FEDERAL RESERVE BULLETIN

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FEDERAL RESERVE BOARD

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FEDERAL RESERVE BOARD.

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The Federal Reserve Bulletin is distributed without charge to member banks of the system and to the officers and directors of Federal Reserve Banks. In sending the Bulletin to others the Board feels that a subscription should be required. It has accordingly fixed a subscription price of $2 per annum. Single copies will be sold at 20 cents. Foreign postage should be added when it will be required. Remittances should be made to the Federal Reserve Board. Member banks desiring to have the Bulletin supplied to their directors may have it sent to not less than ten names at a subscription price of $1 per year.

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FEDERAL RESERVE BULLETIN

VOL. 3 MARCH 1, 1917. No. 3

REVIEW OF THE MONTH.

Amendatory Legislation.

Further discussion and development of pending legislation amendatory of the Federal Reserve Act has received substantial attention during the month of February. Gov. Harding attended several sessions of the Senate Banking and Currency Committee prior to the action of that committee in reporting the amendatory measure, and set forth fully the views entertained by the Federal Reserve Board with respect to necessary changes in the Act. Elsewhere in this issue are printed in comparative form the House and Senate drafts of the amendatory measure with the substantial facts regarding each as set forth in the committee reports. The pressure of business always characteristic of a short session of Congress, and very urgent international affairs that have occupied the attention of all branches of the Government have naturally retarded the progress of these amendments. It will be noted that in the House of Representatives there have been inserted a number of provisions additional to those suggested by the Board, notable among them one relating to the method of organizing branches of Federal Reserve Banks and of establishing foreign connections for such banks. Sundry changes have also been made in the Senate draft of the bill. In view of the congestion of business it will probably be impossible to secure action upon these amendments by the present Congress. In general the attitude of the public with respect to the amendments, so far as they have received serious discussion, has been favorable, and those mindful of our present economic conditions and the impending vast financial problems, both domestic and foreign, realize the great importance of seeing these amendments enacted into law without any delay.

Net Gold Imports.

The country's stock of gold has increased by $43,138,000 through net imports between January 13 and February 16, 1917, total gold imports for this period amounting to $60,766,000 and total gold exports to $17,628,000. The net gain in the country's stock of gold through net imports since August 1, 1914, is shown in the following table:

Gold imports and exports of the United States from August 1, 1914, to February 16, 1917.

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

	Imports.	Exports.	Excess of imports over exports.
Aug. 1 to Dec. 31, 1914	23,253	104,972	a −81,719
Jan. 1 to Dec. 31, 1915	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916	685,745	155,793	529,952
Jan. 1 to Feb. 16, 1917	112,467	30,057	82,410
Total	1,273,420	323,398	951,172

a Excess of exports over imports.

Operations of Reserve Banks.

Larger offerings of commercial and bankers' bills at favorable rates account mainly for the considerable increase in investment operations of the Federal Reserve Banks during the month of February.

Between February 2 and February 23 total investments held by the Federal Reserve Banks increased from $169,680,000 to $209,474,000, or 23.5 per cent. Of the total increase, over 77 per cent is represented by the increase in the amount of purchased acceptances held in the banks' portfolios.

Other classes of investments except United States bonds and notes show moderate gains during the same period, the increase in discounted paper on hand being due chiefly to the larger amount of member banks' collateral notes held by the Federal Reserve Banks at the later date.

The following table shows the holdings of bills for each Federal Reserve Bank, and the holdings of other investments for all the banks on February 2 and 23:

	Feb. 2, 1917.	Feb. 23, 1917.	Increase.
Boston	$12,709,000	$15,718,000	$3,009,000
New York	27,072,000	35,450,000	8,378,000
Philadelphia	11,845,000	15,434,000	3,589,000
Cleveland	6,832,000	12,447,000	5,615,000
Richmond	8,023,000	10,391,000	2,368,000
Atlanta, including New Orleans branch	5,708,000	5,663,000	[a] 45,000
Chicago	8,239,000	11,887,000	3,648,000
St. Louis	5,521,000	9,002,000	3,481,000
Minneapolis	7,484,000	9,407,000	1,923,000
Kansas City	3,342,000	5,459,000	2,117,000
Dallas	2,469,000	3,658,000	1,189,000
San Francisco	8,575,000	9,716,000	1,141,000
Total bills	107,819,000	144,232,000	36,413,000
Total municipal warrants	12,664,000	17,124,000	4,460,000
Total United States bonds and notes	49,197,000	48,118,000	[a] 1,079,000
Total investments on hand	169,680,000	209,474,000	39,794,000

[a] Decrease.

Reserve Conditions.

As the result of larger investment operations during the month under review the reserve position of the greater banks in the principal eastern cities is less favorable than at the end of January. Thus the reserve percentage of the 60 banks forming the New York Clearing House Association—as indicated by the ratio of their total reserves to their net demand deposits—declined from 25 on January 27 to 22.9 on February 10, and February 17. Similarly the reserve percentage of all trust companies in Greater New York, as computed by the State banking department, declined during the same period from 27.5 to 25.3. The reserve ratio for the State banks in Greater New York, representing, however, a relatively small proportion of the greater city's banking resources, increased during the same period from 26.1 to 29.3 per cent.

The average excess reserves of the 41 national banks and trust companies constituting the Philadelphia Clearing House Association, from $44,406,000 for the week ending January 20, and $48,543,000 for the week ending January 27, declined steadily during the remainder of the period, reaching the low level at $29,910,000 for the week ending February 17. Like figures for the associated 10 national banks and the Old Colony Trust Co., of Boston, all members of the Federal Reserve System, show an increase of excess reserves from $35,938,000 for the week ending January 27 to $38,697,000 for the week ending February 3 and a drop to $23,649,000 for the week ending February 10. The report for the week ending February 17 shows an increase in the total excess reserves of these banks to $26,110,000.

Pursuant to its policy of conservatism in the investments of Federal Reserve Banks announced in the last issue of the Bulletin, the Board has advised the reserve banks that it believes in adherence to a policy of distinct moderation in connection with the purchase of warrants. Such investments should be encouraged during periods of great ease of money and when rediscounts from member banks and offers of bankers' acceptances are not expected to be heavy. At a moment, however, when indications are that requirements for commercial credit may be heavy and when Federal Reserve Banks must be prepared to meet heavy demands upon them by their member banks, the Board thinks that it is inadvisable to invest the funds of Federal reserve banks in warrants.

Withdrawals by Foreign Depositors.

There have recently been in various parts of the country slight "flurries," directly the outgrowth of anxiety with respect to the international situation, or of special local conditions. In various eastern districts there were at times considerable withdrawals of deposits from banks in industrial centers where a large foreign population was concentrated. The situation was promptly met by the Federal Reserve Banks in every case where aid was asked for, and the Department of State relieved the underlying anxiety of foreign depositors by giving to the press on February 8 the following statement:

It having been reported to him that there is anxiety in some quarters on the part of persons residing in this country who are the subjects of foreign states lest their bank deposits or other property should be seized in the event of war between the United States and a foreign nation, the President authorizes the statement that all such fears are entirely unfounded. The Government of the United States will in no circumstances take advantage of a state of war to take possession of property to which international understandings and the recognized law of the land give it no just claim or title. It will scrupulously respect all private rights alike of its own citizens and of the subjects of foreign states.

Flurry in Seattle.

In Seattle, Wash., three small State institutions closed their doors January 18, 30, and 31 as the result of a temporary "flurry" which subjected them to a stress they were not prepared to meet. There was temporary fear that the situation in Seattle might become more serious through the spreading of anxiety concerning the condition of the local banks. Such fears were promptly set at rest through the action of the Federal Reserve Bank of San Francisco in dispatching a member of its staff to Seattle and in letting it be known that an abundant supply of gold, credit, or notes was available and that the entire resources of the Federal Reserve Bank were at the disposal of the member banks for the purpose of converting their eligible assets into means of immediate payment. Events in Seattle have tended to strengthen the demands of bankers in the Pacific Northwest for the establishment of a branch of the Federal Reserve Bank of San Francisco which should be more immediately within their reach than the parent office itself can under existing conditions be. Subsequent reports from practically all Federal Reserve districts indicate that such sudden anxiety as may have been aroused by the development of unexpected international conditions has been in very large measure allayed. There appears to be no general or widespread apprehension in any part of the country.

Reserve Banks' Note-Issue Power.

The Federal Reserve Banks to-day possess a note-issuing capacity estimated in round numbers at about $1,000,000,000. They hold reserve money to the extent of $512,000,000. Their necessary reserve holdings against deposits are, roughly speaking, $237,000,000. They have thus $275,000,000 of free gold which can be used as a 40 per cent reserve against notes, thereby permitting an issue of $687,500,000. In addition to this they hold to-day over $112,000,000 of free commercial paper available as collateral for the issuance of Federal Reserve notes over and above the paper now pledged to protect outstanding notes. By withdrawing from Federal Reserve Agents an equal amount of the gold held by the latter and putting this paper in the place of it, they would, after deducting the reserves required by law to be held against notes already outstanding, be able to issue fully $168,000,000 more. Inasmuch as there would still remain a sum in gold amounting to nearly $191,000,000 in the hands of Federal Reserve Agents, a considerable portion of which could be released and used under favorable conditions as a basis for notes, there may safely be added another $250,000,000 to the sum of $687,500,000 and $168,000,000 already enumerated, thus raising the potential issue power of the banks to fully one thousand million dollars. Figures such as these have little meaning in and of themselves, but it may be noted by way of comparison that during the year 1914, when the modified Aldrich-Vreeland law was called into active operation, the issue of notes to the banks was less than $400,000,000 for the country as a whole, while additional issues of clearing-house certificates were less than $150,000,000. In round numbers we may say that notes available to-day are double in amount the total of emergency issues called for at any single time in the past.

Facilitating Note Distribution.

The Federal Reserve Board, recognizing the importance that is being currently attached to the question of note issue, has arranged to make full use of the provisions of the Federal Reserve Act which facilitate their issue. The original Aldrich-Vreeland law made provision for the printing and holding in stock of some $500,000,000 of what was called emergency currency. This was an outgrowth of previous experience which had emphasized the difficulty of getting bank notes under the older system with the speed that was required in times of emergency, some three weeks or more being necessary for the printing and seasoning of the new circulation before it could be issued. Therefore, when the Federal Reserve Board was first organized, it directed the printing of $500,000,000 of notes. Later this amount was increased to some $700,000,000 because of the large demand for these notes in exchange for gold. Very recently it has been decided to raise the total note issue to $900,000,000, this sum, of course, being in addition to the notes now outstanding. The Bureau of Engraving and Printing at Washington is working at full speed upon the new currency, so as to keep well abreast of any conceivable demand that may be made. There is to-day in the vaults at Washington and in the hands of Federal Reserve Agents and Federal Reserve Banks an accumulated supply of not less than $450,000,000 in notes.

It has also been found in times past that a serious difficulty lay in the time required to transmit notes from Washington. Delays were inevitable, due to the necessity of sending the notes under guard or with special precaution for their safety, or due to the limitations placed by the forwarding companies upon the transmission of large consignments of notes. For many reasons, therefore, it has been properly felt that every center of note issue should have its reserve stock readily available at near-by points and in abundant supply. This was intended by the framers of the Federal Reserve Act, who foresaw this necessity, and therefore provided that the notes to be printed might be stored in the subtreasuries or mints nearest the reserve banks at which they were to be issued, but until recently it has been deemed wise to keep the great bulk of this supply in Washington.

Foreign Exchange Problems.

During the past month the Federal Reserve Board has given careful attention to communications received from various firms and corporations engaged in trade with some of the smaller European countries, particularly with Spain and Sweden. The facts in the exchange situation as affecting these countries appear to be that notwithstanding a heavy balance of trade in favor of the United States, exchange quotations were very decidedly against this country, the dollar possessing a smaller purchasing power over local currency than for many years past. Investigation has shown that in some countries a distinct attempt to discourage the importation of gold is evidently being made. An unfavorable rate for the purchase of gold at official establishments is fixed, while in other cases it would appear that transportation and insurance companies had been requested not to facilitate the movement of gold toward the countries in question. A similar situation apparently has grown up in certain South American countries, and at sundry points in the Orient. It would seem to be attributable partly to the desire of the Governments of the countries affected to avoid the stimulation of exports, the maintenance of a rate of exchange unfavorable to foreign buyers being intended to withhold from them encouragement to make further purchases. The situation is also in part the result of the dependence of these countries upon markets other than their own, so that their exchange relationships with the United States can not be studied individually, but only in the light of their general trade position. While the Federal Reserve Board has been ready to do all that properly lay within its power to relieve American traders engaged in business with these countries by holding out the facilities of the Federal Reserve Banks as holders of "earmarked" gold, thus enabling foreign banking institutions to receive and hold at Federal Reserve Banks in this country such payments in gold as they might be willing to accept, it has not seen any way by which it could with success bring about the establishment of better or more favorable quotations, and has so advised those who have presented the matter to it. The unfavorable condition affecting foreign trade with the countries referred to, is part of the general and anomalous situation in international business which prevails throughout the world to-day.

While it is true that in some directions the variations in foreign exchange are extremely injurious to the consumer, it is also the case that in other directions these fluctuations temporarily favor him. Thus, for example, in connection with olive oil, an important article of importation from southern Europe, it is interesting to note that the importations of olive oil from Italy amounted, in the years 1914, 1915, and 1916, to $5,552,098, $6,089,646, and $6,730,646, respectively, while from Spain we imported during the same years $370,053, $487,081, and $1,343,660. We imported in 1915 about ten times as much olive oil from Italy as we did from Spain, and in 1916 about four times as much. Thus, while the unfavorable quotations of exchange on Spain undoubtedly affect American buyers of oil injuriously, it is also true that the fact that the lira has fallen from 19.3 cents to 14.6 cents from June, 1914, to December, 1916—that is, 25 per cent—as against a rise of the Spanish exchange for the same period from 18.6 cents to 20.9 cents—that is, 11 per cent—would redound to the benefit of the consumer in a much larger degree.

Trade Acceptance Situation.

The past month has seen steady progress in the interest generally felt with reference to trade acceptances, many new inquiries being received both by the Board and the Federal Reserve Banks with reference to the proper form of acceptance to be employed by prospective users, and reports concerning the more general application of acceptances being received from time to time. In some parts of the country where money has been very abundant during the past year or more, it is reported that little progress in introducing the trade acceptance appears to have been made. This is the case, for instance, in some portions of New England. Retention of the open-account system and the plan of borrowing on single-name notes seems to be a phase of the conditions produced by abundance of funds and lack of necessity for rediscounting. Elsewhere progressive firms are introducing the use of the trade acceptance, regardless of their own immediate necessities and habituating their customers to this form of settlement. While there has not been a noticeable increase in the volume of trade acceptances coming to the Federal Reserve Banks, this fact does not indicate that no progress in the matter is being made, but merely that acceptance paper is readily discounted and held by both member and nonmember banks as a desirable element in their portfolios. In bringing about this condition effective work has been done by various trade associations, but there has appeared of late some tendency to misconception of the true function of the trade acceptance, some persons being inclined to represent it as a means of settling or adjusting accounts that had proved, or were likely to prove, "slow." In some of the literature that has been circulated with regard to bankers' acceptances, a similar suggestion has been made. The Board feels that too much emphasis can scarcely be placed upon the fact that the trade acceptance, in order to be successful, must be regarded as representative of the more active and liquid of the commercial accounts of the country, and at no time should be taken as representing renewal obligations or accounts of long standing. Its principal purpose is that of substituting a written obligation for an open account whose goodness is unmistakable, thereby rendering the account available as a basis for discount. The presence of an element of undesirable paper among the trade acceptances of the country could not help giving to the trade acceptance a character entirely different from that originally contemplated or from that which is possessed by it in European countries.

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Bound Copies of the 1916 Bulletin.

A very small number of bound copies of the Federal Reserve Bulletin for 1916 are available for sale at $5 per copy. Except for the numbers contained in these bound volumes, the supply of the January, 1916, number of the Bulletin is exhausted. Checks should be made payable to the Federal Reserve Board, and orders will be filled by mail.

State Banks Admitted.

The Commonwealth Trust Co., of Boston, Mass., and the Bank of Montclair, Montclair, N. J., were admitted to the Federal Reserve System during the month of February, the number of State institutions which have now joined the system being 40.

Loans on United States Bonds or Notes.

That Federal Reserve Banks may be fully advised as to the methods by which they may make advances to member banks for the purpose of enabling them or their customers to carry or trade in bonds or notes of the United States, the Governor of the Federal Reserve Board sent out on February 16 the following letter:

The Board deems it advisable that the Federal Reserve Banks should understand clearly what they may and may not do in the way of rediscounts or loans based upon United States Government bonds or notes. For your information, therefore, a memorandum which has been prepared by counsel and which has been approved by the Board is sent to you herewith, as follows:

Section 13 of the Federal Reserve Act provides two methods whereby Federal Reserve Banks may make advances to their member banks for the purpose of enabling them or their customers to carry or trade in bonds or notes of the United States.

Paragraph 2 of section 13 provides that upon the indorsement of a member bank a Federal Reserve Bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions, which may or may not be secured by staple agricultural products or other goods, wares, or merchandise. The law then states that "such definition" of eligible paper shall not include notes, drafts, or bills of exchange drawn for the purpose of "carrying or trading in stocks, bonds, or other investment securities *except bonds and notes of the Government of the United States*." This is equivalent to an affirmative declaration that a Federal Reserve Bank may discount a note, draft, or bill of exchange indorsed by a member bank which is issued or drawn for the purpose of carrying or trading in bonds or notes of the United States. This clause, however, does not permit of the discount for a member bank of one of its own bills payable, since the requirement that the note or bill must be indorsed by a member bank precludes the possibility of applying this provision to the discount of anything but customers' paper.

The amendment to section 13, approved September 7, 1916, provides, on the other hand, that a Federal Reserve Bank may make advances to its member banks on their promissory notes for a period not exceeding 15 days, provided such notes are secured by certain specified classes of paper or "by a deposit or pledge of bonds or notes of the United States." It is evident, therefore, that a member bank may borrow directly from its Federal Reserve Bank on the security of Government obligations, but not for a period longer than 15 days.

Under the provisions of section 14, subsection (b), Federal Reserve Banks are authorized "to buy and sell at home and abroad bonds and notes of the United States," and under authority of this section member banks owning Government obligations may properly sell them to any Federal Reserve Bank desiring to make the purchase.

SUMMARY.

I. Any member bank which has loaned money to any of its customers for the purpose of carrying or trading in bonds or notes of the United States, may rediscount with its Federal Reserve Bank the bill or note of its customer, provided, such bill or note

(*a*) Has a maturity at the time of discount of not more than 90 days, exclusive of days of grace; and

(*b*) Has the indorsement of the member bank.

Such bill or note, however, need not necessarily be secured and need not be drawn for a commercial purpose other than for the purpose of carrying or trading in notes or bonds of the United States.

II. Any member bank which has itself purchased obligations of the United States may procure advances from its Federal Reserve Bank, for not exceeding 15 days, on its own promissory note, provided such note is secured by a deposit or pledge of bonds or notes of the United States.

III. Any member bank owning bonds or notes of the United States may, under authority of section 14, subsection (*b*), sell such bonds or notes to any Federal Reserve Bank desiring to make the purchase.

February 16, 1917.

A Texas Banker's Letter.

The following letter, received by the governor of the Federal Reserve Bank of Dallas and by him forwarded to the Federal Reserve Board, is given as showing the kind of interest taken by a country banker in Texas in the Federal Reserve Act and its operation:

"I have tried to keep in touch with the purposes and objects of the Federal Reserve Act as well as a busy man could who was not charged with the administration of any part of it. There is no question in my mind but that the system will eventually prove to be one of the very best bank acts in the world, after it has been seasoned and amended by years of experience.

"In view of the fact that the present is an epoch-making period in the history of our country (and particularly so in a financial way) I am deeply interested both as a banker and citizen in making use of every instrument at command for fortifying ourselves against the coming evil day.

"It occurs to me that just at this time the thing of most pressing importance is the getting under the control of the Federal Reserve Banks as large a percentage as possible of all the gold in the United States where it can be advantageously used to protect the Government as well as the business interests of the country in an economic way. The recent amendments to the Federal Reserve Act as recommended by the Federal Reserve Board would materially aid in accomplishing this.

"Another thing which, in my judgment, would help to place the country, and particularly Texas, on a sounder, safer basis, in a business way, would be the liberal use of both trade and bankers' acceptances in domestic and foreign transactions. Notwithstanding the information industriously circulated by the Federal Reserve Banks, very few country merchants and country bankers have ever given the matter, so far as I am able to judge, any serious thought or tried to make use of them, and but few of the wholesalers, jobbers, grain dealers, oil mills, lumbermen, and manufacturers in the State have made general use of either. If they were in general use I believe a broad market for such bills would soon develop and if country bankers could buy prime bills for, thirty, sixty, and ninety days' maturity from their correspondents in Texas or from brokers in the principal Texas cities, a lot of these short maturities would be taken by country banks at any rate in advance of the usual 2 per cent on balances. In this way a lot of us fellows could loan much closer and at the same time always have paper that could be quickly rediscounted with our Federal Reserve Bank if some emergency should arise. I understand, of course, that these bills can be bought at this time in New York, but I want to see Texas business men make use of all the good things going and Texas finance herself in so far as is possible."

Statements for the Press.

The following message has been sent by Hon. W. P. G. Harding, Governor of the Federal Reserve Board, to the North Carolina State convention of commercial secretaries, farm demonstrators, bankers, and other business men, held at Gastonia, February 5–8, in lieu of an address which Mr. Harding was to have delivered at a meeting held at noon February 6:

"It was with keen regret that I felt obliged to telegraph you this morning that I could not go to Gastonia to-night in order to be present at the most interesting occasion in your city to-morrow. I had looked forward with much pleasure to the privilege of meeting and addressing the merchants, farmers, and bankers of the Carolinas, and was particularly anxious to avail myself of the opportunity of pointing out to them the very great value, especially in times like the present, of the Federal Reserve System, which has enabled the country to withstand without the slightest financial tremor all of the shocks and sensations that it has experienced during the past two years, many of which would doubtless, under old conditions, have been followed by serious consequences. Our preparedness from a military and naval standpoint is now engrossing the attention of Congress and of the Nation, but I wish you would inform the audience which I expected to address that, from a financial standpoint, the country is already fully prepared and is ready to meet any contingency that is likely to arise, so that there need be no uneasiness whatsoever on that score.

"I had desired particularly to say a few words to the farmers by way of urging them not to become nervous or alarmed because of any threatened temporary interference with ocean transportation. I wished to point out to them that while in these fateful times, when it is beyond human power to forecast even the immediate future, we should remember that after all the only real wealth comes from the soil.

CALL FOR LARGE CROPS.

"A character in Greek mythology is Antæus, of whom it is said that he could not be overcome in wrestling, for whenever he was brought to his knees he received renewed strength from his mother, Earth, and was enabled thereby to arise in his might and overcome his adversary. Throughout the world millions of men have been withdrawn from their ordinary avocations and are devoting themselves entirely to military duties. It seems to me it is clearly the duty of the farmers of the United States, in the planting season fast approaching, to prepare for the largest crops of all kinds that it is possible to produce. No farmer should devote himself to a single crop alone, but he should diversify, with the idea of growing as far as possible on his own land everything necessary for the sustenance of his family and of his domestic animals. Three years have elapsed since our fertilizers have contained an adequate supply of potash, and under present conditions it is hardly probable that an excessive supply of the South's greatest staple crop, cotton, can be produced. Virginia, North and South Carolina, Georgia, and Alabama are now great cotton-manufacturing States, and their annual consumption of raw cotton approaches that of England and is greater than that of New England and Canada combined. If the farmers of the South will practice diversification they need have no fear as to the price of cotton, for any condition which will make exports of cotton impossible will likewise render impracticable exports of foodstuffs. It follows, therefore, that if the price of cotton should decline, the price of cereals, grain, and hay, will decline also. A few weeks ago cotton was selling at $100 a bale and more. The College of Agriculture of the University of Kansas pointed out at the time these prices were effective that while cotton had advanced in price it advanced merely in terms of gold, and it made an interesting comparison as to its price in terms of other commodities. It estimated the purchasing power of cotton in an ordinary year, and on the basis of $100 per bale, and it demonstrated statistically that even at $100 per bale the southern cotton planter who had not planted in a manner to provide for his necessities in the way of foodstuffs was in a sorry plight, for a bale of cotton will buy, in an average year, with cotton at from $50 to $60 per bale—

89 bushels of potatoes, at 70 cents.
750 pounds of lard, at 8 cents.
22 barrels of flour, at $4.50.
375 pounds of bacon, at 16 cents.
6 tons of hay, at $10.
30 pairs of shoes, at $2.
720 yards of cotton cloth.
100 bushels of corn, at 60 cents.

and this year, at $100 a bale, it will buy

44 bushels of potatoes, at $2.25.
555 pounds of lard, at 18 cents.
10 barrels of flour, at $10.
333 pounds of bacon, at 30 cents.
5 tons of hay, at $20.
20 pairs of shoes, at $5.
666 yards of cotton cloth.
83 bushels of corn, at $1.20.

DIVERSIFICATION.

"The subject of nutrition has been reduced to a science, and the importance of a well-balanced diet is now well understood. Some foods are rich in nitrates, others in carbohydrates, and others in proteins. No family can keep itself healthy if it lives entirely on meat or entirely on potatoes, or entirely on peas, or altogether on eggs and milk. A scientific combination of these foods is essential for the best results. So likewise with farming. No State can prosper if its farmers devote their energies to the cultivation of a single crop, be it cotton or be it grain or hay, and to obtain the best results diversification is necessary. The farmer should be impressed with the necessity of rotation of crops in order that their soil may not be impoverished, and if they plant several products they are not affected by the price of any one of them. It is not possible to advise a farmer intelligently as to the amount of cotton he should plant. In some cases five acres to the plow would seem best, and there may be other instances where eight or ten acres to the plow may be planted; but in no case, particularly in times like the present, should the farmer entrust all his eggs to one basket and risk his solvency upon a single crop.

"In my opinion, the greatest service that the farmers of the South can render their section, their country, and the world in general is to coax from the soil during the year 1917 as great an abundance as possible of crops of all kinds.

"Please say to the members of the Chamber of Commerce of Gastonia, and to the bankers of your city, that I highly appreciate their kind invitation, and express to them again my deep regret at being obliged, at the last moment, to forego the pleasure of meeting them."

FEBRUARY 6, 1917.

STATEMENT BY THE OFFICE OF THE COMPTROLLER OF THE CURRENCY.

The compilation of national bank returns as of December 27, 1916, just completed, show total resources of 15,333 million dollars, a reduction of 186 million dollars from the call of November 17, 1916, but this decline is wholly due to a shrinkage in the resources of the national banks in the central reserve and other reserve cities, for the country banks show an aggregate growth in resources as compared with the November call of $79,000,000, their resources December 27, 1916, being greater than on any previous call.

The resources of the country banks on December 27, 1916, amounted to approximately 7 billion dollars, showing that the country banks now hold more than the total resources of all the national banks, including the vast accumulations in all the reserve and central reserve cities, plus the country banks, as late as the year 1904.

Since May 1, 1916, the country banks have increased their resources 759 million dollars, or 12 per cent. In the same period the resources of national banks in the central reserve cities declined 77 million dollars, or 2 per cent, and the resources of the national banks in other reserve cities increased 455 million dollars, or 11 per cent.

These figures indicate that the tendency, noted for some time past, toward a wider diffusion of the banking resources of the country continues.

The figures show that there has been added to the resources of the national banks since January 13, 1914, $4,037,000,000, an amount greater than the present aggregate resources of all national banks in the central reserve cities of New York, Chicago, and St. Louis, which aggregate $3,946,000,000.

The following are the principal changes shown in the condition of national banks December 27, 1916, as compared with the previous call of November 17, 1916, and the corresponding call a year ago.

Resources, 15,333 million dollars, a decrease of 186 million as compared with November 17, 1916; and as compared with December 31, 1915, an increase of 1,865 million dollars.

Loans and discounts, 8,340 million dollars, a decrease from November 17, 1916, of 5 million and an increase over December 31, 1915, of 982 million.

Cash on hand and due from Federal Reserve Banks, $1,493,443,000, an increase over November 17, 1916, of $55,928,000, and over December 31, 1915, of $281,579,000.

Due from banks and bankers other than Federal Reserve Banks, December 27, 1916, $1,844,702,000, a decrease from November 17, 1916, of $174,064,000, and an increase over December 31, 1915, of $311,389,000.

Securities other than United States bonds, 1,725 million dollars, an increase over November 17, 1916, of 15 million, and over December 31, 1915, of 350 million.

Deposits, December 27, 1916, $12,264,662,000, a decrease from November 17, 1916, of $223,227,000, but an increase from December 31, 1915, of $1,884,971,000.

As compared with the November 17, 1916, statement, time deposits increased December 27, 1916, 38 million, while balances due to banks and bankers decreased 87 million, and demand deposits shrunk 174 million. Of the 1,884 million dollars increase shown since December 31, 1915, 437 million were time deposits, 924 million demand deposits, and 523 millions in amounts due banks and bankers.

Surplus and profits December 27, 1916, 1,106 million, an increase since November 17, 1916, of 16 million, and since December 31, 1915, of 87 million.

The amount of acceptances based on imports and exports was 100 million dollars December 27, 1917, an increase since November 17, 1916, of $2,111,000.

Cash letters of credit, 35 million, an increase since November 17, 1916, of $3,637,000.

Bills payable and rediscounts, December 27, 1916, 89 million, an increase since November 17, 1916, of 16 million, but a reduction since December 31, 1915, of 8 million.

Changes in resources between calls by States and reserve cities: Between the calls of November 17, 1916, and December 27, 1916, the national banks in New York City reduced their resources 200 million dollars, in Chicago 15 million, and in St. Louis 5 million. The reduction for the same period in Boston was 15 million, Philadelphia 22 million, and San Francisco 7 million.

The largest increase for reserve cities was shown at Louisville, 5 million. Des Moines and Salt Lake City increased about 4 million each. The increases in other reserve cities were for smaller amounts.

Among the country banks Pennsylvania leads with an increase of 20 million, followed by Iowa with 12 million and Illinois with 10 million. The country banks in Ohio and New Jersey increased about 8 million dollars each, Kansas 7 million; Connecticut, West Virginia, and Florida about 5 million each; Virginia, Kentucky, and California about 4 million each, and Louisiana, Indiana, and Wisconsin 3 million each.

The States in which the banks showed a decline between the two calls were New York 10 million dollars, Texas 8 million, Georgia 7 million, and Oklahoma and North Dakota about 3 million each.

FEBRUARY 9, 1917.

Clearing and Collection at Boston.

Clearing and collection at Boston, because of conditions more favorable than those in other Federal Reserve districts, has been of more than ordinary interest as a record of progress. The Boston Clearing House was taken over by the Federal Reserve Bank on July 15, 1916. The cost of collection for the last month was 0.0065 cent per item. There follows a report prepared by Alfred L. Aiken, governor of the Boston bank, for the Federal Reserve Board, which summarizes the clearing and collection operations:

In 1898 the Boston Clearing House Association organized its so-called foreign department, and practically ever since that time the members of the Boston Clearing House Association have been collecting checks drawn upon all the New England banks through that agency, with the result that all the banks in this Federal Reserve district were accustomed to the practice of direct sending of checks and the covering of same by remittance upon receipt. When the foreign department of the Boston Clearing House Association was established, a considerable percentage of the country banks were making a charge when remitting, but by diligent and persistent efforts these exchange charges were gradually eliminated in the case of most banks, so that in July, 1916, there were in New England 632 banks outside of the Boston Clearing House, 391 of which were national banks and 241 State banks and trust companies, and of these all remitted at par to the Boston Clearing House except 54 national banks and 35 State banks and trust companies.

RESERVE COLLECTION PLAN.

The check collection plan which the Federal Reserve Bank proposed to put into operation July 15, 1916, was in most respects so similar to that in successful operation in the Boston Clearing House that negotiations were entered upon with the Clearing House Association looking to taking over the operations of their foreign department. The Boston Clearing House Association has from the first shown the greatest courtesy and interest in cooperating with the Federal Reserve Bank, and an agreement was entered into by which, upon the date of the beginning of check collection operations in the Reserve Bank, the Boston Clearing House should discontinue the operation of its foreign department, the Federal Reserve Bank agreeing to take over the staff of the Boston Clearing House and to assume the lease of the rooms occupied by it, with the result that, so far as the relations with the banks in this district outside of Boston were concerned, there was no break in the already existing methods, except in some minor details, and the Federal Reserve Bank was immediately provided with suitable rooms for the carrying on of its check collection operations and with a thoroughly trained staff.

Upon the beginning of the check collection operations through the Federal Reserve Bank, 54 national banks that had previously declined to remit at par automatically went on the par list, and within a few days after that date all the nonmember banks and trust companies had also agreed to remit to the Federal Reserve Bank at Boston at par upon receipt for checks sent them drawn upon themselves. The nonpar banks in some of the larger centers were advised that if they preferred such an arrangement, the Federal Reserve Bank would make arrangements to present checks drawn upon them at their respective counters for payment in cash, but they all agreed to remit and forego their exchange charges. The result has been that practically ever since the opening of our check collection department the Federal Reserve Bank of Boston has been able to collect at par checks drawn upon all banks both member and nonmember within this Federal Reserve district.

CHANGES IN PRACTICE.

It had been the practice of the Boston Clearing House Association to make a charge based on the volume in dollars of business handled. The change from the per thousand basis to the per item basis caused some criticism at first, but in most instances the change has been looked upon favorably and is considered a more equitable basis of distribution of the expense than the old basis upon the volume in thousands of dollars.

Soon after the Federal Reserve Bank of Boston took over the foreign department of the Boston Clearing House, the Boston Clearing House Association changed its rules, and put upon the discretionary list all points in this Federal Reserve district that could be collected at par through the Federal Reserve Bank of Boston, with the result that ever since that date a considerable volume of checks that were previously collected through various collection centers outside of New England have come to New England banks, and have been collected by them through the Federal Reserve Bank.

The volume of collections through the Federal Reserve Bank has shown a marked and steady increase as compared with the volume previously handled by the Boston Clearing House Association, as is shown by the following table. In this table the figures from July 15, 1916, to August 31, 1916, are not included, as they were not analyzed by months, and covered a period of about six and a half weeks:

Clearings and collections.

[000 omitted from all figures.]

	Checks on Boston.	Checks on New England outside Boston.	
	Amount.	Number.	Amount.
Sept., 1916	$67,668	755	$65,592
Oct., 1916	86,701	822	76,593
Nov., 1916	103,417	813	75,921
Dec., 1916	102,851	864	78,962
Jan., 1917	94,411	885	82,347

	Checks on other districts.					
	Sent by Federal Reserve Banks.		Sent direct.		Total.	
	No.	Amount.	No.	Amount.	No.	Amount.
Sept., 1916	27	$18,705	14	$9,007	41	$27,712
Oct., 1916	37	23,520	19	12,378	56	35,898
Nov., 1916	33	22,628	27	13,015	60	35,643
Dec., 1916	39	22,868	36	14,438	75	37,306
Jan., 1917	41	19,925	32	13,790	73	33,715

The steady increase in the volume of New England items handled by this bank, and also in the volume of collections upon New England points outside of Boston handled by the foreign department of the Boston Clearing House Association during the preceding year in the months corresponding to those for which the figures are given in the foregoing table, are worthy of note, as shown hereunder.

New England checks collected through the foreign department of the Boston Clearing House Association.

September, 1915	$35,900,578
October, 1915	39,749,785
November, 1915	40,548,772
December, 1915	39,000,679
January, 1916	40,303,292

COOPERATION OF BANKS.

The difficulties that we have encountered have not been many, as most of the banks in this district, both member and nonmember, have been disposed to cooperate with us in every way possible, though we should not have received the increasing volume of business had not the banks availing themselves of our facilities been satisfied that this method of collection was more economical and satisfactory for them than any other method, and the increasing volume is the best evidence of the growing favor of the method that we are carrying on.

The principal obstacle that we have to contend with arises from the fact that while we receive for collection practically all the checks drawn upon member banks in this district that circulate out of the immediate neighborhood of the bank, these banks find it difficult to provide an offset, because of the fact that nonmember banks in other districts have not been willing to remit for their checks at par to the Federal Reserve Banks in their district. When it is possible to collect all checks, both member and nonmember, through the Federal Reserve Banks, I look for a very rapid increase in the volume that will come through this Federal Reserve Bank.

The handling cost of our business is approximately 0.9 cent per item, although with the exception of one month it has been slightly less than this amount. We are confident that with our increasing volume it is a question of a comparatively short time when we shall be able to reduce the per item charge.

MEMBERSHIP IN CLEARING HOUSE.

Upon the opening of the Federal Reserve Banks in November, 1914, the Federal Reserve Bank of Boston was admitted to limited membership in the Clearing House Association, and immediately thereafter the Boston Clearing House Association agreed to settle daily balances at the clearing house by checks upon the Federal Reserve Bank, which was easily done because of the fact that all the clearing house members were members of the Federal Reserve System. Further than this, at the present time all of the operations of the Boston Clearing House are carried on on the premises and by the staff of the Federal Reserve Bank. The necessity of handling large amounts of money in the settlement of balances has been entirely done away with, and the cost of city clearings has been greatly reduced. Our local situation is apparently giving satisfaction to all the banks that are parties to it, and for this satisfactory state of affairs, the Federal Reserve Bank of Boston is greatly indebted to the interest and hearty cooperation of the Boston Clearing House Association.

FEBRUARY 20, 1917.

Banks as Insurance Agents.

Regulations under which national banks may act as insurance agents and as brokers or agents in making or procuring loans on real estate under the amendment covering such action passed by Congress in 1916 have been issued from the office of the Comptroller of the Currency. They are given below for the information of Federal Reserve and member banks:

To all National Banks:

An amendment to the Federal Reserve Act approved September 7, 1916, provides:

"That in addition to the powers now vested by law in national-banking associations organized under the laws of the United States, any such association located and doing business in any place, the population of which does not exceed five thousand inhabitants, as shown by the last preceding decennial census, may, under such rules and regulations as may be prescribed by the Comptroller of the Currency, act as the agent for any fire, life, or other insurance company authorized by the authorities of the State in which said bank is located to do business in said State, by soliciting and selling insurance and collecting premiums on policies issued by such company; and may receive for services so rendered such fees or commissions as may be agreed upon between the said association and the insurance company for which it may act as agent; and may also act as the broker or agent for others in making or procuring loans on real estate located within one hundred miles of the place in which said bank may be located, receiving for such services a reasonable fee or commission: *Provided, however,* That no such bank shall in any case guarantee either the principal or interest of any such loans or assume or guarantee the payment of any premium on insurance policies issued through its agency by its principal: *And provided further,* That the bank shall not guarantee the truth of any statement made by an assured in filing his application for insurance."

All national banks acting or proposing to act under the provisions of the foregoing law are requested to observe strictly the following regulations:

WHERE A NATIONAL BANK ACTS AS INSURANCE AGENT.

It will be seen from the above that in order to avail itself of the provisions of this act relative to acting as agent for an insurance company:

(*a*) The bank must be located in a place the population of which does not exceed 5,000 as shown by the last preceding decennial census.

(*b*) The insurance company for which the bank acts as agent must have been authorized by the authorities of the State in which the bank is located to do business in that State.

(*c*) The activities of the bank as such agent must be restricted to the soliciting and selling of insurance and the collection of premiums on policies issued by the insurance company.

(*d*) The bank may receive for services so rendered such lawful fees or commissions as may be agreed upon between the bank and the insurance company for which it may act as agent.

(*e*) The bank is prohibited from assuming or guaranteeing the payment of any premium on insurance policies issued, through its agency, by its principal.

(*f*) The bank is prohibited from guaranteeing the truth of any statement made by an assured in filing his application for insurance.

(*g*) The powers conferred are to be exercised under such regulations as may be prescribed by the Comptroller of the Currency.

In pursuance of the foregoing amendment the following regulations are hereby prescribed for national banks which may undertake to act as agents for insurance companies:

1. Each contract of agency must be formally accepted by the board of directors of the agent bank by a resolution spread upon the minutes in the following form:

"Be it resolved that the contract of agency entered into on ...... 191.. between the ...... insurance company and the ...... national bank of ......, by ...... president (or vice president) and ...... cashier, a copy of which is on file in this bank, is hereby ratified and approved."

2. A certified copy of such resolution, attested by the president or vice president and by the cashier and by a majority of the directors of the bank, must be forwarded to this office on forms to be furnished by this office.

3. There should be on file in the bank, available for inspection by the examiner, the following documents:

(*a*) An authoritative statement showing the population of the town according to the last preceding decennial census.

(*b*) A proper certificate from the authorities of the State in which the bank is located showing as to each insurance company for which the bank is acting as agent that such company has received authority from the said State to transact business in that State.

(*c*) A proper certificate or other writing of each insurance company for which the bank acts authorizing the bank to act as its agent, setting forth that the bank does not guarantee the payment of any premium on insurance policies issued through its agency by its principal, and stating that the bank is not to be held responsible for the truth of any statement made by an assured in filing his application for insurance.

(*d*) Copies of all reports made by the agent bank to each insurance company which it represents.

4. The bank will be required to keep a record as to each company for which it acts as agent, showing: For fire insurance: The amount of each policy, the rate and premium, date of commencement, term, and date of expiration, as well as a description of property insured, with name of assured, and to whom loss is payable. As to life insurance: Amount and date of policy, with premium, and a statement as to under what form the insurance is written, giving also name of assured and beneficiary. As to any and all other forms of insurance: The fullest possible particulars as to amounts, dates, rates, premiums, and what is insured by the policy, and of collection of all premiums collected for account of the company, refunds made, the proportion of premium credited to the profits of the bank under its agreement with the company, the proportion due the company, the amounts and dates of all remittances made to the insurance company on account of premiums collected, and the balance, if any, due from the bank to the insurance company.

5. The bank will be required to carry on its general ledger an account which will, at all times, show the amount due to insurance companies for which it is acting as agent, on account of premiums collected but not remitted, and this liability must be shown in reports of condition and in the published statements of the bank under the heading "Other liabilities—on account of insurance premiums collected and not remitted," unless specifically provided for in the report.

6. The bank should also keep such records as may be required by each insurance company in the manner and under the forms prescribed by the various companies; all of which should be available for inspection by the examiner on request.

7. The agent bank must not assume any responsibility or liability for either the adjustment, settlement, or payment of losses under any policy issued by or through its agency.

8. The records of all profits derived from the insurance agency should be carried in a separate account on the books of the bank, and the records should be so kept as to enable the examiner readily to trace to the source all items of profit derived in this connection.

WHERE A NATIONAL BANK ACTS AS BROKER OR AGENT IN MAKING OR PROCURING LOANS ON REAL ESTATE.

In order to avail itself of this privilege:

(*a*) The bank must be located in a place the population of which does not exceed 5,000 as shown by the last preceding decennial census.

(*b*) The real estate by which the loans negotiated are secured must be located within 100 miles of the place in which the negotiating bank is located.

(*c*) The bank may receive for such services a reasonable fee or commission.

(*d*) The bank shall in no case guarantee either the principal or interest of any such loans.

(*e*) The powers conferred are to be exercised under such regulations as may be prescribed by the Comptroller of the Currency.

The following regulations are prescribed for national banks which may undertake to act as agents or brokers in making or procuring loans on real estate.

1. A bank intending to avail itself of this provision of the law must adopt by its board of directors a resolution in the following form:

"*Be it resolved,* That the officers of the ——— National Bank of ——— are hereby authorized and empowered on behalf of this bank, as broker or agent, to accept from customers of this bank deposits of funds to be invested for account of said customers, in loans secured by real estate, and to procure, as broker or agent, for customers of this bank loans which shall be secured by real estate, under the provisions of the act approved September 7, 1916: *Provided,* That the investment of such funds as stated, and all such procuring of loans or lending of funds for clients shall be undertaken only under written instructions from the customer for whom this bank, through its officers, may act as broker or agent, such written instructions in each case to be first delivered to an officer of this bank. Such instructions shall, in all cases, state clearly that the bank in acting as broker or agent in no way guarantees payment of either the principal or interest of any loan so negotiated."

2. A certified copy of such resolution, attested by the president or vice president and cashier and by a majority of the directors of the bank, must be forwarded to this office, on forms to be furnished by this office.

3. No bank shall charge more than one commission or brokerage on the making of any loan; that is to say, if it shall charge a brokerage or commission to the party borrowing the money, it shall not charge a brokerage or commission to the party for whom money is so loaned, and vice versa.

4. Each bank acting under this provision of law will be required to keep a record showing as to each loan negotiated by the bank—

(*a*) The name and address of the principal for whom the bank is acting,

(*b*) Date of written instructions from the principal,

(*c*) Name and address of maker of note,

(*d*) Date of note,

(*e*) Date of maturity of note,

(*f*) Brief description of property securing note, showing location and distance from place in which bank is located,

(*g*) Character of improvements, etc.,

(*h*) Name and address of party to whom note was transferred or delivered by the bank,

(*i*) Date of such transfer or delivery,

(*j*) Amount of principal of note,

(*k*) Rate of interest or discount,

(*l*) Rate of commission or brokerage charged by bank for acting as broker or agent, and

(*m*) Amount of such commission or brokerage, and whether said commission was paid by borrower of the money or by the party for whom it was loaned.

5. A book should be kept showing the date on which each mortgage or deed of trust negotiated by the bank has been admitted to record, the court in which the same is recorded, and the recordation fees paid in each case.

6. The records of all profits derived from acting as broker or agent in negotiating loans on real estate should be carried in a separate account on the books of the bank, and the records should be so kept as to enable the examiner readily to trace to the source all items of profit derived in this connection.

7. Deposits of money received by the bank as broker or agent to be invested in loans secured by real estate as prescribed by law, must be treated as trust funds and kept separate and apart from the other assets of the bank. Such funds must in no case be permitted to pass from the possession of the bank until the loan for which they are to be paid out is formally accepted by or in behalf of the party for whose account negotiated.

8. No bank shall advance or use its own funds in connection with real estate loans negotiated as broker or agent.

9. No loans secured by real estate, which the bank has negotiated as broker or agent, should become a part of the assets of the bank even temporarily, unless such loans conform to the provisions of section 24 of the Federal Reserve Act, as amended.

10. There should be available in the bank for inspection by the national-bank examiner—

(*a*) An authoritative statement showing the population of the town according to the last preceding decennial census.

(*b*) All records pertaining to the negotiation of real estate loans as broker or agent.

National banks acting as broker for the placing of loans should prepare blank forms of application to be executed by applicants for loans. These applications should show—

(*a*) Location of property.

(*b*) Acreage.

(*c*) Assessed valuation.

(*d*) Estimated present value.

(*e*) Brief descriptions of buildings thereon and estimated value of them.

(*f*) Whether buildings are insured, and, if so, for what amounts and in what companies.

(*g*) Whether property is already encumbered, and, if so, for what amount.

(*h*) If property is farm property applicant should state whether or not the dwelling is provided with sanitary arrangements approved by the local board of health, and, if not, what sanitary arrangements there are.

At the foot of this application should be printed below the signature of the applicant a statement to the effect that "The statements in the foregoing application have been submitted to this bank by the applicant for the loan, but this bank does not undertake to guarantee the correctness of any of the statements made by the applicant."

If any applicant for a loan makes statements in his application which any officers of the bank before whom the application may come may have reason to think are not correct, the attention of the applicant should be called to the possible discrepancy.

Fiduciary Powers.

The applications of the following banks for permission to act under section 11-k of the Federal Reserve Act have been approved since the issue of the February Bulletin:

DISTRICT No. 2.

Registrar of stocks and bonds:
Mechanics and Metals National Bank, New York City.

DISTRICT No. 3.

Trustee, executor, administrator, and registrar of stocks and bonds:
National State Bank, Camden, N. J.
Second National Bank, Wilkes-Barre, Pa.

DISTRICT No. 9.

Trustee, executor, administrator, and registrar of stocks and bonds:
First National Bank, Arlington, S. Dak.
Minnehaha National Bank, Sioux Falls, S. Dak.

DISTRICT No. 10.

Trustee, executor, administrator, and registrar of stocks and bonds:
First National Bank, Ord, Nebr.

DISTRICT No. 12.

Registrar of stocks and bonds:
First National Bank, Marshfield, Oreg.

New National Bank Charters.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from January 20, 1917, to February 23, 1917, inclusive:

	Banks.	
New charters issued to	13	
With capital of		$575,000
Increase of capital approved for	25	
With new capital of		3,030,000
Aggregate number of new charters and banks increasing capital	38	
With aggregate of new capital authorized		3,605,000
Number of banks liquidating (other than those consolidating with other national banks)	5	
Capital of same bank		557,500
Number of banks reducing capital	2	
Reduction of capital		213,000
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks)	7	
Aggregate capital reduction		770,500
The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was		3,605,000
Against this there was a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of		770,500
Net increase		2,834,500

Commercial Failures in January.

Business reverses in the United States during January were more numerous and involved a larger indebtedness than in December, 1916, yet the increase in both respects was less than in nearly a decade. Commercial defaults last month, as reported to R. G. Dun & Co., numbered 1,540, with liabilities of $18,283,120, against 1,252 for $16,745,274 in December, 2,009 last year for $25,863,286, and 2,848 for $49,640,575 in January, 1915, the maximum point on record. The number of January failures was the smallest for the period since 1910, while the sum of money owed was the smallest of any year back to 1909.

Separation of statistics by Federal Reserve districts discloses fewer insolvencies than last year in every instance, with the single exception of the tenth district where there was a slight increase. Numerically, the improvement was especially marked in the eleventh, eighth, fifth, and third districts, while the liabilities, apart from the first and third districts, were smaller in every case, and notably so in the fifth, ninth, eleventh, sixth, and second districts.

The number of commercial failures and liabilities in each district for the month of January, this year and last, are compared below:

Districts.	Jan., 1917.		Jan., 1916.	
	Number.	Liabilities.	Number.	Liabilities.
No. 1	176	$2,201,296	191	$1,645,500
No. 2	241	4,446,073	329	8,810,900
No. 3	77	1,702,861	120	988,240
No. 4	129	990,378	163	1,442,950
No. 5	104	549,458	171	1,427,400
No. 6	161	1,486,533	186	2,490,200
No. 7	181	2,954,773	209	2,966,600
No. 8	68	1,422,831	141	1,475,000
No. 9	54	447,077	66	988,400
No. 10	78	310,284	75	350,900
No. 11	58	498,256	129	1,292,696
No. 12	213	1,273,300	229	1,984,500
United States	1,540	18,283,120	2,009	25,863,286

Experience with a Reserve Bank Agency.

During the past summer the Federal Reserve Bank of St. Louis established an office at Memphis, Tenn., for the purpose of better meeting the convenience of the member banks of district No. 8 during the crop-moving season. The following report of the experience with the office at Memphis, prepared by Chairman Wm. McC. Martin, sets forth the details with regard to the operation of the Memphis office, and furnishes the essential forms which were found necessary there. This experience is likely to prove of distinct help should an office of the same character be established by some other Federal Reserve Bank in the future. Mr. Martin reviews the Memphis experience as follows:

POLICY DURING COTTON MOVEMENT.

In the cotton movement period during the first year of this bank's existence, it did everything in its power to enable member banks to avail themselves of the rediscount privileges when they were needed. We made especial efforts to help out those banks that had to bear the burden of the cotton movement. We were of considerable assistance to some banks in Arkansas and Mississippi, but the Memphis banks, while getting some aid from us through rediscounts, did not exercise their full privileges. During the months of September, October, and November, 1915, Memphis member banks rediscounted considerable paper with us, but practically none of it was secured by cotton collateral. The reason of this was that the board of directors of this bank did not feel that it was sound banking to rediscount a cotton loan and allow the warehouse receipts to remain in the hands of the borrowing bank. The Memphis banks advised us that this was the custom of the New York and Boston banks. We, of course, thoroughly understood that it was impracticable for a bank to rediscount a loan secured by cotton warehouse receipts and send the receipts out of the locality, making it difficult to allow substitutions. We, therefore, suggested that when one bank rediscounted with us a loan secured by cotton warehouse receipts, it turn over the receipts to another designated member bank, which would hold them under a trust agreement with us and permit the necessary substitutions. This method was objected to on the ground that the banks were all competitors, and no bank cared to have a competitor, through holding cotton warehouse receipts, get information in regard to its customers. The same objection was made to having a State bank or trust company hold the collateral. This bank felt that, while it was not necessary for the cotton warehouse receipt collateral to be in its hands in St. Louis, it should be either in its possession or in the possession of some properly constituted agent who would hold the collateral on its behalf. Those banks in Arkansas and Mississippi that we helped with their cotton loans during 1915 agreed to an arrangement whereby the cotton collateral was held in those localities where there were two or more member banks, by another member bank and in those localities where there was only one member bank by some State institution in the same town that the Federal Reserve Bank found satisfactory. Such an arrangement, however, was not satisfactory in Memphis.

This was also the situation at the beginning of the cotton movement in 1916. Our board of directors insisted that the borrowing bank should not retain custody of the collateral to loans rediscounted by it, and the Memphis bankers did not consider it wise for them to hold each other's cotton receipts.

MEMPHIS AGENCY PLAN.

However, the Memphis banks were anxious to use the rediscount facilities of this bank, and as the Federal Reserve Bank always wishes to be of help to member banks when they desire it, a plan was worked out which was satisfactory to both the Memphis banks and this bank. We sent one of our own men from this office to open an agency at Memphis at the request of, and for the purpose of aiding, member banks in handling the cotton situation. On September 25, 1916, Mr. T. C. Tupper, deputy Federal Reserve Agent and manager of our credit department, went to Memphis and rented an office and the necessary safe deposit space. Only a small office was needed with room for two desks, and this was found on the fourteenth floor of the Central-State Bank Building. Two large boxes in one of the conveniently-located safe deposit vaults were all the other equipment necessary. On October 11, 1916, Mr. W. H. Glasgow, assistant to the Federal Reserve Agent, relieved Mr. Tupper and remained in charge of the office until it was closed on January 20, 1917.

CONTRACT COVERING SAFE DEPOSIT BOXES.

Such safe deposit boxes as were needed were rented in the name of the Federal Reserve Bank of St. Louis, and instructions given by the bank to the effect that access was to be allowed to our representative only when accompanied by one of certain designated persons representing the bonding company which was on our employee's bond. The boxes were to be both opened and closed in the presence of these two persons.

REPRESENTATIVE OF THE BONDING COMPANY.

So many substitutions of cotton warehouse receipts were necessary that it was found convenient to have the bonding company designate a man to represent it, who occupied one of the desks in our Memphis office and gave his entire time to this business. While this man was entirely subject to the orders of the bonding company, this bank paid his salary.

METHOD OF OBTAINING REDISCOUNTS.

When a bank desired to rediscount paper with the Federal Reserve Bank of St. Louis, it called up our representative, who promptly went to the bank. The bank then told him that it wanted to rediscount, say, $100,000 of paper secured by cotton warehouse receipts, and frequently discussed with him the basis on which the collateral would be acceptable. He, of course, had received instructions from this bank as to the amount per bale at which we would accept the cotton as collateral. Being on the ground, he knew the general standing of the factors and buyers and the character of cotton they handled as a rule. The bank then sent over to our Memphis office warehouse receipts covering the cotton proposed to be pledged. There they were counted, and our representative delivered a receipt to the bank in the following form:

No. 101. MEMPHIS, TENN., ...
[Date.]

Received of the National Bank of Prosperity Memphis Terminal Corporation Warehouse Receipts for 1,538 bales of cotton pledged as security for loan to John Doe & Co. for One Hundred Thousand Dollars.

Substitution of receipts for cotton of like value to be made on order of above-named bank. Receipts to be surrendered on payment of loan and delivery of this receipt to undersigned.

FEDERAL RESERVE BANK OF ST. LOUIS.
By——— ———.

The bank then filled out a regular application for a rediscount with the Federal Reserve Bank of St. Louis, properly indorsed the note, and attached to it the above-described receipt signed by our representative, and forwarded the loan to this bank for consideration. If the loan was accepted, its proceeds were credited to the Memphis bank, and the collateral was in the hands of our representative in such shape that substitutions could be easily made. If for any reason the note should be declined, it was returned to the bank and the bank in turn presented the receipt attached to our representative, who took up the receipt and redelivered the collateral.

RECEIPTS FOR COLLATERAL.

In order that this bank might be fully advised at the close of each day's business, our representative wrote a letter covering the receipts for collateral he had issued during the day. The form of this letter was as follows:

MEMPHIS, TENN., ——.
[Date.]

FEDERAL RESERVE BANK,
St. Louis, Mo.

GENTLEMEN: I have to-day issued the following receipts to the National Bank of Prosperity:

Receipt No. 101, for 1,538 bales, $100,000, loan John Doe & Co.;

Receipt No. 102, for 100 bales, $6,000, loan Smith & Co.;

Receipt No. 103, for 215 bales, $15,000, loan John Jones.;

Receipt No. 104, for 700 bales, $42,000, loan Brown & Co.—2,553 bales, securing $163,000.

Yours, truly,

—— ——.

SUBSTITUTIONS.

As the loan had originally been made by the member bank to a cotton buyer or a factor, and the latter had turned the collateral over to the bank, which in turn had turned it over to us, in order to be fully protected in any substitutions that we allowed, each of the banks rediscounting with us gave us the following authority:

MEMPHIS, TENN., ——.
[Date.]

FEDERAL RESERVE BANK,
St. Louis, Mo.

GENTLEMEN: In order to facilitate the substitution of warehouse receipts held by our representative in Memphis, Tenn., securing loans rediscounted by us with the Federal Reserve Bank of St. Louis, and in order to relieve the owner of such receipts, desiring to make substitutions, from presenting same to us, we direct that you accept such receipts bearing the name of the Memphis Terminal Corporation, issued or purported to be issued by it, when tendered to you by any of our customers in substitution of receipts held by you as collateral on paper made by them and rediscounted with you by us.

This authorization to remain in force and effect until you are advised by us in writing to the contrary, and receipts of acknowledgment from you of such advice.

Yours, truly,

—— NATIONAL BANK,
By —— ——, *Cashier.*

MODE OF MAKING SUBSTITUTIONS.

By the above plan the cotton buyer was saved the necessity of going to the bank that originally granted the loan each time that he wanted to make a substitution. Instead, he went straight to our office in Memphis. Our representative and the representative of the bonding company then accompanied the representative of the borrower to the safe-deposit vaults. There, in the presence of all three, the substitutions of new receipts for those desired occurred and the proper entries made. This system worked smoothly and satisfactorily, and both the member banks and the Federal Reserve Bank were fully protected.

As above stated, this agency was opened on September 25, 1916, and closed on January 20, 1917. During that period of time we rediscounted loans for the Memphis banks amounting to $1,762,450. This, however, is not the full measure of help we have given the Memphis banks, since on closing the office, through this agency, we succeeded in having the Memphis banks agree to allow each other to hold cotton collateral. Since the closing of this office on January 20 to February 15, 1917, we have rediscounted paper for the Memphis banks amounting to $383,920, making a total of rediscounts from September 25, 1916, to date of $2,146,370.

In some accounts the substitutions were much more active than in others. The most active account had pledged in the custody of our representative a daily average of 1,429.2 bales of cotton. The number of substitutions in this account for the period from October 16, 1916, to January 20, 1917, was 11,021 bales; that is, the number of bales substituted was 7.7 times the average cotton on hand daily as collateral to its loans. Perhaps it will make this clearer to say that though during the above period 11,021 bales passed through the hands of our representative, the collateral at any one time to the loans was 1,429.2 bales on the average.

The number of substitutions ranged from this down. The least active account had in it a daily average of 278 bales, and during the period from October 26, 1916, to January 20, 1917, there were only 17 changes of collateral.

Up to January 20, 1917, when we closed the Memphis office, there had been deposited as collateral 22,369 bales of cotton. From October 16, 1916, the date we commenced keeping a record of the number of substitutions, to January 20, 1917, there had been 40,041 substitutions.

EARNINGS.

For the period from the opening of the office on September 25, 1916, to the time it was closed on January 20, 1917, the statement of the earnings and expenses of the Memphis agency is as follows:

Discount earned	$7,574.42
Expenses (including salary of our representative for the time he was in Memphis)	1,710.00
Net earnings	5,864.42

CONCLUSIONS.

(1) Through this agency established at Memphis the Federal Reserve Bank of St. Louis was able to take care of all of the needs of the Memphis banks and to give them as quick service as they desired.

(2) At no time during the existence of this agency did any need of member banks arise which could have been handled more satisfactorily than through this agency had a branch bank been established there instead. Offerings put in the mail at night reached us the next morning, were passed on, and the proceeds put to the credit of the bank rediscounting generally before noon. We were in daily intimate contact with not only our member banks, but knew the entire situation as it existed in their territory.

(3) Our representative found the keenest interest manifested in the Federal Reserve System by the cotton interests, the banks, and the public in general. Confidence created by the existence of the system was the basis of unafraid business activity.

(4) As for the results accomplished, the following quotation is given from a letter written by one of the large cotton factors and commission merchants in Memphis to our representative just before the Memphis agency was closed:

"We think that the Federal Reserve Banks have saved the day for the South this year. Under the old monetary system we think it would have been an impossibility to maintain prices of cotton like has been done this fall. Under the old system we think the rates of interest would have been very high, and prices could not have been maintained."

Operation of the Clearing Plan.

The following table shows briefly the clearing operations of the Federal Reserve system for the monthly period ending February 15, 1917, with comparative figures for each of the six preceding months:

Operation of the Federal Reserve interdistrict clearing system, January 16 to February 15, 1917.

Bank.	Average number of items handled daily.	Average amount of daily clearing.	Member banks in the district.	Nonmember banks from which checks are collected at par.
Boston	35,234	$11,153,187	402	242
New York	41,342	26,702,153	625	310
Philadelphia	30,416	16,171,405	632	235
Cleveland	15,239	7,598,641	752	488
Richmond	15,756	7,613,435	521	286
Atlanta	11,956	3,734,742	389	411
Chicago	19,761	12,717,528	1,045	1,413
St. Louis	10,329	6,553,987	468	872
Minneapolis	11,980	5,310,106	715	1,100
Kansas City	11,387	6,590,800	943	1,405
Dallas	11,710	4,539,320	618	219
San Francisco	5,311	1,502,724	520	1,105
Total, Jan. 16 to Feb. 15, 1917	220,421	110,188,028	7,630	8,086
Dec. 16, 1916, to Jan. 15, 1917	241,933	121,814,589	7,622	8,130
Nov. 16, 1916, to Dec. 15, 1916	236,038	125,603,732	7,627	8,065
Oct. 16 to Nov. 15, 1916	227,489	115,061,224	7,623	8,059
Sept. 16 to Oct. 15, 1916	204,891	97,666,107	7,618	7,459
Aug. 16 to Sept. 15, 1916	177,397	78,559,704	7,618	7,449
July 16 to Aug. 15, 1916	133,113	59,301,696	7,624	7,032

Synopsis of Report of the Comptroller of the Currency.

The following is a condensed synopsis or summary of some of the main features of the Annual Report of the Comptroller of the Currency (vol. 1—202 pp.) for the 12 months ending October 31, 1916, which, in accordance with section 333 of the Revised Statutes, was submitted to Congress on February 5. The synopsis was prepared and given out from the Comptroller's office.

Unusual Combination of Great Business Activity and Easy Money:

With the greatest prosperity and business activity the country has ever known, requiring the use of many hundreds of millions of additional accommodations from banks, says the report, the business men of the country have at the same time enjoyed the most favorable interest rates ever seen.

Figures showing the decentralization of banking capital and the wholesome effects of the operations of the Federal Reserve System in all sections are given.

The national banks are described as "the backbone and substance of the Federal Reserve System," and it is shown that on November 17, 1916, of the 7,614 members of the Federal Reserve System, 7,577 were national banks and that of $15,980,000,000 of resources, the resources of national bank members amounted to $15,513,000,000.

Deposits in National Banks Increasing Faster than in State Institutions:

In the 10 years preceding the inauguration of the Federal Reserve System the deposits in State banks and trust companies had shown a greater ratio of increase than the deposits in national banks, but from June, 1913, to June, 1916, the deposits of the national banks increased 33½ per cent, while the deposits in State banks and trust companies increased only about 29 per cent.

National Bank Resources Double in 10 Years:

The resources of the national banks have doubled in 10 years, growing from 7,670 million dollars in April, 1906, to 15,520 million on November 17, 1916. The resources of the national banks on November 17, 1916, exceeded the total resources of all reporting State banks, savings banks, private banks, and loan and trust companies throughout the country at the time of the beginning of the Federal Reserve System two years ago.

National Banks Increase in Numbers as well as in Capital and Resources:

From the opening of the Reserve Banks November 16, 1914, to November 15, 1916, the Comptroller of the Currency issued charters to 264 new national banks with an aggregate capital of $16,109,500, and during the same period 189 national banks increased their capital by $27,117,700. The aggregate of new charters issued and banks increasing their capital was 453 and the new capital authorized, $43,227,200.

Since the opening of the Reserve System, excluding banks consolidating with other national banks, the number of new banks chartered plus the number of existing national banks which increased their capital exceeds by 257 the number of national banks going into liquidation or reducing their capital, and the capital of the newly chartered banks plus the increased capital of existing banks exceeds by $26,514,200 the capital of all national banks which have gone into liquidation or reduced their capital during this period, other than those consolidating with other national banks. There were on hand on October 31, 1916, 46 additional applications for the organization of national banks approved by the Comptroller of the Currency, and 87 for new charters under consideration. "These facts," the comptroller says, "furnish a conclusive reply to suggestions which have been occasionally made that there has been any general tendency toward the withdrawal of banks from the National Banking System."

Wider Diffusion of Banking Wealth:

The 100 largest national banks are now shown to be scattered through 22 different States and in 33 cities representing every section of the country, and not concentrated in a few centers as heretofore.

Reduction in Number and Liabilities of Banks Failing, Since the Opening of Federal Reserve System:

In the fiscal year ending June 30, 1916, the first comptlee fiscal year under the new system there were 15 national bank failures with aggregate liabilities of only $3,838,415, as compared with 19 failures with $39,952,000 liabilities for the year ending June 30, 1914, the last fiscal year preceding the opening of the new system—ten times as large as for the past year.

Unprecedented Growth in National Bank Resources:

For the twelve months from November 10, 1915, to November 17, 1916, as shown by their sworn statements, the resources of the national banks increased $2,326,000,000 the greatest increase ever shown in a similar period.

Increases in Twenty-Year Period:

Tables presented illustrate the growth of national bank deposits at five-year intervals since 1896, and show that the deposits November 17, 1916, were 12,489 million dollars, as compared with 6,031 million dollars in November, 1906, and only 2,029 million dollars in October, 1896. The deposits of the national banks to-day are therefore six times as great as they were only twenty years ago.

Reserves:

The surplus or excess reserves held by the national banks November 17, 1916, amounted to 1,016 million dollars, this excess exceeding the total of all reserves held as late as September, 1901.

Geographical Location of Excess Reserves:

Reports of November 17, 1916, show, says the Comptroller, that the greatest excess of reserves are now held in those sections of the country which before the institution of the Federal Reserve System were generally regarded as the borrowing sections. He points out that the Southern States held 127 per cent more reserve than they were required by law to hold; the Western States 158 per cent more; Pacific States 127 per cent more than their requirements, while reserves held in the Eastern States were 41 per cent more than necessary, and the Middle States 67 per cent more, and the New England States 59 per cent more than required.

Cash Reserves and Balances in the Reserve Banks:

The banks had cash in their own vaults and in reserve banks amounting to $1,437,515,000, as compared with $1,212,960,000 in November, 1915, and $925,553,000 on October 31, 1914.

"Acceptances" Aiding Foreign Trade:

Figures are given showing the growth of "acceptances" by national banks, based on imports and exports. They increased from $13,077,000 September, 1915, to $76,608,000 September, 1916.

Gigantic Growth in Resources of all Reporting Banks and Trust Companies in One Year:

Tables presented show an increase in resources in all banks, National and State, including trust companies, from June 23, 1915, to June 30, 1916, of 4,710 million dollars. Between June 30, 1916, and November 17, 1916, the national bank resources increased an additional $1,593,337,000, so that the resources of all reporting banks between June and November, 1916, assuming that the State banks (whose reports are received only once a year) were the same on November 17 that they were on June 30, have increased to $34,489,531,000.

Increase in Total Resources of all Banks since 1908:

The total resources of all reporting banks in the United States June 30, 1916, are given at $32,896,000,000 as compared with $19,583,000,000 in 1908. The number of banking institutions in the same period increased from 21,346 to 27,525.

Abatement of Usury:

The Comptroller shows there has been a material reduction in the excessive rates charged by national banks throughout the country. In September, 1915, 1,022 national banks admitted average rates of 10 per cent or more, while on November 17, 1916, the total number of such banks had been reduced to 558.

Legislation Recommended:

The Comptroller repeats all of his recommendations for amendments to the national bank act as contained in the last annual report, and adds several additional ones as follows:

To provide a penalty for making false financial statements for the purpose of obtaining credit from national banks.

To provide punishment for breaking and entering a national bank for the purpose of theft or robbery.

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To limit investment in bank building.

To authorize United States Treasurer to sell bonds securing circulation 30 days after a bank goes into liquidation.

Riggs National Bank Charter, Etc.:

The Riggs National Bank controversy is briefly summed up and a synopsis of the decision of the Supreme Court of the District of Columbia upholding the comptroller's right to all the information and reports of every sort demanded of the bank is included in the report.

State Bank and Trust Company Statistics:

The report also contains the usual statistical tables as to State banks, loan and trust companies, and savings banks, both mutual and joint stock, for the past fiscal year, and for a period of years.

The aggregate resources of loan and trust companies increased from $5,873,000,000 June, 1915, to $7,028,000,000 June 30, 1916.

Banking Power of the United States:

The banking power of the United States as expressed by the input of capital, surplus and profits, deposits, and circulation of all banks, amounted on June 30, 1916, to $29,353,000,000, an increase over the previous year of $3,956,000,000, or 15.57 per cent.

Money in all Reporting Banks:

The cash in national, State, savings, private banks, and loan and trust companies plus the cash held by the Federal Reserve Banks on June 30, 1916, was reported at $1,911,717,000, being an increase over June, 1915, of $141,856,000, or 8 per cent. These cash holdings have, of course, been greatly increased since July 1 by large importations of foreign gold.

Foreign Securities held by National Banks:

The report shows that the amount of foreign government and other foreign securities owned by national banks on December 27, 1916, was $321,993,000. The reports received from national banks in 100 cities, including all Reserve cities and all cities with a population of 75,000 or more, show that the national banks in these cities (exclusive of about 10 per cent of them still to be heard from) were lending on December 27, 1916, to merchants and other borrowers in foreign countries, on direct loans, the sum of $136,669,000.

This makes the total investments of our national banks on the date mentioned (as far as reported) in foreign Government and other foreign securities and loans placed in foreign countries by national banks in the cities indicated, $458,662,000, and is equal to 42.82 per cent of the capital of the national banks, 21.22 per cent of their capital, surplus, and undivided profits, or 2.96 per cent of their total resources, as reported November 17, 1916.

Of the money loaned by national banks in foreign countries, $100,000,000 was loaned by the national banks of New York City, and about $28,000,000 by the national banks in Chicago, St. Louis, San Francisco, Philadelphia, and Boston.

The report also shows that the national banks held on November 17, 1916, $297,236,000 of foreign securities, representing 17.38 per cent of the $1,709,956,000 total securities held by them at that time other than United States Government bonds.

Salaries of Bank Officers and Employees.

In September, 1916, there were 66,394 officers and employees of national banks, their average salary being $110 per month. In March, 1916, the national banks with capital of $50,000 or less, which paid salaries to their presidents, paid their presidents on an average $1,008 per annum. National banks with capital of $5,000,000 or more were paying an average of $44,400 per annum to their presidents.

The comptroller recommends that the national banks consider furnishing their clerks and other employees receiving small salaries life insurance policies equal to their salaries for one year, so that in the event of death the families of the employees may at least be temporarily provided for.

Currency Issued and Redeemed through Comptroller's Office.

During the year ending October 31, 1916, the comptroller's office received for cancellation $411,950,890 of national bank currency, and shipped to the national banks new national bank notes amounting to $356,300,750. The stock of national bank notes in the custody of the Comptroller of the Currency November 1, 1916, amounted to $413,977,860.

Revenue Derived by Government from Operations of Comptroller's Office.

The report shows that the net revenue derived by the Government through the operations of the comptroller's office for the past fiscal year arising primarily from the taxation on bond-secured circulation, after the payment of all expenses, amounted to $3,258,435.10.

Our International Position.

The report concludes with a reference to this country's financial preparedness and its readiness to encounter and deal with all financial, domestic, and international problems, as follows:

"Since the beginning of the European war, a little over two years ago, our country has passed swiftly and definitely from the ranks of the debtor countries and has become the most potential of the creditor nations. Practically the whole world is in debt to us and steadily increasing its obligations.

"Our financial condition in relation to other peoples and the world at large becomes stronger from week to week and from month to month. As the figures show so conclusively, our wealth is piling up with wonderful rapidity; but to do our proper work in the world and to protect and enlarge our own interests we may before long need every dollar of these resources, gigantic and inexhaustible as they now seem to be.

Financially Prepared.

"From present indications it is probable that we will be required to finance not only our own enterprises, our preparations to make ourselves a formidable and therefore a respected power, and the commerce which is unfolding for us on this hemisphere, but also the endless complications and demands of readjustment and reestablishment that will follow the close of the great war.

"To meet these enormous drafts and strains on our resources, the most tremendous requirements and the widest opportunity that any nation in the world's history has ever faced, we are now strong and ready.

Six Billion Increase in 16 Months.

"We have gained in a year and four months, from June 23, 1915, to November 17, 1916, over $6,000,000,000 in the resources of our banks, counting all banks. This means that we have added to the resources of our banks in this brief space of time an amount exceeding by a billion dollars the entire resources, as recently reported, of those citadels of financial strength, the Bank of England and the Bank of France combined. As a further comparison the increase for this period also represents an amount twice as great as the total resources of the Reichsbank of Germany, plus the resources of the Bank of Italy, according to their latest reports.

Fortified by Federal Reserve and Federal Farm Loan Acts:

"We have now the Federal Reserve System, which we believe assures us against panics and fears such as have in the past, at intervals, disturbed our commerce and paralyzed our industries. The Rural Credits, or Federal Farm Loan System, will aid in securing permanent commercial strength and safety based on the sure foundations of prosperous and thriving communities of farmers, held to the soil by ties of ownership and encouraged and aided to secure constantly increasing results per man, per acre, and per day.

"In reviewing our banking and fiscal situations we seem now to be intrenched financially almost as firmly as it is possible for any human government to be. We are well prepared for preparedness, and ready and able to provide for whatever increases of Army and Navy the Congress may think to be necessary.

A Leading English Newspaper on America's Financial Supremacy:

"Our preponderating power in world finance is fast being recognized in all countries. As an illustration of the opinions now held abroad as to this country, it may not be amiss to quote in conclusion the following extract from an editorial entitled 'American banks and the future,' which appeared recently in one of the leading English newspapers, the Manchester Guardian:

"'European financiers in general would be well advised to face the fact that the war has radically transformed the relations between the United States and Europe. The American Comptroller of Currency in his latest report indicates how greatly American banks have developed in recent years. Their resources on November 17, amounted to 3,104 million pounds. They have grown by 800 millions since 1913 and doubled since 1906.

"'The Federal Reserve Act and other legislation under Mr. Wilson's auspices have given them, for the first time in their history, a really sound organization. The United States has wiped out, or by the end of this war will have wiped out, most of its debt to foreign investors. It will have a currency of unimpeachable soundness, fortified by a gold reserve of unprecedented magnitude.

"'The American bankers will have acquired the experience they have hitherto lacked in the international money market. And all this strengthened financial fabric will rest upon an economic fabric which the war will have much expanded. It can hardly be doubted that under these circumstances New York will enter the lists for the financial leadership of the world.'"

Bank Agency at Paris, France.

The following statement was issued by the Federal Reserve Board on February 28:

Pursuant to the policy already made known in connection with the Bank of England on December 26, 1916, at which time it was stated that the Board had had under consideration the advisability of authorizing Federal Reserve Banks to establish correspondents or agencies in Europe, the Federal Reserve Board has announced that it has passed a resolution approving the application of the Federal Reserve Bank of New York for authority to establish an agency with the Bank of France, of Paris, France.

This action is taken under the provisions of section 14, paragraph (e) of the Federal Reserve Act, which authorizes any Federal Reserve Bank, with the consent of the Federal Reserve Board, to "open and maintain banking accounts in foreign countries, appoint correspondents, and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling, and collecting bills of exchange, and to buy and sell, with or without its indorsement, through such correspondents or agencies, bills of exchange arising out of actual commercial transactions * * * and to open and maintain banking accounts for such foreign correspondents or agencies."

Other Federal Reserve Banks may participate in the agency relationship with the Bank of France, when established, upon the same terms and conditions that will govern the Federal Reserve Bank of New York, if they so desire.

GOLD-SETTLEMENT FUND.

There has been continued growth and activity in the gold-settlement fund during February, a record clearing having been made on February 8, when the amount of the weekly settlement was $287,677,000. There has been more than ordinary activity in transfers and payments for banks.

The figures given below cover the period from January 26 to February 23, inclusive, during which period obligations were settled amounting to $1,117,505,000, with changes in ownership of only 1.90 per cent. The greatest relative increase in gold holdings in the fund by settlements and transfers has been by the banks of Boston and San Francisco, but New York and Chicago have also made considerable gains.

In order to save space in the Federal Reserve Bulletin, there is given this month a consolidation of the figures which have heretofore been printed covering the transactions of each week:

Amount of clearings and transfers, Federal Reserve Banks, from Jan. 26, 1917, to Feb. 23, 1917.

[000 omitted.]

	Total clearings.	Balances.	Transfers.
Settlement of—			
Feb. 1, 1917	$265,436	$12,924	$3,100
Feb. 8, 1917	287,677	15,474	4,200
Feb. 15, 1917	268,137	12,121	12,662
Feb. 23, 1917	268,714	13,391	7,579
Total	1,089,964	53,910	27,541
Previously reported for 1917	1,051,104	67,126	27,102
Total since Jan. 1, 1917	2,141,068	121,036	54,643
Total transfers Jan. 1, 1917, to date	54,643		
Total for 1916, including transfers	5,633,966		
Total for 1915, including transfers	1,052,649		
Total clearings and transfers, May 20, 1915, to Feb. 23, 1917.	8,882,326		

Changes in ownership of gold.

[000 omitted.]

Federal Reserve Bank of—	To Jan. 25, 1917.		From Jan. 26, 1917, to Feb. 23, 1917, inclusive.[1]				Total changes from May 20, 1915, to Feb. 23, 1917.[2]	
	Decrease.	Increase.	Balance to credit, Jan. 25, 1917, plus net deposits of gold since that date.	Balance Feb. 23, 1917.	Decrease.	Increase.	Decrease.	Increase.
Boston		$18,802	$11,032	$17,825		$6,793		$25,595
New York	$308,103		50,897	53,768		2,871	$305,232	
Philadelphia		69,247	14,667	10,855	$3,812			65,435
Cleveland		27,682	25,352	26,460		1,108		28,790
Richmond		27,695	21,415	16,826	4,589			23,106
Atlanta		22,182	4,422	5,197		775		22,957
Chicago	806		28,934	32,694		3,760		2,954
St. Louis		12,668	9,348	1,802	7,546			5,122
Minneapolis		7,316	6,316	4,457	1,859			5,457
Kansas City		48,627	27,234.5	27,357.5		123		48,750
Dallas		35,616	11,158.5	7,659.5	3,499			32,117
San Francisco		39,074	2,534	8,409		5,875		44,949
Total	308,909	308,909	213,310	213,310	21,305	21,305	305,232	305,232

[1] Changes in ownership of gold during period Jan. 26, 1917, to Feb. 23, 1917, equal 1.90 per cent of obligations settled.
[2] Total changes in ownership of gold equal 3.43 per cent of total obligations settled.

Gold settlement fund—Summary of transactions from Jan. 26, 1917, to Feb. 23, 1917, inclusive.

[000 omitted.]

Federal Reserve Bank of—	Balance Jan. 25, 1917.	Gold.		Transfers.		Weekly settlements from Jan. 26, 1917, to Feb. 23, 1917.				Feb. 23, balance in fund at close of business.
		Withdrawn.	Deposited.	Debit.	Credit.	Total net debits.	Total debits.	Total credits.	Total net credits.	
Boston	$15,032	$4,000			$5,062	$4,641	$90,298	$92,029	$6,372	$17,825
New York	50,897			$7,600	12,100	11,715	294,586	292,957	10,086	53,768
Philadelphia	15,117	1,000	$550			10,523	158,109	154,297	6,711	10,855
Cleveland	25,552	200		3,505	1,000	426	67,906	71,519	4,039	26,460
Richmond	17,965	200	3,650	2,500		2,515	65,807	63,718	426	16,826
Atlanta	2,912	500	2,010	107	40	2,995	36,258	37,100	3,837	5,197
Chicago	33,504	6,300	1,730	500	6,200	12,606	147,302	145,362	10,666	32,694
St. Louis	3,468	500	6,380	3,600		4,561	94,044	90,098	615	1,802
Minneapolis	6,316			2,440		734	24,168	24,749	1,315	4,457
Kansas City	27,054.5	120	300	2,850	500	906	59,929	62,402	3,379	27,357.5
Dallas	10,628.5	220	750	1,739		2,288	28,244	26,484	528	7,659.5
San Francisco	4,904	3,350	980	2,700	2,639		23,313	29,249	5,936	8,409
Total	213,350	16,390	16,350	27,541	27,541	53,910	1,089,964	1,089,964	53,910	213,310

Federal Reserve Agents' Fund—Summary of transactions, Jan. 26, 1917, to Feb. 23, 1917, inclusive.

[000 omitted.]

Federal Reserve Agent at—	Balance to credit Jan. 25, 1917.	Withdrawn.	Deposited.	Balance Feb. 23, 1917.	Federal Reserve Agent at—	Balance to credit Jan. 25, 1917.	Withdrawn.	Deposited.	Balance Feb. 23, 1917.
Philadelphia	$12,280	$1,150	$1,000	$12,130	Kansas City	$13,960	$700	$120	$13,380
Richmond	12,900	2,900		10,000	Dallas	10,130	800		9,330
Atlanta	13,850	900	500	13,450	San Francisco	14,120	580	1,840	15,380
Chicago	7,010	100	6,300	13,210					
St. Louis	6,510	580	500	6,430	Total	94,010	7,710	10,260	96,560
Minneapolis	3,250			3,250					

PROPOSED AMENDMENTS TO FEDERAL RESERVE ACT.

SENATE BILL.

[Sixty-fourth Congress, second session. Calendar No. 947. S. 8259. Report No. 1059. In the Senate of the United States, February 14 (calendar day, February 15), 1917. Mr. Owen introduced the following bill; which was read twice and referred to the Committee on Banking and Currency. February 14 (calendar day, February 16), 1917. Reported by Mr. Owen, without amendment.]

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, the Federal reserve agent shall appoint one or more assistants. Such assistants, who shall be persons of tested banking experience, shall assist the Federal reserve agent in the performance of his duties and shall also have power to act in his name and stead during his absence or disability. The Federal reserve agent may require such bonds of his assistants as he may deem necessary for his own protection. Assistants to the Federal reserve agent shall receive an annual compensation to be fixed and paid in the same manner as that of the Federal reserve agent. 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 case of the absence or disability of the Federal reserve agent; in case of the absence of the chairman and vice chairman the third class C director shall preside at meetings of the board."

HOUSE BILL.

[Sixty-fourth Congress, second session. Union Calendar No. 443. H. R. 20661. Report No. 1406. In the House of Representatives, January 31, 1917. Mr. Glass introduced the following bill; which was referred to the Committee on Banking and Currency and ordered to be printed. February 2, 1917. Committed to the Committee of the Whole House on the state of the Union and ordered to be printed.]

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 in the paragraph relating to the appointment of class C directors and prescribing their duties so as to read as follows:

"Class C directors shall be appointed by the Federal Reserve Board. They shall have been for at least two years residents of the district for which they are appointed, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank and as 'Federal reserve agent.' He shall be a person of tested banking experience, and in addition to his duties as chairman of the board of directors of the Federal reserve bank he shall be required to maintain under regulations to be established by the Federal Reserve Board a local office of said board on the premises of the Federal reserve bank. He shall make regular reports to the Federal Reserve Board and shall act as its official representative for the performance of the functions conferred upon it by this Act. He shall receive an annual compensation to be fixed by the Federal Reserve Board and paid monthly by the Federal reserve bank to which he is designated. 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 to exercise the powers of the chairman of the board when necessary.

"Subject to the approval of the Federal Reserve Board, the Federal reserve agent shall appoint one or more assistants. Such assistants, who shall be persons of tested banking experience, shall assist the Federal reserve agent in the performance of his duties and shall also have power to act in his name and stead

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SEC. 2. 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*, 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."

SEC. 3. That the fifth paragraph of section thirteen be, and is hereby, amended 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 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. 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

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during his absence or disability. The Federal reserve agent may require such bonds of his assistants as he may deem necessary for his own protection. Assistants to the Federal reserve agent shall receive an annual compensation, to be fixed and paid in the same manner as that of the Federal reserve agent."

SEC. 2. That the first paragraph of section thirteen be further 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."

SEC. 3. 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 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. 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

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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 aggregateto 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, however,* That the aggregate of acceptances growing out of domestic transactions shall in no event exceed fifty per centum of such capital stock and surplus: *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."

SEC. 4. 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 pursuant 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; but in no event shall such collateral security, whether gold, gold certificates, or eligible paper, be less than the amount of Federal reserve notes applied for. The Federal reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes to

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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, however,* That the aggregate of acceptances growing out of domestic transactions shall in no event exceed fifty per centum of such capital stock and surplus."

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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 such gold or gold certificates shall be counted as part of the gold reserve which such bank is required to maintain against its Federal reserve notes in actual circulation. 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 percentum 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 or, if such Federal reserve notes have been redeemed by the Treasurer in gold or 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 bank 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

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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. 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 notes issued to it and shall pay such rate of interest as may be established by the Federal Reserve Board 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. Federal reserve notes 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

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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 to the 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 Federal reserve notes, but such gold when deposited with the Treasurer shall be counted and considered as if collateral security on deposit with the Federal reserve agent.

"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 issued to it and shall at the same time substitute therefor other 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 deposited 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. Federal reserve notes so deposited shall not be reissued except upon compliance with the conditions of an original issue."

SEC. 5. 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 held subject to the orders of the Federal Reserve Board and shall

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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, March second, nineteen hundred and eleven, and June twelfth, nineteen hundred and sixteen, nor shall the provisions of this section be construed to apply to the deposits made or to the receipts or certificates issued under this section."

SEC. 6. 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

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SEC. 4. 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

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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. 7. That section nineteen be 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.

"Every bank, banking association, or trust company which is or which becomes a member of any Federal reserve bank shall establish and maintain with its Federal reserve bank reserves as follows:

"(a) If not in a reserve or central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district actual net reserves equal to not less than six per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"(b) If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district actual net reserves 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) 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 reserve equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"Every member bank shall maintain in its own vaults an amount of specie or currency equal to at least four per centum of its demand deposits less the amount of those reserves with the Federal reserve bank which are in excess of the minimum reserves required by this section.

"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

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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 provisons 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. 5. 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.

"Every bank, banking association, or trust company which is or which becomes a member of any Federal reserve bank shall establish and maintain reserve balances with its Federal reserve bank as follows:

"(a) If not in a reserve or 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 seven per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"(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.

"(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.

"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 me-

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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 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.

"In estimating the reserves and the cash in vault required by this Act, the net balance of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which reserves with Federal reserve banks and cash in vault shall be determined.

"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 Federal 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. 8. 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, employee, or attorney of a member bank, and other than a reasonable fee paid by said bank to such officer, director, employee, or attorney for services rendered to such bank, no officer, director, em-

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dium 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 required balance carried by a member bank with a Federal reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total balance required by law is fully restored.

"In estimating the balances required by this Act, the net difference of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which required balances with Federal reserve banks shall be determined.

"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 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. 6. 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 business of the bank," be, and hereby is, amended and reenacted so as to read as follows:

"Other than the usual salary or fee paid to any officer, director, employee, or attorney of a member bank, and other than a reasonable fee paid by said bank to such officer, director, employee, or attorney for services rendered to such bank, no officer, director, employee, or

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ployee, 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, or employee 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 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.

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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, or employee 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 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 a majority of the board of directors of such member bank.

SEC. 7. That section three of the Act be amended and reenacted so as to read as follows:

"SEC. 3. The Federal Reserve Board may permit or require any Federal reserve bank to establish branch banks within the Federal reserve district in which it is located or within the district of any Federal reserve bank which may have been suspended. Such branches, subject to such rules and regulations as the Federal Reserve Board may prescribe, shall be operated under the supervision of a board of directors to consist of not more than seven nor less than three directors, of whom a majority of one shall be appointed by the Federal reserve bank of the district, and the remaining directors by the Federal Reserve Board. Directors of branch banks shall hold office during the pleasure of the Federal Reserve Board."

SEC. 8. That section fourteen, subsection (e), of the Act be amended and reenacted so as to read as follows:

"(e) To establish accounts with other Federal reserve banks for exchange purposes and, with the consent or upon the order and direction of the Federal Reserve Board, and, under regulations to be prescribed by said board, to open and maintain accounts in foreign countries, appoint correspondents, and establish agencies in such countries wheresoever it may be deemed best for the purpose of purchasing, selling, and collecting bills of exchange, and to buy and sell, with or without its indorsement, through such correspondents or agencies, bills of exchange (or acceptances) arising out of

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actual commercial transactions which have not more than ninety days to run, exclusive of days of grace, and which bear the signature of two or more responsible parties, and, with the consent of the Federal Reserve Board, to open and maintain banking accounts for such foreign correspondents or agencies. Whenever any such account has been opened or agency or correspondent has been appointed by a Federal reserve bank, with the consent of or under the order and direction of the Federal Reserve Board, any other Federal reserve bank may, with the consent and approval of the Federal Reserve Board, be permitted to carry on or conduct, through the Federal reserve bank opening such account or appointing such agency or correspondent, any transaction authorized by this section under rules and regulations to be prescribed by the board."

Sixty-fourth Congress, second session. H. R. 20540. In the House of Representatives, January 26, 1917. Mr. Glass introduced the following bill: which was referred to the Committee on Banking and Currency and ordered to be printed.]

A BILL TO authorize national banking associations to establish branches.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act approved December twenty-third, nineteen hundred and and thirteen, known as the Federal reserve Act, be, and the same hereby is, amended by adding a new section as follows:

"DOMESTIC BRANCHES.

"SEC. 25a. That any member bank located in a city or incorporated town of more than one hundred thousand inhabitants and possessing a capital and surplus of $1,000,000 or more may, under such rules and regulations as the Federal Reserve Board may prescribe, establish branches, not to exceed ten in number, within the corporate limits of the city or town in which it is located: *Provided,* That no such branch shall be established in any State in which neither State banks nor trust companies may lawfully establish branches: *And provided further,* That the number of branches which a member bank may establish shall not exceed the number of branches which the laws of the State in which said bank is situated permit a State bank or trust company to establish within the corporate limits of said city or town."

SENATE REPORT.

[Sixty-fourth Congress, second session. Calendar No. 947. Senate Report No. 1059. FEBRUARY 14 (calendar day, FEBRUARY 16), 1917.—Ordered to be printed. Mr. Owen, from the Committee on Banking and Currency, submitted the following report, to accompany S. 8259.]

The Committee on Banking and Currency, to which was referred the bill (S. 8259) to amend the Federal Reserve Act, having considered the same, report it back without amendment and recommend its passage.

The amendments to the Federal Reserve Act contained in this bill are strongly recommended by the Federal Reserve Board, Gov. Harding, of the Board, having appeared in person before the committee to explain the necessity for this proposed legislation.

The several sections of the bill are separately discussed in the following report, and for the convenience of the Senate each section proposed to be amended is printed so as to show existing law and the proposed change in existing law. The existing law is shown in roman type, that portion of existing law which is to be stricken out is shown in line type, and new matter is shown by italics.

SECTION 1.—ASSISTANTS TO RESERVE AGENTS.

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, the Federal Reserve Agent shall appoint one or more assistants. Such assistants, who shall be persons of tested banking experience, shall assist the Federal Reserve Agent in the performance of his duties and shall also have power to act in his name and stead during his absence or disability. The Federal Reserve Agent may require such bonds of his assistants as he may deem necessary for his own protection. Assistants to the Federal Reserve Agent shall receive an annual compensation to be fixed and paid in the same manner as that of the Federal Reserve Agent. 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 case of the absence or disability of the Federal Reserve Agent; in case of the absence of the chairman and vice chairman, the third class C director shall preside at meetings of the Board.*"

The first section abolishes the office of deputy chairman and Deputy Federal Reserve Agent and substitutes therefor an assistant to be appointed by the Federal Reserve Agent under bond to the agent, at a salary to be fixed and paid in the same manner as that of the Federal Reserve Agent. Existing law provides that in the absence of the Federal Reserve Agent, the Deputy Reserve Agent acts in his place. The Board has had much difficulty in obtaining from class C directors men qualified to fill the position of Deputy Reserve Agent. This officer is required to have the same qualifications as the Federal Reserve Agent; he must have had banking experience and must not be an officer, director, or stockholder in any bank. As a rule, he is not a salaried officer, and his only compensation is the fees paid directly upon attendance of meetings, although he is compelled to be prepared at all times to assume the duties of Federal Reserve Agent in case of the absence or disability of that officer. This involves a transfer and auditing of securities, and the deputy reserve agent would find it most inconvenient to leave his business and report immediately to the bank on short notice. The adoption of the amendment will more definitely fix the responsibility for the funds and operates to give the board more latitude in the selection of class C directors.

The amendment in this section further provides that one of the directors of class C shall be appointed by the Reserve Board as vice chairman to exercise the powers of chairman of the Board in case of the absence or disability of the Federal Reserve Agent. Under existing law the Deputy Reserve Agent is also deputy chairman.

SECTION 2. EXTENDING CLEARING AND COLLECTION FACILITIES TO NONMEMBER BANKS.

The following shows the proposed change in existing law:

SEC. 2. That the first paragraph of section thirteen be amended so as to read as follows:

* * * *

[See Section 2 of Senate bill, printed above.]

Section 2 proposes to amend the first paragraph of section 13 of the Federal Reserve Act so as to permit nonmember banks or trust companies to deposit funds in Federal Reserve Banks solely for the purposes of exchange or collection. This privilege is to be extended only in the event that such nonmember bank or trust company maintains with the Federal Reserve Bank of its district such a balance as in the judgment of the Federal Reserve Board may be deemed necessary.

Any clearing and collection plan to be effective must be comprehensive enough to include all checks. The following statement from the members of the Federal Reserve Board is in justification of this proposed amendment:

It is contemplated that the compensating balances which nonmember banks participating in the clearing plan will be required to keep with Federal Reserve Banks will be sufficiently large to protect member banks and justify Federal Reserve Banks in undertaking the service. Any clearing and collection plan to be effective must be so comprehensive as to include all checks. At present the par lists of the Federal Reserve Banks include the names of banks checks on which can be collected in any circumstances at a minimum of time and expense, but do not embrace a large number of towns in every State where there are no member banks; and in order to make collections on such points many banks are obliged to maintain accounts in addition to their reserve accounts with the Federal Reserve Banks. A necessary factor in any successful clearing plan is the offset whereby balances only require settlement instead of the total volume of transactions. As long as the clearing system does not embrace all of the banks, this offset is lost in a corresponding degree and the value of the system diminished in proportion.

SECTION 3. FOREIGN ACCEPTANCES.

SEC. 3. That the fifth paragraph of section thirteen be, and is hereby, amended so as to read as follows:

* * * *

[See section 3 of Senate bill, printed above.]

Section 3 proposes to amend the fifth paragraph of section 13 of the Reserve Act so as to permit the Federal Reserve Board to authorize member banks to accept foreign bills of exchange growing out of transactions involving the importation or exportation of goods to an amount not exceeding 100 per cent of its paid-up and unimpaired capital and surplus. The acceptance for any one person, company, or firm, is restricted, however, to not more than 20 per cent of the bank's paid-up and unimpaired capital and surplus.

SECTION 4. GOLD AND GOLD CERTIFICATES AS COLLATERAL SECURITY FOR THE ISSUANCE OF FEDERAL RESERVE NOTES.

SEC. 4. That section sixteen, paragraphs two, three, four, five, six, and seven, be further amended and reenacted so as to read as follows:

* * * *

[See section 4 of Senate bill, printed above.]

The amendment to section 16 will permit the Federal Reserve Banks to receive gold coin and gold certificates in exchange for Federal Reserve notes, which is now done by indirection.

It is of great importance to the Federal Reserve System to attract to the Federal Reserve Banks a large amount of gold which now serves no very useful purpose in the pockets of the people or as till money in the member banks.

The adoption of this proposal would result in causing the gravitation into Federal Reserve Banks of probably $200,000,000 of gold. It would strengthen the potentiality of the bank in accommodating our national commerce by giving to these banks the power, in case the exigency should ever arise, and to the extent that this gold should be attracted into the custody of the Federal Reserve Banks, to issue Federal Reserve notes against qualified commercial paper at par, and would have the effect of magnifying the power of the banks and strengthening public confidence in the Federal Reserve System.

The Imperial Bank of Germany has demonstrated the value of the system of issuing legal-tender notes against commercial bills of a qualified class. It has had a very great stabilizing effect upon Germany's finance, industry, and commerce.

The Bank of England has on occasion, by a ministerial permit, authorized the issuance of legal-tender notes against commercial bills.

The Federal Reserve System has been very much more conservative than either of these plans, requiring as security for Federal Reserve notes 100 per cent in qualified commercial bills plus 40 per cent gold, besides the security of the entire banking system of the United States, which is, of course, behind these notes, with its capital, surplus, and double liability of stockholders.

The effect of the proposed amendment is to permit the Federal Reserve Banks, if the occasion should ever arise, to issue to the limited extent that it has received gold in lieu of Federal Reserve notes—to that extent and to that extent only—Federal Reserve notes against 100 per cent of qualified commercial bills of short maturities, underwritten by member banks, as required by statute.

Your committee regards this as an important improvement in the system.

SECTION 5. PERMITTING DEPOSITS OF GOLD COIN AND GOLD CERTIFICATES WITH THE TREASURER AND SUBTREASURER TO THE CREDIT OF THE FEDERAL RESERVE BOARD.

SEC. 5. That section sixteen be further amended by adding at the end of the section the following:

* * * * *

[See section 5 of Senate bill, printed above.]

This is added for the convenience of the Federal Reserve Board in making its adjustments of gold and gold certificates, so as to permit these adjustments to be made by a system of bookkeeping rather than by the actual physical transfer of the gold and gold certificates.

SECTION 6. RELIEVING NATIONAL BANKS OF THE NECESSITY OF KEEPING ON DEPOSIT UNITED STATES BONDS WITH THE TREASURER.

SEC. 6. 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."

This proposed amendment merely obviates a practice no longer required under the Federal Reserve Act of compelling national banks to keep a minimum deposit of United States bonds with the Treasurer of the United States.

National banks are no longer required to keep outstanding a minimum amount of circulating notes and a newly organized bank is not obliged to purchase or carry any bonds of the United States; but there are a number of national banks, organized before the passage of the Federal Reserve Act, which have retired their national bank circulation in full, yet they are, under a construction of the old law, required to keep on deposit with the Treasurer of the United States a certain minimum of United States bonds. The committee believes that these banks should be relieved of further obligation in this matter.

SECTION 7. RESERVES.

SEC. 7. That section nineteen be amended and reenacted so as to read as follows:

* * * *

[See section 7 of Senate bill, printed above.]

This section provides for a readjustment and decrease in the reserves required of the member banks. The object of the amendment is twofold. First, to increase the gold holdings of the Federal Reserve System, and thus strengthen the system against any exigency that may result from the European war, and secondly, to decrease the amount of reserves required of member banks. The amendment would add approximately $200,000,000 of gold to the present holdings of the Federal Reserve Banks. The amendment also proposes to require the member banks to maintain in their own vaults, for till money, an amount equal at least to 4 per cent of its demand deposits.

SECTION 8. PERMITTING DIRECTORS, OFFICERS, OR EMPLOYEES OF MEMBER BANKS TO RECEIVE INTEREST ON DEPOSITS AND TO OBTAIN ACCOMMODATIONS UNDER CERTAIN RESTRICTIONS.

SEC. 8. 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 ~~fees~~ *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, or employee 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 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.*

This amendment removes an evident hardship imposed upon directors, officers, and employees of member banks, who, under existing law, are precluded from drawing interest on their deposits and prevented from obtaining accommodations in their own bank. The amendment very properly provides for restrictions upon such loans which, in the judgment of the Federal Reserve Board and of your committee, properly insures the bank against fraud and incident loss.

HOUSE REPORT.

[Sixty-fourth Congress, second session. House of Representatives. Report No. 1406. February 2, 1917.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed. Mr. Glass, from the Committee on Banking and Currency, submitted the following Report, to accompany H. R. 20661.]

The Committee on Banking and Currency, to which was referred H. R. 20661, to amend the act approved December 23, 1913, known as the Federal Reserve Act, as amended by the acts of August 4, 1914, August 15, 1914, March 3, 1915, and September 7, 1916, report the bill with the recommendation that it do pass.

The modifications of the Federal Reserve Act proposed by this bill were all suggested and are strongly recommended by the Federal Reserve Board and, in large measure, are approved by the advisory counsel to the Federal Reserve Board.

The suggestion in the first provision of the bill to abolish the title and office of Deputy Federal Reserve Agent and to authorize the Federal Reserve Agent to appoint one or more assistants qualified to act for the Federal Reserve Agent, when necessary, was suggested by the Federal Reserve Board for the reason that the practical administration of the act has developed the fact that there has been much difficulty in filling the office of Deputy Federal Reserve Agent from the class C directors. This officer is required to have the same qualifications as the Federal Reserve Agent; he must have had banking experience and must not be an officer, director, or stockholder in any bank. At the same time he is not, as a rule, a salaried officer and receives only the customary fees paid directly for attendance upon meetings. He is obliged to be prepared to assume the duties of the Federal Reserve Agent in case of absence or disability of that officer, which involve a transfer and audit of securities and accounts. The Federal Reserve Board suggests, and the Committee on Banking and Currency believes, that the proposed change will operate to fix responsibility more definitely and will give the Board more latitude in the selection of class C directors.

Section 2 of the bill proposes an amendment to section 13 of the Federal Reserve Act 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 System, provided 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 Banks in an amount to be determined under the rules prescribed by the Federal Reserve Board. On this point the Federal Reserve Board says:

> It is contemplated that the compensating balances which nonmember banks participating in the clearing plan will be required to keep with Federal Reserve Banks will be sufficiently large to protect member banks and justify Federal Reserve Banks in undertaking the service. Any clearing and collection plan to be effective must be so comprehensive as to include all checks. At present the par lists of the Federal Reserve Banks include the names of banks checks on which can be collected in any circumstances at a minimum of time and expense, but do not embrace a large number of towns in every State where there are no member banks; and in order to make collections on such points many banks are obliged to maintain accounts in addition to their reserve accounts with the Federal Reserve Banks. A necessary factor in any successful clearing plan is the offset whereby balances only require settlement instead of the total volume of transactions. As long as the clearing system does not embrace all of the banks, this offset is lost in a corresponding degree and the value of the system diminished in proportion.

Section 3 of the bill is an amendment of section 13 of the Federal Reserve Act designed 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 based upon the exportation and importation of goods.

Section 4 of the bill proposes an amendment to section 17 of the Federal Reserve Act to make clear the intention of the act to cancel all provisions of the national-bank act which require national banks to maintain a minimum deposit of Government bonds with the Treasurer of the United States. National banks are no longer required to keep outstanding a minimum amount of circulating notes, and a newly organized bank is not obliged to purchase or carry any bonds of the United States; but there are a number of national banks organized before the passage of the Federal Reserve Act which have retired their national-bank circulation in full, yet they are, under a construction of the old law, required to keep on deposit with the Treasurer of the United States a certain minimum of United States bonds. The Federal Reserve Board feels, and the committee agrees, that it is just to these banks that they be relieved of this obligation.

Section 5 of the bill proposes to amend and reenact section 19 of the Federal Reserve Act so as to reduce the statutory reserves of member banks and to require all of the reserves of these banks to be deposited in the Federal Reserve Banks. The primary purpose of the proposed change is to increase the gold holdings of the Federal Reserve System so as to enable the system the better to withstand any exigency that may ensue by reason of conditions that might arise out of the European war. The amendment suggested would add approximately $300,000,000 of gold to the present holdings of the Federal Reserve Banks, while slightly reducing rather than increasing the reserve requirements of member banks. The law thus modified would leave to the business judgment and discretion of member banks the determination of the amount of currency they should carry in their own vaults to meet their daily business requirements. Respecting this amendment the Federal Reserve Board says:

The control of gold by Federal Reserve Banks in times of abundance, such as at present will decrease the danger of inflation of domestic credits and at the same time will enable the country when the tide turns to part with large sums of gold with less inconvenience or shock, thus enabling us more safely and effectively to proceed with the development of our foreign trade and to give the necessary credit facilities for its extension. The United States should be in a position to face conditions which may call for an outflow of gold without any disturbances of our own or to the world's business, and without making necessary drastic changes in our interest or discount rates. The amendments suggested by the board are designed to enable the Federal Reserve Banks to withdraw gold from actual circulation while enabling member banks at the same time to release gold which at present is tied up in their own vaults. The amendments are based upon the theory that all of the individual banks should strengthen the gold holdings of the Federal Reserve Banks. The country's holdings of gold are not used most effectively when they are in the vaults of a large number of banks scattered all over the country, but its greatest use would come from concentrating it to a greater degree in the vaults of the Federal Reserve Banks, where it can be effectively protected when not required and effectively used when needed. The member bank does not require gold with which to supply the ordinary demands of its depositors so much as currency.

Section 6 of the bill proposing an amendment to the penal section of the Federal Reserve Act is intended to define more clearly the rights and limitations of directors of member banks in the matter of accepting fees and compensation other than the ordinary fees paid for legitimate services rendered in the regular course of business, the performance of which service is not incumbent upon them in their capacity of directors.

Sections 7 and 8 of the bill propose modifications of the Federal Reserve Act in the matter of establishing domestic and foreign branches. Under existing law Federal Reserve Banks are required to establish domestic branches; section 8 of this bill simply empowers the Federal Reserve Board to enforce this provision of existing law. In the matter of foreign branches existing law confides the sole discretion to the reserve banks, whereas the bill under consideration empowers the Federal Reserve Board to permit or require Federal Reserve Banks to establish connections abroad.

INFORMAL RULINGS OF THE BOARD.

Below are reproduced letters sent out from time to time over the signatures of the officers or members of the Federal Reserve Board which contain information believed to be of general interest to Federal Reserve Banks and member banks of the system:

Purchase of Nonnegotiable Warrants.

(To a Federal Reserve Bank.)

The Board has given due consideration to your letter of January 17, with which you sent a copy of your counsel's letter of January 16, in reference to warrants issued by the city of ———. I quote below our counsel's opinion, in which the Board concurs:

"The Board has heretofore consistently adhered to its policy of not undertaking to pass upon the legality of issue of any municipal securities. There are so many technical questions involved that it would be impossible for this office to give an opinion of value as to the legality of any issue. To do so would require a careful analysis of the laws of the State in each case and an examination of the records of the city or town issuing such securities in order to determine whether the laws had been strictly and technically complied with. You will recall that for this reason the Board requires the opinion of recognized counsel or of counsel for the city or town issuing the securities as a condition precedent to their purchase by a Federal Reserve Bank. I agree with counsel for the bank that, assuming that these warrants have been legally issued, it would be necessary for the Board to waive that provision of its regulation which requires taxes to be payable before the maturity of the warrant in order for your Federal Reserve Bank to purchase any of these warrants."

The Board is further of the opinion that a Federal Reserve Bank should not buy a nonnegotiable warrant, and it would suggest further that in considering the purchase of warrants issued by a municipality it would be well to ascertain what the sinking fund requirements are with reference to bonded obligations of the municipality and whether or not these requirements are being complied with.

FEBRUARY 13, 1917.

Acceptances.

(To a member bank.)

You ask me for a letter that would guide you in your efforts to finance the cotton business of your clients by acceptances, and you wish me to illustrate, step by step, how I would do it if I were president of your bank, with a capital and surplus of $300,000, in handling acceptances for a cotton firm to the amount of, say, $100,000.

If the financing of this one firm to the extent of $100,000 were your only problem there would be no difficulty at all. Your customer—let me call him Smith for the sake of convenience—would draw upon you at 90 days' sight, securing you by the pledge of cotton properly stored in a warehouse independent of himself. Smith would then proceed to sell this acceptance, which he could do either by going to a local bank in your city or you could send it for him to a St. Louis bank, or to the Federal Reserve Bank in St. Louis, which would buy your acceptance, provided your bank commands a sufficient credit, at the rate for private discounts—at present about $3\frac{1}{2}$ per cent. Inasmuch as you accept for one borrower in excess of 10 per cent of your capital and surplus you could not yourself buy the paper from your customer, because, in that case, you would be making him a loan and the 10 per cent limit would apply. (See Federal Reserve Bulletin, December, 1916, p. 682.) The total limit up to which your bank can accept is $150,000, and inasmuch as there are, I suppose, other customers in addition to Smith for whom you wish to undertake to finance cotton holdings, I suggest that you arrange with a bank having a greater capital and surplus, either in St. Louis or elsewhere, to participate with you in any large acceptance proposition which presents itself. For instance, take the case of Smith. You might properly accept for $30,000 and let the bank with which you have an arrangement accept for the balance of the $100,000, authorizing you to act as its agent in holding and supervising the collateral security after acceptance and compensating you for that service.

I hope that this letter answers your question and shall be glad to give you any further information that you might wish.

FEBRUARY 19, 1917.

Purchases of Warrants.

(To Federal Reserve Banks.)

Recently there have come to the Board some requests of Federal Reserve Banks for approval of purchases of warrants in excess of the 25 per cent limit.

The object of this letter is to inform you that the Board does not believe that it would be good policy at this time for Federal Reserve Banks to invest in warrants. Such investments should be encouraged during periods of great ease of money and when rediscounts from member banks and offers of bankers' acceptances are not expected to be heavy. At the moment, however, when indications are that rates are likely to harden and when Federal Reserve Banks must be prepared to meet heavy demands upon them by their member banks, the Board thinks that it is inadvisable to invest the funds of the Federal Reserve Banks in warrants.

FEBRUARY 20, 1917.

Use of Note Emblem.

[To a Federal Reserve Bank.]

Your letter of January 19 asking if there is any legal objection to the use on the stationery of your bank of the emblem appearing on your Federal Reserve notes, has been duly considered by the Board and by its counsel

Our attention has been called to section 150 of the act of March 4, 1909, which provides in part that—

"* * * Whoever shall print, photograph, or in any other manner make or execute, or cause to be printed, photographed, made or executed, or shall aid in printing, photographing, making, or executing any engraving, photograph, print, or impression in the likeness of any such obligation or other security, or any part thereof, * * * except by direction of some proper officer of the United States * * * shall be fined not more than $5,000, or imprisoned not more than 15 years, or both."

The counsel is of the opinion that under a literal interpretation of this act your bank could not engrave, photograph, print, or make an impression of any part of a Federal Reserve note, which is an obligation of the United States, without violating this statute.

It seems, however, that the Secretary of the Treasury has authority under the act to authorize the use of this emblem, and it is suggested that you communicate with him, making the request specifically, with a reference at the same time to the correspondence with this office.

JANUARY 31, 1917.

The Secretary of the Treasury, with whom the matter was taken up, deemed such use of the emblem inadvisable.

LAW DEPARTMENT.

The following opinions of counsel have been authorized for publication by the Board since the last edition of the Bulletin:

Bills of Exchange Drawn Against Actually Existing Value.

A bill of exchange discounted before acceptance may be said to be drawn against actually existing value, within the meaning of section 13 of the Federal Reserve Act, when and only when it is accompanied by shipping documents, warehouse receipts, or other papers securing title to the goods sold. An accepted bill of exchange, unaccompanied by shipping documents or other such papers, may be considered as drawn against actually existing value if drawn against the drawee at the time of, or within a reasonable time after, the shipment or delivery of the goods sold. In this latter case there must be reasonable grounds to believe that the goods are in existence in the hands of the drawee either in their original form or in the shape of the proceeds of their sale.

NOVEMBER 27, 1916.

SIR: Section 13 of the Federal Reserve Act, after providing for the rediscount of notes, drafts, and bills of exchange by Federal Reserve Banks for member banks, contains the following provision:

"The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at no time exceed ten per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values."

This office has been asked for an opinion on the question of whether or not a trade acceptance as defined by the regulations of the Board may be treated as a bill of exchange drawn against actually existing values when offered for rediscount to a Federal Reserve Bank by a member bank.

In Regulation "B," series of 1916, a trade acceptance is defined as "A bill of exchange drawn by the seller on the purchaser of goods sold, and accepted by such purchaser."

It is clear that a bill of exchange does not lose its characteristics as such when it is accepted by the drawee.

The question to be considered is not whether the obligation is in form a bill of exchange but whether, under given circumstances, such a bill of exchange may be said to have been drawn against actually existing values. This is a question of fact to be determined in each case, and it would seem to be advisable for the Board to prescribe by regulation, or to suggest by circular to Federal Reserve Banks, what factors should be considered in determining whether a bill of exchange has been drawn against actually existing values.

Section 5200, Revised Statutes, which limits the amount that any one person may become liable to a national bank for money borrowed, contains the following proviso:

"But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed."

As commercial or business paper is not included in that part of section 13 of the Federal Reserve Act which is quoted above, it is evident that Congress intended to permit Federal reserve banks to rediscount without limit "bills of exchange drawn against actually existing values" acquired by member banks under section 5200 but did not intend to exempt from the limitations of section 13 that more comprehensive class of negotiable paper referred to as "commercial or business paper actually owned by the person negotiating the same." This latter class may be said to include a note, draft, bill of exchange or other evidence of debt given in a commercial or business transaction if the person negotiating it is the actual owner of the debt evidenced by the instrument in question.

Congress, however, authorized Federal Reserve Banks to discount without limit only that class of commercial or business paper which consists of bills of exchange drawn against actually existing values. This being true, it is necessary to determine whether the language "actually existing values" when applied to trade acceptances may be said to refer to the value of the commodity sold and for which the bill of exchange is drawn, or can be said to refer to the financial responsibility of the purchaser or drawee.

The former view has been adopted by the office of the Comptroller as the more reasonable interpretation. This seems clearly justifiable, (*a*) since it is unlikely that Congress would have used the language "existing values" if it had intended to refer merely to the financial responsibility of an individual, firm, or corporation, and (*b*) because the drawee against whom the bill is drawn is not legally bound to pay it until the bill is accepted.

In other words, if such bills were excepted from the limitations of section 5200 because the bank has recourse against some existing values and is not dependent solely upon the responsibility of the drawer or indorser who discounts it, the bank must be in a position to enforce this claim legally against whatever constitutes the existing value against which the bill is drawn and must, therefore, have a lien in some form evidenced by a bill of lading, warehouse receipt, or some other documentary evidence securing the bank if it discounts a "bill of exchange" before it is accepted and desires to treat it as drawn against actually existing value.

In the case of trade acceptances it is understood by this office that shipping documents, warehouse receipts, or other similar papers do not usually accompany the draft or bill of exchange. It has been suggested that the principal use of a trade acceptance is to enable the seller of goods to put in negotiable form a claim against the purchaser for the purchase price of the commodity sold, which claim might otherwise be carried as a balance due on open account, and that it is customary for the seller to make a direct shipment to the purchaser of goods sold to him and to draw on him for the purchase price. When the drawee accepts such a draft or bill of exchange, the instrument, under the regulations of the Board, becomes a trade acceptance.

The question to be determined, therefore, is whether such an instrument may be said to be drawn against actually existing values.

While section 5200 has been in force since June 3, 1864, I have been unable to find any adjudicated case in which the language "actually existing values" as used in the statute has been construed by the United States courts. The question was considered, however, in the case of The Second National Bank of Oswego *v.* Burt, 93 N. Y. 233, when in construing the language of section 5200, under consideration, the court said:

"We think it entirely immaterial whether such bills are accompanied by a specific bill of lading in each case or are drawn against property previously consigned, and existing either in its original form or in the shape of proceeds of sales in the hands of the consignees. In either case the funds have already been provided by the drawer in the hands of the drawees to meet the requirements of the obligation.

"The object of this provision of the Currency act was to guard national banks from the hazard of loaning money in improvident amounts upon speculative and accommodation paper, but it contemplated and permitted to an unlimited amount the discount of paper used and required in facilitating the transfer of property and money in the transaction of the legitimate business of the country."

Under this decision the test appears to be whether the drawer of the bill has furnished to the drawee some commodity of value which when converted into money will enable the drawee to pay the bill at maturity and whether this commodity is in existence either in its original form or in the shape of proceeds of sale in the hands of the drawee at the time the bill drawn.

If this is adopted as the true test the regulations or instructions of the Board should provide that a bill to be treated as drawn against actually existing values must be drawn contemporaneously with or within a reasonable time after the shipment or delivery of the goods sold and must be for the whole or part of the purchase price.

Drafts for balances due on open accounts drawn indiscriminately against debtors and accepted by the drawees should not be treated as bills of exchange drawn against "actually existing values," but only those bills drawn at, or within a reasonable time after, the shipment of the goods to the consignee should be considered within this class.

It is manifest that unless drafts or bills of exchange excepted from the limitations of section 13 of the Federal Reserve Act are restricted to those which represent independent transactions this form of paper might be used merely to evade the limitations of section 5200.

In discussing section 5200 in an opinion of this office dated October 27, 1916, the following statement was made:

> It is clear, therefore, that a bill secured by shipping documents, or by the pledge of goods actually sold, might be discounted by a member bank before acceptance without being subject to the limitations imposed by section 5200, since this would constitute a bill drawn in good faith against actually existing value. When such bill has been accepted by the drawee and the documents attached have been removed, though the direct obligation of the drawee to pay such bill at maturity may be said to be substituted for the "actual value" against which the bill was originally drawn, nevertheless, when discounted by a bona fide owner for value, its discount would not be subject to the limitations of section 5200 since it would still come within the classification of "commercial or business paper actually owned by the person negotiating the same."

It has been suggested that according to this opinion no bill of exchange can be treated as drawn against "actually existing values" unless it is accompanied by shipping documents, warehouse receipts, or some other documents securing title to the goods sold, and that when such a bill is accepted it ceases to be a bill of exchange drawn against actually existing values and becomes subject to the limitations of section 13 of the Federal Reserve Act, although it is not subject to the limitations of section 5200, Revised Statutes.

A bill of exchange accompanied by shipping documents was referred to in that opinion merely as an example of one drawn against existing value, and that part of the opinion just above quoted was intended to point out the fact that so far as section 5200 is concerned it is immaterial whether an accepted bill be treated as a bill of exchange drawn against existing value or commercial or business paper owned by the person negotiating it, since both classes are excepted from the limitations of section 5200.

As commercial or business paper is not excepted from the limitations of section 13, unless it is in form a bill of exchange drawn against existing value, it is necessary to consider the effect that acceptance has on such a bill.

On this point this office is of the opinion that if the goods or the proceeds of the sale of the goods are in the hands of the drawee, and the draft or bill of exchange is drawn by the seller against the purchaser for the purchase price, such a bill after acceptance may be treated as drawn against existing value.

To summarize the conclusions reached:

(1) A bill of exchange discounted before acceptance must be accompanied by shipping documents, warehouse receipts, or other papers securing title to the goods sold if it is to be treated as drawn against existing value.

(2) If the bill is discounted after acceptance it may be treated as drawn against existing value if drawn against the drawee at the time of, or within a reasonable time after, the shipment or delivery of the goods sold. There must be reasonable grounds to believe at the time the bill is drawn that the goods are in existence in the hands of the drawee either in their original form or in the shape of the proceeds of their sale.

Respectfully,

M. C. ELLIOTT, *Counsel.*

Hon. W. P. G. HARDING,
Governor Federal Reserve Board.

Discount of Paper Secured by or Issued for Purposes of Trading in Bonds or Notes of the United States.

Any member bank may rediscount with its Federal Reserve Bank a note, draft, or bill drawn for the purpose of carrying or trading in bonds or notes of the United States, and may also procure advances from its Federal Reserve Bank on its own promissory note secured by a deposit of or pledge of bonds or notes of the United States.

[The text of this opinion will be found on pages 158–9.]

Branch Banks.

A foreign branch established by a national bank is not an independent corporation, and the creditors of the branch are general creditors of the parent bank.

FEBRUARY 8, 1917.

SIR: The following question has been submitted to this office for an opinion: "In the event of the failure of a national bank having branches in foreign countries, would the creditors of the branches become general creditors of the bank or only creditors of the branch with which they were doing business?"

The authority of a national bank to establish a foreign branch is contained in section 25 of the Federal Reserve Act. Comparatively few branches have been established, and there has been no decision of any court dealing with their status. Prior to the passage of the Federal Reserve Act national banks were not permitted to establish branches, but State banks having branches which were converted into national banks under authority of section 5154, Revised Statutes, were authorized to retain and to continue to operate such branches. The status of these branches was considered in an opinion of the Attorney General dated September 15, 1909 (see Op. A. G., 601). In this opinion it was said:

"The branch banks have no separate existence. * * * The parent bank with its branches is one association, as contemplated in these laws, with one set of directors or stockholders, and all transactions are regarded as those of one corporation or institution."

In another part of the same opinion, he said:

"Inasmuch as depositors, including the United States, in any of the branch banks have the protection of the whole capital, surplus, and undivided profits of the mother bank, irrespective of how it may be divided, there is no question of public policy involved in the construction of the law as here expressed."

The particular question under consideration was whether a branch of a national bank could make loans to one person under authority of section 5200, Revised Statutes, to the extent of 10 per cent of the capital and surplus of the parent bank, or only to the extent of 10 per cent of the capital assigned for the business of the branch. The Attorney General held that loans could be made by the branch to one person to an amount equal to 10 per cent of the capital and surplus of the parent bank.

The position taken by the Attorney General as to the status of the branch is in accordance with the decisions of State courts in a number of cases which deal with this subject. For example, it has been held that the principal bank and branches together constitute but one corporation, and consequently every contract entered into by the branch is in contemplation of law the act of the bank itself. (Brown *v.* Bank of the State, 5 Ark., 235, cited with approval in Wallace *v.* State Bank, 7 Ark., 61, 65.)

In the case of Brown *v.* The Bank of the State, supra, the court said:

"We are, therefore, bound to know judicially that there is a branch of said bank at Arkansas, and that it is but a portion or integral part of said corporation; consequently, every thing done by or to those intrusted with the management of its business at said branch in respect thereto, must be considered as done by or to the corporation; because, being but an integral part of the whole, it can have no existence separate from, and independent of, the corporation, of which it is a member only, and therefore those who act therein can not act for, or as the agents of, that particular branch only, but must act for, and as agents of, the whole corporation, notwithstanding their powers may be restricted so that they can only act in reference to such portion of the business thereof as shall be transacted at that particular branch or place."

Following out this line of cases, it has also been held that a delivery to a branch is tantamount to a delivery to the principal institution itself (Murphy *v.* State Bank, 7 Ark. 57), and that payment to the mother bank of a debt due to it, though it may have arisen from discounting a note by a branch bank is a discharge of the debt. (Smith *v.* Lawson, 18 West Va. 212, 241.)

Section 25 of the Federal Reserve Act, as amended by the Act approved September 7, 1916, provides that:

Any national banking association possessing a capital and surplus of $1,000,000 or more may file application with the Federal Reserve Board for permission to exercise, upon such conditions and under such regulations as may be prescribed by the said Board, either or both of the following powers:

First. To establish branches in foreign countries or dependencies or insular possessions of the United States for the furtherance of the foreign commerce of the United States, and to act, if required to do so, as fiscal agents of the United States.

* * * * *

Such application shall specify the name and capital of the banking association filing it, the powers applied for, and the place or places where the banking operations proposed are to carried on. * * *

Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accrued at each branch as a separate item.

There is nothing in this language to indicate that branches established in foreign countries are to have a separate existence and constitute separate corporations. On the contrary, it is clear that the parent bank is merely to engage in certain foreign transactions through its foreign branch. This view is substantiated by the fact that the profit and loss accruing to each bank is to be entered on the general ledger of the parent bank at the end of each fiscal year.

The status of all claims against insolvent national banks is fixed by sections 5235 and 5236, Revised Statutes. These sections provide in part as follows:

SEC. 5235. 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.

SEC. 5236. 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 so 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. * * *

It will be observed that in case of insolvency of a national bank all claims against the estate of the bank are paid ratably except the claim of the United States for any deficiency in the security deposited as collateral for the circulating notes of the bank.

As no priorities are recognized by the statute the creditors of a branch of a national bank would, in the opinion of this office, be general creditors of the parent bank and would be permitted to prove their claims in the same manner as local creditors.

Respectfully,

M. C. ELLIOTT, *Counsel.*

HON. W. P. G. HARDING,
Governor Federal Reserve Board.

Transfer of Federal Reserve Bank Stock.

A national bank acquiring assets of another national bank in liquidation is not entitled to have transferred to it the Federal Reserve Bank stock held by the liquidating bank.

FEBRUARY 3, 1917.

SIR: From the attached correspondence it appears that a certain national bank A went into voluntary liquidation, and its assets were apparently taken over by the B National Bank, the name of the latter bank being changed to the A–B National Bank. The cash-paid subscriptions of the A National Bank were returned to the liquidating agent, but claim is now made for accrued dividends on these subscriptions. Counsel for the Federal Reserve Bank has advised that bank that under the law it is not authorized to pay an amount in excess of the book value of the stock held by the A National Bank at the time that it went into liquidation. This is entirely in accord with the views of this office as expressed in numerous opinions.

The language of the Act is clear and unambiguous. As pointed out by counsel, it provides that in case of voluntary liquidation—

"* * * the shares surrendered shall be cancelled and the member bank shall receive in payment therefor, * * * a sum equal to its cash-paid subscriptions * * * and one-half of 1 per centum a month from the period of the last dividend, not to exceed the book value thereof."

This statute fixes the cash surrender value of stock held by a bank which withdraws from the system by going into voluntary liquidation. The status of such bank is changed from that of stockholder to that of creditor to the extent of this cash surrender value. The stock in question can not be transferred or hypothecated. It is not possible, therefore, under the terms of this Act for the National Bank A in liquidation to transfer its rights to the A-B National Bank, which is a separate and distinct corporation. This situation is substantially similar to that of a national bank going into liquidation, its assets being taken over by a State bank and the State bank entering the system. This situation was considered in an opinion filed with the Board and published on page 117 of the February, 1917, Federal Reserve Bulletin.

If the National Bank Act provided for the consolidation of two banks so as to obviate the necessity of one going into liquidation, a different situation might result but the mere fact that the assets of the liquidating bank are taken over by another does not, within the terms of the statute, give the liquidating bank the right to transfer its stock to the new bank.

Respectfully,

M. C. ELLIOTT, *Counsel.*

Hon. W. P. G. HARDING,
Governor Federal Reserve Board.

Drafts Payable with Interest.

A provision in a draft or bill of exchange that it is payable "with interest at the rate of — per cent per annum after maturity if payment is delayed" does not affect the negotiability of the instrument.

FEBRUARY 19, 1917.

SIR: The attached form of trade acceptance, which provides that payment shall be "in funds current in or with exchange upon Chicago, Ill., or New York, N. Y., and with interest at the rate of — per cent per annum after maturity if payment is delayed; value received out of the purchase of machinery or other goods, wares, and merchandise from us; and charge the same to our account," has been submitted to this office for consideration.

Apparently the only disputed question is whether the words "with interest at the rate of — per cent per annum after maturity if payment is delayed" destroy the negotiability of the draft on the ground that it would not be payable in a sum certain in money as required by section 1 of the Negotiable Instruments Law.

Section 2 of that Act provides that "the sum payable is a sum certain within the meaning of this Act, although it is to be paid (1) with interest; * * * (4) with exchange, whether at a fixed rate or at the current rate," etc. It is evident, therefore, that a draft payable in a definite sum plus interest is a draft payable in a sum certain in money, even though the exact amount due at maturity must be figured by an addition of the amount prescribed on the face of the bill and the interest based on that amount for the duration of the draft.

The acceptance under consideration is even more definite than that which is thus shown to be permissible under the Negotiable Instruments Law, because it is payable at maturity in the sum fixed on the face of the instrument, and the question of interest arises only if the draft is not paid when due and applies only to the time elapsing between the date of maturity and actual payment.

It is generally held by the courts that a provision in a bill or note that in case of nonpayment at maturity a certain specified rate of interest shall be paid from the date of the note does not make the amount to be paid at maturity uncertain. (See Norton on Bills and Notes, 4th ed., p. 76, note 17, and cases cited.) In the case of Parker *v.* Plymell (23 Kans., 402) the court considered the negotiability of a note containing the words "If this note is not paid at maturity the same shall bear 12 per cent interest from date," and it was said:

"Clearly these words do not destroy the negotiability of the paper. They do not leave uncertain either the fact, the time, or the amount of payment. Indeed, up to and including the maturity of the notes, they are entirely without force. They become operative only after the notes are dishonored and have ceased to be negotiable, and then there is no uncertainty in the manner or extent of their operation. They create, as it were, a penalty for nonpayment at maturity, and a penalty the amount of which is definite, certain, and fixed. In this respect they are even less objectionable than the stipulation concerning attorney fees, which was considered in the case of Seaton *v.* Scovill (18 Kans., 433), for there the amount was not fixed and named, but the stipulation was for reasonable attorney fees. (See also 1 Daniel on Neg. Insts., secs. 53, 54, 61, 62; Tholen *v.* Duffy, 7 Kans., 410; Gould *v.* Bishop Hill Co., 35 Ill., 325.)"

The clause in the acceptance under consideration differs from that discussed above only in that interest applies from the date of maturity instead of from the date of the instrument. To that extent it would seem to be all the less uncertain, and it is, therefore, the opinion of this office that the acceptance in question is not rendered ineligible because of the provision for the payment of interest if the acceptance is not paid at maturity.

In an opinion printed on page 458 of the September, 1916, Federal Reserve Bulletin, it was shown that a bill payable "with exchange" is payable in a sum certain within the meaning of the Negotiable Instruments Law, so that question need not be discussed here.

Respectfully,

M. C. ELLIOTT, *Counsel.*

Hon. W. P. G. HARDING,
Governor Federal Reserve Board.

SUMMARY OF BUSINESS CONDITIONS FEB. 23, 1917.

	District No. 1—Boston.	District No. 2—New York.	District No. 3—Philadelphia.	District No. 4—Cleveland.	District No. 5—Richmond.	District No. 6—Atlanta.
General business	Large volume being transacted.	Good; larger than a year ago.	Good	Good, but affected by embargoes and lack of fuel.	Some slowing up, but very satisfactory.	Good.
Crops:						
Condition					Limited truck shipments bringing good prices.	Fair.
Outlook					Extensive preparations.	Do.
Industries of the district.	Busy mainly on old orders.	Active, but hampered by freight congestion.	Very busy	As active as transportation and fuel conditions permit.	Operating full on profitable basis.	Continue above normal.
Construction, building and engineering.	Busy	Less than a year ago.	Increased cost and scarcity of labor and materials deterrent factors.	Plans for future contemplate increased activity.	Interference by bad weather, but outlook good.	Fair.
Foreign trade	New record	Larger in January; imports growing; retarded this month.	Still very large. Lack of ocean tonnage continues.	No report	In good volume, but congested at ports.	Limited.
Bank clearings	Little change	Increased	Clearings far ahead of last year.	Substantially increased.	13 per cent increase.	Continue to increase.
Money rates	Increasing	All higher; very firm for time loans.	Hardening tendency.	Steady, with higher tendencies.	4 per cent to 6 per cent; increasing demand for new crops.	Stiffening slightly.
Railroad, post-office, and other receipts.	....do	Increased	Increase	Increased volume.	Continue high, with some increases.	Good.
Labor conditions	Fully employed	Well employed; scarcity on railroads.	Scarcity of help in nearly all lines of business.	Good, with active demand for all kinds of skilled.	Fully employed at good wages.	Fair.
Outlook	Moderately good, but much hesitation.	Unsettled	Consensus of opinion is that outlook is good.	Hopeful	Favorable	Good.
Remarks	Business in general is awaiting outcome of international situation.	Restrained, waiting attitude in general business; good prospects for domestic spring trade.		Embargoes by railroads and inadequate fuel supply have been deterring influence in all lines.	General conditions throughout the district sound.	

	District No. 7—Chicago.	District No. 8—St. Louis.	District No. 9—Minneapolis.	District No. 10—Kansas City.	District No. 11—Dallas.	District No. 12—San Francisco.
General business	Active; some uncertainty.	Active	Quiet but good	Highly satisfactory	Good for mid season.	Active.
Crops:						
Condition		Uncertain		Fair	Good	
Outlook	Good			Must have more moisture.	Very promising	Favorable if sufficient rain.
Industries of the district.	Busy despite railroad difficulties.	Active	Active	Busy	Active	Hampered by lack of transportation.
Construction, building, and engineering.	Prospects good	Increase	Quiet	Hampered by weather conditions.	Decrease over 1916; with good weather expected above normal.	70 per cent increase over corresponding month last year.
Foreign trade				Less activity	Increase	Large increase in exports.
Bank clearings	Decreasing	Increase	Slight increases	Increase	38 per cent increase for January over 1916.	50 per cent increase over corresponding month in 1916.
Money rates	Increasing	Steady to firm	Steady	Unchanged	Rates easy, no evidence of material change.	Easy.
Railroad, post-office, and other receipts.	Post-office receipts increasing.	Increase	About the same	Increase	Railroad increase over 1916; post office, 18 per cent increase.	Increasing.
Labor conditions	Good	Fully employed at high wages.	Fair to good	Satisfactory	Well employed; good demand for laborers.	Fairly settled.
Outlook	Generally favorable.	Favorable	Favorable	Promising	Very promising. Spring trade, though early, very good.	Favorable.
Remarks	Doubt as to the outcome of the foreign situation is a restraining influence.	Wheat needs moisture and snow protection.			No change in the generally good business condition.	Business is at a high tide of prosperity.

GENERAL BUSINESS CONDITIONS.

There is given on the preceding page a summary of business conditions in the United States by Federal Reserve districts. The reports are furnished by the Federal Reserve Agents, who are the chairmen of the boards of directors for the Reserve Banks of the several districts. Below are the detailed reports as of approximately February 23:

DISTRICT NO. 1—BOSTON.

While business continues in large volume, so much uncertainty exists regarding the future that merchants and manufacturers are awaiting further developments before entering into new commitments. Apprehension regarding international conditions is the predominant feature of the present situation. Mills and factories, however, appear to have sold their output so far ahead that, despite the feeling of hesitation, they are being run as nearly at capacity as labor and material conditions will permit.

There has been much press comment of late regarding railroad embargoes, but this has applied rather to other lines east of Chicago than to those entering this district, the embargoes in force here being but a trifle more restrictive than last month. It is expected that with the advent of warmer weather freight conditions will be much improved.

Leather prices are firmer, due partly to the fact that inasmuch as our imports of hides are greater than our exports of leather, any curtailment of our exports and imports would tend to cause a shortage in that commodity. The between-seasons period in the boot and shoe industry has caused a decrease in the activities of shoe factories.

There is little change in the woolen and worsted industry. Mills continue very busy with orders booked well ahead. Wool prices are still advancing. There is little or no domestic wool in the market and it will be some months before any considerable part of the new wool, already contracted for on the sheep's back, will be received.

The cotton goods industry is quieter, with new buying orders very limited. Mills are busy on old advance contracts. The demand for goods for future delivery which was so urgent a few months ago has practically subsided. Buyers are apparently waiting for lower prices or clearer general conditions before entering into new commitments.

Money rates in this district are firm. Commercial paper handled by brokers is moving slowly and many merchants who are accustomed to sell their paper in the open market are now going to their own banks. Call money, 4 per cent; time money, 4½ per cent upward for four to six months; year money, 4¾ per cent; town notes are selling as high as 4 per cent for fall maturities. Notes of Massachusetts municipalities, exempt from Massachusetts taxes and due soon after April 1 (tax day), are selling at 2½ per cent discount upward as compared with par plus a premium at this time last year. Bankers acceptances, 3¼ per cent indorsed, 3½ per cent upwards unindorsed.

Loans and deposits of the Boston Clearing House banks have within the last two weeks reached a new high point, while excess reserves have decreased to a point far below the high records made in October, 1915. Loans and discounts on February 17, 1917, amounted to $472,293,000 as compared with $449,217,000 last month and $397,580,000 on February 12, 1916. Deposits on February 17, 1917, totaled $366,275,000 as compared with $366,139,000 on January 20, 1917, and $336,748,000 on February 12, 1916. The amount "due to banks" on February 17 was $146,432,000 as compared with $149,955,000 on January 20. The excess reserve of these banks decreased from $42,314,000 on January 20 to $26,110,000 on February 17.

Exchanges of the Boston Clearing House for the week ending February 17, 1917, were $231,906,304, compared with $217,128,678 for the corresponding week last year and $261,325,917 for the week ending February 10, 1917.

Building and engineering operations in New England from January 1 to February 14, 1917, amounted to $20,167,000 as compared with $17,767,000 for the corresponding period of 1916 and $21,168,000 for the same period in 1914, the highest previous year on record.

Imports and exports of the port of Boston for January, 1917, established new high records. Exports amounted to $24,193,104 as compared with $21,669,660 for December, 1916 (the largest amount previously recorded) and $8,322,467 for January, 1916.

Imports amounted to $32,419,881 as compared with $19,381,587 for December, 1916, and $22,258,716 for January, 1916. The previous high record of imports was $28,581,611 made in February, 1916.

The principal exports were horses, munitions, wheat, and leather, while the imports consisted to a large extent of wool and hides.

The receipts of the Boston post office for January, 1917, show an increase of $80,476 or about 11 per cent over January, 1916. For the first 15 days of February, 1917, receipts were about 6 per cent, or $21,940 more than for the corresponding period last year.

Boston & Maine Railroad reports net operating income, after taxes, for December, 1916, as $1,078,648 as compared with $917,548 for the corresponding month of 1915. New York, New Haven & Hartford Railroad reports net operating income, after taxes, for December, 1916, as $1,786,359 as compared with $1,463,078 for the same month last year.

DISTRICT NO. 2—NEW YORK.

Business in general manifested but little disquiet over the recent serious change in American foreign relations.

More conservative tendencies and caution in making long commitments had been apparent for some time and, thus, commerce and industry were in a measure prepared for the unexpected developments.

Sharp declines in prices of listed securities were quickly followed by substantial recoveries and a dull, comparatively steady market.

Uneasiness among the foreign element caused withdrawals of small deposits in isolated instances, particularly in the larger cities, but that lasted only a few days.

To meet the increasing demands for currency, this bank issued Federal reserve notes for $32,500,000, from February 1 to 19, inclusive, against $9,800,000 paid out during the preceding month and $6,250,500 in February a year ago.

Low rates for money prevailed in the open market from the beginning of the year until February 1. The market then became narrower and much firmer, particularly for all time loans and rates generally advanced ½ to 1½ per cent. Prime commercial paper, which sold at 3 per cent in January, is now 4½ per cent. Bankers' acceptances, sold in the open market at 2⅝ per cent a few weeks ago, are now offered at 3⅝ per cent.

There is a growing demand for commercial loans, created in part by borrowers who, in these uncertain times, prefer to anticipate future requirements, but chiefly the result of continued activity in trade and industry, high and rising costs of goods and materials, and the congestion of freight.

The greatest handicap to domestic and foreign trade is the transportation problem. For over a year the railroads have been unable to handle promptly the enormous movement of merchandise. The situation has been made more serious during the last few weeks by extremely cold weather and postponed sailings of ships. Railway lines and terminals are crowded with unloaded cars; mills and factories can not get prompt deliveries of fuel and raw materials.

Notwithstanding all the drawbacks and the more restrained, waiting attitude of business in general, reports indicate a large volume of spring trade, satisfactory payments and continued activity in the production and sale of goods.

The New York Clearing House banks on February 17, 1917, reported loans, etc., $3,466,662,000, deposits $3,706,146,000, and excess reserves $165,715,220. Since December 30, 1916, these totals have increased as follows:

Loans, etc.	$127,212,000
Deposits	212,089,000
Excess reserves	48,379,530

Large additional imports of gold have been received recently, bringing the total inflow, since January 1, up to $101,500,000.

DISTRICT NO. 3.—PHILADELPHIA.

According to reports received from all parts of this district, the difficulties of the railroads and steamship companies in moving goods promptly, the scarcity and inefficiency of labor, and the increased cost and inadequate supply of coal and other materials, are somewhat curtailing production. Activity continues in practically all industrial and other lines of business, and no difficulty is experienced in disposing of products, and orders in hand insure the operation of mills for months to come.

In some localities, there is much conservatism in the placing of new orders. Quite a number of important industrial concerns are enlarging their plants. Collections are generally reported to be satisfactory.

There is a general feeling of confidence and optimism as to the future, but on account of the extraordinary conditions and the uncertainty of the foreign situation, it appears that business is being conducted in a conservative way.

Automobiles.—The automobile pleasure car business is usually dull during the winter months. This winter, however, business has been good. Costs of materials have greatly increased, and they are not altogether offset by increases in selling prices. A leading producer of trucks reports sales ahead of last year, with prospect for continued heavy demand. No early falling off in the cost of labor and materials is expected. Rapid expansion has not been possible because of the inability to procure sufficient labor, machinery, and other materials.

Cement.—The cement plants are reported to be busy and prospects for the future are good. Selling prices are high enough to return a good margin on the increased costs of production.

Coal.—There is a heavy demand for coal at a time of limited output at the mines. Prices are extraordinarily high and scarcity in yard labor, severe weather conditions and abnormal demands have caused much embarrassment to anthracite dealers. Both wholesalers and retailers have been overrun with orders for quick deliveries to fill consumers' needs. Prices of bituminous coal have hardened recently, car shortage still being the disturbing factor. There is about a 20 per cent deficiency in the supply of coke, due also to car shortage.

Cotton yarns.—Extreme quiet prevails in the local cotton-yarn market. The slackening in the demand for yarns has been due to the decline in the price of cotton and to the fact that manufacturers are well stocked up for three to five months ahead.

Dry goods and notions.—Good business is reported by the wholesale dry goods houses, with prices generally remaining firm. Buyers are assuming a conservative attitude. In the dress-goods trade fall lines have been entirely sold out in many cases and withdrawn from the market.

Glass.—The plants are running at as near capacity as possible. Orders in some cases have been refused, owing to inability to increase production. The labor situation is serious.

Groceries.—Prices of groceries have generally advanced. Canned goods are higher and scarce. Sugar is being shipped from New York and Boston for temporary needs. It is thought that the strike situation in the refineries in this city will be satisfactorily adjusted within a short time. There is no famine here. Prices were forced up because all consumers were trying to buy much more than their normal amount because of the fear of a shortage.

Hardware.—Scarcity in many lines continues and prices are firm. The volume of business is satisfactory.

Iron and steel.—General conditions among the iron and steel industries are reported to be quite satisfactory as to prices and volume of business; operating conditions, however, are not satisfactory because of labor conditions in mills and mines, scarcity of materials, and the inability of the railroads to handle the business.

Leather.—The leather market is active; prices are firm and rising, although there is considerable recent uncertainty. Manufacturers are proceeding slowly in filling orders, especially for export business, in order that they may be in a better position to fill Government needs in case of military necessity. Stocks on hand are small, and raw skins are still scarce.

Locomotives.—A leading producer of locomotives reports unprecedentedly favorable conditions as to the future, inasmuch as business in hand is sufficient to operate the plant to its maximum capacity during the greater part of the year 1917.

Paper.—Paper mills report great difficulty in obtaining wood pulp, and the price is the highest ever known. Paper dealers are experiencing the usual lull after the first of the year, but at this time it is more pronounced than usual, because of the phenomenal business prior to the first of the year. Stocks are below normal and no break in prices is expected.

Retail trade.—Retail business is very satisfactory and the general opinion is that war complications will have no immediate effect on present conditions. Buyers are providing only for reasonable needs. Manufacturers tell them that if they do not place orders now to cover requirements throughout the year, no goods will be available; but there is a disposition to regard this as an effort to entice them to stock up at current high prices. People continue to buy with care and are buying more durable goods. Some of the large stores report that they are not making many more transactions than last year, but the transactions amount to more in dollars.

Railroads.—The railroads in the district are not buying equipment to any appreciable extent, but one road is making an effort to reserve space in the steel mills for supplies which will be needed at the end of the year. Repair shops are very busy. The freight congestion is serious, and the fact that many people prefer to pay demurrage charges rather than store the goods in warehouses at higher figures aggravates the situation.

Silk.—The broad silk business is active and absorbing production as fast as the product can be delivered. The ribbon business has revived and is better than for some time. Present unsettled international conditions have not affected the supply of raw materials, as they come chiefly through Japanese sources. Mills are being run to capacity and parts of some plants are being worked both day and night. Several factories are being enlarged.

Textiles.—The textile industries are active, having abundant orders on hand with no finished stock and prospects are generally good. Operations are somewhat curtailed owing to scarcity of operators. Mills manufacturing lace curtains have been hampered to some degree because of the shortage of certain supplies which come from England. Cotton-goods plants are running at full capacity. Business in the hosiery trade is good, but high prices of yarns and scarcity of labor are disturbing factors. One large textile mill reports that more caution and conservatism has been noted among their customers within the past 60 days, which they attribute partly to the uncertain international situation and partly to the recognition that prices are very high. This condition has decidedly checked speculative buying. Since it is difficult in most localities to secure sufficient labor to operate at more than 80 per cent of capacity, this condition is automatically tending to restrict overproduction.

Wool.—In the local wool market, prices have advanced $7\frac{1}{2}$ to 15 per cent in the last month. A decrease in imports from abroad, the levying of duties on exports from South America, high insurance rates, and the possibility of a war demand make for an uncertain market. There is a shortage in yarns, and orders could be taken in much greater volume if they could be filled.

DISTRICT NO. 4—CLEVELAND.

General embargoes by the railroads, car shortages, and lack of adequate fuel (gas and coal) supplies, aggravated by continued extremely cold weather, have caused a marked lessening of activities and tempering of optimism in industrial pursuits throughout the district. From all sections the reports indicate inability to secure fuel to maintain operations, as well as cars to move out finished products or to bring in raw materials. The outlook for early improvement of this situation is, however, now at least hopeful, if not promising.

Iron and steel trades.—The demand for all kinds of iron and steel products continues insistent, and prices are firm to higher. Inadequate fuel supply has caused several blast furnaces and mills to cease operations, and lack of available cars has seriously impeded deliveries. Billet, bar, sheet, plate, and rail production continues to the fullest extent possible in view of the fuel situation.

Finished steel.—The embargoes have affected quite seriously the manufacturers of finished steel in all branches, and the fuel situation has curtailed operations generally. There does not seen to be any reduction in demand, and the general market tone is good. Factories are engaged in stocking up nearby customers, so as to be better enabled to handle outside business when transportation becomes available.

Coal and other fuels.—There has been a slight increase in the production of coal at the mines during the month, but it still is considerably below normal, due largely to inadequacy of labor. The natural gas supply seems to have fallen off materially, and, owing to the extremely cold weather, its use in industrial pursuits has been greatly curtailed. In numerous localitites there has been some suffering among the people by reason of the lack of fuel, and drastic action by municipal authorities, such as confiscation of coal, has been reported.

Glass, pottery, and clay products.—Rather serious curtailments in these industries are reported by reason of lack of fuel and inability to secure proper supplies of raw materials and to move out finished products. From nearly all sections in which these industries are leading ones, the closing down of plants is reported.

Rubber goods.—In this district all of the factories are running to capacity, with continued demands greater than their ability to supply. Conditions in this industry appear to be more satisfactory than in any other lines.

Automobiles and parts.—As far as reported, the activity in these lines continues unabated, though somewhat checked by car shortage and fuel inadequacy. Some factories are receiving freight rather more freely than they would if it were not that they wished the cars for outgoing freight.

Mercantile business.—The reports indicate continued activity in all mercantile pursuits, money values of sales being greater than ever and collections normal, or better. Foodstuffs are at the highest prices ever known throughout the district. Stocks in all lines are low, and the inclination seems to be to pursue the "hand-to-mouth" policy.

Building operations.—As is to be expected, the extremely cold weather has caused a falling off in actual construction work, but the reports indicate that the plans for the current year show steady enlargement, particularly in respect of business properties. In most of the communities there is indicated a considerable increase in residence construction. The following table gives the permits and values for the month of January, 1917, as compared with 1916:

	Permits issued.		Valuations.		Increase or decrease.	Per cent.
	January, 1917.	January, 1916.	January, 1917.	January, 1916.		
Akron, Ohio	270	158	$560,785	$288,430	$272,355	[1] 94
Cincinnati, Ohio	883	865	609,105	445,895	163,210	[1] 37
Cleveland, Ohio	614	620	1,389,240	1,600,895	[2] 211,655	[2] 14
Columbus, Ohio	79	129	137,010	223,415	[2] 86,405	[2] 39
Dayton, Ohio	92	32	233,104	115,645	117,459	[1] 101
Erie, Pa	86	63	194,380	116,171	78,209	[1] 67
Pittsburgh, Pa	159	95	735,123	344,944	390,179	[1] 113
Toledo, Ohio	193	165	1,032,107	560,875	471,232	[1] 84
Youngstown, Ohio	67	55	169,980	96,345	73,635	[1] 76
Total	2,443	2,182	5,060,834	3,792,615	1,268,219	33.4

[1] Increase. [2] Decrease.

Money and investments.—The general banking situation is still in the best of condition, with plenty of loanable funds; rates generally unchanged—in some communities fractionally higher. A scarcity of currency in pay roll denominations became apparent during the middle of February and was met by issuance of Federal Reserve notes to the amount of $3,200,000. Investment securities markets have recently been marking time only with slightly lower prices. Bank clearings show substantial increases, as indicated by the following table, giving the figures for the month, from January 16 to February 15, as compared with the same period of last year:

	Jan. 16 to Feb. 15, inclusive.		Increase.	Per cent increase.
	1917	1916		
Akron, Ohio	$21,520,000	$12,664,000	$8,856,000	70
Cincinnati, Ohio	175,044,498	134,911,200	40,133,298	29
Cleveland, Ohio	260,982,067	163,034,294	97,947,773	59
Columbus, Ohio	43,918,400	35,058,200	8,860,200	25
Dayton, Ohio	16,116,023	12,694,953	3,421,070	24
Erie, Pa	6,822,822	5,040,446	1,782,376	35
Pittsburgh, Pa	318,093,345	245,023,356	73,089,989	30
Toledo, Ohio	46,447,879	34,698,428	11,749,451	34
Youngstown, Ohio	13,984,121	7,991,024	5,993,097	75
Total	902,929,155	651,115,901	251,833,254	38.6

Post-office receipts.—The postal receipts in the nine larger cities of the district for the month of January as compared with January, 1916, are as follows:

	January, 1917.	January, 1916.	Increase.	Per cent increase.
Akron, Ohio	$69,403.55	$50,002.44	$19,401.11	38.8
Cincinnati, Ohio	266,261.63	248,450.77	17,810.86	7.1
Cleveland, Ohio	343,313.81	259,935.65	83,378.16	32.7
Columbus, Ohio	127,961.49	117,360.90	10,600.59	9.0
Dayton, Ohio	60,275.26	52,248.09	8,027.17	15.3
Erie, Pa	26,196.89	22,550.41	3,646.48	16.2
Pittsburgh, Pa	351,991.56	333,504.10	18,487.46	5.5
Toledo, Ohio	98,517.95	85,873.53	12,644.42	14.7
Youngstown, Ohio	31,025.57	25,957.92	5,067.65	19.5
Total	1,374,947.71	1,195,883.81	179,063.90	14.9

Labor conditions.—There is no disturbance or unrest in the labor situation reported. The demand for all grades of skilled labor is greater than the supply.

Warmer weather, resumption of foreign shipping, and betterment in the car conditions will probably see general business in all lines in this district resume at high speed.

DISTRICT NO. 5—RICHMOND.

General conditions continue sound and prosperous, and the outlook for the future is regarded as encouraging. There has been some slowing up in exports, although actual figures for last month still show an increase. This recession is occasioned by the scarcity of ocean-freight room due to interference with neutral shipping by submarines. But for this condition the movement of freight to the ports for export would have resulted in larger increases in their volume. The accumulation of goods intended for export is further evidenced by a very considerable volume of bankers' acceptances which are being issued for their financing, pending actual export and payment for same.

Postal revenues, clearing-house returns, and railroad earnings continue at or above recent maximums, excepting some railroad returns, which indicate a falling off in revenues from coal traffic. This has been interfered with particularly by car shortage, and coal is bringing record high prices.

Trade in all lines continues good, although a little slackening in some lines is noted in comparison with recent months. This is due to high prices, which are inducing conservatism in purchases among dealers and consumers. The increased difficulty in the movement of freight and the consequent delay and uncertainty are additional causes operating in the same direction. Collections, notwithstanding, are reported as good, and dealers generally are looking forward to continued good business.

Building is reported in fair volume, some points showing a very considerable percentage of increase. Manufacturers of vehicles, furniture, and other lines report stocks of goods as limited and the demand excellent. The lumber business has improved appreciably and is apparently only limited by the inadequate freight facilities and consequent congestion.

Farmers are prosperous from the returns of the past season, and preparations for planting are on a large scale for new crops, but the bad weather has prevented much actual headway in preparations. Staple crops are in contemplation at normal or increased acreages, and reports indicate a growing extension in the diversification of small crops for home supplies.

The demand for fertilizers has been strong and some of the largest manufacturers report being oversold and having withdrawn their salesmen from the market.

Boll weevil are reported having advanced nearly to the southern border of South Carolina. This menace is receiving the attention of the Government and State authorities, as well as the urgent attention of the business interests of the territory menaced. It is hoped that by prompt and efficient attention the possible damage from this pest will be at least reduced to a minimum.

While farmers generally have been prosperous, some reports indicate that tenant farmers who raise chiefly staple crops for market have suffered by necessity of purchasing family supplies at present high figures.

The recent unprecedented cold weather which swept over the Southern Atlantic seaboard did considerable damage to garden truck and small crops, but reports of damage in such cases are frequently exaggerated, and steps are being taken at once to, as far as possible, remedy this condition.

The good roads movement is receiving efficient attention in the district, with the prospect of steady improvement. Labor is well employed; in fact, there is considerable scarcity, notwithstanding which many small new industries are planned and in contemplation throughout the district.

Much attention continues to be given to stock raising, the high prices for hogs and cattle stimulating improved breeding by the importation of blooded stock.

The reports from cotton mills are somewhat mixed, some falling off in new orders being reported, while others indicate that the demands have held up remarkably well, considering the uncertainty of our foreign relations, no cancellations being reported and prompt delivery of goods on old orders being urged. Most of the mills are reported to have ample supplies of cotton on hand to protect sales and to meet requirements for some time to come.

Some banks are still reporting unusual ease in financial conditions, but reports more generally indicate some natural decrease in deposits at this season of the year with an increased demand for money, particularly for crop preparations. Railroad lines indicate unprecedented southern travel, some of this due to an increasing number of home seekers in the district.

DISTRICT NO. 6—ATLANTA.

There is apparently no uneasiness due to the possible entry of the United States into the war. It is the consensus of opinion that continued prosperity will obtain in this district for the next year, whether our nation is at peace or war and that unless shipping facilities are further interrupted business will be extended. Never in its history has the South been in position more easily to afford a broadening-out policy in industrial and agricultural affairs. Money is plentiful with rates stiffening a little. Loans indicate a healthy condition, being largely of a commodity nature to carry products, and little, if to any extent, for liquidation of past indebtedness.

The only anticipated handicap is one of labor. With no immigration and a neglible migration of labor from other States, a continued movement of negro laborers to northern fields will present a serious shortage of labor not only in agricultural but in industrial and public work lines.

Atlanta has just closed the southeastern land show, an exhibition of products and advertisement of the advantages of lands in the States in this district. Considerable publicity work of this nature has been carried on during the past year with a view of attracting settlers from other States.

Varying reports have been received with regard to the damage done oats and wheat by the freeze during the early part of February. Oats planted during January, and which had just come up will be almost a total loss, but grain sowed during October, November, and December, while somewhat damaged, is by no means a total loss and the outcome may be better than early reports indicated.

The February cold "spell" was unusual for this section and cost the farmers of the South several millions of dollars. Early vegetables of all kinds were seriously damaged or destroyed. Fortunately a large per cent of the citrus fruits had been picked in Florida, and of the crop of grape fruit and oranges approximately 70 per cent were frozen. The estimated loss is 1,500,000 boxes of oranges and 500,000 boxes of grape fruit.

In the coal and iron fields domestic shipments have been extremely heavy, with high prices continuing. Coal mines report increased output. Keen interest is shown in the war situation, and while iron manufacturers are not disturbed they are watching events closely. In the graphite fields of Alabama about 20 additional plants or mines are being operated and in course of construction, and within 60 days there will probably be a 40 per cent increase of output.

New Orleans reports the organization of the world's greatest live-stock farm with a capital of $1,500,000, its headquarters being at Morgan City, La., where it owns 16,000 acres of land in pasturage and forage crops. As an indication of the widespread interest in the cattle industry in Mississippi, as a result of the State-wide tick-eradication law, recently passed, 4,500 dipping vats will be put into commission in that State about March 1, and experts predict that Mississippi will be rid of the tick at the close of 1917.

The retail trade in Atlanta is quiet, at Savannah light. New Orleans and Nashville report satisfactory conditions, and Florida and Gulf Coast towns report trade good as result of large tourist travel.

The wholesale houses report deliveries from manufacturers and mills still remain unsatisfactory and on this account some trouble is experienced in shipping spring orders complete. While sales are good, retail merchants are buying rather conservatively. The weather has been unfavorable for men on the road, somewhat reducing the volume of orders as compared with January this year. Wholesale millinery houses in the trade centers have had their openings of spring merchandise and report a healthy trade this season.

Shoe manufacturers report a slowing-down in the industry, due at first to peace talk and later to the break with Germany. There was a tendency to overbuy so long as prices continued to increase and most factories had sold ahead beyond their ability to procure needful material at prices allowing a legitimate profit. The pause will give manufacturers a chance to catch up on orders and tend to check high prices. While prices have not advanced to any great extent during the past six weeks there has likewise been no material decline except in a few grades of raw material.

The season for trapping is now closed in Tennessee and dealers report a very satisfactory fur trade, especially in skunk and possum pelts. The Tennessee wool markets are quiet, stocks having been cleaned up, and dealers are now looking forward to the new season. It is thought there will be about a normal wool clipping, though high prices have tempted many farmers to sell sheep.

Resin exports show a very favorable gain for the first eight months of the naval stores season. While the trade is seriously missing the former shipments with Germany and Hungary, which approximated 650,000 barrels annually, exports for the first eight months were 18,377 barrels greater than for the same period last year. The recent cold "spell" caused considerable damage in the turpentine fields, and hundreds of crops of cups were burst.

Indications are that the district will use an increased amount of fertilizer for the growing of the crops of 1917. Conservative estimates place this increase at about 15 per cent. An Atlanta concern recently closed a contract for fertilizer with the Netherlands Government involving $2,500,000.

Comparing the fertilizer prices with the season of 1915–16 the advance is about 10 per cent to 15 per cent over the past year, which manufacturers claim does not represent the actual difference in cost to the manufacturer of the materials purchased in operation of the industry.

DISTRICT NO. 7.—CHICAGO.

Basic business conditions in this district have not changed to any marked degree since last month. The banks are well supplied with funds, for which there appears to be a better demand, and in some instances heavy reserves are being held to provide against contingencies. From one or two sources it is understood that minor quantities of gold have been withdrawn by depositors, but the amount has been small and the tendency of short duration. Farm loans continue in good demand, with low rates and high valuations, but the bond market has been inactive owing to general uncertainty and the apparent desire of investors to hold their funds liquid.

Railroad embargoes and car shortages have affected almost every line of industry, and country banks are frequently called upon to finance the storage of farm products in elevators pending shipping facilities. Collections have been unfavorably affected, due to the same causes. Manufacturers are finding difficulty in securing raw materials and coal, and also in many instances have been compelled to warehouse their finished product in large quantities until the railroad situation clears up.

The consensus of opinion is that while labor is well employed at this time a further demand for help will develop and that a shortage may result in the spring.

Agricultural implements are in good demand at high prices, but the transportation question as affecting deliveries is serious. Coal mines have been active, but reports indicate some interference with their operations during the past month on account of the extremely cold weather. This fact, together with the heavy demand and the railroad troubles has brought about high prices and a serious shortage in some manufacturing centers.

Some of the distilleries, while reporting good business, feel that the prohibition laws may result in destroying the value of their plants and equipment.

Dry goods merchants are finding spring business in excess of a year ago, but recent developments give evidence of a more conservative buying policy, both on the part of the retailers and the public.

The grain markets have passed through a rather trying period, but a number of authorities believe that the prices are basically sound and that the foreign demand can be counted upon to maintain the values regardless of war or peace. This opinion is predicated on the reported Argentine shortage and the presumed requirements of the foreign nations. While Australia has approximately 100,000,000 to 135,000,000 bushels of wheat for export, and Argentina about 40,000,000 bushels, shipments from the Southern Hemisphere are very much restricted, owing to the difficulties of ocean transportation and the length of the trip. It is estimated that as high as 60,000,000 bushels of wheat have been bought in the United States by the allies for shipment during February, March, and April, and the Chicago elevators at this time are holding approximately 30,000,000 bushels of grain, a large share of which has been sold to go forward, although the movement has been delayed owing to the inability of the railroads to furnish equipment.

The grocery business is fair and hardware good, although in the latter line one manufacturer reports that shortly after the German peace proposals orders fell off 50 per cent within three days. The volume of business at the present is satisfactory. The leather industry has been retarded somewhat. Packing houses state there is a good demand for their products at substantial prices.

The past winter has been a good one for the lumbering industry in northern Wisconsin, but wholesalers and manufacturers are finding business only moderately active, with collections fair. Piano concerns report a good volume of orders and active operation in their plants to care of the new business, as well as the unfilled orders from last year.

Shipbuilders have their equipment well employed. Steel prices are higher than before with no let-up in demand. Wool is quoted several cents higher than last month, and woolen manufacturers appear to have a good quantity of business, in fact, are inclined to go slow in taking on further orders until the future outlook for this industry is more clearly defined.

Clearings in Chicago for the first 19 days of February were $1,205,000,000, being $236,000,000 more than for the corresponding 19 days in February, 1916. Clearings reported by 21 cities in the district outside of Chicago amounted to $241,000,000 for the first 15 days of February, 1917, as compared with $186,000,000 for the first 15 days of February, 1916. Deposits in eight central reserve city member banks in Chicago were $743,000,000 at the close of business February 17, 1917, and loans were $510,000,000. Deposits show an increase of approximately $5,000,000 and loans an increase of approximately $22,000,000 over last month.

DISTRICT NO. 8.—ST. LOUIS.

Business activity in this district continues unabated. Wholesalers of dry goods, boots and shoes, hardware, and other necessities report increases in shipments and the outlook for spring is favorable. In general the stocks of merchandise in the hands of both wholesalers and retailers are larger than they were a year ago. This expansion has been noted in all lines. Seasonable winter weather throughout the district has stimulated retail distribution of wearing apparel, particularly underwear, hosiery, and ready to wear clothing for men and women. Collections keep pace with sales.

The January fur sale in St. Louis was approximately three times the January, 1916, sale, while prices realized averaged approximately 10 per cent above those of a year ago.

The iron and allied interests report heavy increases in sales with sufficient contracts on hand to insure capacity operations for some months.

Six weeks or two months ago the paper industries reported a decrease in business and at that time this was attributed to a feeling that prices would be lower. No concessions were granted, however. Buyers are again in the market and this has resulted in an increased activity in all paper lines in the last 10 days.

The Missouri State Board of Agriculture reports a decrease in the wheat acreage in Missouri of $7\frac{4}{10}$ per cent, the acreage planted being smaller than for several years. Reports indicate that the condition of the crop is not entirely satisfactory, due to severe weather and lack of moisture and snow protection.

Reports from Little Rock and Memphis indicate exceedingly prosperous conditions in the southern portions of the district. The stock of factors' cotton in Memphis is the largest known in the history of the Memphis Cotton Exchange, and the entire tendency seems to be to hold this cotton for prices approximating the high level of the season. A month ago it was expected that the high price of cotton would tend largely to increase the acreage this season. Reports from private sources in the cotton sections of the district indicate that the high price of fodder, foodstuffs, etc., will tend to limit the cotton acreage, and it is not now expected that the acreage this year will exceed that of 1916.

Provisions generally show an increase in price from week to week, and this is reflected in all index figures of the cost of living. The increase in potatoes, onions, and cabbage are especially notable, with eggs, which are slightly lower, as the exception.

Reports from the St. Louis National Stock Yards for January show an increase in the receipts of cattle and a decrease in the receipts of hogs, sheep, horses, and mules. The hog market has shown high records from week to week, hogs last week selling at $12.65. It is reported that foreign buyers have withdrawn from the horse and mule market, due to the increased difficulties of ocean transportation.

The St. Louis clearings for January were the largest ever recorded in the history of the clearing house. Clearings in all of the principal cities of the district for the week ending February 10 show increases ranging from $22\frac{4}{10}$ to $46\frac{4}{10}$ per cent.

The gross railroad earnings for December for the roads operating in this district continue to show the substantial increases which have been so noticeable for the past 18 months. Net earnings for this period, however, do not show the same percentage of increases, two of the roads operating in this district showing an actual decrease in net. It is believed that this is due to the marked increase in operating expenses and to the high price of all supplies and equipment.

Car shortage has had a tendency to hamper business activity, and owing to recently imposed embargoes may cause further difficulties. The movement of live stock and perishable freight is about normal. There is little difficulty in handling shipments of any kind to and from the South and West, but the movement of freight to the East is seriously delayed. The movement of cotton has been seriously hampered by embargoes on New England points and export. These same conditions have made both the receipt and shipment of grain difficult and the grain business has slowed down. The stock of grain in elevators is reported to be about normal.

St. Louis, Memphis, and Little Rock show a gain in building permits for January, the gain in St. Louis being especially noticeable. Louisville building permits show a decrease for January of this year. St. Louis and Memphis postal receipts show gains for January.

Money for legitimate business is plentiful, but banks in the larger cities, particularly in St. Louis, are careful to maintain adequate reserves and remain in a liquid condition. Commercial paper is now quoted at 4 to $4\frac{1}{2}$ per cent as against $3\frac{1}{4}$ to $3\frac{1}{2}$ per cent a month ago, with an active demand from country banks. Bank rates to customers show no change.

DISTRICT NO. 9—MINNEAPOLIS.

Traffic difficulties, due to the severe cold and to the effects of the car blockade, have had a very serious effect on Northwestern business. It has been variously estimated that there are from 14,000,000 to 18,000,000 bushels of wheat in storage in Minneapolis alone under contract, some of it for November and December delivery, that can not be moved, together with an immense tonnage of flour, feed and mill stuffs. Manufacturing concerns that are under contract for deliveries in the East are having the greatest difficulty in obtaining cars. The recent car relief measures promise some improvement in the situation, but expert authorities predict that the difficulties will continue throughout the spring, and that it will be well into the summer before conditions can get back to normal.

Severe cold has prevailed during the month, and the snowfall in the Northwestern States has been unusually heavy. Heavy winds have accompanied some of the storms, blockading railway lines, and seriously interfering with the movement of trains on branch lines.

Coal shortages have been avoided, but only because of the vigorous efforts of both the railways and distributing companies. Coal distributing concerns in the larger centers have had no difficulty in securing delivery at terminals of sufficient coal for their local requirements, but the congestion has been so great that it has been very difficult to get cars switched to the coal docks and to keep the supply available to the delivery forces.

There was a very heavy falling off of shipments of flour and mill feed in January, and February shows no improvement. The production has been very sharply curtailed, and will not get back to normal until a considerably larger movement of empty cars from the East can be brought about.

Business during the month has been rather quiet, but still satisfactory. The serious international situation does not seem to have produced any perceptible change, either in the volume of trade or in the sentiment of business men, who look for favorable conditions, at least into the spring months. Country banks are in very good shape, and are making no unusual demands. Banks at the larger cities show excess reserves, with the prospect that any relief of the car situation will improve their figures by easing the burden of financing, which the congested traffic situation has brought about. The conditions that have prevailed since the first of the year have influenced business men in all lines to exercise more than ordinary care and prudence. The general opinion is that the Northwest is in a very good position to meet any situation that may develop.

Bank rates at the larger centers are firm at a minimum of 4½ per cent. Rates at country points show no change. Collections continue fairly good.

Spring construction will be somewhat curtailed by high labor costs and the high price of steel and of all building materials. While labor conditions are satisfactory at the present time, there is a growing prospect of disturbances, and it is considered probable that strikes in several trades will signalize the breaking up of the winter.

While the business of this Federal Reserve Bank shows no evidences of any unusual condition in the district, the volume of rediscounted paper is larger than a month ago and indicates a substantial increase as compared with the same dates a year ago. The currency demand, although somewhat heavier during the month, is far short of what may be expected during a period of real apprehension.

Bank clearings at the chief centers of the district show little change, although they exhibit a slight increase as compared with a year ago.

DISTRICT NO. 10—KANSAS CITY.

Reports would indicate that the new winter wheat crop will be cut short owing to the dry season, though a wet spring may improve the outlook. The need of moisture is general in the southwest. Nebraska, Kansas, Missouri, and Oklahoma have shown a marked deficiency in precipitation for the past seven months, January being particularly dry.

More than usual interest attached to the report of the Kansas State Agricultural College concerning the development of a pure-bred hard winter wheat designated as P-762, a single head having originally been selected from a plot planted to Crimean seed imported from the Don territory of Russia. Fifty-nine tests on 29 different farms have resulted in the statement that had this wheat been generally sown in Kansas the past three seasons the value of the production of that State would have been increased by almost $63,000,000.

Live stock.—Top prices for 14 classifications of stock on the local market for the week ending February 10 made an average gain over the same top prices a year ago of $2.62 per hundred pounds, hogs being $4.10 higher that week than the same week a year ago. There has been a vigorous midwinter demand for desirable stock cattle and feeding steers at the highest prices ever prevailing. The conviction is growing that the heavy cattle receipts at the markets must result in at least a comparative shortage and that the potential supply of beef makers is being sacrificed in order to take advantage of high prices. The January cattle receipts at the four largest markets in the district showed an increase of almost 70,000 over January, 1916, a considerable increase in the receipt of sheep but a falling off in hogs. Profits now being realized on short-fed cattle and hogs, despite high-priced corn, are gratifying. There has been a slight decline both in the killing and packing of hogs.

Mining.—Record prices for minerals have caused many large companies to engage seriously in reworking old mines, many of which have been idle since 1893. Colorado fields report January as a record-breaking month in the volume of production. Cold weather has hampered operations to some extent. Many of the larger mines have planned extensive operations at greater depth. Early in February, in the Missouri-Kansas-Oklahoma district, 75 per cent of the mines were either badly crippled or completely frozen up because of below zero weather, but subsequent moderations have improved this situation. Much activity is reported from the new potash fields in Nebraska.

Oil.—Prices of crude oil remain unchanged since last month's report. Throughout the fields of the mid-continent regions there is a general slump in operations, owing to the fact that water for steam-making purposes has been difficult to obtain. In addition, the shortage of pipe and casing and the general high cost of materials have had their effects. Cold weather, combined with other factors has caused a sharp decline in production. The program for pipe-line laying during the present year is the greatest in the history of the industry. Much interest is manifested in what is known as "casinghead" gasoline, produced from gas by forcing it through pipes under heavy pressure, heating and cooling and finally condensing into a liquid which, when mixed with naphtha, results in a high-grade gasoline, the gas itself being sent back to the wells where it serves a variety of purposes.

Wholesale and retail.—The volume of spring business in implements is said to have reached such a point that wholesalers will need no second-order business to exceed the total volume of spring business last season. The only concern has to do with obtaining cars for delivery.

General retail stores report a steady increase of sales since January 1 over the corresponding period last year.

The new year has started briskly in wholesale drugs—one of the largest houses in the district reporting sales during January 33⅓ per cent above those of last year.

In dry goods and clothing the markets are taking on a decidedly market-buying aspect, and high prices are evidently not retarding freedom in buying. There has been marked activity in staple merchandise, including cotton dress goods, sheetings, and various domestic lines. Wholesalers have taken the precaution to carry the fullest possible stocks.

Flour mills are running at about two-thirds capacity, and are largely engaged in filling earlier sales. Current business is reported light by reason of the erratic wheat markets and violent changes in prices which appear to deter buyers from replenishing stocks which are low. An early return of activity is anticipated.

The automobile industry is easily surpassing this season last year, assembling plants and dealers being pushed to capacity. Oklahoma reports a gain of 116 per cent in automobile registration for 1916 over the previous year, surpassed by but one State in the Union.

The prices of necessities continue upward and the situation in this respect is anything but reassuring. As an instance of this, one point in the district reports that wholesalers are offering $2.75 per bushel for Irish potatoes and find the response scant.

Freight congestion in the East has resulted in embargoes by several railway lines serving this territory, and, as a consequence, there are many reports of congestion in the yards, and freight officials do not anticipate an immediate betterment. It is estimated that there are 30,000 cars on western roads destined east which can not be moved. Fortunately these embargoes do not include perishable goods, food, fuel, live-stock, and oil shipments, but this situation, coupled with the car shortage, is a serious deterrent to business in many lines.

Lumber.—The car shortage also continues to hamper this industry, and has curtailed shipments anywhere from 25 to 50 per cent, depending upon the line on which mills are located, and this has had a tendency toward higher prices. The steady increase in building permits has been lessened in some quarters by reason of unfavorable weather, which has naturally affected the wholesale and retail lumber trade. Contract work out for bids has been favorable in totals, but few large jobs are reported, the greater number being medium sized projects. Much work of importance is under contemplation and the future would seem unusually favorable.

Labor.—Very few labor disturbances are reported, and those affect but small numbers and are strictly local.

Financial.—If there has been any disturbance of the money situation due to existing international complications, it is not sufficient to cause uneasiness. Banks in this district are in a strong position and well fortified to meet any unusual development. Discount rates remain practically the same.

There is doubtless no better indication of general business activities than reports of bank clearings, and that the year has opened with a flying start is evidenced by the fact that the total clearings for January in the 15 most important cities in Federal Reserve District No. 10 showed an average increase of 55.5 per cent over the month of January, 1916, the lowest percentage in the list being 24.4 per cent and the highest 145.6 per cent. Reports at hand show further noticeable increases in postal receipts as compared with last year.

DISTRICT NO. 11—DALLAS.

Wholesale trade particularly has been rather active during the past 30 days through the inauguration of trade excursions, and the larger markets of the district have been crowded by out-of-town buyers. Information is that spring trade up to this time has been unusually good and heavier than last year. Wholesalers advise that there is some disposition among merchants to proceed cautiously on account of European conditions; also continued difficulty is experienced in obtaining satisfactory stocks of goods from northern and eastern mills. Manufacturers have booked all the orders they can handle, and are therefore reluctant to make contracts very far in advance. Collections continue very satisfactory and above normal.

There have been no notable changes in general commercial conditions in the district in the past 30 days. The lull in trade incident to the midseason is still apparent, and if any changes are to be noted they are mainly in the more advanced sale of spring lines and the preparation for the coming season's business.

Farming operations are well advanced for the season and beyond normal in connection with preparing the soil for the coming season. During the past 30 days the district experienced the coldest weather of the winter, which materially affected agricultural conditions. Freezing weather was felt even to the extreme southwestern section and much damage was done to the winter truck crops. Such crops were a total loss. Although replanting will be done, it will be some 60 days before conditions are normal.

Reports vary as to the damage done to citrus fruit. One of our correspondents reports that the damage to citrus fruit was fully 90 per cent and the crop was practically destroyed. The cabbage crop of the Brownsville country was damaged probably 50 per cent by the freeze of early February, and the onion crop likewise suffered. All parts of the district report that farmers are giving considerable attention to diversification, and the outlook for the present season, so far as farming interests are concerned, is extremely favorable. In the Rio Grande Valley the planting of potatoes, beans, and tomatoes for spring shipment is heavy, and the outlook for market conditions is the best the growers ever had. In answer to an inquiry, one of our correspondents in Oklahoma, probably the largest wholesale grocery firm in that section, replied as follows:

> Business conditions in Oklahoma were never better than they are at present. Farmers are all in good shape. Lots of new land is being put into cultivation in this section. Farmers generally are planting lots of feedstuffs this year and are not going in so heavy on cotton. We feel much encouraged over the present outlook.

There is some evidence that demand with banks is getting more active, especially in the cattle-raising sections. Rates remain easy and unchanged over a month ago. There has been some increased activity with this bank in the way of offerings for rediscount by member banks in the past 30 days. Within another month seasonal demands of our member banks will undoubtedly be felt. Bank clearings for the cities of Austin, Dallas, Fort Worth, Galveston, and Houston for the month of January show an increase of 38 per cent over 1916, the figures for January this year being $205,717,950 and for 1916, $149,064,641, or an increase of $56,653,309. The larger banks of the district still confront the problem of seeking satisfactory investments for their surplus funds, though conservatism seems to be the watchword.

Notwithstanding the severest weather of the winter there have been very few losses in cattle and there is no evidence of unfavorable conditions among the live-stock interests. Receipts at the Fort Worth market have continued heavy and prices for all classes high. While there is little demand for range steers, trading in stock cattle is brisk. The present is an off season for sheep men and no activity is noticeable in that line. However, when contracts are made for lambs for fall delivery it is anticipated that prices will be in line with the top figures of last year.

Activity is noted in lumber, cement, and other building materials, and, as one dealer stated, all that is necessary is good open weather for the trade. The building permits issued in the six largest cities of the district reporting show, in the aggregate, an increase in number but a decrease in valuation, the figures being: In 1916—number, 651; valuation, $1,653,032. In 1917—number, 685; valuation, $1,311,265.

The lumber trade has been stimulated recently by the prospects of Government purchases in large amounts along the border. The car situation with building trades continues serious. The post-office receipts of five of the largest cities in the district for January of this year aggregated $328,290 against $281,193 for last year, or an increase of $47,097, or 17 per cent.

Transportation business has been seriously affected during the latter part of the month by the embargo placed on Eastern shipments. At the present time, the embargo extends to the Indiana-Illinois State line and threatens to grow quite serious. Congestion at seaboard points through lack of shipping space and inability to unload cars has caused this condition. Locally little difficulty is being experienced.

Failures in the district for the month of January were 58, with liabilities of $498,256. For the same period of 1916 there were 129, with liabilities of $1,292,696. These figures clearly indicate the general improvement of business throughout this district.

There is no diminution in activity in the oil fields. The daily production in the Humble, Tex., field alone is around 20,000 barrels. Lack of water for drilling operations is still seriously affecting the production, though relieved to some extent by the rains of the past month. The high prices obtained for petroleum continue and tend to stimulate operations in the fields. The coal mines of Oklahoma and the copper mines of Arizona and New Mexico worked full time during January. The mining companies of Oklahoma report that orders for commercial coal have decreased to some extent in the past two weeks, but that they still have sufficient orders in sight to run indefinitely.

DISTRICT NO. 12—SAN FRANCISCO.

Reports from all sections of this district give evidences of generally prosperous conditions. This is largely due to unprecedented prices for metals, live stock, and many agricultural products with abundant harvests. Wages have been increased under the influence of active demand. There are few reports of labor disturbances.

Cold weather in the Northwest and a general lack of rainfall has hampered planting of many crops and retarded the growth of others. In California the precipitation thus far this season has been materially below normal. However, instead of heavy midwinter rains, with none during the spring, it is of greater benefit to have a smaller total precipitation, with spring rains distributed over a considerable period. There still remains enough of the season classed as rainy for adequate precipitation, but the dry season in California is so long that sufficient moisture must be had in the rainy season to render crops possible. Delayed precipitation consequently always tends to rouse apprehension. Snow has covered the ground in Idaho, preventing damage being done to fall-sown grain by the cold weather. Except for unusual cold about the end of December, Arizona reports a mild winter with sufficient precipitation to insure early feed.

The present indications are for large crops of both wheat and barley in this district, provided sufficient rains are forthcoming. Due to the high prices received during 1916, there has been a considerable increase in the acreage planted. It is predicted that the berry crop of Washington in 1917 will be abundant. The fall frosts have put the plants in good condition to withstand the winter weather. The prices of onions, cabbage, potatoes, and some other vegetables have advanced extraordinarily.

The present market for apples is unsatisfactory. Sales have been recorded at prices as low as $1.10 per box, with transportation costs of 50 cents per box; there is little profit from sales at such prices. Stocks on hand January 1, 1917, were not as large as those at a corresponding date last year by approximately 1,500,000 barrels.

Final figures for 1916 place the California raisin crop at 126,000 tons, compared with 124,000 tons in 1915. The prices in 1916 were from $15 to $20 per ton higher than those in 1915. The output of sweet wine in 1916 was five times that of 1915 and aggregated over 19,000,000 gallons.

Laws prohibiting the sale of alcoholic beverages have gone into effect in four of the seven states of this district, viz: Arizona, Idaho, Oregon, and Washington, and a law of this character has passed both houses of the legislature in Utah and has recently been signed by the governor, becoming effective August 1, 1917. The climate and soil of California are admirably adapted to grape culture. In this industry and in the production of wine many millions of dollars are invested and many thousands of people employed. Constitutional amendments looking to prohibition, which were voted upon at the last election, were voted down by such moderate majorities as to lead the interests concerned to adopt unusual courses. It is reported that the wine producers will sever relations with other liquor interests and endeavor to close all saloons in the State, and that the liquor dealers in San Francisco are proposing to reform liquor selling by reducing the number of saloons one-half and doubling the license fee.

In 1873 the first Washington navel orange tree was planted in southern California. The development of the citrus-fruit industry of the State has been chiefly since that time. Now there are approximately 205,000 acres planted to citrus fruits, of which 130,000 acres are in bearing, representing an investment of probably $200,000,000, with an annual product having a value of near $50,000,000. During the past seven years the amount of California citrus fruit consumed by the people of this country has increased more than six times as rapidly as has the population. At this season shipments are going forward in large quantities and satisfactory prices are being received. The damage to the fruit by frost in January was slight.

The shortage of cars and high producing costs are the present dominating factors in the lumber industry. Orders are considerably above production and some mills have found it necessary to refuse further orders until transportation facilities are available. Labor in this industry is reported as less efficient than formerly and having a tendency to shift from place to place.

Salmon prices continue to advance as the stocks in the hands of the packers diminish. The supply of the higher grades is entirely sold out.

Daily production of petroleum for January, 1917, averaged 261,879 barrels, and shipments averaged 293,364 barrels. The daily production during this month came nearer equaling shipments than at any time since July, 1916, the decline in stocks in January being but 31,485 barrels daily, compared with 60,580 barrels daily in December. Total crude-oil stocks on hand January 31, 1917, were 43,060,154 barrels. The greatest activity in rig building since May, 1911, was reported in January, when 100 new rigs were constructed.

Charter rates are reported as slightly firmer. During the past month, the organization of the Pacific Development Corporation has been announced, consolidating two companies operating in the Orient with the purpose of expanding the scope of their business.

Clearings of 19 principal cities of the district during January, 1917, show an increase of 50 per cent over those of January, 1916; Salt Lake City led with 63 per cent, followed by San Francisco with 56 per cent and Seattle with 50 per cent. Building permits of the same 19 cities increased 70 per cent over the corresponding month in 1916, Los Angeles leading in the percentage of increase. Real estate transactions are in increasing volume and greater activity is anticipated during 1917.

On January 1, 1917, there was on deposit in both national and State banks in the Twelfth Federal Reserve District approximately $1,688,000,000 or $260 for each inhabitant of the seven States that comprise this district, viz, Arizona, California, Idaho, Nevada, Oregon, Utah, and Washington. This is $60 per capita more than on January 1, 1915, when there was on deposit approximately $1,265,000,000.

DISCOUNT OPERATIONS AT THE FEDERAL RESERVE BANKS.

Total discount operations of the Federal Reserve Banks for the month of January, 1917, amounted to $18,326,286, compared with $11,114,900 for January, 1916, and $10,712,800 for January, 1915. Nearly 47 per cent of the total Federal Reserve discounts for the month is reported for the Richmond district, where $6,667,000 of advances were made by the reserve bank on 31 member banks' collateral notes secured by commercial paper. As against 70 per cent for December, 1916, the three eastern banks report less than 13 per cent of the January discounts, the bulk of their operations for the month being made up of purchases of acceptances in the open market.

Of the total discounts for the month $9,517,329 is represented by member banks' collateral notes, $574,464 by trade acceptances (two-name paper) and $1,564,653 by commodity paper. The total of these three classes of paper, nearly all discounted at preferential (i. e., lower than ordinary) rates, was $11,656,446, or over 63 per cent of the total discounts for the month. Over one-half of the January discounts is represented by member banks' collateral notes handled by nine banks, Richmond alone reporting about 70 per cent of this class of paper.

Discounts for the month of trade acceptances reported by 10 banks were much below the total reported for the immediately preceding month, though in excess of the average monthly total for the past year. Over 70 per cent of this type of paper was handled by the three southern banks. On the other hand the monthly total of commodity (all cotton) paper handled exclusively by the three southern banks shows a considerable increase over the December, 1916, total.

The aggregate number of bills discounted during the month, exclusive of 78 collateral notes, was 3,408, while the average size of these bills was about $2,590, compared with an average amount of about $122,000 advanced during the month on a collateral note. Nearly 30 per cent of the rediscounted paper is represented by the largest-sized bills (of over $10,000 each) and over 40 per cent by medium-sized paper (in denominations of over $1,000 to $5,000). Small notes (in amounts up to $250) constituted almost 20 per cent of the total number, though less than 1 per cent of the total amount rediscounted during the month. Over one-half of the number of these small bills, practically all trade acceptances, is reported by the Philadelphia bank.

Nearly 60 per cent of all the paper, including collateral notes, discounted during January, was 15-day paper, i. e., maturing within 15 days from the date of discount by the Federal Reserve Banks. The share of 30-day paper was 9.3 per cent, that of 60-day paper 14 per cent, and that of 90-day paper 14.4 per cent. January discounts of agricultural and live-stock paper maturing after 90 days from date of rediscount with the Federal Reserve Banks (six-months' paper) were $591,882, compared with over 1.5 millions for January, 1916.

Discounted paper held on the last Friday of the month aggregated $15,711,000, as against $30,196,700 about the end of December and $26,900,500 on the corresponding date the year before. Of the total holdings at the end of January $2,672,000 were member banks' collateral notes, $4,291,254 agricultural paper, of various maturities and types, including trade acceptances and commodity paper, originally discounted, with member banks to obtain funds for agricultural purposes; $1,136,294, live-stock paper; and $7,592,119 industrial and commercial paper proper. Over 80 per cent of the agricultural paper was held by the Atlanta, Chicago, Richmond, and Minneapolis banks, while nearly 85 per cent of the live-stock paper was held by the Dallas, Kansas City, and Minneapolis banks. Of the 7,631 member banks reported at the end of the month only 310, or slightly over 4 per cent, availed themselves of their discount privileges during the month under discussion. The number of rediscounting institutions in the three southern districts was 140, compared with 324 in January, 1916. The largest number of member banks accommodated during the month is shown for the Richmond Federal Reserve district, while the smallest number is shown for the New York district.

Commercial paper discounted by each Federal Reserve Bank during January, 1917, distributed by sizes.

NUMBER OF PIECES AND AMOUNTS.

Banks.	To $100.		Over $100 to $250.		Over $250 to $500.		Over $500 to $1,000.		Over $1,000 to $2,500.		Over $2,500 to $5,000.		Over $5,000 to $10,000.		Over $10,000.		Total.		Per cent
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Boston	1	$100	22	$4,047	25	$9,188	35	$30,970	38	$68,516	58	$259,307	21	$177,129	10	$200,506	210	$749,763	8.5
New York	13	916	17	3,517	19	8,801	14	11,556	29	56,892	46	206,737	3	25,075	1	14,668	142	328,162	3.7
Philadelphia	304	10,673	45	8,075	69	27,522	47	38,438	48	86,577	33	140,208	4	23,629	....	....	550	335,122	3.8
Cleveland	....	......	25	3,850	21	8,434	13	9,775	33	67,278	13	55,356	14	116,620	14	383,658	133	644,971	7.3
Richmond	26	2,326	81	15,008	169	66,950	165	133,427	188	311,764	120	453,669	85	593,586	20	338,652	854	1,915,382	21.8
Atlanta (including New New Orleans branch).	6	449	27	4,764	50	19,607	73	60,230	110	194,548	84	321,945	64	475,222	20	716,307	434	1,793,072	20.4
Chicago	18	1,551	23	4,257	42	16,061	48	39,458	63	101,755	55	241,987	9	79,094	11	290,000	269	774,163	8.8
St. Louis	1	150	4	800	5	1,662	19	14,186	40	67,961	23	98,968	5	47,000	....	....	97	230,727	2.6
Minneapolis	....	......	15	2,743	39	13,237	45	31,437	84	130,139	83	357,284	21	188,776	11	503,137	298	1,226,753	13.9
Kansas City	....	......	12	2,154	38	13,624	67	46,149	44	69,119	12	42,469	1	5,282	1	12,498	175	191,295	2.2
Dallas	....	......	9	1,719	28	10,944	29	21,585	44	72,420	44	158,508	18	132,245	8	98,768	180	496,189	5.6
San Francisco	....	......	12	2,367	9	3,056	13	8,179	17	32,287	7	22,262	6	34,307	2	20,900	66	123,358	1.4
Total	369	16,165	292	53,301	514	199,086	568	445,390	738	1,259,256	578	2,358,700	251	1.897,965	98	2,579,094	3,408	8,808,957	.....
Per cent	....	0.2	....	0.6	....	2.3	....	5.0	....	14.3	....	26.8	....	21.5	....	29.3	....	....	100.0
Member banks' collateral notes	....	......	....	......	....	......	....	......	....	....	....	....	8	55,000	70	9,462,329	78	9,517,329	.....

Member banks' collateral notes, trade acceptances, and commodity paper discounted during the month of January, 1917, and 1916.

Banks.	Collateral notes.	Trade acceptances.	Commodity. paper.	Total.	Banks.	Collateral notes.	Trade acceptances.	Commodity, paper.	Total.
Boston	$448,699	$62,433	....	$511,132	St. Louis	$375,000	$11,930	....	$386,930
New York	270,000	....	....	270,000	Minneapolis	....	55,678	....	55,678
Philadelphia	230,000	15,164	....	245,164	Kansas City	75,000	....	....	75,000
Cleveland	....	1,797	....	1,797	Dallas	162,630	94,563	$4,100	261,293
Richmond	6,667,000	240,283	$598,807	7,506,090	San Francisco	....	8,850	....	8,850
Atlanta (including New Orleans)	769,000	75,157	961,746	1,805,903	Total Jan. 1917	9,517,329	574,464	[1] 1,564,653	11,656,446
Chicago	520,000	8,609	....	528,609	Total Jan. 1916	....	444,400	1,863,600	2,308,000

[1] All cotton paper.

Amounts of discounted paper, including member banks' collateral notes, held by each Federal Reserve Bank on Jan. 26, 1917, distributed by classes.

	Agricultural paper.	Live-stock paper.	Commercial and industrial paper.	Member banks' collateral notes.	Total.		Agricultural paper.	Live stock paper.	Commercial and industrial paper.	Member banks' collateral notes.	Total.
Boston	....	....	$754,623	$35,000	$789,623	St. Louis	109,179	37,699	332,309	75,000	554,187
New York	$19,404	$3,329	1,534,249	145,000	1,701,982	Minneapolis	618,389	202,448	784,321	210,000	1,815,158
Philadelphia	50,585	....	456,564	20,000	527,149	Kansas City	254,126	208,029	26,462	35,000	523,617
Cleveland	54,358	....	434,565	....	488,923	Dallas	136,538	549,943	134,237	82,108	902,826
Richmond	923,578	....	1,734,754	1,492,000	4,150,332	San Francisco	151,595	2,392	52,260	....	206,247
Atlanta	1,030,878	84,316	945,222	69,000	2,129,416						
Chicago	942,624	48,138	422,424	508,800	1,921,986	Total	4,291,254	1,136,294	7,611,990	2,671,908	15,711,446

Distribution by sizes of bills bought in the open market by all the Federal Reserve Banks during January, 1917, and 1916.

Acceptances bought in open market.	To $5,000. Pieces.	To $5,000. Amount.	To $10,000. Pieces.	To $10,000. Amount.	To $25,000. Pieces.	To $25,000. Amount.	To $50,000. Pieces.	To $50,000. Amount.	To $100,000. Pieces.	To $100,000. Amount.	Over $100,000. Pieces.	Over $100,000. Amount.	Total. Pieces.	Total. Amount.	Per cent.
January, 1917:															
Bankers' acceptances	380	994,090	474	1,640,256	292	5,122,294	151	6,868,118	48	3,891,515	11	1,859,768	1,356	[1]20,376,041	98.8
Trade acceptances	10	29,120	9	65,813	8	115,912	1	30,924	....	....	......	....	28	[2]241,139	1.2
Total	390	1,023,210	483	1,706,069	300	5,238,206	152	6,898,412	48	3,891,515	11	1,859,768	1,384	20,617,180	100.0
Per cent	......	5.0	......	8.3	....	25.4	....	33.5	....	18.8	......	9.0	......	....	.....
Total acceptances bought during January, 1916	194	546,959	220	1,720,758	217	4,113,726	47	1,857,477	17	1,284,593	......	....	695	9,523,513	.....

[1] Of the above total, bankers' acceptances totaling $14,834,291 were based on imports and exports, and $5,541,750 on domestic trade transactions.
[2] All of the above transactions were drawn abroad on importers in the United States and indorsed by foreign banks.

ACCEPTANCES.

Acceptances bought in open market and held by Federal Reserve Banks as per schedules on file on dates specified, distributed by classes of accepting institutions.

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

Date.	Bankers' acceptances. Member banks.	Bankers' acceptances. Nonmember banks. Trust companies.	Bankers' acceptances. Nonmember banks. State banks.	Bankers' acceptances. Nonmember banks. Private banks.	Bankers' acceptances. Total.	Trade acceptances bought in open market.	Total acceptances.
1915.							
Feb. 22	93	....	....	....	93	....	93
Apr. 5	3,653	7,820	10	110	11,593	....	11,593
May 3	5,038	8,189	10	110	13,347	....	13,347
June 7	5,242	4,516	10	192	9,960	....	9,960
July 3	4,342	5,267	....	161	9,770	....	9,770
Aug. 2	5,350	5,407	20	352	11,129	....	11,129
Sept. 6	6,087	6,305	20	472	12,884	....	12,884
Oct. 4	9,000	4,898	132	343	14,373	....	14,373
Nov. 1	8,477	4,331	253	204	13,265	....	13,265
Dec. 6	12,311	5,172	275	396	18,154	....	18,154
1916.							
Jan. 3	15,494	7,160	362	822	23,838	....	23,838
Feb. 7	15,681	7,876	336	1,456	25,349	489	25,838
Mar. 6	17,182	8,670	408	1,781	28,041	462	28,503
Apr. 3	21,000	13,573	473	3,262	38,308	722	39,030
May 1	24,875	15,400	585	3,430	44,290	1,477	45,767
June 5	24,680	17,029	644	7,007	49,360	2,208	51,568
1916.							
July 3	32,989	18,921	471	11,830	64,211	3,422	67,633
Aug. 7	39,695	19,060	738	13,940	73,433	4,225	77,658
Sept. 4	41,413	20,356	726	12,491	74,986	3,673	78,659
Oct. 2	37,798	21,782	712	9,944	70,236	2,306	72,542
Nov. 6	37,770	29,474	1,014	12,147	80,405	2,378	82,783
Dec. 4	47,748	33,232	1,630	16,069	98,679	4,487	103,166
1917.							
Jan. 1	66,803	34,625	1,502	18,224	121,154	4,585	125,739
Jan. 8	60,066	32,467	1,325	16,915	110,773	4,249	115,022
Jan. 15	59,710	30,691	1,245	15,862	107,508	4,386	111,894
Jan. 22	56,334	26,286	1,146	14,119	97,885	4,102	101,987
Jan. 29	52,439	22,744	1,054	12,949	4,041	93,227	....
Feb. 5	50,361	23,511	972	13,775	4,041	[1]92,800	....
Feb. 12	54,945	33,473	1,265	17,952	4,896	[2]113,199	....
Feb. 19	59,165	35,745	1,268	21,842	4,982	[3]123,679	....
Feb. 26	59,498	36,478	1,094	20,389	5,068	[3]123,204	....

[1] Includes $140,000 of bills accepted by foreign branches and agencies.
[2] Includes $668,000 of bills accepted by foreign branches and agencies.
[3] Includes $677,000 of bills accepted by foreign branches and agencies.

Amounts of paper discounted and acceptances and warrants bought by each Federal Reserve Bank during January, 1917, distributed by maturities.

Federal Reserve Banks.	15-day maturities.				30-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$847,389			$847,389	$102,136	$5,096		$107,232
New York	279,272			279,272	69,457	7,299		76,756
Philadelphia	247,937			247,937	120,203	106,300		226,503
Cleveland	182,617			182,617	271,658	51,666		323,324
Richmond	6,737,047	$160,000		6,897,047	382,399	1,308,877		1,691,276
Atlanta (including New Orleans Branch)	963,075	17,411		980,486	142,699	52,000		194,699
Chicago	521,480			521,480	337,583	108,333		445,916
St. Louis	406,500			406,500	73,000	30,000		103,000
Minneapolis	376,428			376,428	179,316			179,316
Kansas City	75,606			75,606	5,738			5,738
Dallas	162,630			162,630	11,630	25,000		36,630
San Francisco	4,514			4,514	7,863	48,428		56,291
Total	10,804,495	177,411		10,981,906	1,703,682	1,742,999		3,446,681
Per cent				23.5				7.4

Federal Reserve Banks.	60-day maturities.				90-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$126,008	$65,720		$191,728	$122,929	$2,858,308		$2,981,237
New York	123,129			123,129	126,304	2,598,262		2,724,566
Philadelphia	184,102	665,906		850,008	12,080	1,074,162		1,086,242
Cleveland	163,128	85,579		248,707	16,690	1,214,534	$6,151	1,237,375
Richmond	626,129	357,083		983,212	815,186	659,400		1,474,586
Atlanta (including New Orleans Branch)	479,583	822,200		1,301,783	948,064	850,211		1,798,275
Chicago	320,909	105,748		426,657	47,659	796,169	1,020	844,848
St. Louis	31,546	164,450		195,996	67,247	281,631		348,878
Minneapolis	356,354	25,000		381,354	197,410	1,396,725		1,594,135
Kansas City	38,780	62,209		100,989	49,344	323,179		372,523
Dallas	111,350			111,350	199,020	282,374		481,394
San Francisco	25,569	517,949		543,518	37,707	2,312,373		2,350,080
Total	2,586,587	2,871,844		5,458,431	2,639,640	14,647,328	7,171	17,294,139
Per cent				11.7				37.1

Federal Reserve Banks.	Over 90-day maturities.				Totals.				Per cent.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston		$109,715		$109,715	$1,198,462	$3,038,839		$4,237,301	28.3	71.7		100.0
New York			$2,798,013	2,798,013	598,162	2,605,561	$2,798,013	6,001,736	1.0	43.4	46.6	100.0
Philadelphia	$800	260,959	1,268,322	1,530,081	565,122	2,107,327	1,268,322	3,940,771	14.3	53.5	32.2	100.0
Cleveland	10,878		832,063	842,941	644,971	1,351,779	838,214	2,834,964	22.7	47.7	29.6	100.0
Richmond	21,621			21,621	8,582,382	2,485,360		11,067,742	77.5	82.5		100.0
Atlanta (including New Orleans Branch)	28,651		3,000	31,651	2,562,072	1,741,822	3,000	4,306,894	50.5	40.4	.1	100.0
Chicago	66,532		1,169,684	1,236,216	1,294,163	1,010,250	1,170,704	3,475,117	37.2	29.1	33.7	100.0
St. Louis	27,434	806,924	465,957	1,300,315	605,727	1,283,005	465,957	2,354,689	25.7	54.5	19.8	100.0
Minneapolis	117,245		151,684	268,929	1,226,753	1,421,725	151,684	2,800,162	43.8	50.8	5.4	100.0
Kansas City	96,827		152,243	249,070	266,295	385,388	152,243	803,926	33.1	47.9	19.0	100.0
Dallas	174,189		121,718	295,907	658,819	307,374	121,718	1,087,911	60.6	28.2	11.2	100.0
San Francisco	47,705		760,645	808,350	123,358	2,878,750	760,645	3,762,753	3.3	76.5	20.2	100.0
Total	591,882	1,177,598	7,723,329	9,492,809	18,326,286	20,617,180	7,730,500	46,673,966	39.2	44.2	16.6	
Per cent				20.3				100.0				

Maturities of bills discounted, acceptances, and municipal warrants held by the Federal Reserve Banks on Friday, January 26, 1917.

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

Banks.	1 to 15 days.				16 to 30 days.				31 to 60 days.				61 to 90 days.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston	230	3,029	125	3,384	291	2,834	20	3,145	234	4,580	313	5,127	35	3,055	165	3,255
New York	813	7,152	177	8,142	477	5,435	265	6,177	311	12,962	335	13,608	101	1,855	45	2,001
Philadelphia	285	2,088	76	2,449	122	1,883	....	2,005	108	4,144	56	4,308	7	878	5	890
Cleveland	268	1,329	52	1,649	138	1,410	....	1,548	58	3,730	918	4,706	13	874	82	969
Richmond	2,084	1,217	61	3,362	581	297	....	878	1,005	1,425	....	2,430	456	749	....	1,205
Atlanta	563	931	278	1,772	360	414	....	775	769	1,730	117	2,616	409	826	2	1,237
Chicago	1,041	2,272	57	3,370	170	1,111	25	1,306	399	3,898	145	4,442	198	156	436	790
St. Louis	263	839	76	1,178	64	758	....	822	142	3,731	33	3,906	48	217	26	291
Minneapolis	457	997	75	1,529	334	357	15	706	481	3,766	338	4,585	143	845	....	988
Kansas City	94	595	62	751	44	93	....	136	163	2,329	6	2,498	90	27	30	147
Dallas	160	679	....	839	75	89	2	166	227	813	....	1,040	236	95	50	381
San Francisco	58	1,958	67	2,083	35	1,421	....	1,456	54	4,735	129	4,918	10	1,089	50	1,149
	6,316	23,086	1,106	30,508	2,691	16,102	327	19,120	3,951	47,843	2,390	54,184	1,746	10,666	891	13,303

Banks.	After 90 days.				Total.								Percentages.			
					Bills discounted.		Acceptances bought.		Municipal warrants.		Total.					
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Amount	Per cent.	Amount	Per cent.	Amount	Per cent.	Amount	Per cent.	Bills discounted.	Acceptances bought	Municipal warrants.	Total.
Boston	....	....	6	6	790	5.0	13,498	13.8	629	5.1	14,917	11.9	5.3	90.0	4.7	100.0
New York	....	....	2,887	2,887	1,702	10.8	27,404	28.1	3,709	30.3	32,815	26.1	5.2	83.5	11.3	100.0
Philadelphia	5	....	1,345	1,350	527	3.4	8,993	9.2	1,482	12.1	11,002	8.7	4.7	81.7	13.6	100.0
Cleveland	12	....	754	766	489	3.1	7,342	7.5	1,806	14.8	9,637	7.7	5.0	76.1	18.9	100.0
Richmond	24	....	....	24	4,150	26.4	3,688	3.8	61	.5	7,899	6.3	52.7	46.6	.7	100.0
Atlanta	28	....	5	33	2,129	13.6	3,902	4.0	402	3.3	6,433	5.1	33.0	60.6	6.4	100.0
Chicago	114	....	1,121	1,235	1,922	12.2	7,436	7.6	1,784	14.6	11,142	8.9	17.2	66.7	16.1	100.0
St. Louis	37	....	404	441	554	3.5	5,545	5.7	539	4.4	6,638	5.3	8.3	83.5	8.2	100.0
Minneapolis	400	....	177	577	1,815	11.6	5,966	6.1	605	4.9	8,386	6.7	21.6	71.1	7.3	100.0
Kansas City	133	....	127	260	524	3.3	3,044	3.1	225	1.8	3,793	3.0	14.1	80.0	5.9	100.0
Dallas	205	....	126	331	903	5.8	1,676	1.7	178	1.4	2,757	2.2	32.8	60.8	6.4	100.0
San Francisco	49	....	583	632	206	1.3	9,203	9.4	829	6.8	10,238	8.1	2.0	89.9	8.1	100.0
	1,007	....	7,535	8,542	15,711	100.0	97,697	100.0	12,249	100.0	125,657	100.0	12.5	77.8	9.7	100.0

Conversion operations of each Federal Reserve Bank for January, 1917.

Bank.	Amounts allotted by Federal Reserve Board.	2 per cent bonds converted.			Conversion bonds and 1-year Treasury notes issued to the banks.			Balance of allotment which may be converted in 1917.
		Consols of 1930.	Panamas of 1936-1938.	Total.	Conversion bonds.	Treasury notes.	Total.	
Boston	$2,696,200	$1,252,000	$80,000	$1,332,000	$666,000	$666,000	$1,332,000	$1 364 200
New York	6,412,900	142,000	900,000	1,042,000	521,000	521,000	1,042,000	5,370,900
Philadelphia	2,814,200	1,651 000	....	1,651,000	826,000	825,000	1,651,000	1,163,200
Cleveland	3,227,200	903,900	1,500,000	2,403,900	1,201,900	1,202,000	2,403,900	823,300
Richmond	1,799,100	999,100	800,000	1,799,100	900,100	899,000	1,799,100	....
Atlanta	1,335,500	1,205,100	120,000	1,325,100	658,100	667,000	1,325,100	10,400
Chicago	3,722,100	2,331,000	559,000	2,890,000	1,445,000	1,445,000	2,890,000	832,100
St. Louis	1,504,600	....	....	....	....	....	....	1,504,600
Minneapolis	1,281,600	1,010,000	50,000	1,060,000	530,000	530,000	1,060,000	221,600
Kansas City	1,642,900	1,392,900	250,000	1,642,900	821,900	821,000	1,642,900	....
Dallas	1,451,200	951,200	500,000	1,451,200	726,200	725,000	1,451,200	....
San Francisco	2,112,500	2,000,000	....	2,000,000	1,000,000	1,000,000	2,000,000	112,500
Total	30,000,000	13,838,200	4,759,000	18,597,200	9,296,200	9,301,000	18,597,200	11,402,800

Total investment operations of each Federal Reserve Bank during the month of January, 1917.

Federal Reserve Bank.	Bills discounted for member banks.	Bills bought in open market.			Municipal warrants bought.			
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.
Boston	$1,198,462	$3,038,839		$3,038,839				
New York	598,162	2,556,318	$49,243	2,605,561	$2,798,013			$2,798,013
Philadelphia	565,122	2,095,209	12,118	2,107,327	1,268,322			1,268,322
Cleveland	644,971	1,351,779		1,351,779	822,842		$15,372	838,214
Richmond	8,582,382	2,485,360		2,485,360				
Atlanta	2,562,072	1,736,622	5,200	1,741,822			3,000	3,000
Chicago	1,294,163	994,661	15,589	1,010,250	660,484	$2,040	508,180	1,170,704
St. Louis	605,727	1,283,005		1,283,005	465,957			465,957
Minneapolis	1,226,753	1,421,725		1,421,725	151,684			151,684
Kansas City	266,295	385,388		385,388	152,243			152,243
Dallas	658,819	307,374		307,374	121,718			121,718
San Francisco	123,358	2,719,761	158,989	2,878,750	760,645			760,645
Totals:								
January, 1917	18,326,286	20,376,041	241,139	20,617,180	7,201,908	2,040	526,552	7,730,500
January, 1916	11,114,900	9,374,500	149,000	9,523,500	9,507,800	236,000	62,500	9,806,300

Federal Reserve Bank.	United States bonds and Treasury notes.					Total investment operations.	
	2 per cent.	3 per cent.	4 per cent.	1-year notes.	Total.	January, 1917.	January, 1916.
Boston						$4,237,301	$3,411,100
New York	$12,500	$60,000			$72,500	6,074,236	10,167,700
Philadelphia						3,940,771	3,012,800
Cleveland	26,400				26,400	2,861,364	1,400,500
Richmond	46,250				46,250	11,113,992	3,494,700
Atlanta	525,000				525,000	4,831,894	2,269,000
Chicago						3,475,117	3,838,200
St. Louis						2,354,689	1,903,800
Minneapolis		1,240			1,240	2,801,402	853,400
Kansas City	25,000				25,000	828,926	1,775,200
Dallas						1,087,911	2,270,500
San Francisco	1,735,000				1,735,000	5,919,680	2,674,600
Totals:							
January, 1917	2,370,150	61,240			2,431,390	49,105,356	
January, 1916	4,393,800	403,000	1,830,000		6,626,800		37,071,500

RESOURCES AND LIABILITIES.

Resources and liabilities of each of the Federal Reserve Banks and of the Federal Reserve System at close of business on Fridays, Jan. 26 to Feb. 23, 1917.

RESOURCES.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Gold coin and certificates in vault:													
Jan. 26	14,977	145,136	23,558	16,860	5,434	6,138	33,034	14,473	10,468	6,900	5,833	19,530	302,341
Feb. 2	13,983	156,451	23,651	16,711	5,296	5,448	33,216	14,724	10,759	6,855	5,940	13,930	306,964
Feb. 9	12,838	124,074	27,792	16,101	5,280	5,801	31,042	12,851	11,059	7,295	6,535	13,526	274,194
Feb. 16	12,498	128,155	28,305	15,704	5,291	5,687	28,310	11,081	11,326	7,365	6,717	13,928	274,367
Feb. 23	12,740	138,403	24,070	15,010	5,373	5.736	31,523	9,553	11,410	7,562	6,948	13,027	281,355
Gold settlement fund:													
Jan. 26	15,132	50,897	15,117	26,552	18,085	2,912	33,504	3,468	6,316	27,355	10,629	3,804	213,771
Feb. 2	15,237	39,182	14,258	28,777	17,701	5,791	38,920	3,583	6,124	29,443	11,067	2,878	212,961
Feb. 9	19,901	46,089	8,633	25,251	18,379	7,012	35,298	1,510	5,831	28,363	9,101	7,593	212,961
Feb. 16	18,472	56,644	3,944	25,443	18,258	8,002	40,048	437	4,857	25,687	7,854	6,575	216,221
Feb. 23	17,825	53,768	10,855	26,510	16,826	5,197	32,694	2,302	4,457	27,358	7,660	8,409	213,861
Gold redemption fund:													
Jan. 26	50	250	100	48	245	495	200	84	125	156	45	15	1,813
Feb. 2	48	250	100	40	257	528	200	68	125	163	41	15	1,835
Feb. 9	50	250	100	27	234	502	200	47	125	156	28	15	1,734
Feb. 16	48	250	100	25	328	493	200	41	125	154	25	15	1,804
Feb. 23	50	250	100	66	448	478	200	19	125	149	22	15	1,922
Legal tender notes, silver, etc.:													
Jan. 26	1,270	8,069	922	960	127	688	1,110	3,054	497	220	572	90	17,579
Feb. 2	1,207	1,350	840	974	102	1,296	1,505	3,376	607	185	648	95	12,185
Feb. 9	511	2,158	459	536	62	1,225	996	3,176	643	88	755	24	10,633
Feb. 16	140	152	158	408	113	1,279	987	2,788	665	90	785	44	7,609
Feb. 23	226	7,831	233	202	121	1,231	927	2,822	711	81	819	45	15,249
Total reserve:													
Jan. 26	31,429	204,352	39,697	44,420	23,891	10,233	67,848	21,079	17,406	34,631	17,079	23,439	535,504
Feb. 2	30,475	197,233	38,849	46,502	23,356	13,063	73,841	21,751	17,615	36,646	17,696	16,918	533,945
Feb. 9	33,300	172 571	36,984	41,915	23,955	14,540	67,536	17,584	17,658	35,902	16,419	21,158	499,522
Feb. 16	31,158	185,201	32,507	41,580	23,990	15,461	69,545	14,347	16,973	33,296	15,381	20,562	500,001
Feb. 23	30,841	200,232	35,258	41,788	22,768	12,642	65,344	14,696	16,703	35,150	15,449	21,496	512,387
5 per cent redemption fund against Federal Reserve Bank notes:													
Jan. 26										300	100		400
Feb. 2										300	100		400
Feb. 9										300	100		400
Feb. 16										300	100		400
Feb. 23										300	100		400
Bills discounted—members:													
Jan. 26	790	1,702	527	489	4,150	2,129	1,922	554	1,815	524	903	206	15,711
Feb. 2	747	1,473	651	428	3,609	2,273	1,159	541	1,795	509	1,310	212	14,707
Feb. 9	792	1,345	832	1,068	3,444	2,540	1,700	541	1,949	512	1,278	199	16,200
Feb. 16	2,208	1,988	694	1,478	3,874	2,474	1,616	581	2,570	489	1,375	206	19,553
Feb. 23	2,969	2,066	1,304	1,963	3,710	2,219	1,198	556	2,467	509	1,141	164	20,266
Bills bought in open market:													
Jan. 26	13,498	27,404	8,993	7,342	3,688	3,902	7,436	5,545	5,966	3,044	1,676	9,203	97,697
Feb. 2	11,962	25,599	11,194	6,404	4,414	3,435	7,080	4,980	5,689	2,833	1,159	8,363	93,112
Feb. 9	13,292	33,615	14,815	8,217	4,717	3,538	8,338	6,237	6,384	2,735	1,286	8,918	112,092
Feb. 16	13,877	35,544	15,166	10,859	5,584	3,484	10,135	7,968	6,735	4,358	2,320	10,024	126,054
Feb. 23	12,749	33,384	14,130	10,484	6,681	3,444	10,689	8,446	6,940	4,950	2,517	9,552	123,966
United States bonds:													
Jan. 26	666	232	826	6,117	1,340	1,372	7,413	2,203	1,913	8,518	3,603	1,919	36,122
Feb. 2	110	59	136	5,171	587	296	6,203	2,203	1,495	8,518	3,403	2,369	30,550
Feb. 9		70		4,985	440	50	5,963	2,203	1,409	8,518	3,403	2,429	29,470
Feb. 16		71		4,985	442	50	5,961	2,203	1,409	8,518	3,403	2,429	29,471
Feb. 23		71		4,985	442	50	5,961	2,203	1,409	8,518	3,403	2,429	29,471
1-year Treasury notes:													
Jan. 26	1,666	1,726	1,999	1,820	1,969	1,491	2,962	891	1,230	963	1,430	1,500	19,647
Feb. 2	1,666	726	1,999	1,820	1,969	1,491	2,962	891	1,230	963	1,430	1,500	18,647
Feb. 9	1,666	726	1,999	1,820	1,969	1,491	2,962	891	1,230	963	1,430	1,500	18,647
Feb. 16	1,666	726	1,999	1,820	1,969	1,491	2,962	891	1,230	963	1,430	1,500	18,647
Feb. 23	1,666	726	1,999	1,820	1,969	1,491	2,962	891	1,230	963	1,430	1,500	18,647
Municipal warrants:													
Jan. 26	629	3,709	1,482	1,806	61	402	1,784	539	605	225	178	829	12,249
Feb. 2	504	4,300	1,406	1,918		124	1,855	600	555	238	199	965	12,664
Feb. 9	631	4,631	1,431	2,401	15	123	2,588	924	530	340	254	965	14,833
Feb. 16	621	5,534	1,431	2,910	15	124	2,842	1,127	515	340	254	965	16,678
Feb. 23	611	5,534	1,431	2,962	15	124	2,842	1,127	515	492	506	965	17,124
Federal Reserve notes, net:													
Jan. 26	1,069	18,927	1,342	893			1,695		142			2,993	27,061
Feb. 2	1,070	18,814	627	934			1,665		236		155	2,014	25,515
Feb. 9	882	16,948		1,018			1,739		11		220	2,472	23,290
Feb. 16	1,390	16,200		775			1,315				439	2,401	22,520
Feb. 23	839	14,958		859			2,738				236	2,446	22,076

Resources and liabilities of each of the Federal Reserve Banks and of the Federal Reserve System at close of business on Fridays, Jan. 26 to Feb. 23, 1917—Continued.

RESOURCES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Due from other Federal Reserve Banks, net:													
Jan. 26	....	....	....	2,599	....	814	....	1,933	539	....	377	467	[1] 4,123
Feb. 2	....	....	826	447	....	1,870	3,687	2,116	1,804	....	83	3,594	[1] 12,687
Feb. 9	137	7,175	....	2.357	1,091	915	3,783	982	460	....	403	1,102	[1] 13,255
Feb. 16	....	....	5,731	78	266	....	3,750	....	509	193	....	415	[1] 7,840
Feb. 23	1,409	....	1,995	159	1,061	....	10,307	....	....	55	....	1,431	[1] 732
Uncollected items:													
Jan. 26	11,560	26,997	14,497	9,266	8,575	10,136	15,780	8,137	4,358	8,985	3,917	4,229	126,437
Feb. 2	15,482	24,292	18,613	8,917	7,212	7,044	15,799	6,019	3,076	6,699	4,032	9,426	126,611
Feb. 9	9,387	23,640	18,319	8,823	7,321	8,160	16,270	7,496	3,654	7,359	4,967	5,829	121,225
Feb. 16	13,660	29,918	21,275	12,055	8,261	7,730	17,735	9,748	3,710	7,996	5,608	6,553	144,249
Feb. 23	15,257	29,590	17,133	11,731	7,969	8,977	14,524	9,562	4,063	8,540	4,560	5,034	136,940
All other resources:													
Jan. 26	986	701	474	737	227	2,727	1,109	3,616	117	566	1,737	612	13,609
Feb. 2	892	779	621	971	147	2,521	970	3,532	119	497	1,800	304	13,153
Feb. 9	313	2,343	361	168	137	1,979	516	3,215	85	326	1,240	395	11,078
Feb. 16	94	407	298	484	128	1,948	769	2,482	81	208	1,289	431	8,619
Feb. 23	68	313	280	266	102	2,225	668	2,201	108	187	1,510	343	8,271
Total resources:													
Jan. 26	62,293	285,750	69,837	75,489	43,901	33,206	107,949	44,497	34,091	57,756	31,000	45,397	880,314
Feb. 2	62,908	273,275	74,922	73,512	41,294	32,117	115,221	42,633	33,614	57,203	31,367	45,665	881,991
Feb. 9	60,400	263,064	74,741	72,772	43,089	33,336	111,395	40,073	33,370	56,955	31,000	44,967	860,012
Feb. 16	64,674	275,589	79,101	77,024	44,529	32,762	116,630	39,347	33,732	56,661	31,599	45,486	894,032
Feb. 23	66,409	286,894	73,530	77,017	44,725	31,172	117,233	39,682	33,435	59,664	30,852	45,360	890,280

LIABILITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Capital paid in:													
Jan. 26	4,990	11,852	5,230	6,020	3,361	2,410	6,932	2,799	2,402	3,074	2,694	3,930	55,694
Feb. 2	4,990	11,858	5,230	6,020	3,363	2,417	6,947	2,799	2,402	3,074	2,695	3,930	55,725
Feb. 9	4,990	11,860	5,230	6,020	3,363	2,420	6,946	2,799	2,405	3,074	2,693	3,913	55,713
Feb. 16	5,035	11,861	5,243	6,020	3,363	2,418	6,947	2,799	2,405	3,074	2,693	3,915	55,773
Feb. 23	5,083	11,888	5,259	6,087	3,412	2,419	6,950	2,800	2,407	3,074	2,695	3,915	55,989
Government deposits:													
Jan. 26	325	3,197	2,861	1,157	2,058	2,873	1,592	4,633	2,335	441	1,492	2,643	25,607
Feb. 2	[2] −38	2,027	2,778	1,140	1,489	2,577	2,164	3,547	2,287	940	1,578	2,844	23,333
Feb. 9	[2] −108	169	2,077	965	1,472	2,599	1,731	1,566	1,844	98	1,070	2,042	15,525
Feb. 16	[2] −89	1,817	1,616	1,037	1,518	2,032	1,155	[2] −416	923	[2] −670	731	1,197	10,851
Feb. 23	340	3,836	1,191	1,079	1.516	1,859	937	[2] −334	632	146	832	1,374	13,407
Due to members—Reserve account:													
Jan. 26	47,488	246,548	46,086	58,582	26,153	14,097	90,500	26,737	26,758	45,623	23,303	35,966	687,841
Feb. 2	49,980	238,015	48,496	56,804	25,778	16,851	94,251	27,760	26,682	45,246	24,800	35,215	689,878
Feb. 9	47,658	229,947	46,314	56,774	26,181	17,059	94,248	26,807	26,986	45,461	24,769	35,966	678,170
Feb. 16	49,243	229,110	50,489	58,280	25,206	19,943	95,459	26,680	26,842	44,903	25,146	37,290	688,591
Feb. 23	49,783	233,368	46,458	58,202	26,048	19,972	96,465	27,372	26,679	46,416	25,005	37,007	692,475
Collection items:													
Jan. 26	7,023	18,875	14,928	9,730	7,324	9,929	8,526	6,683	2,596	5,859	3,117	2,784	97,374
Feb. 2	7,458	21,242	18,300	9,548	6,820	6,806	11,859	5,587	2,243	5,476	2,294	3,599	101,232
Feb. 9	7,778	21,088	16,349	9,013	6,864	8,397	8,470	6,180	2,135	5,502	2,468	2,963	97,207
Feb. 16	10,063	31,140	19,770	11,687	8,252	5,138	13,069	6,958	2,836	6,665	2,642	2,998	121,218
Feb. 23	11,107	23,712	17,398	11,649	7,709	3,235	12,881	6,699	2,178	7,147	2,130	2,979	108,826
Federal Reserve notes, net:													
Jan. 26	....	....	....	....	3,749	3,897	....	3,645	....	1,824	394	....	13,509
Feb. 2	....	....	....	....	3,530	3,466	....	2,940	....	1,535	....	....	11,471
Feb. 9	....	....	457	....	5,209	2,861	....	2,721	....	1,845	....	....	13,093
Feb. 16	....	....	1,847	....	6,190	3,077	....	2,560	726	2,689	....	....	17,089
Feb. 23	....	....	3,086	....	6,040	2,935	....	2,827	992	3,181	....	....	19,061
Due to other Federal Reserve Banks, net:													
Jan. 26	2,421	5,199	642	....	1,256	....	399	....	....	935	....	....	....
Feb. 2	461	33	....	....	314	....	....	....	....	932	....	....	....
Feb. 9	....	....	4,175	....	....	....	....	....	....	975	....	....	....
Feb. 16	331	1,464	....	....	....	154	....	766	....	....	387	....	....
Feb. 23	....	13,885	....	....	....	....	753	318	547	....	190	....	....
All other liabilities:													
Jan. 26	46	79	90	....	....	....	....	....	....	....	....	74	289
Feb. 2	57	100	118	....	....	....	....	....	....	....	....	77	352
Feb. 9	82	....	139	....	....	....	....	....	....	....	....	83	304
Feb. 16	91	197	136	....	....	....	....	....	....	....	....	86	510
Feb. 23	94	205	138	....	....	....	....	....	....	....	....	85	522
Total liabilities:													
Jan. 26	62,293	285,750	69,837	75,489	43,901	33,206	107,949	44,497	34,091	57,756	31,000	45,397	880,314
Feb. 2	62,908	273,275	74,922	73,512	41,294	32,117	115,221	42,633	33,614	57,203	31,367	45,665	881,991
Feb. 9	60,400	263,064	74,741	72,772	43,089	33,336	111,395	40,073	33,370	56,955	31,000	44,967	860,012
Feb. 16	64,674	275,589	79,101	77,024	44,529	32,762	116,630	39,347	33,732	56,661	31,599	45,486	894,032
Feb. 23	66,409	286,894	73,530	77,017	44,725	31,172	117,233	39,682	33,435	59,664	30,852	45,360	890,280

[1] Difference between net amounts due from and net amounts due to other Federal Reserve Banks.

[2] Overdraft.

FEDERAL RESERVE NOTES.

Federal Reserve note account of each Federal Reserve Agent at close of business on Fridays, Jan. 26 to Feb. 23, 1917.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes:													
Received from Comptroller—													
Jan. 26	28,880	185,400	30,480	17,660	29,500	35,380	11,880	22,540	26,500	28,120	35,320	17,720	469,380
Feb. 2	28,880	185,400	30,480	17,660	29,500	35,380	11,880	22,540	26,500	28,120	35,320	18,560	470,220
Feb. 9	28,880	224,260	30,480	22,660	29,500	36,380	12,680	22,540	26,500	28,120	35,320	18,560	515,880
Feb. 16	33,880	237,680	33,480	23,860	29,500	36,380	13,680	22,540	26,500	28,120	35,320	18,560	539,500
Feb. 23	33,880	246,080	37,520	23,860	29,500	36,380	17,680	22,540	32,000	28,720	35,320	18,560	562,040
Returned to Comptroller—													
Jan. 26	7,772	59,890	6,340	4,046	7,402	4,089	1,719	2,737	994	2,313	5,063	1,993	104,358
Feb. 2	7,819	60,548	6,790	4,099	7,736	4,186	1,724	2,767	1,022	2,366	5,327	2,010	106,394
Feb. 9	8,385	60,813	6,830	4,188	8,018	4,360	1,734	2,824	1,074	2,448	5,554	2,034	108,262
Feb. 16	8,570	61,274	6,908	4,220	8,235	4,430	1,737	2,844	1,090	2,478	5,706	2,335	109,827
Feb. 23	8,626	61,534	7,144	4,728	8,375	4,580	1,847	3,273	1,136	2,559	5,947	2,352	112,101
Chargeable to Federal Reserve Agent—													
Jan. 26	21,108	125,510	24,140	13,614	22,098	31,291	10,161	19,803	25,506	25,807	30,257	15,727	365,022
Feb. 2	21,061	124,852	23,690	13,561	21,764	31,194	10,156	19,773	25,478	25,754	29,993	16,550	363,826
Feb. 9	20,495	163,447	23,650	18,472	21,482	32,020	10,946	19,716	25,426	25,672	29,766	16,526	407,618
Feb. 16	25,310	176,406	26,572	19,640	21,265	31,950	11,943	19,696	25,410	25,642	29,614	16,225	429,673
Feb. 23	25,254	184,546	30,376	19,132	21,125	31,800	15,833	19,267	30,864	26,161	29,373	16,208	449,939
In hands of Federal Reserve Agent—													
Jan. 26	7,210	18,020	7,260	3,100	4,000	8,135	3,000	3,040	5,620	4,958	7,986	1,000	73,329
Feb. 2	7,210	18,020	7,260	3,100	4,000	8,635	3,000	3,040	5,620	5,108	8,256	....	73,249
Feb. 9	6,710	42,680	4,860	6,800	3,900	9,935	2,500	3,040	5,620	4,658	8,567	....	99,270
Feb. 16	10,560	47,200	5,760	7,600	3,900	10,335	2,500	3,040	5,020	3,688	8,567	....	108,220
Feb. 23	10,560	50,000	9,240	5,900	3,900	10,385	2,500	3,040	10,520	3,538	8,887	....	118,470
Issued to Federal Reserve Bank, net—													
Jan. 26	13,898	107,490	16,880	10,514	18,098	23,156	7,161	16,763	19,886	20,849	22,271	14,727	291,693
Feb. 2	13,851	106,832	16,430	10,461	17,764	22,559	7,156	16,733	19,858	20,646	21,737	16,550	290,577
Feb. 9	13,785	120,767	18,790	11,672	17,582	22,085	8,446	16,676	19,806	21,014	21,199	16,526	308,348
Feb. 16	14,750	129,206	20,812	12,040	17,365	21,565	9,443	16,656	20,390	21,954	21,047	16,225	321,453
Feb. 23	14,694	134,546	21,136	13,232	17,225	21,415	13,333	16,227	20,344	22,623	20,486	16,208	331,469
Amounts held by Federal Reserve Agent:													
In reduction of liability on outstanding notes—													
Gold coin and certificates on hand—													
Jan. 26	13,150	103,349	3,730	9,880	....	2,960	....	5,165	13,230	4,370	10,340	....	166,174
Feb. 2	13,150	103,349	3,730	9,880	....	2,960	....	5,165	13,230	4,370	10,540	....	166,374
Feb. 9	12,850	114,949	3,730	10,980	....	2,960	....	5,165	13,230	4,370	10,110	....	178,344
Feb. 16	13,850	123,549	3,730	11,380	....	2,960	....	5,165	13,030	4,370	10,110	....	188,144
Feb. 23	13,850	121,146	3,730	12,543	....	2,960	....	5,165	13,030	4,370	10,110	....	194,904
Credit balance in gold redemption fund—													
Jan. 26	748	4,141	870	634	908	1,715	151	741	906	884	1,131	607	13,436
Feb. 2	701	3,483	770	581	774	1,618	146	711	878	1,231	1,167	590	12,650
Feb. 9	935	5,818	930	692	717	1,444	136	854	826	1,149	1,059	566	15,126
Feb. 16	900	5,657	1,052	660	615	1,374	133	834	1,010	1,119	1,107	545	15,006
Feb. 23	844	5,400	1,216	689	565	1,224	123	785	96	1,038	1,046	828	14,722
Credit balance with Federal Reserve Board—													
Jan. 26	....	....	12,280	....	12,900	13,850	7,010	6,510	3,250	13,660	10,130	14,120	93,710
Feb. 2	....	....	11,930	....	12,900	13,700	7,010	7,010	3,250	13,260	10,030	15,960	95,050
Feb. 9	....	....	12,730	....	11,000	13,900	8,310	6,810	3,250	13,260	10,030	15,960	95,250
Feb. 16	....	....	12,530	....	10,000	13,450	9,310	6,810	3,250	13,260	9,830	15,680	94,120
Feb. 23	....	....	12,130	....	10,000	13,450	13,210	6,430	3,250	13,380	9,330	15,380	96,560
As security for outstanding notes—													
Commercial paper—													
Jan. 26	....	....	....	....	4,290	4,631	....	4,347	2,500	1,935	670	....	18,373
Feb. 2	....	....	....	....	4,090	4,281	....	3,847	2,500	1,785	....	....	16,503
Feb. 9	....	....	1,400	....	5,865	3,781	....	3,847	2,500	2,235	....	....	19,628
Feb. 16	....	....	3,500	....	6,750	3,781	....	3,847	3,100	3,205	....	....	24,183
Feb. 23	....	....	4,060	....	6,660	3,781	....	3,847	3,100	3,835	....	....	25,283
Total—													
Jan. 26	13,898	107,490	16,880	10,514	18,098	23,156	7,161	16,763	19,886	20,849	22,271	14,727	291,693
Feb. 2	13,851	106,832	16,430	10,461	17,764	22,559	7,156	16,733	19,858	20,646	21,737	16,550	290,577
Feb. 9	13,785	120,767	18,790	11,672	17,582	22,085	8,446	16,676	19,806	21,014	21,199	16,526	308,348
Feb. 16	14,750	129,206	20,812	12,040	17,365	21,565	9,443	16,656	20,390	21,954	21,047	16,225	321,453
Feb. 23	14,694	134,546	21,136	13,232	17,225	21,415	13,333	16,227	20,344	22,623	20,486	16,208	331,469
Memorandum:													
Total amount of commercial paper delivered to Federal Reserve Agent—													
Jan. 26	....	....	....	....	4,649	4,655	....	4,347	2,500	1,941	1,023	....	19,115
Feb. 2	....	....	....	....	5,953	4,304	....	3,848	2,500	1,939	1,148	....	19,692
Feb. 9	....	....	1,401	....	6,778	3,809	....	3,848	2,500	2,236	1,143	....	21,715
Feb. 16	....	....	3,502	....	7,263	3,810	....	3,850	3,100	3,217	2,004	....	26,746
Feb. 23	....	....	4,062	....	8,119	3,809	....	3,850	3,100	3,836	1,842	....	28,618

Federal Reserve note account of each Federal Reserve Bank at close of business on Fridays, Jan. 26 to Feb. 23, 1917.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes issued to banks:													
Jan. 26	13,898	107,490	16,880	10,514	18,098	23,156	7,161	16,763	19,886	20,849	22,271	14,727	291,693
Feb. 2	13,851	106,832	16,430	10,461	17,764	22,559	7,156	16,733	19,858	20,646	21,737	16,550	290,577
Feb. 9	13,785	120,767	18,790	11,672	17,582	22,085	8,446	16,676	19,806	21,014	21,199	16,526	308,348
Feb. 16	14,750	129,206	20,812	12,040	17,365	21,565	9,443	16,656	20,390	21,954	21,047	16,225	321,453
Feb. 23	14,694	134,536	21,136	13,232	17,225	21,415	13,333	16,227	20,344	22,623	20,486	16,208	331,469
Federal Reserve notes in hands of banks:													
Jan. 26	1,069	18,927	1,342	893	541	734	1,695	702	2,642	111	276	2,993	31,925
Feb. 2	1,070	18,814	627	934	560	815	1,665	907	2,736	250	155	2,014	30,547
Feb. 9	882	16,948	943	1,018	656	920	1,739	1,126	2,511	390	220	2,472	29,825
Feb. 16	1,390	16,200	1,653	775	560	704	1,315	1,287	2,374	516	439	2,401	29,614
Feb. 23	839	14,958	974	859	620	846	2,738	1,020	2,108	654	236	2,446	28,298
Federal Reserve notes in circulation:													
Jan. 26	12,829	88,563	15,538	9,621	17,557	22,422	5,466	16,061	17,244	20,738	21,995	11,734	259,768
Feb. 2	12,781	88,018	15,803	9,527	17,204	21,744	5,491	15,826	17,122	20,396	21,582	14,536	260,030
Feb. 9	12,903	103,819	17,847	10,654	16,926	21,165	6,707	15,550	17,295	20,624	20,979	14,054	278,523
Feb. 16	13,360	113,006	19,159	11,265	16,805	20,861	8,128	15,369	18,016	21,438	20,608	13,824	291,839
Feb. 23	13,855	119,588	20,162	12,373	16,605	20,569	10,595	15,207	18,236	21,969	20,250	13,762	303,171
Gold and lawful money deposited with or to credit of Federal Reserve Agent:													
Jan. 26	13,898	107,490	16,880	10,514	13,808	18,525	7,161	12,416	17,386	18,914	21,601	14,727	273,320
Feb. 2	13,851	106,832	16,430	10,461	13,674	18,278	7,156	12,886	17,358	18,861	21,737	16,550	274,074
Feb. 9	13,785	120,767	17,390	11,672	11,717	18,304	8,446	12,829	17,306	18,779	21,199	16,526	288,720
Feb. 16	14,750	129,206	17,312	12,040	10,615	17,784	9,443	12,809	17,290	18,749	21,047	16,225	297,270
Feb. 23	14,694	134,546	17,076	13,232	10,565	17,634	13,333	12,380	17,244	18,788	20,486	16,208	306,186

GOLD IMPORTS AND EXPORTS.

Gold imports and exports into and from the United States from Jan. 26 to Feb. 16, 1917.

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

	Jan. 26, 1917.	Feb. 2, 1917.	Feb. 9, 1917.	Feb. 16, 1917.	Total since Jan. 1, 1917.	Total for corresponding period during 1916.
IMPORTS.						
Ore and base bullion	265	385	269	193	1,681	1,066
United States mint or assay office bars		1	2		5	359
Bullion, refined	897	133	707	15,495	18,734	4,198
United States coin	500	2	500	3	51,005	45
Foreign coin				36,066	41,042	17,014
Total imports	1,662	521	1,478	51,757	112,467	22,682
EXPORTS.						
Domestic:						
Ore and base bullion	1	19			35	57
United States mint or assay office bars	11	514		1	1,184	1,303
Bullion, refined	114	59	509	233	1,063	714
Coin	4,950	719	2,764	4,054	25,929	6,735
Total	5,076	1,311	3,273	4,288	28,211	8,809
Foreign:						
Bullion, refined	31				31	
Coin	159			1,134	1,815	6,130
Total	190			1,134	1,846	6,130
Total exports	5,266	1,311	3,273	5,422	30,057	14,939

Excess of gold imports over exports since Jan. 1, 1917 .... $82,410

Excess of gold imports over exports since Aug. 1, 1914 951,172

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

Average amounts of earning assets held by each Federal Reserve Bank during January, 1917, earnings from each class of earning assets, and annual rates of earnings on the basis of January, 1917, returns.

	Average balances for the month of the several classes of earning assets.				
	Bills discounted, members.	Bills bought in open market.	United States bonds and Treasury notes.	Municipal warrants.	Total.
Boston	$1,578,732	$13,443,098	$2,234,484	$755,711	$18,012,025
New York	3,795,495	33,033,475	2,069,437	2,557,181	41,455,588
Philadelphia	766,946	10,501,050	2,735,129	928,012	14,931,137
Cleveland	595,783	8,718,124	7,791,699	1,973,427	19,079,033
Richmond	3,873,734	3,663,500	3,145,151	60,750	10,743,135
Atlanta	2,946,127	4,242,304	2,854,467	400,909	10,443,807
Chicago	3,174,927	8,840,944	10,219,358	1,550,655	23,785,884
St. Louis	781,055	6,407,550	3,093,900	614,247	10,896,752
Minneapolis	1,809,200	6,422,500	3,101,600	550,500	11,883,800
Kansas City	492,445	3,354,022	9,463,108	204,054	13,513,629
Dallas	845,821	2,036,426	5,033,250	164,914	8,080,411
San Francisco	216,537	10,911,610	3,351,072	929,189	15,408,408
Total	20,876,802	111,574,603	55,092,655	10,689,549	198,233,609

	Earnings from—					Calculated annual rates of earnings from—				
	Bills discounted, members.	Bills bought in open market.	United States bonds and Treasury notes.	Municipal warrants.	Total.	Bills discounted, members.	Bills bought in open market.	United States bonds and Treasury notes.	Municipal warrants.	Total.
						Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Boston	$5,128	$32,080	$5,617	$1,985	$44,810	3.82	2.81	2.96	3.09	2.93
New York	11,413	77,473	5,314	6,509	100,709	3.54	2.76	3.00	2.99	2.86
Philadelphia	2,556	24,828	6,981	2,471	36,836	3.92	2.79	3.00	3.13	2.90
Cleveland	2,094	20,559	17,693	5,703	46,049	4.14	2.78	2.66	3.40	2.84
Richmond	12,384	9,572	7,815	183	29,954	3.76	3.08	2.93	3.50	3.28
Atlanta	8,815	10,719	6,938	1,177	27,649	3.64	3.07	2.96	3.57	3.22
Chicago	12,991	20,777	22,491	4,329	60,588	4.82	2.77	2.59	3.29	3.00
St. Louis	2,540	15,445	6,534	1,699	26,218	3.83	2.83	2.47	3.26	2.83
Minneapolis	6,905	15,519	6,804	1,397	30,625	4.49	2.85	2.58	2.99	3.03
Kansas City	2,058	8,128	19,030	427	29,643	4.92	2.85	2.37	2.46	2.58
Dallas	3,278	4,834	11,128	458	19,698	4.65	2.85	2.65	3.33	2.93
San Francisco	856	25,641	7,329	2,314	36,140	4.67	2.77	2.63	2.93	2.76
Total	71,018	265,575	123,674	28,652	488,919	4.01	2.80	2.64	3.16	2.90

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect Feb. 28, 1917.

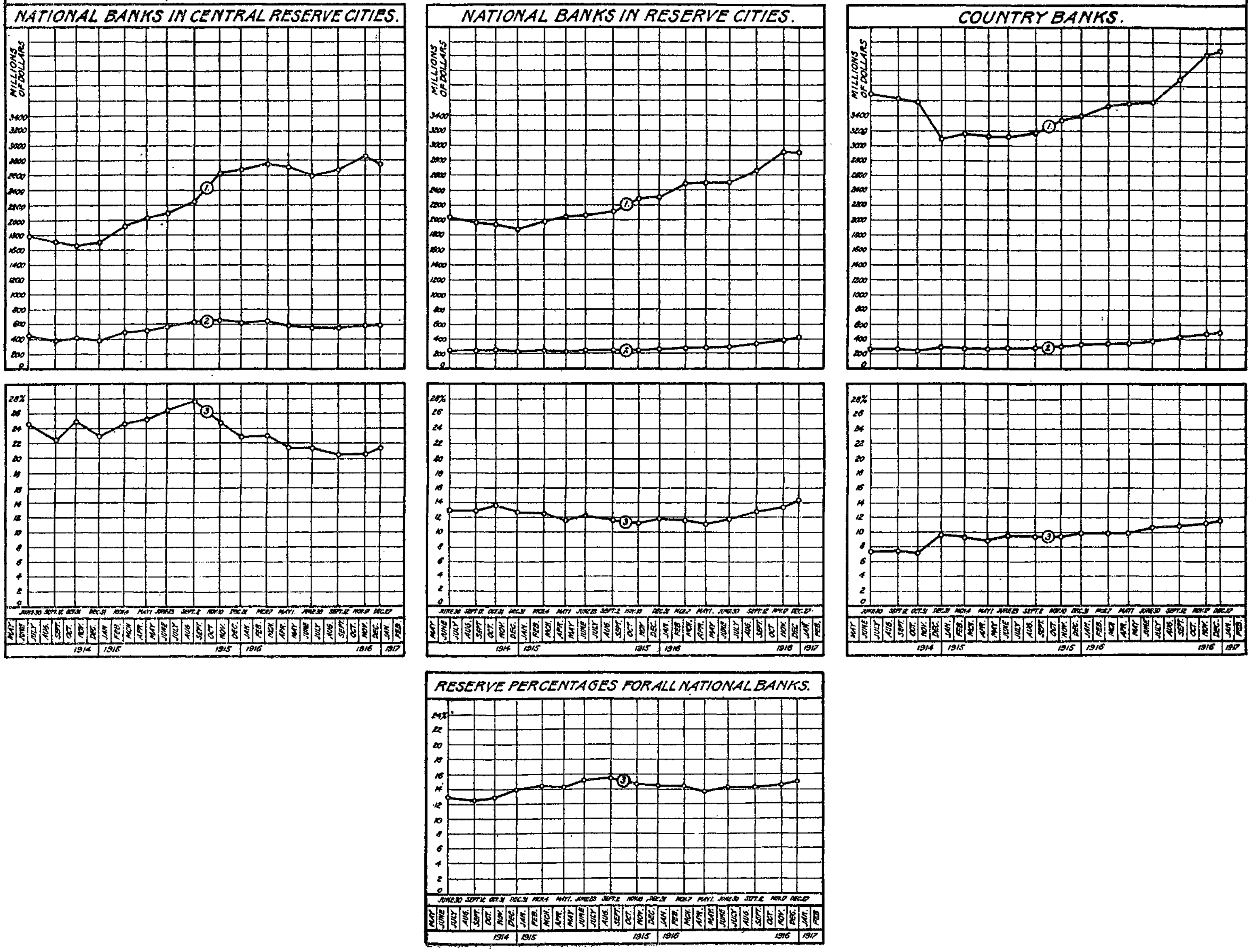
	Maturities.										Commodity paper maturing within 90 days.	Paper bought in open market.	Member banks' collateral loans.
	Discounts.							Trade acceptances.					
	Within 10 days.	Within 15 days.	11 to 30 days, inclusive.	16 to 30 days, inclusive.	31 to 60 days, inclusive.	61 to 90 days, inclusive.	Agricultural and live-stock paper over 90 days.	To 30 days, inclusive.	31 to 60 days, inclusive.	61 to 90 days, inclusive.			
Boston	3½	....	4	....	4	4	5	3½	3½	3½	4	....	4
New York	....	3	....	4	4	4	5	3½	3½	3½	....	....	3
Philadelphia	....	3½	....	4	4	4	4½	3½	3½	3½	3½	....	3½
Cleveland	....	3½	....	4	4½	4½	5	3	3½	4	....	....	3½
Richmond	....	4	....	4	4	4	4½	3½	3½	3½	3½	....	3½
Atlanta	....	4	....	4	4	4½	5	3½	3½	3½	3½	[1] 3½–5½	
Atlanta (New Orleans branch)	....	....	....	....	....	....	....	....	....	....	....	[2] 3¾–4	3½
Chicago	....	3½	....	4	4	4½	5	3½	3½	3½	....	....	3½
St. Louis	....	3½	....	4	4	4	5	3½	3½	3½	3½	....	3½
Minneapolis	....	4	....	4	4	4½	5	3½	3½	3½	3½	....	4
Kansas City	....	4	....	4½	4½	4½	5	4	4	4	4	....	4
Dallas	....	3½	....	4	4	4½	5	3½	3½	3½	3½	3–5	3½
San Francisco	3	....	3½	....	4	4½	5½	3	3	3½	([3])	....	4

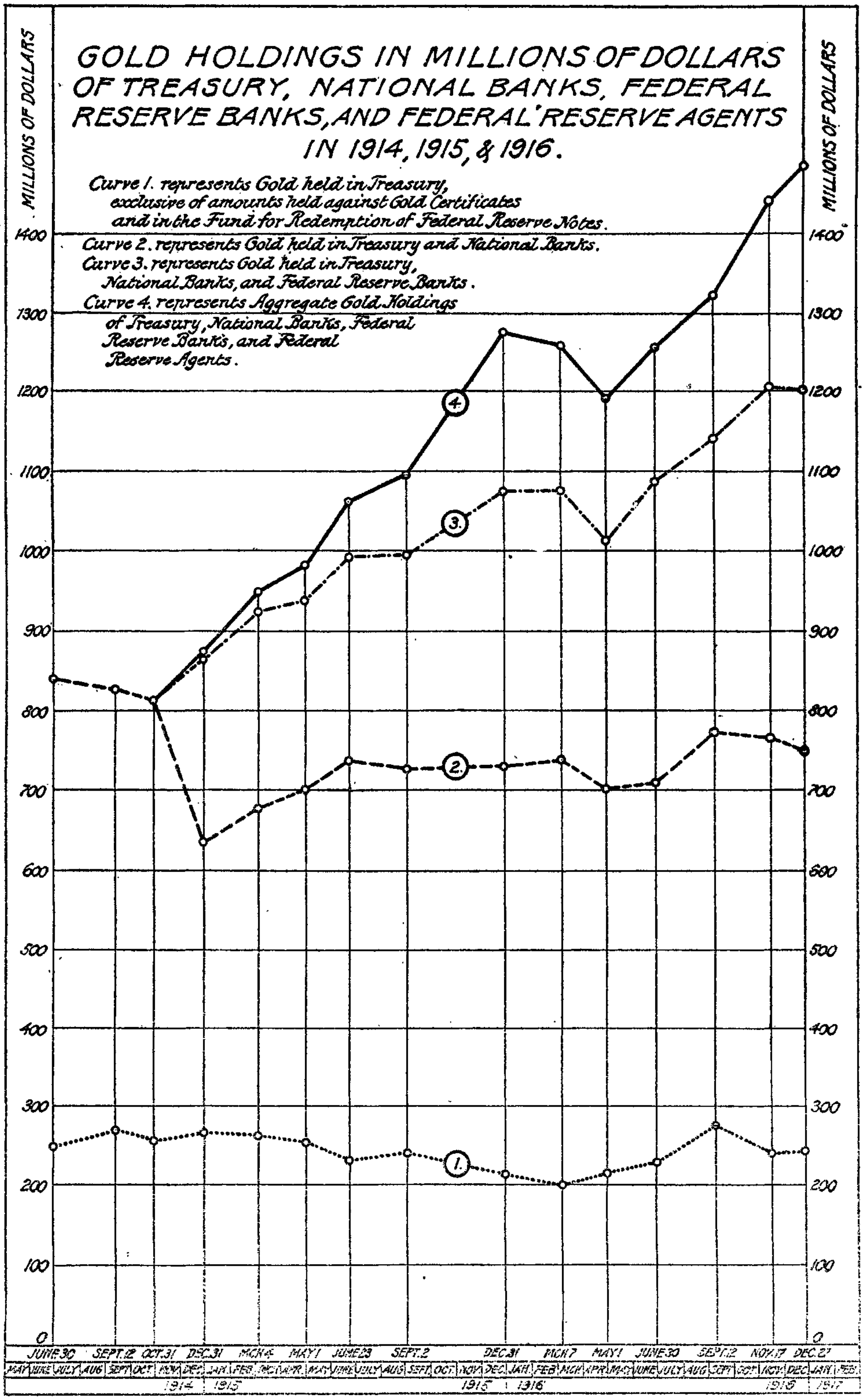
[1] Rate for bills of exchange in open-market operations.
[2] Rate for trade acceptances bought in open market without member bank indorsement.
[3] Rate for commodity paper maturing within 30 days, 3½ per cent; over 30 to 60 days, 4 per cent; over 60 to 90 days, 4½ per cent; over 90 days, 5 per cent.

NOTE.—Rate for bankers' acceptances, 2 to 4 per cent.

NET DEPOSIT LIABILITIES, RESERVES HELD IN VAULT AND WITH FEDERAL RESERVE BANKS, AND RESERVE PERCENTAGES BY CLASSES OF NATIONAL BANKS, 1914 TO 1916.

Curves 1 represent Net Deposits on which Reserve is computed. Curves 2. represent Vault Reserves plus amounts due from Federal Reserve Banks.
Curves 3. represent Percentages of Reserve in Vault and with Federal Reserve Banks against Net Deposit Liabilities.




GOLD HOLDINGS IN MILLIONS OF DOLLARS OF TREASURY, NATIONAL BANKS, FEDERAL RESERVE BANKS, AND FEDERAL RESERVE AGENTS IN 1914, 1915, & 1916.
Curve 1. represents Gold held in Treasury, exclusive of amounts held against Gold Certificates and in the Fund for Redemption of Federal Reserve Notes.
Curve 2. represents Gold held in Treasury and National Banks.
Curve 3. represents Gold held in Treasury, National Banks, and Federal Reserve Banks.
Curve 4. represents Aggregate Gold Holdings of Treasury, National Banks, Federal Reserve Banks, and Federal Reserve Agents.
MILLIONS OF DOLLARS
MILLIONS OF DOLLARS
1400
1300
1200
1100
1000
900
800
700
600
500
400
300
200
100
0
4
3
2
1
JUNE 30
SEPT. 12
OCT. 31
DEC. 31
MCH 4
MAY 1
JUNE 23
SEPT. 2
DEC. 31
MCH 7
MAY 1
JUNE 30
SEPT. 12
NOV. 17
DEC. 27
1914
1915
1915
1916
1916
1917

FOREIGN BANK STATEMENTS.

Comparative statements showing condition of the four principal European banks of issue at close of calendar years 1913 to 1916.

[Original figures have been converted into United States dollars at the following legal equivaoents: £=$4.8665; franc=19.3 cents; ruble=51.5 cents; mark=23.8 cents.]

[In thousands of dollars; 000 omitted.]

BANK OF ENGLAND.

[Combined data for issue and banking departments.]

[From the London Economist.]

	Dec. 31, 1913.	Dec. 30, 1914.	Dec. 29, 1915.	Dec. 27, 1916.
ASSETS.				
Gold and silver	170,245	338,191	250,510	264,275
Government securities:				
Held by issue department	89,787	89,787	89,787	89,787
Held by banking department	64,233	72,061	159,816	278,304
Other securities	253,729	516,998	545,416	518,094
Total	577,994	1,017,037	1,045,529	1,150,460
LIABILITIES.				
Proprietors' capital	70,822	70,822	70,822	70,822
Rest (surplus)	15,827	15,978	16,118	16,111
Public deposits	49,913	131,067	241,755	253,624
Other deposits	297,280	623,182	544,914	616,715
Seven-day and other bills	66	116	87	107
Notes in circulation	144,086	175,872	171,833	193,081
Total	577,994	1,017,037	1,045,529	1,150,460

BANK OF FRANCE.

[From weekly statements of the Bank of France.]

[000 omitted.]

	Dec. 26, 1913.	Dec. 10, 1914.[1]	Dec. 30, 1915.	Dec. 28, 1916.
ASSETS.				
Gold in vault	678,856	799,359	967,950	652,885
Other metallic reserve	123,532	67,750	67,953	56,910
Total vault reserve	802,388	867,109	1,035,903	709,795
Gold held abroad	....	....	....	326,766
Foreign credits	....	....	203,962	159,380
Government securities:				
Bonds, consols, and advances to the Government—				
Permanent investments	57,900	....	57,900	57,900
Advances made since outbreak of war	....	694,800	965,000	1,428,200
Treasury bills discounted (advances to foreign governments)	....	....	121,590	347,400
Loans and discounts	294,607	41,165	82,859	119,599
Bills matured and extended	....	702,040	354,002	258,395
Advances on bullion, specie, securities, etc	149,074	[2] 150,686	222,320	254,326
Sundry assets	93,064	....	60,674	86,627
Total	1,397,033	....	3,145,224	3,789,422
LIABILITIES.				
Capital	35,223	35,223	35,223	35,223
Surplus incl. special reserves	8,206	....	8,292	8,292
Dividends unpaid	309	....	4,211	4,853
Government deposits	77,848	34,075	33,562	2,897
Other deposits	111,038	515,687	407,970	436,223
Bank notes in circulation	1,102,715	1,927,306	2,568,801	3,219,012
Sundry liabilities	61,694	....	87,165	82,922
Total	1,397,033	....	3,145,224	3,789,422

[1] No data available as at end of 1914. Incomplete data for Dec. 10, 1914, taken from the annual report of the bank for 1914.
[2] Advances on securities only.

RUSSIAN STATE BANK.

[From weekly statements of the Russian State Bank.]

	Dec. 16/29, 1913.	Dec. 16/29, 1914.	Dec. 16/29, 1915.	Dec. 16/29, 1916.
ASSETS.				
Gold bullion and specie	$780,902	$800,124	$830,046	$758,396
In vault	87,097	110,319	139,050	1,107,171
Gold abroad	31,886	24,678	18,928	59,089
Bills on hand	295,583	318,383	202,325	126,468
Short-term bills of the Imperial Treasury	....	255,720	1,670,959	3,365,036
Advances on securities	90,790	131,036	340,939	276,749
Advances on merchandise	84,604	56,921	58,128	23,734
Advances to popular credit institutions	35,505	46,988	39,802	22,171
Advances to farmers	8,440	10,765	11,572	9,247
Advances to manufacturers	7,743	5,726	4,444	3,892
Loans to the Petrograd and Moscow public pawnshops	7,932	10,083	8,122	6,371
Protested bills	1,974	6,513	3,162	597
Securities owned	53,774	75,358	133,612	70,098
Due from branches and offices	....	128,923	160,890	189,011
Sundry assets	53,581	76,316	67,399	70,627
Total	1,539,811	2,057,853	3,689,378	6,088,657
LIABILITIES.				
Capital	28,325	28,325	28,325	28,325
Current account of the Imperial Treasury	299,476	113,426	105,134	111,247
Current account deposits	111,947	188,425	437,736	804,603
Special and time deposits	188,814	198,326	217,383	301,002
Drafts and letters of credit unpaid	3,993	8,042	12,424	15,643
Notes in circulation	859,293	1,474,880	2,731,879	4,424,512
Accrued profits on operations	33,630	33,218	61,053	230,173
Sundry liabilities	14,333	13,211	95,444	173,152
Total	1,539,811	2,057,853	3,689,378	6,088,677

GERMAN REICHSBANK.

[From the Deutcher Reichsanzeiger No. 3, 1915, and No. 4, 1917.]

	Dec. 31, 1913.	Dec. 31, 1914.	Dec. 31, 1915.	Dec. 30, 1916.
ASSETS.				
Gold	$278,453	$498,089	$581,954	$599,873
Other metallic reserve	65,886	8,774	7,633	3,884
Total metallic reserve	344,339	506,863	589,587	603,757
Imperial Treasury and Loan Bank certificates	10,996	208,250	306,531	100,457
Notes of other banks	3,038	1,264	745	332
Bills, checks, and discounted Treasury bills	354,798	936,903	1,381,189	2,287,124
Advances on collateral	22,485	5,443	3,079	2,322
Securities	96,012	8,086	12,227	19,932
Sundry assets	53,582	51,173	64,790	186,622
Total	885,250	1,717,982	2,358,130	3,200,546
LIABILITIES.				
Capital paid in	42,840	42,840	42,840	42,840
Surplus	16,671	17,726	19,171	20,342
Notes in circulation	617,240	1,200,924	1,646,465	1,917,007
Other liabilities payable on demand	188,763	418,144	561,445	1,086,281
Sundry liabilities	19,736	38,348	88,209	134,076
Total	885,250	1,717,982	2,358,130	3,200,546

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