776
Total gross deposits.....	95,366,393	88,640,311	44,882,679
Federal Reserve bank notes, net outstanding.....	6,252,055	.....	.....
Federal Reserve notes in actual circulation.....	212,244,625	67,744,305	15,398,695
All other liabilities.....	1,720,034	.....	107,690
Total liabilities.....	321,443,745	160,547,066	64,330,064

SCHEDULE 2.—Earnings, expenses, and dividends.

	1918	1917
EARNINGS.		
Bills discounted for members.....	\$2,675,550.83	\$292,981.91
Acceptances bought.....	1,097,629.87	308,595.60
United States securities.....	135,268.29	147,355.24
Municipal warrants.....	.....	11,934.70
Profits realized on United States securities.....	293.75	11,250.00
Penalties for deficient reserves.....	96,409.28	18,221.97
Transfers bought and sold, net.....	127,387.68	64,363.55
Service charges, net.....	19,861.84	31,047.40
Sundry profits.....	35,383.35	52.08
Total.....	4,187,784.89	885,802.45
EXPENSE.		
Current expense.....	682,550.25	267,541.28
Cost of Federal Reserve notes and Federal Reserve bank notes.....	248,424.10	43,074.97
Furniture and fixtures.....	45,168.48	28,142.34
Purchase of gold.....	94,426.73	.....
Depreciation on bank premises.....	238,600.35	.....
Sundry items charged to profits and loss.....	9,450.84	.....
Total.....	1,318,620.75	338,758.59
Net earnings.....	2,869,164.14	547,043.86
Balance profit and loss Dec. 31, 1918.....	.....	\$76,685.37
Net earnings.....	.....	2,869,164.14
Total.....	.....	2,945,849.51
June 30, 1918, dividend No. 5.....	\$362,197.80	.....
Dec. 31, 1918, dividend No. 6.....	135,476.60	.....
.....	.....	497,674.40
Undivided profits.....	.....	2,448,175.11

The two dividends paid during the year are the accrued dividends covering the period from Jan. 1, 1917, to Dec. 31, 1918, inclusive.

SCHEDULE 3.—*Estimated value of all crops in Twelfth Federal Reserve District.*

[000 omitted.]

States.	1910-1914, 5-year average.	1915	1916	1917	1918
Arizona.....	\$9,842	\$10,262	\$18,626	\$27,068	\$42,267
California.....	203,368	204,747	271,668	432,285	365,028
Idaho.....	43,319	48,735	75,136	94,890	107,111
Nevada.....	13,523	12,988	17,148	25,655	24,536
Oregon.....	61,851	70,679	105,471	108,632	122,481
Utah.....	23,614	26,865	43,436	49,627	54,759
Washington.....	87,472	93,634	128,950	144,422	135,255
Total.....	422,989	467,910	660,435	822,579	851,427

SCHEDULE 4.—*Production of principal cereal and vegetable crops in Twelfth Federal Reserve District, by States.*

[000 omitted.]

States.	Year.	Wheat.	Barley.	Oats.	Hay.	Potatoes.
		<i>Bushels.</i>	<i>Bushels.</i>	<i>Bushels.</i>	<i>Tons.</i>	<i>Bushels.</i>
Arizona.....	1914	868	1,260	336	454	110
	1915	1,092	1,295	333	470	95
	1916	1,160	1,120	338	627	115
	1917	825	1,155	400	550	420
	1918	988	1,326	440	493	425
California.....	1914	6,800	42,060	7,700	5,265	10,350
	1915	7,040	39,440	6,963	4,230	10,140
	1916	5,600	33,320	6,500	4,375	10,575
	1917	7,425	39,150	6,860	4,560	15,225
	1918	7,590	34,320	5,600	3,143	12,870
Idaho.....	1914	14,362	7,030	14,608	1,868	5,270
	1915	18,730	7,736	15,745	1,828	3,500
	1916	15,071	7,410	13,330	1,750	4,050
	1917	13,830	5,510	10,450	2,175	6,084
	1918	18,043	4,900	9,480	2,058	5,220
Nevada.....	1914	1,332	611	676	803	1,560
	1915	1,660	576	585	675	2,236
	1916	1,592	492	602	540	2,660
	1917	1,140	420	560	679	3,105
	1918	1,070	408	532	647	1,539
Oregon.....	1914	16,604	3,660	12,740	1,716	4,753
	1915	20,025	4,680	16,060	1,870	5,520
	1916	19,560	5,390	17,280	1,955	8,250
	1917	12,811	5,278	9,125	1,638	8,100
	1918	19,000	3,180	9,000	1,220	8,000
Utah.....	1914	7,275	1,440	4,750	1,116	2,800
	1915	8,225	1,445	4,700	985	2,500
	1916	6,900	1,224	4,480	845	3,600
	1917	5,650	1,221	4,400	1,137	4,347
	1918	6,464	1,120	4,410	1,126	3,600
Washington.....	1914	41,840	7,098	13,959	1,751	7,552
	1915	51,420	7,263	13,750	1,868	8,235
	1916	37,635	6,814	14,300	1,920	9,900
	1917	29,218	4,930	11,242	1,778	9,875
	1918	26,429	2,630	8,370	1,429	8,560
Total.....	1914	89,081	63,159	54,769	12,973	32,395
	1915	108,192	62,435	58,136	11,926	32,226
	1916	87,508	55,770	56,830	12,012	39,150
	1917	70,899	57,664	43,037	12,517	47,156
	1918	79,584	47,884	37,832	10,116	40,214

SCHEDULE 4.—*Production of principal cereal and vegetable crops, etc.*—Continued.

[000 omitted.]

States.	Year.	Cotton.	Rice.	Beans.	Sugar beets. ¹
		Bales.	Bushels.	Bushels.	Tons.
Arizona.....	1914				
	1915				
	1916			48	
	1917	24		152	
	1918	51		72	
California.....	1914	50	800	3,875	1,082
	1915	29	2,268	3,868	1,249
	1916	44	3,422	5,576	1,463
	1917	67	5,600	8,091	1,318
	1918	100	7,011	8,800	1,102
Idaho.....	1914				264
	1915				340
	1916				331
	1917				330
	1918				347
Utah.....	1914				565
	1915				629
	1916				708
	1917				776
	1918				1,094
Total.....	1914	50	800	3,875	1,911
	1915	29	2,268	3,868	2,218
	1916	44	3,422	5,624	2,502
	1917	91	5,600	8,243	2,424
	1918	151	7,011	8,872	2,543

¹ Arizona, Nevada, Oregon, and Washington not separately reported.SCHEDULE 5.—*Carload shipments of deciduous fruits out of California.*

Year.	1911	1912	1913	1916	1917	1918
Cherries.....	216	244	231	164	295	351
Apricots.....	214	196	153	289	403	441
Peaches.....	2,027	1,621	2,359	1,909	2,432	3,137
Plums.....	1,366	1,776	1,706	1,999	2,651	2,483
Pears.....	2,325	3,134	2,496	3,701	4,798	4,589
Grapes.....	6,375	6,358	6,364	9,722	13,739	16,359
Miscellaneous.....	16	15	18	107	65	77
Total.....	12,539	13,344	13,332	17,891	24,383	27,417

SCHEDULE 6.—*Bank clearings of the principal cities in the Twelfth Federal Reserve District.*

[000,000 omitted.]

Cities.	1911	1912	1913	1914	1915	1916	1917	1918.
Bakersfield.....	(¹)	\$22	\$24	\$24	\$20	\$28	\$36	\$43
Fresno.....	\$40	51	57	53	54	72	109	124
Long Beach.....	(²)			17	26	30	38	52
Los Angeles.....	943	1,169	1,211	1,145	1,048	1,284	1,502	1,547
Oakland.....	173	223	189	176	181	223	269	335
Pasadena.....	42	47	48	44	44	50	58	50
Sacramento.....	78	93	108	103	101	126	164	203
San Diego.....	83	132	134	103	100	112	121	106
San Francisco.....	2,427	2,678	2,624	2,516	2,694	3,480	4,838	5,629
San Jose.....	30	36	36	36	35	44	54	55
Stockton.....	40	45	46	47	50	72	93	99
Reno.....		15	15	14	15	21	30	31
Portland.....		596	628	577	554	650	868	1,323
Salt Lake City.....	557	369	333	315	350	513	710	697
Ogden.....						61	100	100
Seattle.....	553	602	665	628	612	790	1,151	1,860
Spokane.....		225	219	203	193	255	344	422
Tacoma.....		139	133	110	99	115	162	244
Total.....	4,966	6,442	6,470	6,111	6,176	7,926	10,647	12,880

¹ Organized 1912.² Organized 1914.

SCHEDULE 7.—*Building permits of principal cities in Twelfth Federal Reserve District.*

[000 omitted.]

	1915	1916	1917	First 11 months, 1918.
Bakersfield.....	134	235	586	296
Fresno.....	1,201	876	2,079	1,795
Long Beach.....	1,368	1,058	1,033	2,722
Los Angeles.....	11,885	15,035	16,934	7,966
Oakland.....	5,044	5,367	4,442	5,100
Pasadena.....	1,494	1,619	1,369	425
Sacramento.....	1,392	2,111	1,895	1,069
San Diego.....	1,284	1,878	904	1,517
San Francisco.....	18,624	18,825	18,172	8,576
San Jose.....	536	716	490	512
Stockton.....	1,018	1,169	1,353	1,022
Reno.....	446	221	463	59
Portland.....	5,189	6,299	3,642	5,861
Salt Lake City.....	2,250	2,868	2,733	1,782
Ogden ²		862	1,407	245
Seattle.....	6,471	8,480	6,713	10,613
Spokane.....	1,291	1,574	2,140	410
Tacoma.....	790	1,619	1,144	2,718
Total.....	60,417	70,812	67,499	52,688

¹ No records given for August, 1918.² Records incomplete.SCHEDULE 8.—*Exports and imports in Twelfth Federal Reserve District.*

[000 omitted.]

	Exports.			Imports.		
	1916	1917	1918.	1916	1917	1918.
San Francisco district.....	\$126,758	\$175,136	\$214,729	\$117,128	\$231,979	\$245,520
Los Angeles district.....	4,439	7,179	6,781	5,463	8,063	9,417
State of Oregon.....	4,019	6,416	15,076	2,435	2,439	3,799
State of Washington.....	200,448	196,932	296,196	161,780	289,078	300,954
Total.....	335,664	385,663	532,782	286,806	531,559	559,890

SCHEDULE 9.—*Movement of national bank membership during 1918.*

States.	Organizations.		Conversions.		Liquidations.		Dec. 31, 1918.	
	Number of banks.	Capital.	Number of banks.	Capital.	Number of banks.	Capital.	Number of banks.	Capital.
Arizona.....	1	\$50,000	2	\$150,000			10	\$925,000
California.....	6	223,000	7	390,000	5	\$705,000	276	61,333,000
Idaho.....	2	175,000	3	75,000			68	4,030,000
Nevada.....							10	1,435,000
Oregon.....	2	75,000	1	25,000			84	10,226,000
Utah.....	2	50,000					25	3,430,000
Washington.....	1	25,000	2	240,000			81	12,285,000
Total.....	14	598,000	15	880,000	5	705,000	554	93,664,000

SCHEDULE 10.—State bank members of Federal Reserve Bank.

City.	Bank.	Order of admission.	Capital.	Surplus.	Resources.
ARIZONA.					
Phoenix.....	The Valley Bank.....	41	\$500,000	\$100,000	\$4,216,000
CALIFORNIA.					
Placerville.....	A. Merson Banking Co.....	75	50,000	56,000	932,000
San Fernando.....	San Fernando Valley Savings Bank.....	23	25,000	3,000	123,000
Santa Monica.....	Bank of Santa Monica.....	29	110,000	51,000	1,526,000
Stockton.....	Farmers & Merchants Bank.....	17	640,000	210,000	5,497,000
Total.....			825,000	320,000	8,078,000
IDAHO.					
Ashton.....	Security State Bank.....	61	25,000	20,000	473,000
Blackfoot.....	Blackfoot City Bank.....	43	50,000	10,000	594,000
Cambridge.....	Peoples Bank.....	69	40,000	2,000	346,000
Emmett.....	Bank of Emmett.....	62	60,000	10,000	540,000
Filer.....	Farmers & Merchants Bank.....	28	25,000	.....	121,000
Genesee.....	Genesee Exchange Bank.....	4	25,000	13,000	549,000
Gooding.....	Citizens State Bank.....	50	25,000	10,000	328,000
Idaho Falls.....	Anderson Bros. Bank.....	65	100,000	100,000	2,075,000
Idaho Falls.....	Farmers & Merchants Bank.....	63	150,000	8,000	1,315,000
Kimberly.....	Bank of Kimberly.....	6	35,000	11,000	382,000
May.....	Union Central Bank.....	74	30,000	1,000	81,000
Menan.....	Jefferson State Bank.....	80	25,000	(¹)	(¹)
Meridan.....	Meridan State Bank.....	54	25,000	.....	111,000
Murtaugh.....	Bank of Murtaugh.....	60	25,000	.....	81,000
Nex Perce.....	Union State Bank.....	76	50,000	10,000	307,000
Orofino.....	Bank of Orofino.....	72	25,000	4,000	273,000
Parma.....	Parma State Bank.....	32	100,000	25,000	652,000
Picabo.....	Picabo State Bank.....	73	25,000	.....	80,000
Potlatch.....	Potlatch State Bank.....	70	50,000	10,000	774,000
Rexburg.....	Farmers & Merchants Bank.....	35	50,000	6,000	372,000
Rigby.....	Rigby State Bank.....	58	30,000	8,000	320,000
St. Anthony.....	St. Anthony Bank & Trust Co.....	40	30,000	14,000	551,000
Star.....	Farmers Bank.....	85	25,000	5,000	214,000
Sugar City.....	Fremont County Bank.....	34	25,000	2,000	233,000
Sweet.....	Farmers & Stockgrowers Bank.....	67	25,000	.....	150,000
Victor.....	Victor State Bank.....	64	25,000	.....	196,000
Total.....			1,100,000	269,000	11,118,000
OREGON.					
Astoria.....	Scandinavian-American Bank.....	56	100,000	10,000	1,545,000
Enterprise.....	Enterprise State Bank.....	22	50,000	10,000	286,000
Hood River.....	Butler Banking Co.....	7	100,000	20,000	1,051,000
Joseph.....	First Bank of Joseph.....	33	50,000	10,000	325,000
Marshfield.....	Bank of Southwestern Oregon.....	27	100,000	10,000	950,000
Do.....	Scandinavian-American Bank.....	30	25,000	5,000	258,000
Moro.....	Farmers State Bank.....	39	25,000	1,000	309,000
North Portland.....	Livestock State Bank.....	2	100,000	20,000	1,648,000
Oregon City.....	Bank of Oregon City.....	49	100,000	50,000	1,325,000
Portland.....	Ladd & Tilton Bank.....	11	1,000,000	1,000,000	24,399,000
Redmond.....	Redmond State Bank.....	77	25,000	5,000	216,000
Tillamook.....	Tillamook County Bank.....	37	40,000	7,000	660,000
Total.....			1,715,000	1,148,000	32,972,000
UTAH.					
Delta.....	Delta State Bank.....	71	25,000	4,000	231,000
Kaysville.....	Barnes Banking Co.....	78	50,000	50,000	493,000
Logan.....	Thatcher Bros. Banking Co.....	51	150,000	50,000	1,603,000
Magna.....	Magna Banking Co.....	81	25,000	3,000	260,000
Ogden.....	Ogden Savings Bank.....	48	150,000	150,000	1,497,000
Payson.....	Payson Exchanges Savings Bank.....	86	50,000	25,000	540,000
Price.....	Price Commercial & Savings Bank.....	82	50,000	45,000	850,000
Provo.....	Knight Trust & Savings Bank.....	83	300,000	15,000	1,743,000
Richfield.....	James M. Peterson Bank.....	79	48,000	23,000	553,000
Do.....	State Bank of Sevier.....	84	45,000	25,000	595,000
Salt Lake City.....	Deseret Savings Bank.....	55	500,000	300,000	4,871,000
Do.....	Farmers & Stockgrowers Bank.....	53	300,000	20,000	1,123,000
Do.....	McCormick & Co., Bankers.....	52	600,000	120,000	10,889,000
Do.....	Utah Savings & Trust Co.....	57	300,000	20,000	2,747,000
Do.....	Walker Bros., Bankers.....	31	500,000	100,000	9,497,000
Total.....			3,093,000	950,000	37,438,000

¹ Newly organized.

SCHEDULE 10.—State bank members of Federal Reserve Bank—Continued.

City.	Bank.	Order of admission.	Capital.	Surplus.	Resources.
WASHINGTON.					
Albion.....	Albion State Bank.....	46	\$25,000	\$5,000	\$110,000
Almira.....	Almira State Bank.....	59	50,000	10,000	528,000
Centralia.....	Centralia State Bank.....	25	100,000	10,000	474,000
Chehalis.....	Coffman-Dobson Bank & Trust Co.....	1	150,000	100,000	1,954,000
Colfax.....	First Savings & Trust Bank.....	5	50,000	15,000	343,000
Enumclaw.....	Peoples Bank.....	68	25,000	6,000	376,000
Farmington.....	Bank of Farmington.....	18	25,000	5,000	243,000
Hoquiam.....	Lumbermans Bank.....	26	100,000	15,000	990,000
La Crosse.....	First State Bank.....	12	60,000	15,000	703,000
Molson.....	Molson State Bank.....	38	25,000	4,000	227,000
North Yakima.....	Yakima Valley Bank.....	19	100,000	18,000	1,384,000
Odessa.....	Farmers & Merchants Bank.....	21	25,000	3,000	320,000
Port Townsend.....	Merchants Bank.....	20	75,000	25,000	790,000
Reardan.....	Farmers State Bank.....	10	25,000	10,000	535,000
Rosalia.....	Bank of Rosalia.....	8	25,000	5,000	323,000
St. John.....	Farmers State Bank.....	36	25,000	3,000	241,000
Seattle.....	Dexter-Horton Trust & Savings Bank.....	15	400,000	100,000	8,231,000
Do.....	Metropolitan Bank.....	16	200,000	100,000	4,187,000
Do.....	Scandinavian-American Bank.....	44	1,000,000	500,000	21,026,000
South Bellingham.....	Northwestern State Bank.....	14	100,000	60,000	1,658,000
Spokane.....	Spokane & Eastern Trust Co.....	3	1,000,000	200,000	10,579,000
Stanwood.....	Bank of Stanwood.....	42	25,000	10,000	549,000
Tacoma.....	Fidelity Trust Co.....	13	500,000	300,000	7,402,000
Tekoa.....	Citizens State Bank.....	45	25,000	10,000	380,000
Do.....	Tekoa State Bank.....	24	30,000	15,000	428,000
Toppenish.....	Traders Bank.....	66	25,000	10,000	506,000
Walla Walla.....	Farmers Savings Bank.....	47	200,000	40,000	1,705,000
Wilbur.....	State Bank of Wilbur.....	9	50,000	7,000	676,000
Total.....			4,440,000	1,601,000	66,868,000
Total for district.....			11,673,000	4,388,000	160,690,000

SCHEDULE 11.—Comparative statement of number, capital, and resources of State members compared with all State banks, Nov. 1, 1918.

NUMBER.

States.	All State banks.	Member State banks.	Percentage of member banks to all.
Arizona.....	40	1	1.67
California.....	579	4	.69
Idaho.....	136	24	17.65
Nevada.....	23		
Oregon.....	176	12	6.82
Utah.....	102	8	7.84
Washington.....	282	28	9.93
Total.....	1,338	77	5.75

CAPITAL.

States.	All State banks.	Member State banks.	Percentage of capital of member banks to all.
Arizona.....	\$3,058,000	\$500,000	16.35
California.....	70,410,000	825,000	1.18
Idaho.....	14,362,000	1,050,000	24.07
Nevada.....	1,653,000		
Oregon.....	8,719,000	1,715,000	19.67
Utah.....	27,517,000	2,525,000	33.59
Washington.....	14,809,000	4,440,000	29.98
Total.....	110,528,000	11,055,000	10.00

SCHEDULE 11.—Comparative statement of number, capital, and resources of State members compared with all State banks, Nov. 1, 1918—Continued.

RESOURCES.

State.	All State banks.	Member State banks.	Percentage of resources of member banks to all.
Arizona.....	\$50,568,000	\$4,216,000	8.34
California.....	1,028,564,000	8,078,000	79
Idaho.....	147,153,000	10,961,000	23.25
Nevada.....	19,264,000	.....	.....
Oregon.....	108,791,000	32,972,000	30.31
Utah.....	88,325,000	32,458,000	36.46
Washington.....	177,526,000	66,868,000	37.67
Total.....	1,518,191,000	155,553,000	10.25

¹ Figures as of Aug. 31, 1918.² Figures as of Oct. 5, 1918.

SCHEDULE 12.—Member banks in Twelfth Federal Reserve District authorized to accept drafts and bills of exchange up to 100 per cent of capital and surplus.

	Granted.	Capital and surplus.
San Francisco:		
American National Bank ¹	June 7, 1916	\$1,300,000
Anglo & London Paris National Bank ¹	May 15, 1915	6,000,000
Bank of California, National Association ¹	Apr. 27, 1915	15,000,000
Crocker National Bank ¹	May 15, 1915	5,000,000
First National Bank ¹	May 1, 1915	4,500,000
Wells Fargo Nevada National Bank ¹	Apr. 27, 1915	9,500,000
Portland:		
First National Bank ¹	July 9, 1915	3,500,000
Ladd & Tilton Bank.....	Nov. 27, 1917	2,000,000
Northwestern National Bank.....	July 23, 1917	1,250,000
United States National Bank.....	July 17, 1917	2,500,000
Seattle:		
First National Bank.....	July 9, 1918	800,000
National Bank of Commerce ¹	July 18, 1916	1,500,000
Seattle National Bank.....	Oct. 10, 1918	1,200,000
Dexter Horton National Bank.....	Dec. 4, 1918	1,440,000
Seaboard National Bank.....	Dec. 11, 1918	240,000
Spokane:		
Exchange National Bank.....	Oct. 17, 1918	1,200,000
Spokane & Eastern Trust Co.....	do	1,200,000
Old National Bank.....	Oct. 28, 1918	1,450,000
Total.....		59,580,000

¹ Permission automatically canceled by an omission in the act of Sept. 7, 1916. Renewed by general resolution of Federal Reserve Board, Aug. 9, 1917.

SCHEDULE 13.—Certificates of indebtedness—Third Liberty loan.

Date of issue.	National bank subscriptions.		Other bank subscriptions.		Trust company subscriptions.		Individual subscriptions.		Total, subscribers' allotment.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1918.										
Jan. 22.....	174	\$10,633,000	128	\$6,905,000	21	\$2,870,000	37	\$592,000	360	\$21,000,000
Feb. 8.....	357	12,726,000	471	7,497,000	45	2,625,000	45	2,151,000	918	25,000,000
Feb. 27.....	212	17,403,500	420	7,522,000	48	4,927,500	255	3,647,000	935	33,500,000
Mar. 20.....	348	17,117,500	426	9,501,500	46	3,379,000	10	252,000	830	30,250,000
Apr. 10.....	315	22,536,500	393	10,156,000	47	6,025,500	60	782,000	815	39,500,000
Apr. 22.....	204	12,515,000	250	7,008,000	26	2,838,000	50	1,179,500	530	23,540,500

SCHEDULE 14.—*Certificates of indebtedness—Fourth Liberty loan.*

Date of issue.	National-bank subscriptions.		Other bank subscriptions.		Trust-company subscriptions.		Individual subscriptions.		Total, subscribers' allotment.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1918.										
June 25.....	255	\$25,893,500	504	\$12,005,500	52	\$5,625,500	175	\$4,475,500	986	\$48,000,000
July 9.....	350	20,276,500	468	12,603,500	43	4,768,500	154	1,351,500	1,015	39,000,000
July 23.....	374	24,009,000	503	9,342,000	53	4,512,000	23	137,000	953	38,000,000
Aug. 6.....	364	22,893,000	537	9,545,500	51	5,234,500	23	77,000	975	37,750,000
Sept. 3.....	474	25,509,500	748	17,334,000	58	6,639,000	9	17,500	1,289	49,500,000
Sept. 17.....	375	26,305,000	698	14,261,000	55	5,594,000	11	190,000	1,139	46,350,000
Oct. 1.....	396	28,630,000	663	12,413,000	53	5,367,500	4	9,500	1,116	46,420,000

SCHEDULE 15.—*Certificates of indebtedness—Tax issues.*

Date of issue.	National-bank subscriptions.		Other bank subscriptions.		Trust-company subscriptions.		Individual subscriptions.		Total, subscribers' allotment.	
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.
1917.										
Nov. 30.....	16	\$2,252,000	13	\$1,285,000	2	\$115,000	4	\$360,000	35	\$4,012,000
1918.										
Jan. 2.....	92	6,698,500	30	2,724,500	16	1,135,500	108	9,074,000	246	19,632,500
Feb. 15.....	29	2,084,000	13	378,500	10	1,144,500	133	3,797,000	185	7,404,000
Mar. 15.....	23	1,864,000	13	608,500	8	171,000	125	3,772,500	169	6,416,000
Apr. 15.....	20	480,500	6	213,500	4	137,000	20	3,466,500	150	4,297,500
May 15.....	25	1,549,500	19	734,000	6	1,451,000	70	2,335,000	120	6,069,500
Aug. 20.....	62	7,610,300	52	1,481,700	17	241,000	212	6,939,500	343	16,272,500
Nov. 7.....	156	28,529,500	218	7,025,500	25	2,317,500	37	291,500	436	38,164,000

SCHEDULE 16.—*Sales of Liberty loan bonds, classified by States and principal cities.*

STATES.

	Number of subscribers.		Amount of subscriptions.	
	Third loan	Fourth loan.	Third loan.	Fourth loan.
Arizona.....	37,024	53,616	\$6,963,750	\$9,531,350
California, Northern.....	495,336	723,939	114,602,200	204,427,000
Southern.....	263,287	426,626	59,910,250	86,707,950
Idaho.....	77,196	111,465	10,972,600	16,895,150
Nevada.....	23,129	29,282	4,793,400	5,996,150
Oregon.....	148,588	213,854	28,300,800	38,362,550
Utah.....	70,905	125,767	12,966,950	19,878,600
Washington.....	258,335	407,511	42,907,950	70,189,650
Alaska.....	9,988	12,080	1,737,250	3,180,950
Hawaii.....	17,796	18,923	4,819,850	7,080,650
Grand total.....	1,402,584	2,123,063	287,975,000	462,250,000

CITIES.

Arizona: Phoenix.....	9,606	14,711	\$1,490,050	\$2,363,200
Northern California:				
Alameda.....	7,995	13,012	787,650	1,342,800
Bakersfield.....	6,781	12,430	1,743,450	2,922,950
Berkeley.....	13,619	21,489	1,857,900	3,070,850
Eureka.....	4,532	7,231	701,150	1,417,700
Fresno.....	11,627	18,044	2,540,850	3,888,900
Oakland.....	53,777	80,525	7,530,900	13,029,500
Sacramento.....	17,078	30,927	4,631,850	8,860,100
San Francisco.....	149,993	241,265	55,892,900	110,836,150
San Jose.....	12,880	19,324	1,873,100	3,597,900
Santa Cruz.....	3,611	4,900	678,600	1,024,800
Stockton.....	11,657	19,446	3,916,150	4,980,650
Vallejo.....	3,229	4,363	398,250	815,400

SCHEDULE 16.—Sales of Liberty loan bonds, classified by States and principal cities.—Continued.

CITIES—Continued.

	Number of subscribers.		Amount of subscriptions.	
	Third loan.	Fourth loan.	Third loan.	Fourth loan.
Southern California:				
Long Beach.....	13,572	14,468	\$2,422,850	\$2,796,000
Los Angeles.....	155,310	246,001	31,404,300	48,686,350
Pasadena.....	11,774	12,003	3,445,400	4,020,150
Pomona.....	1,961	3,093	358,000	474,350
Redlands.....	2,903	3,683	514,950	820,550
Riverside.....	2,856	5,375	664,000	970,850
San Bernardino.....	3,322	7,360	702,800	1,254,050
San Diego.....	17,020	25,300	3,380,100	5,192,600
Santa Ana.....	4,714	5,522	902,400	1,806,800
Santa Barbara.....	3,707	7,340	1,446,000	2,003,200
Idaho: Boise.....	4,952	.....	1,101,950	1,376,700
Nevada: Reno.....	4,966	6,047	958,300	1,309,050
Oregon:				
Astoria.....	6,219	9,750	580,200	1,456,100
Eugene.....	2,204	3,372	458,500	548,700
Medford.....	1,772	1,875	276,250	308,010
Portland.....	60,201	90,125	14,832,100	19,580,250
Salem.....	4,153	5,561	616,400	951,650
Utah:				
Ogden.....	5,193	10,956	1,362,850	1,986,750
Provo.....	2,086	2,787	255,150	475,600
Salt Lake City.....	30,153	51,322	7,296,800	11,227,000
Washington:				
Aberdeen.....	5,370	11,046	601,750	1,491,200
Bellingham.....	5,219	8,953	875,500	1,484,700
Everett.....	4,124	10,923	948,100	1,355,350
Hogium.....	3,360	6,083	431,500	961,450
Yakima.....	4,750	8,409	618,300	1,463,150
Seattle.....	78,079	132,652	15,174,750	29,536,050
Spokane.....	29,924	35,721	4,535,650	6,958,650
Tacoma.....	22,102	38,226	3,630,900	6,139,850
Walla Walla.....	3,671	4,460	1,277,650	1,383,400
Vancouver.....	4,086	7,229	1,459,450	739,550

SCHEDULE 17.—Subscriptions to third and fourth Liberty loans, by denominations.

Denominations.	Number of subscribers.		Total amount.	
	Third loan.	Fourth loan.	Third loan.	Fourth loan.
\$50.....	846,063	1,252,724	\$42,303,150	\$62,636,200
\$100.....	405,288	534,793	26,419,700	53,479,300
\$150 to \$450.....	47,031	201,529	14,109,100	37,691,250
\$500.....	53,665	58,604	22,719,300	29,302,000
\$550 to \$950.....	5,140	8,640	4,113,200	6,076,700
\$1,000 to \$1,950.....	26,074	37,561	44,484,950	40,719,200
\$2,000 to \$2,950.....	10,978	13,700	27,446,250	41,176,250
\$3,000 to \$3,950.....	1,482	2,555	5,188,300	7,872,400
\$4,000 to \$4,950.....	743	1,205	3,344,500	5,014,500
\$5,000.....	2,131	5,563	4,761,400	27,815,000
\$5,050 to \$5,950.....	99	151	534,250	836,950
\$6,000 to \$6,950.....	263	414	1,724,800	2,603,100
\$7,000 to \$7,950.....	218	347	1,691,350	2,536,950
\$8,000 to \$8,950.....	134	214	1,179,350	1,768,450
\$9,000 to \$9,950.....	78	117	763,850	1,095,250
\$10,000.....	1,878	2,289	18,780,000	22,890,000
\$10,050 to \$50,000.....	1,093	2,203	28,598,250	54,648,150
\$50,050 to \$100,000.....	131	305	10,014,350	22,587,160
\$100,050 to \$200,000.....	52	68	7,720,850	10,346,850
Over \$200,000.....	43	81	22,078,100	41,154,350
Total.....	1,402,584	2,123,063	237,975,000	462,250,000

SCHEDULE 18.—*Purchases of Liberty loan bonds.*

	Third loan.	Fourth loan.
Through national banks.....	\$154,270,750	\$244,586,150
Through other banks.....	98,851,650	123,243,050
Through trust companies.....	30,744,650	79,253,050
By individuals and corporations direct.....	4,107,950	15,167,750
Total.....	287,975,000	462,250,000

SCHEDULE 19.—*Payments for third Liberty loan bonds.*

Date.	Instalment due.	Instalment payments received.	Advance payments completing purchases.	Bonds fully paid.
	<i>Per cent.</i>			
May 4.....	5	75,520,097.50	\$137,573,050.00	\$137,573,050.00
May 28.....	20	23,190,730.00	32,723,652.50	34,445,950.00
July 18.....	35	32,103,977.50	18,170,250.00	24,227,000.00
Aug. 15.....	40	36,686,860.00	.....	91,717,150.00
Dec. 1.....	.....	16,382.50	.....	211,850.00
Total.....	100	99,508,047.50	188,466,952.50	287,975,000.00

¹ Unpaid balance.

² Bonds on which payment was not completed.

SCHEDULE 20.—*Payments for fourth Liberty loan bonds.*

Date.	Instalment due.	Instalment payments received.	Advance payments completing purchases.	Bonds fully paid.
	<i>Per cent.</i>			
Oct. 19.....	10	\$25,726,165	\$204,983,700	\$204,983,700
Nov. 21.....	20	40,694,270	48,289,770	58,655,300
Dec. 19.....	20	232,700	3,212,685	4,589,550
	.....	11,685	.....	.....
Unpaid balance.....	50	66,654,820	256,486,155	263,228,550
	50	139,109,025	.....	199,021,450
	100	205,763,845	.....	462,250,000

¹ Payments in process of adjustment.

SCHEDULE 21.—*Character of Liberty loan payments.*

	Third loan.	Fourth loan.
Cash.....	\$127,885,000	\$107,977,692.22
Credit.....	104,250,000	110,157,282.78
Certificates of indebtedness.....	55,840,000	105,006,000.00
Unpaid balances.....	.....	139,109,025.00
	287,975,000	462,250,000.00

SCHEDULE 22.—Sales, by months, of thrift and war-savings stamps by Federal Reserve Bank of San Francisco, December, 1917, to November, 1918, inclusive.

Date.	Thrift stamps.		War-savings certificates.		Total value.
	Units.	Value.	Units.	Maturity value.	
December 1917	494,668	\$123,667.00	127,236	\$636,180	\$759,847.00
January 1918	627,760	156,940.00	213,974	1,069,870	1,226,810.00
February	470,995	117,748.75	183,245	916,225	1,033,973.75
March	658,441	164,610.25	233,855	1,169,275	1,333,885.25
April	696,913	174,228.25	198,806	994,030	1,168,258.25
May	818,094	204,523.50	171,934	859,670	1,064,193.50
June	685,948	171,487.00	777,643	3,888,215	4,059,702.00
July	494,414	123,603.50	750,939	3,754,695	3,878,298.50
August	408,413	102,103.25	402,295	2,011,475	2,113,578.25
September	505,181	126,295.25	320,983	1,604,915	1,731,210.25
October	388,227	97,056.75	259,377	1,296,885	1,393,941.75
November	234,214	58,553.50	178,581	892,905	951,458.50
Total	6,483,268	1,620,817.00	3,818,868	19,094,340	20,715,157.00

SCHEDULE 23.—Analysis of business transacted by district committee on capital issues, 1918.

Classification of issue.	Total.	Approved.	Disapproved.	No action.
States and subdivisions	\$91,322,823	\$30,586,452	\$37,200,896	\$23,035,475
Commercial and financial	46,993,474	35,575,199	11,918,275	.....
Public utilities	111,736,844	52,308,435	57,928,409	1,500,000
Manufacturing	60,827,434	34,506,016	24,071,418	2,250,000
Development	75,264,682	41,039,095	32,038,492	2,189,095
Total	386,145,257	194,015,197	163,155,490	28,974,570
Per cent of total	100	50	42	8

SUMMARY.

Total issues considered by district committee	\$386,145,257
Projects directly discouraged at their inception which did not come up for consideration	74,000,000
Projects indirectly discouraged	26,000,000
Issues rising in the district acted upon by Capital Issues Committee directly without reference to district committee	24,000,000
Total	510,145,257

SCHEDULE 24.—Federal Reserve notes issued and redeemed by Federal Reserve agent during 1917 and 1918.

Year.		Fives.	Tens.	Twenties.	Fifties.	Hundreds.	Total.
1916	Outstanding Dec. 31	\$2,511,890	\$1,775,800	\$4,933,600	\$1,980,100	\$3,579,700	\$14,781,090
1917	Issued during 1917	11,700,000	17,600,000	25,120,000	4,400,000	8,000,000	66,820,000
	Outstanding Dec. 31, 1916, plus issued during 1917	14,211,890	19,375,800	30,053,600	6,380,100	11,579,700	81,601,090
	Unfit notes redeemed	1,729,430	955,690	1,496,670	146,150	175,600	4,503,540
	Outstanding Dec. 31	12,482,460	18,420,110	28,556,930	6,233,950	11,404,100	77,097,550
1918	Issued during 1918	25,980,000	34,200,000	82,000,000	8,000,000	15,200,000	165,380,000
	Outstanding Dec. 31, 1917, plus issued during 1918	38,462,460	52,620,110	110,556,930	14,233,950	26,604,100	242,477,550
	Unfit notes redeemed	5,300,955	3,694,730	3,795,730	204,100	243,700	13,239,215

SCHEDULE 25.—Comparative table of the banking resources of the Twelfth Federal Reserve District.

[In thousands of dollars; i. e., 000 omitted.]

State and bank.	Date.	Number of banks.	Loans and discounts.	Stocks, bonds, and other securities.	Banking house, furniture and fixtures, other real estate.	Cash and exchange.	Other resources.	Total.	Capital.	Surplus and undivided profits.	Due to banks.	Individual deposits—demand.	Individual deposits—time.	Rediscount. ¹	Money and bonds borrowed.	Circulation outstanding.	Other liabilities.
Arizona:																	
National banks.....	Nov. 1, 1918	10	7,165	2,554	360	3,200	123	13,402	925	766	692	8,886	1,019	223	376	687	51
State banks.....	do.	40	26,929	8,336	1,584	13,719	.....	50,568	3,058	2,665	.....	² 43,390	.....	.....	³ 1,455	.....	.....
National banks.....	Nov. 20, 1917	7	5,485	1,842	323	3,578	69	11,297	3,675	680	462	8,149	743	.....	.....	544	44
State banks.....	do.	39	27,490	5,807	1,544	15,036	.....	49,877	2,996	2,393	.....	² 44,253	.....	.....	³ 235	.....	.....
California:																	
National banks.....	Nov. 1, 1918	276	420,399	197,739	19,311	183,698	7,459	828,606	61,333	49,306	120,833	403,636	86,057	24,110	39,626	40,192	27,623
State banks ⁴	do.	579	590,191	249,526	37,458	130,007	19,382	1,026,564	70,410	47,164	22,793	217,825	640,955	1,810	6,180	19,427	19,427
National banks.....	Nov. 20, 1917	270	398,593	145,917	17,761	208,803	20,094	791,168	59,525	48,912	133,943	394,769	84,577	6,620	10,387	40,813	18,242
State banks ⁵	do.	571	575,072	218,233	35,849	142,786	21,261	993,201	66,186	47,042	20,594	210,581	625,281	126	871	.....	22,520
Idaho:																	
National banks.....	Nov. 1, 1918	68	31,687	14,040	1,810	11,869	221	59,627	4,030	2,586	3,753	31,725	9,839	2,956	4,542	3,095	57
State banks.....	Aug. 31, 1918	136	32,233	4,489	1,875	8,376	180	47,153	4,362	1,536	1,313	23,948	10,787	1,884	3,091	.....	232
National banks.....	Nov. 20, 1917	63	30,571	10,234	1,662	13,709	281	56,457	3,789	2,591	5,139	32,438	9,265	349	140	3,021	74
State banks.....	do.	137	31,098	3,687	1,797	14,376	68	51,026	4,042	1,787	2,138	31,716	10,809	158	294	.....	82
Nevada:																	
National banks.....	Nov. 1, 1918	10	7,824	4,315	389	3,395	142	16,065	1,435	517	1,610	7,155	3,706	35	50	1,234	358
State banks.....	do.	23	10,735	2,400	627	4,875	627	19,264	1,653	819	281	7,989	7,940	.....	.....	.....	582
National banks.....	Nov. 20, 1917	10	8,068	3,457	417	4,353	314	16,609	1,435	599	1,726	8,974	2,610	.....	.....	1,215	50
State banks.....	do.	23	10,525	2,429	680	4,963	244	18,841	1,846	773	397	8,162	7,560	.....	.....	.....	103
Oregon:																	
National banks.....	Nov. 1, 1918	84	87,662	34,520	4,474	37,721	465	164,842	10,226	7,178	13,421	93,223	26,925	1,418	1,581	6,324	5,964
State banks.....	do.	176	60,722	17,651	3,127	24,987	2,304	108,791	8,719	4,943	6,049	53,673	26,365	5,313	1,435	.....	2,294
National banks.....	Nov. 20, 1917	81	71,737	29,814	4,526	32,807	856	139,740	9,591	6,717	13,733	76,647	24,462	1,082	1,110	6,142	1,338
State banks.....	do.	178	50,244	14,074	3,185	23,563	1,361	92,427	8,919	4,573	5,106	47,000	24,536	438	846	.....	1,009
Utah:																	
National banks.....	Nov. 1, 1918	25	28,909	14,957	2,107	11,726	272	57,971	3,430	2,538	10,208	22,977	9,600	4,497	5,778	3,261	179
State banks.....	Oct. 5, 1918	102	55,816	15,018	3,545	11,908	2,038	88,325	7,517	4,004	3,512	26,448	30,343	.....	.....	.....	16,501
National banks.....	Nov. 20, 1917	24	30,460	9,764	1,816	15,239	63	57,342	3,405	2,501	12,467	24,121	9,939	540	1,445	3,236	228
State banks.....	Oct. 8, 1917	102	57,240	6,333	3,413	15,339	458	82,783	7,223	4,242	4,242	30,247	30,007	.....	.....	.....	6,742

¹ Not included in total liabilities for national banks.

² Due banks, demand and time deposits included.

³ Rediscounts included.

⁴ Includes 150 branches.

⁵ Includes 134 branches.

SCHEDULE 25.—Comparative table of the banking resources of the Twelfth Federal Reserve District—Continued.

[In thousands of dollars; i. e., 000 omitted.]

State and bank.	Date.	Number of banks.	Loans and discounts.	Stocks, bonds, and other securities.	Banking house, furniture and fixtures, other real estate.	Cash and exchange.	Other resources.	Total.	Capital.	Surplus and undivided profits.	Due to banks.	Individual deposits—demand.	Individual deposits—time.	Rediscount. ¹	Money and bonds borrowed.	Circulation outstanding.	Other liabilities.
Washington:																	
National banks.....	Nov. 1, 1918	81	107,487	53,499	4,988	49,072	4,720	219,766	12,285	7,573	21,421	111,750	47,136	5,278	9,439	6,785	3,377
State banks.....	do.	282	108,061	39,975	9,764	38,125	3,783	199,708	14,809	10,319	10,365	90,404	67,273	2,950	2,093	.....	1,495
National banks.....	Nov. 20, 1917	78	96,599	44,703	4,665	47,332	3,097	196,396	11,810	7,368	23,448	96,205	47,021	518	2,005	6,680	2,859
State banks.....	do.	285	94,304	30,206	10,625	38,502	3,889	177,526	15,637	9,651	10,254	77,448	60,742	648	715	.....	2,411
Total, twelfth district:																	
National banks.....	Nov. 1, 1918	554	691,176	321,723	33,444	300,834	13,399	1,360,576	93,689	70,467	172,061	679,492	184,282	38,517	61,402	61,578	37,605
State banks.....	do.	1,338	884,687	337,395	57,980	231,997	28,314	1,540,373	110,528	71,450	44,313	463,677	783,663	11,957	14,254	.....	40,531
National banks.....	Nov. 20, 1917	533	641,513	245,731	31,170	325,821	24,774	1,269,009	90,230	69,368	190,918	641,303	178,617	9,109	14,087	61,651	22,833
State banks.....	do.	1,335	845,973	280,769	57,093	254,565	27,281	1,465,681	106,869	70,541	42,731	449,407	758,935	1,370	2,961	.....	32,867

PART III.

RECOMMENDATIONS OF THE FEDERAL ADVISORY COUNCIL TO THE FEDERAL RESERVE BOARD FOR THE YEARS 1915-1918.

BY-LAWS OF THE FEDERAL ADVISORY COUNCIL

ARTICLE I.—OFFICERS

Officers of this council shall be a president, vice president, and secretary.

ARTICLE II.—PRESIDENT AND VICE PRESIDENT

The duties of the president shall be such as usually pertain to the office; and in his absence the vice president shall serve.

ARTICLE III.—SECRETARY

The secretary shall be a salaried officer of the council and his duties and compensation shall be fixed by the executive committee.

ARTICLE IV.—EXECUTIVE COMMITTEE

There shall be an executive committee of five (5) members of the council, of which the president and vice president of the council shall be ex-officio members.

ARTICLE V.—DUTIES OF EXECUTIVE COMMITTEE

It shall be the duty of the executive committee to keep in close touch with the Federal Reserve Board and with their regulations and promulgations, and communicate the same to the members of the council, and to suggest to the council from time to time special matters for consideration.

The executive committee shall have power to fix the time and place of holding their regular and special meetings and methods of giving notice thereof.

Minutes of all meetings of the executive committee shall be kept and such minutes or digest thereof shall be immediately forwarded to each member of the council.

A majority of the executive committee shall constitute a quorum and action of the committee shall be by a majority of those present at any meeting.

ARTICLE VI.—MEETINGS.

Regular meetings of the Federal Advisory Council shall be held in the city of Washington on the third Monday of the months of February, May, September, and November of each year.

Special meetings may be called at any time and place by the president or the executive committee, and shall be called by the president upon written request of any three members of the council.

ARTICLE VII.—AMENDMENTS

These by-laws may be changed or amended at any regular meeting by a vote of a majority of the members of the Federal Advisory Council.

**RECOMMENDATIONS OF THE FEDERAL ADVISORY COUNCIL
TO THE FEDERAL RESERVE BOARD FOR THE YEAR 1915.**

Recommendations of the Federal Advisory Council to the Federal Reserve Board Contained in President's Letter to Federal Reserve Board Dated December 24, 1914. (Approved January 18, 1915.)

CHICAGO, *December 24, 1914.*

MT. H. PARKER WILLIS,

Secretary Federal Reserve Board, Washington, D. C.

DEAR SIR: At a meeting of the executive committee of the Federal Advisory Council held in New York December 18, 1914, the various matters referred to it by the Federal Reserve Board as stated in your letter of the 17th instant were duly considered.

The findings of the committee have since been communicated to the other members of the council and by them approved.

The following are therefore the suggestions of the Federal Advisory Council in regard to the five matters referred to it:

TOPIC NO. 1.

The Purchase of Warrants and Acceptances.

A.—Warrants.

Recommendation.—The proposed regulation covering section 14, clause B, of the Federal Reserve Act as prepared by the Federal Reserve Board and submitted to the Federal Advisory Council at its meeting in Washington on December 17th, 1914, meets with the approval of the council.

B.—Acceptances.

Recommendation.—The council advises that for the present Federal Reserve Banks should confine their purchases of acceptances to those of member banks of any of the twelve Federal Reserve districts or of acceptances indorsed by member banks. It is the opinion of the council that it is undesirable that there should be upon the face of such acceptances any statement of detail connected with the transaction originating the bill which might affect its negotiability.

TOPIC NO. 2.

The Regulations under which National Banks may act as Trustee, Executor, etc.

Recommendation.—The council suggests that as national banks are to be given the right to act as trustee, executor, etc., by a special

permit granted them by the Federal Reserve Board each application for this privilege should be decided by the Board on its merits and with due regard to the State laws under which the applicant bank would have to operate. As national banks so acting would do so under the laws of the State in which they are located, it would seem impractical to undertake the formulation of general regulations to be applied to all alike.

TOPIC NO. 3.

The Definition of Time Deposits and Savings Accounts.

Recommendation.—In view of the terms of section 19 of the Federal Reserve Act the Federal Advisory Council is of the opinion that regulation No. 7 A, fifth draft, submitted by the Federal Reserve Board, with a slight change hereafter suggested, satisfactorily defines the kind of deposits upon which 5 per cent lawful reserve is permitted. The change suggested is that the words “checked upon or” in the second line of section 1, headed “Time deposits” be left out. The council, however, believes that the actual operation of savings accounts under the definition of them contemplated by this regulation will permit the conversion of a large volume of deposit liability now subject to a requirement of 12, 15, or 18 per cent legal reserve into nominal savings accounts on which only 5 per cent reserve is required and which will nevertheless be virtually demand deposits to be withdrawn at any time without notice.

In the opinion of the council bona fide savings deposits upon which a 5 per cent legal reserve may be justified should be limited in the amount which may be deposited by any one depositor. The unrestricted permission for national banks to receive deposits without limit as to the amount of each individual account upon which they may exact a notice of 30 days, but in ordinary practice will not do so (as is the custom generally now in connection with savings accounts) may result in the conversion of so large a volume of demand deposits into so-called savings accounts as to prove a menace to the system. The council therefore recommends that steps be taken to secure an amendment to the statute by which a reasonable limit may be placed upon the amount of a savings account which may be maintained by any one depositor on which only 5 per cent legal reserve is required.

TOPIC NO. 4.

Check clearings.

Recommendation.—The Federal Advisory Council is unable at present to make definite suggestions on this subject.

As a preliminary the Federal Reserve Board or its counsel should determine whether under section 13 and 16 of the Federal Reserve Act Federal Reserve Banks are either permitted or required to

receive on deposit from their *depositors* checks drawn upon member banks or Federal Reserve Banks of other districts. As the council reads these sections such checks can only be received on deposit by a Federal Reserve Bank "when remitted by" another Federal Reserve Bank and then solely for exchange purposes. In the opinion of the council it is unsound in principle and wrong in practice that a check drawn on a member bank should be charged to its reserve account with a Federal Reserve Bank without its authority and without its having had an opportunity to pass upon it. The council fears that the attempt being made by some of the Federal Reserve Banks to disregard the elements of time and distance in connection with the clearing of bank checks may so involve and absorb the funds of the Federal Reserve Banks as to seriously impair their usefulness as banks of issue and discount.

TOPIC NO. 5.

The regulations under which State banks are to be admitted to the system.

Recommendation.—The council finds the suggestions of the Federal Reserve Board on this subject as contained in its draft circular No. 78 to be substantially along right lines. The chief inducement, however, for State banks to come into the system is in connection with the clearing of so-called country checks and until this matter is developed to such a point that State banks may definitely know just what advantages may accrue to them in that connection it seems futile to prepare regulations for their joining the system. Moreover, the great obstacle to their joining the system is that once in they may be unable to withdraw. The council therefore advises the Federal Reserve Board to get advice of counsel as to whether it is able by regulation to establish a method whereby State banks entering the system may upon sufficient and reasonable notice and on equitable terms withdraw from it.

I have the honor to be respectfully, yours,

JAS. B. FORGAN, *President.*

Recommendations of the Federal Advisory Council to the Federal Reserve Board January 19, 1915.

TOPIC NO. 1.

Bankers Acceptances and Bills of Exchange.

Recommendation.—That for the present at least we deem it wise for the Federal Reserve Banks to buy in the open market under section 14 bankers' acceptances and bills of exchange only when such bankers' acceptances or bills of exchange are the acceptances or bear the indorsement of member banks. Such purchases should also be subject to the following limitations provided for acceptances under section 13, when offered for discount, as follows:

“Any Federal Reserve Bank may discount acceptances which are based on the importation or exportation of goods and which have a maturity at time of discount of not more than three months. The amount of acceptances so discounted shall at no time exceed one-half the paid-up capital stock and surplus of the bank for which the rediscounts are made.”

TOPIC NO. 2.

Commercial Paper.

Recommendation.—The Federal Advisory Council submits the Federal Reserve Board’s Circular No. 3 with the accompanying Regulation B, dated January 15, 1915, altered to meet its views, as follows:

CIRCULAR NO. 3—SERIES OF 1915.

[Superseding Circular 13 of 1914.]

FEDERAL RESERVE BOARD,
Washington, January 15, 1915.

COMMERCIAL PAPER.

When Circular No. 13, bearing date of November 10, 1914, and the accompanying regulations were issued it was believed that a period of two months would suffice to enable member banks to familiarize their customers with the requirements of Regulation No. 4 of 1914. It appears, however, that in many districts the needed readjustments of banking and business practice can not be effected in so short a period. An extension of time has therefore been asked by both member banks and their customers for the purpose of adjusting their methods to the new requirements.

To meet these requests the Board has by Regulation A, accompanying Circular No. 2, Series of 1915, extended Regulation No. 3, Series of 1914, for a period of six months, or until July 15, 1915, subject to the modifications contained in the accompanying regulation (B—1915) which supersedes Regulations Nos. 2 and 4 (1914).

The Board includes in this regulation (paragraph III) a new method for certifying to the eligibility of bills for rediscount. While banks will not be required to comply with the provisions of this paragraph until after July 15, the new method prescribed is made a part of this regulation in order that advance notice may be given to all banks so that those which are equipped to do so may begin to operate under its provisions as soon as possible. The Board suggests, furthermore, that Federal Reserve Banks insist that the accompanying regulation be applied as promptly as possible to all so-called “purchased paper” (that is, paper bought through brokers or otherwise from customers with whom the purchasing bank has no direct business relation). Where such direct connections do not exist the requirement that statements, both as to business conditions and methods of borrowing, be furnished appears to be a matter of prudence and should not be delayed. Some borrowers may not be able to give a statement in the required form until after the close of their business year. In such cases statements for the previous year may be accepted, even though they may not contain all the desired data.

While it has been thought best not to insist, as a mandatory requirement, upon a written statement in the case of limited borrowings by depositors, when officers of member banks, from their own personal knowledge, certify to the eligibility of the paper for discount, it is urged, nevertheless, that member banks do their utmost to accustom their borrowers to furnishing such statements.

In order to facilitate operations, particularly during the initial period, the mandatory requirements as to the contents of borrowers' statements have been modified, but banking prudence requires that whenever possible the observance of the rules originally prescribed should be encouraged.

H. PARKER WILLIS,
Secretary.

CHARLES S. HAMLIN,
Governor.

REGULATION B—SERIES OF 1915.

[Superseding Regulations 2 and 4 of 1914.]

FEDERAL RESERVE BOARD,
Washington, January 15, 1915.

COMMERCIAL PAPER.

The word "bill," when used in this regulation, shall be construed to include notes, drafts, or bills of exchange, and the word "goods" shall be construed to include goods, wares, merchandise, or staple agricultural products, including live stock.

I. STATUTORY REQUIREMENTS.

The Federal Reserve Act provides that a bill (other than an acceptance covered by the regulation accompanying Circular No. —), to be eligible for rediscount by a member bank with a Federal reserve bank, must comply with the following statutory requirements:

(a) It must be indorsed by a member bank, accompanied by a waiver of demand notice and protest.

(b) It must have a maturity at the time of discount of not more than 90 days, except as provided by Regulation C, accompanying Circular No. 4, Series of 1915.

(c) It must have arisen out of actual commercial transactions; that is, be a bill which has been issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been or are to be used for such purposes

(d) It must not have been issued for carrying or trading in stocks, bonds, or other investment securities except bonds and notes of the Government of the United States, but the pledge of "goods" as security for a bill is not prohibited.

II. CHARACTER OF PAPER ELIGIBLE.

The Federal Reserve Board, exercising its statutory right to define the character of a bill eligible for rediscount by Federal reserve banks, has determined:

(a) That it must be a bill the proceeds of which have been used or are to be used in producing, purchasing, carrying, or marketing "goods" in one or more of the steps of the process of production, manufacture, and distribution;

(b) That no bill is "eligible" the proceeds of which have been used or are to be used,

(1) For permanent or fixed investments of any kind, such as land, buildings, machinery (including therein additions, alterations, or other permanent improvements, except such as are properly to be regarded as costs of operation). It may be considered as sufficient evidence of compliance with this requirement if the borrower shows, by statement or otherwise, that he has a reasonable excess of quick assets over his current liabilities on open accounts, short-term notes, or otherwise:

(2) For investments, whether made in "goods" or otherwise, of a merely speculative nature.

III. METHOD OF CERTIFYING ELIGIBILITY.

The Federal Reserve Board has adopted the following method by which member banks, after July 15, 1915, shall certify that a bill is eligible for rediscount when applying for rediscount thereof:

(a) ~~In the case of a bill which has been discounted for one of its own depositors, provided either~~

(1) ~~such bill bears the signatures of the purchaser and the seller of the goods, and contains a statement on its face that it was issued for goods actually purchased or sold, or~~

(2) ~~the aggregate amount of obligations of such depositor rediscounted and offered for rediscount does not exceed \$5,000, but in no event a sum in excess of ten per cent of the paid in capital of the member bank.~~

Every member bank will be required to certify in the letter of application, over the signature of a duly authorized officer, that, to the best of his knowledge and belief, the bill was issued for one of the purposes mentioned in paragraphs I (c) and II (a) hereof and that it conforms to the provisions of the act and the requirements of this regulation.

(b) ~~In the case of a bill which does not conform to the conditions described under III (a) (1) and (2) hereof or of a bill purchased otherwise than from one of its own depositors, the member bank shall place a certificate upon the bill substantially to the following effect:~~

~~Eligible for rediscount with Federal reserve banks under Federal Reserve Board Regulation B. (series of 1915).~~

~~Credit file~~

~~Name of member bank, of~~

~~which certificate shall be deemed a representation by the member bank that, to the best of the knowledge and belief of its duly authorized officers, the bill conforms to the provisions of the act and the requirements of this regulation.~~

~~For the purpose of enabling it to affix the above certificate, Every member bank should maintain a credit file, bearing an identification number or name, which should contain a statement of the financial condition of the borrower, either signed by the borrower or duly certified by a member bank or notary public, to be a copy of a signed statement. Such statement should contain all the information essential to a clear and correct knowledge of the borrower's credit and of his methods of borrowing. A schedule specifying certain information which such statement should include and the main points to be observed is hereto appended.~~

Regulations Nos. 2 and 4 of 1914 are hereby revoked.

CHARLES S. HAMLIN,
Governor.

H. PARKER WILLIS,
Secretary.

APPENDIX.

INFORMATION TO BE INCLUDED IN CREDIT FILES OF MEMBER BANKS.

The credit files of member banks, referred to in the above regulation, should include information concerning the following matters:

(a) The nature of the business or occupation of the borrower;

(b) If an individual, information as to his indebtedness and his financial responsibility;

(c) If a firm or corporation, a balance sheet showing quick assets, slow assets, permanent or fixed assets, current liabilities and accounts, short-term loans, long-term loans, capital (and surplus);

~~(d) The maximum and minimum amount of short term loans during the preceding year and the anticipated maximum during the present year;~~

~~(e) A statement evidencing the purpose of such short term loans and the policy of the borrower in financing slow, permanent, or fixed assets;~~

(f) All contingent liabilities, such as indorsements, guaranties, etc.;

(g) Particulars respecting any mortgage debt and whether the mortgage is a lien on Current assets;

(h) Such other information as may be necessary to determine whether the borrower is entitled to credit in the form of short-term loans.

The following members of the Federal Advisory Council were present at this meeting: President James B. Forgan, in the chair; Vice President L. L. Rue, J. P. Morgan, D. G. Wing, W. S. Rowe, George J. Seay, Charles A. Lysterly, Rolla Wells, C. T. Jaffray, J. Howard Ardrey, Archibald Kains; and Merritt H. Grim, secretary.

Recommendations of the Federal Advisory Council to the Federal Reserve Board contained in President's letter to F. A. Delano, Vice-Governor of the Federal Reserve Board dated March 7, 1915. (Approved April 20, 1915.)

Mr. Delano's letter is as follows:

WASHINGTON, *March 5, 1915.*

DEAR MR. FORGAN: The Board will soon have to deal for the first time with the question of rediscounting between Federal Reserve Banks, and has already discussed the matter informally.

As the first transaction of this kind may be regarded as establishing a principle, the Board deems it wise to advise you that this question is now under consideration, in order that you may have an opportunity of giving it the benefit of any suggestions that you may deem proper to make.

There seem at present to be no serious difficulties in connection with rediscount operations between districts, and the Board does not feel that the matter warrants calling the Advisory Council together for conference. Should you, however, entertain a contrary opinion, we would be glad at any time to meet the Council or its Executive Committee for a discussion of the question.

The Federal Reserve Bank of Atlanta has now under discount for its member banks commercial paper aggregating approximately \$5,200,000, and its net cash reserve against its liabilities is but a little more than 45 per cent. We are approaching a season when southern banks begin to rediscount freely, and it is probable that the Federal Reserve Banks in the southern districts will before long have occasion to ask other Federal Reserve Banks to discount for them. The suggestion has been made that any Federal Reserve Bank so desiring should have an opportunity of participating pro rata in the purchase of paper from the southern reserve institutions.

As you recall, the Board early in January favored a reduction of interest rates in the southern districts in order to encourage the retirement of Aldrich-Vreeland currency, and the low rates obtaining have been effective in materially reducing the amount of Aldrich-Vreeland currency outstanding in the South. It seems probable in fact that by April 1st there will be practically no National Bank notes in circulation in the South except those secured by United States bonds.

When the Board approved the present discount rates for the southern banks it was realized that the banks would sooner or later reach a point where they must rediscount, thus giving an opportunity for Federal Reserve Banks in other sections to employ profitably some of their funds in the South.

As you know, section 11, of the Federal Reserve Act, imposes upon the Board the duty of permitting or requiring Federal Reserve Banks to rediscount for each other, at rates to be fixed by the Federal Reserve Board. While the Board would prefer to adopt a policy, as far as the public interests will permit, of leaving the initiative in these transactions to the Federal Reserve Banks, from whom it expects shortly to receive suggestions as to rates, it seems proper that the Board should formulate its own views regarding the subject, particularly as these rates must ultimately be fixed by the Board.

It seems to the Board that in considering the question, that the Federal Reserve Banks may be properly regarded as component parts of a unified system, as the prestige and success of the entire Federal Reserve System is involved.

Just now it is a problem with some of the Federal Reserve Banks to earn their operating expenses and dividends without adding to the dangers inherent in a great abundance of money, which condition now exists in certain districts. On the other hand, the country at large, not yet thoroughly understanding the problems peculiar to Federal Reserve Banks, may view with disappointment, even though without reason, the inability of any of the banks to earn a proper return.

Those Federal Reserve Banks which will have occasion to negotiate for a rediscount of their paper will have found locally ample opportunities of employing their funds. For example, the bank of Atlanta has at present invested more than 310 per cent of its capital, which even at 4 per cent should mean a gross return of 12½ per cent, so that the organization and operating expenses and a dividend of 6 per cent would appear assured. Whatever this bank would earn in excess of 6 per cent would go, one-half to its surplus account and the other half to the Government. An abnormally low discount rate granted by other Federal Reserve Banks to Atlanta might, therefore, bring about the anomalous position of a profit to the Government from that bank at the expense of other Federal Reserve Banks which might not be making their dividends. As dividends are cumulative, the ultimate result to the Government and the banks will be the same. It appears, therefore, that it would be more rational, satisfactory and helpful for all the banks to earn their dividends if it can be done with due regard to conservatism. Present conditions are abnormal, as the demand for banking accommodation is confined mostly to the South. In normal times banks desiring to dispose of paper are the recipients of a service rendered by other banks, and the rates fixed for these rediscount operations generally express this condition. Ordinarily, one Federal Reserve Bank would regard its first duty as being to its own member banks, and would feel that in placing funds at the disposal of other districts at the rate given its own member banks that it would be according as liberal treatment to others as could be expected. This would suggest a rate of around 4 per cent at this time, as that is the lowest rate now prevailing in any of the districts. However, the argument may be made that the ruling rates in many districts are nominal, as under them but little business is being secured by the banks. The natural eagerness caused by present conditions should not lead the Federal Reserve Board or the banks to a policy of exaggerated liberality, which would not add to the actual profits of the banks which are expected soon to offer their paper for rediscount, but might lead to over-stimulation of expectations, with inevitable disappointment later on.

I have written you at length in order to put the matter before you fully, and will be glad to have an expression of your views by telegraph if possible.

Very truly, yours,

F. A. DELANO, *Vice Governor.*

Mr. Forgan's reply is as follows:

AUGUSTA, GA., *March 7, 1915.*

DEAR MR. DELANO: I am in receipt of your favor of the 5th inst. and hasten to answer it

Under present conditions I assume that such Federal Reserve Banks as lack a local demand for rediscounts will be glad of an opportunity to rediscount for such banks as are having more demand than they can supply.

Under such conditions the accommodation is mutual and the benefits should also be mutual between the Federal Reserve Banks requiring assistance and those furnishing it. It may be assumed that the southern banks are supplying a legitimate

which are abnormally low for the particular districts. The strength of the demand for rediscounts should measure and govern the current rate for them in each district and the rate should be promptly raised—not unduly—whenever the demand increases beyond the ability of the local banks to supply it from their own resources. Under these circumstances the Federal Reserve Banks of the southern districts may reasonably and equitably be entitled to make some profit on the commercial paper with which they supply the banks in other districts which from the standpoint of earnings need it so much. In other words, they should be paid for their indorsement of the paper they rediscount. It would therefore seem that the local rediscount rate of Federal Reserve Banks reaching the limit of their own resources should be promptly raised say 1 per cent above the rates current in the districts where no such local demand prevails. The banks in the districts having a brisk local demand could then rediscount at a profit with the banks in the districts lacking such demand.

As to establishing a principle governing the fixing of rates of discount between Federal Reserve Banks, in my opinion, the Federal Reserve Board will have to recognize and be governed by conditions as they exist from time to time.

If the demand for rediscounts by a particular Federal Reserve Bank should be caused by a falling off in its deposits or reserve resources at a time when all the banks are experiencing similar conditions to a greater or less degree, then such particular bank should not expect to make a profit on the paper it requires to rediscount but should be glad to supply its indorsement without actual profit.

Under conditions as they now exist it would seem to me that the rates current in districts having a rediscount demand beyond the resources of their own Federal Reserve Banks should be established at 1 per cent above the rates current in districts suffering for lack of such a demand and that rediscounts between Federal Reserve Banks should be made at the rates current at the banks granting the rediscount.

It would be very desirable, I think, to let any Federal Reserve Bank so desiring have an opportunity of participating pro rata in the rediscounting of paper for the southern reserve banks. I think most of them would be willing to have the business transacted through the Federal Reserve Bank of New York and to have their accounts with it charged with their pro rata share of any rediscount made. In this way the risk on the paper rediscounted would be equalized among all participating banks. This doubtless would be more convenient for the borrowing banks and the book-keeping between the loaning banks and the New York bank would be a simple matter.

These are my personal views on the subject of rediscounting between Federal Reserve Banks. A copy of this letter will be sent to each member of the Advisory Council so that any member desiring to express his views on the subject will have an opportunity of doing so by writing directly to you.

Very truly, yours,

JAS. B. FORGAN,
President Advisory Council.

Recommendations of the Federal Advisory Council to the Federal Reserve Board April 20, 1915.

TOPIC NO. 1.

First: Attention is drawn to Circulars 11 and 12 and to Regulations "J" and "K" in respect to acceptances (12 copies attached). Are there any further suggestions on this subject? What is the opinion of the Advisory Council as to the policy of allowing the Federal Reserve Banks to buy the acceptances of State banks and private banks, regardless of the limitations, when national banks are limited by law to one hundred per cent of capital and unimpaired surplus? A ruling, or even a suggestion by the Board that the Federal Reserve Banks should not buy acceptances of banks beyond the limitations fixed for member banks might at

this time be taken as an intended "slap" at trust companies and might later be used as an argument against the Board in the future should it ever advocate the removal of this limitation. What are the views of the Advisory Council on this question?

Recommendation.—The Federal Advisory Council after careful consideration of the subject of acceptances as set forth in the first question submitted by the Federal Reserve Board under date of April 8, 1915, begs to advise that it has not changed its opinion in relation to this question as stated in its communication of January 19, 1915, as follows:

That for the present at least we deem it wise for the Federal Reserve Banks to buy in the open market under section 14, bankers' acceptances and bills of exchange only when such bankers' acceptances or bills of exchange are the acceptances or bear the endorsement of member banks. Such purchases should also be subject to the following limitations provided for acceptances under section 13, as amended, when offered for discount, as follows:

Any Federal Reserve Bank may discount acceptances which are based on the importation or exportation of goods and which have a maturity at time of discount of not more than three months. The amount of acceptances so discounted shall at no time exceed the paid-up capital stock and surplus of the bank for which the rediscounts are made.

But as the Federal Reserve Board has decided to allow Federal Reserve Banks to purchase acceptances of State banks and bankers in the open market, it is the opinion of the Federal Advisory Council that such purchases should be limited to such State banks and bankers whose issue of acceptances does not exceed one hundred per cent of their capital and surplus fund.

TOPIC NO. 2.

The Federal Reserve Act provides for the discount or purchase of acceptances based upon the importation or exportation of goods. It has been suggested that importation and exportation should not and can not properly be limited to importation and exportation to or from the United States and its dependencies. What is the view of the Advisory Council on this question?

Recommendation.—It is the opinion of the Federal Advisory Council that acceptances based upon the movement of goods or merchandise between foreign countries should be eligible for discount or purchase by the Federal Reserve Banks.

TOPIC NO. 3.

The Federal Reserve Board has under consideration the preparation of a circular and regulation on the subject of the purchase in the open market (under section 14) of bills of exchange, foreign or domestic. Recognizing, however, that it was of great importance to safeguard these provisions in every way, yet if safely possible, to provide for the purchase of bills of exchange (e. g., documentary bills or bills secured by staples) accepted either by merchants or manufacturers in good standing against goods actually purchased by them. What are the views of the Advisory Council on this question, and is it desirable for Federal Reserve Banks to go into the foreign-exchange business at this time?

Recommendation.—We do not believe that the present is a propitious time for the Federal Reserve Banks to go into the foreign-exchange business.

It is the opinion of the Federal Advisory Council that present financial and business conditions do not make it desirable or necessary for the Federal Reserve Banks to go into the open market to purchase domestic acceptances of merchants and manufacturers.

TOPIC NO. 4.

The subject of the admission of State banks has been before the Board for several months. On the one hand it is argued that State banks should not be permitted to enter unless they submit to all the conditions that are necessary for national banks; that if more favorable terms are granted to State banks, even if allowable by law, it will be taken as an evidence of weakness or will cause national banks to seek State charters. On the other hand, it is argued that if the rules for admission are drastic, only the smaller and weaker State banks will come in; that strong State banks doing a large commercial business will never come in unless liberal concessions are made, most important among them the privilege of withdrawal from the system on suitable notice. In connection with the whole matter it is suggested by some that an effective clearance system, added to the discount privilege, will be a sufficient attraction to bring in the larger State banks without other concessions. What are the views of the Advisory Council on these questions?

Recommendation.—The Federal Advisory Council appreciates the desirability of securing the admission of the State banks into the Federal Reserve System. We would therefore suggest that the Federal Reserve Board proceed to formulate such regulations as in its judgment are proper and would request that before their circular on the subject is issued this council be given an opportunity to consider it.

TOPIC NO. 5.

Section 19, paragraphs 164 and 165, reads as follows:

The reserve carried by a member bank with a Federal Reserve Bank may, under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve required by law is fully restored.

The first part of this paragraph has an important bearing on clearances. Thus far, the Federal Reserve Board has issued no regulations in respect to the proviso. What are the views of the Advisory Council on this subject?

Recommendation.—In the opinion of the Federal Advisory Council it is unsound in principle, and in general practice would be destructive, to allow member banks to reduce their reserves below the legal requirement. Legal reserves should be maintained in the Federal Reserve Banks as a basis for credit to be extended by the Federal Reserve Banks to their members. Therefore a sufficient penalty should be imposed and strictly enforced to discourage the practice,

and to induce member banks to rediscount with the Federal Reserve Banks for the purpose of maintaining their own reserves and providing themselves with necessary funds to meet their obligations.

TOPIC NO. 6.

Does the Advisory Council wish to give any views about the rediscount policy to be followed between Federal Reserve Banks?

Recommendation.—It was decided that the Federal Advisory Council had nothing to add to the views expressed in the letter of the president on this subject addressed to Vice Governor Delano on March 7, 1915.

Additional recommendation.—Being two resolutions passed by the Federal Reserve Bank of Chicago on April 9, 1915, and presented to the Federal Advisory Council at its request by Mr. James B. Forgan. Approved by the Federal Advisory Council April 20, 1915, and ordered submitted to the Federal Reserve Board.

Resolved, That it is the opinion of the board of directors of the Federal Reserve Bank of Chicago that the Federal Reserve Banks should buy domestic acceptances only from member banks with their endorsement.

Resolved, That Mr. Forgan be requested to convey to the Advisory Council the opinion of the board of directors of the Federal Reserve Bank of Chicago, that the tendency of member banks to put into "time deposit" or "30-day-notice account" a part of their commercial deposits in order to reduce the reserve requirements to 5 per cent is inimical to the commercial interests of the country and dangerous to the member banks.

The following members of the Federal Advisory Council were present at this meeting: President, James B. Forgan, in the chair; vice-president, L. L. Rue; D. G. Wing, W. S. Rowe, George J. Seay, Charles A. Lyerly, Rolla Wells, E. F. Swinney, J. Howard Ardrey, and Merritt H. Grim, secretary.

Recommendations of the Federal Advisory Council to the Federal Reserve Board contained in President's letter to F. A. Delano, Vice Governor of the Federal Reserve Board, dated May 21, 1915. (Approved September 21, 1915.)

TOPIC.

Topic circular No. 188c., which follows:

[Tentative Regulation No. —, Series of 1915.]

FEDERAL RESERVE BOARD, WASHINGTON.

STATE BANKS AND TRUST COMPANIES AS MEMBERS OF THE FEDERAL RESERVE SYSTEM.

STATUTORY REQUIREMENTS.

The Federal Reserve Act provides:

"Section 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, may make application to the reserve bank organization committee, pending organization, and thereafter to the

Federal Reserve Board for the right to subscribe to the stock of the Federal Reserve Bank organized or to be organized within the Federal Reserve district where the applicant is located. The organization committee or the Federal Reserve Board, under such rules and regulations as it may prescribe, subject to the provisions of this section, may permit the applying bank to become a stockholder in the Federal Reserve Bank of the district in which the applying bank is located. Whenever the organization committee or the Federal Reserve Board shall permit the applying bank to become stockholder in the Federal Reserve Bank of the district, stock shall be issued and paid for under the rules and regulations in this act provided for national banks which become stockholders in Federal Reserve Banks.

"The organization committee or the Federal Reserve Board shall establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies for stock ownership in Federal Reserve Banks. Such by-laws shall require applying banks not organized under Federal law to comply with the reserve and capital requirements and to submit to the examination and regulations prescribed by the organization committee or by the Federal Reserve Board.

"No applying bank shall be admitted to membership in a Federal Reserve Bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the National Bank Act.

"Any bank becoming a member of a Federal Reserve Bank under the provisions of this section shall, in addition to the regulations and restrictions hereinbefore provided, be required to conform to the provisions of law imposed on the national banks respecting the limitation of liability which may be incurred by any person, firm, or corporation to such banks, the prohibition against making purchase of or loans on stock of such banks, and the withdrawal or impairment of capital, or the payment of unearned dividends, and to such rules and regulations as the Federal Reserve Board may, in pursuance thereof, prescribe.

"Such banks, and the officers, agents, and employees thereof, shall also be subject to the provisions of and to the penalties prescribed by sections fifty-one hundred and ninety-eight, fifty-two hundred, fifty-two hundred and one, and fifty-two hundred and eight, and fifty-two hundred and nine of the Revised Statutes. The member banks shall also be required to make reports of the conditions and of the payments of dividends to the comptroller, as provided in sections fifty-two hundred and eleven and fifty-two hundred and twelve of the Revised Statutes, and shall be subject to the penalties prescribed by section fifty-two hundred and thirteen for the failure to make such report.

"If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board, it shall be within the power of the said board, after hearing, to require such bank to surrender its stock in the Federal Reserve Bank; upon such surrender the Federal Reserve Bank shall pay the cash-paid subscriptions to the said stock with interest at the rate of one-half of one per centum per month, computed from the last dividend, if earned, not to exceed the book value thereof, less any liability to said Federal Reserve Bank, except the subscription liability not previously called, which shall be canceled, and said Federal Reserve Bank shall, upon notice from the Federal Reserve Board, be required to suspend said bank from further privileges of membership, and shall within thirty days of such notice cancel and retire its stock and payments therefor in the manner herein provided. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

such reserve deposits so kept in such State bank or trust company shall be construed, within the meaning of this section, as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the Secretary of the Treasury shall have officially announced the establishment of a Federal Reserve Bank in the district in which such State bank or trust company is situated. Except as thus provided, no member bank shall keep on deposit with any nonmember bank a sum in excess of ten per centum of its own paid-up capital and surplus. No member bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal Reserve Bank under the provisions of this act except by permission of the Federal Reserve Board.

"Section 21. The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners, who shall examine every member bank at least twice in each calendar year, and oftener if considered necessary:

"Provided, however, That the Federal Reserve Board may authorize examination by the State authorities to be accepted in the case of State banks and trust companies and may at any time direct the holding of a special examination of State banks or trust companies that are stockholders in any Federal Reserve Bank."

BANKS ELIGIBLE TO MEMBERSHIP.

A State bank or a trust company to be eligible for membership in the Federal Reserve System must comply with the following conditions:

- (1) It must have been incorporated under a special or general law of the State in which it is located or of the United States (District of Columbia).
- (2) It must have an unimpaired capital stock as follows:
 - In cities or towns of less than 3,000 inhabitants, \$25,000.
 - In cities or towns of more than 3,000 but less than 6,000 inhabitants, \$50,000.
 - In cities of more than 50,000 inhabitants, \$200,000.
- (3) They must agree to comply specifically with the requirements of the provisions of sections 9, 19, and 21, of the Federal Reserve Act.

APPLICATION FOR MEMBERSHIP.

Every State bank or trust company which shall desire to become a member of the Federal Reserve system shall make application on Form _____ to the Federal Reserve agent of its district for an amount of capital stock in the Federal Reserve Bank of such district equal to six per centum of the unimpaired capital stock and surplus of such State bank or trust company. Such application shall state that it is made in accordance with a vote of its board of directors, and shall be accompanied by a statement of the conditions of the applying bank certified by an examiner to be approved or designated by the Federal Reserve Board.

Upon receiving the aforesaid application and statement from any State bank or trust company within its district, the Federal Reserve agent shall submit the same to the counsel of such Federal Reserve Bank, who shall certify that in his opinion membership in the Federal Reserve system is not in contravention of the laws of the State or district in which the said bank or trust company shall be located. The application and certificate of counsel shall thereupon be submitted to a committee of not less than three members of the board of directors of the Federal Reserve Bank. The said committee shall examine the application, and if it shall find that the applying bank has complied with the provisions of this regulation, and is in compliance with the State laws, it shall transmit the same to the Federal Reserve Board with its recommendations.

APPROVAL OF APPLICATION.

In passing upon applications of State banks and trust companies for membership in the Federal Reserve system the following considerations will be taken into account:

- (1) Whether the assets of the applying bank or trust company are of such a nature as to entitle it to be considered a commercial banking institution in a liquid condition.

(2) Whether the charter provisions and the nature of the powers exercised by the said bank or trust company are or are not consistent with the proper conduct of the business of commercial banking.

(3) Whether or not the statutes of the State or district in which the applying bank or trust company is located do or do not contain provisions likely to interfere with the proper regulation and supervision of member banks.

Whenever in the judgment of the Federal Reserve Board an applying bank or trust company fully complies with the requirements thus indicated, the said board will issue a certificate of approval of the application, and thereupon the applying bank shall subscribe and pay in its capital stock to the Federal Reserve Bank of the district in accordance with the conditions provided for member banks.

POWERS AND RESTRICTIONS.

Every State bank or trust company which shall be admitted to membership in the Federal Reserve system shall conform to the following requirements:

(1) It shall observe all those requirements of the law to which State banks and trust companies which have become member banks are subject.

(2) It shall conform to at least as high a standard of commercial banking as controlled it at the time of its admission to the system, with such improvements and changes in its banking practice as may have been specifically required of it by the Federal Reserve Board as a condition of the admission.

(3) It shall not engage in loans on real estate or mortgages of a character or to an extent which will impair its liquid condition, and it shall carry in its investments liquid loans eligible for rediscount with the Federal Reserve Bank to an amount not less than its paid-in capital and surplus.

(4) If in any case such an applying institution has loans secured by its own stocks or loans to one person, firm, or corporation aggregating more than ten per cent of its capital and surplus, it shall adjust such loans to conform with the requirements of the national bank act, the same to be done within a reasonable time to be determined by the Federal Reserve Board.

Except as herein specifically provided, every State bank or trust company becoming a member of the Federal Reserve system shall continue to retain its full right as a State bank and shall be entitled to exercise all functions permitted by its charter.

Any State bank or trust company which is a member shall have the right of withdrawal, and may withdraw by giving ninety days' written notice of its intention so to do to the Federal Reserve Bank of the district in which said bank or trust company is located. At the expiration of said ninety days, such member shall surrender all of its holdings of capital stock and it shall be released from its stock subscriptions not previously called. Such shares shall be canceled and the member shall receive therefor a sum equal to its cash paid subscriptions on the shares surrendered, and one-half of one per centum a month from the period of the last dividend, not to exceed book value thereof, less any liability of such member to the Federal Reserve Bank; said payments to be made twenty-five per centum (25%) on the expiration of the ninety days' written notice aforesaid, twenty-five per centum (25%) in ninety days, twenty-five per centum (25%) in one hundred and eighty days, and twenty-five per centum (25%) in two hundred and seventy days after the said first payment; provided, however, that the said Federal Reserve Bank may have the right and option to make the entire payment at any time after the surrender of such stock; provided, further, that no Federal Reserve Bank shall be required, in dealing with the voluntary withdrawal of State banks and trust companies, to cancel any stock offered for the purpose of effecting a voluntary withdrawal if such Federal Reserve Bank has previously canceled within the same year ten per centum of its capital stock under the provision of this regulation. Applications for the voluntary withdrawal shall be dealt with

consecutively in the order as they shall be filed. In the case of such voluntary withdrawal of a member bank the reserve balance, kept by it under the provisions of law with its Federal Reserve Bank shall be transferred to the said liquidation account and shall be paid off in the same proportions and at the same dates as the repayments of balances due on liquidation account with respect to capital stock.

EXAMINATIONS.

In the matter of examinations of State banks the Federal Reserve Board expects to cooperate with State authorities in making their examinations and avoid, if possible, duplication of this work. It is proposed to accept the examinations made by States wherever these are found to be thorough and complete and of the same standard as the national bank examination or else to appoint a representative of the board or of the Reserve Bank of the district to act with the State examination staff, and in that way enable the board to accept with confidence the report of the State examiners.

FUTURE REGULATIONS.

The Federal Reserve Board reserves the right to make such amendments and adopt and publish, from time to time, such further regulations as it may deem necessary.

H. PARKER WILLIS, *Secretary.*

CHARLES S. HAMLIN, *Governor.*

(Not to be released.)

Recommendation—

CHICAGO, *May 21, 1915.*

HON. F. A. DELANO, *Vice Governor,*

Federal Reserve Board, Washington, D. C.

DEAR MR. DELANO: Referring to your letter again of 7th inst., I have now heard from the different members of the Federal Advisory Council in regard to the draft of a circular on the subject of the admission of the State banks and respectfully submit for the consideration of the Federal Reserve Board the following suggestions:

In connection with application for membership it is suggested that such application along with certificates of counsel should be submitted to the executive committees of the banks instead of the committees of not less than three directors. The governors of the banks being ex officio chairmen of the executive committees ought to be parties to the negotiations.

Referring to clause three, "Powers and restrictions," it is suggested that instead of requiring State bank members to carry among their investments liquid loans eligible for rediscount with the Federal Reserve Bank to an amount not less than their paid-in capital and surplus, it would be better to require that a certain percentage of their demand deposits should be invested in such eligible paper, somewhere from 25 per cent to 50 per cent.

It is also suggested that a more definite limitation to the real estate loans made by State banks should be established and that that limitation should also be related to the amount of their deposits by a definitely fixed percentage not exceeding 25 per cent.

Referring to paragraph 4 under "Powers and restrictions," it is suggested that in lieu of the payments to be made to retiring banks

extending over a period of one year, only a certain amount of capital shall be retired in any six months' period, somewhat along the lines provided by the National Bank Act for the retirement of national bank circulation. Under such an arrangement only a certain number of banks whose capital would aggregate the amount fixed could withdraw during each six months' period. Whenever the combined capital of banks applying to withdraw aggregates the amount so fixed the applications of banks for withdrawal subsequently received would have to be postponed until the following six months' period.

The idea is that under the provision proposed in your tentative circular the reserve deposits of retiring banks are to be put into a liquidation account along with their capital and are only to be paid out at fixed periods extending over a year. It might be a serious matter to a State bank to have so large a part of its reserve tied up for so long a time. State banks would probably prefer to have action on their applications to withdraw postponed and remain members until they could withdraw their capital and reserve deposits within a shorter period of time after their withdrawal had become effective.

Mr. Seay, of Richmond, has gone into the matter much more elaborately than any other member of the council, and I respectfully beg to inclose herewith a copy of his letter along with his suggestions in connection with your proposed circular.

Very truly, yours,

JAMES B. FORGAN,
President.

Recommendations of the Federal Advisory Council to the Federal Reserve Board September 21, 1915.

TOPIC NO. 1.

Question of a larger differential in rates for trade acceptances to be extended to all maturities.

Recommendation.—It is the opinion of this council that a larger differential in rates for trade acceptances to be extended to all maturities is not advisable.

TOPIC NO. 2.

Special Rates for "Commodity Paper."

Recommendation.—We do not approve of granting special rates for "Commodity paper."

TOPIC NO. 3.

Suggestions and recommendations as to the probable course to be taken in the coming months with reference to discount rates at Federal Reserve Banks.

Recommendation.—In our opinion suggestions and recommendations as to the discount rates at Federal Reserve Banks should be initiated by the directors of these banks as provided in the Federal Reserve Act.

TOPIC NO. 4.

What steps can and should be taken to encourage the entrance of State banks to the Federal Reserve System?

Recommendation.—The terms already provided under which State banks may become members of the Federal Reserve System appear to be fair and liberal and we have no further suggestions to make at this time.

TOPIC NO. 5.

To what extent should the officers of the Federal Reserve Banks have access to National bank examiners' reports?

Recommendation.—In the opinion of this council the arrangement made by the Comptroller of the Currency as indicated in his circular letter of August 23, 1915, to the chief national bank examiners provides for the situation as it exists at present.

TREASURY DEPARTMENT,
Washington, August 23, 1915.

TO THE CHIEF NATIONAL BANK EXAMINERS:

Pending the determination by this office of the matter of the extent of information drawn from reports of national-bank examiners to be submitted regularly to the Federal Reserve Banks or Federal Reserve agents, you are hereby authorized and directed to supply to the Federal Reserve agents of your respective districts the information called for on the form submitted by the committee of chief examiners in their report dated July 16, 1915, copy of which is inclosed.

Furthermore, you are hereby authorized, until further advised, to permit the Federal Reserve agent, or the governor of the Federal Reserve Bank, or the auditor or credit man of the Federal Reserve Bank, to inspect, in your office, the report of any national-bank examiner on any national bank, in those cases where you may be advised by the Federal Reserve agent that the Federal Reserve Bank is extending credit in the form of rediscounts, or has been asked to extend credit in the form of rediscounts, to the member bank whose report the Federal Reserve Bank may thus desire to examine.

In all cases where the Federal Reserve agent, or the Federal Reserve Bank, asks permission to see the report of a national-bank examiner regarding any member bank to which the Federal Reserve Bank is not extending credit, and has not been asked to extend credit, you will please refer promptly, to this office, by mail (or by wire if requested to do so by the Federal Reserve agent), the application of the said Federal Reserve Bank for permission to see the report of the national-bank examiner, together with the reasons assigned by the Federal Reserve agent for desiring to see said report, and the application will receive prompt attention.

You are furthermore authorized to give the Federal Reserve agents of your respective districts, in confidence, a list of all national banks now on the "special list," or which may hereafter be placed upon the "special list," until further advised.

You are hereby directed to arrange so that some competent and responsible person shall be at your office during business hours each day prepared to supply to the Federal Reserve Bank, upon request, the information which you are by this letter authorized to furnish to the Federal Reserve agent or the Federal Reserve Bank.

Respectfully,

JNO. SKELTON WILLIAMS,
Comptroller of the Currency.

TOPIC NO. 6.

The establishment of joint foreign agencies by Federal Reserve Banks. To what extent are such agencies thought likely to be of value in meeting the financial requirements of trade between the United States and South America?

Recommendation.—In our opinion it is not advisable at this time for the Federal Reserve Banks to establish joint agencies in foreign countries. As the custodians of the reserves of the member banks, their resources should be kept for the protection of the member banks and not become involved in the financial or trade transactions in foreign countries. The financing of foreign trade transactions belongs legitimately to the member banks, State banks, and private bankers and should not be a function of the Federal Reserve Banks.

TOPIC NO. 7.

Should the national-bank act be amended so as to permit joint ownership by national banks of foreign branches?

Recommendation.—In the opinion of this council the national-bank act should be amended so as to permit joint ownership by national banks of foreign branches.

TOPIC NO. 8.

Liberalization of the national-bank act with a view of putting national banks more nearly on a footing of equality with State banks.

Recommendation.—The national-bank act should be amended so as to permit of the establishment of branches by national banks having an unimpaired capital and surplus of not less than \$1,000,000 in central reserve and reserve cities, provided that no branches are placed outside of the limits of the city where the head office of the parent bank is located. Amend the Clayton Act making an officer or director of a national bank eligible as a director in one State bank or trust company and a private banker eligible as a director in one national bank and a State bank or trust company.

TOPIC NO. 9.

Should intra-district clearings be made mandatory?

Recommendation.—The council's answer to this question is "No."

TOPIC NO. 10.

Policy to be followed by Federal Reserve Board in establishing rates at which Federal Reserve Banks shall be permitted or required to rediscount for one another.

Recommendation.—The views of the council on this question were expressed in the President's letter to Mr. F. A. Delano, vice governor of the Federal Reserve Board, dated March 7, 1915, which views we reaffirm.

NOTE.—In connection with recommendation No. 2, Mr. Seay requested to be recorded as voting against the opinion expressed by

the council; and in connection with recommendation No. 9, Mr. Wells requested that he be excused from voting.

During consideration of topic No. 10, Mr. Forgan asked Mr. Rue to take the chair, as he desired to arrange with Governor Hamlin for a joint meeting with the Federal Reserve Board. On Mr. Forgan's return he brought with him Mr. John Skelton Williams, the Comptroller of the Currency, whose views the council desired to ascertain in connection with topic No. 5. Mr. Williams furnished the council with his circular addressed to the chief national bank examiners, dated August 23, 1915, which was read to the meeting. The comptroller then expressed his views on the subject and withdrew, whereupon the council adopted the recommendation (No. 5) as above recorded.

The following members of the Federal Advisory Council were present at this meeting: President, James B. Forgan, in the chair; vice president, L. L. Rue; D. G. Wing, W. S. Rowe, George J. Seay, Charles A. Lyerly, Rolla Wells, C. T. Jaffray, J. Howard Ardrey, Archibald Kains, and Merritt H. Grim, secretary.

Recommendations of the Federal Advisory Council to the Federal Reserve Board contained in President's letter to Charles S. Hamlin, Governor of the Federal Reserve Board, dated November 2, 1915. (Reported to Federal Advisory Council, November 16, 1915.)

CHICAGO, Nov. 2, 1915.

HON. CHARLES S. HAMLIN,

Governor Federal Reserve Board, Washington, D. C.

DEAR GOVERNOR HAMLIN: I now beg to inclose copies of the letters I have so far received from the members of the Federal Advisory Council giving their individual views as to the advisability of furnishing each bank when examined with a copy of the national bank examiner's report on it.

A perusal of these communications will show a unanimity of opinion in favoring of furnishing banks with a copy of the examiner's report for the use and benefit of their officers and directors.

I am heartily in accord with this opinion.

Some slight variance of opinion is expressed as to whether the banks should be furnished with complete copies of the examiners' reports as made to the comptroller, including criticisms of the management, reports on the personal habits of the officers, on any infractions of the law, or on other irregularities.

Such matters are, of course, an ultra-confidential nature and require either delicate handling for their correction or legal prosecution for the punishment of the guilty parties. They might well be submitted to the comptroller for action in his discretion. They would in all probability, however, form the most important part of the

examiners' reports, as they would disclose the vital matters demanding for their correction the immediate attention of the directors. If the banks are to reap the full benefit of the examinations such matters should be promptly brought to the attention of the directors and the question is as to how this can be done most effectively. It would seem to me that the examiners should be required, as I believe they are now required, to report promptly to the comptroller any penal infractions of the law. Any irregularities discovered on the books or in the habits or practices of any of the officers should also be reported. The comptroller would then be in a position to take such matters up with the directors through the president or in such other effective way as his discretion might dictate.

All this could be done through correspondence with the comptroller outside of the examiner's regular report, the important thing being that such matters should under no circumstances be ignored, but it would seem better that the comptroller should take them up directly with the management of the bank involved rather than that the bank should get its information in regard to them through the examiners.

Very truly, yours,

JAS. B. FORGAN, *President.*

Recommendations of the Federal Advisory Council to the Federal Reserve Board, November 16, 1915.

TOPIC NO. 1.

Assuming that only a very small number of amendments to the Federal Reserve Act or the National Banking Act can be suggested at this session of Congress—say three to five at the most—what amendments, if any, do the Advisory Council consider the most vital and important?

Recommendation.—The Federal Advisory Council would suggest the following amendments to the Federal Reserve Act without reference to their relative importance:

Number 1.—We would recommend that the functions of the office of the Comptroller of the Currency should be absorbed and administered by the Federal Reserve Board.

This would remove one of the principal reasons why the State banks object to joining the system, viz, the multiplicity of supervision which should be reduced to that of the Federal Reserve Board and the State banking departments under which the State banks are organized. The department of examination should be operated under the direction of the Federal Reserve Board.

Number 2.—Federal Reserve agents should be authorized to issue Federal Reserve notes to the Federal Reserve Banks against deposits of gold coin or gold certificates and Federal Reserve notes should

be made available as reserve money in the vaults of member banks. The cost of printing Federal Reserve notes should be borne by the Government. (See answer to Topic No. 3.) (The vote of the council was 6 to 3 in favor of this recommendation, Messrs. Wing, Ardrey, and Rowe voting in the negative.)

Number 3.—For that part of section 24 of the Federal Reserve Act relating to loans on farm lands, reading as follows:

Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land situated within Federal Reserve district—

there should be substituted the following:

Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land situated within its Federal Reserve district, or in an adjoining district, provided the land on which the loan is made is within one hundred miles from the office of the bank making the loan.

Number 4.—We would suggest a reduction by two-thirds of the present paid-in capital of the Federal Reserve Banks, leaving the subscribed capital and the double liability thereon to stand as it is. (The vote of the council was 6 to 3 in favor of this question, Messrs. Wing, Ardrey, and Rowe voting in the negative.)

Number 5.—The council reiterates its recommendation that the Federal Reserve Board should recommend to Congress an amendment to the Federal antitrust act so that the second paragraph of section 8 shall read as follows:

No bank, banking association, or trust company, organized or operating under the laws of the United States in any city or incorporated town or village of more than two hundred thousand inhabitants, as shown by the last preceding decennial census of the United States, shall have as a director or other officer or employee *any person who may be connected in either of these official capacities with more than one other bank, banking association, or trust company located in the same place: Provided, That nothing in this section shall apply to mutual savings banks not having a capital stock represented by shares: Provided further, That a director or other officer or employee of such bank, banking association, or trust company may besides being an officer or director in one other bank be a director or other officer or employee of not more than one additional bank or trust company organized under the laws of the United States or any State where the entire capital stock of the one is owned by stockholders in the other; and Provided further, That nothing contained in this section shall forbid a director of Class A of a Federal Reserve Bank, as defined in the Federal Reserve Act, from being an officer or director or both an officer and director in one member bank.*

Number 6.—The council would recommend that the law should be amended so as to permit joint stock ownership by national banks of banks organized to do business in foreign countries through branches established therein.

Number 7.—The council would recommend that the national bank act should be amended so as to permit the establishment by national banks having an unimpaired capital of not less than \$1,000,000 of

branches, provided that no branches are placed outside of the limits of the city where the parent bank is located.

Number 8.—On motion of Mr. George J. Seay, the following resolution was passed:

That this council is unalterably opposed to any provision whereby farm loan bonds described in the Hollis bill may become security for loans from Federal Reserve Banks and to their being made a basis for acceptances by member banks.

Motion was seconded by Mr. Ardrey and unanimously carried.

Number 9.—Mr. George J. Seay's argument in favor of putting into immediate operation the complete reserve provisions of the Federal Reserve Act, the consideration of which was postponed from last meeting, was then considered. Mr. Daniel G. Wing moved the adoption of the following resolution:

That the council believes that the Federal Reserve Board should take no action on this matter at the present time.

Motion seconded by Mr. E. F. Swinney and carried by vote of 6 to 3.

TOPIC NO. 2.

Is it desirable that the Federal Reserve Board or the Federal Reserve Banks should take some special precautions—and if so, what precautions—to guard against a possible serious reaction in business which may come when the European war is over?

Recommendation.—It is useless to attempt to prognosticate as to the business conditions that may prevail in this country after the European war is over. During the period of reconstruction in Europe it is not unlikely that a broad demand may exist for our exportable surplus of cotton, steel, copper, lumber, grain, provisions and manufactured merchandise. This would cause general activity in business, especially in the basic lines of agriculture, mining, and lumbering, which in turn would stimulate the business of our railroads and make an active demand for money. On the other hand, the terrible destruction of property, the waste of capital, and the enormous increase of public debts by the belligerent European countries may so seriously cripple them as to prevent them for some time from entering into the work of reconstruction. Their financial situation may become so bad as to seriously affect the condition of the rest of the world. It is quite possible that reaction from the business activity created in this country by the demand for war supplies may take place. The future is forebodingly uncertain and whether after the war we are to face business expansion or business contraction, a condition of preparedness by the Federal Reserve Banks will be the part of wisdom. We would, therefore, advise that the Federal Reserve Banks should be induced and encouraged by the Federal Reserve Board to keep themselves strong in reserves and liquid in investments.

TOPIC NO. 3.

Is it desirable to have Federal Reserve Notes in denominations of five to twenty dollars take the place of gold certificates carried in the pockets of the people? Is not the accumulation of gold by Federal Reserve Banks by the substitution of this circulation, a valuable protection in case of gold withdrawals; and is not this procedure advisable in spite of the considerable expense involved?

Recommendation.—The accumulation of gold in the Federal Reserve Banks would in our opinion be a valuable protection in case of gold withdrawals. We therefore deem it most desirable that gold should be accumulated in the Federal Reserve Banks in large volume and that Federal Reserve notes in denominations of five to twenty dollars should take the place of gold certificates carried in the pockets of the people. To this end the Federal Reserve Act should be amended so as to enable the Federal Reserve Banks to take out Federal Reserve notes against the deposit of gold with the Federal Reserve agent, with the object in view of having the Federal Reserve notes ultimately take the place of the Government gold certificates in general circulation. To accomplish this they should be made available for the legal reserves of member banks.

The expense of furnishing Federal Reserve notes for general circulation should be paid by the Government, the same as it now pays the expenses of furnishing gold certificates. Federal Reserve notes are Government obligations, the same as are the gold certificates. There is no possible profit to the Government in the circulation of gold certificates, other than that on notes destroyed, while through its interest in the earnings of the Federal Reserve Banks—its circulating agents—its profit on the circulation of the Federal Reserve notes will, ultimately, be largely in excess of the cost of furnishing them, besides which it will have the profit connected with their destruction. The Government will thus be the ultimate gainer by the substitution of its Federal Reserve notes for its gold certificates.

(The vote of the council was 6 to 3 on this question, Messrs. Wing, Ardrey, and Rowe voting in the negative.)

TOPIC NO. 4.

Can Federal Reserve Banks do anything with their member banks to discourage or put a stop to the present high rates of interest on demand deposits? We hear that rates from three to seven per cent are common in Northwest, South, and Southwest.

Recommendation.—The rate of interest on deposits paid to the public is regulated by the accumulation or lack of accumulation of wealth in the communities in which the banks do business. In small pioneer communities with little or no accumulated wealth, with a demand for money but with no local supply, the rate of interest is naturally high, but it is gradually reduced as the communities enlarge and accumulate wealth. It might be more of a hardship than a

benefit to unduly restrict the rate of interest that a bank in a pioneer community can either pay or receive. The economic law of supply and demand, with State laws against usury, will sufficiently regulate rates and protect the borrower.

As to rates paid on savings deposits, the savers should be encouraged. Their deposits form the foundation of the business and credit structure of the country. Bank depositors outnumber bank borrowers twenty to one and the majority of them are wage earners, small dealers, and people not engaged in business for themselves, while the borrowers are often our richest people engaged in business enterprises, who borrow to make more money. Every effort should therefore be made to maintain through the country such rates of interest on savings deposits as will induce and encourage the people in saving and thrift. We do not believe that there is anything that the Federal Reserve Banks should or could do to regulate rates of interest paid on deposits by their member banks beyond offering them, as they now do, the privilege of rediscounting at such reasonable rates as are likely to reduce the current rates for loans in communities having little or no accumulated wealth, which will in turn reduce the rates paid in such communities on deposits. Such matters in time work themselves out naturally, and it is difficult, if not impossible, to regulate them artificially.

ADDITIONAL TOPIC SUGGESTED BY MR. P. M. WARBURG.

What officers of Federal Reserve Banks should have access to statements of assets and liabilities made by private bankers whose acceptances may be purchased by the Federal Reserve Banks?

Recommendation.—The council has not changed its opinion formerly given to the Federal Reserve Board to the effect that such acceptances should only be purchased by Federal Reserve Banks when they are indorsed by member banks.

The council is, however, of opinion that statements made by private bankers as to their affairs for the purpose of establishing their credit and to secure the handling of their acceptances by the Federal Reserve Banks may by regulation of the board be placed in the custody of the governors of the Federal Reserve Banks, and that only the governors and Federal Reserve agents of the banks should have access to them.

The following members of the Federal Advisory Council were present at this meeting: President, James B. Forgan; D. G. Wing, W. S. Rowe, George J. Seay, Charles A. Lyerly, C. T. Jaffray, E. F. Swinney, J. Howard Ardrey, Archibald Kains, and Merritt H. Grim, secretary.

RECOMMENDATIONS OF THE FEDERAL ADVISORY COUNCIL TO THE FEDERAL RESERVE BOARD FOR THE YEAR 1916.

Recommendations of the Federal Advisory Council to the Federal Reserve Board, February 15, 1916.

TOPIC NO. 1.

The Federal Reserve Board's Discount Policy. In considering this subject we would like to have the Council address itself particularly to the phase of the subject as to how the discount policy can be handled to bring about a contraction of loans by the banks of the country. A great deal has been said on the subject of the Federal Reserve Board's duty in bringing about contraction of credit at this time, and so discourage inflation, but no concrete suggestion has been offered as to how this should or could be effected.

Recommendation.—The large amount of lawful money released by the reduction in the legal reserve requirements of the national banks, which became effective with the inception of the Federal reserve system, followed by the accumulation of gold resulting from the balance of trade turning so largely in favor of this country has formed the basis, the cause and the incentive for the large expansion of loans that has taken place among the banks of the country.

By maintaining the rediscount rates of the Federal Reserve Banks higher than the current open market rates for commercial paper the Federal Reserve Board has done all in its power to prevent the facilities of the Federal Reserve Banks being used to help along this expansion, except through their open market transactions. It is difficult to see how the Federal Reserve Board can do anything practical to bring about a contraction of credit as long as the banks of the country continue to carry idle a large surplus of reserve money. When this surplus is absorbed a change may be expected and the Federal Reserve Banks will probably be called upon to rediscount more or less freely the lines of commercial paper which the member banks are now buying on the open market at low and unprofitable rates simply to keep their funds employed. The influence of the Federal Reserve Board can then be used to advantage. By maintaining the present rediscount rates or if necessary by raising them the Board will be able to prevent still further expansion and the member banks will be induced to raise their rates which will tend to check expansion and to reestablish normal money market conditions.

Until such time comes and these conditions prevail we know of no practical way in which the Federal Reserve Board can bring about a contraction of loans by the banks of the country.

We submit herewith marked Exhibit "A" a statement showing in millions the increase in the principal items of the resources and liabilities of the national banks between December 31, 1914, and November 10, 1915, taken from their consolidated statements as prepared by the Comptroller of the Currency. This statement shows the total excess reserves of the national banks to have been \$891,000,000 on November 10, 1915.

TOPIC NO. 2.

Section 11 of the Federal Reserve Act gives the Board power,

"To add to the number of cities classified as reserve and central reserve cities," etc.

Under this authority, the Federal Reserve Board could name the city in which each Federal Reserve Bank is located as a central reserve city. The immediate effect would be to increase the reserves of those cities from fifteen to eighteen per cent and at the same time cause a transfer of reserves in those cities to the Federal Reserve Banks, both of which objects are desirable, and more easily accomplished at a period of easy money and excess reserves. The Federal Reserve Board would be glad to have a recommendation from the Council on this subject.

Recommendation.—In accordance with the requirements of the Federal Reserve Act reserve deposits of all member banks must ultimately be kept with the Federal Reserve Banks. Thereafter balances carried with the national banks in reserve and central reserve cities will no longer count as legal reserves. When these conditions of the act have been complied with the banks located in cities so designated can no longer perform the functions of legal reserve agents and the terms "reserve city" and "central reserve city" will lose their present significance.

The object of requiring reserve and central reserve city banks to carry larger legal reserves than banks located in other cities and towns has been for the better protection of the reserve deposits of the banks for which they have acted as legal reserve agents. When they cease to act in this capacity the chief reason for their carrying larger reserves than banks located in other cities will be eliminated.

We know of no good reason why banks located in the same cities with the Federal Reserve Banks should, in consequence of that fact, be placed on the increased basis required of central reserve cities in the matter of their legal reserves.

After all the reserve deposits of the member banks have been turned into the Federal Reserve Banks the terms "reserve city" and "central reserve city" as now applied will become misnomers. It may then become desirable to designate the twelve cities in which the Federal Reserve Banks are located as the reserve cities for the country, but

there will be no reason why their member banks should carry larger reserves than are required of those in the cities now known as reserve cities. The probabilities are that many of the cities now acting as reserve cities when the member banks in them cease to act as legal reserve agents will seek to have their designation as such canceled in order to avail themselves of the lower reserve requirements applicable to other cities, some of which will then be similarly situated to them.

Before we received the analysis of the reserve city situation furnished by the Federal Reserve Board we had had prepared for us a list of the present reserve cities, of which there are 56 including the three central reserve cities. As our list in addition to giving the population of these cities also shows their banking power as measured by the capitalization of their banks both National and State and as reserve deposits of State banks carried by the National banks in these cities will have some bearing on the legal reserve which they should be required to carry we submit the list herewith as Exhibit B.¹ Accompanying this list there is also a list of cities of approximately equal population and banking capacity which are not now reserve cities and of which there are ninety. This list also shows their banking power as measured by the capitalization of their banks.

In our opinion when the banks in reserve cities lose their privilege of acting as legal reserve agents they should be placed on a parity as to their legal reserve requirements with the banks in other cities of equal banking capacity. These cities were designated reserve cities at the request and by the voluntary action of the national banks located in them and when their privilege of acting as reserve agents is withdrawn, it would seem that these banks should be entitled to resume their former status. If there is to be in the future any discrimination in regard to the legal reserve carried by the banks in different cities, it can not continue to be based as it has been on the fact that banks in certain cities have been permitted to act as legal reserve agents for other banks. If such discrimination is necessary or desirable at all it might be based on a combination of their individual population and banking capacity as shown by the capitalization of their banks or it might be related to the aggregate amount of bank deposits carried by the banks in them.

In order to show the lack of uniformity in the legal reserve requirements of the State banks in the different States we have had prepared and submit herewith a synopsis of most of the State laws on the subject. Exhibit C.¹

The fact that member banks in these so-called reserve cities have to compete with nonmember banks not subject to Federal regulations in regard to their legal reserve requirements should not be overlooked.

¹ Not printed.

TOPIC NO. 3.

Can the Federal Advisory Council offer any suggestion in the direction of facilitating the provisions of the act in respect to carrying out clearing operations? The Federal Reserve Board has felt that the subject of clearing was intimately connected with the question of reserves and that it was probably best not to press the matter or insist on any mandatory rule until the reserve should have been paid in. It is evident, however, that before the year of 1916 is over the proportion of reserves withdrawn from other depositaries and paid into the reserve banks will be so considerable that the demands on the reserve banks to take care of the collection not only of checks but of many other items, will be insisted upon by member banks.

Recommendation.—The collection or clearing intradistrict and interdistrict checks by the Federal Reserve Banks as contemplated by the Federal Reserve Act forms a complicated and difficult problem, especially so as the language of the act is not clear in regard to some of the details on the subject.

We understand the executive officers of the banks have had many conferences among themselves and some with the Federal Reserve Board in an effort to develop a system that will serve the purpose contemplated by the act, that they have had a tentative intradistrict plan on trial for some time and that they also have a universal system now under consideration.

The subject is one of vast detail in connection with which an off-hand opinion given by this council, the members of which are not in touch with its details, would be of little constructive value or assistance. We therefore hesitate to offer any suggestions and will confine ourselves to an expression of our opinion to the effect that until the Federal Reserve Banks can undertake the collection of checks on nonmember banks as well as for member banks they are not in a position to develop a check-collection system that will be economically effective in connection with the banking business of the country as a whole. In order to be economically effective a check-collection system must, it seems to us, be practically universal. All banks handle outside checks promiscuously through their transit departments and an organization that can only handle a part of them, and that the smaller part, can afford but little assistance economically or otherwise in connection with the handling of them.

TOPIC NO. 4.

At the last meeting of the advisory council, the council recommended a reduction in the proportion of capital stock which should be paid in by member banks to the Federal Reserve Banks, basing its conclusions largely upon the argument that Federal Reserve Banks ought not to be compelled to compete with member banks in periods of inflation. It is obvious that the necessity of earning dividends upon the capital of Federal Reserve Banks held by member banks may be regarded from opposite points of view. On the one hand, it may be said that if the Federal Reserve Bank is compelled to earn six per cent on a considerable capital, it will

market. On the other hand, it may be urged that the greater dividend the bank has to earn, the more willing it will be to have interest rates stiffly maintained. This latter reasoning is in the mind of those who suggest that the Federal Reserve Bank should have no capital, hence no dividend requirements, so that they can offer money to their member banks at very low rates of interest, or actively compete with member banks in the open market. Without developing this argument in extenso, it may be seen that the effect of reducing capital stock might easily be to make competition with member banks more keen, rather than less keen. It appears fairly obvious to the Board that there is probably a golden mean between the extremes of public opinion on this question, and we should be very glad to have the opinion of the advisory council, based on calculations, of the proportion of capital and reserves which should be invested, in normal times, to earn expenses and dividend requirements, and the proportion which should be held uninvested or in such liquid form as to be readily convertible into cash or credit.

Recommendation.—Inasmuch as some of the membership in the Federal advisory council have changed since the last meeting, the question of a reduction in the proportion of capital stock which should be paid in by member banks to the Federal Reserve Banks was taken up again for discussion.

We believe that no reduction in the present paid-in capital stock of the Federal Reserve Banks should be made at the present time for the following reasons:

We beg to say that inasmuch as the deposits in Federal Reserve Banks will be largely increased in May next, with a further increase next November, that the proportion of capital to deposits will steadily diminish, that if any considerable number of State banks join the system, as is to be hoped, the proportion will be still further reduced. One of the criticisms made when the bill was before Congress was that there would be 12 units and that no one would have sufficient capital to command respect and confidence abroad.

The disparity of capital between each Federal Reserve Bank and some of the larger member banks in each district is marked.

It is conceivable that under the provisions of the act in regard to purchase of 2 per cent Government bonds, the Federal Reserve Banks may, in the course of a few years, have not only all of their capital invested in these bonds, but part of the reserves of member banks as well.

If two-thirds of the paid-in capital be returned, a number of the banks would have more than the remaining capital in Government bonds at the end of the first year.

The calling of unpaid subscriptions in times of emergency would undoubtedly be unsettling not only to the banks, but would create alarm to the country at large. Foreign banks used to large capital in their government and incorporated banks would regard the small capital under which the banks would be operating as a distinct sign of weakness.

We do not regard the deferring of the payment of dividends as of sufficient importance to warrant such action at this time, particu-

larly as the system is as yet in its infancy and has not been tested during a time of stress.

We can not undertake to estimate the proportion of capital and reserve deposits which should be invested in normal times by the various Federal Reserve Banks to earn their expenses and dividend requirements. Such proportion would vary with the varying conditions prevailing in the different districts and these conditions are subject to constant change. It would therefore seem impractical to attempt to make any estimate of it. (Messrs. C. T. Jaffray, E. F. Swinney, and J. B. Forgan voted in the negative.)

In connection with this topic, two reports having been made by the executive committee, Mr. Rue moved that it is the sense of this meeting that the capital of the Federal Reserve Banks should not at this time be reduced and that a committee be appointed, consisting of Mr. Wing and Mr. Rowe, to prepare a report on this subject in conformity with the views as expressed by a majority of the members present and to report at the afternoon meeting. Motion seconded by Mr. Lyerly and passed.

At an adjourned meeting in the afternoon, Mr. Wing submitted a report on this topic, and on motion duly seconded it was adopted. (Mr. Swinney, Mr. Jaffray, and Mr. Forgan voting in the negative, as above indicated.) Mr. Jaffray then moved that those who voted in the minority be permitted to make a separate report to the Federal Reserve Board on this topic. Motion seconded by Mr. Swinney and carried.

The minority report is as follows :

TOPIC NO. 4.

At the last meeting of the Advisory Council, the council recommended a reduction in the proportion of capital stock which should be paid in by member banks to the Federal Reserve Banks, basing its conclusions largely upon the argument that Federal Reserve Banks ought not to be compelled to compete with member banks in periods of inflation. It is obvious that the necessity of earning dividends upon the capital of Federal Reserve Banks held by member banks may be regarded from opposite points of view. On the one hand, it may be said that if the Federal Reserve Bank is compelled to earn six per cent on a considerable capital, it will be compelled to invest not only all its capital but a good share of its reserve deposits in rediscounts or in investments bought in the open market, and so compete with its member banks at a time when it might be wiser to stay out of the market. On the other hand, it may be urged that the greater dividend the bank has to earn the more willing it will be to have the interest rates stiffly maintained. This latter reasoning is in the mind of those who suggest that the Federal Reserve Bank should have no capital, hence no dividend requirements, so that they can offer money to their member banks at very low rates of interest, or actively compete with member banks in the open market. Without developing this argument in extenso, it may be seen that the effect of reducing capital stock might easily be to make competition with member banks more keen, rather than less keen. It appears fairly obvious to the Board that there is probably a golden mean between the extremes of public opinion on this question, and we should be very glad to have the opinion of the

Advisory Council based on calculations of the proportion of capital and reserves which should be invested in normal times to earn expenses and dividend requirements, and the proportion which should be held uninvested, or in such liquid form as to be readily convertible into cash or credit.

Recommendation.—The capitalization of the Federal Reserve Banks is intimately related to the question of how much of their resources they should keep invested under normal conditions or during a period of abnormally easy money such as exists at present. The Federal Reserve Act provides for a 6 per cent cumulative dividend on the capital employed, and if this dividend obligation is to be met the larger the paid-in capital the larger must be the amount of investments carried and the greater will be the temptation to increase investments when money rates are low and profits correspondingly small.

This dividend obligation and the temptation to meet it by adopting a policy of expansion in times of easy money when the banking and commercial interests of the country call for a policy just the reverse are the reasons for the recommendation we made at our last meeting for a reduction in the amount of paid-in capital of the Federal Reserve Banks.

As a practical illustration we would call your attention to the present situation in connection with the Federal Reserve Bank of Chicago. We refer to the situation there because the Chicago banks stand midway between those banks which show substantial earnings in excess of their operating expenses during the past year and those which show expenses greater than earnings. With a capital of \$6,646,000, resources of \$65,226,000, and investments averaging \$12,000,000, the Chicago bank is now earning \$500 a day above its operating expenses, or about 2 $\frac{3}{4}$ per cent per annum on its present paid-in capital.

Were its capital reduced to one-third of its present amount, as recommended, its earnings would be a little over 8 per cent and all temptation to further increase its investments during the present expansion and easy money market would be removed, while if its member banks continue to be liable for the full amount of their subscriptions and double liability and these subscriptions are made payable at the call of the Federal Reserve Board when and as they deem it necessary or desirable to increase the bank's paid-in capital, its inherent strength would not be impaired.

It could then make a statement in regard to its capital as follows:

Capital paid in.....	\$2, 214, 666
Capital subscribed by member banks payable on call of the Federal Reserve Board.....	11, 073, 334
	<hr/>
Total capital subscribed by members.....	13, 288, 000
Double liability of member banks.....	13, 288, 000
	<hr/>
Total capital responsibility.....	26, 576, 000

This, it seems to us, would show a sufficiently strong capitalization for all practical purposes. The bank would not only be able without further expansion to pay the 6 per cent dividend on its stock to its member banks but the Government would be in a position to realize a substantial share of the profits whenever conditions arise calling for active rediscounting by the member banks.

We regard it as most undesirable that the banks should continue to roll up a liability to the member banks for unpaid dividends. Such a condition must inevitably reflect on their standing not only with the public and the banks of the country but with foreign banks. The impression will be created that the Federal Reserve Banks are a failure so far as their ability to earn dividends is concerned. We can therefore only repeat our former recommendation that the paid-in capital should be reduced to one-third of the amount that has already been called in, and that the unpaid capital to the full amount of the member banks' subscriptions for it should be left payable on the call of the Federal Reserve Board.

We can not undertake to estimate the proportion of capital and reserve deposits which should be invested in normal times by the various Federal Reserve Banks to earn their expenses and dividend requirements. Such proportion would vary with the varying conditions prevailing in the different districts, and these conditions are subject to constant change. It would therefore seem impractical to attempt to make any estimate of it. Were the paid-in capital reduced, as we have recommended, the banks would not have to compete unduly with member banks in normally or abnormally easy times for such purpose and the amount to be invested by each bank during such periods might safely be left to the discretion of the executive officers and directors under the guidance and supervision of the Federal Reserve Board.

TOPIC NO. 5.

At the September meeting of the council it recommended to the Federal Reserve Board that the Federal Reserve Banks should not establish joint agencies in foreign lands, but that this field should be kept open for member banks. Since that time the Federal Reserve Board has canvassed the subject through the Federal Reserve agent of each district with a view to ascertaining whether the larger banks in the various districts would be willing to join in the ownership of branches in foreign countries. The replies to these inquiries are not as encouraging as has been hoped they would be, for it appears that while for a number of good reasons it seems unwise that the Federal Reserve Banks should undertake this business, there is a great deal of hesitation on the part of most member banks to undertake it themselves. A few banks appear to show a spirit of enterprise in the matter and the Board believes that under any circumstances the door ought to be opened as wide as possible and that Congress should be urged to do all it can to offer to member banks, singly or combined, the opportunity of entering these foreign fields.

In this connection some questions have occurred to the Board in considering this matter upon which it will be glad to have the views of the Advisory Council.

These questions are:

(a) Should the proposed amendment provide that others than member banks be permitted to be stockholders in these banks which are to operate under Federal charters in foreign countries?

Recommendation.—To this we would answer “Yes; under proper restrictions.”

If so, should there be a provision that a majority of the stock be held by member banks?

Recommendation.—This we consider desirable, but it might be impractical, inasmuch as the stock would be marketable and the control might change at any time. We would, however, approve an amendment to section 25 of the Federal Reserve Act which has been submitted to us and which reads as follows:

Amend section 25 so as to permit national banks with a capital of not less than \$1,000,000 to become stockholders in either domestic or foreign corporations chartered and licensed to do banking business in foreign countries, provided, however, that the total liability incurred by reason of said ownership of stock in foreign banks shall not exceed 10 per cent of the capital and surplus of said bank.

(Vote unanimous.)

(b) Would it not be advisable to provide that there should not be a double liability with respect to the stockholders in such banks, but only a liability up to the authorized capital?

Recommendation.—We see no necessity for a double liability, but only a liability up to the authorized capital.

(Mr. Record voted “No.”)

(c) What, if any, should be the reserve requirements of these foreign banks? If they are to receive deposits in foreign countries it would subject them to great hazard of fluctuation of exchange if against these foreign deposits they are required to keep reserves in the United States.

Recommendation.—From the published statements of foreign banks doing business in South American countries we notice that they seem to carry much larger cash reserves than are legally required of banks under our Federal Reserve system and probably American banks organized to do business there would have to do likewise. We therefore think that no regulations need be made as to reserves against deposits received in foreign countries. For any deposits they may receive in the United States they should be subject to the reserve requirements applicable to member banks under the Federal Reserve Act.

(Vote unanimous.)

(d) Should these foreign banks be required to be members of the Federal Reserve system?

Recommendation.—We think it might be well to require that these banks should be members of the Federal Reserve system in order that they may be brought under the supervision of the Federal

Reserve Board and thus become a part of the banking system of the country. It would also be advantageous to them to have the privilege of rediscounting and otherwise doing business directly with the Federal Reserve Banks, but it might be necessary to place special restrictions on their rediscounts.

(Vote unanimous.)

(e) **Should these foreign banks be permitted to invest a definite percentage of their capital and surplus in holdings of foreign banks operating under local charters?**

Recommendation.—Yes. (Mr. Forgan, Mr. Fleishhacker, Mr. Swinney, and Mr. Record voted “No.”)

(f) **What restrictions should be placed upon these foreign banks for their operations in the United States? For instance, they might be permitted to accept deposits only where these deposits are incidental to transactions in foreign countries. On the other hand, it would appear that they should be permitted to receive deposits on demand or on time from other banks, particularly from those for which they will act as correspondents or agents in foreign countries.**

Recommendation.—We would recommend that in the matter of receiving deposits in the United States such banks should be restricted to such deposits as are incidental to transactions in foreign countries.

(Vote unanimous.)

(g) **Should these foreign banks be permitted to accept and should their “bankers’ acceptances” be eligible for rediscount with the Federal Reserve Banks?**

Recommendation.—If their acceptances are restricted to such as “grow out of transactions involving the importation or exportation of goods” and otherwise conform to the requirements of the Federal Reserve Act we see no reason why they should not be permitted to make them or why they should not be eligible for rediscount with or purchase by the Federal Reserve Banks.

(Vote unanimous.)

Additional recommendation.—The question of the Comptroller’s ruling in regard to banks issuing commercial letters of credit was informally discussed, it being decided to confer informally with the Federal Reserve Board at the joint conference in regard to this matter.

Additional recommendation.—The attention of the Federal Advisory Council was then directed to the proposed amendment to H. R. 15657, entitled “An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes,” approved October 14, 1914. The amendment in the form of a provision to be added to the second paragraph of section 8 of said act, reads as follows:

And provided further that nothing in this act shall prohibit any officer, director, or employee of any member bank, or a Class A director of a Federal Reserve Bank from being an officer, director, or employee of one or more other banks, banking associations, or trust companies, whether organized under the laws of the United

States, or any State, if such other bank, banking association, or trust company is not in substantial competition with such member bank. Nothing contained in this amendment shall impair the powers delegated to the Federal Reserve Board in section 11 of this act to prosecute violations of the same.

On motion it was unanimously resolved that this council approves of said proposed amendment and advises the Federal Reserve Board to recommend and support the enactment into law of the said amendment at the present session of Congress.

The following members of the Federal Advisory Council were present at this meeting: President, James B. Forgan, in the chair; vice president, L. L. Rue; D. G. Wing, W. S. Rowe, J. W. Norwood, Charles A. Lyerly, C. T. Jaffray, E. F. Swinney, T. J. Record, Herbert Fleishhacker, and Merritt H. Grim, secretary.

Recommendations of the Federal Advisory Council to the Federal Reserve Board, May 16, 1916.

TOPIC NO. 1.

Presumably members of the Advisory Council hear many criticisms of the Federal Reserve Act and of the Federal Reserve Board. To what extent have these criticisms been substantive, constructive, or suggestive, and to what extent does the Advisory Council endorse and approve them?

Recommendation.—The council has heard no vital criticisms of the Federal Reserve Act beyond such as have been referred to by the Federal Reserve Board in its annual report to Congress and no criticisms of the Board which seem worthy of discussion.

TOPIC NO. 2.

Should the Federal Reserve Board seek to stop the pyramiding of deposits by reason of inter bank deposits? To what extent should reserves carried against bank deposits be greater than reserves carried against individual deposits?

Recommendation.—Under our system of banking it is practically impossible to prevent the pyramiding of bank deposits. Each individual bank for its exchange purposes finds it necessary to keep funds at its credit in the principal centers with which its locality has direct business dealings. Quite naturally when it lacks a sufficient local demand to employ its funds it accumulates them with its correspondents at these centers. Generally speaking these centers are the so-called reserve cities. The banks in these cities need funds for the same purpose in the larger centers now known as central reserve cities, two of which—Chicago and St. Louis—must of necessity maintain large balances in New York. In this way when money becomes redundant, idle funds are passed along from the numerous country banks to the less numerous reserve city banks and from them to the central reserve city banks, finally reaching the banks of New York, which thus become the reservoirs for the bulk of the idle funds of the entire banking system. For some time money has been quite re-

dundant over a large part of the country, and this pyramiding process has become intense, causing inflation of bank deposits at the centers with a corresponding expansion of loans and a demoralization of interest rates.

Under the national banking system prior to the passage of the Federal Reserve Act the double or triple reckoning of bank deposits as legal reserves formed the greatest evil of the pyramiding process. By providing that no bank deposits other than those with the Federal Reserve Banks shall be available as legal reserves and by providing the member banks with the facilities offered by the Federal Reserve Banks for rediscounting and supplying circulation the Federal Reserve system has greatly reduced the danger of this unavoidable pyramiding process and will tend to reduce it in volume.

The banks in the present reserve and central reserve cities will undoubtedly continue to carry bank deposits after they cease to act as legal reserve agents, and for this reason doubtless they are required by the Federal Reserve Act to maintain larger legal reserves than the country banks. The expectation that they will thus continue to receive bank deposits affords the only reason for this requirement, and we believe that the 15 per cent and 18 per cent legal reserve now respectively required of them will be found adequate under the new system.

Inasmuch, however, as under the Federal Reserve system the banks in these so-called reserve cities are to lose their privilege of acting as legal reserve agents for the country banks, and as the banks in many cities which have not been designated as reserve cities accept bank deposits and offer special inducements to attract them, it would seem equitable, conservative, and proper that all banks receiving bank deposits should be required to maintain a minimum legal reserve against them of 15 per cent.

TOPIC NO. 3.

What is the opinion of the council as to the exceedingly low rates that prevail in the matter of bankers' acceptances?

Recommendation.—The market rates for bankers' acceptances have been regulated largely by the rates current in New York on call loans and bank deposits. Prime bankers' acceptances have already come to be regarded as a new form of secondary reserve of unusual efficacy, being readily convertible into legal reserve by disposing of them to the Federal Reserve Banks. Banks having surplus balances in New York or idle funds beyond the limited amount on which their New York correspondents will pay them 2 per cent interest have been willing to take prime bankers' acceptances maturing within ninety days at rates only fractionally above the 2 per cent paid on their bank balances. This is the competition met by the Federal Reserve Banks

in purchasing them on the open market, and explains their making a minimum rate for them of 2 per cent, which practically established that as the market rate for all acceptances coming within their legal requirements. When conditions change and money becomes less redundant, this competition will be greatly reduced if not practically eliminated, and the Federal Reserve Banks should then raise their minimum rate for them. Under normal conditions for the protection of "dollar exchange" the discount rates prevailing in the leading foreign money centers for similar acceptances payable in sterling or other foreign currencies will have to be considered in fixing the Federal Reserve Banks' discount rates on prime bankers' acceptances. The rate will be regulated by the law of supply and demand.

TOPIC NO. 4.

The investments of the Federal Reserve Banks have reached now the amount of \$164,500,000; the percentage of cash against deposits and note liability is now about 69.8 per cent.

A further installment of about \$60,000,000 is due on May 16 and will somewhat increase this percentage.

It would be interesting for the Federal Reserve Board to have the Advisory Council give its opinion as to the advisability of the Federal Reserve Board's now adopting a definite policy as to a minimum percentage of cash reserve to be maintained by Federal Reserve Banks—a percentage which of course would have to be adjusted from time to time according to conditions. If the Advisory Council should favor the adoption of such a policy, what would be its idea as to the proper percentage to be applied under present conditions? Should there be a different percentage in the various districts? Should Federal Reserve Banks amongst each other adjust deficiencies against these reserves by rediscount operations, or should the average percentage of all banks combined be considered the basis and rediscount transactions become necessary only when Federal Reserve Banks reach the limit provided by the law of 40 per cent or 35 per cent, respectively?

Recommendation.—In view of the present unsettled conditions of international monetary affairs produced by the European war and the plethora of money and expansion of credit prevailing in this country due very largely to the same cause, we are of the opinion that the Federal Reserve Banks should conserve their cash resources and run strong in their cash reserves. We are not, however, prepared to name a definite minimum percentage of cash reserves that could be made applicable to them all. Discretion should be exercised in the case of each. A bank with its portfolio well filled with prime bankers' acceptances, which can be relied upon to liquidate themselves as they mature, especially when they are made available as a basis for the issue of Federal Reserve notes, might legitimately encroach upon its cash reserves to a greater extent than a bank having its portfolio filled with the ordinary run of rediscounted paper. Under present conditions the cash reserves of the Federal Reserve Banks can most readily be regulated and controlled through

their open-market transactions. Should any of them through their transactions in the open market reduce their cash reserves to a point which in the judgment of the Federal Reserve Board approaches too close to the minimum legal limit, they should be required to raise their rates on such transactions, abandon them entirely or arrange with the other Federal Reserve Banks not similarly situated to relieve them of some of their bankers' acceptances, municipal warrants, or other open-market purchases.

In our opinion the average percentage of cash reserves carried by all the banks combined reveals the strength of the system and compulsory rediscounts between the Federal Reserve Banks should be resorted to only when any of them, through rediscounting for their member banks, approach too close to the limit provided by law of 40 per cent on their circulation and 35 per cent on their deposits.

Additional recommendation.—In the interests of the banks of the country we would draw your attention to section 10 of the Clayton Antitrust Act, which prohibits any common carrier having any dealings in excess of \$50,000 a year without competitive bids with another company in which a director of the common carrier is interested.

The effect of this statute is that a railroad company, any of whose directors or officers are interested in a bank, can not deal with that bank in securities without competitive bidding. It might be held that borrowing money and giving notes constitute "dealings in securities" and come within the statute.

This section of the Clayton Act becomes effective October 15, 1916. The Interstate Commerce Commission has just promulgated tentative rules for competitive bidding which require a large amount of newspaper notices, permission to all bidders to see and take copies of the other bids and reports to the Interstate Commerce Commission. The hearing on these rules by the Interstate Commerce Commission, originally set for to-day, has been postponed to June 19. The interests of the banks of the country are in the construction placed by these rules on the words "dealings in securities." A great many of the large banks of the country have on their boards of directors one or more persons who are directors of railroads engaged in interstate commerce and many of these banks make short-time loans to railroads in order to enable them to pay taxes, bond interest, etc. Sometimes these loans are made on plain, unsecured notes, but more often they are secured by the pledge of bonds, stock of subsidiaries, or other securities. It is obviously undesirable that such short-time loans, even when secured by the pledge of securities, should require competitive bidding with publication of tenders for bids, etc. Such short-time loans from the necessity of the case have to be made quickly and any variation in the rate of interest on them could not produce any appreciable effect on the situation of the railroad.

Under the various State statutes requiring issues of securities to be submitted to public utility commissions, etc., there is practically always a provision to except from such submission loans for less than either one or two years. It does not seem to us that Congress intended by the words "dealings in securities" to include short-term bank loans either secured or unsecured. We think that the words "dealings in securities" do not cover the case of a pledge of securities as collateral to a bank loan.

We are therefore of the opinion that the proposed rules should expressly except bank loans having not more than, say, two years to run, whether or not such loans are secured by the pledge of collateral. The tentative draft of rules promulgated by the Interstate Commerce Commission in paragraph 2 by implication indicates that a bank loan secured by collateral is to be construed as within the terms of the act and possibly also by implication would include a loan on an unsecured note.

The Federal Reserve Board will do a great service to the banks of the country if they will make such representations to the Interstate Commerce Commission as will induce them to modify the draft rules so as to indicate clearly that short-time bank loans whether or not secured by the pledge of collateral are not construed to be within the terms of the act and can be made without competitive bidding following advertisement. We would therefore urge that your Board take prompt action in this matter while the Interstate Commerce Commission has it under consideration.

The following members of the Federal Advisory Council were present at this meeting: President, James B. Forgan, in the chair; vice president L. L. Rue, D. G. Wing, J. P. Morgan, J. W. Norwood, W. S. Rowe, Charles A. Lysterly, F. O. Watts, C. T. Jaffray, T. J. Record, Herbert Fleishhacker, and Merritt H. Grim, secretary.

Recommendations of the Federal Advisory Council to the Federal Reserve Board, September 18, 1916.

TOPIC NO. 1.

The Reserve situation. Reserve conditions in the country at large and in the several districts.

TOPIC NO. 2.

Discount policy. Suggestions or recommendations if any for changes in discount rates to be made in the coming months.

Recommendations.—Federal Reserve District No. 1. Mr. D. G. Wing:

TOPIC NO. 1.—There has been no material change in reserve conditions in District No. 1.—The Boston banks show a considerable excess of reserve at the present time, some \$27,000,000, and of this amount nearly \$24,000,000 is excess in New York.

There is practically no change in the country bank situation. The New England banks are borrowing only a small amount from their Reserve Bank and a comparatively small amount from their Reserve agents. I think, however, that they are gradually increasing their holdings in foreign loans and similar securities.

Topic No. 2.—The Reserve Bank discount rates are about right at the present time and I see no need of any change in the near future. In the present condition of the money market changes in the Reserve Bank rate would have very little effect one way or the other. Business in this district continues very active and at gradually increasing prices.

Federal Reserve District No. 2. Mr. J. P. Morgan:

Topic No. 1.—In general the banks in the Second District have not any very large amount of excess reserve, certain of the larger banks in New York City holding practically the entire excess reserve of the district, though this excess reserve can, of course, be made available as and when necessary by the shifting of loans from one bank to another. In view of the very large amount of out-of-town bank deposits in New York at present, the total excess reserve is not more than is needed to care for the situation should the out-of-town banks withdraw a substantial amount of their deposits. In my opinion, however, this phase of the situation is thoroughly understood and the banks in general are taking very great care to keep themselves in such a liquid condition that should their deposits be withdrawn they would be able to meet all requirements.

I understand that a thorough study of the reserve situation is being undertaken both by the Federal Reserve agents and by the governors of the Federal Reserve Banks, with a view to having complete data on hand for Congress to study and decide what if any changes should be made in the present existing laws in view of the fact that after November, 1917, no deposits in reserve or central reserve cities can be counted as reserve by any bank in the system. It is certainly specially desirable that this study should be made and completed as soon as possible, as it is important that if any changes in reserve requirements should be made they should be made before the final transfer of all reserves to Federal Reserve Banks.

Topic No. 2.—The policy at present in force appears to me to call for no change, except that I should recommend that the 10-day rate be changed to 15 days in order to most advantageously meet the new authority to member banks to borrow upon their own notes upon eligible paper for periods not exceeding 15 days.

Federal Reserve District No. 3. Mr. L. L. Rue:

Topic No. 1.—Reserve conditions in District No. 3 are about normal. Rates for money remain comparatively low, the current rate for time collateral loans and commercial paper being three and one-half and four per cent. Surplus reserves of clearing house banks in Philadelphia are now about 32 millions of dollars, which indicates that there is no pressure for money.

Topic No. 2.—We have no suggestions to make as to change in discount rates, and certainly would not undertake to name rates for the coming months. Rates must be made from time to time to meet conditions as they prevail. Very few of the member banks of this district are rediscounting at this time, the total amount being less than half a million dollars. The investment operations of the Federal Reserve Bank of Philadelphia are made up largely of purchases in the open market.

Federal Reserve District No. 4. Mr. W. S. Rowe:

Topic No. 1.—The conditions in District No. 4 are about normal. The member banks are using their credit with the Federal Reserve Bank very lightly and the country banks are discounting but little paper with their city correspondents. There is less than the usual manufacturing and mercantile demand for credit in the district.

TOPIC No. 2.—Federal Reserve Bank rates for rediscounts are in accord with present conditions. We have no suggestion to make on future rates, believing that they will be governed by the demand. General business in the district is active and is expanding.

Federal Reserve District No. 5. Mr. J. W. Norwood:

TOPIC No. 1.—It is the opinion of the management of the Federal Reserve Bank of Richmond that reserve conditions in the Fifth District are entirely satisfactory, and stronger than could have been foreseen two months ago. Reserve conditions in the country at large seem favorable.

TOPIC No. 2.—There appears to be no reason to change the discount policy of the past, and rates should be watched closely with a view to discouraging speculation and expansion.

Federal Reserve District No. 6. Mr. Charles A. Lysterly:

TOPIC No. 1.—Reserve conditions are above normal—that is, banks have excess reserves. Their balances with correspondents are large; of course, their balances with the Federal Reserve Banks are simply to meet the requirements of the law, for they get no interest on balances.

TOPIC No. 2.—The change of the law, allowing direct loans to the member banks at a preferential rate and the present commodity rate, with member banks' domestic acceptances which can be bought in the open market, will bring about the adjustment in rates desired. The plethora of gold will not permit of increase of rate.

Federal Reserve District No. 7. Mr. James B. Forgan:

TOPIC No. 1.—Between December 31, 1914, and June 30, 1916, the net deposits of all the national banks in the country have been increased by the enormous sum of \$2,033,000,000, or 30 per cent. During the same period their loans and discounts have increased \$1,331,000,000, or 21 per cent, and their bond investments, other than Government bonds, have increased over \$400,000,000, or about 40 per cent. During the same period their reserve required increased \$316,630,000, or 33 per cent, while their total reserve increased \$568,143,000, or over 37 per cent. Of the total legal reserve of the national banks, however, \$842,390,000 is still in the hands of their approved reserve agents, while their total excess reserves is \$801,243,000, so that \$41,147,000 more than the total of their excess legal reserves is still in the hands of their approved reserve agents. After November 16, 1917, when legal reserve balances can no longer be kept with present approved reserve agents and only balances in the Federal Reserve Banks and cash in vaults will count as legal reserve the present excess will suddenly disappear and the statements of the member banks in regard to their legal reserves will make a very different showing. By that time it may be anticipated that peace will prevail in Europe. At all events, when peace does again prevail, there will likely be keen international competition for gold, and we will no doubt lose a considerable part of the accumulation we have gained during the war. It therefore behooves the Federal Reserve Banks to cooperate with their member banks in maintaining strong cash reserves, especially gold reserves, and to keep the banks in a liquid condition.

The most notable feature in connection with the condition of the legal reserves in District No. 7 is that the percentage of the legal reserves of the national banks in Chicago has now been reduced to practically the new minimum required under the Federal Reserve Act. It shows a reduction between May 1st and June 30th of this year from 20.76 per cent to 18.34 per cent, or 2.42 per cent. Twelve of the largest banks, members of the Chicago clearing house (six of them national and six State) showed combined legal cash reserves of only 16 per cent in their last published statements of June 30, 1916, against 18.4 per cent a year ago.

The excess reserves held by all the national banks in District No. 7, outside of Chicago, amount to \$78,616,000, but \$89,351,000 of their legal reserves are still in the form of balances with approved reserve agents. \$10,735,000 more than their total excess of legal reserves is therefore still in this form. After November 16, 1917, these balances will no longer count as legal reserve and the condition of the banks of the district in regard to their legal reserves will present a very different aspect. The banks should therefore run strong in actual cash reserves or in their balances with the Federal Reserve Bank to provide against contingencies that may arise when peace again prevails in Europe.

TOPIC No. 2.—So far as can be seen at present, there is nothing pending in the Seventh District calling for any change in the Federal Reserve Bank's rates.

It present rates for short maturities are in accord with current market rates for money, while for longer maturities they have been slightly above the rates charged by the Chicago banks when rediscounting for country banks. Comparatively little rediscounting has been done in the district and so far very little use has been made of the low rates offered for short maturities. The reserve of the member banks in Chicago, as shown by their last published statements, being practically down to their limit, it is not improbable that as the fall season advances and the movement of money becomes more active there may be an increased demand for rediscounts on the Federal Reserve Bank of the district, but unless the demand should prove to be much greater than can at present be anticipated, there will be no occasion for any change in the discount rates during the balance of this year.

Federal Reserve District No. 8, Mr. F. O. Watts:

TOPIC No. 1.—The reserve held by the member banks in District No. 8 are probably normal when based on present conditions. The legal reserves (lawful money and Federal reserve balances) in St. Louis are probably as low as should be, in view of the crop movement now under way.

The banks have adjusted their position to the new reserve requirements, and though actual reserves are lower than held at the season prior to the establishment of the reserve banks they probably have a greater amount of liquid paper available for rediscount than ever before.

The surplus in St. Louis of legal reserve (which excludes bank balances) is approximately three million dollars. Reliance is mainly in the maturing "bought paper" and the extent to which such short-time paper can be made available.

It is probable that New York and Chicago balances are not materially above the normal requirements of trade.

TOPIC No. 2.—There seems to be nothing in the situation to cause any change in the discount rates of the Federal Reserve Bank of St. Louis. The bank has recently discounted its 10-day rate and has established a 15-day rate of three per cent (subject to the approval of the Federal Reserve Board) to apply alike to rediscounts and to loans made on collateral under the recent amendment to the law.

Federal Reserve District No. 9:

TOPIC No. 1.—Reserve conditions in District No. 9 indicate a better demand for money and an expanding business. The loans of the larger city banks are at high rates mark—even before the heavy crop movement had commenced. It is possible that with the very high price of all kinds of grain—and the necessity for the prompt movement to terminal markets on account of the very poor quality those banks may be forced to use the Federal Reserve Bank facilities. This situation, however, would pass by the first of the year, as by that time the grain will have been very largely marketed.

The small crops of all kinds of grain will undoubtedly affect commercial collections; also bring about a decline in commercial and bank deposits. This situation may

bring a stiffening of money rates, and before the next crop season the demands of the Federal Reserve Bank be quite urgent—the policy of the Reserve Bank should be conservative—loans should be closely watched and rates moved up when any signs of expansion beyond what is conservative begin to show.

TOPIC NO. 2.—The discount policy of the Federal Reserve Bank of the ninth district should be maintained as it is now, so far as the rates are concerned, but they should keep close track of their borrowing customers, and watch their reserve situation, and see that their loans are seasonable and are liquidated at such times as their loans should naturally run off. The low rates of the Federal Reserve Bank, and the ability to get high rates from their customers, sometimes lead small banks to increase their loans beyond the conservative point. This should be watched closely by the Federal Reserve Bank of our district and rates increased when evidence shows that banks are borrowing rather than liquidating their loans.

Federal District No. 10, Mr. E. F. Swinney:

TOPIC NO. 1.—On account of the enormous income derived from the continuous increase in output of oil at a seemingly high price and the influx of capital being invested in purchase of lands and royalties for leases, together with the prices obtained for farm products of all kinds and the large demand for surplus working stock has given the farmer independence in finances and has increased the deposits of the country bank which in turn increases those in reserve city to such an extent—both the small as well as the larger institutions—can not keep their funds employed in such securities and at such rates as they would feel justified in placing them. As a consequence reserves are high and I do not see any prospect of them being reduced to any great extent soon.

TOPIC NO. 2.—With an era of more or less inflation I do not think it wise to lower the rate of interest, thereby giving institutions inclined to expand an outlet for cheap funds which might cause unhealthy expansion.

Federal Reserve District No. 11, Mr. T. J. Record:

TOPIC NO. 1.—I beg to advise that the reserves of the banks throughout the eleventh district with narrow exceptions are good.

That the satisfactory prices prevailing for farm products, especially cotton, is causing an active market, with the result that banks' receivables are being reduced and reserves increased.

TOPIC NO. 2.—The Dallas bank fixed the rate of discount on 15-day paper at three and one-half per cent. I have no change to suggest for their present rates. I will mention, however, that trade paper is very little known in the eleventh district as evidenced by the nominal amount now held by the Dallas bank, and I would recommend that an abnormally low rate be continued on this class of paper for the special purpose of encouraging its use.

Federal Reserve District No. 12, Mr. Herbert Fleishhacker:

TOPIC NOS. 1 AND 2.—There is no reason to consider the change in discount rates in District No. 12 at this time. The reserves are stronger at present than have ever been maintained in the past. In many of the larger institutions in San Francisco, Los Angeles, Portland, and Seattle the reserves are running from thirty to forty per cent. The smaller country banks are relatively in the same condition. This is the first year in probably ten years that the coast country banks have not been borrowers to any extent to take care of the growing deciduous and citrus fruits as well as the grain crops.

TOPIC NO. 3.

Vault reserves of member banks in Federal Reserve Banks. (a) What use should be made of the permission granted member banks under the Federal Reserve Act, as amended, to carry vault reserve money in Federal Reserve Banks?

Recommendation.—The permission granted member banks under the Federal Reserve Act, as amended, to carry vault reserve money in Federal Reserve Banks is all right theoretically and some use can be made of it. The member banks, especially those in the larger cities, will, we believe, aim to keep with the Federal Reserve Banks such portion of their legal reserves as they conveniently can. Until, however, the State banks join the system and daily clearing-house balances can be settled by checks on the Federal Reserve Banks, the member banks, especially in the larger cities, must keep a sufficient supply of cash on hand for settlement of clearing-house balances as well as for counter use. This will necessitate their keeping on hand not only that portion of their legal reserves which the law has heretofore required them to carry in their vaults, but a considerable portion of that which the law has made optional.

(b) Suggestions as to how this provision of the law may be made effective.

Recommendation.—It would help to make this provision of the law effective if the member banks could feel sure that they could at all times receive from the Federal Reserve Banks gold and currency in the denominations required and if the Federal Reserve Banks could arrange with the Treasury Department to keep on hand a sufficient supply of currency for that purpose. It would aid the Federal Reserve Banks in maintaining such a supply of currency if the functions of the United States subtreasury were transferred to them.

(c) How can the use of the 15-day secured notes of member banks for the purpose of settling or maintaining balances with their Federal Reserve Banks be developed?

Recommendation.—The new privileges granted the member banks of borrowing on their promissory notes for a period not exceeding 15 days secured by commercial paper or by United States bonds or notes is a valuable one and will be developed as and when the member banks have occasion to make use of it. The only suggestion we have to make is that the rate on such short loans should be the same as that fixed for rediscounting commercial paper maturing within 10 days.

TOPIC NO. 4.

Stock ownership by member banks in banking corporations to be organized for conducting foreign business. Suggested regulations to be issued by the Board in connection with the recent amendment of the Federal Reserve Act.

Recommendation.—Foreign banking is a comparatively new proposition to the bankers of this country. It seems to us that the formulation of regulations in regard to the conditions under which

the national banks may invest in the stock of corporations organized for the purpose of doing international or foreign banking can not be intelligently undertaken until applications from banks desiring to avail themselves of the privilege have been received. These applications will indicate where it is proposed to locate such institutions, in what territory they propose to operate, the nature of the business they propose to do and what powers they will want to exercise. The law does not seem to indicate that the Federal Reserve Board should take the initiative in the organization of foreign banking corporations. Banks interested in international business will doubtless attend to this. When such action is taken it will have to be in cooperation with the Federal Reserve Board, whose sanction and approval must be secured. As the negotiations proceed the necessary terms and conditions will develop and the Board then will be able intelligently to formulate and prescribe regulations governing and controlling the business proposed. It would seem to us to be impractical to undertake to do this in advance. The Board might let it be known that it is prepared to take up with eligible banks or their representatives the organization by them of banks or corporations to do international or foreign banking such as is contemplated in the amendments to the Federal Reserve Act approved September 7, 1916, and that it will be prepared to formulate its regulations in connection therewith as soon as it is fully informed as to the territory in which such banks propose to operate and the nature of the business they propose to do.

The council has authorized its president to appoint from its members a committee of three to confer on this subject with the Federal Reserve Board or a committee thereof when the Board so desires.

TOPIC NO. 5.

Check clearing and collection. (a) Should charges by the Federal Reserve Banks on member banks be made per item or per thousand dollars of checks collected?

Recommendation.—As the Federal Reserve Banks do not convert the checks they collect into immediately available funds the practice which has been established of making a per item charge to cover cost of handling seems to us to be more nearly correct in principle than it would be to make a charge per thousand on the amount collected.

(b) Should Federal Reserve Banks be required to receive for immediate credit (funds to be immediately available) checks drawn on member banks maintaining excess balances: In other words, abrogate the time allowance now in force against such checks?

Recommendation.—We understand that in operating the recently abandoned voluntary collection system involving immediate debit

and credit it was found to be impractical for member banks, especially those in the reserve cities, to maintain the necessary balances with the Federal Reserve Banks in excess of their legal reserve requirements for the purpose of protecting the unknowable amount of the checks on them coming into the hands of the Federal Reserve Banks and that the system proved unsatisfactory because of this and of the involuntary encroachments on the legal reserve balances of the member banks which frequently occurred. If under the very limited operation of the voluntary collection system member banks were unable to maintain their reserves in the Federal Reserve Banks they could hardly be expected to do so with the increased volume of items on them which these banks expect to receive under their new collection system. We are therefore of opinion that the Federal Reserve Banks should not be required to receive for immediate credit (funds to be immediately available) checks drawn on member banks maintaining excess balances, thus abrogating the time allowance now in force against such checks. At all events we think the present system of deferred credits should be tried out on its merits before even a partial return to the former system is considered.

(c) Should the Federal Reserve Board, at this time, proceed to regulate charges to be made against deposits of out-of-town checks with member banks, such checks being collected through Federal Reserve Banks?

Recommendation.—If the ambiguous language of section 16 of the Federal Reserve Act, reading “The Federal Reserve Board shall by rule fix the charges to be collected by the member banks from *its* patrons whose checks are cleared through the Federal Reserve Banks and the charge which may be imposed for the service of clearing or collection rendered by the Federal Reserve Banks,” is to be construed as meaning that the Board can regulate the charges made by member banks against customers for out-of-town checks deposited which are collected through the Federal Reserve Bank, it would appear to be the duty of the Board to undertake the regulation of such charges. If the Board will base its regulation on the principle which we understand it has already recognized as fair and equitable, viz, that the member banks are entitled to charge their customers the cost of handling such items plus interest at a reasonable rate for the period of the deferred availability of the funds on items collected through the Federal Reserve Banks, we are of the opinion that the member banks would be materially helped in their relations to the public if the Federal Reserve Board should formulate a regulation on that basis.

TOPIC NO. 6.

What steps should be taken to further the entrance of State banks into the Federal Reserve System?

Recommendation.—While State banks are slow to join the Federal Reserve system there are indications that their interest in it is increasing. As the terms upon which they may enter the system have been made as reasonable and attractive as possible we know of nothing that can be done to hasten their action beyond the educational propaganda now being carried on. They will probably gradually join the system as its usefulness is demonstrated.

TOPIC NO. 7.

President read a letter from Governor Harding, as follows:

SEPTEMBER 18, 1916.

MR. JAMES B. FORGAN,

President, Federal Advisory Council, Washington, D. C.

MY DEAR SIR: The Federal Reserve Board would appreciate an informal expression of opinion from the Federal Advisory Council as to the propriety of a director of a Federal Reserve Bank retaining his directorship after his removal from the district for which he had been chosen.

In one of the districts a class B director, whose term will expire on December 31, 1917, removed to a city located outside of his district, which city, by the way, is itself a Federal Reserve city, about April 1st of the present year. The Board was advised of the removal by the Federal Reserve agent, but was informed that the director would probably tender his resignation in due course. It now develops that he does not wish to resign but that he contemplates serving out the remainder of the term for which he was elected.

Several letters have been received from member banks of the district from which he was chosen, stating that in their opinion they should have the right to choose a director from their own district and asking what the board can do in the matter.

A letter received from the director in question indicates some disposition to be guided by the wishes of the board, but is not altogether definite.

The board is entirely clear in its opinion as to the action it should take but as this may establish a precedent, it would, as above stated, like to have an informal expression of opinion from the council as to the general policy that should be adopted in cases where a director having removed from his district actually refuses to resign.

Very truly, yours,

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

Recommendation.—It was decided that the president should inform the Federal Reserve Board informally that the Federal Advisory Council is of opinion that a director of a Federal Reserve Bank should not continue to serve as a director after he has removed from the district for which he was elected or appointed.

Additional recommendation.—The operation of the new Federal Reserve Bank collection system has shown that the general use of the statement now being stamped on bank checks reading "Collectible at par through the Federal Reserve Bank of ——," is misleading to the public and results in confusion and considerable friction between the member banks and their customers. Such checks

being subject to the Federal Reserve Bank's handling charge and in many cases to a charge made by the banks receiving them based on the handling charges plus interest for the deferred availability of the funds during the process of collection through the Federal Reserve Bank they can not be said to be "collectible at par" under the present system. We would therefore recommend that the words "at par" be stricken out and that the only statement permissible on checks collectible through the Federal Reserve Banks should be "collectible through the Federal Reserve Bank of ——."

The following members of the Federal Advisory Council were present at this meeting: President James B. Forgan, in the chair; vice president, L. L. Rue, D. G. Wing, J. P. Morgan, W. S. Rowe, J. W. Norwood, Charles A. Lyerly, F. O. Watts, C. T. Jaffray, E. F. Swinney, T. J. Record, Herbert Fleishhacker, and Merritt H. Grim, secretary.

Recommendations of the Federal Advisory Council to the Federal Reserve Board, November 20, 1916.

TOPIC No. 1.

In view of the amendment which permits member banks to use their option as to vault reserves, provided the excess reserve with the Federal Reserve Banks offsets the diminished reserve in vault, what would it be advisable for the Federal Reserve Banks to do to induce member banks to deposit their excess reserves with them?

Recommendation.—As member banks become more familiar with and better accustomed to the working of the Federal Reserve system they will more fully appreciate the desirability for the strengthening of the system of keeping as much of their legal reserves on deposit in the Federal Reserve Banks as may be found practicable. We know of no special inducements that should be offered to member banks to do so at present, but we would reiterate the suggestion we made at our last meeting that "it would help to make this provision of the law effective if the member banks could feel sure that they could at all times receive from the Federal Reserve Banks gold and currency in the denominations required and if the Federal Reserve Banks could arrange with the Treasury Department to keep on hand a sufficient supply of currency for that purpose." If this could be accomplished it is our belief that the member banks would be inclined to carry a greater proportion of their cash reserves with the Federal Reserve Bank.

In this connection a resolution was passed nine to one in favor of making Federal Reserve notes available as legal reserve for member banks. (Mr. W. S. Rowe voting in the negative.)

TOPIC No. 2.

A discussion of the subject of acceptances and acceptance credits in general, and in particular so-called "revolving credits" with a renewal agreement on the part of the accepting bank.

In this connection, your attention is called to an address made recently by the writer, in which this subject is discussed (pages 8 to 19). The Board invites comment upon or criticism of its policy regarding such credits, as well as suggestions as to the course it should adopt in the future.

Recommendation.—In regard to bank acceptances and particularly in regard to so-called "revolving credits" with a renewal agreement on the part of the accepting banks we are in accord with the arguments and the policy based thereon as set forth in the address recently made by Governor Harding to which our attention has been directed. Even if such acceptances may, under a legal interpretation of the wording of the Federal Reserve Act, be regarded as eligible for purchase by Federal Reserve Banks they are not in our opinion in accord with the spirit of the law. They are in no sense self-liquidating within the time fixed by law and can not be regarded as strictly liquid instruments for credit such as are based on commercial transactions which themselves provide for their retirement at maturity. In our opinion, therefore, the purchase of them by the Federal Reserve Banks in the open market should be discouraged.

TOPIC No. 3.

The establishment of branches of national banks where State laws are not in contravention of such policy. The proposed amendment allowing this went over by agreement until the short session of Congress this winter, and in view of the resolution adopted at the convention of the American Bankers' Association of Kansas City (upon which resolution the State bankers were allowed to vote), it is evident that some hard work will be necessary to secure the passage of the proposed amendment.

Recommendation.—We still adhere to the opinion expressed in our communication to you of September 21, 1915, to the effect "that the National Bank Act should be amended so as to permit the establishment of branches by national banks having an unimpaired capital and surplus of not less than \$1,000,000 in central reserve and reserve cities provided that no branches are placed outside of the limits of the city where the head office of the parent bank is located." We are advised that such a privilege granted to national banks would not be affected by State laws and in our opinion any Federal legislation granting such a privilege should apply to all banks in the national system of adequate capital or to none.

TOPIC No. 4.

In connection with the clearing system for the collection of country checks, the suggestion has been made that Federal Reserve Banks allow member banks in the smaller cities and towns having no clearing house a moderate fee for the collection of checks drawn on State banks; the theory being that while a bank may be obligated to remit without charge to the reserve bank for checks drawn upon itself, it has no such duty in the case of items which it has first to collect before remitting.

Recommendation.—The statement published in the Federal Reserve bulletin for October of the operations of the interdistrict clearing system indicates that the number of State banks agreeing to remit at par is steadily increasing and that checks on nearly half of the State banks in the country are now being remitted for at par. It would seem, therefore that the system is satisfactorily developing and under these conditions we think it inadvisable that any change should be made at present.

ADDITIONAL TOPIC. (Submitted verbally by Governor Harding.)

The suggestion that the law be amended so as to change the time when bank balances with reserve agents will cease to count as legal reserve from November 16, 1917, to February or March, 1917.

Recommendation.—In response to your suggestion that the provisions of the law which require that after November 16, 1917, balances in the hands of legal reserve agents will cease to count as lawful reserve be made effective at an earlier date, in view of present financial conditions we would favor amending the law so as to grant authority to the Federal Reserve Board to make this provision effective at any date prior to November 16, 1917, on giving member banks sixty days' notice.

ADDITIONAL TOPICS. (SUBMITTED VERBALLY BY VICE GOVERNOR DELANO.)

The suggestion that the law might be amended to provide that a definite percentage of reserve should be kept on deposit with the Federal Reserve Banks, leaving it to the individual member banks to keep whatever amount of cash on hand for till money they required.

Recommendation.—The suggestion meets with the general favor of the council.

NOTE.—This topic was proposed and considered informally during a joint session with the Federal Reserve Board.

Additional recommendation.—Proposed substitute for fifth paragraph of section 13 of the Federal Reserve Act:

Any member bank may accept or agree to accept or pay drafts or bills of exchange drawn upon it having not more than six months' sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or

which grow out of transactions involving the domestic shipment of goods provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. Any member bank may undertake that another bank or banker shall accept or pay any such drafts or bills of exchange drawn upon such bank or banker, and may indemnify any bank or banker against the acceptance or payment of any such bills of exchange drawn upon such other bank or banker. No member bank shall accept or agree to accept or pay such bills, or undertake that others shall accept or pay such bills, or indemnify others against the acceptance or payment of such bills, whether in a foreign or domestic transaction, for any one person, company, firm, or corporation to an amount equal at any time in the aggregate to more than ten per centum of its paid-up and unimpaired capital stock and surplus, unless the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance, and no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half of its paid-up and unimpaired capital stock and surplus, except by authority of the Federal Reserve Board, under such general regulations as said Board may prescribe, but not to exceed the capital stock and surplus of such bank, and such regulations shall apply to all banks alike regardless of the amount of capital stock and surplus.

In addition to the powers granted in the preceding paragraph of this section, any member bank may accept or agree to accept or pay drafts or bills of exchange drawn upon it and payable at sight and may undertake that any other bank or banker shall accept or pay sight bills drawn on such other bank or banker and may indemnify any other bank or banker against the acceptance or payment by such bank or banker of any such sight bills, drawn upon such bank or banker, but no member bank shall accept or agree to accept or pay such sight bills, or undertake that others shall accept or pay such sight bills or indemnify others against the acceptance or payment of such sight bills, for any one person, firm or corporation for an amount equal at any time in the aggregate to more than ten per cent of its paid-up and unimpaired capital and surplus, and no member bank shall accept or agree to accept or pay such sight bills, or undertake that others shall accept or pay such sight bills, or indemnify others against the acceptance or payment of such sight bills, to an amount equal at any time in the aggregate to more than twenty-five per cent of its paid-up and unimpaired capital stock and surplus, except by authority of the Federal Reserve Board, under such general regulations as said Board may prescribe but not to exceed fifty per cent of the capital stock and surplus of such bank.

NOTE.—The above proposed amendment was referred to a special committee consisting of the president, vice president, and Mr. Wing, to take the matter up with the governor and vice governor of the Federal Reserve Board and also the Comptroller of the Currency if in the committee's judgment it is thought advisable. The committee had a conference with the governor and vice governor of the Federal Reserve Board and secure their favorable consideration of it.

Additional recommendation.—The council recommends that to the exceptions contained in section 5202 R. S. as amended by section 13 of the Federal Reserve Act the following should be added as a sixth exception:

Sixth. Liabilities as an endorser on accepted bills of exchange actually owned by the association and rediscounted at home or abroad.

NOTE.—This proposed amendment was also referred to a special committee, consisting of the president, vice president, and Mr. Wing to take the matter up with the governor and vice governor of the Federal Reserve Board, which the committee did, receiving their favorable consideration of it.

Additional recommendation.—It was suggested that the council recommend to the Federal Reserve Board the advisability of having the Secretary of the Treasury exchange all thirty-year 3 per cent bonds of the United States for 2 per cent bonds, instead of half thirty-year 3 per cent bonds and half one-year 3 per cent notes, as now provided by law. After consideration the President was requested to present this matter for informal discussion at the joint meeting with the Federal Reserve Board, which was done.

The following members of the Federal Advisory Council were present at this meeting: President, James B. Forgan, in the chair; vice president, L. L. Rue; D. G. Wing, W. S. Rowe, J. W. Norwood, Charles A. Lyerly, F. O. Watts, C. T. Jaffray, T. J. Record, Herbert Fleishhacker; and Merritt H. Grim, secretary.

Recommendations of the Federal Advisory Council to the Federal Reserve Board in regard to the amendments to the Federal Reserve Act proposed by the Federal Reserve Board, January, 1917. (Formally approved by Federal Advisory Council, February 19, 1917.)

No. 1.

Amendment of section 16 which provides—

(a) for the issue of Federal Reserve notes directly against the deposit of 100 per cent gold; or 100 per cent paper, or both;

(b) for the counting of gold held by the Federal Reserve agents as security for notes, as part of the gold reserve required to be held by the bank against such Federal Reserve notes.

Recommendation.—Meets with the approval of the Federal Advisory Council.

No. 2.

Amendment of section 19, abbreviating and simplifying the clauses in section 19 which relate to reserve requirements. This provides that all member banks shall maintain reserves in the Federal Reserve Bank as follows:

	Against demand deposits.	Against time deposits.
	<i>Per cent.</i>	<i>Per cent.</i>
(a) Country banks.....	7	3
(b) Reserve city banks.....	10	3
(c) Central reserve city banks.....	13	3

and in addition every member bank is required to keep in its own vault for till money an amount of specie or currency (not necessarily gold or lawful money) equal to five per cent of its demand deposits, less the amount of net balance with Federal Reserve Banks in excess of the minimum above stipulated.

Recommendation.—This amendment is in harmony with one of the basic principles of the Federal Reserve Act to the effect that the bulk of the gold held as reserves for bank deposits should be mobilized in the Federal Reserve Banks. From the standpoint, however, of a practical working basis the council doubts if so much as is proposed of the member banks' available cash should be arbitrarily tied up in the form of compulsory balances with the Federal Reserve Banks.

The council, at its meeting of September 19 last, drew the Board's attention to the fact that until the State banks join the system and daily clearing house balances can be settled by checks on the Federal Reserve Banks the member banks, especially in the larger cities, must keep a sufficient supply of gold or lawful money on hand for the settlement of such balances as well as for their counter use. Besides this it would be a conservative policy for the member banks to keep in their own vaults a reasonable amount of gold or lawful money proportionate to their demand deposits. Banks located in Federal Reserve cities now receive from the Federal Reserve Banks late in the afternoon checks on themselves in large volume and amount which have accumulated during the day and have been charged against their legal reserve balances in such large volume and amount as to hamper them in maintaining their legal reserve balances. In our opinion 5 per cent cash on hand would not be sufficient for these purposes, and from a practical standpoint it would facilitate the operations of the member banks if the minimum compulsory balances to be kept by them with the Federal Reserve Banks against their demand deposits were at least reduced 1 per cent in each class and the percentage of the till money correspondingly increased in the case of the reserve city and central reserve city banks, the increase in till money in the case of the country banks being unnecessary. The council's recommendation is therefore as follows:

	Deposits in Fed- eral Re- serve Banks against demand deposits.	Deposits in Fed- eral Re- serve Banks against time deposits.	Till money.
	<i>Per cent.</i>	<i>Per cent.</i>	<i>Per cent.</i>
Country banks	6	3	5
Reserve city banks	9	3	6
Central reserve city banks	12	3	6

NO. 3.

Amendment of section 11, so as to permit the Federal Reserve Board to raise reserve requirements in emergencies, just as it is now empowered in certain contingencies of a different kind to lower those requirements.

Recommendation.—The council is of opinion that it would be undesirable and unnecessary to grant such power to the Federal Reserve Board. The Board would only take action under such power when member banks are overburdened with surplus cash reserves and its action then could only apply to member banks. The effect would therefore be that member banks would be compelled to increase their noninterest-bearing balances with the Federal Reserve Banks, while nonmember banks would have the free use of their funds. It would place another stumbling block in the way of State banks joining the system.

NO. 4.

Amendment of section 13, to permit nonmember State banks and trust companies, even though too small to be eligible for membership in the Federal Reserve Banks, to avail themselves of the clearing and collection facilities of the Federal Reserve Banks, provided that they cover at par checks on themselves sent for collection by the Federal Reserve Bank, and provided further that they keep a compensating balance with the Federal Reserve Bank in an amount to be determined under rules prescribed by the Federal Reserve Board.

Recommendation.—This might work to the mutual advantage of the member banks in connection with the check collection system and of nonmember banks willing to conform to the rules prescribed by the Federal Reserve Board as well as to that of the Federal Reserve Banks through compensating balances. The experiment might be worth trying.

NO. 5.

Amendment of section 22—the penal statute—so as to define more clearly the rights and limitations of directors in the matter of accepting fees or compensation other than the ordinary fees paid directors for legitimate services rendered in the regular course of business, the performance of which services is not incumbent upon them in their capacity as directors.

Recommendation.—The council would recommend that the proposed addition to section 22 commencing with “*Provided, however,* That nothing in this act contained” should be amended as follows:

Provided, however, That nothing in this act contained shall be construed to prohibit a director, officer, or employee from receiving the same rate of interest paid to other depositors for similar deposits made with such bank; or to prohibit a director, who is not an officer or employee, from receiving, directly or indirectly, the usual and customary commissions or fees for services rendered in buying and selling securities or other investments for or on account of such bank, ~~but in this latter case the action of the board of directors, in directing each purchase or sale of such securities or other investments, must be by an affirmative vote or written assent of at least three fourths of the members of the board exclusive of the director interested; and~~ *But each such*

transaction must be recorded in the minutes of the meeting of said board, such minutes to specify the name of the director and the firm or corporation with which he is connected, if any, through which such order is to be executed, together with the amount of the fee or commission to be paid on each transaction; and, provided, further that notes, drafts, bills of exchange, or other evidences of debt executed or indorsed by directors of a member bank may be discounted with such member bank on the same terms and conditions as other notes, drafts, bills of exchange, or evidences of debt ~~upon the affirmative vote or written assent of at least three-fourths of the members of the board of directors of such member bank.~~

The council makes this recommendation because in its judgment an affirmative vote or written assent of at least three-fourths of the members of the Board is an unnecessary restriction in connection with such services by a director as the buying and selling of securities, and inasmuch as notes, drafts, bills of exchange, or other evidences of debt executed or indorsed by bank directors are as a rule the very best of their class, the placing of special restrictions on the discounting of such instruments for directors would only unnecessarily and unwarrantably impede legitimate business or force it into other banks.

NO. 6.

Amendment of section 13 to restore the provision which was by error stricken from the Act in the amendments of September 7, 1916, thus restoring to national banks, with the approval of the Federal Reserve Board, the right to accept up to 100 per cent of their capital and surplus in transactions involving imports and exports.

Recommendation.—The council approves this amendment.

NO. 7.

Amendment of section 17, to cancel the provision of the national bank act which requires national banks to maintain a minimum deposit of Government bonds with the Treasurer of the United States.

Recommendation.—The council approves this amendment.

NO. 8.

Amendment of section 25, to authorize member banks located in cities of more than 100,000 population and which have a capital and surplus of more than \$1,000,000 to establish branches in the same city, provided the State laws do not prohibit State banks and trust companies from establishing branches.

Recommendation.—The council has already advised the Board that it approves the authorization of member banks located in cities of more than 100,000 population and which have a capital and surplus of more than \$1,000,000 to establish branches in the same city, but disapproves the granting of such a privilege to the banks in some States while it is withheld from banks in other States, irrespective of State laws affecting State banks and trust companies in regard to the establishment of branches by them.

NO. 9.

Amendment of section 9 to authorize mutual savings banks not having a capital stock to become associate members of the Federal Reserve system under certain prescribed conditions.

Recommendation.—The council approves this amendment.

NO. 10.

Amendment of section 18 so as to give to United States one-year 3 per cent gold notes in the hands of Federal Reserve Banks the circulation privilege for the issuance of Federal Reserve Bank notes.

Recommendation.—The council would recommend that instead of amending section 18 so as to give United States one-year 3 per cent gold notes in the hands of Federal Reserve Banks the circulation privilege for the issuance of Federal Reserve Bank notes that the law providing for the exchange of 2 per cent gold bonds bearing the circulation privilege, but against which no circulation is outstanding, for one-year gold notes to an amount not exceeding one-half of the 2 per cent bonds so tendered for exchange, be so amended as to do away with the one-year gold notes entirely and provide that the 2 per cent gold bonds may be exchanged for an equal amount of 30-year 3 per cent gold bonds without the circulation privilege.

NO. 11.

Amendment of section 4 to abolish the title and office of deputy reserve agent, thus having two unattached Class C directors instead of one as at present, and to create the position of Assistant Federal Reserve agent, who shall not be a director of the bank, but who shall be a salaried bonded officer in the Federal Reserve agent's department serving at all time as an assistant to the Federal Reserve agent and qualified to act for the agent in his absence.

Recommendation.—As member banks and others doing business with the Federal Reserve agent and his assistant would not necessarily be charged with knowledge of the absence or disability of the Federal Reserve agent the restricted power of his assistant to act in his name and stead only during his absence or disability should for their protection be removed by striking out the words "during his absence or disability" occurring in the last paragraph of the proposed amendment. If the assistant should act in any matter of importance during the presence or ability of the agent to act for himself his action would be null and void. Otherwise the council sees no objection to the amendment.

The following members of the Federal Advisory Council were present at the meeting on February 19, 1917: President, J. B. Forgan, in the chair; vice president, L. L. Rue; D. G. Wing, J. P. Morgan, W. S. Rowe, J. W. Norwood, Charles A. Lyerly, F. O. Watts, John R. Mitchell, E. F. Swinney, T. J. Record, Herbert Fleischhacker, and Merritt H. Grim, secretary.

It is quite evident that there are many functions performed by the Subtreasuries which the Federal Reserve Banks are not equipped and could not probably be efficiently equipped to perform. We are not sufficiently familiar with the operation of these functions to give specific advice as to which of them it would be practicable or advisable to turn over to the Federal Reserve Banks. We agree with the Secretary of the Treasury that this is an important matter and should be considered deliberately. It would seem to be one which can best be worked out between the Treasury officials and your Board, cooperating together toward establishing the most efficient and most economical method of handling the public business in the interest of the public. The benefits to be derived from any changes afford the best if not the only reason for making them.

TOPIC NO. 5.

Should the Federal Reserve Board employ a competent man to make a thorough study and investigation of foreign exchange and its bearing on the efforts being made to establish dollar exchange in this country?

Recommendation.—The value of such a study or investigation would entirely depend on the practical knowledge, experience, efficiency, and breadth of view of the student or investigator. A foreign exchange department manager whose training and experience has led him to gather in under the keenest of competition all the business he could control for the profit in it, might find difficulty in grasping from a broader point of view the use that should be made of such a department in a Federal Reserve Bank. At the same time no one could satisfactorily make such an investigation who has had no practical experience and who does not thoroughly understand the business in practice as well as in principle. Such an investigator should be very carefully selected and may be difficult to find, but when found we have no doubt that his investigation and report would prove of sufficient value to the Board and all connected with the Federal Reserve system, to warrant his appointment. The Board should, however, tentatively settle in advance just what attitude the Federal Reserve Banks will assume toward the foreign exchange business and the investigator should be given to understand that his investigation is to be made on the broad basis of how best Federal Reserve Banks can cooperate with their member banks in an effort to develop the foreign exchange business and to establish dollar exchange in this country. The investigation should be made broad enough to include the elements other than banking facilities which contribute to the development of foreign business, such as transportation, insurance, consular service, etc.

TOPIC NO. 6 (SUBMITTED VERBALLY BY GOVERNOR HARDING AT JOINT CONFERENCE).

Would the council recommend a plan providing for rotation in its membership?

Recommendation.—As the Federal Reserve Act provides that members of the Federal Advisory Council shall be elected annually by the directors of the Federal Reserve Banks, we doubt the propriety of either the Federal Reserve Board or this council taking any action or making any recommendation in the matter.

Additional recommendation.—Our attention has been directed to the proposed plan whereby a draft drawn by a member bank upon its Federal Reserve Bank could be made receivable at par by another designated Federal Reserve Bank.

In order that such a plan should be made practically safe and effective in its operation drafts drawn under it should be made “payable upon advice” instead of “receivable for immediate availability” at the designated Federal Reserve Bank.

In connection with all new plans inaugurated in the Federal Reserve system for the transfer of funds or the collection of checks “safety first” should be the watchword; otherwise such unfortunate complications accompanied with probable loss as have lately arisen in connection with the collection of checks through the Federal Reserve Bank of San Francisco on three State banks in Seattle which recently failed, are likely to be repeated to the discredit of the system.

(Mr. T. J. Record voted in the negative as to the adoption of this recommendation, asking permission to file a minority report, which was granted. See minority report hereto attached.)

MINORITY REPORT SUBMITTED BY MR. T. J. RECORD.

Whereas, The services rendered by the Federal Reserve Banks will be extended and made more helpful both to the member banks and to the general public when exchange written by a member bank on the reserve bank of its district is made immediately available at a Federal Reserve Bank of another district, designated in the face of the draft.

Therefore, We approve the recommendation made on this question by the governors of the Federal Reserve Banks at their meeting held January 22, 1917.

We desire to state that the system will be further improved when exchange written by a member bank on the Federal Reserve Bank of its district is immediately available at any other Federal Reserve Bank.

Additional recommendation.—*Resolved*, That the Federal Advisory Council reiterates its previous expression upon the issue of Federal Reserve notes directly against the deposit of 100 per cent gold or 100 per cent of paper, or both, and for the counting of gold held by the Federal Reserve agents as security for notes as part of the gold reserve required to be held by the banks against such Federal Reserve notes. In the opinion of the council, no more important

recommendation has been presented by the Federal Reserve Board. We, therefore, strongly urge the enactment of the principle into law.

Resolved further, That the president of the council is instructed to at once convey to the Federal Reserve Board this unanimous expression of the entire Federal Advisory Council.

Additional recommendation.—*Resolved*, That in the opinion of this council the last clause of section 3 of Senate bill 8259 (dated Feb. 14, 1917) reading as follows:

Provided further, That in no event shall a bank accept for any one person, company, firm, or corporation to an amount equal at any time in the aggregate to more than twenty per centum of its paid up and unimpaired capital stock and surplus, should be stricken out.

All the members of the council were present at this meeting.

Recommendations by the Federal Advisory Council to the Federal Reserve Board, April 18, 1917.

TOPIC NO. 1.

The Hayes Bill.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That every bank, banking association, and trust company authorized by the laws of the United States or of any State to receive money on deposit subject to check shall pay an annual tax of one-tenth of one per cent on the aggregate amount of checks paid by it during each fiscal year which bear the indorsement of or which are collected through any other bank, banking association, trust company, or private banker located outside of the State in which such checks are made payable, and every bank, banking association, and trust company shall make a return at the end of each quarterly period to the Collector of Internal Revenue showing the aggregate amount of such checks paid during that quarter, such return being verified by the oath of at least two of its officers, *Provided, however*, That this tax shall not apply to any Federal Reserve Bank or member bank of any Federal Reserve Bank, or to any nonmember bank or trust company which carries and maintains a collection or exchange account with any Federal Reserve Bank under authority of Section 2 of this act.

Sec. 2. Any Federal Reserve Bank, solely for the purpose of exchange or of collection, may receive from any non-member bank or trust company deposits of current funds in lawful money, national bank notes, Federal Reserve notes, checks and drafts payable upon presentation, or maturing notes and bills: *Provided*, Such non-member bank or trust company maintains with the Federal Reserve bank of its district, under such rules and regulations as the Federal Reserve Board may prescribe, a balance in an amount to be determined by such Board, but in no event to exceed

the amount of reserves which it would be required to maintain with its Federal Reserve Bank if it were a member bank, and: *Provided, further,* That such non-member bank or trust company agrees to comply with the provisions of law and the regulations of the Federal Reserve Board relating to the collection or clearance of checks, drafts, notes, and bills through Federal Reserve Banks.

Recommendation.—The council is of opinion that the Hayes bill ought not at the present time to be pressed as it seems to be inopportune to introduce any measure of a coercive character, when the cooperation of all the State banks and trust companies is so much needed to assist in carrying out the financial program of the Government.

TOPIC NO. 2.

The proposed Government bond issue.

Recommendation.—The council believes that the first offering of long-time bonds should be \$1,000,000,000, if that amount should be adequate to meet the immediate necessities of the Government, in order that, first: a successful flotation may be assured, and, second, the amount may not be materially in excess of short certificates which may be issued in anticipation of such issue, thus avoiding the tying up of either money or bank credits for any length of time. If handled in this manner, successive offerings being made as required by the Government, the entire bond financing could be done through the Federal Reserve Banks as fiscal agents for the Treasury and serious disturbance of bank balances avoided. This method coupled with a careful use of short certificates would in our opinion obviate the necessity for a general deposit of Government funds in the banks of the country. In our opinion the bonds should be payable in thirty years, callable after five years.

TOPIC NO. 3.

Taxation.

Recommendation.—In the matter of the taxation as suggested by the Secretary of the Treasury the sense of this council is:

First. That the proportion of war cost for the first year to be provided by taxes, viz, 50 per cent, would impose too great a strain upon industry and the investable surplus of the country; the proportion should not exceed 25 per cent for the first year.

Second. That to impose a surplus profits tax and an additional income tax on the incomes of the calendar year 1916 would, besides being unjust, put an excessive burden upon corporations and upon individuals, who having provided for the taxes of that year and having thereby discharged their tax obligation to the Government have disposed of the balance of their profits by placing them either in permanent improvements or fixed investments.

Third. That since the Government is about to make huge demands upon the investable surplus of the country it would be most advisable so to frame the tax measures that large incomes from which is derived the greater part of that fund should not be taxed in an undue proportion. In this way industry may continue to finance itself and at the same time the Government obtain the needed funds with the least possible disturbance of business.

Fourth. It is most desirable that the taxes to be levied should be upon luxuries and as little as possible upon thrift, enterprise, and savings.

TOPIC NO. 4.

Amendments to the Federal Reserve Act as proposed by the Federal Reserve Board.

A BILL To amend the act approved December twenty-third, nineteen hundred and thirteen, known as the Federal Reserve Act, as amended by the acts of August fourth, nineteen hundred and fourteen; August fifteenth, nineteen hundred and fourteen; March third, nineteen hundred and fifteen; and September seventh, nineteen hundred and sixteen.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section four of the act approved December twenty-third, nineteen hundred and thirteen, known as the Federal Reserve Act, be amended by striking out the sentence reading as follows: "One of the directors of Class C, who shall be a person of tested banking experience, shall be appointed by the Federal Reserve Board as deputy chairman and deputy Federal Reserve agent, to exercise the powers of the chairman of the Board and Federal Reserve agent in case of absence or disability of his principal," and by adding in place thereof the following:

"Subject to the approval of the Federal Reserve Board each Federal Reserve agent shall appoint such assistants, clerks, and other employees as may be deemed necessary to properly conduct the business of his office. Under regulations of the Board the Federal Reserve agent shall prescribe the duties of such employees, fix their compensation, and for his protection may require bonds of those whose duties make this necessary or advisable. He may, with the approval of the Federal Reserve Board, designate one of his assistants as acting Federal Reserve agent in the absence or disability of the Federal Reserve agent, and, under rules and regulations of the Federal Reserve Board, may delegate to such acting Federal Reserve agent such powers and duties as the circumstances may require; and the assistant so designated shall, while acting as Federal Reserve agent, assume full responsibility for all acts performed by him. The Federal Reserve Board may require such bond of the acting Federal Reserve agent as it may deem necessary.

"One of the directors of Class C shall be appointed by the Federal Reserve Board as vice chairman to exercise the powers of the chairman of the Board in his absence or disability. In the absence of the chairman and vice chairman the third Class C director shall preside at the meetings of the Board and perform the duties of chairman."

SEC. 2. That section nine of the Federal Reserve Act be amended and reenacted to read as follows:

"Any bank incorporated by special law of any State, or organized under the general laws of any State, or of the United States, desiring to become a member of the Federal Reserve system, may make application to the Federal Reserve Board for the right to subscribe to the stock of the Federal reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. The Federal Reserve Board, acting under such rules and regulations as it may prescribe, subject to the provisions of this act, may permit the applying bank to become a stockholder of such Federal Reserve bank.

"In acting upon such applications the Federal Reserve Board shall consider the financial condition of the applying bank, the general character of its management, and whether or not the corporate powers exercised are consistent with the purposes of this act.

"Whenever the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal Reserve Bank of the district its stock subscription shall be payable on call of the Federal Reserve Board and stock issued to it shall be held subject to the provisions of this act.

"All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this act and to conform to those provisions of law imposed on national banks which prohibit such banks from lending on or purchasing their own stock, which relate to the withdrawal or impairment of their capital stock, and which relate to the payment of unearned dividends. Such banks and their officers, agents, or employees thereof shall also be subject to the provisions of and to the penalties prescribed by section fifty-two hundred and nine of the Revised Statutes, and shall be required to make reports of condition and of the payment of dividends to the Federal Reserve Bank of which they become a member. Not less than three of such reports shall be made annually on call of the Federal Reserve Bank on dates to be fixed by the Federal Reserve Board. Failure to make such reports within ten days after the date they are called for shall subject the offending bank to a penalty of \$100 a day for each day that it fails to transmit such report; such penalty to be collected by the Federal Reserve Bank by suit, or otherwise.

"As a condition of membership such banks shall likewise be subject to examinations made by direction of the Federal Reserve Board or of the Federal Reserve Bank by examiners selected or approved by the Federal Reserve Board.

"Whenever the directors of the Federal Reserve Bank shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Federal Reserve Board: Provided, however, That when it deems it necessary the Board may order special examinations by examiners of its own selection and shall in all cases approve the form of report submitted. The expenses of all examinations, other than those made by State authorities, shall be assessed against and paid by the banks examined in the same manner and at the same rate that national banks are assessed for such expenses.

"If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board made pursuant thereto, it shall be within the power of the Board after hearing to require such bank to surrender its stock in the Federal Reserve Bank and to forfeit all rights and privileges of membership. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

"Any State bank or trust company desiring to withdraw from membership in a Federal Reserve Bank may do so, after six months' written notice shall have been filed with the Federal Reserve Board, upon the surrender and cancellation of all of its holdings of capital stock in the Federal Reserve Bank: Provided, however, That no Federal Reserve Bank shall, except under express authority of the Federal Reserve Board, cancel within the same calendar year more than ten per centum of its capital stock for the purpose of effecting voluntary withdrawal during that year.

"All applications shall be dealt with in the order in which they are filed with the board.

"Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Federal Reserve Board, under authority of this section, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal reserve bank it shall be entitled to a refund of its cash paid subscription with interest at the rate of one-half of one per centum per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

“No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the national bank Act.

“Banks becoming members of the Federal reserve system under authority of this section shall be subject to the provisions of this section and to those of this Act which relate specifically to member banks. Subject to these provisions and to the regulations of the board made pursuant thereto, any bank becoming a member of the Federal reserve system shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise all corporate powers granted it by the State in which it was created, and shall be entitled to all the privileges of member banks: Provided, however, That no Federal reserve bank shall be permitted to discount for any State bank or trust company notes, drafts, or bills of exchange of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than ten per centum of the capital and surplus of such State bank or trust company, but the discount of bills of exchange drawn against actually existing value shall not be considered as borrowed money within the meaning of this Act. The Federal reserve bank, as a condition of the discount of notes, drafts, and bills of exchange for such State bank or trust company, shall require a certificate or guarantee to the effect that the borrower is not liable to such bank in excess of the amount provided by this section, and will not be permitted to become liable in excess of this amount while such notes, drafts, or bills of exchange are under discount with the Federal reserve bank.

“It shall be unlawful for any officer, clerk, or agent of any bank admitted to membership under authority of this section to certify any check drawn upon the association unless the person or company drawing the check has on deposit with the association at the time such check is certified an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against the association, but the act of any officer, clerk, or agent of any association in violation of this section shall subject such bank to a forfeiture of its membership in the Federal reserve system upon hearing by the Federal Reserve Board.”

Sec. 3. That the first paragraph of section thirteen be amended so as to read as follows:

“Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks, and drafts, payable upon presentation, and also, for collection, maturing notes and bills; or, solely for purposes of exchange or of collection, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks upon other Federal reserve banks, and checks and drafts, payable upon presentation within its district, and maturing notes and bills payable within its district; or, solely for the purposes of exchange or of collection, may receive from any nonmember bank or trust company deposits of current funds in lawful money, national-bank notes, Federal reserve notes, checks and drafts payable upon presentation, or maturing notes and bills: Provided, That such nonmember bank or trust company maintains with the Federal reserve bank of its district a balance in an amount to be determined by the Federal Reserve Board under such rules and regulations as it may prescribe, but the Federal Reserve Board shall in no case require a nonmember bank to maintain a balance in excess of the amount it would be required to carry as reserve with its Federal reserve bank as a member bank.”

Sec. 4. That the fifth paragraph of section thirteen be, and is hereby, amended further so as to read as follows:

“Any member bank may accept drafts or bills of exchange drawn upon it having not more than six months sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods provided shipping docu-

ments conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. No member bank shall accept, whether in a foreign or domestic transaction, for any one person, company, firm, or corporation to an amount equal at any time in the aggregate to more than ten per centum of its paid-up and unimpaired capital stock and surplus, unless the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance; and no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half of its paid-up and unimpaired capital stock and surplus: *Provided, however, That the Federal Reserve Board, under such general regulations as it may prescribe, which shall apply to all banks alike regardless of the amount of capital stock and surplus, may authorize any member bank to accept such bills to an amount not exceeding at any time in the aggregate one hundred per centum of its paid-up and unimpaired capital stock and surplus: Provided, further, That the aggregate of acceptances growing out of domestic transactions shall in no event exceed fifty per centum of such capital stock and surplus.*'

Sec. 5. That section sixteen, paragraphs two, three, four, five, six, and seven, be amended and reenacted so as to read as follows:

"Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances rediscounted under the provisions of section thirteen of this Act, or bills of exchange indorsed by a member bank of any Federal reserve district and purchased under the provisions of section fourteen of this Act, or bankers' acceptances purchased under the provisions of said section fourteen, or *gold or gold certificates*. The Federal Reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

"Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and reserves in gold of not less than forty per centum against its Federal reserve notes in actual circulation: *Provided, however, That when the Federal reserve agent holds gold or gold certificates as collateral for Federal reserve notes issued to the bank the reserve that such bank is required to maintain against its Federal reserve notes in actual circulation shall be reduced in a corresponding amount, and not offset by gold or lawful money deposited with the Federal reserve agent.* Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued, or, upon direction of such Federal reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired. No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and thereupon such Federal reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money

gold certificates, then such funds shall be reimbursed to the extent deemed necessary by the Secretary of the Treasury in gold or gold certificates, and such Federal reserve banks shall, so long as any of its Federal reserve notes remain outstanding, maintain with the Treasurer in gold an amount sufficient in the judgment of the Secretary to provide for all redemptions to be made by the Treasurer. Federal reserve notes received by the Treasurer, otherwise than for redemption, may be exchanged for gold out of the redemption fund hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction.

"The Federal Reserve Board shall require each Federal Reserve Bank to maintain on deposit in the Treasury of the United States a sum in gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal Reserve notes issued to such bank, but in no event less than five per centum of the total amount of notes issued less the amount of gold or gold certificates held by the Federal Reserve agent as collateral security; but such deposit of gold shall be counted and included as part of the forty per centum reserve hereinbefore required and shall be counted and considered as if collateral security deposited with the Federal Reserve agent. The Board shall have the right, acting through the Federal Reserve agent, to grant in whole or in part or to reject entirely the application of any Federal Reserve Bank for Federal Reserve notes; but to the extent that such application may be granted the Federal Reserve Board shall, through its local Federal Reserve agent, supply Federal Reserve notes to the bank so applying, and such bank shall be charged with the amount of such notes issued to it and shall pay such rate of interest on said amount as may be established by the Federal Reserve Board and the amount of on only that amount of such notes which equals the total amount of its outstanding Federal Reserve notes less the amount of gold or gold certificates held by the Federal Reserve agent as collateral security. Such Federal Reserve notes so issued to any such bank shall, upon delivery, together with such notes of such Federal Reserve Bank as may be issued under section eighteen of this act upon security of United States two per centum Government bonds, become a first and paramount lien on all the assets of such bank.

~~Any Federal Reserve Bank may at any time reduce its liability for outstanding Federal Reserve notes by depositing with the Federal Reserve agent its Federal Reserve notes, gold, gold certificates, or lawful money of the United States. Federal Reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.~~

~~The Federal Reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal Reserve notes when offered by the Reserve bank of which he is a director. Upon the request of the Secretary of the Treasury the Federal Reserve Board shall require the Federal Reserve agent to transmit so much of said gold to the Treasury Treasurer of the United States so much of the gold held by him as collateral security for Federal Reserve notes as may be required for the exclusive purpose of the redemption of such notes Federal Reserve notes.~~

"Any Federal Reserve Bank may at its discretion withdraw collateral deposited with the local Federal Reserve agent for the protection of its Federal Reserve notes deposited with it issued to it and shall at the same time substitute therefor other like collateral of equal amount with the approval of the Federal Reserve agent under regulations to be prescribed by the Federal Reserve Board. Any Federal Reserve Bank may retire any of its Federal Reserve notes by depositing them with the Federal Reserve agent or with the Treasurer of the United States, and such Federal Reserve Bank shall thereupon be entitled to receive back the collateral deposits with the Federal Reserve agent for the security of such notes. Federal Reserve Banks shall not be required to maintain the

reserve or the redemption fund heretofore provided for against Federal Reserve notes which have been retired; nor shall they be further liable to pay any interest charge which may have been imposed thereon by the Federal Reserve Board. Federal Reserve notes so deposited shall not be reissued except upon compliance with the conditions of an original issue.

“All Federal Reserve notes and all gold, gold certificates, and lawful money issued to or deposited with any Federal Reserve agent under the provisions of the Federal Reserve Act shall hereafter be held for such agent, under such rules and regulations as the Federal Reserve Board may prescribe, in the joint custody of himself and the Federal Reserve bank to which he is accredited. Such agent and such Federal Reserve Bank shall be jointly liable for the safe-keeping of such Federal Reserve notes, gold, gold certificates, and lawful money. Nothing herein contained, however, shall be construed to prohibit a Federal Reserve agent from depositing gold or gold certificates with the Federal Reserve Board to be held by such board subject to his order or with the Treasurer of the United States for the purposes authorized by law.”

Sec. 6. That section sixteen be further amended by adding at the end of the section the following:

“That the Secretary of the Treasury is hereby authorized and directed to receive deposits of gold coin or of gold certificates with the Treasurer or any Assistant Treasurer of the United States when tendered by any Federal Reserve Bank or Federal Reserve agent for credit to its or his account with the Federal Reserve Board. The Secretary shall prescribe by regulation the form of receipt to be issued by the Treasurer or Assistant Treasurer to the Federal Reserve Bank or Federal Reserve agent making the deposit, and a duplicate of such receipt shall be delivered to the Federal Reserve Board by the Treasurer at Washington upon proper advices from any Assistant Treasurer that such deposit has been made. Deposits so made shall be subject to the orders of the Federal Reserve Board and shall be payable in gold coin or gold certificates on the order of the Federal Reserve Board to any Federal Reserve Bank or Federal Reserve agent at the Treasury or at the Subtreasury of the United States nearest the place of business of such Federal Reserve Bank or such Federal Reserve agent: Provided, however, That any expense incurred in shipping gold to or from the Treasury or Subtreasuries in order to make such payments, or as a result of making such payments shall be paid by the Federal Reserve Board and assessed against the Federal Reserve Banks. The order used by the Federal Reserve Board in making such payments shall be signed by the governor or vice governor, or such other officers or members as the Board may by regulation prescribe. The form of such order shall be approved by the Secretary of the Treasury.

“The expenses necessarily incurred in carrying out these provisions, including the cost of the certificates or receipts issued for deposits received, and all expenses incident to the handling of such deposits shall be paid by the Federal Reserve Board and included in its assessments against the several Federal Reserve Banks.

“Gold deposits standing to the credit of any Federal Reserve Bank with the Federal Reserve Board shall, at the option of said bank, be counted as part of the lawful reserve which it is required to maintain against outstanding Federal Reserve notes, or as a part of the reserve it is required to maintain against deposits.

“Nothing in this section shall be construed as amending section six of the act of March fourteenth, nineteen hundred, as amended by the acts of March fourth, nineteen hundred and seven, and March second, nineteen hundred and eleven, and June twelfth, nineteen hundred and sixteen, nor shall the provisions of those acts be construed to apply to the deposits made or to the receipts or certificates issued under authority of this section.”

SEC. 7. That section seventeen be, and is hereby, amended so as to read as follows:

“SEC. 17. So much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States and section four of the act of June twentieth, eighteen hundred and seventy-four, and section eight of the act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of

existing statutes as require that before any national banking associations shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds, *and so much of those provisions or of any other provisions of existing statutes as require any national banking associations now or hereafter organized to maintain a minimum deposit of such bonds with the Treasurer is hereby repealed.*"

SEC. 8. That section nineteen be further amended and reenacted so as to read as follows:

"SEC. 19. Demand deposits within the meaning of this act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment, *and all postal savings deposits.*

~~When the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the establishment of a Federal Reserve Bank in any district, every subscribing member bank~~ "Every bank, banking association, or trust company which is or which becomes a member of any Federal Reserve Bank shall establish and maintain reserves *reserve balances with its Federal Reserve Bank* as follows:

"(a) ~~A bank~~ *If* not in a reserve or central reserve city, as now or hereafter defined, it shall hold and maintain reserves equal to ~~twelve per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:~~

~~In its vaults for a period of thirty six months after said days five twelfths thereof and permanently thereafter four twelfths.~~

~~In the Federal Reserve Bank of its district, for a period of twelve months after said date, two twelfths, and for each succeeding six months an additional one twelfth, until five twelfths have been deposited, which shall be the amount permanently required.~~

~~For a period thirty six months after said date the balance of the reserves may be held in its own vaults, or in the Federal Reserve Bank, or in national banks in reserve or central reserve cities as now defined by law.~~

~~After said thirty six months' period said reserves, other than those hereinbefore required to be held in the vaults of the member bank and in the Federal Reserve Bank, shall be held in the vaults of the member bank or in the Federal Reserve Bank, or in both, at the option of the member bank with the Federal Reserve Bank of its district an actual net balance equal to not less than seven per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.~~

"(b) ~~A bank~~ *If* in a reserve city, as now or hereafter defined, it shall hold and maintain reserves equal to ~~fifteen per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:~~

~~In its vaults for a period of thirty six months after said date, six fifteenths thereof, and permanently thereafter five fifteenths.~~

~~In the Federal Reserve Bank of its district for a period of twelve months after the date aforesaid, at least three fifteenths, and for each succeeding six months an additional one fifteenth, until six fifteenths have been so deposited, which shall be the amount permanently required.~~

~~For a period of thirty six months after said date the balance of the reserves may be held in its own vaults, or in the Federal Reserve Bank, or in national banks in central reserve cities, as now defined by law.~~

~~After said thirty six months' period all of said reserves, except those hereinbefore required to be held permanently in the vaults of the member bank and in the Federal Reserve Bank, shall be held in its vaults or in the Federal Reserve Bank or in both, at the option of the member bank with the Federal Reserve Bank of its district an actual net balance equal to not less than ten per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.~~

~~“(c) A bank If in a central reserve city, as now or hereafter defined, it shall hold and maintain a reserve equal to eighteen per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:~~

~~“In its vaults, six eighths thereof.~~

~~“In the Federal Reserve Bank, seven eighths.~~

~~“The balance of said reserves shall be held in its own vaults or in the Federal Reserve Bank, at its option.~~

~~“Any Federal Reserve Bank may receive from the member banks as reserves not exceeding one half of each installment, eligible paper as described in section thirteen properly indorsed and acceptable to the said reserve bank.~~

~~“If a State bank or trust company is required or permitted by the law of its State to keep its reserve either in its own vaults or with another State bank or trust company or with a national bank, such reserve deposits so kept in such State bank, trust company, or national bank shall be construed within the meaning of this section as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the Secretary of the Treasury shall have officially announced the establishment of a Federal Reserve Bank in the district in which such State bank or trust company is situate. Except as thus provided with the Federal Reserve Bank of its district an actual net balance equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.~~

~~“No member bank shall keep on deposit with any nonmember bank a sum in excess of ten per centum of its own paid-up capital and surplus. No member bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal Reserve Bank under the provisions of this Act, except by permission of the Federal Reserve Board.~~

~~The reserve required balance carried by a member bank with a Federal Reserve bank, may under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve balance required by law is fully restored.~~

~~“In estimating the reserves balances required by this Act, the net balance difference of amounts due to and from other banks shall be taken as the basis for ascertaining the bank deposits against which reserves required balances with Federal Reserve banks shall be determined. Balances in reserve banks due to member banks shall, to the extent herein provided, be counted as reserves.~~

~~“National banks, or banks organized under local laws, located in Alaska or in a dependency or insular possession or any part of the United States outside the continental United States may remain nonmember banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks, except in the Philippine Islands, may, with the consent of the Reserve Board, become member banks of any one of the reserve districts, and shall in that event take stock, maintain reserves, and be subject to all the other provisions of this act.”~~

~~Sec. 9. That that part of section twenty-two which reads as follows: “Other than the usual salary or director’s fees paid to any officer, director, or employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, or employee for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank,” be, and hereby is, amended and reenacted so as to read as follows:~~

“Other than the usual salary or director’s fee paid to any officer, director or employee, or attorney of a member bank, and other than a reasonable fee paid by said bank to such officer, director, or employee, or attorney for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank: *Provided, however, That nothing in this act contained shall be construed to prohibit a director, officer, employee, or attorney from receiving the same rate of interest paid to other depositors for similar deposits made with such bank: And provided further, That notes, drafts, bills of exchange, or other evidences of debt executed or indorsed by directors or attorneys of a member bank may be discounted with such member bank on the same terms and conditions as other notes, drafts, bills of exchange, or evidences of debt upon the affirmative vote or written assent of at least three-fourths of the members of the board of directors of such member bank.*”

Recommendation.—Resolved that the vice president of this council be requested to report to the Federal Reserve Board that the council has carefully considered the proposed amendments as presented to it by the Federal Reserve Board and that in view of changed conditions it revises its previous recommendations made in January (and formally approved at the council meeting in February) and approves of the board’s proposed amendments to the Federal Reserve act with the exception of that to section 22. The council would again submit to the board its recommendation and proposed amendment to section 22, as follows:

The council would recommend that the proposed addition to section 22 commencing with “Provided, however, That nothing in this act contained” should be amended as follows:

“*Provided, however, That nothing in this act contained shall be construed to prohibit a director, officer, or employee from receiving the same rate of interest paid to other depositors for similar deposits made with such bank; or to prohibit a director who is not an officer or employee from receiving, directly or indirectly, the usual and customary commissions or fees for services rendered in buying and selling securities or other investments for or on account of such bank, but each such transaction must be recorded in the minutes of the meeting of said board, such minutes to specify the name of the director and the firm or corporation with which he is connected, if any, through which such order is executed, together with the amount of the fee or commission paid on each transaction; and, provided further that notes, drafts, bills of exchange, or other evidences of debt executed or indorsed by directors of a member bank may be discounted with such member bank on the same terms and conditions as other notes, drafts, bills of exchange or evidence of debt.*”

The council makes this recommendation because in its judgment an affirmative vote or written assent of at least three-fourths of the members of the board is an unnecessary restriction in connection with such services by a director as the buying and selling of securities and inasmuch as notes, drafts, bills of exchange or other evidences of debt executed or indorsed by bank directors are as a rule the very best of their class, the placing of special restrictions on the discounting of such instruments for directors would only unnecessarily and unwarrantably impede legitimate business or force it into other banks.

TOPIC NO. 5.

Bills S. 9 and S. 742.

[S. 9, Sixty-fifth Congress, first session.]

IN THE SENATE OF THE UNITED STATES.

April 4, 1917.

A BILL To indemnify depositors in "member banks," as defined by the Federal Reserve act, against loss in the event of the failure or suspension of business of such bank.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That to indemnify depositors in "member banks" as defined by the Federal Reserve act against loss and to make provision for the prompt payment to such depositors of the amounts due them in the event of the failure or suspension of business of such banks, there is hereby created a fund to be known as the depositors' indemnity fund, to be under the control and supervision of the Federal Reserve Board. Such fund shall consist of the proceeds of the tax on national-bank circulation beginning with January first, nineteen hundred and fourteen, until the same accumulates to the extent of one per centum of the deposits of the member banks of the Federal Reserve Bank system, and thereafter if necessary to replenish the fund so that such fund shall at all times be not less in amount than one per centum of the average annual deposits of all the member banks of the Federal Reserve Bank system in the United States for the preceding calendar year, such average annual deposits to be computed by adding together the total deposits of all member banks as stated in their several reports of condition made during said calendar year and dividing the aggregate sum by the number of reports of condition so made.

For the purposes of this act the indemnified deposits shall be construed to mean and include all liabilities of a bank excepting capital, surplus, unpaid dividends, circulation, and United States deposits, and depositors shall be construed to mean and include all persons to whom such liabilities are due.

Whenever any member bank shall fail to meet its obligations to depositors and close its business or its business shall be suspended, the Federal Reserve Board shall provide for the immediate payment out of the depositors' indemnity fund of all sums due by such member bank to its depositors, and thereupon such fund shall become and be subrogated to all the rights of said depositors, and in the settlement of the affairs of any such bank all dividends that would have been due to such depositors shall be paid into such fund.

The Federal Reserve Board is fully authorized and empowered to promulgate and enforce any and all needful rules and regulations for carrying out the purposes of this act and administering and conserving the fund hereby created.

[S. 742, Sixty-fifth Congress, first session.]

IN THE SENATE OF THE UNITED STATES.

April 6, 1917.

A BILL To found and maintain a mutual insurance fund for depositors in national banks, to be kept available in the United States Treasury and to be administered by a bureau in the Treasury Department organized and regulated for that purpose.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there is hereby created in connection with the national banking system a department in the office of the Comptroller of the Currency to be known as the Depositors' Insurance Department, over which the Comptroller of the Currency shall have full supervision and management, as provided in this act.

He shall receive and disburse all moneys paid in and belonging to the several funds herein provided for and shall keep suitable books, in which shall be kept an account known as the reserve fund and an account to be known as the premium fund.

He shall also keep a separate account with each national bank in which he shall credit said bank with all moneys paid by it to the account of said Depositors' Insurance Department and shall debit it with its proportionate share of losses paid from said insurance funds.

He shall also keep such other accounts as may by him be deemed necessary and shall have power and authority to appoint such deputies, assistants, and clerks as may be necessary to carry into effect the purposes of this act. All the expenses of this department shall be paid by and charged to the premium fund.

SEC. 2. That the Comptroller of the Currency shall invest the money received through the reserve fund in interest-bearing bonds of the United States or may therewith purchase or at maturity pay such bonds, replacing their value in the reserve fund with United States Treasury notes: *Provided*, That any national bank may, in lieu of cash payment of its one per centum reserve fund dues, deliver to the Comptroller of the Currency bonds of the character above described, at par value, to be approved by him. The interest on all bonds in the reserve fund shall be collected by the Comptroller of the Currency when due and remitted to the national banks proportionately to the amounts paid by them; or, in case of national banks that have deposited their own bonds, the interest on such bonds as they may have to their credit shall be collected and forwarded to them. The remitting of interest to national banks shall be made at the end of each fiscal year.

SEC. 3. That the Comptroller of the Currency may deposit with the Secretary of the Treasury any surplus money in the premium fund; or, in case such surplus should accumulate beyond the requirement of the department, he may invest the same in interest-bearing bonds of the United States, as provided by the investment of the reserve fund, the interest derived therefrom to be credited to the premium fund.

SEC. 4. That the comptroller shall make an annual report to the Congress of the United States at the commencement of each regular session thereof setting forth therein a full statement of the affairs of the Depositors' Insurance Department for the previous fiscal year and shall make such recommendation as he may believe would tend more fully to carry into effect the intent and purposes of this act.

SEC. 5. That every national bank shall, within thirty days after this act takes effect or when it shall be organized any time thereafter, file with the Comptroller of the Currency a report showing its capital and total deposits; and at the beginning of each fiscal year thereafter it shall file with the Comptroller of the Currency a report showing its capital and average deposits for the preceding year.

SEC. 6. That all national banks having deposits in an amount greater than their capital when this act takes effect shall pay to the Comptroller of the Currency within thirty days after this act becomes operative, one-half of one per centum on its total deposits, which shall be credited to the reserve fund, and one mill on its total deposits, which shall be credited to the premium fund.

At the beginning of each fiscal year thereafter every national bank shall pay to or receive from the Comptroller of the Currency one-fourth of one per centum on its average deposits of the preceding year, which amount shall be credited or charged to the reserve fund, and shall also pay one mill on its average deposits of the preceding year, which amount shall also be credited to the premium fund.

SEC. 7. That all national banks having less deposits than capital when this act takes effect shall pay to the Comptroller of the Currency, when this act becomes operative, one per centum on their capital, which shall be credited to the reserve fund, and one mill on their capital, which shall be credited to the premium fund.

If at the beginning of the following year the deposits should still be less than the capital, then so much of the one mill premium dues paid in the previous year shall be refunded as may be found overpaid on that bank's proportionate share of its average deposits for the previous year, and shall pay for the current year one mill into the premium fund on its average deposits of the preceding year and every year thereafter until such deposits shall exceed the capital, the reserve fund dues paid in the previous year to remain the same so long as the deposits do not exceed the capital. If, however, the average deposits during the previous year shall have exceeded the capital, then it shall pay on its average deposits one per centum into the reserve fund and one mill into the premium fund, and shall further pay for the current year on its average deposits of the preceding year one mill into the premium fund; thereafter it shall be subject to the same provision as applied to banks in paragraph six.

SEC. 8. That all national banks organized at any time after this act takes effect which have been organized or converted from or consolidated with any other banking association and have deposits in an amount greater than the capital so organized shall be subject to the same provisions as apply to national banks in paragraph six excepting that only such a proportion of the one mill premium fund dues shall be paid as the unexpired time from the date of organization to the end of a fiscal year shall bear to a whole year, and that payment of dues shall be made at the time when the bank is authorized to do business.

SEC. 9. That any national bank organized at any time after this act takes effect and having less deposits than its capital when so organized shall be subject to the same provisions as apply to national banks in paragraph seven, excepting that payment of dues shall be made when the bank is authorized to do business.

SEC. 10. That whenever a national bank's total deposits at the beginning of a fiscal year exceeds ten times its capital, and if its average deposits for a whole preceding year has exceeded ten times its capital, then it shall on the beginning of said fiscal year increase its capital to such an amount that the average deposits of the preceding year shall not exceed ten times its capital or else reduce its deposits so that they will not exceed ten times its capital.

SEC. 11. That after a receiver has been appointed for a failed bank and has been in the discharge of his duties for thirty days, such receiver shall make and transmit to the Comptroller of the Currency a statement showing the deposit liabilities of such failed bank, the assets thereof as he may be able to determine, and the assets then available for the payment of the first dividend to depositors; and if the amount so available shall not be sufficient to pay a dividend equal to or greater than one hundred per centum of the total deposits of such failed bank, then the Comptroller of the Currency shall transmit to said receiver such amounts from the premium fund as shall enable said receiver to pay forthwith each depositor on proved claims a dividend of one hundred per centum of his claim.

In case the premium fund shall be insufficient, then the reserve fund shall be drawn upon for the amount required to pay all depositors ninety per centum of their claims, and said reserve fund shall be reimbursed therefor as soon as the premium fund shall have accumulated a surplus beyond its needs. All the amounts so advanced by the Comptroller of the Currency to the receiver shall remain a first lien on the remaining assets of said failed national bank in favor of said Depositors' Insurance Department. The receiver shall from time to time transmit to the Comptroller of the Currency all the proceeds which may be derived from the remaining assets up to the amount so advanced, and all such sums so transmitted shall be credited to the funds taken from. The remaining assets of such failed national banks after such lien shall have been satisfied, if any there may be, shall be administered by the receiver for the benefit of the creditors thereof.

SEC. 12. That any national bank which shall go out of business and which shall have paid its depositors in full shall receive from the Comptroller of the Currency such an amount as shall stand to its credit after having charged against it all its proportionate share of losses sustained in the Depositors' Insurance Department up to the time of its retirement.

A bank's proportionate share of loss shall be such part of the losses sustained as its average deposits may have borne to the aggregate deposits in all banks for the same period and as reported to the Comptroller of the Currency.

SEC. 13. That deposits, within the meaning of this act, shall be construed to mean all liabilities of a bank excepting capital, surplus, undivided profits, unpaid dividends, circulation of said bank, and United States deposits.

SEC. 14. That the average deposits of a bank shall be ascertained by adding together the total deposits as stated in the several reports of the bank submitted to the Comptroller of the Currency and dividing the sum total by the number of reports so made, or, if for shorter periods, then by the number of days.

SEC. 15. That a fiscal year, within the meaning of this act, shall be construed to mean an entire year from and after this act takes effect and each entire year thereafter.

SEC. 16. That all acts or parts of acts inconsistent with this act are hereby repealed, and nothing herein contained shall affect existing rights of banks which have failed prior to the time this act shall take effect.

Recommendation.—The council has considered bills S. 9 and S. 742 at the request of the Federal Reserve Board and begs to report that in its opinion any legislation providing for the guaranteeing of deposits or the establishment of a fund for the insurance of deposits is undesirable. A plan might, however, be devised by the Federal Reserve Board which would provide for prompt relief to be given depositors of failed banks. The council does not approve of legislation regulating the ratio of deposits to capital as proposed in section 10 of S. 742.

The following members of the Federal Advisory Council were present at this meeting: Vice President L. L. Rue in the chair, J. P. Morgan, D. G. Wing, W. S. Rowe, J. W. Norwood, C. A. Lyerly, F. O. Watts, J. R. Mitchell, E. F. Swinney, T. J. Record, H. Fleishacker, and Merritt H. Grim, secretary.

Recommendations of the Federal Advisory Council to the Federal Reserve Board September 18, 1917.

TOPIC NO. 1.

The effect of the pending bond issue upon our general financial situation, the policy that the Federal Reserve Banks should pursue as to reserves against deposits and note issues, discount rates.

Recommendation.—The temporary effect of the pending Government bond issue upon the general financial situation will be to dislocate bank deposits. The effort to be made to place the bonds with small investors will also to a considerable extent encroach on savings deposits. As this loan will come on the market at the season

when, in connection with the movement of crops, the greatest expansion of bank credit usually takes place the banks, especially at the centers, will need the assistance of the Federal Reserve Banks in the shape of short loans or rediscounts to a greater extent than they did in connection with the former issue.

As the money received by the Government for the bonds is redibursed and returns to the banks through the channels of commerce the financial situation will gradually adjust itself to the new conditions created by the flotation of such a large issue of bonds.

Bank credits will likely be still further expanded, resulting in increased deposits and loans.

In anticipation of these conditions the Federal Reserve Banks should pursue a policy of conservation of their reserves against deposits and note issues. For this purpose, while they should meet liberally the temporary requirements of member banks for the purpose of putting through the Government bond issue, any undue expansion thereafter of a more or less permanent nature should be curbed and controlled by the Federal Reserve Banks' discount rates; for the protection of their reserves the Federal Reserve Banks should raise their discount rates whenever occasion calls for such action. These banks should be kept in a strong position not only in the interests of further Government financing but to prevent any undue expansion of credit by their member banks through the discount facilities afforded them.

TOPIC NO. 2.

General discussion of the foreign exchange situation: To what extent can this country continue to give credits to the nations with which it is associated in the war which normally send us gold in settlement of trade balances due us, and continue to ship gold to those neutral nations to which we may be indebted? What restrictions, if any, are necessary upon our imports to offset the embargoes on exports?

Recommendation.—The council has nothing on which to base a definite opinion as to what extent this country can continue shipments of gold to neutral countries while itself advancing money to meet the requirements of the countries associated with us in the war. It seems to us that the shipments of gold are a part of the contribution which we are making to these countries, being part of our advances to them, for the prosecution of the war. To what extent this can be continued without unduly impairing our resources it is difficult to tell, but there is no question that if such action tends to shorten the war or to enable the associated nations to win it this country should not hesitate even to impair its resources for the purpose of accomplishing that object. As the war may be prolonged it may be necessary in conjunction with the other nations associated with us to endeavor to prevent the arbitrage of exchange as far as

possible. In that connection we have read with great interest the report of the informal committee made to the Secretary of the Treasury on September 13, 1917, and heartily approve of their suggestions.

The council views with great satisfaction the increase of the gold resources of the Federal Reserve system and hopes that no steps will be omitted to increase and hasten the mobilization of the gold of the country in the Federal Reserve Banks. Great discretion, however, must be used in the methods applied so as not to create alarm which may lead to the hoarding of gold and its consequent demobilization. We note with satisfaction that the President by proclamation has placed with your Board the control of gold exports. This will insure the handling of such transactions with the discretion so necessary to avoid public alarm.

TOPIC NO. 3.

Loss on Gold Abrasion (suggested by Governor Harding).

Recommendation.—Inasmuch as it is of paramount importance that the gold now in circulation should be mobilized in the Federal Reserve Banks which to some extent is prevented because of the existence of light weight gold in circulation we think the Federal Reserve Banks would be justified in assuming the loss by abrasion on such of this gold as is offered to them on deposit within a reasonable, specified time.

Additional recommendation.—Whereas under section four of H. R. 5901 (in the Senate of the United States, Calendar No. 121, September 13, 1917, pages 7 and 8) the following language occurs:

In any case of the issue of a series of convertible bonds, if a subsequent series of bonds (not including United States certificates of indebtedness, war savings certificates, and other obligations maturing not more than five years from the issue of such obligations, respectively) bearing interest at a higher rate shall under the authority of this or any other act, be issued by the United States before the termination of the war between the United States and the Imperial German Government, then the holders of such convertible bonds shall have the privilege, at the option of the several holders, at any time within such period, after the public offering of bonds of such subsequent series, and under such rules and regulations as the Secretary of the Treasury shall have prescribed, of converting their bonds, at par, into bonds bearing such higher rate of interest at such price not less than par as the Secretary of the Treasury shall have prescribed.

Resolved, That this council is of the opinion that prior to the issue of these bonds it is essential that the Secretary of the Treasury should state definitely all the terms connected with them, including the price, at which any future issues bearing a higher rate of interest will be exchanged for them.

Additional Recommendation.—In our opinion it may be necessary for the successful administration of the Food Administration Grain

Corporation that the limit placed on loans by National Banks by Section 5200 U. S. R. S. should not apply to loans to this Corporation. This Corporation being owned by the United States Government, loans to it may properly be classified as loans to the United States Government and therefore not subject to the limitation of the law. We would recommend that an early ruling to this effect should be made and promulgated by the proper authorities. If this is not possible under existing law we recommend that the law should be amended.

The following members of the Federal Advisory Council were present at this meeting: Daniel G. Wing, J. P. Morgan, L. L. Rue, W. S. Rowe, J. W. Norwood, Charles A. Lyerly, James B. Forgan, F. O. Watts, John R. Mitchell, E. F. Swinney, T. J. Record, Herbert Fleishhacker and Merritt H. Grim, Secretary.

MEMORANDUM ON INTERNATIONAL EXCHANGE FOR INFORMATION OF THE SECRETARY OF THE TREASURY.

The informal committee which met today to discuss the subject of international exchange begs to submit the following memorandum of its views:

The committee consists of the following gentlemen: Mr. Benjamin Strong, Mr. J. E. Gardin, Mr. J. E. Rovensky, Mr. Albert Strauss, Mr. D. G. Wing, Mr. James Brown, Mr. J. F. Curtis.

GENERAL POLICY.

The committee recommends that an announcement be made by the Secretary of the Treasury to the effect that while there will be no hinderance on the export of gold, silver, or currency for legitimate purposes arising out of commercial transactions, as limited by a proper regard for war conditions, all applications for the export of coin, bullion or currency will be subjected to close scrutiny, to the end that such exports shall be made only when compatible with the public interests.

The committee recommends that upon the passage of the Trading with the Enemy Bill, imports into this country be so regulated as to curtail the importation of luxuries and other articles not essential for the public welfare. Such control forms a necessary step in the proper regulation of exchange, and will automatically reduce the demand for the export of gold; but it can be ultimately effective only if similar control is exercised by our Allies in cooperation with us.

The committee is informed that considerable amounts of gold and gold certificates are being carried from the country by individual travellers and by steamship officials; and it is suggested that due consideration be given to this aspect of the situation.

MACHINERY FOR REGULATION.

The committee recommends that committees be appointed in each Federal reserve district, to serve under the general direction of the Federal Reserve Board.

These committees should examine into all financial transactions between residents of this country and residents of foreign countries, American financial transactions between foreigners, and financial operations that may appear to be incompatible with the public interests.

Under the supervision of such committee only such concerns as shall be licensed shall be permitted to conduct foreign exchange transactions, and they should be required to report daily to the committee all operations for and between all foreign accounts; such reports to include a statement of all credits and debits to such account, with full details, giving names of individuals affected; also the sale and transfer of securities for foreign account and any other information that in the opinion of the committee may be necessary. All dealers in international exchange should be required to obtain from their customers full information as to the details of all transactions to be reported. Every resident within each district (whether or not a licensed dealer in foreign exchange) should be required to report to the committee the amounts due from enemies or allies of enemies, and also all property owned by him in enemy or ally of enemy countries; also all property held in any way, directly or indirectly, for enemy account or allies of enemy account.

Every member of a committee should take an oath at the time of qualification to the effect that he will not use for personal advantage, directly or indirectly, any information acquired as a member of the committee, nor reveal any information obtained by him in that capacity except to the proper officials.

The central organization should work in close cooperation with the export and import commissions as soon as appointed and the similar foreign exchange organizations of our allies, and should have the benefit of all information acquired through the Departments of State, Justice, and Commerce, the censorship of the mails, cables, and telegraphs, and all other available governmental agencies.

The appropriation for the expenses of administering this section of the law should be increased to \$350,000.

The propriety of charging nominal fees for licenses to deal in international exchange should be considered.

METHOD OF CONTROLLING INTERNATIONAL EXCHANGE.

The committee is unanimously of the opinion that the quotation for the pound sterling in the United States should not be allowed to decline, as such a decline, apart from the moral damage to the cause of the allies, would, without relieving the United States, place an additional burden upon its allies in the increased cost to them of commodities purchased in other markets; but this end must be accomplished in cooperation with the allies and without any material diminution of the gold supply of the United States, which must, in the interest of the other allies, as well as of the United States, be retained here as a basis for our important credit operations.

The committee is also of the opinion that if demands on the United States for gold for shipment to other countries are not promptly controlled through an agreement with our allies concerning the trade underlying these transactions, the only effective method of controlling the export of gold will be through restriction or prohibition of arbitrage operations. The effect of such restriction or prohibition will be to limit exchange transactions between the United States and foreign countries to such direct operations as are necessary to liquidate the direct trade between each country and the United States.

Any hardships which may be involved in this procedure would be mitigated if banks in foreign countries which are unfavorably affected by these measures would employ their funds in loans or investments in this country instead of exacting gold.

In this connection, steps must be taken to prohibit our own banks for the future from earmarking gold or taking it into custody. Such earmarking or custody has in every respect the same effect as exportation; and it may be advisable to ask all banks to state, for the confidential use of the Government, what amounts they have earmarked or held in custody at this time and for whom, and to report any future applications to earmark or hold in custody.

SILVER FOR SUBSIDIARY COINAGE AND FOR EXPORT.

The committee recommends that the silver now lying inert in the Treasury for the redemption of silver certificates be rendered available for use through the redemption of silver certificates and the substitution in their place of Federal Reserve notes. The silver bullion so released should be used so far as required for subsidiary coinage, and the balance will be available for export in place of gold. Silver certificates to the amount of about \$456,000,000 are now outstanding.

The result of such steps will be the permanent substitution of gold

country in substitution for gold which is urgently required. Legislation will probably be required to accomplish this. Steps must also be taken to expedite the printing of small bills by the Bureau of Engraving and Printing.

Respectfully,

BENJ. STRONG.
D. G. WING.
JOHN E. ROVENSKY.
JOHN E. GARDIN.
ALBERT STRAUSS.
JAMES BROWN.
J. F. CURTIS.

WASHINGTON, *September 13, 1917.*

Recommendations of the Federal Advisory Council to the Federal Reserve Board, November 20, 1917.

DISCOUNTS AND INVESTMENTS.

TOPIC NO. 1.

Should member banks make a practice of discounting their own acceptances?

Recommendation.—While it may not be considered as being in accord with best banking principles for a bank to purchase its own acceptances and carry them as an investment, nevertheless until a wider discount market is developed, which is most desirable, it may be at times necessary for a bank to purchase its own acceptances for the protection of its customers.

TOPIC NO. 2.

Suspension of commodity rates and reasons therefor.

Recommendation.—The council does not believe there is any necessity for a preferential rate for the rediscount of so-called commodity paper.

TOPIC NO. 3.

Is it desirable and necessary that preferential rates be established for customers' paper running not longer than ninety days, which is secured entirely by United States bonds or Treasury certificates?

Recommendation.—To facilitate Government financing we believe it desirable that there should be a preferential rate established for customers' paper running not longer than ninety days which is secured entirely by United States bonds or Treasury certificates.

TOPIC NO. 4.

General discussion of assistance to banks and savings banks especially in carrying investments in railroad and corporate bonds. (a) What means, if any, are there of affording adequate relief under the present law?

Recommendation.—The present law does not permit any relief by granting loans to savings banks against the security of railroad and corporate bonds.

(b) Should the Federal Reserve Act be amended so as to permit the rediscount by Federal Reserve Banks of notes secured by bonds of railroad or industrial corporations?

Recommendation.—It is our opinion that the Federal Reserve Act should not be amended so as to permit the rediscount of notes secured by bonds of railroads or industrial corporations, as such amendment would be contrary to the spirit and intent of the act as expressed in its title: "An act to provide for the establishment of Federal Reserve Banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes."

(c) Discussion of an alternative plan.

Recommendation.—It may be desirable to have enabling legislation to provide for the necessary financing of railroads, public-utility corporations, and savings banks, either directly or indirectly, by the United States Government during the duration of the war and under the supervision of a Federal commission.

CAPITAL AND RESERVE REQUIREMENTS.

TOPIC NO. 5.

Should the Federal Reserve Act be amended so as to allow State banks which were in existence on November 16, 1914, to become members of the Federal Reserve system, although their capital be less than national-bank requirements?

Recommendation.—We think it inadvisable so to amend the law.

TOPIC NO. 6.

Should the Board be given authority to exempt from the reserve requirements imposed upon banks in reserve and central reserve cities, banks not located in the business centers whose business is largely local, and which do not receive accounts from other banks?

NOTE.—The Board has received numerous requests that it ask Congress to modify the existing law in the manner above indicated, but so far has reached no conclusion in the matter. What would the council advise?

Recommendation.—We think it undesirable that there should be any distinction made in regard to reserve requirements of banks

located in central reserve or reserve cities simply because some of them are not located in the business centers of these cities. We believe, however, that sooner or later the basis on which reserve requirements are established should be changed and should be determined by the character of deposits carried by the various banks under such classifications as bank deposits, commercial deposits, and time deposits. We think, however, it is inadvisable that any legislation looking to this change should be asked for under present conditions.

GOLD EMBARGO.

NOTE.—The Board has been charged with the duty of advising the Treasury in matters relating to foreign exchange, and to exportations of gold, and it would like to have the opinion of the council in the following matters:

TOPIC NO. 7.

To what extent, and for what purposes should gold be released for shipment to other countries?

Recommendation.—Gold should not be released for shipment to other countries except in sufficient quantities to settle unfavorable trade balances against us before the dollar exchange in the foreign country falls to a level low enough to increase intolerably the cost to us of the principal commodities imported by us from that country. Imports should be restricted to such as are necessary for carrying on the war and exports should be facilitated in every possible way.

TOPIC NO. 8.

Should the stabilization of sterling exchange by purchases of sterling bills in this country be continued?

Recommendation.—Yes.

TOPIC NO. 9.

Should any attempt be made to stabilize dollar exchange in countries of continental Europe, such as Sweden, Holland, Switzerland, and Spain? Should an effort be made to bring the dollar back to its parity in South American countries?

Recommendation.—It is very desirable to make such arrangements as are possible that do not involve the undue shipment of gold.

TOPIC NO. 10.

Exchange relations with Canada. Should unrestricted shipments of gold to Canada be permitted, or if limited, what arrangements can be made to continue normal trade relations with Canada and to facilitate the movement of Canadian crops?

Recommendation.—The council makes no recommendation, as it is informed that exchange relations with Canada are in process of satisfactory adjustment.

TREASURY CERTIFICATES OF INDEBTEDNESS.

TOPIC NO. 11.

What means should be availed of to secure a more general distribution of Treasury certificates of indebtedness?

Recommendation.—The market for Treasury certificates is constantly broadening and we think it inadvisable and unnecessary that any special steps be taken to force their distribution among the banks.

Additional recommendation.—Now that the financing of the Second Liberty Loan is effected it is our opinion that discount rates should be increased and we would recommend that the current rates be increased one-half of one per cent in each of the various classifications of paper discounted or purchased by the Federal Reserve banks.

The following members of the Federal Advisory Council were present at this meeting: Daniel G. Wing, J. P. Morgan, L. L. Rue, W. S. Rowe, J. W. Norwood, Charles A. Lyerly, James B. Forgan, F. O. Watts, John R. Mitchell, E. F. Swinney, Herbert Fleishhacker, and Merritt H. Grim, secretary.

RECOMMENDATIONS OF THE FEDERAL ADVISORY COUNCIL TO THE FEDERAL RESERVE BOARD FOR THE YEAR 1918.

Recommendations of the Federal Advisory Council to the Federal Reserve Board, February 19, 1918.

TOPIC NO. 1.

Reserves to be carried by member banks in Federal Reserve Banks.

Recommendation.—While the present system of requiring reserves of 13 per cent in central reserve cities, 10 per cent to be carried by banks in reserve cities, and 7 per cent to be carried by so-called country banks may not be scientific and may work an injustice to some cities, nevertheless it is the opinion of the council that during the existence of the war and while the whole banking system of the country is being subjected to unusual strain, it would be unwise to attempt any legislation looking to a change in reserves to be carried by member banks. The subject should have the close attention of the Federal Reserve Board and the Federal Advisory Council, so that when matters become normal the necessary legislation may be obtained to correct any inequalities and inconsistencies.

TOPIC NO. 2.

Discount rates.

Recommendation.—There appears to be no immediate necessity to change the discount rates of the Federal Reserve Banks. However, an increasing tendency for rediscounts is likely to develop and it will probably be necessary to increase the rates of discount later on in order to protect the reserves of the Federal Reserve Banks. The council is, however, of the opinion that a preferential rate should continue to be accorded to loans secured by Liberty bonds.

TOPIC NO. 3.

Interest on third Liberty loan.

Recommendation.—With the outstanding 4 per cent Liberty bonds selling on the market from three to four points below par, it would not seem possible to successfully place a new loan at the same rate. It is the opinion of this council that the next Liberty loan should be a short term taxable 4½ per cent bond, as the Government must more nearly approach the market value of money if it would suc-

cessfully place new issues of bonds. The country generally, we believe, expects a bond bearing $4\frac{1}{2}$ per cent interest and the effect of the increase has been discounted.

TOPIC NO. 4.

Priorities in capital and bond issues.

Recommendation.—The council approves of the supervision of capital and bond issues, as it is essential that private and corporate enterprises should not absorb the credit power of the country to the detriment of the Government's necessities, the latter being paramount.

TOPIC NO. 5.

What steps, if any, may be properly undertaken in limiting commercial credits?

Recommendation.—It is the opinion of this council that the proper limiting of commercial credits would be aided if cautionary communications are sent to the various Federal Reserve Banks by the Federal Reserve Board, bringing to their attention the desirability of the member banks curtailing the extension of all credits not necessary to the conduct of the war.

AMENDMENTS TO THE FEDERAL RESERVE ACT.

TOPIC NO. 6.

War Finance Corporation bill.

Recommendation.—The council is of opinion that the assistance contemplated in the War Finance Corporation bill is a public necessity at this time, and that legislation should be enacted granting such relief.

TOPIC NO. 7.

Amending section 4.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, Section I: That section 4 of the act approved December 23, 1913, known as the Federal Reserve Act, be amended and reenacted by striking out that part of such section which reads as follows:

“Directors of Class A and Class B shall be chosen in the following manner:

“The chairman of the board of directors of the Federal Reserve Bank of the district in which the bank is situated or, pending the appointment of such chairman, the organization committee shall classify the member banks of the district into three general groups or divisions. Each group shall contain as nearly as may be one-third of the aggregate number of the member banks of the district and shall consist, as nearly as may be, of banks of similar capitalization. The groups shall be designated by number by the chairman.

“At a regularly called meeting of the board of directors of each member bank in the district it shall elect by ballot a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal Reserve Bank of the district. The chairman shall make lists of the district reserve electors thus named by banks in each of the aforesaid three groups and shall transmit one list to each elector in each group.

"Each member bank shall be permitted to nominate to the chairman one candidate for director of Class A and one candidate for director of Class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each elector.

"Every elector shall, within fifteen days after the receipt of the said list, certify to the chairman his first, second, and other choices of a director of Class A and Class B, respectively, upon a preferential ballot, on a form furnished by the chairman of the board of directors of the Federal Reserve Bank of the district. Each elector shall make a cross opposite the name of the first, second, and other choices for a director of Class A and for a director of Class B, but shall not vote more than one choice for any one candidate;"

and by substituting therefor the following:

"Directors of Class A and Class B shall be chosen in the following manner:

"The Federal Reserve Board shall classify the member banks of the district into three general groups or divisions, designating each group by number. Each member bank shall be permitted to nominate to the chairman of the board of directors of the Federal Reserve Bank of the district one candidate for director of Class A and one candidate for director of Class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each member bank. Each member bank by a resolution of the board or by an amendment to its by-laws shall authorize its president, cashier, or some other officer to cast the vote of the member bank in the elections of Class A and Class B directors.

"Within fifteen days after receipt of the list of candidates the duly authorized officer of a member bank shall certify to the chairman his first, second, and other choices for director of Class A and Class B, respectively, upon a preferential ballot upon a form furnished by the chairman of the board of directors of the Federal Reserve Bank of the district. Each such officer shall make a cross opposite the name of the first, second, and other choices for a director of Class A and for a director of Class B, but shall not vote more than one choice for any one candidate."

Recommendation.—The council approves this amendment.

TOPIC NO. 8.

Amending section 16, ninth paragraph.

SEC. 3. That the ninth paragraph of section 16 of the Federal Reserve Act, as amended by the acts approved September 7, 1916, and June 21, 1917, be further amended and reenacted so as to read as follows:

"In order to furnish suitable notes for circulation as Federal Reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of \$5, \$10, \$20, \$50, \$100, \$500, \$1,000, \$5,000, \$10,000 as may be required to supply the Federal Reserve Banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this act and shall bear the distinctive numbers of the several Federal Reserve Banks through which they are issued."

Recommendation.—The council approves this amendment.

TOPIC NO. 9.

Amending section 19, paragraphs (b) and (c).

SEC. 4. That paragraphs (b) and (c) of section 19 of the Federal Reserve Act, as amended by the acts approved August 15, 1914, and June 21, 1917, be further amended and reenacted to read as follows:

"(b) If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal Reserve Bank of its district an actual net balance equal to not less than ten per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however, That if located in the outlying districts of a reserve city or in territory added to such a city by the extension of its corporate charter, it may, upon the affirmative vote of four members of the Federal Reserve Board, hold and maintain the reserve balances specified in paragraph (a) hereof.*

"(c) If in a central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal Reserve Bank of its district an actual net balance equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits: *Provided, however, That if located in the outlying districts of a central reserve city or in territory added to such city by the extension of its corporate charter, it may, upon the affirmative vote of four members of the Federal Reserve Board, hold and maintain the reserve balances specified in paragraphs (a) or (b) hereof.*"

Recommendation.—The council does not approve of the proposed amendment at this time, believing that this change should be taken up in connection with the whole subject of the readjustment of reserves at some later date, and would respectfully refer to their recommendation on Topic No. 1 herewith.

TOPIC NO. 10.

Amending section 25 (a).

SEC. 6. That section 25 of the Federal Reserve Act be amended and reenacted by adding thereto the following:

(a) Banking corporations to be organized for the purpose of engaging principally in international or foreign banking, or banking in a dependency or insular possession of the United States, either directly or through the agency, ownership, or control of local institutions in foreign countries, or in such dependencies or insular possessions as provided by this section, and to act when required as fiscal agents of the United States, may be formed by any number of natural persons, not less in any case than five.

Such persons shall enter into articles of association, which shall specify in general terms the object for which the association is formed, and may contain any other provisions not inconsistent with law which the association may see fit to adopt for the regulation of its business and the conduct of its affairs.

These articles shall be signed by the persons uniting to form the association, and a copy of them shall be forwarded to the Federal Reserve Board to be filed and preserved with its records.

The persons uniting to form such association shall, under their hands, make an organization certificate, which shall specifically state:

- (1) The name assumed by such association, which name shall be subject to the approval of the Federal Reserve Board;
- (2) The place or places where its operations are to be carried on;
- (3) The place in the United States where its home office shall be located;
- (4) The amount of its capital stock and the number of shares into which the same shall be divided;

(5) The name and places of residence or of business of the shareholders and the number of shares held by each of them;

(6) The fact that the certificate is made to enable such persons to avail themselves of the advantages of this section.

The organization certificates shall be acknowledged before a judge of some court of record or a notary public and shall be, together with the acknowledgment thereof, authenticated by the seal of such court or notary, and transmitted to the Federal Reserve Board, which shall record and carefully preserve the same in its business.

Upon duly making and filing articles of association and organization as provided in this section the corporation shall become as from the date of its execution of its organization certificate a body corporate and as such and in the name designated in the organization certificate it shall have power under such conditions and regulations as the Federal Reserve Board may prescribe—

First. To adopt and use a corporate seal.

Second. To have succession for a period of twenty years from its organization unless sooner dissolved by an act of Congress or unless its franchises shall become forfeited by some violation of law.

(3) To make contracts;

(4) To sue and be sued, complain and defend in any court of law or equity as fully as natural persons;

(5) To elect or appoint directors, a majority of whom shall be citizens of the United States and by its board of directors to appoint such officers and employees as they may deem proper, define their duties, require bonds of them, and fix the penalty thereof, dismiss such officers or employees, or any of them, at pleasure, and appoint others to fill their places.

(6) To prescribe by its board of directors by-laws not inconsistent with law and the regulations of the Federal Reserve Board, regulating the manner in which its stock shall be transferred, its directors elected or appointed, its officers and employees appointed, its property transferred, its general business conducted, and the privileges granted to it by law exercised and enjoyed.

(7) To purchase and sell or discount and negotiate notes, drafts, checks, bills of exchange, acceptances, cable transfers, or other evidences of debt; to purchase and sell securities including securities of the United States or any State in the Union; to accept bills or drafts drawn upon it subject to such limitations and restrictions as may be imposed by the Federal Reserve Board; to purchase and sell exchange, coin, and bullion; to borrow and to lend money on real or personal security; to receive deposits and generally to exercise such powers as are incidental to the banking business as conducted in the country or countries, dependancy or dependencies in which its operations are carried on;

(8) To establish and maintain for the transaction of its business a branch or branches, agency or agencies in foreign countries and their dependencies or in the dependencies of the United States at such places and under such rules and regulations as the Federal Reserve Board may prescribe; and to establish and maintain such additional branches or agencies as the Federal Reserve Board may from time to time authorize even in countries or dependencies nor specified in the original organization certificate.

(9) To purchase, use, and hold stock or other certificates or ownership in any other banking corporation organized under the provisions of this section or chartered under the laws of any foreign country or of any State in the United States not doing business in the United States except such business as in the judgment of the Federal Reserve Board is necessarily incidental to its international or foreign business: *Provided, however,* That it shall not hold stock in any one corporation in excess of ten per centum of its own paid-up and unimpaired capital and surplus, except with the consent of the Federal Reserve Board. The provisions of the act approved October

15, 1914, entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," shall not apply to corporations or to officers, directors, or employees of corporations organized under this section.

No national bank or other member of a Federal Reserve Bank shall subscribe for or hold stock in banking corporations organized under the provisions of this section aggregating more than ten per cent of the unimpaired capital and surplus of the subscribing bank. Shareholders in corporations organized under this section shall not be liable for the contracts, debts, and engagements of such corporations. Any member bank may act as agent for any corporation organized under the provisions of this section for the purpose of dealing with any Federal Reserve Bank, and the Federal Reserve Board shall promulgate rules and regulations defining and governing transactions which such corporations may have with Federal Reserve Banks either direct or through the agency of member banks. No such corporation, however, shall become a member of any Federal Reserve Bank.

Should any banking corporation organized under the provisions of this section fail to comply with any of its provisions or of any applicable laws of the United States, all the rights, privileges, and franchises of such corporation granted to it under this section shall thereby be forfeited. Any noncompliance with or violation of such laws shall, however, be determined and adjudged by a United States court of competent jurisdiction in a suit brought for that purpose in the district or territory in which the home office of such corporation is located, by the Federal Reserve Board before the corporation shall be declared dissolved. In case of such noncompliance or violation every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation. Such dissolution shall not take away or impair any remedy against such corporation, its stockholders, or officers for any liability or penalty which shall have been previously incurred. Any such banking corporation may go into liquidation or be closed by a vote of its shareholders owning two-thirds of its stock. Whenever the Federal Reserve Board shall become satisfied of the insolvency of any such banking corporation, it may appoint a receiver who shall proceed to administer the estate of such corporation in the same manner in which he would administer the estate of a national bank, the disposition of the assets of the branches to be subject to any special provisions of the laws of the country under whose jurisdiction such assets are located.

The annual meeting of every such banking corporation shall be held at its home office in the United States, and every such banking corporation shall keep at its home office books containing the names of all stockholders of such corporation, and members of its board of directors, together with copies of the records furnished by it to the Federal Reserve Board, exhibiting in detail and under appropriate heads the resources and liabilities of the banking corporation. Every banking corporation shall make reports to the Federal Reserve Board at such times as it may require and shall be subject to examinations when deemed necessary by the Federal Reserve Board through examiners appointed by it, the cost of such examinations and the compensation of such examiners to be fixed by the Federal Reserve Board and to be paid by the corporation examined.

Recommendation.—This council approves of national charters being issued to foreign banking corporations formed under the Federal Reserve Act instead of State charters.

(b) Any member bank located in a city or incorporated town or village of more than one hundred thousand inhabitants and possessing a capital and surplus of one million dollars or more, under such rules and regulations as the Federal Reserve Board may prescribe, may establish branches within the corporate limits of the city, town or village in which it is located, not to exceed, however, ten in number.

Any member bank located in any other place, with the approval of the Federal Reserve Board and under such rules and regulations as said Board may prescribe, may establish branches within the limits of the county in which it is located, provided no such branch shall be established unless the capital of the parent bank is at least equal to the aggregate of the amounts which would be required, under the provisions of section 5138, Revised Statutes, of such bank and each branch, if each branch were an independent national banking association: *Provided, however,* That no member bank shall establish any branch or branches in any State in which neither State banks nor trust companies are permitted under the laws of the State to establish branches.

Recommendation.—In reference to the proposed amendment the council would repeat its recommendation of November 20, 1916, as follows:

We still adhere to the opinion expressed in our communication to you of September 21, 1915, to the effect "That the National Bank Act should be amended so as to permit the establishment of branches of national banks having an unimpaired capital and surplus of not less than \$1,000,000 in central reserve and reserve cities, provided that no branches are placed outside of the limits of the city where the head office of the parent bank is located." We are advised that such a privilege granted to national banks would not be affected by State laws and in our opinion any Federal legislation granting such a privilege should apply to all banks in the national system of adequate capital.

TOPIC NO. 11.

Amending section 11 (c).

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 11, subsection (c) of the act approved December 23, 1913, is hereby amended and reenacted by adding at the end thereof the following paragraph.

"Until June 1, 1919, the Federal Reserve Board may, in its discretion, suspend, in whole or in part, the reserve requirements specified in this act in the case of any State bank or trust company which becomes a member bank and which is located in a State whose laws do not either expressly or impliedly permit balances with a Federal Reserve Bank to be counted in lieu of the State reserve requirements, or to be considered as a reserve deposit made in compliance with those State reserve requirements: *Provided, however,* That each State bank or trust company for which the reserve requirements have been thus suspended shall maintain with its Federal Reserve Bank a balance to be determined by said Federal Reserve Bank and approved by the Federal Reserve Board.

Recommendation.—The council approves this amendment.

The following members of the Federal Advisory Council were present at this meeting:

MR. L. L. RUE, *Vice President, in the Chair.*
 MR. D. G. WING.
 MR. W. S. ROWE.
 MR. J. W. NORWOOD.
 MR. C. A. LYERLY.
 MR. F. O. WATTS.
 MR. J. R. MITCHELL.

Recommendation of the Federal Advisory Council to the Federal Reserve Board, May 21, 1918.

TOPIC NO. 1.

Curtailement of unnecessary credits.

Recommendation.—The Federal Advisory Council concurs in the principle laid down and the recommendations made by the Federal Reserve Board in regard to the conservation of credits and we urge upon the bankers of the country the great importance of their hearty cooperation in the adoption of the policy as outlined by the Federal Reserve Board in its April Bulletin.

TOPIC NO. 2.

The proper means of extending banking operations in foreign countries. This should involve a discussion of foreign branches of national banks having a million dollars or more of capital and surplus, and banks organized to do a foreign banking business in which national banks are stockholders to an amount not exceeding ten per cent of their capital and surplus.

Recommendation.—The council believes that member banks and banks authorized to do a foreign business in which member banks are stockholders should be encouraged to take care of the foreign business of the country during the continuance of the war.

The council reaffirms its statement made on February 19, 1917, as follows:

The council recommends that the foreign business of the Federal Reserve Banks should for the present be conducted through correspondents and that neither agencies nor branches should be established in foreign countries by any Federal Reserve Bank until world conditions are more settled and until the efficiency of the service rendered by correspondents be thoroughly tested.

TOPIC NO. 3.

Foreign agencies of Federal Reserve Banks and the proposition to establish a Government foreign exchange bank. On this subject an interesting report has been submitted by a committee of the Chamber of Commerce of the United States, of which I presume you have a copy.

Recommendation.—The council is of the opinion that it would be unwise under present conditions to establish a Government foreign exchange bank or for the Federal Reserve Board to undertake to regulate foreign exchange operations further than it is now doing in connection with the Treasury Department. We unanimously indorse the recommendations of the Federal Reserve Board that Federal charters be granted to banks which are now engaged in foreign banking business, the stock of which is owned by member banks.

TOPIC NO. 4.

Senate Bill No. 4426 which the Board understands has been favorably reported by the Senate Committee on Banking and Currency.

[S. 4426, 65th Congress, 2d Session. Calendar No. 368. (Report No. 407.)]

IN THE SENATE OF THE UNITED STATES.

APRIL 23, 1918.—Mr. Shafroth introduced the following bill; which was read twice and referred to the Committee on Banking and Currency.

APRIL 24, 1918.—Reported by Mr. Owen, without amendment.

A BILL To amend and reenact section fifty-two hundred and thirty-five and fifty-two hundred and thirty-six of the Revised Statutes of the United States by providing for a guaranty fund for payment of certain deposits, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section fifty-two hundred and thirty-five and fifty-two hundred and thirty-six of the Revised Statutes of the United States be, and they are hereby, amended and reenacted to read as follows:

“SEC. 5235. That the comptroller shall, upon appointing a receiver, cause notice to be given, by advertisement in such newspapers as he may direct, for three consecutive months, calling on all persons who may have claims against such association to present the same and to make legal proof thereof. At the expiration of thirty days after such notice has been first published the comptroller shall pay in full the claim of each depositor which has been proven to his satisfaction, or which has been adjudicated in a court of competent jurisdiction and which does not exceed the sum of \$5,000, and shall pay the sum of \$5,000 to each depositor whose claim has been established as herein provided and which in excess of that amount. Such payments shall be made by the comptroller out of moneys deposited to his credit by the receiver and by the Secretary of the Treasury as herein-after provided. The Secretary of the Treasury shall advance to the comptroller, out of funds in the Treasury not otherwise appropriated, such sum or sums as may be necessary to enable him to make the payments herein provided for.

“SEC. 5326. From time to time, after full provision has been first made for refunding to the United States any deficiency in redeeming the notes of such association, the comptroller shall make a ratable dividend of the money paid over to him by such receiver on all such claims as may have been proved to his satisfaction or adjudicated in a court of competent jurisdiction, which have not been paid in full as provided in section fifty-two hundred and thirty-five of the Revised Statutes as herein amended, and as the proceeds of the assets of such association are paid over to him he shall make further dividends on all unpaid claims previously proved or adjudicated, and the remainder of the proceeds, if any, after all claims against the estate of the bank have been paid or satisfied, shall be used to reimburse the Treasury for advances made as provided in said section fifty-two hundred and thirty-five as herein amended, and the balance, if any, shall be paid over to the shareholders of such shares, or their legal representatives, in proportion to the stock by them, respectively, held. In order to indemnify the United States against loss on account of advances made as herein provided and to provide funds for the purpose of making such advances, there shall be levied and collected yearly from each national bank a tax not in excess of one-tenth of one per centum of the aggregate of all deposits averaging \$5,000 or less, and a tax not in excess of one-tenth of one per centum on \$5,000 of the aggregate of each of the other deposits averaging more than \$5,000.

“No deposit bearing over four per centum interest per annum shall be the beneficiary of this Act.”

Recommendation.—We are opposed to the guaranty of bank deposits in any form, believing it to be wrong in principle. Inasmuch as the official report of the Comptroller of the Currency shows the loss to depositors in failed national banks to be less than three one-thousandths of one per cent during the last three years and with the Government offering the highest possible security to induce the use of hoarded funds the necessity of such legislation is not apparent. The council reaffirms its declaration of April 18th, 1917, which said: "A plan might, however, be devised by the Federal Reserve Board which would provide for prompt relief to be given depositors of failed member banks."

(Passed with one dissenting vote.)

TOPIC NO. 5.

Bankers' acceptances.

Recommendation.—This council is of opinion that the use of bankers' acceptances should be encouraged and developed, as it will be of great service to the country in meeting its necessary financial requirements, particularly during the period of the war. In order to accomplish this legislation may be necessary granting the banks greater accepting power. Every effort should be made to encourage and develop a broad open discount market for these acceptances.

TOPIC NO. 6.

Discount rates.

Recommendation.—It is the opinion of the council that in view of the large payments for taxes and Government bonds which will be made shortly it is undesirable at this time to change the discount rates at the Federal Reserve Banks.

The following members of the Federal Advisory Council were present at this meeting: President, James B. Forgan, in the chair; vice president, L. L. Rue; D. G. Wing, J. P. Morgan, W. S. Rowe, C. A. Lyerly, F. O. Watts, J. R. Mitchell, E. F. Swinney, E. P. Wilmot, Herbert Fleishhacker, and Merritt H. Grim, secretary.

Recommendations of the Federal Advisory Council to the Federal Reserve Board, September 17, 1918.

TOPIC NO. 1.

Development of the acceptance market. (With reference to the call loan rate of $4\frac{1}{2}$ per cent recently established in New York on notes secured by acceptances.)

Recommendation.—The making of a preferential rate by banks in the financial centers on demand loans secured by acceptances will aid in the development of the market for acceptances by facilitating and encouraging their use. It seems to us that the acceptance market

is developing wonderfully well under existing circumstances which while favorable for the making of such forms of credit are not so favorable for the marketing of them.

TOPIC NO. 2.

The use of bankers' and trade acceptances in financing the movement of crops.

Recommendation.—The council is of the opinion that the bankers and commercial interests are both alive to the use of trade and bankers' acceptances and that the use of these forms of credit is being developed as rapidly as can be expected under present conditions. While conservative bankers are disposed to encourage the legitimate use of bankers' acceptances they are equally disposed to discourage their misuse where the transaction does not naturally arise in the usual course of their customers' business. They are inclined to hold their acceptance privilege in reserve for the benefit of their customers engaged in essential lines of business, whose credit requirements are enhanced by war orders.

TOPIC NO. 3.

Progress of the movement to curtail nonessential credits. (a) Have results thus far been obtained without undue hardships?

Answer.—The efforts of the Federal Reserve Board, followed up by various clearing house associations and other bodies, have, we believe, resulted in bankers generally discriminating between essential and nonessential credits and in a reduction of the latter. They can not, however, enforce payment of current loans nor can they indiscriminately decline new credits to the point of causing hardships and embarrassments to their customers without such action retaliating against themselves. We are of the opinion that no undue hardships have resulted and we believe that as a rule borrowers are cooperating with the banks by curtailing their demands for credit for nonessential purposes.

(b) Is it practicable to lay down any general rule governing a differentiation between essential and nonessential credits, and, if so, what is the best method of its application?

Answer.—As applications for bank credit are of such unlimited variety that each must be dealt with on its individual merits, we doubt the feasibility of laying down any general rule governing a differentiation between essential and nonessential credits. We believe bankers generally appreciate the necessity for such differentiation and fully understand the difference between essential, less essential and nonessential credits. Moreover, the demand for essential credits is so strong as to make it as unnecessary as it would be unwise and unpatriotic to fail to discriminate in their favor. We

believe the persistent prosecution of the Federal Reserve Board's efforts, already well developed, will be all that is necessary.

TOPIC NO. 4.

(a) Investments of banks in public utility corporations and loans on such collateral.

Recommendation.—It is most essential that the assets of the banks of the country be kept in as liquid form as possible and with this in view they should not invest to any large extent in public utility securities nor to any large extent make loans on such collateral.

(b) What can be done to assist public utilities in the emergency which now confronts them?

Answer.—In our opinion a mistake was made in the law under which the War Finance Corporation was organized by involving the banks in the financing of public utilities. The law should be so amended or such legislation enacted as would give the War Finance Corporation general instead of emergency power to deal directly with the borrowers without the intervention of the banks or through some other corporation or agency organized for the purpose. It is highly desirable that loans should be made to public utilities only where rates are granted which are adequate to meet the present cost of operation. In the interest of the Government's war program power should be given a board appointed by the President to regulate public service rates or if that power can not constitutionally be granted them, then to negotiate with and urge local State authorities to grant such increases in rates for all classes of public service as may be found necessary during the period of the war and for a reasonable time thereafter.

TOPIC NO. 5.

Distribution of Liberty bonds and discussion of preferential rates at Federal Reserve Banks on paper secured by Government obligations.

Recommendation.—We would recommend that the member banks should make loans on the fourth Liberty loan bonds on the same terms as those very generally made on the third Liberty loan bonds, viz, the coupon rate for ninety days' loans, with a moderate advance over that rate for renewals, and that the Federal Reserve Banks, to encourage subscriptions to the new loan, should make a preferential rate on ninety days' loans of from $\frac{1}{4}$ to $\frac{1}{2}$ of one per cent below the coupon rate.

TOPIC NO. 6.

Gold Embargo.

Recommendation.—The council is of the opinion that it would be unwise to permit the free export of gold at this time in view of the

In regard to the release of gold to Mexico in return for silver bullion, we believe that if a substantial increase in silver imported from that country can be obtained by increasing somewhat the percentage of gold exported against silver bullion shipped us, such an arrangement would under present conditions be to our advantage.

TOPIC NO. 7.

Supervision by the Capital Issues Committee of loans made by banks for capital purposes.

Recommendation.—We would recommend that the member banks be urged to cooperate with the Capital Issues Committee in its effort to obtain full information of projected capital issues, so that the consent of the committee may be obtained before any financial commitments are made by prospective borrowers.

TOPIC NO. 8.

Discount rates.

Recommendation.—It is the opinion of the council that the discount rates of the Federal Reserve Banks have been properly and carefully regulated by the directors of the respective banks, with the approval of the Federal Reserve Board, and we see no occasion at present for any change either in the existing rates or in the policy heretofore pursued, other than as we have previously recommended for the encouragement of subscriptions to the fourth Liberty loan.

ADDITIONAL RECOMMENDATIONS.

TOPIC NO. 9.

Tax on undistributed earnings of banks, proposed in pending legislation.

Recommendation.—In view of the fact that the undistributed earnings of banks immediately become additional banking capital, which should be conserved during this war period, the council recommends that an exception be made of the banks, so that, as was provided in the previous tax law, the normal rate only shall apply to their undistributed profits and that the Federal Reserve Board take steps to bring this matter before the proper committees of Congress.

TOPIC NO. 10.

Member State banks to receive Government deposits.

Recommendation.—For the purpose of affording State banks coming into the Federal Reserve system all the privileges afforded to national banks with respect to Government deposits, this council would recommend that the words "All national banking associations," occurring in section 5153 of the Revised Statutes of the United States, should be changed to read "All banks members of the Federal Reserve

TOPIC NO. 11.

Recommendation.—The constant rise in prices has resulted in a condition increasing in danger to the merchant and manufacturer directly and thence to the member banks and the Federal Reserve system, which should be given serious consideration by those in charge of the taxing program of the Government. We therefore recommend the approval of the amendment to the present draft of the law offered by the National Dry Goods Association, as follows:

Section 202 of the proposed bill provides:

INVENTORIES.

“SEC. 202. That whenever in the opinion of the commissioner the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer upon such basis as the commissioner, with the approval of the Secretary, may approve or prescribe as most clearly reflecting the income of the taxpayer.”

We suggest that that section be amended by adding thereto the following:

“A reasonable allowance being made for the increased cost of merchandise so inventoried over the average cost of like merchandise during the prewar period.”

RESOLUTION.

Resolved, That it is the sense of the Federal Advisory Council that the suggestion made by Governor Harding regarding the absorption by the Federal Reserve Banks of the expenses incident to transfers of currency and securities to and from member banks should be given favorable consideration by the Federal Reserve Board.

The following members of the Federal Advisory Council were present at this meeting: President, James B. Forgan, in the chair, vice president, L. L. Rue; D. G. Wing, J. P. Morgan, W. S. Rowe, J. W. Norwood, C. A. Lyerly, F. O. Watts, J. R. Mitchell, E. F. Swinney, E. P. Wilmot, Herbert Fleishhacker, and Merritt H. Grim, secretary.

Recommendations by the Federal Advisory Council to the Federal Reserve Board, November 19, 1918.

I.

TOPIC NO. 1.

Federal Reserve notes. Question: Is it desirable that steps should be taken to check further growth in the volume of Federal Reserve notes? If so, what action is recommended?

Answer.—During the period of readjustment and reconstruction on which we are now entering sudden changes in financial conditions are likely to arise which will have to be met with practical banking judgment. It would seem to be undesirable to take any steps to check further growth in the volume of Federal Reserve notes issued. The expansion which has taken place recently incident to war financing, and which will continue undoubtedly under additional Govern-

ment financing and probably through the reconstruction period, is made possible chiefly through the issue of Federal Reserve notes. Their issue and redemption respond to the requirements of trade. Natural and not artificial methods should control the situation.

TOPIC NO. 2.

Development of open markets for bankers' acceptances. Question: What steps can be taken to promote and accelerate the development in each Federal Reserve district of an open market for bankers' acceptances?

Answer.—No steps should be taken by the Federal Reserve Board as yet. Banking habits must be given time to develop and should not be rushed. The open market for bankers' acceptances is developing and must grow by use.

TOPIC NO. 3.

Drafts drawn for the purpose of furnishing dollar exchange. The Board has heretofore granted permission to member banks to accept drafts drawn upon them by banks and bankers in Central and South America for the purpose of furnishing dollar exchange. The opinion of the council is desired as to whether there are other countries in which the "usages of trade" are such as would warrant the extension of the Board's policy.

Recommendation.—This question does not seem to require immediate attention. Under the development of peace conditions undoubtedly the drawing of drafts to create dollar exchange from countries other than those prescribed may become necessary, but the matter can be considered more intelligently later as conditions develop.

TOPIC NO. 4.

Extension of American banking facilities in foreign countries. (A) Question.—Are there any special steps which the council would recommend that the board should take for the purpose of encouraging the establishment of additional American banking facilities in foreign countries?

Answer.—The purpose of establishing American banking facilities in foreign countries is of course to encourage and enlarge American trade. The two go together. Branch banking in foreign countries may be considered as having developed most satisfactorily under the trying conditions which have prevailed since the Federal Reserve Act, which first authorized this method of banking, was enacted. Under peace conditions doubtless there will be further development and there would seem to be no steps necessary at this time to further encourage the business.

(B) Question.—Should the Board, in the exercise of its powers over foreign branches of national banks and banking corporations engaged in foreign banking in the stock of which national banks are permitted by the Board to invest, require that reserves of not less than a stated per cent be maintained against demand deposit liabilities of such branches and banks? If so (a) should requirements be uniform in all countries in which such branches and banks are operated, and (b) of what should the reserve consist, and (c) what reserve percentage is recommended?

Answer.—We are advised that the Federal Reserve Board has already definitely decided this question on the lines that such banks will not be required to keep a fixed ratio of reserve and that foreign branches of national banks will not be required to keep any portion of their reserve in Federal Reserve banks against deposits received in foreign countries, the whole matter of reserves of their foreign branches being left to the discretion of the parent institution. This council concurs in the action of the Federal Reserve Board in this matter.

(C) Question.—**What limit or restriction should be imposed upon the acceptance power of banks engaged in foreign banking, which are operated under supervision of the Federal Reserve Board?**

Answer.—At present the ratio of six to one between acceptances and capital and surplus would seem sufficient to meet the requirements, but as the business of the branches of American banks grows, there is reason to believe that it may be necessary later to increase the ratio, which, under proper control, can be done conservatively. When American banks begin to approach their present limit of six to one, and make application for permission to increase the ratio, would seem time enough to consider such extension. Branches of foreign banks are operated ordinarily without limits.

TOPIC NO. 5.

Question.—**What further services should be rendered by Federal Reserve Banks to the public through additional free facilities granted to member banks?**

Answer.—During the past year the Federal Reserve Banks have added considerably to the free facilities afforded to the public through member banks. The council has at this time no suggestion to make in regard to an extension of these free services. It would not seem desirable to add materially to the burdens assumed by the Federal Reserve Banks until the relations of the Federal Reserve Banks and their member banks are established upon a peace basis.

II.

In view of the apparent near conclusion of hostilities, the attention of the council is invited to the consideration of after-war policies, both domestic and foreign, of the Federal Reserve system.

TOPIC NO. 6.

Question.—**With respect to the requirements of the domestic situation, should the policy of the Federal Reserve Banks be restrictive or liberal? In other words, should contraction of credit and currency be a controlling consideration in the board's policies?**

Answer.—The policy of the Federal Reserve Banks should be as liberal as is consistent with safety. Any attempt at enforced contraction of credit on their part would be injurious to the business interests of the country.

TOPIC NO. 7.

Question.—In connection with the consideration of the changed position of the United States with respect to international finance and banking, what should be the policy of the Federal reserve system with respect to

- A. The management of its gold reserve?
- B. Operations in the purchase and sale of foreign bills?

Answer.—A. Acting in conjunction with Great Britain the United States should get back to a free gold market as soon as feasible.

B. The purchase and sale of foreign bills should be engaged in by the Federal Reserve banks only as a means to regulate the exchange market and to control gold.

TOPIC NO. 8.

In connection with the discussion of A (Topic No. 7), consideration of the following further questions is asked:

Question (a).—Is it desirable that the gold embargo should be continued on shipments of gold to any country or group of countries after the termination of the war? If so, on what principle?

Question (b).—Should the gold embargo be lifted on behalf of any country or group of countries before the termination of the war?

Answer (a and b).—It would seem desirable that the question of the gold embargo be left to the Gold Committee, to be handled with such elasticity as developing conditions make advisable. If the Gold Committee of the Federal Reserve Board is free to pass on all applications for gold for shipment with entire freedom, the merits of each individual case in connection with the whole situation can decide its action. We would recommend that the necessary legislation be obtained as soon as possible continuing the powers of this committee for a period of six months beyond the declaration of peace.

Question (c).—Is it desirable that the Federal Reserve system should undertake by informal conferences with other central banking systems, to formulate policies or promote arrangements to regulate the international distribution and flow of gold in an orderly manner, at the end of the war?

Question (d).—Is it desirable that provision should be made in the treaty stipulations following the conclusion of war for the establishment, under suitable safeguards and international guarantees, of international trust funds of gold so as to minimize the hazards and costs of gold shipments?

Answer (c and d).—It would not seem desirable at this time to encourage any informal conference with other central banking systems for the purpose stated. During the war we have had a close working arrangement with Great Britain. Such a working arrangement if continued would probably meet the situation. No treaty stipulations in connection with international trust funds of gold would seem to us to be desirable.

TOPIC NO. 9.

In connection with the discussion of B (Topic No. 7) consideration of the following further questions is asked:

Question (a).—Should it be the policy of the United States to establish and maintain a free gold market?

Answer.—The United States should as soon as possible reestablish and maintain a free gold market if it is to remain a world banker and hold the place it has secured during the past four years. Particularly will this be necessary if Great Britain carries out its intention of reestablishing its free gold market.

Question (b).—If such a policy is adopted, should the main reliance of the reserve system be the adoption of the English practice of regulating the flow of gold by a variable discount rate?

Answer.—The main reliance of the Federal Reserve system should be the adoption of the English practice of regulating the flow of gold by establishing a variable discount rate.

ADDITIONAL RECOMMENDATIONS.

NO. 1.

Amend the Federal Reserve Act to allow surpluses of Federal Reserve banks to accumulate until they are 100 per cent of their paid-in capitals.

The Federal Advisory Council recommends that the first paragraph of section 7 of the Federal Reserve Act be amended to read as follows:

Sec. 7. After all necessary expenses of a Federal Reserve Bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of six per centum on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid into a surplus fund until it shall amount to *one hundred* per centum of the paid-in capital stock of such bank, after which all the net earnings in excess of aforesaid dividend shall be paid to the United States as a franchise tax.

NO. 2.

Amend Federal Reserve Act to allow members banks to accept foreign bills up to 200 per cent of their capital and surplus.

It is generally conceded that following the declaration of peace, this country will have an opportunity to develop its foreign trade to an extent impossible before the war. If we are to develop and maintain our export and import trade it should be financed by American banks and bankers and it is therefore essential that the member banks be granted additional acceptance powers to properly take care of the increasing volume of dollar exchange and credits.

We recommend that the Federal Reserve Act be amended as soon as possible so as to allow member banks to accept on purely foreign

transactions up to 200 per cent of their capital and surplus. This limit to include acceptances of foreign banks or bankers for the account and under the guaranty of the member banks. This acceptance power to be in addition to that now provided by the act for domestic acceptances.

NO. 3.

To make bank acceptances available as reserve to the owning bank on the day of maturity.

The council suggests the institution by the Federal Reserve Board of a uniform plan by which bank acceptances may be available as reserve to the owning bank on the day of maturity and payment. It would seem a simple process to accomplish this end by wire through the gold fund and the service would broaden the market for such acceptances.

NO. 4.

Federal Reserve Banks should not afford nonmember banks clearing privileges unless they belong to the clearing house if any exists in the city in which they are located.

The council recommends that the Federal Reserve Banks should adopt the policy of not permitting non-member banks to avail themselves of the privilege of clearing their items through them unless the nonmember banks are members or affiliated members of the clearing house association if any exists in the city in which said non-member banks are located and subject to clearing house rules and regulations.

The following members of the Federal Advisory Council were present at this meeting: President, James B. Forgan, in the chair; vice-president, L. L. Rue; D. G. Wing, J. P. Morgan, W. S. Rowe, J. W. Norwood, C. A. Lyerly, F. O. Watts, J. R. Mitchell, E. P. Wilmot, Herbert Fleishhacker, and Merritt H. Grim, secretary.

DESCRIPTION OF FEDERAL RESERVE DISTRICTS.

Below are descriptions of the 12 Federal Reserve districts, accompanied by estimates of the population of each district recently furnished by the Bureau of the Census as of December 31, 1918. A map showing outline of the districts is also appended.

DISTRICT NO. 1—BOSTON (7,100,626).

Connecticut (except Fairfield County) (997,492).
 Maine (784,616).
 Massachusetts (3,861,198).
 New Hampshire (447,313).
 Rhode Island (643,190).
 Vermont (366,815).

DISTRICT NO. 2—NEW YORK (13,482,730).

Connecticut (county of Fairfield) (299,224).
 New Jersey (counties of Monmouth, Middlesex, Hunterdon, Somerset, Union, Essex, Passaic, Hudson, Bergen, Morris, Sussex, and Warren) (2,443,111).
 New York (10,740,395).

DISTRICT NO. 3—PHILADELPHIA (6,772,233).

Delaware (217,832).
 New Jersey (except counties enumerated under District No. 2) (670,348).
 Pennsylvania (eastern part) (5,884,053). Counties:

Adams.	Chester.	Huntingdon.	Monroe.	Snyder.
Bedford.	Clearfield.	Juniata.	Montgomery.	Sullivan.
Berks.	Clinton.	Lackawanna.	Montour.	Susquehanna.
Blair.	Columbia.	Lancaster.	Northampton.	Tioga.
Bradford.	Cumberland.	Lebanon.	Northumberland.	Union.
Bucks.	Dauphin.	Lehigh.	Perry.	Wayne.
Cambria.	Delaware.	Luzerne.	Philadelphia.	Wyoming.
Cameron.	Elk.	Lycoming.	Pike.	York.
Carbon.	Franklin.	McKean.	Potter.	
Center.	Fulton.	Mifflin.	Schuylkill.	

DISTRICT NO. 4—CLEVELAND (9,511,858).

Kentucky (eastern part) (1,053,092). Counties:

Bath.	Estill.	Kenton.	Magoffin.	Pulaski.
Bell.	Fayette.	Knott.	Martin.	Robertson.
Boone.	Fleming.	Knox.	Mason.	Roekcastle.
Bourbon.	Floyd.	Laurel.	Menifce.	Rowan.
Boyd.	Garrard.	Lawrence.	Montgomery.	Scott.
Bracken.	Grant.	Lee.	Morgan.	Whitley.
Breathitt.	Greenup.	Leslie.	Nicholas.	Wolfe.
Campbell.	Harlan.	Letcher.	Owsley.	Woodford.
Carter.	Harrison.	Lewis.	Pendleton.	
Clark.	Jackson.	Lincoln.	Perry.	
Clay.	Jessamine.	McCreary.	Pike.	
Elliott.	Johnson.	Madison.	Powell.	

Ohio (5,304,678).

Pennsylvania (western part) (2,983,028). Counties:

Allegheny.	Clarion.	Forest.	Lawrence.	Warren.
Armstrong.	Crawford.	Greene.	Mercer.	Washington.
Beaver.	Erie.	Indiana.	Somerset.	Westmoreland.
Butler.	Fayette.	Jefferson.	Venango.	

West Virginia (northern part) (171,060). Counties:

Brooke.	Marshall.	Ohio.	Tyler.	Wetzel.
Hancock.				

DISTRICT NO. 5—RICHMOND (9,444,773).

District of Columbia (377,235).

Maryland (1,389,972).

North Carolina (2,481,847).

South Carolina (1,669,799).

Virginia (2,244,533).

West Virginia (all counties except Brooke, Hancock, Marshall, Ohio, Tyler, and Wetzel) (1,281,387).

DISTRICT NO. 6—ATLANTA (10,299,921).

Alabama (2,410,936).

Florida (950,223).

Georgia (2,955,505).

Louisiana (southern part) (1,324,906). Parishes:

Acadia.	East Feliciana.	Livingston.	St. James.	Vermilion.
Allen.	Evangeline.	Orleans.	St. John the Baptist.	Vernon.
Ascension.	Iberia.	Plaquemines.	St. Landry.	Washington.
Assumption.	Iberville.	Poite Coupee.	St. Martin.	West Baton Rouge.
Avoyelles.	Jefferson.	Rapides.	St. Mary.	West Feliciana.
Calcasieu.	Jefferson Davis.	St. Bernard.	St. Tammany.	
Cameron.	Lafayette.	St. Charles.	Tangipahoa.	
East Baton Rouge.	Lafourche.	St. Helena.	Terrebonne.	

Mississippi (southern part) (1,018,224). Counties:

Adams.	Greene.	Jones.	Neshoba.	Smith.
Amite.	Hancock.	Kemper.	Newton.	Walthall.
Claiborne.	Harrison.	Lamar.	Pearl River.	Warren.
Clarke.	Hinds.	Lauderdale.	Perry.	Wayne.
Copiah.	Issaquena.	Lawrence.	Pike.	Wilkinson.
Covington.	Jackson.	Leake.	Rankin.	Yazoo.
Forrest.	Jasper.	Lineoln.	Scott.	
Franklin.	Jefferson.	Madison.	Sharkey.	
George.	Jefferson Davis.	Marion.	Simpson.	

Tennessee (eastern part) (1,640,127). Counties:

Anderson.	Dekalb.	Jackson.	Monroe.	Sevier.
Bedford.	Dickson.	James.	Montgomery.	Smith.
Bledsoe.	Fentress.	Jefferson.	Moore.	Stewart.
Blount.	Franklin.	Johnson.	Morgan.	Sullivan.
Bradley.	Giles.	Knox.	Overton.	Sumner.
Campbell.	Grainger.	Lawrence.	Perry.	Trousdale.
Cannon.	Greene.	Lewis.	Pickett.	Unicoi.
Carter.	Grundy.	Lineoln.	Polk.	Union.
Cheatham.	Hamblen.	Loudon.	Putnam.	Van Buren.
Claiborne.	Hamilton.	McMinn.	Rhea.	Warren.
Clay.	Hancock.	Macon.	Roane.	Washington.
Cocke.	Hawkins.	Marion.	Robertson.	Wayne.
Coffee.	Hickman.	Marshall.	Rutherford.	White.
Cumberland.	Houston.	Maury.	Scott.	Williamson.
Davidson.	Humphreys.	Meigs.	Sequatchie.	Wilson.

DISTRICT NO. 7—CHICAGO (14,362,272).

Illinois (northern part) (5,084,511). Counties:

Boone.	Douglas.	Kankakee.	Marshall.	Shelby.
Bureau.	Dupage.	Kendall.	Mason.	Stark.
Carroll.	Edgar.	Knox.	Menard.	Stephenson.
Cass.	Ford.	Lake.	Mercer.	Tazewell.
Champaign.	Fulton.	La Salle.	Moultrie.	Vermilion.
Christian.	Grundy.	Lee.	Ogle.	Warren.
Clark.	Hancock.	Livingston.	Peoria.	Whiteside.
Coles.	Henderson.	Logan.	Piatt.	Will.
Cook.	Henry.	McDonough.	Putnam.	Winnebago.
Cumberland.	Iroquois.	McHenry.	Rock Island.	Woodford.
Dekalb.	Jo Daviess.	McLean.	Sangamon.	
Dewitt.	Kane.	Macon.	Schuyler.	

Indiana (northern part) (2,254,706). Counties:

Adams.	Delaware.	Jay.	Newton.	Steuben.
Allen.	Elkhart.	Jennings.	Noble.	Tippecanoe.
Bartholomew.	Fayette.	Johnson.	Ohio.	Tipton.
Benton.	Fountain.	Kosciusko.	Owen.	Union.
Blackford.	Franklin.	Lagrange.	Parke.	Vermilion.
Boone.	Fulton.	Lake.	Porter.	Vigo.
Brown.	Grant.	Laporte.	Pulaski.	Wabash.
Carroll.	Hamilton.	Madison.	Putnam.	Warren.
Cass.	Hancock.	Marion.	Randolph.	Wayne.
Clay.	Hendricks.	Marshall.	Ripley.	Wells.
Clinton.	Henry.	Miami.	Rush.	White.
Dearborn.	Howard.	Monroe.	St. Joseph.	Whitley.
Decatur.	Huntington	Montgomery.	Shelby.	
Dekalb.	Jasper.	Morgan.	Starke.	

Iowa (2,218,529).

Michigan (southern part) (2,771,087). Counties:

Alcona.	Claire.	Isabella.	Midland.	Presque Isle.
Allegan.	Clinton.	Jackson.	Missaukee.	Roscommon.
Alpena.	Crawford.	Kalamazoo.	Monroe.	Saginaw.
Antrim.	Eaton.	Kalkaska.	Montcalm.	St. Clair.
Arenac.	Emmet.	Kent.	Montmorency.	St. Joseph.
Barry.	Genesee.	Lake.	Muskegon.	Sanilac.
Bay.	Gladwin.	Lapeer.	Mewaygo.	Shiawasee.
Benzie.	Grand Traverse.	Leelanau.	Oakland.	Tuscola.
Berrien.	Gratiot.	Lenawee.	Oceana.	Van Buren.
Branch.	Hillsdale.	Livingston.	Ogenaw.	Washtenaw.
Calhoun.	Huron.	Macomb.	Oscoda.	Wayne.
Cass.	Ingham.	Manistee.	Oscoda.	Wexford.
Charlevoix.	Ionia.	Mason.	Otsego.	
Cheboygan.	Iosco.	Mecosta.	Ottawa.	

Wisconsin (southern part) (2,033,439). Counties:

Adams.	Fond du Lac.	Kewaunee.	Oconto.	Sheboygan.
Brown.	Grant.	Lafayette.	Outagamie.	Vernon.
Calumet.	Green.	Langlade.	Ozaukee.	Walworth.
Clark.	Green Lake.	Manitowoc.	Portage.	Washington.
Columbia.	Iowa.	Marathon.	Racine.	Waukesha.
Crawford.	Jackson.	Marinette.	Richland.	Waupaca.
Dane.	Jefferson.	Marquette.	Rock.	Waushara.
Dodge.	Juneau.	Milwaukee.	Sauk.	Winnebago.
Door.	Kenosha.	Monroe.	Shawano.	Wood.

DISTRICT NO. 8—ST. LOUIS (9,403,997).

Arkansas (1,806,276).

Illinois (southern part) (1,274,592). Counties:

Adams.	Effingham.	Jefferson.	Montgomery.	Saline.
Alexander.	Fayette.	Jersey.	Morgan.	Scott.
Bond.	Franklin.	Johnson.	Perry.	Union.
Brown.	Gallatin.	Lawrence.	Pike.	Wabash.
Calhoun.	Greene.	Macoupin.	Pope.	Washington.
Clay.	Hamilton.	Madison.	Pulaski.	Wayne.
Clinton.	Hardin.	Marion.	Randolph.	White.
Crawford.	Jackson.	Massac.	Richland.	Williamson.
Edwards.	Jasper.	Monroe.	St. Clair.	

Indiana (southern part) (608,798). Counties:

Clark.	Gibson.	Knox.	Pike.	Switzerland.
Crawford.	Greene.	Lawrence.	Posey.	Vanderburg.
Daviess.	Harrison.	Martin.	Scott.	Warrick.
Dubois.	Jackson.	Orange.	Sullivan.	Washington.
Floyd.	Jefferson.	Perry.	Spencer.	

Kentucky (western part) (1,362,682). Counties:

Adair.	Casey.	Hancock.	McLean.	Shelby.
Allen.	Christian.	Hardin.	Marion.	Simpson.
Anderson.	Clinton.	Hart.	Marshall.	Spencer.
Ballard.	Crittenden.	Henderson.	Meade.	Taylor.
Barren.	Cumberland.	Henry.	Mercer.	Todd.
Boyle.	Daviess.	Hickman.	Metcalfe.	Trigg.
Breckenridge.	Edmonson.	Hopkins.	Monroe.	Trimble.
Bullitt.	Franklin.	Jefferson.	Muhlenberg.	Union.
Butler.	Fulton.	Larue.	Nelson.	Warren.
Caldwell.	Gallatin.	Livingston.	Ohio.	Washington.
Calloway.	Graves.	Logan.	Oldham.	Wayne.
Carlisle.	Grayson.	Lyon.	Owen.	Webster.
Carroll.	Greene.	McCracken.	Russell.	

Mississippi (northern part) (995,689). Counties:

Alcorn.	Clay.	Leflore.	Pontotoc.	Tunica.
Attala.	Coahoma.	Lowndes.	Prentiss.	Union.
Benton.	De Soto.	Marshall.	Quitman.	Washington.
Bolivar.	Grenada.	Monroe.	Sunflower.	Webster.
Calhoun.	Holmes.	Montgomery.	Tallahatchie.	Winston.
Carroll.	Itawamba.	Noxubee.	Tato.	Yalobusha.
Chickasaw.	Lafayette.	Oktibbeha.	Tippah.	
Choctaw.	Lee.	Panola.	Tishomingo.	

Missouri (eastern part) (2,666,521). Counties: All except those included in district No. 10.

Tennessee (western part) (689,439). Counties:

Benton.	Dyer.	Haywood.	McNairy.	Weakley.
Carroll.	Fayette.	Henderson.	Madison.	
Chester.	Gibson.	Henry.	Obion.	
Crockett.	Hardeman.	Lake.	Shelby.	
Decatur.	Hardin.	Lauderdale.	Tipton.	

DISTRICT NO. 9—MINNEAPOLIS (5,320,212).

Michigan (northern part) (382,296). Counties:

Alger.	Delta.	Houghton.	Luce.	Menominee.
Baraga.	Dickinson.	Iron.	Mackinac.	Ontonagon.
Chippewa.	Gogebic.	Keweenaw.	Marquette.	Schoolcraft.

Minnesota (2,361,707).

Montana (493,096).

North Dakota (804,496).

South Dakota (744,665).

Wisconsin (northern part) (533,952). Counties:

Ashland.	Douglas.	La Crosse.	Price.	Vilas.
Barron.	Dunn.	Lincoln.	Rusk.	Washburn.
Bayfield.	Eau Claire.	Oneida.	St. Croix.	
Buffalo.	Florence.	Pepin.	Sawyer.	
Burnett.	Forest.	Pierce.	Taylor.	
Chippewa.	Iron.	Polk.	Trempealeau.	

DISTRICT NO. 10—KANSAS CITY (7,643,044).

Colorado (1,027,712).

Kansas (1,885,357).

Missouri (western part) (791,428). Counties:

Andrew.	Buchanan.	Dekalb.	Jasper.	Platte.
Atchison.	Cass.	Gentry.	McDonald.	Vernon.
Barton.	Clay.	Holt.	Newton.	Worth.
Bates.	Clinton.	Jackson.	Nodaway.	

Nebraska (1,303,252).

New Mexico (northern part) (205,737). Counties:

Cofax.	Mora.	Sandoval.	San Miguel.	Taos.
McKinley.	Rio Arriba.	San Juan.	Santa Fe.	Union.

Oklahoma (all except southeastern part) (2,236,473). Counties:

Adair.	Craig.	Jackson.	Muskogee.	Rogers.
Alfalfa.	Creek.	Jefferson.	Murray.	Roger Mills.
Beaver.	Delaware.	Kay.	Noble.	Seminole.
Blaine.	Dewey.	Kingfisher.	Nowata.	Sequoyah.
Beckham.	Ellis.	Kiowa.	Okfuskee.	Stephens.
Caddo.	Garfield.	Latimer.	Oklahoma.	Texas.
Canadian.	Garvin.	Le Flore.	Okmulgee.	Tulsa.
Carter.	Grant.	Lincoln.	Osage.	Tillman.
Comanche.	Grady.	Logan.	Ottawa.	Washita.
Cotton.	Greer.	Love.	Pawnee.	Wagoner.
Custer.	Harper.	McClain.	Payne.	Washington.
Cherokee.	Harmon.	McIntosh.	Pottawatomie.	Woods.
Cimarron.	Haskell.	Major.	Pittsburg.	Woodward.
Cleveland.	Hughes.	Mayes.	Pontotoc.	

Wyoming (193,085).

DISTRICT NO. 11—DALLAS (5,768,618).

Arizona (southeastern part) (127,623). Counties:

Cochise.	Pima.	Graham.	Santa Cruz.	Greenlee.
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Louisiana (northern part) (573,784). Parishes:

Bienville.	Claiborne.	Jackson.	Ouachita.	Webster.
Bossier.	Concordia.	La Salle.	Red River.	West Carroll.
Beauregard.	De Soto.	Lincoln.	Richland.	Winn.
Caddo.	East Carroll.	Madison.	Sabine.	
Caldwell.	Franklin.	Morehouse.	Tensas.	
Catahoula.	Grant.	Natchitoches.	Union.	

New Mexico (southern part) (237,961). Counties:

Bernalillo.	Eddy.	Lincoln.	Quay.	Socorro.
Chaves.	Grant.	Luna.	Roosevelt.	Torrence.
Curry.	Guadalupe.	Otero.	Sierra.	Valencia.
Dona Ana.				

Oklahoma (southeastern part) (185,043). Counties:

Atoka.	Choctaw.	Johnston.	Marshall.	Pushmataha.
Bryan.	Coal.	McCurtain.		

Texas (4,644,207).

DISTRICT NO. 12—SAN FRANCISCO (6,952,015).

Arizona (northwestern part) (148,534). Counties:

Apache.	Gila.	Mohave.	Pinal.	Yuma.
Coconino.	Maricopa.	Navajo.	Yavapai.	

California (3,164,602).
 Idaho (470,061).
 Nevada (116,744).
 Oregon (901,368).
 Utah (458,539).
 Washington (1,692,167).

RECAPITULATION.

Estimated population Dec. 31, 1918.

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No. 3—Philadelphia.....	6, 772, 233
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No. 5—Richmond.....	9, 444, 773
No. 6—Atlanta.....	10, 299, 921
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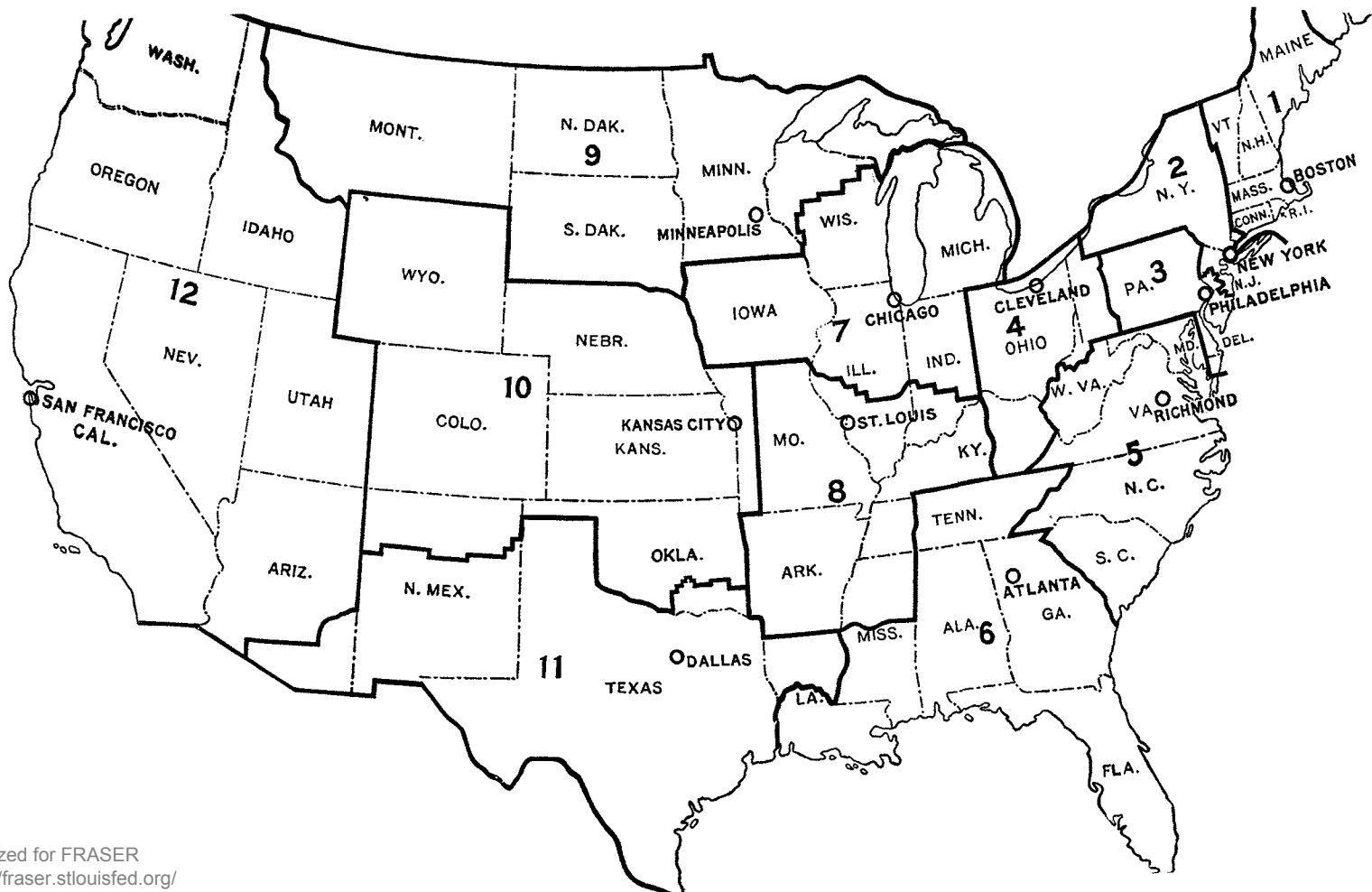
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